



ලංකා බැංකුව இலங்கை வங்கி

**INTERIM FINANCIAL STATEMENTS**  
**for the six-month period ended 30 June 2021**  
**(Un -audited)**

**Bank of Ceylon**

Fitch Ratings: AA- (lka)

## **Overview of the financial performance for 1H-2021**

- PBT for 1H-2021 – Rs. 27.1 billion
- Total Assets – exceeding Rs. 3.0 trillion a milestone reached (during 1Q -2021)
- Over Rs. 2.0 trillion Deposit and Loan base

Leaving behind an exceptional year, the Bank stepped into this year with a strategic move to leverage all unprecedented challenges. Preserving its market leadership Bank of Ceylon has delivered unrivaled performance during first half of this year while achieving another milestone by surpassing Rs. 3.0 trillion in its assets base.

### **Profit for the period**

Mostly owing to loan growth and continuous credit monitoring efforts taken during 2021, the Bank reported Rs. 27.1 billion Profit Before Tax (PBT), which is four times with that of corresponding period of the previous year. Demonstrating its strength, agility and strategic approach in facing the challenges caused by the low interest rate scenario, higher Non-Performing Advances (NPA) due to the COVID hit economy and operational restrictions the Bank was able to increase both its fund-based and fee-based income during the year.

As a result of the loan growth of 28% gained last year, this year's interest income went up by 12% to Rs. 121.9 billion and main contributive portfolios were overdraft, term loan, scheme loan and personal loan. In the meantime, interest expense declined by 9% to Rs. 70.4 billion in line with the increase in CASA ratio to 35% from 32% (1H-2020) and repricing the deposits at lower rates. The two-way movement in interest income and interest expense positively contributed to Net Interest Income (NII) of the Bank and NII has increased by 64% to Rs. 51.5 billion over that of 1H-2020. Non-fund-based income of the Bank grew by 61% YoY basis and the main contributors were fee and commission income and exchange income. Fee and Commission income received a boost with the operationalizing of business activities under new normal scenario. The key component of the fee and commission income, is the transactional banking related fee and commission income which showed a YoY growth of 28%. During the period under concern, the Sri Lankan Rupee depreciated by 8% resulting in an exchange gain of Rs. 6.5 billion.

Impairment charge for loans and advances for the period amounted to Rs. 13.0 billion bringing the loan to impairment provision reserve ratio to 6%. On YoY basis impairment charge decreased by 11% as incremental NPA during the 1H-2021 is lower than NPA increment compared to corresponding period of the previous year. NPA ratio stood at 4.7% against 5.4% reported by end June 2020. However, when calculating the impairment charge, the Bank always follows a very prudent approach; given the high degree of uncertainty and extraordinary circumstances in the short-term economic conditions mainly caused by the continuous disruptions to businesses the Bank made additional expected loss provision using management overlays on identified risk elevated industries and adjusting the economic factor reasonably and adequate enough to cover unseen risk factors in the uncertain and highly volatile environment.

The operating expenses of Rs. 18.8 billion consists of personnel cost, assets maintenance, deposit insurance and other overhead expenses. The Bank's cost to income ratio of 31% shows the prudent and effective cost management mechanism adopted by the management.

### **Financial Position**

During the period the Bank's total assets grew by 11% and reached the Rs.3.3 trillion level preserving its industry leadership. The key contributive factor is growth in loans and investment book which denotes about 93% of the assets of the Bank. The Bank's gross loan book surpassed the Rs. 2.0 trillion mark during the year 2020 and now stands at Rs. 2.5 trillion reporting 16% growth during 1H- 2021 mainly backed by growth in overdrafts, term loans and personal loans.

The Bank's deposit base during the year has increased to Rs. 2.6 trillion. The Bank's deposit base represents 35% of Current and Saving deposit (CASA) base which generates funds at low cost. The Bank's Tier I Capital and Total Capital ratio stood at 11.5% and 15.0% respectively as of end June 2021 which were above the regulatory norms. In spite of cash flow deferrals in loan installments, the Bank was able to maintain better trade -off between the liquid assets and its liabilities. All liquid level monitoring ratios were well kept up.

### **Recognitions earned amidst challenges**

Though having to operate in the face of many headwinds the Bank of Ceylon continues to be recognized locally and internationally and is the highest ranked local bank, and is among the Top 1000 Banks listed by the Banker Magazine UK for the year 2021. Locally the Bank was ranked among the Top 10 most Admired Companies of Sri Lanka by CIMA/ICCSL/ DailyFT.

Furthermore, the Bank of Ceylon was among the top 10 Corporates at the “Best Corporate Citizen Sustainability Awards 2020” conducted by the Ceylon Chamber of Commerce. Also, Bank of Ceylon has continued to be ranked as the most valuable Banking Brand for many consecutive years by the Brand Finance Lanka increasing its Brand Value by 13% over previous year. Fitch Ratings (SL) has assigned the credit rating of AA- (lka) to Bank of Ceylon and reaffirmed the same on Month of July 2021.

### **Continues to thrive with determined effort**

BoC network consists of 646 branches (including limited service branches) and 1,370 ATMs, CRMs and CDMs across the country. During the period our ATM, CDM and CRM network has expanded by 42 more machines facilitating the growing demand for digital channels. Adopting to the new normalcy in the post COVID environment, we will be focusing more on expanding our digital and virtual delivery services and will continue to provide all our banking services with more strength and efficiency. Although, Sri Lanka has started to face the more severe third wave of COVID pandemic, the speeded-up vaccination campaign coupled with the adherence to health guidelines to curtail the spread of the virus, will allow the country to manage the third wave. Hence, we are optimistic and are looking for further economic revival and stability to come in future.

## STATEMENT OF PROFIT OR LOSS

1

Rs. 000

For the six months ended 30 June	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	2021	2020	Change %	2021	2020	Change %	2021	2020	Change %	2021	2020	Change %
<b>Total income</b>	<b>136,621,448</b>	<b>118,279,482</b>	<b>15.5</b>	<b>69,031,041</b>	<b>55,835,563</b>	<b>23.6</b>	<b>139,928,440</b>	<b>120,922,824</b>	<b>15.7</b>	<b>70,412,022</b>	<b>56,519,844</b>	<b>24.6</b>
Interest income	121,906,962	108,938,476	11.9	63,353,341	52,262,614	21.2	124,947,683	111,759,861	11.8	64,831,918	53,523,566	21.1
Interest expenses	(70,424,465)	(77,449,656)	(9.1)	(35,502,256)	(38,598,373)	(8.0)	(71,660,172)	(79,158,589)	(9.5)	(36,129,988)	(39,461,133)	(8.4)
<b>Net interest income</b>	<b>51,482,497</b>	<b>31,488,820</b>	<b>63.5</b>	<b>27,851,085</b>	<b>13,664,241</b>	<b>103.8</b>	<b>53,287,511</b>	<b>32,601,272</b>	<b>63.5</b>	<b>28,701,930</b>	<b>14,062,433</b>	<b>104.1</b>
Fee and commission income	7,422,624	5,721,473	29.7	3,461,496	2,298,583	50.6	7,552,019	5,851,081	29.1	3,517,146	2,351,421	49.6
Fee and commission expenses	(1,397,407)	(1,055,535)	32.4	(678,652)	(406,708)	66.9	(1,416,904)	(1,060,932)	33.6	(686,311)	(408,119)	68.2
<b>Net fee and commission income</b>	<b>6,025,217</b>	<b>4,665,938</b>	<b>29.1</b>	<b>2,782,844</b>	<b>1,891,875</b>	<b>47.1</b>	<b>6,135,115</b>	<b>4,790,149</b>	<b>28.1</b>	<b>2,830,835</b>	<b>1,943,302</b>	<b>45.7</b>
Net gains / (losses) from trading	2,494,334	1,767,567	41.1	1,458,731	949,675	53.6	2,499,865	1,776,801	40.7	1,442,599	947,895	52.2
Net fair value gains / (losses) from financial instruments at fair value through profit or loss	(69,346)	(881,217)	(92.1)	187,737	491,411	(61.8)	(98,776)	(914,314)	(89.2)	187,858	541,910	(65.3)
Net gains/(losses) on derecognition of financial assets	259,317	183,942	41.0	46,597	133,580	(65.1)	280,731	248,921	12.8	68,011	198,847	(65.8)
Other operating income	4,607,557	2,549,241	80.7	523,139	(300,300)	(274.2)	4,746,918	2,200,474	115.7	364,490	(1,043,795)	(134.9)
	<b>7,291,862</b>	<b>3,619,533</b>	<b>101.5</b>	<b>2,216,204</b>	<b>1,274,366</b>	<b>73.9</b>	<b>7,428,738</b>	<b>3,311,882</b>	<b>124.3</b>	<b>2,062,958</b>	<b>644,857</b>	<b>219.9</b>
<b>Total operating income</b>	<b>64,799,576</b>	<b>39,774,291</b>	<b>62.9</b>	<b>32,850,133</b>	<b>16,830,482</b>	<b>95.2</b>	<b>66,851,364</b>	<b>40,703,303</b>	<b>64.2</b>	<b>33,595,723</b>	<b>16,650,592</b>	<b>101.8</b>
Impairment (charge) / reversal												
Loans and advances	(12,982,865)	(14,661,944)	(11.5)	(8,600,340)	(7,529,511)	14.2	(13,141,529)	(14,847,495)	(11.5)	(8,930,604)	(7,621,077)	17.2
Other financial assets	(479,870)	(929,922)	(48.4)	(62,913)	(900,567)	(93.0)	(480,901)	(974,291)	(50.6)	(58,566)	(933,819)	(93.7)
Other losses	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net operating income</b>	<b>51,336,841</b>	<b>24,182,425</b>	<b>112.3</b>	<b>24,186,880</b>	<b>8,400,404</b>	<b>187.9</b>	<b>53,228,934</b>	<b>24,881,517</b>	<b>113.9</b>	<b>24,606,553</b>	<b>8,095,696</b>	<b>203.9</b>
<b>Operating expenses</b>												
Personnel expenses	(11,347,156)	(8,602,517)	31.9	(5,730,291)	(4,364,681)	31.3	(12,222,959)	(9,460,204)	29.2	(6,164,668)	(4,660,515)	32.3
Depreciation and amortisation	(2,040,029)	(2,088,411)	(2.3)	(1,010,042)	(1,048,396)	(3.7)	(2,151,568)	(2,131,255)	1.0	(1,095,253)	(1,099,736)	(0.4)
Other expenses	(5,444,553)	(4,540,846)	19.9	(2,419,458)	(2,339,500)	3.4	(5,940,446)	(5,274,240)	12.6	(2,533,986)	(2,327,826)	8.9
<b>Total operating expenses</b>	<b>(18,831,738)</b>	<b>(15,231,774)</b>	<b>23.6</b>	<b>(9,159,791)</b>	<b>(7,752,577)</b>	<b>18.2</b>	<b>(20,314,973)</b>	<b>(16,865,699)</b>	<b>20.5</b>	<b>(9,793,907)</b>	<b>(8,088,077)</b>	<b>21.1</b>
<b>Operating profit before taxes on financial services</b>	<b>32,505,103</b>	<b>8,950,651</b>	<b>263.2</b>	<b>15,027,089</b>	<b>647,827</b>	<b>2,219.6</b>	<b>32,913,961</b>	<b>8,015,818</b>	<b>310.6</b>	<b>14,812,646</b>	<b>7,619</b>	<b>194,317.2</b>
Value Added Tax (VAT) on financial services	(5,369,331)	(2,005,420)	167.7	(2,689,015)	(549,547)	389.3	(5,480,594)	(2,015,551)	171.9	(2,705,970)	(544,709)	396.8
<b>Operating profit after taxes on financial services</b>	<b>27,135,772</b>	<b>6,945,231</b>	<b>290.7</b>	<b>12,338,074</b>	<b>98,280</b>	<b>12,454.0</b>	<b>27,433,367</b>	<b>6,000,267</b>	<b>357.2</b>	<b>12,106,676</b>	<b>(537,090)</b>	<b>(2,354.1)</b>
Share of profits / (losses) of Associate companies, net of tax	-	-	-	-	-	-	67,055	23,369	186.9	15,391	10,299	49.4
<b>Profit before income tax</b>	<b>27,135,772</b>	<b>6,945,231</b>	<b>290.7</b>	<b>12,338,074</b>	<b>98,280</b>	<b>12,454.0</b>	<b>27,500,422</b>	<b>6,023,636</b>	<b>356.5</b>	<b>12,122,067</b>	<b>(526,791)</b>	<b>(2,401.1)</b>
Income tax expense	(5,065,528)	(1,162,705)	335.7	(3,168,719)	255,132	(1,342.0)	(5,134,795)	(1,277,494)	301.9	(3,147,658)	230,205	(1,467.3)
<b>Profit for the period</b>	<b>22,070,244</b>	<b>5,782,526</b>	<b>281.7</b>	<b>9,169,355</b>	<b>353,412</b>	<b>2,494.5</b>	<b>22,365,627</b>	<b>4,746,142</b>	<b>371.2</b>	<b>8,974,409</b>	<b>(296,586)</b>	<b>(3,125.9)</b>
<b>Profit attributable to:</b>												
Equity holder of the Bank	22,070,244	5,782,526	281.7	9,169,355	353,412	2,494.5	22,302,680	4,987,738	347.2	9,017,916	(214,137)	(4,311.3)
Non controlling interest	-	-	-	-	-	-	62,947	(241,596)	(126.1)	(43,506)	(82,449)	(47.2)
<b>Profit for the period</b>	<b>22,070,244</b>	<b>5,782,526</b>	<b>281.7</b>	<b>9,169,355</b>	<b>353,412</b>	<b>2,494.5</b>	<b>22,365,627</b>	<b>4,746,142</b>	<b>371.2</b>	<b>8,974,409</b>	<b>(296,586)</b>	<b>(3,125.9)</b>
<b>Earnings per share:</b>												
Basic earnings per share (Rs.)	882.81	231.30	281.7	366.77	14.14	2,493.8	892.11	199.51	347.2	360.72	(8.57)	(4,309.1)
Diluted earnings per share (Rs.)	882.81	231.30	281.7	366.77	14.14	2,493.8	892.11	199.51	347.2	360.72	(8.57)	(4,309.1)

## STATEMENT OF COMPREHENSIVE INCOME

2

Rs. 000

For the six months ended 30 June	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	2021	2020	Change %	2021	2020	Change %	2021	2020	Change %	2021	2020	Change %
<b>Profit for the period</b>	22,070,244	5,782,526	281.7	9,169,355	353,412	2,494.5	22,365,627	4,746,142	371.2	8,974,409	(296,586)	(3,125.9)
<b>Other comprehensive income for the period , net of tax</b>												
<b>Items that will be reclassified to profit or loss</b>												
Exchange differences on translation of foreign operations	784,944	(103,835)	(856.0)	300,918	(193,348)	(255.6)	1,232,703	(131,251)	(1,039.2)	322,206	(140,651)	(329.1)
Net gains / (losses) on hedge instruments	(3,054,362)	-	-	(3,054,362)	-	-	(3,054,362)	-	-	(3,054,362)	-	-
Net gains / (losses) on investments in debt instruments measured at FVTOCI	(250,064)	299,756	(183.4)	(84,316)	222,894	(137.8)	(252,019)	305,317	(182.5)	(85,088)	221,370	(138.4)
Net (gains) / losses on FVTOCI financial investments reclassification to profit or loss	(7,651)	(9,789)	(21.8)	(2,263)	(1,623)	39.4	(7,651)	(9,789)	(21.8)	(2,263)	(1,623)	39.4
Deferred tax effect on net gains / (losses) on investments in debt instruments measured at FVTOCI *	75,673	(70,558)	(207.2)	19,969	(56,468)	(135.4)	75,673	(70,558)	(207.2)	19,969	(56,468)	(135.4)
Share of other comprehensive income of Associate companies, net of tax	-	-	-	-	-	-	1,149	(17,947)	(106.4)	7,553	8,005	(5.6)
	(2,451,460)	115,574	(2,221.1)	(2,820,054)	(28,545)	9,779.3	(2,004,507)	75,772	(2,745.4)	(2,791,985)	30,633	(9,214.3)
<b>Items that will not be reclassified to profit or loss</b>												
Change in fair value on investments in equity instruments designated at FVTOCI	243,871	(547,814)	(144.5)	65,868	649,360	(89.9)	64,706	(601,391)	(110.8)	97,858	877,277	(88.8)
Deferred tax effect on change in fair value on investments in equity instruments designated at FVTOCI *	39,030	(13,026)	(399.6)	(5,017)	(73,032)	(93.1)	39,030	(13,026)	(399.6)	(5,017)	(73,032)	(93.1)
Re-measurement of post-employment benefit obligations	-	-	-	-	-	-	374	(974)	(138.4)	(938)	(1,288)	(27.2)
Deferred tax effect on post-employment benefit obligations *	(395,319)	-	-	-	-	-	(395,409)	234	(169,078.2)	226	309	(26.9)
Changes in revaluation surplus / (deficit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax effect on revaluation surplus / (deficit) *	910,822	-	-	-	-	-	1,227,221	-	-	-	-	-
	798,404	(560,840)	(242.4)	60,851	576,328	(89.4)	935,922	(615,157)	(252.1)	92,129	803,266	(88.5)
<b>Other comprehensive income for the period, net of tax</b>	(1,653,056)	(445,266)	271.3	(2,759,203)	547,783	(603.7)	(1,068,585)	(539,385)	98.1	(2,699,856)	833,899	(423.8)
<b>Total comprehensive income for the period</b>	<b>20,417,188</b>	<b>5,337,260</b>	<b>282.5</b>	<b>6,410,152</b>	<b>901,195</b>	<b>611.3</b>	<b>21,297,042</b>	<b>4,206,757</b>	<b>406.3</b>	<b>6,274,553</b>	<b>537,313</b>	<b>1,067.8</b>
<b>Attributable to:</b>												
Equity holder of the Bank	20,417,188	5,337,260	282.5	6,410,152	901,195	611.3	21,243,248	4,452,031	377.2	6,317,102	611,790	932.6
Non controlling interest	-	-	-	-	-	-	53,794	(245,274)	(121.9)	(42,549)	(74,477)	(42.9)
<b>Total comprehensive income for the period</b>	<b>20,417,188</b>	<b>5,337,260</b>	<b>282.5</b>	<b>6,410,152</b>	<b>901,195</b>	<b>611.3</b>	<b>21,297,042</b>	<b>4,206,757</b>	<b>406.3</b>	<b>6,274,553</b>	<b>537,313</b>	<b>1,067.8</b>

\* Includes deferred tax effect on revision of statutory income tax rate

As at	Bank			Group		
	30-Jun-2021	31-Dec-2020 (Audited)	Change %	30-Jun-2021	31-Dec-2020 (Audited)	Change %
<b>Assets</b>						
Cash and cash equivalents	101,905,869	84,416,624	20.7	100,846,625	83,198,445	21.2
Balances with Central Banks	25,067,242	33,351,852	(24.8)	25,067,242	33,351,852	(24.8)
Placements with banks	7,309,295	27,615,851	(73.5)	7,589,303	27,913,969	(72.8)
Securities purchased under resale agreements	-	2,001,047	(100.0)	2,469,042	3,822,312	(35.4)
Derivative financial instruments	119,604	548,926	(78.2)	119,604	548,926	(78.2)
Financial assets recognized through profit or loss measured at fair value	8,962,647	9,856,220	(9.1)	9,948,016	10,869,471	(8.5)
Financial assets at amortized cost						
- loans and advances	2,319,605,025	1,988,409,007	16.7	2,349,920,340	2,018,393,730	16.4
- debt and other instruments	711,770,914	724,390,172	(1.7)	713,034,456	725,579,585	(1.7)
Financial assets - measured at fair value through other comprehensive income	22,174,767	15,362,480	44.3	23,867,447	17,913,778	33.2
Investment in Subsidiary companies	6,513,048	6,513,048	-	-	-	-
Investment in Associate companies	92,988	92,988	-	578,284	510,084	13.4
Investment properties	2,475,281	2,534,118	(2.3)	112,917	114,370	(1.3)
Property, plant and equipment	32,959,313	33,366,003	(1.2)	47,167,284	47,418,620	(0.5)
Right of Use Asset / Leasehold properties	2,927,224	3,208,879	(8.8)	2,259,213	2,643,686	(14.5)
Intangible assets	957,259	1,020,881	(6.2)	1,148,070	1,228,597	(6.6)
Deferred tax assets	-	-	-	80,556	76,873	4.8
Other assets	61,787,408	50,292,999	22.9	62,867,547	51,189,477	22.8
<b>Total assets</b>	<b>3,304,627,884</b>	<b>2,982,981,095</b>	<b>10.8</b>	<b>3,347,075,946</b>	<b>3,024,773,775</b>	<b>10.7</b>
<b>Liabilities</b>						
Due to banks	3,125,629	2,402,043	30.1	3,263,191	2,628,434	24.1
Securities sold under repurchase agreements	75,383,575	57,106,652	32.0	75,922,366	57,697,780	31.6
Derivative financial instruments	3,108,453	102,182	2,942.1	3,108,453	102,182	2,942.1
Financial liabilities at amortized cost						
- due to depositors	2,642,460,136	2,474,775,488	6.8	2,660,452,378	2,493,110,291	6.7
- due to other borrowers	287,597,025	180,884,127	59.0	291,756,098	185,102,055	57.6
Debt securities issued	-	-	-	2,479,667	2,107,493	17.7
Current tax liabilities	2,677,100	591,723	352.4	2,873,390	775,259	270.6
Deferred tax liabilities	293,257	923,462	(68.2)	2,279,887	3,305,797	(31.0)
Insurance provision - Life	-	-	-	442,563	498,767	(11.3)
Insurance provision - Non life	-	-	-	522,017	488,784	6.8
Other liabilities	46,833,348	44,898,628	4.3	47,747,828	45,372,722	5.2
Subordinated liabilities	67,745,995	64,637,407	4.8	67,735,985	64,627,397	4.8
<b>Total liabilities</b>	<b>3,129,224,518</b>	<b>2,826,321,712</b>	<b>10.7</b>	<b>3,158,583,823</b>	<b>2,855,816,961</b>	<b>10.6</b>
<b>Equity</b>						
Share capital	25,000,000	25,000,000	-	25,000,000	25,000,000	-
Permanent reserve fund	13,739,000	13,739,000	-	13,739,000	13,739,000	-
OCI reserve	1,805,215	1,704,356	5.9	2,502,031	2,573,148	(2.8)
Cashflow hedge reserve	(3,054,362)	-	-	(3,054,362)	-	-
Retained earnings	116,985,668	96,983,948	20.6	117,627,078	97,463,266	20.7
Other reserves	20,927,845	19,232,079	8.8	31,373,537	28,913,613	8.5
<b>Total equity attributable to equity holder of the Bank</b>	<b>175,403,366</b>	<b>156,659,383</b>	<b>12.0</b>	<b>187,187,284</b>	<b>167,689,027</b>	<b>11.6</b>
Non controlling interest	-	-	-	1,304,839	1,267,787	2.9
<b>Total equity</b>	<b>175,403,366</b>	<b>156,659,383</b>	<b>12.0</b>	<b>188,492,123</b>	<b>168,956,814</b>	<b>11.6</b>
<b>Total liabilities and equity</b>	<b>3,304,627,884</b>	<b>2,982,981,095</b>	<b>10.8</b>	<b>3,347,075,946</b>	<b>3,024,773,775</b>	<b>10.7</b>
Contingent liabilities and commitments	691,428,250	580,448,870	19.1	713,135,534	599,908,069	18.9

## STATEMENT OF CHANGES IN EQUITY- BANK

4

Rs. 000

	Share capital		Permanent reserve fund	OCI reserve	Cashflow hedge reserve	Other reserves		Retained earnings	Total Equity
	Share capital	Capital pending allotment				Other reserves	Revaluation reserve		
<b>Balance as at 01 January 2020</b>	<b>25,000,000</b>	-	<b>13,383,000</b>	<b>1,976,601</b>	-	<b>2,539,318</b>	<b>11,694,338</b>	<b>87,689,480</b>	<b>142,282,737</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	5,782,526	5,782,526
Other comprehensive income, net of tax	-	-	-	(341,431)	-	(103,835)	-	-	(445,266)
Dividends for the period	-	-	-	-	-	-	-	(173,205)	(173,205)
<b>Balance as at 30 June 2020</b>	<b>25,000,000</b>	-	<b>13,383,000</b>	<b>1,635,170</b>	-	<b>2,435,483</b>	<b>11,694,338</b>	<b>93,298,801</b>	<b>147,446,792</b>
<b>Balance as at 01 January 2021</b>	<b>25,000,000</b>	-	<b>13,739,000</b>	<b>1,704,356</b>	-	<b>2,550,889</b>	<b>16,681,190</b>	<b>96,983,948</b>	<b>156,659,383</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	22,070,244	22,070,244
Other comprehensive income, net of tax	-	-	-	100,859	(3,054,362)	784,944	910,822	(395,319)	(1,653,056)
Dividends for the period	-	-	-	-	-	-	-	(1,673,205)	(1,673,205)
<b>Balance as at 30 June 2021</b>	<b>25,000,000</b>	-	<b>13,739,000</b>	<b>1,805,215</b>	<b>(3,054,362)</b>	<b>3,335,833</b>	<b>17,592,012</b>	<b>116,985,668</b>	<b>175,403,366</b>

## STATEMENT OF CHANGES IN EQUITY -GROUP

Rs. 000

	Share capital		Permanent reserve fund	OCI reserve	Cashflow hedge reserve	Other reserves		Retained earnings	Non controlling interest	Total Equity
	Share capital	Capital pending allotment				Other reserves	Revaluation reserve			
<b>Balance as at 01 January 2020</b>	<b>25,000,000</b>	-	<b>13,383,000</b>	<b>2,571,824</b>	-	<b>3,827,349</b>	<b>19,287,824</b>	<b>89,140,565</b>	<b>1,785,087</b>	<b>154,995,649</b>
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	4,987,738	(241,596)	4,746,142
Other comprehensive income, net of tax	-	-	-	(385,843)	-	(131,251)	-	(18,613)	(3,678)	(539,385)
Dividends for the period	-	-	-	-	-	-	-	(173,205)	-	(173,205)
Subsidiary dividends to non controlling interest	-	-	-	-	-	-	-	-	(14,685)	(14,685)
<b>Balance as at 30 June 2020</b>	<b>25,000,000</b>	-	<b>13,383,000</b>	<b>2,185,981</b>	-	<b>3,696,098</b>	<b>19,287,824</b>	<b>93,936,485</b>	<b>1,525,128</b>	<b>159,014,516</b>
<b>Balance as at 01 January 2021</b>	<b>25,000,000</b>	-	<b>13,739,000</b>	<b>2,573,148</b>	-	<b>4,060,608</b>	<b>24,853,005</b>	<b>97,463,266</b>	<b>1,267,787</b>	<b>168,956,814</b>
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	22,302,680	62,947	22,365,627
Other comprehensive income, net of tax	-	-	-	(71,117)	(3,054,362)	1,232,703	1,227,221	(393,877)	(9,153)	(1,068,585)
Dividends for the period	-	-	-	-	-	-	-	(1,673,205)	-	(1,673,205)
Subsidiary dividends to non controlling interest	-	-	-	-	-	-	-	-	(10,280)	(10,280)
Disposal of subsidiaries	-	-	-	-	-	-	-	(71,786)	(6,462)	(78,248)
<b>Balance as at 30 June 2021</b>	<b>25,000,000</b>	-	<b>13,739,000</b>	<b>2,502,031</b>	<b>(3,054,362)</b>	<b>5,293,311</b>	<b>26,080,226</b>	<b>117,627,078</b>	<b>1,304,839</b>	<b>188,492,123</b>

## STATEMENT OF CASH FLOWS

5

Rs.'000

For the six months ended 30 June	Bank		Group	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Profit before income tax	27,135,772	6,945,231	27,500,422	6,023,636
<b>Adjustments for :</b>				
Net interest income	(51,482,497)	(31,488,820)	(53,287,511)	(32,601,272)
Dividend income on trading securities	(24,735)	(24,112)	(24,735)	(24,112)
Dividends from Subsidiaries and Associates	(16,427)	-	-	-
Share of profits of Associate companies, net of tax	-	-	(67,055)	(23,369)
Change in operating assets	(315,463,466)	(170,435,236)	(316,548,660)	(169,959,186)
Change in operating liabilities	195,328,457	207,669,118	192,054,502	196,344,864
Other non cash items included in profit before tax	10,611,453	17,919,973	10,876,501	18,719,041
Other net (gains)/ losses from investing activities	(189,971)	(697,275)	(181,955)	(665,393)
	<b>(134,101,414)</b>	<b>29,888,879</b>	<b>(139,678,491)</b>	<b>17,814,209</b>
Contribution paid from defined benefit plans	(4,166,231)	(2,072,261)	(4,176,327)	(2,086,218)
Interest received	88,315,273	67,793,247	91,090,531	76,609,241
Interest paid	(83,615,356)	(77,163,912)	(84,845,569)	(79,285,808)
Dividends received	24,735	24,112	24,735	24,112
<b>Net cash from operating activities before income tax</b>	<b>(133,542,993)</b>	<b>18,470,065</b>	<b>(137,585,121)</b>	<b>13,075,536</b>
Income tax paid	(2,487,445)	(2,199,016)	(2,630,322)	(2,233,364)
<b>Net cash from/ (used in) operating activities</b>	<b>(136,030,438)</b>	<b>16,271,049</b>	<b>(140,215,443)</b>	<b>10,842,172</b>
<b>Cash flows from investing activities</b>				
Net (increase)/ decrease in financial investments at amortized cost	13,173,868	(43,172,874)	13,099,739	(43,593,210)
Net (increase)/ decrease in financial investments recognized through OCI	(6,713,877)	2,205,639	(6,063,043)	2,683,687
Purchase of property plant and equipment and leasehold properties	(826,617)	(1,426,560)	(874,759)	(1,492,644)
Purchase of intangible assets	(203,648)	(296,411)	(205,657)	(318,250)
Dividends received	94,144	170,971	96,365	279,471
Interest received	29,732,218	23,945,467	29,997,680	24,035,568
<b>Net cash from investing activities</b>	<b>35,256,088</b>	<b>(18,573,768)</b>	<b>36,050,325</b>	<b>(18,405,378)</b>
<b>Cash flows from financing activities</b>				
Net increase in other borrowings	121,279,993	53,941,958	125,023,406	59,787,380
Dividends paid to Government of Sri Lanka	(1,673,205)	(173,205)	(1,673,205)	(173,205)
Dividends paid to non controlling interest	-	-	(10,280)	(14,685)
Interest payments on borrowings and debt securities	(1,815,876)	(3,055,013)	(1,821,371)	(3,465,142)
<b>Net cash from financing activities</b>	<b>117,790,912</b>	<b>50,713,740</b>	<b>121,518,550</b>	<b>56,134,348</b>
Net increase in cash and cash equivalents during the period	17,016,562	48,411,021	17,353,432	48,571,142
Cash and cash equivalents at the beginning of the period	83,978,210	63,523,958	82,533,640	63,221,255
<b>Cash and cash equivalents at the end of the period</b>	<b>100,994,772</b>	<b>111,934,979</b>	<b>99,887,072</b>	<b>111,792,397</b>
<b>Analysis of cash and cash equivalents</b>				
Cash and cash equivalents	101,905,869	114,767,044	100,846,625	114,724,764
Bank overdrafts	(911,097)	(2,832,065)	(959,553)	(2,932,367)
<b>Cash and cash equivalents at the end of the period</b>	<b>100,994,772</b>	<b>111,934,979</b>	<b>99,887,072</b>	<b>111,792,397</b>

**SELECTED PERFORMANCE INDICATORS**

6

As at	Bank		Group	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
Net assets value per share (Rs)	7,016.13	6,266.38	7,487.49	6,707.56
<b>Profitability</b>				
Interest margin *	3.28%	2.77%	3.35%	2.81%
Return on assets (before tax) *	1.73%	0.87%	1.73%	0.81%
Return on equity (after tax) *	26.59%	11.89%	25.03%	10.07%
<b>Assets Quality</b>				
Gross non - performing advances ratio, (Net of interest in suspense)	4.70%	4.76%		
Net non - performing advances ratio, (Net of interest in suspense and provisions)	1.44%	1.36%		
<b>Investor Information</b>				
Debt equity (%)	33.36	35.37		
Interest cover (times)	4.41	2.54		
<b>Memorandum Information</b>				
Number of employees	8,410	8,479		
Number of branches	581	582		

\* These ratios have been calculated annualizing the 1H - 2021 figures.

**KEY REGULATORY RATIOS - CAPITAL AND LIQUIDITY**

As at	Bank		Group	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
<b>Regulatory Capital (Rs. ' 000)</b>				
Common equity Tier 1	146,866,939	134,161,198	152,351,835	139,751,189
Total Tier I capital	161,866,939	149,161,198	167,351,835	154,751,189
Total capital	211,400,105	197,801,611	217,712,772	204,636,436
<b>Regulatory Capital Ratios (%)</b>				
Common equity Tier 1 capital ratio (Minimum requirement, Basel III - 7.50% )	10.43%	10.09%	10.50%	10.19%
Total Tier I capital ratio (Minimum requirement, Basel III - 9.00%)	11.49%	11.22%	11.53%	11.28%
Total capital ratio (Minimum requirement, Basel III - 13.00%)	15.01%	14.88%	15.00%	14.92%
Leverage ratio ( Minimum requirement - 3% )	4.57%	4.68%	4.67%	4.78%
<b>Regulatory Liquidity</b>				
Statutory liquid assets,				
- Domestic banking unit (Rs. ' 000)	676,459,033	625,559,328		
- Off-shore banking unit (US\$ 000)	744,220	855,315		
Statutory liquid assets ratio, (minimum requirement, 20%)				
- Domestic banking unit	26.23%	26.57%		
- Off-shore banking unit	27.39%	29.48%		
Total Stock of High Quality Liquid Assets (Rs. ' 000)	492,804,004	526,041,060		
Liquidity coverage ratio - Rupee (Minimum requirement, 90.00%)	282.00%	190.00%		
Liquidity coverage ratio - All currency (Minimum requirement, 90.00%)	164.84%	136.97%		
Net stable funding ratio ( Minimum requirement - 90% )	120.00%	131.00%		

**SHARE INFORMATION**

Shareholder	30-Jun-2021		31-Dec-2020	
	No. of Ordinary Shares	Holding %	No. of Ordinary Shares	Holding %
Government of Sri Lanka	25,000,000	100	25,000,000	100

- I. The interim Financial Statements are presented in accordance with Sri Lanka Accounting Standard - LKAS 34 on “Interim Financial Reporting”. These condensed interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020. In order to conform to better presentation, previous year figures and phrases have been adjusted where relevant.
- II. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2020.
- III. No circumstances have arisen and no material events have occurred since the reporting date, which require disclosures or adjustments to the financial statements.
- IV. During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities in the Bank.
- V. All known expenses have been charged in these financial statements.
- VI. The outbreak and spread of the coronavirus globally since January 2020 has caused disruption to business and economic activities, and uncertainty to the global economy. Consequent to the diagnosis of COVID-19 virus within Sri Lanka many measures were introduced by the Sri Lankan Government and the Central Bank of Sri Lanka with a view to easing the pressure due to safety measures taken to face the pandemic situation. COVID -19 pandemic has had a significant impact on business operations of the Bank due to changes that took place in normal business practices. However, the Bank proactively adjusted to the situation very quickly and took all necessary steps to provide the customer services in best possible manner in this pandemic situation.  
  
The Bank will continue to support the measures taken to revive the economy and the safety of the customers and the staff will be considered as being of paramount importance in conducting all operational activities.
- VII. The Bank accounted for current tax and differed tax as at 30 June 2021 in accordance with the guideline issued by CA Sri Lanka on the “Application of Tax Rates in Measure of Current Tax and Deferred Tax in LKAS 12” dated 23 April 2021.
- VIII. The Bank has entered in to ten USD/LKR funding SWAPs amounting to USD 90 million during the month of April and June 2021 as against the borrowings of USD 90 million. These SWAP transactions have been recorded in these financial statements under hedge accounting as per the SLFRS 09: Financial Instruments.
- IX. During the first quarter 2021 Property Development PLC has disposed its fully owned subsidiary of Koladeniya Hydropower (Private) Limited and the Group financial statements comprise a consolidation of the Bank and its Subsidiaries, Property Development PLC, Merchant Bank of Sri Lanka & Finance PLC, Hotels Colombo (1963) Limited, BOC Property Development & Management (Private) Limited, BOC Travels (Private) Limited, Ceybank Holiday Homes (Private) Limited, BOC Management & Support Services (Private) Limited, MBSL Insurance Company Limited, and Bank of Ceylon (UK) Limited and the Group’s interest in its Associate companies, Lanka Securities (Private) Limited, Southern Development Financial Company Limited, Transnational Lanka Records Solutions (Private) Limited and Ceybank Asset Management Limited.

We certify that the above financial statements give a true and fair view of the state of affairs of Bank of Ceylon and the Group as at 30 June 2021 and its profit for the six-month period ended 30 June 2021.

Sgd.  
W P Russel Fonseka  
**Chief Financial Officer**

We, the undersigned, being the Directors and General Manager of the Bank of Ceylon certify jointly that;

- a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka and Rule 7.4 of Colombo Stock Exchange and Sri Lanka Accounting Standard – LKAS 34 on “Interim Financial Reporting”.
- b) the information contained in these statements have been extracted from the un-audited financial statements of the Bank and the Group.

Sgd.  
Kanchana Ratwatte  
**Chairman**  
**(Independent Non-Executive)**

Sgd.  
A C M Fernando  
**Director**  
**(Independent Non-Executive)**

Sgd.  
D P K Gunasekera  
**General Manager**

*10 August 2021*  
*Colombo*

As at 30 June	2021				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	101,905,869	-	-	101,905,869
Balances with Central Banks	-	25,067,242	-	-	25,067,242
Placements with banks	-	7,309,295	-	-	7,309,295
Securities purchased under resale agreements	-	-	-	-	-
Derivative financial instruments	119,604	-	-	-	119,604
Loans and advances	-	2,319,605,025	-	-	2,319,605,025
Financial investments	8,962,647	711,770,914	22,174,767	-	742,908,328
<b>Total financial assets</b>	<b>9,082,251</b>	<b>3,165,658,345</b>	<b>22,174,767</b>	-	<b>3,196,915,363</b>
Other assets				107,712,521	107,712,521
<b>Total assets</b>	<b>9,082,251</b>	<b>3,165,658,345</b>	<b>22,174,767</b>	<b>107,712,521</b>	<b>3,304,627,884</b>

	Fair value through profit or loss	Amortised Cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	3,125,629	-	3,125,629
Securities sold under repurchase agreements	-	75,383,575	-	75,383,575
Derivative financial instruments	3,108,453	-	-	3,108,453
Other financial liabilities held for trading	-	-	-	-
Due to depositors	-	2,642,460,136	-	2,642,460,136
Other borrowings	-	287,597,025	-	287,597,025
Debt securities issued	-	-	-	-
Subordinated liabilities	-	67,745,995	-	67,745,995
<b>Total financial liabilities</b>	<b>3,108,453</b>	<b>3,076,312,360</b>	-	<b>3,079,420,813</b>
Other liabilities	-	-	49,803,705	49,803,705
<b>Total liabilities</b>	<b>3,108,453</b>	<b>3,076,312,360</b>	<b>49,803,705</b>	<b>3,129,224,518</b>

As at 31 December	2020				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	84,416,624	-	-	84,416,624
Balances with Central Banks	-	33,351,852	-	-	33,351,852
Placements with banks	-	27,615,851	-	-	27,615,851
Securities purchased under resale agreements	-	2,001,047	-	-	2,001,047
Derivative financial instruments	548,926	-	-	-	548,926
Loans and advances	-	1,988,409,007	-	-	1,988,409,007
Financial investments	9,856,220	724,390,172	15,362,480	-	749,608,872
<b>Total financial assets</b>	<b>10,405,146</b>	<b>2,860,184,553</b>	<b>15,362,480</b>	-	<b>2,885,952,179</b>
Other assets	-	-	-	97,028,916	97,028,916
<b>Total assets</b>	<b>10,405,146</b>	<b>2,860,184,553</b>	<b>15,362,480</b>	<b>97,028,916</b>	<b>2,982,981,095</b>

	Fair value through profit or loss	Amortised Cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	2,402,043	-	2,402,043
Securities sold under repurchase agreements	-	57,106,652	-	57,106,652
Derivative financial instruments	102,182	-	-	102,182
Due to depositors	-	2,474,775,488	-	2,474,775,488
Other borrowings	-	180,884,127	-	180,884,127
Debt securities issued	-	-	-	-
Subordinated liabilities	-	64,637,407	-	64,637,407
<b>Total financial liabilities</b>	<b>102,182</b>	<b>2,779,805,717</b>	-	<b>2,779,907,899</b>
Other liabilities	-	-	46,413,813	46,413,813
<b>Total liabilities</b>	<b>102,182</b>	<b>2,779,805,717</b>	<b>46,413,813</b>	<b>2,826,321,712</b>

As at 30 June	2021				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	100,846,625	-	-	100,846,625
Balances with Central Banks	-	25,067,242	-	-	25,067,242
Placements with banks	-	7,589,303	-	-	7,589,303
Securities purchased under resale agreements	-	2,469,042	-	-	2,469,042
Derivative financial instruments	119,604	-	-	-	119,604
Loans and advances	-	2,349,920,340	-	-	2,349,920,340
Financial investments	9,948,016	713,034,456	23,867,447	-	746,849,919
<b>Total financial assets</b>	<b>10,067,620</b>	<b>3,198,927,008</b>	<b>23,867,447</b>	<b>-</b>	<b>3,232,862,075</b>
Other assets	-	-	-	114,213,871	114,213,871
<b>Total assets</b>	<b>10,067,620</b>	<b>3,198,927,008</b>	<b>23,867,447</b>	<b>114,213,871</b>	<b>3,347,075,946</b>

	Fair value through profit or loss	Amortised cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	3,263,191	-	3,263,191
Securities sold under repurchase agreements	-	75,922,366	-	75,922,366
Derivative financial instruments	3,108,453	-	-	3,108,453
Other financial liabilities held for trading	-	-	-	-
Due to depositors	-	2,660,452,378	-	2,660,452,378
Other borrowings	-	291,756,098	-	291,756,098
Debt securities issued	-	2,479,667	-	2,479,667
Subordinated liabilities	-	67,735,985	-	67,735,985
<b>Total financial liabilities</b>	<b>3,108,453</b>	<b>3,101,609,685</b>	<b>-</b>	<b>3,104,718,138</b>
Other liabilities	-	-	53,865,685	53,865,685
<b>Total liabilities</b>	<b>3,108,453</b>	<b>3,101,609,685</b>	<b>53,865,685</b>	<b>3,158,583,823</b>

As at 31 December	2020				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	83,198,445	-	-	83,198,445
Balances with Central Banks	-	33,351,852	-	-	33,351,852
Placements with banks	-	27,913,969	-	-	27,913,969
Securities purchased under resale agreements	-	3,822,312	-	-	3,822,312
Derivative financial instruments	548,926	-	-	-	548,926
Loans and advances to customers	-	2,018,393,730	-	-	2,018,393,730
Financial investments	10,869,471	725,579,585	17,913,778	-	754,362,834
<b>Total financial assets</b>	<b>11,418,397</b>	<b>2,892,259,893</b>	<b>17,913,778</b>	<b>-</b>	<b>2,921,592,068</b>
Other assets	-	-	-	103,181,707	103,181,707
<b>Total assets</b>	<b>11,418,397</b>	<b>2,892,259,893</b>	<b>17,913,778</b>	<b>103,181,707</b>	<b>3,024,773,775</b>

	Fair value through profit or loss	Amortised cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	2,628,434	-	2,628,434
Securities sold under repurchase agreements	-	57,697,780	-	57,697,780
Derivative financial instruments	102,182	-	-	102,182
Due to depositors	-	2,493,110,291	-	2,493,110,291
Other borrowings	-	185,102,055	-	185,102,055
Debt securities issued	-	2,107,493	-	2,107,493
Subordinated liabilities	-	64,627,397	-	64,627,397
<b>Total financial liabilities</b>	<b>102,182</b>	<b>2,805,273,450</b>	<b>-</b>	<b>2,805,375,632</b>
Other liabilities	-	-	50,441,329	50,441,329
<b>Total liabilities</b>	<b>102,182</b>	<b>2,805,273,450</b>	<b>50,441,329</b>	<b>2,855,816,961</b>

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Interest Rate of comparable Government security	Amount	
					30.06.2021	31.12.2020		Bank	
					%	%		30.06.2021	31.12.2020
								Rs '000	Rs '000
<b>Sri Lanka rupee debentures</b>									
<b>Fixed interest rate</b>									
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2021	13.25	13.25	5.01	1,304,891	1,226,594
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2022	13.25	13.25	5.75	1,305,979	1,227,617
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2023	13.75	13.75	6.25	1,746,531	1,638,142
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	22.09.2014	21.09.2022	8.25	8.25	5.75	1,949,139	1,873,793
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	06.10.2015	05.10.2023	9.50	9.50	6.25	1,261,239	1,205,580
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	29.12.2016	28.12.2021	13.25	13.25	5.06	8,513,204	8,003,631
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	29.12.2016	28.12.2024	12.75	12.75	6.65	832	784
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2022	12.50	12.50	5.83	5,305,860	5,004,843
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2025	12.75	12.75	7.04	5,311,728	5,004,934
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	31.07.2018	30.07.2026	12.00	12.00	7.08	7,433,093	7,028,208
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	03.12.2018	02.12.2023	12.00	12.00	6.30	5,656,313	5,347,957
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	27.06.2019	26.06.2024	11.75	11.75	6.50	3,003,636	3,176,666
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	17.07.2019	16.07.2024	11.80	11.80	6.56	1,166,889	1,104,102
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	18.07.2019	17.07.2024	11.80	11.80	6.56	2,446,842	2,315,186
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	23.07.2019	22.07.2024	11.80	11.80	6.56	2,775,996	2,626,817
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	24.07.2019	23.07.2024	11.50	11.50	6.56	442,949	419,674
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	26.07.2019	25.07.2027	11.75	11.75	7.48	67,813	64,181
								<b>49,692,934</b>	<b>47,268,709</b>
<b>Floating interest rate</b>									
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 100 basis points)	a/b	Semi annually	25.10.2013	24.10.2021	4.87	4.87	5.01	1,011	1,009
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 50 basis points)	a/b	Semi annually	22.09.2014	21.09.2022	5.57	5.14	5.75	30	30
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points)	a/b	Semi annually	06.10.2015	05.10.2023	5.89	5.89	6.25	2,070,535	2,068,443
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points)	a/b	Semi annually	29.12.2016	28.12.2021	6.03	6.03	5.06	1,051	1,021
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points)	a/b	Semi annually	29.12.2016	28.12.2024	6.03	6.03	6.65	20	20
								<b>2,072,647</b>	<b>2,070,523</b>
<b>Additional Tier I capital bond</b>									
Unlisted, Unsecured, subordinated, perpetual capital bond (12 months TB (Net) rate plus 150 basis points with a Floor rate of 9.5%)		Annually	06.07.2020	N/A	9.50	9.50	-	5,468,179	5,226,897
Unlisted, Unsecured, subordinated, perpetual capital bond (Weighted average 12 months TB (Net) rate plus 150 basis points with a Floor rate of 9%)		Annually	01.12.2020	N/A	9.00	9.00	-	10,512,235	10,071,278
								<b>15,980,414</b>	<b>15,298,175</b>
								<b>67,745,995</b>	<b>64,637,407</b>

**Notes**

a) Debentures that are listed in the Colombo Stock Exchange.

b) Weighted average 6 months Treasury Bill interest rate before deducting relevant tax at the primary quotations as announced by the Central Bank of Sri Lanka, at the preceding week of the interest resetting date.

	<b>01-Jan-2021 to 30-Jun-2021 Rs.</b>	<b>01-Jan-2020 to 31-Dec-2020 Rs.</b>
<b>Market Value</b>		
<b>BoC Debentures 2013/2023 ,</b>		
Unsecured, subordinated, redeemable, 8 years, fixed rate (13.25%)		
Highest	Not Traded	100.00
Lowest	Not Traded	100.00
Last transaction	Not Traded	100.00
Unsecured, subordinated, redeemable, 8 years, floating rate (06 months TB rate (Gross) plus 100 basis points )	Not Traded	Not Traded
Unsecured, subordinated, redeemable, 9 years, fixed rate (13.25%)	Not Traded	Not Traded
Unsecured, subordinated, redeemable, 10 years, fixed rate (13.75%)	Not Traded	Not Traded
<b>BoC Debentures 2014/2022 ,</b>		
Unsecured, subordinated, redeemable, 8 years, fixed rate (8.25%)	Not Traded	Not Traded
Unsecured, subordinated, redeemable, 8 years, floating rate (06 months TB rate (Gross) plus 50 basis points )	Not Traded	Not Traded
<b>BoC Debentures 2015/2023</b>		
Unsecured, subordinated, redeemable, 8 years, fixed rate (9.50%)	Not Traded	Not Traded
Unsecured, subordinated, redeemable, 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	Not Traded
<b>BoC Debentures 2016/2024</b>		
Unsecured, subordinated, redeemable, 5 years, fixed rate (13.25%)		
Highest	Not Traded	101.00
Lowest	Not Traded	101.00
Last transaction	Not Traded	101.00
Unsecured, subordinated, redeemable, 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points )		
Highest	Not Traded	98.00
Lowest	Not Traded	98.00
Last transaction	Not Traded	98.00
Unsecured, subordinated, redeemable, 8 years, fixed rate (12.75%)	Not Traded	Not Traded
Unsecured, subordinated, redeemable, 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	Not Traded

	30-Jun-2021 %	31-Dec-2020 %
<b>Interest yield as at date of last trade done</b>		
<b>BoC Debentures 2013/2023 ,</b>		
8 years, fixed rate (13.25%)	Not Traded	13.24
8 years, floating rate (06 months TB rate (Gross) plus 100 basis points )	Not Traded	Not Traded
9 years, fixed rate (13.25%)	Not Traded	Not Traded
10 years, fixed rate (13.75%)	Not Traded	Not Traded
<b>BoC Debentures 2014/2022 ,</b>		
8 years, fixed rate (8.25%)	Not Traded	Not Traded
8 years, floating rate (06 months TB rate (Gross) plus 50 basis points )	Not Traded	Not Traded
<b>BoC Debentures 2015/2023 ,</b>		
8 years, fixed rate (9.50%)	Not Traded	Not Traded
8 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	Not Traded
<b>BoC Debentures 2016/2024 ,</b>		
5 years, fixed rate (13.25%)	Not Traded	12.60
5 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	11.99
8 years, fixed rate (12.75%)	Not Traded	Not Traded
8 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	Not Traded
<b>Yield to maturity of last trade done</b>		
<b>BoC Debentures 2013/2023 ,</b>		
8 years, fixed rate (13.25%)	Not Traded	13.25
8 years, floating rate (06 months TB rate (Gross) plus 100 basis points )	Not Traded	Not Traded
9 years, fixed rate (13.25%)	Not Traded	Not Traded
10 years, fixed rate (13.75%)	Not Traded	Not Traded
<b>BoC Debentures 2014/2022 ,</b>		
8 years, fixed rate (8.25%)	Not Traded	Not Traded
8 years, floating rate (06 months TB rate (Gross) plus 50 basis points )	Not Traded	Not Traded
<b>BoC Debentures 2015/2023 ,</b>		
8 years, fixed rate (9.50%)	Not Traded	Not Traded
8 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	Not Traded
<b>BoC Debentures 2016/2024 ,</b>		
5 years, fixed rate (13.25%)	Not Traded	12.67
5 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	11.92
8 years, fixed rate (12.75%)	Not Traded	Not Traded
8 years, floating rate (06 months TB rate (Gross) plus 125 basis points )	Not Traded	Not Traded

1 Loans and advances to customers

As at	Bank		Group	
	30.06.2021 Rs '000	31.12.2020 Rs '000	30.06.2021 Rs '000	31.12.2020 Rs '000
Gross loans and receivables	2,460,351,462	2,115,204,744	2,494,245,435	2,148,747,485
Stage 1	2,017,285,210	1,786,211,706	2,033,030,782	1,801,797,522
Stage 2	223,873,499	121,469,096	228,564,290	126,232,816
Stage 3	219,192,753	207,523,942	232,650,363	220,717,147
Less : Accumulated impairment	140,746,437	126,795,737	144,325,095	130,353,755
Stage 1	10,765,435	11,640,862	10,972,782	11,846,679
Stage 2	19,752,683	11,447,964	19,987,620	11,678,868
Stage 3	110,228,319	103,706,911	113,364,693	106,828,208
<b>Net loans and advances</b>	<b>2,319,605,025</b>	<b>1,988,409,007</b>	<b>2,349,920,340</b>	<b>2,018,393,730</b>

2) Loans and advances to customers - By product

As at	Bank		Group	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
<b>Local currency</b>				
Overdrafts	533,887,898	309,022,965	533,611,696	308,799,265
Term loans	588,705,321	517,251,819	593,090,390	518,944,638
Lease rentals receivable	26,260,225	31,958,992	40,248,666	50,977,005
Credit cards	5,588,555	5,397,818	5,588,555	5,397,818
Pawning	75,130,018	74,853,575	79,983,055	78,679,236
Loans under schemes	121,671,590	133,086,170	121,960,721	133,404,786
Housing loans	78,177,699	77,822,934	79,178,418	79,253,538
Trade finance	39,593,910	43,251,289	40,550,032	44,212,949
Personal loans	389,678,246	375,931,300	392,204,182	377,281,078
Staff loans	24,794,098	22,011,830	25,030,438	22,904,576
Foreclosed properties	2,407,357	2,398,252	2,407,357	2,398,252
Other loans	26,866,151	27,925,566	26,866,151	27,925,566
<b>Total local currency loans and advances</b>	<b>1,912,761,068</b>	<b>1,620,912,510</b>	<b>1,940,719,661</b>	<b>1,650,178,707</b>
<b>Foreign currency</b>				
Overdrafts	39,013,203	31,029,463	39,382,306	31,559,101
Term loans	457,844,005	415,154,357	463,131,745	418,450,922
Trade finance	45,943,543	43,688,323	46,219,606	44,136,273
Lease rentals receivable	-	218,654	-	218,654
Housing loans	585,268	388,837	585,268	388,837
Staff loans	11,603	10,323	14,077	12,714
Foreclosed properties	4,451	2,975	4,451	2,975
Other loans	4,188,321	3,799,302	4,188,321	3,799,302
<b>Total foreign currency loans and advances</b>	<b>547,590,394</b>	<b>494,292,234</b>	<b>553,525,774</b>	<b>498,568,778</b>
<b>Total loans and advances to customers</b>	<b>2,460,351,462</b>	<b>2,115,204,744</b>	<b>2,494,245,435</b>	<b>2,148,747,485</b>

3) Movement in impairment provisions during the period for loans and advances to customers

	Bank			
	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance (01 January)</b>	11,640,862	11,447,964	103,706,911	126,795,737
Charge / ( reversal ) during the period	(1,091,818)	8,165,609	8,793,798	15,867,589
Amount recovered during the period	-	-	(2,884,724)	(2,884,724)
Exchange rate variance on foreign currency impairment	216,391	139,110	612,334	967,835
Amount written-off during the period	-	-	(43,851)	(43,851)
Other movements	-	-	43,851	43,851
<b>Closing balance as at 30 June 2021</b>	<b>10,765,435</b>	<b>19,752,683</b>	<b>110,228,319</b>	<b>140,746,437</b>

	Group			
	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance (01 January)</b>	11,846,679	11,678,868	106,828,208	130,353,755
Charge / ( reversal ) during the period	(1,090,288)	8,169,642	8,946,899	16,026,253
Amount recovered during the period	-	-	(2,884,724)	(2,884,724)
Exchange rate variance on foreign currency impairment	216,391	139,110	612,334	967,835
Amount written-off during the period	-	-	(43,851)	(43,851)
Other movements	-	-	(94,173)	(94,173)
<b>Closing balance as at 30 June 2021</b>	<b>10,972,782</b>	<b>19,987,620</b>	<b>113,364,693</b>	<b>144,325,095</b>

Rs.'000

4) Contingent liabilities and commitments

As at	Bank		Group	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
<b>By product - Domestic currency</b>				
Acceptances and documentary credits	15,700,558	13,180,502	15,700,558	13,180,502
Bills for collection	5,039,026	4,230,225	5,039,026	4,230,225
Forward exchange contracts	32,667,686	27,424,280	32,667,686	27,424,280
Guarantees	93,431,742	78,435,253	93,494,190	78,486,203
Undrawn and undisbursed facilities	216,661,371	181,885,609	216,661,371	181,885,609
Other commitments	8,674,639	7,282,295	30,166,642	26,553,206
<b>Total domestic currency contingent liabilities and commitments</b>	<b>372,175,021</b>	<b>312,438,165</b>	<b>393,729,472</b>	<b>331,760,026</b>
<b>By product - Foreign currency</b>				
Acceptances and documentary credits	208,862,089	175,338,170	208,937,207	175,405,672
Bills for collection	18,904,251	15,869,979	18,904,251	15,869,979
Forward exchange contracts	8,322,310	6,986,518	8,322,310	6,986,518
Guarantees	55,285,324	46,411,618	55,330,612	46,452,315
Undrawn and undisbursed facilities	27,139,094	22,783,068	27,171,521	22,812,207
Other commitments	740,160	621,353	740,160	621,353
<b>Total foreign currency contingent liabilities and commitments</b>	<b>319,253,229</b>	<b>268,010,705</b>	<b>319,406,062</b>	<b>268,148,043</b>
<b>Total Contingent liabilities and commitments</b>	<b>691,428,250</b>	<b>580,448,870</b>	<b>713,135,534</b>	<b>599,908,069</b>

5) Financial liabilities at amortised cost

Due to depositors - By product

As at	Bank		Group	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
<b>Local currency</b>				
Demand deposits (current accounts)	127,381,590	137,045,468	127,191,608	136,886,276
Savings deposits	640,856,234	582,379,867	641,741,181	583,280,576
Time deposits	1,259,857,987	1,195,753,019	1,275,712,235	1,212,138,000
Other deposits	4,876,294	4,019,586	4,880,814	4,024,106
<b>Total local currency deposits</b>	<b>2,032,972,105</b>	<b>1,919,197,940</b>	<b>2,049,525,838</b>	<b>1,936,328,958</b>
<b>Foreign currency</b>				
Demand deposits (current accounts)	31,921,178	28,108,479	32,631,783	28,716,661
Savings deposits	115,362,226	110,117,781	115,922,778	110,573,639
Time deposits	461,078,670	416,595,372	461,246,022	416,735,117
Other deposits	1,125,957	755,916	1,125,957	755,916
<b>Total foreign currency deposits</b>	<b>609,488,031</b>	<b>555,577,548</b>	<b>610,926,540</b>	<b>556,781,333</b>
<b>Total due to depositors</b>	<b>2,642,460,136</b>	<b>2,474,775,488</b>	<b>2,660,452,378</b>	<b>2,493,110,291</b>

SEGMENTAL ANALYSIS - GROUP

15

Rs. '000												
For the six months ended 30th June	Retail banking		Corporate banking		International, treasury and investment		Group functions		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenue from external customers:</b>												
Net interest income	23,227,297	14,288,820	12,084,103	9,417,610	15,898,189	7,962,093	1,805,013	1,112,452	272,909	(179,703)	53,287,511	32,601,272
Net fee and commission income	4,137,053	3,342,630	1,075,940	719,829	452,123	353,688	109,898	124,212	360,101	249,790	6,135,115	4,790,149
Other income	305,369	214,204	1,598,992	1,256,754	5,281,454	2,101,119	136,876	(307,651)	106,047	47,456	7,428,738	3,311,882
<b>Total operating income</b>	<b>27,669,719</b>	<b>17,845,654</b>	<b>14,759,035</b>	<b>11,394,193</b>	<b>21,631,766</b>	<b>10,416,900</b>	<b>2,051,787</b>	<b>929,013</b>	<b>739,057</b>	<b>117,543</b>	<b>66,851,364</b>	<b>40,703,303</b>
<b>Expenses :</b>												
Impairment (charge)/ reversal for loans and other losses	(4,739,083)	(5,584,551)	(7,321,067)	(8,469,580)	(1,175,505)	(1,253,106)	(159,695)	(229,920)	(227,080)	(284,629)	(13,622,430)	(15,821,786)
Total operating expenses	(11,904,960)	(10,001,547)	(3,983,840)	(2,743,098)	(2,555,531)	(2,147,183)	(1,483,234)	(1,633,925)	(387,408)	(339,946)	(20,314,973)	(16,865,699)
<b>Total expenses</b>	<b>(16,644,043)</b>	<b>(15,586,098)</b>	<b>(11,304,907)</b>	<b>(11,212,678)</b>	<b>(3,731,036)</b>	<b>(3,400,289)</b>	<b>(1,642,929)</b>	<b>(1,863,845)</b>	<b>(614,488)</b>	<b>(624,575)</b>	<b>(33,937,403)</b>	<b>(32,687,485)</b>
<b>Operating profit before taxes on financial services</b>	<b>11,025,676</b>	<b>2,256,556</b>	<b>3,454,128</b>	<b>181,515</b>	<b>17,900,730</b>	<b>7,016,611</b>	<b>408,858</b>	<b>(934,832)</b>	<b>124,569</b>	<b>(507,032)</b>	<b>32,913,961</b>	<b>8,015,818</b>
Taxes on financial services											(5,480,594)	(2,015,551)
<b>Operating profit after taxes on financial services</b>											<b>27,433,367</b>	<b>6,000,267</b>
Share of profits/ (losses) of associate companies, net of tax							67,055	23,369			67,055	23,369
<b>Profit/(loss) before income tax</b>	<b>11,025,676</b>	<b>2,256,556</b>	<b>3,454,128</b>	<b>181,515</b>	<b>17,900,730</b>	<b>7,016,611</b>	<b>475,913</b>	<b>(911,463)</b>	<b>124,569</b>	<b>(507,032)</b>	<b>27,500,422</b>	<b>6,023,636</b>
Income tax expense											(5,134,795)	(1,277,494)
<b>Profit for the period</b>											<b>22,365,627</b>	<b>4,746,142</b>
<b>Total assets</b>	<b>946,035,107</b>	<b>725,906,198</b>	<b>1,399,122,513</b>	<b>1,059,186,297</b>	<b>810,991,890</b>	<b>744,811,611</b>	<b>42,448,063</b>	<b>40,930,582</b>	<b>148,478,373</b>	<b>150,827,754</b>	<b>3,347,075,946</b>	<b>2,721,662,442</b>
<b>Total liabilities</b>	<b>895,821,362</b>	<b>685,979,587</b>	<b>1,324,859,750</b>	<b>1,000,928,468</b>	<b>767,945,982</b>	<b>703,845,156</b>	<b>29,359,302</b>	<b>29,362,854</b>	<b>140,597,427</b>	<b>142,531,861</b>	<b>3,158,583,823</b>	<b>2,562,647,926</b>
Cash flows from / (used in) operating activities	(58,085,627)	7,831,421	(30,982,887)	4,505,828	(45,410,463)	3,700,299	(4,185,005)	(5,428,877)	(1,551,461)	233,501	(140,215,443)	10,842,172
Cash flows from / (used in) investing activities	10,092,966	(5,029,527)	14,926,820	(7,338,698)	8,652,230	(5,160,515)	794,237	168,390	1,584,072	(1,045,028)	36,050,325	(18,405,378)
Cash flows from / (used in) financing activities	68,906,830	29,764,477	35,845,061	17,768,600	8,462,003	1,633,917	3,727,638	5,420,608	4,577,019	1,546,746	121,518,550	56,134,348
Capital expenditure to non-current assets											1,080,416	1,810,894
Depreciation and amortization expenses	584,011	565,514	863,713	825,154	500,645	580,242	111,539	42,844	91,660	117,501	2,151,569	2,131,255

During the period from 01.01.2015 to 30.06.2021

Year	Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in Rs.	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amounts utilized in Rs. (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg : whether lent to related party/s etc...)
2015	1	To increase the Tier II capital of the Bank in order to enhance the Capital Adequacy Ratio (CAR) and single borrower limit to facilitate expansion of the loan book.	8 Billion	06.10.2015	8 Billion	100	8 Billion	100	Not Applicable
	2	To minimize and manage the gap exposure in the Bank's assets/ liability portfolios.							
	3	To strengthen the Bank's liquidity position and to increase the asset base.							
2016	1	To increase the Tier II capital of the Bank in order to enhance the Capital Adequacy Ratio (CAR) and single borrower limit.	8 Billion	29.12.2016	8 Billion	100	8 Billion	100	Not Applicable
	2	To minimize and manage the gap exposure in the Bank's assets/ liability portfolios.							
	3	To strengthen the Bank's liquidity position and to increase the asset base / loan book.							