



**INTERIM FINANCIAL STATEMENTS**  
**for the nine-month period ended 30 September 2022**  
**(Un-audited)**

**Bank of Ceylon**

Fitch Ratings: AA- (lka)

## **Financial commentary for nine months ended 30 September 2022**

- Profit Before Tax: Rs.27.5 billion
- Net Interest income of Rs. 107.9 billion with 32% growth
- Total Assets base of Rs. 4.4 trillion
- Total Deposit base of Rs.3.3 trillion
- Gross loans and advances reached to Rs. 2.6 trillion

The Bank has reported Rs. 27.5 billion Profit Before Tax (PBT) for the nine-month period ended 30 September 2022 despite of many headwinds caused by the never experienced economic and operational environment prevailed during the period.

### **Fund Based Income**

Despite of never experienced economic and operating environmental challenges prevailed, the net interest income grew by 32% to Rs. 107.9 billion contributing 72% to total operating income. The increase in interest rates in line with the upsurge in policy rates and materializing the volume growth reported in private sector advances in previous year resulted 54% growth in interest from loans and advances which denotes 68% of total interest income. Interest income from investments boomed up YoY to Rs. 102.6 billion and the major portion of it derived through Treasury Bills and Bonds.

The upsurge in deposit rates increased the cost of funding, YoY interest expense hiked by 100% and as considerable portion of FDs are reprised by now, the interest expense during 3Q-2022 moved up by nearly threefold than previous year corresponding period.

### **Non- Fund Based Income**

As rupee depreciation is around 81% for the period, net exchange gains derived through currency conversion represents considerable portion in non-fund based income amounting to Rs. 27.5 billion. Similarly, net fee and commission income also contributed Rs. 11.7 billion with 28% growth as business operations are now normalized and increased the number of retail transactions and trade financing activities were increased causing improvement in related fee income.

As conducive environment was not prevailed in the Share market activities during the period under concern equity portfolio did not contribute significantly to non-fund based income.

### **Impairment Charges for Loans and Advances and Other Financial Instruments**

From this year January onwards, impairment provision for loans and advances and investment were provided in compliance with CBSL Directions No.13 and 14 of 2021 on Classification, Recognition and Measurement of Credit Facilities and Financial Assets. Thus, the impairment

provision for loans and advances and financial investments were calculated to capture the expected losses associated with the customers or the investment instruments based on the possible consequences in current economic conditions, sector specific risk factors, new policy reforms, present negotiations in foreign and local debt settlements by the Government.

Management overlays were applied to identify the risk elevated industries which results the significant increase in credit risk due to spillover of economic turmoil prevailing the country and exposures to those industries were assessed as under performing to account for life time credit loss on prudent basis. Further, the Economic Factor Adjustment (EFA) which is used in calculating the expected losses for collectively assessed portfolios were enhanced by capturing the stressed economic condition prevailed at present. Nevertheless, the Individually Significant Customers (ISL customers) were also assessed critically given the high degree of uncertainty and extraordinary circumstances in the short-term and mid-term economic conditions mainly caused by the continuous disruptions to businesses and prudent level of ISL impairment provision were made. The impairment provision made to compensate the ECL from loans and advances amounted to Rs.65.3 billion during the nine-month period ended 30 September 2022, while the provision made for the 3Q 2022 amounting to Rs.15.8 billion. Consequently, the gross loans to impairment provision reserve ratio stood at 10% while Impaired loan ratio (Stage 3) stood at 5.6% against the 6% and 5.1% reported by end 2021.

By considering the negotiation plans are being in the discussion table for the settlement of foreign and local sovereign debt the Bank set aside a considerable level of impairment provision for its investments in International Sovereign Bonds and Sri Lanka Development Bonds.

### **Operating Expenses**

No exceptions, the cost escalation is experienced by the Bank too during the period under concern. The operating expenses of Rs. 33.3 billion mainly consists of personnel costs, assets maintenance expenses, deposit insurance and other overhead expenses. 16% YoY increase in operating expenses represents mostly from escalations in personnel cost in line with comforting the Bank's human resource against increase in cost of living. However, amidst double digit inflation the Bank's effective cost controlling ways and means settled the increase in other expenses at below 10%.

## **Profit**

Operating profit before VAT on financial services amounted to Rs. 35.1 billion which is 18% reduction YoY. Value added tax on financial services of Rs. 7.7 billion has been charged for the period resulting Rs. 27.5 billion Profit Before Tax (PBT). For the 3Q -2022 the PBT of Rs. 5.6 billion has been resulted after deducting Rs. 2.5 billion VAT on financial services.

Income tax for the period showed 6% increase even though PBT depicted decline than previous year as the over provision for income tax relating to the year 2020 was adjusted in the first quarter of the year 2021 in line with income tax rate reduction from 28% to 24%.

## **Financial Position**

### **Loans and Advances**

During the period the Bank's total assets grew by 16% and reached Rs. 4.4 trillion, preserving its industry leadership. The key contributive factor is growth in investment book which denotes about 35% of the assets of the Bank. During the nine-month period ended September 2022 lending to private sector grew by 10% and the Bank continued to extend its support towards business revival. However, the total gross loans and advances showed only a marginal growth of 2% as the lending to direct Government declined during the period.

Focusing more on maintaining the portfolio quality and with a view to addressing transforming of non-performing facilities in to hardcore level, the Bank setup a Business Revival unit during the last year and continued to support the revival of the customers. The Bank maintains adequate coverage for the expected losses and the provision reserve built so far covers the 10% of the total loan book for expected losses.

### **Deposit Base**

The Bank's deposit base during the year has increased to Rs. 3.3 trillion with a 16% growth and 68% of the Deposit base comprises of local currency deposits. Even though, the Balance 32% which denotes foreign currency deposits stood at Rs. 1,050.8 billion.

Current and Saving deposit (CASA) base which generates funds at low cost represents 32%.

### **Key Performance Indicators**

Return on Assets (ROA) ratio of the Bank stood at 0.9% while reporting a 11.5% Return on Equity (ROE) ratio resulting a decline YoY as the bottom-line performance of this year is in low scale than previous year. The increase in risk weighted assets with the rupee depreciation, payment of Rs. 6.7 billion surcharge tax which was deducted from retained earnings and rising stage III loans

adversely impacted to the Bank's capital Adequacy Ratio (CAR). However, the Bank was able to maintain its Tier I Capital and Total Capital ratio at 11.7% and 14.3% respectively as of end September 2022, both of which were above the regulatory norms.

Despite of cash flow deferments in loan installments, the Bank was able to maintain a better trade-off between the liquid assets and its liabilities. All liquidity ratios were also maintained above the regulatory norms.

The Group Financial Statements comprise a consolidation of its nine subsidiaries and its interest in five associate companies. Being the parent company, Bank of Ceylon places the major role in the Group and denotes more than 99% of the Group's assets base. For this year nine-month period ended by 30<sup>th</sup> September, Group has reported PBT of Rs. 27.3 billion.

The Bank's approach on service delivery has now reached more towards digital and virtual delivery channels. A greater surge was experienced in the customer adoption to those channels during the pandemic and the Bank was ready with the required infrastructure to cater this growing demand, resulting an increase in the Bank's digital and virtual transactions.

The Fitch Ratings Lanka has placed the BoC in the scale of "AA -".

## STATEMENT OF PROFIT OR LOSS

1

Rs. 000

30 September	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %
<b>Total income</b>	<b>368,688,298</b>	<b>211,330,077</b>	<b>74.5</b>	<b>136,801,871</b>	<b>74,708,629</b>	<b>83.1</b>	<b>374,537,389</b>	<b>216,298,103</b>	<b>73.2</b>	<b>139,199,394</b>	<b>76,369,663</b>	<b>82.3</b>
Interest income	323,607,938	189,403,644	70.9	126,090,214	67,496,682	86.8	328,769,391	193,853,597	69.6	128,125,532	68,905,914	85.9
Interest expenses	(215,692,476)	(107,724,074)	100.2	(98,984,552)	(37,299,609)	165.4	(218,325,865)	(109,499,020)	99.4	(100,333,240)	(37,838,848)	165.2
<b>Net interest income</b>	<b>107,915,462</b>	<b>81,679,570</b>	<b>32.1</b>	<b>27,105,662</b>	<b>30,197,073</b>	<b>(10.2)</b>	<b>110,443,526</b>	<b>84,354,577</b>	<b>30.9</b>	<b>27,792,292</b>	<b>31,067,066</b>	<b>(10.5)</b>
Fee and commission income	16,261,195	11,474,873	41.7	5,575,392	4,052,249	37.6	16,535,520	11,674,800	41.6	5,701,295	4,122,781	38.3
Fee and commission expenses	(4,490,747)	(2,256,734)	99.0	(1,650,538)	(859,327)	92.1	(4,500,353)	(2,319,568)	94.0	(1,643,431)	(902,664)	82.1
<b>Net fee and commission income</b>	<b>11,770,448</b>	<b>9,218,139</b>	<b>27.7</b>	<b>3,924,854</b>	<b>3,192,922</b>	<b>22.9</b>	<b>12,035,167</b>	<b>9,355,232</b>	<b>28.6</b>	<b>4,057,864</b>	<b>3,220,117</b>	<b>26.0</b>
Net gains / (losses) from trading	16,480,339	4,398,013	274.7	2,199,252	1,903,679	15.5	16,523,614	4,436,458	272.5	2,229,837	1,936,593	15.1
Net fair value gains / (losses) from financial instruments at fair value through profit or loss	(48,648)	619,083	(107.9)	2,390,650	688,429	247.3	(127,734)	626,033	(120.4)	2,489,580	724,809	243.5
Net gains/(losses) on derecognition of financial assets	544,470	218,538	149.1	317,396	(40,779)	(878.3)	545,872	218,742	149.6	318,798	(61,989)	(614.3)
Other operating income	11,843,004	5,215,926	127.1	228,967	608,369	(62.4)	12,290,726	5,488,473	123.9	334,352	741,555	(54.9)
	<b>28,819,165</b>	<b>10,451,560</b>	<b>175.7</b>	<b>5,136,265</b>	<b>3,159,698</b>	<b>62.6</b>	<b>29,232,478</b>	<b>10,769,706</b>	<b>171.4</b>	<b>5,372,567</b>	<b>3,340,968</b>	<b>60.8</b>
<b>Total operating income</b>	<b>148,505,075</b>	<b>101,349,269</b>	<b>46.5</b>	<b>36,166,781</b>	<b>36,549,693</b>	<b>(1.0)</b>	<b>151,711,171</b>	<b>104,479,515</b>	<b>45.2</b>	<b>37,222,723</b>	<b>37,628,151</b>	<b>(1.1)</b>
Impairment (charge) / reversal												
Loans and advances	(65,339,368)	(28,346,957)	130.5	(15,811,357)	(15,364,092)	2.9	(65,429,498)	(28,655,128)	128.3	(15,576,121)	(15,513,599)	0.4
Other financial assets	(14,683,405)	(1,670,498)	779.0	(441,130)	(1,190,628)	(62.9)	(14,965,447)	(1,655,552)	804.0	(217,775)	(1,174,651)	(81.5)
<b>Net operating income</b>	<b>68,482,302</b>	<b>71,331,814</b>	<b>(4.0)</b>	<b>19,914,294</b>	<b>19,994,973</b>	<b>(0.4)</b>	<b>71,316,226</b>	<b>74,168,835</b>	<b>(3.8)</b>	<b>21,428,827</b>	<b>20,939,901</b>	<b>2.3</b>
<b>Operating expenses</b>												
Personnel expenses	(21,236,406)	(17,219,111)	23.3	(7,630,320)	(5,871,955)	29.9	(22,950,978)	(18,649,307)	23.1	(8,219,566)	(6,426,348)	27.9
Depreciation and amortisation	(2,881,061)	(3,065,777)	(6.0)	(954,501)	(1,025,748)	(6.9)	(2,977,331)	(3,139,133)	(5.2)	(1,005,325)	(987,565)	1.8
Other expenses	(9,214,008)	(8,400,278)	9.7	(3,220,160)	(2,955,725)	8.9	(10,356,025)	(9,073,971)	14.1	(3,513,188)	(3,133,526)	12.1
<b>Total operating expenses</b>	<b>(33,331,475)</b>	<b>(28,685,166)</b>	<b>16.2</b>	<b>(11,804,981)</b>	<b>(9,853,428)</b>	<b>19.8</b>	<b>(36,284,334)</b>	<b>(30,862,411)</b>	<b>17.6</b>	<b>(12,738,079)</b>	<b>(10,547,439)</b>	<b>20.8</b>
<b>Operating profit before taxes on financial services</b>	<b>35,150,827</b>	<b>42,646,648</b>	<b>(17.6)</b>	<b>8,109,313</b>	<b>10,141,545</b>	<b>(20.0)</b>	<b>35,031,892</b>	<b>43,306,424</b>	<b>(19.1)</b>	<b>8,690,748</b>	<b>10,392,462</b>	<b>(16.4)</b>
Value Added Tax (VAT) on financial services	(7,671,435)	(7,081,516)	8.3	(2,480,104)	(1,712,185)	44.9	(7,759,443)	(7,244,916)	7.1	(2,510,123)	(1,764,322)	42.3
<b>Operating profit after taxes on financial services</b>	<b>27,479,392</b>	<b>35,565,132</b>	<b>(22.7)</b>	<b>5,629,209</b>	<b>8,429,360</b>	<b>(33.2)</b>	<b>27,272,449</b>	<b>36,061,508</b>	<b>(24.4)</b>	<b>6,180,625</b>	<b>8,628,140</b>	<b>(28.4)</b>
Share of profits / (losses) of Associate companies, net of tax	-	-	-	-	-	-	91,607	101,352	(9.6)	21,324	34,297	(37.8)
<b>Profit before income tax</b>	<b>27,479,392</b>	<b>35,565,132</b>	<b>(22.7)</b>	<b>5,629,209</b>	<b>8,429,360</b>	<b>(33.2)</b>	<b>27,364,056</b>	<b>36,162,860</b>	<b>(24.3)</b>	<b>6,201,949</b>	<b>8,662,437</b>	<b>(28.4)</b>
Income tax expense	(8,491,447)	(7,999,789)	6.1	(2,555,783)	(2,934,261)	(12.9)	(8,651,392)	(8,102,812)	6.8	(2,625,112)	(2,968,017)	(11.6)
<b>Profit for the period</b>	<b>18,987,945</b>	<b>27,565,343</b>	<b>(31.1)</b>	<b>3,073,426</b>	<b>5,495,099</b>	<b>(44.1)</b>	<b>18,712,664</b>	<b>28,060,048</b>	<b>(33.3)</b>	<b>3,576,837</b>	<b>5,694,420</b>	<b>(37.2)</b>
<b>Profit attributable to:</b>												
Equity holder of the Bank	18,987,945	27,565,343	(31.1)	3,073,426	5,495,099	(44.1)	18,831,148	27,987,995	(32.7)	3,570,961	5,685,314	(37.2)
Non controlling interest	-	-	-	-	-	-	(118,484)	72,053	(264.4)	5,876	9,106	(35.5)
<b>Profit for the period</b>	<b>18,987,945</b>	<b>27,565,343</b>	<b>(31.1)</b>	<b>3,073,426</b>	<b>5,495,099</b>	<b>(44.1)</b>	<b>18,712,664</b>	<b>28,060,048</b>	<b>(33.3)</b>	<b>3,576,837</b>	<b>5,694,420</b>	<b>(37.2)</b>
<b>Earnings per share:</b>												
Basic earnings per share (Rs.)	759.52	1,102.61	(31.1)	122.94	219.80	(44.1)	753.25	1,119.52	(32.7)	142.84	227.41	(37.2)
Diluted earnings per share (Rs.)	759.52	1,102.61	(31.1)	122.94	219.80	(44.1)	753.25	1,119.52	(32.7)	142.84	227.41	(37.2)

## STATEMENT OF COMPREHENSIVE INCOME

2

Rs. 000

30 September	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %
<b>Profit for the period</b>	<b>18,987,945</b>	<b>27,565,343</b>	<b>(31.1)</b>	<b>3,073,426</b>	<b>5,495,099</b>	<b>(44.1)</b>	<b>18,712,664</b>	<b>28,060,048</b>	<b>(33.3)</b>	<b>3,576,837</b>	<b>5,694,420</b>	<b>(37.2)</b>
<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	7,762,307	781,876	892.8	(176,239)	(3,068)	5,644.4	9,549,352	1,090,141	776.0	(564,654)	(142,562)	296.1
Net gains/ (losses) on cashflow hedge instruments	17,346,428	2,346,751	639.2	3,367,157	5,401,113	(37.7)	17,346,428	2,346,751	639.2	3,367,157	5,401,113	(37.7)
Net gains/ (losses) on investments in debt instruments measured at FVTOCI	971,972	(934,422)	(204.0)	(183,913)	(684,358)	(73.1)	892,048	(940,070)	(194.9)	(244,830)	(688,051)	(64.4)
Net (gains)/ losses on FVTOCI financial investments reclassification to profit or loss	(5,631)	(31,643)	(82.2)	-	(23,992)	(100.0)	10,172	(31,643)	(132.1)	15,803	(23,992)	(165.9)
Deferred tax effect on net gains/ (losses) on investments in debt instruments measured at FVTOCI	(187,622)	245,368	(176.5)	1,785	169,695	(98.9)	(187,622)	245,368	(176.5)	1,785	169,695	(98.9)
Share of other comprehensive income of Associate companies, net of tax	-	-	-	-	-	-	(8,068)	(12,722)	(36.6)	41,889	(13,871)	(402.0)
	<b>25,887,454</b>	<b>2,407,930</b>	<b>975.1</b>	<b>3,008,790</b>	<b>4,859,390</b>	<b>(38.1)</b>	<b>27,602,310</b>	<b>2,697,825</b>	<b>923.1</b>	<b>2,617,150</b>	<b>4,702,332</b>	<b>(44.3)</b>
<b>Items that will not be reclassified to profit or loss</b>												
Change in fair value on investments in equity instruments measured at FVTOCI	(615,518)	51,122	(1,304.0)	(15,308)	(192,749)	(92.1)	54,237	48,990	10.7	763,455	(15,716)	(4,957.8)
Deferred tax effect on change in fair value on investments in equity instruments measured at FVTOCI	(222,319)	46,062	(582.7)	63,811	7,032	807.4	(222,319)	46,062	(582.7)	63,811	7,032	807.4
Re-measurement of post-employment benefit obligations	-	-	-	-	-	-	90,198	1	9,019,700.0	89,515	(373)	(24,098.7)
Deferred tax effect on post-employment benefit obligations	-	(395,319)	(100.0)	-	-	-	19,673	(395,319)	(105.0)	20,429	90	22,598.9
Changes in revaluation surplus/ (deficit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax effect on revaluation surplus/ (deficit)	-	910,822	(100.0)	-	-	-	-	1,227,221	(100.0)	-	-	-
	<b>(837,837)</b>	<b>612,687</b>	<b>(236.7)</b>	<b>48,503</b>	<b>(185,717)</b>	<b>(126.1)</b>	<b>(58,211)</b>	<b>926,955</b>	<b>(106.3)</b>	<b>937,210</b>	<b>(8,967)</b>	<b>(10,551.8)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>25,049,617</b>	<b>3,020,617</b>	<b>729.3</b>	<b>3,057,293</b>	<b>4,673,673</b>	<b>(34.6)</b>	<b>27,544,099</b>	<b>3,624,780</b>	<b>659.9</b>	<b>3,554,360</b>	<b>4,693,365</b>	<b>(24.3)</b>
<b>Total comprehensive income for the period</b>	<b>44,037,562</b>	<b>30,585,960</b>	<b>44.0</b>	<b>6,130,719</b>	<b>10,168,772</b>	<b>(39.7)</b>	<b>46,256,763</b>	<b>31,684,828</b>	<b>46.0</b>	<b>7,131,197</b>	<b>10,387,785</b>	<b>(31.4)</b>
<b>Attributable to:</b>												
Equity holder of the Bank	44,037,562	30,585,960	44.0	6,130,719	10,168,772	(39.7)	46,355,621	31,616,267	46.6	7,098,939	10,373,018	(31.6)
Non controlling interest	-	-	-	-	-	-	(98,858)	68,561	(244.2)	32,258	14,767	118.4
<b>Total comprehensive income for the period</b>	<b>44,037,562</b>	<b>30,585,960</b>	<b>44.0</b>	<b>6,130,719</b>	<b>10,168,772</b>	<b>(39.7)</b>	<b>46,256,763</b>	<b>31,684,828</b>	<b>46.0</b>	<b>7,131,197</b>	<b>10,387,785</b>	<b>(31.4)</b>

As at	Bank			Group		
	30-Sep-2022	31-Dec-2021 (Audited)	Change %	30-Sep-2022	31-Dec-2021 (Audited)	Change %
<b>Assets</b>						
Cash and cash equivalents	151,512,588	82,647,406	83.3	156,096,929	82,313,908	89.6
Balances with Central Banks	72,795,154	74,121,781	(1.8)	72,795,154	74,121,781	(1.8)
Placements with banks	17,829,924	4,957,417	259.7	18,585,096	5,342,369	247.9
Securities purchased under resale agreements	2,115,810	2,074,474	2.0	2,265,139	2,976,664	(23.9)
Derivative financial instruments	51,845,425	4,342,531	1,093.9	51,845,425	4,342,531	1,093.9
Financial assets recognized through profit or loss measured at fair value	9,633,014	9,230,022	4.4	10,029,717	9,640,813	4.0
Financial assets at amortized cost						
- loans and advances	2,363,664,411	2,413,762,291	(2.1)	2,398,088,996	2,446,330,329	(2.0)
- debt and other instruments	1,557,068,803	1,082,179,876	43.9	1,561,710,813	1,082,837,662	44.2
Financial assets - measured at fair value through other comprehensive income	8,235,670	18,302,556	(55.0)	11,671,121	22,879,810	(49.0)
Investment in Subsidiary companies	8,181,138	8,181,138	-	-	-	-
Investment in Associate companies	92,988	92,988	-	679,069	595,531	14.0
Investment properties	2,414,640	2,414,640	-	105,524	107,704	(2.0)
Property, plant and equipment	32,282,692	32,757,485	(1.4)	46,766,156	46,944,191	(0.4)
Right of Use Asset / Leasehold properties	2,513,642	3,137,955	(19.9)	2,450,985	2,825,719	(13.3)
Intangible assets	1,298,104	1,039,985	24.8	1,449,088	1,214,591	19.3
Deferred tax assets	1,553,365	2,152,712	(27.8)	1,568,909	2,213,847	(29.1)
Other assets	119,461,622	61,888,586	93.0	120,837,630	63,262,306	91.0
<b>Total assets</b>	<b>4,402,498,990</b>	<b>3,803,283,843</b>	<b>15.8</b>	<b>4,456,945,751</b>	<b>3,847,949,756</b>	<b>15.8</b>
<b>Liabilities</b>						
Due to banks	14,593,033	17,936,070	(18.6)	14,803,691	18,646,339	(20.6)
Securities sold under repurchase agreements	191,226,205	162,156,413	17.9	191,771,207	161,668,335	18.6
Derivative financial instruments	2,265,716	380,328	495.7	2,265,716	380,328	495.7
Financial liabilities at amortized cost						
- due to depositors	3,314,049,281	2,866,894,010	15.6	3,340,117,225	2,886,237,094	15.7
- due to other borrowers	414,466,057	444,107,977	(6.7)	419,582,488	447,875,002	(6.3)
Debt securities issued	-	-	-	25,883	2,107,182	(98.8)
Current tax liabilities	2,546,429	647,993	293.0	2,799,856	978,532	186.1
Deferred tax liabilities	-	-	-	2,182,129	2,153,309	1.3
Insurance provision - Life	-	-	-	347,147	413,743	(16.1)
Insurance provision - Non life	-	-	-	669,701	526,017	27.3
Other liabilities	159,775,290	46,042,365	247.0	162,813,954	47,461,127	243.0
Subordinated liabilities	65,134,537	64,358,855	1.2	64,859,954	64,105,970	1.2
<b>Total liabilities</b>	<b>4,164,056,548</b>	<b>3,602,524,011</b>	<b>15.6</b>	<b>4,202,238,951</b>	<b>3,632,552,978</b>	<b>15.7</b>
<b>Equity</b>						
Share capital	25,730,000	25,000,000	2.9	25,730,000	25,000,000	2.9
Permanent reserve fund	14,491,000	14,491,000	-	14,491,000	14,491,000	-
OCI reserve	529,309	588,427	(10.0)	2,026,977	1,483,412	36.6
Cashflow hedge reserve	20,585,694	3,239,266	535.5	20,585,694	3,239,266	535.5
Retained earnings	148,642,170	136,739,177	8.7	149,756,887	138,104,222	8.4
Other reserves	28,464,269	20,701,962	37.5	41,038,784	31,489,432	30.3
<b>Total equity attributable to equity holder of the Bank</b>	<b>238,442,442</b>	<b>200,759,832</b>	<b>18.8</b>	<b>253,629,342</b>	<b>213,807,332</b>	<b>18.6</b>
Non controlling interest	-	-	-	1,077,458	1,589,446	(32.2)
<b>Total equity</b>	<b>238,442,442</b>	<b>200,759,832</b>	<b>18.8</b>	<b>254,706,800</b>	<b>215,396,778</b>	<b>18.3</b>
<b>Total liabilities and equity</b>	<b>4,402,498,990</b>	<b>3,803,283,843</b>	<b>15.8</b>	<b>4,456,945,751</b>	<b>3,847,949,756</b>	<b>15.8</b>
Contingent liabilities and commitments	743,832,852	879,356,475	(15.4)	754,094,169	897,771,496	(16.0)

## STATEMENT OF CHANGES IN EQUITY- BANK

4

Rs. 000

	Share capital	Capital pending allotment	Permanent reserve fund	OCI reserve	Cashflow hedge reserve	Other reserves		Retained earnings	Total Equity
						Other reserves	Revaluation reserve		
<b>Balance as at 01 January 2021</b>	<b>25,000,000</b>	<b>-</b>	<b>13,739,000</b>	<b>1,704,356</b>	<b>-</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	-	-	-	-	-	-	-	27,565,343	27,565,343
Other comprehensive income, net of tax	-	-	-	(623,513)	2,346,751	781,876	910,822	(395,319)	3,020,617
Dividends for the period	-	-	-	-	-	-	-	(1,846,410)	(1,846,410)
<b>Balance as at 30 September 2021</b>	<b>25,000,000</b>	<b>-</b>	<b>13,739,000</b>	<b>1,080,843</b>	<b>2,346,751</b>	<b>3,332,765</b>	<b>17,592,012</b>	<b>122,307,562</b>	<b>185,398,933</b>
<b>Balance as at 01 January 2022</b>	<b>25,000,000</b>	<b>-</b>	<b>14,491,000</b>	<b>588,427</b>	<b>3,239,266</b>	<b>3,345,420</b>	<b>17,356,542</b>	<b>136,739,177</b>	<b>200,759,832</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	18,987,945	18,987,945
Other comprehensive income, net of tax	-	-	-	(59,118)	17,346,428	7,762,307	-	-	25,049,617
Dividends for the period	-	-	-	-	-	-	-	(346,410)	(346,410)
Capital infusion during the period	-	730,000	-	-	-	-	-	-	730,000
Surcharge Tax	-	-	-	-	-	-	-	(6,738,542)	(6,738,542)
<b>Balance as at 30 September 2022</b>	<b>25,000,000</b>	<b>730,000</b>	<b>14,491,000</b>	<b>529,309</b>	<b>20,585,694</b>	<b>11,107,727</b>	<b>17,356,542</b>	<b>148,642,170</b>	<b>238,442,442</b>

## STATEMENT OF CHANGES IN EQUITY -GROUP

Rs. 000

	Share capital	Capital pending allotment	Permanent reserve fund	OCI reserve	Cashflow hedge reserve	Other reserves		Retained earnings	Non controlling interest	Total Equity
						Other reserves	Revaluation reserve			
<b>Balance as at 01 January 2021</b>	<b>25,000,000</b>	<b>-</b>	<b>13,739,000</b>	<b>2,573,148</b>	<b>-</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	-	-	-	-	-	-	-	27,987,995	72,053	28,060,048
Other comprehensive income, net of tax	-	-	-	(627,814)	2,346,751	1,090,141	1,227,221	(408,027)	(3,492)	3,624,780
Dividends for the period	-	-	-	-	-	-	-	(1,846,410)	-	(1,846,410)
Subsidiary dividends to non controlling interest	-	-	-	-	-	-	-	-	(10,280)	(10,280)
Disposal of subsidiaries	-	-	-	-	-	-	-	(71,786)	(6,462)	(78,248)
Change of non controlling interest	-	-	-	-	-	-	-	-	115,326	115,326
<b>Balance as at 30 September 2021</b>	<b>25,000,000</b>	<b>-</b>	<b>13,739,000</b>	<b>1,945,334</b>	<b>2,346,751</b>	<b>5,150,749</b>	<b>26,080,226</b>	<b>123,125,038</b>	<b>1,434,932</b>	<b>198,822,030</b>
<b>Balance as at 01 January 2022</b>	<b>25,000,000</b>	<b>-</b>	<b>14,491,000</b>	<b>1,483,412</b>	<b>3,239,266</b>	<b>5,186,788</b>	<b>26,302,644</b>	<b>138,104,222</b>	<b>1,589,446</b>	<b>215,396,778</b>
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	18,831,148	(118,484)	18,712,664
Other comprehensive income, net of tax	-	-	-	543,565	17,346,428	9,549,352	-	85,128	19,626	27,544,099
Dividends for the period	-	-	-	-	-	-	-	(346,410)	-	(346,410)
Capital infusion during the period	-	730,000	-	-	-	-	-	-	-	730,000
Change of non controlling interest	-	-	-	-	-	-	-	125,221	(413,130)	(287,909)
Surcharge Tax	-	-	-	-	-	-	-	(7,042,422)	-	(7,042,422)
<b>Balance as at 30 September 2022</b>	<b>25,000,000</b>	<b>730,000</b>	<b>14,491,000</b>	<b>2,026,977</b>	<b>20,585,694</b>	<b>14,736,140</b>	<b>26,302,644</b>	<b>149,756,887</b>	<b>1,077,458</b>	<b>254,706,800</b>

## STATEMENT OF CASH FLOWS

5

Rs.'000

For the nine month period ended 30 September	Bank		Group	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
Profit before income tax	27,479,392	35,565,132	27,364,056	36,162,860
<b>Adjustments for :</b>				
Net interest income	(107,915,462)	(81,679,570)	(110,443,526)	(84,354,577)
Dividend income	(279,268)	(24,735)	(346,304)	(24,735)
Dividends from Subsidiaries and Associates	(133,227)	(16,427)	-	-
Share of profits of Associate companies, net of tax	-	-	(91,607)	(101,352)
Change in operating assets	(454,115,394)	(531,399,770)	(454,892,606)	(531,860,476)
Change in operating liabilities	525,013,760	390,778,046	534,318,957	388,240,199
Other non cash items included in profit before tax	98,506,170	30,369,877	99,106,158	30,730,272
Other net losses/ (gains) from investing activities	(495,822)	(837,621)	(418,138)	(844,775)
	<b>88,060,149</b>	<b>(157,245,068)</b>	<b>94,596,990</b>	<b>(162,052,584)</b>
Contribution paid from defined benefit plans	(7,789,157)	(6,314,143)	(7,815,716)	(6,332,106)
Interest received	214,430,827	139,610,696	219,170,598	143,672,159
Interest paid	(65,348,918)	(104,683,497)	(67,435,930)	(106,073,091)
Dividends received	58,705	24,735	58,705	24,735
<b>Net cash from/ (used in) operating activities before income tax</b>	<b>229,411,606</b>	<b>(128,607,277)</b>	<b>238,574,647</b>	<b>(130,760,887)</b>
Income tax paid	(5,045,996)	(5,672,094)	(5,478,061)	(5,874,345)
<b>Net cash from/ (used in) operating activities</b>	<b>224,365,610</b>	<b>(134,279,371)</b>	<b>233,096,586</b>	<b>(136,635,232)</b>
<b>Cash flows from investing activities</b>				
Net increase in financial investments at amortized cost	(155,607,743)	(68,885,788)	(159,874,009)	(68,425,496)
Net (increase)/ decrease in financial investments recognized at fair value through OCI	10,369,061	(4,787,975)	12,711,018	(4,984,640)
Investment in subsidiary companies	-	(1,668,090)	-	-
Purchase of property plant and equipment	(624,181)	(989,913)	(651,590)	(1,060,433)
Purchase of intangible assets	(39,793)	(612,075)	(39,793)	(614,527)
Dividends received	353,790	94,144	287,599	117,435
Interest received	93,544,600	45,770,169	93,966,282	46,158,660
<b>Net cash used in investing activities</b>	<b>(52,004,266)</b>	<b>(31,079,528)</b>	<b>(53,600,493)</b>	<b>(28,809,001)</b>
<b>Cash flows from financing activities</b>				
Net increase/ (decrease) in other borrowings	(45,037,970)	164,972,264	(43,817,984)	166,525,179
Proceeds from issue of shares	730,000	-	730,000	-
Proceeds from issue of debentures/ capital bonds	-	3,350,000	-	3,350,000
Payments on redemption of debentures	(1,949,281)	-	(3,949,281)	-
Dividends paid to Equity holder of the Bank	(346,410)	(1,846,410)	(346,410)	(1,846,410)
Dividends paid to non controlling interest	-	-	-	(10,280)
Payments for repurchase of shares	-	-	(287,909)	-
Interest payments on borrowings and debt securities	(53,452,355)	(3,961,669)	(54,101,731)	(3,972,482)
<b>Net cash from/ (used in) financing activities</b>	<b>(100,056,016)</b>	<b>162,514,185</b>	<b>(101,773,315)</b>	<b>164,046,007</b>
Net increase/ (decrease) in cash and cash equivalents during the period	72,305,328	(2,844,714)	77,722,778	(1,398,226)
Cash and cash equivalents at the beginning of the period	66,789,233	83,978,210	65,745,466	82,533,640
<b>Cash and cash equivalents at the end of the period</b>	<b>139,094,561</b>	<b>81,133,496</b>	<b>143,468,244</b>	<b>81,135,414</b>
<b>Analysis of cash and cash equivalents</b>				
Cash and cash equivalents	151,512,588	84,209,908	156,096,929	84,216,835
Bank overdrafts	(12,418,027)	(3,076,412)	(12,628,685)	(3,081,421)
<b>Cash and cash equivalents at the end of the period</b>	<b>139,094,561</b>	<b>81,133,496</b>	<b>143,468,244</b>	<b>81,135,414</b>

As at	Bank		Group	
	30-Sep-2022	31-Dec-2021	30-Sep-2022	31-Dec-2021
Net assets value per share (Rs)	9,537.70	8,030.39	10,145.17	8,552.29
<b>Profitability</b>				
Interest margin *	3.51%	3.28%	3.55%	3.35%
Return on assets (before tax) *	0.89%	1.27%	0.88%	1.30%
Return on equity (after tax) *	11.53%	21.03%	10.61%	20.13%
<b>Assets Quality</b>				
Impaired Loans (Stage 3) Ratio	5.60%	5.08%		
Impairment (Stage 3) to Stage 3 Loans Ratio	57.72%	49.07%		
<b>Investor Information</b>				
Debt equity (%)	43.28	51.01		
Interest cover (times)	1.40	2.85		
<b>Memorandum Information</b>				
Number of employees	8,215	8,337		
Number of branches	581	581		

\* These ratios have been calculated annualizing the 3Q - 2022 figures.

## KEY REGULATORY RATIOS - CAPITAL AND LIQUIDITY

As at	Bank		Group	
	30-Sep-2022	31-Dec-2021	30-Sep-2022	31-Dec-2021
<b>Regulatory Capital (Rs. ' 000)</b>				
Common equity Tier 1	191,468,947	176,537,824	199,765,693	182,294,819
Total Tier I capital	209,818,947	194,887,824	218,115,693	200,644,819
Total capital	257,232,830	243,033,817	265,988,828	249,799,365
<b>Regulatory Capital Ratios (%)</b>				
Common equity Tier 1 capital ratio (Minimum requirement, Basel III - 8.50% )	10.65%	12.91%	10.90%	12.83%
Total Tier I capital ratio (Minimum requirement, Basel III - 10.00%)	11.67%	14.25%	11.90%	14.13%
Total capital ratio (Minimum requirement, Basel III - 14.00%)	14.31%	17.77%	14.51%	17.59%
Leverage ratio (Minimum requirement - 3% )	4.41%	4.68%	4.53%	4.76%
<b>Regulatory Liquidity</b>				
Statutory liquid assets				
- Domestic banking unit (Rs. ' 000)	690,947,001	715,407,611		
- Off-shore banking unit (US\$ '000)	390,203	701,065		
Statutory liquid assets ratio (minimum requirement - 20%)				
- Domestic banking unit	21.01%	24.97%		
- Off-shore banking unit	26.16%	25.34%		
Total Stock of High Quality Liquid Assets (Rs. ' 000)	491,301,704	531,095,153		
Liquidity coverage ratio - Rupee (Minimum requirement 2022-90%, 2021-100%)	176.00%	169.00%		
Liquidity coverage ratio - All currency (Minimum requirement 2022-90%, 2021-100%)	114.98%	111.45%		
Net stable funding ratio (Minimum requirement 2022-90%, 2021-100%)	136.00%	125.00%		

## SHARE INFORMATION

Shareholder	30-Sep-2022		31-Dec-2021	
	No. of Ordinary Shares**	Holding %	No. of Ordinary Shares	Holding %
Government of Sri Lanka	25,730,000	100	25,000,000	100

\*\* This includes 730,000 shares in pending allotment.

- 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 2021. 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 2021.
- III. During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities in the Bank.
- IV. All known expenses have been charged in these financial statements.
- V. The Bank closely monitors and considers the impact of present turmoil in the economy to business operations and performance. In order to capture the expected losses from loans and advances due to present economic condition, the Bank adjusted the Economic Factor Adjustment (EFA) which is used in calculating the impairment provision for loans and advances. Individually Significant Loan (ISL) customers were carefully evaluated for significant increase in credit risk indicators and management overlays were used for the stressed industries by ensuring the credit risk of those customers are identified in the Financial Statements adequately.  
  
Impairment for investments in foreign currency denominated sovereign exposures have been made by considering the recent downgrade on the Sovereign rating to “Restricted Default” level. Accordingly, significant increase in impairment provision for foreign currency denominated sovereign instruments were resulted during the period under concern.
- VI. The Bank has entered in to ten USD/LKR funding SWAPs amounting to USD 90 million during the year 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.
- VII. The Bank is liable for the surcharge tax impost under the Surcharge Tax Act, No. 14 of 2022 certified on 08<sup>th</sup> April 2022. According to the Act, the surcharge tax is calculated at the rate of 25% on taxable income for the year of assessment 2020/2021, if the aggregate taxable income of all subsidiaries and holding company for the year exceeds Rs. 2,000 million and shall be deemed to be an expenditure in the Financial Statements relating to the year of assessment 2020/2021.

Total surcharge tax for the Bank amounted to Rs 6.7 billion and paid by way of two installments of Rs.3.4 billion each on 20<sup>th</sup> April 2022 and 20<sup>th</sup> July 2022.

## VIII. Reclassification of investments in debts

During the period under review, CA Sri Lanka issued a “Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio”, considering the unprecedented changes in the macro-economic conditions. This SoAT provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVTOCI) to Amortised Cost (AC) and this is a one off option.

The Bank has exercised this option and reclassified its FVTOCI Treasury Bond portfolio as at 01<sup>st</sup> April 2022 to AC, during the second quarter of 2022.

Net impact to the financial position and other comprehensive income due to reclassification is given below.

30 June 2022	Financial position		[Rs. Mn]
	Under AC	Under FVTOCI	Charge/(Reversal) to OCI / Equity
Treasury Bonds	12,756	8,928	(3,828)
Deferred tax asset	-	749	749
Total			(3,079)

- IX. The exchange impact on impairment charges on loans and advances and Government Securities denominated in foreign currency was recognized in Other Operating Income where the corresponding exchange gains are recognized.
- X. No circumstances have arisen and no material events have occurred since the reporting date, which require disclosures or adjustments to the financial statements other than the de-listing of Property Development PLC (subsidiary company of the Bank) on 27<sup>th</sup> October 2022 and as of end September 2022, the company is in the process of buying back of minority shares.
- XI. 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 September 2022 and its profit for the nine-month period ended 30 September 2022.

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.  
K E D Sumanasiri  
**General Manager**

*14 November 2022*  
*Colombo*

As at 30 September	2022				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	151,512,588	-	-	151,512,588
Balances with Central Banks	-	72,795,154	-	-	72,795,154
Placements with banks	-	17,829,924	-	-	17,829,924
Securities purchased under resale agreements	-	2,115,810	-	-	2,115,810
Derivative financial instruments	51,845,425	-	-	-	51,845,425
Loans and advances	-	2,363,664,411	-	-	2,363,664,411
Financial investments	9,633,014	1,557,068,803	8,235,670	-	1,574,937,487
<b>Total financial assets</b>	<b>61,478,439</b>	<b>4,164,986,690</b>	<b>8,235,670</b>	<b>-</b>	<b>4,234,700,799</b>
Other assets	-	-	-	167,798,191	167,798,191
<b>Total assets</b>	<b>61,478,439</b>	<b>4,164,986,690</b>	<b>8,235,670</b>	<b>167,798,191</b>	<b>4,402,498,990</b>

	Fair value through profit or loss	Amortised Cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	14,593,033	-	14,593,033
Securities sold under repurchase agreements	-	191,226,205	-	191,226,205
Derivative financial instruments	2,265,716	-	-	2,265,716
Other financial liabilities held for trading	-	-	-	-
Due to depositors	-	3,314,049,281	-	3,314,049,281
Other borrowings	-	414,466,057	-	414,466,057
Debt securities issued	-	-	-	-
Subordinated liabilities	-	65,134,537	-	65,134,537
<b>Total financial liabilities</b>	<b>2,265,716</b>	<b>3,999,469,113</b>	<b>-</b>	<b>4,001,734,829</b>
Other liabilities	-	-	162,321,719	162,321,719
<b>Total liabilities</b>	<b>2,265,716</b>	<b>3,999,469,113</b>	<b>162,321,719</b>	<b>4,164,056,548</b>

As at 31 December	2021				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	82,647,406	-	-	82,647,406
Balances with Central Banks	-	74,121,781	-	-	74,121,781
Placements with banks	-	4,957,417	-	-	4,957,417
Securities purchased under resale agreements	-	2,074,474	-	-	2,074,474
Derivative financial instruments	4,342,531	-	-	-	4,342,531
Loans and advances	-	2,413,762,291	-	-	2,413,762,291
Financial investments	9,230,022	1,082,179,876	18,302,556	-	1,109,712,454
<b>Total financial assets</b>	<b>13,572,553</b>	<b>3,659,743,245</b>	<b>18,302,556</b>	<b>-</b>	<b>3,691,618,354</b>
Other assets	-	-	-	111,665,489	111,665,489
<b>Total assets</b>	<b>13,572,553</b>	<b>3,659,743,245</b>	<b>18,302,556</b>	<b>111,665,489</b>	<b>3,803,283,843</b>

	Fair value through profit or loss	Amortised Cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	17,936,070	-	17,936,070
Securities sold under repurchase agreements	-	162,156,413	-	162,156,413
Derivative financial instruments	380,328	-	-	380,328
Due to depositors	-	2,866,894,010	-	2,866,894,010
Other borrowings	-	444,107,977	-	444,107,977
Debt securities issued	-	-	-	-
Subordinated liabilities	-	64,358,855	-	64,358,855
<b>Total financial liabilities</b>	<b>380,328</b>	<b>3,555,453,325</b>	<b>-</b>	<b>3,555,833,653</b>
Other liabilities	-	-	46,690,358	46,690,358
<b>Total liabilities</b>	<b>380,328</b>	<b>3,555,453,325</b>	<b>46,690,358</b>	<b>3,602,524,011</b>

As at 30 September		2022			
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	156,096,929	-	-	156,096,929
Balances with Central Banks	-	72,795,154	-	-	72,795,154
Placements with banks	-	18,585,096	-	-	18,585,096
Securities purchased under resale agreements	-	2,265,139	-	-	2,265,139
Derivative financial instruments	51,845,425	-	-	-	51,845,425
Loans and advances	-	2,398,088,996	-	-	2,398,088,996
Financial investments	10,029,717	1,561,710,813	11,671,121	-	1,583,411,651
<b>Total financial assets</b>	<b>61,875,142</b>	<b>4,209,542,127</b>	<b>11,671,121</b>	<b>-</b>	<b>4,283,088,390</b>
Other assets	-	-	-	173,857,361	173,857,361
<b>Total assets</b>	<b>61,875,142</b>	<b>4,209,542,127</b>	<b>11,671,121</b>	<b>173,857,361</b>	<b>4,456,945,751</b>

	Fair value through profit or loss	Amortised cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	14,803,691	-	14,803,691
Securities sold under repurchase agreements	-	191,771,207	-	191,771,207
Derivative financial instruments	2,265,716	-	-	2,265,716
Other financial liabilities held for trading	-	-	-	-
Due to depositors	-	3,340,117,225	-	3,340,117,225
Other borrowings	-	419,582,488	-	419,582,488
Debt securities issued	-	25,883	-	25,883
Subordinated liabilities	-	64,859,954	-	64,859,954
<b>Total financial liabilities</b>	<b>2,265,716</b>	<b>4,031,160,448</b>	<b>-</b>	<b>4,033,426,164</b>
Other liabilities	-	-	168,812,787	168,812,787
<b>Total liabilities</b>	<b>2,265,716</b>	<b>4,031,160,448</b>	<b>168,812,787</b>	<b>4,202,238,951</b>

As at 31 December		2021			
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	82,313,908	-	-	82,313,908
Balances with Central Banks	-	74,121,781	-	-	74,121,781
Placements with banks	-	5,342,369	-	-	5,342,369
Securities purchased under resale agreements	-	2,976,664	-	-	2,976,664
Derivative financial instruments	4,342,531	-	-	-	4,342,531
Loans and advances to customers	-	2,446,330,329	-	-	2,446,330,329
Financial investments	9,640,813	1,082,837,662	22,879,810	-	1,115,358,285
<b>Total financial assets</b>	<b>13,983,344</b>	<b>3,693,922,713</b>	<b>22,879,810</b>	<b>-</b>	<b>3,730,785,867</b>
Other assets	-	-	-	117,163,889	117,163,889
<b>Total assets</b>	<b>13,983,344</b>	<b>3,693,922,713</b>	<b>22,879,810</b>	<b>117,163,889</b>	<b>3,847,949,756</b>

	Fair value through profit or loss	Amortised cost	Others	Total
<b>Financial liabilities</b>				
Due to banks	-	18,646,339	-	18,646,339
Securities sold under repurchase agreements	-	161,668,335	-	161,668,335
Derivative financial instruments	380,328	-	-	380,328
Due to depositors	-	2,886,237,094	-	2,886,237,094
Other borrowings	-	447,875,002	-	447,875,002
Debt securities issued	-	2,107,182	-	2,107,182
Subordinated liabilities	-	64,105,970	-	64,105,970
<b>Total financial liabilities</b>	<b>380,328</b>	<b>3,580,639,922</b>	<b>-</b>	<b>3,581,020,250</b>
Other liabilities	-	-	51,532,729	51,532,729
<b>Total liabilities</b>	<b>380,328</b>	<b>3,580,639,922</b>	<b>51,532,729</b>	<b>3,632,552,979</b>

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Interest Rate of comparable Government security	Amount	
					30.09.2022	31.12.2021		Bank	
					%	%		30.09.2022	31.12.2021
								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	24.10.2022	13.25	13.25	21.67	1,347,318	1,227,205
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2023	13.75	13.75	22.84	1,803,804	1,637,573
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	22.09.2014	21.09.2022	-	8.25	-	-	1,873,393
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	06.10.2015	05.10.2023	9.50	9.50	23.74	1,261,484	1,205,286
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	29.12.2016	28.12.2024	12.75	12.75	23.35	858	784
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2022	12.50	12.50	21.81	5,464,086	5,003,321
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2025	12.75	12.75	24.92	5,473,129	5,003,300
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	31.07.2018	30.07.2026	12.00	12.00	25.51	6,829,121	7,026,897
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	03.12.2018	02.12.2023	12.00	12.00	23.64	5,820,613	5,347,308
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	27.06.2019	26.06.2024	11.75	11.75	23.16	3,088,919	3,176,646
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	17.07.2019	16.07.2024	11.80	11.80	24.49	1,073,484	1,104,096
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	18.07.2019	17.07.2024	11.80	11.80	24.49	2,250,982	2,315,172
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	23.07.2019	22.07.2024	11.80	11.80	24.49	2,553,567	2,626,523
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	24.07.2019	23.07.2024	11.50	11.50	24.49	408,312	419,672
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	26.07.2019	25.07.2027	11.75	11.75	24.86	62,402	64,176
								<b>37,438,079</b>	<b>38,031,352</b>
<b>Floating interest rate</b>									
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 50 basis points)	a/b	Semi annually	22.09.2014	21.09.2022	-	6.45	-	-	31
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points)	a/b	Semi annually	06.10.2015	05.10.2023	13.50	6.35	23.74	2,173,568	2,070,535
Listed, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points)	a/b	Semi annually	29.12.2016	28.12.2024	23.15	9.35	23.35	21	20
Unlisted, Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 250 basis points with a floor rate of 9.0%)	b	Semi annually	22.11.2021	22.11.2026	27.19	10.53	25.51	5,917,350	5,459,537.00
								<b>8,090,939</b>	<b>7,530,123</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	25.34	9.50	-	5,274,060	5,226,898
Unlisted, Unsecured, subordinated, perpetual capital bond (Weighted average 12 months TB (Net) rate plus 150 basis points with a Floor rate of 9.0%)		Annually	01.12.2020	N/A	9.66	9.00	-	10,797,839	10,076,290
Unlisted, Unsecured, subordinated, perpetual capital bond (Weighted average 12 months TB (Net) rate plus 150 basis points with a Floor rate of 9%)		Annually	06.07.2021	N/A	25.34	9.00	-	3,533,620	3,494,192
								<b>19,605,519</b>	<b>18,797,380</b>
								<b>65,134,537</b>	<b>64,358,855</b>

**Notes**

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

b) Weighted average 6 months Treasury Bill interest rate 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-2022 to 30-Sep-2022 Rs.</b>	<b>01-Jan-2021 to 31-Dec-2021 Rs.</b>
<b>Market Value</b>		
<b>BoC Debentures 2013/2023 ,</b>		
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 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, 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-Sep-2022 %	31-Dec-2021 %
<b>Interest yield as at date of last trade done</b>		
<b>BoC Debentures 2013/2023 ,</b>		
9 years, fixed rate (13.25%)	Not Traded	Not Traded
10 years, fixed rate (13.75%)	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>		
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>		
9 years, fixed rate (13.25%)	Not Traded	Not Traded
10 years, fixed rate (13.75%)	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>		
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	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	Rs '000	Rs '000	Rs '000	Rs '000
Gross loans and receivables	2,619,046,103	2,576,668,173	2,656,742,340	2,612,567,332
Stage 1	2,014,640,063	2,170,496,529	2,032,074,402	2,186,408,859
Stage 2	282,331,109	155,013,917	286,898,472	159,836,766
Stage 3	322,074,931	251,157,727	337,769,466	266,321,707
Less : Accumulated impairment	255,381,692	162,905,882	258,653,344	166,237,003
Stage 1	39,494,637	24,417,936	39,709,880	24,541,662
Stage 2	29,991,285	15,122,165	30,161,396	15,247,177
Stage 3	185,895,770	123,365,781	188,782,068	126,448,164
<b>Net loans and advances</b>	<b>2,363,664,411</b>	<b>2,413,762,291</b>	<b>2,398,088,996</b>	<b>2,446,330,329</b>

2) Loans and advances to customers - By product

Local currency	Bank		Group	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Overdrafts	133,391,486	552,351,927	133,180,709	552,155,012
Term loans	727,885,837	683,740,104	739,628,302	688,030,779
Lease rentals receivable	18,072,344	24,150,424	29,928,669	37,846,935
Credit cards	6,840,344	6,151,267	6,840,344	6,151,267
Pawning	103,943,900	82,975,731	110,299,805	88,230,314
Housing loans	79,761,650	79,420,418	79,793,355	79,459,457
Trade finance	42,462,618	41,550,553	42,699,631	45,133,465
Personal loans	429,673,151	446,225,539	431,193,242	448,254,975
Staff loans	26,451,566	23,528,091	26,652,571	23,737,202
Foreclosed properties	3,004,681	3,089,237	3,004,681	3,089,237
Other loans	46,038,814	40,212,753	46,038,814	40,212,753
<b>Total local currency loans and advances</b>	<b>1,617,526,391</b>	<b>1,983,396,044</b>	<b>1,649,260,123</b>	<b>2,012,301,396</b>
<b>Foreign currency</b>				
Overdrafts	69,093,224	35,597,630	69,419,374	35,912,095
Term loans	850,433,343	505,852,356	856,056,790	510,774,683
Trade finance	73,628,331	46,478,224	73,628,331	48,231,867
Housing loans	47,846	367,703	47,846	367,703
Staff loans	35,986	16,247	48,894	19,619
Foreclosed properties	9,363	5,135	9,363	5,135
Other loans	8,271,619	4,954,834	8,271,619	4,954,834
<b>Total foreign currency loans and advances</b>	<b>1,001,519,712</b>	<b>593,272,129</b>	<b>1,007,482,217</b>	<b>600,265,936</b>
<b>Total loans and advances to customers</b>	<b>2,619,046,103</b>	<b>2,576,668,173</b>	<b>2,656,742,340</b>	<b>2,612,567,332</b>

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

	Bank			
	Stage 1	Stage 2	Stage 3	Total
Opening balance (01 January)	24,417,936	15,122,165	123,365,781	162,905,882
Charge / ( reversal ) during the period	6,774,152	12,739,674	48,209,975	67,723,801
Amount recovered during the period	-	-	(2,384,433)	(2,384,433)
Exchange rate variance on foreign currency impairment	8,316,946	1,792,695	16,584,556	26,694,197
Amount written-off during the period	-	-	11,528	11,528
Other movements	(14,397)	336,751	108,363	430,717
<b>Closing balance as at 30 September 2022</b>	<b>39,494,637</b>	<b>29,991,285</b>	<b>185,895,770</b>	<b>255,381,692</b>

	Group			
	Stage 1	Stage 2	Stage 3	Total
Opening balance (01 January)	24,541,662	15,247,177	126,448,164	166,237,003
Charge / ( reversal ) during the period	6,865,669	12,784,773	48,163,489	67,813,931
Amount recovered during the period	-	-	(2,384,433)	(2,384,433)
Exchange rate variance on foreign currency impairment	8,316,946	1,792,695	16,584,556	26,694,197
Amount written-off during the period	-	-	11,528	11,528
Other movements	(14,397)	336,751	(41,236)	281,118
<b>Closing balance as at 30 September 2022</b>	<b>39,709,880</b>	<b>30,161,396</b>	<b>188,782,068</b>	<b>258,653,344</b>

Rs.'000

4) Contingent liabilities and commitments

As at	Bank		Group	
	30-Sep-2022	31-Dec-2021	30-Sep-2022	31-Dec-2021
<b>By product - Domestic currency</b>				
Acceptances and documentary credits	218,806,722	258,672,506	218,806,722	258,672,506
Bills for collection	20,471,638	24,201,496	20,471,638	24,201,496
Forward exchange contracts	104,305,005	123,308,995	104,305,005	123,308,995
Guarantees	128,167,033	151,518,597	128,403,852	151,677,096
Undrawn and undisbursed facilities	129,488,324	153,080,622	129,488,324	153,080,636
Other commitments	14,431,704	17,061,108	14,431,704	17,855,292
<b>Total domestic currency contingent liabilities and commitments</b>	<b>615,670,426</b>	<b>727,843,324</b>	<b>615,907,245</b>	<b>728,796,021</b>
<b>By product - Foreign currency</b>				
Acceptances and documentary credits	13,316,372	15,742,566	13,963,347	16,250,430
Bills for collection	4,178,638	4,939,970	4,178,638	4,939,970
Forward exchange contracts	2,781,656	3,288,463	2,781,656	3,288,463
Guarantees	4,931,781	5,830,333	4,931,781	5,830,333
Undrawn and undisbursed facilities	9,439,593	11,159,452	9,439,593	11,275,683
Other commitments	93,514,388	110,552,367	102,891,911	127,390,596
<b>Total foreign currency contingent liabilities and commitments</b>	<b>128,162,426</b>	<b>151,513,151</b>	<b>138,186,924</b>	<b>168,975,475</b>
<b>Total Contingent liabilities and commitments</b>	<b>743,832,852</b>	<b>879,356,475</b>	<b>754,094,169</b>	<b>897,771,496</b>

5) Financial liabilities at amortised cost

Due to depositors - By product

As at	Bank		Group	
	30-Sep-2022	31-Dec-2021	30-Sep-2022	31-Dec-2021
<b>Local currency</b>				
Demand deposits (current accounts)	196,477,143	177,165,938	196,134,362	176,742,512
Savings deposits	589,939,600	680,053,160	589,938,068	680,964,033
Time deposits	1,468,346,106	1,388,690,770	1,489,616,946	1,405,966,371
Other deposits	8,481,947	7,824,661	8,481,947	7,832,191
<b>Total local currency deposits</b>	<b>2,263,244,796</b>	<b>2,253,734,529</b>	<b>2,284,171,323</b>	<b>2,271,505,107</b>
<b>Foreign currency</b>				
Demand deposits (current accounts)	45,135,874	34,897,193	46,420,897	35,562,840
Savings deposits	224,874,586	130,077,505	226,156,407	130,843,659
Time deposits	779,006,842	446,734,788	781,581,415	446,875,493
Other deposits	1,787,183	1,449,995	1,787,183	1,449,995
<b>Total foreign currency deposits</b>	<b>1,050,804,485</b>	<b>613,159,481</b>	<b>1,055,945,902</b>	<b>614,731,987</b>
<b>Total due to depositors</b>	<b>3,314,049,281</b>	<b>2,866,894,010</b>	<b>3,340,117,225</b>	<b>2,886,237,094</b>

Rs. '000

For the nine month period ended 30th September	Retail banking		Corporate banking		International, treasury and investment		Group functions		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenue from external customers:</b>												
Net interest income	27,318,514	42,958,516	45,941,560	20,763,230	25,848,340	27,397,300	2,528,064	2,675,007	8,807,048	(6,439,477)	110,443,526	84,354,577
Net fee and commission income	8,158,661	6,189,289	2,792,585	1,805,236	355,635	712,521	264,719	137,093	463,567	511,093	12,035,167	9,355,232
Other income	2,155,060	257,964	23,344,078	2,766,345	3,238,830	7,027,293	413,313	318,146	81,197	299,958	29,232,478	10,769,706
<b>Total operating income</b>	<b>37,632,235</b>	<b>49,505,769</b>	<b>72,078,223</b>	<b>25,334,812</b>	<b>29,442,805</b>	<b>32,137,114</b>	<b>3,206,096</b>	<b>3,130,246</b>	<b>9,351,812</b>	<b>(5,628,426)</b>	<b>151,711,171</b>	<b>104,479,515</b>
<b>Expenses :</b>												
Impairment (charge)/ reversal for loans and other losses	(11,561,258)	(15,340,385)	(48,532,482)	(11,164,945)	(19,450,240)	(2,527,546)	(372,172)	(293,225)	(478,793)	(984,579)	(80,394,945)	(30,310,680)
Total operating expenses	(24,087,321)	(17,734,013)	(4,531,825)	(6,015,761)	(4,312,724)	(4,292,310)	(2,952,859)	(2,177,245)	(399,605)	(643,082)	(36,284,334)	(30,862,411)
<b>Total expenses</b>	<b>(35,648,579)</b>	<b>(33,074,398)</b>	<b>(53,064,307)</b>	<b>(17,180,706)</b>	<b>(23,762,964)</b>	<b>(6,819,856)</b>	<b>(3,325,031)</b>	<b>(2,470,470)</b>	<b>(878,398)</b>	<b>(1,627,661)</b>	<b>(116,679,279)</b>	<b>(61,173,091)</b>
<b>Operating profit before VAT and NBT</b>	<b>1,983,657</b>	<b>16,431,371</b>	<b>19,013,916</b>	<b>8,154,106</b>	<b>5,679,841</b>	<b>25,317,258</b>	<b>(118,936)</b>	<b>659,776</b>	<b>8,473,414</b>	<b>(7,256,087)</b>	<b>35,031,892</b>	<b>43,306,424</b>
Taxes on financial services											(7,759,443)	(7,244,916)
<b>Operating profit after taxes on financial services</b>											27,272,449	36,061,508
Share of profit/ (loss) of associate companies, net of tax							91,607	101,352			91,607	101,352
<b>Profit / (loss) before income tax</b>	<b>1,983,657</b>	<b>16,431,371</b>	<b>19,013,916</b>	<b>8,154,106</b>	<b>5,679,841</b>	<b>25,317,258</b>	<b>(27,329)</b>	<b>761,128</b>	<b>8,473,414</b>	<b>(7,256,087)</b>	<b>27,364,056</b>	<b>36,162,860</b>
Income tax expense											(8,651,392)	(8,102,812)
<b>Profit for the period</b>											<b>18,712,664</b>	<b>28,060,048</b>
<b>Total assets</b>	<b>1,016,723,258</b>	<b>973,325,235</b>	<b>1,438,232,492</b>	<b>1,507,738,115</b>	<b>1,769,781,986</b>	<b>923,983,432</b>	<b>54,446,761</b>	<b>41,796,824</b>	<b>177,761,255</b>	<b>161,732,191</b>	<b>4,456,945,751</b>	<b>3,608,575,797</b>
<b>Total liabilities</b>	<b>961,656,811</b>	<b>922,732,400</b>	<b>1,360,336,808</b>	<b>1,429,366,835</b>	<b>1,673,929,348</b>	<b>875,955,353</b>	<b>38,182,403</b>	<b>28,373,726</b>	<b>168,133,580</b>	<b>153,325,453</b>	<b>4,202,238,951</b>	<b>3,409,753,767</b>
Cash flows from / (used in) operating activities	56,855,832	(65,283,754)	108,897,791	(45,721,562)	44,483,012	(21,319,764)	8,730,973	(2,355,862)	14,128,979	(1,954,290)	233,096,586	(136,635,232)
Cash flows from / (used in) investing activities	(12,009,985)	(8,518,237)	(16,989,039)	(13,190,464)	(20,905,448)	(7,955,398)	(1,596,227)	2,270,527	(2,099,794)	(1,415,429)	(53,600,493)	(28,809,001)
Cash flows from/ (used in) financing activities	(52,907,654)	90,900,506	(29,792,422)	48,539,273	(14,848,273)	17,153,925	(1,717,296)	1,531,822	(2,507,670)	5,920,481	(101,773,315)	164,046,007
Capital expenditure to non-current assets											(691,383)	(1,674,960)
Depreciation and amortization expenses	665,359	836,609	941,201	1,295,956	1,158,172	794,198	96,270	73,356	116,330	139,015	2,977,331	3,139,133

During the period from 01.01.2015 to 30.09.2022

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...)
<b>2015</b>	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.							
<b>2016</b>	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.							