BANK OF CEYLON
BOC
Bankers to the Nation

BANK BEYOND

UNMATCHED LOCAL DEPTH . UNRIVALLED GLOBAL REACH

Bank of Ceylon • Annual Report 2013

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BANK BEYOND

In the banking industry, reputation is everything.

And reputations can only be established through performance. At the Bank of Ceylon we have spent 74 years building local depth and global reach into our process and deliveries - gearing the Bank to become the powerhouse of all-round strength it is today.

The last few years have seen us dramatically enhancing our market standing with several high value fund raisings in 2012, and this year's issue of a USD 500 million 5-year bond at 5.325 percent which attracted orders worth of US dollars two billion from 140+ European and Asian based investors.

We know these achievements are now regarded as industry benchmarks - the masterclass in how to take a state-owned banking organization far beyond its origins to the position of local and international influence that we occupy today.

OUR VISION

Bankers to the Nation

OUR MISSION

Customers

Foster mutually rewarding customer relationships with all our customers, exceeding their expectations.

Staff

Give all our staff the recognition and rewards to be the best team of achievers in service excellence.

Owners

Be a profitable catalyst for equitable development covering urban and rural areas.

Society

Provide world-class banking services across the nation as a beacon for progress and growth.

OUR CUSTOMERS IN THE CITY... AND BEYOND

MR JAYANTHA DHARMADASA

Chairman/ CEO, Nawaloka Hospitals PLC

The Bank of Ceylon has been my bank for many years. Whatever my financial requirements, the Bank has always offered me competitive and practical solutions in a convenient and timely manner.

DR NEVILLE FERNANDO

Dr. Neville Fernando Teaching Hospital

I am grateful to the Bank of Ceylon, specially the Malabe branch and the Bank's General Manager, Mr Gunesekera and the former Chairman, who granted us LKR 2,000 million to complete work on the South Asian Institute of Technology and Medicine (SAITM) also known as the Dr Neville Fernando Teaching Hospital.

DR SAMAN WEERASINGHE

Chairman - MOS Lanka Holdings Group

My work takes me across the world and I travel a lot, from Sri Lanka to the Russia, United Kingdom and the Middle East. Wherever I go, however far I am, I can rely on Bank of Ceylon to be there for me.

MR NAFEES AHAMED

Textile business, Kandy

For 35 years I have grown with Bank of Ceylon who have assisted my business through SME loans and leasing services as well as short and long term facilities.

WE BUILD AND MAINTAIN DEEP RELATIONSHIPS WITH A BROAD RANGE OF CUSTOMERS WHO WE HAVE ASSISTED THROUGH A VARIETY OF BANKING SERVICES INCLUDING LOANS, LEASING AND ACCOUNTS.

IT IS THROUGH THESE STRATEGIES THAT WE MAKE REAL THE CONCEPT OF A BANK BEYOND...

MR ASHAN DE LIVERA

Tropic Fruits (Private) Limited

Tropic Fruits (Private) Limited is a small/medium enterprise exporting king coconut water to markets around the world.

Since inception the Bank of Ceylon has supported our efforts to finance this project by offering the company loans at very competitive rates, enabling us to grow and develop to the strong position we occupy today.

MR DULIP SIRIWANSA AND FAMILY

The Bank of Ceylon has helped every member of our family to save for the future. We have Kantha Ran Ginum for Ms Indu, an array of other products and services for Mr Dulip and Ran Kakulu for little Chamiru.

MRS RAJKUMAR NISHANTHY

Dairy Farmer, Chunnakam

I started my dairy farming business in 2008, using credit facility of LKR 40,000 from the Bank of Ceylon, Chunnakkam. Today the Bank has granted me LKR 1.5 million through the BoC SME credit facility, to further expand my dairy farm by 15 - 20 cows.

DESHIKA GROUP OF COMPANIES (PVT) LTD

The Deshika Group of Companies operates in garment embroidery, tea exports and mineral water bottling. The support we received from the Bank of Ceylon has enabled us to grow our topline by more than 200 percent by 2013.

DRIVING GROWTH FOR CUSTOMERS, BUSINESS PARTNERS, COMMUNITIES... AND BEYOND

AS THE BIGGEST BANK WITH THE DEEPEST RESOURCES, WE KNOW WE ARE A MASSIVE CONTRIBUTOR TO NATIONAL DEVELOPMENT.

THIS IS THE BANK OF CEYLON. IT'S BANKING BEYOND.

BUNKERING FACILITY AT MAGAMPURA MAHINDA RAJAPAKSA PORT

Location: Hambantota Bunkering Project
Value: LKR 2,734 million

NINEWELLS MOTHER AND BABY HOSPITAL (PVT) LTD

Location: Colombo
Value: LKR 1,700 million

ROSS HYDRO POWER

Location: Matale
Value: LKR 460 million

SANCITY HOTELS AND PROPERTIES (PVT) LTD

Location: Colombo
Value: LKR 2,700 million

SEVEN DECADES OF SERVICE HAVE SEEN US BROADEN OUR PORTFOLIO TO INCLUDE COMMERCIAL BANKING, TRADE FINANCE, DEVELOPMENT FINANCING, MORTGAGE FINANCING, LEASE FINANCING, INVESTMENT BANKING, CORPORATE FINANCING, GOVERNMENT SECURITIES, PAWN BROKERING, CREDIT CARD FACILITIES, OFF-SHORE BANKING AND FOREIGN CURRENCY OPERATIONS.

IT ALL ADDS UP TO BANKING...BEYOND.

COLOMBO DOCK YARD

Location: Colombo
Value: LKR 9,687 million

NEVILLE FERNANDO TEACHING HOSPITAL

Location: Malabe
Value: LKR 2,000 million

MALIGAWATTA HOUSING PROJECT

Location: Maligawatta
Value: LKR 640 million

BODAGAMA HAMBEGAMUWA KALTOTA ROAD

Location: Ratnapura
Value: LKR 3,916 million

ABOUT THE REPORT

This Annual Report is our first integrated report and covers the period 1 January 2013 to 31 December 2013. We aim to present a balanced and comprehensive but concise analysis of our strategy, performance and outlook for the future in relation to our economic, social and environmental goals in the short, medium and long term. Material events after this date up to the sign off by the Board of Directors on 13 March 2014 are included in the report to enhance value to users.

The report covers the Group's operations in Sri Lanka, India, Maldives and United Kingdom through branch offices and a subsidiary. A large proportion of the information in this report relates to the holding entity, Bank of Ceylon which contributed 98% of the Group's profits for the year and accounts for 97% of its assets as at 31 December 2013. Information relating to the Group or its subsidiaries is clearly indicated to differentiate from the Bank's operations. The data used in the narratives refers to Bank of Ceylon unless otherwise indicated due to its relative size within the Group. The focus of the report provides financial and non-financial information on material developments and issues with sufficient narrative to represent fairly the events that shaped our performance during the reporting period and are likely to impact our future performance. A material development or issue is defined as one that substantively affects our ability to create value in the short, medium or long term to our stakeholders. Our ability to manage these developments affects our performance and we seek to proactively engage our stakeholders to stay informed about likely developments in order to mitigate risks that may arise and to evaluate opportunities for growth and enhance performance.

This integrated report conforms to the requirements of the Bank of Ceylon Ordinance No.53 of 1938, the Banking Act No.30 of 1988 and subsequent amendments thereto, the continuing listing requirements of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, the International Integrated Reporting (IIR) Framework issued by the International Integrated Reporting Council and the G4 guidelines issued by the Global Reporting Initiative (GRI). The Financial Statements have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) which comprises the International Financial Reporting Standards 2013. We continue to monitor developments in corporate reporting in Sri Lanka and internationally to ensure that this report is in line with best practice in this rapidly evolving field.

Assurance on the Financial Statements and the Directors' Statement on Internal Control is provided by the Auditor General's Department who was assisted by a firm of Chartered Accountants in public practice. M/s Ernst & Young has provided independent external assurance on the sustainability aspects of this integrated report.

STATEMENT OF THE BOARD OF DIRECTORS OF BANK OF CEYLON

The Board of Directors of Bank of Ceylon acknowledges its responsibility to ensure the integrity of the annual integrated report and are of the opinion that it addresses all material issues and presents fairly the Group's integrated performance. The annual integrated report has been prepared in line with the statutory framework within which we operate and international best practice with reference to integrated reporting.

FORWARD LOOKING STATEMENTS

Certain statements in this report are forward looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Bank of Ceylon and its subsidiaries. Words such as "anticipates", "estimates", "expects", "projects", "believes", "intends", "plans", "may", "will" and "should" and similar expressions are typically indicative of a forward looking statement. These statements are not guarantees of the Bank's future operating, financial or other results and involve certain risks, uncertainties and assumptions. Accordingly, actual results and outcomes may differ materially from these expressed or implied statements of the Bank makes no representation or warranty, that such forward looking statements will be achieved. BoC undertakes no obligation to update the historical information or forward looking statements in this report.

MATERIAL ASPECTS AND BOUNDARIES

Material aspects and boundaries are defined by the Bank in accordance with the GRI-G4 standards with reference to the responses from our stakeholder engagement processes. Each aspect was evaluated to identify the significance to the Bank and stakeholders and rated High, Moderate or Low after due consideration to the impacts of the Bank's activities.

Aspects	Significance to the Bank	Aspect Boundary		Materiality							Reported
		The Bank	External	Bank	Employees	Customers	Government and Regulator	Investors	Community	Suppliers	
Economic											
Economic performance	High	✓		H	H	M	H	H	L	L	Yes
Market presence	High	✓		H	M	H	H	M	M	L	Yes
Indirect economic impacts	High	✓	✓	H	L	M	H	L	H	M	Yes
Procurement practices	Moderate	✓		H	M	L	M	L	M	H	Yes
Environment											
Materials	Low										
Energy	Low										
Water	Low										
Biodiversity	Low										
Emissions	Low										
Effluents and wastes	Moderate	✓	✓	M	L	L	L	L	M	M	Yes
Products and services	High	✓	✓	H	M	H	L	L	L	L	Yes
Compliance	Low										
Transport	Low										
Overall	Low										
Supplier environmental assessment	Low										
Environmental grievance mechanisms	Low										
Social											
Labour practices and decent work	High	✓		H	H	L	M	L	L	L	Yes
Employment	High	✓		H	H	L	M	M	H	L	Yes
Labour management relations	High	✓		H	H	M	L	L	L	L	Yes
Occupational health and safety	Moderate	✓		H	H	L	L	L	L	L	Yes
Training and education	High	✓		H	H	M	M	L	L	L	Yes
Diversity and equal opportunity	Moderate	✓		M	M	L	L	L	L	L	Yes
Equal remuneration women and men	High	✓		H	H	L	M	L	M	L	Yes
Supplier assessment of labour practice	Moderate	✓		M	M	M	M	M	M	M	Yes
Labour practices grievance mechanism	High	✓		H	H	L	L	L	L	L	Yes

Aspects	Significance to the Bank	Aspect Boundary		Materiality							Reported
		The Bank	External	Bank	Employees	Customers	Government and Regulator	Investors	Community	Suppliers	
Human Rights											
Investment	Low										
Non discrimination	Moderate	✓		M	H	M	M	L	L	L	Yes
Freedom of association and collective bargaining	High	✓		H	H	L	M	L	L	L	Yes
Child labour	Low										
Forced or compulsory labour	Low										
Security practices	Moderate	✓		M	M	M	L	L	M	L	Yes
Indigenous rights	Low										
Assessment	Low										
Supplier human rights assessment	Low										
Human rights grievance mechanisms	Moderate	✓		M	M	L	L	L	L	L	Yes
Society											
Local communities	Moderate	✓	✓	M	M	H	M	M	H	M	Yes
Anti corruption	High	✓		H	M	H	H	H	H	H	Yes
Public policy	High	✓		H	M	M	H	M	H	M	Yes
Anti competitive behaviour	Low										
Compliance	Moderate	✓		M	L	M	M	L	M	L	Yes
Supplier assessment for impacts of society	Low										
Grievance mechanisms for impacts on society	Low										
Product Responsibility											
Customer health and safety	Moderate	✓	✓	H	M	H	L	L	L	L	Yes
Products and services labelling	Low										
Marketing communication	Moderate	✓	✓	M	M	L	L	L	L	L	Yes
Customer privacy	High	✓	✓	H	H	H	H	M	M	L	Yes
Compliance	High	✓		H	L	H	H	M	L	L	Yes

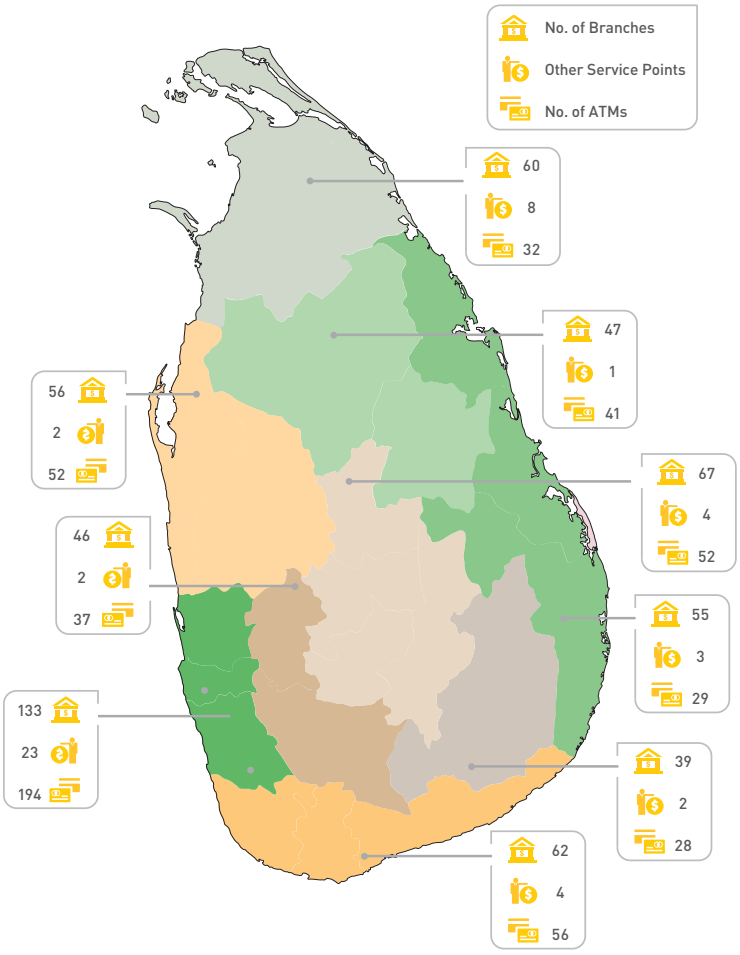
All aspects that are of low significance have been deemed to be not material.

H - High

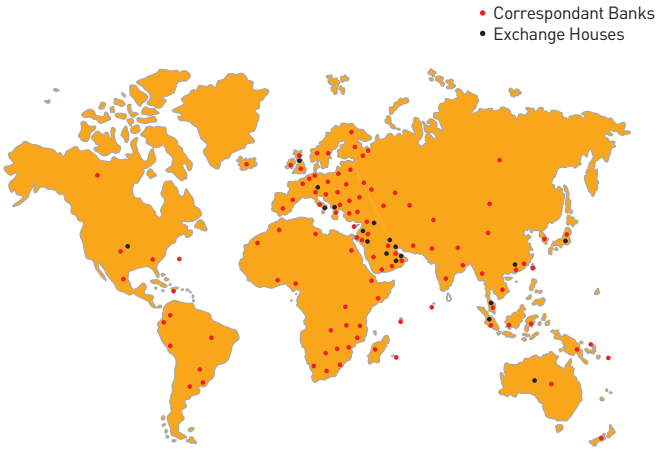
M - Moderate

L - Low

BANKERS TO THE NATION



We believe our relationship-focused approach to business and international capabilities combined with local expertise will transform the Bank to deliver a superior service to every customer we serve..."



Bank of Ceylon is the largest bank in Sri Lanka in terms of assets, deposits, advances and earnings. We are the market leaders in the financial services sector in Sri Lanka with market shares of 22% in loans and 20% in deposits. We offer access to capital, investment opportunities and transactional facilities to over ten million customers through a wide ranging product portfolio. Our customers are able to access our services through network of 567 branches including branches in India and Maldives, 49 other service points, 523 ATMs and through a plethora of other banking channels which include internet banking, mobile banking and telephone banking. We have the largest correspondent bank network with 759 correspondent banks in 115 countries and the largest network of exchange companies comprising contracts with 96 exchange companies in 19 countries which are key markets for Sri Lankan migrant workers.

The Group comprises the parent, Bank of Ceylon, 12 subsidiaries and 5 associate companies. The Bank contributes 98% of the profits of the Group and accounts for 97% of the Group's assets.

Province	No. of Branches	Other Service Points	No. of ATMs
Central Province	67	4	52
Eastern Province	55	3	29
North Central Province	47	1	41
Northern Province	60	8	32
North Western Province	56	2	52
Sabaragamuwa Province	46	2	37
Southern Province	62	4	56
Uva Province	39	2	28
Western Province - North	61	5	79
Western Province - South	65	5	98
Corporate Branches	6	13	16
Premier Banking Center	1	0	1
Overseas Branches	2	0	2
	567	49	523

A HERITAGE OF GROWING VALUE

Performance and Financial Highlights

LKR

11.7 Bn

VALUE TO THE GOVERNMENT

In 2013 the Bank has contributed LKR 11.7 billion to the Government in terms of dividend and tax

As the biggest local bank with the widest reach and a diversified product portfolio, we deliver a holistically enriched service offering unmatched in security, precision and speed.

LKR
127 Bn
TOTAL INCOME

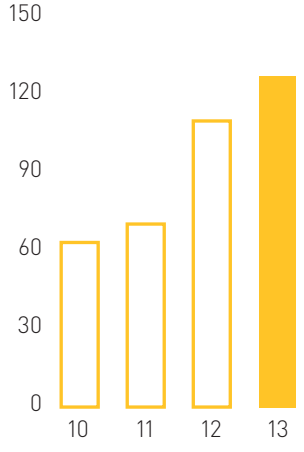
LKR
15.7 Bn
PROFIT BEFORE TAX

LKR
755 Bn
LOANS AND ADVANCES (GROSS)

LKR
843 Bn
DEPOSITS

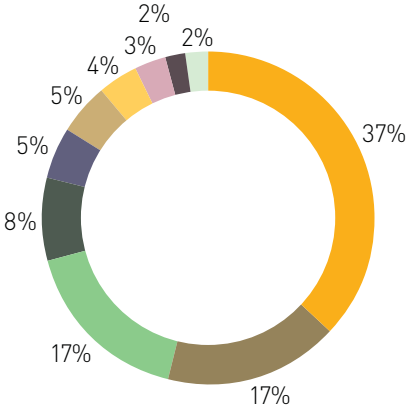
LKR
1,193 Bn
TOTAL ASSETS

1,706
NEW EMPLOYMENT CREATION

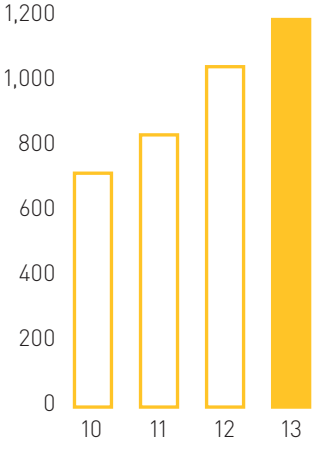


TOTAL INCOME
(LKR BILLION)

LOANS AND ADVANCES
BY PRODUCTS



- Term loans
- Pawning
- Overdrafts
- Trade finance
- Personal loans
- Loans under schemes
- Housing loans
- Leasing
- Staff loans
- Other



TOTAL ASSETS
(LKR BILLION)

FINANCIAL HIGHLIGHTS

	Bank			Group		
	2013	2012	Change %	2013	2012	Change %
Results of Operations (LKR million)						
Total income	127,464	110,138	15.7	134,230	115,527	16.2
Net interest income	37,143	35,321	5.2	39,342	37,262	5.6
Profit before financial VAT and taxation	18,420	23,009	(19.9)	18,632	23,482	(20.7)
Profit before taxation	15,709	19,794	(20.6)	16,105	20,246	(20.5)
Profit after taxation	12,087	14,417	(16.2)	12,148	14,608	(16.8)
Value to Government	11,679	13,938	(16.2)	12,059	14,259	(15.4)
Financial Position (LKR million)						
Total assets	1,193,581	1,048,221	13.9	1,225,762	1,079,353	13.6
Gross loans and advances	755,385	714,847	5.7	777,927	733,706	6.0
Loans and advances net of provisioning for impairment	725,332	691,899	4.8	746,572	709,933	5.2
Deposits due to customers	842,070	693,441	21.4	850,768	700,169	21.5
Total liabilities	1,135,881	997,268	13.9	1,158,850	1,020,710	13.5
Total equity	57,700	50,953	13.2	66,912	58,643	14.1
Per Share Data (LKR)						
Earnings per share	2,417	2,883	(16.2)	2,447	2,916	(16.1)
Net assets per share	11,540	10,191	13.2	13,123	11,445	14.7
Performance Ratios (%)						
Return on average assets	1.4	2.1	(0.7)	1.4	2.1	(0.7)
Return on average equity	22.2	31.2	(9.0)	19.4	27.2	(7.8)
Interest margin	3.3	3.7	(0.4)	3.4	3.8	(0.4)
Cost to income	49.1	42.7	6.4	52.0	45.4	6.6
Loans to deposit ratio	89.6	103.1	(13.4)	91.4	104.9	(13.5)
Impairment provision as a percentage of gross loans and advances	4.0	3.2	0.8	4.0	3.2	0.8
Statutory Ratio (%)						
Liquid assets ratio (Domestic) (minimum requirement 20%)	27.7	21.8	6.0	-	-	-
Capital Adequacy Ratios (%)						
Core capital adequacy ratio (minimum requirement 5%)	8.4	8.3	0.1	8.9	8.9	-
Capital adequacy ratio (minimum requirement 10%)	12.1	11.4	0.7	12.9	12.4	0.5

PERFORMANCE OF OUR SIX CAPITALS

Here we present indicators that are measured and monitored against targets. However, the Bank has many other key strengths that are not measured which include the strong domestic franchise, public perception as a socially responsible brand and a stable financial institution, collective knowledge and experience of a team renowned for long tenures of service, benefits derived from the affiliations with the government of Sri Lanka, goodwill of customers who have grown with us and many others not mentioned here.

	2012	2013	2014	2015	2016
				Projected	
Financial					
• Net interest income (LKR billion)	35.3	37.1	37.8	43.5	51.7
• Total operating income (LKR billion)	49.7	49.0	53.1	60.2	68.7
• Profit before tax (LKR billion)	19.8	15.7	20.5	23.8	28.5
• Profit after tax (LKR billion)	14.4	12.1	14.9	17.3	20.7
• Asset growth %	25	14	12	14	15
• Loan growth %	27	6	13	17	19
• Deposit growth %	16	21	10	17	17
Intellectual					
• Brand value (LKR billion)	15.2	24.1	25.3	26.6	27.9
Manufactured					
• Fixed assets (LKR billion)	11.4	12.6	20.5	22.6	24.9
Human					
• Head count	7,790	8,883	10,106	10,166	10,224
• Retention ratio %	99.7	99.6	99.6	99.6	99.6
• Resignation as a % of total attrition	96	94	95	95	95
• Investment in training (LKR million)	196.0	235.8	288.5	302.4	317.5
• Welfare cost (LKR million)	522.2	540.6	559.6	579.0	599.7
Social and Relationship					
• No. of customers ('000)	10,576	10,944	11,272	11,610	11,959
• Customer touch points					
- Branches	324	567	595	625	656
- ATM access points	451	523	549	577	605
- School banking units	2498	3738	4112	4523	4975
• Correspondent banks	762	759	759	759	759
• Exchange houses	97	96	96	96	96
• Employment created	296	1,706		Based on the requirement	
• Total CSR contribution (LKR million)	46.8	165*	75	Based on the requirement	
Natural Capital					
• Paper recycled (Kg)	167,239	49,860		Reduction of 7.5% per annum	
• Energy consumption per employee (Mwh)	1.9	2.0		Reduction of 5% per annum	
• Water consumed per employee (Ltr)	35.5	33.8		Reduction of 5% per annum	
• Fuel consumed per employee (Ltr)	78.4	76.7		Reduction of 10% per annum	

* (Inclusive of LKR 86 million contribution to development of Jaffna railway station)

GLOBAL RATINGS

Fitch Ratings BB- Stable

Moody's B1 Stable

COUNTRY RATINGS

Fitch Ratings Lanka Ltd: National Long-Term Rating

'AA+ (lka) stable outlook'

NATIONAL BUSINESS EXCELLENCE AWARDS 2013 BY NATIONAL CHAMBER OF COMMERCE OF SRI LANKA

- Winner of the banking and financial services sector - Gold award for the 3rd consecutive year.
- Winner of the Excellence in Local Market Reach Category - Gold award
- 2nd Runner-up of the Extra Large Category - Bronze award

BEST CORPORATE CITIZEN SUSTAINABILITY AWARDS BY CEYLON CHAMBER OF COMMERCE

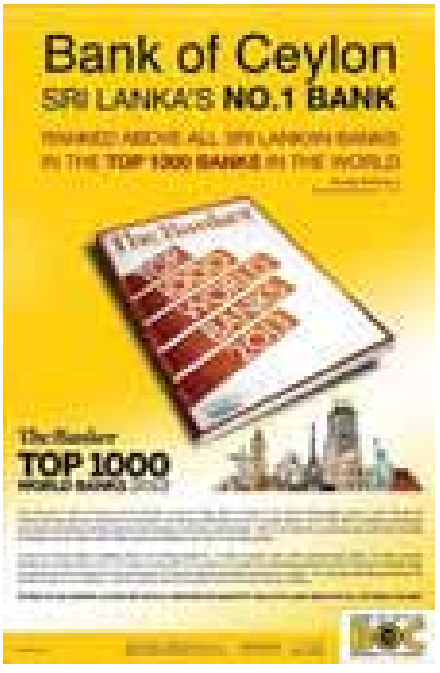
- Best Sustainability (CSR) Project 2013 for "BOC Mithuru"
- For the fifth consecutive year BoC achieved the status of No: 1 Brand in Sri Lanka – Brand Finance Lanka
- Only Sri Lankan bank to receive Asia's Best Brand award in 2013 awarded at 4th CMO Asia Awards for Branding and Marketing
- Bronze Award winner of League of American Communications Professionals Annual Report Competition.
- Awarded compliance award for the banking sector at Annual Report Award Ceremony 2013 conducted by Institute of Chartered Accountants of Sri Lanka

BANK OF CEYLON RANKED ABOVE ALL SRI LANKAN BANKS IN THE

Top 1000 Banks in the world

(Rank 979 in the world)

Country Ranking is No.1



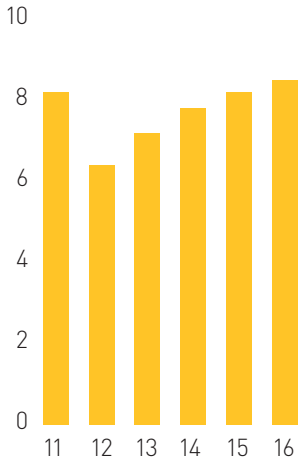
OUR BUSINESS MODEL

Key Business Lines	Income Statement Impact	Relevance to Financial Position	Key Risks
Loans and Advances			
We lend money to customers for an agreed terms and conditions at an agreed price to enhance their ability to generate income, and enhance other activities that generates value to their stakeholders and to ease cash flow constraints. Our customers include large corporate, Government and state owned enterprises, SME and retail customers.	We earn interest income from these activities which comprises the largest part of our income statement. Contributes 76% to interest income. We make provisions against losses arising from customer's inability to repay which varies considerably from year to year.	Loans and advances to corporate and retail customers form 61% of our total assets net of impairment. Impairment losses provided for non-performing or trouble loans amounts to 4% of the gross loans or 2.5% of total assets.	Credit Risk Interest Rate Risk Operational Risk Social and Environmental Risks
Deposits and Borrowings			
We source funds at an agreed price for a defined period of time in accordance with banking regulations and international best practice to finance our loans and advances business. These investments provide opportunities for customers to enhance their wealth. These customers include both resident and non-resident customers and funds are raised in local currency and as well as in foreign currencies.	We incur interest expenses on these liabilities and we also incur expenses in sourcing of these funds.	Deposits and borrowings account for 74% and 25% respectively of our total liabilities.	Liquidity Risk Interest Rate Risk Operational Risk Compliance Risk
Transactional Banking			
We provide transactional banking facilities such as ATMs, credit and debit cards, mobile banking and internet banking. We also provide knowledge based services such as loan structuring, corporate advisory and marketing of insurance products to our customers.	We earn fee income and commissions on these activities whilst incurring a cost of service.	Our investments in infrastructure such as ATM's and IT systems to support, facilitate transactional banking are reflected in property plant and equipment.	Operational Risk including Compliance Risk. Employee fidelity and burglary and technological obsolescence
International Operations and International Trade facilitation			
We provide market access and risk mitigation products to clients for their business requirements and operate in major remitting countries while maintaining a world-wide correspondence banking relationships. We also support our customers to carry out international and domestic trade by acting as the intermediation partner. These include letters of credit, guarantees etc.	We earn fee income and exchange mark up on these activities.	These financial instruments are initially reported in contingent liabilities and are later converted to loans and advances to customers, if customers are entertained by credit facilities against these instruments.	Market Risk Credit Risk Operational Risk Settlement Risk

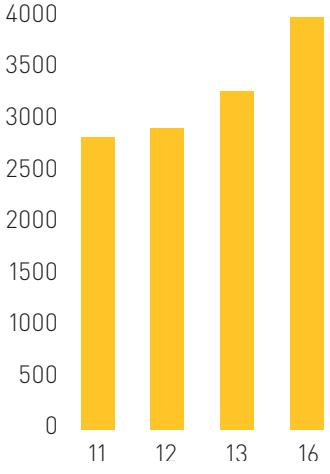
Key Business Lines	Income Statement Impact	Relevance to Financial Position	Key Risks
Market Trading Operations			
We hold debt and equity instruments for both trading purposes and strategic investment purposes enabling the issuing organizations to raise capital for their financing needs.	Gains from trading and financial instruments.	These assets are reflected as financial investments available for sale and financial assets held to maturity or trading investments.	Market risk comprising Interest rate risk and price risk.
Islamic Banking			
We offer Islamic banking products and services to those who need Islamic banking solutions			
Investing in People			
We invest in the development and retention of our people to achieve our strategic goals.	Personnel costs include staff emoluments, contributions to defined benefit and contribution plans and training and development costs.	Employee retirement benefits are included in other liabilities and comprise pension funds and retirement gratuity.	Operational Risk including Compliance Fidelity Risk and Social Risk. The risk of Bank's inability to source and or retain good talents.
Other Operations			
Bank involves procuring various support services, build infrastructure and retain professionals from outside .	We invest in operations and incur maintenance costs and depreciations costs related to these assets. We also obtain services of external professionals and incur expenses with regard to the day to day running of our branch network.	Fixed assets, other assets and other contingencies	Operational Risk including Compliance and Social Risk, Reputation Risk, Employee Fidelity Risk.
Subsidiaries and Associate Companies			
We own and operate number of subsidiary companies operating in non-core activities.	We have contributed to our subsidiaries and associates from the bank's available funds and such capital contribution has an opportunity cost.	The total assets of the subsidiaries contribute 3% to the Bank's assets base.	Operational Risk including Business Risk, and Reputational Risk.

SRI LANKA: THE OPPORTUNITY

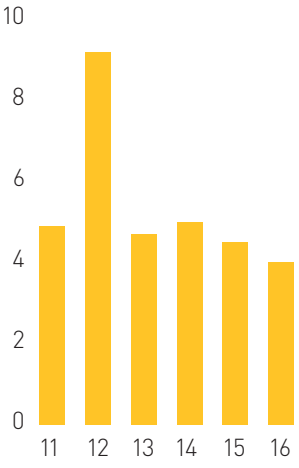
Sri Lanka is a lower middle income country with a GDP of USD 65 billion aspiring to become a higher middle income country by 2016 with a per capita income of USD 4,000.
An economic growth rate of 7.3% for 2013 makes Sri Lanka the fastest growing country in South Asia. Sri Lanka has the best ranking in South Asia in the Doing Business Index published by World Bank with an overall rank of 85 due to recent reforms in dealing with construction permits, payment of taxes, access to electricity and trading across borders. The future growth trajectory looks robust according to the World Economic Outlook published in October 2013 with a growth rate of 6.8% forecast for 2014. Infrastructure development within the country (roads, airports, ports and power) accelerated after the cessation of the civil conflict broadening economic activity, reducing costs of production and improving service delivery. High literacy rates and free education up to university level provides access to talent pools within the country for prospective employers and knowledge based industries. The 5 + 1 hub strategy in the "Mahinda Chinthana" provides an inclusive and sustainable framework for growth as Sri Lanka aspires to become the regional hub in South Asia for these sectors. Bank of Ceylon as the bankers to the nation plays a key role in the country's development and are best positioned to serve prospective investors in the key areas of growth identified as we have an in-depth understanding of these sectors, an unmatched footprint and a wide range of products to meet their needs.
Our commitment to 5+1 hubs is summarized in pages 20 to 21.



GDP GROWTH (%)

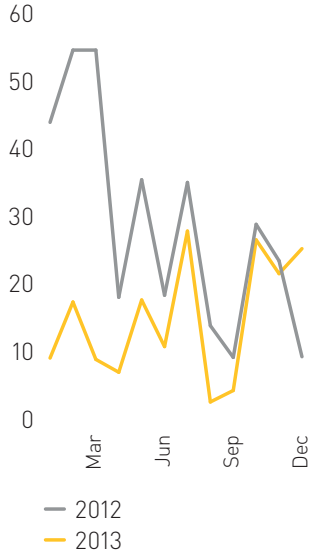


PER CAPITA INCOME (USD)

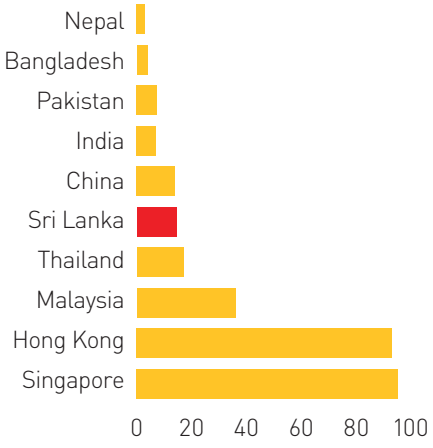


HEADLINE INFLATION (%)

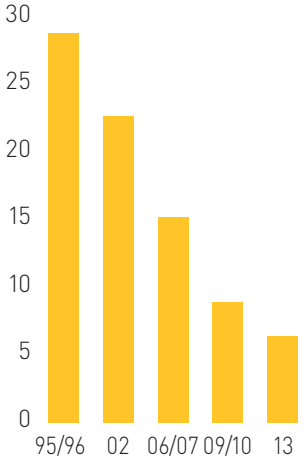
"Bank of Ceylon as the bankers to the nation plays a key role in the country's development and are best positioned to serve prospective investors in the key areas of growth identified as we have an indepth understanding of these sectors, an unmatched footprint and a wide range of products to meet their needs. Our commitment to 5+1 hubs"



PRIVATE SECTOR CREDIT GROWTH (LKR BILLION)



LABOUR PRODUCTIVITY OF SAARC COUNTRIES

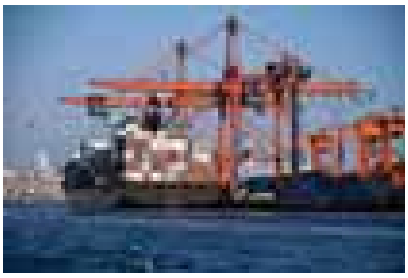


POVERTY HEADCOUNT RATIO (%)

AVIATION HUB

The vision for this sector is to position Sri Lanka as a logistics and services hub and a hub for budget airlines. A second international airport was opened during the year in the Southern city of Hambantota which facilitates access to tourist destinations in the south. The main airport is being modernized and a 2nd runway will be added whilst the domestic airports will be upgraded and with at least one upgraded to accommodate corporate jets. The Bank of Ceylon has facilitated financing of these infrastructure projects as the main banker to the Government of Sri Lanka and expect to reap the benefits of the country's growth.

In this regard, the Bank has assisted the main airliner and the second airliner towards its restructuring process both in equity participation and providing finance to execute its re-structuring strategy.



MARITIME HUB

Sri Lanka is transitioning to a complete logistics handler from being a cargo handler through significant investments in the maritime sector. A second wave of development is already underway to provide related services such as vessel trading, legal and financial services and crew training. The Government has also reduced taxes for this sector to incentivise training of professionals in this industry. Bank of Ceylon has been a key player in both the public and private sector investments and has acquired the necessary expertise for projects of this scale providing funding facilities over LKR 13.4 billion.

TOURISM HUB

'The Lonely Planet', the world's largest travel guide ranked Sri Lanka as the top destination in the world to travel in 2013. The country attracted 1.1 million tourists and earned USD 1.4 billion from this sector in the same year. There is a need of a further 22,500 rooms to reach our target for 2016 of 2.5 million tourists. Global chains such as Hyatt, Shangrila, ITC, Marino and Marriot have already commenced projects in the country which are expected to open in 2016. Bank of Ceylon has been involved in funding these projects and have the necessary expertise to advise other investors venturing in to the country for the first time.

Bank of Ceylon has been leading funder to the tourism sector committing to fund more than LKR 8.8 billion in the year 2013 to increase the capacity by 1,384 rooms.

KNOWLEDGE HUB

The country's high level of literacy rates, enrollment ratios and gender equality forms a solid base for aspirations in this sector. There is a special focus on English and IT education with standards being enhanced in an accelerated manner as resource disparities between rural and urban schools are reduced through Government programmes. Private sector investment is expected to play a large role in the development of this sector and there are number of professional organizations and foreign universities that have set up branches in the country at present. Our aspiration is to help make Sri Lanka an education destination for foreign students and we have been involved in the development of this sector with key players in the country and has committed to finance more than LKR 11.3 billion in 2013.

ENERGY HUB

There is a steady pipeline of investments to assure energy security and position Sri Lanka as an emerging energy hub. These include the development of renewable energy sources, oil exploration and production on three identified basins, three new power plants and development of oil related ancillary services and infrastructure projects. Bank of Ceylon has investments of LKR 229.9 billion in this sector and we expect this portfolio to grow in 2014 with private sector investments and scheduled disbursements of more than LKR 235.3 billion.

COMMERCIAL HUB

The activites from the five hubs are expected to spearhead the transformation of Sri Lanka as a commercial hub for the region. Hambantota and the Colombo South Port have been declared as free ports which are expected to attract significant private sector investments. Bank of Ceylon as the largest bank in the country is ideally positioned to assist businesses interested in setting up offices in Sri Lanka with the view of making Sri Lanka the centralized commercial hub of Asia. In order to support the commercial hub Bank of Ceylon committed LKR 52.3 billion for road infrastructure.

GIVING SRI LANKANS WHAT THEY WANT...

Outgoing Chairman's Message

"Bank of Ceylon has a proud heritage in customer centricity, often being the first bank to establish a presence in rural areas. We have over 10 million customers which gives an approximate customer penetration rate of 54% which is one of the measures used to evaluate our progress on social goals which are embedded in to our way of thinking."

I am pleased to report that Bank of Ceylon has recorded a pre-tax profit of LKR 15,709 million for 2013 reflecting our inherent strengths and affirming our position as the leading financial services provider in the country despite the many challenges the industry faced during the year. We achieved an income growth of 15.7% during this year which is commendable considering that the previous year's performance included substantial earning from foreign exchange which was considerably reduced due to a more stable Sri Lankan rupee and that 2013 was a year in which the industry faced declining margins and high impairment charges as a result of declining asset quality. To summarize, the Bank was able to generate sustainable profits without income from volatile sources whilst cushioning the impact of a sudden shock to its operating model in a year of relatively moderate demand for private sector credit demonstrating the resilience of the Bank. The investor appetite for the USD 500 million bond and the LKR 8 billion debenture issue during the year were particularly encouraging as it reflected market acceptance of the Bank both globally and locally.

Mr Razik Zarook
Outgoing Chairman

54%

CUSTOMER PENETRATION

368km

ROAD DEVELOPMENT FINANCE

Asset growth and loan growth moderated during the year as the economy went through a natural adjustment following a period of high growth after the end of the civil conflict that beleaguered the country for almost three decades. We continue to maintain market leadership in loans and advances, deposits, assets and profits. We continued to maintain our leadership in foreign remittances although the competition continues to intensify. Improved profitability of State Owned Enterprises (SOEs) and positive cash flow resulted in repayment of facilities by this sector and not so promising credit demand from the private sector stymied the growth of loans and advances and resulted in excess liquidity. We also reviewed our retail lending strategy with a view to rebalancing the retail loan portfolio in response to the declining gold prices and focussing our efforts on other lending products whilst not actively pursuing growth of the pawning portfolio by introducing additional safeguards for pawning.

The funding profile of the Bank has changed during the year with foreign currency borrowings now accounting for 68% of the total borrowings. This was mainly due to the USD 500 million bond

issued early in 2013 which was six times over-subscribed by international investors without the Bank engaging in roadshows. This strengthens the Bank's funding structure. Dividends of LKR 5.3 billion were paid to the Ministry of Finance and Planning during 2013, which is one of the largest dividend payout to the Government.

The Board is of the view that an IT transformation is necessary to position the Bank for future generation and enable it to compete in a global arena as our ambitions grow and we re-think this strategy. A needs analysis and risk analysis were carried out by an international consulting firm to ensure that this investment meets the strategic goals of the Bank and the Board deliberated on the results of the study and evaluation presented by the consultants. Consequently, we approved implementation of a new IT system during 2013 and implementation has commenced with the core banking system upgrade implementation nearing completion by the end of 2014. The IT transformation has been a strategic priority for the Board and we continue to receive progress reports to ensure that it meets our goals. We have also reviewed the employee skills to manage the transition and have provided for necessary training and hiring of new employees where skills gaps have been identified. IT security has been another area of concern and we have taken several precautionary measures to strengthen this critical function in line with international best practice. The IT transformation project which is multifaceted impacting all operational areas of the Bank has been the single largest initiative taken by the Bank and as such has been the focus of the Board's attention in 2013 and will continue to be so in the year to come.

Another key strategic priority has been a refocus on the Bank's overseas operations in order to identify opportunities for growth beyond the country's borders. We opened a branch in Seychelles as part of our expansionary aspirations that look for growth opportunities. The African continent which comprises 54 countries with 29 active stock exchanges still remain largely a hidden treasure of the world and the Bank will not hesitate to explore these markets. This has been a strategy co-ordinated with other Government agencies in a strategy that facilitates alternative trade routes with Sri Lanka as an aviation hub. We will continue to expand in overseas markets which do not simply present another number but provide significant growth opportunities not just to the Bank but to the corporate sector and entrepreneurs in the country. We invite our customers to be partners in our journey, benefitting from our growth strategy.

Bank of Ceylon has a proud heritage in customer centricity, often being the first bank to establish a presence in rural areas. We have over 10 million customers which gives an approximate customer penetration rate of 54% which is one of the measures used to evaluate our progress on social goals which are embedded in to our way of thinking. We continue to play a key role in stimulating economic activity in rural areas and facilitating the transformation of farmers to entrepreneurs. The returns are reflected in the strength of our brand which continues to have the highest brand value of all corporates in Sri Lanka for the 5th consecutive year. Many corporates have banked with us from its commencement of business and grown with us over the years and we are well positioned to re-capture market share from this segment which drives the country's economic growth in the coming years as we focus on deepening our relationships.

Our strategy is closely aligned to the country's strategy as encapsulated in the Mahinda Chinthana and supports a number of initiatives which are relevant to the Bank and is a key facilitator of the socioeconomic developmental goals. Accordingly, we are the largest lender to the fisheries sector accounting for over 40% of it's borrowings and we doubled lending to this sector with the Ministry of Fisheries to identify and secure other support required for the borrowers whilst safeguarding asset quality.

We continue to lend for necessary infrastructure projects with long gestation periods which are undertaken by our main shareholder, the Government of Sri Lanka. These include financing of the road development projects undertaken throughout the country where we are the dominant lender and financed 368 km of road development. Similarly we have accommodated financial assistance of LKR 235.4 billion for power generation projects that will provide a base for manufacturing in the country and electrification to all households as set out in the Mahinda Chinthana. The Bank has also committed LKR 30.9 billion for clean water generation projects in its effort to uplift the quality of the drinking water. Bank of Ceylon has financed 13 projects in the tourism sector amounting to LKR 5.2 billion to increase the country's capacity by 1,384 rooms.

The Board also played the role of primus interparres for the re-structuring of group subsidiaries to facilitate streamlined operations and concluded the merger of Ceylease Limited and MCSL Financial Services Limited during the year. The

amalgamation of the two businesses will enable the entities to reap economies of scale which are vital for success in the financial services sector which have a high capital requirement, need for substantial investments in technology, financial and regulatory reporting and a number of other thresholds which are difficult when the companies are small. The merger ensured that the job security of employees was guaranteed without discriminatory transfers and whilst protecting the interests of the minority shareholders, the Phoenix Group and Prime Lands. The Board identified this need in 2011 and we expect to realize more group synergies in the future.

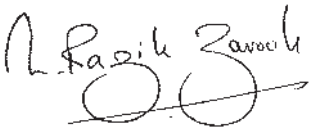
The Board continued to play a non-executive role in the Bank's affairs and adopts a bottom up process for setting strategy and provides broad guidance on the principles and direction empowering the executive team to submit their detailed proposals for the Board's consideration. The Board reviews strategy presiding over a two day off-site meeting with Key Management Personnel and approves strategy subject to any amendments which the management is required to incorporate. Our strategy is also aligned to harmonization between the Bank's and the Government's mandate with the Board mediating to ensure that it acts in the best interest of the Bank and the country. Our people strategy has a number of initiatives to develop the talent pool of the Bank and facilitate succession planning within the Bank.

Bank of Ceylon recognizes its role as a responsible corporate to provide financial support to a wider community and undertake sponsorship of a number of initiatives that preserve our cultural heritage and promote our country in the global arena. Sponsorship of the Commonwealth Heads of Government Meeting – Business Forum in November 2013 was a key event in our CSR calendar based on the theme "Economics Should Precede Politics". I was privileged to chair the final session of the Business Forum which included many eminent business personalities from the Commonwealth countries where we discussed and debated different perspective with the goal of achieving greater economic growth for all.

I am deeply appreciative of the untiring efforts, dedication and commitment of the corporate and executive teams ably led by the General Manager. We have had harmony in industrial relations with trade unions who have understood the issues at hand and worked with the management to reach solutions that are acceptable to all parties, demonstrating their willingness to co-operate.

I wish to express my sincere thanks to His Excellency the President in his capacity as the Minister of Finance for my appointment as Chairman of the Board of this prestigious institution which I am honoured to have served. I also wish to thank Governor of Central Bank, Secretary to the Treasury, the Auditor General whose co-operation and guidance has been invaluable. I also extend my thanks to the Government ministries which have worked closely with the Bank, Central Bank officials in their role as the regulator for the industry and my Board together with the Board Secretary for their assistance and co-operation during my tenure. I am confident that we have set in place a robust policy framework that guides the management on principles required for decision making that safeguards the interests of the Bank and its stakeholders.

I wish my successor all the very best in taking the Bank to greater heights.



Razik Zarook P.C.
Chairman

26 December 2013
Colombo

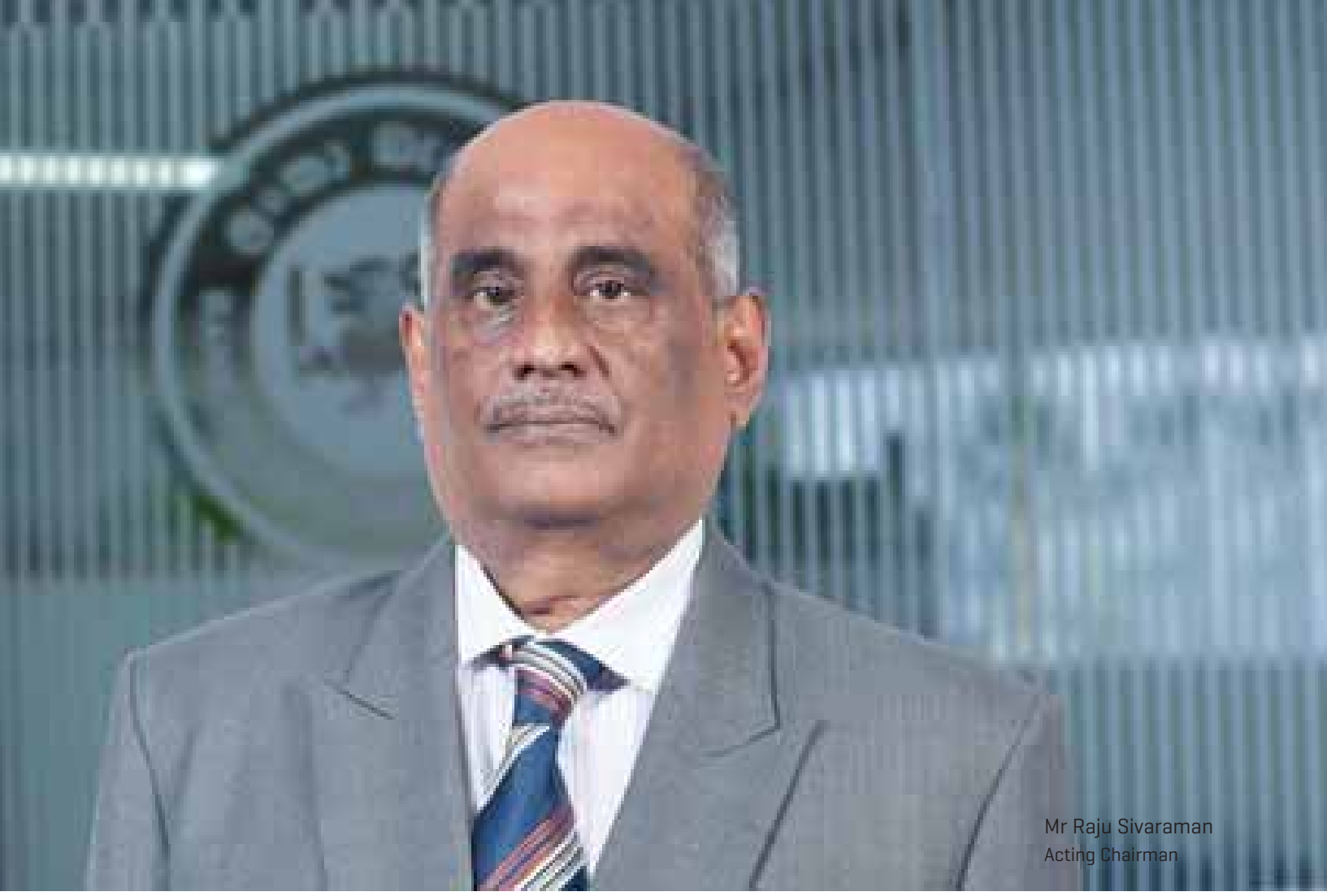
SHARED PROSPERITY BALANCED PERFORMANCE

Acting Chairman's Message

"The Bank fully understands the opportunities that will emerge in the present shift of global development to the Asia block."

Dear Stakeholders,

Bank of Ceylon has a heritage of shaping the financial services sector in the country and our plans for growth will usher in a new era for the Bank as we review opportunities for growth and transform our existing operations to achieve operational excellence. The Bank's strategy is closely aligned to the 5 + 1 hub strategy enumerated in the Mahinda Chinthana and our responsibility towards the Government as its principal banker. As such, it is a strategy that is based on inclusive growth with shared prosperity and balanced performance using a triple bottom line approach. As Sri Lanka is the country with the highest GDP growth rate in South Asia for 2013, this is a positive alignment that we hope to leverage for the Bank's growth. We expect the global economic outlook to improve in 2014 with new challenges for emerging economies as advanced economies increase their rate of growth. The Bank fully understands the opportunities that will emerge in the present shift of global development to the Asia block.



Mr Raju Sivaraman
Acting Chairman

"We also aim to improve the ranking of the Bank from the top 1000 Banks to the top 500 in the medium term.

Our strategy will take in to account the potential of markets combined with strategic advantages that Bank of Ceylon will have in relation to these markets."

The technology transformation initiated in 2013 will continue in the medium term and activities related to this are expected to accelerate in 2014. We have allocated a large budget to ensure that sufficient resources are made available to ensure that the Bank is able to compete on an international scale in the future. The Board monitors the IT transformation project on a regular basis to ensure that sufficient resources are allocated for the project and that talent development happens in parallel to ensure successful acceptance and optimal utilization.

We hope to increase our global footprint by adding more destinations in addition to the subsidiary in London and three branches in India, Maldives and Seychelles. We also aim to improve the ranking of the Bank from the top 1000 Banks to the top 500 in the medium term. Our strategy will take in to account the potential of markets combined with strategic advantages that Bank of Ceylon will have in relation to these markets. Selection of target market will depend not just on the perceived potential based on data but the long term business relationship with such countries perspective taking in to account the bigger

"We have allocated a large budget to ensure that sufficient resources are made available to ensure that the Bank is able to compete on an international scale in the future."

picture. Opening of Seychelles is one such strategic destination. We believe that Seychelles branch is a gateway to new potential markets including that of Africa.

We will continue our efforts to restructure the Bank of Ceylon Group to reduce the number of entities and streamline operations. Restructuring plans for the Group companies involving mergers conform to the consolidation of the Financial Sector proposed by the Central Bank of Sri Lanka. The Bank will also review other opportunities that may arise from the proposed restructuring.

Bank of Ceylon has a key role to facilitate business and address barriers to doing business facilitating their growth. One area of focus will be the developing of the medium sized enterprises to grow to become corporates broad basing the economic activity of the country. We expect to support approximately 300 establishments under this initiative with a wide ranging support mechanism to facilitate their transition to larger corporates. Another area of focus is the SME sector and the establishment of SME centres this year to provide skills required for SME's to grow successfully. This is in keeping with the Bank's social and economic objectives and its traditions in providing access to capital for SME's. We will also initiate a programme to encourage and build entrepreneurs throughout the country to build a diverse base of economic activity to take the country in to a new era of growth.

Our employees are a key differentiator for the Bank and to develop them will be another key area of focus to facilitate our growth whilst retaining our values and to provide opportunities to those with talent, capability and ambition. We are committed to creating a work place that is a positive experience for the employees inspiring high level of performance where there is mutual respect and alignment of organizational and personal goals. Leadership and overseas exposure will be key areas to emphasise as part of the Bank's sustainable growth initiatives. We will also review the recognition and reward structures of the Bank to ensure that we attract the talent and develop the talent pools available in accordance with the requirements for the technological transformation of the Bank. Specialized areas will be strengthened such as the legal teams and IT teams to ensure that they are equipped to face the new challenges in the industry.

Sound risk management practices forms the bedrock for sustainable growth and profitability. We will strengthen all three lines of defense to ensure that we continue to perform in this vital area and develop the skills needed to manage the changing risk profile due to the IT transformation, growth ambitions of the Bank and the dynamics of the operating environment.

We will continue to maintain the highest standards of Corporate Governance as in the past and have initiated steps to ensure compliance with the revised Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

"We will also initiate a programme to encourage and build entrepreneurs throughout the country to build a diverse base of economic activity to take the country in to a new era of growth."

I am privileged to lead the Board comprising competent professionals from diverse fields ensuring constructive discussion and debate on matters presented to the Board. Bank of Ceylon strategy has always had a high degree of alignment with the country's strategy and we will continue to maintain this not only because of tradition but because it is also good business in line with our triple bottom line approach. Our linkages with the Government have been key strengths as we have been early entrants to new markets and benefactors of the country's economic development. I look forward to the continued support of His Excellency the President in his role as the Minister of Finance and Planning, Governor of the Central Bank of Sri Lanka and the Secretary to the Treasury as in the past and thank them for their assistance. I must also make special mention of Mr Razik Zarook, the outgoing chairman for his valuable leadership with his wealth of knowledge. My thanks are also due to the trade unions for the industrial harmony that we have maintained during the year and I look forward to their co-operation in the future as well. I am deeply appreciative to the General Manager and dedicated and dynamic team at Bank of Ceylon who are responsible for execution of strategy under our guidance and count on their united efforts to realize our strategic priorities.

Raju Sivaraman
Acting Chairman

13 March 2014
Colombo

LOCAL DEPTH, GLOBAL REACH

General Manager's Review

Bank of Ceylon has a unique position of strength as the leading provider of financial services and the entity with the highest brand value in the country. We have a strong domestic franchise that propels our growth across all customer segments which we are careful to nurture through stakeholder engagement as it is highly valued. Additionally, we are partners in the socioeconomic development of our country, a role we understand and support through an aligned strategy. Accordingly, we have delivered a holistic and sustainable performance balancing stakeholder needs in a year that had been challenging for the entire financial services sector, recording profits of LKR 15.7 billion and asset growth of 14%. We remain the only bank in the country with an asset base of a trillion rupees.

Balanced performance

The financial services sector faced a number of challenges which impacted earnings and growth in the reporting year. The financial sector and the country enjoyed a period of successive growth following the end of the civil conflict that beleaguered our nation for 30 years recording GDP growth rates of over 8% in 2010 and 2011. However, the country's growth rate moderated as emerging markets' growth slowed down in response to depressed global economic conditions in 2012. The financial sector growth also moderated in response to implementation of monetary and fiscal policy in 2012. GDP growth was 7.3% in 2013 compared to 6.3% in 2012. The financial sector continued to feel the lag effects of monetary policy implemented in 2012 with private sector credit growth remaining at low levels although it increased sharply during the 4th quarter. Consequently the year-on-year growth of credit extended to the private sector slowed to 5% in 2013, compared to 20% at end 2012 impacting overall growth of the sector. Public sector credit growth was also low due to improved cash flow of large State Owned Enterprises and significant repayment of loans. Overall loan growth for the banking sector for 2013 was 8.8% with asset growth of 16.6% mainly due to increased investments. Bank of Ceylon was able to report loan growth of 6% and asset growth of 14% for 2013 despite the low demand for private sector and public sector credit mainly due to its relationship capital, its strong domestic franchise and prudent asset and liability management with some adjustment for high base effects as the largest bank in the country.

Mr D M Gunasekara
General Manager

"As the principal banker to the Government of Sri Lanka we continue to play an active role in the journey towards a USD 100 billion economy and per capita income of USD 4,000 by 2016 by aligning the Bank's strategy to the country's aspirations."

A sharp decline in gold prices in April impacted pawning portfolios across the sector which necessitated internal changes to control the growth of the most popular retail credit product and resulted in sizeable impairment charges throughout the banking sector. Accordingly, the Bank also adjusted the strategies against gold loan impairment. Pawning has played a key role in our country's socioeconomic development and in particular its financial inclusion policies as it is a product that

20%

Contribution to the Banking Sector Assets

many people are familiar with. It has facilitated access to capital for rural farming communities recovering from the three decade conflict. However, in view of the volatility in the pricing of the underlying collateral of the product, Bank of Ceylon has taken additional safeguards to reduce risks arising from this product and also consciously reduced the exposure of pawning to 17% of total loans. The impairment charge attributable to the pawning portfolio is LKR 2,033 million accounting for 29% of the total impairment charge for the year.

Earnings of the banking sector were also impacted by declining net interest margins as prime lending rates declined in response to monetary policy easing and interest costs increased due to the declining proportion of current and savings accounts in the deposit mix. Earnings from foreign exchange also declined by 37% for the entire sector in 2013 compared to 2012 as exchange rates remained relatively stable in 2013. Bank of Ceylon recorded a profit of LKR 15.7 billion in 2013 despite challenges described above which is a sustainable profit devoid of income from volatile sources having absorbed a significantly higher impairment charge in respect of the pawning portfolio. It is noteworthy that the profit of LKR 15.7 billion for 2013 if adjusted for the difference in earnings from foreign exchange and impairment charge arising from the pawning portfolio is actually higher than the profit recorded in 2012 reflecting greater stability in earnings.

Bank of Ceylon received a number of awards and accolades affirming its strengths and leadership position in the financial sector and the country. These included the National Business Excellence Award by the National Chamber of Commerce of Sri Lanka and affirmation of BoC as the No.1 brand in Sri Lanka by Brand Finance for the 5th consecutive year.

Transformation

Technological transformation was a key strategic priority for the Bank and we achieved significant milestones in this regard. We embarked on this project to ensure that Bank of Ceylon positions itself for the future taking in to account the needs of a tech savvy generation of customers and to achieve operational efficiencies with capability to support our growth ambitions. Accordingly, a major core banking system upgrade commenced in 2013 and we have acquired the hardware and software required for the roll out of electronic channel upgrade in 2014. We also recruited 1,706 new recruits during the year and provided training to our staff to support the growing need for a technology oriented team who will thrive in the digital transformation taking place within the Bank.

We continued to expand our branch network by converting 227 extension offices to fully fledged branches during the year and establishing 16 new branches as a key channel component of our growth strategy. Growth of our footprint is closely aligned to the country's strategy and often we are the first bank to set up in rural communities to stimulate economic development and financial inclusion of the provinces. With the expansion of the road network connecting farmers to markets, we believe that our investments in these rural communities will reap benefits in a relatively short period and further strengthen our domestic franchise. We also rolled out the Japanese 5S system to 151 branches with the objectives of achieving customer service excellence, operating efficiency and consistency in branding. The Bank will continue to grow its brick and mortar networks as well as its electronic channels as we understand that our inclusive policies necessitates this given the diverse stakeholder needs identified through our engagement processes.

Bankers to the nation

As the principal banker to the Government of Sri Lanka we continue to play an active role in the journey towards a USD 100 billion economy and per capita income of USD 4,000 by 2016 by aligning the Bank's strategy to the country's aspirations. Key points of alignment include our role as financier for large scale development projects which may have long gestation periods, our role in facilitating financial inclusion, and providing access to capital to aspiring entrepreneurs in the small and medium sector. Bank of Ceylon has disbursed LKR 10.3 billion to finance 368 km of road networks and has committed more than LKR 52.3 billion for future road developments. Furthermore, Bank of Ceylon has made commitments to finance more than LKR 421.2 billion for the expansion of the 5+1 hubs identified in the country strategy. With a customer base of over 10 million, we have the highest financial inclusion rate in the country and the largest network of customer service points facilitating access to financial services across all market segments. We set up four new SME centres during the year to facilitate this access to knowledge and skills in various aspects such as accounting, management and leadership required to grow their businesses as promised by His Excellency the President in his Budget speech in November 2012. Our mission in this area is to create new entrepreneurs for future Sri Lanka and facilitate their growth through SME to corporate through active engagement and not merely as passive financiers.

"Positioning Bank of Ceylon as the local international bank is the target we aspire for as we seek to penetrate to global markets."

A talented and motivated team

Bank of Ceylon is among the largest employers in the financial services sector with 8,883 employees. Many of these employees joined the Bank at entry level whilst a few joined as Management Trainees after their graduation and our training and development processes honed over the years have transformed them to a multi-disciplinary team in respective specializations. We continue to invest in developing our team and have focussed this year on overseas training in leadership skills to ensure that we have the skills required for our future leaders not just within the country but beyond our shores. 716 employees were promoted during the year as they satisfied the criteria required to fill existing vacancies and 990 new positions created during the year due to our comprehensive talent development programmes.

As mentioned above, we have recruited 1,706 new employees during the year from all provinces in the country and have provided training and opportunities for developing their skills and capabilities through both formal and informal forums.
We have had harmonious relations with our trade unions and maintained a regular dialogue to foster greater understanding and consensus. I count on the inspiration and commitment of this team to drive the Bank to a new era of growth.

A growth agenda

GDP growth in the latter half of the year was encouraging as the economy gathered momentum and the global economic outlook improved. Whilst vulnerabilities remain, new risks are expected to surface for emerging economies and the country growth forecast as per Central Bank is expected to be higher than the growth rate 7.2% for 2013. Significant infrastructure development has been achieved and is expected to increase domestic trade in 2014. Sri Lanka also has the highest GDP growth rate in South Asia as per the World Economic Outlook 2013 published in October 2013 and also ranks as the best in South Asia in the Doing Business Index with an overall ranking of 85. Political stability, strategic location, a friendly and literate people enhance the country's growth opportunities as a regional hub. The exchange rates are expected to stabilise and interest rates are expected to follow a gradually declining trend. Inflation is also expected to remain in the mid-single digits in 2014.

Internal development alone will be insufficient and increased export earnings are a sine qua non for achievement of growth targets. Therefore, Bank of Ceylon will intensify support to promote development of export oriented industries as global demand picks up and Sri Lanka continues to diversify its manufacturing base.

Positioning Bank of Ceylon as the local international bank is the target we aspire for as we seek to penetrate to global markets. Initial studies and assessments have been carried out for branches in the African continent and in India and we expect to establish at least two overseas branches in 2014 to add to our existing branches in Seychelles, Maldives and India and the subsidiary in London. Members of our team have been trained overseas for this purpose and we are now geared to the proposed expansion to overseas markets.

As we are a large group, the banking sector Road Map proposals of Central Bank for restructuring the financial sector are welcomed by the Bank and we believe that this will benefit the country as larger players as envisaged in the Road Map 2014 are able to drive operational efficiencies, stability and scale necessary to develop a robust financial sector that can penetrate into international markets. We will review opportunities for growth through acquisition where there are strategic advantages to be gained in broader economic perspective.

Demand for credit is expected to increase as interest rates decline and the excess market liquidity is expected to stabilise in line with increased demand. Further, we expect the cost of borrowing to decrease further in 2014 resulting in sustained pressure on net interest margins. We expect growth in both retail banking operations and off-shore and foreign lending to

maintain profitability along with increased fee income growth. Embedding excellence in operations is expected to streamline cost structures and result in capacity to handle increased volumes and reduce costs. Additionally, centralizing operations such as Trade Finance will also contribute to streamlining of costs. The Bank will look to deepen its existing customer relationships and build new customers specially focussing on the middle market in order to achieve its growth targets and to retain its position as the leading provider of financial services.

Acknowledgements

Our customers who have placed their trust in us have been a source of inspiration for us and I thank them for their support over the years. We count on you to enable us to realize our ambitions as you realize yours.

I thank the Board of Directors for their foresight and guidance and in particular the outgoing Chairman, Mr Razik Zarook and the Acting Chairman, Mr Raju Sivaraman for their steadfast leadership. It has been my privilege to lead the loyal and dedicated team at Bank of Ceylon this year and I thank them for their commitment and hard work.

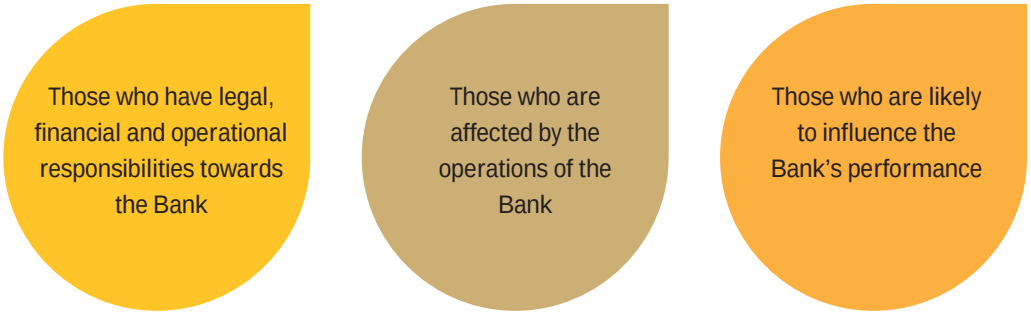
I wish to express my sincere gratitude to the Secretary to the Treasury, the Governor of the Central Bank of Sri Lanka, the Auditor General, the Attorney General and all officials of these institutions and the Ministries that have extended their co-operation during the year.

D M Gunasekara
General Manager

13 March 2014
Colombo

STAKEHOLDER ENGAGEMENT

Stakeholders Identification



Based on the above factors, stakeholders can be categorized into six main groups as Employees, Customers, Investors, Government and Regulators, Community and Suppliers & Service Providers.

The framework for Stakeholder Engagement is embodied in the Sustainability Policy approved by the Board of Directors in 2013. The following table summarizes key areas of this policy.

Stakeholder	Primary Engagement Mechanisms	Needs Identified	Stakeholder Management Framework
Employees	• Employee engagement surveys • Consultative meetings with the Trade Unions • Employee suggestion schemes • Grievance reporting procedure • Social entertainment and sport events	• Development and Career progression • Performance enabling environment • Work life balance • Health and Safety • Collective bargaining • Equal Opportunity • Special needs of key groups such as women	We will invest in developing our employees in an environment where they are treated with respect, their health and safety are assured and diversity is valued.
Customers	• Online and local engagement by branch teams and relationship managers • Customer satisfaction surveys • Market research • Product promotional campaigns and felicitation programmes	• Customer service • Convenience of transacting • Upholding customer charter • Improving financial inclusion, education advice and consultations • Communication in language of choice	We uphold the rights of our customers in line with our customer charter ensuring that they understand the terms and conditions relating to services accessed by them.
Investors	• Roadshows • One to one meetings with large investors • Relationships with intermediaries • Investor presentation	• Comprehensive but concise information on operations and future outlook at regular intervals • Returns commensurate with risks assumed • Exit mechanisms	We commit to providing a balanced review of our performance and prospects in our communications with investors ensuring a competitive return / risk on their investment

Stakeholder	Primary Engagement Mechanisms	Needs Identified	Stakeholder Management Framework
Government and Regulators	• Continuous dialogues with Government ministries and SOE's • Meetings, policy trend analyses and industry forums	• Stability and growth of financial sector • Large funding needs of the Government's capital expenditure • Responsible business practices • Alignment of national priorities to the Bank's strategy • Financial inclusion • Financing and facilitation of large infrastructure projects • Compliance with regulatory direction and contribution to on-going dialogue on financial sector reform • Value addition	The Bank is committed to meet its economic, social and environmental obligations in line with the country's strategy. The corporate plan of the Bank has adopted a sustainable integration programme with Government's development programme.
Community	• Local branch engagement, media, social events and sponsorships. • Higher degree of participation	• Responsible business practices • Community development • Community empowerment • Employment • Financial security and credibility	We engage with local communities to develop economic activity providing opportunities and facilitating their socioeconomic wellbeing.
Suppliers and Service Providers	• Regular meetings, written communications • Transparent bidding process • Relationship building	• Business growth • Responsible business practices • Ease of transacting • Strategic partnerships • Transformation in procurement process • Open communication	We recognise excellence in service by our suppliers and look to support their growth through mutually rewarding partnerships.

A STRATEGY TO FACILITATE SOCIOECONOMIC DEVELOPMENT

As the market leader in the Sri Lankan financial services sector we are, in fact, the Bankers to the Nation. We seek to develop the communities we operate in to facilitate socioeconomic progress by providing opportunities for growth in proportion to our operations. Our strategies are closely aligned to national priorities encapsulated in the Mahinda Chinthana to become an upper middle income country by 2016 with a focus on inclusive growth and shared prosperity. We are socially relevant with strong positioning across all market segments which has contributed to our brand being ranked as the No.1 brand in the country. Strong values define our brand and our knowledge of the country and its customs, our networks and our footprint are unparalleled providing a strong competitive edge and ability to retain our position as the leader in the Sri Lankan financial services sector.

STRATEGIC PRIORITIES

Areas of focus in the medium term, supported by detailed action plans and performance measurement matrix

- Inclusive and customer centric growth
- Delivery of stakeholder expectation, preparing the Bank to be Sri Lanka's local international Bank
- Inspired, effective and motivated team
- Technological transformation to prepare the Bank for the future generation
- Excellence in operations with speedy delivery and fast tracked support services
- Facilitate socio economic development
- Results orientation
- Identify opportunities for business growth
- Leverage the Bank's strengths to internationalize the Bank to tap into untapped markets
- Develop an organizational framework as a foundation to the future of the Bank
- Assignment of resources to weaker areas to uplift them
- Maintain the rating of the Bank by maintaining the current ratios
- Penetration to the middle market
- Funding strategies to be realigned to the changing market and regulatory conditions

MATERIAL ISSUES

Issues we need to manage to achieve our long term goals whilst facilitating the socioeconomic development in the country

- Strong financial performance to remain profitable to generate internal fund stability
- Employee skill development and fidelity management
- Ethical and responsible business practices
- Governance, regulation and stakeholder management
- Be the employer of choice and retain ability to attract talent
- Embed our triple bottom line approach
- Maintain leadership in financial services sector
- Management of risk that is emerging

We have made significant progress towards achievement of our strategic priorities and embedding the triple bottom line approach within all areas of the organization. Our strategy is communicated to all employees who are passionate about contributing towards achievement of our long term goals which is a key differentiator in the market. Our belief in the opportunities that Sri Lanka and its people present gives added urgency and impetus to our endeavours.

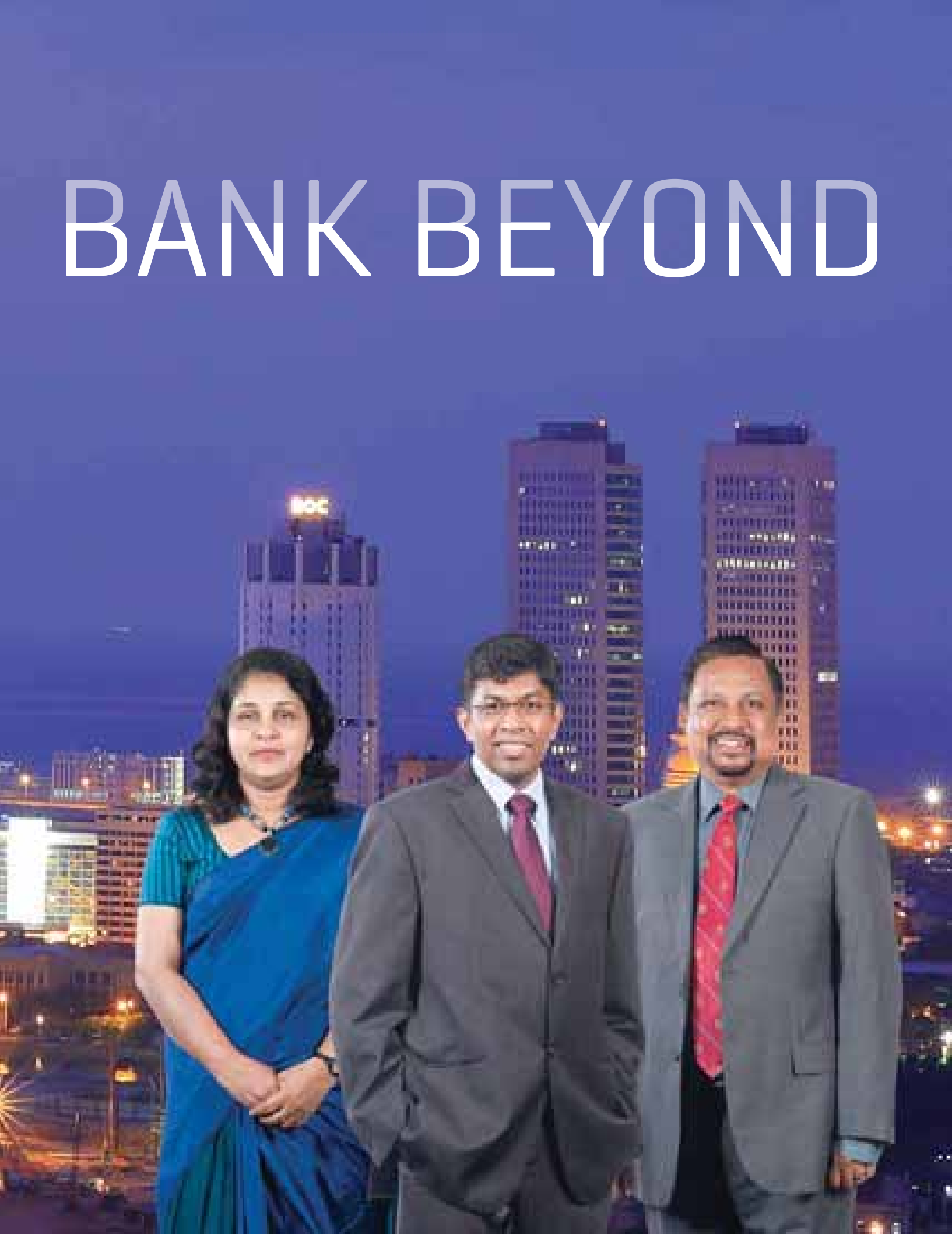
EXECUTING STRATEGY 2013

Our achievements in key strategic priority areas are summarized below and are enumerated in more detail in this Integrated Report.

	2013	2014
Inclusive and customer centric growth		
Number of customers ('000)	10,944	> 3% growth
Number of branches located outside the Western Province	432	445
Number of our own ATMs	523	549
Penetration ratio (%)	54	55
Inspired, effective and motivated team		
Number of employees	8,883	10,106
Retention ratio (%)	99.6	> 99.6
Promotions	716	Based on performance
Investment on overseas training (LKR million)	131	165
Total investment in training of our employees (LKR million)	236	288
Number of leadership trainings conducted during the year	117	125
Revenue per employee (LKR '000)	14,349	13,373
Profit per employee (before tax) (LKR '000)	1,768	2,028
Excellence in operation		
Cost to income ratio (%)	49.1	49.0
Safeguard asset quality	Strategies have been implemented to reduce the NPA levels	
Restructuring of our subsidiaries to consolidate their operations	MCSL Financial Services Limited and Ceylease Limited were merged	MBSL and MBSL Savings Bank will be merged
Implementation of "5S" system	151 branches completed	Complete all

	2013	2014
Technological transformation		
Number of internet banking transactions (million)	10	15
Growth in mobile banking transactions (%)	17	20
ATM access points	> 2,000 access points	Increase further through common ATM switch
Automated inward remittance process	Achieved	Further developments
Facilitate socioeconomic development		
Road developments financed (Km)	368	150
Renewable power projects financed (LKR million)	1.1	> 3% growth
Private sector lending (LKR million)	464,690	> 10% growth
Small and Medium Enterprise loans disbursed during the year (LKR'000)	8,200	10,700
Performance orientation		
Profit after tax (LKR million)	12,087	14,919
Asset growth (%)	14	12
Credit loss ratio (%)	4.3	2.3
(Deteriorated to 4.3% due to gold backed loans which is expected to correct in 2014 as sufficient safeguards have been implemented)		
Becoming Sri Lanka's local international bank		
Positioning Bank of Ceylon as a preferred investment amongst the global investor community	Implementation of the strategies are in pursuit	Implementation of the strategies are in pursuit
Feasibility studies under taken to establish branches in strategic locations		
Raising funds through international markets	USD 500 million raised	As per requirements
Largest network of correspondent banks	759	759

BANK BEYOND



THE BOARD OF DIRECTORS

Left to right
Ms Janaki Senanayake Siriwardane
Mr Lalith Withana
Mr Chandrasiri de Silva
Mr Raju Sivaraman
Mr K M Mahinda Siriwardana
Ms Nalini D Abeywardene
Mr R M A Rathnayake

Mr Raju Sivaraman

Acting Chairman and Independent Non-Executive Director

Skills and experience

Mr Sivaraman brings his experience as a Board member of several companies across diverse sectors and also across the public and private sectors. He counts over 30 years of experience in management and architecture.

He is a Chartered Architect, Fellow member of the Institute of Architects of Sri Lanka and holds a Master's Degree in Architecture from the University of Moratuwa.

Appointed to the Board

In January 2006 and reappointed in June 2007, May 2010 and May 2013. Appointed as Acting Chairman in December 2013.

Membership of Board Subcommittees

Chairman of the Human Resource and Remuneration Committee and Nomination and Corporate Governance Committee. Member of the Audit Committee and the Integrated Risk Management Committee.

Current appointments

Managing Director of Arch-Triad Consultants (Private) Limited and Ram Developers (Private) Limited. Chairman of Property Development PLC. Director of MCSL Financial Services Limited, Mireka Capital Land (Private) Limited and Mireka Homes (Private) Limited. He is the Proprietor of M/s Triad Consultants, Chartered Architects and Engineers.

Former appointments

He served as a member of the National Police Commission from 2006 to 2009 and was reappointed in 2012. Director of Merchant Bank of Sri Lanka PLC, Road Development Authority, Design Centre, Mireka Capital Land (Private) Limited, Property Development PLC, Milco (Private) Limited and Ceylease Limited. He also served as a Council Member and Treasurer of the Sri Lanka Institute of Architects.

Mr K M Mahinda Siriwardana

Non-Executive Ex officio Director (up to January 2014)

Skills and experience

Mr Siriwardana brings to the Board the knowledge that bridges the Bank's goals with Government objectives and experience in the area of money and banking. He holds a Master of Arts (MA) Degree in Economics from the Vanderbilt University, United States of America, a Postgraduate Diploma in Economic Development from the same University and a Bachelor of Arts (BA) Degree in Economics from University of Kelaniya, Sri Lanka.

Appointed to the Board

In April 2013 as the Ex officio Director to the Board.

Membership of Board Subcommittees

Member, Audit Committee and Integrated Risk Management Committee.

Current appointments

Director General, Department of Fiscal Policy, Ministry of Finance and Planning, member of the Board of Directors of National Livestock Development Board, Sri Lanka Export Credit Insurance Corporation, Sri Lanka Export Development Board and Sri Lanka Mahaweli Authority.

Former appointments

Additional Director of the Economic Research Department, Central Bank of Sri Lanka, involved in work related to the fiscal and monetary policy operations and Additional Director General, National Planning Department, Ministry of Finance and Planning. Member of the Board of Directors of Sri Lanka Vocational Training Authority.

Ms Nalini D Abeywardene

Non-Executive Director

Skills and experience

Ms Abeywardene brings to the Board her experience in the field of commercial law and 25 years of management experience in the private sector tea industry. Ms Abeywardene is an Attorney-at-Law.

Appointed to the Board

In May 2010 and reappointed in May 2013.

Membership of Board Subcommittees

Member, Human Resource and Remuneration Committee

Current appointments

Member of the Board of Management of the Galle Heritage Foundation of the Ministry of National Heritage and Cultural Affairs and a Director of Hotels Colombo (1963) Limited and BOC Travels (Private) Limited.

Former appointments

She was formerly attached to a leading legal firm in the country. She also served as a Commissioner of the Human Rights Commission of Sri Lanka from 2006 to 2009.

Mr Chandrasiri de Silva

Non-Executive Director

Skills and experience

Mr de Silva brings to the Board his specialized experience in law, business and insurance. He is an Attorney-at-Law and holds a Master's Degree in International Trade Law from the University of Wales.

Appointed to the Board

In May 2010 and reappointed in May 2013.

Membership of Board Subcommittees

Member Human Resource and Remuneration Committee and Nomination and Corporate Governance Committee

Current appointments

He is the Chairman of BOC Travels (Private) Limited and a Director of Hotels Colombo (1963) Limited.

Former appointments

Director of People's Bank, People's Merchant Bank PLC and People's Insurance Company Limited and former Chairman of People's Travels Limited.

Mr Lalith Withana

Independent Non-Executive Director

Skills and experience

Mr Withana counts over 20 years in management positions within the corporate sector out of which more than 12 years had been at senior management levels in banking, trade and manufacturing, with experience at organizations such as Brandix Group, M/s. Ernst & Young, Chartered Accountants, Amro Bank, IBM World Trade Corporation, Carsons & Cumberbatch PLC and YAMAHA (USA). He holds a Master of Business Administration (MBA) Degree from University of Sri Jayawardenapura, Colombo and a Bachelor of Arts (BA) Hons. Degree from the University of Manchester, the United Kingdom. He is also a Fellow of the Chartered Institute of Management Accountants (FCMA), the United Kingdom, a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Project Management Professional (PMP).

Appointed to the Board

In June 2013. He served on the Board during the period 26 May 2004 to 06 December 2005.

Membership of Board Subcommittees

Chairman, Audit Committee and Integrated Risk Management Committee. Member Nomination and Corporate Governance Committee.

Current appointments

Chief Executive Officer of Orit Apparels Lanka (Private) Limited and Orit Trading Lanka (Private) Limited.

Former appointments

Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka PLC, Ceylease Limited and Seylan Bank PLC. He had also been a Commissioner of the Telecommunication Regulatory Commission.

Ms K M A Nelumani Daulagala

Non- Executive Ex officio Director

Skills and experience

Ms Daulagala is a Fellow member of the Chartered Institute of Management Accountants (FCMA), the United Kingdom and holds a Master of Business Administration (MBA) Degree from the University of Sri Jayawardenapura and a Master of Science (MSc) Degree in Financial and Business Economics from the University of Essex, the United Kingdom.

Appointed to the Board

In January 2014, representing the Ministry charged with the subject of Finance. (Replacing Mr K M Mahinda Siriwardana)

Membership of Board Subcommittees

Member of Audit Committee and Integrated Risk Management Committee.

Current appointments

Director General, Department of Public Enterprises, Ministry of Finance and Planning (MFOP). She is a Management Accountant of Central Bank of Sri Lanka seconded to the MOFP. She is a member of the Employees' Trust Fund Board and the Board of Trustees of State Institutions Temporary Surplus Trust Fund.

Former appointments

She has over 20 years of service at CBSL where she has held senior positions of Chief Accountant, Director Supervision of Non-Bank Financial Institutions and Director, Financial Stability Studies.

Mr R M A Ratnayake

Alternate to Non-Executive Ex officio Director

Skills and experience

Mr Ratnayake brings to the Board his experience in the public sector of over 21 years in several senior capacities. He holds a Master's Degree in Public Management from the National University of Singapore, Post Graduate Diploma in Managerial Control and Management Information Systems from Maastricht School of Management (MSM) of the Netherlands, Post Graduate Diploma in Business and Financial Administration from the Institute of Chartered Accountants of Sri Lanka and Bachelor of Commerce (B.Com.- Special) Degree from the University of Kelaniya, Sri Lanka. He is a Fellow Member of the Institute of Public Finance Accountants of Sri Lanka and a Member of the Academy of Accountants Technicians of Sri Lanka.

Appointed to the Board

In January 2013 as the Alternate Director to the Ex officio Directors.

Membership of Board Subcommittees

He was the Chairman of the Audit Committee from January to June 2013 with special approval of Central Bank of Sri Lanka in view of his accounting background.

Current appointments

Additional Director General of the Department of Treasury Operations of the Ministry of Finance and Planning. He is a Member on the Boards of West Coast Power (Private) Limited and De La Rue Lanka Currency and Security Print (Private) Limited.

Former appointments

First Director of the Revenue Division, Director of Cash Management and Debt Management divisions of the Department of Treasury Operations, Director responsible for the construction, aviation and transport cluster in the Department of Public Enterprises of the Ministry of Finance and Planning, Assistant Director and Deputy Director of Cash Management of the Department of State Accounts and as an Accountant at several Government bodies. He was a Director of Sri Lanka Foundation Institute, Milco (Private) Limited, Chilaw Plantation Company (Private) Limited and Clothing Industry Training Institute.

Ms. Janaki Senanayake Siriwardane

Secretary to the Board/Secretary, Bank of Ceylon

Attorney-at-Law, LLB, MBA

CORPORATE MANAGEMENT

Left to right
Mr P A Lionel, Ms Janaki Senanayake Siriwardane, Mr D M Gunasekara, Mr H M Mudiyanse

Facing page left to right
Mr P J Jayasinghe, Mr Senarath Bandara, Mr D P K Gunasekara, Mr W P Russel Fonseka

Left to right
Ms S H Ranawaka, Mr K E D Sumanasiri, Mr S M S C Jayasuriya, Mr G H Chandrasiri

Facing page left to right
Dr Indunil Liyanage, Dr W G Karunadasa, Mr W A Asoka Rupasinghe, Mr Lalith J Fernando, Mr Luxaman Perera

Mr D M Gunasekara

General Manager

Skills and experience

Career banker with diversified banking experience both within and outside Sri Lanka and has extensive knowledge in all aspects of credit management and administration. Having commenced the banking career in retail banking counts for 31 years of experience in corporate and offshore banking, sales and channel management and international banking operations for holding key corporate management positions prior to being appointed as the Chief Executive Officer of the largest commercial bank in Sri Lanka

Mr Gunasekara has successfully completed the programme on Corporate Management for Sri Lanka (LKCM2 AOTS) in Japan; an Advanced Management Programme conducted by Wharton University of Pennsylvania, USA. Mr Gunasekara graduated from the University of Colombo, Sri Lanka, with a Special Degree in Public Finance and Taxation in 1981. He is an Associate Member of the Institute of Bankers of Sri Lanka.

Appointment to the Corporate Management

He was appointed as the General Manager/Chief Executive Officer of Bank of Ceylon on 8th January 2013. Prior to his appointment as General Manager/Chief Executive Officer, he served from October 2010, as the Deputy General Manager in charge of Retail Banking and Sales and Channel Management.

Current appointments

Non-Executive nominee Director on the Boards of BOC Travels (Private) Ltd, BOC Property Development & Management (Private) Limited, BOC Management & Support Services (Private) Limited., Bank of Ceylon (UK) Limited, Ceybank Holiday Homes (Private) Limited, Ceybank Asset Management Limited, Hotels Colombo (1963) Limited, Merchant Bank of Sri Lanka PLC, Institute of Bankers of Sri Lanka, Credit Information Bureau of Sri Lanka, Lanka Financial Services (Bureau) Limited and Lanka Clear (Private) Limited.

Career milestones

Mr Gunasekara commenced his career with the Bank in 1983 and over the years received extensive training in banking, especially in all aspects of credit management and administration. He served at BoC London Branch from 1997 – 2000. His other contributions include his services as a resource person of Bank of Ceylon's Central Training Institute. Overall, he counts 30 years of experience in banking. He is a Council Member of the Association of Professional Bankers and also a resource person at the Institute of Bankers' of Sri Lanka.

Mr H M Mudiyanse

Senior Deputy General Manager (Sales and Channel Management)

Skills and experience

He is an Associate Member of the Institute of Bankers of Sri Lanka, and obtained a Postgraduate Diploma in Executive Bank Management from the same institute in 2001. Since joining the Bank in August 1973, his extensive experience in retail banking has held in good stead for managing and developing the Bank's branch network in his present position as the Senior Deputy General Manager (Sales and Channel Management).

Appointment to the Corporate Management

Appointed as the Deputy General Manager in October 2010 and held the position of Deputy General Manager (Human Resource) from October 2010 to August 2011. While serving in the capacity of Deputy General Manager (Sales and Channel Management), he was promoted to the grade of Senior Deputy General Manager on 12 June 2013.

Current appointments

Director on the Boards of Ceybank Travels (Private) Limited and Ceybank Holiday Homes (Private) Limited.

Career milestones

Since joining the Bank in August 1973, he gained extensive experience in retail banking. Prior to his assignment to the Corporate Management, he served as the Assistant General Manager in the North Western Province where his knowledge and exposure in micro finance and agricultural sectors provided leadership to bring the province to new heights.

Mr P A Lionel

Senior Deputy General Manager (International, Treasury and Investment)

Skills and experience

Mr Lionel joined the Bank's service in 1983. He is a career banker counting over 30 years of experience in banking and financial services specializing in the areas of treasury, international operations and investment banking and has been involved in managing assets and liabilities, fund raising activities, securities trading, risk management in relation to treasury and cross boarder funding. He has flair for developing and marketing

treasury products. He obtained his Bachelor of Arts degree from the University of Colombo, Sri Lanka in 1980.

Appointment to the Corporate Management

He was appointed Deputy General Manager (International, Treasury and Investment) in March 2012. Previously, he held the position of Deputy General Manager (HR Operations and Investment Banking) from October 2010 to March 2012.

Current appointments

Mr Lionel serves as a Director on the Boards of Lanka Hospitals Corporations PLC, Property Development PLC, Koladeniya Hydropower (Private) Limited, Ceybank Asset Management Limited, and Lanka Securities (Private) Limited. He is a member of the Governing Board of the Institute of Bankers of Sri Lanka, and also a member of the Cabinet appointed Procurement Committee of Ceylon Petroleum Corporation. Mr Lionel holds the esteemed presidency of the Sri Lanka FOREX Association which is the apex body of treasury and dealing activities.

Career milestones

He held the positions of CEO of the Primary Dealer Unit of the Bank and headed the Treasury and Investment Unit. He received broad exposure and extensive training in treasury management and FOREX dealing activities in London from 1988 to 1989. He served as Head of Treasury at the BoC Branch in Karachi.

He has been functioning in the areas of treasury, international and Investment for over 25 years and innovations of BoC treasury was completely handled by Mr Lionel. All large syndications in the international market have been structured under his patronage. He also led the launch of two USD Bond transactions, mobilizing one billion US Dollars.

Mr Senarath Bandara

Deputy General Manager (Product and Development Banking)

Skills and experience

Mr Bandara is a Physical Science graduate of University of Kelaniya, Sri Lanka and holds a MBA with a Merit Pass from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka. He is a Fellow member of the Institute of Bankers of Sri Lanka and obtained a Postgraduate Diploma in Bank Management from the same institute, achieving the best student award in 1998.

Appointment to the Corporate Management

He was appointed as the Deputy General Manager in March 2012. His current business portfolio includes Product Management, Islamic Financing, Development Banking, Electronic Banking and Credit/Debit Cards operations.

Current appointments

He is a nominee Director of BoC to Regional Development Bank and to several subsidiary and associate companies of BoC including the pioneer merchant bank of the country,Merchant Bank of Sri Lanka PLC.

Career milestones

Mr Bandara was a member of the Executive Management since January 2008 holding the position of Assistant General Manager overseeing diverse business fields, viz. Overseas Branches, International, Corporate Relations and Chief Executive Officer of Bank of Ceylon (UK) Limited at different periods.

He joined the Bank in January 1990 as a Staff Officer and rose up in the career gaining diverse experience both locally and abroad mainly in the fields of information systems, investments, treasury management,international banking operations and corporate banking. He successfully spearheaded the process of converting Bank of Ceylon operations in London from branch to subsidiary status in 2010 gaining sound fundamental knowledge of regulations and compliances in the banking arena. He presently provides leadership for several technology driven development projects in the Bank. He had been a resource person at the Institute of Bankers of Sri Lanka too in the field of credit and investment management.

Prior to joining the Bank, he was an Assistant Lecturer at the University of Kelaniya and also served at the Mahaweli Authority.

Mr W P Russel Fonseka

Deputy General Manager (Retail Banking)

Skills and experience

Graduated from the University of Sri Jayewardenepura, Sri Lanka, with a Bachelor of Science Special Degree in Business Administration and holds a Postgraduate Diploma in Management from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka and a Master of Business Administration from University of Southern Queensland. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and also an Associate Member of the Institute of Bankers of Sri Lanka.

Appointment to the Corporate Management

Appointed as the Deputy General Manager (Retail Banking) from May 2013. Prior to that, he held the positions of Deputy General Manager (Finance and Planning) from March 2012 to May 2013.

Current appointments

Mr Fonseka is the Chairman on the Board of Transnational Lanka Records Solutions (Private) Limited since November 2012. He has been serving as a nominee Director on the Board of Mireka Capital Land (Private) Limited since 2008 and also on the Board of Mireka Homes (Private) Limited. He also serves as an Alternate Director on the Board of LankaClear (Private) Limited and as an observer on the Board of Sintesi Limited, a BOI approved private limited company. Mr Fonseka also acts as the Chairman of the Audit Committee, a Board sub committee of LankaClear (Private) Limited since November 2012. He is an Alternate Director on the Board and also acts as the Chairman of the Audit Committee of Merchant Bank of Sri Lanka PLC, one of the subsidiary company of Bank of Ceylon, from August 2013.

Career milestones

He joined the Bank in January 1990. Commenced his career with retail banking and then specialized in financial management and strategic planning of the Bank, whilst acquiring wide experience in all aspects of commercial banking. He also served in Bank of Ceylon London branch where he obtained comprehensive experience in treasury and international banking activities.

Prior to being appointed to the Corporate Management, he held the position of Assistant General Manager (Budget and Strategic Planning) from 2008 to March 2012.

Mr P J Jayasinghe

Deputy General Manager (Human Resource)

Skills and experience

Mr Jayasinghe graduated from the University of Sri Jayewardenepura with a Special Degree in Commerce. He is an Associate Member of the Institute of Bankers of Sri Lanka. He also holds an Advanced National Diploma in Human Resource Management from the National Institute of Business Management. Over 36 years in the Bank in retail, wholesale, international, treasury and human resource management areas.

Appointment to the Corporate Management

He was appointed as the Deputy General Manager (Human Resource) in March 2012.

Current appointments

Presently, Mr Jayasinghe serves as a Director on the Boards of BOC Property Development and Management (Private) Limited and Ceybank Holiday Homes (Private) Limited and as a member of the Human Resource Policy Committee, Chairman, Scholarships Committee, IT Steering Committee, Ex-officio Trustee of BOC Pension Trust Fund, Ex-officio Manager of BOC Widows & Orphans' Fund, and BOC Provident Fund. He is an Alternate Member of the Board of Governors of the Institute of Bankers of Sri Lanka (IBSL) and a member of the Audit Committee of IBSL.

Career milestones

Having joined the Bank in 1977, Mr Jayasinghe has covered the areas of retail banking, wholesale banking, international banking, treasury operations, offshore banking, trade finance operations, credit, recovery and human resource management in the Bank. He has contributed to enhance the knowledge and skills of staff of the Bank, as an associate faculty member on Credit Evaluation and Administration, Credit Policy, International and Trade Finance during the last fifteen years.

He has served on the Credit Committee, NPA Management Committee, Operational Risk Management Executive Committee, Judging panel of Quality Circle Competition and on the Judging panel of Sri Lankan Entrepreneurs Award – 2011 organized by the Federation of Chambers of Commerce and Industries of Sri Lanka (FCCISL).

Mr D P K Gunasekara

Deputy General Manager (Corporate and Off-Shore Banking)

Skills and experience

Mr Gunasekara is a BSc (Business Administration) graduate of the University of Sri Jayawardanapura and holds a Post Graduate Diploma in Business and Finance Administration from the Institute of Chartered Accountants of Sri Lanka. He is also an Associate Member of the Institute of Bankers of Sri Lanka.

Appointment to the Corporate Management

He was appointed Deputy General Manager (Corporate and Offshore Banking) since May 2013. Previously held the position of Deputy General Manager (Retail Banking) from February to May 2013.

Current appointments

He serves as a Director on the Boards of BOC Travels (Private) Limited. and BOC Management and Support Services (Private) Limited.

Career milestones

He joined the Bank in 1980. Commenced his career with retail banking, gathering vast experience in the branch network. Later, Mr Gunasekara, served in Central Cash and Accounts Departments and in 1992, he joined the Treasury Division as a Dealer where he had gathered extensive knowledge and vast experience in the Treasury and Money Market operations locally as well as overseas at BOC London branch and was the Deputy Manager of Chennai branch. He served as the Head of Treasury Division and was one of the poineer members in setting up of middle office. Mr. Gunasekara also held the positions of Assistant General Manager (Overseas Branches) and Assistant General Manager (Corporate Relations) since October 2010.

Mr K E D Sumanasiri

Deputy General Manager (Recovery)

Skills and experience

Graduated from the University of Sri Jayawardanepura, Sri Lanka with a Bachelor of Science (Hons.) Degree in Business Administration. He is an Associate Member of the Institute of Bankers of Sri Lanka and also successfully completed the Special Management Course for Higher Management and Public Policy for Business Leaders conducted at the Post Graduate Institute for Management Studies (PIM) of University of Sri Jayawardenepura.

Mr Sumanasiri possesses rich and diversified experience in Retail Banking, Micro Finance, Corporate Finance and Human Resource Development. He provides leadership and guidance to propel BoC to a greater height.

Appointment to the Corporate Management

Appointed as the Deputy General Manager (Recovery) in May 2013.

Career milestones

Commenced his banking career in 1990, Mr Sumanasiri held several key positions while serving in the branch network. He had also been a Faculty Member at the Bank's Training Institute, holding the position of Manager (Training). He readily responded to uplifting the knowledge of the staff and was very instrumental in their career development. Mr Sumanasiri held the position of Assistant General Manager (Northern Province), soon after the three decade conflict period came to an end in the Northern part of Sri Lanka, and played a lead role in the uplifting of livelihood of the resettled people. He contributed immensely to the boom of the economy of the Northern Province.

Mr S M S C Jayasuriya

Deputy General Manager (Finance and Planning)

Skills and experience

Mr Jayasuriya graduated from the University of Sri Jayewardenepura in 1979 with Bachelor of Science Degree. He is an Associate Member of the Institute of Bankers of Sri Lanka (AIB), Associate Member of the Chartered Institute of Management Accountants (CIMA) (UK), Member of the Chartered Global Management Accountants (CGMA) (UK) and also a Member of the Chartered Shipbrokers (MICS) (UK).

Appointment to the Corporate Management

He was appointed as the Deputy General Manager (Finance and Planning) in May 2013. His current portfolio includes, financial accounting, budget, strategic planning, MIS, Treasury Back Office, tax and central cash management.

Current appointments

He serves as an alternative Director in Sri Lanka Credit Information Bureau, BOC Property Development & Management (Private) Limited and also nominated as a Director for MBSL Insurance Company Limited.

Career milestones

Mr Jayasuriya, counting over 27 years of service in Banking, was in the Domestic Banking in the early part of his career and later specialized in treasury, investment banking and international banking. He joined the treasury division as a dealer in 1991 and had gathered extensive knowledge and experience in treasury management during the last 22 years in the Head Office, London branch and Chennai branch. He has made immense contribution towards the Treasury Division specially managing the liquidity position of the Bank and maximizing foreign exchange income.

He played a very active role in both USD 500 million international bond issues and was a member of the road show team. In addition, he played key roles in Debenture issues done by BoC to enhance the Tier II Capital and UDA Debenture issue. He

has used his relationship with international banks to mobilize a substantial amount of funding through several syndicated loans and bilateral facilities in order to manage the liquidity position of the Bank.

He served as the Head of Treasury, Bank of Ceylon Branch in Chennai from 1997 to 2000. At present, he serves as a member in the Investment Committee, Assets and Liability Management Committee (ALCO), Credit Committee and IT Steering Committee. He is the Chairperson of the Investment Committee of the Bank's Pension Fund/ Provident Fund/W/W&OP Fund and serves as Ex-officio Trustee since 2009. He is also the Chairman of the Damage Assessment and Restoration Committee. He was a member of the Executive Committee of the Sri Lanka FOREX Association for many years.

Mr Jayasuriya was a member of the Executive Management since November 2009. He served as Assistant General Manager (Treasury) and Assistant General Manager (Investment Banking) prior to the appointment to the Corporate Management. He was also the CEO of the Primary Dealer Unit of the Bank.

Before joining the Bank, he worked in the Ceylon Shipping Corporation for five years and ended as an Assistant Manager.

Mr G H Chandrasiri

Deputy General Manager (Support Services)

Skills and experience

Mr Chandrasiri is an Associate Member of the Institute of Bankers of Sri Lanka and also obtained a Postgraduate Executive Diploma in Bank Management from the same institute. He graduated from the University of Sri Jayewardenepura with a special degree in Commerce and holds Higher National Diploma in Accountancy from Sri Lanka Technical College and Higher National Diploma in Management from the Open University of Sri Lanka. He is also a licentiate of the Institute of Chartered Accountants of Sri Lanka.

Appointment to the Corporate Management

He was appointed as the Deputy General Manager (Support Services) in September 2013.

Current appointments

Non-Executive Director on the Board of Hotels Colombo (1963) Limited, since September 2013

Career milestones

He joined the BoC family in October 1986 and started his career from Ballaketuwa Agriculture Service Centre. Whilst acquiring wide experience in Domestic Banking, he also served in Lebanon as a BoC representative in 1993/1994. Prior to his appointment to the Corporate Management, he held the positions of Assistant General Manager (Business Process Re-Engineering Project) and Assistant General Manager (Uva Province).

Ms S H Ranawaka

Chief Legal Officer

Skills and experience

Ms Ranawaka holds a Master's Degree in International Trade Law awarded by the University of Wales and Post Attorney Diplomas in Banking and Insurance Laws and International Trade Law awarded by the Sri Lanka Law College.

Appointment to the Corporate Management

She was appointed as the Chief Legal Officer of Bank of Ceylon in April 2012.

Current appointments

She is a Director of BOC Property Development and Management (Private) Limited, a subsidiary of the Bank and an Alternate Director on the Board of Mireka Capital Land (Private) Limited. She is an Associate Faculty Member of the Central Training Institute of the Bank.

Career milestones

Ms Ranawaka is an Attorney-at-Law by profession and started her career in the Galle Bar in 1980 and joined Bank of Ceylon, Legal Department in June 1986. She is a member of the Bar Association of Sri Lanka and the President of the Corporate Lawyers Association of Sri Lanka.

Ms Janaki Senanayake Siriwardane

Secretary to the Board

Skills and experience

Ms Siriwardane is an Attorney-at-Law and holds a Bachelor's Degree in Law. She also holds a Master's Degree in Business Administration from the University of Colombo, Sri Lanka.

Appointment to the Corporate Management

Appointed as Secretary to the Board / Secretary Bank of Ceylon in December 2005.

Current appointments

She is a Nominee Director of Ceybank Holiday Homes (Private) Limited and serves as its Company Secretary and also of BoC Management & Support Services (Private) Limited.

Career milestones

She joined Bank of Ceylon in January 1996. Counting over seventeen years of experience in the Bank, Ms Siriwardane specializes in company secretarial work and Corporate Governance Practices. In addition to being the Secretary to the Board of Bank of Ceylon, she serves as the Secretary to the Board sub committees of the Bank. She also ensures compliance with the applicable Corporate Governance rules.

Prior to joining Bank of Ceylon, she practiced as a lawyer and then worked in several private sector companies handling company secretarial work including IPOs, mergers, legal and HR work. She was a visiting Lecturer in Commercial and Industrial Law at the University of Kelaniya, Sri Lanka.

Mr W A Asoka Rupasinghe

Chief Financial Officer

Skills and experience

Mr Asoka is a fellow of both The Institute of Chartered Accountants of Sri Lanka and Chartered Certified Management Accountants of Sri Lanka with a Special Degree in Business Administration from the University of Sri Jayawardenepura and a Master of Business Administration from the University of Southern Queensland. Prior to joining the Bank he had served as the Head of Corporate Financial Affairs at Commercial Bank of Qatar and the Head of Finance and Administration of Securities and Exchange Commission of Sri Lanka. He obtained his professional training from KPMG Sri Lanka. Presently he is a council member of the Association of Accounting Technicians (AAT) Sri Lanka.

Appointment to the Corporate Management

He joined the Bank as Chief Financial Officer in October 2009

Current appointments

He serves in the Board Audit Committee, Board Integrated Risk Management Committee and serves as a Board member, Chairman Audit Committee and Chairman of Board Risk Management of MCSL Financial Services Limited. In addition he serves on several management committees including Asset and Liability Committee (ALCO), Credit Committee, Idle Asset Committee and IT Steering Committee whilst chairing Forgery Committee and Nonperforming Assets Committee. He is the overall coordinator of the Bank's subsidiaries and associates.

Career milestones

He has been extensively involved in key initiatives of the Bank and his previous employers. He was in charge of IFRS conversion of Commercial Bank of Qatar in 2002 and Bank of Ceylon in 2012. He served in the high level deal teams in mergers and acquisitions both locally and internationally which includes Commercial Bank of Qatar (CBQ) acquiring 35% of National Oman Bank, CBQ acquiring 40% of United Arab Bank in UAE and acquisition and sale of many small size subsidiaries operating in different countries. He was also involved in debut issuance of Euro Medium Term Note (EMTN) listed on the London Stock Exchange (LSE) by CBQ, debut issuance of Global Depository Receipt through LSE and the two USD Bond issuance by Bank of Ceylon. Currently he is in charge of the Corporate Strategy of the Bank in addition to the financial responsibilities.

Mr Lalith J Fernando

Chief Risk Officer

Skills and experience

Mr Fernando joined the Bank's service in 1986 and has over twenty seven years of experience in banking and financial services. He is an expert in diverse fields including branch banking, investment banking, international banking and treasury operation.

Mr Fernando holds a Bachelor of Science Degree in Statistics from the University of Peradeniya, Sri Lanka and obtained his Master of Science Degree in Management from the University of Sri Jayewardenepura, Sri Lanka. He is also a Fellow Member of Institute of Bankers of Sri Lanka.

Engaged in Risk Management related activities of the Bank for the last twelve years, Mr Fernando was instrumental in establishing the Integrated Risk Management Division of the Bank. He has been awarded the FRM designation by the Global Association of Risk Professionals - USA. This designation is globally regarded as having gained risk management expertise. He is also a renowned resource person in Risk Management for the University of Sri Jayewardenepura Sri Lanka, Institute of Bankers of Sri Lanka and the Centre for Banking Studies-

Central Bank of Sri Lanka. On the invitation of Saudi Monetary Agency he successfully conducted several programmes on Credit Risk Management to Saudi bankers at Institute of Banking Riyadh as well.

Appointment to the Corporate Management

Appointed Chief Risk Officer since 5 April 2013.

Career milestones

Prior to joining the Bank, he was a graduate teacher in Mathematics and Physics. He also held the positions of Assistant General Manager (Risk Management/ Compliance) and that of Acting Chief Risk Officer of the Bank before being appointed to the Corporate Management.

Dr W G Karunadasa

Chief Internal Auditor

Skills and experience

He obtained a Master's Degree in Business Administration from the University of Sri Jayawardenapura, Sri Lanka in 1996 and also obtained a Doctorate in Business Administration from the Irish International University (EU) in 2005. Dr Karunadasa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, a Fellow Member of the Certified Management Accountants of Sri Lanka and also a Certified Information System Auditor (CISA) of ISACA (USA).

He has over 33 years of experience in the fields of Accounting, Auditing and Financial Management.

Appointment to the Corporate Management

Appointed as Chief Internal Auditor of Bank of Ceylon in March 2009.

Career milestones

Prior to enlisting at BoC, he headed the Internal Audit Department of large commercial and financial establishments. Further, he served on the Board of Directors/Corporate Management of The Finance Company PLC from 1988 to 2001.

Dr Indunil Liyanage

Chief Marketing Officer

Skills and experience

Dr Indunil Liyanage holds a Doctor of Philosophy (PhD) from the Faculty of Graduate Studies (FGS), University of Colombo, Sri Lanka. He has a Master of Science (MSc) in Management from the University of Sri Jayawardenapura, Sri Lanka. He also holds a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing UK.

Dr Liyanage is a Chartered Marketer since 1997, attached to the first batch of Chartered Marketers in Sri Lanka and a Fellow Member of the Chartered Institute of Marketing (FCIM) and a Fellow Member of the Sri Lanka Institute of Marketing (FSLIM). He is a member of the Chartered Institute of Marketing (UK) since 1995 and a member of Alumni Associations of the University of Sri Jayawardenepura (AAUSJP) and University of Colombo, Faculty of Graduate Studies (AAUOC - FGS). He has participated in many international training programmes including Strategic Management Executive programme which was held at the National University of Singapore (NUS) in 2009.

Appointment to the Corporate Management

Appointed as the Chief Marketing Officer of Bank of Ceylon in September 2012.

Career milestones

Prior to joining Bank of Ceylon, Dr Liyanage has served as the Assistant Vice President-Head of Marketing at National Development Bank PLC, Sri Lanka. He has also worked for many organizations in the field of marketing since 1989 and counts over twenty four years of experience in financial services industry and fast moving consumer goods (FMCG), electronics and agriculture sectors in Sri Lanka. Throughout his marketing career he has built several key international and local brands/ products in the country. He has also held senior positions previously in multinationals and local organizations in the capacity of Product/ Brand Manager and Marketing Manager.

Dr Liyanage was honoured with the "50 Most Talented CMOs Award" at the Golden Globe Tiger Awards 2013, World Marketing Summit held in Malaysia and was the first Sri Lankan selected for the "Intercultural Education for Global Managers" programme at the Japan America Institute of Management Science (JAIMS) in Hawaii, USA. He was awarded a full scholarship by the Fujitsu Foundation of Japan to complete this programme, in recognition of his academic excellence and potential contribution to international understanding and goodwill in 1996.

Mr Luxaman Perera

Head of IT

Skills and experience

Mr Perera is a science graduate from the University of Colombo. He holds a MSc in Computer Science and also a MBA from the University of Colombo. He is a member of the Computer Society of Sri Lanka and a member of the British Computer Society, too.

Appointment to the Corporate Management

He was appointed as Head of IT in August 2013.

Career milestones

Mr Perera joined the Bank in 1986 as a Systems Analyst Programmer. He commenced his career with Core Banking Application Systems. His experience was enriched through his active involvement in multiple ICT projects. Counting over 28 years in the banking career, he has gained a wide range of experience in ICT in different capacities. He has also served at the Standard Bank of South Africa during the period from 1996 – 1997.

Prior to being appointed to the Corporate Management he held the position of Assistant Director IT (Application Systems).

EXECUTIVE MANAGEMENT

Mr D N L Fernando
Chief Executive Officer
Bank of Ceylon (UK) Ltd

Mr K T Karunaratne
Assistant General Manager
Support Services

Mr D M L C Kumara
Assistant General Manager
Accounting and Tax

Mr W G Ariyaratne
Assistant General Manager
Customer Relations

Mr G L P Jinasoma
Country Manager
Chennai

Mr G D Silva
Assistant General Manager
Training and Development

Mr W M S Wanasinghe
Assistant General Manager
Marketing

Mr D K N Piyasoma
Assistant General Manager
Southern Province

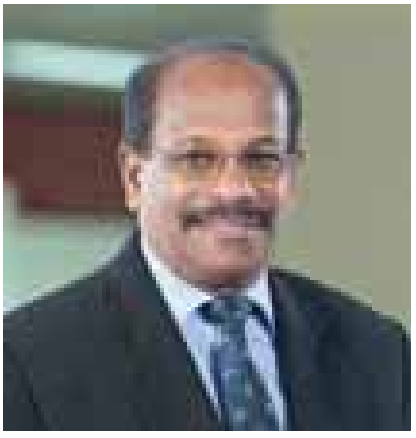
Ms C K Jayarathne
Assistant General Manager
Pettah Branch

Mr T P G Ranaweera
Country Manager
Malé

Mr R M Haputhanthri
Assistant General Manager
Overseas Branches

Mr H S Jayawardana
Assistant General Manager
Western Province South

Mr P M Premadasa
Assistant General Manager
Sabaragamuwa Province



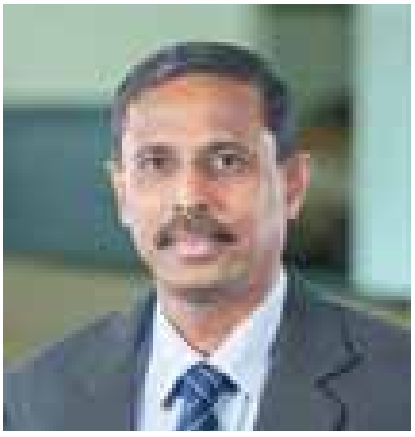
Mr M A Sumanaratne
Assistant General Manager
North Western Province

Mr W C K Wickramarachchi
Assistant General Manager
Branch Credit

Mrs E M S K Dangampola
Assistant General Manager
Central Province

Mr D M G C Devasinghe
Assistant General Manager
Trade Services

Mr J M D B Jayasundera
Assistant General Manager
Investigations



Mr C Amarasinghe
Assistant General Manager
Corporate Relations

Mr K P Anandanadesan
Assistant General Manager
Eastern Province

Mr H M P B Herath
Assistant General Manager
North Central Province

Ms W I Hettihewa
Assistant General Manager
Metropolitan Branch

Mr M T M Jalaldeen
Assistant General Manager
Human Resource Operations

Mr M J P Salgado
Assistant General Manager
Province Sales Management

Mr W A C Tissera
Assistant General Manager
Product and Development Banking

Mr D M L B Dassanayake
Assistant General Manager
Corporate Credit

Mr S M W Samarakoon
Assistant General Manager
International

Mr J M A Ariyaratne
Assistant General Manager
Business Process Re-engineering Project

Mr R M D V Jayabahu
Assistant General Manager
Budget, Strategic Planning and MIS

Mr G H Wickremasinghe
Assistant General Manager
BOC Card Centre

Mr A S Dangalle
Assistant General Manager
Credit Audit

Mr P G G Tissera
Assistant General Manager
Treasury

Mr G A Jayashantha
Assistant General Manager
Risk Management

Mr R P D K Ratnasinghe
Assistant General Manager
Western Province North

Mr S Hewavitharana
Assistant General Manager
Uva Province

Mr A De S Pinnaduwage
Assistant General Manager
Compliance

Mr T M T Tennakoon
Assistant General Manager
Northern Province

Mr B M Premaratne
Assistant General Manager
Offshore Banking

Mr J A A Jayasinghe
Assistant General Manager
Information Systems Audit

Mr W N P Surawimala
Assistant General Manager
Recovery Corporate

Mr Jagath Kurundukumbura
Assistant Director IT
Operations/Technical Support

Ms M Gunasekera
Deputy Chief Legal Officer
Recovery

Ms D Kitulgoda
Deputy Chief Legal Officer
International and Investment Banking

Ms G Jayasinghe
Deputy Chief Legal Officer
Credit

CRAFTING OUR OPERATIONS TO GROW WEALTH FOR EVERY CUSTOMER WE SERVE...

Financial Review

Bank of Ceylon is the largest financial institution in Sri Lanka with total assets around LKR 1.2 trillion and annual income of LKR 127 billion. It has 12 subsidiaries and five associate companies which contribute 2% of the Group's profits and accounts for 3% of the Group's total assets.

The financial review relates to the performance of the Bank unless otherwise stated as it is the key determinant of the Group's performance.

16%

Revenue Growth

The Bank achieved a remarkable growth in revenue during 2013 increasing it's revenue to LKR 127 billion

Bank of Ceylon is the largest financial institution in Sri Lanka with total assets around LKR 1.2 trillion and annual income of LKR 127 billion.

Financial Performance Highlights

	2013	2012	Growth %	Relevance to sector (market share) %
Growth (LKR millions)				
Total assets	1,193,581	1,048,221	13.9	20
Loans and advances (Gross)	755,385	714,847	5.7	22
Deposits	843,236	703,569	19.8	20
Borrowings	280,696	280,910	0.0	28
Earnings (LKR millions)				
Total income	127,464	110,138	15.7	21
Net interest income	37,143	35,321	5.2	19
Total operating income	49,024	49,783	(1.5)	17
Net operating income	42,101	43,879	(4.1)	15
Total operating expenses	23,682	20,870	13.5	17
Profit before tax	15,709	19,794	(20.6)	15
Profit for the year net of income tax	12,087	14,417	(16.2)	16
Performance Indicators %				
Net interest margin	3.3	3.7	(0.4)	
Non interest revenue to total income	9.9	13.7	(3.8)	
Credit loss ratio	4.3	2.8	1.5	
Cost to income ratio	49.1	42.7	6.4	
Return on equity	22.2	31.2	(9.0)	
Return on assets	1.4	2.1	(0.7)	

OPERATING ENVIRONMENT IMPACTS ON PERFORMANCE

The table below sets out external economic factors that impact Key Performance Indicators of the Bank and how these value drivers impacted our performance in 2013. We have also indicated the expected movements of these value drivers for 2014.

Key Performance Indicator (KPI)	Economic Factors Impacting KPI	Economic Factor in 2013	Impact of Economic Factor in 2013	Economic Factor in 2014	Impact of Economic Factor in 2014
Growth in loans and advances	GDP growth	↓	↓	↑	↑
	Interest rates	↓	↓	↓	(1) ↑
Growth in deposits	Interest rates	↓	↓	↓	↓
	Inflation	↓	↑	↓	↑
Net interest margin	Interest rates	↓	↓	↓	(2) ↑
	Proportion of current and savings accounts	↓	↓	↓	↓
	Statutory reserve ratio	↓	↑	–	–
Growth in fee and commission income	Imports	↓	↓	↑	↑
	Exports	↑	↑	↑	↑
	Remittances	↑	↑	↑	↑
Credit loss ratio	Corporate earnings	↓	↓	↑	↑
	Gold prices	↓	↓	?	?
	Other collateral value	↑	↑	↑	↑
	Inflation (CCPI)	↓	↑	↓	↑
Growth in trading revenue	Trading volumes	↑	↑	↑	↑
	Market price volatility	↑	↑	↑	↑
Operating expenses	Inflation (CCPI)	↓	↑	↓	↑
	Exchange rate (LKR vs USD)	↑	↓	↑	↓
Corporate taxes	Effective tax rate	–	–	–	–
Exchange differences on translation of foreign operations	Exchange rate (LKR vs USD)	↑	(3) ↑	↑	(3) ↑

↑ Indicates an increasing trend in an economic factor / a positive impact on the performance

↓ Indicates declining trend in an economic factor/ an adverse impact on the performance

? Indicates uncertainty

– Indicates that no change is expected.

Note

(1) Expect higher demand due to lower rates

(2) Due to structure/composition of balance sheet

(3) Exchange gain

TOTAL ASSETS

The Bank's assets grew by 14% to LKR 1.2 trillion making it the only domestic bank in the trillion balance sheet for two consecutive years. The growth of the assets was mainly due to the increase of the loans and receivables to customers, financial investment in loans and receivables, investments held as held to maturity and investment in reverse repurchase agreements.

GROSS LOANS AND ADVANCES TO CUSTOMERS

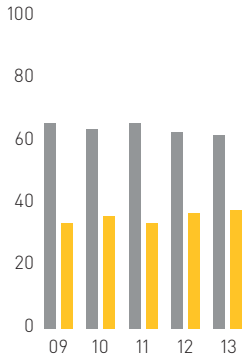
Gross loans and advances to customers represent the largest accounting for 63% of total assets. It provides the Bank with its main source of income and provides opportunities for cross selling, to other products from which we derive fee and commission income. Bank of Ceylon is the largest provider of capital to both the private and public sector accounting for 22% of the banking industry's total loans and advances. Net loans and advances stood at LKR 725 billion which is stated after adjustments for foreseeable losses as per Sri Lanka Financial Reporting Standards.

The Bank has expanded its gross loan portfolio by 6% from LKR 715 billion in 2012 to LKR 755.4 billion in 2013 with growth evenly distributed between the private sector and the public sector. The total private sector loans grew by LKR 24.1 billion or 5% to LKR 464.7 billion whilst lending to the Government also grew by LKR 16.7 billion or 6% to LKR 290.7 billion. Private sector credit growth remained low due to lower market credit demand followed by the Bank's self imposed limits on fast growing segments such as advances against pawned articles and leasing. Public sector credit growth also moderated due to improved financial performance of the state owned enterprises and consequent repayment of debt. We expect the upward trend in credit demand observed in the 4th quarter to continue into 2014 as underlying economic conditions improve both locally and globally.

465Bn

PRIVATE SECTOR LENDING

The Bank was instrumental in supporting the private sector business



PUBLIC/PRIVATE LENDING MIX (%)

Public sector
Private sector

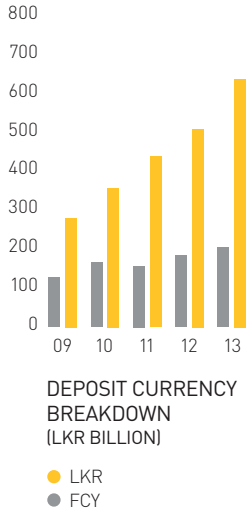
DEPOSITS FROM CUSTOMERS

The Bank finances its lending activities by raising deposits as the main funding source from its customers as a custodian of wealth and by providing investment opportunities for wealth creation to its customers. The Bank incurs interest costs on all customer deposits except current accounts which, together with the cost of borrowings, is the largest component in the expenses. Deposits account for 74% of the Banks liabilities in 2013 compared to 70% in 2012. Bank of Ceylon is the market leader for deposits and has a market share of 20%. Deposits in foreign currency account for 24% with the remaining 76% in local currency.

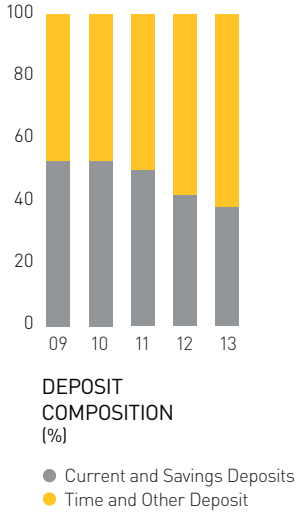
The total customer deposit base grew from LKR 693.4 billion in 2012 to LKR 842 billion in 2013, a growth rate of 21% which compares well with the industry growth rate of 15% reflecting the strong domestic franchise. This growth was achieved in the midst of the institutional depositors diverting their deposits to the debt market instruments for medium term stability in their portfolio yields.

The extension of the deposit mobilization campaign in 2013 also delivered tangible results making the Bank's deposit growth higher than that of the industry. We continue to observe a higher growth rate for time deposits in comparison to the growth rate for current and savings accounts. There is notable shift of the deposit composition making the time deposit component higher than the savings and demand deposits. This has resulted in higher interest costs for the Bank placing further pressure on the Bank's profitability.

"The Bank's continues to be the market leader in NRFC deposit market"



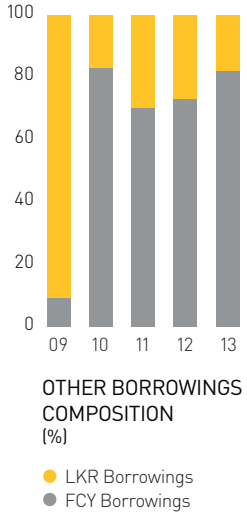
Our foreign currency deposits also increased by LKR 21.1 billion (USD 161 million) or 11% to LKR 205.2 billion or USD 1,567 million) which is mainly sourced from the migrant workers. Special promotional campaigns were launched during the year including customer meetings and agents meetings in respective countries through a coordinated effort in which the entire



Corporate Management participated. The Bank continues to be the market leader in the NRFC deposit market.

BORROWINGS AND DEBT SECURITIES

The Bank raises funds from debt markets and institutional lenders to finance its business and strengthen its capital structures at agreed rates, tenures and other terms and conditions. The Bank incurs interest expenses in respect of borrowings and debt securities issued, which are reflected in the Income Statement together with the interest expenses incurred on deposits from customers. Debt securities and other borrowings of the Bank account for 25% of its total liabilities with debt securities accounting for 2%, subordinated term debts 2% and other borrowings accounting for 21%.



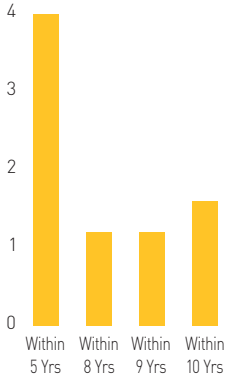
Bank of Ceylon raised USD 500 million in senior secured debt with an interest rate of 5.325% paid bi-annually with a maturity of five years listed on the Singapore Stock Exchange. Lead managed by UBS and rates BB- by Fitch, the Bank initially went to the market for USD 300 million but sold USD 500 million after it was over subscribed by 6.8 times. We are also encouraged by the strong response and the broad participation by both international investors and private banks. The proceeds of the Bond were used to meet the Bank's general purpose funding requirements. This was the main reason for the increase in the borrowed funds.

Bank of Ceylon also concluded another fresh debenture issue through the Colombo Stock Exchange to raise funds to retire maturing debentures and to bridge the funding mismatch of long

The Bank concluded yet another successful bond issuance of

USD500Mn

term infrastructure project financing whilst improving the Tier II capital. The issue attracted unprecedented interest among investors with the total bid value surpassing LKR 20 billion on the opening day, forcing the Bank to close the issue on the same day. The initial offer was for LKR 4 billion with room to upsize to LKR 8 billion in the event of over-subscription. However, the value of bids received was five times the original issue of LKR 4 billion, with the majority of the applications for five-year and ten year fixed rate categories. Retail investors showed interest in the five-year fixed category while insurance companies and pension funds were prominent among the investors who showed interest in long term (ten year) debentures with bids totalling LKR 11.6 billion which was more than 50% of the total value of the applications received.



DEBENTURE SPREAD (LKR BILLION)

NET INTEREST INCOME (NII)

Net Interest Income represents the interest earned from loans and advances and investments after deducting interest expenses incurred on deposits and other sources of funding. Benchmark rates for lending such as Average Weighted Prime Lending Rate (AWPLR) and for deposits such as the Average Weighted Deposit Rate (AWDR) are key influences on the Bank's lending rates and deposit rates. The country's monetary policy influences the direction of the AWDR and the AWPLR although there is a time lapse in the adjustment which is influenced by the intensity of competition in the financial sector. The Central Bank of Sri Lanka reduced the reverse repurchase rates and repurchase rates by 50 basis points in May and October 2013 which was reflected in the AWPLR and AWDR movement resulting in declining margins for Net Interest Income. The movements of the benchmark interest rates and policy interest rates reflects a downward trend in 2013. Central Bank also reduced the Statutory Reserve Ratio on rupee liabilities with commercial banks by 2% to 6% in July 2013 which had a positive impact on the margin as it enabled commercial banks to utilize these funds for higher yielding activities.

Bank of Ceylon increased Net Interest Income (NII) by 5% from LKR 35.3 billion in 2012 to LKR 37.1 billion in 2013. Growth in NII was limited mainly due to the declining Net Interest Margin from 3.7% in 2012 to 3.3% in 2013. Continued reduction in benchmark interest rates and prompt re-pricing of assets downward was the main reason for the dilution in interest margin as a major part of the deposit composition is time deposits and are not repriceable at the same speed. The moderated growth in the loan book and excess liquidity created by lower loans to deposit ratio situation together with the declining proportion of current and savings accounts in the deposit mix further exacerbated the margin pressure although the reduced statutory reserve ratio on rupee deposits cushioned the impact to some measure.

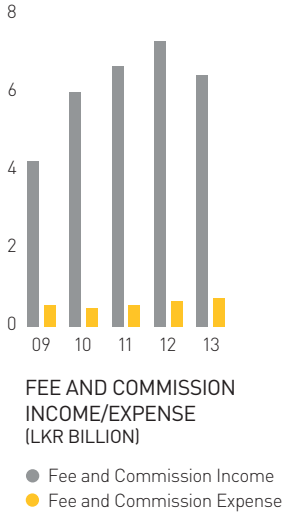
"The Bank has expanded the trade finance business activities which was highly concentrated to head office and the Western Province to other provinces to expand the fee income base. "

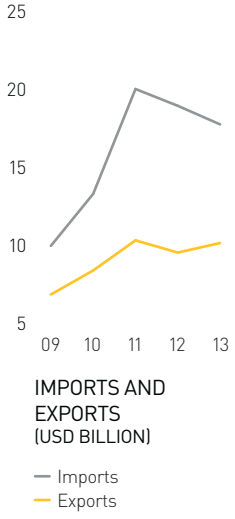
NET FEE AND COMMISSION INCOME

Net fee and commission income accounts for 12% of the Bank's total operating income and is generated from transactional banking volumes in the country and the competitive environment for banking services. Transactional banking volumes arise from trade related activities which account for almost half the income and from retail payment/remittance products which account for the remainder. Growth of net fee and commission income was a negative 14% during the year due to declining import volumes and low growth of export volumes as trade related earnings from this segment account for almost 44% of the total. The reduction in energy import bills through Bank of Ceylon as part of reducing exposure to BoC, is one of the reasons for the reduction in fee income from trade finance activities. However, the fee income from inward remittances increased by 19% to LKR 217.9 million during the year.

The declining margin is due to the intensity of competition from banks also impacted this key source of revenue. Focused efforts are being made in both corporate and retail banking products to increase the share of trade volumes handled by the Bank and improvement of channel products through IT transformation. The Bank has expanded the trade finance business activities which was highly concentrated to head office and the Western Province to other provinces to expand the fee income base.

These initiatives are expected to result in growth of net fee and commission income in 2014 as we deepen our customer relationships and focus on cross selling of these products to deepen the penetration into retail and middle market.

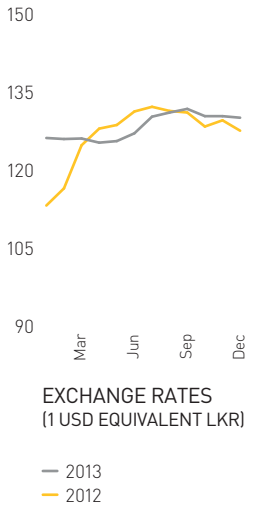




NET GAINS FROM TRADING

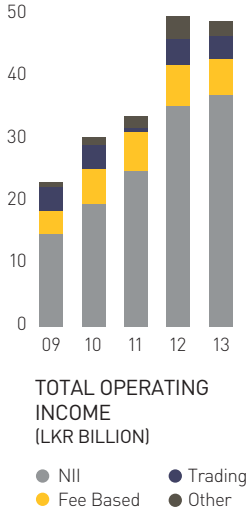
Net gains from trading comprises income earned from sale of foreign exchange, gains from purchase and sale of financial instruments including Government debt, corporate debt and equities. Whilst the composition of earnings can vary significantly, the most significant earnings are derived from the purchase and sale of foreign exchange which is largely dependent on trading volumes and the volatility of the exchange rate. Earnings from foreign exchange accounted for 83% of net gains from trading although it declined during the year due to lower trade volumes and a higher degree of stability in the exchange rate drying down the mark-to-market gains.

Gains from trading securities were higher than in the previous year by LKR 764 million, due to decline in interest rate and exploitation of yield curve. The trading equity portfolio of the Bank declined in market value as there was stagnation in the capital market performance.



TOTAL OPERATING INCOME

Total operating income was LKR 49 billion, a marginal decline of 1% from the previous year. This was mainly due to the unusually high gains recorded from foreign exchange in the previous year and also due to lower trading volumes in 2013 which in turn impacted the net fee and commission income. The increase in the operating income therefore, was mainly from the growth in net interest income which had increased by 5% over the previous year. Out of the total operating income, NII still plays the major role accounting for 76%.

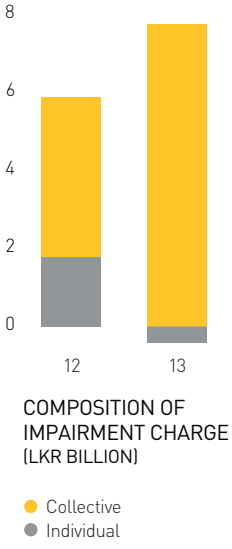


This year 29% of the total impairments from the pawning advances arising from the declining value of gold

IMPAIRMENT CHARGES

Impairment charges arise due to valuation of financial assets by making available benchmarks or using other valuation techniques which typically involves valuation of collateral, held in respect of loans and advances and assessment of the organization's capacity to realize value. As loans and advances represent the largest class of assets, impairment charges arising from changes in the customers' ability to repay. Forms the most significant component of impairment charges, which, are then set off against the assessed value of underlying collateral.

The impairment charges for 2013 increased by 17% or LKR 1,018 million over the last year, mainly due to declining assets quality of loans experienced by the banking sector. This year 29% of the total impairments from the pawning advances arising from the declining value of gold, the collateral for the pawning portfolio. The pawning advances are a significant retail product for the Bank. The total impairment against the pawning advances charged to the income statement is LKR 2,033 millions, an increase of 382% or LKR 1,611 million.

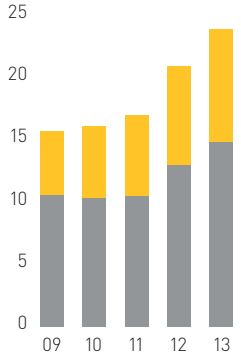


The overall non performing advances also increased due to the prevailing market conditions, reduced trade volumes and adverse weather conditions which impacted agriculture and related value chain. We expect the unusual impairment of 2013 to stabilise in 2014 as gold prices are likely to stabilise with the improvement in economic fundamentals. The reduction of the individual impairment is due to the change in the threshold of assessing individual significant customers.

OPERATING EXPENSES

Operating expenses comprise of personnel expenses and other operating expenses which are incurred for up-keeping of customer touch points, depreciation, professional fees, directors' fees and auditors' remuneration etc. Personnel expenses which comprises 62% of the Bank's operating expenses increased by 13% from LKR 12.9 billion in 2012 to LKR 14.7 billion in 2013. New collective agreement, conclusions of non-salary benefits scheme, recruitment of 1,706 new employees during the year, annual increments and promotions contributed to the increase in personnel costs which are necessary to retain experienced employees with talent and ability as the collective skills provide a significant competitive advantage.

Other operating expenses increased by 13% from LKR 7.9 billion to LKR 9 billion during the year mainly due to an increase in the deposit insurance premium, maintenance of fixed assets, increase in marketing expenses incurred in relation to deposit mobilization campaign the "BOC Mega Waasi" and due to the incorporation of new crop insurance levy. Deposit Insurance is a regulatory payment requiring the Bank to pay 0.1% or 0.125% of the eligible deposit liabilities depending on the Capital Adequacy Ratio (CAR) of the immediate preceding audited Financial



OPERATING EXPENSES (LKR BILLION)

- Personnel Expenses
- Other Expenses

"Employees with talent and ability as the collective skills provide a significant competitive advantage."

Statements with effect from 1st October 2010 as per the Banking Act Direction No 5 of 2010. Current year LKR 917 million was recognized as annual premium an increase of LKR 277 million or 43 % over the last year. Expansion of the branch network and re-equipping the branches with latest technology know-how has also contributed to the increase in the other operating expenses.

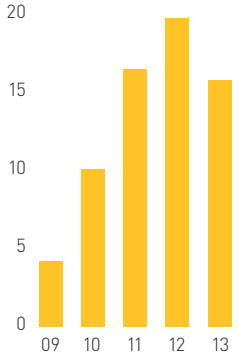
OPERATING PROFIT BEFORE TAX

Operating profit before tax measures profitability of the Bank net of all expenses and before deducting the statutory tax charge. The profit before tax for 2013 of LKR 15.7 billion is a sustainable profit that can be built on as it has cushioned the unusual volatility in gold prices and excludes windfalls from volatile sources of income. Foreign exchange gains which contributed LKR 5.8 billion in 2012 due to the volatility of exchange rates, declined during 2013 as exchange rates stabilized during the year. It also reflects a higher cost to income ratio which we expect to bring in line as new recruits become productive assets of the Bank. There was no change in the corporate tax rate in the year 2013 which is now 28% on the Bank's mainstream of taxable profits.

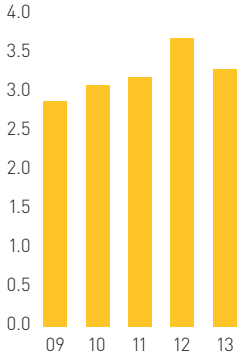
NET INTEREST MARGIN (NIM)

Net interest margin is the profit margin between the weighted average interest rate earned on lending products and investments, and the weighted average interest rate paid on deposits and other funding. Benchmark lending rates, such as AWPLR and AWDR are key factors that cause variation in the net interest margin. The declining trend of interest rates has increased the pressure on margins which narrowed in 2013. Additionally, the decline in the current and savings accounts proportion of deposits also contributed to the decline in NIM.

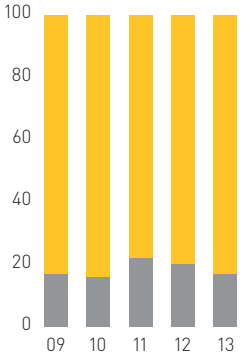
As we expect the pressure on NIM to continue into 2014, we continue to focus on growth and other sources of income to improve the profitability of the Bank. The reason for the decrease of the net interest margin has been explained under the section "Net Interest Income".



PROFIT BEFORE TAX
(LKR BILLION)



NET INTEREST MARGIN
(%)



PAWNING VS OTHER LOANS COMPOSITION
(%)

Pawning Portfolio
Other Loans

NON INTEREST REVENUE TO TOTAL INCOME

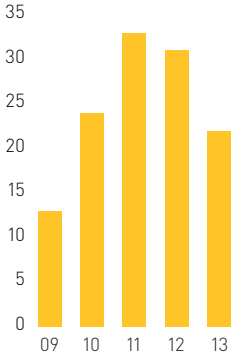
Non interest revenue to total income represents the proportion of revenue earned from non-lending (i.e. non-funded banking operations) activities such as transactional banking income, gains of debt and equity securities and trading in foreign exchange. The reduction in the other income due to reasons discussed in this report has resulted a drop in this ratio to 10% in 2013 from 14% in 2012. Whilst some of these sources of income are dependent on growth in loans and advances, other sources may be dependent on the movement of exchange rates and price of securities which tend to be more volatile in nature and the external trade volumes etc.

CREDIT LOSS RATIO

The credit loss ratio represents the credit impairment charge expressed as a percentage of the average loans and advances balance and indicates the loss to the Bank arising from the customers' inability to repay the loans of the Bank. Typically the credit loss ratio is impacted by the economic growth of the country and the values of underlying collateral. The credit loss ratio increased significantly due to the increase in provision for impairment as a result of declining assets quality . The sudden decline in gold prices in 2013 also contributed to this increase as gold was the collateral for the Bank's pawning portfolio which accounted for 20% of loans and advances in 2012 as it paves the way for financial inclusion of individuals, entrepreneurs and farmers who have traditionally relied on gold to bridge seasonal or emergency capital requirements. The Bank has now reduced its pawning portfolio to 17% of its total loans and advances and expects the credit loss ratio to improve in 2014.

RETURN ON AVERAGE EQUITY

Return on Average Equity (ROAE) measures the return generated by the Bank as a percentage of the shareholders' funds. The ROAE for the year is 22% which shows a decline compared to 2012 due to the decrease in profitability for reasons mentioned above and the increase in the shareholders' funds during the year. The Bank believes that the present ROAE is competitive compared to that of the industry norms and the Bank's plan emphasizes to continue to sustain its present ROAE level into 2014.

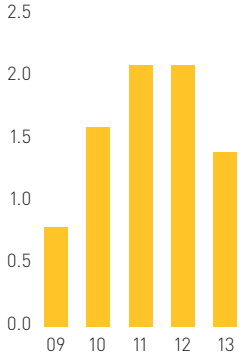


RETURN ON AVERAGE EQUITY
(%)

"The Bank's credit rating is a testimony to this which is maintained unaffected for the last two years both international rating as well as domestic rating."

RETURN ON AVERAGE ASSETS

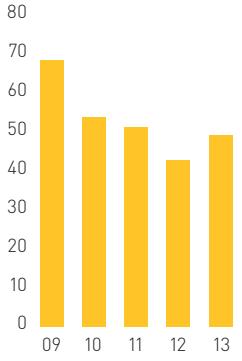
Return on Average Assets (ROAA) measures the efficiency of asset utilization by the Bank in generating income. ROAA declined to 1.4% compared to the previous year due to the significant growth in the asset base and decline in operating income.



RETURN ON AVERAGE ASSETS (%)

COST TO INCOME

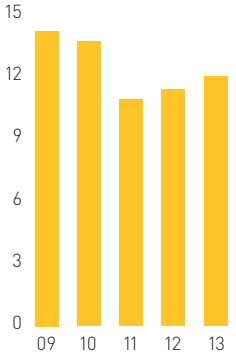
Operating costs are expressed as a percentage of operating income for the period in the cost to income ratio. This ratio has increased by 6.4% from the previous year to 49.1% due to expansion of the operating capacity of the Bank to cope with increasing business volumes together with the income growth is lower than the cost growth. This ratio is industry competitive whilst the Bank expects this level to continue in 2014 as well.



COST TO INCOME RATIO (%)

CAPITAL ADEQUACY

Capital adequacy is a measure of the Bank's capital in relation to its risk weighted exposures which include loans and advances and investments in securities etc. This ratio is used as a measure of the Bank's ability to withstand the risk assumed by the Bank. The Bank's capital adequacy ratio of 12% is higher than the Central Bank minimum requirement. However over the past few years the ratio has been in a declining trend due to the increasing asset growth. The Bank is aware of the need to strengthen its Tier I capital and is working with a range of possible alternatives to improve this critical ratio.



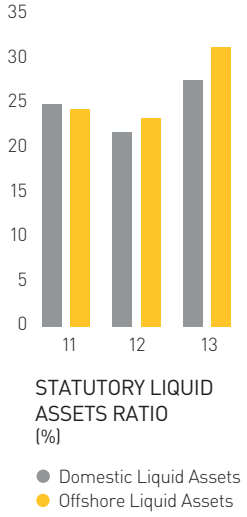
TOTAL CAPITAL ADEQUACY RATIO (%)

SOLVENCY

The Bank is highly solvent and hence has no constraints in financing short term and long term obligations as they become due in the normal course of business. The Bank's credit rating is a testimony to this which is maintained unaffected for the last two years both international rating as well as domestic rating. The Bank has a notably high asset base compared to the industry and exceeds its liabilities significantly by LKR 57.7 billion.

STATUTORY LIQUID ASSET RATIO

Statutory liquid asset ratio refers to the amount of liquid assets such as cash and other short term securities that any financial institution is required to maintain as reserves. The Bank's domestic liquid asset ratio was 27.7% for the year while the offshore liquid asset ratio was 31.4%. Both ratios have exceeded



Central Bank's required benchmark of 20%. The Bank has maintained adequate liquidity for the year. As a result of the increase in deposit and slow credit growth experienced in 2013, the Bank's liquidity ratio increased. Although higher ratios are healthy in terms of the liquidity, such higher ratios are usually maintained at an opportunity cost of profitability of the Bank.

"We have assessed in detail the areas where we can improve our performance leveraging our strengths which we believe can be achieved in a relatively short time frame."

THE WAY FORWARD

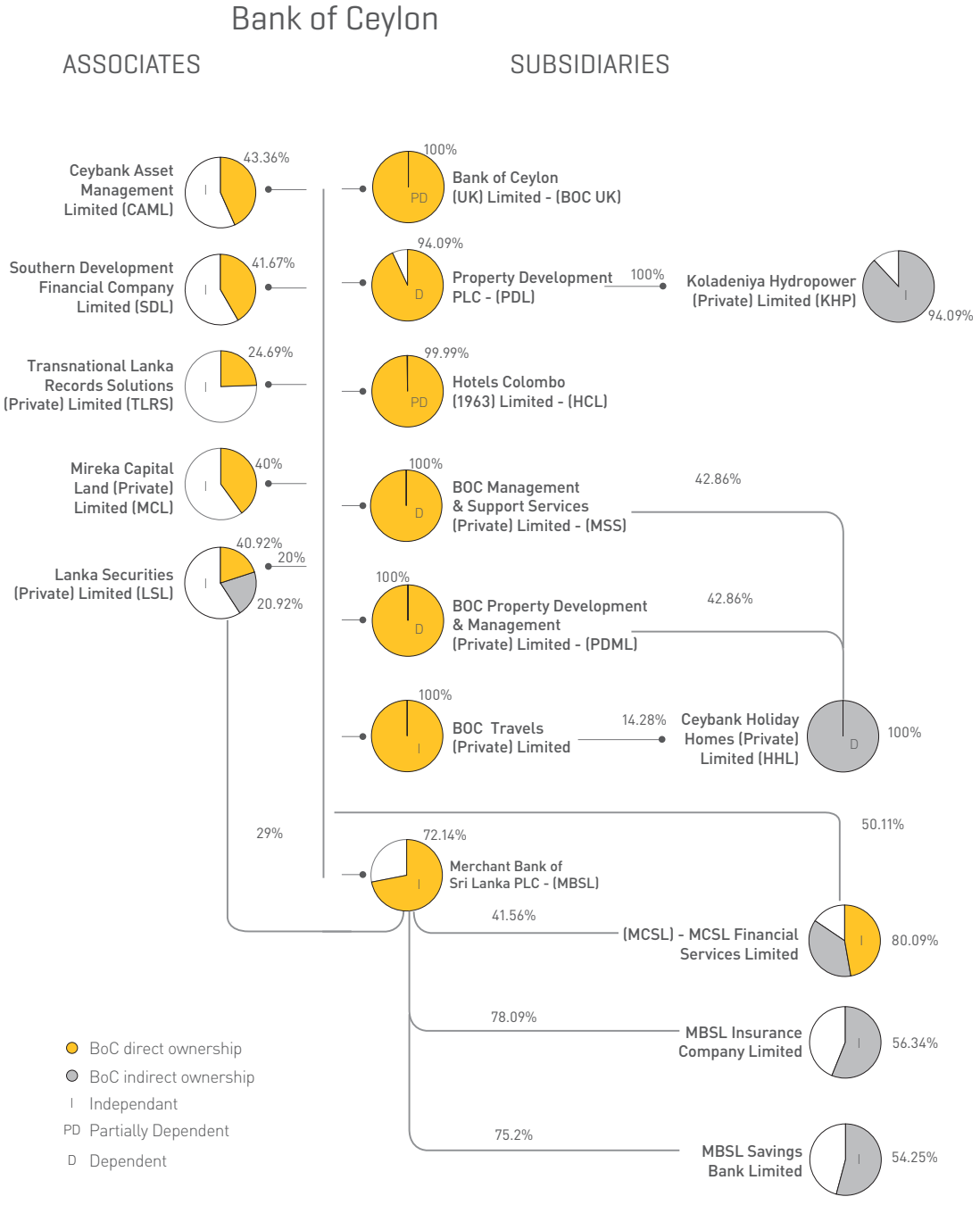
Bank of Ceylon will pursue its growth ambitions leveraging its strong domestic franchise, its unparalleled networks, strong knowledge base and acceptance amongst international investors to become the international local bank in Sri Lanka. We have assessed in detail the areas where we can improve our performance leveraging our strengths which we believe can be achieved in a relatively short time frame.

Strategic Priorities for 2014	2012 %	2013 %	2014 %
Focus on growth in loans and advances: Whilst it may appear to be ambitious, we believe it can be achieved particularly given our track record of achieving stated results. There are growth opportunities both within the country and overseas which we hope to explore and invest in to deliver the outcome we have committed to. The country's economic indicators returning to its former growth trajectory in the 4th quarter will provide a conducive economic environment as well and this has been taken into account in the forecast.	28	6	13
Deliver growth in deposit base: We will continue to focus on increasing our deposit base to finance our growth. The rate of increase is less than the growth rate for loans advances as the Bank is highly liquid at present.	17	21	10
Increase fee and commission base income: The Bank will utilise its extensive customer base to maximize cross selling opportunities in driving growth of fee and commission based income from transactional banking products.	10	(12)	16
Reduce cost to income ratio through focus on operational excellence: IT transformation of the Bank is expected to provide scalability and reduce the cost to income ratio in the medium term. The 5S implementation rolled out to 151 branches and will be covering entire branch network in 2014 and is expected to improve the Bank's productivity significantly. Additionally, we expect the new recruits also to generate income as their talents are developed.	43	49	49
Improve the capital structure of the Bank: We will continue our dialogue with the Ministry of Finance to explore options to improve the capital structure of the Bank. BoC would maintain sufficient capital adequacy as per capital augmentation plan to ensure the Bank would be self sufficient to generate internal capital to meet the Bank's growth and any additional capital requirement as required by the Basel III implementation which is due to come in 2015.	11.4	12.1	12

GROUP STRUCTURE

Bank of Ceylon has 12 subsidiaries and five associates providing an array of services to the country covering from financial services, property development, management and support services, travel agent functions, hotel services, holiday homes, insurance, hydro power generation and asset management. The Bank contributes to a significant 98% of group pre-tax profits. These subsidiaries are managed by separate boards that comprise members nominated by the Bank and an independent directors.

A merger between two subsidiaries, MCSL Financial Services Limited and Ceylease Limited took place during the year as part of the Bank's subsidiary rationalization programme laid down in 2011 that will achieve a lower cost of group activities by reducing the duplication of resources. The Bank is looking at other prospective mergers between subsidiaries during 2014 to further their objective to be more efficient in the allocation of resources and reducing costs.



Annual Progress - 2013 Subsidiaries (LKR million)

	MBSL	PDL	MCSL	PDML	BOC Travels	HCL	HHL	MSS	BOC UK	MBSL Insurance	KHP	MBSL Savings
Total Income	2,355	755	1,695	245	99	314	108	1	353	1,461	82	475
Profit Before Tax	176	537	59	118	41	24	1	1	(60)	(111)	43	(103)
Shareholder's Value	2,781	3,109	821	1,395	154	217	4	8	3,140	399	283	274
Investment Value	2,123	776	132	1,010	3	101	-	1	2,684	-	-	-
Dividend Received	49	171	5	-	6	15	-	-	-	-	-	-
Income Growth* (%)	26	15	34	18	1	(3)	14	29	(7)	38	35	32
Profit (before tax) Growth* (%)	(28)	21	(61)	38	(16)	(55)	405	31	6	(1,059)	32	16
Assets Growth* (%)	12	9	36	5	18	3	18	7	(19)	21	(1)	23
Shareholder's Value Growth* (%)	3	9	24	6	24	1	15	3	6	(1)	14	171
Holding % **	72.14	94.09	80.09	100.00	100.00	99.99	100.00	100.00	100.00	56.34	94.09	54.25

*Growth over 31 December 2012

** Direct plus indirect holding

Annual Progress - 2013 Associates (LKR million)

	CAML	SDL	LSL	MCL	TLRS
Total Income	153	4	73	3,190	57
Profit Before Tax	69	1	(40)	516	34
Shareholder's Value	322	10	319	2,868	201
Investment Value	31	25	42	750	20
Dividend	6	-	-	-	16.3
Income Growth* (%)	8	8	(5)	475	(31)
Profit Growth* (%)	13	242	35	3,039	(51)
Assets Growth* (%)	19	(17)	4	14	(13)
Shareholder's Value Growth* (%)	17	611	(13)	22	(14)
Holding (%)	43.36	41.67	40.92	40.00	24.69

*Growth over 31 December 2012

KEY BUSINESS LINES

RETAIL BANKING

The retail banking division serves all segments of customers from high networth individuals to Small and Medium Enterprises (SME) through the largest banking network in the country. Services offered by the retail division are time deposits and savings mobilization, current accounts, an array of loan products, Islamic banking products and channel products. The Bank has set up a development banking division that is promoting loans to uplift the economic development which includes retail development scheme loans and micro finance loans. This segment contributes 40% of total revenue. More on pages 79 to 90.

CORPORATE BANKING AND OFFSHOREING

The corporate and offshore banking division delivers products and services to domestic and offshore corporate customers which include large to medium sized corporate clients, financial institutions, the Government and state owned enterprises. Services offered include cash management, corporate lending, international trade finance and loan syndications, etc. A centralized Foreign Currency Banking Unit (FCBU) has also been set up by the division. The division contributes a substantial portion of the total revenue with a significant 50% (including the business with Government and state owned enterprises). More on pages 91 to 101.

TREASURY AND INTERNATIONAL BUSINESS

Treasury manages the liquid position of the Bank by making calls on the asset and liability components on the financial position. Services available to customers include trading in treasury bills and bonds, derivative products such as currency and interest rates swaps, forward exchange contracts and investment activities. The division oversees the Bank's foreign subsidiary, foreign branches and correspondent banking relationships. 759 with correspondent banks through 115 countries, the division holds the market leader position for foreign inward remittances, domestic treasury operations and international financing. A contribution of 9% is made to total revenue. More on pages 102 to 107.

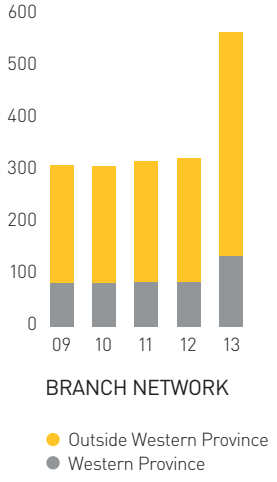
BUSINESS SUPPORT FUNCTIONS

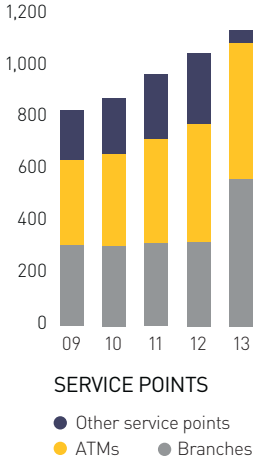
All back office functions that enable all other divisions to function are included in the business support division. The services provided are Information Technology, Finance, Risk, Human Resources, Legal, Audit, Compliance, Marketing, Support Services, etc. Operating expenses incurred for the year was LKR 23,681 million.

RETAIL BANKING

The retail banking division contributes to 29% of the total assets of the Bank, 43% to gross lending and 40% to the gross revenue of the Bank. It is the main contributor to the Bank's deposits, comprising of 64% of the total deposits. Bank of Ceylon has one of the largest network of customer touch points in the banking industry in Sri Lanka with 567 branches, 49 other service units and 523 ATM's servicing over 10 million customers. A wide range of products are provided to a diverse customer base facilitating opportunities for wealth creation and access to capital to individuals and entrepreneurs. As a state owned Bank, we have always focused on stimulating both social and economic development of the country and see potential where we can do better than others. It is noteworthy that all our branches are profitable although our ideology has always embedded social objective.

	Key strategies	2013	2012	% Change
Financial	Asset (LKR million)	343,043	339,991	1
	Liabilities (LKR million)	504,191	447,488	13
	Interest income (LKR million)	47,212	36,156	31
	Interest expense (LKR million)	35,731	26,406	35
	Net interest income (LKR million)	11,481	9,751	18
	Fee and commission income (LKR million)	2,356	2,204	7
	Other income (LKR million)	1,777	1,258	41
	Net operating income (LKR million)	4,549	8,811	(48)
Environmental	Environment friendly lending (LKR million)	> 1,200	> 1,000	-
Social	Penetration (%)	54	54	-
	No. of branches	567	324	75
	No. of branches outside Western Provinces (Increment in branches in 2013 were partly due to the conversion of extension offices to fully fledged branches)	432	231	87
	School savings units	3738	2498	50
	SME centres	14	10	40

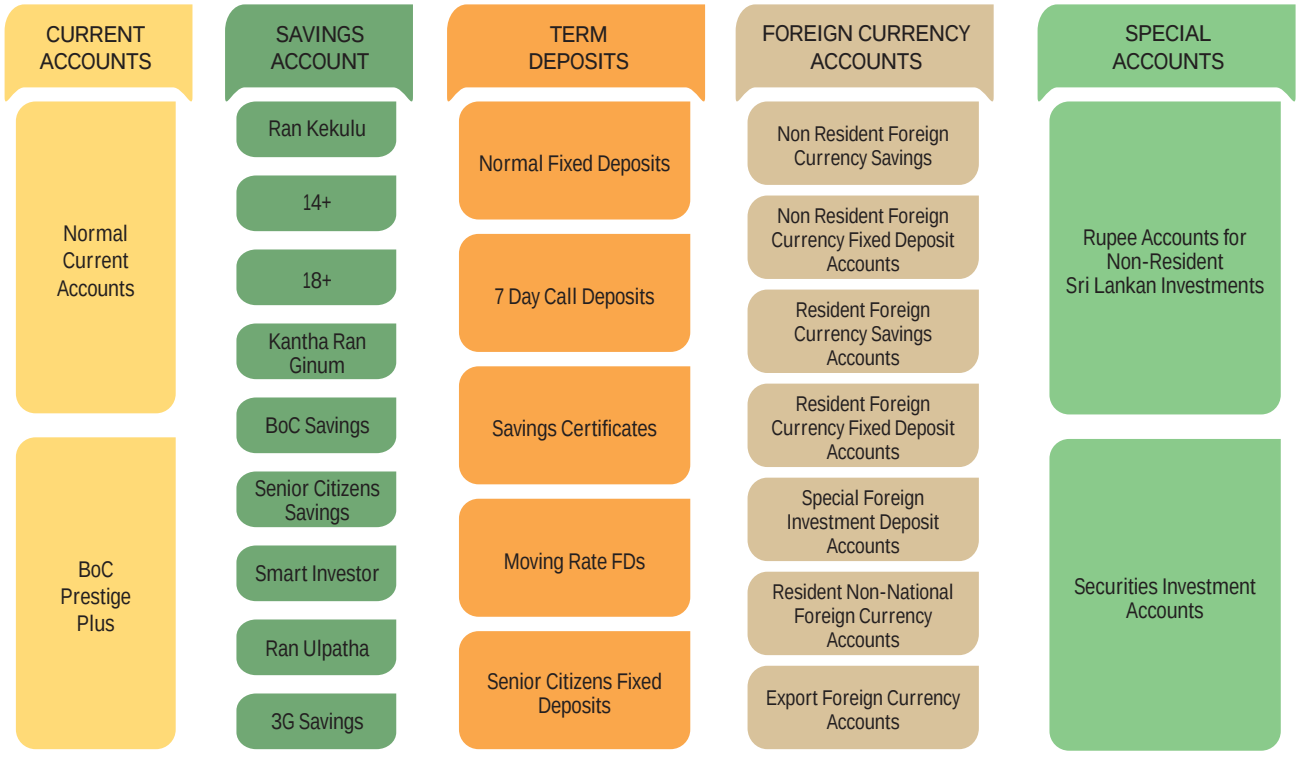




INFRASTRUCTURE

We converted 227 extension offices to fully fledged branches during the year and opened 16 new branches taking the total of our branch network to 567 from 324 in the previous year. Our ATM network expanded from 451 to 523 in 2013 and the customer touch points increased by a further 2,000 when BoC joined the launch of Sri Lanka's first common switch in July 2013 which connects the ATM networks of Bank of Ceylon with those of participating banks. The Bank also operates 24 cash collection centres located inside a number of Government offices including the Department of Inland Revenue, Immigration and Emigration office, District Secretariats for the convenience of their customers. We have also developed a network of 3,738 school banking units which are operated by student leaders in schools and are part of the Bank's sustained financial literacy programme. During the year 1,240 school service units were established. The Branch staff mentor students on operating the savings unit and students get hands on experience in running a mini branch. We opened four SME centres during the year increasing the total SME centres to 14 providing access to skills and knowledge such as management, accounting and marketing required to grow the SME sector supporting our SME growth initiatives.

	Central	Eastern	North Central	North	North Western	Sabara-gamuwa	Southern	Uva	Western	Overseas	Total
Branches	67	55	47	60	56	46	62	39	133	2	567
Other service points	4	3	1	8	2	2	4	2	23		49
ATMs	52	29	41	32	52	37	56	28	194	2	523
SME centres	2	1	1	1	2	2	3	1	1		14
SSU	386	406	490	374	328	365	533	295	561		3738



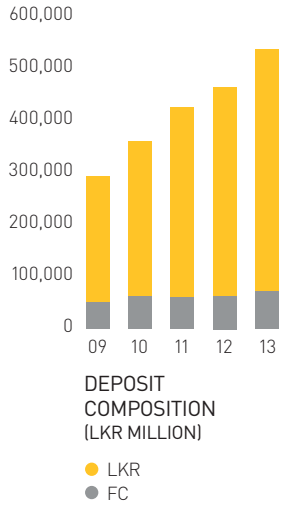
"This unique saving method "BOC 3G Savings" allows a customer to link three generations of a customer's family (the "3G' concept) -customer's parents, children and him/herself and to save when the customer shops and spends. This allows a customer to save and set aside money to care for a customer's loved ones."

Retail deposit growth was satisfactory at 16% over last year which is marginally above the industry growth rate of 15%. Activities for deposit growth were moderated during the year as there was sufficient liquidity due to moderated credit demand. The current and savings of deposits composition commonly termed as "CASA" continued to decline during the year from 52% in 2012 to 48% in 2013. The industry also experienced the same trend. Retail foreign currency deposits which forms 14% of total retail deposits increased during the year by 14%, following a similar pattern to rupee deposits. Declining interest rates played a key role in changing behaviour patterns observed during the year. The branch network outside the Western Province accounted for 46% of the total retail deposits at the end of 2013.

In celebration of its 74th Anniversary, the Bank of Ceylon, in August 2013, launched "3G Savings"- A novel experience and another "first" in the Sri Lankan financial industry

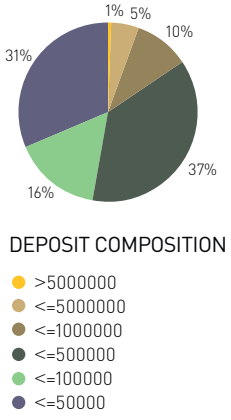
This unique saving method "BoC 3G Savings" allows a customer to link three generations of a customer's family (the "3G' concept) -customer's parents, children and him/herself and to save when the customer shops and spends. This allows a customer to save and set aside money to care for a customer's loved ones.

This specific feature could be activated to a customer's account through any BoC branch and customers could make deposits from their current or savings accounts to any BoC savings account specially BoC Ran Kekulu Children's savings account: promoting savings for future generations and BoC Senior Citizens account: promoting the Sri Lankan tradition of looking after parents and the elderly.



The excess liquidity in the banking sector also eased the intense competition for deposits mobilisation as observed in the previous year as well. Consequently Average Weighted Deposit Rate (AWDR) declined during the year from 10.1% in December 2012 to 9.4% by year end. Further the growth in fixed income debt market during the year also posed challenges for mobilizing time deposits as many institutional depositors and mutual funds diverted part of their portfolios to debt instruments to secure more stability in their portfolio returns. Interest expenses during the year increased due to growth in the volume of deposits and lag effects on time deposits.

47% of the total deposit base comprised of deposit accounts which are less than LKR 100,000 which indicates the Banks reach towards the low and middle income earning individuals of the country highlighting the Banks role in socioeconomic development and financial inclusion through its branch network.



Loans and Advances

HOME LOANS — 8%
- BoC Housing Loan Scheme
- Government Housing Loan Scheme
- BoC SARANI Housing Loan- Housing Loans for NRFC Customers

PERSONAL LOANS — 8%
- BoC Personal Loan Scheme
- Personal Computer Loan
- Professional Loan schemes
- Others

TERM LOANS — 65%
- Overdrafts
- Term Loans
- Ran Surakum Naya Seva

EDUCATIONAL LOANS — 1%
- Overseas Education Loans
- BoC Comprehensive Educational Loan Scheme
- Educational Loan Scheme for Students of Institute of Bankers of Sri Lanka

SPECIAL LOAN SCHEMES — 9%

Specially designed loan schemes for following employees
- Government sector employees
- Armed Forces
- Medical Officers and Health Sector Employees
- University Saff
- Members of Judicial Services Association
- Members of the Institute of Engineers of Sri Lanka
- Members of Accountants Service Association
- Members of the Administrative Association
- Generic Professional Loan schemes

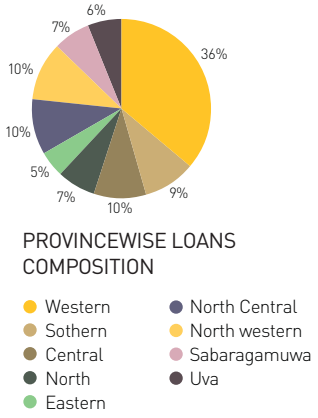
DEVELOPMENT LOANS — 5%
- Development Loans
- Agricultural Loans
- Micro financing
- Scheme Loans

LEASING — 4%
- Automobiles
- Large Equipment
- Special Purpose assets including aircraft leasing

Above percentages reflect the composition of retail loan portfolio

"Special long term Educational loans were introduced considering the needs of the student to finance their higher education."

"Access to world class banking will no longer be for a privileged few. Bank of Ceylon plans to reach our customers in the remotest regions of the island. We offer Banking beyond."



The Retail Banking portfolio accounts for 43% of the total loans and advances of the Bank and contributes 41% and 31% of the total interest income and net interest income respectively. It also generated 36% of the total fee based income of the Bank through marketing of trade services, guarantees, remittances and bank assurance and credit cards. Operations of this department encompass our services to individuals, entrepreneurs and small and medium enterprises which include sole proprietorships, partnerships, and private limited liability companies, self employment ventures including micro finance ventures.

The Retail Banking assets portfolio increased from LKR 339,991 million in 2012 to LKR 343,043 million in 2013. The growth in assets mainly comes from loans and advances.

The branches outside the Western Province contributed 46% of this growth. Key products contributing to our growth were term loans, overdrafts, and leasing. We controlled the growth of the pawning portfolio in 2013 following the deteriorating asset quality as a result of decline in gold prices which accounted for 20% of the Bank's total loans and advances in 2012 and now has been reduced to 17% of the same. We re-aligned our strategy to prioritize growth of other retail products and were successful in implementing the same achieving a growth of 10% for 2013 whilst curtailing growth of the pawning portfolio.

Term loans grew by 15% during the year as we redoubled our efforts to stimulate SME growth through our SME centres, providing access not only to capital but to the knowledge and skills required to grow their business. Overdrafts also grew by 15% during the year as utilisation increased due to increased working capital requirement.

Growth of the leasing portfolio was a mere 1% as the Bank adopted a slow down strategy to avoid any over-heat impact in the leasing market and to avoid asset quality challenges seen by the industry. The slowdown was also partly due to competition from the Bank's and the other financial institutions and reducing demand for automobiles as a result of increase in custom duties. Due to the increase in the unregistered vehicle prices, the used vehicle market was developed to a greater extent and hire purchase facility was introduced to exploit this segment.

Special Loan schemes catering to the needs of the public sector, armed forces, judiciary and other groups have been structured to facilitate realization of their aspirations. Total loans disbursed amounted to LKR 14,900 million. Special long term educational loans were introduced considering the needs of the student to finance their higher education. These loans were granted at concessionary interest rates allowing the students to repay after completion of their education and once employed.

The Bank participated in 12 refinance credit schemes disbursing LKR 721 million in 2013, to develop micro, small and medium scale entrepreneurs. The main sectors assisted included agriculture, fisheries, animal husbandry, plantations including tea, rubber and coconut, factory modernizations, infrastructure development, tourism, education. The Bank granted LKR 14,823 million micro financing loan facilities out of which LKR 2,113 millions have been granted by branches in the North and East , under the special credit schemes set up to develop these areas.

Development Banking

The Development Banking division which focuses on a number of social aspects turned in a rounded performance in 2013. The infogram below provides an insight in to its operations.

'BOC MITHURU'

The micro finance scheme, aimed at alleviating poverty through the collaborative effort of individuals functioning as a group, was initiated during 2008. These 'Clusters' or small groups, refers to the fellowship of individuals who share and solve their hardships through dialogue and combined effort. By sharing their experiences and helping each other, members of these groups are able to uplift their lives from the cycle of poverty and debt.

'BOC Mithuru' project has also resulted in its members registering 160 of their societies with the Registrar of Companies, while a further 300 such development societies have 19,200 small groups functioning under them. There are over one hundred thousand individuals who are members of these small groups that usually have around five - eight members. Several such small groups band together and form development societies through which Bank of Ceylon is able to monitor and guide their progress.

'BOC Mithuru' micro finance scheme which was initiated by Bank of Ceylon in the North-East of Sri Lanka since 2008 is currently being implemented throughout Sri Lanka. Under this scheme Bank of Ceylon has given 1,304 loans amounting to LKR 102 million in 2013.

NEW COMPREHENSIVE RURAL CREDIT SCHEME

A special low interest loan scheme introduced to enable small farmers to maintain low cost of production, and thereby a market with better price for their production. Facility is to cultivate paddy and subsidiary food crops as approved by Central Bank of Sri Lanka and pre cultivation activities (production of seed and planting materials). Under this scheme 33,592 customers have been identified and disbursed LKR 3,834 millions in 2013.

PRAWN FARMING PROJECT

The Bank financed 27 fishing families in Wakarai in Batticaloa district who wanted to join prawn farming project which was promoted by an investor and implemented by National Aquatic Development Authority (NAQDA). The aim of financing these families was to encourage these families to involve in prawn farming by adopting proper technical know-how which help to reduce disasters such as white spot diseases.

DIYAWARA DIRIYA CREDIT SCHEME

As a part of the fisheries development programme implemented with the leadership of Hon. Minister of Fisheries and Aquatic Resources Development Dr Rajitha Senaratne, Department of Fisheries and Aquatic Resources and Aquatic Resources Development Authority launched the second stage of the Diyawara Diriya - BoC low interest rates, tailor-made scheme developed focusing on the socioeconomic development and the introduction of the new technology to the sector.

The stage one, of this scheme was introduced with the view of making “The National Fisheries Plan” a reality. Bank of Ceylon has released loan facilities worth LKR one billion under this scheme to more than 800 recipients.

This loan scheme was introduced island-wide to facilitate finance for both the marine and inland fisheries industries and this became popular in the Northern Province. Under this scheme the fishing community could obtain loans for fishing boats including multi day boats, OFRD boats and one-day boats, engines and fishing gears.

It is expected to grant loans worth LKR two billion under the second phase of “Diyawara Diriya”. The second phase, which was launched on 19 August 2013. Under the second phase, 773 loans have been granted in 2013 benefitting 927 beneficiaries.

THURUSAVIYA CREDIT SCHEME

Bank of Ceylon along with the Government's Thurusaviya Fund, a legal institution of the Ministry of Plantation Industries set up to help rubber smallholders, has introduced a loan scheme to assist small rubber estate owners. The loan, with the amount ranging from a minimum of LKR 25,000 to a maximum of LKR 300,000 has a 36 months maximum period for repayment and included an optional grace period of 6 months. It will be given at an annual interest rate of 12% and under relaxed securities. The programme to be implemented in Kalutara, Kegalle, Ratnapura, Moneragala, Galle, Matara, Hambantota, Colombo, Gampaha and Ampara districts is expected to benefit 20,000 members of the Thurusaviya Fund. During the year 2013 the Bank has disbursed LKR 37 million benefitting 868 customers under this loan scheme.

SPECIAL CREDIT SCHEME FOR TEA SMALL HOLDERS

Special credit scheme introduced by the Ministry of Plantation Industries together with the Bank of Ceylon launched in December 2013 will benefit around 400,000 tea small holders in Sri Lanka. Under this special loan scheme, tea small holders can obtain loans ranging from LKR 25,000 to LKR 500,000 at a 12% interest rate .

TRANSACTIONAL BANKING CHANNELS

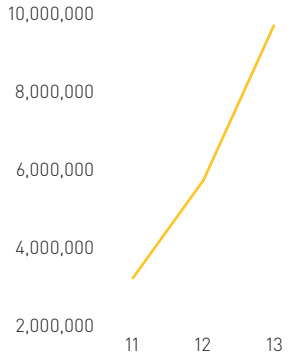
BRANCH BANKING

ATM BANKING

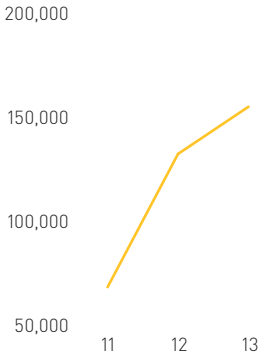
MOBILE BANKING

INTERNET BANKING

DEBIT & CREDIT CARDS



INTERNET ACCESS VOLUMES

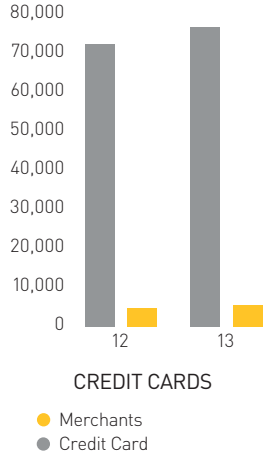


MOBILE BANKING TRANSACTION VOLUMES

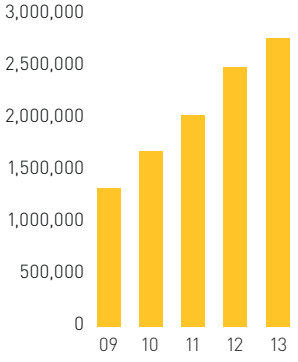
Bank of Ceylon has a number of transactional banking channels structured to facilitate ease of banking to customers and provide operational efficiencies and scalable banking solutions to the customers. We witnessed the changing trends as our internet banking and mobile banking transactions grew by 68% and 17% respectively. The industry growth for internet banking and mobile transactions were 33% and 62% respectively by the end of the 3rd quarter of 2013. BoC will continue to explore opportunities to grow market share in this key area of growth and remain confident that the IT transformation of the Bank will greatly enhance its competitive position.

The Card Centre of the Bank is actively trying to promote the usage of credit and debit cards in the country with a long term goal to ensure that every adult owns a card. BoC currently has 76,736 credit cards and 2,776,928 debit cards in issue as at the end of 2013 reflecting a growth of 6% and 10% respectively. We believe that this has potential for growth and look to double our portfolio by the end of 2014. BoC issued 23% of the total debit cards issued during the year in the country. Our credit card volume has grown from 72,485 in 2012 to 76,736 in 2013. Our merchant network has grown from 4,770 in 2012 to 5,520 in 2013 providing an attractive value proposition to our customers who enjoy innovative promotions and favourable terms.

Several promotional campaigns for both issuers side and acquire side campaigns were launched to load benefit to the customers to sustain and grow the market.



CREDIT CARDS



DEBIT CARDS

"The Card Centre of the Bank is actively trying to promote the usage of credit and debit cards in the country with a long term goal to ensure that every adult owns a card. BOC currently has 76,736 credit cards and 2,776,928 debit cards in issue as at the end of 2013 reflecting a growth of 6% and 10% respectively."

THE SOCIAL FOOTPRINT

Initiatives to improve the financial literacy of our People

The Bank has initiated a number of awareness campaigns throughout the year 2013 to increase the awareness of the banking products available to the entire country; The Bank has carried out more than fifteen awareness programmes during 2013

Improving the life standards of our community

The branches in the North Central Province organized a medical clinic to diagnose villagers having possible trends for kidney diseases with the assistance of Public Health officers, family health officers, the staff of Base Hospitals and village societies. Approximately 2000 residents visited the clinic which was conducted at Madatugama Base Hospital. Approximately 170 patients in the area who did not have access to treatment were diagnosed with kidney related medical conditions that day

Bogaswewa is situated in Vauniya on the Padaviya Main road was an area which was significantly affected by the civil war. Many families have now resettled in the area after the war and the Government has implemented many development projects to boost economic growth in the area. The closest banking facility in the area is the branch in Vauniya, which is 40km away from Bogaswewa.

We took the initiative to provide banking facilities to the residents in the area by opening a branch with an ATM facility despite difficulty of opening a branch without permanent premises. The facility was opened within nine days with the help of the local community and the army in a container shelter.

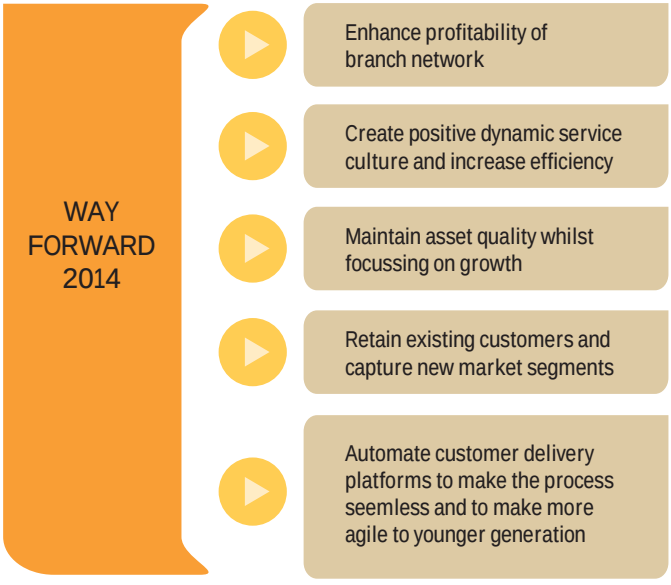
The Bank conducted several programs to educate the community about the importance of banking, encouraging them to open up accounts with the Bank. New recruits for the Bank were made from the area itself whereever possible.

Products and services designed to deliver a social benefit

The Bank has initiated a number of loan schemes which are designed for the purpose of providing a social benefit to the society. One such product was the loan scheme under Rehabilitation of Persons, Properties and Industries Authorities (REPPIA) (scheme III, IV and V) which has been specifically designed to uplift the livelihoods of the disadvantaged people targeting the majority residing in the North and East of the country. Over LKR 500 million has been disbursed from the inception of these schemes.

Access points in low populated or economically disadvantage areas

The Bank has increased expansion of its branch network aggressively over the year 2013 in economically disadvantaged areas such as Bogaswewa, Sampath Nuwara, Ethimale and Mahaoya.



THE WAY FORWARD

The division's strategy is focused to drive general loans including commercial lending, SME lending, Leasing, personal loans, housing loans and leasing to generate the revenue targets for year 2014. The portfolio's exposure to pawning advances will be significantly reduced compared to previous years with the expectation of maintaining good balance in loan concentration. Lost revenue from pawning will be compensated from other products categories to achieve the set targets.

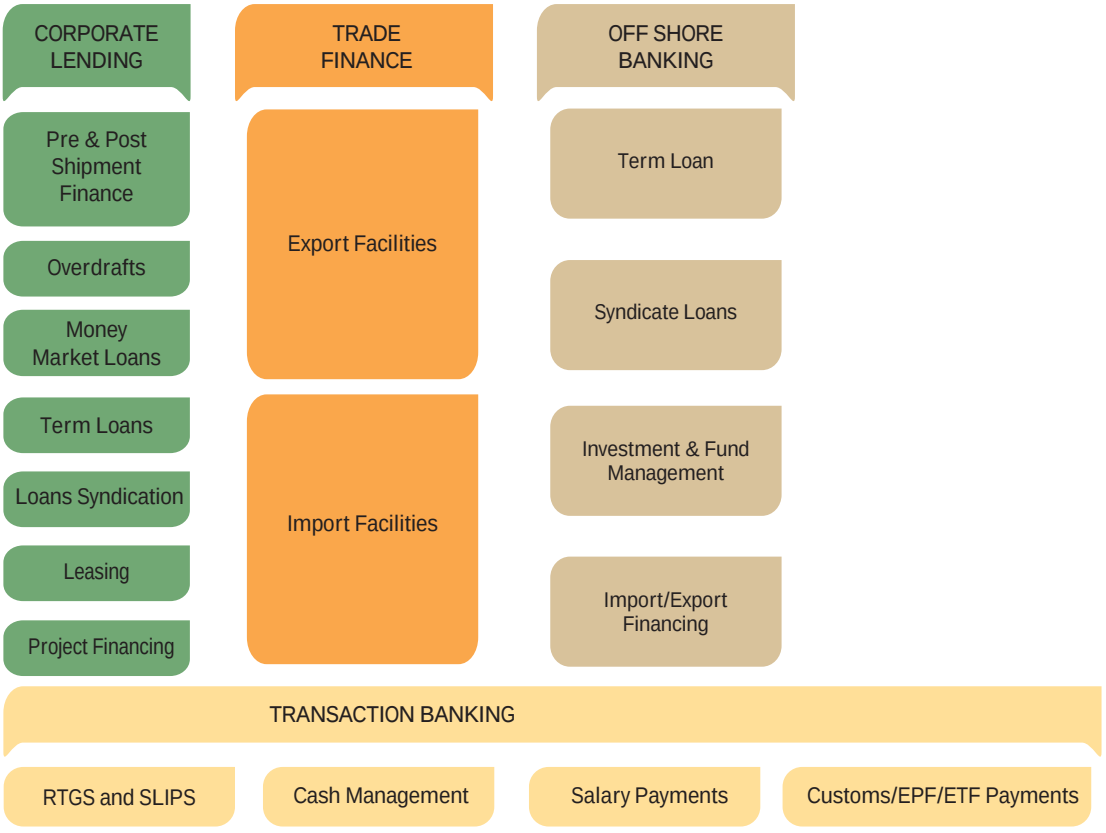
Staff goals and objectives are aligned with the objective to give customers a superior experience. Staff are trained accordingly to minimize client service times and to service more clients at the same time which is a positive contribution to both the customers as well as the financials of the Bank. A special initiative was taken up to increase the working hours in the branches to improve flexibility to adjust to customers time.

The feedback from customers has been the main driving force towards achieving greater efficiency and effectiveness of the lending process. The positive feedback received from the customers will be further used to improved the quality of service of the overall Bank as well as the performance of the division. It will the barriers that hinder the ability of the Bank to give more effective service to the clients throughout the years yet to come. Hence the division will give more attention to engage with clients more in future and improve the quality of lending process during the year 2014.

CORPORATE AND OFFSHORE BANKING

Corporate Banking segment provides high volume banking services to private corporate customers, Government and semi Government institutions. It is in the forefront of the country's socioeconomic development as it has the large financing capacity of professionals of the highest calibre to identify and evaluate growth opportunities. We have provided financing to all six hubs identified in the country's strategy and also financed the infrastructure which is the foundation to realize our country's aspirations. Our clientele comprises of many of the country's largest institutions whose complex needs are catered through a wide range of products and an unparalleled network both locally and globally which intern has enabled their growth.

We have provided financing to all six hubs identified in the country's strategy and also financed the infrastructure which is the foundation to realize our country's aspirations.



Assets managed by Corporate Banking amount to LKR 710,409 million which is 60% of the total assets of the Bank. This division contributes 50% and 42% of the Bank's total income and profit before tax which amount to LKR 63,473 million and LKR 6,658 million respectively. Loans and advances total LKR 403,300 million reflecting a increase of 11% year on year despite the moderation of credit demand from the private sector, Government and SOE's. We continue to be the market leader in corporate banking with a loan portfolio that accounts for 12% of the total loans and advances in the entire banking sector.

Corporate Banking segment comprises of corporate lending, trade finance, offshore banking, Metropolitan branch and Pettah branch.

Products and services include lending, trade finance, cash management, investment services, project finance and working capital financing and dealing in foreign currency transactions.

OUR STRATEGIC PRIORITIES

2013 was a challenging year for the entire banking sector as both private sector credit and public sector credit demand moderated. Corporate Banking demonstrated a creditable performance by managing its focus areas and rigorously monitoring performance against both financial and non-financial targets.

FOCUSED ACHIEVER

FOCUS	ACHIEVED
Enhance in-house competencies to improve quality of service to delight customers	• Over 400 resource persons trained • 20 new corporate customers with an exposure in excess of LKR 15 billion • Loan portfolio increased by LKR 6.7 bn over the budget giving top priority to 5+1 Hub strategy
Attract large value transactions	• LKR 10,300 million disbursed during the year on Road Development projects, committed LKR 8,600 millions funding to a state of the art Business school, disbursed LKR 5,000 million on hotel development and disbursed LKR 931 million on hospital and infrastructure
Improve interest income	• Increased in interest income by 10% YoY.
Simplify transactions	• Successful rollout and implementation of imaging system which has enabled centralised processing online EPF/ETF/ custom payments

"Access to world class banking will no longer be for a privileged few. Bank of Ceylon plans to reach our customers in the remotest regions of the island. We offer Banking beyond."

FINANCIAL PERFORMANCE

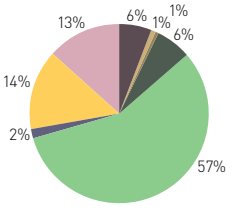
KPI's	2013 LKR million	2012 LKR million	YoY % Change
Interest	59,644	54,242	10
Fees and commissions	3,059	4,141	(26)
Other	770	1,100	(30)
Total revenue	63,473	59,483	7
Interest expenses	32,156	22,370	44
Net operating income	6,658	8,076	(18)
Total assets	710,409	617,765	15
Total liabilities	554,034	450,551	23

Interest Income growth was 10% during the year due to expansion of the corporate asset portfolio by 15% despite declining interest rates. Fees and commissions decline in line with trade volumes in the country as imports continue to decrease due to implementation of fiscal policy and exports increased only marginally due to the slow recovery in key markets. Additionally, there was pressure on fees and commissions due to reduction in imports, in the country and the intense competition within the sector which also contributed to the decline in fees and commissions. Net interest margins narrowed due to reduction in market rates as policy rates remained in single digits and competition intensified for corporate credit due to moderation in demand. Consequently, Net Operating Income declined mainly due to narrowing interest margins and limited growth in corporate loans and declining fee income. Asset growth was mainly driven by investments and lending to the public sector while the Bank remains liquid.

Lending

After its phenomenal increase in 2012, the division focused on targeted growth of its portfolio especially in the private sector. As realization of the country's growth aspirations requires significant investment from the private sector, the Bank has focused on deepening the relationships with private sector.

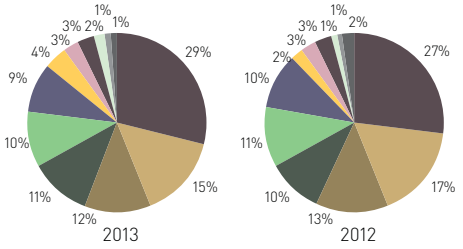
The Bank increased its private sector corporate customer portfolio to LKR 112 billion in keeping with its goal of diversifying its portfolio. The outcome of this strategy is reflected as 10 private sector corporate customers are among the top 20 customers in 2013. The portfolio with state owned businesses also increased to LKR 291 billion primarily due to facilities granted for infrastructure development projects all of which contributed towards the overall increase in income and total assets.



SECTOR ANALYSIS OF NEW CUSTOMERS IN 2013

- Construction
- Education
- Finance
- Service
- Infrastructure
- Trading
- Manufacturing
- Tourism

The chart below highlights the sector exposure for 2013 in comparison with 2012, which shows that the Bank's continued thrust in the development of commercial sector, agriculture and fisheries sectors.



INDUSTRY WISE ANALYSIS

- Commercial Trade
- Agriculture and fishing
- Consumers
- Construction
- Direct Government
- Manufacturing
- Transport
- Others
- Infrastructure
- Health care
- Hotels travels and services
- Banks, financial, Insurance and business services

The segment maintained a healthy 1.48% NPA ratio average (2012 : 1.51%) with its commitment to credit quality. All new clients are assessed using a comprehensive analysis methodology namely the five pillars approach. Key evaluation criteria under the methodology are industry in which the prospective client operates, competitive position, strategies within the industry, financial condition of the prospective client, management quality and collateral quality.

11%

LOAN GROWTH

Corporate and offshore banking segment grew their loan portfolio by 11% YoY

"Offshore banking unit is the market leader in asset base amounted to USD 1.92 billion among the commercial banks in Sri Lanka and recorded marginal growth of 3.2% YoY."

Trade Finance

The overall volume of export and import transactions to and from the country showed signs of slowing down significantly. Automobile importation was also affected due to the imposition of additional taxes and the requirement of a 100% margin from automobile importers. In addition there is a growing trend in customers opting to open account route for import/exports that avoids the Bank's intermediation. The Bank's trade finance results have been impacted by these trends with income declining by 10% as compared to last year.

These results also reflect the reduction of exposure to Ceylon Petroleum Corporation as a result of diversification in its portfolio amongst other state banks. The Bank's fee income generated through the CPC was also reduced from LKR 2,360 million to LKR 1,202 million. However the income excluding CPC shows a positive growth of 4% over 2012 mainly driven by improved business generated from the apparel sector and the manufacturing sector where a key client, in the ship building industry used its facilities for building of ships. This trend bodes well for future growth driven by private sector enterprise.

The Bank has begun to offer invoice purchasing as a new product which allows open account transactions to be re-routed through the banking system. This product is showing signs of meeting the needs of customers and we expect further momentum in 2014.

The Bank's commitment to IT developments continued with the implementation of the imaging system from 2012, which is fully integrated in to the existing Bank Trade system, and 10 more branches were added during 2013. This allows the Bank to capture and process a larger number of transactions and also provide access to trade finance facilities beyond the metropolis into the provinces. The technology enables these services to be offered at reduced costs, to derive the benefit of scale.

Offshore Banking Unit (FCBU)

The FCBU unit was able to earn a 10% increase in private sector loans also saw an increase in commission income due to collection of fees upfront in respect of advances granted. This performance is secured given the backdrop of relaxed foreign exchange controls which has resulted in decreased demand in FCBU operations in the Banking sector. Inward remittance of USD 1.8 billion and outward remittance of USD 2 billion are remitted through offshore banking unit.

This was reflected to 20% of total export earnings and 9% of import payments all over the country.

Offshore banking unit is the market leader in asset base amounted to USD 1.92 billion among the commercial banks in Sri Lanka and recorded marginal growth of 3.2% YoY.

WAY FORWARD

The Corporate Banking Division is repositioning itself to serve the private sector customer base and broad base its offering. In addition it sees opportunity in strengthening its project lending capabilities to take advantage of the opportunities presented by the nation's economic growth. The Bank is well positioned to take advantage of this, as it is one of the few banks that have the capacity and the liquidity to fund large transactions for longer tenors and support the project through its gestation period to closure.

The Bank has undertaken several measures to gear up to meet this challenges in the coming year.

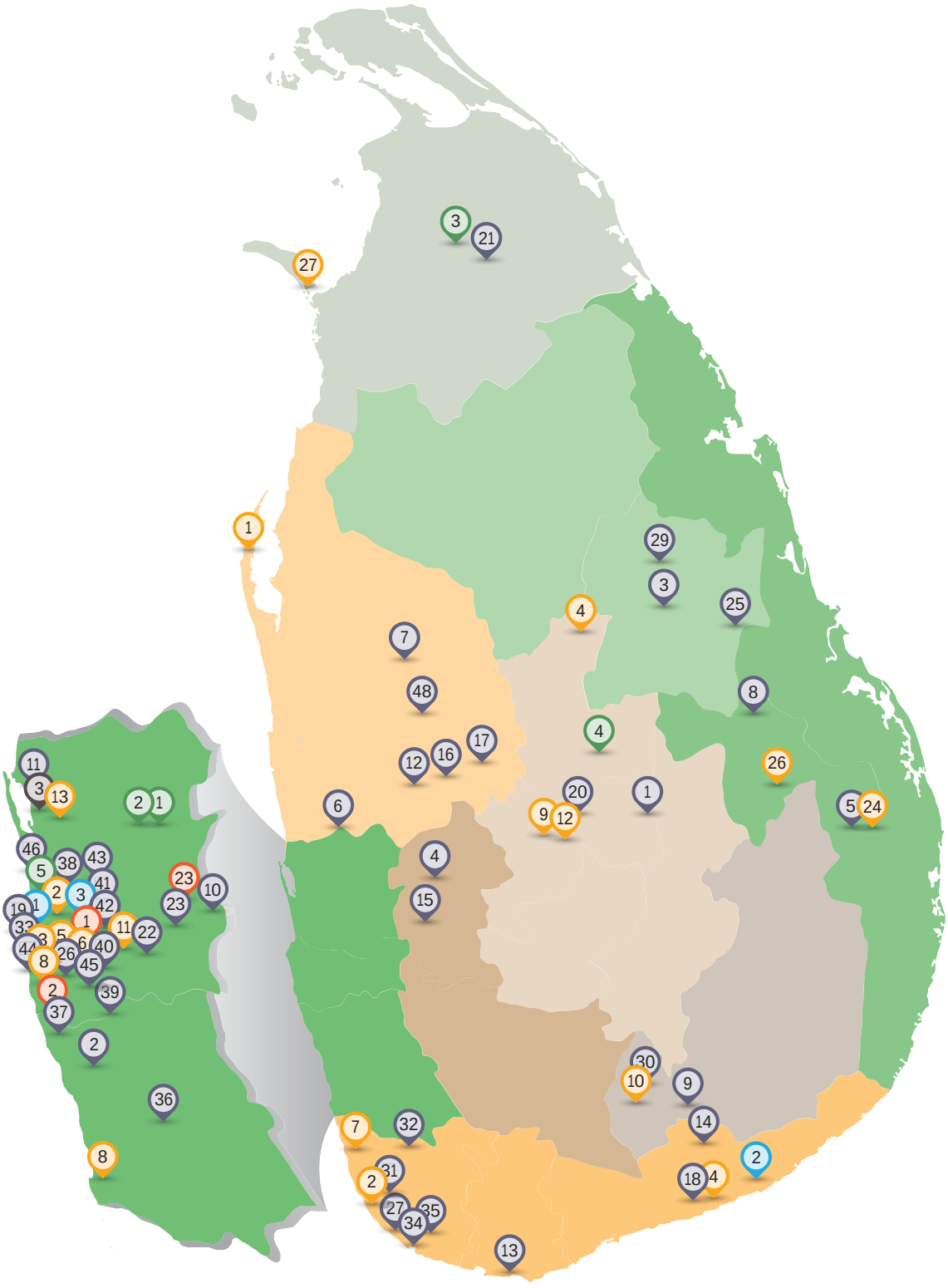
On the people front the unit has undertaken training 400 personnel and sent selected resource personnels for specialised training.

The Bank also conducted customer awareness programmes and customer get-together programmes through which the bank targeted the mid corporate clients. The Division continues its implementation of the ISO certification rolling it out to the branches.

The division has successfully implemented the 5 S programme aimed at cost reduction and improving efficiency, which will be completed in early 2014, implemented a new filing system to give better customer focused information management.

IT has been recognized as a key to serving these customers and further rollout of the imaging systems and the remittance platform are planned. Further IT capabilities are to be introduced to streamline the granting of credit facilities as well as to enable better capture and service the clients. The division expects to launch its internet payment gateway in 2014 and grow its income from credit card transactions.

To summarize growth and diversification of the portfolio, while simplifying processes, reducing cost and delighting customers are key focuses in the year ahead.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Our commitment to 5+1 hubs

Aviation Hub

Total amount committed (LKR million)	11,776
Total amount disbursed (LKR million)	4,184
No. of aircrafts facilitated	3

Maritime Hub

Total amount committed (LKR million)	27,719
Total amount disbursed (LKR million)	13,399
TEU capacity (units)	70,000
Employment opportunity created	2,220
Bunkering capacity (MT)	80,000
Ship building facilitated	3

Energy Hub

Total amount committed (LKR million)	235,392
Total amount disbursed (LKR million)	229,862
Mega Watt Hours (Mwh) to national grid	54.5
Employment opportunity created	146

Knowledge Hub

Total amount committed (LKR million)	11,350
Total amount disbursed (LKR million)	1,633
No of students benefitted	7,510
Employment opportunity created	740

Commercial Hub

Roads

Total amount committed (LKR million)	52,332
Total amount disbursed (LKR million)	10,343
No Km	368

Water

Total amount committed (LKR million)	30,882
Total amount disbursed (LKR million)	645
Families benefitted	200,000
Employment opportunity created	150

Apparel

Total amount committed (LKR million)	44,552
Total amount disbursed (LKR million)	65,894
Machines facilitated	13,240
Employment opportunity created	30,699

Service

Total amount committed (LKR million)	5,100
Total amount disbursed (LKR million)	7,210

Healthcare

Total amount committed (LKR million)	2,063
Total amount disbursed (LKR million)	931
Hospital beds	550
Employment opportunity created	200

Tourism Hub

Total amount committed (LKR million)	8,783
Total amount disbursed (LKR million)	5,200
No of hotel rooms	1,384
Employment opportunity created	2,524
No of projects	13

AVIATION HUB

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	No. air crafts facilitated
1	Colombo	780	780	0
2	Colombo	3,404	10,996	3
		4,184	11,776	3

MARITIME HUB

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	TEU Capacity	Ship Buildings	Employment Opportunity created	Bunkering Capacity (MT)
1	Colombo	9,968	9,968	0	3	1775	
2	Hambantota/ Colombo	3,165	17,485			245	80,000
3	Colombo	266	266	70,000		200	
		13,399	27,719	70,000	3	2,220	80,000

ENERGY HUB

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	Mwh to National Grid	Employment Opportunity created
1	Puttalam	386	386	10	10
2	Puttalam	271	271	10	10
3	North	175	275	30	10
4	Matale	300	460	4.5	116
5	Colombo	228,730	234,000		
		229,862	235,392	54.5	146

TOURISM HUB

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	No of Hotel Rooms	Employment Opportunity created
1	Kalpitiya	74	280	17	40
2	Hikkaduwa	200	520	150	300
3	Colombo	1,485	2,750	243	40
4	Sigiriya	354	602	96	210
5	Colombo	484	799	90	200
6	Colombo	100	100	60	67
7	Kosgoda	650	1,137	172	300
8	Colombo	595	595	224	500
9	Kandy	351	351	120	240
10	Udawalawe	-	410	57	70
11	Batharamulla	100	100	-	300
12	Kandy	186	406	56	150
13	Katunayake	621	733	99	107
		5,200	8,783	1,384	2,524

KNOWLEDGE HUB

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	No of students benefitted	Employment Opportunity created
1	Malabe	215	2,000	1,010	540
2	Moratuwa	-	750	1,500	-
3	Homagama	1,418	8,600	5,000	200
		1,633	11,350	7,510	740

COMMERCIAL HUB - ROAD / INFRASTRUCTURE

Ref	Location	Road grade	Amount Disbursed LKR million	Amount Committed LKR million	No of Km
1	Tennekumbura Randenigala Road	B	1,215	2,648	34.00
2	Waskaduwa-Kesbewa-Bandaragama Road	B	803	2,104	23.85
3	Polonnaruwa Somawathiya Road	B	1,279	2,750	33.00
4	Galigamuwa Ruwanwella Road	B	585	2,472	29.21
5	Bibile Iginiyagala Road	B	597	4,605	62.30
6	Pannala Kuliyapitiya Road	B	868	1,995	26.97
7	Bangadeniya to Anamaduwa	B	264	2,571	38.00
8	Mahaoya Aralaganwila Road	AA	1,610	2,364	24.50
9	Bodagama Hembagamuwa Road	B	733	3,916	48.20
10	Chilaw Wariyapola Road	B	504	2,615	29.40
11	Thalduwa Meewitigammana Road	B	1,885	1,885	18.90
12	Kurunegala - Narammala - Madampe Road	B	-	2,347	-
13	Imbulgoda - Weliweriya Road	B	-	650	
14	Weligatta - Lunugamwehera Road	B	-	2,600	
15	Warakapola-Aguruwella-Karawanella Road	B	-	2,700	
16	Mallawapitiya - Keppitigolla - Rambagodella Road	B	-	2,750	
17	Talgodapitiya -Yatawatte-Dombawela Road	B	-	3,200	
18	Southern Express Way from Matara to Hambantota		-	850	-
19	Colombo City - Phase I - Port City		-	2,800	
20	Housing and Development Project		-	2,700	
21	Consultation for outer circular Highway-Northern II		-	1,810	-
			10,343	52,332	368

COMMERCIAL HUB - HEALTH CARE

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	Hospital Beds	Employment Opportunity created
22	Colombo	568	1,700	150	200
23	Colombo	363	363	400	-
		931	2,063	550	200

COMMERCIAL HUB - SERVICE

Ref	Name	Amount Disbursed (revolving facilities) LKR million	Amount Committed LKR million
24	Colombo	-	600
25	Colombo	6,066	4,000
26	Colombo	1,144	500
		7,210	5,100

COMMERCIAL HUB - WATER PROJECTS

Ref	Location	Amount Disbursed LKR million	Amount Committed LKR million	No families Benefits	Employment Opportunity created
27	Drinking Water Project, Ampara	145	145	200,000	150
28	Drinking Water Project, Hali Ela	500	506		
29	Hanwella Homagama Water Supply Project		7,000		
30	Kosgama - Avissawella Water Supply Project		2,000		
31	Town East of Colombo Water Supply Project III		4,000		
32	Welikanda Water Supply Project		2,775		
33	Dankotuwa Integrated Project	Projects	3,800		
34	Kandeketiya & Moneragala Water Supply Projects	yet to commenced	2,000		
35	Eheliyagoda Water Supply Project		3,500		
36	Medirigiriya Water Supply Project		1,300		
37	Hambegamuwa Water Supply Project		2,800		
38	Gonapinuwala Water Supply Project		525		
39	Pitigala Water Supply Project		531		
		645	30,882	200,000	150

COMMERCIAL HUB - APPAREL

Ref	Name	Amount Disbursed (revolving facilities) LKR million	Amount Committed LKR million	Machines Financed	Employment Opportunity created
40	Mahaoya, Ninthawur and Thirukovil	1,935	1,935	2000	2711
41	Mannar	260	260	300	398
42	Mannar	293	293	275	325
43	Colombo	24,434	24,434	8000	17000
44	Panadura	2,364	2,364	800	1800
45	Panadura	189	189	0	4015
46	Horana	1,879	1,879	0	1002
47	Colombo	3,642	3,642	1865	3448
48	Thulhiriya	30,898	9,556	For trading purpose	
		65,894	44,552	13,240	30,699

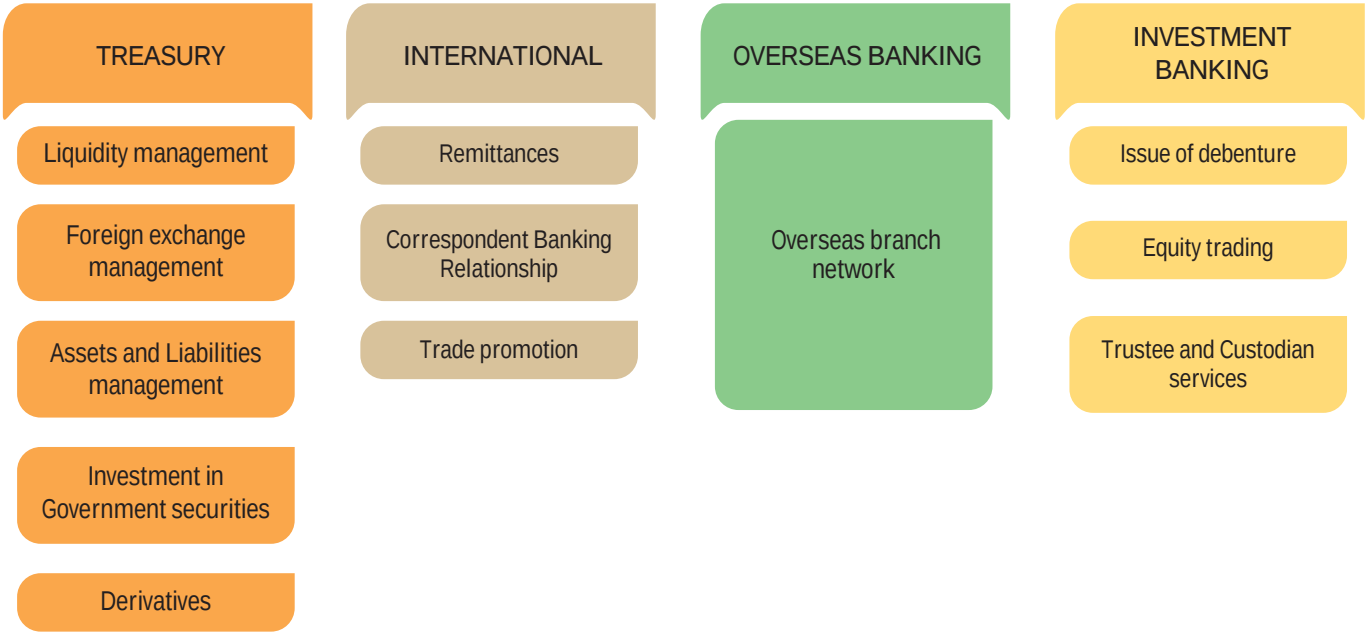
INTERNATIONAL AND TREASURY

AN INTEGRATED SNAPSHOT OF THE DIVISION'S PERFORMANCE

Category	Key Strategies	2013	2012
Financial	Income growth (%)	15.1	70.2
	Profitability (LKR million)	5,592	4,815
	Credit to deposit ratio (%)	89.6	103.1
	Liquidity ratio (Domestic) (%)	27.7	21.8
Social	No of access points enabled for remittances (No.)	859	855
	Remittance transactions enabled through BoC (No.)	2,082,787	1,786,838
	Value of Remittance transactions enabled through BoC (LKR million)	308,061	283,259

The Treasury and international banking division comprises of Treasury, International, Overseas banking and Investment banking divisions. Its products and services include Asset and Liability management, Liquidity Management, Interest Rate Risk Management, Money Market Dealing, Foreign Exchange Management, Investment in government securities, issue of debentures, investment in equities, Fund Management, maintenance of reserve ratios, liquidity ratio, pricing of products, issue of USD bonds, Custodian and Trustee services.
The international department handles the Bank's remittance business and correspondent banking relationships around the world.

PRODUCT PORTFOLIO



TREASURY

The Treasury division exceeded expectations and contributed 35% of total profit. The division operated in an environment of excess liquidity, low interest rates and a very competitive market. The strategies adopted by the Bank were prudent with a view to maximizing opportunities. With Ceylon Petroleum Corporation diversifying its portfolio amongst other state banks, Bank of Ceylon used the excess liquidity to reduce short term foreign currency borrowings with higher rates of interest, thereby reducing debt portfolio by almost 48% by the year end.
The Bank issued a second USD 500 million five year bond priced at 5.325%, which is the lowest coupon rate ever for a Sri Lankan issue. (Please see table below for more on this story).

There was no real growth in interest income due to the prevailing economic climate where credit demand was low and interest rates were declining. Most of the fixed income securities were held to maturity. However the Bank was able to make significant capital gains on its trading portfolio of Treasury Bills and Government bonds.

Growth in	2013 LKR million	2012 LKR million
Foreign currency advances	225,049	167,514
Foreign currency deposits	205,180	184,044

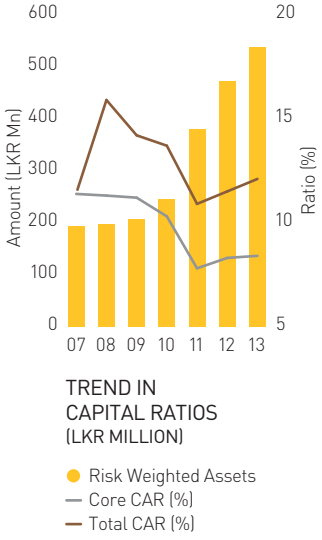
The Bank also issued a local debenture with the tenure of 10 year period for the first time, successfully taking advantage of available market liquidity and low interest rate scenario to mobilise long-term funds for the Bank. The Bank also took advantage of tax concessions that were granted to investors to keep the funding cost at a lower level.

Tenor	Interest frequency		Rate of Interest
5 Years	Fixed rate	- Interest paid annually	13.00% p.a.
5 Years	Fixed rate	- Interest paid bi-annually	12.60% p.a.
5 Years	Floating rate	- Interest paid bi-annually	6 Months T/Bill gross + 1.00% p.a
8 Years	Fixed Rate	- Interest paid annually	13.25% p.a
8 Years	Floating rate	- Interest paid bi-annually	6 Months T/Bill gross + 1.00% p.a
9 Years	Fixed Rate	- Interest paid annually	13.25% p.a
9 Years	Floating rate	- Interest paid bi-annually	6 Months T/Bill gross + 1.25% p.a
10 Years	Fixed Rate	- Interest paid annually	13.75% p.a
10 Years	Floating rate	- Interest paid bi-annually	6 Months T/Bill gross + 1.25% p.a

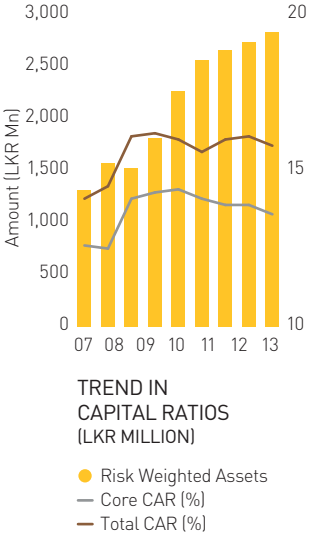
"Being the market leader, the Bank recorded a growth of 9% in remittances and 6% in NRFC deposits."

The funds generated from the debentures were used for purposes of realignment arising from previous dues that were maturing in 2013, and to shore up capital adequacy requirements.

The capital adequacy ratio (CAR) was 12.14% in 2013 as compared to 11.45% in 2012. However this is still above regulatory requirements.



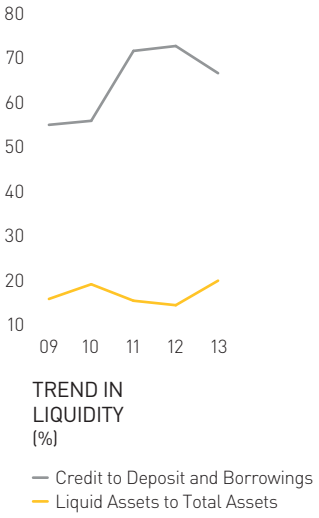
Bank performance



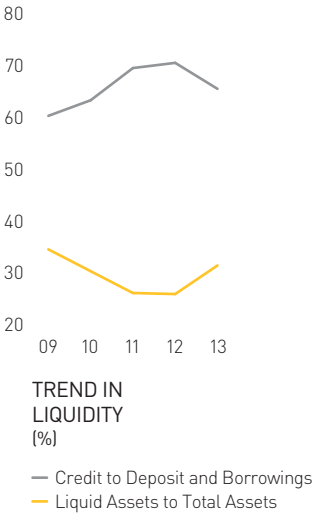
Industry performance

The Bank had an excess liquidity levels throughout the year as supply outstripped demand for credit. These surplus funds were invested in Government securities to earn a return. The excess liquidity did have a negative impact on the net interest income in the near term.

Bank liquidity trend



Industry Trend
(CBSL Roadmap 2014)



OUTLOOK

CBSL in its 2014 roadmap outlined that it expects to continue to control and reduce inflation and that interest rates will decline to lower levels paving opportunities for Corporate and SME sectors to borrow at lower costs. The exchange rate, which in recent months operated within a narrow band, is expected to continue to stabilise in the coming year. With the expectation of real economic growth of over 8% in the medium term, the Bank will continue to promote credit growth.

The Bank now has an increasing appetite for more long-term project lending, which will enable it to take advantage of the opportunities emanating from the economic growth trajectory and the 5+1 hub programme.

In addition, the Bank will continue to reduce its dependency on foreign borrowings. As the market in Sri Lanka matures, the Bank is actively involved in introducing and promoting derivative products. Implementation of new treasury software and ALM software is underway and will enable the Bank to expand its dealing room operations in many ways to the benefit of customers and the Bank

INTERNATIONAL DIVISION

The Bank operates beyond its borders through its subsidiary in London and branches in Chennai and Male and through a network of foreign representatives and correspondent banks. In 2013, the Bank expanded its network on all fronts opening a branch in Seychelles and increasing its foreign representative network by eight additional agents.

This international network has been the backbone of enabling foreign remittances to be channelled to the country.

The Bank's stated objective in improving and strengthening its use of information technology measures paid off with the implementation of its BOC SMART REMIT Web based real-time remittance system which enabled Sri Lankan migrant employees to remit funds through 96 exchange houses worldwide. The majority of the remittances came from Middle East, USA, South Korea, Italy, Singapore and Malaysia. This system enabled integration with several well known remittance systems such as SWIFT and other global money transfer systems. A special feature of this system, "Anywhere Payout" was used effectively with the Bank's 616 branches/ extension offices island wide. Being the market leader, the Bank recorded a growth of 9% in remittances and 6% in NRFC deposits.

The Division also used customer awareness programmes in overseas as well as covering Local Branch Network and focused meetings at village level with family members of migrant employees and prospective migrant employees to stress the importance of sending money through formal banking channels.

In addition, the foreign branch network, especially the Male branch, started to engage more in response to the stabilization of the political conditions in the country, This has lead to stalled projects coming to fruition and the Bank will look to further expand its activities in this market on a targeted basis.

OVERSEAS BRANCH OPERATION

As of 31 December 2013, the Bank had two overseas branches in Chennai, India and Malé, Maldives, as well as a wholly-owned foreign subsidiary in London, United Kingdom. These branches and the subsidiary provide deposit accounts, remittance services, trade finance facilities, treasury products, loan syndication and advisory services.

The Chennai branch grew its loans and advances by 30%, to LKR 3,052 million, while the Malé branch's loans portfolio marginally declined by 6% to LKR 7,413 million.

THE BANK MAKES HISTORY BY RAISING USD 1 BILLION

The Bank successfully launched its second 5 year USD Bond (senior notes due 2018) and raised USD 500 million. The notes were priced at a yield of 5.325%.This achievement had several milestones for the Bank.

- BOC had originally planned a USD 300 Million issuance but with offers for over USD 2,000 Million (effectively oversubscribing by 6.8 times) BOC, decided to up-size the issue to USD 500 Million.
- A five year bond raised within a space of 12 months from the previous bond issue.
- The offering priced at a final coupon of 5.325%, tighter than initial guidance of 5.50% area, and also 155 bps lower than the initial bond issue in last year reflecting the quality and strength of the order book which is the lowest ever coupon rate for any Sri Lankan Issue.
- The sole book runner and sole lead-manager for the offering was UBS AG, Singapore Branch. The Bank and UBS were very confident of the success of this issue and therefore, decided to launch it on a Reg. S only format excluding US onshore investors. This transaction was concluded with only one security rating, one international transaction counsel and without any road show and the transaction completed in ONE day.

This transaction is in line with BOC's long-term funding strategy of diversifying its funding sources, and establishing its credit curve in the international bond markets.

TESTIMONIALS OF OUR ACHIEVEMENTS

Daily FT - April 10, 2013

Big appetite for BoC bonds; over $ 2 billion demand for $ 300 million issue

Banking giant Bank of Ceylon (BOC) has launched its second five-year US$ bond (senior notes due 2018) within a space of 12 months. The notes were priced at a yield of 5.325%.

BOC had originally planned a US$ 300 million size issuance, but with offers for over US$ 2,000 million (effectively oversubscribing by 6.8 times) BOC decided to upsize the issue to US$ 500 million.

The offering was highly successful following an intra-day book building exercise, and attracted diverse participation with over 140 investors placing orders. It saw strong participation from a range of high quality institutional and private banking investors, with the granular split demonstrating the wide appeal of the BOC credit. .....

The Sunday leader - Apr 14, 2013

Bank of Ceylon Sells Second $500m Bond

Bank of Ceylon (BOC) confirmed that its' five-year US dollar denominated bond offer was oversubscribed 6.8x at a yield of 5.325%. The bank initially planned to raise $300m through the offer which was rated 'BB-(EXP)' by Fitch Ratings and marketed only in Asia and Europe. In 2012 BOC raised $500m at a yield of 6.875%. Representatives from the bank said it was encouraging to have captured such a strong market with just its second issuance in the USD market and also to have received such broad participation which saw the Asian and European market buying 74% and 26% of the offer.

Lanka Business online - Apr 09, 2013

Bank of Ceylon, Sri Lanka sells US$500mn bond at 5.3-pct

State-run Bank of Ceylon, Sri Lanka's largest lender, said it had sold a 500 million US dollar 5-year bond at 5.325 percent attracting two billion dollars in orders from 140 European and Asian based investors.

Lead managed by UBS, the bank initially went to the market for 300 million US dollars but sold 500 million US dollars after it was oversubscribed by 6.8 times.

Asian investors had taken 74 percent of the bond with rest being sold to investors in Europe. It was not marketed to investors based in the US.

The Island - April 9, 2013

Investors gobble - up BoC international dollar bonds

State banking giant Bank of Ceylon's (BOC) international debt issue was 6.8 times oversubscribed yesterday with the bank upsizing the US$ 300 million international bond issue to US$ 500 million, at a yield of 5.325 percent, 150bps lower than the previous issue last year.

The bank also made history by raising US$ 1 billion from international capital markets within 12 months.

BOC launched its second 5 year US dollar denominated bonds (senior notes due 2018) within a space of 12 months. The notes were priced at a yield of 5.325%.

BOC had originally planned to raise US$ 300 million, but with offers for over US$ 2,000 million, effectively oversubscribing by 6.8 times, BOC decided to up-size the issue to US$ 500 million, the bank said in a statement yesterday.....

Thomson Reuters - April 9, 2013

Bank of Ceylon result seen as remarkable

Bank of Ceylon made a successful return to the US dollar market after a year in printing tight on the back of a strong order book as investors rushed to get exposure to the fully state owned credit from Sri Lanka.

The USD 500 million Reg S bonds were priced at par to yield 5.325%. The new bonds mark a 150 bp improvement on the coupon achieved in the bank's last visit to the market in April 2012 when it had printed Regs/144 a, 5 year paper at 6.875%.

The bank had a USD 2 billion order book from 140 accounts and Asians bought 74% of the bonds and European 26%.

The USD 500 m Reg S deal had a rating of BB - from Fitch and UBS was sole lead....

www.ifrasia.com - April 8, 2013

Bonds : Bank of Ceylon seen as guide

State owned Bank of Ceylon returned to the US dollar market after exactly a year's absence and its transaction is being closely monitored as the lender aims to become the first credit from Sri Lanka to price such a bond in 2013.

Bank of Ceylon is marketing a five year Reg S issue at an initial price talk of 5.50% area. Given the rarity value of Sri Lankan credits, demand is expected to be strong and the issuer will be able to tighten from the initial price talk.

The Bank of Ceylon deal could be first of several from Sri Lanka with the government telling state-owned entities to go to the dollar markets on their own instead of relying on the sovereign to raise funds abroad.

www.ifrasia.com - April 13, 2013

Bank of Ceylon opens a door

Bank of Ceylon made a successful return to the US dollar market last Monday, paving the way for other issuers from Sri Lanka to follow suit.

The new bonds mark a 150 bp improvement on the coupon the bank achieved on its last visit to the market in April 2012. As such market participants were quick to predict that other Sri-lankan issuers were likely to follow in Bank of Ceylon's footsteps.

"There were many banks in Sri Lanka and I am sure that they are watching this. We can expect a few deals from Sri Lanka" said a Hong Kong based syndicate banker.

The bonds, which settle on Tuesday, were issued under English law and entered in the Singapore stock exchange.

ANYTIME, ANYWHERE

E-banking at Bank of Ceylon

Bank of Ceylon has recently invested in several technological enhancements that will see us offering solutions and services through multiple channels including branches, call centres, and state-of-the-art online and mobile applications, to bring greater convenience and flexibility to our customers.

How do you want to Bank?

We give you lot of ways to do your banking – whether you're at home or on the move. From going online or using your mobile to over the phone or visiting a branch.

Online statements

Access through social media

Access through mobile apps

Fully networked branch services across the island

Accounts and services

Payments and transfers

Quick links to products and services

Local and international payments

Telephone banking

INFORMATION COMMUNICATION TECHNOLOGY

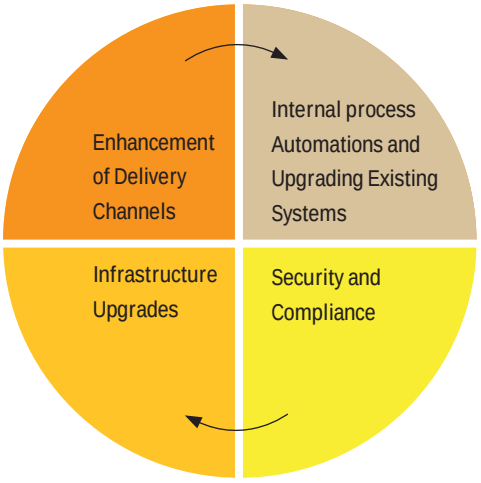
The Information Technology (IT) division of the Bank is a critical support service function. Its enabling role was more sharply in focus during 2013 as our technology team commenced implementation of the ICT Transformation Project initiated in the past, to ensure that Bank of Ceylon is ready to compete globally as the local international bank.

This project is multi-faceted, addressing transaction banking needs as well as core banking needs, and enhancing our capability to address new challenges and risks that we will face as we pursue our ambitious goals. Our strategic priorities have been to provide a platform for growth and ease of transacting to our customers whilst facilitating internal cost efficiencies and enhancing our internal capabilities with an emphasis on security and compliance. We are fully cognisant of the need to ensure that our own skills are honed to reap the benefits of the investment in ICT and a structured programme to train our teams has commenced concurrently.

Our capital investment in ICT in 2013 was LKR 595, million and our commitment for the next two years is approximately LKR 1,500 million.

The Bank has a competent team of IT professionals who have been the pivotal force driving the IT Transformation.

The IT strategy of the Bank is aligned with its corporate strategy. Our vision is to achieve business excellence, exceed customer expectations and speedy delivery through technology. The Bank's IT strategy has four key areas of focus.



Enhance delivery channels	Internal Process automation and upgrading of systems	Infrastructure upgrades	Security and compliance	Projects completed
				Pioneered in joining national common ATM switch
				Implemented IBM power 7+ system which is the main application server. (first installation in Sri Lanka)
				Internal communication infrastructure upgrade
				Connecting all sub-branches to the on-line system
				Implementation of feature rich application for the call centre
				Enhancing office communication system to mobile phones
				Further expansion of BCP capabilities
				Internal development of fully integrated centralized solution for the pawning business
				Completed policies and procedures to commence the implementation of ISO27001
				Commencement of the "Signature Project" - upgrade to the Bank's core banking system
				Implementation of international on-line real time money transfer system
				Implement an in-house developed Bank-wide customer risk rating module for Corporate customers
				Development of Islamic Banking solutions in the core banking system
				Expand the scope of internet banking facilities to offer more services
				Green IT through server optimization
				Enabled in-house capability to Chip card personalization

The Bank initiated the process of upgrading its core banking system with its new version namely "signature". This upgrade is expected to meet reporting requirements of the stakeholders.

ENHANCEMENT OF DELIVERY CHANNELS

Integration with the common ATM Switch, a brainchild of the Central Bank of Sri Lanka and Lanka Clear (Private) Limited, was a key initiative successfully delivered in 2013 which increased the number of customer touch points by more than 2,000 facilitating ease of access as we stepped in to a new era of collaboration between banks. As this was a ground breaking initiative in Sri Lanka, Bank of Ceylon assumed the responsibility of joining the switch as a pioneering Bank to facilitate its successful implementation. This was done in the midst of additional risk on the Bank's settlement platform as this is an entirely new learning to the market. Our technology team successfully readied our IT infrastructure for this purpose within time frame of the overall programme.

We believe that even though this will enable other banks to utilise our reach across the country, it also provides the Bank with an opportunity to facilitate growth whilst reducing the investment required which will ultimately benefit our customers.

The Bank undertook further enhancements to internet banking allowing third party transactions with other banks, and foreign currency transfers within accounts at the Bank. We redesigned our website with our end customer in mind to enable easy access and navigation through user friendly screens.

INTERNAL PROCESS AUTOMATIONS AND UPGRADING EXISTING SYSTEMS

The Bank initiated the process of upgrading its core banking system with its new version namely "signature" and has aptly titled the project with the same name. This upgrade is expected to meet reporting requirements of the stakeholders. The proposed IT spend on this project will be more than LKR 600 million and the first branch roll out is expected in mid 2014. The upgrade will simplify user access, centralize servers of all branches, and upgrade branch infrastructure which will benefit the front end tellers.

In line with the guidelines of the Central Bank, all our sub branches were converted to fully fledged branches. Our technology team was instrumental in linking up these branches to our centralised core banking system enabling a more integrated service to our customers.

We implemented a sophisticated and feature rich application for the call centre. This system enabled our call agents to respond more effectively, minimise waiting time and deliver a more efficient service to the customer.

Our IT team responded quickly to support the growth of the pawning portfolio by developing an integrated centralised system which enabled the Bank to cope with the enhanced control and information requirements of this business. A solution for Islamic Banking which automated the process of profit sharing was also implemented.

Further, our team also developed a bank wide customer rating module which allowed our risk management division to rate corporate borrowers depending on their financial and non-financial factors, supporting the risk framework of the Bank.

The Bank completed the implementation of a leasing software system which was rolled out to all its branches over a three year period and is now online, real time and interfaced to the core banking system and facilitates CRIB reporting.

INFRASTRUCTURE UPGRADES

The Bank used the powerful IBM power 7+ servers to upgrade the existing infrastructure, running several business critical applications including the Bank's core banking application, to keep pace with the advancement in technology and to be able to harness the ever growing volumes of data affecting the banking industry. The advanced features of these servers will facilitate fast and reliable services to customers.

The Bank further increased its redundant links to ensure high availability and reduce communication downtime. Bandwidth has been expanded to meet the requirements of the expected upgrade of the signature project.

The Bank initiated its Green IT programme by rolling out its first phase of virtualization with three servers which replaces the work of 25 servers in the Head Office and the disaster recovery centre. A server solution that incorporates virtualization can increase server utilisation, reduce power consumption and free up floor space. The technology team was able to demonstrate these savings immediately.

Increased server utilisation from 6% to 60%

Consolidated 25 hardware units to 3 units

Reduced power consumption by 75%

SECURITY & COMPLIANCE

The Bank has adopted the Information Security Policy, procedures and guidelines developed based on the ISO 27001 Standard. The implementation is underway across the Bank.

The Bank has a comprehensive disaster recovery arrangement at the Disaster Recovery Centre (DRC). Facilities have been provided for all critical applications at the DRC and online replication of data is available for all main applications. In addition, facilities have been provided to operate critical units of the Head Office at the centre in a disaster situation. The Bank has carried out successful testing of its business continuity plan and DRC readiness twice during the year.

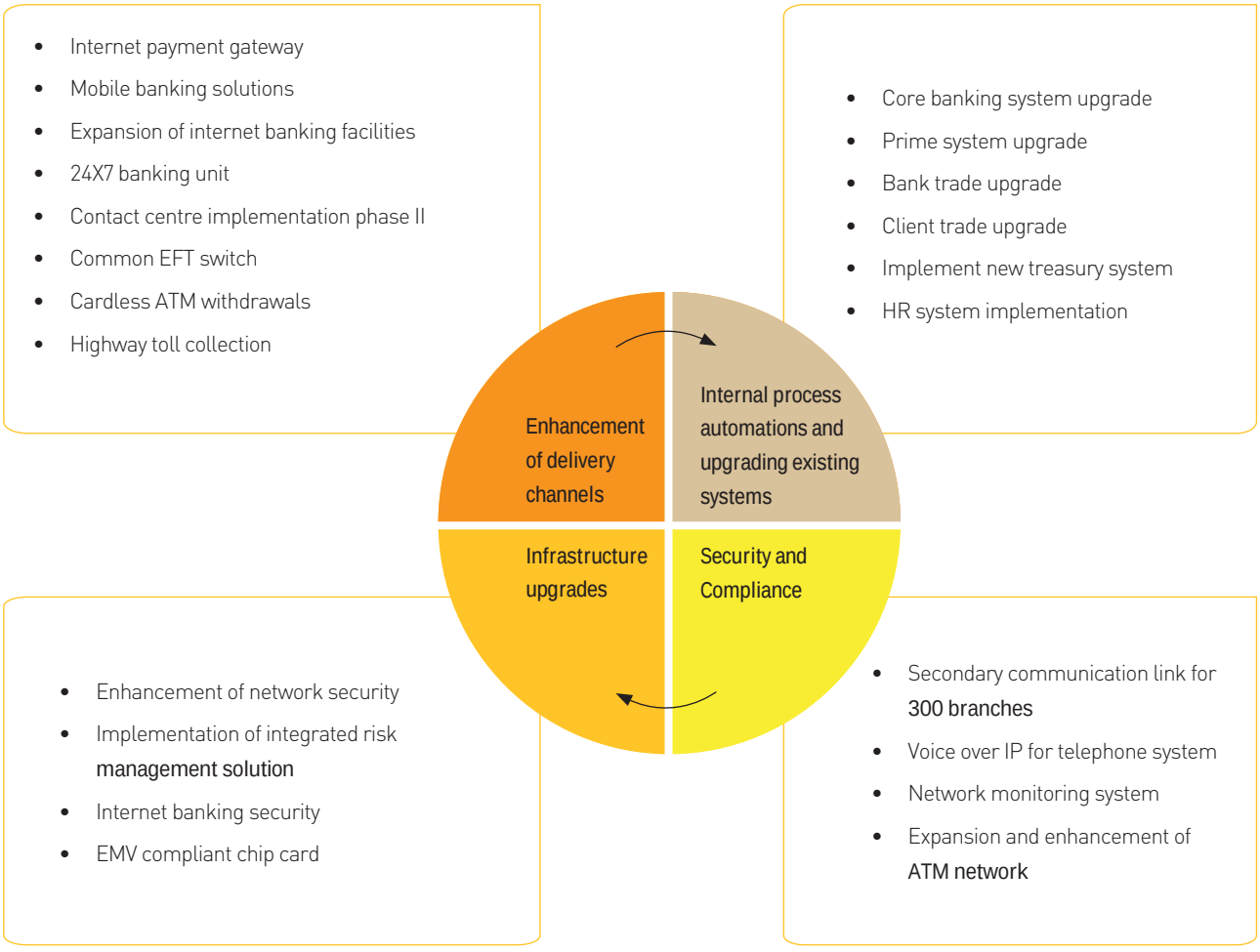
IT GOVERNANCE

The Division is represented in several key committees such as the Business Continuity Management Steering Committee (BCMSC), and the Operational Risk Management Executive Committee (ORMEC). The IT Steering Committee where all IT projects are approved and subsequently monitored is headed by the General Manager. The Corporate Information Security Committee (CISC) is also headed by the General Manager who directs the information security initiatives of the Bank.

The Bank restructured its IT division to better enable the technology team to manage impending large changes

OUTLOOK

The next growth phase for the Bank is recognized to be technology driven, covering both the front office systems as well as the back office processes. The Bank is embarking on Major IT driven strategy based on these four pillars.



The Bank is confident that it is on track to meet its strategic technology goals. It expects to continue to improve and enhance its internet banking capability, implement a sophisticated mobile banking system, address all needs of corporate customers through tailor made solutions, achieve 99.5% service availability on all channels and expand a 24 hour fully fledged call centre.

EMPLOYEE REPORT

A RESPONSIBLE EMPLOYER

Bank of Ceylon is the largest employer in the banking and financial services sector and has a dynamic team of 8,883 employees located in 567 branches throughout the country and India, Maldives and Seychelles. We have a highly engaged team with a retention rate of 99%. Recruitments in 2013 totalled to 1,706 employees of which 1,110 were to fill new positions whilst the remaining 596 employees filled vacancies that occurred during the year. We invest in developing our talent pool through a comprehensive training and development programme as a cornerstone of our human resource strategy and invested LKR 235.8 million to train our staff through local and overseas training programmes during the year.

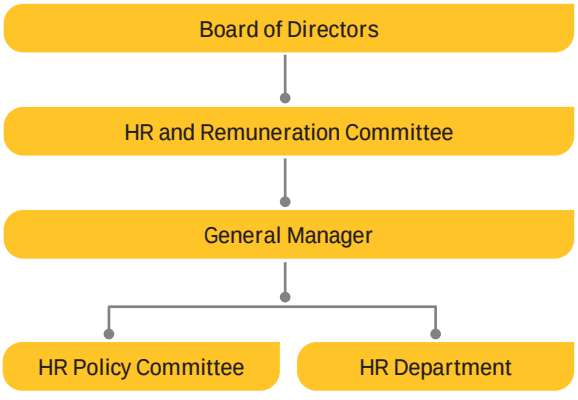
	Key Strategies	Metric	2012	2013	2014 target
Financial	Employee productivity	Profitability per employee (LKR'000)	2,541	1,768	2,028
	Ratio of performance pay to normal salary	%	16%	16%	16%
	Investment in training	LKR million	196.0	235.8	288.2
Environmental	Employee participation in environment related projects	No. of employees participated	The Bank recognizes the importance of environmental programmes and employees from all branches across the country actively participate in activities that help to improve environmental conditions.		
Social	Equal opportunity employer	Male and female participation	M – 3,866 F – 3,924	M- 4,240 F – 4,643	Will be assigned according to Performance Appraisal System.
	Trade Unions	No of memberships	7,634	7,046	Maximum participation

MANAGEMENT APPROACH

The HR and Remuneration Committee of the Board has oversight responsibility for the talent management and succession planning at the Bank. The Committee comprises four non-executive directors and approve reporting and governance structures for the Bank, recruitment, promotion and performance evaluations of Key Management Personnel (KMP), approve HR policies including remuneration policy. and monitor performance of the human resource department. The General Manager, Deputy General Managers and members of staff in the allied grades are considered as KMPs.

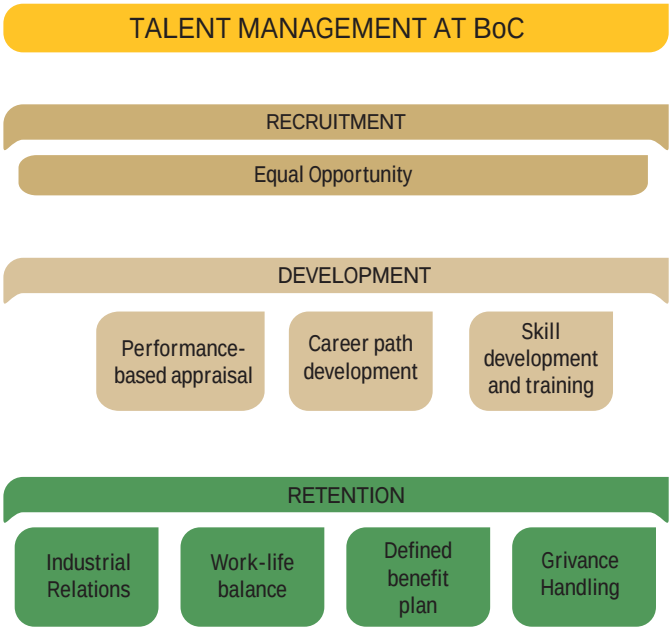
Goals and targets of the HR Department are set in line with the overall Corporate Plan to meet the strategic business needs of the Bank by the HR and Remuneration Committee and the Deputy General Manager HR is held responsible for successful implementation.

The Bank's HR is as follows:



HR POLICY FRAMEWORK

A comprehensive policy framework based on Sri Lankan labour laws and international best practice such as the Decent Work Programme of the International Labour Organization (ILO) has been developed and approved by the Board of Directors to ensure that human rights are upheld and that the culture of the organization facilitates high performance. The policy framework has six key components that address the recruitment, development and retention of our employees as depicted below. The policies are reviewed every three years and are revised regularly to ensure that they are relevant and in line with best practice. The employees are issued an employee handbook encapsulating the HR policies to ensure compliance with the policy framework of the Bank and to address other administrative matters.



Recruitment and Equal Opportunity

Recruits based on its business needs. The Bank seeks to attract Sri Lankans of talent, ability and ambition irrespective of their gender, ethnicity, or geographic location within the country.

Performance Based Appraisal

All employees are covered by the performance based appraisal system in place which measures their performance with agreed quantitative and qualitative objectives which also serve to identify their training needs and readiness for career progression opportunities.

Career Path Development

The Bank's training and development processes ensure that all staff are provided lifelong learning opportunities in areas relevant to the Bank and are provided the training and mentoring required by the awarding institutions. As we recruit mainly at entry level, career path development is a vital process and our team and their performance is testimony to its effectiveness.

Skill Development and Training

A skill development and training programme is in place to ensure that soft skills and technical skills are developed throughout the career of our employees, facilitating their career progression within the Bank. We provide both local and overseas training to ensure that our employees collectively have the skills necessary for our business needs. We have invested in the infrastructure necessary to deliver training throughout the year to all employees and pride ourselves on the high coverage we achieved of 100%.

Industrial Relations

Bank of Ceylon has six registered trade unions that actively engage with the management in the collective bargaining process. Over 80% of the staff are members of these unions and the Bank has collective agreements with the unions on 1989 which were last revised in 2012. Under the latest revision, employees were awarded many benefits and rewards. During 2013, the Bank worked with the trade unions to identify and address their issues on a proactive basis which has resulted in improved relations.

Work Life Balance

We recognize that providing a work life balance is important to facilitate employee retention and development and seek to address issues that may impact this balance through proactive HR forums. We also provide leisure facilities to our staff through concessionary rates at rest-inns and holiday homes to ensure that they have affordable opportunities for quality leisure time with their families.

Defined Benefit Plans

Bank of Ceylon has a wide range of benefits under a contributory provident fund and a widows and orphans' pension fund. Additionally, the Bank's pension fund which is a non contributory, assures a post retirement financial umbrella. All three funds are managed by Boards of trustees which include team members and pensioner representatives. Trustees ensure that funds are prudently invested yielding value over time. Annual actuarial valuations are done to determine funding gaps and remedial actions. Members raise questions on the management of funds at the annual general meetings of the funds.

Grievance Handling

The Bank has an established mechanism for handling alleged grievances and a formal inquiry process that complies with the labour laws of the country. "Whistle Blowing Policy" of the Bank enables all employees to submit complaints to the complaint overseer.

TEAM PROFILE

Our team reflects the consistent application of the policy framework and the statistics given below reflect the diversity in gender, age, geographical location and ethnicity of our staff.

Recruitment

Bank of Ceylon is an equal opportunity employer with no preference to gender, age and religious beliefs when considering employment, salary and other benefits and promotions. Our policies facilitate recruitment of the physically handicapped in order to ensure their integration in to the workforce where possible and we now have ten employees recruited under this policy. With the largest banking network in the country with 567

Team by Employment Type	2013			2012		
	Male	Female	Total	Male	Female	Total
Permanent	4,240	4,643	8,883	3,866	3,924	7,790
Fixed term contract	10	1	11	68	3	71
Outsourced	1,133	18	1,151	1,083	24	1,107
Total	5,383	4,662	10,045	5,017	3,951	8,968

By Employment Category	2013			2012		
	Male	Female	Total	Male	Female	Total
Corporate Management	12	2	14	8	3	11
Executive Management	38	6	44	42	7	49
Chief Manager	62	25	87	71	26	97
Senior Manager	111	41	152	118	49	167
Branch Manager and Other Officer Grades	1,575	1,809	3,384	1,575	1,480	3,055
Banking / Management Trainees	70	97	167	151	196	347
Staff Assistant and Allied Grades	1,782	2,648	4,430	1,061	2,144	3,205
Office Assistants and Allied Grades	590	15	605	840	19	859
Total	4,240	4,643	8,883	3,866	3,924	7,790

By Geographical Distribution	2013			2012		
	Male	Female	Total	Male	Female	Total
Western Province	1,893	2,092	3,985	1,768	1,922	3,690
Central Province	352	398	750	347	317	664
Eastern Province	295	180	475	242	145	387
Northern Province	283	251	534	245	215	460
North Central Province	316	275	591	261	234	495
North Western Province	356	387	743	314	297	611
Sabaragamuwa Province	255	315	570	196	250	446
Southern Province	288	486	774	317	344	661
Uva Province	202	259	461	176	200	376
Total	4,240	4,643	8,883	3,866	3,924	7,790

Employee Age Distribution According to Grades

Age Distribution	Corporate Management	Executive Management	Chief Manager	Senior Manager	Branch Manager & other Officer	Banking/ Management Trainees	Staff Assistants and Allied Grades	Office Assistants and Allied Grades	Total 2013	Total 2012
55 – 60	8	32	56	104	1,290	0	304	110	1,904	2,077
45 – 54	6	11	25	43	591	0	274	134	1,084	1,396
35 – 44	0	1	2	5	483	2	115	137	745	722
25 – 34	0	0	4	0	1,020	165	2,078	150	3,417	2,855
18 – 24	0	0	0	0	0	0	1,659	74	1,733	740
Total	14	44	87	152	3,384	167	4,430	605	8,883	7,790

"1,265 newly recruited employees are from the provinces outside the Western province ensuring that opportunities are provided to youth in provinces with talent and ability"

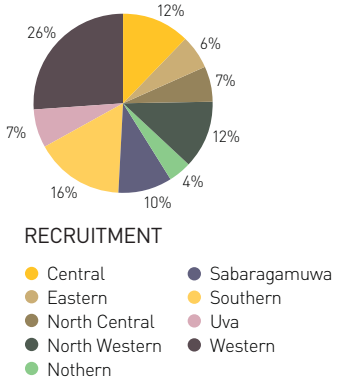
branches Island wide, equally representing each major province in the country, the Bank gives preference to new recruits from nearby areas to increase the engagement with the local community.

Every new recruit goes through an extensive and transparent selection process. Prior to recruitment all candidates face written examinations conducted independently by the Department of Examinations and a rigorous interview process. We recruit talent at entry level under the category of support staff, staff assistants or secretarial assistants and for qualified professionals and graduates at management trainee level. Few occasional specialized recruitment is done for specialized professionals and are done in line with the Bank's strategic business needs. Our core strategy is to develop our talent pools using external qualifications that enable career progression, provide on the job training, internal technical training programmes and soft skills development.

During the year, the Bank recruited 1706 new employees with a majority of 1688 staff assistants including one differently abled employees. All recruitments are made according to the requirement of the Bank. The Bank takes into consideration existing vacancies and future requirements when making new recruitments.

Of the new recruits,1265 employees are from the provinces outside the Western Province ensuring that opportunities are provided to youth in provinces with talent and ability to join our team and be part of the country's economic prosperity. New recruitments were made due to the expansion of the branch network as we launched 16 new branches in 2013 to accommodate the growing demand for the Bank's services in the area.

The female participation rate in our team is 46% compared to the country's female participation in the labour force which stands at 35% as at December 2013 according to the most recently published Sri Lanka Labour Force Statistics, Quarterly Bulletin for the 2nd quarter of 2013 by the Department of Census and Statistics. Female participation in the workforce exists at all levels of the organization but significantly declines towards the lower levels due to the nature of work undertaken that need to be carried out exclusively by males. The Bank has implemented programmes to encourage female employees to actively participate in career progression interventions to further increase the participation at senior management levels as well.



DEVELOPING TALENT

Bank of Ceylon has a comprehensive training and development strategy for its employees embedded in its business strategy. The career progression of our team together with the growth of the Bank is testimony to the effectiveness of this strategy which

46%

FEMALE
PARTICIPATION RATE

was developed over decades and the learning and mentoring culture that pervades the remotest branch of the Bank. We continue to recruit mainly at entry levels and therefore rely on our training and development activities to ensure our business growth is achieved and our ability to compete effectively in the market with international and private sector banks.

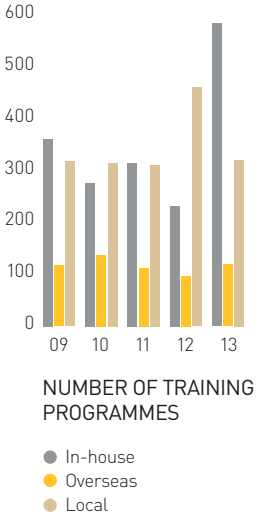
The Bank has invested in infrastructure for training which includes auditoriums, lecture halls and residential facilities. An annual training manual is developed setting out the programmes for the year to ensure that employees are aware of the available programmes and line managers can ensure that they are released for the required training.

Training

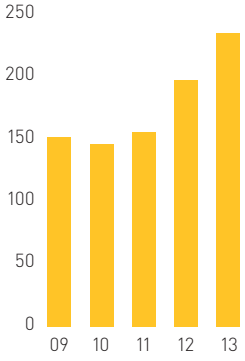
Our investment in training for 2013 was LKR 235.8 million which was mainly for training in technical, leadership and soft skill development programmes both locally and overseas. LKR 130.5 million was spent on overseas training during the year whilst the balance LKR 105.3 million was incurred in the provision of training locally. The investment in training has increased by LKR 39.8 million from 2012 which was due to the significant increase in the number of in-house training by more than 100% compared to the previous year. We also conducted special language skills programmes to ensure that our staff is provided opportunities for improving their communication skills in Sinhala, Tamil and English to facilitate understanding of customer needs.
In 2013, 1,093 more employees underwent training compared to 2012 which was the reason for the increase in the investment even though the number of training hours have decreased. The training programmes covered 100% of the Bank's employees. Resource persons were drawn from both within the Bank and external experts who are leaders in their respective fields. The

The Bank has invested in infrastructure for training which includes auditoriums, lecture halls and residential facilities.

Bank has also invested in the infrastructure required for training in the past and this includes a Central Training Institute which has an auditorium, lecture halls, training rooms and separate male and female hostel facilities which are utilized throughout the year.



NUMBER OF TRAINING PROGRAMMES



INVESTMENT ON TRAINING (LKR MILLION)

Number of Training Programmes and Expenses for the year 2013

Year	Number of Training Programmes			Cost of Training			Total Cost
	In -house	Overseas	Local	In-house LKR million	Overseas LKR million	Local LKR million	LKR million
2012	232	97	460	24	134	38	196
2013	583	119	320	57.2	130.5	48.1	235.8

Number of Employees Trained During 2013

Designation	Number of employees				Average hours of training per year			
	2013		2012		2013		2012	
	M	F	M	F	M	F	M	F
Corporate Management	15	2	8	3	44	12	41	34
Senior Management	39	6	42	7	21	19	28	26
Executive Officers	373	179	379	176	18	34	40	38
Executive Assistants	1445	1,793	1,536	1,576	19	16	63	58
Banking Trainees and Others	2,368	2,663	1,901	2,162	59	64	102	12
Total	4,240	4,643	3,866	3,924	161	145	274	168

Career Progression

The Bank encourages its staff to pursue their professional education in their respective specializations with a number of professional organizations which include the Institute of Bankers of Sri Lanka, Institute of Chartered Accountants of Sri Lanka, National Institute of Business Management, All Sri Lankan Universities recognized by the University Grant Commission and Sri Lanka Institute of Advanced Technology, etc. Employees are eligible to an honorarium payment on the completion of professional qualifications and reimburse the membership fees. The Bank is an approved employer with these institutions to enable completion of their internship with relevant work experience under the guidance of mentors who are qualified in the respective fields. Additionally, the Bank also provides financial assistance to employees who pursue post graduate qualifications in fields relevant to their work, completion of such professional exams and other profession related achievements are recognized in their performance appraisals.

The Bank's policy is to give first opportunity for internal candidates when filling vacancies prior to recruitment of external candidates. This policy has given greater opportunity for internal candidates who aspire to progress in their careers and creates a loyal and dedicated team with proven ability to handle challenges. Management of the Bank strictly adheres to the policies and processes specified with regard to transfers and promotions. Dissatisfied employees have recourse to well defined appeal process which is clearly set out in the employee hand book. A well-defined transfer policy is also used to ensure the transparency of the transfers.

Decoration created by BoC staff members using waste papers

EMPLOYEE PRODUCTIVITY

Employee productivity, measured by revenue per employee has continuously enhanced over the years driven by higher levels of skill and efficient processes as we gain more employee participation in streamlining them. The team is confident that performance will continue to improve whilst maintaining the current levels of work life balance by streamlining operations, eliminating duplication, business process re-engineering and automation. The Japanese '5S' system has been implemented in 151 branches which has significantly improved services to customers as well as making routine tasks more efficient. The Bank implemented several programmes during the year to encourage a culture that prioritizes a sustainable work life balance for employees and commenced programmes that employees have expressed interest in such as sports, entertainment, artistic, aesthetic and religious events.

Several HR processes were automated during the year including the attendance, medical claims, recruitment system and the performance appraisal system.

SUCCESSION PLAN

Bank of Ceylon, in its 74 year history has earned a reputation for developing practicing bankers, not only for the Sri Lankan market but also for overseas markets. The Bank's presence in overseas centres such as London (UK), Male (Maldives) and Chennai (India) gave it an edge over other banks.

18 General Managers have been appointed since inception of which majority was talent developed within the Bank. They have steered the in collaboration with staff at all levels have smoothly adopted all transitions to change. Hence the necessity of having an appropriate succession plan for key management personnel is emphasized in the HR framework of the Bank in accordance to the provisions of the Banking Act direction No. 11 on Corporate Governance for licensed commercial banks in Sri Lanka.

The succession planning procedures for the Bank involves regular reviews being carried out periodically to identify potential successors initiated by the Nominations Committee of the Board.

Policy: Provision for the continuing availability of suitably competent and experienced employees with high performance and a high potential to fill any vacancy at the key management personnel level that may arise at any given time. Identification of the best suitable candidates as successors to the key management positions will stabilize the smooth functioning of the core and non-core business operations of the bank. Required training opportunities are provided so that the suitable persons can be developed as per requirement. The corporate management level has already been identified under the following categories.

Emergency Exit (EE): Step in and fulfill the basics of the position at once, especially for a short period.

Ideal Next (IN): A person pre-identified who is being developed through suitable exposure and training to take the position.

Ready Soon (RS): A person who is not qualified to be fit for the proposed position

RETAINING TALENT

The Bank's retention of 99% of its employees is highly commendable, being one of the highest in the country. Only 23 employees recruited resigned during the year in order to pursue higher education on a full time basis or to get married. We believe the retention of our staff is our culture which incorporates employee satisfaction, career progression, development, diversity, recognition of achievements, maintaining ethical environment, professionalism, rewards and other perks. Additionally, the benefits provided to our permanent staff in addition to statutory benefits which include pension plans, productivity and profit related bonuses, loan schemes at concessionary rates to cater to a variety of needs, medical schemes covering family members, payment of fees for higher education and training programmes, fully furnished staff quarters, travelling allowances, holiday homes and reimbursement of funeral expenses.

Bank of Ceylon is a preferred employer with many talented school leavers and graduates in the country aspiring for employment in the Bank. A remarkable achievement is that 3,413 employees in the organization have worked in the Bank for more than ten years with a further 2,788 of them being in service for over two decades. These employees were recognized and given awards of appreciation for their dedicated service to the Bank on completion of 25 years.

During the year 66 employees were awarded for the completion of 25 years service and their contribution to the Bank's success was ceremonially appreciated.

No. of employees according to period of service

Employee - Period of Service	Total	%
Above 20 years	2788	31%
15 – 19 years	385	4%
10-14 years	240	3%
5 – 09 years	1411	16%
Below 5 years	4059	46%
Total	8883	100%

Resignations in the year 2013

Age group	Male	Female	Total
18 - 29	5	18	23
30 - 39	5	5	10
40 - 49	0	3	3
50 - 60	0	0	0
Total	10	26	36

Our Staff Achievements

Name	Award/achievement	Event/qualification	Institution
Malé branch	Winners	Financial sector quiz competition	Maldives Monitory Authority (MMA)
Mr K K Susantha Mrs L P Ariyasinghe Mrs K O M De Silva Ms L G D Peeris	Winners	Inter-bank quiz competition	Institute of Bankers of Sri Lanka (IBSL)
Mr W D H Sumathiratne	Gold Medal	Postgraduate Executive Diploma in Banking Management	Institute of Bankers of Sri Lanka (IBSL)
Ms E M N I Madubhasha	Represented Sri Lanka	53rd International session for young participants	International Olympic Academy in Greece

Benefits provided to Permanent Employees

A large number of unions, committees and associations are involved in providing benefits and conducting activities that cover all staff.

The medical centre of the Head Office is open to all employees of the Bank, and approximately 40 employees are provided with its services per day.

Welfare vehicles available at concessionary rates to employees

Approximately 1,000 employees are provided with subsidized meals per day, through the Head Office canteen.

Regular sports events are conducted and sports-meets are organized in all Provinces. The high achievers are chosen for a central sports-meet.

Literary associations, cultural associations, committees and unions also play an important role in organizing and conducting socially significant activities.

Religious events that signify all religions are also conducted, with the participation of a large number of employees and members of society (over 7,000 members).

Holiday homes are available exclusively for staff members and their families for accommodation at subsidized rates in popular holiday destinations in the country around 9,000 number of people (staff and their family members) have utilized these facilities in 2013.

Winners of the financial sector quiz competition organized by MMA

Winners of Inter-bank quiz competition organized by IBSL

Staff loan schemes

Type of loan	Interest rate p.a.
Housing loan	2.25% to 5 % - (slab basis)
Distress 1 month salary loan	0 %
Distress 3 months salary	6 %
Computer loan	6.5 %
PF loan	5 %
Unified general loan	5.5 %
Investment loan	5 %
Car loan	6.5 %

Health Promotional Programmes Conducted in the Year 2013

Event	Participation	Date	Place
Health promotional programme for Bank of Ceylon staff members at Head Office conducted by the NIROGI LANKA NATIONAL PROJECT, coordinated with a special panel of doctors from the medical faculty of the University of Colombo.	150 staff members participated.	8 April 2013	BoC H/O Auditorium
Blood donation campaign in commemoration of the Bank of Ceylon 74th anniversary coordinates with Blood Bank	210 staff members have donated blood.	1 August 2013	BoC H/O 30th Floor
''PRATHISHAKTHIYA WADAVA GANIMU'' Study on Leptospirosis(rat fever): Immunodiagnostic methods,immune status and factors contributing to the pathogenesis of severe leptospirosis in Sri Lanka with clinical correlation - PhD Research projects. Creatinine test results and leptospirosis test results given after two weeks.	100 staff members have given blood samples.	24 September 2013	BoC H/O Auditorium
Awareness programme on "BREAST CANCER CARE''	200 staff members have participated. 10 members were checked	9 December 2013	BoC H/O Auditorium

Salary and other benefits LKR million

	2013	2012
Salaries and allowances	10,004	8,239
Annual leave allowances and bonus	2,116	2,008
Staff welfare	95	104
Staff medical expenses	457	432
Contribution to defined contribution plan	852	794
Contribution defined benefit plans	1,145	1,350
Staff Loans	12,937	12,176

OCCUPATIONAL HEALTH AND SAFETY

We place great value on the health and safety of our employees and customers who visit the Bank's branches. Our systems and procedures are implemented effectively to prevent safety hazards, ill health and occupational diseases and incidents. The Bank has a proactive approach on health and safety which has noticeably created a high performance culture. 608 working days accident leave has been granted to 27 employees during the year 2013. 19 employees were injured while on duty and 8 employees were on their way to duty or returning from duty.

An emergency evacuation drill was held on 11 October 2013 at the Bank of Ceylon Head Office. Army, Air-force, Fire Brigade, Police, Ambulance services and all other required parties participated in this event. Ministry of Defence was notified, approval was obtained, and the required authorities were notified. The emergency evacuation drill is conducted every year.

Fire wardens are designated for every department and every floor of the Head Office. Fire Brigade conducts a training every year with the participation of fire wardens and members from the branch network.

HUMAN RIGHTS

The Bank's underlying principle and one of the core values is the respect for human rights as defined by the constitution of the Democratic Socialist Republic of Sri Lanka, as well as international covenants and declarations binding on Sri Lanka. While practicing non-discrimination, the Bank encourages its stakeholder segments to uphold non-discrimination, freedom of association and prevention of forced/compulsory/child labour. As a policy, the Bank does not employ child labour and screens customer credit requests for incidents of child labour.

Human rights issues are handled by the Bank's industrial relations unit of the human resource department which is under the direct supervision of the Deputy General Manager - HR. Rules and regulations are strictly adhered to by the Bank with regard to any HR aspects such as transfers, promotions and disciplinary matters.

Bank of Ceylon respects and upholds all aspects of human rights. However, there were some instances of grievances by team members alleging discrimination. It is noteworthy that the number has dropped significantly from previous years. Grievances are given utmost priority and employees are required to follow the procedures in place for them to air their grievances and seek redress which are addressed by the Human Resources. All grievances are addressed during the year. If impossible to resolve during the year due to unavoidable circumstances, they are given priority in the following year.

Total number of incidents of discrimination and corrective actions taken	Male	Female	Total
Total number of human rights grievances brought forward from 2012	21	6	27
Total number of human rights grievances reported in 2013	8	5	13
Total number of grievances resolved during the year	5	6	11
Total number of grievances outstanding at the end of the year	24	5	29

EMPLOYEE CODE OF CONDUCT

The code of ethics gives guidelines with regard to the behaviour, dress code and appearance and all employees are expected to adhere to the rules and regulations stated therein.

ENGAGEMENT IN SOCIAL AND ENVIRONMENTAL ASPECTS

Employees at all levels are encouraged to engage in all social and environmental programmes conducted by the Bank as it not only improves the relationship with the local community but also among employees. It also provides opportunities for leaders to emerge and manage projects outside their normal line of work which enhance various skills. Employee engagement is also key to implementation of programmes such as the 5S programme and to embed the triple bottom line strategy of the Bank. We have observed enthusiastic participation as our staff embraced these concepts which they find to be in line with both organizational and personal values. Examples of their engagement in social and environmental projects outside their line of duty are described below.

WAY FORWARD FOR 2014

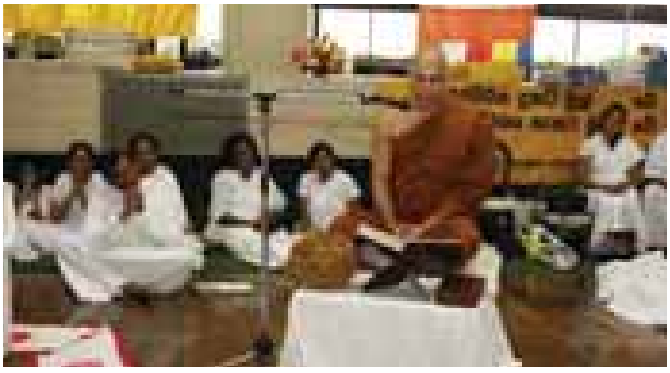
The Bank will continue to invest in training and developing our staff and will look to achieve an even higher coverage ratio for training in 2014. We will look to further improve staff productivity through automation and streamlining of business processes. The HR department is finalizing the review of the existing IHRM system and preparing a Request For Proposal (RFP) for a new HR system which is able to meet the expectations of the Bank which will enhance the capabilities of the Bank in delivering the target HR outcomes. Additionally the Bank expects to introduce a performance based remuneration system to motivate and inspire employees to achieve higher targets every year. There is a collective agreement negotiation process and Ministry of Finance guides four state owned banks to follow this structure.

The Bank also plans to introduce e-learning based programmes to provide self paced learning to the staff whilst meeting the Bank's assessment requirements. Provincial training centres will be established to minimize inconvenience to staff and provide the training closer to their spheres of influence. This will increase the relevance of their training as specific regional issues can be aired and discussed in smaller groups rather than the general discussions that take place in national training programmes. We will also develop and implement a skills assessment system that will facilitate succession planning and the promotions process.

E-learning based programmes to address the training needs with online examinations

Establish provincial training centres

Develop and implement a skills assessment system



Employee and their family members participation in religous activities

A Dengue prevention sharamadana campaign to commemorate the 74th Anniversary of Bank of Ceylon was conducted by each branch. A school was selected in the area and an awareness and clean up operation was carried out in collaboration with the teachers, parents, Sri Lanka Police, Public Health Inspectors and local government officials.

Branches in the North Central Province organized a medical clinic to diagnose villagers having possible trends for kidney diseases with the assistance of public health officers, family health officers, the staff of Base Hospital s and village societies. Approximately 2,000 villagers participated for the clinic which was conducted at Madatugama Base Hospitals & able to identify nearly 170 number of positive victims and guide them for further treatment.

SOCIAL REPORT

We stimulate economic activity and facilitate socio economic progress for rural communities and conduct financial literacy programmes to ensure that rural entrepreneurs are educated on managing their financial transactions.

Bank of Ceylon has a heritage of acting in the best interests of society stemming from links with Government and close alignment with the country's development strategy. We actively engage with the communities through our branch network. We stimulate economic activity and facilitate socioeconomic progress for rural communities and conduct financial literacy programmes to ensure that rural entrepreneurs are educated on managing their financial transactions. Additionally, the dividend paid by the Bank was the highest dividend paid to the Treasury by a state owned enterprise. Given below are a few indicators that demonstrate our commitment to the social development and financial inclusion policies of the Bank.

Social and Relationship Capital	2013	2012
No. of customers ('000)	10,944	10,576
Customer penetration rate	54%	54%
Customer touch points		
• Branches	567	324
• ATM access points	523	451
• School banking units	3,738	2,498
Correspondent banks	759	762
Exchange houses	96	97
Employment created	1,706	296
Internship programme for school leavers and undergraduates		
• No of undergraduates	449	440
• Audit and other professional trainees	170	34
• School leavers	359	2,089

Social and Relationship Capital	2013	2012
Entrepreneurship development programmes conducted in provinces		
- No of programmes	9	8
- Participants	855	963
- Investment (LKR million)	1.1	1.3

We are committed to support the development of Sri Lanka and facilitate social upliftment through the Bank of Ceylon corporate social responsibility initiatives. We are guided by the Government's various development plans, and are a pivotal cog in the Government's 5+1 development strategy. The employment created through stimulating economic activity in the provinces has not been measured and therefore is not reported although this has been a key outcome of our retail banking operations.

Our corporate social investment activities are centred around five themes which uplift communities and enhance the socio economic development of the country. The Bank provided the finances for these activities enumerated below for a total of LKR 165 million during 2013.

EDUCATION

LKR 25.3 million

The Bank conducts seminars island wide to assist Grade 5 children who sit for the scholarship exam through the Hapana Programme. Our annual target is to provide 2000 Ran Kekulu scholarships of LKR 10,000 each for students who have maintained a minimum balance of LKR 2,500 during the year in their Ran Kekulu account. In 2013, 1,412 students have been eligible to receive Ran Kekulu scholarships by passing the cutoff mark of 173. Further 3,100 dictionaries have been distributed among the balance Ran kekulu account holders who have been unable to pass the cut-off mark.

We have also awarded scholarships of LKR 35,000 to 20 undergraduates who obtained the highest grades in the science, mathematics, commerce and arts streams. Additionally, 73 scholarships were awarded to students who maintained a minimum balance of LKR 5,000 for one year prior to sitting the Advanced Level examination.

SPORTS

LKR 6.28 million

The Bank sponsored several national athletic events at national level to support a healthy society as these events which provide national recognition for high achievers require large corporate sponsors for funding.

RECONSTRUCTION OF CONFLICT AFFECTED AREAS

LKR 86 million

The Bank has been involved in the reconstruction of conflict affected areas and is the first bank to move into these areas to provide banking services. In recognition of the need to provide reliable transportation and access to markets, the Bank has provided in total financial assistance for the reconstruction of Jaffna Railway Station for the revival of what was once a busy location, vital for the rebuilding and reconciliation process.

ENTREPRENEURSHIP

LKR 12.7 million

The Bank conducted several Micro Finance workshops to educate rural entrepreneurs to provide skills and knowledge required to succeed in their respective ventures.

NATIONAL HERITAGE

LKR 23 million

The Bank sponsored a number of large scale cultural pageants including Kandy Esala Perahera and Nawam Perehera in Colombo and facilitated the maintenance of Temple of the Tooth Relic in Kandy which is a world heritage site.

HEALTHCARE

LKR 11.7 million

The Bank donated funds for building and maintenance of healthcare facilities to several hospitals and ayurvedic hospitals to ensure that free healthcare is supported and sustained for the community.

PRECAUTIONARY APPROACH

We accept principle 15 in the Rio declaration of 1992 and are using this principle, as the situation demands, in finding the balance between sustainability and development.

MEMBERSHIP IN INDUSTRY RELATED ASSOCIATIONS

- Asia Pacific Rural and Agricultural Credit Association (APRACA)
- Association of Banking Sector Risk Professionals, Sri Lanka
- Society for International Development (Sri Lanka chapter)
- Institute of Bankers of Sri Lanka
- International Chamber of Commerce, Sri Lanka
- The National Chamber of Commerce, Sri Lanka
- Sri Lanka Banks Association (Guarantee) Limited
- Sri Lanka Law Library
- The Ceylon Chamber of Commerce
- The Financial Ombudsman of Sri Lanka (Guarantee) Limited

VALUE ADDITION

The Bank created LKR 56,439 million of wealth during 2013 and the table below provides an analysis of its creation and application to key stakeholders.

	2013 LKR millon	2012 LKR millon	%
Value Added			
Income earned by providing banking services	123,562	105,674	17
Cost of services	(64,102)	(46,385)	38
Value added by banking services	59,460	59,289	0
Non - banking Income	3,902	4,464	(13)
Impairment charges for loans and other losses	(6,923)	(5,904)	17
	56,439	57,849	(2)
Value Allocation			
To employees			
Salaries, wages and other benefits	14,669	12,927	13
To Government			
Dividends paid to Government of Sri Lanka	5,346	5,346	-
Income tax	3,703	5,508	(33)
Value added tax	2,711	3,214	(16)
	11,760	14,068	(16)
To providers of external funds			
Interest on other borrowings	16,256	16,334	(0.5)
Interest on debt issued	5,977	4,619	29
	22,233	20,953	6
To expansion and growth			
Retained profit	6,741	9,071	(26)
Depreciation and amortization	1,117	960	16
Deferred taxation	(81)	(130)	(38)
	7,777	9,901	(21)
	56,439	57,849	(2)

Economic Value Addition

	2013 LKR million	2012 LKR million
Invested Capital		
Average shareholders' funds	54,327	46,153
Revaluation reserves	(5,211)	(5,222)
Bonus shares issued in 2006	(1,400)	(1,400)
	47,716	39,531
Return on Invested Capital		
Profit after taxation as reported	12,087	14,417
Depreciation attributable to the revaluation surplus	(521)	(522)
Total return on invested capital	11,566	13,895
Opportunity cost of invested Capital*	(3,956)	(3,763)
Economic Value Added	7,610	10,132
* Weighted average 12 months Treasury bill rate	8.29%	9.52%

SNAP SHOT OF OUR SOCIOECONOMIC EQUITY

10.9 mn

Entry-level customer Accounts

LKR

4.5 bn

Affordable housing loans for our staff members

Inclusive banking through network presence and matching products to segments

LKR

52.3 bn

Commitment on Road network Development

LKR

421 bn

Our Commitment to develop six hubs

36,000

No of Jobs indirectly created through our funding

Bank of Ceylon adopts a triple bottom line approach and protection of the environment is a key area of focus. Accordingly we recycled 49,860kgs of paper and 371 kgs of e-waste during the year and have initiated several actions to reduce emissions and reduce consumption. Historically, we have always ensured that loans and advances above LKR 250 million of which in 2013 a total of 67,268 million are screened for environmental clearances in the credit evaluation and administration processes. As we have articulated our policies and goal in 2013, we recognise that there are many areas which require improvement to monitor our performance in this area. The Bank is implementing a holistic programme to ensure that we are able to monitor progress against stated goals on the environment.

FUTURE FOCUS

- Set environmental performance targets for all branches.
- Increase staff involvement in environment preservation activities
- Incorporate procedures to measure and reduce our carbon footprint
- Roll out training programmes and educate staff on preserving the environment
- Enhance technological developments to reduce carbon emissions
- To build our first "Green Building" in 2014

OUR ENVIRONMENTAL FOOT PRINT

LKR

1,000 mn

in Loans for Advances for four Renewable Energy Projects

Replace paper base transactions to electronic mediums saving up to 25 million paper slips in 2013

RECYCLED

371 kg

of e-waste

Reduction of Sound pollution from 90 db to 70 db

SAVING OF

848

fully grown trees through recycling

REDUCE GREEN HOUSE GAS EMISSION BY

49,860 Kg

Carbon Equivalent through recycling

Replacing fleet with hybrid vehicles

Staff engagement in environment related projects

Building a better working world

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF BANK OF CEYLON ON THE SUSTAINABILITY REPORT-2013

Introduction and scope of the engagement

The management of Bank of Ceylon ("the Bank") engaged us to provide an independent assurance on the following elements of the Sustainability Report- 2013 ("the Report")

- Reasonable assurance on the information on financial performance as specified on page 129 of the Report
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Comprehensive guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI G4 'In accordance' - Comprehensive guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Bank's responsibility for the Report

The management of the bank is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustaining reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Comprehensive guidelines. This report is made solely to the Bank in accordance with our engagement letter dated 17 January 2014. We disclaim any assumption of responsibility for any reliance on this report to any person other than the bank or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A De Silva FCA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

A member firm of Ernst & Young Global Limited

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant the bank's personnel to understand the process for collection, analysis, aggregation and presentation
- Reviewing and validation of the information contained in the Report
- Checking the calculations performed by the bank on a sample basis through recalculation
- Reconciling and agreeing the data on financial performance are properly derived from the bank's audited financial statements for the year ended 31 December 2013
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Comprehensive guidelines. Our procedures did not include testing electronic systems used to collect and aggregate the information. Limitations and considerations Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that

- The information on financial performance as specified on page 129 of the Report are properly derived from the audited financial statements of the Bank for the years 31 December 2012 and 31 December 2013.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Bank's sustainability practices and policies some of which are derived from GRI-G4-'In accordance' Comprehensive Sustainability Reporting Guidelines.

Chartered Accountants

24 March 2014
Colombo

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	Organizational Profile		
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G4-12	Describe the organization's supply chain	Our Business Model	17
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	Economic		
	Economic Performance		
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G4-EC2	Financial Implications and other risks and opportunities for the organization's activities due to climate change	Not Applicable	
G4-EC3	Coverage of the organization's defined benefit plan obligations	Financial Statements	312 - 316
G4-EC4	Significant financial assistance received from Government	The Bank does not receive significant financial assistance from the Government	
	Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Entry level wage rate is more than the local minimum wage rate	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Employee Report	116
	Indirect Economic Impacts		
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	Procurement practices		
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G4-EN2	Percentage of materials used that are recycled input materials	None	
	Energy		
G4-EN3	Energy consumption within the organization	Performance of our Six Capital	13
G4-EN4	Energy consumption outside of the organization	Not Applicable	
G4-EN5	Energy intensity	Not Recorded	
G4-EN6	Reduction of energy consumption	Performance of our Six Capital	13
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	Water		
G4-EN8	Total water withdrawal by source	Insignificant	
G4-EN9	Water sources significantly affected by withdrawal of water	Insignificant	
G4-EN10	Percentage and total volume of water recycled and reused	None, water is not recycled	
	Biodiversity		
G4-EN11	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No operational units are located within the protected areas or high Biodiversity valued areas	
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Bank's activities, products or services do not affect the Biodiversity	
G4-EN13	Habitats protected or restored	None	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Bank operations do not affect the Red list species	
	Emissions		
G4-EN15	Direct Green House Gas (GHG) emissions (Scope 1)	Not Applicable	
G4-EN16	Energy indirect Green House Gas (GHG) emissions (Scope 2)	Not Applicable	
G4-EN17	Other indirect Green House Gas (GHG) emissions (Scope 3)	Not Applicable	
G4-EN18	Green Gouse Gas (GHG) emission intensity	Not Applicable	
G4-EN19	Reduction of Green House Gas (GHG) emission	Environment Report	130 - 131
G4-EN20	Emissions of Ozone-Depleting Substances (ODS)	Not Reported	
G4-EN21	Nox, SOx, and other significant air emissions	Not Reported	

No.	Description	Location/reference	Page no.
	Effluents and Waste		
G4-EN22	Total water discharged by quality and destination, Report standard, methodology and assumptions used.	Not Applicable	
G4-EN23	Total weight of waste by type and disposal method	Partially complied – Environment Report	130 - 131
G4-EN24	Total number and volume of significant spills	Not Applicable	
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally	None	
G4-EN26	Identify size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Not relevant to our operations	
	Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment Report	130 - 131
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	None	
	Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	
	Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting member of the workforce	Not Reported	
	Overall		
G4-EN31	Total environmental protection expenditure and investments by type	partially complied-Environment Report	130 - 131
	Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Not Applicable	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Not Applicable	

No.	Description	Location/reference	Page no.
	Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	None	
	SOCIAL		
	Labour Practices and Decent Work		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employee Report	114
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Employee Report	122
G4-LA3	Return to work and retention rates after parental leave, by gender	100% return and retention rate, all female employees are entitle to parental leave.	
	Labour- Management relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	3 months	
	Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	Employee Report	123
G4-LA6	Rate of injury, occupational diseases, lost days and absenteeism	Employee Report	123
G4-LA7	Workers with high incidence of high risk of diseases related to their occupation	Not relevant to our operations	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	No specific agreement	
	Training and Education		
G4-LA9	Average hours of training per year per employee by gender and by employee category	Employee Report	120
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employee Report	119
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Employee Report	115 - 116
	Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age, group, minority group membership and other indicators of diversity	Employee Report	116

No.	Description	Location/reference	Page no.
	Equal Remuneration Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Male-female basic salary is same	
	Supplier Assessment of Labor Practice		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Not applicable	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Not applicable	
	Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Employee Report	124
	HUMAN RIGHTS		
	Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that have underwent human rights screening	Not Reported	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights	Not Reported	
	Non-discrimination		
G4-HR3	Total number of incidents of discrimination actions taken	Employee Report	124
	Freedom of Association and Collective Bargaining		
G4-HR4	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights	Employee Report	
	Child Labour		
G4-HR5	Operations identified as having significant risk for incidents of child labour	Employee Report	123
	Forced or Compulsory Labour		
G4-HR6	Operations identified as having significant risk for incidents of forced or compulsory labour	Employee Report	123
	Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	42 programmes were held	

No.	Description	Location/reference	Page no.
	Indigenous Right		
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	No incidents of violation of rights of indigenous people	
	Assessment		
G4-HR9	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessment	None	
	Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Not Applicable	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Not Applicable	
	Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Employee Report	124
	SOCIETY		
	Local communities		
G4-SO1	Percentage of operations implemented local community engagement, impact assessments and development programs	Social Report	126 - 128
G4-SO2	Operations with significant actual and potential negative impacts on local communities	None	
	Anti-corruption		
G4-SO3	Operations assessed for risks related to corruption and the significant risks identified	Risk Report	208
G4-SO4	Communication and training on anti-corruption policies and procedures	Corporate Governance	144 - 187
G4-SO5	Confirmed incidents of corruption and actions taken		
	Public policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Not Applicable	
	Anti-competitive behaviour		
G4-SO7	Total number of legal actions taken for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	None	
	Compliance		
G4-SO8	Monitory value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None	

No.	Description	Location/reference	Page no.
	Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not Applicable	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Not Applicable	
	Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society field, addressed, and resolved through formal grievance mechanisms	Not Reported	
	PRODUCT RESPONSIBILITY		
	Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Not Applicable	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle	Not Applicable	
	Products and Services Labelling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling and percentage of significant products and services categories subject to such information requirements	Not Applicable	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Not Applicable	
G4-PR5	Results of surveys measuring customer satisfaction	Not Reported	
	Marketing Communications		
G4-PR6	Sale of banned or disputed products	None	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	None	
	Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None	
	Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No such significant fines	

"The Board has set in place sound governance practices which are fundamental to driving achievement of strategic goals."

ROLE & COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is the highest decision making body of the Bank of Ceylon and comprises entirely of Non-Executive Directors appointed by the Minister in charge of the subject of Finance of Sri Lanka. The main task of the Board of Directors is to provide strategic direction to the Bank and set the economic, social and environmental goals for the long, medium and short term.

Four subcommittees have been appointed by the Board of Directors to assist in the discharge of duties in specific areas with oversight responsibility for the same. The four subcommittees are the Audit Committee, Integrated Risk Management Committee, Human Resource & Remuneration Committee and the Nomination & Corporate Governance Committee. Implementation of strategic plans is monitored by the Board through a structured reporting system which includes the subcommittees of the Board, and the Executives of the Bank who report to the General Manager.

Directors are appointed for a period of three years by the Minister in charge of the subject of Finance of which one will be a representative of the Ministry of Finance and Planning referred to as the Ex officio Director. An Alternate Director has been appointed for the Ex officio Director from the Ministry of Finance and Planning to ensure representation of the Ministry at all meetings of the Board.

Mr Razik Zarook, the Chairman appointed in January 2013 retired during the year on reaching the maximum age limit as per the Central Bank regulations and Mr Raju Sivaraman has been appointed as Acting Chairman with effect from 27 December 2013. Mr K M Mahinda Siriwardana was appointed to the Board in April 2013 as the Ex officio Director in place of Mr S R Attygalle. Mr V Kanagasabapathy, Alternate to Ex officio Director ceased to be the Alternate with his retirement from the Government service in January 2013. Mr R M A Ratnayake was appointed as Alternate Director to the Ex officio Director in January 2013 and continues in this capacity. Mr K L Hewage ceased to be a Director with effect from 6 June 2013 with the end of his three year period of appointment. Mr Lalith Withana was appointed to the Board with effect from 19 June 2013 in his place.

The Directors bring diverse perspectives and experience to the Board enriching the discussion and debate on the Bank's strategic direction and policy framework. The composition ensures that there is a sufficient balance of power and contribution by all Directors and minimizes the tendency for one or few members of the Board to dominate the Board processes or decision making. The Board has set in place sound governance practices which are fundamental to driving achievement of strategic goals. The General Manager is invited to all Board Meetings together with any other executives whose presence may be required and regularly make presentations to the Board on matters including progress in implementation of the strategic goals, financial, social and environmental performance, changes and challenges presented by the operating environment, recommend policy frameworks and executive governance structures.

The Directors are conscious of the need to keep abreast of current developments affecting the sector both globally and locally with particular reference to regulatory changes and the country's economy. During the year they have attended training sessions on regulations, financial reporting and internal controls. They also attended the seminars conducted by Sri Lanka Institute of Directors during the year under review. Management also makes presentations and submits changes in the regulatory framework to ensure that the Board is aware of key developments affecting the business operations of the Bank.

2013 HIGHLIGHTS

Key Changes to Board

- Appointment of Mr Razik Zarook as Chairman with effect from 9 January 2013.
- Appointment of Mr Raju Sivaraman as Acting Chairman with effect from 27 December 2013 with the retirement of Mr Razik Zarook.
- Appointment of Mr K M Mahinda Siriwardana with effect from 24 April 2013 in place of Mr S R Attygalle.
- Appointment of Mr Lalith Withana with effect from 19 June 2013 in place of Mr K L Hewage.
- Appointment of Mr R M A Ratnayake as the Alternate Director to Ex officio Directors with effect from 30 January 2013 in place of Mr V Kanagasabapathy.

Other Highlights

- Assurance for the following aspects of the Integrated Report is provided by the Auditor General's Department -
  - Financial Statements of the Bank and its subsidiaries
  - Directors' Statement on Internal Control
- The Auditor General also provides certification of the Level of Compliance with the Banking Act Direction No.11 of 2007 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka.
- Reconstituted the Board Subcommittees to obtain the expertise of the members.
- Introduced a new "Performance Appraisal System" for the employees.
- All Board and Subcommittee meetings are conducted in a paperless environment using a dedicated software package.

COMPLIANCE WITH CODES AND REGULATIONS

Corporate Governance of the Bank is in compliance with the Bank of Ceylon Ordinance No.53 of 1938 and amendments thereto, Banking Act Direction No.11 of 2007 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka and the voluntary Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka in 2007. As we are complying with the Banking Act Direction No.11 of 2007, the Colombo Stock Exchange has exempted the Bank from disclosure of compliance with the Directions stipulated in Section 7.10 of the Continuing Listing Requirements on Corporate Governance.

ROLES OF CHAIRMAN AND GENERAL MANAGER

The roles of the Chairman and the General Manager are separate and their roles are clearly defined in the Board Charter of Bank of Ceylon. The Chairman is an Independent Non-Executive Director who leads the Board ensuring that it works effectively and acts in the best interest of the Bank.

The General Manager who is not a member of the Board is free to take all decisions and actions to achieve the Bank's objectives and is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Bank.

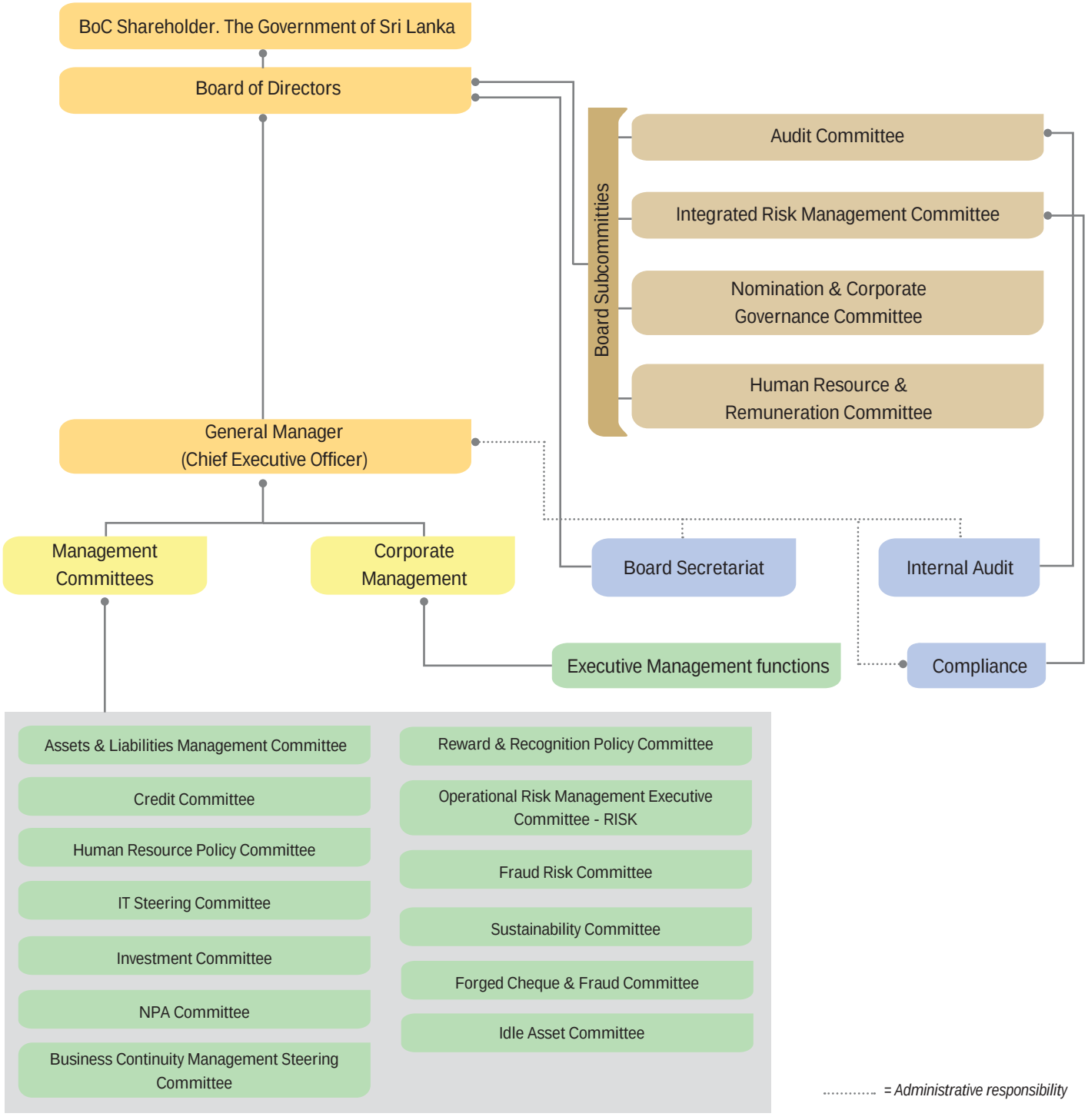
Mr Razik Zarook, Chairman retired during the year and Mr Raju Sivaraman, the most senior Director, was appointed as Acting Chairman. Mr D M Gunasekera, assumed duties from 8 January 2013 as the General Manager and has served at Bank of Ceylon for 29 years across key departments prior to his appointment.

STRATEGY

The Board is responsible for setting the Bank's strategic direction. It does this in consultation with the General Manager and other Key Management Personnel annually, ensuring alignment with the Bank's vision, values and defined risk appetite. Implementation of the strategy is monitored through monthly performance reports which include the financial performance, risk profile and other pre-determined indicators which include economic, social and environmental criteria. The Subcommittees of the Board also monitor performance in their respective areas of oversight responsibility and report to the Board on the same.

GOVERNANCE STRUCTURE

The Board of Directors has set in place a suitable governance structure that comprises Board Subcommittees that are responsible for determining policy frameworks and governance structures for the executive functions of the Bank. The executive governance structure comprises the office of the General Manager, Executive Committees and operational and support departments headed by Key Management Personnel who are experienced professionals and leaders in their respective fields.



The Secretary to the Board/ Secretary, Bank of Ceylon functions as the secretary for all Board and Subcommittee meetings and the minutes of meetings are available in her custody. Written Terms of Reference which comply with the applicable regulations are available in respect of all the Subcommittees. Reports of those Subcommittees are given on pages 189 to 197 of this Annual Report.

Executive Committees

Management Committees	Purpose and tasks
Assets and Liabilities Management Committee (ALCO)	ALCO oversees the assets and liabilities mix to ensure most profitable assets allocation and funding strategy, return on assets and financing structure and cost of financing the balance sheet. Further ALCO reviews the liquidity mismatch, assets mismatch, interest rate risks, exchange rates risks and currency exposures. It recommends the appropriate pricing structure for the Bank's assets and liabilities.
Credit Committee	This committee is the next highest credit granting authority after the Board of Directors. This committee comprehensively reviews and approves the large ticket size credit proposals. All credit proposals which require approval of the Board of Directors are also reviewed and recommended to the Board by this committee.
Human Resource Policy Committee	The objectives of the Human Resource Policy Committee is to implement and apply sound human resource policies that are aligned with the Organization's Values, Vision, Mission and aspirations.
IT Steering Committee	IT Steering Committee is responsible for implementation and monitoring the IT projects keeping in line with the overall IT strategic plan and the future directions of the bank. Members of the IT Steering Committee should ensure that business objectives are being adequately addressed and the projects remain under control. The main objectives include recommendations to the Board , the Information Technology plans, approve project plans and set priorities, take implementation initiatives, monitor progress of the projects and formulate teams for implementations, review of policies relating to IT operations.
Investment Committee	Investment Committee is responsible for the Bank's investment decision which includes short term investments and long term strategic investments whilst it reviews investment disposal or divesture decisions. The Committee also reviews the profitability of the investment portfolios to take appropriate decisions to earn the best returns for the Bank's investments.

Management Committees	Purpose and tasks
Non-performing Assets Committees (NPAC)	NPAC reviews the Bank's loans and advances that are running into distress and recommend appropriate recovery programmes and preventive strategies to minimize the impact of the non-performing loans on the balance sheet.
Business Continuity Management Steering Committee	The Business Continuity Coordinating Committee (BCCC) was established in order to coordinate the business continuity management process of the Bank. The main objective of this committee is to ensure the business continuity in case of a disaster situation. The main responsibilities include managing and coordinating business continuity management process, Management of disaster recovery operation, Management of disaster recovery center, Conducting BCP awareness and training, BCP testing periodically, coordination with internal and external parties, revision and management of business continuity documents.
Reward & Recognition Policy Committee	The objective of the Reward and Recognition Policy Committee is to recognize the employees who have contributed for the enhancement of productivity and the advancement of the organisation beyond expectations and appreciating / rewarding such employees / teams for their contributions.
Operational Risk Management Executive Committee	The Committee is the principal management committee for all operational risk management matters of the Bank. The Committee reinforces the fact that the governance of Operational Risk Management programme is the responsibility of senior management and it provides the forum for addressing cross-functional risk issues. It will also provide the means to ensure that the Operational Risk Management programme is truly enterprise-wide.
Fraud Risk Committee	Fraud Risk Management Committee is entrusted with the implementation of the fraud risk management policy, creating fraud awareness amongst all stakeholders and taking appropriate actions on preventing the recurrent frauds which may expose the Bank to reputation and financial risk.
Sustainability Committee	In order to align the Sustainability Policy and CSR with corporate goals and strategy, the Bank has set up a sustainability committee comprising the top management of the Bank. The committee co-ordinates sustainability initiatives, creates suitable methodologies, provides logistical support and constantly monitor the progress.
Forged Cheque & Fraud Committee	The committee is formed to review and take required decisions in relation to writing off losses sustained due to forged instruments and other fraudulent activities across branch network and business units.
Idle Asset Committee	The Bank's Idle Asset Committee manages and monitors the process of disposal of properties vested in the Bank as per rules stipulated in Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, Debt Recovery Act and internal instruction circulars. The Idle Asset Committee is also responsible for providing necessary guidelines and instructions to foreclosed properties unit in order to dispose the properties in the most beneficial manner.

BOARD MEETINGS

The table below shows the number of times the Board and Subcommittees met during the year under review. The Board evaluates its effectiveness annually and areas for improvements are discussed. This practice extends to the Subcommittees of the Board.

Attendance of Directors at Board and Subcommittee meetings for 2013 -

Directors	Board	Audit Committee	Human Resource & Remuneration Committee	Nomination & Corporate Governance Committee	Integrated Risk Management Committee
Mr Razik Zarook	22		3		
Mr S R Attygalle (untill 23 April 2013)	6			0	
Mr K M Mahinda Siriwardana (from 24 April 2013)	10	1			0
Mr Raju Sivaraman	22	8	4	4	5
Ms Nalini D Abeywardene	18		4		
Mr Chandrasiri de Silva	21		4	0	
Mr K L Hewage (untill 06 June 2013)	10	3	1	3	2
Mr Lalith Withana (from 19 June 2013)	10	5		1	3
Mr V Kanagasabapathy (Alternate Director to Mr Attygalle) (untill 29 January 2013)		2			
Mr R M A Ratnayake (Alternate Director to Mr K M Mahinda Siriwardana)	3	6			3
Total No. of Meetings	22	8	4	4	5

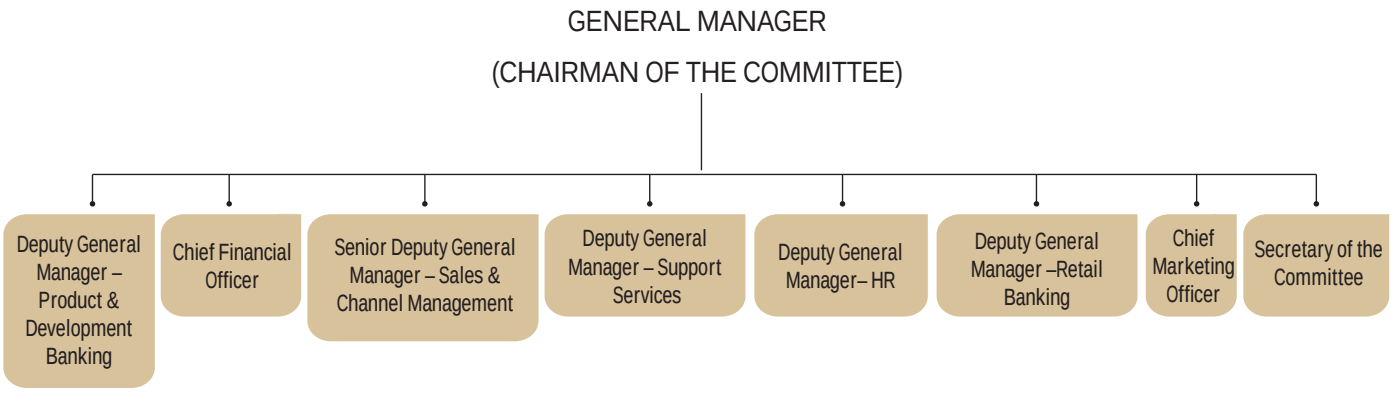
SUSTAINABILITY

The Board approved a Sustainability Policy for the Bank and has set in place a governance structure to ensure that its philosophy, objectives and strategic goals for social and environmental aspects are clearly communicated to the employees of the Bank. The policies specified therein seek to embed the triple bottom line principles throughout the Bank's operations in all geographic areas and are more fully described in the Social Report, Employee Report and the Environment Report on pages 114 to 131 of this Annual Report

The management of the Bank's sustainability activities is the responsibility of the Sustainability Committee headed by the General Manager.

The following are some of the activities of this committee -

- Review of initiatives already in place within the Bank
- Search for new initiatives and organizations or community leaders to develop relationships with
- Determine the Bank's investment percentage on annual sustainability activities. This percentage may vary in relation to the profit before tax (PBT).



Member	Impact Areas
Deputy General Manager Product & Development Banking	Micro-finance platform and how it is implemented across the branch network Product innovation and development to meet customer perception and expectations Development lending portfolio – The extent of its contribution to spur the priority sector growth along key drivelines
Deputy General Manager Support Services	Material, energy and fuel usage Initiatives towards reducing carbon footprint Recycling and energy saving mechanism Delivery point ambience, customer access and service level point
Chief Financial Officer	Economic value addition – trend monitoring Distribution of income among stakeholders Indirect economic benefits arising out of the Bank's operations
Deputy General Manager Human Resource	Decent labour practices Defined benefits plan obligations and Fund adequacy Human rights issues Team skill development and lifelong learning Career path development Work life balance initiatives Interaction with trade unions
Senior Deputy General Manager Sales & Channel Management	Outreach expansion policy and progress Provincial development
Deputy General Manager Retail Banking	Development and upscaling of Small and Medium Enterprises.
Chief Marketing Officer	Corporate Social Responsibility (CSR) initiatives Execution of identified strategic CSR projects

ANTI-CORRUPTION

The Bank has in place a number of mechanisms to prevent bribery and corruption in the workplace. Some of them are -

- All employees and Directors have to submit an annual assets and liabilities declaration.
- Transparent procurement procedures covering Tender Boards at various levels of the Bank are in place.
- Key decisions regarding credit, investment and purchasing are delegated to committees who take decisions on a collective basis.

Level of compliance with the Banking Act Direction No.11 of 2007 and subsequent amendments thereto on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank of Sri Lanka.

Principles		Level of Compliance
3(1) The Responsibilities of the Board		Level of compliance during the year 2013
3(1)(i)	The board shall strengthen the safety and soundness of the bank by ensuring the implementation of the following:	Complied with. Strategic objectives and values are incorporated in the Board approved Corporate Plan for the period 2013 – 2015.
	a) Approve and oversee the bank's strategic objectives and corporate values and ensure that these are communicated throughout the bank;	This was communicated throughout the Bank with the launch of this Plan.
	b) Approve the overall business strategy of the bank, including the overall risk policy and risk management procedures and mechanisms with measurable goals, for at least the next three years;	Complied with. Corporate Plan 2013 – 2015 includes the overall business strategy of the Bank. Strategies are described in the Corporate Plan together with the risk factors associated with the Plan. Board approved Risk Policy is also in place.

Principles	Level of Compliance
c) Identify the principal risks and ensure implementation of appropriate systems to manage the risks prudently;	Complied with. Board approved Risk Policy includes all risks such as credit, market, operations, strategic and reputational risks. The Board has delegated the function of managing identified risks to the Integrated Risk Management Committee which is a Board subcommittee. This Committee manages the risks of the Bank through Risk Reports submitted to the Committee by the Chief Risk Officer on a regular basis. They are submitted to the Board immediately after the Integrated Risk Management Committee meetings with recommendations where necessary.
d) Approve implementation of a policy of communication with all stakeholders, including depositors, creditors, share-holders and borrowers;	Complied with. Board approved Communication Policy covering all stakeholders is in place. Policy was reviewed recently by the Board.
e) Review the adequacy and the integrity of the bank's internal control systems and management information systems;	The Board reviews the adequacy and the integrity of the Bank's internal control system by way of minutes submitted through the Audit Committee on a regular basis with recommendations where necessary and highlights. Board will review the adequacy and the integrity of the Bank's management information systems.
f) Identify and designate key management personnel, as defined in the International Accounting Standards, who are in a position to: (i) significantly influence policy; (ii) direct activities; and (iii) exercise control over business activities, operations and risk management;	Complied with. In terms of Sri Lanka Accounting Standards (LKAS 24) Related Party Disclosures and Direction No. 11 of 2007 on Corporate Governance issued by Central Bank of Sri Lanka (CBSL), Bank has identified the Board of Directors (including the Alternate Director), General Manager, Members of Corporate Management and Compliance Officer as the Key Management Personnel of the Bank.
g) Define the areas of authority and key responsibilities for the board directors themselves and for the key management personnel;	Complied with. Bank of Ceylon Ordinance No.53 of 1938 and its amendments and the approved Board Charter clearly defines the authority and responsibilities of the Board and the General Manager. The authority and responsibilities of the Key Management Personnel are identified in their position descriptions which have been approved by the Board.

Principles	Level of Compliance
h) Ensure that there is appropriate oversight of the affairs of the bank by key management personnel, that is consistent with board policy;	Complied with. The Board carries out this task by reviewing the progress towards the achievement of the Corporate Plan objectives. Review of progress of the Corporate Plan was done at an off site location with the participation of the Board. Key Management Personnel are called to the Board meetings as and when needed to explain matters relating to their areas.
i) Periodically assess the effectiveness of the board directors' own governance practices, including:	Complied with. Implementation of governance practices are reviewed periodically by the Nomination and Corporate Governance Committee and reported to the Board.
(i) the selection, nomination and election of directors and key management personnel;	Bank of Ceylon being a bank wholly owned by the Government of Sri Lanka, the Directors are appointed by the Minister in charge of the subject of Finance in terms of the Bank of Ceylon Ordinance No.53 of 1938 and its amendments by which Parliamentary Act the Bank of Ceylon was established and is governed. The General Manager is appointed by the Board with the approval of the Minister in charge of the subject of Finance. The Deputy General Managers and officers in the allied grade are appointed by the Board based on Board approved schemes of promotion, and /or recruitment.
(ii) the management of conflicts of interests; and	Complied with. A procedure is in place where any conflicts of interests are reported to the Board for discussion at the commencement of every Board meeting. A Policy on Conflict of Interest has been adopted.
(iii) the determination of weaknesses and implementation of changes where necessary;	Complied with. Any weakness in the governance practices are monitored by the Nomination and Corporate Governance Committee in its overall evaluation of the compliance with the applicable governance practices and reported to the Board for necessary action. Weaknesses and implementation of changes are being discussed and determined at the Board meetings through the submission of the annual self evaluations of the Board members carried out through a self evaluation.
j) Ensure that the bank has an appropriate succession plan for key management personnel;	Complied with. A Succession Plan is in place at the Bank for Key Management Personnel approved by the Board.

Principles		Level of Compliance
	k) Meet regularly, on a needs basis, with the key management personnel to review policies, establish communication lines and monitor progress towards corporate objectives;	Complied with.
	l) Understand the regulatory environment and ensure that the bank maintains an effective relationship with regulators;	Complied with. On appointment as Directors, the Board is furnished with a set of documents containing regulatory requirements and applicable Corporate Governance principles etc. Any fresh directions, circulars etc. issued are made available to the Directors.
	m) Exercise due diligence in the hiring and oversight of external auditors.	Complied with. The Auditor General is the external auditor of the Bank as provided for in the Constitution of the country.
3(1)(ii)	The Board shall appoint the chairman and the chief executive officer and define and approve the functions and responsibilities of the chairman and the chief executive officer in line with Direction 3(5) of these Directions.	Complied with. The Board appoints the Chief Executive Officer referred to as the General Manager in the Bank of Ceylon with the approval of the Minister in charge of the subject of Finance and the Chairman is appointed by the said Minister in terms of the Bank of Ceylon Ordinance No.53 of 1938 and its amendments. A Board Charter approved and reviewed by the Board is in place defining the responsibilities of the Chairman and the General Manager.
3(1)(iii)	The board shall meet regularly and board meetings shall be held at least twelve times a year at approximately monthly intervals. Such regular board meetings shall normally involve active participation in person of a majority of directors entitled to be present. Obtaining the board's consent through the circulation of written resolutions/papers shall be avoided as far as possible.	Complied with. 22 Board meetings have been held during the year 2013, which includes one special meeting. Board actively participated at these meetings. The Board avoids as far as possible passing of circular resolutions in order to arrive at deliberated decisions. During the year 2013 no circular resolution has been passed.
3(1)(iv)	The board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the agenda for regular board meetings where such matters and proposals relate to the promotion of business and the management of risks of the bank.	Complied with. The process is in place and included in the Board Charter.

Principles		Level of Compliance
3(1)(v)	The board procedures shall ensure that notice of at least 7 days is given of a regular board meeting to provide all directors an opportunity to attend. For all other board meetings, reasonable notice may be given.	Complied with. Annual calendar of Board meetings for every year is given before the beginning of the year. Another notice of the next meeting is send immediately after a Board meeting and also 7 days before regular Board meetings to provide all directors an opportunity to attend. Reasonable notice is given before any special meeting.
3(1)(vi)	The board procedures shall ensure that a director, who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a director. Participation at the directors' meetings through an alternate director shall, however, be acceptable as attendance.	Such situation has not arisen during the year 2013.
3(1)(vii)	The board shall appoint a company secretary who satisfies the provisions of Section 43 of the Banking Act No. 30 of 1988, whose primary responsibilities shall be to handle the secretariat services to the board and shareholder meetings and to carry out other functions specified in the statutes and other regulations.	Complied with. Secretary to the Board/Secretary, Bank of Ceylon is an Attorney-at-Law who compiles with the provisions of Section 43 of the Banking Act No.30 of 1988 and its amendments.
3(1)(viii)	All directors shall have access to advice and services of the company secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed.	Complied with. The process is in place and included under the Board Charter.
3(1)(ix)	The company secretary shall maintain the minutes of board meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied with. All Board minutes are circulated to Board members through the special software package provided through iPads to all members and all current and the previous Board minutes are archived on the system enabling Board members to access them at their convenience.

Principles		Level of Compliance
3(1)(x)	Minutes of board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the board acted with due care and prudence in performing its duties. The minutes shall also serve as a reference for regulatory and supervisory authorities to assess the depth of deliberations at the board meetings. Therefore, the minutes of a board meeting shall clearly contain or refer to the following: (a) a summary of data and information used by the board in its deliberations; (b) the matters considered by the board; (c) the fact-finding discussions and the issues of contention or dissent which may illustrate whether the board was carrying out its duties with due care and prudence; (d) the testimonies and confirmations of relevant executives which indicate compliance with the board's strategies and policies and adherence to relevant laws and regulations; (e) the board's knowledge and understanding of the risks to which the bank is exposed and an overview of the risk management measures adopted; and (f) the decisions and board resolutions.	Complied with. Detailed minutes are kept covering the given criteria.
3(1)(xi)	There shall be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the bank's expense. The board shall resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/her/their duties to the bank.	Complied with. Bank has adopted a Policy for Directors' Access to Independent Professional Advice and the Board resorts to such advice when deemed necessary.

Principles		Level of Compliance
3(1) (xii)	Directors shall avoid conflicts of interests, or the appearance of conflicts of interest, in their activities with, and commitments to, other organizations or related parties. If a director has a conflict of interest in a matter to be considered by the board, which the board has determined to be material, the matter should be dealt with at a board meeting, where independent non-executive directors [refer to Direction 3(2)(iv) of these Directions] who have no material interest in the transaction, are present. Further, a director shall abstain from voting on any board resolution in relation to which he/she or any of his/her close relation or a concern, in which a director has substantial interest, is interested and he/she shall not be counted in the quorum for the relevant agenda item at the board meeting.	Complied with. Board approved Policy on Conflict of Interest is in place. Further as a practice at every Board meeting (held on a fortnightly basis) Directors are required to declare any interest in contracts/ new appointments to any other Board or institution.
3(1) (xiii)	The board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the bank is firmly under its authority.	Complied with. "Powers Reserved for the Board" is included in the Board Charter.
3(1) (xiv)	The board shall, if it considers that the bank is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of Bank Supervision of the situation of the bank prior to taking any decision or action.	Such a situation has not arisen during the year 2013. Monthly Financial Statements submitted to the Board assures to the Board of the Bank's solvency.
3(1) (xv)	The board shall ensures that the bank is capitalised at levels as required by the Monetary Board in terms of the capital adequacy ratio (CAR) and other prudential grounds.	The Board ensures that the Bank is capitalised at levels as required by the Monetary Board in terms of the CAR and other prudential grounds. Calculation of the CAR is submitted to the Board with the monthly Financial Statements of the Bank. Please refer page 363 for CAR.
3(1) (xvi)	The board shall publish in the bank's Annual Report, an annual corporate governance report setting out the compliance with Direction 3 of these Directions.	Complied with.
3(1) (xvii)	The board shall adopt a scheme of self-assessment to be undertaken by each director annually, and maintain records of such assessments.	Complied with. The self-assessment of the Board is facilitated through the Nomination and Corporate Governance Committee of the Board and the annual evaluation records are maintained.

Principles		Level of Compliance
3(2) The Board's Composition		
3(2)(i)	The number of directors on the board shall not be less than 7 and not more than 13.	According to the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments the number of Directors permitted on the Board is 6 and the Board as at 31 December 2013 consisted of 5 Directors. Bank is in the process of amending the said Bank of Ceylon Ordinance to accommodate the said requirement of the Direction.
3(2)(ii)	(A) The total period of service of a director other than a director who holds the position of chief executive officer shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such director up to January 1, 2008.	Present Directors of Bank of Ceylon have been in office for a period less than 9 years. Details of their appointments are given on pages 42 to 45 of this Annual Report under the Profiles of Directors.
	(B) In this context, the following general exemption shall apply: A director who has completed nine years as at January 1, 2008, or who completes such term at any time prior to December 31, 2008, may continue for a further maximum period of 3 years commencing January 1, 2009.	Not applicable.
3(2)(iii)	An employee of a bank may be appointed, elected or nominated as a director of the bank (hereinafter referred to as an "executive director") provided that the number of executive directors shall not exceed one-third of the number of directors of the board. In such an event, one of the executive directors shall be the chief executive officer of the bank.	There are no Executive Directors in Bank of Ceylon since no employees of it have been appointed as its Directors.

Principles	Level of Compliance
3(2)(iv) The board shall have at least three independent non-executive directors or one third of the total number of directors, whichever is higher. This sub-direction shall be applicable from January 1, 2010 onwards. A non-executive director shall not be considered independent if he/she: a) has direct and indirect shareholdings of more than 1 per cent of the bank; b) currently has or had during the period of two years immediately preceding his/her appointment as director, any business transactions with the bank as described in Direction 3(7) hereof, exceeding 10 per cent of the regulatory capital of the bank. c) has been employed by the bank during the two year period immediately preceding the appointment as director; d) has a close relation who is a director or chief executive officer or a member of key management personnel or a material shareholder of the bank or another bank. For this purpose, a "close relation" shall mean the spouse or a financially dependant child; e) represents a specific stakeholder of the bank; f) is an employee or a director or a material shareholder in a company or business organization: I. which currently has a transaction with the bank as defined in Direction 3(7) of these Directions, exceeding 10 per cent of the regulatory capital of the bank, or II. in which any of the other directors of the bank are employed or are directors or are material shareholders; or III. in which any of the other directors of the bank have a transaction as defined in Direction 3(7) of these Directions, exceeding 10 per cent of regulatory capital in the bank;	The entire Board of Bank of Ceylon consists of Non-Executive Directors. Out of the Directors three were identified as Independent Directors based on the criteria specified in this Direction. They are identified on pages 42 to 45 with the Profiles of the Directors and also under Direction no.3(2)(viii) below. Up to the appointment of Mr Raju Sivaraman as Acting Chairman of the Bank in the latter part of 2013, Bank had three Independent Directors. After his appointment and with one vacancy on the Board to be filled by sole shareholder during the said latter part of December, Bank had only two Independent Directors on its Board. Others also were not considered independent only in view of the fact that they served on the same subsidiary board as Nominee Directors of Bank of Ceylon.

Principles		Level of Compliance
3(2)(v)	In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that applies to the independent director.	No Alternate Directors were appointed to represent an Independent Director.
3(2)(vi)	Non-executive directors shall be persons with credible track records and/or have necessary skills and experience to bring an independent judgment to bear on issues of strategy, performance and resources.	Complied with. Director's Profiles appearing on pages 42 to 45 spells out the necessary information.
3(2)(vii)	A meeting of the board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless more than one half of the number of directors present at such meeting are non-executive directors. This sub-direction shall be applicable from January 1, 2010 onwards.	Complied with. All the Board members of Bank of Ceylon are Non-Executive.
3(2)(viii)	The independent non-executive directors shall be expressly identified as such in all corporate communications that disclose the names of directors of the bank. The bank shall disclose the composition of the board, by category of directors, including the names of the chairman, executive directors, non-executive directors and independent non-executive directors in the annual corporate governance report.	Complied with. During the year 2013 the Board consisted of the following members - • Dr Gamini Wickramasinghe was Chairman until 08 January 2013. • Mr Razik Zarook - Independent Non-Executive Director/Chairman from 09 January 2013. • Mr Raju Sivaraman - Independent Non-Executive Director. He was appointed as Acting Chairman on 27 December 2013 • Mr S R Attygalle - Non-Executive Ex officio Director up to 23 April 2013. • Mr K M Mahinda Siriwardana – Non-Executive Ex officio Director (from 24 April 2013 in place of Mr S R Attigalle) • Ms N Abeywardene - Non-Executive Director. • Mr Chandrasiri de Silva - Non-Executive Director. • Mr K L Hewage - Independent Non-Executive Director until 06 June 2013. • Mr Lalith Withana - Independent Non-Executive Director with effect from 19 June 2013 in place of Mr Hewage. • Mr R M A Ratnayake was appointed as the Alternate Director to Mr S R Attygalle in place of Mr V Kanagasabapathy who ceased to be the Alternate from 29 January 2013. Mr R M A Ratnayake was again appointed as the Alternate Director to Mr K M Mahinda Siriwardana with effect from 24 April 2013.

Principles		Level of Compliance
3(2)(ix)	There shall be a formal, considered and transparent procedure for the appointment of new directors to the Board. There shall also be procedures in place for the orderly succession of appointments to the board	Not applicable since the appointments are made by the Minister in charge of the subject of Finance in terms of Bank of Ceylon Ordinance No.53 of 1938 and its amendments.
3(2)(x)	All directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment.	Not applicable since the appointments are made by the Minister in charge of the subject of Finance in terms of the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments.
3(2)(xi)	If a director resigns or is removed from office, the board shall:	Dr Gamini Wickramasinghe, Chairman resigned w.e.f. 08 January 2013 due to personal reasons.
	(a) announce the director's resignation or removal and the reasons for such removal or resignation including but not limited to information relating to the relevant director's disagreement with the bank, if any; and	Mr Razik Zarook, Chairman after Mr Wickramasinghe ceased to be the Chairman at the latter part of the year 2013 (Mr Raju Sivaraman was appointed as Acting Chairman on 27 December 2013). Mr S R Attygalle ceased to be the Ex officio Director with effect from 23 April 2013 with the appointment of a new Ex officio Director by the Ministry of Finance and Planning. Mr K L Hewage, Director ceased to be a Director with effect from 06 June 2013 with the ending of his 3 year period as a Director. Mr V Kanagasabapathy, Alternate Director to Mr S R Attygalle, Ex officio Director ceased to be the Alternate Director with effect from 29 January 2013 since he has left the Ministry of Finance & Planning with his retirement from the Government service.
	(b) issue a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders.	The Government of Sri Lanka, the sole shareholder does the appointments as well as the removals through the Minister in charge of the subject of Finance. Any resignation is also referred to the same Minister.
3(2)(xii)	A director or an employee of a bank shall not be appointed, elected or nominated as a director of another bank except where such bank is a subsidiary company or an associate company of the first mentioned bank.	Neither Directors nor employees of Bank of Ceylon are Directors of another Bank which is not a subsidiary, other than for the appointment of a Deputy General Manager to the Pradeshiya Sanwardana Bank under the Pradeshiya Sanwardana Bank Act No.41 of 2008 which requires that a Deputy General Manager of Bank of Ceylon nominated by the Board of Directors of Bank of Ceylon shall hold office as an Ex officio Director.

Principles		Level of Compliance
3(3) Criteria to assess the fitness and propriety of directors		
3(3)(i)	The age of a person who serves as director shall not exceed 70 years. In this context, the following general exemption shall apply: A director who has reached the age of 70 years as at January 1, 2008 or who would reach the age of 70 years prior to December 31, 2008 may continue in office for a further maximum period of 3 years commencing January 1, 2009.	None of the Directors of the Bank are over 70 years of age as at 31 December 2013.
3(3)(ii)	A person shall not hold office as a director of more than 20 companies / entities / institutions inclusive of subsidiaries or associate companies of the bank. In this context, the following general exemption shall apply:	Complied with.
3(3)(ii)(A)	If any person holds position of director in excess of the limitation as above, such person shall within a maximum period of three years from 1 January 2009 comply with the above-mentioned limitation and notify the Monetary Board accordingly.	Not applicable
3(4) Management functions delegated by the Board		
3(4)(i)	The directors shall carefully study and clearly understand the delegation arrangements in place.	Complied with. As per the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments the Board may delegate any of its powers (other than the power to appoint the General Manager) to any authorized officer and such delegation is subject to conforming to all regulations prescribed by the Board. The Board has the power to revoke such delegation. Delegation is done by the Board in a way that it does not hinder the ability of the Board.
3(4)(ii)	The board shall not delegate any matters to a board committee, chief executive officer, executive directors or key management personnel, to an extent that such delegation would significantly hinder or reduce the ability of the board as a whole to discharge its functions.	
3(4)(iii)	The board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the bank.	Complied with. Delegated powers are reviewed periodically and updated.

Principles		Level of Compliance
3(5) The Chairman and Chief Executive Officer		
3(5)(i)	The roles of chairman and chief executive officer shall be separate and shall not be performed by the same individual.	Complied with. The positions of the Chairman and the Chief Executive Officer referred to as the General Manager in Bank of Ceylon are held by two different individuals. A Board Charter is in place defining the responsibilities of the Chairman and the General Manager.
3(5)(ii)	The chairman shall be a non-executive director and preferably an independent director as well. In the case where the chairman is not an independent director, the board shall designate an independent director as the Senior Director with suitably documented terms of reference to ensure a greater independent element. The designation of the Senior Director shall be disclosed in the bank's Annual Report.	The Chairman of Bank of Ceylon is an Independent Non-Executive Director.
3(5)(iii)	The board shall disclose in its corporate governance report, which shall be an integral part of its Annual Report, the identity of the chairman and the chief executive officer and the nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the chairman and the chief executive officer and the relationships among members of the board.	Chairman – Dr Gamini Wickramasinghe until 08 January 2013. Mr Razik Zarook from 09 January 2013. The Chief Executive Officer (referred to as the General Manager in Bank of Ceylon), Mr K Dharmasiri till 07 January 2013 and Mr D M Gunasekara, from 08 January 2013. The above change of General Manager is due to the retirement from the Bank's service at the compulsory age of retirement. Declarations have been obtained from the Chairman and the General Manager and other Board members during the year 2013 that they have no relationships amongst each other as described in this Direction.
3(5)(iv)	The chairman shall: (a) provide leadership to the board; (b) ensure that the board works effectively and discharges its responsibilities; and (c) ensure that all key and appropriate issues are discussed by the board in a timely manner.	Complied with. The Chairman provides leadership to the Board and ensures that the Board functions effectively in discharging its responsibilities. The Board in a timely manner deliberates all key issues.

Principles		Level of Compliance
3(5)(v)	The chairman shall be primarily responsible for drawing up and approving the agenda for each board meeting, taking into account where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate the drawing up of the agenda to the company secretary.	Complied with. The Secretary to the Board / Secretary, Bank of Ceylon draws up the agenda under the authority delegated by the Chairman. The agenda is drawn up based on the memoranda submitted through the General Manager and any other relevant items proposed to be included by any Board member.
3(5)(vi)	The chairman shall ensure that all directors are properly briefed on issues arising at board meetings and also ensure that directors receive adequate information in a timely manner.	Complied with. The agenda and memoranda carrying adequate information is provided to all Directors in a timely manner around 6-7 days prior to the meeting through the new software system adopted using i-Pads. Any late memoranda are also submitted as much as possible prior to the date of the Board meeting through the same system. However, in the event of any urgent issue, in addition to the memoranda, detailed explanations are provided to the Board on the contents of the memoranda giving them adequate information to take decisions. The Chairman ensures the implementation of this process.
3(5)(vii)	The chairman shall encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the bank.	Complied with.
3(5)(viii)	The chairman shall facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.	The entire Board consists of Non-Executive Directors.
3(5)(ix)	The chairman shall not engage in activities involving direct supervision of key management personnel or any other executive duties whatsoever.	Complied with. The Chairman is an Independent Non-Executive Director and does not engage in activities involving direct supervision of Key Management Personnel.
3(5)(x)	The chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the board.	Complied with. Effective communication is maintained with the Government of Sri Lanka who is the sole shareholder. A representative of the Ministry in charge of the subject of Finance is always appointed as the Ex officio Director to the Board and views of the shareholder are thus communicated.
3(5) (xi)	Chief Executive Officer shall function as the apex executive-in-charge of the day-to day management of the bank's operations and business	Complied with. The Board Charter specifically refers to such authority of the General Manager.

Principles		Level of Compliance
3(6) Board appointed Committees		
3(6)(i)	Each bank shall have at least four board committees as set out in Directions 3(6)(ii), 3(6)(iii), 3(6)(iv) and 3(6)(v) of these Directions. Each committee shall report directly to the board. All committees shall appoint a secretary to arrange the meetings and maintain minutes, records, etc., under the supervision of the chairman of the committee. The board shall present a report of the performance on each committee, on their duties and roles at the annual general meeting.	Complied with. Four subcommittees of the Board (viz. Audit, Human Resources & Remuneration, Nomination & Corporate Governance and Integrated Risk Management) have been established as required under this Direction which are reporting directly to the Board by submitting the minutes together with the recommendations. The Secretary to the Board / Secretary, Bank of Ceylon has been appointed as the Secretary to all the Committees and maintains minutes etc. under the supervision of the Chairmen of the Committees. Structure of the subcommittees, reports on the performance of each committee and attendance of Directors are included in this Annual Report on pages 188, 189 to 197 and 149 respectively. Bank of Ceylon does not hold an Annual General Meeting. However, the sole shareholder's (Government of Sri Lanka) representative is a member on the Board, and looks after the interests of the shareholder.
3(6)(ii)	The following rules shall apply in relation to the Audit Committee: a) The chairman of the committee shall be an independent non-executive director who possesses qualifications and experience in accountancy and/or audit.	Mr V Kanagasabapathy, Alternate Director to the Ex officio Director, who is a Non-Executive Director who holds qualifications and experience in accountancy and audit, functioned as the Chairman of Audit Committee up to 29 January 2013. Mr R M A Ratnayakae was appointed as the Alternate Director to the Ex officio Director and he who holds qualifications and experience in accountancy and audit, functioned as the Chairman of the Audit Committee from 07 February 2013 until 18 June 2013. From 19 June 2013, Mr Lalith Withana, new Director appointed to the Board of Bank of Ceylon who holds qualifications and experience in accountancy and audit functions as the Chairman of the Audit Committee. The appointments of Alternate Directors as Chairmen, Audit Committee have been approved by the Central Bank of Sri Lanka.
	b) All members of the committee shall be non-executive directors.	Complied with. All members of the committee are Non- Executive Directors.

Principles	Level of Compliance
c) The committee shall make recommendations on matters in connection with:	
(i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes;	Not applicable. Since the Bank's Auditor is the Auditor General in terms of the Constitution of Sri Lanka. The Auditor General has appointed M/s Ernst & Young, Chartered Accountants (E&Y) to assist him in the audit of the Consolidated Financial Statements of the Bank and its subsidiaries for the year ended 31 December 2013.
(ii) the implementation of the Central Bank guidelines issued to auditors from time to time;	Complied with. Audit Committee has discussed and ratified issues regarding the Central Bank of Sri Lanka (CBSL) guidelines issued to the auditors on the requirement of disclosing in the Director's Statement on Internal Control on the reliability of the Financial Statements prepared and submitted by the auditors as per the CBSL Direction No. 11 of 2007.
(iii) the application of the relevant accounting standards; and	Complied with. Interim issues identified by the Auditors appraising the progress on compliance with regard to International Financial Reporting Standards (IFRS) were discussed at the Audit Committee and necessary recommendations were made.
(iv) the service period, audit fee and any resignation or dismissal of the auditor; provided that the engagement of the Audit partner shall not exceed five years, and that the particular Audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term.	Not applicable, in view of Auditor General being the Auditor of the Bank in terms of the Constitution of Sri Lanka.
d) The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Not applicable as the Bank's Auditor is the Auditor General in terms of the Constitution of Sri Lanka.

Principles	Level of Compliance
e) The committee shall develop and implement a policy on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines. In doing so, the committee shall ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity. When assessing the external auditor's independence or objectivity in relation to the provision of non-audit services, the committee shall consider: I. whether the skills and experience of the audit firm make it a suitable provider of the non-audit services; II. whether there are safeguards in place to ensure that there is no threat to the objectivity and/or independence in the conduct of the audit resulting from the provision of such services by the external auditor; and III. whether the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit firm, pose any threat to the objectivity and/or independence of the external auditor.	The Auditor General is the auditor of the Bank.

Principles	Level of Compliance
f) The committee shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including: (i) an assessment of the bank's compliance with the relevant Directions in relation to corporate governance and the management's internal controls over financial reporting; (ii) the preparation of financial statements for external purposes in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between firms where more than one audit firm is involved.	The Auditor General is the Auditor of the Bank. Scope and the extent of audit have been determined by the Auditor General and it is stated that E & Y who assists the Auditor General can make further changes/ amendments to the scope having considered the volume and risks associated.
g) The committee shall review the financial information of the bank, in order to monitor the integrity of the financial statements of the bank, its annual report, accounts and quarterly reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the bank's annual report and accounts and quarterly reports before submission to the board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.	Complied with. There is a continuing process carried out in reviewing monthly, quarterly and annual financials of the Bank by the Committee.

Principles	Level of Compliance
h) The committee shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel, if necessary.	The Committee discusses issues, problems and reservations arising from the interim and final audits. The Auditor General is the auditor of the Bank and his representative is present at all Audit Committee meetings and no request was made in the year under review to discuss any matter in the absence of the Management.
i) The committee shall review the external auditor's management letter and the management's response thereto.	Complied with. Follow up action is taken accordingly.
j) The committee shall take the following steps with regard to the internal audit function of the bank:	
I. Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work;	Complied with.
II. Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department;	Complied with.
III. Review any appraisal or assessment of the performance of the head and senior staff members of the internal audit department;	Complied with. Performance Appraisal of Chief Internal Auditor and the work process and results of the internal audit function have been evaluated by the Audit Committee. Performance evaluation of senior staff is carried out according to the Board approved evaluation process by the Chief Internal Auditor and is tabled before the Audit Committee.
IV. Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function;	Complied with. A new Internal Auditor under Chief Internal Auditor (CIA) has been appointed to the Bank with effect from 02 December 2013

Principles	Level of Compliance
V. Ensure that the committee is appraised of resignations of senior staff members of the internal audit department including the chief internal auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning;	Complied with.
VI. Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care;	Complied with. According to the Organization Structure of the Bank, the CIA reports directly to the Board through the Audit Committee and he is independent of any operations of the Bank.
k) The Committee shall consider the major findings of internal investigations and management's responses thereto.	Complied with.
l) The chief finance officer, the chief internal auditor and a representative of the external auditors may normally attend meetings. Other board members and the chief executive officer may also attend meetings upon the invitation of the committee. However, at least twice a year, the committee shall meet with the external auditors without the executive directors being present.	Complied with. The Chief Financial Officer, Chief Internal Auditor, General Manager, and representatives of the Auditor General participate at all Committee meetings. With the appointment of E & Y to assist the Auditor General, representatives of E & Y participated at meetings. In addition, Chief Risk Officer is also now invited to be present at all Audit Committee meetings. There are no executive Directors on the Bank's Board.
m) The committee shall have: (i) explicit authority to investigate into any matter within its terms of reference; (ii) the resources which it needs to do so; (iii) full access to information; and (iv) authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.	Complied with.

Principles		Level of Compliance
	n) The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied with. The Committee met regularly and gives due notice of the issues to be discussed. During the year under review the Committee met 8 times. The minutes are made and maintained of these Committee meetings.
	o) The board shall disclose in an informative way, (i) details of the activities of the audit committee; (ii) the number of audit committee meetings held in the year; and (iii) details of attendance of each individual director at such meetings.	Complied with. Activities of the Committee are reported in Audit Committee Report on pages 189 to 191. The Committee met 8 times during the year 2013 and details of attendance are given on page 149.
	p) The secretary of the committee (who may be the company secretary or the head of the internal audit function) shall record and keep detailed minutes of the committee meetings.	Complied with. Minutes are maintained by the Secretary to the Board / Secretary, Bank of Ceylon who is also the Secretary to the Committee.
	q) The committee shall review arrangements by which employees of the bank may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the bank's relations with the external auditor.	Complied with. A Whistle Blower Policy is in place which covers these aspects and significant findings were reported to the Audit Committee for appropriate follow-up action.
3(6)(iii)	The following rules shall apply in relation to the Human Resources and Remuneration Committee: a) The committee shall determine the remuneration policy (salaries, allowances and other financial payments) relating to directors, Chief Executive Officer (CEO) and key management personnel of the bank.	The Remuneration for Directors are according to the circulars/ letters issued by the Minister in charge of the subject of Finance and the Bank has also adopted a Remuneration Policy based on the said circulars. The Committee makes recommendations of the remuneration of the General Manager and Key Management Personnel once in three years and submit to the Board and finally obtains the approval of the Minister in charge of the subject of Finance.

Principles		Level of Compliance
	b) The committee shall set goals and targets for the directors, CEO and the key management personnel.	Targets for the Directors are not set since all of them are Non-Executive Directors. Goals and targets for the Key Management Personnel are prepared based on the Corporate Plan of the Bank. The General Manager is responsible for the implementation of the Corporate Plan through the Key Management Personnel. Performance on same is reviewed by the full Board. A separate evaluation of the performance of the CEO is also carried out on an annual basis by the full Board.
	c) The committee shall evaluate the performance of the CEO and key management personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	Arrangements have been made to review the performance through this subcommittee.
	d) The CEO shall be present at all meetings of the committee, except when matters relating to the CEO are being discussed.	Complied with.
3(6)(iv)	The following rules shall apply in relation to the Nomination Committee:	The Bank has established a Nomination and Corporate Governance Committee. In addition to the duties of the Nomination Committee given under this Direction, certain other duties pertaining to upholding the applicable Corporate Governance principles are included under the Terms of Reference of this Committee.
	a) The committee shall implement a procedure to select/appoint new directors, CEO and key management personnel.	The Directors are appointed by the Minister in charge of the subject of Finance and hence the Committee plays no role in that regard. There is a Board approved procedure/scheme for the selection / appointment of the staff of Bank of Ceylon including Key Management Personnel.
	b) The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the performance and contribution made by the director concerned towards the overall discharge of the board's responsibilities.	Not applicable, since the Directors are appointed by the Minister in charge of the subject of Finance.

Principles		Level of Compliance
	c) The committee shall set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the key management positions.	The General Manager is appointed based on the Bank's accepted procedure with the approval of the Board of Directors and the Minister in charge of the subject of Finance as specified in the Bank of Ceylon Ordinance No.53 of 1938 and its amendments. The Board approved promotion schemes stipulate the attributes required to be eligible to be selected or promoted to the other key management positions. Further Human Resource & Remuneration Committee has reviewed the existing criteria.
	d) The committee shall ensure that directors, CEO and key management personnel are fit and proper persons to hold office as specified in the criteria given in Direction 3(3) and as set out in the Statutes.	Complied with.
	e) The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and key management personnel.	The Directors are appointed by the Minister in charge of the subject of Finance. A Succession Plan for the General Manager and the Key Management Personnel are in place.
	f) The Committee shall be chaired by an Independent Director and preferably be constituted with a majority of Independent Directors. The CEO may be present at meetings by invitation.	Complied with. Please refer the report of the Committee given on pages 194 and 195 of this Annual Report for details in this regard.

Principles		Level of Compliance
3(6)(v)	The following rules shall apply in relation to the Integrated Risk Management Committee: a) The committee shall consist of at least three non-executive directors, chief executive officer and key management personnel supervising broad risk categories, i.e., credit, market, liquidity, operational and strategic risks. The committee shall work with key management personnel very closely and make decisions on behalf of the board within the framework of the authority and responsibility assigned to the committee.	As per the terms of reference, the Committee consists of three Non-Executive Directors, the General Manager and Chief Risk Officer (CRO) who supervises broad risk categories as detailed in this Direction. The Chief Financial Officer (CFO) and Chief Internal Auditor also participate at all Committee meetings at the request of the Committee. Any other Key Management Personnel and other staff are invited as and when the Committee needs their presence.
	b) The committee shall assess all risks, i.e., credit, market, liquidity, operational and strategic risks to the bank on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be done, both on a bank basis and group basis.	Independent Integrated Risk Management Division of the Bank assesses the credit, market, liquidity, operational, strategic and reputational risks of the Bank on a monthly basis and the summary reports are submitted to the Committee at least quarterly and then to the next immediate Board meeting. In the case of subsidiaries and associates a risk management dash board has been developed to address the risks and it is being implemented.
	c) The Committee shall review the adequacy and effectiveness of all management level committees such as the credit committee and the asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Risk indicators which have gone beyond the specified quantitative and qualitative risk limits are submitted to the Committee.
	d) The Committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the bank's policies and regulatory and supervisory requirements.	Specific quantitative and qualitative risks which went beyond the limits were monitored by the Chief Risk Officer and reported direct to the Committee based on the severity of the issues involved.

Principles	Level of Compliance
e) The Committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.	Complied with. During the year, the committee has had five meetings. Details of meetings and attendance are given on page 149.
f) The Committee shall take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee, and/or as directed by the Director of Bank Supervision.	Formal documented disciplinary action procedure involving Internal Audit and Human Resource is in place in the Bank.
g) The Committee shall submit a risk assessment report within a week of each meeting to the board seeking the board's views, concurrence and/or specific directions.	The minutes of the meetings are submitted to the next immediate Board meeting together with the recommendations and Risk Management Reports.
(h) The Committee shall establish a compliance function to assess the bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated compliance officer selected from key management personnel shall carry out the compliance function and report to the committee periodically.	The Bank has established a separate compliance function to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. A Compliance Officer (who is now designated as a Key Management Person) is appointed at the Bank and he submits quarterly compliance reports to the committee. Compliance function will initiate further action to asses the Bank's regulatory guidlines, internal controls and approved policies on all areas of business operations.

Principles		Level of Compliance
3(7) Related party transactions		
3(7)(i)	The board shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the bank with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction: a) Any of the bank's subsidiary companies; b) Any of the bank's associate companies; c) Any of the directors of the bank; d) Any of the bank's key management personnel; e) A close relation of any of the bank's directors or key management personnel; f) A shareholder owning a material interest in the bank; g) A concern in which any of the bank's directors or a close relation of any of the bank's directors or any of its material shareholders has a substantial interest.	A policy on Related Party Transactions covering related parties, their transactions, and restrictions on offering more favaourable treatment has been adopted. Transactions are monitored through an automated system. Transactions carried out with related parties in the normal course of business are disclosed in Note 55 on "Related Party Disclosures" from page 332 of this Annual Report.

Principles		Level of Compliance
3(7)(ii)	The type of transactions with related parties that shall be covered by this Direction shall include the following: a) The grant of any type of accommodation, as defined in the Monetary Board's Directions on maximum amount of accommodation, b) The creation of any liabilities of the bank in the form of deposits, borrowings and investments, c) The provision of any services of a financial or non-financial nature provided to the bank or received from the bank, d) The creation or maintenance of reporting lines and information flows between the bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties.	Complied with. Information in this regard, is disclosed in Note 55 on "Related Party Disclosures" statement.

Principles		Level of Compliance
3(7)(iii)	The board shall ensure that the bank does not engage in transactions with related parties as defined in Direction 3(7)(i) above, in a manner that would grant such parties "more favourable treatment" than that accorded to other constituents of the bank carrying on the same business. In this context, "more favourable treatment" shall mean and include treatment, including the: a) Granting of "total net accommodation" to related parties, exceeding a prudent percentage of the bank's regulatory capital, as determined by the board. For purposes of this sub-direction: I. "Accommodation" shall mean accommodation as defined in the Banking Act Directions, No.7 of 2007 on Maximum Amount of Accommodation. II. The "total net accommodation" shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related parties in the bank's share capital and debt instruments with a maturity of 5 years or more. b) Charging of a lower rate of interest than the bank's best lending rate or paying more than the bank's deposit rate for a comparable transaction with an unrelated comparable counterparty; c) Providing of preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, that extend beyond the terms granted in the normal course of business undertaken with unrelated parties; d) Providing services to or receiving services from a related-party without an evaluation procedure; e) Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions.	Complied with. The Board takes necessary steps to avoid any conflicts of interest that may arise from any transaction of the Bank with its related parties in the manner declared under 3(7)(i). Monitoring mechanism to identify favourable treatment is available and this will be further strengthened.

Principles		Level of Compliance
3(7)(iv)	A bank shall not grant any accommodation to any of its directors or to a close relation of such director unless such accommodation is sanctioned at a meeting of its board of directors, with not less than two-thirds of the number of directors other than the director concerned, voting in favour of such accommodation. This accommodation shall be secured by such security as may from time to time be determined by the Monetary Board as well.	Complied with.
3(7)(v)	a) Where any accommodation has been granted by a bank to a person or a close relation of a person or to any concern in which the person has a substantial interest, and such person is subsequently appointed as a director of the bank, steps shall be taken by the bank to obtain the necessary security as may be approved for that purpose by the Monetary Board, within one year from the date of appointment of the person as a director. b) Where such security is not provided by the period as provided in Direction 3(7)(v)(a) above, the bank shall take steps to recover any amount due on account of any accommodation, together with interest, if any, within the period specified at the time of the grant of accommodation or at the expiry of a period of eighteen months from the date of appointment of such director, whichever is earlier. c) Any director who fails to comply with the above sub-directions shall be deemed to have vacated the office of director and the bank shall disclose such fact to the public. d) This sub-direction, however, shall not apply to a director who at the time of the grant of the accommodation was an employee of the bank and the accommodation was granted under a scheme applicable to all employees of such bank.	Such situation has not arisen during the year 2013. The automated system in place mentioned under 3(7)(i) facilitates compliance with this Direction.

Principles		Level of Compliance
3(7)(vi)	A bank shall not grant any accommodation or "more favorable treatment" relating to the waiver of fees and/or commissions to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than on the basis of a scheme applicable to the employees of such bank or when secured by security as may be approved by the Monetary Board in respect of accommodation granted as per Direction 3(7)(v) above.	No accommodation has been granted to any employee, their close relations or to any concern in which they have substantial interest of the Bank on more favorable terms unless under general staff loan schemes applicable to all employees of the Bank. Circular instructions have been issued in this regard.
3(7)(vii)	No accommodation granted by a bank under Direction 3(7)(v) and 3(7)(vi) above, nor any part of such accommodation, nor any interest due thereon shall be remitted without the prior approval of the Monetary Board and any remission without such approval shall be void and of no effect.	Complied with. Such a situation has not arisen during the year 2013.
3(8) Disclosures		
3(8)(i)	The board shall ensure that: a) annual audited financial statements and quarterly financial statements are prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards, and that b) such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.	Complied with.

Principles		Level of Compliance
3(8)(ii)	The board shall ensure that the following minimum disclosures are made in the Annual Report:	
	a) A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	Complied with. Disclosed in the "Annual Report of the Directors on the State of Affairs of the Bank" on page 212.
	b) A report by the board on the bank's internal control mechanism that confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	Complied with. Disclosed in the "Directors' Statement on Internal Control" on pages 221 and 222 of this Annual Report.
	c) The Assurance Report issued by the auditors under "Sri Lanka Standard on Assurance Engagements SLSAE 3050 – Assurance Reports for Banks on Directors' Statements on Internal Control".	Board has obtained the Assurance Report issued by the auditors under "Sri Lanka Standard on Assurance Engagements SLSAE 3050 –Assurance Reports for Banks on Directors' Statements on Internal Control". It is given on pages 221 and 222 of this Annual Report.
	d) Details of directors, including names, fitness and propriety, transactions with the bank and the total of fees/ remuneration paid by the bank.	Complied with. Please refer pages 42 to 45 for details of Directors, pages 332 to 339 on Related Party Disclosures for transactions and fees and page 255 for specific amount on Directors' fees.
	e) Total net accommodation as defined in 3(7)(iii) granted to each category of related parties. The net accommodation granted to each category of related parties shall also be disclosed as a percentage of the bank's regulatory capital.	Complied with. Please refer pages from 332 to 339.

Principles		Level of Compliance
	f) The aggregate values of remuneration paid by the bank to its key management personnel and the aggregate values of the transactions of the bank with its key management personnel, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the bank.	Complied with. Please refer page 255 under "Related Party Disclosures".
	g) A confirmation by the Board of Directors in its Annual Corporate Governance Report that all the findings of the "Factual Finding Reports" of Auditors issued under "Sri Lanka Related Services Practice Statement 4750" have been incorporated in the Annual Corporate Governance Report provided that auditors confirm to the Director of Bank supervision to this effect.	Complied with at the end of this report. Any recommendations made by the Auditor General will be dealt within 2014.
	h) A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliances.	Complied with. Please refer page 208 of this Annual Report. There were no material non-compliance to prudential requirements, regulations, laws and internal controls affecting the Bank.
	i) A statement of the regulatory and supervisory concerns on lapses in the bank's risk management, or non-compliance with these Directions that have been pointed out by the Director of Bank Supervision, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the bank to address such concerns	No such situation has arisen.
3(9)	Transitional and other general provisions	
3(9)(i)	Compliance with this Direction shall commence from January 1, 2008 onwards and all licensed commercial banks shall fully comply with the provisions of this Direction by or before January 1, 2009 except where extended compliance dates have been specifically provided for in this Direction	Complied with.

Principles		Level of Compliance
3(9)(ii)	In respect of the banks that have been incorporated by specific statutes in Sri Lanka, the boards as specified in such statutes shall continue to function in terms of the provisions of the respective statutes, provided they take steps to comply with all provisions of this Direction that are not inconsistent with the provisions of the respective statutes.	Bank of Ceylon has taken all possible measures to comply with all applicable provisions of this Direction that are not inconsistent with the provisions of Bank of Ceylon Ordinance No.53 of 1938 and its amendments, the enabling enactment. Any non-compliances and where Bank of Ceylon has continued to function in terms of the provisions of the statutes applicable to it has been specifically mentioned above against the relevant sections.
3(9)(iii)	A summary of the parent Bank's annual corporate governance report shall be published in the press in Sinhala, Tamil and English along with the publication of annual audited financial statements.	Not applicable.
3(9)(iv)	This Direction shall apply to the branches of the foreign banks operating in Sri Lanka to the extent that it is not inconsistent with the regulations and laws applicable in such bank's country of incorporation. The branch of a foreign bank shall also publish its parent bank's annual corporate governance report together with its annual report and accounts of the branch operations in Sri Lanka.	Not applicable.
3(9)(v)	If for any reason such as ill health or any incapacity as provided in the Banking Act, the Monetary Board considers that exemptions referred to in Directions 3(2)(ii)B, 3(3)(i)A and 3(3)(ii)A should not be availed of, such ground may be notified to the person by the Monetary Board, and after a hearing, the Monetary Board may limit the period of exemption.	Not applicable.
3(9)(vi)	In the event of a conflict between any of the provisions of this Direction and the Articles of Association (or Internal Rules) pertaining to any bank, the provisions of this Direction shall prevail. However, if the Articles of Association of an individual bank set a more stringent standard than that specified in this Direction, such provisions in the Articles of Association may be followed.	Not applicable.

Compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka & the Institute of Chartered Accountants of Sri Lanka are indicated below -

Subject	Disclosure	Response
Chairman and General Manager		
	If Chairman and General Manager is one and the same person, disclose the Name of the Chairman/General Manager and Senior Independent Director appointed and justification of the decision to combine the positions	The posts of Chairman and General Manager are held by two individuals.
Board Balance		
	• Should identify the Independent Non-Executive Directors.	
• If a Non-Executive Director is identified as "Independent", notwithstanding the existence of any of the factors, given in the Direction the reason for such determination should be disclosed.	Independent Directors are identified as per the Banking Act Direction No.11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank of Sri Lanka.	
Appointment of New Directors	When new directors are appointed, the following details should be disclosed. • a brief resume of each such director; • the nature of his expertise in relevant functional areas; • the names of companies in which the Director holds directorships or memberships in board committees; and • whether such director can be considered independent.	Complied with.
Appraisal of Board performance	Should disclose how performance evaluations have been conducted.	By completing a questionnaire leading to a self evaluation and thereafter collating them and analysing for final outcome to be implemented.

Subject	Disclosure	Response
Board Related Disclosures	The following details pertaining to each Director should be disclosed.	Complied with. Please refer following pages of this Annual Report –
	• name, qualification and brief profile;	Pages 42 to 45
	• the nature of his/her expertise in relevant functional areas;	Pages 42 to 45
	• immediate family and/or material business relationships with other directors of the Company;	Directors have confirmed that they have no such relationships.
	• names of other listed companies in Sri Lanka in which the Director concerned serves as a director;	Pages 42 to 45
	• names of companies in which the Director concerned serves as a director and/or the fact that he/she holds other directorships in the Group Companies;	Pages 42 to 45
	• number/percentage of board meetings of the Company attended during the year;	Page 149
	• names of the Committees in which the Director serves as the Chairman or a member; and	Pages 42 to 45
	• number/percentage of committee meetings attended during the year.	Page 149
Disclosure of Remuneration	• A Statement of Remuneration Policy and details of remuneration of the Board as a whole.	Please refer page 192 for information on Remuneration Policy. Please refer page 333 for remuneration of the Board for year 2013.
Major Transactions	All Major Transactions entered into by the Company should be disclosed.	Complied with.
Audit Committee	• Names of the Members of the Audit Committee should be disclosed.	Names of Members of the Audit Committee are given in the Audit Committee Report on page 189.
	• Basis for determining the independence of auditors.	The Auditor of the Bank is the Auditor General as enshrined in the Constitution of Sri Lanka. The independence of the Auditor General is ensured by the Constitution.

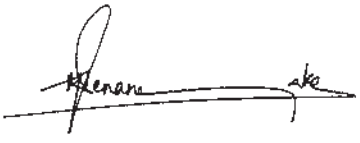
Subject	Disclosure	Response
Code of Business Conduct and Ethics	• Should disclose whether the Company has a Code of Business Conduct & Ethics for directors and members of the senior management team.	Bank has a Code of Ethics for Directors. There is a separate Code of Ethics for employees.
	• Should also disclose an affirmative declaration that they have abided by such Code.	Compliance certificates are obtained annually.
	• The Chairman must certify that he/she is not aware of any violation of any of the provisions of this Code.	Complied with.
Going Concern	Should report that the Company is a going concern, with supporting assumptions and qualifications as necessary.	Complied with.
Members of Remuneration Committee	The names of members of Remuneration Committee should be disclosed in the Remuneration Committee Report	Complied with. Names of the Members of Remuneration Committee are given in the Human Resources and Remuneration Committee Report on page 192 of this Annual Report.
Directors Report	Should contain the following declarations made by the Directors	Complied with.
	• The Company has not engaged in any activities, which contravenes laws and regulations;	Bank has only one shareholder, the Government of Sri Lanka.
	• The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;	
	• The Company has made all endeavours to ensure the equitable treatment of shareholders;	
	• The business is a going concern with supporting assumptions or qualifications as necessary; and	
	• They have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence herewith.	
Financial Statements	• The Board of Directors should include a Statement of Responsibility for the preparation and presentation of financial statements.	Complied with. Refer page 224.
	• Auditors should also have a statement about their reporting responsibility	

Subject	Disclosure	Response
Management Report	Should include a 'Management Discussion and Analysis Report' discussing at least the following issues: • industry structure and developments; • opportunities and threats; • risks and concerns; • internal control systems and their adequacy; • social and environmental protection activities carried out by the Company; • financial performance; • material developments in human resources/industrial relations; and • prospects for the future.	Complied with. Disclosed in this Annual Report
Corporate Governance Report	Should disclose the manner and extent to which the Company has complied with the principles and provisions of the Code.	Complied with by this exercise.
Audit Committee Report	Should set out the work carried out by the Committee.	Complied with. Please refer pages 189 to 191

Confirmation of the Board of Directors that all the findings of the Auditor General have been incorporated in the Corporate Governance Report

The Board of Directors confirms that all the findings of the "Factual Findings Report" of the Auditor General issued under "Sri Lanka Related Services Practice Statement 4750" have been incorporated in this Corporate Governance Report.
The Auditor General has confirmed to the Central Bank of Sri Lanka to this effect.

By order of the Board



Janaki Senanayake Siriwardane
Secretary, Bank of Ceylon / Secretary to the Board

31 March 2014
Colombo

BOARD AND BOARD SUBCOMMITTEES

MEMBERSHIP OF THE BOARD SUBCOMMITTEES

Audit Committee

Chairman

Mr Lalith Withana - from 19.06.2013 to date
Mr R M A Ratnayake - from 07.02.2013 to 18.06.2013
(Alternate to Ex officio Director)
Mr V Kanagasabapathy - until 29.01.2013

Members

Mr Raju Sivaraman
Mr K L Hewage - until 06.06.2013
Mr K M Mahinda Siriwardana
(Ex officio Director) - from 18.06.2013 to 28.01.2014
Ms K M A N Daulagala
(Ex officio Director) - from 06.02.2014 to date

Integrated Risk Management Committee

Chairman

Mr Lalith Withana - *Chairman* From 19.06.2013 to date
Mr K M Mahinda Siriwardana
(Ex officio Director) - from 15.05.2013 to 18.06.2013
Mr S R Attygalle
(Ex officio Director) - until 23.04.2013

Members

Mr Raju Sivaraman
Mr K M Mahinda Siriwardana
(Ex officio Director) - from 19.06.2013 to 28.01.2014
Ms K M A N Daulagala
(Ex officio Director) - from 06.02.2014 to date

Human Resource & Remuneration Committee

Chairman

Mr Raju Sivaraman - from 02.01.2014 to date
Mr Razik Zarook - from 19.06.2013 until latter part of 2013
Ms Nalini D Abeywardene - until 18.06.2013

Members

Mr Chandrasiri de Silva
Mr K L Hewage - until 06.06.2013
Ms Nalini D Abeywardene - from 19.06.2013 to date

Nomination & Corporate Governance Committee

Chairman

Mr Raju Sivaraman

Members

Mr S R Attygalle
(Ex officio Director) - until 23.04.2013
Mr K L Hewage - until 06.06.2013
Mr Lalith Withana - from 19.06.2013 to date
Mr Chandrasiri de Silva - from 19.06.2013 to date

AUDIT COMMITTEE REPORT

Roles of the Committee

The Audit Committee functioned in terms of the Audit Committee Charter approved by the Board which is regularly reviewed and updated.

The main roles and responsibilities, which are clearly identified in the Charter of the Audit Committee, include inter alia; the following;

- Reviewing the financial information of the Bank in order to monitor the integrity of the Bank's financial statements, its annual report, accounts etc.
- Monitoring, reviewing and evaluating the adequacy and effectiveness of the Bank's internal audit function.
- Reviewing the internal audit reports, external audit management letters and subsequent follow up audits together with Management's responses to them.
- Evaluating the adequacy and effectiveness of internal controls.
- Ensuring that the Board is made aware of matters which may significantly impact the financial condition or affairs of the business, in a timely manner.
- Regularly update the Board about Committee activities and make appropriate recommendations.

Composition and Quorum

The Audit Committee comprises three Non-Executive Directors of the Board. The following Directors served as the members of the Committee during the year under review -

Chairman		
Mr Lalith Withana	-	From 19.06.2013 to date
Mr R M A Ratnayake *(Alternate to Ex officio Director)*	-	From 07.02.2013 to 18.06.2013
Mr V Kanagasabapathy *(Alternate to Ex officio Director)*	-	until 29.01.2013
Members		
Mr Raju Sivaraman		
Mr K L Hewage	-	until 06.06.2013
Mr K M Mahinda Siriwardana	-	From 18.06.2013

Mr V Kanagasabapathy, Alternate to Ex officio Director ceased to be the Chairman of the Committee with his departure from the Ministry of Finance & Planning on his retirement from the Government service. Mr R M A Ratnayake, new Alternate to Ex officio Director who was appointed as the Chairman of the Committee from 07 February 2013 ceased to be the Chairman of the Committee with the appointment of Mr Lalith Withana, a Chartered Accountant, to the Board. Mr K M Mahinda Siriwardana ceased to be a member with the appointment of Ms K M A Nelumani Daulagala as the Ex officio Director of the Bank and then to the Audit Committee on 06 February 2014.

According to Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka (CBSL), the Chairman of the Audit Committee should be independent and hold qualifications and experience in accountancy and/or audit. During the year under review, Bank of Ceylon used the services of Mr V Kanagasabapathy, a Chartered Accountant and Mr R M A Ratnayake, a Class 1 Member of the Sri Lanka Accountants' Service and a Fellow Member of the Institute of Public Finance Accountants of Sri Lanka with experience in the fields required who were the consecutive Alternate Directors to the Ex officio Directors on the Board. Mr Kanagasabapathy and Mr Ratnayake could not be considered independent in terms of the definition given for an Independent Director in the said Direction as they represent the Government of Sri Lanka which is the sole shareholder of the Bank. Since the Directors of the Bank are appointed by the Minister in charge of the subject of Finance, in terms of the Bank of Ceylon Ordinance No.53 of 1938 and its amendments, the Bank had resorted to the above measure in the best interest of the Bank. CBSL has approved this arrangement.

Presently the Bank's Audit Committee is chaired by Mr Lalith Withana, an Independent Non Executive Director who is a Chartered Accountant with experience in the fields required.

The wide range of experience brought to the Committee from positions held by the present members can be seen from the Directors' biographical details appearing on pages 42 to 45.

The quorum of the Committee is two members.

The General Manager, a representative of the Auditor General (External Auditor of the Bank), the Chief Internal Auditor, Chief Financial Officer and Chief Risk Officer of the Bank are present

at the meetings. Officials from M/s. Ernst and Young, Chartered Accountants (E&Y) who were the external auditors appointed by the Auditor General to assist him in the annual audit of the Consolidated Financial Statements of the Bank and its subsidiaries for the year 2013 were also present at the meetings.

The other members of the Management and other staff members of the Bank are invited to attend the meetings when the Committee requires their presence. The Secretary, Bank of Ceylon/Secretary to the Board functions as the Secretary to the Committee.

Meetings and Activities

The Committee met 8 times during the year under review. The attendance of Committee members at meetings is given in the table on page 149. For all these meetings due notice of meetings together with details/memoranda for discussion were made available.

The Committee carried out the following activities during the year under review -

Internal Audit

Internal Audit of the Bank is carried out by the Internal Audit Division headed by the Chief Internal Auditor in terms of the Charter which is regularly reviewed and updated by the Committee.

- Effectiveness of the implementation of the Internal Audit Plan for year 2013 was monitored by way of regular reports and appropriate follow up action were taken where necessary.
- Reviewed significant internal audit findings and Management's responses thereto with a view to taking timely corrective action to avoid recurrence in future and to ensure that internal controls are effective.
- Developed the Internal Control Matrix for year 2013 in order to support the internal control certification process.
- Reviewed the follow up audit carried on the Treasury findings.
- Reviewed investigation reports and necessary internal controls were strengthened/introduced.
- The Audit Committee has now approved the Audit Plan of the Internal Audit Division for year 2014.
- Reviewed the outcome of the Audit Report Review Meetings.

External Audit

External Audit is carried out by the Auditor General in terms of the Constitution of the country who was assisted by E&Y during the year 2013.

- E & Y presented the Financial Audit Plan for year 2013 and noted the action to be carried out during the year.
- Reviewed the report of the Auditor General to the Parliament of Sri Lanka on the accounts of the Bank for the year ended 31 December 2012, Management Letter, Management's responses thereto and followed up on the corrective measures taken by the Bank to avoid recurrence of the issues highlighted.
- Reviewed the outcome of the meeting of the Parliamentary Committee on Public Enterprises which discussed the matters referred to in the Auditor General's Report to the Parliament on the accounts of the Bank for the year ended 2011.

Information Systems Audit

- Reviewed the progress of the implementation of the recommendations made on the Information Systems of the Bank subsequent to a review carried out of them.
- Recommended the procurement of necessary audit tools for the Information Systems Audit Unit.

Examination by the Regulator

- Reviewed the quarterly reports submitted to CBSL on the Statutory Examinations carried out by CBSL and followed up on outstanding issues.

Financial Reporting

- Assisted the Board in ensuring that annual audited Financial Statements and quarterly Financial Statements are prepared and published in accordance with the requirements prescribed by the supervisory and regulatory authorities and applicable accounting standards.

This year being the second year that the Financial Statements are prepared in accordance with the new Accounting Standards (SLFRS and LKAS), the Committee closely monitored and followed up on the progress of preparation and presentation of the Financial Statements under these standards and resolved the interim issues identified by the Auditors. A special unit established under the Chief Financial Officer with qualified accountants to bring in professionalism assisted in the task.

- Reviewed the necessity to introduce checks and balances available in the Bank with new Accounting Standards.
- Reviewed quarterly Financial Statements for publication.
- Reviewed the monthly Financial Statements.

Supervision and Audit of Subsidiaries and Associates of Bank of Ceylon

- In order to strengthen the group performance, a follow up meeting was held with the subsidiaries and associates to discuss their performance based on the Subsidiaries Management Charter.
- Based on the Policy on Internal Audit of the Subsidiaries which provides for assistance in their internal audit functions, recommended carrying out audit of certain subsidiaries and associates.
- With a view to strengthening the group performance, assessed the performance of the subsidiaries and associates of Bank of Ceylon on quarterly basis highlighting any issues of concern and action that has to be taken to rectify them.

Staff Requirements

- Recommended the recruitment of an Internal Auditor.
- In order to enhance the professionalism, facilitated the appointment of qualified Chartered Accountants to both Internal Audit and the Finance & Planning Divisions.
- Reviewed the mode of carrying out the audit function of the Bank to assist in the staffing requirements relevant to Audit.

Other Activities

- Reviewed/revised Policies on Conflict of Interest and Related Party Transactions.
- Reviewed the Islamic Banking operation in the Bank and the relevant accounting process.

Minutes / Reporting to the Board

Adequate minutes of the Committee proceedings are maintained at the Board Secretariat. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and approval of the Board thus is obtained for implementation of the recommendations made by the Committee. Follow up action is taken on outstanding matters on a regular basis.

Procedure for Complaints

The Committee reviewed the reports submitted based on the Whistle – Blower policy which was in place during the year under review indicating procedure for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal control and audit matters etc.

Conclusion

The members of the Audit Committee collectively evaluated and reviewed the performance of the Audit Committee, Chief Internal Auditor, senior staff under him and the Internal Audit functions of the Bank. The Committee is confident that the internal audit function of the Bank is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care. The Audit Committee regularly reviews the adequacy of the Internal Controls of the Bank.

Statement on Internal Control by the Directors and Auditor General's report on it is given on pages 221 to 223 of this Annual Report. Accordingly the Committee is of the view that necessary 'checks & balances' are in place to provide reasonable assurance that the Bank's assets are safeguarded and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.

The Committee also wishes to place on record an appreciation for Mr V Kanagasabapathy and Mr R M A Ratnayake former Chairmen of the Audit Committee during the year for the contributions made by them towards the Audit Committee activities.

On behalf of the Audit Committee.

Mr Lalith Withana
Chairman, Audit Committee

13 March 2014
Colombo.

HUMAN RESOURCES & REMUNERATION COMMITTEE REPORT

Roles of the Committee

The main responsibilities of the committee, which are mainly based on the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank of Sri Lanka are as follows –

- Determining the remuneration policy (salaries, allowances and other financial payments) relating to the General Manager (GM) and Key Management Personnel (KMP) of the Bank.
- Setting goals and targets for the GM and KMP.
- Evaluating the performance of the GM and KMP against the set targets and goals periodically and determining the basis for revising remuneration, benefits and other payments of performance based incentives.
- Reviewing staff matters referred to it by the Board.
- Determining the Human Resource Policy and Organizational Structure of the Bank.

In the Bank, the Directors, GM, Deputy General Managers (DGMs) , members of staff in the allied grade and the Compliance Officer are considered as KMP.

Goals and targets for GM and DGMs are embodied in the rolling Corporate Plan and Action Plan imbedded therein. The GM is responsible for the implementation of the Corporate Plan through DGMs. With regard to evaluating their performance the procedure adopted in the Bank is for GM to evaluate DGMs based on the achievements on the Action Plan and report to the Board for their review and evaluation. In future these evaluations and reviews would be carried out through this committee and necessary recommendations would be made to the Board. Targets for Directors are not given since all the Directors are Non-Executive.

Composition and Quorum

The Committee comprises of four members of the Board. The Chairperson of the Committee is a Non-Executive Director. The Committee structure during the year under review and immediately thereafter is given below -

* Mr Raju Sivaraman - Chairman

Mr Chandrasiri de Silva

Ms Nalini D Abeywardene

* Ms Abeywardene, Director, ceased to be the Chairman of the Committee with effect from 18 June 2013 with the appointment of Mr Razik Zarook, Chairman, Bank of Ceylon as the Chairman of the Committee. He continued to serve on the Committee as its Chairman during his tenure as Chairman of Bank of Ceylon.

** Mr K L Hewage, Director, ceased to be a member of the Committee with effect from 06 June 2013 with the ending of his 3 year period as a Director of Bank of Ceylon.

Mr Raju Sivaraman, Acting Chairman of Bank of Ceylon who was a member of the Committee during the year 2013 was appointed as the Chairman of the Committee with effect from 02 January 2014.

The quorum of the Committee is two members. The GM is present at all meetings except when matters relating to the GM are discussed. The other members of the staff are invited to attend the meetings when the Committee requires their presence. The Secretary, Bank of Ceylon/Secretary to the Board functions as Secretary to the Committee.

Meetings and Activities

The Committee has met 4 times during the year under review. The attendance of members at meetings is given in page 149. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and approval of the Board thus is obtained for implementation of the recommendations made by the Committee. Follow up action is taken on outstanding matters on a regular basis.

According to aforesaid Banking Act Direction No. 11 of 2007, this Committee has to determine the Remuneration Policy relating to Directors. However, in the case of Bank of Ceylon, the remuneration of Directors is determined in accordance with the circulars and instructions issued by the Ministry of Finance & Planning on behalf of the Government of Sri Lanka, the sole shareholder of the Bank. The provisions in the Bank of Ceylon Ordinance No.53 of 1938 and its amendments, the Act of Parliament that established Bank of Ceylon are also taken into consideration with regard to the Directors' remuneration and

benefits given to them. Bank has a Remuneration Policy in place prepared based on the above provisions, which is reviewed as and when new regulations are issued by the Ministry. This policy was revised within the year under review. The details of the remuneration given to Directors are fully disclosed in the Annual Report on a yearly basis.

The remuneration of employees is revised once in 3 years with the approval of the Minister in charge of the subject of Finance in accordance with the provisions of Bank of Ceylon Ordinance. Prior to finalizing the salaries of the Senior Management (viz. GM, DGMs and Assistant General Managers), the Committee deliberates on the proposals and makes its recommendation.

During the year under review, the Committee carried out the following activities -

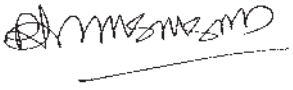
- Reviewed/revisited the Appeal Policy and Procedure.
- Revamped the evaluation criteria for the recruitment of Management Trainees.
- Recommended sending selected employees for full time Master's Degrees to recognized foreign universities/ institutions in order to enhance their professionalism and identifying training needs.
- Implemented a new Performance Potential Appraisal System for Junior Executive Officers and above grades.
- Recommended the new grading procedure for dealers attached to the Treasury Division.
- Recommended the deployment of students under the Job Skills Development Programme for school leavers.
- Evaluated the performance of the Committee and submitted to the Board.

Conclusion

The Committee shall continue to assist the Board in its oversight responsibilities in regard to human resource and remuneration matters.

The Committee also wishes to place on record an appreciation for Mr Razik Zarook, former Chairman of the Committee for the tremendous contribution made by him towards the improvement of human resource practices of the Bank.

On behalf of the Human Resources & Remuneration Committee.



Mr Raju Sivaraman
Chairman, Human Resources & Remuneration Committee

13 March 2014
Colombo.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Roles of the Committee

The Committee is mainly responsible for the following -

- Implementing procedures to select/appoint the General Manager (GM) and Key Management Personnel (KMP).
- Setting the criteria such as qualifications, experience and key attributes for eligibility to be considered for appointment or promotion to the post of GM and the key management positions.
- Ensuring that GM and KMP are fit and proper persons to hold office as specified in the criteria given in Direction No. 3(3) of the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank of Sri Lanka and as set out in the statutes.
- Considering and recommending from time to time, the requirements of additional/ new expertise and succession arrangements for KMP.
- Determining the methods and execution of the annual evaluations of the Board's and each Board Committee's effectiveness and supporting the annual performance evaluation process.
- Reviewing periodically the Bank's Code of Ethics.

The Composition of the Committee

The Committee comprises of three members of the Board. The Chairman of the Committee is a Non-Executive Independent Director. The Committee structure during the year under review is described below -

	Mr Raju Sivaraman	-	Chairman
*	Mr Chandrasiri de Silva	-	Member
**	Mr Lalith Withana	-	Member

* Mr Chandrasiri de Silva, Director was appointed as a member of this Committee with effect from 19 June 2013 in place of Mr S R Attygalle, Ex officio Director, who ceased to be a member of the Committee.

** Mr Lalith Withana, Director was appointed as a member with effect from 19 June 2013 in place of Mr K L Hewage, Director who ceased to be a member of the Committee with the ending of his 3 year period as a Director of Bank of Ceylon.

The General Manager attends the meetings by invitation. Other members of staff are invited to attend the meetings when the Committee requires their presence. The Secretary, Bank of Ceylon / Secretary to the Board functions as the Secretary to the Committee.

Meetings

The Committee met 4 times during the year under review. The attendance of Committee Members at meetings is given on page 149.

Reporting to the Board

All minutes of the Committee meetings are tabled and ratified at meetings of the Board and approval of the Board thus is obtained for implementation of the recommendations made by the Committee. Follow up action is taken on outstanding matters on a regular basis.

Appointments made to the Board

According to the aforesaid Banking Act Direction No. 11 of 2007, the Nomination and Corporate Governance Committee has to implement a procedure to select/appoint new Directors. However, in the case of Bank of Ceylon, which is fully owned by the Government of Sri Lanka, the appointment of Directors is carried out by the Minister in charge of the subject of Finance, as provided in the Bank of Ceylon Ordinance No.53 of 1938 & its amendments. As such the Nomination and Corporate Governance Committee does not play any role in connection with the appointment of Directors.

Activities Performed During the Year Under Review

- Implemented an automated system to capture information relating to Related Party Transactions in respect of Trade Services System and Credit Card System.
- Reviewed the proposed new organization structure and suggested carrying out improvements to it.
- Reviewed the improvements to the succession planning of the Bank.
- Reviewed the outcome of the Competency Development Training Programme part of which has now been successfully completed which was initiated by this Committee to fill the knowledge gap of staff members who would come up in the ladder for senior management positions.

- Recommended having an assessment centre exercise for KMPs to identify their strong areas and areas to be improved.
- Ensured that KMPs are fit and proper persons to hold their offices through the affidavits and declarations tabled which were subsequently submitted to the Central Bank of Sri Lanka.
- Recommended obtaining expert assistance in interviewing for specialized posts.
- Reviewed the Board Charter and Communication Policy of the Bank.
- Followed up on the succession planning of the Bank and the finalized document was studied along with the Board and necessary recommendations/approvals were given.
- Reviewed the Code of Ethics of employees and Directors.
- Facilitated the Board in carrying out its self evaluation exercise including that of the subcommittee performance by recommending the evaluation process to be carried out.
- Determined the level of compliance with the aforesaid Banking Act Direction No. 11 of 2007 with a view to complying with them.
- The Committee reviewed its own performance and ensured the Committee's effectiveness and smooth functioning. The results were reported to the Board.

Conclusion

The Committee will endeavor to enhance the good Corporate Governance practices in the Bank.

On behalf of the Nomination and Corporate Governance Committee.

Mr Raju Sivaraman
Chairman, Nomination & Corporate
Governance Committee

13 March 2014
Colombo.

INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

Roles of the Committee

The main role and responsibility of the Committee is to assist the Board in fulfilling its oversight responsibilities for all aspects of risk management. In this connection the Committee focuses on and reviews risks such as credit, market, liquidity, operational, strategic and reputational risks through appropriate risk indicators and management information.

In addition to the above, the Committee is responsible for reviewing and/or recommending the following which are identified in the Charter of the Integrated Risk Management Committee:

- Policies, programmes and Management Committee Charters relating to risk management and compliance.
- Risk limits and policies that establish appetite for credit, market, liquidity, operational and other risks, as recommended by the Chief Risk Officer.
- Adequacy and effectiveness of all Management Level Committees such as the Credit Committee and Assets & Liability Management Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Committee.
- Risk management reports on the risk profile of the Bank, as well as emerging market and regulatory risks and actions undertaken to identify, measure, monitor and control such risks.
- Corrective action to mitigate the effects of specific risks in case such risks are beyond the prudent levels decided by the Committee on the basis of the Bank's policies and regulatory and supervisory requirements.
- Appropriate actions against the officers responsible for failure to identify specific risks and prompt corrective action as directed by the Director of Bank Supervision or otherwise.
- Adequacy and effectiveness of risk identification, measurement, monitoring and mitigation relating to all relevant risks.

Composition and Quorum

The Integrated Risk Management Committee comprises 3 Non- Executive Directors of the Board.

The Committee as at year end 2013 comprised of the following members-

* Mr Lalith Withana - Chairman

** Mr K M Mahinda Siriwardana (Ex officio Director) - Member
Mr Raju Sivaraman - Member

Permanent management representatives on the Committee

Mr D M Gunasekara - General Manager

Mr M L J Fernando - Chief Risk Officer

* Mr Lalith Withana, Director was appointed as a Member of the Committee with effect from 19 June 2013 in place of Mr K L Hewage, Director, who ceased to be a member of the Committee with the ending of his 3 year period as a Director of Bank of Ceylon. Mr Withana was also appointed as the Chairman of the Committee.

** Mr K M Mahinda Siriwardana was appointed as the Ex officio Director with effect from 24 April 2013 in place of Mr S R Attygalle, and was appointed as the Chairman of this Committee.

The details of the Committee members appear on pages 42 to 45 of this Annual Report.

The quorum of the Committee is two members.

The Secretary, Bank of Ceylon/Secretary to the Board functions as the Secretary to the Committee. The Chief Financial Officer and the Chief Internal Auditor are invited to be present at the meetings. The other members of the staff are invited to attend the meetings when the Committee requires their presence.

Meetings and Activities

The Committee met five times during the year under review. The attendance of Committee members at meetings is given in the table on page 149.

Activities carried out by the Committee during the year under review are summarized below-

- Reviewed the following existing policies and manuals and the risk profile of the Bank were assessed based on them :

  (a) Credit Risk Management Policy

  (b) Market Risk Management Policy and Manual

  (c) Operational Risk Management Policy and Manual

  (d) Compliance Policy

  (e) Procurement and Supplies Procedure Manual

  (f) Business Continuity Management Policy

  (g) Information Security Policy

  Introduced the following new policies and manuals to the Bank –

  (a) Model Validation Policy

  (b) Foreign Exchange Risk Management Policy

  (c) Liquidity Risk Management Policy

  (d) Middle Office Procedure Manual

  (e) Model Risk Management Policy

- The Independent Integrated Risk Management Division of the Bank assessed the risks of the Bank on a monthly basis and summary reports were submitted before the Committee on a quarterly basis. The Committee reviewed them and submitted its recommendation to the Board immediately through minutes of the meeting and specific recommendations. Instructions were given to improve reporting on the area of risks attached to major strategies incorporated in the Corporate Plan.
- Risk Appetite for 2013 was established.
- Monitored quantitative and qualitative risks which have gone beyond the limits and made the necessary recommendations.
- Necessary actions were recommended on specific quantitative and qualitative risks which were beyond limits and reported to the Committee by the Chief Risk Officer.
- Followed up on the arrangements that are at an advanced stage to purchase a state-of-the-art risk management system for managing credit, operational and market risks and also an Anti Money Laundering Software Solution.
- Recommended the adoption of the revised Internal Capital Adequacy Assessment Process (ICAAP) of the Bank.
- Reviewed quarterly the comprehensive Compliance Reports submitted by the Compliance Officer.
- Reviewed the implementation of 5S System/Quality Circle for all operational departments which is in progress.
- Developed a Risk Management Dash Board to support the subsidiaries to manage their risk functions. Also a team from the Risk Management Division has been created to assist subsidiaries in their risk matters.
- Monitored Key Risk Indicators in the Branch network, critical businesses and support divisions.
- Reviewed the results of the risk and control self assessment carried out at the International and Treasury Division.
- Followed up on conducting of awareness programmes on Business Continuity Planning in provinces and on the test runs.

The Committee reported to the Board by way of minutes giving its recommendations. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and follow up action is taken on outstanding matters.

Conclusion

The members of the Integrated Risk Management Committee collectively evaluated the performance of the Committee. The Committee is of the view that the Bank is on the right path towards meeting the challenges of risk management and compliance safeguarding the interests of Bank's stakeholders.

On behalf of the Integrated Risk Management Committee.

Mr Lalith Withana
Chairman, Integrated Risk Management Committee

13 March 2014
Colombo.

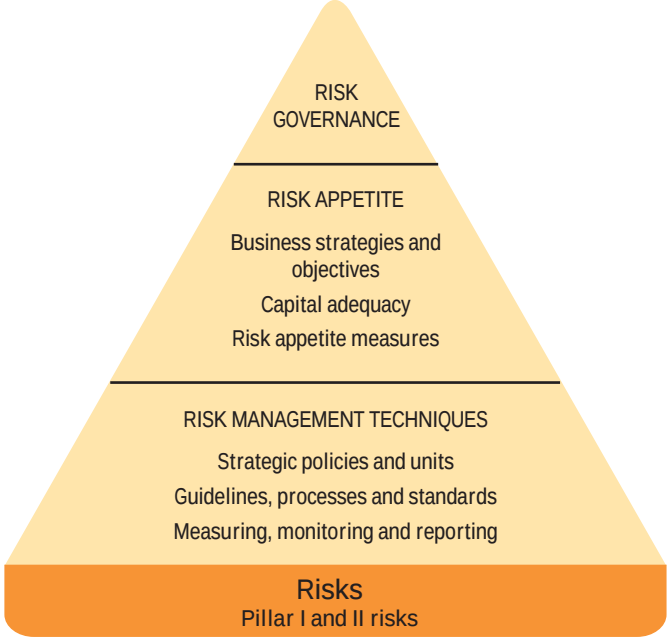
RISK MANAGEMENT

OVERVIEW

Effective risk management at the Bank creates value in the business and is a crucial component that is a part of any decision making process of the Bank. The Bank has identified risk management as a distinctive capability that is pivotal to enabling and sustaining long-term profitability.

RISK MANAGEMENT FRAMEWORK

The objective of the Bank's integrated risk management framework is to manage the extent of risk exposure; to understand what drives it, to allocate capital against it and identify trends internally & externally that would help predict the possible losses from the Bank's risk exposure. The framework establishes the governance, risk appetite, and the risk management techniques over risk taking activities which are approved by the Board.



RISK GOVERNANCE

The Bank's risk governance is anchored to the three lines of defence approach calling for accountability, transparency and independent reporting in managing risk and is also fundamental in conducting its business affairs.

The three lines of defence approach seeks to provide appropriate and independent risk oversight across the Bank and is essential to build competitive advantage and stability to the Bank. All elements of the risk management framework collaborate in facilitating prudent measured risk taking and achieving an appropriate risk return trade-off.

The three lines of defence of the risk management governance structure of the Bank begins with oversight by the Board of Directors. The Board has established the overall risk management framework, which sets strategic direction through policies and procedures for identification, assessment, monitoring, reporting and mitigation of risks. The Integrated Risk Management Committee (IRMC) assists the Board in fulfilling its oversight responsibilities with respect to the operation and effectiveness of risk management functions. This committee is a Board subcommittee.

The IRMC is responsible for reviewing and/or recommending the following which are identified in its Charter:

- Oversight of the risk profile and risk management of the business within the context of the Board determined risk appetite
- Making recommendations to the Board concerning the risk appetite and particular risks or risk management practices
- Reviewing strategic plans for mitigation of the material risks faced by the Bank and determining the adequacy of capital through Internal Capital Adequacy Assessment Process (ICAAP)
- Oversight of the implementation & review of risk management and internal compliance & control systems
- Promotion of awareness of a risk based culture and achievement of a balance between risk and reward for risks accepted

As an oversight of risk management function of the Bank, Independent Integrated Risk Management Division (IIRMD) functions as a separate department headed by the CRO, which is independent from the revenue generating business units to provide management focus on specific risk issues prevalent within the business and implement the international best practices & the regulatory guidelines. The IIRMD is proactively engaged in the strategic responses to uncertain conditions, reducing the likelihood of emerging future problems. Further, IIRMD is engaged in integrating risk management capabilities within the organization to achieve its corporate objectives.

At the executive level, risk is overseen by the CRO, with the assistance of several committees such as Credit Committee,

RISK ACCOUNTABILITY ACROSS OUR THREE LINES OF DEFENCE

BUSINESS OPERATION (1ST LINE)
Ownership

- Execute and manage risk appetite.
- Identify, control and monitor risks.
- Establish and maintain a robust risk and control environment.
- Ensure business activities are conducted in appropriate control environment.

RISK MANAGEMENT (2ND LINE)
Insight, Appetite, Review

- Develop and maintain policies, frameworks, tools and processes.
- Define minimum standards and oversee related consequence management.
- Establish risk appetite.
- Oversee, monitor and challenge the business
- Provide insight.

INTERNAL AUDIT (3RD LINE)
Independent Assurance

- Independently review, monitor and test across the 1st and 2nd lines.
- Activities to be informed by, and respond to, Issues raised by Risk.
- Independent assurance on compliance requirements by regulators.
- Assess the overall effectiveness of the business's risk and control environment and ability to self assess.

Asset & Liability Management Committee (ALCO), Operational Risk Management Executive Committee (ORMEC), IT Steering Committee, Business Continuity Management Steering Committee, Investment Committee, Forged Cheques and Frauds Committee, Idle Assets Committee and the Non-Performing Advances Recovery Committee, which are involved in managing various risks that the Bank is exposed to.

RISK CULTURE

At Bank of Ceylon, we believe that risk management is the responsibility of every employee within the organization. Our risk culture is deeply rooted across the Bank, in which risk culture is aligned to risk management framework. It reshapes the way we view and manage risk and is evident in the actions and behaviours of our employees as they identify, interpret, discuss and make choices in the face of both risk and reward.

To enhance our risk management capabilities and support strengthening of our risk culture, we continue to add learning opportunities mainly through risk awareness programs which have been conducted at province level.

RISK APPETITE

Risk appetite is defined as the level of risk that the Bank is prepared to sustain, whilst pursuing its business strategy.

The Board determines the broad overall acceptable risk appetite for the Bank, and the Bank's management actively participates in the identification of risk reward trade-off as they establish the risk profile and risk appetite for each of their business units within the constraints of allotted capital.

The Bank's risk appetite statement is in both quantitative and qualitative terms, articulated and applied consistently across the Bank. At strategic level the Bank treats capital charge for credit, market and operational risk as the limit. It also means maintaining regulatory capital as mandated. These set limits are subject to revisions in line with the changing business strategies of the Bank and ever expanding business activities. Therefore the Board approved risk appetite limits are reviewed periodically or as deemed necessary.

Quantitative measures include capital adequacy computations, stress testing and key risk indicators, internal loss data collection and analysis.

The qualitative aspect of risk appetite is set out as the maximum impact the Bank is willing to tolerate for particular category of risks and defines the unacceptable risk events that the Bank will not tolerate. This is spelt out through the policies, controls and procedures implemented by the Bank.

Figure – Integrated Risk Management Process

RISK MANAGEMENT TECHNIQUES

The policies adopted and the techniques used for measurement can be found under each of the risks which are given in detail in pages 201 onwards.

Capital Management

Internal Capital Adequacy Assessment Process (ICAAP)

The Bank has an internal process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. ICAAP sets out the framework for the Bank's internal governance, and the operation of the risk and capital management arrangements. The process provides an assurance that the Bank has adequate capital to support all risks in its business and an appropriate capital buffer based on its business profile.

The objective of the Bank's ICAAP framework is to devise procedures and measures to ensure that:

- Risk identification and measurement process are appropriate
- Level of internal capital is commensurate to the Bank's risk profile
- Risk management systems are suitably developed and applied

The purpose of the Bank ICAAP is to identify the risks inherent in the business, set out the risk control and management approach and to consider the mitigants that the Bank uses in respect of the risks that it takes. There are a number of steps that the Bank takes to do this:

- Consider the existing financial risk and business position
- Set out risk appetite, business plan and strategy for the next period
- Identify the risks associated with the business plan
- Highlight additional capital or management actions that need to be put in place in respect of each risk
- Where relevant, perform stress tests that consider the effect of these risks on the business plan
- Consider the outputs of the stress tests and identify whether additional capital need be held with respect of each risk or a different mitigation is more appropriate

Stress Testing

To ensure the stability of the Bank and its resilience in facing unexpected socioeconomic calamities, stress testing is very much relevant and is an integral part of the Bank's risk management framework. Stressed scenarios highlight potential problems. Stress testing is a key element of our risk and capital management frameworks and informs our business planning, strategy and decision-making processes. They enable managers to see what might go wrong, how it might go wrong, and how badly it affects the Bank. Further, it allows them to identify opportunities for rapid and effective responses.

The Bank has already implemented a stress testing framework that enhances governance, processes and systems to coordinate, execute and integrate stress testing across legal entities, lines of business, portfolios and products. This will facilitate more effective linkages between stress testing results and our risk appetite.

The Bank runs a stress testing programme on a regular basis and the results reported to the IRMC. Stress testing conducted during the year related to bank specific scenarios such as increasing NPA position and its impact on profitability, liquidity and capital adequacy as these covered the prevailing general market conditions of the country.

In developing an IRM framework the Bank considers how the procedures and frameworks for managing different types of risk should be integrated, in order to ensure both consistency and completeness in the Bank's overall risk management approach.

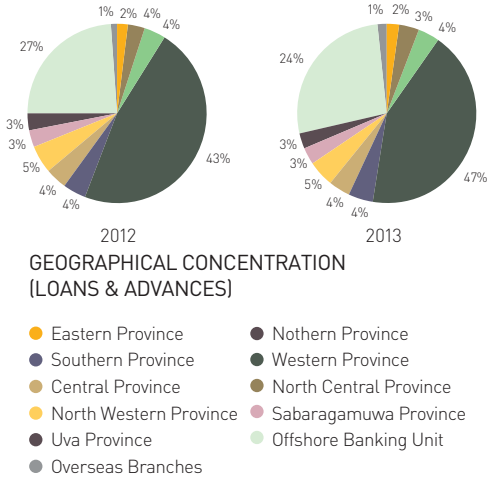
We continue to build upon our robust risk management foundation and strive for continuous improvement, including benchmarking against best practices and enhancing our risk management infrastructure, processes and capabilities. We believe that the steps we have taken and the initiatives we continue to pursue position us to successfully execute our business strategy.

MANAGING KEY RISKS

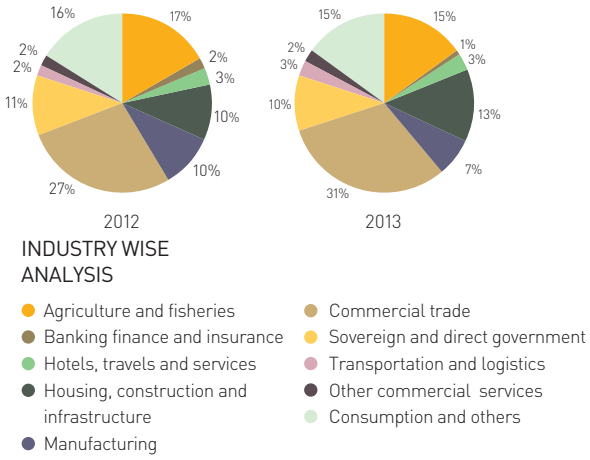
Credit Risk

Credit risk arises from losses resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Bank. The goal of credit risk management is to maximize the Bank's risk adjusted rate of return by maintaining credit risk exposures within acceptable parameters.

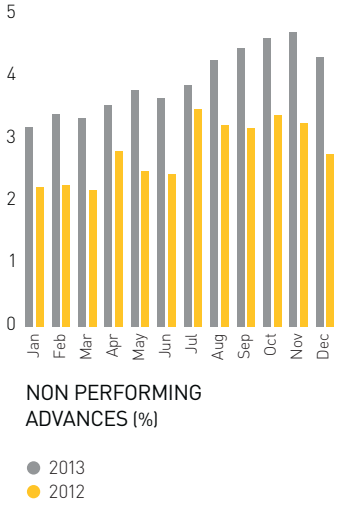
Risk	Status	Actions taken/mitigation
The strength of the credit policy	Low risk	The Bank employs a number of measures to mitigate and manage credit risk. These measures include, comprehensive credit evaluation, robust monitoring and review process. Regular credit reviews are undertaken to verify that credits are granted in accordance with the Bank's credit policy and to provide an independent judgment on the asset quality. Comprehensive reviews are carried out at least annually and more frequent updates are carried out for "watch list" exposures. Potential problem credits are identified and reported to the Credit Committee as and when required Credit exposures are properly and promptly graded to reflect the borrower's credit strength. The internal rating system developed by IIRMD is used to evaluate risk profile of corporate borrowers and it categorizes all performing credits into various risk grades. Risk ratings are assigned at the inception of lending and reviewed annually.

Risk	Status	Actions taken/mitigation
		Credit scoring models were developed for consumer lending to deliver cost effective, efficient service to retail customers while standardizing the credit evaluation process. Risk codes generated by these models are fed to the core banking system with a view to computing credit risk parameters. The risk based pricing methodology adopted by the Bank places the necessary emphasis on the relationship between risk and return. This would discipline and promote consistency in asset pricing and avoid a disproportionate share of under-priced risks. Collateral is used for credit risk mitigation purposes and minimizes losses that would otherwise be incurred. Collateral may take various forms depending on the type of borrower, the assets available, the structure and the term of credit obligations, On an ongoing basis collateral is subject to regular valuation as prescribed in the relevant governing policies and standards.
Portfolio Management Concentration risk • Geographic concentration	Low risk	The Bank's credit portfolio is diversified across different geographical regions as illustrated below. Significant concentration on Western Province is mainly due to exposure to the Government and state owned enterprises for enhanced infrastructure projects which are expected to benefit the economy and the country as a whole.  In order to monitor concentration risk of the credit portfolio, risk appetite limits are set for individual borrowers, or related group of borrowers, particular industry, sector and for particular products. These limits are reviewed annually and reported to the IRMC and Board for approval.

Risk	Status	Actions taken/mitigation
Concentration risk • Industry-wise	Medium risk	The Banks credit concentration is increasingly moving towards supporting the national agenda and hence there has been more emphasis on lending to the six hubs of the economy. As most of these lending are infrastructure related, the drawdown on commitments will continue to change the industry wise concentration in the years to come.



Asset impairment	Medium risk	



In line with the industry, declining gold prices in the international market adversely affected the Bank's asset quality in relation to pawning. This resulted in a higher NPA of 4.32% in 2013 as compared to 2.76% in 2012. As a result of the coordinated effort of the credit and recovery teams the Bank managed to maintain the NPA ratio within the industry average of 5.6%.

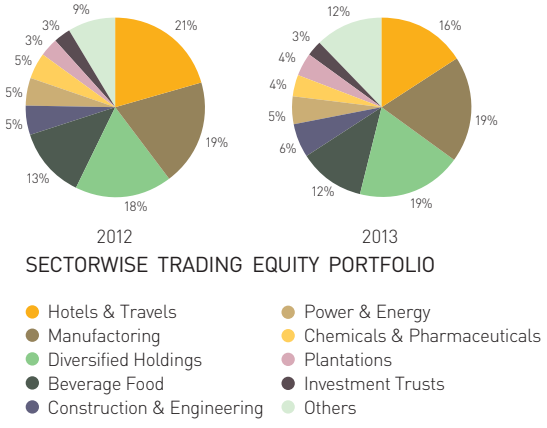
Conventional and non conventional recovery actions were implemented by the Bank in respect to minimizing the exposure to pawning.

MARKET RISK MANAGEMENT

Market risk is the potential for adverse changes in the value of the Bank's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices and commodity prices and their implied volatilities.

The primary objective of market risk management, is to ensure that our business units optimize the risk-reward relationship and do not expose us to unacceptable losses outside of our risk appetite.

Risk	Status	Actions taken/mitigation
Risk from adverse interest rates	Low risk	Interest rate risk arising from the Bank's lending, funding and investment activities is managed in accordance with the Board approved policies and limit framework, which are designed to manage the risk to income and net worth of the Bank. The ALCO, monitors and reviews interest rate and liquidity gap positions, formulates views on interest rates, sets benchmark lending and base rates and determines the asset & liability management strategy in light of the current and expected business.
Risk from unusual foreign exchange fluctuations	Low risk	The volatility of foreign exchange risk is managed through a comprehensive transaction and position based limit framework against which regular monitoring is performed. Foreign exchange risk is monitored daily through counterparty limits, money market limits, risk appetite limits and Value at Risk (VaR) measurements. IIRMD assures that any limit exceptions are duly reported to the relevant higher authorities for their approval. Ensure that foreign exchange positions arise in facilitating client businesses and not due to speculative purposes. Further open positions are maintained well below stipulated Central Bank limits.
Risk arising from investing in equity	Low risk	Investments are made within the Board approved trading equity portfolio limits. The value of equity securities held in the Bank's trading portfolio is directly linked to equity security prices with increases/decreases being recognized in the daily mark to market process. The middle office which is independent of the front office, supervises these investments by quantifying various risks on a portfolio basis. The Bank monitors equity risk through limits stipulated in the investment policy, risk appetite limits and VaR measurements. All investments are approved by the Investment Committee which meets on a regular basis.

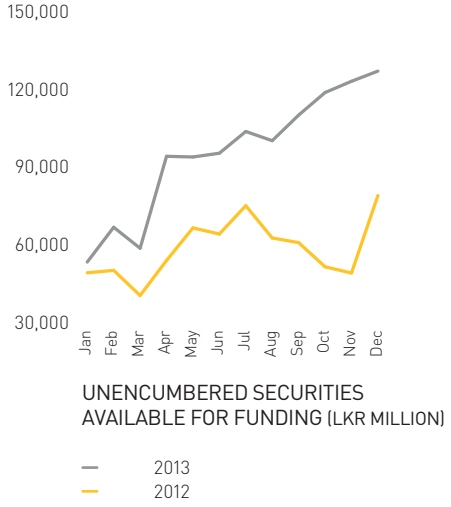


Liquidity Risk

Liquidity risk is the risk arising from potential inability to meet payment obligations when they come due or only being able to meet these obligations at excessive costs. The ALCO together with the Assets and Liability Management Unit (ALM) is primarily responsible for the management of liquidity in the Bank.

The Bank's liquidity risk management framework has been an important factor in maintaining confidence of depositors and counterparties, managing its cost of funds and also enabling the core business to continue even under adverse circumstances.

The management's ability to anticipate market trends and plan to meet these challenges has been a particular success factor in maintaining confidence in the Bank. The Liquid Asset Ratio as at 31 December 2013 is 27.8% (2012 - 21.8%) which is above the Central Bank guidelines. This has mainly been due to the Bank seeking external investment funds through the USD 500 million bond offering as well as the LKR 8 billion in local currency debentures. This has enabled us to secure matching long tenor funding that helps us mitigate our maturity mismatch as we increasingly concentrate on funding infrastructure development.

Risk	Status	Actions taken/mitigation
Availability of adequate liquidity	Low risk	Measurement and modelling: The Bank primarily uses maturity gap analysis, which forecasts cash inflows and outflows to assess the assets and liability profile of the Bank. Key liquidity ratios are also monitored for prudent management of liquidity risk. Reporting: IIRMD provides independent oversight of all significant liquidity risks, supporting the ALCO and IRMC with analysis, risk measurements, risk mitigants and stress testing results. Stress testing: Periodic stress tests are carried out to determine the effects of industry and bank specific stress scenarios on liquidity constrains. Contingency planning: The Bank has set up many funding channels through correspondent banks and always maintains high quality liquid assets such as government bonds to meet liquidity requirements. Steps are also taken to maintain standby liquidity buffer in the form of unencumbered securities  Funding diversification: The Bank prudently diversifies its wholesale funding activities by using a number of different funding methods to access both local and global financial markets, and raises funds across a variety of terms, currencies and investor classes.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, but excludes strategic risk and reputation risk.

The primary objective of operational risk management is to ensure that operational risk is identified, assessed and mitigated to acceptable levels, and at the same time allowing for the achievement of business and strategic objectives.

Operational risk management is governed by a robust committee structure supported by a comprehensive set of policies, standards and operating guidelines. Operational Risk Management Executive Committee (ORMEC) which is headed by the CRO, is the main decision-making committee for all operational risk management issues. ORMEC provides advice and guidance to the lines of business on operational risk assessments, measurement, mitigation and monitoring the changing initiatives.

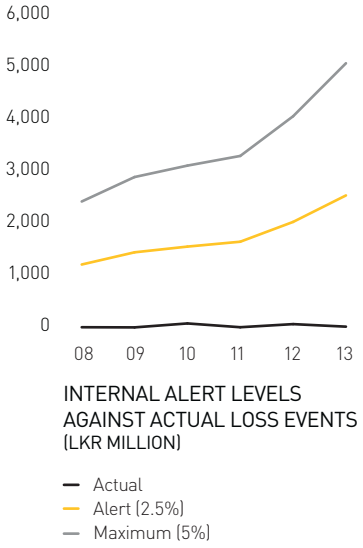
In the year under review, the IIRMD continued to build a suitable infrastructure for the Operational Risk Management (ORM) framework through identification and assessment of the operational risks inherent in all material products, activities, processes and systems. Analysis of periodical reports received from the Bank's internal units and ORM cases are carried out recommending remedial measures in high risk areas by setting/ updating procedures concerning ORM.

During the year IIRMD was also actively involved in implementing the new pawning software system. This includes;

- Reviewing the system procedures, prior to their validation
- Highlighting the risks it entailed and its corresponding mitigating controls
- Assessing the performance of post implementation process.

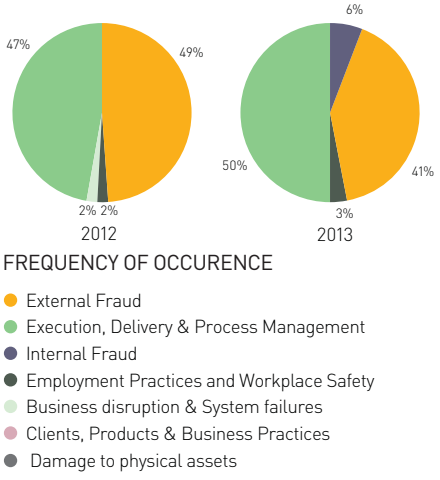
Risk	Status	Actions taken/mitigation
Availability of operational risk techniques	Low risk	Several Techniques have been implemented: Key Risk Indicators (KRI) are defined as statistics or matrix, often financials, which can provide insight into the Bank's risk position. KRI are used to alert the Bank's impending problems in a timely fashion. They allow monitoring of the Bank's control culture as well as the operational risk profile and trigger risk mitigating actions. The Bank captures and monitors branch level KRI and reports to different management levels and the IRMC on quarterly basis. Risk and Control Self-Assessment (RCSA) is a methodology which involves reviewing and assessing the operational risk across the Bank as well as the internal controls designed to manage those risks. The Bank uses a bottom-up approach in conducting RCSA process. RCSA is carried out at least annually, in the areas with high risk potential to take risk mitigating measures in order to resolve the identified issues. Internal Loss Data Collection and Analysis provides meaningful information for assessing the Bank's exposure to operational risks and the effectiveness of internal controls. The reporting mechanism of the "operational loss events" and "events disrupting business" enable detailed analysis and timely information to the management and the IRMC. Systematic risk analysis, root cause analysis and lessons learnt exercises are conducted for internal loss events. Analysis of external events occurring in the banking industry is performed to identify inherent areas of risk and to define appropriate risk mitigating actions.

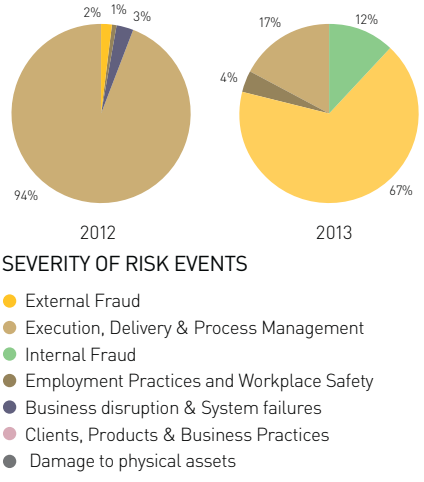
Risk	Status	Actions taken/mitigation
Risks arising from poor internal controls	Low risk	Availability of internal alerts



The Bank conducts scenario analysis and stress testing on internal and external loss information to analyze the impact of the extreme situations on earnings, capital and liquidity.

Maintenance of a comprehensive operational loss data base using the eight by seven matrix (i.e. risk event type and business line) to support capital calculations under Loss Distribution Approach.





Compliance risk

Compliance Risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation, a bank may suffer because of its failure to comply with laws, regulations, rules related self-regulators, organization standards and code of conduct applicable to its banking activities. In post Global Financial Crisis (GFC) era more rigour and additional regulation has been introduced to the financial services sector. This has enhanced the compliance challenge within the Bank as it tackles implementation of new regulations.

The Bank is in various stages of implementation with regard to new regulation building on the solid foundations already established. The Compliance program includes compliance policies and procedures, training, surveillance, testing, system and control functions each with a specific role designed to direct or support the goals of the Bank's compliance.

Compliance

The compliance functions at the Bank are performed to comply with all relevant laws, regulations and guidelines etc. inclusive of Convention on the suppression of Terrorist Financing Act – No. 25 of 2005, Prevention of Money Laundering (PMLA) Act – No. 5 of 2006, Financial Transaction Reporting (FTRA) Act – No. 6 of 2006 and Customer Charter of Licensed Banks issued by the Central Bank of Sri Lanka. The Bank's well defined compliance functions, systems and procedures adopted in extracting and transmitting data to regulatory authorities, sensitiveness to environment activities and the good coordination and relationship maintained with the regulatory authorities facilitate to achieve the ultimate goal of being fully compliant.

Conformity to new regulations introduced in 2012 / 2013

Date Issued	Mandatory regulations/directions/determinations	Bank's present status
17 June 2013	Sri Lanka relaxed a series of foreign currency restrictions Accordingly, the Central Bank decided to appoint a dedicated Compliance Officer for Exchange Control Regulations at, bank level –Banking Act Direction PS/21/98	Asst. General Manager (Compliance) was assigned for this role with effect from 28 June 2013
2013	Newly introduced Risk Based Examination Process for banks by Central Bank of Sri Lanka. A new approach to examination of banks	The Bank successfully engaged in developing extensive risk mitigation processes in line with CBSL guidelines
2013	Other regulatory changes by CBSL	The Bank took measures to meet those changes

Education of the Bank's personnel is essential to maintaining a sound compliance program. During the year, 22 training programs were conducted for the staff numbering 1600 in all the provinces, to get them familiarized with the customer charter obligations and for enhancing knowledge in laws directly affecting their jobs.

Anti Money Laundering (AML)/ Combating Terrorist Financing (CTF)

The Bank strictly adhered to the rules on 'know your Customer', and Anti Money Laundering , and Combating Terrorist Financing regulations enforced by statutory and regulatory authorities, which in turn ensured a highly ethical and compliant operational environment. The current KYC requires risk based policies, procedures and processes which mandate collection, retention and periodic maintenance of customer data and information in place.

The Bank's policies and procedures were reviewed and updated in line with the new regulations. Strong KYC/CDD measures have been applied for all BOC customers including all correspondent bank relationships. The compliance unit is working towards introducing an advanced AML/CTF standalone software solution to control the money laundering and terrorist financing activities in the Bank.

Model Risk

The expanding use of models in all aspects of measuring profitability, valuation and risk, reflects the degree to which models can improve business decisions. However models come with inherent risks. Validation processes are required to mitigate these risks. Validation is a key component of internal model governance. Board approved validation policy is in place to cover those risks.

Information System Security

It is essential for the Bank to ensure that information is secured from destruction, corruption, unauthorized access and breach of confidentiality, whether accidental or deliberate. Secured communication is required for both the Bank and its stakeholders to benefit from the advancements that are empowering the Bank. The Bank adopted an information security policy, procedures and guidelines developed based on ISO 27001 Standard. The Corporate Information Security

Committee (CISC) which is headed by the General Manager directs information security initiatives of the Bank.

Business Continuity Plan (BCP)

The Business Continuity Management Policy establishes a framework, which deals specifically with business disruption risks, while ensuring continuous availability of critical financial services to customers and financial market participants.

The BCP defines scope, appropriate responsibilities, purpose, authority and relationships to ensure business continuity in all critical business divisions. It ensures that all business units develop 'unit business continuity plans' for their respective functions. Two test runs were successfully completed within the year under review. IIRMD oversees the functioning of BCP and reports to the ORMEC and IRMC on a regular basis.

As a key requirement of the Bank's BCP, a comprehensive disaster recovery centre is in place outside Colombo city limits with alternate arrangements to facilitate continuing key operations in the event of various pre-defined scenarios.

Insurance

The Bank uses insurance instruments as a risk transfer strategy to mitigate high severity risk from non–controllable sources. Risk transfer is a means of exchanging unknown financial impact of specified events to a third party for a known financial cost. Ceybank Insurance Services Unit of the Bank assesses the risk involved in various banking operations and obtains insurance cover with reputed insurance service providers to adequately cover those risks.

Outsourcing

After comprehensive evaluation of the service providers, the Bank outsource certain functions to reduce both fixed and current expenditure and to compensate for a lack of expertise or resources. The outsourced functions are covered through robust contracts or service level agreements that ensure a clear allocation of responsibilities between the Bank and external service providers.

Legal Risk

Legal risk falls within the definition of operational risk. It arises due to legal implications of failed internal systems, people, processes or external events. The responsibility of executing legal action on behalf of the Bank is vested with the Legal Department. Chief Legal Officer assists ORMEC in addressing legal implications of the Bank's operational risk issues. There are no known major legal matters that arose in 2013 which has the capacity to put the Bank at risk.

Reputation Risk

In a volatile global marketplace, where media coverage is almost simultaneous across the world and where reputation is seen as a key source of competitive advantage, trust and confidence are understood to be the key business drivers. For a bank which deals with public money, reputation is a source of strength. Reputational risk management can be a matter of corporate trust, and also serves as a tool in crisis prevention. The Bank is therefore dedicated to managing reputation risk by promoting strong corporate governance and risk management practices at all levels of the organization.

According to the definition under Basel II guidelines, reputation risk has been addressed under Pillar II of ICAAP framework. The Bank uses a scorecard approach to assess the reputation risk periodically.

Strategic Risk

Strategic risk arises from the Bank's inability to implement appropriate business plans, strategies, decision making, resource allocation and to adapt to changes in the business environment.

The Bank operates in a highly competitive, dynamic and regulated environment. Inability to respond to frequent changes will adversely impact the earnings, capital and liquidity of the Bank. The Bank's strategic direction is well articulated in the corporate plan and the corporate budget. The Bank has in place a robust mechanism to ensure the congruence of the actual performance with the strategic direction.

As a part of the Bank's ICAAP process, strategic risk is assessed using a five parameter score card based model periodically.

Strategic Risk Index 2013

Risk Index	Weighted Score (%)
Industry/System	5.25
Competition	7.81
Strategic Plan	19.69
Access to Capital Markets	3.75
Management	9.38
TOTAL	45.88

Risk level – moderate risk

Key Initiatives 2013

The ICAAP was initiated in 2013. The purpose of the Bank ICAAP is to identify the risks inherent in the business, set out the risk control and management approach and to consider the mitigants that the Bank uses in respect of the risks that it takes.

While preparing the ICAAP document stress testing is conducted to evaluate the potential effects of tail events on our balance sheet, earnings, liquidity and capital position. These results are communicated to the Central Bank.

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Annual report of the Directors on the state of affairs of the Bank of Ceylon

1. General

The Board of Directors of the Bank of Ceylon has pleasure in presenting their report on the affairs of the Bank together with the audited consolidated Financial Statements for the year ended 31 December 2013, of the Bank and the Group and the auditor's report on those Financial Statements, conforming to the requirements of the Bank of Ceylon Ordinance No.53 of 1938 and Banking Act No.30 of 1988 and amendments thereto. The report also includes certain disclosures laid down by Colombo Stock Exchange listing rules and certain disclosures required to be made under the Banking Act Direction No.11 of 2007 on Corporate Governance for licensed commercial banks issued by Central Bank of Sri Lanka and subsequent amendments thereto. The Directors reviewed and approved the Financial Statements on 13 March 2014.

Bank of Ceylon is a licensed commercial bank under the Banking Act No. 30 of 1988 and was duly incorporated on 1 August 1939 under Bank of Ceylon Ordinance No.53 of 1938. The Bank is wholly owned by the Government of Sri Lanka. The unsecured subordinated redeemable debentures issued by the Bank are listed on Colombo Stock Exchange.

2. Review of the Business

2.1 Principal activities of the Bank

The principal activities of the Bank during the year were commercial banking, personal banking, development financing, mortgage financing, lease financing, investment banking, Islamic banking, bancassurance, corporate financing, dealing in Government securities, pawn broking, credit card facilities, off shore banking, foreign currency operations, electronic banking services and other financial services.

2.2 Subsidiaries and associates

The principal activities of subsidiaries and associates are given under significant accounting policies to the Financial Statements on page 232 and 233.

There were no significant changes in the nature of the principal activities of the Bank and the Group during the year under review, other than changes mentioned under Significant Accounting Policies.

2.3 Changes to the group structure

The changes to the group structure during the year is given in Note 29 and 30 to Financial Statements on pages from 286 to 288 of this annual report.

2.4 Vision, mission and corporate conduct

The Bank's Vision and Mission are given on page 1 of this annual report. The Bank maintains high ethical standards in its activities whilst pursuing the objectives stated under 'Vision' and 'Mission'.

2.5 Review of the year's performance

The Chairman's message on pages 22 to 29 deals with the year's performance of the Bank / Group and on the Sri Lankan economy.

The General Manager's review on pages 30 to 34 provides a detailed description of the operations of the Bank during the year under review.

Financial review on pages 64 to 75, provide a detailed analysis of business operations of the Bank. These reports that provide a fair review of Bank's affairs form an integral part of the annual report

2.6 Branch expansion during the year

The Bank extended its services through the addition of 16 new branches during the period under review. The number of other service points upgraded to branch level were 227. The network was further expanded enhancing customer convenience. The Bank installed 72 ATMs during the year across the island bringing out the total to 523. This number does not include peer bank's ATMs through which customers of Bank of Ceylon can transact.

2.7 Corporate donations

The Bank has granted no donations for the year 2013 but the Bank has incurred LKR 165 million on Corporate Sustainability and Responsibility (CSR) activities.

2.8 Directors' responsibilities for financial reporting

The Directors are responsible for the preparation of the Financial Statements that will reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Banking Act No. 30 of 1988 and its amendments, Bank of Ceylon Ordinance No.53 of 1938 and its amendments and the listing rules of Colombo Stock Exchange. In the case of subsidiaries, the Financial Statements are prepared also in accordance with the provisions of the Companies Act No.7 of 2007.

The statement of directors' responsibility for financial reporting is given on page 224 of this annual report and forms an integral part of this report of the Directors.

2.9 Auditor's report

The Auditor General is the Auditor of Bank of Ceylon in terms of the provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka. Report of the Auditor General on the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries as at 31 December 2013 is given on page 225 of this annual report.

2.10 Accounting policies

The Group and the Bank prepared their Financial Statements in accordance with Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRS).

The accounting policies adopted in the preparation of Financial Statements are given on pages 232 to 251. There have been no material changes in the accounting policies adopted by the Bank during the year under review.

3 Future Developments

An overview of the future plans and developments of the Bank is presented in the Acting Chairman's message on pages 26 to 29 and financial review on pages 64 to 75 of this annual report.

4 Total income

The main income of the Group is interest income, which comprises 89% of the total income. The income of the Group for the year 2013 was LKR 134, 230 million as against LKR 115, 527 million in comparison to the previous year. The Bank's total income accounted for 95% (2012 : 95%) of total income of the Group.

5 Dividends and Reserves

5.1 Profit and appropriations

The Bank recorded a pre tax profit of LKR 15,709 million in 2013 reflecting a decrease of 21%, compared to LKR 19,794 million recorded for the previous year. After deducting LKR 3,622 million (2012 : LKR 5,378 million) for income tax, the profit after tax for the year 2013 amounted to LKR 12,087 million, which is a 16% decrease compared to LKR 14,417 million profit after tax reported in 2012.

Details of profit relating to the Bank and the Group are given in Table 1.

The pre tax profit of the Group also decreased from LKR 20,246 million to LKR 16,105 million, a decrease of 20.5% in comparison to the previous year. After deducting LKR 3,956 million for income tax (2012 : LKR 5,638 million) the profit after tax for the year of the Group increased to LKR 12,148 million in 2013 from the profit after tax of LKR 14,608 million reported in 2012.

Table 1 — LKR' million

	Bank		Group	
	2013	2012	2013	2012
Profit for the year after payment of all expenses and providing for depreciation, possible loan losses and contingencies before VAT and tax	18,420	23,009	18,632	23,482
Value added tax on financial services (VAT)	(2,711)	(3,214)	(2,756)	(3,275)
Share of profit of associate companies before tax	-	-	229	39
Profit before income tax	15,709	19,794	16,105	20,246
Income tax expense	(3,622)	(5,378)	(3,956)	(5,638)
Profit for the year	12,087	14,417	12,148	14,608
Other comprehensive income, net of tax	18	529	1,501	603
Total Comprehensive Income for the year, net of tax	12,105	14,945	13,649	15,211
Appropriations				
Transfers to permanent reserve fund	253	278	253	278
Transfers to primary dealer risk reserve	74	85	74	85
Transfers to investment fund account	2,340	3,233	2,379	3,280
Dividends	5,346	5,346	5,346	5,346

5.2 Dividends

The Bank determines the dividends in consultation with the Government, the shareholder of the Bank, prudently, based on profits after deduction of tax, loan loss provision and any such portion for reserves. Accordingly, a sum of LKR 5,346 million has been paid by the Bank as dividends for the year (2012 : LKR 5,346 million).

5.3 Reserves

The total reserves of the Group stood at LKR 60,616 million as at 31 December 2013 (2012 : LKR 52, 225 million). The Group reserves consist of the following.

		LKR' million
	2013	2012
Permanent reserve fund	3,538	3,286
Revaluation reserve	9,600	8,368
Primary dealer special risk reserve	897	823
Exchange translation reserve	946	998
Investment fund account	7,229	4,850
Available for sale reserve	4,516	3,971
Other reserve	629	611
Retained profits	33,261	29,318
Total	60,616	52,225

6 Property, Plant and Equipment

The total capital expenditure incurred by the Group on the acquisition of property, plant and equipment during the year amounted to LKR 1,805 million (2012 : LKR 1,317 million) the details of which are given in Note 32 of Financial Statements on pages 292 to 303 of this Annual Report.

7 Value of Freehold Properties

The value of freehold properties owned by the Group as at 31 December 2013 is included in Note 32 of Financial Statements at LKR 10,877 million (2012 : LKR 10,142 million).

8 Stated Capital and Shareholding

8.1 Stated capital

The total issued and fully paid up capital of the Bank as at 31 December 2013 was LKR 5,000 million consisting of 5,000,000 ordinary shares.

8.2 Shareholding

The Government of Sri Lanka is the sole shareholder of the Bank.

9 Issue of Subordinated Debentures

The Group had issued subordinate listed debentures amounting to LKR 8,000 million as at 31 December 2013 (2012 : LKR 6,000 million). The proceeds of these debentures were utilised to bridge the maturity gaps and to strengthen the supplementary capital base of the Bank. The details of debentures outstanding as at the date of statement of financial position are given in Note 41 and Note 45 of the Financial Statements on pages 308 to 311 and 317 to 320.

10 Share Information

The earnings per share and net assets per share of the Group were LKR 2,446.88 and LKR 13,123.27 respectively, for the period under review.

11 Corporate Sustainability and Responsibility

The programmes carried out under the Corporate Sustainability and Responsibility (CSR) are detailed on pages 126 to 131 under the Social and Environment Report.

12 Directors

The Board of Directors of Bank of Ceylon as at 31 December 2013 consisted of five members including Acting Chairman as against the six members the Board normally consists of, in view of a pending appointment to the Board. The Directors of the Bank do not hold any executive positions in the Bank. They bring a wide range of skills and experience to the Board. The qualifications and experience of the Directors are given on pages 42 to 45 of this annual report.

12.1 List of directors

The Directors of the Bank as at the date of the Financial Statements ,via, 31 December 2013 are as follows.

Name of the Director	Executive/ Non Executive Status	Status of Independence
Mr Raju Sivaraman (Acting Chairman from 27 December 2013)	Non-Executive	Independent
Mr K M Mahinda Siriwardana	Non-Executive Ex officio	Non-Independent
Ms Nalini Abeywardene	Non-Executive	Non-Independent
Mr Chandrasiri de Silva	Non-Executive	Non-Independent
Mr Lalith Withana	Non-Executive	Independent
Mr R M A Rathnayake (Alternative to Ex officio Director)	Non-Executive Ex officio	Non-Independent

The Directors are classified as Independent Directors on the basis given in Banking Act Direction No.11 of 2007 on Corporate Governance for licensed commercial banks issued by Central Bank of Sri Lanka.

12.2 Board subcommittees

The Board has formed four subcommittees complying with the aforesaid Banking Act Direction No.11 of 2007 to ensure oversight control over affairs of the Bank. The subcommittee composition is given on page 188 of this annual report.

12.3 Directors' meetings

Attendance of Directors at Board and subcommittee meetings are given on page 149 of this annual report.

12.4 Directors' interests in contracts

Directors' interests in contracts with the Bank, both direct and indirect are given on pages 217 to 220. These interests have been declared at meetings of the Board of Directors except for the contracts given therein the Directors have no any direct or indirect interest in other contracts or proposed contracts with the Bank.

12.5 Directors' interests in debentures issued by the Bank / Group

There were no debentures registered in the name of any Director.

12.6 Directors' allowances / fees

The allowances / fees payable to Board of Directors are made in terms of the provisions / contents in the Public Enterprises Circular No. PED 58(2) dated 15 September 2011 and letter dated 12 November 2013 all issued by the Department of Public Enterprises of the Ministry of Finance and Planning and Bank of Ceylon Ordinance No. 53 of 1938 and its amendments.

The Directors' remuneration in respect of the Group and the Bank for the financial year ended 31 December 2013 are given on page 255.

13 Risk Management and System of Internal Controls

13.1 Risk management

The Board of Directors assumes overall responsibility for managing risks. The specific measures taken by the Bank in mitigating the risks are detailed on pages 198 to 209 of this Annual Report.

13.2 Internal control

The Board of Directors has ensured the implementation of an effective and comprehensive system of internal controls in the Bank through the Audit Committee.

The Audit Committee helps the Board of Directors to discharge their fiduciary responsibilities. The Report of the Chairman of the Audit Committee is contained on pages 189 to 191 of this annual report. The Directors are satisfied with the effectiveness of the system of internal controls during the year under review and up to the date of the annual report and the Financial Statements. The Board has issued a statement on the internal control mechanism of the Bank as per Direction No.3 (8)(ii)(b) of Banking Act Direction No.11 of 2007 on Corporate Governance for licensed commercial banks. The above report is given on pages 221 and 222 of this annual report. The Board has confirmed that financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.

The Board has obtained an assurance report from the Auditor General on Directors' statement on internal control and it is given on page 223 of this annual report.

14. Corporate Governance

The Board of Directors is committed towards maintaining an effective corporate governance structure and process. The financial, operational and compliance functions of the Bank are directed and controlled effectively within Corporate Governance practices. These procedures and practices that are in conformity with Corporate Governance directions issued by Central Bank of Sri Lanka under Banking Act Direction No. 11 of 2007 and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka are described in the Corporate Governance report appearing on pages 144 to 187 of this annual report.

The Board has obtained a report from the Auditor General on the compliance with the provisions of the above mentioned Direction No. 11 of 2007.

15. Human Resources

One of the most valuable assets of the Bank is its employees and it is important for the Bank to develop them. Several measures were taken to strengthen the much-valued human capital in order to optimise their contribution towards the achievement of corporate objectives. The Bank's human resource management policies and practices are detailed in the employee report on pages 114 to 125 of this report.

16. Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief confirm that the Group has not engaged in any activities contravening the laws and regulations. Details of the Bank's compliance with the laws and regulations are given on page 208 under report on risk and compliance which forms an integral part of this report.

17. Outstanding Litigation

The Directors are of the opinion that the litigation currently pending against the Bank will not have a material impact on the reported financial results or future operations of the Bank.

18. Statutory Payments

The Board confirms that all statutory payments due to the Government and in relation to employees have been made on time.

19. Environmental Protection

The Bank has not engaged in any activity, which has caused detriment to the environment. Further, precautions taken to protect the environment are given in sustainability report on pages 130 and 131.

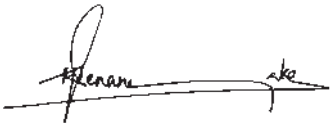
20. Post Balance Sheet Events

The Directors are of the view that no material events have arisen in the interval between the end of the financial year and the date of this report that would require adjustments or disclosures.

21. Going Concern

The Directors are confident that the resources of the Bank are adequate to continue its operations. Therefore, it has applied the going concern basis in preparing the Financial Statements.

By order of the Board



Janaki Senanayake Siriwardane
Secretary, Bank of Ceylon/Secretary to the Board

13 March 2014
Colombo

Directors' interest in contracts

Related party disclosures as required by the Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures' are detailed in Note 55 to the Financial Statements on pages 332 to 339 In addition, the transactions that have been carried out in the ordinary course of business in an arm's length basis with entities where the Chairman or a Director of the Bank is the Chairman or a Director of such entities, are detailed below:

Company	Relationship	Nature of transactions	Limit '000*	Balance / amount outstanding as at 31 December 2013 '000*	Balance / amount outstanding as at 31 December 2012 '000*	Security
Mr Raju Sivaraman***						
Property Development PLC	Chairman	Current account		5,279	8,084	
		Time deposit		1,300,665	1,216,734	
		Repo balance		356,126	99,888	
		Rent paid in advance		258,518	235,179	
		Deposit for fuel		907	907	
		Letters of credit	5,000	-	-	
		Letters of guarantee		3,993	3,630	
MCSL Financial Services Limited****	Director	Savings account		5,084	16,968	
		Savings account		USD 11	USD 3	
				**1,429	**336	
				EURO 4	EURO 3	
				**769	**583	
				AUD 0.5	AUD 0.4	
				**60	**54	
				SGD 0.2	-	
				**17	-	
		Current account		52,648	34,079	
		Time deposit		72,785	16	
		Series of loan	925,000	203,948	459,640	
		Overdraft	100,000	-	45,949	Lease receivable/ hire purchase receivable backed by Power of Attorney
		Money market loan	400,000	350,174	402,372	
		Repo balance		25,004	42,009	
		Letters of credit	10,000	2,500	-	
		Letters of guarantee	6,500	-	2,500	
		Other payables		6,180	6,331	

* Currencies not specifically mentioned are in LKR

** LKR equivalent amount

*** Mr R Sivaraman is the Managing Director of Arch-Triad Consultants (Private) Limited and the company has been appointed as the consultants for the projects of constructing BoC Eastern Province Office and Super Grade branch at BoC Trincomalee, BoC branch office complex at Nugegoda, BoC Managers' quarters at Nelliady branch and Ceybank Rest and Holiday Homes (phase II) at Nuwara Eliya.

**** Include both limits of MCSL Financial Services Limited and Ceylease Limited as they have been merged with effect from 22 August 2013.

Directors' interest in contracts

Company	Relationship	Nature of transactions	Limit '000*	Balance / amount outstanding as at 31 December 2013 '000*	Balance / amount outstanding as at 31 December 2012 '000*	Security
Mireka Capital Land (Private) Limited	Director	Current account		3,104	31,090	
		Current account		USD 13	USD 44	
				**1,737	**5,601	
		Time deposit		94,236	51,639	
		Time deposit		USD 62	-	
				**8.097	-	
		Letters of credit		USD 11	USD 356	Fixed deposits
				**1,397	**45,290	
		Letters of guarantee		32,640	-	
Mireka Homes (Private) Limited	Director	Current account		61,050	-	
				USD 22		
				**2,915		
		Time deposit		21,281	-	
		Loan	USD 40,000	USD 14,000	-	Fixed deposits
			**5,236,200	**1,832,670		
		Overdraft	100,000	-	-	
		Letters of credit	(USD 40,000)	USD 2,245	-	
			(**5,236,200)	**293,835		Relative bills of exchange and shipping documents
				EURO 15		
				**2,260		
				GBP 5		
				**1,150		
Mr K M Mahinda Siriwardana						
Sri Lanka Export Development Board	Director	Savings account		1	-	
		Current account		19,268	-	
		Letters of guarantee	300	-	-	Cash
Sri Lanka Export Credit Insurance Corporation	Director	Savings account		109	-	
				EURO 0.2	-	
				**29	-	
		Current account		623	-	
		Time deposit		USD 2,566	-	
				**335,885	-	

* Currencies not specifically mentioned are in LKR

** LKR equivalent amount

Company	Relationship	Nature of transactions	Limit '000*	Balance / amount outstanding as at 31 December 2013 '000*	Balance / amount outstanding as at 31 December 2012 '000*	Security
Ms Nalini D Abeywardene						
Hotels Colombo (1963) Limited	Director	Savings account		3,912	-	
		Current account		11,647	35,303	
		Time deposit		114,717	102,075	
		Loan		7,801	-	
		Other receivables		23,038	31,548	
BOC Travels (Private) Limited	Director	Savings account		-	5,000	
		Current account		9,085	36,760	
		Time deposit		110,846	83,131	
		Leasing		6,967	-	
		Debentures		10,347	15,436	
		Overdraft	7,600	-	-	Book debts
		Letters of guarantee	56,000	-	56,050	Time deposits and debentures
		Other receivables		12	12	
		Other payables		689	428	
Mr Chandrasiri de Silva						
Hotels Colombo (1963) Limited	Director	Savings account		3,912	-	
		Current account		11,647	35,303	
		Time deposit		114,717	102,075	
		Loan		7,801	-	
		Other receivables		23,038	31,548	
BOC Travels (Private) Limited	Chairman	Savings account		-	5,000	
		Current account		9,085	36,760	
		Time deposit		110,846	83,131	
		Leasing		6,967	-	
		Debentures		10,347	15,436	
		Overdraft	7,600	-	-	Book debts
		Letters of guarantee	56,000	-	56,050	Time deposits and debentures
		Other receivables		12	12	
		Other payables		689	428	

* Currencies not specifically mentioned are in LKR

** LKR equivalent amount

Directors' interest in contracts

Company	Relationship	Nature of transactions	Limit '000*	Balance / amount outstanding as at 31 December 2013 '000*	Balance / amount outstanding as at 31 December 2012 '000*	Security
Mr Lalith Withana						
Orit Apparels (Private) Limited	Chief Excecutive Officer	Current account		USD 11 **1,465	-	
		Loan	USD 1,400 **183,267	USD 820 **107,288	-	Mortgage over machine, corporate guarantee and commercial property
		Overdraft		86	-	
Orit Trading Lanka (Private) Limited	Chief Excecutive Officer	Savings account		USD 116 **15,190	-	
		Current account		31	-	
		Time deposit		USD 200 **26,181	-	
		Overdraft		USD 25 **3,231	-	
		Letters of credit	USD 5,900 **772,340	USD 398 **52,104	-	Corporate guarantee, bills of exchange and personal guarantee
Mr R M Ananda Ratnayake						
De La Rue Lanka Currency and Security Print (Private) Limited	Director	Current account		9,113 GBP 54 **11,602	- - -	
		Time deposit		8,253	-	
		Overdraft	30,000	26,291	-	

* Currencies not specifically mentioned are in LKR

** LKR equivalent amount

Directors' statement on internal control over financial reporting

Responsibility
In line with the Banking Act Direction No. 11 of 2007, section 3(8)(ii)(b), the Board of Directors present this report on Internal Control over Financial Reporting.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at Bank of Ceylon, ("the Bank"). In considering such adequacy and effectiveness, the Board recognises that the business of banking requires reward to be balanced with risk on a managed basis and as such the internal control systems are primarily designed with a view to highlighting any deviations from the limits and indicators which comprise the risk appetite of the Bank. In this light, the system of internal controls can only provide reasonable, but not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process includes enhancing the system of internal control over financial reporting as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the guidance for Directors of banks on the directors' statement on internal control issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control over financial reporting taking into account principles for the assessment of internal control system as given in that guidance.

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key features of the process adopted in applying in reviewing the design and effectiveness of the internal control system over financial reporting
The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- Various committees are established by the Board to assist the Board in ensuring the effectiveness of bank's daily operations and that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

- The Internal Audit Division of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the Internal Audit Department are submitted to the Board Audit Committee for review at their periodic meetings.

- The Board Audit Committee of the Bank reviews internal control issues identified by the Internal Audit Department, the External Auditors, Regulatory Authorities and the Management: and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of the same. The minutes of the Board Audit Committee meetings are forwarded to the Board on a periodic basis. Further details of the activities undertaken by the Board Audit Committee of the Bank are set out in the Audit Committee Report on pages 189 to 191.

- In assessing the internal control system over financial reporting, identified officers of the Bank collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Bank. These in turn were observed and checked by the Internal Audit Department for suitability of design and effectiveness on an ongoing basis.

- The Bank adopted the new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2012. The processes and procedures initially applied to adopt the aforementioned Accounting Standards were further strengthened during the year 2013 based on the feedback received from the External Auditors, Internal Audit Department, regulators and the Board Audit Committee. The Bank is in the process of updating relevant procedure manuals pertaining to these new requirements. The Bank has also recognised the need to introduce an automated financial reporting process in order to comply with the requirements of recognition, measurement, classification and disclosure of the financial instruments more effectively and efficiently. The assessment did not include subsidiary companies of the Bank.

- The comments made by the External Auditors in connection with internal control system over financial reporting in previous years were reviewed during the year and appropriate steps have been taken to rectify them. The recommendations made by the external auditors in 2013 in connection with the internal control system over financial reporting will be dealt with in the future.

Directors statement on internal control over financial reporting

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of Central Bank of Sri Lanka.

Review of the statement by the Auditor General

The Auditor General, the external auditor of the Bank has reviewed the above Directors Statement on Internal Control over Financial Reporting included in the annual report of the Bank for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control over financial reporting of the Bank. Their Report on the Statement of Internal Control over financial reporting is given on page 223 of this annual report.

By order of the Board

Chairman - Audit Committee

Acting Chairman

Director

Colombo, Sri Lanka
13 March 2014

Independent assurance report

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

My No. FB/F/BOC/IC/2013 Your No. Date 27 March 2014

The Chairman
Bank of Ceylon

Assurance Report of the Auditor General to the Board of Directors on the Directors' Statement on Internal Control of Bank of Ceylon

Introduction

This report is to provide assurance on the Directors' Statement on Internal Control ("Statement") of Bank of Ceylon included in the annual report for the year ended 31 December 2013. In carrying out this assurance engagement I was assisted by a firm of Chartered Accountants in public practice.

Management's Responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued in compliance with section 3(8)(ii)(b) of the Banking Act Direction No. 11 of 2007, by the Institute of Chartered Accountants of Sri Lanka.

My Responsibility and Compliance with SLSAE 3050

My responsibility is to issue a report to the Board of Directors on the Statement based on the work performed. I conducted my engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3050 – Assurance Report for Banks on Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka.

Summary of work performed

My engagement has been conducted to assess whether the Statement is supported by the documentation prepared by or for Directors; and appropriately reflected the process the Directors have adopted in reviewing the system of internal control over financial reporting of the Bank.

The procedures performed were limited primarily to inquiries of bank personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3050 does not require me to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 also does not require me to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

Based on the procedures performed, nothing has come to my attention that causes me to believe that the Statement included in the annual report is inconsistent with my understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Bank.

H A S Samaraweera
Auditor General

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Directors' responsibility for financial reporting

This Statement by the Board of Directors is made especially to distinguish the respective responsibilities of the Directors and Auditors in relation to financial reporting. The responsibility of Directors in relation to financial reporting of the Bank of Ceylon and the Group is set out in the following statement.

Financial Statements

In terms of the provisions of Bank of Ceylon Ordinance No. 53 of 1938 and its amendments read with the Banking Act No. 30 of 1988 and its amendments and Directions, the Directors of the Bank are responsible for ensuring that the Bank maintains proper books of accounts which disclose with reasonable accuracy at any time the financial position of the Bank and prepares proper Financial Statements for each financial year giving a true and fair view of the state of affairs of the Bank.

The Directors acknowledge that in preparing the Financial Statements for the year 2013 presented in this annual report, the most appropriate accounting policies have been used and applied consistently supported by judgements and estimates that are reasonable and prudent. Material departures, if any, have been disclosed and explained.

The Financial Statements for the year 2013 presented in this annual report are in conformity with the requirements of the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, Banking Act No. 30 of 1988 and its amendments and Directions issued under it, the Sri Lanka Accounting Standards and other regulatory requirements. These Financial Statements reflect a true and fair view of the state of affairs of the Bank of Ceylon and the Group as at 31 December 2013.

Going concern

The Directors are of the view that the Bank and the Group have adequate resources to continue in business for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the Financial Statements.

Internal controls, risk management and compliance

The Directors are also responsible for the system of internal financial controls and risk management and place considerable importance on maintaining a strong control environment to protect and safeguard the Bank's assets and prevent fraud and mismanagement. Whilst inherent and residual risks cannot be completely eliminated, the Bank endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and practiced within predetermined procedures and constraints.

A report by the Directors on the Bank's internal control mechanism confirming that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting is given on page 221 and 222 of this annual report.

The Directors and Management have put in place risk management policies and guidelines. Management committees are established to monitor and manage material risks. Arrangements are made to submit reports on risk to the Integrated Risk Management Committee on a quarterly basis for discussion. Compliance with applicable laws, regulations, rules, directives and guidelines are monitored by the Independent Integrated Risk Management Division and reported to the Board.

The Audit Committee and Integrated Risk Management Committee, on an ongoing basis, have acted in strengthening the effectiveness of internal controls and risk management procedures. The reports of the Audit Committee and Integrated Risk Management Committee are included on pages 189 and 196 respectively of this annual report.

Audit report

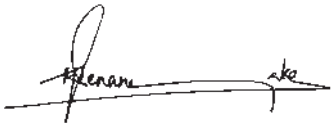
Pursuant to provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka, the Auditor General is the Auditor of the Bank and issues the final opinion on the Financial Statements of the Bank. The responsibilities of the Auditor in relation to the Financial Statements are set out in the Report of the Auditor General on page 225 of this annual report. The Auditor General's certification on the effectiveness of the Bank's internal control mechanism is given on page 223 of this annual report.

Compliance

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities which were due and payable by the Bank and its subsidiaries as at the Statement of Financial Position date have been paid or where relevant provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By order of the Board,



Janaki Senanayake Siriwardane
Secretary, Bank of Ceylon/Secretary to the Board

13 March 2014
Colombo

Report of the Auditor General

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AUDITOR GENERAL'S DEPARTMENT

My No. FB/F/BOC/FA/2013 Your No. Date 27 March 2014

The Chairman
Bank of Ceylon

Report of the Auditor General on the Financial Statements of the Bank of Ceylon and its subsidiaries for the year ended 31 December 2013

The audit of the financial statements of the Bank of Ceylon (Bank) and the consolidated financial statements of the Bank and its subsidiaries (Group) for the year ended 31 December 2013 comprising the Statements of Financial Position as at 31 December 2013, the Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(I) of the Constitution of the Democratic Socialist Republic of Sri Lanka. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice. The financial statements of the subsidiaries were audited by firms of Chartered Accountants in public practice appointed by the members of the respective subsidiaries.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit. I therefore believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion, so far as appears from my examination, the Bank maintained proper accounting records for the year ended 31 December 2013 and the financial statements give a true and fair view of the Bank's financial position as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In my opinion, the consolidated financial statements give a true and fair view of the financial position as at 31 December 2013 and its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Bank and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Bank.

Exemption

The Bank has been exempted from the provisions of Part II of the Finance Act, No. 38 of 1971 by an Order of then Minister of Finance published in the Government Gazette No. 715 of 14 May 1992 by virtue of powers vested in him by Sections 5 (1) of the said Finance Act.

Report to Parliament

My report to Parliament in pursuance of provisions in Article 154 (6) of the constitution will be tabled in due course.

H A S Samaraweera
Auditor General

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Income statement

For the year ended 31 December	Note No	Bank 2013 LKR '000	Bank 2012 LKR '000	Bank Change %	Group 2013 LKR '000	Group 2012 LKR '000	Group Change %
Total income	7	127,464,058	110,137,919	15.7	134,229,641	115,527,161	16.2
Interest income	8.1	114,863,091	95,021,794	20.9	119,504,363	98,751,348	21.0
Interest expense	8.2	(77,719,731)	(59,700,875)	30.2	(80,162,512)	(61,489,053)	30.4
Net interest income	8	37,143,360	35,320,919	5.2	39,341,851	37,262,295	5.6
Fee and commission income	9	6,457,118	7,320,001	(11.8)	6,789,600	7,531,297	(9.8)
Fee and commission expense	9	(720,232)	(654,195)	10.1	(854,587)	(761,209)	12.3
Net fee and commission income	9	5,736,886	6,665,806	(13.9)	5,935,013	6,770,088	(12.3)
Net gain /(loss) from trading	10	3,232,748	3,773,334	(14.3)	3,268,177	3,753,375	(12.9)
Net gain /(loss) from financial investments	11	425,543	366,407	16.1	469,989	368,206	27.6
Net gain /(loss) from financial instruments designated at fair value through profit or loss		-	-	-	-	-	-
Other operating income	12	2,485,558	3,656,383	(32.0)	4,197,512	5,122,935	(18.1)
Total operating income		49,024,095	49,782,849	(1.5)	53,212,542	53,276,899	(0.1)
Impairment (charge) / reversal for loans and other losses	13	(6,922,902)	(5,904,282)	17.3	(7,339,144)	(6,005,882)	22.2
Net operating income		42,101,193	43,878,567	(4.1)	45,873,398	47,271,017	(3.0)
Personnel expenses	14	(14,669,120)	(12,926,831)	13.5	(15,906,831)	(14,016,559)	13.5
Other expenses	15	(9,012,465)	(7,943,147)	13.5	(11,334,577)	(9,772,058)	16.0
Total operating expenses		(23,681,585)	(20,869,978)	13.5	(27,241,408)	(23,788,617)	14.5
Operating profit before value added tax (VAT)		18,419,608	23,008,589	(19.9)	18,631,990	23,482,400	(20.7)
Value added tax (VAT) on financial services		(2,710,836)	(3,214,291)	(15.7)	(2,756,179)	(3,274,717)	(15.8)
Operating profit after value added tax (VAT)		15,708,772	19,794,298	(20.6)	15,875,811	20,207,683	(21.4)
Share of profit /(loss) of associate companies before tax	16	-	-	-	228,813	38,585	493.0
Profit before income tax		15,708,772	19,794,298	(20.6)	16,104,624	20,246,268	(20.5)
Income tax expense	17	(3,621,659)	(5,377,677)	(32.7)	(3,956,302)	(5,638,274)	(29.8)
Profit for the year		12,087,113	14,416,621	(16.2)	12,148,322	14,607,994	(16.8)
Profit attributable to :							
Equity holder of the parent		12,087,113	14,416,621	(16.2)	12,234,412	14,580,264	(16.1)
Non controlling interest		-	-	-	(86,090)	27,730	(410.5)
Profit for the year		12,087,113	14,416,621	(16.2)	12,148,322	14,607,994	(16.8)
Earnings per share:							
Basic earnings per share (LKR)	18.1	2,417.42	2,883.32	(16.2)	2,446.88	2,916.05	(16.1)
Diluted earnings per share (LKR)	18.2	2,417.42	2,883.32	(16.2)	2,446.88	2,916.05	(16.1)
Dividend per share (LKR)	18.3	1,069.28	1,069.28	-	1,069.28	1,069.28	-

The notes from pages 232 to 362 form an integral part of these Financial Statements.

Statement of other comprehensive income

For the year ended 31 December	Note No	Bank 2013 LKR '000	Bank 2012 LKR '000	Bank Change %	Group 2013 LKR '000	Group 2012 LKR '000	Group Change %
Profit for the year		12,087,113	14,416,621	(16.2)	12,148,322	14,607,994	(16.8)
Other comprehensive income							
Exchange differences on translation of foreign operations	48.5	(197,220)	253,847	(177.7)	(52,743)	567,944	(109.3)
Actuarial gains / (losses) on retirement benefit plans		(408,625)	431,641	(194.7)	(395,668)	421,634	(193.8)
Deferred tax effect on actuarial gains		114,415	-	100.0	111,824	-	100.0
Revaluation gains / (losses) on property, plant and equipment		-	696,307	(100.0)	1,737,252	738,219	135.3
Deferred tax effect on revaluation gains		-	(86,654)	100.0	(480,294)	(86,654)	(454.3)
		(491,430)	1,295,141	(137.9)	920,371	1,641,143	(43.9)
Gains / (losses) on re measuring available for sale financial assets		509,527	(766,275)	166.5	574,903	(1,038,486)	155.4
Share of other comprehensive income of associate companies		-	-	-	5,543	-	100.0
Total other comprehensive income		18,097	528,866	(96.6)	1,500,817	602,657	149.0
Income tax expense relating to components of other comprehensive income		-	-	-	-	-	-
Total other comprehensive income for the year, net of tax		18,097	528,866	(96.6)	1,500,817	602,657	149.0
Total comprehensive income for the year, net of tax		12,105,210	14,945,487	(19.0)	13,649,139	15,210,651	(10.3)
Attributable to:							
Equity holder of the parent		12,105,210	14,945,487	(19.0)	13,684,287	15,204,828	(10.0)
Non controlling interest		-	-	-	(35,148)	5,823	(703.6)
		12,105,210	14,945,487	(19.0)	13,649,139	15,210,651	(10.3)

The notes from pages 232 to 362 form an integral part of these Financial Statements.

Statement of financial position

As at 31 December	Note No	Bank 2013 LKR '000	Bank 2012 LKR '000	Bank Change %	Group 2013 LKR '000	Group 2012 LKR '000	Group Change %
Assets							
Cash and short term funds	20	24,901,189	31,544,558	(21.1)	25,182,043	31,955,777	(21.2)
Balances with Central Banks	21	28,699,132	29,963,240	(4.2)	28,699,132	29,963,240	(4.2)
Placements with banks	22	19,315,520	19,394,466	(0.4)	21,157,190	25,577,197	(17.3)
Derivative financial instruments	23	3,261,073	507,451	542.6	3,261,073	507,451	542.6
Reverse repurchase agreements		22,319,717	797,425	2,699.0	22,851,895	1,423,796	1,505.0
Financial assets - Held for trading	24	13,539,791	15,541,185	(12.9)	13,898,242	16,028,758	(13.3)
Financial investments - Loans and receivables	25	129,108,613	99,206,859	30.1	130,190,296	99,182,351	31.3
Loans and advances to customers	26	725,331,966	691,899,207	4.8	746,571,819	709,933,498	5.2
Financial investments - Available for sale	27	10,325,214	12,080,988	(14.5)	12,852,445	14,361,925	(10.5)
Financial investments - Held to maturity	28	156,899,761	110,956,202	41.4	157,441,572	111,706,459	40.9
Investment in subsidiary companies	29	6,828,699	6,792,848	0.5	-	-	-
Investment in associate companies	30	842,988	842,988	-	1,471,267	1,268,995	15.9
Investment properties	31	-	-	-	151,914	147,047	3.3
Property, plant and equipment	32	12,006,180	11,430,827	5.0	20,622,161	18,437,863	11.8
Leasehold properties	33	83,026	84,976	(2.3)	121,417	124,724	(2.7)
Intangible assets	34	501,064	376,002	33.3	669,657	461,955	45.0
Deferred tax assets	35	-	-	-	47,818	73,042	(34.5)
Other assets	36	39,616,967	16,801,769	135.8	40,572,450	18,199,140	122.9
Total assets		1,193,580,900	1,048,220,991	13.9	1,225,762,391	1,079,353,218	13.6
Liabilities							
Due to banks	37	1,166,427	10,127,983	(88.5)	1,336,267	10,329,510	(87.1)
Derivative financial instruments	38	274,948	74,314	270.0	274,948	74,314	270.0
Due to customers	39	842,070,000	693,440,642	21.4	850,767,521	700,168,802	21.5
Other borrowings	40	235,370,269	233,795,515	0.7	240,802,111	245,140,679	(1.8)
Debt securities issued	41	20,968,357	23,296,349	(10.0)	24,986,818	24,481,798	2.1
Current tax liabilities		-	2,208,461	(100.0)	251,475	2,418,079	(89.6)
Deferred tax liabilities	35	151,623	351,279	(56.8)	2,034,216	1,699,612	19.7
Insurance provision - life	42.1	-	-	-	220,748	166,087	32.9
Insurance provision - non life	42.2	-	-	-	670,073	571,068	17.3
Other liabilities	43	11,521,521	10,155,542	13.5	13,158,933	11,859,101	11.0
Subordinated term debts	45	24,357,595	23,818,024	2.3	24,347,248	23,801,505	2.3
Total liabilities		1,135,880,740	997,268,109	13.9	1,158,850,358	1,020,710,555	13.5
Equity							
Share capital	46	5,000,000	5,000,000	-	5,000,000	5,000,000	-
Permanent reserve fund	47	3,538,455	3,285,955	7.7	3,538,455	3,285,955	7.7
Retained earnings		31,418,794	27,639,146	13.7	33,261,300	29,318,089	13.4
Other reserves	48	17,742,911	15,027,781	18.1	23,816,578	19,621,126	21.4
Total equity attributable to the parent		57,700,160	50,952,882	13.2	65,616,333	57,225,170	14.7
Non controlling interest		-	-	-	1,295,700	1,417,493	(8.6)
Total equity		57,700,160	50,952,882	13.2	66,912,033	58,642,663	14.1
Total liabilities and equity		1,193,580,900	1,048,220,991	13.9	1,225,762,391	1,079,353,218	13.6
Commitments and contingencies	50	655,441,409	455,180,815	44.0	656,226,093	455,863,271	44.0
Net assets per share		11,540.03	10,190.58	13.2	13,123.27	11,445.03	14.7

The notes from pages 232 to 362 form an integral part of these Financial Statements.

These Financial Statements give a true and fair view of the state of affairs of Bank of Ceylon and the Group as at 31st December 2013 and its profit for the year then ended.

W A Asoka Rupasinghe
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board by,

Raju Sivaraman
Chairman

Lalith Withana
Director

D M Gunasekara
General Manager

13th March 2014
Colombo

Statement of changes in equity

Bank

	Note No	Share capital LKR ' 000	Permanent reserve fund LKR ' 000	Other reserves: Available for sale reserve [Note 48.6] LKR ' 000	Other reserves: Investment fund account LKR ' 000	Other reserves: Other reserves LKR ' 000	Other reserves: Revaluation reserve LKR ' 000	Retained earnings LKR ' 000	Total equity LKR ' 000
Balance as at 1 January 2012		5,000,000	3,008,000	4,169,463	1,484,073	1,346,600	4,612,661	21,733,008	41,353,805
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	14,416,621	14,416,621
Other comprehensive income, net of tax		-	-	(766,275)	-	253,847	609,653	431,641	528,866
		-	-	(766,275)	-	253,847	609,653	14,848,262	14,945,487
Dividends for 2012	18.3	-	-	-	-	-	-	(5,346,410)	(5,346,410)
Transfer to investment fund account	48.1	-	-	-	3,232,612	-	-	(3,232,612)	-
Transfers to permanent reserve fund	47	-	277,955	-	-	-	-	(277,955)	-
Transfers to primary dealer special risk reserve	48.3	-	-	-	-	85,147	-	(85,147)	-
Balance as at 31 December 2012		5,000,000	3,285,955	3,403,188	4,716,685	1,685,594	5,222,314	27,639,146	50,952,882
Balance as at 1 January 2013		5,000,000	3,285,955	3,403,188	4,716,685	1,685,594	5,222,314	27,639,146	50,952,882
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	12,087,113	12,087,113
Other comprehensive income, net of tax		-	-	509,527	-	(197,220)	-	(294,210)	18,097
		-	-	509,527	-	(197,220)	-	11,792,903	12,105,210
Dividends for 2013	18.3	-	-	-	-	-	-	(5,346,410)	(5,346,410)
Transfer to investment fund account	48.1	-	-	-	2,340,405	-	-	(2,340,405)	-
Transfers to permanent reserve fund	47	-	252,500	-		-	-	(252,500)	-
Revaluation gains / (losses) on property, plant and equipment	48.2	-	-	-	-	-	(16,003)	-	(16,003)
Deferred tax effect on revaluation gains	48.2	-	-	-	-	-	4,481	-	4,481
Transfers to primary dealer special risk reserve	48.3	-	-	-	-	73,940	-	(73,940)	-
Balance as at 31 December 2013		5,000,000	3,538,455	3,912,715	7,057,090	1,562,314	5,210,792	31,418,794	57,700,160

Group

	Note No	Share capital LKR ' 000	Permanent reserve fund LKR ' 000	Other reserves: Available for sale reserve [Note 48.6] LKR ' 000	Other reserves: Investment fund account LKR ' 000	Other reserves: Other reserves LKR ' 000	Other reserves: Revaluation reserve LKR ' 000	Retained earnings LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 1 January 2012		5,000,000	3,008,000	4,987,494	1,570,276	1,754,075	7,716,172	23,355,259	1,449,031	48,840,307
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	-	14,580,264	27,730	14,607,994
Other comprehensive income, net of tax		-	-	(1,016,579)	-	567,944	651,565	421,634	(21,907)	602,657
		-	-	(1,016,579)	-	567,944	651,565	15,001,898	5,823	15,210,651
Dividends for 2012	18.3	-	-	-	-	-	-	(5,346,410)	-	(5,346,410)
Subsidiary dividends to non controlling interest		-	-	-	-	-	-	-	(60,302)	(60,302)
Transfers to investment fund account	48.1	-	-	-	3,279,672	-	-	(3,279,672)	-	-
Transfers to permanent reserve fund	47	-	277,955	-	-	-	-	(277,955)	-	-
Transfers to other reserves		-	-	-	-	25,360	-	(25,360)	-	-
Acquisition, disposal and changes in non controlling interest		-	-	-	-	-	-	(24,524)	22,941	(1,583)
Transfers to primary dealer special risk reserve	48.3	-	-	-	-	85,147	-	(85,147)	-	-
Balance as at 31 December 2012		5,000,000	3,285,955	3,970,915	4,849,948	2,432,526	8,367,737	29,318,089	1,417,493	58,642,663
Balance as at 1 January 2013		5,000,000	3,285,955	3,970,915	4,849,948	2,432,526	8,367,737	29,318,089	1,417,493	58,642,663
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	-	12,234,412	(86,090)	12,148,322
Other comprehensive income, net of tax		-	-	544,746	-	(52,743)	1,216,233	(258,360)	50,941	1,500,817
		-	-	544,746	-	(52,743)	1,216,233	11,976,052	(35,149)	13,649,139
Dividends for 2013	18.3	-	-	-	-	-	-	(5,346,410)	-	(5,346,410)
Subsidiary dividends to non controlling interest		-	-	-	-	-	-	-	(30,952)	(30,952)
Transfers to investment fund account	48.1	-	-	-	2,378,600	-	-	(2,378,600)	-	-
Transfers to permanent reserve fund	47	-	252,500	-	-	-	-	(252,500)	-	-
Revaluation gains / (losses) on property, plant and equipment		-	-	-	-	-	(16,003)	-	-	(16,003)
Deferred tax effect on revaluation gains		-	-	-	-	-	4,481	-	-	4,481
Transfers to other reserves		-	-	-	-	18,332	-	(18,332)	-	-
Acquisition, disposal, merger and changes in non controlling interest		-	-	-	-	-	27,866	36,941	(55,692)	9,115
Transfers to primary dealer special risk reserve	48.3	-	-	-	-	73,940	-	(73,940)		-
Balance as at 31 December 2013		5,000,000	3,538,455	4,515,661	7,228,548	2,472,055	9,600,314	33,261,300	1,295,700	66,912,033

The notes from pages 232 to 362 form an integral part of these Financial Statements.

Statement of cash flows

For the year ended 31 December	Note No	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
Cash flows from operating activities					
Profit before income tax		15,708,772	19,794,298	16,104,624	20,246,268
Adjustments for:					
Net interest income	8	(37,143,360)	(35,320,919)	(39,341,851)	(37,262,295)
Dividend income on trading securities	10	(138,173)	(94,153)	(153,098)	(94,377)
Dividends from subsidiaries and associates	12	(244,386)	(324,799)	-	-
Share of (profit) / loss of associate companies before tax	16	-	-	(228,813)	(38,585)
Change in operating assets	49.1	(77,016,684)	(116,036,895)	(82,264,945)	(115,905,927)
Change in operating liabilities	49.2	119,165,110	82,392,310	119,104,860	83,188,312
Other non cash items included in profit before tax	49.3	6,860,242	7,632,741	7,722,380	8,008,818
Other net (gain) / loss from investing activities		(425,544)	(366,406)	(469,989)	(368,206)
		26,765,977	(42,323,823)	20,473,168	(42,225,992)
Contribution paid to defined benefit plans		(4,668,297)	(4,156,871)	(4,672,881)	(4,169,844)
Interest received		83,182,750	66,059,418	87,390,368	69,705,947
Interest paid		(53,834,481)	(34,795,501)	(49,524,430)	(37,108,275)
Dividend received		138,173	94,153	153,098	94,377
Net cash from / (used in) operating activities before income tax		51,584,122	(15,122,624)	53,819,323	(13,703,787)
Income tax paid		(4,533,553)	(4,148,349)	(4,705,085)	(4,382,700)
Net cash from / (used in) operating activities		47,050,569	(19,270,973)	49,114,238	(18,086,487)
Cash flows from investing activities					
Net increase in financial investments - Held to maturity		(45,566,069)	(56,731,405)	(45,357,623)	(57,025,638)
Net decrease / (increase) in financial investments - Available for sale		2,360,218	(1,727,908)	2,173,080	(1,281,698)
Net increase in financial investments - Loans and receivables		(29,901,754)	(9,480,520)	(31,007,945)	(9,558,613)
Increase in interest in subsidiaries		(35,851)	(596,624)	(35,851)	(1,350)
Sale proceeds / (acquisition) of investment properties		-	-	(7,730)	1,140
Purchase of property plant and equipment and leasehold properties		(1,682,211)	(1,066,781)	(1,804,821)	(1,316,646)
Purchase of intangible assets		(262,860)	(153,783)	(372,298)	(166,401)
Proceeds from sale of property, plant and equipment		108,919	105,603	137,794	106,413
Dividend received		575,013	646,036	395,804	367,080
Interest received		23,053,575	16,040,375	23,413,612	17,996,652
Net cash used in investing activities		(51,351,020)	(52,965,007)	(52,465,978)	(50,879,061)

For the year ended 31 December	Note No	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
Cash flows from financing activities					
Net increase in other borrowings		20,361,456	105,650,070	16,248,865	110,535,429
Proceeds from non controlling interest on issue of rights in subsidiary		-	-	21,954	18,335
Proceeds from issue of debentures		8,000,000	9,400,000	11,000,000	9,400,000
Payments on redemption of debentures		(9,684,601)	(5,500,000)	(9,917,054)	(5,550,000)
Dividends paid to Government of Sri Lanka		(5,346,410)	(5,346,410)	(5,346,410)	(5,346,410)
Dividends paid to non controlling interest		-	-	(30,952)	(60,302)
Interest payments on borrowings and debt securities		(17,707,813)	(14,563,581)	(22,966,256)	(15,874,370)
Net cash generated from / (used in) financing activities		(4,377,368)	89,640,079	(10,989,853)	93,122,682
Net increase/ (decrease) in cash and cash equivalents during the year		(8,677,819)	17,404,099	(14,341,593)	24,157,134
Cash and cash equivalents at the beginning of the year		46,780,915	29,376,816	55,296,768	31,139,634
Cash and cash equivalents at the end of the year		38,103,096	46,780,915	40,955,175	55,296,768
Note 1					
Analysis of cash and cash equivalents					
Cash and short term funds	20	24,901,189	31,544,558	25,182,043	31,955,777
Due from banks with maturity less than three months		13,550,595	15,381,086	16,240,285	23,572,247
Bank overdrafts	37	(348,688)	(144,729)	(467,153)	(231,256)
		38,103,096	46,780,915	40,955,175	55,296,768

The notes from pages 232 to 362 form an integral part of these Financial Statements

Significant accounting policies

1. Reporting Entity

Bank of Ceylon (the "Bank") is a Government owned bank domiciled in Sri Lanka, duly incorporated on 1 August 1939 under the Bank of Ceylon Ordinance No.53 of 1938. It is a licensed commercial bank established under the Banking Act No.30 of 1988 and amendments thereto. The registered office of the Bank is situated at"BOC Square", No.01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka. The debentures issued by the Bank are listed on Colombo Stock Exchange and the senior notes amounting to USD 1,000 million are listed on Singapore Stock Exchange.

The staff strength of the Bank as at 31 December 2013 was 8,883 (2012 : 7,790).

Consolidated Financial Statements

The Consolidated Financial Statements prepared as at and for the year ended 31 December 2013 comprise the Bank ("Parent"), its subsidiaries (together referred to as the "Group") and the Group's interests in its associate companies.

Approval of Financial Statements by the Board of Directors

The Financial Statements for the year ended 31 December 2013 were authorized for issue on 13 March 2014.

1.1 Principal activities

Bank

The principal activities of the Bank during the year were commercial banking, personal banking, development financing, mortgage financing, lease financing, investment banking, Islamic banking, bancassurance, corporate financing, primary dealing, pawning, credit card facilities, off shore banking, foreign currency operations, tele- banking facilities, internet banking and other financial services.

Subsidiaries

The principal activities of the subsidiaries of the Bank are as follows:

Name of company	Principal activities
Property Development PLC	Own, maintain and manage the Bank of Ceylon head office building
Merchant Bank of Sri Lanka PLC	Leasing, hire purchase, corporate and retail credit, corporate advisory services, capital market operations, margin trading, and micro financing.
BOC Management & Support Services (Private) Limited	Provides management services to the Group
BOC Property Development & Management (Private) Limited	Renting of office space of BOC Merchant Tower in Colombo 03 and Ceybank House in Kandy
BOC Travels (Private) Limited	Engages in travel related services
Hotels Colombo (1963) Limited	Provides hotel services
MCSL Financial Services Limited	Acceptance of deposits, granting lease facilities, hire purchase, loans and other credit facilities, real estate developments and related services
Ceybank Holiday Homes (Private) Limited	Operating of pilgrims rests, holiday homes and guest houses
MBSL Insurance Company Limited	Underwriting of all classes of life and general insurance
Koladeniya Hydropower (Private) Limited	Hydropower generation
Bank of Ceylon (UK) Limited	Registered under the Financial Services Authority of United Kingdom and provides financial services including accepting deposits and dealing in investments
MBSL Savings Bank Limited	Licensed Specialised Bank and provides financial services including accepting deposits, lease financing, hire purchase financing and pawning services.

Associates

The principal activities of the associates of the Bank are as follows.

Name of company	Principal activities
Ceybank Asset Management Limited	Management of Unit Trust Funds and other private portfolios
Southern Development Financial Company Limited	Granting loan facilities
Lanka Securities (Private) Limited	Registered stock broker engages in equity trading, debt trading and margin trading

Name of company	Principal activities
Mireka Capital Land (Private) Limited	Purchasing, hiring and acquiring real estate properties, real estate developments and providing infrastructure facilities to real estate development projects
Transnational Lanka Records Solutions (Private) Limited	Renting properties and real estates.

There were no significant changes in the nature of principal activities of the Bank, subsidiaries and associates during the year under review.

Two subsidiaries, Ceylease Limited and MCSL Financial Services Limited have merged on 22 August 2013. MCSL Financial Services Limited is the post amalgamated entity.

2. Directors' Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Bank and its subsidiaries and associates in compliance with the requirements of the Bank of Ceylon Ordinance and its amendments read with the Banking Act No. 30 of 1988 and its amendments thereto and Sri Lanka Accounting Standards.

3. Basis of Preparation

3.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank have been prepared in accordance with Sri Lanka Accounting Standards comprising of Sri Lanka Financial Reporting Standards and Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. (together referred to as SLFRS in these Financial Statements) The preparation and presentation of these Financial Statements are in compliance with the requirements of the Bank of Ceylon Ordinance and the Companies Act No.07 of 2007. The presentation of the Financial Statements is also in compliance with the requirements of the Banking Act No.30 of 1988.

The Group has prepared Financial Statements which comply with SLFRS applicable for the year ended on or after 31 December 2013, together with the comparative year data as at and for the year ended 31 December 2012, as described in the accounting policies.

3.2 Basis of measurement

The Consolidated Financial Statements have been prepared on the basis of historical cost convention except for the following:

- Financial assets and liabilities held for trading are measured at fair value
- Derivative financial instruments are measured at fair value
- Available for sale financial assets are measured at fair value
- Owner occupied freehold land and buildings are measured at revalued amount less any subsequent accumulated depreciation and impairment losses
- Defined benefit obligations are actuarially valued and recognized as the present value of the defined benefit obligation less total of the fair value of plan assets

No adjustments have been made for inflationary factors affecting the Financial Statements.

3.3 Functional and presentation currency

Items included in the Consolidated Financial Statements are measured in Sri Lankan Rupees ('LKR') which is the currency of the primary economic environment in which the Bank operates. The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Except as otherwise indicated, financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand.

3.4 Presentation of Financial Statements

The Bank and the Group present its statement of financial position broadly in order of their relative liquidity.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

3.5 Comparative information

The comparative information is re classified wherever necessary to conform to the current year's presentation.

3.6 Use of significant accounting judgments, estimates and assumptions

The preparation of the consolidated Financial Statements requires management to exercise judgments, estimates and assumptions that affect the application of accounting policies and the reported

amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgment, estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and/or in future periods if the revision affects future periods too.

In the process of applying the Group's accounting policies, management has made the following estimates, assumptions and judgments, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements.

Commitment
All discernible risks are accounted for in determining the amount of all known and measurable liabilities.

Contingent liabilities
Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless its occurrence is remote.

Going concern
The management has made an assessment on the Bank's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

Therefore, the Financial Statements continue to be prepared on the going concern basis.

Fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, however if such data are not available, a degree of judgment is exercised in establishing fair values.

Impairment losses on loans and advances
The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made based on incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as loan type, levels of arrears etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of different individual groups).

Impairment of available for sale investments
The Group reviews its debt securities classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances. The Group also records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant or prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its carrying value.

Defined benefit obligation
The cost of the defined benefit pension plans and other post employment benefit plans are determined using an actuarial valuation. An actuarial valuation involves making various assumptions determining the discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

Fair value of property, plant and equipment
The freehold land and buildings and the buildings on leasehold land of the Group are reflected at fair value. The Group engaged independent valuation specialists to determine fair value of such properties. When current market prices of similar assets are available, such evidences are considered in estimating fair value of these assets.

Taxation
The Group is subject to income tax and other taxes including Value Added Tax (VAT) on financial services. Significant judgment was required to determine the total provision for current, differed and other taxes pending the issues of tax guidelines on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes.

The Group recognizes assets and liabilities as current, differed and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and differed tax amounts in the period in which the determination is made.

Useful life time of the property, plant and equipment
The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Classification of investment properties
Management required using its judgment to determine whether a property qualified as an investment property. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the group are accounted for as investment properties. On the other hand, a property that is used for operations or in the process of providing services or for administration purposes and which do not directly generates cash flows as stand alone assets are accounted as property, plant and equipment.

Changes in accounting policies and disclosures, new and amended standards and interpretations
Sri Lanka Accounting Standard (LKAS) 19 - Employee Benefits

The Bank and the Group, applied for the first time Sri Lanka Accounting Standard (LKAS) 19 - Employee Benefits. There is no change in the accounting for employment benefits other than the new disclosures adopted by the Group.

4. Significant Accounting Policies

The significant accounting policies applied by the Bank and the Group in preparation of its Financial Statements are included below. The accounting policies set out below have been consistently applied to all periods presented in these Financial Statements.

4.1 Basis of consolidation

4.1.1 Subsidiaries
Subsidiaries are entities controlled by the Bank. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The Consolidated Financial Statements are prepared to common financial year end of 31 December.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances. All subsidiaries of the Bank have been incorporated in Sri Lanka except for Bank of Ceylon (UK) Limited, which is incorporated in the United Kingdom.

A list of the Bank's subsidiaries is given in note 1.1 to the Financial Statements.

4.1.2 Associates
Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associate entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs. Even though the Bank holds between 20 and 50 percent of share holdings, if the Bank does not have significant influence, such entities are not considered as associates.

The Consolidated Financial Statements include the Bank's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Bank's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reported at nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the Bank's resumes recognizing it share of those profits only after its share of the profits equals the share of losses not recognized.

A list of the Bank's associates is shown in note 1.1 to the Financial Statements.

4.1.3 Business combination

Business combinations are accounted for using the acquisition method. As of the acquisition date, the amount of non controlling interest is measured either at fair value or at the non controlling interest's proportionate share of the acquirer's identifiable net assets.

Acquisition related cost are costs the acquirer incurs to effect a business combination. Those costs include finder's fees, advisory, legal, accounting, valuation and other professional law consulting fees, general administrative costs, including the cost of maintaining an internal acquisition department, and cost of registering and issuing debt and equity securities. Acquisition related costs, other than those associated with the issue of debt or equity securities are expensed in the periods in which the costs are incurred and the services are received.

The Group elects on a transaction by transaction basis whether to measure non controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

4.1.4 Acquisitions of non controlling interests

Acquisitions of non controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore, no goodwill is recognized as a result of such transactions.

4.1.5 Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, carrying amount of non controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Statement of Other Comprehensive Income (OCI) is reclassified to income statement or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

4.1.6 Transactions eliminated on consolidation

All intra group transactions, balances, income and expenses (except for foreign currency translation gains or losses) are eliminated on consolidation. Unrealised gains and losses resulting from transactions between the Group and its associates are also eliminated on consolidation to the extent of the Group's interests in the associates.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re translated into the functional currency at the spot exchange rate at that date and all differences arising on non trading activities are taken to 'other operating income' in the income statement.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re translated into the functional currency at the spot exchange rate at the date of the initial transaction.

Foreign currency differences arising on re translation are recognized in the income statement.

Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Forward exchange contracts are valued at the forward market rates ruling on the reporting date resulting net unrealized gains or losses are dealt with the income statement.

4.2.2 Foreign operations

The results and financial position of foreign operations, whose functional currencies are not Sri Lankan Rupees are translated into Sri Lankan Rupees as follows.

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at spot exchange rates as at the reporting date. The income and expenses of foreign operations are translated at monthly average rate for the year.

Foreign currency differences on the translation of foreign operations are recognized in OCI.

When a foreign operation is disposed off, the relevant amount in the translation is transferred to the income statement as part of the profit or loss on disposal in other operating expenses or other operating income.

4.3 Cash and cash equivalents

Cash and cash equivalents include local and foreign currency notes and coins on hand, unrestricted balances held with central banks, balances with other banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

4.3.1 Cash flow statement

Consolidated statement of cash flows has been prepared by using of 'Indirect Method' in accordance with the Sri Lanka Accounting Standards - LKAS 07, whereby the profit is adjusted to derive the cash flows from operating activities. Cash and cash equivalents comprise cash in hand, amounts due from / due to other banks, other short term highly liquid investment with maturity less than three months from date of acquisition.

4.4 Financial assets and financial liabilities

4.4.1 Date of recognition

All financial assets and liabilities are initially recognized on the settlement date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades" purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.4.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

For the purpose of measuring financial assets and liabilities following classification is made:

Fair value through profit or loss
Held to maturity investments
Loans and receivable
Available for sale financial assets

4.4.3 Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred.

- Derivatives recorded at fair value through profit or loss
  The Group uses derivatives such as cross currency swaps, forward foreign exchange contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in 'net trading income'.

- Financial assets and liabilities held for trading
  Financial assets and liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are and dividend recognized in 'net trading income'. Interest income or expense is recorded in 'interest income' according to the terms of the contract, or when the right to the payment has been established. Debt securities that have been acquired principally for the purpose of selling or repurchasing in the near term are included in this classification.

4.4.4 Held to maturity financial investments

Held to maturity (HTM) financial investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

After initial measurement, HTM financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'interest income' in the income statement. The losses arising from impairment of such investments are recognized in the income statement under "impairment charge/ (reversal) for loans and other losses". A sale or reclassification of a more than insignificant amount of HTM investments would result in the reclassification of all HTM investments as available for sale, and would prevent the Group from classifying any financial asset as held to maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value

- Sales or reclassifications after the Group has collected substantially all of the asset's original principal

- Sales or reclassifications attributable to non recurring isolated events beyond the Group's control that could not have been reasonably anticipated

4.4.5 Placements with banks and loans and advances to customers

'Placements with banks' and 'Loans and advances to customers' include non derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the bank intends to sell immediately or in the near term and those that the bank, upon initial recognition, designates as at fair value through profit or loss
- Those that the Bank, upon initial recognition, designates available for sale
- Those for which the bank may not recover substantially all of its initial investment, other than those due to credit deterioration

After initial measurement, 'Placements with banks' and 'Loans and advances to customers' are subsequently measured at amortized cost using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the Income Statement. The losses arising from impairment are recognized in the income statement under 'impairment charge / (reversal) for loans and other losses'.

The Group writes off certain loans and advances and placements with banks when they are determined to be uncollectible.

4.4.6 Available for sale financial investments

Available for sale (AFS) financial investments include equity and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions. The Group has not designated any loans or receivables as available for sale.

After initial measurement, AFS financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognized directly in equity (OCI) in the 'Available for sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the income statement under 'Other operating income'. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first in first out basis. Interest earned whilst holding available for sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available for sale financial investments are recognized in the Income Statement as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of investments' are removed from the 'Available for sale reserve' and recognized in the income statement in "Impairment (charge) / reversal for loans and other losses".

4.4.7 'Day one' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognizes the difference between the transaction price and fair value (a 'Day one' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the income statement over the life of the instrument.

4.4.8 Debt securities issued and other borrowings

Financial instruments issued by the Group that are not designated at fair value through profit or loss, are classified as liabilities under 'Debt securities issued and other borrowings', where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt securities issued and other borrowings are subsequently measured at amortized cost using EIR. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of EIR.

4.4.9 De recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that are created or retained by the Group is

recognized as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the income statement.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the service.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the income statement.

4.4.10 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within 'Other borrowings' , reflecting the transaction's economic substance as a borrowing to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using EIR.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, within 'Reverse repurchase agreements', reflecting the transaction's economic substance as an advance granted by the Group. The difference between the purchase and resale prices is recorded in 'Interest income' and is accrued over the life of the agreement using the EIR.

4.4.11 Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their average quoted market price or average dealer price quotations, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, and other relevant valuation models.

4.4.12 Offseting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.4.13 Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired, when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the estimated future cash flows of the asset(s) that can be estimated reliably.

- Those impairment of financial assets carried at amortized cost
  The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

  The Group first assesses individually whether objective evidence of impairment exist for financial assets that are individually significant and that are not individually significant assesses individually or collectively.

  Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Group.

  If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'interest income'.

  All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

  In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling.

  Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behaviour. However, these portfolios are not gone through the full economic life cycle. It may not encounter any future uncertainties that could arise. Therefore, to avoid this limitation an economic factor adjustment has been incorporated in the Financial Statements.

  Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'Other operating Income'.

- Impairment assessment of held to maturity financial assets
  Impairment losses on held to maturity financial assets measured at amortized cost are calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the income statement and reflected in an "Impairment (charges)/ reversal for loans and other losses.

- Impairment assessment of available for sale investments
  Impairment losses on AFS investment securities are recognized by transferring the cumulative loss that has been recognized in OCI to the income statement as a reclassification adjustment. The cumulative loss that is reclassified from OCI to the income statement is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in the income statement. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

  If, in a subsequent period, the fair value of an impaired AFS debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed, with the amount of the reversal recognized in the income statement. However, any subsequent recovery in the fair value of an impaired AFS equity security is recognized in OCI.

- Renegotiated loans
  Where possible, the Group seeks to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan

conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

- Collateral valuation

  The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories, other non financial assets and credit enhancements such as netting agreements.

  The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by Central Bank of Sri Lanka.

  Non financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers and Audited Financial Statements.

- Collateral repossessed

  The Group's policy is to determine whether a repossessed asset is best used for its internal operations or be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

4.5 Non financial assets

4.5.1 Investment property

4.5.1.1 Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for under Cost Model in the Financial Statements. Accordingly, after initial recognition as an asset, the property is carried at its cost, less accumulated depreciation and impairment losses.

4.5.1.2 Depreciation

Depreciation is provided on a straight line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal.

4.5.1.3 Derecognition

Investment properties are derecognised when they are disposed of, or permanently withdrawn from use since no future economic benefits are expected. Transfers are made to and from investment property only when there is a change in use. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting

4.5.2 Property, plant and equipment

4.5.2.1 Recognition and measurement

Property, plant and equipment (PPE) are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses. Revaluation model is applied for entire class of freehold land and buildings and buildings on leasehold lands.

Such properties that carried at revaluation amount being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and building of the Group are revalued every five to seven years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. Any surplus arising on revaluation of an asset is recognized in the OCI except to the extent that surplus reverse a previous revaluation deficit on the same asset recognized in the OCI, in which case the credit to that extent is recognized in the statement of OCI. Any deficit in on revaluation is recognized in the OCI Income except to the extent of that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in OCI.

Accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of assets and the net amount restated to the revalued amount of the assets. Where the carrying value of the PPE are reviewed for impairment, when an event or

changes in circumstances indicate that the carrying value may not be recoverable.

When parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

4.5.2.2 Subsequent costs

The cost of replacing a part of an item of PPE is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day to day servicing of PPE are recognized in the income statement as incurred.

4.5.2.3 Depreciation

Depreciation is recognized in income statement on a straight line basis over the estimated useful lives of each part of an item of PPE since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Further, cost of expansion and major renovations on the building are depreciated over the remaining useful lives of the original buildings.

Provisioning for depreciation of PPE is made on pro rata basis.

The Group's estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	40 - 60 years
Office equipment	08 years
Furniture and fittings	08 years
Computer equipment	05 years
Motor vehicles	04 years
Power plant	20 years

Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

4.5.2.4 Derecognition

The carrying amount of an item of PPE is derecognised on disposal, replacement or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition of an item of PPE is included in the other operating income / expenses in the income statement in the year the item is derecognised.

4.5.2.5 Useful life and residual values

Residual value is the amount that an Group could receive for the asset at the reporting date if the asset were already at the age and in the condition that it will be in when the Group expects to dispose of it.

The residual and useful life of an asset are reviewed at least at each reporting date, changes in the residual value and useful life are accounted for prospectively as a change in an accounting estimate only if the residual value is material.

4.5.2.6 Capital work in progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalization.

4.5.3 Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets,even if that right is not explicitly specified in an arrangement.

- Group as a lessee

  Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

  A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight line basis over the lease term.

- Group as a lessor

  Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Contingent rents are recognized as revenue in the period in which they are earned.

4.5.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.5.5 Intangible assets

Intangible assets represents the value of computer application software and licenses, other than software applied to the operation software system of computers.

Intangible assets acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in the income statement on a straight line basis over the estimated useful lives of the intangible assets, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of intangible assets is five years or the best estimate of its useful economic life whichever is lower.

The unamortized balances of intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognized as expenses in the income statement to the extent that they are no longer probable of being recovered from the expected future benefits.

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Intangible assets are derecognised when it reveals that they will not generate economic benefits or circumstances indicate that the carrying value is impaired.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in income statement.

4.5.6 Gold inventory

The gold inventory is valued at lower of cost and net realizable value. Cost includes all cost of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

4.5.7 Impairment of non financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or the fair value of the Cash Generating Unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, in determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other valuable fair value indicators.

4.6 Employee benefits

4.6.1 Defined Contribution Plans

A Defined Contribution Plan (DCP) is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an expense in the income statement when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a DCP that is due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

- Bank of Ceylon Provident Fund

  All employees of the Bank are members of the 'Bank of Ceylon Provident Fund' to which the Bank contributes 12% of employee's monthly gross salary excluding overtime while employees contribute 8%. The Bank's Provident Fund is an approved fund, which is independently administered.

- Employees' Provident Fund
  The subsidiaries and their employees (other than Bank of Ceylon and its employees) contribute 12% (15% by Property Development PLC) and 8% (10% by Property Development PLC's employees) respectively on salary of each employee to Employees' Provident Fund, in terms of the Employees' Provident Fund Act No. 15 of 1958 as amended.

- Employees' Trust Fund
  All employees of the Bank and its subsidiaries are members of the Employees' Trust Fund to which the Bank / the Group contributes 3% of the employee's monthly gross salary excluding overtime, in terms of Employees' Trust Fund Act No. 46 of 1980.

4.6.2 Defined benefit plans

A Defined Benefit Plan (DBP) is a post employment benefit plan other than a DCP. The Group's net obligation in respect of DBP's pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, and then deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on long term treasury bond rate for discount rates actually used that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognizes all actuarial gains and losses arising from DBP in the OCI and the expenses related to DBP under personnel expenses in the income statement.

- Bank of Ceylon Pension Trust Fund
  The 'Bank of Ceylon Pension Trust Fund' is a funded, non contributory, defined retirement benefit plan, operated for the payment of pensions until death of the permanent employees who have completed a minimum of ten years of continuous service with the Bank, at their retirement on reaching the retirement age on or after 55 years or on medical grounds, before reaching retirement age. The pension is computed as a percentage of the last drawn salary excluding certain allowances.

  Contributions to the Pension Trust Fund are made monthly, based on the advice of a qualified actuary, currently at 57% of gross salary.
  The Fund is valued by a qualified actuary annually.
  The subsidiaries and associate companies of the Group do not have pension funds.

- Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund
  The Bank is liable for and guarantees the payments to the beneficiaries of the 'Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund' to which the Bank's employees monthly contribute 8% of their gross salary. The Bank's liability towards the beneficiaries of the employees arises when an employee who has contributed to the fund for five continuous years dies while in service or on the death of a pensioner where the Bank will be liable to pay Widows' and Orphans' Pension to his / her beneficiaries monthly. The pension to the beneficiaries of an employee who dies while in service is based on the last drawn salary excluding certain allowances.

  The Fund is valued by a qualified actuary annually. Funding would be done in consultation with the actuary, trustees and beneficiaries.

  Both the Pension Fund and the Widows' / Widowers' and Orphans' Pension Fund are approved by the Government and are independently administered.

- Provision for gratuity
  Provision has not been made in the Financial Statements for retirement gratuity payable under the Payment of Gratuity Act No.12 of 1983, to employees who joined the Bank prior to 1 January 1996 as the Bank has its own non contributory retirement benefit scheme in force. However, employees whose services are terminated other than by retirement are eligible to receive a terminal gratuity under the Payment of Gratuity Act No. 12 of 1983, at the rate of one half of the basic or consolidated wage or salary, cost of living and all other allowances applicable to the last month of the financial year, for each year of continuous service. A provision is being made in this Financial Statements for retirement gratuities from the first year of service for all employees who joined the Bank on or after 1 January 1996, as they are not covered by the pension scheme of the Bank.

In terms of Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits", The Bank and its subsidiaries have calculated the post employment benefit obligations, based on the actuarial valuation method recommended in the Standard.

The gratuity liabilities are not externally funded.

4.7 Provisions

A provision is recognized if as a result of a past event, when the Group has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic

benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash outflows at a current pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage at time is recognized as finance cost.

4. 8 Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the Financial Statements (within 'other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement under 'Impairment losses '. The premium received is recognized in the income statement under 'Fees and commission income' on a straight line basis over the life of the guarantee.

4.9 Recognition of income and expenditure

4.9.1 Interest

Interest income and expense are recognized in income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the income statement include:

- Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis
- Interest on available for sale investment securities calculated on an effective interest basis

Interest income and expense on all held for trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented in "interest income" together with all other changes in the fair value of trading assets and liabilities in "Net trading income".

Fair value changes on derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments at fair value through profit or loss in the OCI.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.9.2 Fee and commission

The Group earns fee and commission income from a diverse range of services it provides to its customers.

Fee income can be divided into the following two categories:

- Fee income earned from services that are provided over a certain period of time

  Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

  Credit related fees are deferred and recognized as an adjustment to the EIR on the loan.

- Fee income from providing transaction services

  Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

4.9.3 Net trading income

Net trading income comprises gains and losses related to trading assets and liabilities, and changes in fair value, interest, dividends and foreign exchange differences.

4.9.4 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non trading derivatives held for risk management purposes that do not form part of qualifying hedge

relationships and includes all realized and unrealised fair value changes, interest, dividends and foreign exchange differences.

4.9.5 Dividends

Dividend income is recognized when the right to receive the payment is established.

4.9.6 Rental income

Rental income is recognized on an accrual basis.

4.9.7 Other income

Other income is recognized on an accrual basis.

4.9.8 Lease payments

Payments made under operating leases are recognized in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

4.9.9 Other expenses

All other expenses have been recognized in the Financial Statements as they are incurred in the period to which they relate. All expenditure incurred in the operation of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the Group's profit for the year.

4.10 Income tax expense

4.10.1 Current tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the income statement except to the extent that it relates to items recognized directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4.10.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- The initial recognition of goodwill
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.10.3 Value Added Tax (VAT) on financial services

The base for Value Added Tax computation is arrived by aggregating the accounting profit before income tax and emoluments of employees, which is adjusted for the depreciation computed on prescribed rates.

During the year, the Group's total value addition was subjected to a 12% (2012 : 12%) VAT as per Section 25 (a) of the Value Added Tax Act No.14 of 2002 and amendments thereto. Also the Group is following value attributable method to compute VAT on financial services which is one of two methods prescribed in the Act.

4.10.4 Withholding tax on dividends

- Withholding tax on dividends distributed by the Bank.
  No withholding tax is paid by the Bank since Bank distributes dividend to its single share holder, the Government of Sri Lanka.

- Withholding Tax on dividends distributed by the subsidiaries and associates
  Dividend distributed out of taxable profit of the subsidiaries and associate companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Bank, since it is treated as a final tax. Thus, the withholding tax deducted at source is added to the tax expense in preparing the Consolidated Financial Statements as a consolidation adjustment.

4.10.5 Economic Service Charge (ESC)

As per provisions of the Economic Service Charge (ESC) Act No.13 of 2006 and amendments thereafter, ESC is payable at 0.25% on Bank's liable turn over and is deductible from income tax payable. With effect from 1 April 2012 as per the ESC amendment Act No.11 of 2012 ESC is payable only on exempted turnover of the Bank and is deductible from income tax payable. ESC is not payable on turnover on which income tax is payable.

4.10.6 Crop Insurance Levy (CIL)

As per the provisions of the section 15 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1 April 2013 and is payable 1% of the profit after tax to the National Insurance Trust Fund Board.

4.11 Stated capital and reserves

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Accordingly they are presented as a component of equity or financial liability.

4.12 Earnings Per Share

The Group presents Basic and Diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Group's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The Group comprises the following major business segments: Retail banking, Corporate banking, International treasury and investments, Government of Sri Lanka, Other non banking and group functions. The Government of Sri Lanka is considered as a major customer of the Group and considered as a separate segment.

4.14 Events after the reporting period

Where necessary all material events after the reporting date have been considered and appropriate adjustments / disclosures have been made in the Financial Statements as per the Sri Lanka Accounting Standards – LKAS 10 "Events after the Reporting Period".

5 Insurance Business

5.1 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the income statement.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.
Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

5.2 Insurance receivables

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

5.3 Deferred expenses

5.3.1 Deferred Acquisition Costs (DAC)

The costs of acquiring new businesses including commission, underwriting, marketing and policy issue expenses, which vary with and directly related to production of new businesses and/or investment contracts with Discretionary Participation Features (DPF), are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred. Subsequent to initial recognition, DAC for general insurance is amortized over the period on the basis unearned premium is amortized. The reinsurances' share of deferred acquisition cost is amortized in the same manner as the underlying assets amortization is recorded in the income statement

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

DAC are derecognised when the related contracts are either expired or cancelled.

5.4 Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortized.

5.5 Insurance contract liabilities

5.5.1 Life Insurance Contract Liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are received. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, Which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in the income statement. Profits originated from margins of adverse deviations on run-off contracts are recognized in the income statement over the life of the contract, whereas losses are fully recognized in the income statement during the first year of run off. The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate, net of related Present Value Interest Factor (PVIF) and DAC, by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows, option pricing models and stochastic modelling. To the extent that the test involves discounting of cash flows, the interest rate applied may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the income statement, initially by impairing PVIF and DAC and, subsequently, by establishing a technical reserve for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

5.5.2 Non life insurance contract liabilities

Non life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based

on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The liabilities are derecognised when the contract expires, is discharged or is cancelled.

This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the income statement by setting up a provision for liability adequacy.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognized as premium income. At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the income statement by setting up a provision for liability adequacy.

5.6 Investment contract liabilities

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities.

Investment contract liabilities without DPF are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at fair value through profit or loss.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position. Fair value adjustments are performed at each reporting date and are recognized in the income statement. Fair value is determined through the use of prospective discounted cash flow techniques. For unitised contracts, fair value is calculated as the number of units allocated to the policyholder in each unit linked fund multiplied by the unit price of those funds at the reporting date. The fund assets and fund liabilities used to determine the unit prices at the reporting date are valued on a basis consistent with their measurement basis in the statement of financial position adjusted to take account of the effect on the liabilities of the deferred tax on unrealised gains on assets in the fund.

Non unitised contracts are subsequently also carried at fair value, which is determined by using valuation techniques such as discounted cash flows and stochastic modelling. Models are validated, calibrated and periodically reviewed by an independent qualified person.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same bases as insurance.

5.7 Discretionary Participation Features (DPF)

A DPF is a contractual right that gives holders of these contracts the right to receive as a supplement to guaranteed benefits, significant additional benefits which are based on the performance of the assets held within the DPF portfolio. Under the terms of the contracts surpluses in the DPF funds can be distributed to policyholders and shareholders on a 90/10 basis. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at annually are held within insurance or investment contract liabilities as appropriate.

5.8 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it has a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

5.9 Other financial liabilities and insurance payables

Other financial liabilities are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

5.10 De recognition of financial liabilities and insurance payables

Financial liabilities and insurance payables are de recognised when the obligation under the liability is discharged, cancelled or expired.

5.11 Income recognition

5.11.1 Gross premiums

Gross recurring premiums on life and investment contracts with DPF are recognized as revenue when receivable from the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy commences.

5.11.2 Reinsurance premiums

Gross reinsurance premiums on life and investment contracts are recognized as an expense when the date on which the policy is effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the balance sheet date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

5.12 Unearned premium reserve

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/24th basis except for marine policies which is computed on a 60-40 basis.

5.13 Benefits, claims and expenses recognition

5.13.1 Gross Benefits and Claims

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts, as well as changes in the gross valuation of insurance and investment contract liabilities with DPF. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Interim payments and surrenders are accounted at the time of settlement.

General insurance include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims expenses and liabilities for outstanding claims are recognized in respect of direct and inward reinsurance business. The liability covers claims reported but not yet paid, Incurred But Not Reported (IBNR) claims and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims. The provision in respect of IBNR is actuarially valued on an annual basis to ensure a more realistic estimation of the future liability based on past experience and trends.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the Financial Statements for that period. The methods used and the estimates made are reviewed regularly.

5.13.2 Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

6. New accounting standards issued but not effective as at the reporting date

The following Sri Lanka Accounting Standards were issued by the Institute of Chartered Accountants of Sri Lanka and is effective for the periods commencing on or after 1 January 2014.

(i) SLFRS 9 – Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. SLFRS 9 was issued in 2012 and effective date of this standard has been deferred until notice.

(ii) SLFRS 10 – Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 that address the accounting for Consolidated Financial Statements. It also addresses the issues raised in SIC 12. SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by SLFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent regardless of nature of the involvement with an entity.

Bank's involvement with all its subsidiaries and associates were reassessed in respect of the its power over the investee, exposure or rights to variable returns and ability to affect the returns of subsidiaries and associates and found that there is no overall effect of SLFRS 10 on the Financial Statements to be material

(iii) SLFRS 11 – Joint Arrangements

SLFRS 11 replaces LKAS 31 and SIC 13. SLFRS 11 uses the principle of control in SLFRS 10 to define control. SLFRS 11 removes the option to account for Jointly Controlled Entities (JCEs) using proportionate consolidation method. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This requires more focus on the rights and obligations of the agreement than the structure of the agreement. Based on the preliminary analysis, no material impact is expected.

(iv) SLFRS 12 – Disclosure of Interests in Other Entities

SLFRS 12 encompasses all disclosures related to consolidate Financial Statements in LKAS 27, 28 and 31. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. Based on the preliminary analysis, no material impact is expected.

(v) SLFRS 13 – Fair Value Measurement

SLFRS 13 establishes and provides a single source of guidance under SLFRS for all fair value measurements. This standard provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. Use of principles of measurement in this standard is currently encouraged. Pending the completion of full study of this standard, the financial impact is not yet known and reasonably estimable.

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
7 Total income				
Interest income [Note 8.1]	114,863,091	95,021,794	119,504,363	98,751,348
Fee and commission income [Note 9]	6,457,118	7,320,001	6,789,600	7,531,297
Net gain / (loss) from trading [Note 10]	3,232,748	3,773,334	3,268,177	3,753,375
Net gain / (loss) from financial investments [Note 11]	425,543	366,407	469,989	368,206
Other operating income [Note 12]	2,485,558	3,656,383	4,197,512	5,122,935
	127,464,058	110,137,919	134,229,641	115,527,161

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
8 Net interest income				
8.1 Interest income				
Reverse repurchase agreements	2,363,091	762,813	2,367,384	799,326
Placements with banks	601,390	538,000	723,697	702,208
Financial investments - Loans and receivables	5,892,122	5,364,449	6,020,067	7,053,569
Loans and advances to customers	87,143,820	72,579,133	91,342,815	74,174,834
Financial investments - Available for sale	284,873	2,292,555	374,253	2,489,313
Financial investments - Held for trading	1,253,218	2,255,030	1,280,091	2,255,030
Financial investments - Held to maturity	17,324,577	11,229,814	17,396,056	11,277,068
	114,863,091	95,021,794	119,504,363	98,751,348

Interest income on loans and advances to customers includes interest on impaired loans LKR 153.3 million for the year 2013 (2012 : LKR 245.2 million).

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
8.2 Interest expense				
Due to banks	210,911	571,152	386,302	572,341
Due to customers	55,275,008	38,177,117	56,255,147	38,851,465
Other borrowings	16,256,289	16,333,709	17,150,735	17,305,298
Debt securities issued	2,964,431	2,641,343	3,357,236	2,782,395
Subordinated term debts	3,013,092	1,977,554	3,013,092	1,977,554
	77,719,731	59,700,875	80,162,512	61,489,053
Net interest income	37,143,360	35,320,919	39,341,851	37,262,295

Net interest income earned from the secondary market transactions in treasury bills and treasury bonds has been grossed up by adding the notional tax credit to the interest income. More details are given in Note 17.4.

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
8.3 Net interest income from Sri Lanka Government Securities				
Interest income	19,105,110	15,936,042	19,311,770	15,984,060
Less : Interest expense	5,209,070	8,398,385	5,238,555	8,403,095
	13,896,040	7,537,657	14,073,215	7,580,965

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
9 Fee and commission income				
Fee and commission income	6,457,118	7,320,001	6,789,600	7,531,297
Less : Fee and commission expense	720,232	654,195	854,587	761,209
Net fee and commission income [Note 9.1]	5,736,886	6,665,806	5,935,013	6,770,088
9.1 Net fee and commission income				
Trade and other related activities	2,518,851	3,403,344	2,566,160	3,414,058
Loans	168,219	194,413	180,258	203,202
Credit cards	631,523	553,670	631,523	553,670
Travel and remittances	477,538	415,660	477,538	415,660
Custodial services	39,254	30,250	39,254	30,250
Deposits	942,666	934,376	943,781	934,486
Guarantees	944,837	959,928	944,943	960,034
Others	13,998	174,165	151,556	258,728
	5,736,886	6,665,806	5,935,013	6,770,088

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
10 Net gain / (loss) from trading				
Foreign exchange	2,681,323	3,985,714	2,705,249	4,027,266
Interest rates				
Gain / (loss) on mark to market valuation on securities	347,494	(124,109)	347,494	(137,493)
Gain / (loss) on sale of securities	231,096	258,310	231,206	258,310
Equities				
Gain / (loss) on mark to market valuation on securities	(170,346)	(511,112)	(157,677)	(546,373)
Gain / (loss) on sale of securities	5,008	70,378	(11,193)	57,288
Dividend income	138,173	94,153	153,098	94,377
	3,232,748	3,773,334	3,268,177	3,753,375

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
11 Net gain / (loss) from financial investments				
Financial investments - Available for sale				
Government securities	94,917	45,170	96,705	36,304
Dividend income	330,626	321,237	373,284	331,902
	425,543	366,407	469,989	368,206

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
12 Other operating income				
Dividend income	244,386	324,799	-	-
Gain / (loss) on revaluation on foreign exchange	539,423	1,823,111	539,423	1,823,111
Gain / (loss) on sale of property, plant and equipment	32,242	99,415	45,133	96,041
Recovery of loan written off	44,691	89,805	59,641	106,699
Rental income	153,493	99,346	223,673	168,989
Service income	893,141	772,165	1,315,567	1,082,978
Profit from sale of gold	35,162	36,991	35,162	36,991
Miscellaneous income	419,430	308,529	428,811	648,891
Gross insurance premium	-	-	1,426,512	1,057,013
Net income from islamic banking [Note 12.1]	123,590	102,222	123,590	102,222
	2,485,558	3,656,383	4,197,512	5,122,935
12.1 Net income from islamic banking				
Income from islamic banking operations	197,210	195,291	197,210	195,291
Profit paid to investors	(73,620)	(93,069)	(73,620)	(93,069)
	123,590	102,222	123,590	102,222

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
13 Impairment (charge) / reversal for loans and other losses				
13.1 (Charge) / reversal on loans and advances to customers				
Individual impairment	838,998	(1,452,710)	665,354	(1,465,396)
Collective impairment	(7,761,900)	(2,663,572)	(7,996,490)	(2,746,343)
	(6,922,902)	(4,116,282)	(7,331,136)	(4,211,739)
13.2 (Charge) / reversal on financial investments				
Financial investments - Available for sale	-	(1,788,000)	(8,008)	(1,794,143)
	-	(1,788,000)	(8,008)	(1,794,143)
Total impairment (charge) / reversal for loans and other losses	(6,922,902)	(5,904,282)	(7,339,144)	(6,005,882)

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
14 Personnel expenses				
Staff emoluments	10,939,430	8,588,225	11,883,030	9,405,610
Contributions to defined benefit plans [Note 14.1]	1,144,897	1,349,923	1,197,476	1,400,531
Contributions to defined contribution plans [Note 14.2]	852,103	794,893	950,544	871,675
Other personnel expenses	1,732,690	2,193,790	1,875,781	2,338,743
	14,669,120	12,926,831	15,906,831	14,016,559
14.1 Contributions to defined benefit plans				
Employers' contribution to:				
Bank of Ceylon Pension Trust Fund [Note 44.1 (a)]	1,046,532	1,205,681	1,046,532	1,205,681
Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund [Note 44.2 (a)]	41,712	92,803	41,712	92,803
Provision for terminal gratuity [Note 44.3]	56,653	51,439	102,566	102,047
Bank of Ceylon (UK) Limited - Pension Fund	-	-	6,666	-
	1,144,897	1,349,923	1,197,476	1,400,531
14.2 Contributions to defined contribution plans				
Employers' contribution to:				
Employees' Provident Fund	682,459	636,545	761,974	702,777
Employees' Trust Fund	169,644	158,348	188,570	168,898
	852,103	794,893	950,544	871,675

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
15 Other expenses				
Directors' emoluments	2,852	3,500	60,501	71,184
Auditors' remuneration				
Audit fee	16,786	21,002	26,987	31,358
Non audit service	-	-	3,200	3,314
Deposit insurance premium*	917,165	640,357	926,822	646,560
Professional and legal fees	70,789	98,959	119,132	147,006
Donation to approved charities	-	-	86	374
Depreciation of property, plant and equipment	977,446	838,051	1,327,183	1,170,529
Amortization of intangible assets and leasehold properties	139,757	122,465	170,057	132,792
Fixed asset maintenance expenses	3,006,892	2,498,353	2,510,780	2,144,348
Reinsurance premium, claims and other benefits	-	-	1,076,097	669,940
Office administration and establishment expenses	3,880,778	3,720,460	5,113,732	4,754,653
	9,012,465	7,943,147	11,334,577	9,772,058

*As per the Banking Act Direction No. 5 of 2010, the Bank is required to make a payment of 0.1% or 0.125% of the eligible deposit liabilities depending on the Capital Adequacy Ratio (CAR) of the immediate proceeding Audited Financial Statements, payable quarterly on "Sri Lanka Deposit Insurance and Liquidity Support Scheme" with effect from 1 October 2010.

For the year ended 31 December	Group 2013 LKR '000	Group 2012 LKR '000
16 Share of profit /(loss) of associate companies before tax		
Ceybank Asset Management Limited	30,088	42,003
Lanka Securities (Private) Limited	(16,214)	(27,675)
Mireka Capital Land (Private) Limited	206,400	7,407
Southern Development Financial Company Limited	208	(147)
Transnational Lanka Records Solutions (Private) Limited	8,331	16,997
	228,813	38,585

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
17 Income tax expense				
17.1 The components of income tax expense are as follows:				
Current tax expense				
Income tax on profits for the year	3,657,004	5,417,245	3,914,673	5,684,614
Adjustments in respect of prior years	45,415	91,074	45,791	97,136
Deferred tax expense				
Charge / (reversal) of deferred tax [Note 35]	(80,760)	(130,642)	(4,162)	(143,476)
	3,621,659	5,377,677	3,956,302	5,638,274
17.2 Reconciliation of accounting profit and income tax expense				
Accounting profit before income tax	15,708,772	19,794,298	16,104,624	20,246,268
Less : Share of profits of associates	-	-	(228,813)	(38,585)
	15,708,772	19,794,298	15,875,811	20,207,683
Add : Dividend income from Group companies	-	-	244,386	298,810
	15,708,772	19,794,298	16,120,197	20,506,493
Add : Disallowable expense	12,926,911	14,666,471	17,452,052	16,653,064
	28,635,683	34,460,769	33,572,249	37,159,557
Less: Allowable expense	(9,227,476)	(8,076,768)	(13,722,616)	(9,703,508)
Less: Exempt income	(7,224,487)	(8,020,382)	(7,259,433)	(8,320,377)
Taxable income	12,183,720	18,363,619	12,590,200	19,135,672
Current tax at rate of 28% (2012 : 28%)	3,411,442	5,141,813	3,625,266	5,356,698
Effect of different tax rates in Group	-	-	9,320	5,514
Effect of different tax rates in other countries	245,562	275,432	245,562	275,432
10% withholding tax on inter company dividend	-	-	23,117	29,881
Share of tax on profits of associates	-	-	11,408	17,089
Adjustment in respect of current income tax of prior years	45,415	91,074	45,791	97,136
Deferred tax charge / (reversal) [Note 35]	(80,760)	(130,642)	(4,162)	(143,476)
	3,621,659	5,377,677	3,956,302	5,638,274
The effective income tax rate	23.1%	27.2%		

	2013	2012
17.3 The tax liabilities of resident companies are computed at the standard rate of 28.0%, except following companies which enjoy full or partial exemptions and concessions		
1. BOC Travels (Private) Limited	12.0%	12.0%
2. Hotels Colombo (1963) Limited	12.0%	12.0%
4. Bank of Ceylon (UK) Limited	20.0%	24.5%
5. Koladeniya Hydropower (Private) Limited*	Nil	Nil
6. Banking operations in Male	25.0%	25.0%
7. Banking operations in Chennai	40.0%	40.0%

*In accordance with the agreement with Board of Investment of Sri Lanka (BOI), Koladeniya Hydropower (Private) Limited is entitled to a tax exemption period of 05 years from the year on which the company commences to make profits or not later than 02 years from the date of commencement of commercial operations.

17.4 Notional tax credit for withholding tax on Government securities on secondary market transactions

In terms of the Section 137 of the Inland Revenue Act No. 10 of 2006 and the ammendment thereto, a company which derives interest income from the secondary market transactions in Government securities would be entitled to a notional tax credit (being one ninth (1/9) of the net interest income), provided such interest income form a part of statutory income of the company for that year of assessment. Accordingly, the net income earned by the Bank and the Group on the secondary market transactions in Government securities for the year has been grossed up in the Financial Statements and the resulting notional tax credit amounted to sum of LKR 1,599.4 million (2012 : LKR 874.2 million) for the Bank and LKR 1,629.9 million (2012 : LKR 893.2 million) for the Group.

18 Earnings Per Share & Dividend Per Share

18.1 Basic earnings per share

In accordance with the Sri Lanka Accounting Standard - LKAS 33 "Earnings Per Share", Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent entity (the numerator) by the weighted average number of ordinary shares in issue (the denominator) during the year.

	Bank		Group	
For the year ended 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
Profit attributable to ordinary shareholders of the parent (LKR '000)	12,087,113	14,416,621	12,234,412	14,580,264
Weighted average number of ordinary shares in issue	5,000,000	5,000,000	5,000,000	5,000,000
Basic earnings per share (LKR)	2,417.42	2,883.32	2,446.88	2,916.05

18 Earnings per share & Dividend per share (contd.)

18.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent entity (the numerator) by the weighted average number of ordinary shares in issue during the year after adjusting for all diluted potential ordinary shares (the denominator).

	Bank		Group	
For the year ended 31 December	2013	2012	2013	2012
Profit attributable to ordinary shareholders of the parent (LKR '000)	12,087,113	14,416,621	12,234,412	14,580,264
Weighted average number of ordinary shares in issue during the year	5,000,000	5,000,000	5,000,000	5,000,000
Weighted average number of ordinary shares under option during the year	-	-	-	-
Weighted average number of ordinary shares after adjusting for dilution	5,000,000	5,000,000	5,000,000	5,000,000
Diluted earnings per share (LKR)	2,417.42	2,883.32	2,446.88	2,916.05

18.3 Dividend per share

Dividend per share is calculated by dividing the total profit distributed to shareholders (the numerator) by the weighted average number of ordinary shares in issue (the denominator) in issuing during the year.

	Bank		Group	
For the year ended 31 December	2013	2012	2013	2012
Total profit distributed to shareholders during the year (LKR '000)	5,346,410	5,346,410	5,346,410	5,346,410
Weighted average number of ordinary shares in issue	5,000,000	5,000,000	5,000,000	5,000,000
Dividend per share (LKR)	1,069.28	1,069.28	1,069.28	1,069.28

As at 31 December	2013					
	Held for trading LKR '000	Held to maturity LKR '000	Loans and receivables / amortized cost LKR '000	Available for sale LKR '000	Others LKR '000	Total LKR '000
19 Analysis of financial instruments by measurement basis						
19.1 Bank						
Financial assets						
Cash and short term funds	-	-	24,901,189	-	-	24,901,189
Balances with Central Banks	-	-	28,699,132	-	-	28,699,132
Placements with banks	-	-	19,315,520	-	-	19,315,520
Derivative financial instruments	3,261,073	-	-	-	-	3,261,073
Reverse repurchase agreements	-	-	22,319,717	-	-	22,319,717
Financial assets - Held for trading	13,539,791	-	-	-	-	13,539,791
Financial investments - Loans and receivables	-	-	129,108,613	-	-	129,108,613
Loans and advances to customers	-	-	725,331,966	-	-	725,331,966
Financial investments - Available for sale	-	-	-	10,325,214	-	10,325,214
Financial investments - Held to maturity	-	156,899,761	-	-	-	156,899,761
Total financial assets	16,800,864	156,899,761	949,676,137	10,325,214	-	1,133,701,976
Non financial assets						
Investment in subsidiary companies	-	-	-	-	6,828,699	6,828,699
Investment in associate companies	-	-	-	-	842,988	842,988
Property, plant and equipment	-	-	-	-	12,006,180	12,006,180
Leasehold properties	-	-	-	-	83,026	83,026
Intangible assets	-	-	-	-	501,064	501,064
Other assets	-	-	-	-	39,616,967	39,616,967
Total non financial assets	-	-	-	-	59,878,924	59,878,924
Total assets	16,800,864	156,899,761	949,676,137	10,325,214	59,878,924	1,193,580,900

As at 31 December	2013			
	Held for trading LKR '000	Amortized cost LKR '000	Others LKR '000	Total LKR '000
Financial liabilities				
Due to banks	-	1,166,427	-	1,166,427
Derivative financial instruments	274,948	-	-	274,948
Due to customers	-	842,070,000	-	842,070,000
Other borrowings	-	235,370,269	-	235,370,269
Debt securities issued	-	20,968,357	-	20,968,357
Subordinated term debts	-	24,357,595	-	24,357,595
Total financial liabilities	274,948	1,123,932,648	-	1,124,207,596
Non financial liabilities				
Deferred tax liabilities	-	-	151,623	151,623
Other liabilities	-	-	11,521,521	11,521,521
Total non financial liabilities	-	-	11,673,144	11,673,144
Total liabilities	274,948	1,123,932,648	11,673,144	1,135,880,740

19 Analysis of financial instruments by measurement basis (contd.)

As at 31 December

	2012					
	Held for trading LKR '000	Held to maturity LKR '000	Loans and receivables / amortized cost LKR '000	Available for sale LKR '000	Others LKR '000	Total LKR '000
19.1 Bank						
Financial assets						
Cash and short term funds	-	-	31,544,558	-	-	31,544,558
Balances with Central Banks	-	-	29,963,240	-	-	29,963,240
Placements with banks	-	-	19,394,466	-	-	19,394,466
Derivative financial instruments	507,451	-	-	-	-	507,451
Reverse repurchase agreements	-	-	797,425	-	-	797,425
Financial assets - Held for trading	15,541,185	-	-	-	-	15,541,185
Financial investments - Loans and receivables	-	-	99,206,859	-	-	99,206,859
Loans and advances to customers	-	-	691,899,207	-	-	691,899,207
Financial investments - Available for sale	-	-	-	12,080,988	-	12,080,988
Financial investments - Held to maturity	-	110,956,202	-	-	-	110,956,202
Total financial assets	16,048,636	110,956,202	872,805,755	12,080,988	-	1,011,891,581
Non financial assets						
Investment in subsidiary companies	-	-	-	-	6,792,848	6,792,848
Investment in associate companies	-	-	-	-	842,988	842,988
Property, plant and equipment	-	-	-	-	11,430,827	11,430,827
Leasehold properties	-	-	-	-	84,976	84,976
Intangible assets	-	-	-	-	376,002	376,002
Other assets	-	-	-	-	16,801,769	16,801,769
	-	-	-	-	36,329,410	36,329,410
Total assets	16,048,636	110,956,202	872,805,755	12,080,988	36,329,410	1,048,220,991

As at 31 December

	2012			
	Held for trading LKR '000	Amortized cost LKR '000	Others LKR '000	Total LKR '000
Financial liabilities				
Due to banks	-	10,127,983	-	10,127,983
Derivative financial instruments	74,314	-	-	74,314
Due to customers	-	693,440,642	-	693,440,642
Other borrowings	-	233,795,515	-	233,795,515
Debt securities issued	-	23,296,349	-	23,296,349
Subordinated term debts	-	23,818,024	-	23,818,024
Total financial liabilities	74,314	984,478,513	-	984,552,827
Non financial liabilities				
Current tax liabilities	-	-	2,208,461	2,208,461
Deferred tax liabilities	-	-	351,279	351,279
Other liabilities	-	-	10,155,542	10,155,542
Total non financial liabilities	-	-	12,715,282	12,715,282
Total liabilities	74,314	984,478,513	12,715,282	997,268,109

As at 31 December	2013					
	Held for trading LKR '000	Held to maturity LKR '000	Loans and receivables / amortized cost LKR '000	Available for sale LKR '000	Others LKR '000	Total LKR '000
19.2 Group						
Financial assets						
Cash and short term funds	-	-	25,182,043	-	-	25,182,043
Balances with Central Banks	-	-	28,699,132	-	-	28,699,132
Placements with banks	-	-	21,157,190	-	-	21,157,190
Derivative financial instruments	3,261,073	-	-	-	-	3,261,073
Reverse repurchase agreements	-	-	22,851,895	-	-	22,851,895
Financial assets - Held for trading	13,898,242	-	-	-	-	13,898,242
Financial investments - Loans and receivables	-	-	130,190,296	-	-	130,190,296
Loans and advances to customers	-	-	746,571,819	-	-	746,571,819
Financial investments - Available for sale	-	-	-	12,852,445	-	12,852,445
Financial investments - Held to maturity	-	157,441,572	-	-	-	157,441,572
Total financial assets	17,159,315	157,441,572	974,652,375	12,852,445	-	1,162,105,707
Non financial assets						
Investment in associate companies	-	-	-	-	1,471,267	1,471,267
Investment properties	-	-	-	-	151,914	151,914
Property, plant and equipment	-	-	-	-	20,622,161	20,622,161
Leasehold properties	-	-	-	-	121,417	121,417
Intangible assets	-	-	-	-	669,657	669,657
Deferred tax assets	-	-	-	-	47,818	47,818
Other assets	-	-	-	-	40,572,450	40,572,450
Total non financial assets	-	-	-	-	63,656,684	63,656,684
Total assets	17,159,315	157,441,572	974,652,375	12,852,445	63,656,684	1,225,762,391

As at 31 December	2013			
	Held for trading LKR '000	Amortized cost LKR '000	Others LKR '000	Total LKR '000
Financial liabilities				
Due to banks	-	1,336,267	-	1,336,267
Derivative financial instruments	274,948	-	-	274,948
Due to customers	-	850,767,521	-	850,767,521
Other borrowings	-	240,802,111	-	240,802,111
Debt securities issued	-	24,986,818	-	24,986,818
Subordinated term debts	-	24,347,248	-	24,347,248
Total financial liabilities	274,948	1,142,239,965	-	1,142,514,913
Non financial liabilities				
Current tax liabilities	-	-	251,475	251,475
Deferred tax liabilities	-	-	2,034,216	2,034,216
Insurance provision - life	-	-	220,748	220,748
Insurance provision - non life	-	-	670,073	670,073
Other liabilities	-	-	13,158,933	13,158,933
Total non financial liabilities	-	-	16,335,445	16,335,445
Total liabilities	274,948	1,142,239,965	16,335,445	1,158,850,358

19 Analysis of financial instruments by measurement basis (contd.)

As at 31 December

	2012					
	Held for trading LKR '000	Held to maturity LKR '000	Loans and receivables / amortized cost LKR '000	Available for sale LKR '000	Others LKR '000	Total LKR '000
19.2 Group						
Financial assets						
Cash and short term funds	-	-	31,955,777	-	-	31,955,777
Balances with Central Banks	-	-	29,963,240	-	-	29,963,240
Placements with banks	-	-	25,577,197	-	-	25,577,197
Derivative financial instruments	507,451	-	-	-	-	507,451
Reverse repurchase agreements	-	-	1,423,796	-	-	1,423,796
Financial assets - Held for trading	16,028,758	-	-	-	-	16,028,758
Financial investments - Loans and receivables	-	-	99,182,351	-	-	99,182,351
Loans and advances to customers	-	-	709,933,498	-	-	709,933,498
Financial investments - Available for sale	-	-	-	14,361,925	-	14,361,925
Financial investments - Held to maturity	-	111,706,459	-	-	-	111,706,459
Total financial assets	16,536,209	111,706,459	898,035,859	14,361,925	-	1,040,640,452
Non financial assets						
Investment in associate companies	-	-	-	-	1,268,995	1,268,995
Investment properties	-	-	-	-	147,047	147,047
Property, plant and equipment	-	-	-	-	18,437,863	18,437,863
Leasehold properties	-	-	-	-	124,724	124,724
Intangible assets	-	-	-	-	461,955	461,955
Deferred tax assets	-	-	-	-	73,042	73,042
Other assets	-	-	-	-	18,199,140	18,199,140
Total non financial assets	-	-	-	-	38,712,766	38,712,766
Total assets	16,536,209	111,706,459	898,035,859	14,361,925	38,712,766	1,079,353,218

As at 31 December

	2012			
	Held for trading LKR '000	Amortized cost LKR '000	Others LKR '000	Total LKR '000
Financial liabilities				
Due to banks	-	10,329,510	-	10,329,510
Derivative financial instruments	74,314	-	-	74,314
Due to customers	-	700,168,802	-	700,168,802
Other borrowings	-	245,140,679	-	245,140,679
Debt securities issued	-	24,481,798	-	24,481,798
Subordinated term debts	-	23,801,505	-	23,801,505
Total financial liabilities	74,314	1,003,922,294	-	1,003,996,608
Non Financial liabilities				
Current tax liabilities	-	-	2,418,079	2,418,079
Deferred tax liabilities	-	-	1,699,612	1,699,612
Insurance provision - life	-	-	166,087	166,087
Insurance provision - non life	-	-	571,068	571,068
Other liabilities	-	-	11,859,101	11,859,101
Total non financial liabilities	-	-	16,713,947	16,713,947
Total liabilities	74,314	1,003,922,294	16,713,947	1,020,710,555

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
20 Cash and short term funds				
Coins, notes held in local currency	19,183,784	17,630,606	17,282,326	17,738,329
Coins, notes held in foreign currency	1,146,014	1,114,086	1,169,975	1,115,256
Balances with other banks	4,571,391	12,799,866	6,729,742	13,102,192
	24,901,189	31,544,558	25,182,043	31,955,777

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
21 Balances with Central Banks				
Central Bank of Sri Lanka [Note 21.1]	24,681,664	27,011,531	24,681,664	27,011,531
Reserve Bank of India [Note 21.2]	86,813	76,843	86,813	76,843
Maldives Monetary Authority [Note 21.3]	3,930,655	2,874,866	3,930,655	2,874,866
	28,699,132	29,963,240	28,699,132	29,963,240

21.1 In terms of the provisions of Section 93 of the Monetary Law Act No 58 of 1949, the Bank is required to maintain a cash reserve with Central Bank of Sri Lanka. The minimum cash reserve required to be maintained at Central Bank of Sri Lanka as at 31 December 2013 was 6% (2012 : 8%) of Sri Lanka Rupee deposit liabilities. There is no reserve requirement for foreign currency deposit liabilities maintained by domestic branches and the deposit liability of the Offshore Banking Division in Sri Lanka (2012 : Nil).

21.2 Section 42 (1) of Reserve Bank of India (RBI) Act of, 1934, requires that the branch in Chennai to maintain a cash reserve of 4% (2012 : 6%) with Reserve Bank of India, being the minimum cash reserve requirement, as at 31 December 2013 on its demand and term deposit liabilities.

21.3 In accordance with the prevailing regulations of Maldives Monetary Authority (MMA), the branch is required to maintain a reserve deposit based on 25% of the branch's commercial deposits and liabilities to the public in the Maldives in Maldivian Rufiyaa and United States Dollars seperately. (2012 : 25%)

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
22 Placements with banks				
Banks in Sri Lanka				
- Local currency	3,896,923	-	4,158,310	485,586
- Foreign currency	1,061,037	891,288	1,061,037	891,288
Banks abroad				
- Foreign currency	14,357,560	18,503,178	15,937,843	24,200,323
	19,315,520	19,394,466	21,157,190	25,577,197
23 Derivative financial instruments				
Forward exchange contracts / SWAPs	3,261,073	507,451	3,261,073	507,451
	3,261,073	507,451	3,261,073	507,451

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
24 Financial assets - Held for trading				
Treasury bills	7,372,137	4,965,858	7,372,137	4,965,858
Treasury bonds	3,810,889	8,619,512	3,810,889	8,619,512
Sri Lanka sovereign bonds	129,949	-	129,949	-
Other debt securities	-	-	-	74,780
Quoted equities [Note 24.1]	2,226,816	1,955,815	2,583,212	2,368,589
Unit trusts [Note 24.2]	-	-	2,055	19
	13,539,791	15,541,185	13,898,242	16,028,758

The Bank has not pledged any treasury bills or treasury bonds - held for trading as collateral as at 31 December 2013 (2012 : LKR 1,935.0 million).

As at 31 December	Bank 2013 No of ordinary shares	Bank 2013 Market price per share LKR	Bank 2013 Market value LKR '000	Bank 2012 No of ordinary shares	Bank 2012 Market price per share LKR	Bank 2012 Market value LKR '000
24.1 Quoted equities						
Bank, Finance & Insurance						
Chilaw Finance PLC	828,189	12.40	10,270	784,085	14.40	11,291
Hatton National Bank PLC	84,425	147.00	12,410	84,425	148.00	12,495
Softlogic Finance PLC	102,201	25.30	2,586	102,201	24.90	2,545
			25,266			26,331
Beverage, Food & Tobacco						
Bairaha Farms PLC	34,900	128.80	4,495	34,900	157.30	5,490
Cargills (Ceylon) PLC	809,600	147.00	119,011	809,600	145.50	117,797
Distilleries Company of Sri Lanka PLC	249,602	193.00	48,173	306,900	166.00	50,945
HVA Foods PLC	20,000	9.90	198	20,000	13.40	268
Lanka Milk Foods (CWE) PLC	775,151	105.30	81,623	716,600	100.00	71,660
Renuka Shaw Wallace PLC	580,146	16.50	9,572	-	-	-
			263,072			246,160
Chemicals & Pharmaceuticals						
Chemanex PLC	100,000	85.00	8,500	100,000	75.00	7,500
CIC Holdings PLC - voting	650,100	47.90	31,140	600,100	64.30	38,586
CIC Holdings PLC - non voting	141,400	34.50	4,878	141,400	55.20	7,805
Haycarb PLC	251,067	189.80	47,653	176,100	171.10	30,131
Lankem Ceylon PLC	72,400	122.10	8,840	51,900	165.00	8,563
			101,011			92,585

As at 31 December	Bank					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Construction & Engineering						
Access Engineering PLC	1,467,036	22.10	32,421	-	-	-
Colombo Dockyard PLC	413,700	189.60	78,438	413,700	224.00	92,669
MTD Walkers PLC	815,205	32.00	26,087	537,600	26.60	14,300
			136,946			106,969
Diversified Holdings						
Aitken Spence PLC	1,522,400	102.30	155,742	1,522,400	120.00	182,688
Browns Investments PLC	3,073,412	2.30	7,069	2,648,134	3.90	10,328
Carson Cumberbatch PLC	167,623	350.00	58,668	49,500	438.60	21,711
C T Holdings PLC	323,495	140.10	45,322	174,927	124.00	21,691
Expolanka Holdings PLC	857,820	7.50	6,434	-	-	-
F L C Holdings PLC	200,000	2.20	440	200,000	2.40	480
Hayleys PLC	99,184	293.00	29,061	-	-	-
Hemas Holdings PLC	484,800	34.00	16,483	229,600	27.00	6,199
John Keells Holdings PLC	149,997	227.30	34,094	65,100	219.90	14,315
Richard Pieris and Company PLC	4,832,300	6.30	30,443	4,832,300	7.80	37,692
Softlogic Holdings PLC	595,300	8.40	5,001	545,300	10.90	5,944
Sunshine Holdings PLC	626,800	28.00	17,550	626,800	28.00	17,550
The Colombo Fort Land & Building PLC	149,500	28.20	4,216	149,500	34.60	5,173
Vallibel One PLC	1,265,400	16.50	20,879	1,265,400	18.10	22,904
			431,402			346,675
Footware & Textiles						
ODEL PLC	197,400	21.00	4,145	197,400	20.10	3,968
			4,145			3,968
Health Care						
Asiri Surgical Hospital PLC	233,046	10.30	2,400	179,200	9.30	1,667
Nawaloka Hospitals PLC	130,700	3.00	392	130,700	3.00	392
The Lanka Hospital Corporation PLC	2,500	40.50	101	2,500	39.20	98
			2,893			2,157

24 Financial assets - Held for trading (contd.)

24.1 Quoted equities (contd.)

As at 31 December	Bank					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	1,625,600	69.90	113,629	1,625,600	73.10	118,831
Amaya Leisure PLC	102,000	74.00	7,548	102,000	84.00	8,568
Asian Hotels & Properties PLC	2,232,400	64.20	143,320	2,232,400	75.90	169,439
Citrus Leisure PLC	100,000	14.60	1,460	100,000	26.00	2,600
Eden Hotel Lanka PLC	609,600	29.00	17,678	609,600	36.00	21,946
Marawila Resorts PLC	50,000	5.30	265	50,000	7.30	365
Taj Lanka Hotels PLC	447,400	27.80	12,438	447,400	30.00	13,422
Tangerine Beach Hotels PLC	50,000	68.00	3,400	50,000	80.40	4,020
The Fortress Resorts PLC	1,461,100	13.40	19,579	1,461,100	16.30	23,816
The Kingsbury PLC	153,184	13.20	2,022	-	-	-
The Lighthouse Hotel PLC	100,000	44.00	4,400	100,000	53.10	5,310
Trans Asia Hotels PLC	477,200	79.90	38,128	477,200	74.00	35,313
			363,867			403,630
Investment Trust						
Ceylon Guardian Investment Trust PLC	66,700	181.90	12,133	66,700	184.00	12,273
Ceylon Investment PLC	442,000	77.00	34,034	442,000	84.50	37,349
Environmental Resources Investments PLC	-	-	-	385,000	14.90	5,736
Lanka Century Investments PLC	385,000	14.10	5,429	-	-	-
Renuka Holdings PLC	176,723	30.60	5,408	76,723	36.10	2,770
			57,004			58,128
Land & property						
C T Land Development PLC	1,025,674	30.90	31,693	-	-	-
East West Properties PLC	307,216	11.50	3,533	150,000	14.60	2,190
Overseas Realty (Ceylon) PLC	300,000	18.30	5,490	300,000	14.40	4,320
			40,716			6,510

As at 31 December	Bank					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Manufacturing						
Abans Electricals PLC	17,880	105.10	1,879	14,900	97.10	1,447
ACL Cables PLC	201,419	64.90	13,072	15,000	67.40	1,011
ACME Printing & Packaging PLC	1,078,700	9.70	10,463	1,078,700	15.00	16,180
Ceylon Grain Elevators PLC	71,800	35.50	2,549	71,800	59.50	4,272
Dipped Products PLC	792,400	90.00	71,316	792,400	110.00	87,164
Hayleys Fibre PLC	145,300	25.00	3,633	145,300	28.00	4,068
Kelani Tyres PLC	800,130	49.50	39,606	582,500	33.60	19,572
Lanka Cement PLC	9,583,809	6.60	63,253	9,583,809	9.50	91,046
Lanka Ceramic PLC	-	-	-	33,500	62.00	2,077
Lanka Tiles PLC	973,200	78.90	76,785	973,200	65.00	63,258
Lanka Walltiles PLC	410,040	53.90	22,101	160,040	60.80	9,730
Orient Garments PLC	348,900	8.00	2,791	348,900	13.40	4,675
Piramal Glass Ceylon PLC	3,288,600	4.50	14,799	2,288,600	6.00	13,732
Richard Pieris Exports PLC	-	-	-	10,000	33.50	335
Royal Ceramics Lanka PLC	711,339	84.60	60,179	289,000	99.00	28,611
Sierra Cables PLC	2,400	1.80	4	2,400	2.40	6
Textured Jersey Lanka PLC	980,308	15.20	14,901	893,600	8.90	7,953
Tokyo Cement Company (Lanka) PLC - voting	894,477	28.50	25,493	121,275	28.60	3,468
Tokyo Cement Company (Lanka) PLC - non voting	717,420	23.40	16,788	792,200	19.30	15,289
			439,612			373,894
Motors						
C M Holdings PLC	50,857	83.60	4,252	35,600	146.10	5,201
Diesel & Motor Engineering PLC	36,356	481.00	17,487	36,356	601.80	21,879
Sathosa Motors PLC	16,000	259.10	4,146	16,000	222.30	3,557
United Motors Lanka PLC	-	-	-	119,700	100.80	12,066
			25,885			42,703
Oil Palms						
The Bukit Darah PLC	47,957	619.90	29,729	6,000	697.00	4,182
			29,729			4,182

24 Financial assets - Held for trading (contd.)

24.1 Quoted equities (contd.)

As at 31 December	Bank					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Plantations						
Agalawatte Plantations PLC	45,600	23.90	1,090	45,600	32.70	1,491
Balangoda Plantations PLC	30,000	31.00	930	30,000	39.60	1,188
Elpitiya Plantations PLC	700	16.60	12	700	18.50	13
Horana Plantations PLC	513,000	23.80	12,209	513,000	24.50	12,569
Kahawatte Plantations PLC	931,300	38.80	36,134	931,500	33.10	30,833
Kegalle Plantations PLC	50,600	102.90	5,207	50,600	104.00	5,262
Kotagala Plantations PLC	486,665	37.00	18,007	64,500	74.00	4,773
Namunukula Plantations PLC	80,000	84.70	6,776	80,000	78.80	6,304
Watawala Plantations PLC	350,100	9.90	3,466	350,100	11.90	4,166
			83,831			66,599
Power & Energy						
F L C Hydro Power PLC	223,194	5.00	1,116	223,194	6.70	1,495
Hemas Power PLC	1,117,700	17.60	19,672	1,117,700	21.90	24,478
Lanka IOC PLC	-	-	-	233,300	19.50	4,549
Laugfs Gas PLC - voting	168,727	28.40	4,792	11,400	25.60	292
Laugfs Gas PLC - non voting	3,212,400	21.50	69,066	3,212,400	18.30	58,787
Panasian Power PLC	1,029,200	2.50	2,573	1,029,200	2.50	2,573
Vallibel Power Erathna PLC	850,000	5.80	4,930	850,000	6.50	5,525
			102,149			97,699
Services						
John Keells PLC	41,287	71.20	2,940	-	-	-
			2,940			-
Stores & Supplies						
Hunters & Company PLC	27,100	271.50	7,358	27,100	339.90	9,211
			7,358			9,211
Telecommunications						
Dialog Axiata PLC	7,279,132	9.00	65,512	3,638,780	8.30	30,202
Sri Lanka Telecom PLC	214,000	37.00	7,918	214,000	44.50	9,523
			73,430			39,725
Trading						
Brown & Company PLC	314,700	82.70	26,025	189,700	124.10	23,542
Ceylon & Foreign Trades PLC	830,100	6.40	5,313	830,100	6.20	5,147
Singer Sri Lanka PLC	47,437	89.00	4,222	-	-	-
			35,560			28,689
Total quoted equities			2,226,816			1,955,815

As at 31 December	Group 2013 No of ordinary shares	2013 Market price per share LKR	2013 Market value LKR '000	2012 No of ordinary shares	2012 Market price per share LKR	2012 Market value LKR '000
Bank, Finance & Insurance						
Amana Takaful PLC	174,639	1.60	279	-	-	-
Asia Asset Finance PLC	-	-	-	200,000	2.90	580
Asia Capital PLC	4,200	17.00	71	4,200	30.30	127
Asian Alliance Insurance PLC	-	-	-	19,800	89.00	1,762
Chilaw Finance PLC	832,942	12.40	10,328	788,585	14.40	11,356
Commercial Bank of Ceylon PLC - voting	52,095	120.40	6,272	62,070	103.00	6,393
Commercial Bank of Ceylon PLC - non voting	14,428	93.00	1,342	-	-	-
DFCC Bank	91,868	129.00	11,851	80,000	112.90	9,032
First Capital Holdings PLC	147,696	17.50	2,585	-	-	-
Hatton National Bank PLC - voting	84,425	147.00	12,410	84,425	148.00	12,495
Hatton National Bank PLC - non voting	137,469	119.00	16,359	116,648	112.50	13,123
HNB Assurance PLC	38,852	52.50	2,040	22,937	49.00	1,124
Janashakthi Insurance Company PLC	392,000	12.70	4,978	600,803	10.50	6,308
Lanka Orix Leasing Company PLC	75,000	72.60	5,445	75,000	53.80	4,035
Lanka Ventures PLC	900	41.00	37	631,800	32.00	20,218
Nanda Investments and Finance PLC	-	-	-	27,500	7.10	195
National Development Bank PLC	227,950	160.50	36,586	258,700	137.90	35,675
Nations Trust Bank PLC	113,940	62.20	7,087	113,940	56.00	6,381
Pan Asia Banking Corporation PLC	-	-	-	5,066	19.00	96
People's Finance PLC	-	-	-	232,579	34.50	8,024
People's Leasing & Finance PLC	199,300	13.40	2,671	199,300	13.20	2,631
Sampath Bank PLC	39,637	171.90	6,814	26,000	200.50	5,213
Seylan Bank PLC - voting	212,152	64.20	13,620	208,966	56.00	11,702
Seylan Bank PLC - non voting	30,272	31.00	938	10,000	35.10	351
SMB Leasing PLC	712,740	0.80	570	2,040,998	1.00	2,041
Softlogic Finance PLC	102,201	25.30	2,586	102,201	24.90	2,545
Swarnamahal Financial Services PLC	25,831	2.10	54	25,831	3.10	80
Union Assurance PLC	-	-	-	180	83.00	15
Union Bank of Colombo PLC	67,300	16.60	1,117	215,240	13.80	2,970
Vallibel Finance PLC						
			146,040			164,472

24 Financial assets - Held for trading (contd.)

24.1 Quoted equities (contd.)

As at 31 December	Group					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Beverage, Food & Tobacco						
Bairaha Farms PLC	45,899	128.80	5,912	57,572	157.30	9,056
Cargills (Ceylon) PLC	809,600	147.00	119,011	809,600	145.50	117,797
Distilleries Company of Sri Lanka PLC	330,602	193.00	63,806	387,900	166.00	64,391
HVA Foods PLC	20,000	9.90	198	20,000	13.40	268
Lanka Milk Foods (CWE) PLC	775,151	105.30	81,623	716,600	100.00	71,660
Raigam Wayamba Salterns PLC	1,100,000	2.20	2,420	1,392,000	2.50	3,480
Renuka Agri Foods PLC	347,100	3.70	1,284	-	-	-
Renuka Shaw Wallace PLC	580,146	16.50	9,572	-	-	-
Three Acre Farms PLC	25,876	36.90	955	3,293	53.70	177
			284,781			266,829
Chemical & Pharmaceuticals						
Chemanex PLC	101,000	85.00	8,585	101,000	75.00	7,575
CIC Holdings PLC - voting	673,107	47.90	32,242	623,107	64.30	40,065
CIC Holdings PLC - non voting	162,735	34.50	5,614	151,400	55.20	8,357
Haycarb PLC	281,067	189.80	53,347	206,300	171.10	35,298
Lankem Ceylon PLC	72,400	122.10	8,840	51,900	165.00	8,564
Mullers PLC	150,000	1.10	165	752,903	1.80	1,355
			108,793			101,214
Construction & Engineering						
Access Engineering PLC	1,467,036	22.10	32,421	25,000	18.00	450
Colombo Dockyard PLC	426,505	189.60	80,865	426,505	224.00	95,537
Lankem Developments PLC	175,063	5.10	893	174,121	7.60	1,323
MTD Walkers PLC	815,205	32.00	26,087	537,600	26.60	14,300
			140,266			111,610

As at 31 December	Group 2013 No of ordinary shares	2013 Market price per share LKR	2013 Market value LKR '000	2012 No of ordinary shares	2012 Market price per share LKR	2012 Market value LKR '000
Diversified Holdings						
Aitken Spence PLC	1,527,400	102.30	156,253	1,522,400	120.00	182,688
Browns Investments PLC	6,473,412	2.30	14,889	6,592,821	3.90	25,712
Carson Cumberbatch PLC	167,623	350.00	58,668	49,500	438.60	21,711
C T Holdings PLC	343,495	140.10	48,124	194,927	124.00	24,171
Expolanka Holdings PLC	1,778,820	7.50	13,341	600,000	7.00	4,200
F L C Holdings PLC	377,300	2.20	830	602,300	2.40	1,446
Hayleys PLC	99,184	293.00	29,061	-	-	-
Hemas Holdings PLC	832,300	34.00	28,298	577,100	27.00	15,582
John Keells Holdings PLC	150,122	227.30	34,123	90,100	219.90	19,812
Richard Peiris & Company PLC	4,832,300	6.30	30,443	4,844,405	7.80	37,786
Softlogic Holdings PLC	895,300	8.40	7,521	851,123	10.90	9,277
Sunshine Holdings PLC	626,800	28.00	17,550	626,800	28.00	17,550
Taprobane Holdings PLC	70,757	2.80	198	28,300	4.80	136
The Colombo Fort Land & Building PLC	212,299	28.20	5,987	242,390	34.60	8,387
Vallibel One PLC	2,447,013	16.50	40,376	1,616,464	18.10	29,258
			485,662			397,716
Footware & Textiles						
Ceylon Leather Products PLC	-	-	-	21,968	77.90	1,711
ODEL PLC	197,400	21.00	4,145	207,310	20.10	4,167
			4,145			5,878
Health Care						
Asiri Surgical Hospital PLC	233,046	10.30	2,400	179,200	9.30	1,667
Nawaloka Hospitals PLC	2,130,700	3.00	6,392	2,130,700	3.00	6,392
The Lanka Hospital Corporation PLC	32,500	40.50	1,316	32,500	39.20	1,274
			10,108			9,333

24 Financial assets - Held for trading (contd.)

24.1 Quoted equities (contd.)

As at 31 December	Group					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	1,639,600	69.90	114,608	1,639,600	73.10	119,854
Amaya Leisure PLC	118,700	74.00	8,784	118,700	84.00	9,971
Asian Hotels & Properties PLC	2,350,998	64.20	150,934	2,350,998	75.90	178,441
Citrus Leisure PLC	210,900	14.60	3,079	200,800	26.00	5,221
Dolphin Hotels PLC	25,000	44.90	1,123	137,264	36.50	5,010
Eden Hotel Lanka PLC	722,850	29.00	20,963	709,850	36.00	25,555
Marawila Resorts PLC	50,000	5.30	265	50,000	7.30	365
Palm Garden Hotels PLC	24,020	62.60	1,504	17,972	140.00	2,516
Pegasus Hotels of Ceylon PLC	29,968	35.10	1,052	19,968	40.00	799
Serendib Hotels PLC	40,940	15.60	639	19,064	23.50	448
Taj Lanka Hotels PLC	447,400	27.80	12,438	447,400	30.00	13,422
Tangerine Beach Hotels PLC	50,000	68.00	3,400	50,000	80.40	4,020
The Fortress Resorts PLC	1,461,100	13.40	19,579	1,461,100	16.30	23,816
The Kingsbury PLC	2,836,984	13.20	37,448	2,681,800	17.10	45,859
The Lighthouse Hotel PLC	108,000	44.00	4,752	108,000	53.10	5,735
Trans Asia Hotels PLC	477,200	79.90	38,128	477,200	74.00	35,313
			418,696			476,345
Information Technology						
PC House PLC	343,278	0.60	206	343,300	5.40	1,854
			206			1,854
Investment Trust						
Ceylon Guardian Investment Trust PLC	67,200	181.90	12,224	67,710	184.00	12,459
Ceylon Investment PLC	442,000	77.00	34,034	442,000	84.50	37,350
Environmental Resources Investments PLC	-	-	-	407,987	14.90	6,079
Gaurdian Capital Partners PLC	18,470	29.00	536	18,596	52.00	967
Lanka Century Investments PLC	385,000	14.10	5,429	-	-	-
Renuka Holdings PLC	560,569	30.60	17,153	488,169	36.10	17,624
			69,376			74,479

As at 31 December	Group 2013 No of ordinary shares	2013 Market price per share LKR	2013 Market value LKR '000	2012 No of ordinary shares	2012 Market price per share LKR	2012 Market value LKR '000
Land & Property						
Colombo Land & Development Company PLC	80,500	39.20	3,156	105,852	35.50	3,758
Commercial Development Company PLC	-	-	-	33	61.00	2
C T Land Development PLC	1,025,674	30.90	31,693	5,000	24.20	121
East West Properties PLC	307,216	11.50	3,533	150,000	14.60	2,190
Equity One PLC	29,540	26.20	774	32,854	33.40	1,097
Seylan Developments PLC	55,000	9.00	495	-	-	-
On'ally Holdings PLC	1,282	47.50	61	8,700	54.40	473
Overseas Realty (Ceylon) PLC	460,050	18.30	8,419	1,135,100	14.40	16,345
			48,131			23,986
Manufacturing						
Abans Electricals PLC	25,200	105.10	2,649	36,119	97.10	3,506
ACL Cables PLC	201,719	64.90	13,092	15,300	67.39	1,031
ACME Printing & Packaging PLC	1,310,700	9.70	12,714	1,361,600	15.00	20,425
Bogala Graphite Lanka PLC	34,829	18.40	641	26,833	23.70	636
Central Industries PLC	193,627	55.50	10,746	169,560	69.00	11,700
Ceylon Grain Elevators PLC	120,410	35.50	4,275	107,517	59.50	6,397
Dipped Products PLC	792,400	90.00	71,316	792,400	110.00	87,164
Hayleys Fibre PLC	146,423	25.00	3,661	147,700	28.00	4,135
Kelani Cables PLC	1,070	74.00	79	-	-	-
Kelani Tyres PLC	800,130	49.50	39,606	582,500	33.60	19,572
Lanka Aluminium Industries PLC	37,500	29.60	1,110	37,500	34.80	1,305
Lanka Cement PLC	9,639,259	6.60	63,619	9,644,209	9.50	91,620
Lanka Ceremic PLC	-	-	-	33,500	62.00	2,077
Lanka Tiles PLC	973,200	78.90	76,785	973,200	65.00	63,258
Lanka Walltiles PLC	410,040	53.90	22,101	160,040	60.80	9,730
Laxapana Batteries PLC	188,935	4.00	756	96,942	6.90	669
Orient Garments PLC	348,900	8.00	2,791	348,900	13.40	4,675
Pelwatta Sugar Industries PLC	68,400	23.50	1,607	68,400	23.50	1,607
Piramal Glass Ceylon PLC	6,144,534	4.50	27,650	4,324,900	6.00	25,950
Printcare PLC	25,000	27.00	675	25,000	29.20	730
Regnis (Lanka) PLC	-	-	-	24,516	60.00	1,471
Richard Pieris Exports PLC	-	-	-	10,000	33.50	335
Royal Ceramics Lanka PLC	756,339	84.60	63,986	301,500	99.00	29,849
Sierra Cables PLC	92,400	1.80	166	92,400	2.40	222
Textured Jersey Lanka PLC	980,308	15.20	14,901	1,118,558	8.90	9,955
Tokyo Cement Company (Lanka) PLC - voting	894,477	28.50	25,493	121,275	28.60	3,468
Tokyo Cement Company (Lanka) PLC - non voting	882,820	23.40	20,658	942,600	19.30	18,192
			481,077			419,679

24 Financial assets - Held for trading (contd.)

24.1 Quoted equities (contd.)

As at 31 December	Group					
	2013			2012		
	No of ordinary shares	Market price per share LKR	Market value LKR '000	No of ordinary shares	Market price per share LKR	Market value LKR '000
Motors						
C M Holdings PLC	52,285	83.60	4,371	36,600	146.10	5,347
Diesel & Motor Engineering PLC	37,356	481.00	17,968	37,356	601.80	22,481
Sathosa Motors PLC	30,980	259.10	8,027	36,000	222.30	8,003
United Motors Lanka PLC	40,000	113.70	4,548	159,700	100.80	16,098
			34,914			51,929
Oil Palms						
The Bukit Darah PLC	47,957	619.90	29,729	6,000	697.00	4,182
			29,729			4,182
Plantations						
Agalawatte Plantations PLC	52,830	23.90	1,263	50,300	32.70	1,645
Balangoda Plantations PLC	39,734	31.00	1,232	59,694	39.60	2,364
Elpitiya Plantations PLC	700	16.60	12	700	18.50	13
Horana Plantations PLC	513,000	23.80	12,209	553,002	24.50	13,549
Kahawatte Plantations PLC	931,300	38.80	36,134	931,500	33.10	30,833
Kegalle Plantations PLC	50,600	102.90	5,207	50,600	104.00	5,262
Kotagala Plantations PLC	499,665	37.00	18,488	64,500	74.00	4,773
Maskeliya Plantations PLC	-	-	-	4,000	12.70	51
Namunukula Plantations PLC	80,000	84.70	6,776	80,000	78.80	6,304
Watawala Plantations PLC	375,190	9.90	3,714	350,100	11.90	4,166
			85,035			68,960
Power & Energy						
F L C Hydro Power PLC	223,194	5.00	1,116	223,194	6.70	1,495
Hemas Power PLC	1,320,051	17.60	23,233	1,273,929	21.90	27,899
Lanka IOC PLC	-	-	-	233,300	19.50	4,549
Laugfs Gas PLC - voting	177,227	28.40	5,033	27,400	25.60	702
Laugfs Gas PLC - non voting	3,303,490	21.50	71,025	3,246,400	18.30	59,409
Panasian Power PLC	1,029,200	2.50	2,573	1,279,200	2.50	3,198
Vallibel Power Erathna PLC	1,298,650	5.80	7,532	850,000	6.50	5,525
			110,512			102,777
Services						
John Keells PLC	41,287	71.20	2,940	-	-	-
Kalamazoo System PLC	109	1,033.30	113	-	-	-
			3,053			-

As at 31 December	Group 2013 No of ordinary shares	2013 Market price per share LKR	2013 Market value LKR '000	2012 No of ordinary shares	2012 Market price per share LKR	2012 Market value LKR '000
Stores & Supplies						
Hunters & Company PLC	27,100	271.50	7,358	27,100	339.90	9,211
			7,358			9,211
Telecommunications						
Dialog Axiata PLC	7,279,132	9.00	65,512	3,638,780	8.30	30,202
Sri Lanka Telecom PLC	214,000	37.00	7,918	214,000	44.50	9,523
			73,430			39,725
Trading						
Brown & Company PLC	321,700	82.70	26,605	189,700	124.10	23,542
Ceylon & Foreign Trades PLC	1,524,110	6.40	9,754	1,951,000	6.20	12,096
C. W. Mackie PLC	21,700	60.80	1,319	21,700	77.80	1,688
Tess Agro PLC	-	-	-	336,400	2.40	807
Singer Sri Lanka PLC	47,437	89.00	4,222	-	-	-
Radiant Gems International PLC	-	-	-	4,860	57.00	277
			41,900			38,410
Total quoted equities			2,583,212			2,368,589
24.2 Quoted unit trusts						
Namal Acuity Value Fund	30,900	66.50	2,055	291	65.30	19
Total quoted unit trusts			2,055			19

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
25 Financial investments - Loans and receivables				
Sri Lanka Development Bonds [Note 25.1]	113,184,772	85,407,169	113,184,772	85,407,169
Governement of Sri Lanka Restructuring Bonds [Note 25.2]	8,968,474	8,968,474	8,968,474	8,968,474
Debentures [Note 25.3]	1,727,207	1,208,486	1,600,933	1,086,277
Trust certificates [Note 25.4]	49,995	516,380	78,217	516,380
Commercial papers [Note 25.5]	105,341	-	340,112	-
Other Government securities	5,072,824	3,106,350	5,072,824	3,106,350
Other investments	-	-	944,964	97,701
Total financial investments - Loans and receivables	129,108,613	99,206,859	130,190,296	99,182,351

25 Financial investments - Loans and receivables [contd.]

As at 31 December	Bank/Group					
	2013			2012		
	Date of Maturity	Cost of investment LKR '000	Carrying value LKR '000	Date of Maturity	Cost of investment LKR '000	Carrying value LKR '000
25.1 Sri Lanka Development Bonds (US Dollar bonds)						
Sri Lanka Development Bonds (6 months LIBOR plus 230 basis points)	16.03.2014	3,927,150	3,963,478	-	-	-
Sri Lanka Development Bonds (6 months LIBOR plus 225 basis points)	13.03.2014	6,545,250	6,604,681	-	-	-
Sri Lanka Development Bonds (6 months LIBOR plus 400 basis points)	22.02.2016	1,309,050	1,330,077	-	-	-
Sri Lanka Development Bonds (6 months LIBOR plus 400 basis points)	23.02.2016	1,309,050	1,330,331	-	-	-
Sri Lanka Development Bonds (6 months LIBOR plus 415 basis points)	01.01.2018	16,110,478	16,456,630	-	-	-
Sri Lanka Development Bonds (6 months LIBOR plus 415 basis points)	01.07.2018	75,924,900	77,570,803	-	-	-
Sri Lanka Development Bonds (6 months LIBOR plus 365 basis points)	29.06.2014	3,272,625	3,273,345	29.06.2014	3,181,375	3,182,467
Sri Lanka Development Bonds (6 months LIBOR plus 365 basis points)	18.08.2014	1,963,575	1,993,497	18.08.2014	1,908,825	1,940,233
Sri Lanka Development Bonds (6 months LIBOR plus 385 basis points)	26.03.2015	654,525	661,930	26.03.2015	636,275	643,952
Sri Lanka Development Bonds (6 months LIBOR plus 395 basis points)	-	-	-	26.03.2013	1,272,550	1,288,243
Sri Lanka Development Bonds (6 months LIBOR plus 395 basis points)	-	-	-	30.06.2013	1,272,550	1,272,877
Sri Lanka Development Bonds (6 months LIBOR plus 395 basis points)	-	-	-	15.07.2013	24,814,725	25,363,150
Sri Lanka Development Bonds (6 months LIBOR plus 370 basis points)	-	-	-	15.07.2013	50,656,398	51,716,247
		111,016,603	113,184,772		83,742,698	85,407,169

As at 31 December	Rate	Date of Issue	Date of Maturity	Bank/Group 2013 Cost of Investment LKR '000	2013 Carrying Value LKR '000	2012 Cost of Investment LKR '000	2012 Carrying Value LKR '000
25.2 Government of Sri Lanka Restructuring Bonds							
For recapitalization purposes	12%	24.09.1993	24.03.2023	4,780,000	5,015,714	4,780,000	5,015,714
For settlement of Loans	12%	24.03.1993	24.03.2023	3,767,000	3,952,760	3,767,000	3,952,760
				8,547,000	8,968,474	8,547,000	8,968,474

As at 31 December	Bank 2013 No of securities / debentures	2013 Cost of investment LKR '000	2013 Carrying value LKR '000	2012 No of securities / debentures	2012 Cost of investment LKR '000	2012 Carrying value LKR '000
25.3 Debentures						
Abans (Private) Limited (Fixed rate of 14.00% LKR 100/- each maturing in December 2016)	720,700	72,070	72,364	-	-	-
Alliance Finance Company PLC (Fixed rate of 18.50% LKR 100/- each maturing in September 2015)	1,000,000	100,000	104,664	1,000,000	100,000	104,639
Central Finance Company PLC (Fixed rate of 14.25% LKR 1,000/- each maturing in June 2016)	8,800	8,800	9,112	-	-	-
HDFC Bank of Sri Lanka (Fixed rate of 15.00% LKR 100/- each maturing in October 2017)	779,400	77,940	79,947	-	-	-
Hayleys PLC (Fixed rate of 14.25% LKR 1,000/- each maturing in July 2016)	57,700	57,700	59,766	-	-	-
Lanka Orix Leasing Company PLC (Fixed rate of 11.70% LKR 100/- each maturing in August 2015)	1,000,000	100,000	105,881	1,000,000	100,000	105,857
LB Finance PLC (Fixed rate of 12.30% LKR 1,000/- each maturing in December 2016)	100,000	100,000	100,872	100,000	100,000	100,855
LB Finance PLC (Fixed rate of 15.00% LKR 100/- each maturing in November 2018)	445,200	44,520	45,068	-	-	-
Merchant Bank of Sri Lanka PLC (Fixed rate of 11.60% LKR 100/- each maturing in November 2014)	1,400,000	140,000	148,203	1,400,000	140,000	148,173
Merchant Bank of Sri Lanka PLC (Fixed rate of 16.70% LKR 100/- each maturing in March 2018)	938,600	93,860	97,807	-	-	-
National Development Bank PLC (Fixed rate of 13.00% LKR 100/- each maturing in December 2018)	542,700	54,270	54,495	-	-	-

25 Financial investments - Loans and receivables [contd.]

25.3 Debentures [contd.]

As at 31 December	Bank					
	2013			2012		
	No of securities / debentures	Cost of investment LKR '000	Carrying value LKR '000	No of securities / debentures	Cost of investment LKR '000	Carrying value LKR '000
People's Leasing Company PLC (Fixed rate of 11.55% LKR 100/- each maturing in December 2014)	1,000,000	100,000	105,833	1,000,000	100,000	105,842
Sampath Leasing & Factoring Limited (Fixed rate of 16.65% LKR 100/- each maturing in July 2015)	500,000	50,000	54,196	500,000	50,000	53,567
Senkadagala Finance PLC (Fixed rate of 17.00% LKR 100/- each maturing in May 2016)	181,097	18,110	18,875	-	-	-
Senkadagala Finance PLC (Fixed rate of 15.00% LKR 100/- each maturing in December 2018)	817,653	81,765	82,426	-	-	-
Singer Sri Lanka PLC (Fixed rate of 17.00% LKR 100/- each maturing in September 2015)	377,713	37,771	37,761	377,713	37,771	39,104
Urban Development Authority (Fixed rate of 11.00% LKR 100/- each maturing in October 2015)	5,352,400	538,266	549,937	5,352,400	538,266	550,449
		1,675,072	1,727,207		1,166,037	1,208,486

As at 31 December	Group					
	2013			2012		
	No of securities / debentures	Cost of investment LKR '000	Carrying value LKR '000	No of securities / debentures	Cost of investment LKR '000	Carrying value LKR '000
Abans (Private) Limited (Fixed rate of 14.00% LKR 100/- each maturing in December 2016)	720,700	72,070	72,364	-	-	-
Alliance Finance Company PLC (Fixed rate of 18.50% LKR 100/- each maturing in September 2015)	1,000,000	100,000	104,664	1,000,000	100,000	104,639
Central Finance Company PLC (Fixed rate of 14.25% LKR 1,000/- each maturing in June 2016)	8,800	8,800	9,112	-	-	-
HDFC Bank of Sri Lanka (Fixed rate of 15.00% LKR 100/- each maturing in October 2017)	779,400	77,940	79,947	-	-	-
Hayleys PLC (Fixed rate of 14.25% LKR 1,000/- each maturing in July 2016)	57,700	57,700	59,766	-	-	-
Lanka Orix Leasing Company PLC (Fixed rate of 11.70% LKR 100/- each maturing in August 2015)	1,500,000	105,000	111,141	1,500,000	105,000	110,679

As at 31 December	Group					
	2013			2012		
	No of securities / debentures	Cost of investment LKR '000	Carrying value LKR '000	No of securities / debentures	Cost of investment LKR '000	Carrying value LKR '000
LB Finance PLC (Fixed rate of 12.30% LKR 1,000/- each maturing in December 2016)	100,000	100,000	100,872	100,000	100,000	100,855
LB Finance PLC (Fixed rate of 15.00% LKR 100/- each maturing in November 2018)	445,200	44,520	45,068	-	-	-
National Development Bank PLC (Fixed rate of 13.00% LKR 100/- each maturing in December 2018)	542,700	54,270	54,495	-	-	-
People's Leasing Company PLC (Fixed rate of 11.30% LKR 1,000/- each maturing in June 2014)	200,000	20,000	21,139	200,000	20,000	20,122
People's Leasing Company PLC (Fixed rate of 11.55% LKR 100/- each maturing in December 2014)	1,000,000	100,000	105,833	1,000,000	100,000	105,842
People's Leasing Company PLC (Fixed rate of 17.00% LKR 100/- each maturing in March 2018)	5,000,000	50,000	56,434	-	-	-
Sampath Leasing & Factoring Limited (Fixed rate of 16.65% LKR 100/- each maturing in July 2015)	500,000	50,000	54,196	500,000	50,000	53,567
Senkadagala Finance PLC (Fixed rate of 17.00% LKR 100/- each maturing in May 2016)	1,992,067	36,220	37,749	-	-	-
Senkadagala Finance PLC (Fixed rate of 15.00% LKR 100/- each maturing in December 2018)	817,653	81,765	82,426	-	-	-
Singer Sri Lanka PLC (Fixed rate of 15.50% LKR 100/- each maturing in July 2015)	10,000	1,000	1,010	10,000	1,000	1,020
Seylan Bank PLC (Fixed rate of 15.50% LKR 100/- each maturing in February 2018)	1,500,000	15,000	17,019	-	-	-
Singer Sri Lanka PLC (Fixed rate of 17.00% LKR 100/- each maturing in September 2015)	377,713	37,771	37,761	377,713	37,771	39,104
Urban Development Authority (Fixed rate of 11.00% LKR 100/- each maturing in October 2015)	5,352,400	538,266	549,937	5,352,400	538,266	550,449
		1,550,322	1,600,933		1,052,037	1,086,277

25 Financial investments - Loans and receivables [contd.]

As at 31 December	Bank 2013 Cost of investment LKR '000	Bank 2013 Carrying value LKR '000	Bank 2012 Cost of investment LKR '000	Bank 2012 Carrying value LKR '000
25.4 Trust certificates				
Arpico Finance Company PLC	-	-	68,920	74,666
Commercial Credit and Finance PLC	-	-	64,944	69,963
Commercial Leasing & Finance PLC	-	-	197,784	253,463
Senkadagala Finance PLC	22,592	28,169	57,761	60,878
Vallibel Finance PLC	17,579	21,826	54,923	57,410
	40,171	49,995	444,332	516,380

As at 31 December	Group 2013 Cost of investment LKR '000	Group 2013 Carrying value LKR '000	Group 2012 Cost of investment LKR '000	Group 2012 Carrying value LKR '000
Arpico Finance Company PLC	-	-	68,920	74,666
Associated Motor Finance Company PLC	14,550	14,550	-	-
Commercial Credit and Finance PLC	-	-	64,944	69,963
Commercial Leasing & Finance PLC	-	-	197,784	253,463
Mercantile Investments and Finance PLC	12,000	13,672	-	-
Senkadagala Finance PLC	22,592	28,169	57,761	60,878
Vallibel Finance PLC	17,579	21,826	54,923	57,410
	66,721	78,217	444,332	516,380

As at 31 December	Bank 2013 Cost of investment LKR '000	Bank 2013 Carrying value LKR '000	Bank 2012 Cost of investment LKR '000	Bank 2012 Carrying value LKR '000
25.5 Commercial papers				
Abans (Private) Limited	98,877	105,341	-	-
	98,877	105,341	-	-

As at 31 December	Group 2013 Cost of investment LKR '000	Group 2013 Carrying value LKR '000	Group 2012 Cost of investment LKR '000	Group 2012 Carrying value LKR '000
Abans (Private) Limited	98,877	105,341	-	-
Frist Capital Holdings PLC	33,980	34,771	-	-
Commercial Credit and Finance PLC	100,000	100,000	-	-
Softlogic Finance PLC	100,000	100,000	-	-
	332,857	340,112	-	-

As at 31 December	2013				2012			
	Individually significant loans LKR '000	Retail loans LKR '000	Staff loans LKR '000	Total LKR '000	Individually significant loans LKR '000	Retail loans LKR '000	Staff loans LKR '000	Total LKR '000
26 Loans and advances to customers								
26.1 Loans and advances - Summary								
(a) Bank								
Gross loans and advances	397,512,598	344,935,201	12,937,347	755,385,146	394,192,205	308,477,946	12,176,565	714,846,716
Less :								
Individual impairment	7,994,362	-	136,405	8,130,767	8,844,949	-	124,816	8,969,765
Collective impairment	295,583	21,626,830	-	21,922,413	660,196	13,317,548	-	13,977,744
Net loans and advances	389,222,653	323,308,371	12,800,942	725,331,966	384,687,060	295,160,398	12,051,749	691,899,207
(b) Group								
Gross loans and advances	403,691,920	361,082,306	13,153,138	777,927,364	395,828,049	325,536,467	12,341,845	733,706,361
			-				-	
Less :								
Individual impairment	8,623,763	-	136,405	8,760,168	8,866,737	-	124,816	8,991,553
Collective impairment	310,473	22,284,904	-	22,595,377	666,016	14,115,251	43	14,781,310
Net loans and advances	394,757,684	338,797,402	13,016,733	746,571,819	386,295,296	311,421,216	12,216,986	709,933,498

As at 31 December	Bank		Group	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
26.2 Movement in impairment for loans and advances to customers				
Movement in individual impairment				
As at 1 January	8,969,765	7,517,055	8,991,553	7,546,778
Charge /(reversal) during the year	(838,998)	1,452,710	(665,354)	1,465,396
Amount written off	-	-	(412)	(21,530)
Other movements	-	-	434,381	909
As at 31 December	8,130,767	8,969,765	8,760,168	8,991,553
Movement in collective impairment				
As at 1 January	13,977,744	11,099,620	14,781,310	11,886,876
Charge /(reversal) during the year	7,761,900	2,663,572	7,996,490	2,746,343
Amount written off	(50,371)	(66,086)	(101,201)	(218,274)
Other movements	233,140	280,638	(81,222)	366,365
As at 31 December	21,922,413	13,977,744	22,595,377	14,781,310
Total of individual and collective impairment	30,053,180	22,947,509	31,355,545	23,772,863

26 Loans and advances to customers (contd.)

As at 31 December	2013 Local currency loans LKR '000	2013 Foreign currency loans LKR '000	2013 Total LKR '000	2012 Local currency loans LKR '000	2012 Foreign currency loans LKR '000	2012 Total LKR '000
26.3 Analysis of gross loans and advances - by product						
(a) Bank						
Term loans	107,828,340	171,111,928	278,940,268	134,157,777	127,654,002	261,811,779
Loans under schemes	34,017,331	-	34,017,331	28,405,761	-	28,405,761
Housing loans	33,711,540	-	33,711,540	29,745,377	-	29,745,377
Trade finance	17,431,503	44,011,953	61,443,456	14,460,012	36,509,381	50,969,393
Personal loans	40,882,088	-	40,882,088	28,296,113	-	28,296,113
Overdrafts	117,018,469	9,283,688	126,302,157	117,691,970	3,029,812	120,721,782
Credit cards	2,651,703	-	2,651,703	2,352,679	-	2,352,679
Lease rental receivables [Note 26.5]	22,044,606	641,727	22,686,333	22,252,982	320,961	22,573,943
Pawning	131,386,116	-	131,386,116	146,666,011	-	146,666,011
Foreclosed properties	839,056	-	839,056	791,208	-	791,208
Staff loans	12,937,347	-	12,937,347	12,176,565	-	12,176,565
Other	9,587,751	-	9,587,751	10,336,105	-	10,336,105
Gross loans and advances	530,335,850	225,049,296	755,385,146	547,332,560	167,514,156	714,846,716

As at 31 December	2013 Local currency loans LKR '000	2013 Foreign currency loans LKR '000	2013 Total LKR '000	2012 Local currency loans LKR '000	2012 Foreign currency loans LKR '000	2012 Total LKR '000
(b) Group						
Term loans	112,094,142	172,299,818	284,393,960	134,468,851	129,046,437	263,515,288
Loans under schemes	34,665,221	-	34,665,221	28,851,357	-	28,851,357
Housing loans	33,711,540	300,912	34,012,452	29,749,228	-	29,749,228
Trade finance	18,328,059	44,011,953	62,340,012	16,079,321	36,509,381	52,588,702
Personal loans	41,501,777	-	41,501,777	29,026,641	-	29,026,641
Overdrafts	116,943,334	9,687,350	126,630,684	117,691,970	3,029,812	120,721,782
Credit cards	2,651,703	-	2,651,703	2,352,679	-	2,352,679
Lease rental receivables [Note 26.5]	32,352,554	641,727	32,994,281	35,800,634	320,961	36,121,595
Pawning	131,660,366	-	131,660,366	146,865,207	-	146,865,207
Foreclosed properties	839,056	-	839,056	791,208	-	791,208
Staff loans	13,147,526	5,612	13,153,138	12,341,845	-	12,341,845
Other	13,084,714	-	13,084,714	10,780,829	-	10,780,829
Gross loans and advances	550,979,992	226,947,372	777,927,364	564,799,770	168,906,591	733,706,361

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
26.4 Analysis of gross loans and advances - by currency				
Sri Lankan Rupee	530,335,850	547,332,560	550,979,992	564,799,770
United States Dollar	210,686,897	158,028,890	211,391,470	159,421,325
Great Britain Pound	400,856	366,859	1,594,359	366,859
Maldevian Rufiyaa	9,481,549	6,207,070	9,481,549	6,207,070
Euro	1,264,644	681,340	1,264,644	681,340
Indian Rupee	3,052,378	2,159,790	3,052,378	2,159,790
Other currencies	162,972	70,207	162,972	70,207
Gross loans and advances	755,385,146	714,846,716	777,927,364	733,706,361
26.5 Lease rental receivables				
Gross lease rental receivables				
Less than one year	10,303,899	8,850,652	15,070,619	16,305,687
One to five years	17,634,964	19,724,876	26,394,153	28,762,029
More than five years	14,800	23,326	14,800	27,946
	27,953,663	28,598,854	41,479,572	45,095,662
Unearned finance income	(5,267,330)	(6,024,911)	(8,485,291)	(8,974,067)
Gross lease rental receivables	22,686,333	22,573,943	32,994,281	36,121,595
Allowance for impairment losses	(606,205)	(470,041)	(1,072,805)	(813,952)
Net lease rental receivables	22,080,128	22,103,902	31,921,476	35,307,643

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
27 Financial investments - Available for sale				
(a) Quoted investments				
Treasury bills - Investment fund account	11,110	1,794,516	168,008	1,905,976
Treasury bonds - Investment fund account	-	-	449,531	-
Treasury bills	440,100	-	602,834	518,626
Treasury bonds	23,536	1,034,583	664,390	1,813,783
Other Government securities	1,186,224	1,172,664	1,408,777	1,172,664
Equities [Note 27.1]	7,023,942	6,438,745	7,894,394	7,283,010
	8,684,912	10,440,508	11,187,934	12,694,059
(b) Unquoted investments				
Equities [Note 27.2]	1,640,302	1,640,480	1,664,511	1,667,866
Financial investments - Available for sale	10,325,214	12,080,988	12,852,445	14,361,925

27 Financial investments - Available for sale (contd.)

As at 31 December	Bank					
	2013			2012		
	No of ordinary shares / units	Cost of investment LKR '000	Market value LKR '000	No of ordinary shares / units	Cost of investment LKR '000	Market value LKR '000
27.1 Quoted Investments						
(a) Listed equity shares						
National Development Bank PLC	16,371,076	691,862	2,627,558	16,371,076	691,862	2,257,571
People's Leasing Finance PLC	11,453,600	206,165	153,478	11,453,600	206,165	151,188
Seylan Bank PLC	13,198,305	466,700	847,331	13,000,000	455,000	728,000
		1,364,727	3,628,367		1,353,027	3,136,759
(b) Units in unit trusts						
Ceybank Unit Trust	109,257,002	1,553,990	2,819,923	107,109,656	1,500,435	2,757,003
Ceybank Century Growth Fund	8,036,697	130,027	459,297	7,966,323	126,044	439,183
Ceybank Surekum Gilt Edged Fund	11,007,965	110,246	116,355	10,000,000	100,000	105,800
		1,794,263	3,395,575		1,726,479	3,301,986
		3,158,990	7,023,942		3,079,506	6,438,745

As at 31 December	Group					
	2013			2012		
	No of ordinary shares / units	Cost of investment LKR '000	Market value LKR '000	No of ordinary shares / units	Cost of investment LKR '000	Market value LKR '000
(a) Listed equity shares						
National Development Bank PLC	16,371,076	691,862	2,627,558	16,371,076	691,862	2,257,571
People's Leasing Finance PLC	11,453,600	206,165	153,478	11,453,600	206,165	151,188
Seylan Bank PLC	13,198,305	466,700	847,331	13,000,000	455,000	728,000
The Lanka Hospital Corporation PLC	21,329,000	213,290	863,824	21,329,000	213,290	836,097
		1,578,017	4,492,191		1,566,317	3,972,856
(b) Units in unit trusts						
Ceybank Unit Trust	109,257,002	1,553,990	2,819,923	107,109,656	1,500,435	2,757,003
Ceybank Century Growth Fund	8,036,697	130,027	459,297	7,966,323	126,044	439,183
Ceybank Surekum Gilt Edged Fund	11,007,965	110,246	116,355	10,000,000	100,000	105,800
Comtrust Money Market Fund	163,821	1,500	1,628	163,821	1,500	1,439
First Capital Asset Management Limited	4,725	5,000	5,000	5,000	5,000	4,671
Namal Acuity Value Fund	-	-	-	31,191	2,863	2,058
		1,800,763	3,402,203		1,735,842	3,310,154
		3,378,780	7,894,394		3,302,159	7,283,010

As at 31 December	Bank					
	2013			2012		
	No. of ordinary shares	Cost of investment LKR '000	Fair value LKR '000	No. of ordinary shares	Cost of investment LKR '000	Fair value LKR '000
27.2 Unquoted investments						
Unlisted equity shares						
Credit Information Bureau of Sri Lanka	46,900	41,810	41,810	47,100	41,988	41,988
Fitch Ratings Lanka Limited	62,500	625	625	62,500	625	625
LankaClear (Private) Limited	2,100,000	21,000	21,000	2,100,000	21,000	21,000
Lanka Financial Services Bureau Limited	225,000	2,250	2,250	225,000	2,250	2,250
Magpek Exports Limited	300,000	4,355	-	300,000	4,355	-
Regional Development Bank	7,418,448	72,000	112,167	7,418,448	72,000	112,167
SriLankan Airlines Limited	12,115,571	3,250,450	1,462,450	12,115,571	3,250,450	1,462,450
		3,392,490	1,640,302		3,392,668	1,640,480
Fair value adjustment		40,167			40,167	
Provision for impairment [Note 27.2.1]		(1,792,355)			(1,792,355)	
		1,640,302	1,640,302		1,640,480	1,640,480

As at 31 December	Group					
	2013			2012		
	No. of ordinary shares	Cost of investment LKR '000	Fair value LKR '000	No. of ordinary shares	Cost of investment LKR '000	Fair value LKR '000
Unlisted equity shares						
Ceylinco Investment Company Limited	500,000	5,000	-	500,000	5,000	-
Credit Information Bureau of Sri Lanka	47,430	41,864	41,864	47,540	42,032	42,032
Fitch Ratings Lanka Limited	62,500	625	625	62,500	625	625
LankaClear (Private) Limited	2,100,000	21,000	21,000	2,100,000	21,000	21,000
Lanka Financial Services Bureau Limited	225,000	2,250	2,250	225,000	2,250	2,250
Magpek Export Limited	300,000	4,355	-	300,000	4,355	-
Mega Containers Limited	1,000,000	10,000	19,790	1,000,000	10,000	18,569
Regional Development Bank	7,418,448	72,000	112,167	7,418,448	72,000	112,167
Ruwan Industries (Private) Limitted	165,790	3,600	3,600	-	-	-
SriLankan Airlines Limited	12,115,571	3,250,450	1,462,450	12,115,571	3,250,450	1,462,450
UB Finance Company Limited	2,506,562	17,546	765	2,506,562	17,546	8,773
		3,428,690	1,664,511		3,425,258	1,667,866
Fair value adjustment		49,957			48,736	
Provision for impairment [Note 27.2.1]		(1,814,136)			(1,806,128)	
		1,664,511	1,664,511		1,667,866	1,667,866

As at 31 December	Bank		Group	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
27.2.1 Movement in impairment				
Balance as at 1 January	1,792,355	6,648	1,806,128	14,780
Provision made during the year	-	1,788,000	8,008	1,794,143
Write off during the year	-	(2,293)	-	(2,795)
Balance as at 31 December	1,792,355	1,792,355	1,814,136	1,806,128

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
28 Financial investments - Held to maturity				
(a) Government securities				
Treasury bills	21,915,732	11,113,337	22,303,978	11,758,558
Treasury bonds	134,984,029	99,842,865	135,036,637	99,842,865
	156,899,761	110,956,202	157,340,615	111,601,423
(b) Debt securities	-	-	100,957	105,036
	-	-	100,957	105,036
Total financial investments - Held to maturity	156,899,761	110,956,202	157,441,572	111,706,459

The Bank has pledged treasury bills and treasury bonds held to maturity of LKR 44,792.1 million as collateral as at 31 December 2013 (2012 : LKR 41,397.2 million).

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000
29 Investment in subsidiary companies		
Investment in quoted companies [Note 29.2]	2,898,556	2,862,705
Investment in unquoted companies [Note 29.3]	3,930,143	3,930,143
	6,828,699	6,792,848
29.1 Movement in investment in subsidiary companies		
Balance as at 1 January	6,792,848	6,240,686
Increase / (decrease) in investment	35,851	596,624
Exchange rate adjustments	-	(44,462)
Balance as at 31 December	6,828,699	6,792,848

As at 31 December	Bank 2013 Group's interest in stated capital %	2013 Cost LKR '000	2013 Market Value/ Directors' value LKR '000	2012 Group's interest in stated capital %	2012 Cost LKR '000	2012 Market Value/ Directors' value LKR '000
29.2 Investment in quoted companies						
Property Development PLC (62,100,360 ordinary shares) (2012 : 61,485,050) (Incorporated in Sri Lanka)	94.09	775,921	4,098,624	93.16	740,070	2,902,094
Merchant Bank of Sri Lanka PLC (97,392,136 ordinary shares) (Incorporated in Sri Lanka)	72.14	2,122,635	1,324,533	72.14	2,122,635	1,938,104
Investment in quoted subsidiary companies		2,898,556	5,423,157		2,862,705	4,840,198

As at 31 December	Bank					
	2013			2012		
	Group's interest in stated capital %	Cost LKR '000	Market Value/ Directors' value LKR '000	Group's interest in stated capital %	Cost LKR '000	Market Value/ Directors' value LKR '000
29.3 Investment in unquoted companies						
BOC Management & Support Services (Private) Limited (100,000 ordinary shares) (Incorporated in Sri Lanka)	100.00	1,000	1,000	100.00	1,000	1,000
BOC Property Development & Management (Private) Limited (100,999,998 ordinary shares) (Incorporated in Sri Lanka)	100.00	1,010,000	1,010,000	100.00	1,010,000	1,010,000
BOC Travels (Private) Limited (250,004 ordinary shares) (Incorporated in Sri Lanka)	100.00	2,500	2,500	100.00	2,500	2,500
Bank of Ceylon (UK) Limited (15,000,000 ordinary shares) (Incorporated in United Kingdom)	100.00	2,683,859	2,683,859	100.00	2,683,859	2,683,859
Ceylease Limited * (11,000,000 ordinary shares) (Incorporated in Sri Lanka)	-	-	-	55.00	110,000	110,000
Hotels Colombo (1963) Limited (10,073,667 ordinary shares) (Incorporated in Sri Lanka)	99.99	100,737	100,737	99.99	100,737	100,737
MCSL Financial Services Limited (61,499,807 ordinary shares) (2012 : 4,900,018) (Incorporated in Sri Lanka)	80.09	132,047	132,047	85.79	22,047	22,047
Investment in unquoted subsidiary companies		3,930,143	3,930,143		3,930,143	3,930,143

* Ceylease Limited merged with MCSL Financial Services Limited on 22 August 2013.

In addition to the above subsidiaries, followings are indirect subsidiaries of the Bank.

Group's interest	2013 %	2012 %
Ceybank Holiday Homes (Private) Limited	100.00	100.00
MBSL Insurance Company Limited	56.34	56.28
MBSL Savings Bank Limited	54.25	54.25
Koladeniya Hydropower (Private) Limited	94.09	93.16

As at 31 December	Bank 2013 Group's interest in stated capital %	Bank 2013 Cost LKR '000	Bank 2012 Group's interest in stated capital %	Bank 2012 Cost LKR '000
30 Investment in associate companies				
30.1 Unquoted				
Ceybank Asset Management Limited (1,240,002 ordinary shares) (Incorporated in Sri Lanka)	43.36	31,048	43.36	31,048
Lanka Securities (Private) Limited (3,495,000 ordinary shares) (Incorporated in Sri Lanka)	40.92	41,940	40.92	41,940
Mireka Capital Land (Private) Limited (75,000,000 ordinary shares) (Incorporated in Sri Lanka)	40.00	750,000	40.00	750,000
Southern Development Financial Company Limited (2,500,001 ordinary shares) (Incorporated in Sri Lanka)	41.67	25,000	41.67	25,000
Transnational Lanka Records Solutions (Private) Limited (2,000,000 ordinary shares) (Incorporated in Sri Lanka)	24.69	20,000	24.69	20,000
Total investment in associate companies		867,988		867,988
Provision for impairment (Note 30.4)		(25,000)		(25,000)
Net investment in associate companies		842,988		842,988

As at 31 December	Group 2013 Equity value LKR '000	Group 2013 Directors' valuation LKR '000	Group 2012 Equity value LKR '000	Group 2012 Directors' valuation LKR '000
30.2 Unquoted				
Ceybank Asset Management Limited (1,240,002 ordinary shares) (Incorporated in Sri Lanka)	139,679	139,679	119,581	119,581
Lanka Securities (Private) Limited (3,495,000 ordinary shares) (Incorporated in Sri Lanka)	130,375	130,375	147,315	147,315
Mireka Capital Land (Private) Limited (75,000,000 ordinary shares) (Incorporated in Sri Lanka)	1,147,342	1,147,342	943,774	943,774
Southern Development Financial Company Limited (2,500,001 ordinary shares) (Incorporated in Sri Lanka)	4,221	4,221	594	594
Transnational Lanka Records Solutions (Private) Limited (2,000,000 ordinary shares) (Incorporated in Sri Lanka)	49,650	49,650	57,731	57,731
Total investment in associate companies	1,471,267	1,471,267	1,268,995	1,268,995
Provision for diminution in value (Note 30.4)	-	-	-	-
Net investment in associate companies	1,471,267	1,471,267	1,268,995	1,268,995

As at 31 December	Bank Cost 2013 LKR '000	Bank Cost 2012 LKR '000	Group Equity value 2013 LKR '000	Group Equity value 2012 LKR '000
30.3 Movement in investment in associate companies				
Balance as at 1 January	867,988	867,988	1,268,995	1,282,678
Share of profit/(loss) before tax	-	-	228,813	38,585
Share of tax	-	-	(11,408)	(17,090)
Share of other comprehensive income	-	-	5,543	-
Dividends	-	-	(22,520)	(35,178)
Other adjustments	-	-	1,844	-
Balance as at 31 December	867,988	867,988	1,471,267	1,268,995

30 Investment in associate companies (contd.)

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
30.4 Movement in provision for impairment				
Balance as at 1 January	25,000	25,000	-	-
Amount provided during the year	-	-	-	-
Balance as at 31 December	25,000	25,000	-	-
Carrying value of investments in associate companies	842,988	842,988	1,471,267	1,268,995

	2013 LKR '000	2012 LKR '000
30.5 The Group's interest in the summarised financial information of the associate companies are as follows:		
Group's share of;		
Total assets	3,273,440	2,880,506
Total liabilities	1,802,172	1,611,511
Group's share of;		
Total operating income	360,888	388,101
Total operating expense	(132,075)	(349,516)
Profit before taxation	228,813	38,585
Provision for taxation	(11,408)	(17,090)
Profit after taxation	217,405	21,495
Other comprehensive income	5,543	-

As at 31 December	Group 2013 LKR '000	Group 2012 LKR '000
31 Investment properties		
Balance as at 1 January	158,146	174,590
Additions during the year	7,730	-
Disposals during the year	-	(1,444)
Transfers / adjustments	-	(15,000)
Balance as at 31 December	165,876	158,146
Less : Accumulated depreciation		
Balance as at 1 January	11,099	8,715
Charge for the year	2,863	2,688
Disposal /transfer	-	(304)
Balance as at 31 December	13,962	11,099
Net investment properties	151,914	147,047

Investment properties were not held by the Bank for the current year and for the previous year.

Rental income earned from investment properties of the Group was LKR 16.6 million in 2013 (2012 : LKR 7.7 million).

As at 31 December		2013						2012	
				Cost					
		Building (sq.ft)	Extent of Land (Perches)	Land LKR '000	Building LKR '000	Total LKR '000	Fair value LKR '000	Cost LKR '000	Fair value LKR '000
31.1 Investment properties held by the Group									
No. 64 and 66, Nonagama Road, Pallegama, Embilipitiya.	*		16.61	1,750	-	1,750	13,000	1,750	13,000
No 300/8, Thalawathugoda Road, Madiwela, Kotte.	*	2,000	16.15	2,465	2,635	5,100	14,727	5,100	14,727
No 385/1, Kotte Road, Pittakotte.	*	2,896	19.01	2,958	1,730	4,688	5,298	4,688	5,298
No 116/4,116/7,116/25,116/26,116/27,116/29 1st Cross Street, Colombo 01.	*	-	12.35	1,249	-	1,249	2,602	1,249	1,249
No 43,45,49,51 & 53, New Olcott Mawatha, Colombo 11.	*	-	7.50	9,950	-	9,950	75,000	9,950	75,000
No 102 and 104, Dam Street, Colombo 12.	*	20,368	50.70	17,970	11,989	29,959	233,000	22,959	56,029
Kumbuththukuliya watte, Bangadeniya Road, Puttalam.	*	-	80.00	600	-	600	3,400	600	3,400
Mirissawelawatta hena; Thekkawatta Dambadeniya	*	-	188.00	162	-	162	600	162	600
Rukgahakottunuwa, Gehenuwala, Meepe		-	38.33	-	-	-	-	1,688	890
No 50/21, Old Kesbawa Road, Raththanapitiya, Boralesgamuwa.	**	44,877	364.35	65,604	44,396	110,000	298,015	110,000	229,075
No 64, Gabadawa Estate, Pitipana, Homagama	*	-	20.80	1,427	-	1,427	2,900	-	-
No 2, Plan No. 1206, Silverberst Estate, Pitipana Homagama	*	-	107.00	991	-	991	2,014	-	-
Total				105,126	60,750	165,876	650,556	158,146	399,268

Note :

* The fair value of the investment properties as at 31 December 2013 was based on market valuations carried out in the year 2010 ,2011 and 2013 by Mr D N Dhammika Baranage [RICS (UK), DIV AIS (SL)] and Mr H A W Perera [B Sc Estate Management & Valuation (Special)] and Mr Samantha Kumara Madawan Arachchi [B Sc Estate Management and Valuation (Special)], City Planning (JP), Dip(UPM)NI,AIREV, who are independent valuers not connected with the company. The directors have reviewed values of the investment properties as at 31 December 2013 and concluded that there was no impairment.

** Professional valuation has been carried out by Mr A G Gunarathna, [B Sc Estate Management and Valuation- (Sri Lanka)] on 31 December 2013.

As at 31 December	Freehold land LKR '000	Freehold building LKR '000	Buildings on leasehold land LKR '000	Equipment LKR '000 [Note 32.11.1]	Motor vehicles LKR '000	Leasehold motor vehicles LKR '000	Capital work in progress LKR '000	2013 Total LKR '000	2012 Total LKR '000
32 Property, plant and equipment									
32.1 Bank									
Cost or valuation									
As at 1 January	5,680,875	2,426,302	1,178,025	8,034,015	635,970	50,377	204,633	18,210,197	16,694,830
Additions during the year									
Acquisitions	125,633	16,103	46,127	974,750	347,600	-	171,998	1,682,211	1,056,230
Capitalizations	-	15,624	125,212	-	-	-	(140,836)	-	-
Revaluation									
Revaluation surplus	-	-	-	-	-	-	-	-	696,307
Depreciation on revalued assets	-	-	-	-	-	-	-	-	(117,650)
Disposals during the year	(16,036)	-	(3,408)	(186,928)	(15,035)	-	(72,000)	(293,407)	(129,385)
Exchange rate adjustments	-	-	-	(5,945)	(374)	-	-	(6,319)	10,147
Transfers/ adjustments	-	-	-	(732)	-	-	(33,279)	(34,011)	(282)
As at 31 December	5,790,472	2,458,029	1,345,956	8,815,160	968,161	50,377	130,516	19,558,671	18,210,197
Accumulated depreciation									
As at 1 January	-	126,563	335,108	5,799,523	475,957	42,219	-	6,779,370	6,175,904
Charge for the year	-	70,268	88,957	694,623	118,630	4,968	-	977,446	838,051
Transfer of accumulated depreciation on assets revaluation									(117,650)
Disposals during the year	-	-	(3,140)	(185,326)	(12,261)	-	-	(200,727)	(123,197)
Exchange rate adjustments	-	-	-	(3,290)	(308)	-	-	(3,598)	7,568
Transfers/ adjustments	-	-	-	-	-	-	-	-	(1,306)
As at 31 December	-	196,831	420,925	6,305,530	582,018	47,187	-	7,552,491	6,779,370
Net book value as at 31 December 2013	5,790,472	2,261,198	925,031	2,509,630	386,143	3,190	130,516	12,006,180	-
Net book value as at 31 December 2012	5,680,875	2,299,739	842,917	2,234,492	160,013	8,158	204,633	-	11,430,827

As at 31 December	Freehold land LKR '000	Freehold building LKR '000	Buildings on leasehold land LKR '000	Equipment LKR '000 [Note 32.11.1]	Motor vehicles LKR '000	Leasehold motor vehicles LKR '000	Capital work in progress LKR '000	2013 Total LKR '000	2012 Total LKR '000
32.2 Group									
Cost or valuation									
As at 1 January	5,690,837	4,451,697	6,795,442	9,092,202	739,734	50,377	204,633	27,024,922	25,223,182
Additions during the year									
Acquisitions	125,633	20,607	46,127	1,075,599	359,976	7,991	176,880	1,812,813	1,306,095
Capitalisations	-	15,624	125,212	4,882	-	-	(145,718)	-	-
Revaluation									-
Revaluation surplus	-	608,539	1,128,713	-	-	-	-	1,737,252	738,219
Depreciation on revalued assets	-	(49,543)	(439,212)	-	-	-	-	(488,755)	(168,645)
Disposals during the year	(16,036)	(373)	(3,408)	(202,514)	(31,202)	(6,320)	(72,000)	(331,853)	(167,136)
Exchange rate adjustments	-	32,411	-	(5,099)	(374)	-	-	26,938	89,955
Transfers / adjustments	313,000	(314,889)	50,734	1,157	(14,893)	14,893	(33,279)	16,723	3,252
As at 31 December	6,113,434	4,764,073	7,703,608	9,966,227	1,053,241	66,941	130,516	29,798,040	27,024,922
Accumulated depreciation									
As at 1 January	-	516,436	1,238,921	6,268,869	520,614	42,219	-	8,587,059	7,742,239
Charge for the year	-	112,543	282,042	786,209	134,238	9,288		1,324,320	1,167,840
Transfer of accumulated depreciation on assets revaluation	-	(66,281)	(439,212)	-	-	-	-	(505,493)	(168,645)
Disposals during the year	-	(135)	(3,140)	(198,353)	(24,087)	(2,868)	-	(228,583)	(156,764)
Exchange rate adjustments	-	1,581	-	(2,756)	(308)	-	-	(1,483)	10,538
Transfers / adjustments		(689)	-	748	(5,845)	5,845	-	59	(8,149)
As at 31 December	-	563,455	1,078,611	6,854,717	624,612	54,484	-	9,175,879	8,587,059
Net book value as at 31 December 2013	6,113,433	4,200,618	6,624,997	3,111,510	428,629	12,457	130,517	20,622,161	-
Net book value as at 31 December 2012	5,690,836	3,935,261	5,556,521	2,823,333	219,120	8,158	204,634	-	18,437,863

32.3 Title restriction on property, plant and equipment

There were no restrictions that existed in the title of the property, plant and equipment of the Bank and the Group as at the reporting date.

32.4 Property, plant and equipment pledged as security for liabilities

No freehold property, plant and equipment have been pledged as security for any liability.

32.5 Compensation from third parties for items of property, plant and equipment

There were no compensation received / receivable from third parties for items of property, plant and equipment which were impaired or given up.

32 Property, plant and equipment (contd.)

32.6 Fully depreciated property, plant and equipment

The initial cost of fully depreciated property, plant and equipment, which are still in use are as follows :

As at 31 December	Bank		Group	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
Motor vehicles	389,929	223,342	391,634	242,104
Computer equipment	2,783,091	2,297,962	2,824,048	2,323,463
Equipment, furniture and fittings	687,665	606,430	763,960	709,387
Buildings on leasehold lands	106,721	84,883	106,721	84,883
Plant and machinery	657,064	589,693	657,064	721,205
	4,624,470	3,802,310	4,743,427	4,081,042

32.7 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant and equipment as at the reporting date.

32.8 Property, plant and equipment retired from active use

The Bank held no property, plant and equipment retired from active use and which were not classified as held for sale in accordance with SLFRS 5 - "Non current assets held for sale and discontinued operations"

32.9 Freehold properties

The carrying value of the freehold revalued properties, if they were carried at cost less accumulated depreciation would be as follows :

As at 31 December	2013			2012		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Bank						
Land	244,021	-	244,021	134,424	-	134,424
Building	968,009	(429,683)	538,326	936,282	(405,483)	530,799
	1,212,030	(429,683)	782,347	1,070,706	(405,483)	665,223
Group						
Land	253,982	-	253,982	144,385	-	144,385
Building	1,946,215	(820,648)	1,125,567	1,914,488	(796,448)	1,118,040
	2,200,197	(820,648)	1,379,549	2,058,873	(796,448)	1,262,425

32.10 Revaluation of leasehold / freehold properties - Group

The following buildings on leasehold / freehold lands of the subsidiaries were revalued during the year by professionally qualified independent valuers.

Leasehold properties

Details of the properties	Valuer	Basis of valuation	2013		
			Cost of building LKR '000	Revalued amount of building LKR '000	Surplus / (loss) of building LKR '000
Property Development PLC Bank of Ceylon Head Quarters building BOC Square, Colombo 01 (Revalued as at 31 December 2013)	P B Kalugedara and Associates	Market value method	1,268,542	5,243,750	957,082
BOC Property Development & Management (Private) Limited Bank of Ceylon - Ceybank house No. 86, Sri Dalada Veediya, Kandy (Revalued as at 31 December 2013)	P B Kalugedara and Associates	Market value method	262,715	456,000	222,365

Freehold properties

Name of premises	Valuer	Basis of valuation	2013		
			Cost of building LKR '000	Revalued amount of building LKR '000	Surplus / (loss) of building LKR '000
BOC Property Development & Management (Private) Limited Bank of Ceylon - Merchant Tower St. Micheal's Road, Kollupitiya (Revalued as at 31 December 2013)	P B Kalugedara and Associates	Market value method	975,172	1,542,000	515,010
Bank of Ceylon UK (Limited) No. 01, Devonshire Square London EC2 (Revalued as at 31 December 2013)	King Sturge LLP	Market value method	237,449	323,793	93,529

32 Property, plant and equipment (contd.)

As at 31 December

	Computer equipment LKR '000	Furniture and fittings LKR '000	Office equipment LKR '000	Power plant LKR '000	2013 Total LKR '000	2012 Total LKR '000
32.11 Equipment						
32.11.1 Bank						
Cost						
Balance as at 1 January	4,092,809	2,188,359	1,752,847	-	8,034,015	7,411,206
Additions during the year						
Acquisitions	436,708	236,165	301,877	-	974,750	711,838
Capitalisation	-	-	-	-	-	1,058
Disposals during the year	(111,961)	(30,869)	(44,098)	-	(186,928)	(99,640)
Adjustments / transfers	(464)	(35)	(233)	-	(732)	(282)
Exchange rate adjustments	(5,522)	(112)	(311)	-	(5,945)	9,835
Balance as at 31 December	4,411,570	2,393,508	2,010,082	-	8,815,160	8,034,015
Accumulated depreciation						
Balance as at 1 January	3,385,991	1,278,913	1,134,619	-	5,799,523	5,275,989
Charge for the year	333,355	204,648	156,620	-	694,623	614,969
Disposals during the year	(111,612)	(29,737)	(43,977)	-	(185,326)	(98,868)
Exchange rate adjustments	(2,989)	(369)	68	-	(3,290)	7,433
Balance as at 31 December	3,604,745	1,453,455	1,247,330	-	6,305,530	5,799,523
Net book value as at 31 December 2013	806,825	940,053	762,752	-	2,509,630	-
Net book value as at 31 December 2012	706,818	909,446	618,228	-	-	2,234,492

As at 31 December	Computer equipment LKR '000	Furniture and fittings LKR '000	Office equipment LKR '000	Power plant LKR '000	2013 Total LKR '000	2012 Total LKR '000
32.11.2 Group						
Cost						
Balance as at 1 January	4,407,716	2,544,871	1,844,261	295,354	9,092,202	8,042,506
Additions during the year						
Acquisitions	458,439	299,942	317,218	-	1,075,599	853,565
Capitalisations	-	-	-	4,882	4,882	296,412
Disposals during the year	(121,395)	(32,738)	(47,144)	(1,237)	(202,514)	(103,152)
Revaluation						
Revaluation surplus	-	-	-	-	-	41,912
Depreciation on revalued assets	-	-	-	-	-	(50,995)
Exchange rate adjustments	(5,182)	394	(311)	-	(5,099)	12,236
Adjustments / transfers	(464)	17,816	(16,195)	-	1,157	(282)
Balance as at 31 December	4,739,114	2,830,285	2,097,829	298,999	9,966,227	9,092,202
Accumulated depreciation						
Balance as at 1 January	3,617,714	1,454,500	1,186,883	9,772	6,268,869	5,736,151
Charge for the year	363,993	239,459	167,977	14,780	786,209	683,821
Transfer of accumulated depreciation on revalued assets	-	-	-	-	-	(50,995)
Disposals during the year	(120,231)	(31,334)	(46,788)	-	(198,353)	(100,528)
Exchange rate adjustments	(2,633)	(191)	68	-	(2,756)	7,824
Adjustments / transfers	59	10,035	(9,346)	-	748	(7,404)
Balance as at 31 December	3,858,902	1,672,469	1,298,794	24,552	6,854,717	6,268,869
Net book value as at 31 December 2013	880,212	1,157,816	799,035	274,447	3,111,510	-
Net book value as at 31 December 2012	790,002	1,090,371	657,378	285,582	-	2,823,333

32.12 Freehold land and building

The details of freehold land and buildings held by the Bank as at 31 December 2013 are as follows:

Name of premises	Extent (Perches)	Building (Square feet)	Cost or revaluation value of land LKR '000	Cost or revaluation value of building LKR '000	Total value LKR '000	Accumulated depreciation LKR '000	Written down value LKR '000
Central Province							
Galaha Branch 59/37, Deltota Road, Galaha	15.00	6,340	1,991	7,174	9,165	665	8,500
Gampola Branch 79, Kadugannawa Road, Gampola	175.00	9,270	74,836	17,867	92,703	1,698	91,005
Hatton Branch 46, Circular Road, Hatton	85.65	8,784	86,667	13,333	100,000	1,000	99,000
Hatton Staff Quarters - Hatton	40.00	5,560	33,962	11,038	45,000	828	44,172
Kandy 2nd City Branch 22, Dalada Veediya, Kandy	42.81	9,017	182,170	17,830	200,000	2,139	197,861
Maskeliya Branch 66, Upcot Road, Maskeliya	42.05	6,402	24,659	10,341	35,000	776	34,224
Nawalapitiya Branch 106, Gampola Road, Nawalapitiya	15.00	6,317	13,000	12,000	25,000	1,800	23,200
Nuwara Eliya Branch 43, Lawson Street, Nuwara Eliya	133.50	13,645	309,867	41,110	350,977	3,044	347,933
Nuwara Eliya Staff Quarters 14,19, Hill Street, Nuwara Eliya	53.69	5,086	33,778	6,222	40,000	1,866	38,134
Nuwara Eliya Property 12, Hill Street, Nuwara Eliya	27.54	3,070	58,712	3,788	62,500	284	62,216
Talawakele Branch 29, Hatton Road, Talawakelle	25.30	5,045	12,454	6,158	18,612	914	17,698
Talawakele Staff Quarters Talawakele Estate Plantation	160.00	4,898	7,747	11,253	19,000	844	18,156
			839,843	158,114	997,957	15,858	982,099
Eastern Province							
Batticaloa Branch Covington Road, Batticaloa	65.00	8,137	19,209	13,426	32,635	1,465	31,170
Mutur Branch Main Street, Mutur	40.27	2,226	4,626	1,189	5,815	714	5,101
Potuvil Branch Main Street, Pottuvil	10.70	4,976	4,722	14,844	19,566	1,096	18,470
Trincomalee Branch 24, Inner Harbour Road, Trincomalee	90.00	9,432	34,450	15,670	50,120	3,134	46,986
Trincomalee City Branch 09, Main Street, Trincomalee	18.06	2,430	28,209	910	29,119	19	29,100
Valachchenai Branch Main Street, Valachchenai	47.34	6,391	19,953	12,047	32,000	1,205	30,795
			111,169	58,086	169,255	7,633	161,622

Name of premises	Extent (Perches)	Building (Square feet)	Cost or revaluation value of land LKR '000	Cost or revaluation value of building LKR '000	Total value LKR '000	Accumulated depreciation LKR '000	Written down value LKR '000
Northern Province							
Jaffna Branch/Province Office 56, Stanley Road, Jaffna	164.27	17,075	64,749	35,234	99,983	2,555	97,428
Mannar Branch 52, Pallimunai Road, Grand Bazaar, Mannar	63.22	5,720	5,570	7,290	12,860	1,420	11,440
Nelliadi Branch Thikkam Road, Karaveddy, Nelliady	42.74	-	16,000	-	16,000	-	16,000
			86,319	42,524	128,843	3,975	124,868
North Western Province							
Alawwa Branch 64, Giriulla Road, Alawwa	31.80	7,305	42,000	18,000	60,000	516	59,484
Chilaw Branch Radaguru Edmund Peiris Mawatha, Chilaw	43.50	3,640	38,750	12,029	50,779	1,199	49,580
Dummalasooriya Branch 227, Kuliyapitiya - Madampe Road, Dummalasuriya	41.80	5,353	7,460	7,540	15,000	565	14,435
Kurunegala Province Office 18, Mihindu mawatha, Kurunegala	225.00	17,210	126,402	21,133	147,535	2,094	145,441
Kurunegala Branch Commercial Complex, Kurunegala	-	15,100	-	41,513	41,513	4,079	37,434
Kurunegala Bazaar Branch 34, Colombo Road, Kurunegala	53.00	8,915	102,555	23,062	125,617	1,977	123,640
Madampe Branch 10, Station Road, Madampe	61.10	6,565	11,994	10,506	22,500	788	21,712
Madurankuliya Branch No 66 , Colombo Road, Madurankuliya	279.00	5,650	13,200	33,825	47,025	2,348	44,677
Narammala Branch 139, Negombo Road, Narammala	117.50	5,970	38,437	6,563	45,000	984	44,016
			380,798	174,171	554,969	14,550	540,419

32 Property, plant and equipment (contd.)

32.12 Freehold land and building (contd.)

Name of premises	Extent (Perches)	Building (Square feet)	Cost or revaluation value of land LKR '000	Cost or revaluation value of building LKR '000	Total value LKR '000	Accumulated depreciation LKR '000	Written down value LKR '000
Sabaragamuwa Province							
Balangoda Branch 137, Main Street, Balangoda	14.50	3,556	18,643	1,357	20,000	291	19,709
Dehiowita Branch 62 Main Street, Dehiowita	38.60	2,088	3,498	1,502	5,000	113	4,887
Kegalle Branch 110, Colombo Road, Kegalle	131.38	18,023	80,250	22,005	102,255	2,217	100,038
Ratnapura Branch 6, Dharmapala Mawatha, Ratnapura	100.00	9,013	49,000	12,228	61,228	1,449	59,779
Ratnapura Branch-(BMC.1/L) 58, Main Street, Ratnapura	31.69	-	28,000	-	28,000	-	28,000
			179,391	37,092	216,483	4,070	212,413
Southern Province							
Ambalangoda Branch 274, Main Street, Ambalangoda	58.00	5,500	40,000	39,830	79,830	2,838	76,992
Ambalantota Branch 11 Wanduruppa Road, Ambalantota	38.00	6,041	8,369	10,608	18,977	776	18,201
Beliatta Branch Beliatta	32.00	-	20,383	-	20,383	-	20,383
Galle Province Office 2, Light House Street, Fort, Galle	32.63	13,060	49,000	18,000	67,000	904	66,096
Galle Branch 2, Gamini Road, Galle	31.50	12,570	49,940	15,661	65,601	2,324	63,277
Hakmana Branch Beliatta Road, Hakmana	36.70	3,250	5,282	3,968	9,250	340	8,910
Imaduwa Branch Ahangama Road, Imaduwa	83.50	2,300	12,838	2,662	15,500	249	15,251
Matara Branch 11, Kumaratunga Mawatha, Matara	104.50	13,514	47,220	12,780	60,000	1,917	58,083
Matara City Branch Gunawardena Mawatha, Matara	49.25	6,347	43,000	45,014	88,014	1,291	86,723
Nagoda Branch Nagoda	43.00	-	9,359	-	9,359	-	9,359
Tangalle Branch No. 145/147, Sea Street, Tangalle	21.05	6,629	12,500	39,321	51,821	1,136	50,685
Weligama Branch 239 Main Street, Weligama	97.50	8,500	16,835	14,165	31,000	1,062	29,938
			314,726	202,009	516,735	12,837	503,898

Name of premises	Extent (Perches)	Building (Square feet)	Cost or revaluation value of land LKR '000	Cost or revaluation value of building LKR '000	Total value LKR '000	Accumulated depreciation LKR '000	Written down value LKR '000
Uva Province							
Badulla Uva Province Office Bank Road, Badulla	118.75	9,048	15,000	10,000	25,000	750	24,250
Bandarawela Branch 198 B, Badulla Road, Bandarawela	9.52	7,731	17,973	17,167	35,140	1,286	33,854
Haputale Branch 20, Station Road, Haputale	35.00	4,775	18,577	9,796	28,373	839	27,534
Monaragala Branch and Managers' Quarters 401, Wellawaya Road, Moneragala	90.10	9,033	30,000	34,000	64,000	2,550	61,450
Monaragala Staff Quarters 401, Wellawaya Road, Moneragala	230.00	3,042	18	440	458	417	41
			81,568	71,403	152,971	5,842	147,129
Western Province North							
Borella Branch 71, Danister de Silva Mawatha, Borella	49.27	19,195	167,899	48,300	216,199	3,622	212,577
City Office 41, Bristol Street, Colombo 1	39.50	24,952	211,000	89,000	300,000	6,675	293,325
York Street Building York sreet, Colombo 01	181.85	232,801	660,328	739,750	1,400,078	55,479	1,344,599
Grand Pass Branch 703, Sirimavo Bandaranaike Mawatha, Grandpass, Colombo 11	20.12	6,295	59,000	26,000	85,000	651	84,349
Gampaha Branch No.170,Colombo Road, Gampaha	34.06	-	58,446	-	58,446	-	58,446
Ja-Ela Branch 19, Negombo Road, Ja-Ela	40.64	8,090	58,594	16,931	75,525	1,257	74,268
Kadawatha Branch 469, Ragama Road, Kadawatha	28.86	6,181	22,420	14,030	36,450	1,052	35,398
Negombo Branch 118, Rajapakse Broadway, Negombo	97.25	16,754	103,988	34,662	138,650	2,600	136,050
Pettah Branch 212/63, Gas Work Street, Colombo 11	28.29	24,530	177,978	22,022	200,000	2,643	197,357
			1,519,653	990,695	2,510,348	73,979	2,436,369

32 Property, plant and equipment (contd.)

32.12 Freehold land and building (contd.)

Name of premises	Extent (Perches)	Building (Square feet)	Cost or revaluation value of land LKR '000	Cost or revaluation value of building LKR '000	Total value LKR '000	Accumulated depreciation LKR '000	Written down value LKR '000
Western Province South							
Aluthgama Branch 267, Galle Road, Aluthgama	36.60	6,960	23,000	37,280	60,280	2,035	58,245
Bambalapitiya Branch No.10, Unity Plaza Bldg., Galle Road, Colombo 04	-	7,776	-	110,710	110,710	8,258	102,452
Beruwala Branch No.165A, Galle Road, Beruwala	21.50	5,418	28,173	11,091	39,264	740	38,524
Dehiwala Branch 207, Galle Road, Dehiwela	22.00	12,715	71,120	28,880	100,000	2,166	97,834
Horana Branch 87, Anguruwathota Road, Horana	70.00	8,078	52,478	8,224	60,702	914	59,788
Idama Branch 707, Galle Road, Moratuwa	61.12	7,550	55,938	15,875	71,813	1,110	70,703
Kalutara Area Office 108, Old Road, Kalutara	22.50	3,060	10,283	1,101	11,384	375	11,009
Kalutara Branch 218, Galle Road, Kalutara South, Kalutara	40.86	9,885	58,229	11,771	70,000	1,413	68,587
Maharagama Branch No.88, Highlevel Road, Maharagama	80.00	45,245	155,328	83,160	238,488	8,245	230,243
Matugama Branch No72, Agalawatte Road, Matugama	9.50	2,883	10,391	6,545	16,936	1,173	15,763
Nugegoda Branch 174, Highlevel Road, Nugegoda,	30.50	38,108	229,000	102,000	331,000	2,555	328,445
Panadura Branch No.4, Super Grade Branch, Susantha Mawatha, Panadura	80.00	6,490	48,447	12,612	61,059	1,453	59,606
Wadduwa Branch 557A, Galle Road, Wadduwa	29.00	-	18,850	-	18,850	-	18,850
Wellawatte Branch 149, Galle Road, Colombo 06	51.25	15,798	184,500	40,500	225,000	3,037	221,963
			945,737	469,749	1,415,486	33,474	1,382,012

Name of premises	Extent (Perches)	Building (Square feet)	Cost or revaluation value of land LKR '000	Cost or revaluation value of building LKR '000	Total value LKR '000	Accumulated depreciation LKR '000	Written down value LKR '000
Holiday Homes and Rests							
Badulla Fernham Bungalow and Property 153, Spring Valley Road, Badulla	222.25	4,580	14,400	3,600	18,000	720	17,280
Bandarawela Holiday Home Bandarawela	115.00	3,028	45	2,201	2,246	1,492	754
Dickoya Upper/lower Glencarn Bungalow Dickoya	260.00	7,807	4,000	24,000	28,000	2,880	25,120
Haputale Woodland Bungalow Haputale	120.00	3,005	8,120	3,880	12,000	582	11,418
Jaffna Bank Rest (proposed land)	266.00	-	66,225	-	66,225	-	66,225
Lindula Ridge Holiday Home Lindula	175.00	3,412	1,250	3,750	5,000	450	4,550
Nuwara Eliya Holiday Home 16, Hill Street, Nuwara Eliya	185.06	3,388	30,116	6,884	37,000	516	36,484
			124,156	44,315	168,471	6,640	161,831
Others							
General Manager's Bungalow 75, Ananda Kumaraswamy Mawatha, Colombo 7	79.80	7,450	315,250	4,750	320,000	712	319,288
Colombo Darly Road Stores Browns Building 497, T B Jayah Mawatha, Colombo 10	151.00	22,337	590,000	15,000	605,000	1,125	603,875
World Trade Centre 8, Bank of Ceylon Mawatha, Colombo 1	-	6,935	-	115,000	115,000	8,625	106,375
Kollupitiya - Walkers Sons Ltd. 28 St. Michael's Road, ColoImbo 03	57.00	-	130,500	-	130,500	-	130,500
Maharagama - Central Training Institute No.88, Highlevel Road, Maharagama	105.10	36,775	171,362	75,120	246,482	7,511	238,971
			1,207,112	209,870	1,416,982	17,973	1,399,009
Total freehold land and building			5,790,472	2,458,029	8,248,500	196,831	8,051,669

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
33 Leasehold properties				
Cost				
Balance as at 1 January	100,703	90,584	166,936	156,817
Additions during the year	-	10,551	-	10,551
Capitalized during the year	9	-	9	-
Adjustments / transfers	-	(432)	-	(432)
Balance as at 31 December	100,712	100,703	166,945	166,936
Accumulated amortization				
Balance as at 1 January	15,727	14,314	42,212	39,441
Amortization during the year	1,959	1,845	3,316	3,203
Adjustments / transfers	-	(432)	-	(432)
Balance as at 31 December	17,686	15,727	45,528	42,212
Net book value	83,026	84,976	121,417	124,724

Leasehold properties represents the leasehold interest in the lands held for own use. The value of buildings situated in the leasehold land is shown seperately under property, plant and equipment. The interest on leasehold land is stated at cost less accumulated amortization.

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
34 Intangible assets				
Cost				
Balance as at 1 January	1,930,207	1,787,043	2,068,778	1,900,970
Additions during the year	262,860	153,783	372,298	166,401
Disposals during the year	-	(10,619)	(310)	(10,619)
Exchange rate adjustment	-	-	3,779	11,057
Adjustments / transfers	-	-	-	969
Balance as at 31 December	2,193,067	1,930,207	2,444,545	2,068,778
Accumulated amortization				
Balance as at 1 January	1,554,205	1,444,204	1,606,823	1,487,741
Amortization during the year	137,798	120,620	166,741	129,589
Disposals during the year	-	(10,619)	(310)	(10,619)
Exchange rate adjustment	-	-	1,634	112
Adjustments / transfers	-	-	-	-
Balance as at 31 December	1,692,003	1,554,205	1,774,888	1,606,823
Net book value	501,064	376,002	669,657	461,955

Intangible assets represent the value of computer applications, software and subsequent modifications including costs directly attributable in customising for its intended use, and are carried at cost less accumulated amortisation and any impairment losses.

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
34.1 Fully depreciated intangible assets				
The initial cost of fully depreciated intangible assets which are still in use as follows:				
Computer software	1,384,871	1,362,870	1,384,871	1,363,236
	1,384,871	1,362,870	1,384,871	1,363,236

35 Deferred tax (assets) / liabilities

The following table shows deferred tax recorded on the statement of financial position and charge/ (reversal) recorded in the income tax expense.

As at 31 December	2013				2012			
	Deferred tax assets LKR '000	Deferred tax liabilities LKR '000	Income statement LKR '000	OCI / equity LKR '000	Deferred tax assets LKR '000	Deferred tax liabilities LKR '000	Income statement LKR '000	OCI / equity LKR '000
35.1 Bank								
Retirement benefits	-	(219,027)	67,608	(114,415)	-	(172,220)	(56,442)	-
Impairment allowance for loans and advances	-	(890,683)	-	-	-	(890,683)	-	-
Revaluation of property, plant and equipment	-	305,581	-	(4,481)	-	310,062	-	86,654
Other temporary differences	-	955,752	(148,368)	-	-	1,104,120	(74,200)	-
	-	151,623	(80,760)	(118,896)	-	351,279	(130,642)	86,654

As at 31 December	2013				2012			
	Deferred tax assets LKR '000	Deferred tax liabilities LKR '000	Income statement LKR '000	OCI / equity LKR '000	Deferred tax assets LKR '000	Deferred tax liabilities LKR '000	Income statement LKR '000	OCI / equity LKR '000
35.2 Group								
Retirement benefits	(3,967)	(264,128)	88,988	(111,824)	(73,042)	(172,218)	(53,183)	-
Impairment allowance for loans and advances	-	(890,683)	-	-	-	(890,683)	-	-
Revaluation of property, plant and equipment	(33,816)	1,999,345	-	475,813	-	1,489,716	-	86,654
Share of undistributed profit of associates	-	55,455	55,455	-	-	-	-	-
Other temporary differences	(10,035)	1,134,227	(148,605)	-	-	1,272,797	(90,293)	-
	(47,818)	2,034,216	(4,162)	363,989	(73,042)	1,699,612	(143,476)	86,654

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
36 Other assets				
Consumable stock in hand	378,941	356,606	475,925	476,341
Pre paid staff cost	7,586,328	6,687,879	7,588,623	6,687,879
Cheque in transit - foreign	78,788	70,576	78,788	70,576
Cheque in transit - local	1,747,372	1,349,691	1,747,372	1,349,691
Tax recoverable	1,681,305	-	1,718,122	-
Other	28,144,233	8,337,017	28,963,620	9,614,653
	39,616,967	16,801,769	40,572,450	18,199,140

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
37 Due to banks				
Call money borrowings	550,115	9,702,675	601,490	9,817,675
Deposits from other banks	267,624	280,579	267,624	280,579
Bank overdrafts	348,688	144,729	467,153	231,256
	1,166,427	10,127,983	1,336,267	10,329,510

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
38 Derivative financial instruments				
Forward exchange contracts / SWAPs	274,948	74,314	274,948	74,314
	274,948	74,314	274,948	74,314

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
39 Due to customers				
39.1 By product				
Local currency deposits				
Current account deposits	65,933,070	60,787,802	65,743,929	60,602,161
Current account deposits with islamic banking	121,480	148,485	121,480	148,485
Savings deposits	179,304,839	166,119,426	179,779,726	166,547,817
Savings deposits with islamic banking	1,460,610	1,575,624	1,460,610	1,575,624
Time deposits	387,972,612	278,752,460	395,417,150	284,294,209
Certificates of deposit	4,315	4,401	17,822	14,496
Other deposits	2,093,399	2,008,636	2,093,448	2,008,636
	636,890,325	509,396,834	644,634,165	515,191,428
Foreign currency deposits				
Current account deposits	16,462,897	15,798,381	16,868,071	16,145,168
Savings deposits	55,658,778	53,938,646	56,112,521	54,396,188
Savings deposits with islamic banking	116,000	35,000	116,000	35,000
Time deposits	132,296,839	112,015,617	132,391,603	112,144,853
Other deposits	645,161	2,256,164	645,161	2,256,165
	205,179,675	184,043,808	206,133,356	184,977,374
Total deposits	842,070,000	693,440,642	850,767,521	700,168,802
39.2 By currency				
Sri Lankan Rupee	636,848,749	509,396,834	644,592,589	515,191,428
United States Dollar	144,321,189	125,279,704	144,370,621	125,352,731
Great Britain Pound	27,768,614	26,965,671	28,663,797	27,817,777
Maldevian Rufiyaa	12,527,691	11,369,119	12,527,691	11,369,119
Euro	9,039,374	9,334,684	9,048,440	9,343,117
Australian Dollar	7,743,147	7,740,463	7,743,147	7,740,463
Indian Rupee	2,488,616	1,956,065	2,488,616	1,956,065
Other	1,332,620	1,398,102	1,332,620	1,398,102
	842,070,000	693,440,642	850,767,521	700,168,802

Note : The maturity analysis of deposits is given in Note No. 54

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
40 Other borrowings				
Senior notes	131,768,257	63,907,449	131,768,257	63,907,449
Promissory notes	-	-	14,875	-
Term borrowings from banks abroad	60,392,602	107,390,071	60,707,194	111,817,254
Term borrowings from banks and other financial institutions in Sri Lanka	6,602,834	17,970,416	12,166,412	24,645,134
Refinance borrowings	4,616,649	5,221,607	4,616,649	5,221,607
Securities sold under repurchase agreements	31,989,927	39,305,972	31,528,724	39,549,235
	235,370,269	233,795,515	240,802,111	245,140,679

40 Other borrowings (contd.)

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
40.1 Maturity of borrowings				
Not later than 1 year	86,636,783	145,253,200	91,894,729	156,047,218
Later than 1 year and not later than 5 years	148,022,108	87,255,302	148,196,004	87,806,448
Later than 5 years	711,378	1,287,013	711,378	1,287,013
	235,370,269	233,795,515	240,802,111	245,140,679

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
41 Debt securities issued				
41.1 Senior debentures				
Senior debentures	20,968,357	23,296,349	24,986,818	24,481,798
	20,968,357	23,296,349	24,986,818	24,481,798
41.1.1 Listed debentures				
Secured , redeemable debentures of LKR 100 each	-	-	905,513	913,340
Unsecured, redeemable debentures of LKR 100 each	-	-	3,079,457	-
41.1.2 Unlisted debentures				
Unsecured, redeemable debentures of LKR 100 each (private placement)	20,968,357	23,296,349	20,975,376	23,489,204
Secured , redeemable debentures of LKR 100 each (private placement)	-	-	26,472	79,254
Total senior debentures	20,968,357	23,296,349	24,986,818	24,481,798
41.2 The movement in senior debentures are as follows:				
Balance as at 1 January	23,296,349	25,236,518	24,481,798	26,429,041
Issued during the year	-	3,400,000	3,000,000	3,400,000
Redemptions	(2,193,155)	(5,735,284)	(2,431,780)	(5,787,550)
Exchange rate, amortization and other adjustments	(134,837)	395,115	(63,200)	440,307
Balance as at 31 December	20,968,357	23,296,349	24,986,818	24,481,798

41.3 Types of senior debentures

					Coupon rate		Carrying value as at 31 December			
							Bank		Group	
	Notes	Interest payable frequency	Issue date	Maturity date	2013 %	2012 %	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
A - Sri Lanka Rupee debentures										
Fixed interest rate										
Unsecured, redeemable debentures		Annually	01.07.2010	30.06.2015	13.20	13.20	1,063,602	1,063,602	1,063,602	1,063,602
Unsecured, redeemable debentures		Annually	14.07.2010	13.07.2015	13.20	13.20	2,118,737	2,118,737	2,118,737	2,118,737
Unsecured, redeemable debentures		Semi annually	31.07.2010	30.07.2013	-	13.00	-	-	-	82,569
Unsecured, redeemable debentures		Semi annually	31.08.2010	30.08.2013	-	13.00	-	-	-	103,220
Unsecured, redeemable debentures		Annually	17.09.2010	16.09.2015	11.00	11.00	1,472,780	1,472,780	1,472,780	1,472,780
Unsecured, redeemable debentures		Semi annually	18.06.2012	17.06.2017	14.75	14.75	1,286,404	1,286,404	1,286,404	1,286,404
Unsecured, redeemable debentures		Annually	07.12.2012	06.12.2017	15.50	15.50	2,140,654	2,140,654	2,140,654	2,140,654
Unsecured, redeemable debentures	(a)	Annually	28.03.2013	27.03.2018	17.50	-	-	-	706,124	-
Unsecured, redeemable debentures	(a)	Annually	28.03.2013	27.03.2017	17.25	-	-	-	547,320	-
Unsecured, redeemable debentures	(a)	Quarterly	28.03.2013	27.03.2018	16.70	-	-	-	654,126	-
Unsecured, redeemable debentures	(a)	Monthly	28.03.2013	27.03.2018	16.50	-	-	-	168,453	-
Unsecured, redeemable debentures	(a)	Annually	17.12.2013	16.12.2017	14.25	-	-	-	677,122	-
Unsecured, redeemable debentures	(a)	Annually	17.12.2013	16.12.2017	13.50	-	-	-	297,201	-
Unsecured, redeemable debentures	(a)	Quarterly	17.12.2013	16.12.2017	13.50	-	-	-	17,601	-
Unsecured, redeemable debentures	(a)	Monthly	17.12.2013	16.12.2017	13.25	-	-	-	11,510	-
Secured, redeemable debentures	(a)	Semi annually	16.11.2011	15.11.2014	11.60	11.60	-	-	622,838	630,665
Secured, redeemable debentures	(a)	Semi annually	16.11.2011	15.11.2015	11.80	11.80	-	-	282,633	282,675
							8,082,177	8,082,177	12,067,105	9,181,306

41 Debt securities issued (contd.)

41.3 Types of senior debentures (contd.)

					Coupon rate		Carrying value as at 31 December			
							Bank		Group	
	Notes	Interest payable frequency	Issue date	Maturity date	2013 %	2012 %	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
Floating interest rate										
Unsecured, redeemable debentures (12 months TB rate (gross) plus 50 basis points)	(c)	Annually	01.04.2008	31.03.2013	-	13.08	-	548,289	-	548,289
Unsecured, redeemable debentures (12 months TB rate (gross) plus 50 basis points)	(c)	Annually	01.04.2008	31.03.2013	-	13.08	-	1,644,866	-	1,644,866
Unsecured, redeemable debentures (6 months TB rate (gross) plus 150 basis points)	(b)	Semi annually	31.03.2010	30.03.2014	12.78	13.07	-	-	7,019	7,024
Unsecured, redeemable debentures (12 months TB rate (gross) plus 150 basis points)	(c)	Annually	03.08.2010	02.08.2015	13.19	16.11	5,470,052	5,527,289	5,470,052	5,527,289
Unsecured, redeemable debentures (12 months TB rate (gross) plus 150 basis points)	(c)	Annually	03.08.2010	02.08.2015	13.19	16.11	1,840,883	1,860,145	1,840,883	1,860,145
Unsecured, redeemable debentures (12 months TB rate (gross) plus 150 basis points)	(c)	Annually	03.08.2010	02.08.2015	13.19	16.11	5,575,245	5,633,583	5,575,245	5,633,583
Secured, redeemable debentures (6 months TB rate (gross) plus 150 basis points)	(b)	Semi annually	10.01.2010	09.01.2013	-	11.20	-	-	-	26,418

	Notes	Interest payable frequency	Issue date	Maturity date	Coupon rate 2013 %	Coupon rate 2012 %	Carrying value as at 31 December Bank 2013 LKR '000	Carrying value as at 31 December Bank 2012 LKR '000	Carrying value as at 31 December Group 2013 LKR '000	Carrying value as at 31 December Group 2012 LKR '000
Secured, redeemable debentures (6 months TB rate (gross) plus 150 basis points)	(b)	Semi annually	10.01.2010	09.07.2013	-	11.20	-	-	-	26,418
Secured, redeemable debentures (6 months TB rate (gross) plus 150 basis points)	(b)	Semi annually	10.01.2010	09.01.2014	12.28	11.20	-	-	26,472	26,418
Secured, redeemable debentures (6 months TB rate (gross) plus 160 basis points)	(a)/(b)	Semi annually	16.11.2011	15.11.2014	12.47	11.03	-	-	42	42
							12,886,180	15,214,172	12,919,713	15,300,492
Total debentures							20,968,357	23,296,349	24,986,818	24,481,798

Notes :

(a) Debentures that are listed in Colombo Stock Exchange.

(b) Weighted average 6 months treasury bill interest rate before deducting 10% withholding tax at the primary quotations as announced by Central Bank of Sri Lanka, at the proceeding 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 Central Bank of Sri Lanka, at the proceeding week of the interest resetting date.

As at 31 December	Group 2013 LKR '000	Group 2012 LKR '000
42 Insurance provision		
42.1 Insurance provision - life		
Balance as at 1 January	166,087	115,210
Increase in life fund	49,462	48,291
Fair value reserve	1,150	(565)
Unclaimed benefits	4,049	3,151
Balance as at 31 December	220,748	166,087
42.2 Insurance provision - non life		
Provision for reported claims by policy holders	135,651	46,432
Provision for claims on Incurred But Not Reported (IBNR)	34,690	16,089
Outstanding claims provision	170,341	62,521
Provision for unearned premiums	499,732	508,547
Balance as at 31 December	670,073	571,068

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
43 Other liabilities				
Cheques sent on clearing	1,238,087	712,274	1,238,087	712,274
Lease creditors				
Within 12 months	5,077	6,180	15,785	10,994
Later than 12 months	2,467	7,544	53,012	15,614
Employee benefit liabilities	1,338,312	1,153,175	1,602,502	1,392,402
Other	8,937,578	8,276,369	10,249,547	9,727,817
	11,521,521	10,155,542	13,158,933	11,859,101

44 Contributions to defined benefit plans

The Bank has a pension scheme established under an industrial award which is solely funded by the Bank. There is also a Widows'/Widowers' and Orphans' Pension Scheme established by the members. Both these funds have been closed to new entrants from 1 January 1996.

The assets of these two plans are held independently of the Bank's assets and administered by Boards of Trustees/ Managers, representing the management and the employees, as provided in the trust deed / rules of the respective funds.

Both funds are subject to annual audits independent to the audit of the Bank, by a firm/s of Chartered Accountants appointed by the members and actuarial valuations are carried out at least once in three years, as per the rules governing these funds.

44.1 Bank of Ceylon Pension Trust Fund

An actuarial valuation of the Pension Fund as at 31 December 2013 was carried out by M/s Piyal S Goonetilleke and Associates.

The valuation has been done using the "Projected Unit Credit Method", which is recommended in the Sri Lanka Accounting Standard -LKAS 19 "Employee Benefits". The benefit is available to all permanent employees who have joined the Bank prior to 1 January 1996. The results of the actuarial valuation of the pension trust fund is summarized as follows:

As at 31 December	Bank / Group 2013 LKR '000	2012 LKR '000
(a) Net benefit expense (recognised under personnel expenses)		
Current service cost	728,127	768,588
Interest cost on benefit obligation	5,109,473	4,888,390
Interest income on plan assets	(4,791,068)	(4,451,297)
Net benefit expense	1,046,532	1,205,681
(b) Retirement benefit assets		
Fair value of plan assets	51,725,608	48,989,562
Defined benefit obligation	(52,685,023)	(49,848,517)
	(959,415)	(858,955)
(c) Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	48,989,562	46,525,530
Income on plan assets	4,791,068	4,451,297
Actual employer contribution	1,494,423	1,690,476
Benefits paid	(4,148,850)	(3,715,265)
Actuarial gains / (losses) on plan assets	599,405	37,524
Closing fair value of plan assets	51,725,608	48,989,562
(d) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	49,848,517	48,115,318
Interest cost	5,109,473	4,888,390
Current service cost	728,127	768,588
Benefits paid	(4,148,850)	(3,715,265)
(Gains) / losses due to change in assumptions	-	(1,030,121)
Actuarial (gains) / losses on obligation	1,147,756	821,607
Closing defined benefit obligation	52,685,023	49,848,517
(e) Plan assets consist of the following		
Fixed deposits	18,215,000	16,150,000
Treasury bonds	4,733,268	4,579,077
Debentures	16,458,710	16,346,580
Investment in shares	4,838,507	4,832,767
Government bonds	3,000,000	3,000,000
Others	4,480,123	4,081,138
	51,725,608	48,989,562
	2013 %	2012 %
(f) Acturial assumptions		
Future salary increment rate	7.00 p.a	7.00 p.a
Increase in future Cost of Living Allowance (COLA)	6.50 p.a	6.50 p.a
Increase in pension in payment (basic)	Nil	Nil
Discount rate	10.25 p.a	10.25 p.a
Rate of return on plan assets	10.00 p.a	10.00 p.a
Attrition rate	Nil	Nil

44 Contributions to defined benefit plans (contd.)

44.1 Bank of Ceylon Pension Trust Fund (contd.)

Increase / decrease in the following assumptions will have an impact on the present value of defined benefit obligation as illustrated below :

	1% increase LKR'000	1% decrease LKR'000
Discount rate	48,825,400	57,122,200
Salary increment	52,969,600	52,410,900

Further, the remaining years of benefit payments are expected to be 16.7 years.

The following payments are expected contribution to the defined benefit plan obligation in future years

	2013 LKR '000
Within the next 12 months	1,264,425
Between 2 and 5 years	3,632,960
Between 5 and 10 years	1,685,935
Beyond 10 years	730,798
Total expected payments	7,314,118

44.2 Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund

An actuarial valuation of the Widows'/Widowers' and Orphans' Pension Fund as at 31 December 2013 was carried out by M/s Piyal S Goonetilleke and Associates.

The valuation has been done using the "Projected Unit Credit Method", which is recommended in the Sri Lanka Accounting Standard -LKAS 19 "Employee Benefits".

The results of the actuarial valuation of the Pension Trust Fund is summarized as follows:

		Bank / Group	
As at 31 December		2013 LKR '000	2012 LKR '000
(a)	Net benefit expense (recognised under personnel expenses)		
	Current service cost	76,101	79,055
	Interest cost on benefit obligation	1,267,255	1,146,788
	Interest income on plan assets	(1,301,644)	(1,133,040)
	Net benefit expense	41,712	92,803

As at 31 December	2013 LKR '000	2012 LKR '000
(b) Retirement benefit assets		
Fair value of plan assets	14,730,725	12,976,540
Defined benefit obligation	(13,351,682)	(12,363,460)
Retirement benefit assets	1,379,043	613,080

The above retirement benefit asset have not been recognised in the Financial Statements.

(c) Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	12,976,540	11,565,283
Interest income on plan assets	1,301,644	1,133,040
Contribution paid in to plan	176,983	204,736
Actual employer contribution	456,000	456,000
Benefits paid	(512,470)	(436,164)
Actuarial gains / (losses) on plan asset	332,028	53,645
Closing fair value of plan assets	14,730,725	12,976,540

(d) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	12,363,460	12,114,011
Interest cost	1,267,255	1,146,788
Current service cost	76,101	79,055
Benefits paid	(512,470)	(436,164)
(Gain) / loss due to change in assumptions	-	(396,963)
Actuarial (gains) / losses on obligation	157,336	(143,267)
Closing defined benefit obligation	13,351,682	12,363,460

(e) Plan assets consist of the following		
Fixed deposits	6,882,000	5,064,824
Treasury bonds	501,176	501,176
Debentures	5,504,950	5,657,160
Deposits with banks	827,188	827,188
Others	1,015,411	926,192
	14,730,725	12,976,540

	2013 %	2012 %
(f) Acturial assumptions		
Future salary increment rate	7.00 p.a	7.00 p.a
Increase in future Cost of Living Allowance (COLA)	6.50 p.a	6.50 p.a
Increase in widows' / widowers' and orphans' pension in payment (Basic)	Nil	Nil
Discounting rate	10.25 p.a	10.25 p.a
Rate of return on plan assets	10.00 p.a	10.00 p.a
Attrition rate	Nil	Nil

44 Contributions to defined benefit plans (contd.)

44.2 Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund (contd.)

Increase / decrease in the following assumptions will have an impact on the present value of defined benefit obligation as illustrated below :

	1% increase LKR'000	1% decrease LKR'000
Discount rate	11,867,900	15,130,300
Salary increment	13,361,300	13,342,400

Further, the remaining years of benefit payments are expected to be 16.5 years.

	Bank		Group	
As at 31 December	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
44.3 Provision for terminal gratuity				
Balance as at 1 January	294,220	248,295	533,447	448,664
Provision / (reversal) during the year	56,653	51,439	102,566	102,047
Acturial gains / (losses)	35,001	(72)	22,045	1,150
Payment made during the year	(6,977)	(5,442)	(18,537)	(18,414)
Adjustment / transfers	-	-	3,566	-
Balance as at 31 December	378,897	294,220	643,087	533,447

44.3.1 Gratuity Fund

Provision is made to meet the Bank's obligation to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, to all those employees who have joined after 1 January 1996. Provision also includes those who have joined the Bank prior to 1 January 1996 and leave the Bank without being entitled to a pension.

An actuarial valuation of the Gratuity Fund as at 31 December 2013 was carried out by M/s Piyal S Goonetilleke and Associates, a firm of professional actuaries.

The valuation has been done using the "Projected Unit Credit Method", which is recommended in the Sri Lanka Accounting Standard -LKAS 19 "Employee Benefits".

The results of the actuarial valuation of the Bank's Gratuity Fund indicates that LKR 378.9 million as at 31 December 2013 (2012 : LKR 294.2 million). The provision made by the Bank is adequate to meet its gratuity obligations in full.

The principal actuarial assumptions used in the valuation were as follows :

	2013 %	2012 %
(a) Acturial assumptions		
Future salary increment rate	7.00 p.a	7.00 p.a
Increase in future Cost of Living Allowance (COLA)	6.50 p.a	6.50 p.a
Discount rate	10.25 p.a	10.25 p.a

Effect of changes in the following assumptions to the present value of defined benefit obligation as illustrated below :

	1% increase LKR'000	1% decrease LKR'000
Discount rate	315,300	458,800
Salary increment	460,000	313,400

Further, the remaining years of benefit payments are expected to be 24.8 years.

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
45 Subordinated term debts				
Listed debentures				
Unsecured, subordinated, redeemable debentures of LKR 100 each	24,357,595	20,727,241	24,347,248	20,710,722
Unlisted debentures				
Unsecured , subordinated, redeemable debentures of LKR 100 each (private placement)	-	316,993	-	316,993
Unsecured, subordinated, redeemable debentures of US$ 1,000 each (private placement)	-	2,773,790	-	2,773,790
Total subordinated term debts	24,357,595	23,818,024	24,347,248	23,801,505
45.1 The movement in subordinated term debts issued are as follows:				
Balance as at 1 January	23,818,024	17,355,284	23,801,505	17,343,828
Issued during the year	8,000,000	6,000,000	8,000,000	6,000,000
Redemptions	(7,641,985)	-	(7,635,813)	-
Exchange rate, amortization and other adjustments	181,556	462,740	181,556	457,677
Balance as at 31 December	24,357,595	23,818,024	24,347,248	23,801,505

45 Subordinated term debts (contd.)

45.2 Types of debentures

					Coupon rate		Carrying value as at 31 December			
							Bank		Group	
	Notes	Interest payable frequency	Issue date	Maturity date	2013 %	2012 %	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
A - Sri Lanka rupee debentures										
Fixed interest rate										
Unsecured, subordinated, redeemable debentures	(a)	Annually	24.11.2008	23.11.2013	-	19.00	-	351,385	-	345,212
Unsecured, subordinated, redeemable debentures	(a)	At maturity	24.11.2008	23.11.2013	-	-	-	448,322	-	448,322
Unsecured, subordinated, redeemable debentures	(a)	Annually	28.06.2010	27.06.2015	11.50	11.50	1,135,783	1,135,783	1,130,499	1,130,499
Unsecured, subordinated, redeemable debentures	(a)	Annually	08.12.2011	07.12.2016	11.00	11.00	3,926,514	3,926,514	3,926,514	3,926,514
Unsecured, subordinated, redeemable debentures	(a)	Semi annually	08.12.2011	07.12.2016	10.50	10.50	2,315	2,315	2,315	2,315
Unsecured, subordinated, redeemable debentures	(a)	Annually	30.11.2012	29.11.2017	16.00	16.00	6,034,052	6,034,052	6,028,990	6,028,990
Unsecured, subordinated, redeemable debentures	(a)	Semi annually	30.11.2012	29.11.2017	15.25	15.25	40,189	40,189	40,189	40,189
Unsecured, subordinated, redeemable debentures	(a)	Annually	25.10.2013	24.10.2018	13.00	-	3,869,827	-	3,869,827	-
Unsecured, subordinated, redeemable debentures	(a)	Semi annually	25.10.2013	24.10.2018	12.60	-	220,369	-	220,369	-
Unsecured, subordinated, redeemable debentures	(a)	Annually	25.10.2013	24.10.2021	13.25	-	1,226,594	-	1,226,594	-
Unsecured, subordinated, redeemable debentures	(a)	Annually	25.10.2013	24.10.2022	13.25	-	1,227,617	-	1,227,617	-
Unsecured, subordinated, redeemable debentures	(a)	Annually	25.10.2013	24.10.2023	13.75	-	1,638,142	-	1,638,142	-
							19,321,403	11,938,560	19,311,056	11,922,041

					Coupon rate		Carrying value as at 31 December			
							Bank		Group	
	Notes	Interest payable frequency	Issue date	Maturity date	2013 %	2012 %	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
Unsecured, subordinated, redeemable debentures (12 months TB rate (gross) plus 100 basis points)	(c)	Annually	15.08.2008	14.08.2013	-	15.64	-	316,993	-	316,993
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 75 basis points)	(a)/(b)	Semi annually	24.11.2008	23.11.2013	-	14.16	-	3,751,496	-	3,751,496
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 75 basis points)	(a)/(b)	Semi annually	28.06.2010	27.06.2015	9.47	13.33	3,928,928	3,929,437	3,928,928	3,929,437
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 75 basis points)	(a)/(b)	Semi annually	08.12.2011	07.12.2016	10.36	14.19	1,105,616	1,107,323	1,105,616	1,107,323
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 125 basis points)	(a)/(b)	Semi annually	30.11.2012	29.11.2017	11.03	14.68	424	425	424	425
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 100 basis points)	(a)/(b)	Semi annually	25.10.2013	24.10.2018	11.12	-	204	-	204	-
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 100 basis points)	(a)/(b)	Semi annually	25.10.2013	24.10.2021	11.12	-	1,020	-	1,020	-
							5,036,192	9,105,674	5,036,192	9,105,674

45 Subordinated term debts (contd.)

45.2 Types of debentures

					Coupon rate		Carrying value as at 31 December			
							Bank		Group	
	Notes	Interest payable frequency	Issue date	Maturity date	2013 %	2012 %	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
Fixed interest rate										
Unsecured, subordinated, redeemable debentures		Semi annually	10.10.2008	09.10.2013	-	5.50	-	30,918	-	30,918
Floating interest rate										
Unsecured, subordinated, redeemable debentures (6 months LIBOR plus 300 basis points)	(d)	Semi annually	10.10.2008	09.10.2013	-	3.62	-	2,742,872	-	2,742,872
							-	2,773,790	-	2,773,790
Total debentures							24,357,595	23,818,024	24,347,248	23,801,505

Notes :

(a) Debentures that are listed in Colombo Stock Exchange. Some of these have been traded in Colombo Stock Exchange during the year 2013.
2008/2013 - (Highest price - LKR 95.50 , lowest price - LKR 95.50, last transaction price - LKR 95.50)
2010/2015 - (Highest price - LKR 91.00 , lowest price - LKR 91.00, last transaction price - LKR 91.00)
2011/2016 - (Highest price - LKR 95.00 , lowest price - LKR 89.00, last transaction price - LKR 89.00)
2013/2018 - (Highest price - LKR 100.00 , lowest price - LKR 100.00, last transaction price - LKR 100.00)

(b) Weighted average 6 months treasury bill interest rate before deducting 10% withholding tax at the primary quotations as announced by Central Bank of Sri Lanka, at the proceeding 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 Central Bank of Sri Lanka, at the proceeding week of the interest resetting date.

(d) 6 months London Inter Bank Offered Rate (LIBOR) for US Dollars plus 3% per annum.

	Bank		Group	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
46 Share capital				
Authorized				
50,000,000 ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid				
Balance as at 1 January (5,000,000 ordinary shares)	5,000,000	5,000,000	5,000,000	5,000,000
Balance as at 31 December (5,000,000 ordinary shares)	5,000,000	5,000,000	5,000,000	5,000,000

	Bank		Group	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
47 Permanent reserve fund				
Balance as at 1 January	3,285,955	3,008,000	3,285,955	3,008,000
Amount transferred during the year	252,500	277,955	252,500	277,955
Balance as at 31 December	3,538,455	3,285,955	3,538,455	3,285,955

The permanent reserve fund is maintained as required by Bank of Ceylon Ordinance (Chapter 397) whereby the Bank must, out of net profit after taxation but before any dividend is declared, transfer to a reserve a sum equivalent to not less than 20% of such profit until the reserve is equivalent to 50% of the issued and paid up capital and thereafter, an appropriate amount determined at 2% per annum in terms of section 20(1) and (2) of the Banking Act No. 30 of 1988 until the reserve is equal to the paid up capital.

In order to meet the requirement, an amount of LKR. 252.5 million was transferred to the reserve during the year (2012 : LKR. 277.9 million).

The balance in the permanent reserve fund will be used only for the purposes specified in the Section 20 (2) of the Banking Act No. 30 of 1988.

As at 31 December	Bank		Group	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
48 Other reserves				
Investment fund account [Note 48.1]	7,057,090	4,716,685	7,228,548	4,849,948
Revaluation reserve [Note 48.2]	5,210,792	5,222,314	9,600,314	8,367,737
Primary dealer special risk reserve [Note 48.3]	896,616	822,676	896,616	822,676
Free reserve [Note 48.4]	169,067	169,067	366,644	366,644
Exchange translation reserve [Note 48.5]	496,631	693,851	945,548	998,291
Available for sale reserve [Note 48.6]	3,912,715	3,403,188	4,515,661	3,970,915
Statutory reserve - other [Note 48.7]	-	-	263,247	244,915
	17,742,911	15,027,781	23,816,578	19,621,126

48 Other reserves (contd.)

48.1 Investment Fund Account (IFA)

The investment fund account was established as per the guideline of Central Bank of Sri Lanka, in line with National Budget 2011 to deposit 5% of income tax savings and 8% of VAT savings to Investment Fund Account.

However as per the budget 2014 the requirement of transfer was discontinued with effect from 1 January 2014.

	Bank		Group	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
48.1.1 Movement in investment fund account				
Balance as at 1 January	4,716,685	1,484,073	4,849,948	1,570,276
Amount transferred to the fund during the year	2,340,405	3,232,612	2,378,600	3,279,672
Balance as at 31 December	7,057,090	4,716,685	7,228,548	4,849,948

48.1.2 Utilization of funds as at 31 December 2013 are as follows:

(a) Loans granted

The Bank funded the following infrastructure development projects initiated by Road Development Authority of Sri Lanka, utilizing the investment fund account.

Bank

Loans granted for Road Development Authority	Length	Tenor	Rate of interest	Amount disbursed as at 31 December 2013 LKR '000
1. Tennekumbura - Kandehandiya - Randenigala	35.00 Km	14 1/2 Years	9.00% p.a.	1,764,652
2. Kesbewa - Kidelpitiya and Bandaragama	11.78 Km	14 1/2 Years	9.00% p.a.	1,010,078
3. Polonnaruwa and Somawathiya Road	33.00 Km	14 1/2 Years	9.00% p.a.	2,197,435
4. Galigamuwa - Ruwanwella Road	29.21 Km	14 1/2 Years	9.00% p.a.	887,908
5. Bibile - Pitakumbura - Namaloya - Ingiriya	18.00 Km	14 1/2 Years	9.00% p.a.	1,186,041
				7,046,114

Group

Loans granted for Road Development Authority	Length	Tenor	Rate of interest	Amount disbursed as at 31 December 2013 LKR '000
Hire purchase facility :				
S Sivayogaraja - Pinkanda, Mahawila, Niwithigala	109 Km	5 Years	10.85% p.a	1,097

(b) Investments in treasury bills and treasury bonds

Investment in treasury bills and treasury bonds made by the Bank and the Group are as follows:

Purchasing date	Reference number	Maturity date	Interest rate	Period in days	Investment value Bank 2013 LKR '000	Investment value Group 2013 LKR '000
22/11/2013	30078	21/02/2014	7.75%	91	5,564	5,564
22/11/2013	30351	21/02/2014	7.75%	91	4,773	4,773
22/11/2013	30352	21/02/2014	7.75%	91	638	638
30/08/2013	LKA36414H293	29/08/2014	10.57%	364	-	56,957
02/07/2013	LKB00819K017	01/10/2019	14.29%	2646	-	30,000
04/01/2013	LKA36414A033	03/01/2014	11.47%	364	-	49,970
04/01/2013	LKA36414A033	03/01/2014	11.32%	364	-	9,994
04/01/2013	LKA36414A033	03/01/2014	11.40%	364	-	14,991
04/01/2013	LKA36414A033	03/01/2014	11.30%	364	-	14,991
04/01/2013	LKA36414A033	03/01/2014	11.35%	364	-	9,994
30/04/2012	LKB00616H013	01/08/2016	6.40%	1554	-	46,836
24/01/2012	LKB01022A018	01/01/2022	8.00%	3630	-	86,155
24/01/2012	LKB01022A018	01/01/2022	8.00%	3630	-	86,155
21/12/2011	LKB01019E016	01/05/2019	8.50%	2688	-	23,443
17/10/2011	LKB01019E016	01/05/2019	8.92%	2751	-	30,000
28/09/2011	LKB01518H150	15/08/2018	7.50%	2513	-	45,537
30/08/2011	LKB01019E016	01/05/2019	8.50%	2801	-	70,330
24/01/2011	LKB01518H150	15/08/2018	7.50%	2760	-	91,074
					10,975	677,402

	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
48.2 Revaluation reserve				
Balance as at 1 January	5,222,314	4,612,661	8,367,737	7,716,172
Net gain / (loss) on revaluation of properties	(16,003)	696,307	1,664,685	738,219
Deferred tax effect on revaluation gain	4,481	(86,654)	(459,977)	(86,654)
Acquisition, disposal and changes in non controlling interest	-	-	27,869	-
Balance as at 31 December	5,210,792	5,222,314	9,600,314	8,367,737

The revaluation reserve represents the surpluses arising on the revaluation of freehold properties which are still in use.

According to the regulatory directives, the Bank can consider the revaluation surplus once in every seven years, which will be used as supplementary capital in computing Capital Adequacy Ratio.

48 Other reserves (contd.)

	Bank		Group	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
48.3 Primary dealer special risk reserve				
Balance as at 1 January	822,676	737,529	822,676	737,529
Amount transferred during the year	73,940	85,147	73,940	85,147
Balance as at 31 December	896,616	822,676	896,616	822,676

According to a direction issued by Central Bank of Sri Lanka, primary dealers are required to transfer 25% of their profit after tax annually to a special risk reserve in order to strengthen the capital base for further development of the Government securities market.

	Bank		Group	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
48.4 Free reserve				
Balance as at 1 January	169,067	169,067	366,644	366,644
Balance as at 31 December	169,067	169,067	366,644	366,644

Free reserve has been created for unforeseeable risk and future losses.

	Bank		Group	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
48.5 Exchange translation reserve				
Balance as at 1 January	693,851	440,004	998,291	430,347
Exchange differences on translation of foreign operation	(197,220)	253,847	(52,743)	567,944
Balance as at 31 December	496,631	693,851	945,548	998,291

This represents the exchange difference arising from translating investments made in the capital and net exchange movement arising on the translation of net equity of overseas subsidiary and foreign branches, and also exchange differences arising from translation of the results of overseas branches for this year from the average rate to the exchange rate ruling at the year end.

	Bank		Group	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
48.6 Available for sale reserve				
Balance as at 1 January	3,403,188	4,169,463	3,970,915	4,987,494
Impairment (charge) / reversal during the year	509,527	(766,275)	544,746	(1,016,579)
Balance as at 31 December	3,912,715	3,403,188	4,515,661	3,970,915

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
48.7 Statutory reserve - other				
Balance as at 1 January	-	-	244,915	219,555
Amount transferred during the year	-	-	18,332	25,360
Balance as at 31 December	-	-	263,247	244,915

Statutory reserve - other represents the reserve funds maintained by Merchant Bank of Sri Lanka PLC in terms of Direction No. 05 of 2006 issued by Central Bank of Sri Lanka under Section No.34 of the Finance Leasing Act No.56 of 2000 and MCSL Financial Services Limited in terms of Direction No. 01 of 2003 issued by Central Bank of Sri Lanka under Section No.46 of the Finance Companies Act No.23 of 1991.

For the year ended 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
49 Notes to the statement of cash flows				
49.1 Change in operating assets				
Change in deposits with regulatory authorities	1,264,108	259,410	1,264,108	259,410
Loans and advances given to customers	(32,652,885)	(145,165,465)	(36,266,683)	(147,658,957)
Net (increase)/ decrease in financial assets - Held for trading	149,415	24,350,848	(885,299)	27,768,288
Net (increase)/ decrease in reverse repurchase agreements	(21,522,292)	297,537	(21,428,100)	206,398
Net (increase)/ decrease in derivative financial instruments	(2,753,622)	(444,240)	(2,753,622)	(444,240)
Change in other operating assets	(21,501,408)	4,665,015	(22,195,349)	3,963,174
	(77,016,684)	(116,036,895)	(82,264,945)	(115,905,927)
49.2 Change in operating liabilities				
Increase / (decrease) in deposits from banks	(9,165,515)	3,610,443	(9,229,140)	2,662,019
Increase in deposits from customers	141,272,381	89,720,130	141,892,610	88,815,601
Net increase/ (decrease) in securities lent and repurchase agreements	(7,316,045)	(10,360,110)	(8,020,511)	(10,755,030)
Net increase/ (decrease) in short term borrowings	(10,468,558)	(3,281,079)	(11,564,825)	(893,430)
Net increase/ (decrease) in derivative financial instruments	200,634	(913,461)	200,634	(913,461)
change in other operating liabilities	4,642,213	3,616,387	5,826,092	4,272,613
	119,165,110	82,392,310	119,104,860	83,188,312
49.3 Other non cash items included in profit before tax				
Exchange revaluation	(396,660)	(2,180,503)	(396,660)	(2,180,503)
Contribution paid to defined benefit plans	1,144,897	1,349,923	1,197,476	1,400,531
Loan impairment charges	6,922,902	4,116,282	7,331,136	4,211,739
Depreciation of property, plant and equipment	977,446	838,051	1,327,183	1,170,529
Amortization of intangible assets and leasehold lands	139,757	122,465	170,057	132,792
Accrual for expenses and other non cash items	(1,928,100)	3,386,523	(1,906,812)	3,273,730
	6,860,242	7,632,741	7,722,380	8,008,818

50 Commitments and contingencies

50.1 Undrawn and undisbursed facilities

The unutilized value of irrevocable commitments which cannot be withdrawn at the discretion, without risk of incurring significant penalties or expenses are as follows :

	Bank		Group	
As at 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
Undisbursed amount of loans	38,496,890	25,145,376	38,506,347	25,166,997
Undrawn limits of overdrafts	75,172,736	27,635,501	75,172,736	27,764,196
Undrawn limits of credit cards	4,796,756	4,237,586	4,796,756	4,237,586
Undrawn limits of letters of credit	71,903,943	24,053,336	71,903,943	24,053,336
Undrawn limits of letters of guarantee	95,573,920	54,457,812	95,573,920	54,457,812
Commitments for unutilised facilities	285,944,245	135,529,611	285,953,702	135,679,927

50.2 Contingent liabilities

In the normal course of business, the Bank undertakes commitments and incurs contingent liabilities with legal recourse to its customers to accommodate the financial and investment needs of clients, to conduct trading activities, and to manage its own exposure to risk . These financial instruments generate interest or fees and carries elements of credit risk in excess of those amounts recognized as assets and liabilities in the statement of financial position. However no material losses are anticipated as a result of these transactions.

These commitments are quantified below :

	Bank		Group	
As at 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
Acceptances and documentary credit	163,754,104	145,792,017	163,977,738	146,152,422
Bills for collection	3,947,225	3,624,194	3,947,225	3,624,194
Forward exchange contracts	127,685,402	81,604,962	127,685,402	81,604,962
Guarantees	69,275,083	84,232,029	69,441,991	84,307,270
Other commitments	87,698	76,662	138,440	119,664
	364,749,512	315,329,864	365,190,796	315,808,512

50.3 Capital commitments

Capital expenditure approved by the Directors for which no provision has been made in the Financial Statements, amounts to:

50.3.1 Capital commitments in relation to property, plant and equipment

	Bank		Group	
As at 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
Approved and contracted for	1,439,648	847,554	1,439,648	847,554
Approved and not contracted for	2,033,207	2,264,518	2,181,934	2,264,518
	3,472,855	3,112,072	3,621,582	3,112,072

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
50.3.2 Capital commitments in relation to intangible assets				
Approved and contracted for	221,549	16,776	221,549	57,384
Approved and not contracted for	242,000	422,500	365,963	422,500
	463,549	439,276	587,512	479,884
Total capital commitments	3,936,404	3,551,348	4,209,094	3,591,956

50.4 Lease commitments

50.4.1 Operating lease commitments

Future minimum lease payments under non cancellable operating leases where the Bank is the lessee are as follows;

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
Not later than 1 year	326,763	506,034	326,763	506,034
Later than 1 year and not later than 5 years	475,429	227,846	475,429	227,846
Later than 5 years	1,512	22,388	1,512	22,388
	803,704	756,268	803,704	756,268

50.4.2 Financing lease commitments

Future minimum lease payments under non cancellable financing leases where the Bank is the lessee are as follows;

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
Not later than 1 year	5,077	6,180	15,785	10,994
Later than 1 year and not later than 5 years	2,467	7,544	53,012	15,614
	7,544	13,724	68,797	26,608
Total lease commitments	811,248	769,992	872,501	782,876

50.5 Commitments and contingencies - Summary

As at 31 December	Bank 2013 LKR '000	Bank 2012 LKR '000	Group 2013 LKR '000	Group 2012 LKR '000
Total undrawn and undisbursed facilities [Note 50.1]	285,944,245	135,529,611	285,953,702	135,679,927
Total contingent liabilities [Note 50.2]	364,749,512	315,329,864	365,190,796	315,808,512
Total capital commitments [Note 50.3]	3,936,404	3,551,348	4,209,094	3,591,956
Total lease commitments [Note 50.4]	811,248	769,992	872,501	782,876
	655,441,409	455,180,815	656,226,093	455,863,271

51 Litigation

The Bank and its Group companies are involved in various legal actions in the ordinary course of business. The Group has an established controls for dealing with such legal claims. Once professional advice has been obtained on the certainty of the outcome and the amount of losses reasonably estimated, the Group make adjustments to Financial Statements for any adverse effects which the claims may have on its financial standing.

At year end, the Group had several unresolved legal claims. While the outcome of these matters is inherently uncertain, management believes that none of these outstanding matters is material, either individually or in aggregate.

52 Assets pledged as security

The securities sold under repurchase agreement and debentures are debt securities issued by the Bank and the Group and details of assets pledged by the Bank and the Group, to secure those liabilities are given below:

	Bank		Group	
As at 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
Securities sold under repurchase agreements	31,989,927	39,305,972	31,528,724	39,549,235
Refinance purposes	-	-	1,659,900	2,122,746
	31,989,927	39,305,972	33,188,624	41,671,981
Secured by ;				
Treasury bills held by the Bank / Group	-	668,670	-	933,853
Treasury bonds held by the Bank / Group	44,792,077	42,663,515	44,792,077	42,663,515
Lease / hire purchase rentals receivables	-	-	1,652,150	2,122,746
Fixed deposits	-	-	7,750	-
	44,792,077	43,332,185	46,451,977	45,720,114

53 Events after the reporting date

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in these Financial Statements, other than the disclosed below:

Subsequent to the reporting date subsidiaries of the Group namely, Merchant Bank of Sri Lanka PLC (MBSL), MBSL Savings Bank Limited (MBSLSB) and MCSL Financial Services Limited (MCSL) in principle have decided to merge and form one entity in line with the banking sector consolidation road map introduced by Central Bank of Sri Lanka. The target servicing entity will be licensed as a finance company. This merger process is now in progress.

54 Maturity analysis of assets and liabilities

54.1 Bank

The analysis of total assets and liabilities of the Bank in to relevant maturity groupings based on the remaining period as at 31 December 2013 in to the contractual maturity date is given in the table below :

As at 31 December	Less than 3 months LKR '000	3 - 12 months LKR '000	1 - 3 years LKR '000	3 - 5 years LKR '000	Over 5 years LKR '000	Total 2013 LKR '000
Interest earning assets						
Placements with banks	13,550,595	5,764,925	-	-	-	19,315,520
Reverse repurchase agreements	22,319,717	-	-	-	-	22,319,717
Financial assets - Held for trading	8,628,338	1,616,976	2,625,724	668,753	-	13,539,791
Financial investments - Loans and receivables	16,179,792	5,596,988	4,541,080	94,243,753	8,547,000	129,108,613
Loans and advances to customers	264,884,984	125,104,300	250,534,451	34,990,547	49,817,684	725,331,966
Financial investments - Available for sale	216,542	644,124	105,814	689,208	8,669,526	10,325,214
Financial investments - Held to maturity	18,782,984	30,036,072	22,659,502	44,516,955	40,904,248	156,899,761
Total interest earning assets	344,562,952	168,763,385	280,466,571	175,109,216	107,938,458	1,076,840,582
Non interest earning assets						
Cash and short term funds	24,901,189	-	-	-	-	24,901,189
Balances with Central Banks	19,137,300	8,364,604	356,314	839,947	967	28,699,132
Derivative financial instruments	3,261,073	-	-	-	-	3,261,073
Investment in subsidiary companies	-	-	-	-	6,828,699	6,828,699
Investment in associate companies	-	-	-	-	842,988	842,988
Property, plant and equipment	-	-	-	-	12,006,180	12,006,180
Leasehold properties	-	-	-	-	83,026	83,026
Intangible assets	-	-	-	-	501,064	501,064
Other assets	38,885,043	265,637	211	-	466,076	39,616,967
Total non interest earning assets	86,184,605	8,630,241	356,525	839,947	20,729,000	116,740,318
Total assets	430,747,557	177,393,626	280,823,096	175,949,163	128,667,458	1,193,580,900
As at 31 December 2013	36.1%	14.9%	23.5%	14.7%	10.8%	100.0%
As at 31 December 2012	48.0%	25.5%	9.6%	6.5%	10.4%	100.0%

As at 31 December	Less than 3 months LKR '000	3 - 12 months LKR '000	1 - 3 years LKR '000	3 - 5 years LKR '000	Over 5 years LKR '000	Total 2013 LKR '000
Interest bearing liabilities						
Due to banks	898,803	-	-	-	-	898,803
Due to customers	476,257,362	245,428,395	10,454,724	24,645,153	28,359	756,813,993
Other borrowings	48,441,272	38,195,511	40,253,111	107,768,997	711,378	235,370,269
Debt securities issued	-	-	17,568,357	3,400,000	-	20,968,357
Subordinated term debts	-	-	10,357,595	10,000,000	4,000,000	24,357,595
Total interest bearing liabilities	525,597,437	283,623,906	78,633,787	145,814,150	4,739,737	1,038,409,017
Non interest bearing liabilities						
Due to banks	267,624	-	-	-	-	267,624
Due to customers	85,256,007	-	-	-	-	85,256,007
Derivative financial instruments	274,948	-	-	-	-	274,948
Deferred tax liabilities	-	-	-	-	151,623	151,623
Other liabilities	10,178,239	5,077	4,100	1,633	1,332,472	11,521,521
Shareholders' funds	-				57,700,160	57,700,160
Total non interest bearing liabilities	95,976,818	5,077	4,100	1,633	59,184,255	155,171,883
Total liabilities	621,574,255	283,628,983	78,637,887	145,815,783	63,923,992	1,193,580,900
As at 31 December 2013	52.1%	23.8%	6.6%	12.2%	5.4%	100.0%
As at 31 December 2012	55.4%	26.3%	5.2%	7.7%	5.4%	100.0%
Net gap - 2013	(190,826,698)	(106,235,357)	202,185,209	30,133,380	64,743,466	-

54 Maturity analysis of assets and liabilities (contd.)

54.2 Group

The analysis of total assets and liabilities of the Group in to relevant maturity groupings based on the remaining period as at 31 December 2013 into the contractual maturity date is given in the table below :

As at 31 December	Less than 3 months LKR '000	3 - 12 months LKR '000	1 - 3 years LKR '000	3 - 5 years LKR '000	Over 5 years LKR '000	Total 2013 LKR '000
Interest earning assets						
Placements with banks	16,240,285	4,916,905	-	-	-	21,157,190
Reverse repurchased agreements	22,424,769	427,126	-	-	-	22,851,895
Financial assets - Held for trading	8,909,682	1,646,448	2,661,828	668,753	11,531	13,898,242
Financial investments - Loans and receivables	16,427,595	5,571,335	5,311,007	94,317,842	8,562,517	130,190,296
Loans and advances to customers	266,799,888	128,451,270	259,380,297	41,900,599	50,039,765	746,571,819
Financial investments - Available for sale	329,152	1,081,440	592,972	910,727	9,938,154	12,852,445
Financial investments - Held to maturity	18,928,941	30,040,317	22,998,502	44,516,955	40,956,857	157,441,572
Total interest earning assets	350,060,312	172,134,841	290,944,606	182,314,876	109,508,824	1,104,963,459
Non interest earning assets						
Cash and short term funds	25,182,043	-	-	-	-	25,182,043
Balances with Central Banks	19,137,300	8,364,604	356,314	839,947	967	28,699,132
Derivative financial instruments	3,261,073	-	-	-	-	3,261,073
Investment in associate companies	-	-	-	-	1,471,267	1,471,267
Investment properties	-		99,085	-	52,829	151,914
Property, plant and equipment	171	6,357	883	824	20,613,926	20,622,161
Leasehold properties	-	-	-	-	121,417	121,417
Deferred tax assets	33,548	-	137	131	14,002	47,818
Intangible assets	-	-	-	-	669,657	669,657
Other assets	39,509,756	429,614	80,853	39,757	512,470	40,572,450
Total non interest earning assets	87,123,891	8,800,575	537,272	880,659	23,456,535	120,798,932
Total assets	437,184,203	180,935,416	291,481,878	183,195,535	132,965,359	1,225,762,391
As at 31 December 2013	35.7%	14.8%	23.8%	14.9%	10.8%	100.0%
As at 31 December 2012	47.9%	25.2%	10.1%	6.6%	10.2%	100.0%

As at 31 December	Less than 3 months LKR '000	3 - 12 months LKR '000	1 - 3 years LKR '000	3 - 5 years LKR '000	Over 5 years LKR '000	Total 2013 LKR '000
Interest bearing liabilities						
Due to banks	1,024,117	-	-	-	-	1,024,117
Due to customers	478,109,496	245,875,567	15,290,968	25,824,346	195,104	765,295,481
Other borrowings	51,130,459	40,764,270	40,320,919	107,875,085	711,378	240,802,111
Debt securities issued	33,492	622,880	18,148,191	6,182,255	-	24,986,818
Subordinated term debts	-	-	10,352,310	9,994,938	4,000,000	24,347,248
Total interest bearing liabilities	530,297,564	287,262,717	84,112,388	149,876,624	4,906,482	1,056,455,775
Non interest bearing liabilities						
Due to banks	312,150	-	-	-	-	312,150
Due to customers	85,472,040	-	-	-	-	85,472,040
Derivative financial instruments	274,948	-	-	-	-	274,948
Insurance provision - life	-	-	-	-	220,748	220,748
Insurance provision - non life	-	-	-	-	670,073	670,073
Current tax liabilities	167,981	83,476	18	-	-	251,475
Deferred tax liabilities	-	-	-	-	2,034,216	2,034,216
Other liabilities	11,058,768	178,963	196,497	71,149	1,653,556	13,158,933
Shareholders' funds	-	-	-	-	66,912,033	66,912,033
Total non interest bearing liabilities	97,285,887	262,439	196,515	71,149	71,490,626	169,306,616
Total liabilities	627,583,451	287,525,156	84,308,903	149,947,773	76,397,108	1,225,762,391
As at 31 December 2013	51.2%	23.5%	6.9%	12.2%	6.2%	100.0%
As at 31 December 2012	54.9%	26.2%	5.1%	7.6%	6.2%	100.0%
Net gap - 2013	(190,399,248)	(106,589,740)	207,172,975	33,247,762	56,568,251	-

55 Related party disclosures

The Bank has entered into transactions with the parties who are defined as related parties in Sri Lanka Accounting Standard - LKAS 24 -" Related Party Disclosures" i.e. significant investors, subsidiary and associate companies, post employment benefit plans for the Bank's employees, Key Management Personnel (KMPs), Close Family Members (CFMs) of KMPs and other related entities. Those transactions include lending activities, acceptance and placements, off balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMPs have availed under schemes uniformly applicable to all the staff at concessionary rates.

55.1 Parent and the ultimate controlling party

Bank of Ceylon is a Government owned Bank.

55.2 Key Management Personnel (KMPs), their Close Family Members (CFMs) and other related entities

55.2.1 Compensation to Key Management Personnel (KMPs) and their Close Family Members (CFMs)

As per the Sri Lanka Accounting Standard -LKAS 24 - "Related Party Disclosures", the KMPs include those who are having authority and responsibility for planning, directing and controlling the activities of the Bank. Accordingly, the Board of Directors and members of the Corporate Management of the Bank have been classified as KMPs of the Bank.

CFMs are defined as family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity, i.e. spouse, children under 18 years of age and dependants of KMPs. Dependant is defined as anyone who depends on the respective KMP for more than 50% of his or her financial needs.

For the year ended 31 December	Bank		Group	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(a) Compensation to Board of Directors				
Short term employment benefits	3,077	3,764	4,830	6,419
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
	3,077	3,764	4,830	6,419
(b) Compensation to Corporate Management and their Close Family Members				
Short term employment benefits	73,827	68,139	76,323	87,754
Post employment benefits	21,198	18,121	21,198	18,121
Other long term benefits	-	-	-	-
	95,025	86,260	97,521	105,875

In addition to above, the Bank has also paid non cash benefits such as vehicles to KMPs in line with the approved benefit plan of the Bank.

55.2.2 Transactions, arrangements and agreements involving Key Management Personnel (KMPs), their Close Family Members (CFMs) and other related entities

Other entities are those entities in which the KMPs and /or their CFMs have an interest over 50% of total shareholding.

For the year ended 31 December	KMPs and CFMs		Other entities	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(a) Items in income statement				
Interest income	4,417	4,121	-	6,106
Interest expenses	6,565	8,275	-	4,368
Other income	-	-	-	315
Other expenses *	-	-	3,732	66,175

*excluding the payments made as shown in Note 55.2.1

55 Related party disclosures (contd.)

55.2.2 Transactions, arrangements and agreements involving Key Management Personnel (KMPs), their Close Family Members (CFMs) and other related entities (contd.)

	KMPs and CFMs		Other entities	
As at 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(b) Items in statement of financial position				
Assets				
Loans	58,738	39,091	-	-
Overdrafts	3,462	585	-	98,677
Credit cards	1,493	2,110	-	-
	63,693	41,786	-	98,677
Liabilities				
Due to customers	76,127	139,667	-	145,315
Debentures	7,574	46,436	-	-
	83,701	186,103	-	145,315

As at 31 December	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(c) Off balance sheet items				
Guarantees	-	-	-	8,870
Undrawn facilities	27,165	41,550	-	6,215
	27,165	41,550	-	15,085
Net accommodation (on balance sheet) as a % of the Bank's regulatory capital	0.09%	0.00%	0.00%	0.00%
Net accommodation (off balance sheet) as a % of the Bank's regulatory capital	0.03%	0.03%	0.00%	0.02%
Net accommodation (total) as a % of the Bank's regulatory capital	0.12%	0.03%	0.00%	0.02%
(d) Average accommodations / due to customers balances				
Loans	48,483	40,030	-	-
Overdrafts	2,486	632	-	53,105
Due to customers	72,128	109,577	-	126,130

55.3 Transactions with group related parties

The Group related parties include the subsidiaries and associate companies of the Bank.

55.3.1 Transactions with subsidiaries and associate companies of the Bank

The aggregate amount of income and expenses arising from the transactions during the year, amount due to and due from the relevant related parties and total contract sum of off balance sheet transactions at the year end are summerized below.

For the year ended 31 December	Subsidiary companies of the Bank		Associate companies of the Bank	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
(a) Items in income statement				
Interest income	179,354	247,520	5,795	1,062
Interest expense	425,040	202,929	22,070	6,765
Other income	293,874	356,825	21,582	28,023
Other expenses	612,251	578,159	25,468	-

As at 31 December	Subsidiary companies of the Bank		Associate companies of the Bank	
	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
(b) Items in statement of financial position				
Assets				
Loans	573,045	1,541,062	31,524	39,639
Overdrafts	75,174	209,878	91	-
Investments	246,010	140,437	-	-
Placements	9,215,854	8,732,079	-	-
Other receivables	356,413	268,857	-	-
	10,466,496	10,892,313	31,615	39,639
Liabilities				
Due to customers	2,541,851	2,538,643	250,439	170,503
Securities sold under repurchase agreements	461,203	187,232	-	10,502
Debentures	10,347	16,539	-	-
Other liabilities	200,376	487,696	1,780	-
	3,213,777	3,230,110	252,219	181,005
(c) Off balance sheet items				
Letters of credit	-	-	1,397	45,290
Guarantees	62,593	62,180	32,640	-
Undrawn facilities	1,643,304	483,174	79,909	30,100
	1,705,897	545,354	113,946	75,390
Net accommodation (on balance sheet) as a % of the Bank's regulatory capital	1.50%	3.47%	0.05%	0.07%
Net accommodation (off balance sheet) as a % of the Bank's regulatory capital	2.89%	0.93%	0.14%	0.01%
Net accommodation (total) as a % of the Bank's regulatory capital	4.39%	4.40%	0.19%	0.08%
(d) Average accommodations / due to customers balances				
Loans	966,387	1,443,748	35,173	1,922,943
Overdrafts	116,489	190,786	7,975	-
Due to customers	2,342,249	1,946,505	189,523	119,947

55 Related party disclosures (contd.)

55.3.2 Transactions with subsidiaries and associate companies of the Group

In addition to the transactions between the Bank and its subsidiaries and associate companies, transactions which were taken place between the subsidiaries and associate companies are also included in the section below:

For the year ended 31 December	Subsidiary companies		Associate companies	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(a) Items in income statement				
Interest income	207,283	254,057	5,795	1,062
Interest expense	452,969	209,466	33,366	6,765
Other income	372,188	463,003	21,582	29,876
Other expenses	687,196	685,804	28,838	375

As at 31 December	Subsidiary companies		Associate companies	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(b) Items in statement of financial position				
Assets				
Loans	577,012	1,603,900	31,524	39,639
Overdrafts	75,174	209,878	91	-
Investments	246,010	214,593	-	-
Placements	9,215,854	8,732,079	-	-
Other receivables	417,350	397,875	-	5
	10,531,400	11,158,325	31,615	39,644
Liabilities				
Due to customers	2,594,062	2,661,938	250,439	170,503
Securities sold under repurchase agreements	461,203	187,232	-	10,502
Debentures	10,347	16,539	-	-
Other liabilities	213,069	630,418	1,780	-
	3,278,681	3,496,127	252,219	181,005

As at 31 December	Subsidiary companies 2013 LKR '000	Subsidiary companies 2012 LKR '000	Associate companies 2013 LKR '000	Associate companies 2012 LKR '000
(c) Off balance sheet items				
Letters of credit	-	-	1,397	45,290
Guarantees	62,593	62,180	32,640	-
Undrawn facilities	1,643,304	483,174	79,909	30,100
	1,705,897	545,354	113,946	75,390
Net accommodation (on balance sheet) as a % of the Bank's regulatory capital	1.50%	3.73%	0.05%	0.07%
Net accommodation (off balance sheet) as a % of the Bank's regulatory capital	2.89%	0.93%	0.14%	0.01%
Net accommodation (total) as a % of the Bank's regulatory capital	4.39%	4.65%	0.19%	0.08%
(d) Average accommodations / due to customers balances				
Loans	969,470	1,506,586	1,922,943	1,922,943
Overdrafts	116,489	190,786	-	-
Due to customers	2,394,460	2,069,800	119,947	119,947

55.4 Transactions with the significant investors having significant influence over the Bank and the post employment benefit plans for Bank's employees.

Significant investor of the Bank is the Government as it is a state owned entity. Government refers to the Government of Sri Lanka, Government Corporations, Provincial Councils, Local Government bodies, Other Government entities and their subsidiaries. Post employment benefit plans are arrangement made by bank to provide post employment benefits for its employees.

Transactions and arrangements entered in to by the Bank with the Government and Government controlled entities (significant investor) and post employment benefit plans which are individually significant and for other transactions that are collectively, but not individually significant are as follows:

55.4.1 Transactions which are collectively significant

For the year ended 31 December	Significant investor 2013 LKR '000	Significant investor 2012 LKR '000	Post employment benefit plans 2013 LKR '000	Post employment benefit plans 2012 LKR '000
(a) Items in income statement				
Interest income	44,324,998	37,755,910	-	-
Other income	1,328,749	2,680,448	-	-
Interest expense	8,858,532	7,573,058	10,619,058	7,019,111
Dividends paid	5,346,410	5,346,410	-	-
Contribution made	-	-	3,228,958	2,536,030
Impairment charge on investments in equity instruments	-	1,788,000	-	-

55 Related party disclosures (contd.)

55.4.1 Transactions which are collectively significant (contd.)

As at 31 December	Significant investor		Post employment benefit plans	
	2013	2012	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000
(b) Items in statement of financial position				
Assets				
Loans, advances and other receivables	290,790,922	274,224,964	-	-
Investment in securities and bonds	290,710,779	221,745,603	-	
Investment in equity instruments	4,277,026	4,264,715	-	-
	585,778,727	500,235,282	-	-
Liabilities				
Due to customers	113,565,125	56,342,691	36,273,553	33,233,956
Securities sold under repurchase agreements	20,434,888	17,221,006	367,628	912,972
Debentures	6,935,766	7,815,099	29,291,849	30,890,065
	140,935,779	81,378,796	65,933,030	65,036,993
(c) Off balance sheet items				
Letters of credit	60,311,651	34,853,700		
Bills and acceptances	74,146,782	73,899,577		
Guarantees	13,274,268	12,159,718		
Forward exchange contracts	68,725,125	31,813,750		
	216,457,826	152,726,745		
(d) Other transactions				
Gross foreign exchange transactions				
- Sales	229,350,796	216,341,730		
- Purchases	19,197,218	121,498,065		
Net accommodation (on balance sheet) as a % of the Bank's regulatory capital	964.89%	895.25%		
Net accommodation (off balance sheet) as a % of the Bank's regulatory capital	366.70%	282.99%		
Net accommodation (total) as a % of the Bank's regulatory capital	1331.59%	1178.25%		
(e) Average accommodations / due to customers				
Loans and advances	252,110,896	217,509,867	-	-
Due to customers	101,502,713	82,583,652	32,846,278	33,283,408
Off balance sheet facilities	184,592,285	156,444,960	-	-

Government of Sri Lanka has invested in 5,000,000 ordinary shares of Bank of Ceylon at value of LKR 1,000/- each.

55.4.2 Transactions which are individually significant

The Bank uses internal assessment methodology in order to identify significance of the transactions with the Government and Government related entities. Accordingly, the transactions which have been considered in normal day to day business operations which are carried on normal market conditions are considered as individually significant transactions and reported below:

i The Bank issued a USD denominated bond for USD 500 million in May 2012, and another USD 500 million in April 2013, out of which USD 500 million (USD 250 million from each issue) was converted to LKR through a SWAP arrangement with Central Bank of Sri Lanka. Both the Dollar proceeds and Rupee proceeds were used for general banking purposes.

ii Government of Sri Lanka, in its National Budget 2014, announced that, it intends to buy back the investment the Bank has made in SriLankan Airlines Limited.

55.4.3 Transactions with the significant investor - Group

Other than the transactions carried out by the Bank and balances held by the Bank with the Government, subsidiaries of the Group have carried out following transactions with the Government and balances held with the Government as follows:

	Significant investor	
	2013	2012
	LKR '000	LKR '000
Investment in securities and bonds	2,100,514	1,598,864
Income from investment in securities and bonds	233,726	218,289

Apart from the transactions listed above, the Group carried out transactions with Government of Sri Lanka and other Government related entities in the form of providing services, investments in shares for trading purpose and other financial service transactions including inter bank placements during the year ended 31 December 2013 on comparable terms which are applicable to transactions between the Group and its unrelated customers.

56 Financial reporting by segment

Segmental information is presented in respect of Group business distinguishing the component of the Group that is engaged in different business segments or operations within a particular economic environment which is subject to risk and returns that are different from those of other segments.

56.1 Primary segment information - business segments - Group

Operating segments provide products and services whose risk and returns are different from other segments which represents retail banking, corporate banking, international, treasury and investments, Government and SOEs Group function and unallocated segment.

	Retail banking		Corporate banking		International, treasury and investment	
For the year ended 31 December	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
Revenue from external customers:						
Interest income	47,211,970	36,156,394	15,319,206	16,486,278	6,873,327	2,749,957
Fees and commissions	2,355,816	2,204,137	1,819,883	1,545,997	789,262	643,404
Other income	1,776,704	1,258,311	680,087	1,014,118	3,600,012	6,395,606
Total revenue	51,344,490	39,618,842	17,819,176	19,046,393	11,262,601	9,788,967
Expenses :						
Total expenses	(59,242,978)	(41,799,632)	(27,873,641)	(22,390,007)	(12,829,883)	(14,409,657)
Inter segment transaction	12,447,669	10,992,200	14,752,382	8,338,605	7,159,730	9,435,895
Net operating income	4,549,181	8,811,410	4,697,917	4,994,991	5,592,448	4,815,205
Share of profit of associate companies	-	-	-	-	-	-
Profit/ (loss) before income tax	4,549,181	8,811,410	4,697,917	4,994,991	5,592,448	4,815,205
Income tax expense	-	-	-	-	-	-
Profit for the year						
Total assets	343,043,113	339,991,198	124,630,717	117,530,192	68,061,051	28,763,992
Total liabilities	504,191,324	447,488,418	415,070,709	369,172,339	22,653,387	43,267,417
Cash flows from operating activities	19,403,308	(6,622,109)	6,295,930	(3,019,491)	2,824,819	(503,659)
Cash flows from investing activities	(570,728)	(355,784)	(207,351)	(227,749)	(50,504,037)	(49,537,765)
Cash flows from financing activities	(4,781,453)	40,825,795	(3,936,286)	33,680,770	(214,831)	3,947,424

Government and SOEs		Group function		Unallocated		Total	
2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
44,324,997	37,755,910	5,150,699	4,214,052	624,164	1,388,757	119,504,363	98,751,348
1,239,114	2,594,867	353,702	131,126	231,823	411,766	6,789,600	7,531,297
89,635	85,581	2,808,777	2,413,846	(1,019,537)	(1,922,946)	7,935,678	9,244,516
45,653,746	40,436,358	8,313,178	6,759,024	(163,550)	(122,423)	134,229,641	115,527,161
(10,305,673)	(9,500,550)	(7,606,362)	(5,859,929)	(495,293)	(1,359,703)	(118,353,830)	(95,319,478)
(33,388,033)	(27,855,125)	-	-	(971,748)	(911,575)	-	-
1,960,040	3,080,683	706,816	899,095	(1,630,591)	(2,393,701)	15,875,811	20,207,683
-	-	228,813	38,585	-	-	228,813	38,585
1,960,040	3,080,683	935,629	937,680	(1,630,591)	(2,393,701)	16,104,624	20,246,268
-	-	-	-	-		(3,956,302)	(5,638,274)
						12,148,322	14,607,994
585,778,730	500,235,281	49,044,743	47,736,752	55,204,037	45,095,803	1,225,762,391	1,079,353,218
138,962,825	81,378,796	36,270,114	35,771,420	41,701,999	43,632,165	1,158,850,358	1,020,710,555
18,216,811	(6,915,063)	2,116,850	(771,811)	256,520	(254,354)	49,114,238	(18,086,487)
(974,572)	(638,011)	(117,448)	(62,234)	(91,842)	(57,518)	(52,465,978)	(50,879,061)
(1,317,841)	7,424,447	(343,964)	3,263,540	(395,478)	3,980,705	(10,989,853)	93,122,681

56 Financial reporting by segment (contd.)

56.2 Secondary segment information - Geographical segments

Geographical segments provide products or services within a particular economic environment where risk and returns are different from those of other economic environment.

These segment comprise domestic operations, off shore banking divisions, and overseas banking units.

	Bank				Group			
	2013 LKR '000	%	2012 LKR '000	%	2013 LKR '000	%	2012 LKR '000	%
Assets								
Domestic banking unit	927,016,489	77.6	798,056,737	76.2	944,942,649	77.1	811,602,153	75.2
Off shore banking division	250,329,609	21.0	235,211,894	22.4	250,329,609	20.4	235,211,894	21.8
Overseas banking units	16,234,802	1.4	14,952,360	1.4	30,490,133	2.5	32,539,171	3.0
	1,193,580,900	100.0	1,048,220,991	100.0	1,225,762,391	100.0	1,079,353,218	100.0
Total income								
Domestic banking unit	110,407,209	86.6	94,767,891	86.0	116,820,090	87.0	99,779,284	86.4
Off shore banking division	14,920,266	11.7	13,498,905	12.3	14,920,266	11.1	13,498,905	11.7
Overseas banking units	2,136,583	1.7	1,871,123	1.7	2,489,285	1.9	2,248,972	1.9
	127,464,058	100.0	110,137,919	100.0	134,229,641	100.0	115,527,161	100.0
Profit before tax								
Domestic banking unit	12,196,170	77.6	16,285,794	82.3	12,651,614	78.6	16,800,810	83.0
Off shore banking division	2,671,545	17.0	2,576,345	13.0	2,671,545	16.6	2,576,345	12.7
Overseas banking units	841,057	5.4	932,159	4.7	781,465	4.8	869,113	4.3
	15,708,772	100.0	19,794,298	100.0	16,104,624	100.0	20,246,268	100.0
Profits after tax								
Domestic banking unit	9,568,106	79.2	11,846,597	82.1	9,688,907	79.8	12,084,239	82.7
Off shore banking division	1,923,512	15.9	1,854,968	12.9	1,923,512	15.8	1,854,968	12.7
Overseas banking units	595,495	4.9	715,056	5.0	535,903	4.4	668,787	4.6
	12,087,113	100.0	14,416,621	100.0	12,148,322	100.0	14,607,994	100.0

57 Determination of fair value and fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Bank uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy:

Level 1 : Quoted market price (unadjusted) : financial instruments with quoted price in active markets.

Level 2 : Valuation technique using observable inputs : financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3 : Valuation technique with significant unobservable inputs : financial instruments are valued using valuation techniques where one or few significant inputs are unobservable.

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31 December 2013

	Bank				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets								
Derivative financial instruments								
Forward exchange contracts / SWAPs	-	371,490	2,889,583	3,261,073	-	371,490	2,889,583	3,261,073
	-	371,490	2,889,583	3,261,073	-	371,490	2,889,583	3,261,073
Other financial assets - Held for trading								
Treasury bills	7,372,137	-	-	7,372,137	7,372,137	-	-	7,372,137
Treasury bonds	3,810,889	-	-	3,810,889	3,810,889	-	-	3,810,889
Sri Lanka sovereign bonds	129,949	-	-	129,949	129,949	-	-	129,949
Other debt securities	-	-	-	-	-	-	-	-
Quoted equities	2,226,816	-	-	2,226,816	2,585,267	-	-	2,585,267
	13,539,791	-	-	13,539,791	13,898,242	-	-	13,898,242
Financial investments - Available for sale								
Quoted investments								
Treasury bills	451,210	-	-	451,210	770,842	-	-	770,842
Treasury bonds	23,536	-	-	23,536	1,113,921	-	-	1,113,921
Other Government securities	1,186,224	-	-	1,186,224	1,408,777	-	-	1,408,777
Equities	3,628,367	-	-	3,628,367	4,492,191	-	-	4,492,191
Unit trusts	3,395,575	-	-	3,395,575	3,402,203	-	-	3,402,203
Unquoted investments								-
Equities	-	-	1,640,302	1,640,302	-	-	1,664,511	1,664,511
	8,684,912	-	1,640,302	10,325,214	11,187,934	-	1,664,511	12,852,445
Total	22,224,703	371,490	4,529,885	27,126,078	25,086,176	371,490	4,554,094	30,011,760
Financial liabilities								
Derivative financial instruments								
Forward exchange contracts / SWAPs	-	274,948	-	274,948	-	274,948	-	274,948
Total	-	274,948	-	274,948	-	274,948	-	274,948

57 Determination of fair value and fair value hierarchy (contd.)

As at 31 December 2012

	Bank				Group			
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial assets								
Derivative financial instruments								
Forward exchange contracts / SWAPs	-	442,451	65,000	507,451	-	442,451	65,000	507,451
	-	442,451	65,000	507,451	-	442,451	65,000	507,451
Other financial assets - Held for trading								
Treasury bills	4,965,858	-	-	4,965,858	4,965,858	-	-	4,965,858
Treasury bonds	8,619,512	-	-	8,619,512	8,619,512	-	-	8,619,512
Sri Lanka sovereign bonds	-	-	-	-	-	-	-	-
Other debt securities	-	-	-	-	74,780	-	-	74,780
Quoted equities	1,955,815	-	-	1,955,815	2,368,608	-	-	2,368,608
	15,541,185	-	-	15,541,185	16,028,758	-	-	16,028,758
Financial investments - Available for sale								
Quoted investments								-
Treasury bills	1,794,516	-	-	1,794,516	2,424,602	-	-	2,424,602
Treasury bonds	1,034,583	-	-	1,034,583	1,813,783	-	-	1,813,783
Other Government securities	1,172,664	-	-	1,172,664	1,172,664	-	-	1,172,664
Equities	3,136,759	-	-	3,136,759	3,972,856	-	-	3,972,856
Unit trusts	3,301,986	-	-	3,301,986	3,310,154	-	-	3,310,154
Unquoted investments								
Equities	-	-	1,640,480	1,640,480	-	-	1,667,866	1,667,866
	10,440,508	-	1,640,480	12,080,988	12,694,059	-	1,667,866	14,361,925
Total	25,981,693	442,451	1,705,480	28,129,624	28,722,817	442,451	1,732,866	30,898,134
Financial liabilities								
Derivative financial instruments								
Forward exchange contracts / SWAPs		74,314		74,314	-	74,314		74,314
Total	-	74,314	-	74,314	-	74,314	-	74,314

57.1 Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets and liabilities which are recorded at fair value.

	Bank					Group				
	As at 1 January 2013	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases / (Sales)	As at 31 December 2013	As at 1 January 2013	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases / (Sales)	As at 31 December 2013
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets										
Derivative financial instruments										
Currency swaps	65,000	-	-	2,824,583	2,889,583	65,000	-	-	2,824,583	2,889,583
Financial investments - Available for sale										
Unquoted investments										
Equities	1,640,480	-	-	(178)	1,640,302	1,667,866	(8,008)	1,221	3,432	1,664,511
Total Level 3 financial assets	1,705,480	-	-	2,824,405	4,529,885	1,732,866	(8,008)	1,221	2,828,015	4,554,094
Financial liabilities	-	-	-		-	-	-	-	-	-
Total Level 3 financial liabilities	-	-	-	-	-	-	-	-	-	-
Total net Level 3 financial assets /(liabilities)	1,705,480	-	-	2,824,405	4,529,885	1,732,866	(8,008)	1,221	2,828,015	4,554,094

	Bank					Group				
	As at 1 January 2012	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases / (Sales)	As at 31 December 2012	As at 1 January 2012	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases / (Sales)	As at 31 December 2012
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets										
Derivative financial instruments	-	-	-	65,000	65,000	-	-	-	65,000	65,000
Currency swaps										
Financial investments - Available for sale										
Unquoted investments										
Equities	3,422,990	(1,788,000)	5,490	-	1,640,480	3,456,519	(1,794,143)	5,490	8,773	1,667,866
Total Level 3 financial assets	3,422,990	(1,788,000)	5,490	65,000	1,705,480	3,456,519	(1,794,143)	5,490	73,773	1,732,866
Financial liabilities	-	-	-		-	-	-	-		-
Total Level 3 financial liabilities	-	-	-	-	-	-	-	-	-	-
Total net Level 3 financial assets /(liabilities)	3,422,990	(1,788,000)	5,490	65,000	1,705,480	3,456,519	(1,794,143)	5,490	73,773	1,732,866

57 Determination of fair value and fair value hierarchy [contd]

57.2 Fair value of financial assets and liabilities

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which fair value approximates carrying value

For financial assets and liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. For certain instruments which have contractual maturity of more than one year, the fair value determined using reasonable basis. Given below is the basis adopted by the Bank in order to establish the fair values of such financial instruments.

- Loans and advances to customers
  More than 50% of the total portfolios of loans and advances to customers have a remaining contractual maturity of less than one year and 95% of balance loans are granted at floating rate. Therefore fair value of loans and advances to customers approximates to their carrying value as at the reporting date.

- Due to other customers
  More than 90% of the customer deposits are either repayable on demand or have a remaining contractual maturity of less than one year. Customer deposits with a contractual maturity of more than one year are subject to pre mature upliftment. Amounts paid to customers in the event of pre mature upliftment would not be materially different to its carrying value as at date. Therefore, fair value of customer deposits approximates to their carrying value as at the reporting date.

As at 31 December	2013		2012	
	Carrying amount LKR '000	Fair value LKR '000	Carrying amount LKR '000	Fair value LKR '000
57.2.1 Bank				
Financial assets				
Cash and short term funds	24,901,189	24,901,189	31,544,558	31,544,558
Balances with Central Banks	28,699,132	28,699,132	29,963,240	29,963,240
Placements with banks	19,315,520	19,315,520	19,394,466	19,394,466
Derivative financial instruments	3,261,073	3,261,073	507,451	507,451
Reverse repurchase agreements	22,319,717	22,319,717	797,425	797,425
Financial assets - Held for trading	13,539,791	13,539,791	15,541,185	15,541,185
Financial investments - Loans and receivable	129,108,613	129,067,922	99,206,859	99,203,831
Loans and advances to customers	725,331,966	725,331,966	691,899,207	691,899,207
Financial investments - Available for sale	10,325,214	10,325,214	12,080,988	12,080,988
Financial investments - Held to maturity	156,899,761	167,225,942	110,956,202	111,408,580
Total financial assets	1,133,701,976	1,143,987,466	1,011,891,581	1,012,340,931
Financial liabilities				
Due to banks	1,166,427	1,166,427	10,127,983	10,127,983
Derivative financial instruments	274,948	274,948	74,314	74,314
Due to customers	842,070,000	842,070,000	693,440,642	693,440,642
Other borrowings	235,370,269	233,820,632	233,795,515	239,161,531
Debt securities issued	20,968,357	20,968,357	23,296,349	23,296,349
Subordinated term debts	24,357,595	24,303,862	23,818,024	23,574,603
Total financial liabilities	1,124,207,596	1,122,604,226	984,552,827	989,675,422

As at 31 December	2013		2012	
	Carrying amount LKR '000	Fair value LKR '000	Carrying amount LKR '000	Fair value LKR '000
57.2.2 Group				
Financial assets				
Cash and short term funds	25,182,043	25,182,043	31,955,777	31,955,777
Balances with Central Banks	28,699,132	28,699,132	29,963,240	29,963,240
Placements with banks	21,157,190	21,157,190	25,577,197	25,577,197
Derivative financial instruments	3,261,073	3,261,073	507,451	507,451
Reverse repurchase agreements	22,851,895	22,851,895	1,423,796	1,423,796
Financial assets - Held for trading	13,898,242	13,898,242	16,028,758	16,028,758
Financial investments - Loans and receivable	130,190,296	130,149,465	99,182,351	99,179,323
Loans and advances to customers	746,571,819	746,571,819	709,933,498	709,933,498
Financial investments - Available for sale	12,852,445	12,852,445	14,361,925	14,361,925
Financial investments - Held to maturity	157,441,572	167,579,630	111,706,459	112,158,837
Total financial assets	1,162,105,707	1,172,202,934	1,040,640,452	1,041,089,802
Financial liabilities				
Due to banks	1,336,267	1,336,267	10,329,510	10,329,510
Derivative financial instruments	274,948	274,948	74,314	74,314
Due to customers	850,767,521	850,767,521	700,168,802	700,168,802
Other borrowings	240,802,111	239,252,474	245,140,679	250,506,695
Debt securities issued	24,986,818	24,986,818	24,481,798	24,481,798
Subordinated term debts	24,347,248	24,293,515	23,801,505	23,558,084
Total financial liabilities	1,142,514,913	1,140,911,543	1,003,996,608	1,009,119,203

58 Risk management

58.1 Introduction

58.1.1 Overview

The Bank considers Credit risk, Market risk, Liquidity risk and Operational risk as key risks faced by the Bank. Information presented in this note focuses on the Bank's exposure to above risks.

58.1.2 Group risk management

Bank of Ceylon Group consist of 12 subsidiaries and five associate companies. Their principal activities spread over diverse range. Their income, expenses, total assets and liabilities are less than 3% of the Group's income, expenses, total assets and liabilities. Therefore, the affairs of subsidiaries and associates do not have significant impact to the risk management.

However, the Bank is managing the strategic risk through comprehensive review of Group activities on a quarterly basis. Senior officers of the Bank are representing on such Boards and those officers, are involved in risk and audit committees. So that the Bank closely involves in risk and audit affairs of subsidiaries. On special circumstances Internal Auditor of the Bank carries out audits in subsidiaries. In addition, the Bank has developed and implemented a reporting mechanism for subsidiaries through risk dash boards. The dash board includes all the headline risk indicators of the respective subsidiary companies. The Bank is in the process of establishing a continuous monitoring of material risks through liaison officers of subsidiaries.

58.1.3 Risk management framework

Risk management governance structure of the Bank begins with oversight by the Board of Directors, which assures the performance of overall risk management framework. The Board establishes the risk appetite and sets strategic direction through risk management policies. The Bank's Independent Integrated Risk Management Division (IIRMD) is headed by the Chief Risk Officer (CRO), who directly reports to the Integrated Risk Management Committee (IRMC), which is a subcommittee of the Board. CRO is also a member of executive level committees such as Credit Committee, Asset and Liability Management Committee (ALCO), Operational Risk Management Executive Committee (ORMEC), IT Steering Committee and Non Performing Advances Monitoring Committee, which assist in managing various risks that the Bank is exposed to.

58.1.4 Risk measurement and reporting systems

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur, in fact, do occur.

Monitoring and controlling risks are primarily performed based on limits established by the Bank. The risk appetite and limits for the Bank are approved by the IRMC based on inputs from the IIRMD by considering the operating business environment and the types of risk taking activities that are assumed in pursuit of the Bank's strategic and financial objectives. In the limits setting process through risk appetite statement, the Bank is controlling the risk taking activities within the tolerance limits for Credit, Market, and Operational risk.

In addition to that the Bank has an internal process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The Internal Capital Adequacy Assessment Process (ICAAP) sets out the framework for the Bank's internal governance, and the operation of the risk and capital planning. The process provides an assurance that the Bank has adequate capital to support all risks in its business and an appropriate capital buffer based on its business profile.

The IRMC receives a comprehensive risk report on a regular basis which is designed to provide all the necessary information to assess and manage risks of the Bank.

58.1.5 Risk mitigation

As part of its overall risk management, the Bank uses mitigation techniques and strategies to reduce the risk. In managing credit risks bank actively uses counterparty evaluation to reduce its credit risks. Collaterals are used to further mitigate losses. Market risk is mitigated using derivative instruments in limited context. Strong internal control mechanism is in place to manage operational risks and insurance is used as a operational risk transfer strategy where necessary.

58.2 Credit risk

Credit risk management process is based on credit risk management policy and lending guidelines approved by the Board of Directors. These documents lay down the conditions and guidelines for granting, maintenance, monitoring and management of credit, at both transaction and portfolio levels.

58.2.1 Maximum exposure to credit risk

Collateral and other credit enhancements

The Bank obtains collateral from borrowers / counterparties in order to mitigate credit risk. The amount / types of collateral required depend on the credit risk assessment of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are as follows.

- For securities lending and reverse repurchase transactions, cash or securities
- For commercial lending, charges over real estate properties, inventory and trade receivables
- For retail lending, mortgages over properties

The Bank in certain circumstances obtains guarantees from parent companies for loans to their subsidiaries. The Bank monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The following table shows the maximum exposure to credit risk, total fair value of collateral, any surplus collateral and the net exposure to credit risk.

58 Risk management (contd.)

58.2.1 Maximum exposure to credit risk (contd.)

31 December 2013		Fair value of collateral and		
Financial assets	Maximum exposure to credit risk LKR '000	Cash LKR '000	Gold LKR '000	"GoSL securities / gaurantees" LKR '000
Cash and short term funds	24,901,189	20,371,373	-	-
Balances with Central Banks	28,699,132	28,699,132	-	-
Placements with banks	19,315,520	-	-	-
Derivative financial instruments	3,261,073	-	-	-
Reverse repurchase agreements	22,319,717	-	-	22,319,717
Financial assets - Held for trading	13,539,791	-	-	11,312,975
Financial investments - Loans and receivable	129,108,613	-	-	127,226,070
Loans and advances to customers	755,385,146	45,037,932	176,422,361	205,389,764
Less : Impairment	(30,053,180)			
Financial investments - Available for sale	10,325,214	-		1,660,970
Financial investments - Held to maturity	156,899,761	-	-	112,107,661
Total	1,133,701,976	94,108,437	176,422,361	480,017,157

31 December 2012		Fair value of collateral and		
Financial assets	Maximum exposure to credit risk LKR '000	Cash LKR '000	Gold LKR '000	"GoSL securities / guarantees" LKR '000
Cash and short term funds	31,544,558	18,744,692	-	-
Balances with Central Banks	29,963,240	29,963,240	-	-
Placements with banks	19,394,466	-	-	-
Derivative financial instruments	507,451	-	-	-
Reverse repurchase agreements	797,425	-	-	797,425
Financial assets - Held for trading	15,541,185	-	-	13,585,370
Financial investments - Loans and receivable	99,206,859	-	-	97,481,993
Loans and advances to customers	714,846,716	47,927,336	174,682,947	190,345,559
Less : Impairment	(22,947,509)			
Financial investments - Available for sale	12,080,988	-	-	4,001,763
Financial investments - Held to maturity	110,956,202	-	-	69,559,002
Total	1,011,891,581	96,635,268	174,682,947	375,771,112

credit enhancements held					
Movables LKR '000	Immovable property LKR '000	Others LKR '000	Surplus collateral LKR '000	Net collateral LKR '000	Net exposure LKR '000
-	-	-	-	20,371,373	4,529,816
-	-	-	-	28,699,132	-
-	-	-	-	-	19,315,520
-	-	-	-	-	3,261,073
-	-	-	-	22,319,717	-
-	-	-	-	11,312,975	2,226,816
-	-	-	-	127,226,070	1,882,543
57,976,312	132,462,987	33,584,099	(108,333,627)	542,539,828	212,845,318
					(30,053,180)
-	-	-	-	1,660,970	8,664,244
-	-	-	-	112,107,661	44,792,100
57,976,312	132,462,987	33,584,099	(108,333,627)	866,237,726	267,464,250

credit enhancements held					
Movables LKR '000	Immovable property LKR '000	Others LKR '000	Surplus collateral LKR '000	Net collateral LKR '000	Net exposure LKR '000
-	-	-	-	18,744,692	12,799,866
-	-	-	-	29,963,240	-
-	-	-	-	-	19,394,466
-	-	-	-	-	507,451
-	-	-	-	797,425	-
-	-	-	-	13,585,370	1,955,815
-	-	-	-	97,481,993	1,724,866
45,177,807	108,098,718	28,984,694	(91,046,157)	504,170,904	210,675,812
					(22,947,509)
-	-	-	-	4,001,763	8,079,225
-	-	-	-	69,559,002	41,397,200
45,177,807	108,098,718	28,984,694	(91,046,157)	738,304,389	273,587,192

58 Risk management (contd.)

58.2 Credit risk (contd.)

58.2.2 Credit quality by class of financial assets

IIRMD internally developed a corporate borrower rating system and credit scoring models. The borrower rating system categorizes all performing corporate credits into nine grades on the basis of underlying credit quality. For consumer lending, bank has developed credit scoring models for processing loan applications and monitoring credit quality.

The Bank's non performing advances are categorised as per the CBSL guidelines. At each reporting date the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that there is an incurred loss.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an impairment charges against loans and advances. A detailed note on impairment of loans and advances is in note number 26 to the financial statements.

The Bank writes off certain loans and advances and investment securities when they are determined to be uncollectible.

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system, and intrinsic risk of the financial assets. High grade includes advances granted to GOSL and loans and advances granted to corporate borrowers whose internal credit ratings are AAA, AA or A. Standard grade consists of corporate borroweres whose internal credit rating is BBB, BB or B. Substandard grade includes corporate borrowers whose credit rating is CCC, CC or C.

90% of substandard grade consists of loans granted to state owned enterprises, which are collateralised against treasury guarantees. Exposures that are not rated include retail advances, SME loans and middle market loans.

Credit quality by class of financial assets	*As at 31 December 2013*						
	Neither past due / Nor impaired				Past due but not individually impaired	Individually impaired	Total
	High grade LKR ' 000	Standard grade LKR ' 000	Sub-standard grade LKR ' 000	Grades not allocated / Un rated LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000
Cash and short term funds	24,901,189	-	-	-	-	-	24,901,189
Balances with Central Banks	28,699,132	-	-	-	-	-	28,699,132
Placements with banks	14,357,560	-	-	4,957,960	-	-	19,315,520
Derivative financial instruments	3,261,073	-	-	-	-	-	3,261,073
Reverse repurchase agreements	22,319,717	-	-	-	-	-	22,319,717
Financial assets - Held for trading	11,312,975	-	-	2,226,816	-	-	13,539,791
Financial investments - Loans and receivable	127,226,070	-	-	1,882,543	-	-	129,108,613
Loans and advances to customers	140,091,047	35,210,823	147,334,945	298,375,117	119,440,120	14,933,094	755,385,146
Less : Impairment	-	-	-	-	-	-	(30,053,180)
Financial investments - Available for sale	1,660,970	-	-	7,201,794	-	1,462,450	10,325,214
Financial investments - Held to maturity	156,899,761	-		-	-	-	156,899,761
Total	530,729,494	35,210,823	147,334,945	314,644,230	119,440,120	16,395,544	1,133,701,976

Age analysis of past due but not individually impaired loans	Past due but not individually impaired					
	Less than 30 days LKR ' 000	31 to 60 days LKR ' 000	61 to 90 days LKR ' 000	91 to 180 days LKR ' 000	181 days and over LKR ' 000	Total LKR ' 000
Loans and advances to customers	61,467,451	22,062,143	5,933,429	5,296,425*	24,680,672 *	119,440,120

* This includes LKR 11,860.4 million of pawning advances, which are secured by gold.

Note : Age analysis of past due but not individually impaired loans include facilities in arrears of one day and above.

58 Risk management (contd.)

58.2 Credit risk (contd.)

58.2.2 Credit quality by class of financial assets (contd.)

Credit quality by class of financial assets	*As at 31 December 2012*						
	Neither past due / Nor impaired						
	High grade LKR ' 000	Standard grade LKR ' 000	Sub-standard grade LKR ' 000	Grades not allocated / Un rated LKR ' 000	Past due but not individually impaired LKR ' 000	Individually impaired LKR ' 000	Total LKR ' 000
Cash and short term funds	31,544,558	-	-	-	-	-	31,544,558
Balances with Central Banks	29,963,240	-	-	-	-	-	29,963,240
Placements with banks	19,394,466	-	-	-	-	-	19,394,466
Derivative financial instruments	507,451	-	-	-	-	-	507,451
Reverse repurchase agreements	797,425	-	-	-	-	-	797,425
Financial assets - Held for trading	13,585,370	-	-	1,955,815	-	-	15,541,185
Financial investments - Loans and receivable	97,481,993	-	-	1,724,866	-	-	99,206,859
Loans and advances to customers	121,065,508	42,159,685	146,521,673	290,177,695	102,585,987	12,336,168	714,846,716
Less : Impairment	-	-	-	-	-	-	(22,947,509)
Financial investments - Available for sale	4,001,763	-	-	6,616,775	-	1,462,450	12,080,988
Financial investments - Held to maturity	110,956,202	-		-	-	-	110,956,202
Total	429,297,976	42,159,685	146,521,673	300,475,151	102,585,987	13,798,618	1,011,891,581

Age analysis of past due but not individually impaired loans	Past due but not individually impaired					
	Less than 30 days LKR ' 000	31 to 60 days LKR ' 000	61 to 90 days LKR ' 000	91 to 180 days LKR ' 000	181 days and over LKR ' 000	Total LKR ' 000
Loans and advances to customers	64,171,351	19,445,778	5,004,524	2,853,123	11,111,211	102,585,987

Note : Age analysis of past due but not individually impaired loans include facilities in arrears of one day and above.

58.2.3 Analysis of risk concentration

At portfolio level, credit risk includes concentration risk arising from concentration of exposures to individual / group of borrowers, industry / sectors and geographical regions.

Country wise exposure

The Bank maintains exposures outside Sri Lanka mainly due to its two branches in India and Maldives and the subsidiary operating in United Kingdom (UK). Both branches are operating with pre set limits (credit limits as well as country limits) and are approved by the Board of Directors of Bank of Ceylon while the credits are managed through delegated authority where the higher levels of authority is retained within head office in Colombo.

UK exposure is the total assets of the Bank's fully owned subsidiary operating under regulatory purview of United Kingdom Prudential Regulation Authority and the credit decisions are decentralized with head office having its control through the Board of Directors appointed by the Bank. The key staff including Chief Executive Officer and Deputy Chief Executive Officer are the employees seconded from Bank of Ceylon. UK operations have established risk exposure levels as part of its risk management framework.

Exposures in other countries include nostro account balances with correspondent banks whose risks are managed through Board approved bank limits and country limits.

Borrowings in other countries in 2013 include two senior notes, worth USD 500 million each, which are listed in Singapore Stock Exchange (2012 one senior note worth USD 500 million).

58 Risk management (contd.)

58.2 Credit risk (contd.)

58.2.3 Analysis of risk concentration (contd.)

Country wise exposure

31 December 2013	Sri Lanka LKR ' 000	United Kingdom LKR ' 000	Republic of Maldives LKR ' 000	India LKR ' 000	United State of America LKR ' 000	Other LKR ' 000	Total LKR ' 000
Assets							
Cash and short term funds	20,296,769	335,096	217,736	60,898	2,344,337	1,646,353	24,901,189
Balances with Central Banks	24,513,439	-	3,930,655	255,038	-	-	28,699,132
Placements with banks	4,993,602	9,402,682	-	1,908,421	-	3,010,815	19,315,520
Derivative financial instruments	3,261,073	-	-	-	-	-	3,261,073
Reverse repurchase agreements	22,319,717	-	-	-	-	-	22,319,717
Financial assets - Held for trading	13,539,791	-	-	-	-	-	13,539,791
Financial investments - Loans and receivables	124,051,825	-	5,056,788	-	-	-	129,108,613
Loans and advances to customers	715,797,622	-	6,566,096	2,968,248	-	-	725,331,966
Financial investments - Available for sale	9,335,877	-		989,337	-	-	10,325,214
Financial investments - Held to maturity	156,899,761	-	-	-	-	-	156,899,761
Total assets	1,095,009,476	9,737,778	15,771,275	6,181,942	2,344,337	4,657,168	1,133,701,976
Liabilities							
Due to banks	877,499	-	-	-	288,928	-	1,166,427
Derivative financial instruments	274,948	-	-	-	-	-	274,948
Due to customers	827,053,693	-	12,527,691	2,488,616	-	-	842,070,000
Other borrowings	46,429,962	2,183,495	-	-	-	186,756,812	235,370,269
Debt securities issued	20,968,357	-	-	-	-	-	20,968,357
Subordinated term debts	24,357,595	-	-	-	-	-	24,357,595
Total liabilites	919,962,054	2,183,495	12,527,691	2,488,616	288,928	186,756,812	1,124,207,596

31 December 2012	Sri Lanka LKR ' 000	United Kingdom LKR ' 000	Republic of Maldives LKR ' 000	India LKR ' 000	United State of America LKR ' 000	Other LKR ' 000	Total LKR ' 000
Assets							
Cash and short term funds	18,502,510	455,403	281,272	126,850	9,531,145	2,647,378	31,544,558
Balances with Central Banks	26,790,379	-	2,874,866	297,995	-	-	29,963,240
Placements with banks	891,288	8,741,771	-	2,889,609	-	6,871,798	19,394,466
Derivative financial instruments	164,681	104,286	-	109,268	-	129,216	507,451
Reverse repurchase agreements	797,425	-	-	-	-	-	797,425
Financial assets - Held for trading	15,541,185	-	-	-	-	-	15,541,185
Financial investments - Loans and receivables	96,100,510	-	3,106,349	-	-	-	99,206,859
Loans and advances to customers	683,046,207	-	6,808,000	2,045,000	-	-	691,899,207
Financial investments - Available for sale	10,908,323	-	-	1,172,665	-	-	12,080,988
Financial investments - Held to maturity	110,956,202	-	-	-	-	-	110,956,202
Total assets	963,698,710	9,301,460	13,070,487	6,641,387	9,531,145	9,648,392	1,011,891,581
Liabilities							
Due to banks	9,702,675	-	-	80,808	-	344,500	10,127,983
Derivative financial instruments	50,326	1,868	-	21,415	-	705	74,314
Due to customers	679,399,373	-	11,423,240	2,618,029	-	-	693,440,642
Other borrowings	62,497,995	10,672,804	-	-	19,172,235	141,452,481	233,795,515
Debt securities issued	23,296,349	-	-	-	-	-	23,296,349
Subordinated term debts	23,818,024	-	-	-	-	-	23,818,024
Total liabilities	798,764,742	10,674,672	11,423,240	2,720,252	19,172,235	141,797,686	984,552,827

58 Risk management (contd.)

58.2 Credit risk (contd.)

58.2.3 Analysis of risk concentration (contd.)

Sector wise exposure

31 December 2013	Agriculture and fisheries LKR ' 000	Banking finance and insurance business LKR ' 000	Hotels travels and services LKR ' 000	Housing, construction and infrastructure LKR ' 000
Cash and short term funds	-	6,513,731	-	-
Balances with Central Banks	-	-	-	-
Placements with banks	-	19,315,520	-	-
Derivative financial instruments	-	3,261,073	-	-
Reverse repurchase agreements	-	-	-	-
Financial assets - Held for trading	346,904	82,269	363,868	177,661
Financial investments - Loans and receivables	-	1,777,202	-	-
Loans and advances to customers	115,795,394	6,814,722	23,323,850	97,347,861
Less : Impairment	-	-		-
Financial investments - Available for sale	-	7,023,942	-	-
Financial investments - Held to maturity	-	-	-	-
	116,142,298	44,788,459	23,687,718	97,525,522

31 December 2012	Agriculture and fisheries LKR ' 000	Banking finance and insurance business LKR ' 000	Hotels travels and services LKR ' 000	Housing, construction and infrastructure LKR ' 000
Cash and short term funds	-	12,799,866	-	-
Balances with Central Banks	-	-	-	-
Placements with banks	-	19,394,466	-	-
Derivative financial instruments	-	507,451	-	-
Reverse repurchase agreements	-	-	-	-
Financial assets - Held for trading	312,759	84,459	403,630	113,479
Financial investments - Loans and receivables	-	1,724,866	-	-
Loans and advances to customers	120,643,851	12,109,156	18,345,833	73,377,337
Less : Impairment	-	-	-	-
Financial investments - Available for sale	-	6,438,745	-	-
Financial investments - Held to maturity	-	-	-	-
	120,956,610	53,059,009	18,749,463	73,490,816

* This excludes exposure to state owned enterprises.

Manufacturing	Commercial trade	Sovereign and direct Government	Transportation and logistics	Other commercial services	Consumption and others	Total
LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000
-	-	-	-	-	18,387,458	24,901,189
-	-	28,699,132	-	-	-	28,699,132
-	-	-	-	-	-	19,315,520
-	-	-	-	-	-	3,261,073
-	-	22,319,717	-	-	-	22,319,717
575,636	567,972	11,312,975	106,672	5,834	-	13,539,791
-	105,341	127,226,070	-	-	-	129,108,613
51,467,301	231,904,246	74,561,982*	26,116,228	12,707,933	115,345,629	755,385,146
-	-	-	-	-	-	(30,053,180)
-	-	1,660,970	-	1,640,302	-	10,325,214
-	-	156,899,761	`	-	-	156,899,761
52,042,937	232,577,559	422,680,607	26,222,900	14,354,069	133,733,087	1,133,701,976

Manufacturing	Commercial trade	Sovereign and direct Government	Transportation and logistics	Other commercial services	Consumption and others	Total
LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000
-	-	-	-	-	18,744,692	31,544,558
-	-	29,963,240	-	-	-	29,963,240
-	-	-	-	-	-	19,394,466
-	-	-	-	-	-	507,451
-	-	797,425	-	-	-	797,425
572,328	384,575	13,585,370	82,428	2,157	-	15,541,185
-	-	97,481,993	-	-	-	99,206,859
70,826,872	196,730,686	80,265,490*	16,518,860	11,610,150	114,418,481	714,846,716
-	-	-	-	-	-	(22,947,509)
-	-	4,001,763	-	1,640,480	-	12,080,988
-	-	110,956,202	-	-	-	110,956,202
71,399,200	197,115,261	337,051,483	16,601,288	13,252,787	133,163,173	1,011,891,581

58 Risk management (contd.)

58.2 Credit risk (contd.)

58.2.4 Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not recognized on the statement of financial position, they do contain credit risk and therefore part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

As at 31 December	Bank 2013 LKR '000	2012 LKR '000
Acceptances and documentary credit	163,754,104	145,792,017
Bills for collection	3,947,225	3,624,194
Forward exchange contracts	127,685,402	81,604,962
Guarantees	69,275,083	84,232,029
	364,661,814	315,253,202

58.3 Liquidity risk and funding management

ALCO being the main management committee for taking important decisions on managing liquidity and market risk, Bank's funding plan is reviewed monthly and remedial measures are proposed to rectify any material deviation which might lead to a stress liquidity situation.

Treasury division prepares the maturity gap analysis on a monthly basis and submits to ALCO for decision making purpose. Assets and liabilities of the bank are positioned in to pre- defined time bands according to their residual term to maturity. Assets and liability mis-matches are monitored against the limits to mitigate liquidity risk of the Bank.

The table below presents the contractual undiscounted maturity of the bank's financial liabilities as at 31 December 2013.

31 December 2013	On demand LKR '000	Less than 3 months LKR '000	3 to 12 months LKR '000	1 to 5 years LKR '000	Over 5 years LKR '000	Total LKR '000
Due to banks	550,115	616,312	-		-	1,166,427
Derivative financial instruments	-	274,948	-	-	-	274,948
Due to customers	236,585,484	326,874,514	255,745,428	52,285,006	28,359	871,518,791
Other borrowings		36,369,823	41,589,663	157,074,075	711,378	235,744,939
Debt securities issued	-	-	2,686,344	23,799,957	-	26,486,301
Subordinated debentures	-	-	3,150,100	28,797,934	6,212,936	38,160,970
	237,135,599	364,135,597	303,171,535	261,956,972	6,952,673	1,173,352,376

31 December 2012	On demand LKR '000	Less than 3 months LKR '000	3 to 12 months LKR '000	1 to 5 years LKR '000	Over 5 years LKR '000	Total LKR '000
Due to banks	-	10,279,583	-	-	-	10,279,583
Derivative financial instruments	-	74,314	-	-	-	74,314
Due to customers	313,592,135	169,971,612	208,692,049	20,513,632	403,706	713,173,134
Other borrowings	-	82,110,269	77,903,381	110,591,620	1,287,014	271,892,284
Debt securities issued	-	-	5,305,644	27,201,701	-	32,507,345
Subordinated debentures	-	51,569	10,487,164	22,881,340	-	33,420,073
	313,592,135	262,487,347	302,388,238	181,188,293	1,690,720	1,061,346,733

Balances in above tables do not tally directly with those in statement of financial position as these tables incorporates, on an undiscounted basis, all cash flows relating to principal and future interest payments.

58.4 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Bank classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. The market risk for the foreign exchange and equity trading portfolio are managed and monitored based on a Value at Risk (VaR) methodology that reflects the interdependency between risk variables. The market risk for the interest rate risk related trading portfolio is managed and monitored based on Price Value per Basis Point (PVBP) and Duration analysis.

Non trading positions are managed and monitored using stress testing.

58.4.1 Value at Risk (VaR)

The Bank uses variance -covariance VaR models to assess possible changes in the market value of the trading portfolio based on historical data for the past three years.

Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level.

In practice, the actual trading results will differ from the VaR calculation. In particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

58.4.2 VaR Assumptions

The VaR that the Bank measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of a 99% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days.

Since VaR is an integral part of the Bank's market risk management, VaR limits have been established for equity and foreign exchange trading operations and exposures are monitored daily against the limits.

58.4.3 Market risk – trading

Currency risk

The Bank carries moderate level of open positions and therefore does not have significant sensitivity to profit and loss over foreign currency trading transactions.

Equity risk

Equity risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks.

Equity VaR	2013 LKR' 000	2012 LKR' 000
Highest	167,768	210,304
Lowest	119,750	122,083
Average	138,910	158,438
31 December	121,513	129,979

Interest rate risk

PVBP is calculated weekly to monitor the impact of interest rate changes on Bank's trading portfolios of treasury bonds and bills. Following tables depicts the results as at 31 December 2013

Increase in basis points	Sensitivity to profit and loss LKR'000
25	-19,950
50	-39,739

A 25 and 50 basis point increase in interest rate would reduce the value of the trading bond portfolio by Rs 19.9 million and 39.7 million respectively

58 Risk management (contd.)

58.4 Market risk (contd.)

58.4.4 Market risk – non trading

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Board has set limits on currency positions. In accordance with the Bank's policy and CBSL directions, positions are monitored on a daily basis. The Bank monitors non trading currency risk through forex VaR as at 31 December 2013 was only LKR 1,089,590 (31 December 2012 : LKR 529,010).

Equity risk

The non trading equity price risk arises from equity securities classified as available for sale. A 10% decrease in the equity price level would cause a potential negative impact of LKR 474 million as at 31 December 2013 (31 December 2012 : LKR 475 million).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect future cash flows or the fair value of the financial instruments.

Interest rate risk on non trading financial assets and liabilities are monitored using analysis of rate sensitive assets and liabilities prepared monthly by the ALM unit. Stress testing is carried out at the IIRMD to identify extreme situations.

58.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, but excludes strategic risk and reputation risk.

The Bank recognises the significance of operational risk, which is inherent in all areas of business. The Bank seeks to minimize exposure to operational risk, through implementing improved management and measurement approaches.

Bank uses Basic Indicator Approach (BIA) to allocate capital for operational risk. Even though the capital allocated for operational risk was significant, it was apparent that actual operational loss was far below the allocated capital.

	2013 LKR' 000	2012 LKR' 000	2011 LKR' 000
Capital charge for operational risk	6,719,688	5,618,104	4,245,548
Actual operational losses	16,773	65,689	5,651

59.6 Capital management

The primary objective of Capital management is to ensure maintenance of minimum regulatory capital requirement. The Bank ensures that adequate capital has been allocated to achieve strategic objectives and within the risk appetite of the Bank.

58.6.1 Capital adequacy

Capital Adequacy Ratio (CAR) is a measure of the Bank's capital expressed as a percentage of risk weighted assets of credit, market and operational aspects of the banking business. It is a measure of financial strength of the Bank which indicates its ability to maintain adequate capital to face with unforeseen scenarios.

Central Bank of Sri Lanka (CBSL) defines and monitors CAR to ensure that banks are not participating or holding investments that increase the risk of default and that they have enough capital to sustain operating losses and thereby maintaining confidence in the banking system.

The Bank calculates CAR based on international convergence of capital measurement and capital standards, revised framework, which is commonly known as Basel II framework. IIRMD actively and continuously monitor the CAR, while stressing rigourously for worst possible scenarios. ICAAP factors out all possible risks such as reputation risk, strategic risk, compliance risk, concentration risk and interest rate risk on banking book.

CAPITAL ADEQUACY 2013

Capital Adequacy Ratio (CAR) or Total Capital Ratio (TCR) measures a bank's capital position and is expressed as a ratio of its capital to its assets. Capital adequacy is the financial measurement device which indicates the soundness and stability of the banking system. An international standard which recommends minimum capital adequacy ratios has been developed to ensure a bank's capability to absorb a reasonable level of losses before becoming insolvent. Applying minimum capital adequacy ratios serves to protect depositors and promote the stability and efficiency of the financial system.

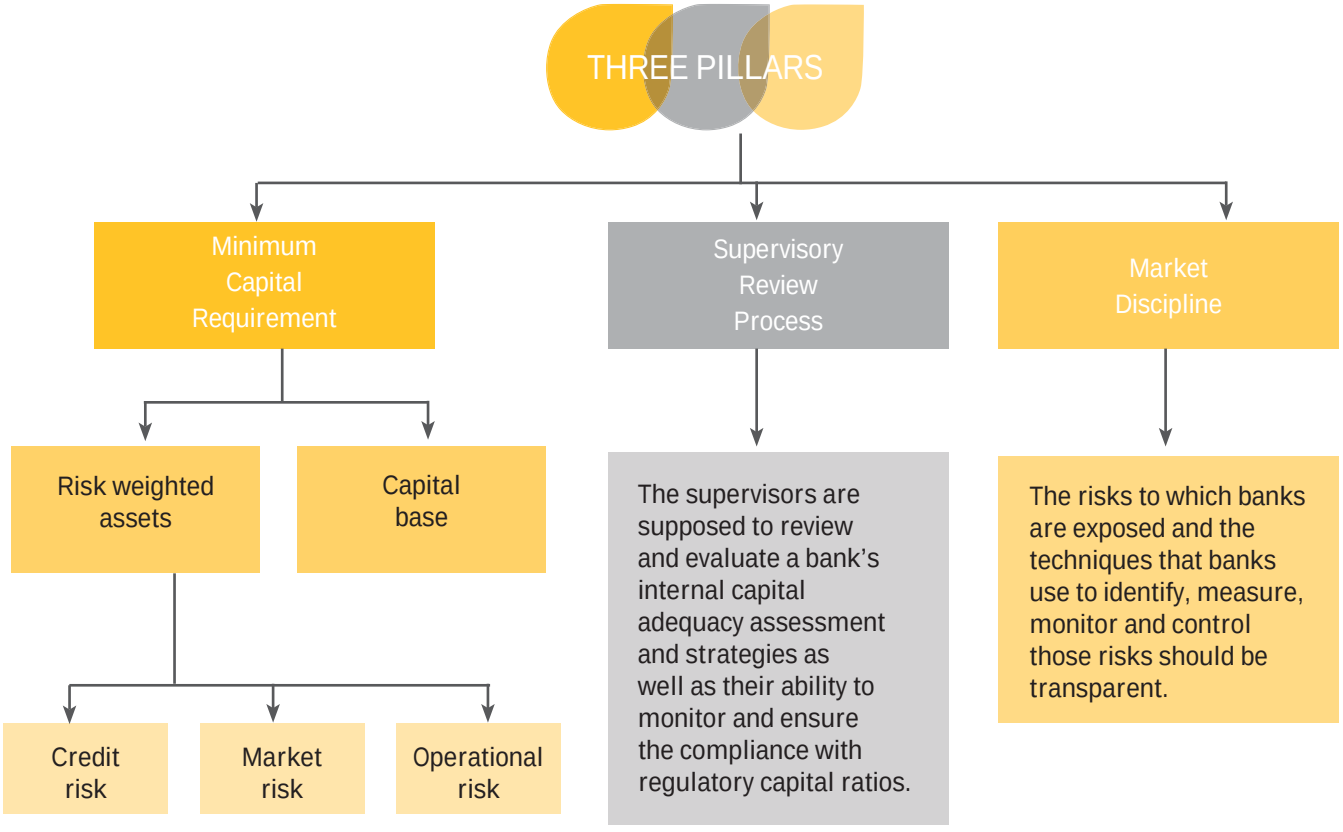
Development of Basel Accord

The "Basel committee" on banking supervision of the Bank for International Settlement, is a committee that represents Central Banks and financial supervisory authorities of major industrialized countries (G10 countries). The committee itself promotes the effective supervision of banks on a global basis by setting international standards. It's principal interest has been in the area of capital adequacy ratios.

The statement issued on principles dealing with capital adequacy ratios is known as the "Basel Accord". It contains recommended approaches for calculating capital and risk weighted assets and recommended minimum capital adequacy ratios for banks. The purpose of offering options is to allow each bank and its supervisors to select approaches that are most appropriate to the bank's operations and its ability to measure risk .The current framework for the international convergence of capital measurement and capital standards which is known as Basel II is a three pillar structure.

Measuring credit exposure

Measuring credit exposure requires adjustments to be made to the amount of assets shown on a bank's balance sheet. Since different types of assets have different risk profiles, CAR primarily adjusts for assets that are less risky by allowing banks to "discount" lower risk assets. Therefore, assets of a bank are weighted, in a broad manner, according to the level of riskiness.



Off balance sheet items, such as guarantees and letters of credit, also carry credit risks which are converted to credit equivalent amounts and are also weighted according to different risk levels. The specifics of CAR calculation vary from country to country, but general approaches are more similar for countries that apply Basel Accords.

Capital computation

Two types of capital are measured: Tier I capital , which can absorb losses without being required to cease trading (e.g. ordinary share capital) and Tier II capital ,which can absorb losses in the event of a winding up (e.g. subordinated debt). According to the guidelines of Central Bank of Sri Lanka all commercial banks are required to compute the ratios on solo basis and on the consolidated basis.

The minimum capital adequacy ratios that apply are

- Tier I capital to total risk weighted credit exposure to be not less than 5%.
- Total capital (Tier I + Tier II) to total risk weighted credit exposure to be not less than 10%.

The ratio ensures that the banks do not expand their business without having adequate capital.

Basel III

Basel Committee is raising the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel II.

- Enhanced minimum capital and liquidity requirement
- Enhanced supervisory review process for firm wide risk management and capital planning
- Enhanced risk disclosure and market discipline

The new regulations raise the quality, consistency and transparency of the capital base and strengthen the risk coverage of the capital framework. Major elements of the proposals are noted below.

Regulatory Element	Proposals
Higher minimum Tier I capital	Tier I capital ratio increases by 2%
New capital conservation buffer	Hold a capital conservation buffer of 2.5%
Countercyclical capital buffer	Countercyclical buffer within a range of 0% - 2.5% of common equity
Leverage ratio	3% non risk based leverage ratio
Liquidity standards	Liquidity Coverage Ratio (LCR) to ensure that sufficient high quality liquid resources are available for one month survival

New Basel III regulations will affect all banks; however, the severity of the impact may differ across types and size of banks. Most banks will be impacted by the increase in quantity and quality of capital, liquidity and leverage ratios.

The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spillover from the financial sector to the real economy and improve risk management and governance.

	Bank		Group	
	2013 LKR million	2012 LKR million	2013 LKR million	2012 LKR million
TIER I: Core Capital				
Paid up ordinary shares	5,000	5,000	5,000	5,000
Permanent reserve fund	3,538	3,286	3,538	3,286
Published retained earnings	31,419	27,639	33.261	29,318
General and other reserves	8,619	6,402	9,701	7,282
Non controlling interest (consistent with the above capital constituents)	-	-	1,296	1,417
Deductions				
50% of investments in unconsolidated banking and financial subsidiaries	(2,469)	(2,469)	-	-
Other deductions	(809)	(636)	(809)	(636)
Total eligible core capital (Tier I capital)	45,298	39,222	51,987	45,667
TIER II: Supplementary Capital				
Revaluation reserve (as approved by Central Bank of Sri Lanka)	2,373	2,306	2,373	2,306
General provisions	2,694	2,564	2,694	2,564
Approved subordinated term debt	17,800	12,988	17,800	12,988
Deductions	(2,777)	(2,729)	(308)	(260)
Total eligible supplementary capital (Tier II capital)	20,090	15,129	22,559	17,598
Total capital base	65,388	54,351	74,546	63,265

Computation of Risk Weighted Assets

		Bank				Group			
		2013		2012		2013		2012	
	Risk weight factor	On balance sheet assets and credit equivalent of off balance sheet assets	Risk weighted assets	On balance sheet assets and credit equivalent of off balance sheet assets	Risk weighted assets	On balance sheet assets and credit equivalent of off balance sheet assets	Risk weighted assets	On balance sheet assets and credit equivalent of off balance sheet assets	Risk weighted assets
		LKR million	LKR million	LKR million	LKR million	LKR million	LKR million	LKR million	LKR million
Assets									
Claims on Government of Sri Lanka and Central Bank of Sri Lanka	0	441,851	-	353,621	-	442,742	-	356,297	-
Claims on foreign sovereigns and their central banks	0-150	10,232	9,610	7,244	6,631	10,232	9,610	7,244	6,631
Claims on Public Sector Entities (PSEs)	20-150	66,296	66,296	59,753	59,753	66,296	66,296	59,753	59,753
Claims on banks	20-150	35,554	20,910	63,464	36,061	37,396	22,752	63,464	36,061
Claims on financial institutions	20-150	4,123	3,181	5,090	3,392	4,123	3,181	5,090	3,392
Claims on corporates	20-150	125,984	123,104	116,160	111,827	150,112	147,233	140,220	135,887
Retail claims	75-100	155,881	133,290	120,622	101,311	155,881	133,290	120,622	101,311
Claims secured by residential property	50-100	35,457	23,220	36,116	25,571	35,457	23,220	36,116	25,571
Non Performing Assets (NPAs)	50-150	20,662	29,828	11,658	16,640	20,662	29,828	11,658	16,640
Cash items	0-20	42,295	4,389	23,300	911	42,576	4,389	23,711	911
Exposures collateralized by cash, gold and Government securities	0	300,699	-	304,851	-	300,699	-	304,851	-
Property, plant and equipment	100	12,089	12,089	10,819	10,819	20,909	20,909	18,013	18,013
Other assets	100	39,786	39,786	38,751	38,751	40,944	40,944	40,307	40,307
Total exposure		1,290,909	465,703	1,151,449	411,667	1,328,029	501,652	1,187,347	444,477

		Bank				Group			
		2013		2012		2013		2012	
Off balance sheet exposures	Credit conversion factor %	Assets	Credit equivalent	Assets	Credit equivalent	Assets	Credit equivalent	Assets	Credit equivalent LKR million
Direct credit substitutes	100	30,310	30,310	49,424	49,424	30,310	30,310	49,424	49,424
Transaction related contingencies	50	30,389	15,195	26,449	13,224	30,389	15,195	26,449	13,224
Short term self liquidating trade related contingencies	20	178,554	35,711	152,203	30,441	178,554	35,711	152,203	30,441
Other commitments with an original maturity of up to one year or which can be unconditionally cancelled at any time	0	79,300		31,873		79,300		31,873	
Commitments with an original maturity up to one year and maturity of over one year	20-50	38,029	17,522	25,145	12,251	38,029	17,522	25,145	12,251
Foreign exchange contracts	2-5	127,685	2,554	80,938	1,619	127,685	2,554	80,938	1,619
Total off balance sheet exposure		484,267	101,292	366,032	106,959	484,267	101,292	366,032	106,959

Market Risk - The Standardized Measurement Approach

	Bank		Group	
	2013 LKR million	2012 LKR million	2013 LKR million	2012 LKR million
Capital charge for				
Interest rate risk	141	289	141	289
Equity	422	372	422	372
Foreign exchange and gold	21	16	21	16
Total capital charge for market risk	584	677	584	677
Total risk weighted assets for market risk	5,838	6,773	5,838	6,773

Operational Risk-The Basic Indicator Approach

	Bank		Group	
	2013 LKR million	2012 LKR million	2013 LKR million	2012 LKR million
Capital charge for operational risk				
Total gross income of three consecutive years	134,422	112,362	145,577	121,242
Average gross income	44,807	37,454	48,526	40,414
Total capital charge for operational risk - 15%	6,721	5,618	7,279	6,062
Total risk weighted assets for operational risk	67,211	56,181	72,789	60,621

The basic indicator approach will be replaced by The Standardised Approach (TSA). Under the standardized approach banks activities are divided into eight business lines: corporate finance, trading and sales, retail banking, commercial banking, payment and settlement, agency services, asset management and retail brokerage. The capital charge for each business line is calculated by multiplying gross income by a factor (denoted beta varies from 12% to 18%) assigned to that business line.

	Bank		Group	
	2013 LKR million	2012 LKR million	2013 LKR million	2012 LKR million
Computation of ratios total risk weighted assets				
Total risk weighted assets for credit risk	465,703	411,667	501,652	444,477
Total risk weighted assets for market risk	5,838	6,773	5,838	6,773
Total risk weighted assets for operational risk	67,211	56,181	72,789	60,621
Sub total	538,752	474,621	580,279	511,871
Minimum capital charge				
Credit risk	46,570	41,167	50,165	44,448
Market risk	584	677	584	677
Operational risk	6,721	5,618	7,279	6,062
Total eligible core capital (Tier 1 capital)	45,298	39,222	51,987	45,667
Total eligible supplementary capital (Tier II capital)	20,090	15,129	22,559	17,598
Total capital base	65,388	54,351	74,546	63,265
Core capital ratio	8.4%	8.3%	8.9%	8.9%
Capital adequacy ratio	12.1%	11.5%	12.9%	12.4%

Compliance Requirements Enforced by Colombo Stock Exchange

Compliance to the Listing Rules on contents of Annual Report, which were applicable to the Bank for the year ended 31 December 2013 are summarized below:

Rule No.	Requirement	Period	Date Submitted
7.4 a (i)	The Interim Financial Statements prepared on quarterly basis, approved by the Board of Directors to be submitted to CSE within 45 days from respective quarter ends for the first three quarters and within two months at the end of fourth quarter	Quarter 1 ended 31 March 2013 Quarter 2 ended 30 June 2013 Quarter 3 ended 30 September 2013 Quarter 4 ended 31 December 2013	15 May 2013 15 August 2013 14 November 2013 28 February 2014

Rule No.	Requirement	Compliance
7.4 b (i)	Comply with LKAS 34 and disclose Group and Bank separately	Complied with
7.4 b (ii)	Disclose the additional notes and ratios as per Listing Rules	Complied with
7.4 b (iii)	Be signed by two Directors	Complied with
7.4 b (iv)	State whether the Financial Statements are audited or not	Complied with
7.5 a	Annual Report to be submitted to CSE within five months from the closure of financial year	The Audited Financial Statements for the year ended 31 December 2013 was submitted on 27 March 2014. Annual Report for the year 2013 will be submitted before the deadline.

Rule No.	Disclosure Requirement	Reference/Comments	Page No.
7.6 (i)	Names of persons who during the financial year were Directors of the entity;	Annual Report of the Board of Directors on the State of Affairs of Bank of Ceylon	212
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Annual Report of the Board of Directors on the State of Affairs of Bank of Ceylon Significant Accounting Policies Investor Information	212 232 402
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non voting shares and the percentage of such shares held	Government of Sri Lanka is the sole shareholder of Bank of Ceylon	
7.6 (iv)	The public holding percentage	Not applicable	
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	Not applicable	

Compliance Requirements Enforced by Colombo Stock Exchange (contd.)

Rule No.	Disclosure Requirement	Reference/Comments	Page No.
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity	Risk Report	198
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity	No material issues occurred during the year under review	
7.6(viii)	Extents,locations,valuations and the number of buildings of the entity's land holdings and investment properties	Note 32 to the Financial Statements	298
7.6 (ix)	Number of shares representing the entity's stated capital	Note 46 to the Financial Statements	321
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and percentage of their total holdings	Investor Information	380
7.6 (xi)	Ratios and market price information: 1. Dividend per share,net assets value per share,interest rate of comparable Government securities,debt/equity ratio, interest cover and liquid asset ratio	Note 18 to the Financial Statements Investor Information	257 379
	2. Market information on listed debentures	Note 45 to the Financial Statements Investor Information	320 383
	3. Any changes in credit rating	Awards	14
7.6 (xii)	Significant changes in the entity's or its subsidiaries' fixed assets and the market value of the land, if the value differs substantially from the book value	Note 32 to the Financial Statements	298
7.6 (xiii)	During the year the entity has raised funds either through a public issue, rights issue and private placement	Note 41 and 45 to the Financial Statements	308 317
7.6 (xiv)	Information in respect of each employee share ownership or stock option scheme	Not applicable	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 (c) and 7.10.6 (c) of Section 7 of the Rules	Exempted under Section 7.10 of Listing Rules since the Bank complies with direction laid down in the Banking Act Direction No.11 of 2007 on Corporate Governance	
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per Audited Financial Statements, whichever is lower	Investor Information	388

Compliance Requirements Enforced by Central Bank of Sri Lanka

Compliance to the Directions on Interim Financial Statements, which were applicable to the Bank for the year ended 31 December 2013 are summarised below:

Circular No.	Requirement	Period	Date published in Sinhala, Tamil and English news papers
02/04/003/0401/001 30 September 2005	The publication should be made within two months from the end of each quarter, at least once in an English, Sinhala and Tamil newspaper	Quarter 1 ended 31 March 2013 Quarter 2 ended 30 June 2013 Quarter 3 ended 30 September 2013	29 May 2013 29 August 2013 28 November 2013
02/04/003/0401/001 21 February 2006	If the Bank publishes its Audited Financial Statements within three months from the end of the financial year, the requirement to publish the Financial Statements for the 4th quarter in terms of the Circular dated 30 September 2005 would not be mandatory	Quarter 4 ended 31 December 2013 (Audited)	28 March 2014

Compliance to other disclosure requirements on annual Financial Statements, which were applicable to licensed commercial banks are summarized below:

1	Information about the significance of financial instruments for financial position and performance	
1.1	Statement of financial position	
1.1.1	Disclosures on categories of financial assets and financial liabilities	Note 19 to the Financial Statements
1.1.2	Other disclosures	
	(i) Special disclosures about financial assets and financial liabilities designated to be measures at fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair value attributable to these risks and the methods of measurement	Note 4.4 to the Financial Statements
	(ii) Reclassifications of financial instruments from one category to another	None
	(iii) Information about financial assets pledged as collateral and about financial or non financial assets held as collateral	Note 52 to the Financial Statements
	(iv) Reconciliation of the allowance account for credit losses by class of financial assets	Note 26.2 to the Financial Statements
	(v) Information about compound financial instruments with multiple embedded derivatives	None
	(vi) Breaches of terms of loan agreements	None
1.2	Statement of comprehensive income	
1.2.1	Disclosures on items of income, expense, gains and losses	Note 7 to 15 to the Financial Statements
1.2.2	Other disclosures	
	(i) Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss	Note 8 to the Financial Statements
	(ii) Fee income and expense	Note 9 to the Financial Statements
	(iii) Amount of impairment losses by class of financial assets	Note 13 to the Financial Statements
	(iv) Interest income on impaired financial assets	Note 8.1 to the Financial Statements

Compliance Requirements Enforced by Central Bank of Sri Lanka (contd.)

1.3	Other disclosures	
1.3.1	Accounting policies for financial instruments	Note 4 to the Financial Statements
1.3.2	Information on hedge accounting	None
1.3.3	Information about the fair values of each class of financial assets and financial liability, along with:	Note 23, 24, 27, 38 and 57 to the Financial Statements
	(i) Comparable carrying amounts	Note 4.4.11 and 57 to the Financial Statements
	(ii) Description of how fair value was determined	Note 4.4.11 and 57 to the Financial Statements
	(iii) The level of inputs used in determining fair value	Note 57 to the Financial Statements
	(iv) Reconciliations of movements between levels of fair value measurement hierarchy, additional disclosures for financial instruments that fair value is determined using level 3 inputs	Note 57 to the Financial Statements
	(v) Information of fair value cannot be reliably measured	None

2.	Information about the nature and extent of risks arising from financial instruments	
2.1	Qualitative disclosures	
2.1.1	Risk exposures for each type of financial instrument	Risk Report and Note 58 to the Financial Statements
2.1.2	Management's objectives, policies and processes for managing those risk	Risk Report
2.1.3	Changes from the prior period	
2.2	Quantitative disclosures	None
2.2.1	Summary of quantitative data about exposure to each risk at the reporting date	Note 58 to the Financial Statements
2.2.2	Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed	Note 58 to the Financial Statements
	(i) Credit risk	
	(a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets	Note 58.2.1 to the Financial Statements
	(b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset	Note 58.2.1 and 58.2.2 to the Financial Statements
	(c) Information about collateral or other credit enhancements obtained or called	Note 58.2.1 to the Financial Statements
	(d) For other disclosures, refer Banking Act Direction No. 7 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H)	Note 58.2 to the Financial Statements
	(ii) Liquidity risk	
	(a) A maturity analysis of financial liabilities	Note 54 to the Financial Statements
	(b) Description of approach to risk management	Risk Report and Note 58.3 to the Financial Statements

	(c) For other disclosures, refer Banking Act Direction No. 7 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H)	Note 58.3 to the Financial Statements
	(iii) Market risk	
	(a) A sensitivity analysis of each type of market risk to which the entity is exposed	Note 58.4 to the Financial Statements
	(b) Additional information, if the sensitivity analysis is not representative of the entity's risk exposure	Note 58.4 to the Financial Statements
	(c) For other disclosures, refer Banking Act Direction No. 7 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H)	Note 58.4 to the Financial Statements
	(iv) Operational risk	
	Refer Banking Act Direction No. 7 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H)	Note 58.5 to the Financial Statements
	(v) Equity risk in the banking book	
	(a) Qualitative disclosures	
	* Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Note 4.4.3 and 4.4.6 to the Financial Statements
	* Discussion of important policies covering the valuation and accounting of equity holdings in the banking book	Note 4.4.3 and 4.4.6 to the Financial Statements
	(b) Quantitative disclosures	
	* Value disclosed in the Statement of Financial Position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value	Note 24.1, 24.2, 27.1 and 27.2 to the Financial Statements
	* The types and nature of investments	Note 24.1, 24.2, 27.1 and 27.2 to the Financial Statements
	* The cumulative realized gains /(losses) arising from sales and liquidations in the reporting period	Note 10 to the Financial Statements
	(vi) Interest rate risk in the banking book	
	(a) Qualitative disclosures	
	Nature of Interest Rate Risk in the Banking Book (IRRBB) and key assumptions	Note 58.4.4 to the Financial Statements
	(b) Quantitative disclosures	
	The increase /(decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant)	None
2.2.3	Information on concentrations of risk	Note 58.2.3 to the Financial Statements

Compliance Requirements Enforced by Central Bank of Sri Lanka (contd.)

3	Other disclosures	
3.1	Capital	
3.1.1	Capital structure	
	(i) Qualitative disclosures	
	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments	Debt - Note 45 to the Financial Statements Equity - None
	(ii) Quantitative disclosures	
	(a) The amount of Tier I capital, with separate disclosure of :	
	* Paid up share capital / common stock	Capital Adequacy
	* Reserves	Capital Adequacy
	* Non controlling interest in the equity of subsidiaries	Capital Adequacy
	* Innovative instruments	None
	* Other capital instruments	None
	* Deductions from Tier I capital	Capital Adequacy
	(c) The total amount of Tier 2 and Tier 3 capital	Capital Adequacy
	(d) Other deductions from capital	Capital Adequacy
	(e) Total eligible capital	Capital Adequacy
3.1.2	Capital adequacy	
3.1.2	(i) Qualitative disclosures	
	A summary discussion of the Bank's approach to assessing the adequacy of its capital or support current and future activities	Risk Report and Note 58.6 to the Financial Statements
3.1.2	(iii) Quantitative disclosures	
	(a) Capital requirements for credit risk, market risk and operational risk	Capital Adequacy
	(b) Total and Tier 1 capital ratio	Capital Adequacy

Income Statement in USD

For the year ended 31 December	Bank 2013 USD '000	Bank 2012 USD '000	Group 2013 USD '000	Group 2012 USD '000
Total income	973,714	865,490	1,025,397	907,840
Interest income	877,454	746,704	912,909	776,012
Interest expense	(593,711)	(469,144)	(612,372)	(483,196)
Net interest income	283,743	277,560	300,537	292,816
Fee and commission income	49,327	57,522	51,867	59,183
Fee and commission expense	(5,502)	(5,141)	(6,528)	(5,982)
Net fee and commission income	43,825	52,381	45,339	53,201
Net gain /(loss) from trading	24,695	29,652	24,966	29,495
Net gain /(loss) from financial investments	3,251	2,879	3,590	2,893
Net gain /(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Other operating income	18,987	28,733	32,065	40,257
Total operating income	374,501	391,205	406,497	418,662
Impairment (charge) / reversal for loans and other losses	(52,885)	(46,397)	(56,065)	(47,196)
Net operating income	321,616	344,808	350,432	371,466
Personnel expenses	(112,059)	(101,582)	(121,514)	(110,145)
Other expenses	(68,847)	(62,419)	(86,586)	(76,792)
Total operating expenses	(180,906)	(164,001)	(208,100)	(186,937)
Operating profit before value added tax (VAT)	140,710	180,807	142,332	184,529
Value added tax (VAT) on financial services	(20,708)	(25,259)	(21,055)	(25,733)
Operating profit after value added tax (VAT)	120,002	155,548	121,277	158,796
Share of profit /(loss) of associate companies before tax	-	-	1,748	303
Profit before income tax	120,002	155,548	123,025	159,099
Income tax expense	(27,666)	(42,259)	(30,223)	(44,307)
Profit for the year	92,336	113,289	92,802	114,792
Profit attributable to :				
Equity holder of the parent	92,336	113,289	93,460	114,574
Non controlling interest	-	-	(658)	218
Profit for the year	92,336	113,289	92,802	114,792
Earnings per share:				
Basic earnings per share (USD)	18.47	22.66	18.69	22.92
Diluted earnings per share (USD)	18.47	22.66	18.69	22.92
Dividend per share (USD)	8.17	8.40	8.17	8.40

Exchange rate of 1 USD was LKR 130.9050 as at 31 December 2013. (31 December 2012 - LKR 127.2550)

The income statement given on this page does not form part of the Audited Financial Statements and it is solely for the convenience of the shareholders, investors, bankers and other interested parties of the Financial Statements of the Bank.

Statement of Financial Position in USD

As at 31 December	Bank 2013 USD '000	Bank 2012 USD '000	Group 2013 USD '000	Group 2012 USD '000
Assets				
Cash and short term funds	190,223	247,885	192,369	251,116
Balances with Central Banks	219,236	235,458	219,236	235,458
Placements with banks	147,554	152,406	161,622	200,992
Derivative financial instruments	24,912	3,988	24,912	3,988
Reverse repurchase agreements	170,503	6,266	174,569	11,189
Financial assets - Held for trading	103,432	122,126	106,170	125,958
Financial investments - Loans and receivables	986,277	779,591	994,540	779,398
Loans and advances to customers	5,540,903	5,437,108	5,703,157	5,578,826
Financial investments - Available for sale	78,876	94,935	98,181	112,859
Financial investments - Held to maturity	1,198,577	871,920	1,202,716	877,816
Investment in subsidiary companies	52,165	53,380	-	-
Investment in associate companies	6,440	6,624	11,239	9,972
Investment properties	-	-	1,160	1,156
Property, plant and equipment	91,717	89,826	157,535	144,889
Leasehold properties	634	668	928	980
Intangible assets	3,828	2,955	5,116	3,630
Deferred tax assets	-	-	365	574
Other assets	302,639	132,032	309,940	143,013
Total assets	**9,117,916**	**8,237,168**	**9,363,755**	**8,481,814**
Liabilities				
Due to banks	8,910	79,588	10,208	81,172
Derivative financial instruments	2,100	584	2,100	584
Due to customers	6,432,680	5,449,221	6,499,122	5,502,093
Other borrowings	1,798,024	1,837,221	1,839,518	1,926,374
Debt securities issued	160,180	183,068	190,877	192,384
Current tax liabilities	-	17,355	1,921	19,002
Deferred tax liabilities	1,158	2,760	15,540	13,356
Insurance provision - life	-	-	1,686	1,305
Insurance provision - non life	-	-	5,119	4,488
Other liabilities	88,014	79,803	100,522	93,190
Subordinated term debts	186,071	187,168	185,992	187,038
Total liabilities	**8,677,137**	**7,836,768**	**8,852,605**	**8,020,986**
Equity				
Share capital	38,196	39,291	38,196	39,291
Permanent reserve fund	27,031	25,822	27,031	25,822
Retained earnings	240,012	217,195	254,087	230,389
Other reserves	135,540	118,092	181,938	154,187
Total equity attributable to the parent	440,779	400,400	501,252	449,689
Non controlling interest	-	-	9,898	11,139
Total equity	**440,779**	**400,400**	**511,150**	**460,828**
Total liabilities and equity	**9,117,916**	**8,237,168**	**9,363,755**	**8,481,814**
Commitments and contingencies	**5,007,001**	**3,576,919**	**5,012,995**	**3,582,282**
Net assets per share	**88.16**	**80.08**	**100.25**	**89.94**

Exchange rate of 1 USD was LKR 130.9050 as at 31 December 2013. (31 December 2012 - LKR 127.2550)

The statement of financial position given on this page does not form part of the Audited Financial Statements and it is solely for the convenience of the shareholders, investors, bankers and other interested parties of the Financial Statements of the Bank.

Quarterly Performance

Summary of the income statement — LKR million

	2013					2012				
	1st Quarter 31 Mar	2nd Quarter 30 Jun	3rd Quarter 30 Sep	4th Quarter 31 Dec	Total	1st Quarter 31 Mar	2nd Quarter 30 Jun	3rd Quarter 30 Sep	4th Quarter 31 Dec	Total
Bank										
Interest income	26,274	29,199	28,814	30,576	114,863	19,361	21,772	25,331	28,558	95,022
Interest expense	(18,180)	(19,983)	(19,934)	(19,623)	(77,720)	(11,490)	(13,142)	(16,885)	(18,184)	(59,701)
Net interest income	8,094	9,216	8,880	10,953	37,143	7,871	8,630	8,446	10,374	35,321
Non interest income	2,467	3,474	3,193	3,466	12,600	4,148	3,660	4,292	3,015	15,115
Non interest expense	(5,154)	(6,050)	(6,277)	(6,920)	(24,401)	(5,110)	(5,526)	(5,729)	(5,159)	(21,524)
Impairment (charge) / reversal for loans and other losses	(1,113)	(2,387)	(2,605)	(817)	(6,922)	(1,013)	(235)	(1,299)	(3,357)	(5,904)
Operating profit before VAT	4,294	4,253	3,191	6,682	18,420	5,896	6,529	5,710	4,873	23,008
Value added tax (VAT)	(612)	(782)	(632)	(685)	(2,711)	(834)	(849)	(834)	(698)	(3,215)
Profit before income tax	3,682	3,471	2,559	5,997	15,709	5,062	5,680	4,876	4,175	19,793
Income tax expense	(1,084)	(1,017)	(881)	(640)	(3,621)	(1,419)	(1,516)	(1,426)	(1,016)	(5,377)
Profit after income tax	2,598	2,454	1,678	5,357	12,088	3,643	4,164	3,450	3,159	14,416
Other comprehensive income	696	(191)	(50)	(437)	19	(121)	(727)	1,726	(349)	529
Total comprehensive income	3,294	2,263	1,628	4,920	12,105	3,522	3,437	5,176	2,810	14,945
Group										
Interest income	27,338	30,347	30,109	31,710	119,504	20,168	22,669	26,311	29,603	98,751
Interest expense	(18,731)	(20,623)	(20,581)	(20,227)	(80,162)	(11,848)	(13,585)	(17,392)	(18,664)	(61,489)
Net interest income	8,607	9,724	9,528	11,483	39,342	8,320	9,084	8,919	10,939	37,262
Non interest income	2,958	3,347	4,172	4,247	14,724	4,589	3,591	5,012	3,585	16,777
Non interest expense	(5,947)	(6,419)	(7,675)	(8,056)	(28,096)	(5,807)	(5,908)	(6,745)	(6,089)	(24,549)
Impairment (charge) / reversal for loans and other losses	(1,183)	(2,431)	(2,846)	(879)	(7,339)	(1,062)	(249)	(1,345)	(3,351)	(6,007)
Operating profit before VAT	4,435	4,221	3,179	6,796	18,631	6,040	6,518	5,841	5,084	23,483
Value added tax (VAT)	(622)	(790)	(644)	(700)	(2,756)	(843)	(861)	(848)	(723)	(3,275)
Operating profit after VAT	3,813	3,431	2,535	6,096	15,875	5,197	5,657	4,993	4,361	20,208
Share of profit / (loss) of associate companies	33	22	94	80	229	(82)	(36)	48	109	39
Profit before income tax	3,846	3,453	2,629	6,176	16,104	5,115	5,621	5,041	4,470	20,247
Income tax expense	(1,147)	(1,117)	(930)	(762)	(3,956)	(1,464)	(1,619)	(1,522)	(1,034)	(5,639)
Profit after income tax	2,699	2,336	1,699	5,414	12,148	3,651	4,002	3,519	3,436	14,608
Other comprehensive income	397	47	156	901	1,501	(484)	(780)	2,175	(308)	603
Total comprehensive income	3,096	2,383	1,855	6,315	13,649	3,167	3,222	5,694	3,128	15,211

Quarterly Performance (contd.)

Summary of the statement of financial position — LKR million

	2013				2012			
	1st Quarter 31 Mar	2nd Quarter 30 Jun	3rd Quarter 30 Sep	4th Quarter 31 Dec	1st Quarter 31 Mar	2nd Quarter 30 Jun	3rd Quarter 30 Sep	4th Quarter 31 Dec
Bank								
Assets								
Investments	278,758	298,272	361,737	339,865	253,097	279,410	256,541	246,218
Loans and advances to customers	737,133	734,602	697,768	725,332	576,800	625,375	664,382	691,899
Property, plant and equipment	11,988	12,199	12,523	12,590	10,971	11,079	11,077	11,892
Other assets	126,545	126,247	123,013	115,794	101,286	107,471	107,211	98,212
Total assets	**1,154,424**	**1,171,320**	**1,195,041**	**1,193,581**	**942,154**	**1,023,335**	**1,039,211**	**1,048,221**
Liabilities and equity								
Due to customers	741,198	770,345	801,029	842,070	634,085	663,905	672,788	693,441
Debt securities and borrowed funds	328,598	328,771	322,113	280,696	237,083	295,533	291,907	280,910
Other liabilities	30,554	17,368	17,357	13,115	26,283	18,759	24,374	22,917
Equity	54,074	54,836	54,542	57,700	44,703	45,138	50,142	50,953
Total liabilities and equity	**1,154,424**	**1,171,320**	**1,195,041**	**1,193,581**	**942,154**	**1,023,335**	**1,039,211**	**1,048,221**
Group								
Assets								
Investments	275,835	296,784	360,356	338,706	250,363	276,701	253,603	243,972
Loans and advances to customers	756,178	754,119	718,497	746,572	592,660	642,151	681,553	709,933
Property, plant and equipment	19,168	19,374	19,698	21,565	18,359	18,419	18,427	19,172
Other assets	134,922	133,227	127,963	118,919	106,291	111,340	116,485	106,276
Total assets	**1,186,103**	**1,203,504**	**1,226,514**	**1,225,762**	**967,673**	**1,048,611**	**1,070,068**	**1,079,353**
Liabilities and equity								
Due to customers	752,522	777,941	808,684	850,768	644,041	670,701	679,600	700,169
Debt securities and borrowed funds	337,247	341,521	334,144	290,136	240,178	303,810	304,848	293,424
Other liabilities	34,892	21,684	21,540	17,946	31,683	22,115	28,150	27,118
Equity	60,067	60,938	60,781	65,616	50,364	50,697	56,132	57,225
Non controlling interest	1,375	1,420	1,365	1,296	1,407	1,288	1,338	1,417
Total liabilities and equity	**1,186,103**	**1,203,504**	**1,226,514**	**1,225,762**	**967,673**	**1,048,611**	**1,070,068**	**1,079,353**

Summary of the financial measures

	2013				2012			
	1st Quarter 31 Mar	2nd Quarter 30 Jun	3rd Quarter 30 Sep	4th Quarter 31 Dec	1st Quarter 31 Mar	2nd Quarter 30 Jun	3rd Quarter 30 Sep	4th Quarter 31 Dec
Bank								
Profitability								
Interest margin (%)	2.9	3.1	3.1	3.3	3.5	3.2	3.2	3.7
Return on average assets (before tax) (%)	1.3	1.3	1.2	1.4	2.3	2.1	2.0	2.1
Return on average equity (after tax) (%)	19.8	19.1	17.0	22.2	33.9	31.2	29.7	31.2
Investor information								
Interest cover (times)	1.7	1.6	1.6	1.7	2.6	2.3	2.1	1.9
Net assets value per share (LKR)	10,814.7	10,967.3	10,908.4	11,540.0	8,940.6	9,027.7	10,028.5	10,190.6
Capital adequacy ratio								
Core capital adequacy ratio % (Tier I)	7.9	7.9	7.7	8.4	8.1	8.0	8.3	8.2
Total capital adequacy ratio % (Tier I + II)	11.1	10.9	10.6	12.1	11.1	10.4	10.8	11.4
Assets quality								
Gross non performing advances ratio (%)	3.4	3.7	4.5	4.3	2.2	2.4	3.2	2.8
(Net of interest in suspense)								
Net non performing advances ratio (%)	2.2	2.5	3.1	2.8	0.9	1.2	2.0	1.6
(Net of interest in suspense and provisions)								
Regulatory liquidity								
Statutory liquid assets ratio								
- Domestic banking unit (%)	24.4	27.1	27.2	27.7	22.5	25.6	22.8	21.8
- Off shore banking unit (%)	26.3	23.5	34.6	31.4	24.4	26.4	24.5	25.0
Group								
Profitability								
Interest margin (%)	3.0	3.2	3.2	3.4	3.6	3.3	3.3	3.8
Return on average assets (%) (before tax)	1.4	1.3	1.2	1.4	2.2	2.0	2.0	2.1
Return on average equity (%) (after tax)	18.0	16.6	14.9	19.4	29.1	27.7	25.7	27.2
Investor information								
Net assets value per share (LKR)	12,013.3	12,187.6	12,156.3	13,123.3	10,072.7	10,139.4	11,226.4	11,445.0
Capital adequacy ratio								
Core capital adequacy ratio (%) (Tier I)	8.7	8.6	8.5	8.9	8.9	8.7	8.9	8.9
Total capital adequacy ratio (%) (Tier I +II)	12.2	11.9	11.8	12.8	12.2	11.5	11.9	12.4

Share Information

As at 31 December	2013		2012	
	No. of Ordinary Shares	Holding %	No. of Ordinary Shares	Holding %
Shareholder				
Government of Sri Lanka	5,000,000	100	5,000,000	100

The Bank has issued the following debt securities which are listed on Colombo Stock Exchange (CSE)

Unsecured, subordinated, redeemable debentures (par value LKR 100)	Type	Interest Payable Frequency	Interest Rate (per annum)
June 2010/2015 series	A	Annually	11.5%
	B	Semi annually	6 months TB rate (gross) plus 75 basis points
December 2011/2016 series	A	Annually	11.0%
	B	Semi annually	6 months TB rate (gross) plus 75 basis points
	C	Semi annually	10.5%
November 2012/2017 series	A	Annually	16.0%
	B	Semi annually	6 months TB rate (gross) plus 125 basis points
	C	Semi annually	15.3%
October 2013/2023 series	A	Annually	13.0%
	B	Annually	12.6%
	C	Semi annually	6 months TB rate (gross) plus 100 basis points
	D	Annually	13.2%
	E	Semi annually	6 months TB rate (gross) plus 100 basis points
	F	Annually	13.2%
	H	Annually	13.7%

Debenture Information - Bank

Description	Note	Interest Payable Frequency	Issue Date	Maturity Date	Coupon Rate		Interest Rate of Comparable Government Security	Amount	
					2013	2012		2013	2012
					%	%	%	LKR '000	LKR '000
A - Sri Lanka rupee debentures									
Fixed interest rate									
Unsecured, subordinated, redeemable debentures	a	Annually	24.11.2008	23.11.2013	-	19.00	-	-	351,385
Unsecured, subordinated, redeemable debentures	a	At maturity	24.11.2008	23.11.2013	-	-	-	-	448,322
Unsecured, subordinated, redeemable debentures	a	Annually	28.06.2010	27.06.2015	11.50	11.50	8.62	1,135,783	1,135,783
Unsecured, subordinated, redeemable debentures	a	Annually	08.12.2011	07.12.2016	11.00	11.00	8.98	3,926,514	3,926,514
Unsecured, subordinated, redeemable debentures	a	Semi annually	08.12.2011	07.12.2016	10.50	10.50	8.98	2,315	2,315
Unsecured, subordinated, redeemable debentures	a	Annually	30.11.2012	29.11.2017	16.00	16.00	9.43	6,034,052	6,034,052
Unsecured, subordinated, redeemable debentures	a	Semi annually	30.11.2012	29.11.2017	15.25	15.25	9.43	40,189	40,189
Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2018	13.00	-	9.66	3,869,827	-
Unsecured, subordinated, redeemable debentures	a	Semi annually	25.10.2013	24.10.2018	12.60	-	9.66	220,369	-
Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2021	13.25	-	10.37	1,226,594	-
Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2022	13.25	-	10.37	1,227,617	-
Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2023	13.75	-	10.48	1,638,142	-
Unsecured, redeemable debentures		Annually	01.07.2010	30.06.2015	13.20	13.20	8.60	1,063,602	1,063,602
Unsecured, redeemable debentures		Annually	14.07.2010	13.07.2015	13.20	13.20	8.60	2,118,737	2,118,737
Unsecured, redeemable debentures		Annually	17.09.2010	16.09.2015	11.00	11.00	8.61	1,472,780	1,472,780
Unsecured, redeemable debentures		Semi annually	18.06.2012	17.06.2017	14.75	14.75	9.13	1,286,404	1,286,404
Unsecured, redeemable debentures		Annually	07.12.2012	06.12.2017	15.50	15.50	9.37	2,140,654	2,140,654
								27,403,613	20,020,737

Debenture Information - Bank (contd.)

Description	Note	Interest Payable Frequency	Issue Date	Maturity Date	Coupon Rate		Interest Rate of Comparable Government Security	Amount	
					2013	2012		2013	2012
					%	%	%	LKR '000	LKR '000
Floating interest rate									
Unsecured, subordinated, redeemable debentures (12 months TB (gross) rate plus 100 basis points)	c	Annually	15.08.2008	14.08.2013	-	15.64	-	-	316,993
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 75 basis points)	a/b	Semi annually	24.11.2008	23.11.2013	-	14.16	-	-	3,751,496
Unsecured, subordinated, redeemable debentures (6 months TB rate (gross) plus 75 basis points)	a/b	Semi annually	28.06.2010	27.06.2015	9.47	13.33	8.62	3,928,928	3,929,437
Unsecured, subordinated, redeemable debentures (6 months TB (gross) rate plus 75 basis points)	a/b	Semi annually	08.12.2011	07.12.2016	10.36	14.19	8.98	1,105,616	1,107,323
Unsecured, subordinated, redeemable debentures (6 months TB (gross) rate plus 125 basis points)	a/b	Semi annually	30.11.2012	29.11.2017	11.03	14.68	9.43	424	425
Unsecured, subordinated, redeemable debentures (6 months TB (gross) rate plus 100 basis points)	a/b	Semi annually	25.10.2013	24.10.2018	11.12	-	9.66	204	-
Unsecured, subordinated, redeemable debentures (6 months TB (gross) rate plus 100 basis points)	a/b	Semi annually	25.10.2013	24.10.2021	11.12	-	10.37	1,020	-
Unsecured, redeemable, debentures (12 months TB (gross) rate plus 50 basis points)	c	Annually	01.04.2008	31.03.2013	-	13.08	-	-	548,289
Unsecured, redeemable, debentures (12 months TB (gross) rate plus 50 basis points)	c	Annually	01.04.2008	31.03.2013	-	13.08	-	-	1,644,866

Description	Note	Interest Payable Frequency	Issue Date	Maturity Date	Coupon Rate		Interest Rate of Comparable Government Security	Amount	
					2013	2012		2013	2012
					%	%	%	LKR '000	LKR '000
Unsecured, redeemable, debentures (12 months TB (gross) rate plus 150 basis points)	c	Annually	03.08.2010	02.08.2015	13.19	16.11	8.61	5,470,052	5,527,289
Unsecured, redeemable, debentures (12 months TB (gross) rate plus 150 basis points)	c	Annually	03.08.2010	02.08.2015	13.19	16.11	8.61	1,840,883	1,860,145
Unsecured, redeemable, debentures (12 months TB (gross) rate plus 150 basis points)	c	Annually	03.08.2010	02.08.2015	13.19	16.11	8.61	5,575,245	5,633,583
B - United State Dollar debentures									
Fixed interest rate									
Unsecured, subordinated, redeemable debentures		Semi annually	10.10.2008	09.10.2013	-	5.50	-	-	30,918
Floating interest rate									
Unsecured, subordinated, redeemable debentures (6 months LIBOR Plus 300 basis points)	d	Semi annually	10.10.2008	09.10.2013	-	3.62	-	-	2,742,872
								17,922,339	27,093,636
								45,325,952	47,114,373

Notes

a) Debentures that are listed in Colombo Stock Exchange. Some of these have been traded in Colombo Stock Exchange during the period ended 31 December 2013
2008/2013 - (Highest price - LKR 95.50, Lowest price - LKR 95.50, Last transaction price - LKR 95.50)
2010/2015 - (Highest price - LKR 91.00, Lowest price - LKR 91.00, Last transaction price - LKR 91.00)
2011/2016 - (Highest price - LKR 95.00, Lowest price - LKR 89.00, Last transaction price - LKR 89.00)
2013/2018 - (Highest price - LKR 100.00, Lowest price - LKR 100.00, Last transaction price - LKR 100.00)

b) Weighted average 6 months treasury bill interest rate before deducting 10% withholding tax at the primary quotations as announced by 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 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

Trading Information on Listed Debentures

	2013 LKR	2012 LKR
Market value		
BoC Debentures 2008/2013,		
Unsecured, surbodinated, redeemable, 5 years, fixed rate (19.0%)		
Highest	95.50	105.00
Lowest	95.50	105.00
Last transaction	95.50	105.00
Unsecured, surbodinated, redeemable, 5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
Unsecured, surbodinated, redeemable, 5 years, zero coupon		
Highest	Not traded	166.02
Lowest	Not traded	166.02
Last transaction	Not traded	166.02
BoC Debentures 2010/2015,		
Unsecured, surbodinated, redeemable, 5 years, fixed rate (11.5%)		
Highest	91.00	Not traded
Lowest	91.00	Not traded
Last transaction	91.00	Not traded
Unsecured, surbodinated, redeemable, 5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
BoC Debentures 2011/2016,		
Unsecured, surbodinated, redeemable, 5 years, fixed rate (11.0%)		
Highest	95.00	Not traded
Lowest	89.00	Not traded
Last transaction	89.00	Not traded
Unsecured, surbodinated, redeemable, 5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
Unsecured, surbodinated, redeemable, 5 years, fixed rate (10.5%)	Not traded	Not traded
BoC Debentures 2012/2017,		
Unsecured, surbodinated, redeemable, 5 years, fixed rate (16.0%)	Not traded	Not traded
Unsecured, surbodinated, redeemable, 5 years, floating rate (06 months TB rate (gross) plus 125 basis points)	Not traded	Not traded
Unsecured, surbodinated, redeemable, 5 years, fixed rate (15.3%)	Not traded	Not traded
BoC Debentures 2013/2023,		
Unsecured, surbodinated, redeemable, 5 years, fixed rate (13.0%)		
Highest	100.00	N/A
Lowest	100.00	N/A
Last transaction	100.00	N/A
Unsecured, surbodinated, redeemable, 5 years, fixed rate (12.6%)	Not traded	N/A
Unsecured, surbodinated, redeemable, 5 years, floating rate (06 months TB rate (gross) plus 100 basis points)	Not traded	N/A
Unsecured, surbodinated, redeemable, 8 years, fixed rate (13.25%)	Not traded	N/A
Unsecured, surbodinated, redeemable, 8 years, floating rate (06 months TB rate (gross) plus 100 basis points)	Not traded	N/A
Unsecured, surbodinated, redeemable, 9 years, fixed rate (13.25%)	Not traded	N/A
Unsecured, surbodinated, redeemable, 10 years, fixed rate (13.75%)	Not traded	N/A

Yield of last trade done

	2013 %	2012 %
BoC Debentures 2008/2013,		
5 years, fixed rate (19.0%)	43.8	15.1
5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
5 years, zero coupon	Not traded	21.3
BoC Debentures 2010/2015,		
5 years, fixed rate (11.5%)	18.8	Not traded
5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
BoC Debentures 2011/2016,		
5 years, fixed rate (11.0%)	16.0	Not traded
5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
5 years, fixed rate (10.5%)	Not traded	Not traded
BoC Debentures 2012/2017,		
5 years, fixed rate (16.0%)	Not traded	Not traded
5 years, floating rate (06 months TB rate (gross) plus 125 basis points)	Not traded	Not traded
5 years, fixed rate (15.3%)	Not traded	Not traded
BoC Debentures 2013/2023,		
5 years, fixed rate (13.0%)	13.0	N/A
5 years, fixed rate (12.6%)	Not traded	N/A
5 years, floating rate (06 months TB rate (gross) plus 100 basis points)	Not traded	N/A
8 years, fixed rate (13.25%)	Not traded	N/A
8 years, floating rate (06 months TB rate (gross) plus 100 basis points)	Not traded	N/A
9 years, fixed rate (13.25%)	Not traded	N/A
10 years, fixed rate (13.75%)	Not traded	N/A

Yield to maturity of last trade done

BoC Debentures 2008/2013,		
5 years, fixed rate (19.0%)	19.9	18.1
5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
5 years, zero coupon	Not traded	17.4
BoC Debentures 2010/2015,		
5 years, fixed rate (11.5%)	12.6	Not traded
5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
BoC Debentures 2011/2016,		
5 years, fixed rate (11.0%)	12.4	Not traded
5 years, floating rate (06 months TB rate (gross) plus 75 basis points)	Not traded	Not traded
5 years, fixed rate (10.5%)	Not traded	Not traded
BoC Debentures 2012/2017,		
5 years, fixed rate (16.0%)	Not traded	Not traded
5 years, floating rate (06 months TB rate (gross) plus 125 basis points)	Not traded	Not traded
5 years, fixed rate (15.3%)	Not traded	Not traded
BoC Debentures 2013/2023,		
5 years, fixed rate (13.0%)	13.0	N/A
5 years, fixed rate (12.6%)	Not traded	N/A
5 years, floating rate (06 months TB rate (gross) plus 100 basis points)	Not traded	N/A
8 years, fixed rate (13.25%)	Not traded	N/A
8 years, floating rate (06 months TB rate (gross) plus 100 basis points)	Not traded	N/A
9 years, fixed rate (13.25%)	Not traded	N/A
10 years, fixed rate (13.75%)	Not traded	N/A

TEN YEAR STATISTICAL SUMMARY - BANK

LKR million

For the year ended 31 December	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating results										
Income	23,957	27,324	35,192	50,159	60,182	63,461	63,363	70,457	110,138	127,464
Interest income	16,609	20,595	26,823	42,286	49,684	53,077	50,843	61,222	95,022	114,863
Interest expense	(8,256)	(11,231)	(15,744)	(29,453)	(35,989)	(38,267)	(31,200)	(36,216)	(59,701)	(77,720)
Net interest income	8,353	9,364	11,079	12,833	13,695	14,810	19,643	25,006	35,321	37,143
Other operating income	7,091	6,731	8,368	7,873	10,498	10,385	12,515	9,235	15,116	12,601
Other operating expense	(12,013)	(12,059)	(13,543)	(14,315)	(16,889)	(17,992)	(18,104)	(15,241)	(27,428)	(31,324)
Operating profit before VAT	3,431	4,036	5,904	6,391	7,304	7,203	14,054	19,000	23,009	18,420
Value added tax on financial services	(872)	(916)	(1,767)	(1,873)	(2,073)	(2,995)	(4,001)	(2,516)	(3,214)	(2,711)
Profit before income tax	2,559	3,120	4,137	4,518	5,231	4,208	10,053	16,484	19,795	15,709
Income tax expense	(590)	(1,225)	(1,510)	(1,675)	(1,670)	(1,124)	(3,688)	(4,567)	(5,378)	(3,622)
Profit for the year	1,969	1,895	2,627	2,843	3,561	3,084	6,365	11,917	14,417	12,087

As at 31 December	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assets										
Cash and short term funds	5,584	6,127	7,790	9,244	10,168	13,509	14,104	18,671	31,545	24,901
Balances with Central Banks	12,480	13,933	17,106	17,253	15,629	16,263	25,642	30,223	29,963	28,699
Placements with banks	27,362	36,851	23,735	19,722	16,403	45,867	42,709	14,581	19,394	19,315
Loans and advances to customers	131,675	166,604	224,962	284,496	271,105	265,065	368,302	543,149	691,899	725,332
Other finacial assets	65,719	71,972	82,178	80,635	144,913	168,481	241,205	195,444	239,089	335,455
Investments in subsidiaries and associates	4,984	4,225	3,711	3,650	3,603	4,037	6,124	7,084	7,636	7,672
Investment properties	1,150	1,236	1,088	559	-	-	-	-	-	-
Property, plant and equipment	4,947	4,769	5,145	4,982	5,018	5,724	5,621	10,595	11,516	12,089
Intangible assets	-	467	420	399	233	111	164	343	376	501
Other assets	12,498	13,537	12,164	16,961	17,304	19,184	16,377	18,183	16,803	39,617
Total assets	266,399	319,721	378,299	437,901	484,376	538,241	720,248	838,273	1,048,221	1,193,581

LKR million

As at 31 December	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Liabilities										
Due to banks*							2,215	6,508	10,128	1,166
Due to customers	206,184	232,822	262,990	308,856	316,070	408,607	530,092	595,774	693,441	842,070
Debt securities issued and subordinated term debts	6,800	7,350	3,850	9,150	17,988	18,045	40,115	42,591	47,114	45,326
Other borrowings	28,778	54,686	81,106	84,658	111,100	67,302	105,169	138,389	233,795	235,370
Current tax liabilities	137	76	727	885	1,079	190	2,200	1,139	2,208	-
Other liabilities	9,152	8,436	11,714	13,302	15,037	19,198	10,551	12,518	10,582	11,949
Total liabilities	251,051	303,370	360,387	416,851	461,274	513,342	690,342	796,919	997,268	1,135,881
Equity										
Share capital	2,600	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Permanent reserve fund	1,505	1,915	2,455	2,515	2,585	2,650	2,777	3,008	3,286	3,538
Retained earnings	9,034	9,475	10,298	12,161	14,335	15,820	14,564	21,733	27,639	31,419
Other reserves	2,209	961	1,159	1,374	1,182	1,429	7,565	11,613	15,028	17,743
Total equity	15,348	16,351	17,912	21,050	23,102	24,899	29,906	41,354	50,953	57,700
Total liabilities and equity	266,399	319,721	378,299	437,901	484,376	538,241	720,248	838,273	1,048,221	1,193,581
Commitments and contingencies	58,841	80,187	105,502	134,713	164,813	246,245	313,040	409,747	455,181	655,441
Ratios										
Return on average assets (%)	1.0	1.1	1.2	1.1	1.1	0.8	1.6	2.1	2.1	1.4
Return on average equity (%)	13.3	11.9	15.3	14.6	16.1	12.9	24.0	33.5	31.2	22.3
Income growth (%)	5.1	14.1	28.8	42.5	20.0	5.5	(0.2)	11.2	56.3	15.7
Capital adequacy ratio (%)										
- Tier I	12.3	12.7	11.9	11.4	11.3	11.2	10.3	7.8	8.3	8.4
- Tier I + Tier II	12.4	13.2	12.3	11.4	15.9	14.2	13.7	10.9	11.5	12.1
Capital funds to liabilities including contingent liabilities (%)	5.0	4.3	3.8	3.8	3.7	3.3	3.1	3.4	3.5	3.2
Liquidity ratio domestic (%)	23.8	26.9	22.2	21.2	24.2	21.1	28.7	23.4	21.8	27.7
Cost to income ratio (%)	61.8	72.6	68.9	67.5	64.2	68.3	53.7	51.1	42.7	49.1

LKR million

As at 31 December	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other information										
No of employees	8,718	8,891	8,363	8,253	7,912	7,538	8,204	8,115	7,790	8,883
No of branches	300	304	305	307	309	310	309	318	324	567
No of ATMs	104	104	190	203	251	329	352	404	451	523
No of advances (in '000)	1,218	1,285	1,541	1,867	1,839	2,011	2,261	2,837	3,363	3,193
No of depositors (in '000)	5,491	5,782	6,248	6,993	7,494	8,440	9,321	10,179	10,955	11,606
Cashflow from operating activities	1,374	(8,961)	(24,200)	(13,713)	30,262	100,115	10,271	(42,348)	(19,271)	47,051
Cashflow from investing activities	5,575	(6,315)	(8,998)	3,034	(67,091)	(20,775)	(59,418)	6,924	(52,965)	(51,351)
Cashflow from financing activities	7,070	25,309	21,746	8,120	34,433	(45,144)	46,554	12,476	89,640	(4,377)
Capital expenditure on purchase of property plant and equipment	(911)	(927)	(912)	(544)	(647)	(1,446)	(1,168)	(1,905)	(1,483)	(1,682)

* From 2003 to 2009 due to banks amount is included in due to customers and other borrowings
** Highlighted information is based on LKASs/SLFRSs.

Disclosure in terms of section

Disclosure in terms of section 7.6 (xvi) of the Listing Rules of Colombo Stock Exchange on related party transactions exceeding 10% of the equity or 5% of the total assets of the Bank.

The Bank did not carry out any transactions exceeding 10% of the equity or 5% of the total assets of the Bank, whichever is lower, with the related parties given in Note 55 to the Financial Statements, except for the transactions engaged with Government of Sri Lanka and Government related entities.

Government of Sri Lanka, who holds 100% shareholding in Bank of Ceylon and Government related entities carry out transactions with the Bank, in the ordinary course of business and the aggregate monetary value of these transactions exceeded the threshold given in Section 7.6 (xvi) of the Listing Rules of Colombo Stock Exchange. These transactions include;

1. Overdraft facility granted to the Deputy Secretary to the Treasury
2. Foreign currency loans granted to Government of Sri Lanka and State Owned Enterprises
3. Investment in Sri Lanka Development Bonds and Restructuring Bonds issued by Government of Sri Lanka
4. Extending of trade finance credit and other related services to facilitate import transactions of Government of Sri Lanka and State Owned Enterprises
5. Deposits made by the Government and Government related entities with the Bank

Most of these transactions are considered as recurrent nature transactions and the outstanding balances as at 31 December 2013 and during the year 2013 transactions are given in the Note 55.4 to the Financial Statements.

PRODUCTS AND SERVICES

Category	Account Type	Description /Features
Deposit Products		
Current Accounts	Current Account	Current account for general and business purposes with online banking, ATM and SMS banking facilities.
	Prestige+ Current Account	Professionals' current account with personalized cheque books, VISA electron debit card with a withdrawal limit of LKR 100,000 and BoC Credit Card.
Savings Accounts	Normal Savings	General purpose savings account with VISA Electron Card for withdrawals through ATMs, POS services, SMS and internet banking.
	Ran Kekulu	Children's savings account introduced for minors with special features such as highest interest rates, year five scholarship awards, depositor insurance scheme and many more benefits.
	14+ Teen Savings	Unique savings scheme for teenagers (above 14) with free VISA electron debit card.
	18+ Youth Savings	Youth savings account for youngsters between age 18 and 25 with free life insurance cover, a gold coin is gifted on the wedding day, a Ran Kekulu account for the first baby, scholarships for higher education, special loan facilities and many other benefits.
	Kantha Ran Ginum	Special savings account for females with higher interest, free insurance policy, loan facilities at reduced interest rates.
	Ran Ulpatha	Monthly investment savings account for future cash flows with higher interest and free insurance cover.
	3G Savings	The unique saving method "BoC 3G Savings" allows a customer to link three generations of a customer's family- customer's parents, children and him/herself and to save while the customer shops and spends.
Special Savings Accounts	Senior Citizens Savings	Account for senior citizens' above 55 years with higher interest rates and prioritized services in branch banking.
	Ran Govi Thenpathu	Specially designed savings account for farmer community.
	Ranaviru Ran Ginum	Account for personnel who serve in armed forces. Benefits include higher interest rates and free VISA electron card enabling easy operations throughout the country.
	Samurdhi Savings	Special account for samurdhi beneficiaries with higher interest rates.
	Dheevara Thenpathu	Dedicated savings account for fishing community .

Category	Account Type	Description /Features
Fixed Deposits	Normal Fixed Deposits	General purpose fixed deposit account. Available with deferent maturities ranging from one month to five years.
	7 day Call Deposits	Short term investment fixed deposit account for fund management purpose.
	Senior Citizens Fixed Deposits	Fixed deposit account for senior citizens of 55 years and above with higher interest rate.
	BoC Smart Saver	Installment basis investment plan with a higher effective interest rate
	BoC Smart Investor	Installment basis investment plan for two to three years with higher interest rate
	BoC Infinity	Fixed pension plan for regular income earners with free insurance cover
	BoC Vishrama	Flexible pension plan for seasonal income generators with insurance cover
Non Resident Rupee Account	Rupee Account for Non Resident Sri Lankan Investors (RANSI)	Rupee account specially designed for non resident Sri Lankans to invest in capital market securities and real estate. Outward remittances and other local disbursements are also permitted.
	Securities Investment Account (SIA)	Investment account for foreign institutional investors, foreign citizens and non resident Sri Lankans to invest in Government securities and equity capital of companies in Sri Lanka.
Foreign Currency Accounts	NRFC Savings and Fixed Deposits	Foreign currency accounts for Sri Lankans working abroad and foreign nationals of Sri Lankan origin to save in foreign currency and with range of benefits such as free life insurance coverage, loan/overdraft facilities, e banking facilities, etc.
	Ran Kekulu Foreign Currency	Minor foreign currency account for children below 18 years of age, whose parents employed abroad to build up savings in foreign currency.
	RFC Savings and Fixed Deposits	Foreign currency account for resident Sri Lankan nationals and non nationals who earn in foreign currencies.
	Dual Citizenship Foreign Currency FD	Fixed deposit account for Ex Sri Lankans /Sri Lankans living abroad and would apply for dual citizenship.
	Foreign Exchange Earners Accounts (FEEA)	Accounts for persons or companies resident in Sri Lanka, who earn in foreign currencies.

Category	Account Type	Description /Features
Foreign Currency Accounts	Inward Remittances Deposit Accounts (IRD)	Foreign currency account to remit foreign currencies to other accounts.
	Securities Investment Account (SIA)	Foreign currency interest bearing investment account for foreign institutional investors, foreign citizens, non resident Sri Lankans and companies incorporated out side Sri Lanka.
	Special Foreign Investment Deposit Account (SFIDA)	Deposit accounts for foreign institutional investors, foreign citizens, non resident Sri Lankans and for companies incorporated out side Sri Lanka to invest in local currency accounts.
	Senior FIDA	Deposit accounts for foreign nationals above 55 years of age.
	Non Resident Non National Foreign Currency (NRNNFC)	Foreign currency accounts for temporary visitors of Sri Lanka.
	Resident Non National Foreign Currency (RNNFC)	Deposit accounts for non nationals who are having residential VISA in Sri Lanka.
	Outward Investment Account (OIA)	Foreign currency accounts for resident investors to invest in international market.
	Foreign Currency Account for an Agent of Foreign Shipping Line/Airline Saving Account / Current Account (FCAASA)	Foreign currency accounts (in any designated currency) for foreign shipping line/airline agents residing in Sri Lanka as current/saving account.
	Senior Foreign National Special Account	Foreign currency account for senior foreign nationals (above 55 years) for those who wish to extend the stay in Sri Lanka on resident visa.

Category	Account Type	Description /Features
Lending Products		
Overdraft Facilities	Permanent Overdrafts	Credit financing for current account holders.
	Export Packing Credit Overdrafts	Pre shipment financing for export business requirements who are engaged in export business.
	Ran Surekum Overdrafts	Overdraft facility against gold for current account holders.
Home Loans	Rannivasa	Special housing loan scheme for account holders.
	BoC Sarani	Special housing loan scheme for NRFC account holders.
	Govt. Housing Loan Scheme	Special housing loan scheme for Government employees.
	BoC Housing Loan Scheme	Open scheme for BoC account holders for construction of houses.
Development Lending	New Comprehensive Rural Credit Scheme (NCRCS)	Financial assistance to the production of seeds and plant material, purchase of agricultural commodities etc for farmers with lowest interest rates. CBSL refinance facility encourages farmers to cultivate.
	Kantha Ran Diriya	Special scheme for women entrepreneurs to commence small and micro enterprises.
	Small Enterprise Development (SED)	For individuals and groups to commence or expand any income generating enterprise of small scale.
	Sookshama (Micro) Credit Scheme	Financial assistance for individuals who have the skill and experience to commence a viable enterprise or improve any income generating “home based “ micro enterprise.
	Poverty Alleviation Microfinance Project Credit Scheme	Specially designed credit scheme for granted in economically under developed areas and to low income generating families for their capital requirements.
	Saubagya	The prosperity loan scheme to create self employment opportunity for the distressed people in Sri Lanka.
	Credit scheme for low income earning people	Encourage low income earning people for self employment, horticulture and any income generating activity with family members

Category	Account Type	Description /Features
Development Lending	Bhagya	Facilities for income generating small scale activities of small groups at village level.
	Self Employment Promotion Initiates Loan Scheme (SEPI)	Financial assistance for commencement of self employment projects for those who complete the education from a recognized vocational training institute.
	Small Holder Plantation Entrepreneurship Development Programme (SPEnDP)	Financial facilities to improve the standard of life of low income generating small estate holder community.
	Provincial Development Credit Scheme	Provide credit facilities to cater the capital needs of small and medium scale entrepreneurs.
	Estate Sector Self Employment Revolving Fund Credit Scheme	Credit facilities are granted with the aim of uplifting living standard of non banking low income estate sector groups to engage income generating activity and inculcate banking habits among the group.
	Diyawara Diriya	Financial assistance for individuals, group members and registered companies engaged in fishing industry.
	Improvement Project Credit Scheme	Financial assistance to support or upgrade inland fisheries and aqua culture projects for small proprietorships, partnerships, limited liability companies in the industry.
	Kapruka	Facilities granted at reduced interest rates to increase coconut production.
	Viskam	Credit line for the development of commercialized agro business for individual business, group business and registered companies.
	Tea Development Project Revolving Funds Credit Scheme (TDPRFCS)	Financial assistance for purchasing of transport vehicles and development of tea lands of individuals farmers, group of individuals or registered companies in the industry.
	Agro Livestock Development Loan Scheme	Specially designed credit scheme for milk producers and all parties in the agricultural sector to start and improve agro based industries.
	Second Perennial Crops Development Project Revolving Fund Credit Scheme	Financial support to increase production and post harvest handling and processing activities of commercialization of perennial crop sector.

Category	Account Type	Description /Features
Development Lending	Credit Scheme for Paddy Purchasing	Credit facilities for farmers and village level small scale paddy collectors to store their paddy harvest and marketing.
	Siriliya Saviya Credit Scheme	Credit facility to finance income generating projects specially for female.
	Govi Shakthi Credit Scheme	Financial assistance for farmers for the purchase of agriculture equipment and construction of small paddy stores.
	Small & Medium Enterprises (SME) Loan Scheme	Provide short and long term financial support for domestic SMEs through loan products such as SMILE, E Friends, Gamata Naya, etc.
	Special Credit Scheme For Tea Small Holders	Financial assistance for increasing tea production while enhancing income and the living standard of tea growers.
	Commercial Scale Dairy Development Loan Scheme - CSDDLS	Increase of milk production of the country. Establish mega farms with minimum of 25 cows per farm. Encourage on commercial scale dairy farming activities and milk supply chain, etc.
	BoC Mithuru	To improve income level and social condition of the poor in the project areas while enhance an inclusive formal financial service for the low income earners by providing credit for income generating activities
	Small and Micro Industries Leader And Entrepreneur Promotion Project III	Entrepreneurs are encouraged to improve their projects in followings 1. General • Generate additional productive capacity • Level of operation • Quality of product • The price competitiveness of the products 2. Technical transfer assistance • Upgrade accounting, managerial and technical skills of the staff
	Special Loan Scheme for Resumption of Economic Activities in the Eastern Province	Provide credit facilities for resumption of economic activities in perennial crop cultivation, livestock, fisheries related activities, trade, tourism and other self employment projects in the Eastern Province.

NRFC ACCOUNT

PayMate pay buy mobile

Category	Account Type	Description /Features
Development Lending	Southern Province Rural Economic Advancement Project – "Dasuna"	To promote the development of Micro Small and Medium Enterprises in Southern Province with low cost funding.
	"BoC Divi Maga" - An Amalgamated Self Employment Credit Scheme	• Uplift the living standard of the rural community • Assistance to the self employment sector • Utilization of resources in the rural areas
Special credit scheme for public and personal transport	Three Wheel Auto Rickshaws Motor Cycles for Employees of Government Credit Scheme for the Purchase of Bicycle Motor Vehicle Loan Scheme Loan Scheme for Importation of Motor Vehicle Motor Vehicles for Provincial Council Members Vehicle Loan Scheme for selected Senior Journalist/ Artists / Authors Bus Purchase Loan for Private Bus Owners	Special loan schemes introduced for the purpose of purchase or import of motor vehicles.
Education Loans	BoC Comprehensive Educational Loan Scheme	Financial assistance for students who are studying in Sri Lanka and abroad.
	BoC Personal Computer Loan Scheme	Purchase of computer and accessories.
	Special Educational Loan Scheme	Educational loan scheme for students of the Institute of Bankers of Sri Lanka (IBSL).
	Laptop Loan Scheme	Special loan scheme for university students to purchase laptop computers.

Category	Account Type	Description /Features
Special Loans	Special Loan Schemes	Professionals, Government employees and employees in selected institutions to satisfy their various personal needs.
		For pilgrimage and holiday tours.
		Migrant employees in Israel for consumption purpose.
		To the members of the Federation Of Self Employees (FOSE), who are engaged as self employees.
Trade Finance Facilities	Bills Acceptance facility	Facilities given to release the original shipping documents against an accepted draft to open at maturity.
	Pledge Loans for Importers	Facilities for settlement of import bills. - goods pledged are kept under Bank's control
	Hypothecation Loans	Facilities for settlement of import bills. - goods covered by the hypothecation bond
	Trust Receipt Loans	Facilities for settlement of import bills . - Banks remains the title of goods. - Borrower is in possession of the goods holding in trust for the Bank under the TR Ordinance.
	Series of Loans	Facilities for settlement of import bills under mortgage over movable or immovable property.
	Negotiation of Bills	Purchase letter of credit documents under a complying presentation by advance funds to the exporters.
	Purchase of Export Bills (DA/DP)	Purchase collection documents to advance funds to exporters.

Category	Account Type	Description /Features
Other Loan Schemes	Ransurekum Naya Seva	Short term advances grant against gold and gold articles.
	Term Loans	Financial option available for customers to cater their multi faceted long term financial needs.
	BoC Personal Loan Scheme	Short and medium term loan facilities to meet any personal needs of the fixed income earning customers.
	Pledge Loans	To invest money as a capital to enhance the industry by pledging the trading stocks.
	Foreign Currency Loans	Facilities given in foreign currency to meet various needs of customer specially in International Trading.
	Bridging Loans	Interim financing facility for an individual or business until permanent or the next stage of financing can be obtained.
Other Credit Facilities	Guarantees	Letter of guarantee Credit purchase guarantee Tender guarantee Bid guarantee (Bid bond) Performance guarantee (Performance bond) Advance payment guarantee (Advance bond) Retention guarantee (Retention money bond) Customs duty guarantee for imports (Custom duty bond) Shipping guarantee
	Purchasing of Cheques	To facilitate the customer by advancing against cheques
Lease Financing	BoC Leasing Scheme	Flexible services, ability to obtain leasing facilities even without a guarantor.
	Special Leasing Scheme with DIMO	Leasing facility to purchase a DIMO Batta vehicle
	Leasing Scheme for Members of Federation of Self Employees	Leasing facility to members of federation of self employees to purchase machines and equipment
	Leasing Scheme for Samurdhi Entrepreneurs	Leasing facilities for Samurdhi entrepreneurs to enhance their business

Category	Account Type	Description /Features
Other		
Islamic Banking Products (Shari'ah Compliant Banking)	Deposits	BoC An-noor current account
		An-noor ordinary savings
		An-noor children's savings ('Afthal')
	Foreign Currency	An-noor NRFC savings account foreign currency savings
		An-noor NRFC Afthfal account (children) foreign currency children's savings
	Loans	Term Loan ('Murabaha')
		An-noor 'Wakala'
		Local Murabaha (Pledge facilities)
		Letters of Guarantee (Local)
		An-noor Trade Finance
	Leasing	An-noor Leasing ('Ijarah')
		Ijarah (Leasing) USD based
Credit Card	VISA Credit Card	International VISA credit cards as Silver, Gold and Platinum (Black) to suit the customer needs
	Master Credit Card	International Master credit cards as Silver, Gold and Titanium to suit the customer needs.
	Flexi Credit Card	Credit card facility against fixed deposit
	Apsara Credit Card	Credit card for Kantha Ran Ginum holders
	BoC Shopping Card	Additional credit card for shopping
	Prepaid Credit Card	For the use of Government institutions for settlements of petty cash

BOC cardbuddy
Play Your Cards

RKFC
ACCOUNT

Category	Account Type	Description /Features
Debit Card	VISA Electron Debit Card	For POS transactions and withdraw money through any VISA ATM globally
	Master Electron Debit Card	For POS transactions and withdraw money through any Master Card ATM globally
	14 + Electron Debit Card	Debit card for 14+ account holders
	Premier Electron Debit Card	Debit card for high net worth customers
	International Student Identity Card	Identity card for international Students with VISA debit card
	Krida Shakti Debit Card	Special debit card for sportsmen / women
	NRFC Debit Card	Debit card for NRFC account holders to do transactions in foreign currency
Special Services	Mobile Services	Withdraw money from any branch from our interconnected branch network located Island wide (more than 500 branches).
	ATM Services	Facility to withdraw money from our ATM network (more than 450 ATMs)
	Cheque Encashment	To encash any bank cheque within shorter period of time
	Direct Debit	Direct debits to SLT, Dialog, Mobitel, Water Board etc. Convenient payment mode for utility bills
	Foreign Currency	To serve the needs of customers' foreign travels
	Bureau de Exchange (Travels Department)	Issue of foreign currency and TCs for travel purposes
	Travellers Cheques	TC encashment and issue services

Category	Account Type	Description /Features
Inward Remittance and Funds Transfer	BoC Smart Remit	Real time secured web based remittance payment system with • Anywhere pay out option • E mail and SMS notifications to both sender and receiver • Feed back notification to agent • API services • First ever automated SWIFT processing in Sri Lanka • Specially designed for migrants
	SWIFT	Secured fund transferring method to send or receive funds to/from any where in the world
	Web Based Fund Transfer Systems	Funds transferring system to transfer funds from any where in the world through Money Gram, Xpress Money, Sigue, Ez-Remit and SHIFT
	SLIPS	Speed and secured fund transfer facility within the local banks rupee accounts which helps customers to do financial transactions more efficiently with minimum cost.
	RTGS Fund Transfer	Real time gross settlement system (RTGS) is a funds transfer system (large sums) where transfer of money or securities within local banks on a “real time” and on “gross” basis.
BoC Assurance	Life Insurance	In association with Sri Lanka Insurance the Bank promotes life insurance polices which provide Life lost and disability coverage for credit schemes, tailor made standalone life insurance covers for different needs of the clients and some pension related benefits
	General Insurance	In association with Sri Lanka Insurance the Bank promotes general insurance polices which provide extensive coverage for movable and immoveable assets together with human lives wherever necessary.

Category	Account Type	Description /Features
Value Added Services	Gold Shop	Sales of 24 Krt. Gold
	Safe Custody Vault	Safe keeping facility available in selected branches to keep valuable things safely.
	Left Handers' Cheque Book	Specially designed cheque book for left hand users
	Ran Kekulu Gift Vouchers	Special gift voucher for children to encourage the habit of savings
	Money and Banking Museum	Located in 28th floor head office to educate the school children and the society about the history of banking and elevation of money
	Small Entrepreneur Consultancy	Advisory service for small entrepreneurs to carry out their business more effectively and efficiently
	Trade Information service	Import export trade advisory service
	Multi-lingual Call Center	Help desk for all banking products and banking related matters. Facility is available everyday 24 hours in three languages
	e-Channelling	e-Channelling counter in selected branches to channel their doctor online
	Ran Kekulu Sansada	Savings units in schools to encourage school children's savings habits and introduce the Bank to the future generation
Other Services	SMS Banking	SMS alerts when every transaction is occurred
	BoC Paymate	Paying utility bills, check the account balances, pay merchants at POS via SMS
	BoC Internet Banking	Paying utility bills, check the account balance and obtain statements, fund transfers, credit card payments and via internet
	Payment Facilities With	- Customs on-line payment facility
		- Share trading payments
		- Lake house advertisements
		- Electricity, Water, Phone, Insurance etc. bill payments
		- IBSL, SLIIT etc. direct payment facilities
		- JET Line direct payments

SUBSIDIARIES AND ASSOCIATES

	Principal Activities	Bank's Interest	Directors	Highlights	2013 LKR million	2012 LKR million
Subsidiary companies						
Property Development PLC 19th Floor, BoC Head Office Building, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01. T: 011 2544328 011 2326922 011 2448549 F: 011 2544329 e: pdlhrm@sltnet.lk	Own, maintain and manage the Bank of Ceylon Head Office building	94.09%	Mr Raju Sivaraman (Chairman) Mr P A Lionel Mr B M Amarasekera Dr M S Perera Mr L N de Silva Wijeyeratne Mr S E de Silva Secretaries Varners International (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	660.0 3,575.1 466.5 536.6 392.8 6.0	660.0 3,290.2 428.5 442.7 318.4 4.8
Merchant Bank of Sri Lanka PLC BOC Merchant Tower, No. 28, St. Michael's Road, Colombo 03. T: 011 4711711 011 2565636 F: 011 2565666 e: mbslbank@mbslbank.com W: www.mbslbank.com	Leasing, hire purchase, corporate and retail credit, corporate advisory services, capital market operations, margin trading, micro financing	72.14%	Mr M R Shah (Chairman) Mr D M Gunasekara Mr Senarath Bandara Mr C R Jayawarna Mr P G Rupasinghe Mr A B L A de Silva Mr M S S Paramananda Mr W P Russel Fonseka (Alternate Director to Mr D M Gunasekara) Secretary Ms Karnika Jayathilake	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	1,607.0 13,268.8 10,487.9 175.9 116.9 0.9	1,607.0 11,891.3 9,197.7 243.4 201.2 1.5
BOC Management & Support Services (Private) Limited 25th Floor, BoC Head Office Building, "BOC Square" , No. 01, Bank of Ceylon Mawatha, Colombo 01. T: 011 2446790	Provides management services to the Group	100.00%	Mr D M Gunasekara (Chairman) Mr D P K Gunasekera Mr W A C Tissera Secretary Ms Janaki Senanayake Siriwardane	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	1.0 9.1 0.7 0.7 0.5 4.7	1.0 8.6 0.4 0.5 0.4 4.4

	Principal Activities	Bank's Interest	Directors	Highlights	2013 LKR million	2012 LKR million
BOC Property Development & Management (Private) Limited 19th Floor, BoC Head Office Building, "BOC Square" , No. 01, Bank of Ceylon Mawatha, Colombo 01. T: 011 2388229 011 2544328 F: 011 2544329 e: pdlhrm@sltnet.lk	Renting of office space of BOC Merchant Tower in Colombo 03 and Ceybank House in Kandy	100.00%	Mr D M Gunasekara (Chairman) Mr P J Jayasinghe Ms S H Ranawaka Mr K T Karunaratne Mr S M S C Jayasuriya (Alternate Director to Mr D M Gunasekara) Secretaries Corporate Services (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	1,010.0 1,474.5 80.0 118.1 75.2 0.7	1,010.0 1,401.0 82.3 85.8 24.1 0.2
BOC Travels (Private) Limited 1st Floor, BoC Super Grade Branch Building, Baseline Road, Colombo 08. T: 011 2688154-8 F: 011 2688175 e: ceybank@eureka.lk W: www.boctravels.com	Engages in travel related services	100.00%	Mr Chandrasiri de Silva (Chairman) Ms Nalini D Abeywardene Mr D M Gunasekara Mr H M Mudiyanse Mr D P K Gunasekara Mr Lalith J Fernando Mr C Amarasinghe (Alternate Director to Mr D M Gunasekara) Secretaries S S P Corporate Services (Private) Limited	Stated Capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	2.5 206.2 52.6 40.8 35.0 140.2	2.5 174.2 50.2 48.3 42.7 170.8

	Principal Activities	Bank's Interest	Directors	Highlights	2013 LKR million	2012 LKR million
Hotels Colombo (1963) Limited No. 02, York Street, Colombo 01. T: 011 2320320 011 5221144 F: 011 2380433 e: info@grandoriental.com W: www.grandoriental.com	Provides hotel services	99.99%	Mr Rohan Jayasinghe (Chairman) Ms Nalini D Abeywardene Mr Chandrasiri de Silva Mr D M Gunasekara Mr G H Chandrasiri Mr M P R Kumara Mr C D K Walisundara Mr J C Ratwatte Ms W I Hettihewa Secretaries Merchant Bank of Sri Lanka PLC	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	100.8 294.7 77.9 24.3 22.9 2.3	100.8 286.6 71.7 53.4 48.5 4.8
MCSL Financial Services Limited 11th Floor, BOC Merchant Tower, No. 28, St. Michael's Road, Colombo 03. T: 011 2301501 F: 011 4627850 e: mcsl@mcsl.lk W: www.mcsl.lk	Acceptance of deposits, granting lease facilities, hire purchase, loans and other credit facilities, real estate developments and related services	80.09%	Mr A B L A de Silva (Chairman) Mr Raju Sivaraman Mr W A Asoka Rupasinghe Ms C K Jayaratne Dr Thiran de Silva Mr M R Shah Ms W A Nalini Dr M Ramasubbu Mr U Chandrasekara Mr B Premalal Secretary Ms Kamini Dissanayake	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	343.9 9,510.8 8,689.5 59.5 49.6 0.5	100.0 7,004.8 6,338.6 152.4 129.5 1.3
Ceybank Holiday Homes (Private) Limited 12th Floor, BoC Head Office Building, "BOC Square" , No. 01, Bank of Ceylon Mawatha, Colombo 01 T: 011 2447845 011 2204103-4 F: 011 2447845 e: ceybankhh@gmail.com W: www.ceybankholidayhomes.com	Operating of pilgrims, rests, holiday homes and guest houses	100.00%	Mr D M Gunasekara (Chairman) Mr P J Jayasinghe Mr H M Mudiyanse Mr W G Ariyaratne Ms Janaki Senanayake Siriwardane Ms H M Ratnayake Mr Senarath Bandara (Alternate Director to Mr D M Gunasekara) Secretary Ms Janaki Senanayake Siriwardane	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	- 26.7 22.3 1.1 0.6 8,230.6	- 22.7 18.8 0.2 0.0 342.1

	Principal Activities	Bank's Interest	Directors	Highlights	2013 LKR million	2012 LKR million
MBSL Insurance Company Limited No. 122, Kew Road, Colombo 02. T: 011 2304500 F: 011 2300499 e: info@mbslinsurance.lk W: www.mbslinsurance.lk	Underwriting of all classes of life and general insurance	56.34%	Mr Raju Sivaraman (Chairman) Mr M R Shah Dr (Mrs) A D B de Zoysa Mr T Mutugala Mr Senarath Bandara Mr A B L A de Silva Mr W P Russel Fonseka Mr S M S C Jayasuriya Mr Shashika Senarath Secretaries Waters Secretarial Services (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	880.7 1,626.0 1,227.1 (111.3) (111.3) -	779.5 1,348.1 947.2 11.6 8.2 0.0
MBSL Savings Bank Limited No.519, T B Jayah Mawatha, Colombo 10. T: 011 2374000 F: 011 2374044 e: savingsbank@mbslsavingsbank.com W: www.mbslsavingsbank.com	Provides financial services including accepting deposits, lease financing, hire purchase financing and pawning services	54.25%	Mr M R Shah (Chairman) Mr T Mutugala Mr A B L A de Silva Dr S T S de Silva Mr K D A Fernando Mr H M A B Weerasekara Mr H D P Jayathilake Secretary Mr T T K Attanayaka	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	847.2 3,151.8 2,878.3 (103.1) (103.1) -	847.2 2,573.0 2,471.8 (138.1) (138.1) -
Koladeniya Hydropower (Private) Limited 19th Floor, BoC Head Office Building, "BOC Square" , No. 01, Bank of Ceylon Mawatha, Colombo 01. T: 011 2544327 011 2541113 F: 011 2544329 e: pdlfin@sltnet.lk	Hydropower generation	94.09%	Mr Raju Sivaraman (Chairman) Mr P A Lionel Dr M S Perera Mr S E de Silva Mr L N de Silva Wijeyeratne Secretaries En Es (Assignments) (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	217.0 302.1 19.6 43.0 35.6 1.6	217.0 304.0 57.0 32.6 32.6 1.5

	Principal Activities	Bank's Interest	Directors	Highlights	2013 LKR million	2012 LKR million
Bank of Ceylon (UK) Limited No:1, Devonshire Square, London, EC2M 4WD, United Kingdom. T: +44 207 3771 888 F: +44 207 3775 430 e: info@bankofceylon.co.uk W: www.bankofceylon.co.uk	Provides services including accepting deposits and dealing in investments.	100.00%	Mr D M Gunasekara Mr D N L Fernando Mr D S Muthukudaarachchi Mr W D R Swanney Mr R England Secretary Mr D S Muthukudaarachchi	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	2,683.9 14,255.3 11,115.6 (59.6) (59.6) -	2,683.9 17,586.8 14,631.8 (63.0) (46.3) -
Associate Companies						
Ceybank Asset Management Limited No. 54/C1, Ward Place, Colombo 07. T: 011 7602000-2 F: 011 2683095 e: ceybank@slt.lk W: www.ceybank.com	Management of Unit Trust Funds and other private portfolios.	43.36%	Mr K L Hewage (Chairman) M D M Gunasekara Mr P A Lionel Mr M Selvanathan Mr C Sathkumara Mr M S P R Perera Mr A M M de Alwis Shri B Babu Rao Mr G A Jayashantha (Alternate Director to Mr D M Gunasekara) Mr U D Liyanagamage (Alternate Director to Mr A M M de Alwis) Mr A P Weeratunge (Alternate Director to Mr M Selvanathan) Secretaries Carsons Management Services (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	37.6 379.0 56.9 69.4 56.8 19.9	37.6 319.2 43.4 61.2 48.0 16.8
Sourthern Development Financial Company Limited No. 18, Bandarawatta Road, Pamburana, Matara. T: 041 2221618	Granting loan facilities	41.67%	Mr A P S R Gunasekara (Chairman) Mr D K N Piyasoma Mr R Ranathunga Secretaries MSL Galle (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	60.0 30.4 20.3 0.5 0.5 0.0	60.0 36.5 35.0 (0.4) (0.4) -

	Principal Activities	Bank's Interest	Directors	Highlights	2013 LKR million	2012 LKR million
Lanka Securities (Private) Limited No. 228/2, Galle Road, Colombo 04. T: 011 4706757 011 2554942 F: 011 4706767 e: lankasec@sltnet.lk W: www.lsl.lk	Registered stock broker engages in equity trading, debt trading and margin trading	40.92%	Ms Aamna Taseer (Chairperson) Mr P A Lionel Mr M Eshan ul-Haq Mr Farooq Bin Habib Mr K U D Gamage Mr M R Shah Mr S A Taseer (Alternate to Mr M Eshan ul-Haq) Mr S Taseer (Alternate to Mr Farooq Bin Habib) Secretaries S S P Corporate Services (Private) Limited	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	279.6 477.9 159.3 (39.6) (49.0) -	279.6 461.4 95.1 (60.6) (66.8) -
Mireka Capital Land (Private) Limited No. 324, Havelock Road, Colombo 06. T: 011 2596793 011 2505100 011 2346333 F: 011 2449303 e: info@mireka.com W: www.havelockcity.com	Purchasing, hiring and acquiring real estate properties, real estate developments and providing infrastructure facilities to real estate development projects	40.00%	Mr S P Tao (Chairman) Mr Raju Sivaraman Mr W P Russel Fonseka Mr H S Jayawardana Mr M T Ong Mr H Z Cassim Mr L R de Lanerolle Mr A M de S Jayaratne Mr Senarath Bandara (Alternate Director to Mr Raju Sivaraman) Ms S H Ranawaka (Alternate Director to Mr W P Russel Fonseka) Mr E P Ong (Alternate Director to Mr S P Tao) Secretary Ms Jayanga Kumudu Kumari Wegodapola	Stated capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	1,875.0 7,093.8 4,225.6 516.0 511.0 2.7	1,875.0 6,203.9 3,846.5 16.4 (3.6) -
Transnational Lanka Records Solutions (Private) Limited 160/16, Kirimandala Mawatha, Narahenpita, Colombo 05. T: 011 7574574 011 7574575 F: 011 4514588 e: tlrs@prontolanka.com W: www.transnational-grp.com	Renting properties and real estates	24.69%	Mr W P Russel Fonseka (Chairman) Mr H K W Gunasinghe Mr D K W Liew Mr S J Jebarathnam Mr D M H Liew Mr C R Norwood Secretaries P W Corporate Secretarial (Private) Limited	Stated Capital Total assets Total liabilities Profit before tax Profit after tax EPS (LKR)	81.0 120.1 55.2 33.7 33.4 0.4	81.0 288.0 54.0 63.9 63.9 0.8

BOC CORRESPONDENT BANKS BY COUNTRY

Afghanistan

1 Afghanistan Bank DA

Albania

2 Raiffeisen Bank

Algeria

3 Banque Exterieure D'algerie

Argentina

4 Banco Macri Bansud SA
5 Banco Finansur SA
6 Banco Credicoop Cooperativo Limited

Armenia

7 Ardshininvestment Bank

Australia

8 Australia & New Zealand Banking Group Limited
9 HSBC Bank Australia Limited
10 National Australia Bank Limited
11 Westpec Banking Corporation

Austria

12 Allgemeine Sparkasse Oberosterreich
13 Bank Austria Creditanstalt AG
14 Bawag PSK Bank
15 BKS Bank AG
16 Erste Bank Der Oesterreichischen Sparkassen AG
17 Erste Group Bank AG
18 Oberbank AG
19 Osterreichische Volksbanken AG
20 Raiffeisen Zentrale Bank Osterreich AG
21 Raiffeisenlandes bank Oberosterreich Aktiengesellschaft
22 Salzburger Landes - Hypothekenbank AG
23 Vorarlberger Landes-Und Hypothekenbank Aktiengesellschaft

Bahrain

24 Ahli United Bank
25 Albaraka Islamic Bank
26 Arab Banking Corporation
27 Bahrain Islamic Bank
28 BBK (Formerly Bank of Bahrain & Kuwait BSC)
29 BMI Bank B S C (C)
30 Gulf International Bank
31 Habib Bank Limited
32 HSBC Bank Middle East
33 National Bank of Bahrain
34 The Arab International Company

Bangladesh

35 Agrani Bank
36 Bangladesh Krishi Bank
37 BASIC Bank Limited (Bangladesh Small Industries & Commerce Bank Limited)
38 Janata Bank
39 Prime Bank Limited
40 Pubali Bank Limited
41 Sonali Bank
42 The Premier Bank Limited
43 Uttara Bank

Belarus

44 Belarus Bank (Formerly Minskcomplex Bank)
45 Belvnesheconombank

Belgium

46 Antwerpse Diamant Bank NV
47 Banca Monte Paschi, Belgio
48 Byblos Bank Europe SA
49 Deutsche Bank SA/NV
50 Fortis Bank NV / SA
51 ING Belgium SA/NV (Formerly Bank Brussels Lambert)
52 KBC Bank NV

Bermuda

53 Bank of Bermuda Limited

Botswana

54 Barclays Bank of Botswana Limited

Brazil

55 Banco ABC Brasil SA
56 Banco Do Brazil
57 Banco FIBRA SA
58 Banco Industriel E Commercial SA (Bicbanco)
59 Banco Indusval SA

Bulgaria

60 Central Cooperative Bank
61 Investbank PLC
62 Municipal Bank PLC
63 Raiffeisenbank (Bulgaria) EAD
64 Texim Bank
65 Unicredit Bulbank AD (Formerly Bulbank AD)
66 United Bulgarian Bank AD

Cambodia

67 Acleda Bank PLC

Canada

68 Bank of Montreal
69 Bank of Nova Scotia
70 Canadian Imperial Bank of Commerce
71 HSBC Bank Canada (Formerly Credit Lyonnais Canada)
72 Royal Bank of Canada
73 Toronto Dominion Bank

Chile

74 Corpbanca

China

75 Bank of Changsha
76 Bank of China
77 Bank of Communications
78 Bank of Hangzhou Co Limited
79 Bank of Jiangsu
80 Bank of Jiujiang Company Limited
81 Bank of Nanjing
82 Bank of Shaoxing Company Limited
83 Changshu Rural Commercial Bank
84 China Construction Bank
85 China Development Bank Corporation
86 China Everbright Bank
87 Evergrowing Bank
88 Export Import Bank of China
89 OCBC Bank (China) Limited
90 Xian City Commercial Bank Company Limited

91 Zhejiang Nanxun Rural Cooperative Bank
92 Zhejiang Xiaoshan Rural Cooperative Bank

Colombia

93 Banco Popular

Cook Islands

94 WSBC Bank (Wall Street Banking Corporation Limited)

Croatia

95 Zagrebacka Banka DD

Cyprus

96 Alpha Bank Cyprus Limited
97 Bank of Cyprus Public Company Limited
98 Hellenic Bank Public Company Limited
99 Marfin Popular Bank Public Company Limited (Formerly Cyprus Popular Bank Public Company Limited (Laiki Bank)
100 National Bank of Greece (Cyprus) Limited

Czech Republic

101 Ceska Sporitelna AS
102 Ceskoslovenska Obchodni Banka AS
103 GE Money Bank AS
104 Komercni Banka AS
105 LBBW Bank CZ AS
106 Raiffeisen Bank
107 Unicredit Bank Czech Republic AS

Denmark

108 ALS Skiern Bank
109 Danmarks National Bank
110 Danske Bank AS
111 Jyske Bank AS
112 Nordea Bank Denmark AS
113 Nordjyske Bank AS
114 Rinkjobing Landbobank
115 Skjern Bank
116 Spare Nord Bank
117 Sparebank Vest
118 Sydbank AS
119 Vestjysk Bank

Ecuador

120 Banca International Produbanco

Egypt

121 ABC Egypt (Arab Banking Corporation)
122 Arab International Bank
123 Bank of Alexandria (ALEX BANK)
124 Banque Du Carie SAE
125 Banque MISR SAE
126 Central Bank of Egypt
127 Commercial International Bank (Egypt) SAE
128 Calyon Bank(Egypt) SAE
129 Egyptian Saudi Finance Bank
130 Faisal Islamic Bank of Egypt SAE
131 Mohandes Bank
132 National Bank of Egypt
133 Suez Canal Bank SAE

Estonia

134 SEB Pank

Ethiopia

135 Commercial Bank of Ethiopia

Fiji

136 National Bank of Fiji Limited (Colonial National Bank)

Finland

137 Aktia Bank PLC
138 Nordea Bank Finland PLC
139 Oko Osuuspankkien Keskuspankki OYJ
140 Pohjola Bank PLC
141 Sampo Bank PLC

France

142 Al Kahaliji France SA
143 Bank of India (Paris Branch)
144 Banque BIA
145 Banque De Neuflize, Schlumberger, Mallet, Demachy
146 Banque D'escompte
147 Banque Federative Du Credit Mutuel
148 Banque Palatine
149 Banque SBA
150 BNP Paribas
151 Calyon
152 CIC Lyonnaise De Banque
153 Credit Agricole
154 Credit Cooperatif
155 Credit Du Nord
156 Credit Industrial Del' Quest
157 Credit Industrial ET Commercial (CIC)
158 Credit Lyonnais
159 HSBC Private Bank France SA
160 Natixis (Formerly Natexis Banque Populaires)
161 Societe Generale
162 Union De Banque Arabes ET Francaises (UBAF)
163 VTB Bank (France) SA (Formerly Banque Commerciale Pour L' Europe Du Nordeurobank)

Georgia

164 Bank of Georgia

Germany

165 Baden Wuttenbergische Bank AG
166 Bankhaus Carlf Plump & Company
167 Bankhaus Neelmeyer AG
168 Bayerische Hypo-Und Vereinsbank AG (Uni Credit Bank AG)
169 Bayerische Landesbank
170 Berenberg Bank
171 Berliner Volksbank EG
172 BHF Bank Aktiengeselschaft
173 Bremer Landesbank
174 Commerzbank AG (Dusseldorf - Germany)
175 Commerzbank AG (Frankfurt - Germany)
176 Degussa Bank
177 Deutsche Bank AG
178 Deutsche Bundesbank
179 Deutsche Postbank AG
180 DVB Bank AG
181 DZ Bank AG
182 Frankfurter Volksbank EG
183 Hamburger Sparkasse AG
184 HSBC Trinkaus & Burkhardt KGA
185 ING BHF - Bank AG

186 Kreissparkasse Esslingen - Nurtingen
187 Kreissparkasse Goppingen
188 Kreissparkasse Heilbronn
189 Landesbank Baden-Wurttemberg
190 Landesbank Berlin AG (Merger of Bankgesel-Lschaft Berlin AG & Landesbank Berlin AG)
191 Landesbank Hessen Thuringen Girozentrale
192 LRP Landesbank Rheinland PFALZ
193 Mainzer Volksbank EG
194 Nassauische Sparkasse
195 Nordeutsche Landesbank Girozentrale
196 NRW Bank
197 Oldenburgische Landesbank AG
198 Sparkasse Bielefeld
199 Sparkasse Dortmund
200 Sparkasse Duren
201 Sparasse Essen (Stadtsparkasse Essen)
202 Sparkasse Hannover
203 Sparkasse Herford
204 Sparkasse Pforzheim CALW
205 Stadtsparkasse Dusseldorf
206 Stadtsparkasse Monchengladbach
207 Stadtsparkasse Wuppertal
208 Standard Chartered Bank (Frankfurt-Germany)
209 Westlb AG

Ghana

210 Ghana Commercial Bank Limited

Greece

211 Alpha Bank
212 Aspis Bank
213 EFG Eurobank Ergasias SA
214 Marfin Egnatia Bank SA (Formerly Egnatia Bank SA)
215 National Bank of Greece
216 Piraeus Bank

Hong Kong

217 Bank of East Asia Limited
218 Cathay Bank
219 Chiyu Banking Corporation Limited
220 Chong Hing Bank Limited (Formerly Liu Chong Hing Bank Limited)
221 DAH Sing Bank Limited
222 DBS Bank (Hong Kong) Limited
223 Hang Seng Bank Limited
224 Hongkong & Shanghai Banking Corporation
225 Industrial and Commercial Bank of China (Asia) Limited
226 Nan Yang Commercial Bank Limited
227 Oversea - Chinese Banking Corporation
228 Shanghi Commercial Bank Limited
229 UBAF Hong Kong Limited (UBAF) Union de Banques Arabes Et Francaises
230 Wing Hang Bank Limited

Hungary

231 Bank of Hungarian Savings Cooperatives Company Limited
232 Budapest Credit Development Bank RT
233 Central-European Int'l Bank Limited (CIC Bank)
234 ERST Bank Hungary NYRT
235 Kereskedelmi ES Hitelbank (K and H Bank NYRT)
236 Magyar Nemzeti Bank
237 Raiffeisen Bank ZRT
238 Unicredit Bank Hungary ZRT

Iceland

239 GLITNIR BANK HF (Formerly Islandbanki FBA Limited)

India

240 Allahabad Bank
241 Andhra Bank
242 Axis Bank
243 Bank of Baroda
244 Bank of India (Mumbai)
245 Bank of Maharashtra
246 Canara Bank
247 Central Bank of India
248 Corporation Bank
249 Development Credit Bank Limited
250 HDFC Bank
251 ICICI Bank Limited
252 IDBI Bank Limited
253 Indian Bank
254 Indian Overseas Bank
255 Indusind Bank Limited
256 Jammu & Kashmir Bank Limited
257 Karur Vysya Bank
258 Punjab & Sind Bank Limited
259 Punjab National Bank
260 Saraswat - Cooperative Bank Limited
261 State Bank of India
262 State Bank of Hyderabad
263 State Bank of Travancore
264 Syndicate Bank
265 Tamilnad Mercantile Bank Limited
266 The Bank of Rajastan Limited
267 UCO Bank
268 Union Bank of India
269 United Bank of India
270 YES Bank

Indonesia

271 Bank International Indonesia
272 Bank Artha Graha
273 Bank Mega
274 PT Bank Bukopin
275 PT Bank Central Asia TBK
276 PT Bank Ekspor Indonesia
277 PT Bank Mandiri (Persero)
278 PT Bank Negara Indonesia TBK
279 PT Bank Pan Indonesia TBK (Panin Bank)
280 PT Bank Permata TBK
281 PT Bank Rabobank International
282 PT Bank Rakyat Indonesia

Iraq

283 Central Bank of Iraq
284 Rafidain Bank
285 Rasheed Bank

Ireland

286 Allied Irish Bank PLC

Israel

287 Bank Hapoalim BM
288 Bank Leumi Le Israel BM
289 Bank of Palestine
290 First International Bank of Israel Limited
291 Israel Discount Bank
292 Mercantile Discount Bank Limited
293 Mizrahi Tefahot Bank Limited
294 Union Bank of Israel Limited

Italy

295 Banca Agricola Mantovana SPA
296 Banca Antonveneta SPA
297 Banca Carige SPA
298 Banca Delle Marche SPA
299 Banca Di Credito Cooperativo Di Alba
300 Banca Di Imola SPA
301 Banca Di Roma
302 Banca Etruria Soc Coop
303 Banca Monte Dei Paschi Di Siena
304 Banca Nazional Del Lavoro SPA (Merged into BNP Paribas)
305 Banca Popolare - Volksbank (Banca Popolare Dell Alto Adige)
306 Banca Popolare Dell Emilia Romagna
307 Banca Popolare Di Cividale SCPA
308 Banca Popolare Di Milano
309 Banca Popolare Di Ravenna SPA
310 Banca Popolare Di Sondrio
311 Banca Popolare Soc. Coop. (Banca Popolare Di Verona E Novara SCRL) (Including Creito Bergamasco SPA,Banca Popolaredi Novara SPA) Verona
312 Banca Popolare Di Vicenza SCPARL
313 Banca Regionale Europea SPA
314 Banca Toscana SPA
315 Banca UBAE SPA
316 Banca Valsabbina SCPA
317 Banco Carim - Cassa Di Risparmio Di Rimini SPA
318 Banco Di Desio E Della Brianza SPA
319 Banco Di Sardegna SPA
320 Banco Di Sicilia
321 Bipop-Carires
322 Cariparma SPA
323 Cassa Di Risparmio Di Ascoli Piceno SPA
324 Cassa Di Risparmio Di Bolzano SPA
325 Cassa Di Risparmio Di Carrara SPA
326 Cassa Di Risparmio Di Prato SPA (Cariprato)
327 Cassa Di Risparmio Di San Miniato SPA
328 Credito Bergamasco SPA
329 Credito Valtellinese
330 Deutsche Bank SPA
331 Hypo Alpe-Adria-Bank SPA
332 Intesa Sanpaolo SPA (Formerly Banca Intesa SPA)
333 UBI Banca
334 UGF Banca
335 Unicredito Italiano SPA
336 Unipol Banca SPA

Jamaica

337 National Commercial Bank of Jamaica Limited

Japan

338 77 Bank Limited
339 Aozora Bank Limited
340 Australia & New Zealand Banking Group Limited
341 Awa Bank Limited
342 Bank of Kochi Limited
343 Bank of KYOTO
344 Bank of Tokyo-Mitsubishi UFJ Limited
345 Bank of Yokohama Limited
346 Chiba Kogyo Bank Limited
347 Chukyo Bank Limited
348 Chuo Mitsui Trust and Banking Company Limited
349 Gunma Bank Limited
350 Higashi-Nippon Bank
351 Hokuriku Bank Limited
352 Kinki Osaka Bank Limited
353 KIYO Bank Limited
354 KYOTO Shinkin Bank
355 Minato Bank Limited (Formerly Midori Bank Limited)
356 Mitsubish Trust & Banking Company
357 Mizuho Bank Limited
358 Nishi Nippon City Bank Limited
359 Okazaki Shinkim Bank
360 Osaka City Shinking Bank
361 Resona Bank Limited
362 Saitama Resona Bank Limited
363 Seto Shinkin Bank
364 Shiga Bank Limited
365 Shinkin Central Banko
366 Shinsei Bank Limited (Formerly Long Term Credit Bank of Japan)
367 Standard Chartered Bank
368 Sugamo Shinkin Bank
369 Sumitomo Mitsui Banking Corporation
370 The Asahi Shinkin Bank
371 The Ashikaga Bank Limited
372 The Hokkaido Bank Limited
373 The Shikoku Bank Limited
374 The Shizuoka Bank Limited
375 The Yokohama Shinkin Bank
376 Tokushima Bank Limited
377 Tokyo Tomin Bank Limited
378 Tomato Bank Limited
379 Towa Bank Limited
380 Yamagata Bank Limited
381 Yamaguchi Bank Limited
382 Yamanashi Chuo Bank Limited

Jordan

383 Arab Bank PLC
384 Arab Jordan Investment Bank
385 Bank Al Etihad
386 Bank Audi Sal - Audi Saradar Group
387 Bank of Jordan PLC
388 Cairo Amman Bank
389 Housing Bank for Trade & Finance

390 Investbank (Formerly Jordan Investment & Finance Bank (JIF Bank)
391 Islamic International Bank Limited
392 Jordan Ahli Bank PLC
393 Jordan Commercial Bank (Formerly Jordan Gulf Bank)
394 Jordan Dubai Islamic Bank
395 Jordan Kuwait Bank

Kazakstan

396 JSC Bank Centercredit

Kenya

397 Barclays Bank of Kenya Limited
398 Kenya Commercial Bank Limited

Korea

399 Citibank Korea Inc (Formerly Koram Bank)
400 Hana Bank (Merger of Hana Bank & Seoul Bank)
401 Kookmin Bank
402 Korea Development Bank
403 Korea Exchange Bank
404 Kyongnam Bank
405 Pusan Bank
406 The Kwangju Bank Limited
407 Woori Bank

Kuwait

408 Al Ahli Bank of Kuwait
409 Bank of Kuwait & the Middle East
410 Burgan Bank SAK
411 Commercial Bank of Kuwait SAK
412 Gulf Bank
413 Kuwait International Bank
414 National Bank of Kuwait SAK

Kyrgyzstan

415 Asia Universal Bank

Latvia

416 Parex Bank
417 Rietumu Bank
418 SEB Banka

Lebanon

419 Al Ahli International Bank SAL
420 Arab African International Bank
421 Arab Bank PLC (Lebanon Branches Centre) Beirut
422 Audi Saradar Private Bank SAL
423 BLC Bank SAL (Formerly Banque Libanaise Pour Le Commerce SAL)
424 Bank Audi SAL
425 Bank Bemo SAL
426 Bankmed SAL
427 Bank of Beirut SAL
428 Banque Libano Francaise
429 BBAC SAL (Formerly Bank of Beirut & the Arab Countries SAL)
430 BLOM Bank SAL
431 Byblos Bank SAL
432 Credit Libanais SAL
433 First National Bank SAL
434 Fransbank SAL
435 IBL Bank
436 Jamal Trust Bank SAL
437 Societe Generale Banque Au Liban SAL
438 Meab Bank
439 Near East Commercial Bank SAL
440 Societe Nouvelle De La Banque De Syrie Et Du Liban SAL

Libya

441 Gumhoria Bank
442 National Commercial Bank SAL
443 Umma Bank SAL
444 Wahda Bank

Lithuania

445 AB Bankas Hansa Bankas
446 AB Bankas Snoras
447 SEB Bank
448 UKIO Bank AS

Macau

449 Banco Weng Hang SA

Madagascar

450 Bank of Africa - Madagascar
451 Banque Centrale De Madagascar

Malawi

452 National Bank of Malawi

Malaysia

453 Alliance Bank Malaysia, Berhad
454 Ambank Berhad (Formerly Arab-Malaysian Bank - Berhad)
455 Bank Islam Malaysia Berhad
456 CIMB Bank Berhad (Formerly Bumiputra Commerce Bank Berhad)
457 EON Bank Berhad
458 Malayan Banking Berhad (Maybank)
459 OCBC (Malaysia) Berhad
460 Oversea - Chinese Banking Corporation (Kuala Lumpur)
461 Public Bank Berhad
462 RHB Bank Berhad
463 Royal Bank of Scotland
464 United Overseas Bank (Malaysia) Berhad

Maldives

465 Bank of Maldives PLC
466 Habib Bank Limited

Malta

467 Bank of Valleta
468 FIM Bank PLC Limited
469 HSBC Bank Malta PLC

Mauritius

470 State Bank of Mauritius Limited
471 The Mauritius Commercial Bank Limited

Mexico

472 Banco Nacional De Mexico SA
473 Banco Santander Mexicano SPA
474 BBVA Bancomer SA
475 HSBC Mexico SA

Mongolia

476 Trade & Development Bank of Mongolia

Morocco

477 Credit Du Marco SA

Mozambique

478 Banco International De Mocambique S A R L

Namibia

479 Bank Windhoek Limited

Nepal

480 Himalanyan Bank Limited
481 Nepal Bank Limited
482 Nepal Credit & Commerce Bank Limited

483 Standared Chartered Bank Nepal Limited

Netherlands

484 ABN Ambro Bank - Royal Bank of Scotland
485 F Van Lanschot Bankiers NV
486 Hollandsche Bank - UNIE NV
487 ING Bank NV
488 Rabobank Nederland
489 SNS Bank NV
490 The Economy Bank NV
491 Yapi Ve Kredi Bankasi AS

New Zealand

492 ANZ Bank National Bank Limited
493 ASB International Bank
494 Bank of New Zealand
495 Westpec Banking Corporation

Nigeria

496 First Bank of Nigeria PLC
497 Union Bank of Nigeria PLC

Norway

498 DNB Nor Bank ASA (Formerly Den Norske Bank NA)
499 Nordea Bank Norge AS
500 Sparebanken Hedmark
501 Sparebanken More
502 Sparebanken Nord Norge

Oman

503 Bank Dhofar SAOG
504 Bankmuscat SAOG
505 Bank Sohar SAOG
506 National Bank of Oman SAOG
507 Oman Arab Bank SAOG
508 Oman International Bank

Pakistan

509 Allied Bank of Pakistan
510 Askaribank Limited (Formerly Askari Commercial Bank Limited)
511 Atlas Bank
512 Bank Al Habib Limited
513 Bank of Khyber
514 Bank of Panjab
515 Dawood Islamic Bank Limited
516 Faysal Bank Limited
517 Habib Bank Limited
518 Habib Metropolitan Bank Limited
519 KASB Bank
520 MCB Bank Limited (Formerly Muslim Commercial Bank)
521 Meezan Bank Limited
522 Mybank Limited
523 National Bank of Pakistan
524 Soneri Bank Limited
525 Standard Chartered Bank (Pakistan) Limited
526 United Bank Limited

Palestinian Autonomous

527 Arab Islamic Bank

Papua New Guinea

528 Westpac Bank PNG Limited

Paragua

529 Banco Amambay SA

Peru

530 Banco De Credito Del Peru

Philippines

531 Metropolitian Bank & Trust Company
532 Philippine National Bank

Poland

533 Bank BGZ
534 Bank Gospodarstwa Krajowego
535 Bank Handlowy Warszawa SA
536 Bank Millennium SA
537 Bank Pekao SA
538 KREDYT Bank SA
539 Raiffeisen Bank Polska SA

Portugal

540 Banco BPI SA
541 Banco Espirito Santo SA
542 BNP - Banco Portugues De Negocios SA
543 Finibanco SA
544 Millennium BCP (Formerly Banco Commercial Portugues SA)

Qatar

545 Barwa Bank
546 Doha Bank
547 Qatar International Islamic Bank
548 Qatar Islamic Bank SAQ

Romania

549 Banca Comerciala Carpatica
550 Banca Commerciala Romana SA
551 Banca Transilvania
552 BRD - Groupe Societe Generale SA
553 Unicredit Tiriac Bank

Russia

554 Bank for Development & Foreign Economic Affairs (Formerly Bank for Foreign Economic Affairs of the USSR)
555 Bank Jugra
556 Bank of Moscow
557 BIN Bank
558 International Moscow Bank
559 JSC VTB Bank (Formerly Bank for Foreign Trade (Vneshtorgbank)
560 M D M Bank
561 Nomos-Bank (Novaya Moskva)
562 ROS Bank
563 SBERBANK
564 Trans Credit Bank
565 Vnesheconombank

Saudi Arabia

566 Al Rajhi Bank
567 Arab National Bank
568 Bank Al Bilad
569 Bank Al Jazira
570 Banque Saudi Fransi
571 National Commercial Bank Limited
572 Riyad Bank
573 SAMBA Financial Group
574 Saudi British Bank
575 Saudi Hollandi Bank

Scotland

576 Royal Bank of Scotland

Serbia

577 Banca Intesa AD Beograd

Serbia & Montenegro

578 National Bank of Serbia

Seychelles

579 Seychelles International Mercantile Banking (NOUVOBNQ)

Singapore

580 Bank of India (Singapore)
581 DBS Bank Limited
582 Dexia Banque Internationale A Luxembourge
583 Far Eastern Bank Limited
584 Indian Bank
585 Oversea - Chinese Banking Corporation Limited
586 Skandinaviska Enskilda Banken AB
587 Standard Chartered Bank
588 The Bank of East Asia Limited
589 UCO Bank
590 Union De Banques Arabes ET Francaises (UBAF)
591 United Overseas Bank Limited
592 VTB Bank Europe PLC (Formerly Moscow Narodny Bank Limited)

Singapore /Malaysia

593 ABN AMRO

Slovakia

594 Ceskoslovenska Obchodni Banka AS
595 Postova Bank AS
596 Slovenska Sporitelna AS
597 Tarta Bank AS
598 Unicredit Bank Slovakia AS
599 Vseobecna Uverova Bank AS

Slovenia

600 Abanka Vipa DD
601 Gorenjska Banka
602 Nova Kreditna Banka Maribor DD
603 Nova Ljubljanska Banka DD Ljubljana

Solomon Islands

604 National Bank of Solomon Islands

Somalia

605 Commercial & Savings Bank of Somalia

South Africa

606 ABSA Bank Limited
607 Firstrand Bank Limited
608 Nedcor Bank Limited (NED Bank)
609 Standard Bank of South Africa Limited
610 The Standard Chartered Bank of South Africa, Johannesburg

Spain

611 Banco Bilbao Vizcaya Argentaria
612 Banco DE Europa SA
613 Banco DE Sabadell SA
614 Banco DE Valencia
615 Banco Guipuzcoano SA
616 Banco Intercontinential Espanol (Bankinter)
617 Banco Pastor SA
618 Banco Santander Central Hispano
619 Caixa'd Estalvis DE Catalunya
620 Caja DE Ahorrosy Pensiones De Barcelona La Caixa
621 Caja Madrid

Sweden

622 Nordbanken AB (Publ)
623 SEB Merchant Banking
624 Skandinaviska Enskilda Banken AB (Publ)
625 Svenska Handelsbanken AG (Publ)
626 SWED Bank

Switzerland

627 Banque Cantonale DE Geneve
628 Banque Cantonale Vandoise
629 Banque DE Commerce ET DE Placements
630 BNP Paribas (Suisse) SA
631 BSI SA
632 Credit Agricole (Sussie) SA
633 Credit Sussie
634 Faisal Private Bank (Switzerland) SA
635 Habib Bank AG Zurich
636 Luzerner Kantonal Bank
637 UBS AG (Union Bank of Switzerland)
638 Zurcher Kantonalbank

Taiwan

639 Bank of Taiwan
640 CTBC Bank Company Limited
641 Chinfon Commercial Bank
642 E-Sun Commercial Bank Limited
643 First Commercial Bank
644 Hua Nan Commercial Bank
645 Mega International Commercial Bank
646 Shanghi Commercial & Savings Bank Limited
647 Shin Kong Bank
648 Taipei Fubon Commercial Bank
649 Taiwan Cooperative Bank
650 Union Bank of Taiwan

Tanzania

651 NBC Limited (National Bank of Commerce)

Thailand

652 Bangkok Bank Public Company Limited
653 Bank of Ayudhya Public Company Limited
654 Export Import Bank of Thailand
655 Kasikornabank Public Company Limited (Formerly Thai Farmers Bank)
656 Krung Thai Bank Public Company Limited
657 Siam City Bank Public Company Limited
658 Siam Commercial Bank PCL
659 Standard Chartered Bank (Thai) Public Company Limited
660 United Overseas Bank (Thai) Public Company Limited

Tunisia

661 Attijari Bank
662 Banque Nationale Agricole
663 Societe Tunisienne DE Banque

Turkey

664 AK Bank TAS

665 Anadolu Bank
666 Arab Turkish Bank
667 Asya Katilim Bankasi AS (Formerly Asya Finans Kurumu AS)
668 Euro Tekfen AS
669 ING Bank AS
670 Kuvoyt Turk Katilim Bankasi AS
671 Tekstil Bankasi AS
672 Turk Economi Bankasi
673 Turkiye Finance Katilinu Bankasi AS
674 Turkiye Garanti Bankasi AS
675 Turkiye Halk Bankasi AS
676 Turkiye IS Bankasi AS
677 Turkiye Vakiflar Bankasi TAO
678 Turkland Bank - T Bank
679 Yapi VE Kredi Bankasi AS

United Arab Emirates

680 Abu Dhabi Commercial Bank
681 Abu Dhabi Islamic Bank
682 Arab Bank for Investment & Foreign Trade
683 Commercial Bank International PLC
684 Commercial Bank of Dubai PSC
685 Dubai Islamic Bank PLC
686 Emirates NBD PJSC
687 First Gulf Bank
688 Mashreqbank PSC
689 Middle East Bank PJSC
690 National Bank of Abu Dhabi
691 National Bank of Fujirah
692 Noor Islamic Bank
693 Union National Bank
694 United Arab Bank

Uganda

695 Barclays Bank of Uganda Limited

United Kingdom

696 AIB Group (Formerly Allied Irish Bank)
697 Barclays Bank PLC
698 Clydesdale Bank PLC
699 Gulf International Bank (UK) Limited
700 Habib Bank AG Zurich
701 Habibsons Bank Limited
702 HSBC Bank PLC
703 Investec Bank (UK) Limited
704 Lloyds TSB Bank PLC
705 National Westminster Bank PLC
706 Royal Bank of Scotland PLC
707 Standard Bank PLC
708 Standard Chartered Bank

Ukraine

709 Calyon Bank
710 First Ukraininan International Bank-PJSC
711 OTP Bank - Public Joint Stock Company
712 PJSC “Alfa - Bank”
713 Prominvest Bank
714 Ukreximbank (State Export-Import Bank of Ukraine)

Uruguay

715 The Banco DE LA Republic Oriental Del Uruguay

United States of America

716 American Express Bank Limited
717 Banco DEL Pichincha CA
718 Bank of America NA
719 Bank of Tampa
720 Branch Banking & Trust Company
721 Brown Brothers Harriman & Company
722 Citibank NA
723 Cobank ACB
724 Commerce Bank NA
725 Deutsche Bank Trust Company Americas
726 First Hawaiian Bank
727 French American Banking Corporation
728 Habib American Bank
729 Hibernia National Bank
730 HSBC Bank USA
731 Huntington National Bank
732 Israel Discount Bank of New York
733 JP Morgan Chase Bank
734 La Salle Bank Midwest
735 M & T Bank (Formerly Allfirst Bank)
736 National City Bank of Indiana
737 National Penn Bank
738 Northern Trust Company
739 PNC Bank NA
740 San Diego National Bank
741 Silicon Valley Bank
742 Sovereign Bank
743 Standard Chartered Bank
744 State Street Bank & Trust Company
745 Sun Trust Bank Limited
746 The Bank of New York Mellon
747 UMB Bank NA
748 Union Bank of California NA
749 US Bank NA
750 Wells Fargo Bank NA (Wachovia Bank NA Merged with Wells Fargo)

Vietnam

751 Bank for Foreign Trade of Vietnam
752 Bank for Investment & Development of Vietnam

Yemen

753 International Bank of Yemen YSC
754 National Bank of Yemen
755 Yemen Bank for Reconstruction & Development
756 Yemen Commercial Bank
757 Yemen Kuwait Bank

Zambia

758 Barclays Bank of Zambia Limited

Zimbabwe

759 Barclays Bank of Zimbabwe Limited

EXCHANGE COMPANIES BY COUNTRY

Australia

1 Auscey Financial Services Limited
2 Aussie Forex & Finance (Pty) Limited
3 Ceylon Exchange (Pty) Limited
4 Kapruka (Pty) Limited
5 Serendib Financial (Pty) Limited

Bahrain

6 Bahrain Financing Company
7 BEX Money - Bahrain Express Exchange (Formerly Bahrain Express Exchange)
8 Ezremit Limited
9 National Finance & Exchange Company WLL
10 Zenj Exchange
11 Zenj Exchange Company WLL (Turbo Cash)

Cyprus

12 Masari Payment Services Limited

Greece

13 International Express Remittance International Money Transfer Mediation Company (IERS) SA

Hong Kong

14 Lotus Forex Limited

Israel

15 Tifco Logistics & Trade Limited

Italy

16 Valutrans SPA

Japan

17 Japan Remit Finance Company Limited
18 Unidos Company Limited (Kyodai Remittance)

Jordan

19 Al Samhouri Exchange Company
20 Alawaneh Exchange Company
21 Shift Financial Services Limited

Kuwait

22 Al Fuad Exchange WLL
23 Al Mulla International Exchange Company WLL
24 Al Muzaini Exchange Company KSC (Closed)
25 Bahrain Exchange Company WLL
26 City International Exchange Company WLL
27 Dollarco Exchange Company Limited
28 Etemadco Exchange Company WLL
29 International Financial Line Company
30 Kuwait Asian International Exchange Company WLL
31 Kuwait Bahrain International Exchange Company WLL
32 Kuwait India International Exchange Company WLL
33 National Exchange Company WLL
34 National Money Exchange Company WLL
35 Oman Exchange Company Limited
36 Security Exchange Company WLL
37 UAE Exchange Centre WLL

Lebanon

38 Services Exchange Company (Imad Al Hariri Trading Company & Partners - SECO)

Malaysia

39 Merchantrade Asia SDN BHD
40 IME (M) SDN BHD

Oman

41 Asia Express Exchange
42 Gulf Overseas Exchange Company LLC
43 Hamdan Exchange
44 Majan Exchange LLC
45 Modern Exchange Company LLC
46 Musandam Exchange
47 Mustafa Sultan Exchange Company LLC
48 Oman & UAE Exchange Centre Company LLC
49 Oman International Exchange LLC
50 Oman United Exchange Company LLC
51 Purshottam Kanji Exchange Company LLC

Qatar

52 Al Dar for Exchange Works
53 Al Fardan Exchange Company WLL
54 Al Sadd Exchange
55 Al Zaman Exchange WLL
56 Al-Mirqab Exchange Company WLL (Former Name Union Exchange Company WLL)
57 Arabian Exchange Company WLL
58 City Exchange Company WLL
59 Eastern Exchange EST
60 Gulf Exchange Company
61 Habib Qatar International Exchange Limited
62 Islamic Exchange Company
63 National Exchange Company WLL (Formerly Al Shaibei Exchange Company)

Singapore

64 HBZ International Exchange Company (Singapore) Pvt Limited
65 Mustafa Foreign Exchange

Switzerland

66 Motherhouse GMBH

United Arab Emirates

67 Al Ahalia Money Exchange Bureau
68 Al Ansari Exchange EST
69 Al Fardan Exchange
70 Al Mona Exchange Company LLC
71 Al Razouki International Exchange Company LLC
72 Al Rostamani International Exchange (Formerly Thomas Cook Al Rostamani Exchange Company)

73 Alukkas Exchange
74 Delma Exchange
75 Dubai Exchange Centre LLC
76 Emirates India International Exchange Company
77 Habib Exchange Company LLC
78 Hadi Express Exchange
79 Lari Exchange Establishment
80 Lulu International Exchange LLC
81 National Exchange Company
82 Orient Exchange Company LLC
83 Redha Al-Ansari Exchange EST
84 UAE Exchange Centre
85 Wall Street Exchange Centre
86 Xpress Money Services Limited
87 Zareen Exchange

United Kingdom

88 3R Telecom Limited
89 An Express Limited
90 Currency Exchange Corporation Limited
91 Global Exchange Limited
92 Intl Global Currencies Limited
93 Sigue Global Services Limited

United States of America

94 Moneygram
95 Prabhu Group Inc
96 Trans-Fast Remittance LLC

GLOSSARY OF FINANCIAL/BANKING TERMS

A

Accommodation

Credit exposure including on and off balance sheet commitments and investment exposure including all financial investments except for investments in equity (ie.ordinary shares).

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

To recognize the effects of transactions and other events as they occur, without waiting for the receipt or payment of related cash or its equivalent.

Actuarial Assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variables that will determine the ultimate cost of providing post employment benefits.

Actuarial Gains And Losses

Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Actuarial Present Value of Promised Retirement Benefits

The present value of the expected payments by a retirement benefit plan to existing and past employees, attributable to the service already rendered.

Actuarial Valuation

Fund value determined by computing its normal cost, actuarial accrued liability, actuarial value of its assets, and other relevant costs and values.

Amortisation

The systematic allocation of the depreciable amount of an asset over its useful life. In the case of an intangible asset or goodwill, the term 'amortization' is generally used instead of 'depreciation'. Both terms have the same meaning.

Amortised Cost

The amount at which a financial asset or liability is measured at initial recognition, minus any repayment of principal, minus any reduction for impairment or uncollectibility, and plus or minus the cumulative amortization using the effective interest method of the difference between that initial amount and maturity amount.

Anti Money Laundering (Aml)

A set of procedures, laws or regulations designed to prevent money laundering. Money laundering is an activity which aims to disguise the ownership of money that has an illegal origin such as trading of drugs, organized crimes, fraud and terrorism.

Associate Company

A company other than a subsidiary in which a holding company has a participating interest and exercises a significant influence over its operating and financial policies.

Attrition Rate

A measure of how many employees leave over a certain period of time.

B

Basis Points

One hundredth of one percentage point. Often used in quotations of spreads between interest rates or to change in yield in securities.

Bills of Exchange

A signed, written unconditional order addressed by one person (the drawer) directing another person (the drawee) to pay a specified sum of money to the order of a third person (the payee). The terms bills of exchange and drafts are often used interchangeably.

Borrowing Costs

Interest and other costs incurred by an entity in connection with the borrowing of funds.

C

Capital Adequacy Ratio (CAR)

The percentage of the risk adjusted assets supported by capital, as defined under the framework of risk based capital standards developed by the Bank for International Settlements (BIS) and as modified to suit local requirements by Central Bank of Sri Lanka.

Capital Reserves

Capital reserves consist of revaluation reserves arising from revaluation of properties owned by the Bank and permanent reserve fund set aside for specific purposes defined under the Banking Act No. 30 of 1988 and shall not be reduced or impaired without the approval of the Monetary Board.

Cash Equivalents

Investments/assets that are readily convertible to cash, subject only to an insignificant risk of change in their value.

Collectively Assessed Loan Impairment Provisions

Impairment assessment which carried out on a collective basis for homogeneous groups of loans that are not considered individually significant, in order to cover losses that has been incurred but has not yet been identified at the reporting date.

Compound Annual Growth Rate (CAGR)

The year over year growth rate over a specified period of time.

Consolidated Financial Statements

The Financial Statements of the Group presented as those of a single entity.

Contingencies

A condition or situation at the reporting date, the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non occurrence of one or more uncertain future events.

Contractual Maturity

Contractual maturity refers to the final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal will be repaid and interest is due to be paid.

Corporate Governance

The process by which corporations are directed and controlled. It is concerned with the rights and responsibilities among stakeholders used to determine and control the strategic directions and performance of the corporation.

Cost/Income Ratio

Operating expenses compared to net income.

Country Risk

The credit risk associated with lending to borrowers within a particular country, sometimes taken to include sovereign risk.

Credit Risk

The risk of loss due to non payment of a loan or other line of credit (either the principal or interest or both), by the borrower or a counter party.

Credit Ratings

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

D

Dealing Securities

Securities acquired and held with the intention of reselling them in the short term.

Debt Equity Ratio

Long term borrowings (refinance borrowings + debentures) divided by shareholder's equity.

Deferred Taxation

Sum set aside for tax in the Financial Statements that will become payable/ receivable in a financial year other than the current financial year.

Defined Benefit Plans

Retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' remuneration and/or years of service.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Derivatives

A financial instrument, the price of which has a strong relationship with an underlying commodity, currency variable or financial instrument.

Dividend Per Share (DPS)

Dividend per share is calculated by dividing the total profit distributed to shareholders by the weighted average number of ordinary shares in issue during the year.

Documentary Letters of Credit (LC)

Written undertakings by a bank on behalf of its customers (typically an importer), authorizing a third party (eg. an exporter) to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. Such undertakings are established for the purpose of facilitating international trade.

E

Earnings Per Share (EPS)

Net profits earned during a period attributable to ordinary shareholders of a company divided by weighted average number of shares in issue during the year.

Equity Method

A method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the investor's share of net assets of the invested. The income statement reflects the investor's share of the results of operations of the invested.

Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favorable and unfavorable, that occur between the balance sheet date and the date when the Financial Statements are authorised for issue.

Effective Annual Rate

Return as a percentage of market value of the investment.

Exchange Company/House

An overseas location where the Bank's representatives provide banking services as a promotional tool.

F

Fair Value

The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Finance Lease

Leases which transfer risks and rewards of ownership. Title may or may not eventually be transferred.

Financing Activities

Activities that result in changes in the size and composition of the equity capital and borrowings of the entity.

Financial Asset or Financial Liability at Fair Value Through Profit or Loss

Financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as 'at fair value through profit or loss.

Financial Investments Available for Sale

Available for sale financial investments are those non derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity or financial assets at fair value through profit or loss.

Financial Investments Held to Maturity

Held to maturity financial investments are non derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Foreclosed Properties

Properties acquired in full or partial settlement of debts, which will be held with the intention of re sale at the earliest opportunity.

Foreign Exchange Income

The gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan rupees on the balance sheet date at prevailing rates which differ from those rates in force at inception or on the previous balance sheet date. Foreign exchange income also arises from trading in foreign currencies.

Forward Exchange Contracts

Agreements between two parties to exchange one currency for another at a future date at a rate agreed upon today.

G

Gross Domestic Product (Gdp)

The value of all goods and services produced domestically in an economy during a specified period, usually a year. Nominal GDP, adjusted for inflation, gives GDP in real terms.

Gross Up

Payments made in full amount, free of any deductions or withholdings and without exercising any right of set off.

Group

A parent and all its subsidiaries.

Guarantees

Primarily represent irrevocable assurances that a bank will make payments in the event that its customer is unable to perform its financial obligations to third parties. Certain other guarantees represent non financial undertakings such as bid and performance bonds.

H

Historical Cost Convention

Recording transactions at the actual value received or paid.

I

Impairment

This occurs when recoverable amount declines below carrying amount.

Individually Significant Loan Impairment Provisions

Impairment measured individually for loans that are individually significant to the Group.

Intangible Asset

An identifiable non monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

Interest in Suspense

The interest due on non performing assets.

Interest Margin

Net interest income as a percentage of average interest earning assets.

Interest Spread

Represents the difference between the average interest rate earned on interest earning assets and the average interest rate incurred on interest bearing liabilities.

Investment Properties

Property that is held to earn rentals or for capital appreciation or both and not for sale or use in the ordinary course of business.

Investment Securities

Securities acquired and held for yield or capital growth purposes and usually held to maturity.

K

Key Management Personnel

Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Key Performance Indicators (Kpi)

KPIs are quantifiable measurements, agreed before hand that reflects the critical success factors of a company.

L

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange, treasury bills.

Liquid Assets Ratio

Liquid assets expressed as a percentage of total liabilities other than shareholders' funds.

Loss Given Default (Lgd)

LGD is the percentage of an exposure that a lender expects to lose in the event of default.

M

Mark to Market

The practice of periodically revaluing marketable securities to their current market value.

Market Risk

The risk that the value of an investment will change due to changes in market factors.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

Minority Interest

That portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

Mortality Rate

A measure of the number of deaths in some population, scaled to the size of that population, per unit time.

N

Net Asset Value Per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Interest Income

The difference between what the Bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and interbank borrowings.

Net Realisable Value

The estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non Performing Advances (NPA)

A loan placed on cash basis (i.e., interest income is only recognized when cash is received) because, in the opinion of the management, there is reasonable doubt regarding the collectability of principal or interest. Loans are automatically placed on cash basis when a payment is 90 days past due. All loans are classified as non performing when a payment is 90 days in arrears.

NPA Ratio

Total non performing advances (net of interest in suspense) divided by total advances portfolio (net of interest in suspense).

Nostro Account

A foreign currency current account maintained with another bank, usually but not necessarily a foreign correspondent bank. At the other bank, the deposit is called a nostro account.

O

Off Balance Sheet Transactions

Transactions not recognised as assets or liabilities in the balance sheet but which give rise to contingencies and commitments.

Operating Activities

The principal revenue producing activities of an entity and other activities that are not investing or financing activities.

Operational Risk

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

P

Parent Company

A parent company is an entity that has one or more subsidiaries.

Plan Assets (of an Employee Benefit Plan)

Assets held by a long term employee benefit fund.

Price Value Per Basic Point (PVBP)

Estimated change in the value of portfolio due to one basic point change in interest rate.

Primary Dealer Special Risk Reserve

Reserve maintained in order to strengthen capital base further with development of capital market.

Probability of Default (Pd)

PD is an internal estimation for each homogeneous groups of loans on the likelihood that loans in a particular homogeneous group being default.

Projected Unit Credit Method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Property, Plant and Equipment (PPE)

Tangible assets that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty such that assets or income are not overstated and liabilities or expenses are not understated.

R

Redemption

Repayment of principal monies.

Reinsurance

Transfer of all or part of the risk assumed by a primary insurer under one or more insurance to another insurer.

Related Parties

Two parties where one controls the other or exercise significant influence in financial and operating decisions, directly or indirectly.

Repos

Repurchase agreements relating to securities sold to creditors (who lend money for funding purposes), with the intention of buying them back at a set price.

Return On Average Assets (ROAA)

Profit before tax expressed as a percentage of average total assets. Used along with ROAE, as a measure of profitability and as a basis of intra industry performance comparison.

Return On Average Equity (ROAE)

Profit after tax less preferred share dividends, if any, expressed as a percentage of average ordinary shareholders' equity.

Revenue Reserves

Reserves set aside for future distribution and investment.

Reverse Repos

The purchase of securities under an agreement to resell at a given price on a specific future date.

Risk Adjusted Assets

Used in the calculation of risk based capital ratios. The face amount of lower risk assets is discounted using risk weighting factors in order to reflect a comparable risk per rupee among

all types of assets. The risk inherent in off balance sheet instruments is also recognised, first by adjusting notional values to balance sheet (or credit) equivalents and then by applying appropriate risk weighting factors.

Risk Weighted Assets

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

S

Segment Reporting

Segment reporting indicates the contribution to the revenue derived from business segments such as retail banking, corporate banking, international, treasury and investment, Government and group functions.

Shareholders' Equity

Shareholders' funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.

Significant Influence

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not controlled or jointly controlled over those policies.

Solvency

The availability of cash over the long term to meet financial commitments as they fall due.

Subordinated Debenture

The claims of the debenture holders shall in the event of winding up, rank after all the claims of the secured and unsecured creditors and any preferential claims under any statutes, but in priority to and over claims and rights of the shareholders.

Subsidiary Company

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some shares in it and controls the composition of its Board of Directors.

Swaps

The simultaneous purchase and sale of foreign exchange or securities, with the purchase executed at once and the sale back to the same party. Carried out on an agreed upon price to be completed at a specified future date. Swaps include interest rate swaps, currency swaps and credit swaps.

Syndicated Loan

A large loan by a group of banks to a large multinational firm or Government. Syndicated loans allow the participating banks to maintain diversification by not lending too much to a single borrower.

T

Tier I Capital

Consists of the sum total of paid up ordinary shares, non cumulative, non redeemable preference shares, share premium, statutory reserve fund, published retained profits, general and other reserves, less goodwill.

Tier II Capital

Consists of the sum total of revaluation reserves, general provisions, hybrid capital instruments and approved subordinated debentures.

Total Capital

The sum of Tier I and Tier II capital.

U

Unit Trust

An undertaking formed to invest in securities under the terms of a trust deed.

Unsecured

Repayment of the principal and interest not being secured by any specific asset.

V

Value Added

Value added is the wealth created by providing banking services, less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to Government by way of taxes and retained for expansion and growth.

Value at Risk (VaR)

Estimated maximum loss that the Bank may incur in a given horizon at 99% confidence level.

Vostro Account

A local currency current account maintained with a bank by another bank (compare with nostro account).

BOC SERVICE POINTS

Bank of Ceylon Delivery Points as at 2013

Province	No. of Branches	Other Service Points	No. of ATMs	Total Service Points
Central Province	67	4	52	123
Eastern Province	55	3	29	87
North Central Province	47	1	41	89
Northern Province	60	8	32	100
North Western Province	56	2	52	110
Sabaragamuwa Province	46	2	37	85
Southern Province	62	4	56	122
Uva Province	39	2	28	69
Western Province - North	61	5	79	145
Western Province - South	65	5	98	168
Corporate Branches	6	13	16	35
Premier Banking Center	1	0	1	2
Overseas Branches	2	0	2	4
	567	49	523	1139

Central Province

	Name of Branch	Telephone	E Mail Address	No. of ATMs	Postal Address
487	Adikarigama	081-3838538	boc487@boc.lk		Raja Mawatha, Adikarigama
488	Agarapathana	051-2230133	boc488@boc.lk		23, Main Street, Agarapathana
489	Akurana	081-2301477	boc489@boc.lk		197, Kurundugahaela Matale Road, Akurana
812	Aladeniya	081-2058358	boc812@boc.lk		447, Kurunegala Road, Aladeniya
768	Alawathugoda	066-2242327	boc768@boc.lk	1	1496, Matale Road, Alawathugoda
490	Ankumbura	066-2240399	boc490@boc.lk		38/3, Alawathugoda Road, Ankumbura
491	Bogawantalawa	052-2267599	boc491@boc.lk		30, Bridwell Bazaar, Bogawanthalawa
464	BOI Pallekelle	081-5672445	boc464@boc.lk		Kandy Industrial Park, Pallekelle
465	Bokkawala	081-2461056	boc465@boc.lk		135/1/B, Bokkawala
576	Dambulla ▲	066-2285270	boc576@boc.lk	1	438/B Kandy Road, Dambulla
466	Danthure	081-2575228	boc466@boc.lk		572, 572 A, Main Street, Danthure
467	Daulagala	081-2315171	boc467@boc.lk		1/1, Imbuldeniya, Handessa
273	Digana ▲	081-2374376	boc273@boc.lk	1	2, New Town, Digana, Rajawella
469	Digana Village	081-2375851	boc469@boc.lk		Digana Village, Digana
615	Galagedara	081-2461214	boc615@boc.lk	1	237, Rambukkana Road, Galagedara
101	Galaha	081-2467213	boc101@boc.lk	1	59/37, Deltota Road, Galaha
432	Galewela ▲	066-2288258	boc432@boc.lk	1	168, Kurunegala - Dambulla Road, Galewela
575	Gampola ▲	081-2350108	boc575@boc.lk	1	79, Kadugannawa Road, Gampola
470	Gampola City	081-2354214	boc470@boc.lk		23 , Nawalapitiya Road, Gampola
524	Gelioya	081-2314777	boc524@boc.lk	1	430/B, Gampola Road, Karamada, Gelioya
471	Ginigathhene	051-2242310	boc471@boc.lk	1	29/B, Colombo Road, Ginigathhene
040	Hatton	051-2225015	boc040@boc.lk	1	46, Circular Road, Hatton
472	Hatharaliyadda	066-2464187	boc472@boc.lk		25, Kandy Road, Hatharaliyadde
633	Kandapola	052-2229636	boc633@boc.lk	1	31/1/1, 33, Main Street, Kandapola
002	Kandy ▲	081-2223697	boc002@boc.lk	4	88, Dalada Veediya, Kandy
649	Kandy 2nd City	081-2234292	boc649@boc.lk	2	22, Dalada Veediya, Kandy
473	Kandy City Center ❋	081-2205110	boc473@boc.lk	1	Premises No. 19, Level 1, Dalada Veediya, Kandy
474	Kandy Court Complex	081-2387490	boc474@boc.lk	1	Kandy Court Complex, William Gopallawa Mawatha, Gatambe
454	Kandy Teaching Hospital	081-2233335	boc454@boc.lk	1	Kandy Teaching Hospital, Kandy

Saturday ▲ Sunday ■ Saturday & Sunday ❋ Night Banking ✶

	Name of Branch	Telephone	E Mail Address	No. of ATMs	Postal Address
666	Katugastota	081-2498948	boc666@boc.lk	1	161/A, Madawala Road, Katugastota
455	Kotagala	051-2244107	boc455@boc.lk		184 -186,Wooten Bazaar, Kotagala
809	Kurunduwatte	081-2357115	boc809@boc.lk		Ayurvedic Centre Building, Kurunduwatte Bazaar, Kurunduwatte
581	Madawala	081-2470484	boc581@boc.lk	1	35 A2, Wattegama Road, Madawala
456	Marassana	081-2405105	boc456@boc.lk		29, Meeruppa, Marassana
506	Maskeliya	052-2277280	boc506@boc.lk	1	66, Upcot Road, Maskeliya
068	Matale ▲	066-2222262	boc068@boc.lk	2	5/2 , Trincomalee Street, Matale
797	Medawala	081-2490574	boc797@boc.lk		13, Doranegama Road, Medawala, Harispattuwa
458	Meepilimana	052-2237410	boc458@boc.lk		67/68 A, Meepilimana, Nuwara Eliya
459	Menikhinna	081-2376911	boc459@boc.lk	1	19, Teldeniya Road , Menikhinna
092	Naula	066-2246808	boc092@boc.lk	1	168, Matale Road, Naula
598	Nawalapitiya	054-2222233	boc598@boc.lk	1	106, Gampola Road, Nawalapitiya
029	Nuwara Eliya ■	052-2224047	boc029@boc.lk	2	43, Lawson Street, Nuwara Eliya
492	Padiyapelella	052-3536628	boc492@boc.lk		35, 35 1/1, Ragala Road, Padiyapelella
461	Palapathwala	066-2225505	boc461@boc.lk		409, Matale Road, Palapathwala
802	Pallekele Provincial Council Complex	081-2424545	boc802@boc.lk	1	Provincial Council Complex Pallekele
640	Pallepola	066-2247272	boc640@boc.lk		19, 19/1, Akuramboda Road, Pallepola
588	Peradeniya	081-2388314	boc588@boc.lk	1	1151, Sirimavo Bandaranayake Mawatha, Peradeniya
462	Peradeniya Botanical Garden	081-2386463	boc462@boc.lk	1	Peradeniya Botanical Garden, Peradeniya
445	Peradeniya University	081-2392422	boc445@boc.lk	1	University of Peradeniya, Peradeniya
587	Pilimatalawa ▲	081-3753517	boc587@boc.lk	1	246/2, Colombo Road, Pilimatalawa
441	Pujapitiya	081-2301718	boc441@boc.lk		15, Medawala Road, Pujapitiya
425	Pundaluoya	051-2233205	boc425@boc.lk	1	45, Upper Bazaar, Pundaluoya
337	Pussellawa	081-2478642	boc337@boc.lk	1	437,439, Nuwara Eliya Road, Pussellawa
442	Ragala ■	052-2265660	boc442@boc.lk		1/19, Ragala, Halgranoya
639	Rattota	066-2255280	boc639@boc.lk	1	72, Main Street, Rattota.
167	Rikillagaskada	081-2365314	boc167@boc.lk	1	3, Dimbulkumbura Road, Rikillagaskada
443	Sigiriya	066-2286270	boc443@boc.lk	1	1, Air Port Road, Kimbissa
650	Talatuoya	081-2406343	boc650@boc.lk	1	2 B, Kandy Road, Talatuoya.
531	Talawakelle ■	052-2258892	boc531@boc.lk	1	29, Hatton Road, Talawakele.

Saturday ▲ Sunday ■ Saturday & Sunday ❋ Night Banking ✶

	Name of Branch	Telephone	E Mail Address	No. of ATMs	Postal Address
781	Teldeniya	081-2376820	boc781@boc.lk	1	17/2, Wilamuna Building, Circular Road, Karalliyadde,Teldeniya.
606	Udadumbara	081-2402317	boc606@boc.lk	1	44, 46, Mahiyangana Road, Udadumbara
444	Ukuwela	066-2244676	boc444@boc.lk	1	154/3/1, Matale Road, Ukuwela
446	Upcott	051-2235095	boc446@boc.lk		77, Main Street, Upcot
743	Walapane	052-2279180	boc743@boc.lk	1	Ratnayake Building, Walapane
340	Wattegama	081-2475838	boc340@boc.lk	1	4/110, Kandy Road, Wattegama
447	Wilgamuwa	066-2250002	boc447@boc.lk		80/2/1, Hettipola New Town, Wilgamuwa
144	Yatawatta	066-2221923	boc144@boc.lk	1	35A, Matalapitiya Road, Yelakkaraya, Yatawatte

Central Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Dambulla, Dedicated Economic Centre *	066-2285217	1	Dedicated Economic Centre,Dambulla
Kandy District Secretariat Branch	081-2224214		Kandy District Secretariat Branch, Kandy
Matale District Secretariat Branch	066-2222024		Matale District Secretariat Branch, Matale
Nuwara Eliya District Secretariat Branch	052-2222770	1	Nuwara Eliya District Secretariat Branch, Nuwara Eliya

Off site ATMs

	ATMs	No.
01	Kandy Provincial Council	1
02	Trendy Ware Adikarigama	1

Eastern Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
448	Addalachchenai	067-2279303	boc448@boc.lk		Main Street, Addalachchenai
590	Akkaraipattu	067-2279242	boc590@boc.lk	1	Main Street, Akkaraipattu
449	Alankery	026-3204994	boc449@boc.lk		Ward No 1, Alankerny, Kinniya
021	Ampara	063-2222981	boc021@boc.lk	2	115 A, D. S. Senanayaka Street, Ampara
451	Araiyampathy	065-2247939	boc451@boc.lk		Co-operative Building, Kalmunai Road, Arayampathy
012	Batticaloa Super Grade	065-2227410	boc012@boc.lk	1	Govington Road, Batticaloa
452	Batticaloa City	065-2227032	boc452@boc.lk	1	5, Station Road, Batticaloa
811	Central Camp	063-2051851	boc811@boc.lk		CC/37, Main Street, Central Camp, Ampara
630	Chenkalady	065-2240492	boc630@boc.lk	1	397, Trinco Road, Chenkalady
436	Chinabay	026-2242327	boc436@boc.lk	1	61, Kinniya Road, 4th Mile Post, Chinabay
437	Eastern University	065-2241528	boc437@boc.lk	1	Vantharumulai, Batticaloa
790	Eravur	065-2241012	boc790@boc.lk	1	MPCS Building, Punnakudah Road, Eravur
438	Gonagolla	063-3632943	boc438@boc.lk		Kandy Road, Gonagolla
509	Hingurana	063-2240037	boc509@boc.lk	1	Jeyalanka Building, Hingurana Junction, Hingurana
439	Irakkamam	063-2050155	boc439@boc.lk		150, Ampara Road, Irakkamam
430	Kiran	065-3651142	boc430@boc.lk		Main Street, Kiran
429	Karaitivu	067-2225484	boc429@boc.lk		20, Main Street , Karaitivu
426	Kallady	065-2227972	boc426@boc.lk		180 A, New Kalmunai Road, Kallady
427	Kallar	067-2225421	boc427@boc.lk		Main Street, Periyakallar - 1
510	Kalmunai ▲	067-2229340	boc510@boc.lk	1	78, Kittangi Road, Kalmunai
611	Kaluwanchikudy	065-2250012	boc611@boc.lk	1	Main Street, Kaluwanchikudy
623	Kantale	026-2234230	boc623@boc.lk	1	Main Street, Kantale
648	Kattankudy	065-2246613	boc648@boc.lk	1	40, Fowzy Mawatha, Kattankudy-1
428	Karadiyanaru	065-2241330	boc428@boc.lk		1, Badulla Road, Karadiyanaru
735	Kinniya	026-2236270	boc735@boc.lk	1	27, Latheef Vidhanayar Road, Kinniya
431	Kokkaddicholai	065-2227916	boc431@boc.lk		Main Street, Ward No 10, Kokkaddicholai
422	Malwatta	063-2051515	boc422@boc.lk		Main Street, Malwatta
423	Mamangam	065-2227973	boc423@boc.lk		450 A, Bar Road, Mamangam, Batticaloa

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	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
417	Mollipothana	026-2246220	boc417@boc.lk		96th Junction, Galmetiyawa South, Mollipothana
418	Morawewa	026-2225825	boc418@boc.lk	1	Pradesiya Sabha Building, Morawewa
424	Maruthamunai	067-2220503	boc424@boc.lk		Main Street, Maruthamunai
118	Mutur	026-2238327	boc118@boc.lk	1	Main Street, Mutur
419	Navithanveli	067-2226140	boc419@boc.lk		Manikkapillayar Kovil Road, Navithanveli -1
420	Nilaveli	026-2232290	boc420@boc.lk		Ward No 2 , Main Street, Nilaveli
591	Nintavur	067-2250039	boc591@boc.lk	1	75, Main Street, Nintavur
402	Oddamavadi	065-2258111	boc402@boc.lk		Main Street, Mawadichchenai, Oddamavadi
403	Oluvil	067-2255397	boc403@boc.lk		Light House Road, Oluvil - 3
404	Palugamam	065-2251622	boc404@boc.lk		Main Street, Veeranchenai, Palugamam
405	Polwatta	063-2242128	boc405@boc.lk		12, Temple Junction, Polwaga Janapadaya, Ampara
318	Pottuvil	063-2248021	boc318@boc.lk	1	Main Street, Pottuvil
406	Pulmoddai	026-2256200	boc406@boc.lk	1	Main Road, Ward No. 3, Pulmoddai
440	Sammanthurai	067-2260054	boc440@boc.lk	1	49/1 C, Ampara Road, Sammanthurai
407	Sainthamarathu	067-2220478	boc407@boc.lk	1	1115, Akkaraipattu Road, Sainthamarathu - 9
408	Serunuwara	026-2251010	boc408@boc.lk		Agrarian Service Building, Serunuwara
409	Thambiluvil	067-2265309	boc409@boc.lk		Main Street, Thambiluvil - 2
410	Thampalakamam	026-2248043	boc410@boc.lk	1	New MPCS Building, Kandy Road, Thampalakamam
411	Thoppur	026-2240989	boc411@boc.lk		Main Road, Thoppur
006	Trincomalee Super Grade	026-2223084	boc006@boc.lk	1	24, Inner Harbour Road, Trincomalee
624	Trincomalee City ▲	026-3204544	boc624@boc.lk	1	9, Main Street, Trincomalee
413	Uhana	063-2250001	boc413@boc.lk		Jayanthi Building, Kandy Road, Uhana
414	Uppuveli	026-2226227	boc414@boc.lk		Agrarian Service Center, Love Lane, Uppuveli
415	Vakarai	065-2258181	boc415@boc.lk		Trincomalee Road, Kandalady, Vakarai
385	Vavunativu	065-3063522	boc385@boc.lk		Central Market Building, Vavunativu
626	Valachchenai	065-2257708	boc626@boc.lk	1	Main Street, Valachchenai
386	Vellavely	065-2251113	boc386@boc.lk		100 B, Main Street, Vellavely

Eastern Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Ampara District Secretariat Branch	063-2224150		Ampara District Secretariat Branch, Ampara
Batticaloa District Secretariat Branch	065-2228688		Batticaloa District Secretariat Branch, Batticaloa
Trincomalee District Secretariat Branch	026-2242999	1	Trincomalee District Secretariat Branch, Trincomalee

Off site ATMs

	ATMs	No.
01	Air Force Base Uhana, Ampara	1
02	Sri Lanka Navy, Trincomalee	1

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North Central Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
022	Anuradhapura ▲	025-4580974	boc022@boc.lk	2	Maithripala Senanayake Mawatha, Anuradhapura
551	Anuradhapura City	025-2225932	boc551@boc.lk	1	Market Complex, Anuradhapura
098	Anuradhapura New Town ■	025-2223685	boc098@boc.lk	1	New Town, Anuradhapura
599	Aralaganwila ▲	027-2257125	boc599@boc.lk		Aralaganwila
652	Bakamoona	066-2256580	boc652@boc.lk	1	Lanka Banku Mawatha, Bakamoona
808	Bogaswewa	025-3244951	boc808@boc.lk	1	Bogaswewa, Padaviya
686	Dehiattakandiya	027-2250487	boc686@boc.lk	1	New Town, Dehiattakandiya
388	Diyabeduma	027-2050016	boc388@boc.lk		Gamage Building, Katukeliyawa Road, Diyabeduma
389	Diyasenpura	027-3279804	boc389@boc.lk		Lakshan Tex, Ground Floor, Main Street, Diyasenpura
390	Doramadalawa	025-7200895	boc390@boc.lk	1	Rajamaha Vihara Mawatha, Doramadalawa, Mihintale
692	Eppawala	025-2249999	boc692@boc.lk	1	68/5, Kanthi City Building, Eppawala
391	Galamuna	027-2226650	boc391@boc.lk		Galamuna, Pansalgodalla
122	Galenbindunuwewa	025-2258280	boc122@boc.lk	1	Denzil Kobbekaduwa Mawatha, Galenbindunuwewa
653	Galkiriyagama	025-3853065	boc653@boc.lk		New Town, Galkiriyagama
514	Galnewa	025-3855484	boc514@boc.lk	1	Thambuttegama Road, Galnewa
392	General Hospital, Anuradhaura	025-3778400	boc392@boc.lk		General Hospital, Anuradhapura
393	Habarana	066-2270048	boc393@boc.lk	1	Trincomalee Road , Habarana
601	Hingurakgoda ■	027-2247642	boc601@boc.lk	1	St. Micheal Bldg., Main Street, Hingurakgoda
217	Horowpothana	025-2278011	boc217@boc.lk	1	Anuradhapura Road, Horowpothana
236	Ipalogama	025-2264279	boc236@boc.lk		Kekirawa Road, Ipalogama
600	Jayanthipura	027-2222266	boc600@boc.lk	1	22nd Mile Post, Jayanthipura
502	Kaduruwela ▲	027-2225942	boc502@boc.lk	2	626, Main Street, Kaduruwela
622	Kahatagasdigiliya	025-2247480	boc622@boc.lk	1	Trincomalee Road, Kahatagasdigiliya
621	Kebithigollawa ■	025-2298680	boc621@boc.lk	1	Padaviya Road, Kebithigollawa
676	Kekirawa ▲	025-2264162	boc676@boc.lk	1	3, Habarana Road, Kekirawa
654	Madatugama	025-2264283	boc654@boc.lk		Kekirawa - Dambulla Road, Madatugama

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
162	Medawachchiya	025-3778264	boc162@boc.lk	1	36 , Jaffna Road, Medawachchiya
641	Medirigiriya	027-2248337	boc641@boc.lk	1	Medirigiriya
728	Meegalewa	025-3855054	boc728@boc.lk	1	Meegalewa
335	Mihintale	025-2266023	boc335@boc.lk	1	Trincomalee Road, Mihintale
394	Minneriya	027-2245333	boc394@boc.lk	1	Habarana Road, Minneriya
656	Nochchiyagama	025-2257880	boc656@boc.lk	1	Main Street, Nochchiyagama
395	Padaviya	025-2253011	boc395@boc.lk		Bandaranayake Mawatha, Padaviya
127	Padavi Parakramapura	025-2254018	boc127@boc.lk	1	Padavi Parakramapura
152	Pemaduwa	025-2223307	boc152@boc.lk		Mannar Road, Pemaduwa
083	Polonnaruwa New Town	027-2223009	boc083@boc.lk	1	286, 266/1, New Town, Polonnaruwa
396	Rajanganaya ■	025-2276558	boc396@boc.lk		5th Mile Post, Rajanganaya
397	Rajina Junction	025-2275057	boc397@b0c.lk		157, Rajina Junction, Thambuttegama
782	Rambewa	025-2266555	boc782@boc.lk		Jaffna Road, Rambewa
398	Ranajayapura	025-2262003	boc398@boc.lk	1	Ranajayapura, Ipalogama
183	Sewagama	027-2222585	boc183@boc.lk		Nandana Building, Sewagama
399	Sevanapitiya	027-2050280	boc399@boc.lk		63 , Sevanapitiya
400	Thalawa	025-2275090	boc400@boc.lk		Anuradhapura Road, Thalawa
655	Thambuttegama	025-2275130	boc655@boc.lk	1	Rajanganaya Road, Thambuttegama
256	Thanthirimale	025-2245725	boc256@boc.lk	1	Opposite Raja Maha Viharaya, Thanthirimale
157	Tirappane	025-2050115	boc157@boc.lk	1	Colombo - Anuradhapura Road, Tirappane
803	Weli-Oya - Sampath Nuwara	025-3244950	boc803@boc.lk	1	41, Weli-oya - Sampath Nuwara

North Central Province

Other Service Points	Telephone	Postal Address
Anuradapura District Secretariat Branch	025-2222142	Anuradapura District Secretariat Branch, Anuradapura

Off site ATMs

	ATMs	No.
01	Anuardhapura General Hospital Branch	1
02	Anuradhapura Provincial Council	1
03	Maliban Textiles (Private) Limited	1
04	Polonnaruwa Hospital	1
05	Rajarata University, Anuradhapura	1
06	Rajarata University, Mihintale	1
07	Sri Lanka Air Force, Hingurakgoda	1
08	Sri Lanka Air Force, Anuradhapura	1

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Northern Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
380	Alaveddy	021-2059656	boc380@boc.lk		Alaveddy Center, Alaveddy
381	Andankulam	023-3233751	boc381@boc.lk		Andakulam, Adampan
778	Atchuvely ▲	021-2058011	boc778@boc.lk	1	Central College View, Rosa Veethy, Atchuvely
792	Chankanai ▲	021-2250015	boc792@boc.lk	1	Karainagar Road, Chankanai
501	Chavakachcheri ▲	021-2270096	boc501@boc.lk	1	VMK Building, Kandy Road, Chavakachcheri
382	Cheddikulam	024-3248036	boc382@boc.lk	1	Mannar Road, Cheddikulam
053	Chunnakam ▲	021-2240269	boc053@boc.lk	1	146, KKS Road, Chunnakam
005	Jaffna ▲	021-2224018	boc005@boc.lk	1	476, 476A, Hospital Road, Jaffna
500	Jaffna 2nd ▲	021-2222598	boc500@boc.lk	1	56, Stanley Road, Jaffna
366	Jaffna Bus Stand	021-2221010	boc366@boc.lk		400, Hospital Road, Jaffna
368	Jaffna Main Street	021-2224564	boc368@boc.lk	1	St Martyn Bishops House, Main Street, Jaffna
369	Jaffna University	021-2219570	boc369@boc.lk	1	Students Complex, University of Jaffna, Thirunelvely
370	Kaithady	021-2057121	boc370@boc.lk	1	Kandy Road, Jaffna
371	Kalviyankadu	021-2219571	boc371@boc.lk		Point Pedro Road, Kalviyankadu
605	Kankasanthurai ▲	021-3212716	boc605@boc.lk		51, K.K.S Road, Kankasanthurai
749	Karainagar	021-2211707	boc749@boc.lk		Post Office View, Karainagar
372	Karanavai	021-2262597	boc372@boc.lk		Kunchar Kadai Junction, Karanavai Centre, Karanavai
373	Kayts	021-3214227	boc373@boc.lk		Main Street, Kayts
093	Kilinochchi ▲	021-2280002	boc093@boc.lk	1	Karadipokku Junction, A9 Road, Kilinochchi
375	Kodikamam	021-2050315	boc375@boc.lk		Kandy Road, Jaffna
376	Kokuvil ▲	021-3737765	boc376@boc.lk	1	K.K.S Road, Kokuvil
787	Kopay ▲	021-2230084	boc787@boc.lk		Manipay Road, Kopay
378	Madhu	023-2280079	boc378@boc.lk		Periyapandivirichchan, Madhu
349	Mallawi	024-3248038	boc349@boc.lk	1	Main Street, Mallawi
281	Manipay	021-2255177	boc281@boc.lk	1	174, Jaffna Road, Manipay
574	Mankulam	021-2060009	boc574@boc.lk	1	Main Road Mallawi, Mankulam
046	Mannar ▲	023-2222337	boc046@boc.lk	2	52, Pallimunai Road, Grand Bazaar, Mannar
351	Manthikai	021-2263354	boc351@boc.lk		Maruthankerny Road, Manthikai Junction, Manthikai

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
511	Mulliayawalai	024-3245730	boc511@boc.lk	1	Ward No 3, Mullaitivu Mankulam Road, Mulliayawalai.
355	Mullaitivu	021-2290002	boc355@boc.lk	1	Paranthan Road, Mullaitivu
353	Mulankavil	024-3248039	boc353@boc.lk		Nachchikuda Junction, Mulankavil
356	Murunkan	023-2050364	boc356@boc.lk	1	Main Street, Murunkan
357	Nainativu	021-3202107	boc357@boc.lk		Main Street, Nainativu
359	Nanatan	023-3233515	boc359@boc.lk		Uyilankulam Road, Moddakkadai, Nanatan
360	Nedunkerny	024-3245731	boc360@boc.lk		Puliyankulam Road, Nedunkerny
638	Nelliady ▲	021-2264815	boc638@boc.lk	1	Thikkam Road, Karaveddy, Nelliady
358	Nallur	021-2219966	boc358@boc.lk	1	590, Point Pedro Road, Nallur
361	Oddusuddan	024-3248665	boc361@boc.lk		Mankulam Road, Oddusuddan
362	Omanthai	024-3248930	boc362@boc.lk		A9 Road, Omanthai
363	Palai	021-2050020	boc363@boc.lk		A 9 Road, Pallai
364	Paranthan	021-2280177	boc364@boc.lk		A9 Road, Paranthan Junction, Paranthan
344	Pesalai	023-2050010	boc344@boc.lk		Church Road, Pesali
028	Point Pedro ▲	021-2263570	boc028@boc.lk	1	155/10, Main Street, Point Pedro
345	Poonagary	021-3202303	boc345@boc.lk		Vadiyady Junction, Poonagari
346	Poovarasakulam	024-3248002	boc346@boc.lk		Mannar Road, Poovarasakulam, Vavuniya
347	Punnalaikadduvan	021-3202329	boc347@boc.lk		Palaly Road, Punnalaikadduwan
341	Puthukudiyiruppu	021-2061601	boc341@boc.lk	1	Paranthan Mullaitivu Road, Puthukudiyiruppu
342	Puthukulam	024-3248034	boc342@boc.lk		Sasthri Kolankulam, Puthukulam, Vavuniya
338	Savalkaddu	021-2255992	boc338@boc.lk		Annamalai Veethy, Savalkaddu
339	Sirupiddy	021-2231092	boc339@boc.lk		Jaffna-Point Pedro Road, Sirupiddy
336	Thalaimannar Pier	023-2281085	boc336@boc.lk		Thalaimannar Pier, Thalaimannar
326	Thirumurikandy	021-2060110	boc326@boc.lk		Akkarayan Road, Thirumurikandy
761	Thirunelvely ▲	021-2223948	boc761@boc.lk		531, Palaly Road, Thirunelvely
794	Urumpirai ▲	021-2230899	boc794@boc.lk		39/1, Palaly Veethy , Urumpirai
804	Vaddukoddai	021-2250990	boc804@boc.lk		"Sangaraththai Junction", Vaddukoddai
791	Valvettiturai ▲	021-2264883	boc791@boc.lk	1	D, Yarl Veethy, Valvettiturai
044	Vavuniya ▲	024-2222358	boc044@boc.lk	2	75, Station Road, Vavuniya
793	Vavuniya City	024-2226631	boc793@boc.lk		Bazaar Street, Vavuniya
063	Velanai ▲	021-3215215	boc063@boc.lk	1	Vangalavadi Junction, Velanai
328	Vishvamadu	021-2061830	boc328@boc.lk		268, Middle Class Scheme, New Punnaineeravi, Visuvamadu

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Northern Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Delft	021-3205614		Delft
Illavalai	021-3202328		Main Street, Illavalai
Jaffna District Secretariat Branch	021-2228808		Jaffna District Secretariat Branch, Jaffna
Kilinochchi District Secretariat Branch	021-2285549		Kilinochchi District Secretariat Branch, Kilinochchi
Mannar District Secretariat Branch	032-2222140		Mannar District Secretariat Branch, Wanni
Maruthankerny	021-3214231		Thalaiyady Road, Maruthankerny
Mullaitivu District Secretariat Branch	021-2290021		Mullaitivu District Secretariat Branch, Mullaitivu
Vavuniya District Secretariat Branch	024-2222626	1	Vavuniya District Secretariat Branch, Vavuniya

Off site ATMs

	ATMs	No.
01	Air Force Base Iranamadu	1
02	Air Force Vavuniya	1
03	Jaffna Hospital	1

North Western Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
498	Alawwa	037-2278032	boc498@boc.lk	1	64, Giriulla Road, Alawwa
329	Ambanpola ▲	037-2254099	boc329@boc.lk	1	"Jayani Building", Anuradapura Road, Ambanpola
548	Anamaduwa	032-2263280	boc548@boc.lk	1	Nawagattegama Road, Anamaduwa
330	Anawilundawa	032-2259050	boc330@boc.lk		55, 57, Puttalam Road, Anawilundawa
554	Bingiriya ■	032-2246107	boc554@boc.lk	1	35 A, Chilaw Road, Bingiriya
020	Chilaw ▲	032-2222335	boc020@boc.lk	1	Radaguru Edmund Peiris Mawatha, Chilaw
331	Dambadeniya	037-2266144	boc331@boc.lk		70, Kurunegala Road, Dambadeniya
497	Dankotuwa	031-2258180	boc497@boc.lk	1	46, 48, Kurunegala Road, Dankotuwa
580	Dummalasuriya ■	032-2240690	boc580@boc.lk	1	227, Kuliyapitiya, Madampe Road, Dummalasuriya
549	Galgamuwa ■	037-2253080	boc549@boc.lk	1	67,69, Anuradhapura Road, Galgamuwa
553	Giriulla	037-2288080	boc553@boc.lk	1	Market Complex, Giriulla
570	Hettipola ▲	037-2291080	boc570@boc.lk	1	45, 47, Kurunegala Road, Hettipola
569	Hiripitiya ■	037-2264080	boc569@boc.lk	1	Kumbukgete Road, Hiripitiya
770	Ibbagamuwa ▲	037-2259970	boc770@boc.lk	1	110, Dambulla, Kurunegala Road, Ibbagamuwa
589	Kalpitiya ■	032-2260702	boc589@boc.lk	1	90, Main Street, Kalpitiya
332	Katuneriya	031-2245500	boc332@boc.lk		Chilaw Road, Katuneriya
333	Katupotha	037-2247471	boc333@boc.lk	1	Rambawewa Road, Katupotha
334	Kirimetiyana	031-2249960	boc334@boc,lk		Gayani Building, Kirimatiyana, Lunuwila
172	Kobeigana	037-2293101	boc172@boc.lk	1	Main Street, Kobeigana
323	Kochchikade ▲	031-2277353	boc323@boc.lk		23, Chilaw Road, Kochchikade
052	Kuliyapitiya ▲	037-2281280	boc052@boc.lk	2	70, Madampe Road, Kuliyapitiya
324	Kumbukgete	037-2264680	boc324@boc.lk	1	Bank of Ceylon, Kumbukgete
009	Kurunegala ▲	037-2233880	boc009@boc.lk	1	Commercial Complex, Kurunegala
513	Kurunegala City ▲	037-2222331	boc513@boc.lk	2	34, Colombo Road, Kurunegala
544	Madampe	032-2247680	boc544@boc.lk	1	10, Station Road, Madampe
805	Madawakkulama	032-2052888	boc805@boc.lk		85, Madawakkulama, Andigama
565	Madurankuliya ■	032-2268003	boc565@boc.lk	1	66, Colombo Road, Madurankuliya
319	Mahawewa	032-2054255	boc319@boc.lk	1	Kudawewa Road, Mahawewa

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	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
564	Maho	037-2275280	boc564@boc.lk	1	145, Nikaweratiya Road, Maho
299	Makandura	031-2298303	boc299@boc.lk		Bandaranayake Mawatha, Makandura
255	Malkaduwawa	037-2052405	boc255@boc.lk	1	Decor Building, Negombo Road, Malkaduwawa, Kurunegala.
300	Marawila	032-2252675	boc300@boc.lk	1	27/1, Chilaw Road, Marawila
257	Mawathagama ■	037-2299259	boc257@boc.lk	1	Kandy Road, Mawathagama
555	Melsiripura ■	037-2250088	boc555@boc.lk	1	254, Dambulla Road, Melsiripura
534	Narammala	037-2248771	boc534@boc.lk	1	139, Negombo Road, Narammala
050	Nattandiya ■	032-2254280	boc050@boc.lk	1	Kuliyapitiya Road, Nattandiya
547	Nikaweratiya	037-2260922	boc547@boc.lk	1	Puttalam Road, Nikaweratiya
779	Norochcholai ▲	032-2268555	boc779@boc.lk	1	Kalpitiya Road, Norochcholai
301	Palaviya	032-2269210	boc301@boc.lk		Deshani Motors Building, Colombo Road , Palaviya
302	Pallama ▲	032-2224945	boc302@boc.lk		Thaksindu Building, Anamaduwa Road, Pallama
546	Pannala	037-2245071	boc546@boc.lk	1	Public Ground Road, Pannala
303	Paragahadeniya	037-2296085	boc303@boc.lk		Kandy Road, Paragahadeniya
526	Polgahawela	037-2243280	boc526@boc.lk	1	64, Kegalle Road, Polgahawela
783	Polpithigama	037-2273103	boc783@boc.lk	1	Madagalla Road, Polpithigama
664	Pothuhera	037-2237619	boc664@boc.lk	1	96, Colombo Road, Pothuhera
048	Puttalam ▲	032-2265255	boc048@boc.lk	2	53, Kurunegala Road, Puttalam
532	Ridigama	037-2252080	boc532@boc.lk	1	84, Kurunegala Road, Ridigama
305	Thoduwawa ▲	032-2256330	boc305@boc.lk		Church Road, Thoduwawa
306	Udappuwa ▲	032-2258675	boc306@boc.lk		47, Main Street, Udappuwa
558	Waikkal	031-2277280	boc558@boc.lk	1	Thopputhota, Waikkal
379	Wariyapola	037-2267348	boc379@boc.lk	1	1, Chilaw Road, Wariyapola
307	Wayamba University	037-2284480	boc307@boc.lk	1	Wayamba University, Kuliyapitiya
104	Welpalla	031-2299512	boc104@boc.lk		Agriculture Service Centre, Welpalla
309	Wellawa	037-2235499	boc309@boc.lk		Sovis Building, Hiripitiya Road, Wellawa
308	Weerapokuna	032-2053010	boc308@boc.lk		Bowatte, Weerapokuna Road, Weerapokuna
508	Wennappuwa	031-2253577	boc508@boc.lk	1	197, Chilaw Road, Wennappuwa

North Western Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Kurunegala District Secretariat Branch	037-2229726	1	Kurunegala District Secretariat Branch, Kurunegala
Puttalam District Secretariat Branch	032-2265351		Puttalam District Secretariat Branch, Puttalam

Off site ATMs

	ATMs	No.
01	Badagamuwa Tourist Center	1
02	BOI Mawathagama	1
03	Chilaw Hospital	1
04	Kuliyapitiya Hospital	1
05	Kurunegala Base Hospital	1
06	North Western Province Office	1
07	Thulhiriya MAS Fabric Park	1

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Sabaragamuwa Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
566	Aranayake	035-2258016	boc566@boc.lk	1	480, Dippitiya, Aranayake
530	Avissawella ▲	036-2222099	boc530@boc.lk	2	47, Dharmapala Mawatha, Avissawella
401	Ayagama	045-2250080	boc401@boc.lk	1	38, Kalawana Road, Ayagama
688	Balangoda ■	045-2288390	boc688@boc.lk	1	137, Main Street, Balangoda
311	Bulathkohupitiya	036-2247356	boc311@boc.lk		76, Kegalle Road, Bulathkohupitiya
634	Dehiowita	036-2222580	boc634@boc.lk	1	62, Main Street, Dehiowita
642	Deraniyagala	036-2249280	boc642@boc.lk	1	37, Noori Road, Deraniyagala
313	Endana	045-3450661	boc313@boc.lk		New Town, Endana, Gabbela, Kahawatta
057	Eheliyagoda ■	036-2259571	boc057@boc.lk	1	46, Main Street, Eheliyagoda
535	Embilipitiya	047-2230980	boc535@boc.lk	1	545, New Town, Embilipitiya
312	Embilipitiya City	047-2261981	boc312@boc.lk		15, Moraketiya Road, Embilipitiya
314	Galigamuwa	035-2282050	boc314@boc.lk	1	97, Kegalle Road, Galigamuwa
786	Godakawela	045-2240080	boc786@boc.lk		168/1, Main Street, Godakawela.
316	Gonagaldeniya	036-2445792	boc316@boc.lk		Basnagoda Road, Gonagaldeniya
772	Hemmathagama	035-2257280	boc772@boc.lk	1	86, Mawanella Roady, Hemmathagama
317	Kiriella	045-2265080	boc317@boc.lk		7 A, Idangoda, Kiriella
507	Kahawatta	045-2270180	boc507@boc.lk	1	692, Main Street, Kahawatte
645	Kalawana	045-2255280	boc645@boc.lk	1	53C, 53C 1/1, 53C 1/2, Ratnapura Road, Manana, Kalawana
294	Karawanella	036-2268780	boc294@boc.lk		133/7, Avissawella Road, Karawanella
295	Karawita	045-2279070	boc295@boc.lk		Palawela Road, Udakarawita, Karawita
027	Kegalle	035-2222551	boc027@boc.lk	2	110, Colombo Road, Kegalle
536	Kegalle City	035-2222550	boc536@boc.lk		681/5, Main Street, Kegalle
297	Kegalle Hospital	035-2222765	boc297@boc.lk	1	Base Hospital Premises, Kegalle
282	Kitulgala	036-2287747	boc282@boc.lk		81, Hatton Road, Kithulgala
283	Kolonna	045-2260280	boc283@boc.lk	1	Bank of Ceylon, Kurundu Welanda Sela, New Town, Kolonna.
284	Kotiyakumbura	035-2289240	boc284@boc.lk		110, Kegalle Road, Kotiyakumbura
325	Kuruwita	045-2262581	boc325@boc.lk	1	60, Ratnapura Road, Kuruwita
559	Mawanella	035-2246280	boc559@boc.lk	1	43, Main Street, Mawanella
285	Morontota	035-2278114	boc285@boc.lk		Bulathkohupitiya Road, Morontota

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
597	Nivitigala ■	045-2279280	boc597@boc.lk	1	72, Kalawana Road, Nivitigala
683	Pelmadulla	045-2274380	boc683@boc.lk	1	57, Main Street, Pelmadulla
287	Pinnawala ■	035-2264294	boc287@boc.lk		Elephant Orphange, Pinnawala
594	Rakwana	045-2246280	boc594@boc.lk	1	51, Main Street, Rakwana
582	Rambukkana	035-2265280	boc582@boc.lk	1	8A, Diyasunnatha Mawatha, Rambukkana
031	Ratnapura ■	045-2222444	boc031@boc.lk	1	6, Dharmapala Mawatha, Ratnapura
684	Ratnapura City	045-2222710	boc684@boc.lk	1	58, Main Street, Ratnapura
315	Ratnapura,General Hospital	045-2223561	boc315@boc.lk	1	General Hospital, Ratnapura
585	Ruwanwella ■	036-2266280	boc585@boc.lk	1	Public Trade Complex, Ruwanwella
288	Sabaragamuwa Provincial Council	045-2226116	boc288@boc.lk	1	Provincial Council, New Building, New Town, Rathnapura
286	Sabaragamuwa University Branch	045-2280093	boc286@boc.lk	1	Sabaragamuwa University, Pambahinna, Balangoda
290	Seethawakapura	036-2232656	boc290@boc.lk	1	BOI Sri Lanka Office Complex, Seethawakapura, Avissawella
291	Uda-walawe	047-2232180	boc291@boc.lk		24/4, Uda-walawe Junction, Kolambageara
562	Warakapola	035-2267258	boc562@boc.lk	1	89 A, Main Street, Warakapola
292	Weligepola	045-2227180	boc292@boc.lk		299/2, Weligepola
274	Weli-oya	045-3603304	boc274@boc.lk	1	Gunarathna Building, Welioya
477	Yatiyantota	036-2271280	boc477@boc.lk	1	93, Ginigathhena Road, Yatiyantota

Sabaragamuwa Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Kegalle District Secretariat Branch	035-2231574		Kegalle District Secretariat Branch, Kegalle
Rathnapura District Secretariat Branch	045-2222454		Rathnapura District Secretariat Branch, Rathnapura

Off site ATMs

	ATMs	No.
01	Hydramani Industries Kuruwita	1
02	Idangoda Branch	1
03	J J Mills - Avissawella	1
04	Macro Wear - Nivitigala	1

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Southern Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
276	Ahangama	091-2283977	boc276@boc.lk		71, Galle Road, Ahangama
754	Ahungalla	091-2264107	boc754@boc.lk		60, Galle Road, Ahungalla
613	Akuressa	041-4922380	boc613@boc.lk	1	50, Wanigasekara Mawatha, Akuressa
277	Aluthwala	091-3094700	boc277@boc.lk		Aluthwala Junction, Aluthwala
047	Ambalangoda	091-2256307	boc047@boc.lk	1	274, Main Street, Ambalangoda
537	Ambalantota	047-2223280	boc537@boc.lk	1	11, Wanduruppa Road, Ambalantota
774	Angunakolapelessa	047-2229120	boc774@boc.lk	1	Hungama Road, Angunakolapelessa
525	Baddegama	091-2292280	boc525@boc.lk	1	S Abeywickrama Building, Baddegama
278	Barawakumbuka ■	047-3621008	boc278@boc.lk		New Road, Barawakumbuka
522	Batapola	091-2260405	boc522@boc.lk	1	Aluthmawatha, Batapola
539	Beliatta	047-2243274	boc539@boc.lk	1	New Shopping Complex, 1st Floor, No 06, Beliatta
102	Bentota	034-2271796	boc102@boc.lk	1	Tourist Village, Bentota
784	Deiyandara	041-2268598	boc784@boc.lk	1	Hakmana Road, Deiyandara
528	Deniyaya	041-2273280	boc528@boc.lk	1	Main Street, Deniyaya
504	Devinuwara	041-2226280	boc504@boc.lk	1	Tangalle Road, Devinuwara
592	Dickwella	041-2255280	boc592@boc.lk	1	28 & 28/1 , Beliatta Road, Dickwella
619	Elpitiya ▲	091-4387524	boc619@boc.lk	1	Janadhipathi Mawatha, Elpitiya
003	Galle	091-2234214	boc003@boc.lk	1	2, Light House Street, Fort, Galle
089	Galle City ▲	091-2234006	boc089@boc.lk	2	2, Gamini Road, Galle
691	Hakmana	041-2286280	boc691@boc.lk	1	Beliatta Road, Hakmana
085	Hambantota	047-2220180	boc085@boc.lk	1	33, Tower Hill Road, Hambantota
609	Hikkaduwa	091-2277813	boc609@boc.lk	1	223, Galle Road, Hikkaduwa
135	Imaduwa	091-2286030	boc135@boc.lk	1	Ahangama Road, Imaduwa
529	Kamburupitiya ■	041-2292213	boc529@boc.lk	1	School Lane, Kamburupitiya
280	Karapitiya	091-2227090	boc280@boc.lk	1	600/2, Hirimbura Road, Karapitiya, Galle
616	Kataragama	047-2235280	boc616@boc.lk	1	315, Tissamaharama Road, Kataragama
261	Katuwana ▲	047-3621005	boc261@boc.lk		Urubokka Road, Katuwana
262	Kekanadura	041-2265061	boc262@boc.lk		Pradeshiya Sabha Building, Kekanadura Junction, Kekanadura
750	Koggala	091-2283380	boc750@boc.lk	1	Galle Road, Koggala
263	Kosmodara	041-2271070	boc263@boc.lk		Jayabima Building, Kosmodara, Kotapola

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
264	Kudawella	041-2257514	boc264@boc.lk	1	116 B, East Kudawella, Nakulugamuwa
265	Lunugamvehera	047-3621007	boc265@boc.lk		New Town, Lunugamvehera
266	Maha-edanda	091-3932627	boc266@boc.lk	1	Sanasa Mandiriya, Maha-edanda, Karandeniya
267	Makandura Matara	041-2268785	boc267@boc.lk	1	Samarasinghe Building, Makandura
268	Malimbada	041-2240447	boc268@boc.lk		Bank of Ceylon, Malimbada
024	Matara ▲	041-2229280	boc024@boc.lk	2	11, Kumaratunga Mawatha, Matara
614	Matara City	041-2222218	boc614@boc.lk	1	Gunawardena Mawatha, Matara
796	Mattala Airport ✶	047-2031909	boc796@boc.lk	1	Mattala Airport, Mattala
518	Middeniya	047-2247280	boc518@boc.lk	1	Panamura Road, Middeniya
270	Morawaka	041-2282700	boc270@boc.lk	1	Wijaya Building, Morawaka
667	Neluwa	091-3783014	boc667@boc.lk	1	Kadihingala Road, Neluwa
271	Pasgoda	041-3444321	boc271@boc.lk	1	Nishantha Building, Pasgoda Junction, Pasgoda
272	Pitabeddara	041-2281081	boc272@boc.lk	1	Deniyaya Road, Pitabeddara
610	Pitigala ■	091-2291205	boc610@boc.lk	1	39, North Pitigala Road, Pitigala
767	Ranna	047-2227280	boc767@boc.lk	1	165/1, Tissa Road, Ranna
259	Rathgama ▲	091-2267791	boc259@boc.lk	1	Mangala Food City Building, Galle Road, Rathgama.
693	Ruhunu Campus	041-2232880	boc693@boc.lk	1	Ruhunu Campus Branch, Wellamadama, Matara
751	Suriyawewa ▲	047-2288280	boc751@boc.lk	1	27/1, Main Street, Suriyawewa
596	Talgaswela	091-2296480	boc596@boc.lk	1	Elpitiya, Mapalagama Road, Talgaswela
056	Tangalle	047-2240280	boc056@boc.lk	1	145/147, Sea Street, Tangalle
250	Tawalama	091-3783030	boc250@boc.lk	1	07, Egaliya Gedara Watta, Tawalama
538	Tissamaharamaya	047-2237280	boc538@boc.lk	1	70, Main Street, Tissamaharamaya
752	Thihagoda	041-2245229	boc752@boc.lk		Pradeshiya Sabha Building, Thihagoda
753	Udugama	091-2285015	boc753@boc.lk		H.A.L.A Building, Watte Kade, Udugama
748	Uragasmanhandiya ▲	091-2264865	boc748@boc.lk	1	125 1/1, Main Street, Uragasmanhandiya
298	Urubokka	041-2272280	boc298@boc.lk	1	Main Street, Urubokka
517	Walasmulla ▲	047-2245280	boc517@boc.lk	1	70, Beliatta Road, Walasmulla
744	Walgama	041-3497192	boc744@boc.lk	1	904, Galle Road, Madiha, Matara
800	Wanduramba	091-3096061	boc800@boc.lk		Bank of Ceylon, Lion Centre, Mapalagama Road, Wanduramba

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	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
139	Weeraketiya	047-2246280	boc139@boc.lk	1	Main Street, Weeraketiya
550	Weligama	041-2250280	boc550@boc.lk	1	239, Main Street, Weligama
578	Yakkalamulla ■	091-2286080	boc578@boc.lk	1	Imaduwa Road, Yakkalamulla

Southern Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Galle District Secretariat Branch	091-2234514		Galle District Secretariat Branch, Galle
Hambantota Administrative Complex	047-2256180		Administrative Complex, Hambantota
Matara District Secretariat Branch	041-2222673	1	Fort, Matara
Warapitiya	047-3623303		Siththamgalla Road, Rammala, Warapitiya

Off site ATMs

	ATMs	No.
01	Hambantota Base Hospital	1
02	Matara General Hospital	1
03	Middeniya MAS Holdings	1

Uva Province

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
540	Badalkumbura	055-2250279	boc540@boc.lk	1	127, Main Street, Badalkumbura
011	Badulla	055-2222129	boc011@boc.lk	2	Bank Road, Badulla
729	Badulla City Office	055-2229580	boc729@boc.lk		1, Bandarawela Road, Badulla
320	Ballaketuwa	055-2285160	boc320@boc.lk		36, Passara Road, Ballaketuwa
515	Bandarawela ■	057-2230014	boc515@boc.lk	2	198 B, Badulla Road, Bandarawela
579	Bibile ▲	055-2265480	boc579@boc.lk	1	41, Mahiyangana Road, Bibile
699	Bogahakumbura	057-2280088	boc699@boc.lk		Ambewela Road, Bogahakumbura
795	Boragas	052-2051888	boc795@boc.lk		2/50, Padinawela, Nuwara Eliya Road, Boragas
560	Buttala	055-2273980	boc560@boc.lk	1	23, Moneragala Road, Buttala
700	Dambagalla ▲	055-2275092	boc700@boc.lk		Makulla Town, Dambagalla
260	Diyatalawa ■	057-2229092	boc260@boc.lk	1	28, Chandrasiri Building, Main Street, Diyatalawa
701	Ella	057-2228899	boc701@boc.lk	1	Wellawaya Road, Ella
702	Ethiliwewa	055-3594115	boc702@boc.lk		Ethiliwewa Junction, Ethiliwewa
476	Ettampitiya	055-2294080	boc476@boc.lk	1	23, Nuwara Eliya Road, Ettampitiya
810	Ethimale	055-2275511	boc810@boc.lk		Lakjaya Enterprises Building, Ethimale
669	Girandurukotte	027-2254380	boc669@boc.lk	1	New Town, Girandurukotte
463	Haldumulla	057-2050203	boc463@boc.lk	1	25, Colombo Road, Haldumulla
035	Haputale ■	057-2268080	boc035@boc.lk	1	20, Station Road, Haputale
785	Haliela	055-2295080	boc785@boc.lk		45, Bandarawela Road, Hali-ela
365	Hasalaka	055-2257180	boc365@boc.lk		New Town, Hasalaka
703	Keppetipola	057-2280043	boc703@boc.lk	1	18, Haputhale Road, Keppetipola
629	Koslanda	057-2257780	boc629@boc.lk		15, Wellawaya Road, Koslanda
577	Lunugala	055-2263980	boc577@boc.lk		149, Main Street, Lunugala
647	Lunuwatta	057-2232742	boc647@boc.lk		Padmasiri Bldg, Udapussellawa Road, Lunuwatta
806	Mahaoya	063-2244155	boc806@boc.lk	1	Wijetunga Building, Mahaoya
542	Mahiyangana ▲	055-2257280	boc542@boc.lk	1	7, New Town, Badulla Road, Mahiyangana
238	Medagama	055-2266580	boc238@boc.lk		Moneragala Road, Medagama
384	Meegahakiwula	055-2245707	boc384@boc.lk		Ratnayake Complex, Meegahakiwula

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	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
082	Moneragala	055-2276180	boc082@boc.lk	1	401, Wellawaya Road, Moneragala
705	Moneragala City ✻	055-2277270	boc705@boc.lk	1	94/2, Kumaradola Road, Moneragala
706	Okkampitiya	055-2272092	boc706@boc.lk		Udayasiri Building, Okkampitiya
348	Padiyatalawa	063-2246003	boc348@boc.lk	1	Main Street, Padiyatalawa
503	Passara ■	055-2288280	boc503@boc.lk	1	386, Main Street, Passara
707	Pelwatta Sugar Complex	055-3559825	boc707@boc.lk	1	Pelwatta Sugar Complex, Pelwatta
416	Siyambalanduwa	055-3555360	boc416@boc.lk	1	Moneragala Road, Siyambalanduwa
322	Thanamalwila	047-2234080	boc322@boc.lk	1	6, Tissa Road, Thanamalwila
343	Uva - Paranagama	057-3577000	boc343@boc.lk		Lunuatugama, Walahamulla, Uva Paranagama
730	Welimada	057-2245984	boc730@boc.lk	1	12, 12A, Hemapala Munidasa Mawatha, Welimada
434	Wellawaya	055-2274628	boc434@boc.lk	1	Tissa Road, Wellawaya

Uva Province

Other Service Points	Telephone	No. of ATMs	Postal Address
Badulla District Secretariat Branch	055-2225475		Badulla District Secretariat Branch, Badulla
Moneragala District Secretariat Branch			Moneragala District Secretariat Branch, Moneragala

Off site ATMs

	ATMs	No.
01	Badulla Hospital, Badulla	1
02	Sri Lanka Air Force Camp - Diyatalawa	1
03	UVA Wellassa University	1

Western Province North

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
494	Andiambalama	011-2265565	boc494@boc.lk	1	113, Minuwangoda Road, Andiambalama
708	Batuwatte	011-2960892	boc708@boc.lk	1	245/1, Narangodapaluwa, Batuwatta
732	Biyagama ▲	011-5058970	boc732@boc.lk	2	IPZ Administrative Complex, Biyagama
711	Bopitiya	011-2243172	boc711@boc.lk	1	2, Pitipana Road, Pamunugama
038	Borella ▲	011-4612617	boc038@boc.lk	2	71, Danister de Silva Mawatha, Borella
668	Borella City	011-2685140	boc668@boc.lk		845, Super Market Complex, Borella City
573	Central Bus Stand ▲	011-2326761	boc573@boc.lk		Central Bus Stand, Colombo 11
713	Central Hospital	011-2690546	boc713@boc.lk	1	114 , 4th Floor, Norris Canal Road, Colombo 10
672	Central Super Market ▲	011-5357573	boc672@boc.lk		2nd Floor, Central Super Market, Colombo 11
001	City Office	011-2320441	boc001@boc.lk	2	41, Bristol Street, Colombo 1
715	Dalugama	011-2909929	boc715@boc.lk	1	465/A, Kandy Road, Dalugama, Kelaniya
716	Delgoda	011-2402970	boc716@boc.lk	1	351/H/5, New Kandy Road, Delgoda
717	Demanhandiya	031-2228730	boc717@boc.lk		370, Westerciten Farm, Demanhandiya
561	Dematagoda	011-2698588	boc561@boc.lk		45, 37, Kolonnawa Road, Dematagoda
433	Divulapitiya	031-4921640	boc433@boc.lk	1	34, Negombo Road, Divulapitiya
258	Elakanda	011-2932282	boc258@boc.lk	1	48, Hendala Road, Hendala, Wattala
674	Enderamulla	011-2937240	boc674@boc.lk		117, Wijaya Kumaratunga Mw., Enderamulla, Wattala
060	Fifth City	011-2421544	boc060@boc.lk		85, York Street, Colombo 1
718	Fish Market Peliyagoda ❋	011-2934042	boc718@boc.lk	1	R.M.U. 9, Central Fish Market Complex, Peliyagoda
045	Gampaha ▲	033-2234404	boc045@boc.lk	2	16, Rest House Road, Gampaha
720	Ganemulla	033-2264888	boc720@boc.lk	1	378 C, Kadawatha Road, Ganemulla
721	Gothatuwa	011-2411018	boc721@boc.lk	1	33, Batalandahena Mawatha, Gothatuwa New Town
628	Grandpass ▲	011-2448202	boc628@boc.lk	1	703, Sirimavo Bandaranaike Mawatha, Grandpass
032	Hulftsdorp	011-2320374	boc032@boc.lk	1	30, St.Sebastian Hill, Hulftsdorp
039	Ja-Ela ▲	011-5842311	boc039@boc.lk	1	19, Negombo Road, Ja-Ela
059	Kadawatha ▲	011-2920687	boc059@boc.lk	2	469, Ragama Road, Kadawatha

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	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
780	Kadawatha 2nd City	011-2922195	boc780@boc.lk	1	430/11, New Town Complex, Kandy Road, Kadawatha
771	Kandana	011-2232398	boc771@boc.lk	1	41/B-1/1, Negombo Road, Kandana
722	Katana	031-2228353	boc722@boc.lk		305/J/1, Mirigama Road, Mahahunupitiya
658	Katunayake IPZ	011-2259583	boc658@boc.lk	1	436, Baseline Road, Averiwatta, Katunayake IPZ
714	Katuwellegama	011-2299055	boc714@b0c.lk	1	Palugahawela, Negombo Road, Katuwellegama
543	Kiribathgoda ▲	011-2911304	boc543@boc.lk	2	201, Kandy Road, Kiribathgoda
571	Kirindiwela ▲	033-2267280	boc571@boc.lk	1	21, Radawana Road, Kirindiwela
595	Kolonnawa ▲	011-2572265	boc595@boc.lk	1	430 A, IDH Road, Kolonnawa
663	Kotahena	011-2448632	boc663@boc.lk	1	182, George R De Silva Mawatha, Kotahena
636	Lake House	011-5863723	boc636@boc.lk	1	D.R.Wijewardena Mawatha, Colombo 1
612	Lake View	011-2314207	boc612@boc.lk	1	142, Sir James Peiris Mawatha, Colombo 2
026	Main Street ▲	011-2329631	boc026@boc.lk	1	94, Main Street, Colombo 11
789	Makola	011-2964401	boc789@boc.lk	1	177/1, Makola South, Makola
041	Maradana	011-2696550	boc041@boc.lk	1	94, S. Mahinda Himi Mawatha, Colombo 10
545	Minuwangoda ■	011-2295214	boc545@boc.lk	2	19 , Divulapitiya Road, Minuwangoda
088	Mirigama ▲	033-2276844	boc088@boc.lk	1	12, Amaratunga Mawatha, Mirigama
723	Mulleriyawa New Town	011-2157465	boc723@boc.lk	1	314/R2, Avissawella Road, Mulleriyawa New Town.
724	Naiwala	033-2297720	boc724@boc.lk		Divulapitiya Road, Naiwala
762	Narahenpita	011-2368514	boc762@boc.lk		540, Thimbirigasyaya Road, Narahenpita
018	Negombo ▲	031-2222214	boc018@boc.lk	2	118, Rajapakse Broadway, Negombo
572	Negombo City ▲	031-2222156	boc572@boc.lk	1	111, Main Street, Negombo
675	Nittambuwa	033-2287280	boc675@boc.lk	2	Super Market Complex, Nittambuwa
042	Peliyagoda ▲	011-2980025	boc042@boc.lk	1	42, Negombo Road, Peliyagoda
681	Personal ✶	011-2446821	boc681@boc.lk	3	Bank of Ceylon Head Office, "BOC Square" No 01, Bank of Ceylon Mawatha, Colombo 1
765	Pugoda ▲	011-2404821	boc765@boc.lk	1	40/1, 43, Kospitiyana, Pugoda
687	Raddolugama	011-2289977	boc687@boc.lk	1	275, National Housing Scheme, Raddolugama
764	Ragama ▲	011-2960291	boc764@boc.lk	1	35/26, 36/26 Kadawatha Road, Ragama
627	Regent Street ▲	011-2690506	boc627@boc.lk	1	National Hospital, Colombo 8
421	Seeduwa	011-2252019	boc421@boc.lk	1	429, 1/1, Negombo Road, Seeduwa

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
682	Veyangoda	033-2287279	boc682@boc.lk	1	203A, Negombo Road, Veyangoda
685	Ward Place	011-2694702	boc685@boc.lk	1	54/C1, Ward Place, Colombo 7
505	Wattala ▲	011-5868394	boc505@boc.lk	2	520, Negombo Road, Wattala
527	Welisara ▲	011-2958485	boc527@boc.lk	1	540/2, Negombo Road, Welisara
677	Weliweriya	033-2255444	boc677@boc.lk	1	342, New Kandy Road, Weliweriya
769	Yakkala ■	033-2233591	boc769@boc.lk	1	46, Kandy Road, Yakkala

Western Province North

Other Service Points	Telephone	No. of ATMs	Postal Address
BOI Cash Collection Center	011-2448875		BOI Cash Collection Center, WTC Building, Ground Floor
BOI Katunayake-Cash Collection Centre ▲	011-2252523		Export Processing Road, Katunayake
Cargo Office	011-2251943		Air Cargo Building, Sri Lankan Air Lines, BOI, Katunayaka
Gampaha District Secretariat Branch	033-2220868		Gampaha District Secretariat Branch, Gampaha
Narahenpita Economic Center ✶	011-2369622	1	Dedicated Economic Center, Narahenpita

Off site ATMs

	ATMs	No.
01	Agio Tobacco Co BEPZ, Malwana	1
02	Castle Hospital, Borella	1
03	Lady Ridgeway Hospital	1
04	Linea Aqua Garments, Kapugoda	2
05	Negambo General Hospital	1
06	Petrolium Corporation, Kolonnawa	1
07	Presidential Secretariat	1
08	Regent Street Doctor's Quarters	1

	ATMs	No.
09	SL Ports Authority, New Nuge Road, Bagage Office, Peliyagoda	1
10	Sri Lanka Force Camp, Ekala	1
11	Sri Lanka Air Force Camp, Katunayake	1
12	Sri Lanka Navy Camp - Welisara	1
13	Trelleborg Lanka (Private) Limited Supugaskanda	1
14	World Trade Centre, Colombo 1	1

Saturday ▲ Sunday ■ Saturday & Sunday ❋ Night Banking ✶

Western Province South

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
671	Administrative Complex, Isurupaya	011-2785875	boc671@boc.lk	1	Ministry of Education, Isurupaya, Pelawatte, Battaramulla
657	Agalawatta ▲	034-2243980	boc657@boc.lk	1	22, Himali Medical Centre, Kalutara Road, Agalawatte
680	Aluthgama ▲	034-2270987	boc680@boc.lk	1	14, Douglas Gunawardena Mawatha, Aluthgama
757	Athurugiriya	011-2560599	boc757@boc.lk	1	70/20, Malabe Road, Athurugiriya
662	Baduraliya ■	034-2244952	boc662@boc.lk	1	36/1, Agalawatte Road, Baduraliya
037	Bambalapitiya ▲	011-2598390	boc037@boc.lk	2	20, Unity Plaza Bldg., Galle Road, Colombo 4
665	Bandaragama ■	038-2290280	boc665@boc.lk	1	Janadhipathi Mawatha, Bandaragama
679	Battaramulla	011-2862575	boc679@boc.lk	1	231, Main Street, Battaramulla
058	Beruwala ▲	034-2279899	boc058@boc.lk	1	165A, Galle Road, Beruwala
651	Bombuwela	034-2289825	boc651@boc.lk	1	Temple Road, Bombuwela, Kalutara
646	Boralasgamuwa	011-2518478	boc646@boc.lk	1	50, Lake Road, Boralesgamuwa
673	Bulathsinhala	034-2283116	boc673@boc.lk	1	40, Horana Road, Athura, Bulathsinhala
051	Dehiwala ■	011-2738514	boc051@boc.lk	1	207, Galle Road, Dehiwela
563	Dharga Town	034-2275247	boc563@boc.lk	1	298, Main Street, Dharga Town
293	Dodangoda ▲	034-2281628	boc293@boc.lk	1	16, Thudugala, Matugama Road, Dodangoda
643	Gonapola	034-2257550	boc643@boc.lk	1	643, Colombo Road, Palannaruwa, Gonapola
659	Gurugoda	034-4285500	boc659@boc.lk	1	Bodyline (Private) Limited, Gurugoda, Horana
741	Hanwella ▲	036-2253520	boc741@boc.lk	1	133/8, Main Street, Hanwella
568	Homagama ▲	011-2855059	boc568@boc.lk	2	93, Highlevel Road, Homagama
054	Horana ■	034-2261280	boc054@boc.lk	2	87, Anguruwathota Road, Horana
521	Hyde Park	011-2687281	boc521@boc.lk	1	500, TB Jaya Mawatha, Hyde Park, Colombo 10
453	Independence Square	011-2678073	boc453@boc.lk	1	30/2/B, Independence Square, Colombo 7
604	Ingiriya	034-2269280	boc604@boc.lk	1	20, Rathnapura Road, Ingiriya
520	Jayawardenapura Hospital	011-2779136	boc520@boc.lk	1	Sri Jayawardenapura Hospital, Thalapathpitiya, Nugegoda
608	Kaduwela	011-2571253	boc608@boc.lk	1	Seevali Mahal, Avissawella Road, Kaduwela
016	Kalutara ▲	034-2222214	boc016@boc.lk	1	218, Galle Road, Kalutara South, Kalutara

	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
030	Katubedda ▲	011-2625438	boc030@boc.lk	1	605, Galle Road, Moratuwa
631	Katubedda Campus	011-2650301	boc631@boc.lk	1	Katubedda Campus Premises, Bandaranayake Mawatha, Moratuwa
625	Katukurunda	034-2221364	boc625@boc.lk	1	915, Galle Road, Katukurunda, Kalutara South
620	Kesbewa	011-2602517	boc620@boc.lk	1	229/D, Bandaragama Road, Kesbewa, Piliyandala
617	Keselwatte ▲	038-2298330	boc617@boc.lk	1	29, Galle Road, Keselwatta, Panadura
602	Kirulapana	011-2513874	boc602@boc.lk	1	88, Highlevel Road, Kirulapona
034	Kollupitiya	011-4795035	boc034@boc.lk	1	28, St. Michael Road, Colombo 3
670	Kollupitiya 2nd City	011-2565380	boc670@boc.lk	1	409, Galle Road, Colombo 3
773	Kottawa ■	011-2783313	boc773@boc.lk	1	264/5A & B, Highlevel Road, Kottawa, Pannipitiya
603	Lanka Hospital (Pvt) Ltd ▲	011-2369535	boc603@boc.lk	1	578, Elvitigala Mawatha, Colombo 5
055	Maharagama ▲	011-2850339	boc055@boc.lk	3	88, Highlevel Road, Maharagama
763	Malabe ■	011-2760753	boc763@boc.lk	1	410/1, Athurugiriya Road, Malabe
583	Mattegoda	011-2782399	boc583@boc.lk	1	193/20, Opposite Bus Stand, Mattegoda
556	Matugama ■	034-2243590	boc556@boc.lk	2	72, Agalawatte Road, Matugama
567	Meegoda Economic Dev. Centre ▲	011-2831589	boc567@boc.lk		35, Padukka Road, Library Bldg., Meegoda
593	Milagiriya	011-2504627	boc593@boc.lk	1	248, Galle Road, Colombo 4
061	Moratuwa ▲	011-2645427	boc061@boc.lk	1	707, Galle Road, Moratuwa
557	Moratumulla	011-2652178	boc557@boc.lk	1	240/2/1, De Zoysa Road, Moratumulla, Moratuwa
766	Mount Lavinia	011-2721059	boc766@boc.lk	1	286, Galle Road, Mount Lavinia
552	National Institute of Education Maharagama	011-7601601	boc552@boc.lk	1	21, Highlevel Road, Maharagama
049	Nugegoda ▲	011-2821287	boc049@boc.lk	3	174, Highlevel Road, Nugegoda
678	Padukka ▲	011-3175401	boc678@boc.lk	1	45, Hanwella Road, Padukka
007	Panadura ▲	038-2232214	boc007@boc.lk	2	4, Susantha Mawatha, Panadura
607	Panadura City ▲	038-2243324	boc607@boc.lk	1	21, Jayathilake Mawatha, Panadura
644	Parliament	011-2777310	boc644@boc.lk	1	Sri Lanka Parliament, Sri Jayawardenapura, Kotte
690	Pelawatta	011-2785550	boc690@boc.lk		18A, New Parliament Road, Pelawatte, Battaramulla
541	Pellawatte City, Kalutara	034-2284717	boc541@boc.lk	1	151,Matugama Road, Pelawatte

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	Name of Branch	Telephone	E-Mail Address	No. of ATMs	Postal Address
736	Piliyandala ▲	011-2614165	boc736@boc.lk	2	58, Moratuwa Road, Piliyandala
533	Pita Kotte	011-2820311	boc533@boc.lk	1	130C, Pagoda Road, Nugegoda
746	Rajagiriya	011-5368641	boc746@boc.lk	1	608, Nawala Road, Rajagiriya
689	Ratmalana ▲	011-2738030	boc689@boc.lk	1	452, Galle Road, Ratmalana
523	Sethsiripaya	011-2863637	boc523@boc.lk		Sethsiripaya Complex, Battaramulla
516	Thalawathugoda	011-2775027	boc516@boc.lk	1	215/2, Pannipitiya Road, Thalawathugoda
512	Thimbirigasyaya	011-2587345	boc512@boc.lk	2	4, "Sambuddathwa Jayanthi Mandiraya", Thummulla Junction,Colombo 5
043	Union Place	011-2302470	boc043@boc.lk	1	278, Access Tower, Colombo 2.
775	Visakha	011-2556215	boc775@boc.lk	1	133C, Vajira Road, Colombo 4
584	Wadduwa ▲	038-2284304	boc584@boc.lk	1	557A, Galle Road, Wadduwa
023	Wellawatta ▲	011-2590016	boc023@boc.lk	2	149/2, Galle Road, Colombo 6
499	Wijerama Junction	011-2803553	boc499@boc.lk	1	705, Highlevel Road, Gangodawila, Nugegoda

Western Province South

Other Service Points	Telephone	No. of ATMs	Postal Address
B.M.I.C.H Premises	011-2696820	1	BMICH Premises, Bauddhaloka Mawatha, Colombo 7
Immigration & Emigration Office	011-3071267	1	45, Ananda Rajakaruna Mawatha, Colombo 10
Kalutara District Secretariat Branch	034-2222286	1	Kalutara District Secretariat Branch, Kalutara
Lotteries Board	011-4824841		356, Dr.Colvin R De Silva Mawatha, Union Place, Colombo 2
Srawasthi Mandiraya	011-2681366	1	Srawasthi Mandiraya, Colombo 7

Off site ATMs

	ATMs	No.
01	Air Force Ratmalana	1
02	Army Camp Panagoda	1
03	Ballys Entertainment Centre D. R. Wijewardana Mawatha	1
04	CECB, Bauddhaloka Mawatha	1
05	Colombo Municipal Council, Town Hall	1
06	Dehiwala Zoo	1
07	German Technical College, Ratmalana	1
08	Hydramani Garments - Kahathuduwa	1
09	Kalubowila Hospital	1

	ATMs	No.
10	Kotalawala Defence Academy, Ratmalana	1
11	Maharagama, Cancer Hospital	1
12	Nagoda Hospital	1
13	Odel, Alexandra Place	1
14	Rank Entertainment Holding (Private) Limited	1
15	Saitm Campus	1
16	Sintesi Garments, Ranala	1
17	SLIIT Malabe	1
18	Southern Express Way	2
19	Water Board, Ratmalana	1

Corporate Branches

	Name of Branch	Telephone	SWIFT CODE	E-Mail Address	Postal Address
660	Corporate	011-2345428	BCEYLKLX	agmcr@boc.lk	Bank of Ceylon Head Office, "BOC Square", No. 1, Bank of Ceylon Mawatha, Colombo 1
822	Corporate 2nd	011-2325742		agmrecco@boc.lk	Bank of Ceylon Head Office, "BOC Square", No. 1, Bank of Ceylon Mawatha, Colombo 1
618	Metropolitan	011-2329419		bocmb@boc.lk	10, York Street, Colombo 1
004	Pettah ▲	011-2393544		bocpb@boc.lk	212/63, Gas Work Street, Colombo 11
747	Taprobane	011-2422267		boc747@boc.lk	10, York Street, Colombo 1
726	Off Shore Banking Unit	011-2389123	BCEYLKLX 131	agmoffsho@boc.lk	Bank of Ceylon Head Office, "BOC Square", No. 1, Bank of Ceylon Mawatha, Colombo 1

Corporate Branches

Other Service Points	Telephone	Postal Address
Board of Investment - S L P A ▲	011-2448875	Sir Baron Jayathilaka Mawatha, Colombo 1
Canal Yard - S L P A ▲	011-2483526	Sri Lanka Ports Authority , Canal Yard, Colombo 1
Permit Office - S L P A Hunters ▲	011-2483542	Security Division, Sri Lanka Ports Authority , Colombo 1
Sri Lanka Bureau of Foreign Employment ▲	011-2864147	234, Denzil Kobbekaduwa Mawatha, Koswatta, Battaramulla
Ware House Sri Lanka Ports Authority ▲	011-2942620	Warehouse, New Nuge Road, Peliyagoda
Ceylon Shipping Lines Limited	011-2445268	450, D R Wijewardena Mawatha, Colombo 10
Customs Imports Unit (Long Room) ▲	011-2447030	Customs Headquarters Building, 40, Main Street, Colombo 11
Health Ministry Suvasiripaya	011-2681361	Ministry of Health, 385, Baddegama Wimalawansa Mawatha, Colombo 10
Inland Revenue Department	011-2337367	Department of Inland Revenue , Sir Chittampalam A Gardiner Mawatha, Colombo 2
Jawatta Inland Revenue	011-5657162	Inland Revenue Dept, No. 80, Jawatte Road, Colombo 5
Laksiri Seva (Private) Limited	011-2917729	66, New Nuge Road, Peliyagoda
Trico Maritime (Private) Limited	011-3134764	50, K Cyril C Perera Mawatha, Colombo 13
Pettah District Secretariat Branch	011-2434478-50	Pettah District Secretariat Branch, Pettah

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ATMs	No.
Bellagio Club, Duplication Road, Colombo 3	1
Ceylon Dockyard Ltd	1
Ceylon Fisheries Harbour	1
Customs New Head Office	1
Health Ministry Suvasiripaya	1
Inland Revenue Department	1
Katunayaka Airport	1

ATMs	No.
Metropolitan Branch	1
MGM Club, Galle Road, Bambalapitiya	1
Mobile Banking Unit	1
Pensions Department-Maligawatte	1
Pettah Branch	2

ATMs	No.
Sri Lanka Air Force Head Quarters, Colombo 2	1
Sri Lanka Bureau of Foreign Employment	1
Sri Lanka Ports Authority, Jaya Terminal	1

Premier Banking

Br Code	Name of Branch	Telephone	E Mail Address	Postal Address
788	Premier Banking Center	011-2694282	pbc@boc.lk	No. 21, Sir Ernest de Silva Mawatha, Colombo 7

ATMs	No.
Premier Banking Center	1

Overseas Branches

	Name of Branch	Telephone	SWIFT CODE	E Mail Address	Postal Address
758	Chennai	009144-28190972 009144-28190973	BCEYIN5M	ceybank@vsnl.com	No. 20/21, Casa Major Road, New No. 2 (Old No. 11), Zerat Garden, 2nd Lane, Egmore, Chennai-600 008. Tamil Nadu, India
632	Male	00960-3323045 00960-3323046	BCEYMVMV	bcmale@ dhivehinet.net.mv	"Aage", 12, Boduthakurufaanu, Magu, Henveiru, Male. 20094, Republic of Maldives

ATMs	No.
Male	2

CORPORATE OFFICES

BoC Card Centre

"Issuing and managing VISA and Master credit cards Franchising and servicing merchants using point of sales machines and internet payment gateway facility"

Level - 1, West Tower, World Trade Centre
Echelon Square, Colombo 1, Sri Lanka.

Tel : +94 11 2445799,2325088,2395806, 2205600, 2205620, 2205680
Fax : +94 11 2325099, 2325092, 2395807
Email : agmccc@boc.lk / cmcardrec@boc.lk/ cmccc@boc.lk

Branch code : 731

BoC Premier Centre

"Dedicated centre for private banking"

21, Sir Ernest De Silva Mawatha, Colombo 7.
Sri Lanka.

Tel : +94 11 2694282 - 86
Fax : +94 11 2694280
Email : : pbc@boc.lk

Branch code : 788

Correspondent Banking Unit

"Gateway to global banking and financial relationships"

9th Floor, Bank of Ceylon Head Office, "BOC Square", No. 1, Bank of Ceylon Mawatha, Colombo 1, Sri Lanka.

Tel : +94 11 2445791
Fax : +94 11 2445791
Email : corresbd@boc.lk / cbd@boc.lk

Branch code : 087

Credit Support Department

"Issuing of local and international guarantees and documentation of credit facilities"

3rd Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2541943
Fax : +94 11 2446820
Email : corpcrsupport@boc.lk
: crsupport@boc.lk

Branch code : 660

Dealing Room

"Providing money market and foreign exchange related services"

7th Floor, Bank of Ceylon Head Office, "BOC Square", No. 1, Bank of Ceylon Mawatha, Colombo 1, Sri Lanka.

Tel : +94 11 2445785-7, 2386862
Fax : +94 11 2445788
Email : chiefdealer@boc.lk

Branch code : 760

Electronic Banking Unit

"Management of ATM card operations, facilitator for internet and mobile banking"

21st Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2542162, 2204650 - 63
Fax : +94 11 2447569
Email : atmcard@boc.lk,atmbal@boc.lk, bocebank@boc.lk

Branch code : 777

Gold Shop

"Supplier of precious gold to the nation"

Ground Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2345420
Fax : +94 11 2345420
Email : goldshop@boc.lk
Branch code : 087

Inward Remittances Department

"Facilitator in processing inward remittances to Sri Lanka"

8th Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2445792, 2541933, 5742978
Fax : +94 11 2344845
Email : irdept@boc.lk
Branch code : 087

Islamic Banking Unit

"Brand house for all islamic banking products and services"

25th Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2205030
Fax : +94 11 2445811
Email : ibu@boc.lk
Branch code : 776

Primary Dealer Unit

"Retail buying and selling of Government securities"

7th Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2448830
Fax : +94 11 2448207
Email : pdu@boc.lk
Branch code : 099

Trade Promotion Department

"Service provider for migrant employee community"

7th Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2447831, 2203626
Fax : +94 11 2346841
Email : inttrade@boc.lk
Branch code : 087

Trade Services Department

"Providing trade finance facilities and advisory services"

2nd Floor, Bank of Ceylon Head Office,
"BOC Square", No. 1, Bank of Ceylon Mawatha,
Colombo 1, Sri Lanka.

Tel : +94 11 2394310, 2203310
Fax : +94 11 2542170
Email : agmtradefinance@boc.lk
Branch code : 660

NOTES

CORPORATE INFORMATION

NAME OF THE INSTITUTION
Bank of Ceylon

LEGAL FORM
* A banking corporation domiciled in Sri Lanka, duly incorporated on 01 August 1939 under the Bank of Ceylon Ordinance No. 53 of 1938.

* A licensed commercial bank established under the Banking Act No. 30 of 1988.

REGISTERED OFFICE
"BOC Square", No.01
Bank of Ceylon Mawatha
Colombo 01, Sri Lanka
Tel : +94 11 2203333 (Hotline)
+94 11 2446790-811 (22 lines)
+94 11 2338741-47 (7 lines)
+94 11 2445815-20 (6 lines)
+94 11 2544340-44 (5 lines)
+94 11 2544333-37 (5 lines)
Facsimile : +94 11 2321160
Bank Code : 7010
SWIFT Code : BCEYLKLX
E-mail : boc@boc.lk, customercare@boc.lk
Website : www.boc.lk

CALL CENTRE
Tel : +94 11 2204444
Facsimile : +94 11 2320864

24 HOUR SERVICE CENTRE
Travel Counter, Ground Floor
Bank of Ceylon Head Office
"BOC Square", No. 01
Bank of Ceylon Mawatha
Colombo 01, Sri Lanka
Tel : +94 11 2203044/45
Facsimile : +94 11 2445801

ACCOUNTING YEAR END
31 December

TAX PAYER IDENTIFICATION NUMBER (TIN)
409000070

VAT REGISTRATION NUMBER
409000070 – 7000

SVAT REGISTRATION NUMBER
SVAT002898

STOCK EXCHANGE LISTING
The Unsecured, Subordinated Redeemable Debentures of June 2010/June 2015 series, December 2011/December 2016 series, November 2012 / November 2017 series and October 2013/October 2023 series with fixed & floating interest rates are listed on the Colombo Stock Exchange.

The USD senior notes of May 2012/ May 2017 and April 2013 /April 2018 with fixed rate are listed on Singapore Stock Exchange.

CREDIT RATINGS
* National Long-term rating :
'AA+(lka)' Outlook Stable

* Subordinated debentures :
'AA(lka)' by Fitch Ratings Lanka Limited

USD senior notes :
'BB -' by Fitch Ratings and 'B 1' by Moody's Investors Service

LAWYERS
Ms S H Ranawaka
Chief Legal Officer of Bank of Ceylon
and her assistants
Tel : +94 11 2445813
Facsimile : +94 11 2321167
E-mail : clo@boc.lk

COMPLIANCE OFFICER
Mr A de S Pinnaduwage (Assistant General Manager - Compliance)
Tel : + 94 11 2448532
Facsimile : + 94 11 2544306
E-mail : agmcmpl@boc.lk

AUDITOR
The Auditor General
The Auditor General's Department
306/72, Polduwa Road
Battaramulla, Sri Lanka
Tel : + 94 11 2887028-34 (6 lines)
Facsimile : + 94 11 2887223
E-mail : oaggov@sltnet.lk

(Appointed in terms of the provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka)

REGISTRARS TO THE DEBENTURE ISSUES
2010/2015 Series, 2011/2016 series
2012/2017 series and 2013/2023 series
Bank of Ceylon
Investment Banking Division
11th Floor, Bank of Ceylon Head Office
"BOC Square", No. 01
Bank of Ceylon Mawatha
Colombo 01, Sri Lanka
Tel : +94 11 2448348
+94 11 2440081
+94 11 2346845
Facsimile : +94 11 2346842
E-mail : investment@boc.lk

REGISTRARS TO THE USD SENIOR NOTES
Citigroup Global Markets Deutschland AG
Reuterweg
1660323
Frankfurt, Germany
Tel : +49 69 1366 2216
E-mail : dirk.loscher@citi.com

The Bank of New York Mellon (Luxembourg) S.A
Vertigo Building, Polaris
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BOARD OF DIRECTORS
Mr Raju Sivaraman (Acting Chairman)
(w.e.f. 27.12.2013)
Ms K M A Nelumani Daulagala (Ex-officio director)
Ms Nalini D Abeywardene
Mr Chandrasiri de Silva
Mr Lalith Withana
Mr R M A Ratnayake
(Alternate Director to Ms K M A Nelumani Daulagala)

SECRETARY TO THE BOARD
Ms Janaki Senanayake Siriwardane

AUDIT COMMITTEE
Mr Lalith Withana (Chairman)
Mr Raju Sivaraman
Ms K M A Nelumani Daulagala

HUMAN RESOURCES AND REMUNERATION COMMITTEE
Mr Raju Sivaraman (Chairman)
Ms Nalini D Abeywardene
Mr Chandrasiri de Silva

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE
Mr Raju Sivaraman (Chairman)
Mr Chandrasiri de Silva
Mr Lalith Withana

INTEGRATED RISK MANAGEMENT COMMITTEE
Mr Lalith Withana (Chairman)
Mr Raju Sivaraman
Ms K M A Nelumani Daulagala (Ex-officio director)

CLARIFICATIONS ON THE REPORT, PLEASE CONTACT
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