



INTERIM FINANCIAL STATEMENTS
for the year ended 31 December 2022

Bank of Ceylon

Fitch Ratings: A(lka)

Financial commentary for the year ended 31 December 2022

- Profit After Tax: Rs.32.0 billion
- Net Interest income of Rs. 126.3 billion with 13.6% growth
- Total Assets base of Rs. 4.3 trillion
- Total Deposit base of Rs.3.3 trillion
- Gross loans and advances reached to Rs. 2.6 trillion

The Bank has reported Rs. 32.0 billion Profit After Tax (PAT) for the year ended 31 December 2022 despite of many headwinds caused by the never experienced economic and operational environment prevailed during the year.

Fund Based Income

Despite of never experienced economic and operating environmental challenges prevailed, the net interest income grew by 13.6% to Rs. 126.3 billion contributing 71% to total operating income. The increase in interest rates in line with the upsurge in policy rates and materializing the volume growth resulted 61% growth in interest from loans and advances which denotes 68% of total interest income. Interest income from investments boomed up YoY to Rs. 146.0 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 121% and as considerable portion of FDs are reprised by now, during the latter part of this year interest expense moved up by nearly threefold than previous year.

Non- Fund Based Income

As rupee depreciation is around 81% for the period, net exchange gains derived through trading activities and currency conversion represents considerable portion in non-fund based income amounting to Rs. 32.9 billion. Similarly, net fee and commission income also contributed Rs. 16.4 billion with 15% growth as business operations are now normalized and increased number of retail transactions and trade financing activities caused in improvement in related fee income.

As conducive environment was not prevailed in the Share market activities during the year the mark to market losses of Rs. 804.4 million was resulted from equity and unit trust portfolio. However, through trading of equity and Government security the Bank was able to gain Rs. 861.3 million.

Impairment Charges for Loans and Advances and Other Financial Instruments

From January 2022 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 underperforming 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.70.7 billion during the year ended 31 December 2022. Consequently, the gross loans to impairment provision reserve ratio stood at 10% against the 6% 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. 47.3 billion mainly consists of personnel costs, assets maintenance expenses, deposit insurance and other overhead expenses. 13.5% 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 managed the increase in other expenses below 12%.

Profit

During the year the Bank's main focus was aligned to strengthen the balance sheet and supporting customers to regain the unprecedented challenges they faced due to economic turmoil. The Bank compromised its net interest income growth to 14% and reported the PBT of Rs. 31.0 billion with 28% decrease over the previous year.

VAT on financial services for the year increased by 22% to Rs.11.0 billion as the VAT rate increased from 15% to 18% w.e.f. 01.01.2022. The Bank paid Rs. 281.3 million to newly introduced Social Security Contribution Levy of 2.5% during the year while paying Rs. 6.7 billion

as the Surcharge tax imposed as on-off tax charge during the year. Deferred tax adjustment of Rs. 14.5 billion was made during the year mainly due to deferred tax booked on specific provision made on foreign currency denominated sovereign instruments, loans and advances and adjustment made on current tax rate in line with increase of income tax rate from 24% to 30%. Accordingly, the Bank accounted a tax reversal of Rs. 995.8 million resulting Profit After Tax of Rs. 32.0 billion.

Financial Position

Loans and Advances

During the period the Bank's total assets grew by 14% and reached to Rs. 4.3 trillion, preserving its industry leadership. The key contributive factor is growth in investment book which denotes about 37% of the assets of the Bank. During the year 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 Rs.8.0 billion due to reduction in lending to direct Government and major SOEs by considerable amount during the year. Net loans and advances showed a decline of 4%, showing the Bank's prudent approach of making provision for possible credit losses as a part of strengthening the Balance sheet in order to safeguard from the possible future shocks. The Bank wishes to reverse these provisions back to profit after materializing its future recovery strategies.

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 in the year 2021 and continued to support the revival of the customers during the year 2022 too. The Bank aggressively promote this concept against the recovery culture and has been able to transfer Rs. 6.7 billion from non performing stage to performing. 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. Due to high interest rate regime prevailed during the year more appetite extended for time deposits by increasing the local currency time deposit base to Rs. 1.6 trillion from Rs. 1.4 trillion. The increase in time deposit base backed by higher interest rate and decrease in savings base resulted by higher cost of living caused the Current and Saving deposit (CASA) ratio to decrease from 36% to 29% during the year. However, the Bank managed the liquidity position of the Bank by strategically handling its deposit base amidst the liquidity stress prevailed in the market.

Key Performance Indicators

Return on Assets (ROA) ratio of the Bank stood at 0.76% while reporting a 14.1% Return on Equity (ROE) ratio resulting a decline YoY as the bottom-line performance of this year is in low scale than previous year. However, the Bank was able to maintain its Tier I Capital and Total Capital ratio at 12.4% and 15.4% respectively as of end December 2022, even though 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).

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 the year ended by 31 December 2022, Group has reported PBT of Rs. 31.1 billion.

The Bank's strategic plan for the next three years was launched to the entire branch network on January 2023 contains more focus providing excellence in customer service, credit quality, digital and virtual delivery channels, sustainable banking and building a high performing team. A greater surge was experienced in the customer adoption to digital 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. During the year 2022, Bank of Ceylon named as the No.1 Banking Brand for the 14th consecutive year by Brand Finance Lanka with the Brand value of Rs. 53.9 billion. BOC obtained the highest rank for a Sri Lankan bank in the Top 1,000 World Banks 2022 listing by the Banker magazine U.K. and adjudged at many renowned Award ceremonies for its excellence in performance in digital flat forms, Human Resource Management, Annual Report disclosures, service providing, etc

During the first week of February 2023 the Fitch Ratings upgraded the Long Term Foreign Currency Issuer Default Rating (IDR) of the Bank to 'CC' from 'RD (Restricted Default)' and Short Term IDR to 'C' from 'RD', the national rating of the Bank continued to rate at A(lka).

STATEMENT OF PROFIT OR LOSS

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Rs. 000

31 December	Bank						Group					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %
Total income	513,149,335	290,362,494	76.7	144,461,037	79,032,417	82.8	520,891,164	297,620,853	75.0	146,353,775	81,322,750	80.0
Interest income	456,267,458	260,513,393	75.1	132,659,520	71,109,749	86.6	463,203,346	266,565,137	73.8	134,433,955	72,711,540	84.9
Interest expenses	(329,921,080)	(149,261,452)	121.0	(114,228,604)	(41,537,378)	175.0	(333,434,454)	(151,575,510)	120.0	(115,108,589)	(42,076,490)	173.6
Net interest income	126,346,378	111,251,941	13.6	18,430,916	29,572,371	(37.7)	129,768,892	114,989,627	12.9	19,325,366	30,635,050	(36.9)
Fee and commission income	22,837,771	17,649,434	29.4	6,576,576	6,174,561	6.5	23,165,682	17,931,406	29.2	6,630,162	6,256,606	6.0
Fee and commission expenses	(6,486,129)	(3,470,032)	86.9	(1,995,382)	(1,213,298)	64.5	(6,505,334)	(3,508,619)	85.4	(2,004,981)	(1,189,051)	68.6
Net fee and commission income	16,351,642	14,179,402	15.3	4,581,194	4,961,263	(7.7)	16,660,348	14,422,787	15.5	4,625,181	5,067,555	(8.7)
Net gains/ (losses) from trading	17,602,384	4,742,396	271.2	1,122,045	344,383	225.8	17,678,455	4,813,011	267.3	1,154,841	376,553	206.7
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	(804,438)	1,347,097	(159.7)	(755,790)	728,014	(203.8)	(956,745)	1,309,021	(173.1)	(829,011)	682,988	(221.4)
Net gains/ (losses) on derecognition of financial assets	861,349	393,920	118.7	316,879	175,382	80.7	877,853	466,392	88.2	331,981	247,650	34.1
Other operating income	16,384,811	5,716,254	186.6	4,541,807	500,328	807.8	16,922,573	6,535,886	158.9	4,631,847	1,047,413	342.2
Total operating income	34,044,106	12,199,667	179.1	5,224,941	1,748,107	198.9	34,522,136	13,124,310	163.0	5,289,658	2,354,604	124.7
Impairment (charge)/ reversal	176,742,126	137,631,010	28.4	28,237,051	36,281,741	(22.2)	180,951,376	142,536,724	27.0	29,240,205	38,057,209	(23.2)
Loans and advances	(70,760,682)	(35,427,413)	99.7	(5,421,314)	(7,080,456)	(23.4)	(70,744,177)	(35,348,262)	100.1	(5,314,679)	(6,693,134)	(20.6)
Other financial assets	(16,395,014)	(8,306,318)	97.4	(1,711,609)	(6,635,820)	(74.2)	(16,550,728)	(8,313,703)	99.1	(1,585,281)	(6,658,151)	(76.2)
Net operating income	89,586,430	93,897,279	(4.6)	21,104,128	22,565,465	(6.5)	93,656,471	98,874,759	(5.3)	22,340,245	24,705,924	(9.6)
Operating expenses												
Personnel expenses	(28,991,429)	(24,981,940)	16.0	(7,755,023)	(7,762,829)	(0.1)	(31,352,978)	(26,925,255)	16.4	(8,402,000)	(8,275,948)	1.5
Depreciation and amortisation	(4,286,899)	(4,146,256)	3.4	(2,005,838)	(1,080,479)	85.6	(4,507,368)	(4,239,633)	6.3	(1,530,037)	(1,100,500)	39.0
Other expenses	(14,018,161)	(12,552,393)	11.7	(4,804,153)	(4,152,115)	15.7	(15,423,966)	(13,866,816)	11.2	(5,067,941)	(4,792,845)	5.7
Total operating expenses	(47,296,489)	(41,680,589)	13.5	(14,565,014)	(12,995,423)	12.1	(51,284,312)	(45,031,704)	13.9	(14,999,978)	(14,169,293)	5.9
Operating profit before taxes on financial services	42,289,941	52,216,690	(19.0)	6,539,114	9,570,042	(31.7)	42,372,159	53,843,055	(21.3)	7,340,267	10,536,631	(30.3)
Taxes on Financial Services												
Value Added Tax (VAT) on financial services	(11,031,979)	(9,027,173)	22.2	(3,360,544)	(1,945,657)	72.7	(11,155,847)	(9,339,679)	19.4	(3,396,404)	(2,094,763)	62.1
Social Security Contribution Levy (SSCL)	(281,313)	-	-	(281,313)	-	-	(286,658)	-	-	(286,658)	-	-
Operating profit after taxes on financial services	30,976,649	43,189,517	(28.3)	2,897,257	7,624,385	(62.0)	30,929,654	44,503,376	(30.5)	3,657,205	8,441,868	(56.7)
Share of profits/ (losses) of Associate companies, net of tax	-	-	-	-	-	-	122,847	133,677	(8.1)	31,240	32,325	(3.4)
Profit before income tax	30,976,649	43,189,517	(28.3)	2,897,257	7,624,385	(62.0)	31,052,501	44,637,053	(30.4)	3,688,445	8,474,193	(56.5)
Income tax expense	995,759	(5,599,410)	(117.8)	9,487,206	2,400,379	295.2	796,516	(5,953,659)	(113.4)	9,447,908	2,149,153	339.6
Profit for the year	31,972,408	37,590,107	(14.9)	12,384,463	10,024,764	23.5	31,849,017	38,683,394	(17.7)	13,136,353	10,623,346	23.7
Profit attributable to:												
Equity holder of the Bank	31,972,408	37,590,107	(14.9)	12,984,463	10,024,764	29.5	31,994,638	38,490,392	(16.9)	13,163,490	10,502,397	25.3
Non controlling interest	-	-	-	-	-	-	(145,621)	193,002	(175.5)	(27,137)	120,949	(122.4)
Profit for the year	31,972,408	37,590,107	(14.9)	12,984,463	10,024,764	29.5	31,849,017	38,683,394	(17.7)	13,136,353	10,623,346	23.7
Earnings per share:												
Basic earnings per share (Rs.)	1,278.90	1,503.60	(14.9)	519.38	400.99	29.5	1,279.79	1,539.62	(16.9)	526.54	420.10	25.3
Diluted earnings per share (Rs.)	1,272.08	1,503.60	(15.4)	508.33	400.99	26.8	1,272.96	1,539.62	(17.3)	515.34	420.10	22.7

STATEMENT OF COMPREHENSIVE INCOME

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Rs. 000

31 December	Bank						Group					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %
Profit for the year	31,972,408	37,590,107	(14.9)	12,984,463	10,024,764	29.5	31,849,017	38,683,394	(17.7)	13,136,353	10,623,346	23.7
Other comprehensive income for the year , net of tax												
Items that will be reclassified to profit or loss												
Exchange differences on translation of foreign operations	7,564,044	794,531	852.0	(198,263)	12,655	(1,666.7)	9,843,204	1,126,180	774.0	293,852	36,039	715.4
Net gains/ (losses) on cashflow hedge instruments	22,381,369	3,239,266	590.9	5,034,941	892,515	464.1	22,381,369	3,239,266	590.9	5,034,941	892,515	464.1
Net gains/ (losses) on investments in debt instruments measured at FVTOCI	1,328,890	(1,246,474)	(206.6)	356,918	(312,052)	(214.4)	1,312,732	(1,256,480)	(204.5)	404,881	(316,410)	(228.0)
Net (gains)/ losses on FVTOCI financial investments reclassification to profit or loss	(5,631)	(44,002)	(87.2)	-	(12,359)	(100.0)	(5,631)	(44,002)	(87.2)	-	(12,359)	(100.0)
Deferred tax effect on net gains/ (losses) on investments in debt instruments measured at FVTOCI	(140,185)	321,430	(143.6)	47,437	76,062	(37.6)	(140,185)	321,430	(143.6)	47,437	76,062	(37.6)
Share of other comprehensive income of Associate companies, net of tax	-	-	-	-	-	-	(20,342)	11,376	(278.8)	(12,274)	24,098	(150.9)
	31,128,487	3,064,751	915.7	5,241,033	656,821	697.9	33,371,147	3,397,770	882.1	5,768,837	699,945	724.2
Items that will not be reclassified to profit or loss												
Change in fair value on investments in equity instruments measured at FVTOCI	(313,328)	(187,320)	67.3	302,190	(238,442)	(226.7)	547,780	(155,320)	(452.7)	602,017	(204,310)	(394.7)
Deferred tax effect on change in fair value on investments in equity instruments measured at FVTOCI	(586,301)	40,437	(1,549.9)	(363,982)	(5,625)	6,370.8	(586,301)	40,437	(1,549.9)	(363,982)	(5,625)	6,370.8
Re-measurement of post-employment benefit obligations	(3,845,217)	6,769,360	(156.8)	(3,845,217)	6,769,360	(156.8)	(3,797,222)	6,834,355	(155.6)	(3,887,420)	6,834,354	(156.9)
Deferred tax effect on post-employment benefit obligations	1,464,274	(2,024,826)	(172.3)	1,464,274	(1,629,507)	(189.9)	1,421,714	(2,040,425)	(169.7)	1,402,041	(1,645,106)	(185.2)
Changes in revaluation surplus/ (deficit)	1,818,193	(284,831)	(738.3)	1,818,193	(284,831)	(738.3)	3,695,662	345,441	969.8	3,695,662	345,441	969.8
Deferred tax effect on revaluation surplus/ (deficit)	(1,859,253)	979,181	(289.9)	(1,859,253)	68,359	(2,819.8)	(2,422,494)	1,144,315	(311.7)	(2,422,494)	(82,906)	2,822.0
	(3,321,632)	5,292,001	(162.8)	(2,483,795)	4,679,314	(153.1)	(1,140,861)	6,168,803	(118.5)	(974,176)	5,241,848	(118.6)
Other comprehensive income for the year, net of tax	27,806,855	8,356,752	232.7	2,757,238	5,336,135	(48.3)	32,230,286	9,566,573	236.9	4,794,661	5,941,793	(19.3)
Total comprehensive income for the year	59,779,263	45,946,859	30.1	15,741,701	15,360,899	2.5	64,079,303	48,249,967	32.8	17,931,014	16,565,139	8.2
Attributable to:												
Equity holder of the Bank	59,779,263	45,946,859	30.1	15,741,701	15,360,899	2.5	64,189,129	48,028,306	33.6	17,941,982	16,412,039	9.3
Non controlling interest	-	-	-	-	-	-	(109,826)	221,661	(149.5)	(10,968)	153,100	(107.2)
Total comprehensive income for the year	59,779,263	45,946,859	30.1	15,741,701	15,360,899	2.5	64,079,303	48,249,967	32.8	17,931,014	16,565,139	8.2

As at	Bank			Group		
	31-Dec-2022	31-Dec-2021	Change %	31-Dec-2022	31-Dec-2021	Change %
Assets						
Cash and cash equivalents	128,401,532	82,647,406	55.4	135,230,827	82,313,908	64.3
Balances with Central Banks	70,494,529	74,121,781	(4.9)	70,494,529	74,121,781	(4.9)
Placements with banks	16,459,303	4,957,417	232.0	17,811,665	5,342,369	233.4
Securities purchased under resale agreements	1,480,403	2,074,474	(28.6)	1,463,368	2,976,664	(50.8)
Derivative financial instruments	57,155,486	4,342,531	1,216.2	57,155,486	4,342,531	1,216.2
Financial assets recognized through profit or loss measured at fair value	10,280,055	9,230,022	11.4	10,636,190	9,640,813	10.3
Financial assets at amortized cost						
- loans and advances	2,325,594,329	2,413,762,291	(3.7)	2,355,978,333	2,446,330,329	(3.7)
- debt and other instruments	1,555,897,307	1,082,179,876	43.8	1,562,373,679	1,082,837,662	44.3
Financial assets - measured at fair value through other comprehensive income	8,690,802	18,302,556	(52.5)	10,750,044	22,879,810	(53.0)
Investment in Subsidiary companies	8,181,138	8,181,138	-	-	-	-
Investment in Associate companies	92,988	92,988	-	684,536	595,531	14.9
Investment properties	2,414,640	2,414,640	-	104,798	107,704	(2.7)
Property, plant and equipment	34,845,004	32,757,485	6.4	50,992,323	46,944,191	8.6
Right of Use Asset/ Leasehold properties	3,002,305	3,137,955	(4.3)	2,624,300	2,825,719	(7.1)
Intangible assets	1,442,433	1,039,985	38.7	1,593,344	1,214,591	31.2
Deferred tax assets	15,577,466	2,152,712	623.6	15,598,541	2,213,847	604.6
Other assets	96,449,984	61,888,586	55.8	97,276,598	63,262,306	53.8
Total assets	4,336,459,704	3,803,283,843	14.0	4,390,768,561	3,847,949,756	14.1
Liabilities						
Due to banks	11,514,897	17,936,070	(35.8)	11,547,714	18,646,339	(38.1)
Securities sold under repurchase agreements	180,218,543	162,156,413	11.1	179,938,744	161,668,335	11.3
Derivative financial instruments	921,033	380,328	142.2	921,033	380,328	142.2
Financial liabilities at amortized cost						
- due to depositors	3,334,774,261	2,866,894,010	16.3	3,358,198,424	2,886,237,094	16.4
- due to other borrowers	390,489,543	444,107,977	(12.1)	397,083,583	447,875,002	(11.3)
Debt securities issued	-	-	-	58,807	2,107,182	(97.2)
Current tax liabilities	6,523,443	647,993	906.7	6,853,709	978,532	600.4
Deferred tax liabilities	-	-	-	2,694,221	2,153,309	25.1
Insurance provision - Life	-	-	-	355,190	413,743	(14.2)
Insurance provision - Non life	-	-	-	662,773	526,017	26.0
Other liabilities	94,075,650	46,042,365	104.3	96,425,230	47,461,127	103.2
Subordinated liabilities	63,758,191	64,358,855	(0.9)	63,498,599	64,105,970	(0.9)
Total liabilities	4,082,275,561	3,602,524,011	13.3	4,118,238,027	3,632,552,978	13.4
Equity						
Share capital	25,730,000	25,000,000	2.9	25,730,000	25,000,000	2.9
Permanent reserve fund	15,131,000	14,491,000	4.4	15,131,000	14,491,000	4.4
OCI reserve	861,324	588,427	46.4	2,584,356	1,483,412	74.2
Cashflow hedge reserve	25,620,635	3,239,266	690.9	25,620,635	3,239,266	690.9
Retained earnings	158,616,238	136,739,177	16.0	159,819,481	138,104,222	15.7
Other reserves	28,224,946	20,701,962	36.3	42,588,095	31,489,432	35.2
Total equity attributable to equity holder of the Bank	254,184,143	200,759,832	26.6	271,473,567	213,807,332	27.0
Non controlling interest	-	-	-	1,056,967	1,589,446	(33.5)
Total equity	254,184,143	200,759,832	26.6	272,530,534	215,396,778	26.5
Total liabilities and equity	4,336,459,704	3,803,283,843	14.0	4,390,768,561	3,847,949,756	14.1
Contingent liabilities and commitments	1,344,899,769	999,726,729	34.5	1,346,920,056	1,018,141,749	32.3

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		
Balance as at 01 January 2021	25,000,000	-	13,739,000	1,704,356	-	2,550,889	16,681,190	96,983,948	156,659,383
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	37,590,107	37,590,107
Other comprehensive income, net of tax	-	-	-	(1,115,929)	3,239,266	794,531	694,350	4,744,534	8,356,752
Dividends for the year	-	-	-	-	-	-	-	(1,846,410)	(1,846,410)
Revaluation surplus of disposed property	-	-	-	-	-	-	(18,998)	18,998	-
Transfers to permanent reserve fund	-	-	752,000	-	-	-	-	(752,000)	-
Balance as at 31 December 2021	25,000,000	-	14,491,000	588,427	3,239,266	3,345,420	17,356,542	136,739,177	200,759,832
Balance as at 01 January 2022	25,000,000	-	14,491,000	588,427	3,239,266	3,345,420	17,356,542	136,739,177	200,759,832
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	31,972,408	31,972,408
Other comprehensive income, net of tax	-	-	-	283,445	22,381,369	7,564,044	(41,060)	(2,380,943)	27,806,855
Dividends for the year	-	-	-	-	-	-	-	(346,410)	(346,410)
Capital infusion during the year	-	730,000	-	-	-	-	-	-	730,000
Surcharge Tax	-	-	-	-	-	-	-	(6,738,542)	(6,738,542)
Transfer from OCI reserve	-	-	-	(10,548)	-	-	-	10,548	-
Transfers to permanent reserve fund	-	-	640,000	-	-	-	-	(640,000)	-
Balance as at 31 December 2022	25,000,000	730,000	15,131,000	861,324	25,620,635	10,909,464	17,315,482	158,616,238	254,184,143

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			
Balance as at 01 January 2021	25,000,000	-	13,739,000	2,573,148	-	4,060,608	24,853,005	97,463,266	1,267,787	168,956,814
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	38,490,392	193,002	38,683,394
Other comprehensive income, net of tax	-	-	-	(1,089,736)	3,239,266	1,126,180	1,468,637	4,793,566	28,660	9,566,573
Dividends for the year	-	-	-	-	-	-	-	(1,846,410)	-	(1,846,410)
Subsidiary dividends to non controlling interest	-	-	-	-	-	-	-	-	(10,280)	(10,280)
Revaluation surplus of disposed property	-	-	-	-	-	-	(18,998)	18,998	-	-
Transfers to permanent reserve fund	-	-	752,000	-	-	-	-	(752,000)	-	-
Reversal of unclaimed dividend	-	-	-	-	-	-	-	1,333	-	1,333
Disposal of subsidiaries	-	-	-	-	-	-	-	(64,923)	(6,142)	(71,065)
Change of non controlling interest	-	-	-	-	-	-	-	-	116,419	116,419
Balance as at 31 December 2021	25,000,000	-	14,491,000	1,483,412	3,239,266	5,186,788	26,302,644	138,104,222	1,589,446	215,396,778
Balance as at 01 January 2022	25,000,000	-	14,491,000	1,483,412	3,239,266	5,186,788	26,302,644	138,104,222	1,589,446	215,396,778
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	31,994,638	(145,621)	31,849,017
Other comprehensive income, net of tax	-	-	-	1,111,492	22,381,369	9,843,204	1,255,459	(2,397,033)	35,795	32,230,286
Dividends for the year	-	-	-	-	-	-	-	(346,410)	-	(346,410)
Subsidiary dividends to non controlling interest	-	-	-	-	-	-	-	-	-	-
Capital infusion during the year	-	730,000	-	-	-	-	-	-	-	730,000
Transfer from OCI reserve	-	-	-	(10,548)	-	-	-	10,548	-	-
Transfers to permanent reserve fund	-	-	640,000	-	-	-	-	(640,000)	-	-
Reversal of unclaimed dividends	-	-	-	-	-	-	-	1,427	-	1,427
Change of non controlling interest	-	-	-	-	-	-	-	134,511	(422,653)	(288,142)
Surcharge Tax	-	-	-	-	-	-	-	(7,042,422)	-	(7,042,422)
Balance as at 31 December 2022	25,000,000	730,000	15,131,000	2,584,356	25,620,635	15,029,992	27,558,103	159,819,481	1,056,967	272,530,534

STATEMENT OF CASH FLOWS

5

Rs.'000

For the year ended 31 December	Bank		Group	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before income tax	30,976,649	43,189,517	31,052,501	44,637,053
Adjustments for :				
Net interest income	(126,346,378)	(111,251,941)	(129,768,892)	(114,989,627)
Dividend income	(450,978)	(302,564)	(522,173)	(391,238)
Dividends from Subsidiaries and Associates	(107,430)	(394,454)	-	-
Share of profits of Associate companies, net of tax	-	-	(122,847)	(133,677)
Change in operating assets	(392,658,229)	(495,708,888)	(389,853,461)	(497,153,928)
Change in operating liabilities	510,080,706	535,337,949	517,045,767	535,950,023
Other non cash items included in profit before tax	105,190,513	46,351,388	105,731,706	46,385,644
Other net losses/ (gains) from investing activities	(56,911)	(1,741,017)	78,892	(1,775,413)
	126,627,942	15,479,990	133,641,493	12,528,837
Contribution paid from defined benefit plans	(11,204,969)	(8,890,151)	(11,275,993)	(8,897,006)
Interest received	289,089,403	193,501,226	295,198,149	199,239,746
Interest paid	(177,094,051)	(136,973,421)	(180,307,490)	(138,568,991)
Dividends received	73,282	75,792	73,282	126,157
Net cash from operating activities before income tax	227,491,607	63,193,436	237,329,441	64,428,743
Income tax paid	(5,500,380)	(8,166,811)	(5,796,331)	(8,399,520)
Surcharge tax paid	(6,738,542)	-	(7,042,422)	-
Net cash from operating activities	215,252,685	55,026,625	224,490,688	56,029,223
Cash flows from investing activities				
Net increase in financial investments at amortized cost	(136,219,260)	(345,016,186)	(142,193,560)	(344,484,560)
Net (increase)/ decrease in financial investments recognized at fair value through OCI	10,731,712	(4,346,097)	14,095,845	(6,339,860)
Investment in subsidiary companies	-	(1,668,090)	-	-
Proceeds from sale of subsidiary companies	-	-	-	180,550
Purchase of property plant and equipment	(2,243,640)	(1,771,198)	(2,301,746)	(1,900,544)
Purchase of intangible assets	(1,027,211)	(471,365)	(1,039,078)	(471,365)
Proceeds from sale of property plant and equipment	1,414	21,998	8,748	102,831
Dividends received	485,126	621,226	448,891	265,081
Interest received	115,497,384	53,951,314	116,324,524	54,264,536
Net cash used in investing activities	(12,774,475)	(298,678,398)	(14,656,376)	(298,383,331)
Cash flows from financing activities				
Net increase/ (decrease) in other borrowings	(64,302,108)	245,235,448	(61,175,038)	245,076,637
Proceeds from issue of shares	730,000	-	730,000	233,902
Proceeds from issue of debentures/ capital bonds	6,490,000	8,750,000	6,557,700	8,500,000
Payments on redemption of debentures	(8,103,950)	(9,232,254)	(10,211,132)	(9,222,244)
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 share repurchase	-	-	(287,910)	-
Interest payments on borrowings and debt securities	(85,222,144)	(16,443,988)	(85,537,678)	(17,165,671)
Net cash from/ (used in) financing activities	(150,754,612)	226,462,796	(150,270,468)	225,565,934
Net increase/ (decrease) in cash and cash equivalents during the year	51,723,598	(17,188,977)	59,563,844	(16,788,174)
Cash and cash equivalents at the beginning of the year	66,789,233	83,978,210	65,745,466	82,533,640
Cash and cash equivalents at the end of the year	118,512,831	66,789,233	125,309,310	65,745,466
Analysis of cash and cash equivalents				
Cash and cash equivalents	128,401,532	82,647,406	135,230,827	82,313,908
Bank overdrafts	(9,888,701)	(15,858,173)	(9,921,517)	(16,568,442)
Cash and cash equivalents at the end of the year	118,512,831	66,789,233	125,309,310	65,745,466

SELECTED PERFORMANCE INDICATORS
6

As at	Bank		Group	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
Net assets value per share (Rs)	10,167.37	8,030.39	10,858.94	8,552.29
Profitability				
Interest margin	3.10%	3.28%	3.15%	3.35%
Return on assets (before tax)	0.76%	1.27%	0.75%	1.30%
Return on equity (after tax)	14.06%	21.03%	13.05%	20.13%
Assets Quality				
Impaired Loans (Stage 3) Ratio	5.27%	5.08%		
Impairment (Stage 3) to Stage 3 Loans Ratio	59.73%	49.07%		
Investor Information				
Debt equity (%)	43.89	51.01		
Interest cover (times)	1.32	2.85		
Memorandum Information				
Number of employees	8,209	8,337		
Number of branches	581	581		

KEY REGULATORY RATIOS - CAPITAL AND LIQUIDITY

As at	Bank		Group	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
Regulatory Capital (Rs. ' 000)				
Common equity Tier 1	194,949,918	176,537,824	200,533,817	182,294,819
Total Tier I capital	213,299,918	194,887,824	218,883,817	200,644,819
Total capital	264,494,074	243,033,817	270,747,789	249,799,365
Regulatory Capital Ratios (%)				
Common equity Tier 1 capital ratio (Minimum requirement, Basel III - 8.50%)	11.34%	12.91%	11.35%	12.83%
Total Tier I capital ratio (Minimum requirement, Basel III - 10.00%)	12.41%	14.25%	12.39%	14.13%
Total capital ratio (Minimum requirement, Basel III - 14.00%)	15.38%	17.77%	15.32%	17.59%
Leverage ratio (Minimum requirement - 3%)	4.59%	4.68%	4.65%	4.76%
Regulatory Liquidity				
Statutory liquid assets				
- Domestic banking unit (Rs. ' 000)	698,946,861	715,407,611		
- Off-shore banking unit (US\$ '000)	368,308	701,065		
Statutory liquid assets ratio (minimum requirement - 20%)				
- Domestic banking unit	21.22%	24.97%		
- Off-shore banking unit	32.79%	25.34%		
Total Stock of High Quality Liquid Assets (Rs. ' 000)	522,718,280	531,095,153		
Liquidity coverage ratio - Rupee (Minimum requirement 2022-90%, 2021-100%)	169.00%	169.00%		
Liquidity coverage ratio - All currency (Minimum requirement 2022-90%, 2021-100%)	122.77%	111.45%		
Net stable funding ratio (Minimum requirement 2022-90%, 2021-100%)	137.00%	125.00%		

SHARE INFORMATION

Shareholder	31-Dec-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 confirm 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 imposed under the Surcharge Tax Act, No. 14 of 2022 certified on 08th 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 20th April 2022 and 20th 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 01st 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 27th October 2022.
- 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 31 December 2022 and its profit for the year ended 31 December 2022.

Sgd.
M P Ruwan Kumara
Actg. 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 audited financial statements of the Bank and the Group.

Sgd.
Ronald C Perera
Chairman
(Independent Non-Executive)

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

Sgd.
W P Russel Fonseka
General Manager

24 February 2023
Colombo

As at 31 December	2022				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
Financial assets					
Cash and cash equivalents	-	128,401,532	-	-	128,401,532
Balances with Central Banks	-	70,494,529	-	-	70,494,529
Placements with banks	-	16,459,303	-	-	16,459,303
Securities purchased under resale agreements	-	1,480,403	-	-	1,480,403
Derivative financial instruments	57,155,486	-	-	-	57,155,486
Loans and advances	-	2,325,594,329	-	-	2,325,594,329
Financial investments	10,280,055	1,555,897,307	8,690,802	-	1,574,868,164
Total financial assets	67,435,541	4,098,327,403	8,690,802	-	4,174,453,746
Other assets	-	-	-	162,005,958	162,005,958
Total assets	67,435,541	4,098,327,403	8,690,802	162,005,958	4,336,459,704

	Fair value through profit or loss	Amortised Cost	Others	Total
Financial liabilities				
Due to banks	-	11,514,897	-	11,514,897
Securities sold under repurchase agreements	-	180,218,543	-	180,218,543
Derivative financial instruments	921,033	-	-	921,033
Other financial liabilities held for trading	-	-	-	-
Due to depositors	-	3,334,774,261	-	3,334,774,261
Other borrowings	-	390,489,543	-	390,489,543
Debt securities issued	-	-	-	-
Subordinated liabilities	-	63,758,191	-	63,758,191
Total financial liabilities	921,033	3,980,755,435	-	3,981,676,468
Other liabilities	-	-	100,599,093	100,599,093
Total liabilities	921,033	3,980,755,435	100,599,093	4,082,275,561

As at 31 December	2021				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
Financial assets					
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
Total financial assets	13,572,553	3,659,743,245	18,302,556	-	3,691,618,354
Other assets	-	-	-	111,665,489	111,665,489
Total assets	13,572,553	3,659,743,245	18,302,556	111,665,489	3,803,283,843

	Fair value through profit or loss	Amortised Cost	Others	Total
Financial liabilities				
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
Total financial liabilities	380,328	3,555,453,325	-	3,555,833,653
Other liabilities	-	-	46,690,358	46,690,358
Total liabilities	380,328	3,555,453,325	46,690,358	3,602,524,011

As at 31 December	2022				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
Financial assets					
Cash and cash equivalents	-	135,230,827	-	-	135,230,827
Balances with Central Banks	-	70,494,529	-	-	70,494,529
Placements with banks	-	17,811,665	-	-	17,811,665
Securities purchased under resale agreements	-	1,463,368	-	-	1,463,368
Derivative financial instruments	57,155,486	-	-	-	57,155,486
Loans and advances	-	2,355,978,333	-	-	2,355,978,333
Financial investments	10,636,190	1,562,373,679	10,750,044	-	1,583,759,913
Total financial assets	67,791,676	4,143,352,401	10,750,044	-	4,221,894,121
Other assets	-	-	-	168,874,440	168,874,440
Total assets	67,791,676	4,143,352,401	10,750,044	168,874,440	4,390,768,561

	Fair value through profit or loss	Amortised cost	Others	Total
Financial liabilities				
Due to banks	-	11,547,714	-	11,547,714
Securities sold under repurchase agreements	-	179,938,744	-	179,938,744
Derivative financial instruments	921,033	-	-	921,033
Other financial liabilities held for trading	-	-	-	-
Due to depositors	-	3,358,198,424	-	3,358,198,424
Other borrowings	-	397,083,583	-	397,083,583
Debt securities issued	-	58,807	-	58,807
Subordinated liabilities	-	63,498,599	-	63,498,599
Total financial liabilities	921,033	4,010,325,871	-	4,011,246,904
Other liabilities	-	-	106,991,123	106,991,123
Total liabilities	921,033	4,010,325,871	106,991,123	4,118,238,027

As at 31 December	2021				
	Fair value through profit or loss	Amortised cost	Fair value through OCI	Others	Total
Financial assets					
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
Total financial assets	13,983,344	3,693,922,713	22,879,810	-	3,730,785,867
Other assets	-	-	-	117,163,889	117,163,889
Total assets	13,983,344	3,693,922,713	22,879,810	117,163,889	3,847,949,756

	Fair value through profit or loss	Amortised cost	Others	Total
Financial liabilities				
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
Total financial liabilities	380,328	3,580,639,922	-	3,581,020,250
Other liabilities	-	-	51,532,729	51,532,729
Total liabilities	380,328	3,580,639,922	51,532,729	3,632,552,979

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Interest Rate of comparable Government security	Amount			
					31.12.2022	31.12.2021		Bank		Group	
					%	%		31.12.2022	31.12.2021	31.12.2022	31.12.2021
							Rs '000	Rs '000	Rs '000	Rs '000	
Sri Lanka rupee debentures											
Fixed interest rate											
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2022	-	13.25	-	-	1,227,205	-	1,227,205
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	25.10.2013	24.10.2023	13.75	13.75	26.12	1,637,668	1,637,573	1,637,668	1,637,573
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	22.09.2014	21.09.2022	-	8.25	-	-	1,873,393	-	1,873,393
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	06.10.2015	05.10.2023	9.50	9.50	25.97	1,205,521	1,205,286	1,205,521	1,205,286
Listed, Unsecured, subordinated, redeemable debentures	a	Annually	29.12.2016	28.12.2024	12.75	12.75	30.94	784	784	784	784
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2022	-	12.50	-	-	5,003,321	-	5,003,321
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2025	12.75	12.75	26.71	5,004,820	5,003,300	5,004,820	5,003,300
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	31.07.2018	30.07.2026	12.00	12.00	26.92	7,027,089	7,026,897	7,027,089	7,026,897
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	03.12.2018	02.12.2023	12.00	12.00	26.53	5,347,618	5,347,308	5,347,618	5,347,308
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	27.06.2019	26.06.2024	11.75	11.75	26.46	3,176,634	3,176,646	3,176,634	3,176,646
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	17.07.2019	16.07.2024	11.80	11.80	27.90	1,104,092	1,104,096	1,104,092	1,104,096
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	18.07.2019	17.07.2024	11.80	11.80	27.90	2,315,164	2,315,172	2,315,164	2,315,172
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	23.07.2019	22.07.2024	11.80	11.80	27.90	2,626,346	2,626,523	2,626,346	2,626,523
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	24.07.2019	23.07.2024	11.50	11.50	27.90	419,670	419,672	419,670	419,672
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	26.07.2019	25.07.2027	11.75	11.75	26.69	64,174	64,176	64,174	64,176
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	30.12.2022	29.12.2027	29.00	-	26.72	6,494,529	-	6,494,529	-
Unsecured, redeemable, debentures		Annually	12.05.2017	03.05.2022	-	15.00	-	-	-	-	884,668
Unsecured, redeemable, debentures		Semi annually	12.05.2017	03.05.2022	-	14.50	-	-	-	-	1,220,258
Unsecured, redeemable, debentures		Semi annually	12.05.2017	03.05.2022	-	13.90	-	-	-	-	2,256
Unsecured, redeemable debentures		Annually	16.11.2022	15.11.2027	24.00	-	26.69	-	-	24,472	-
Unsecured, redeemable debentures		Semi annually	16.11.2022	15.11.2027	23.50	-	26.69	-	-	33,530	-
Unsecured, redeemable debentures		Quarterly	16.11.2022	15.11.2027	29.50	-	26.69	-	-	805	-
								36,424,109	38,031,352	36,482,916	40,138,534
Floating interest rate											
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	-	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	31.84	6.35	25.97	2,194,782	2,070,535	2,194,782	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	33.51	9.35	30.94	20	20	20	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	35.01	10.53	26.94	5,589,394	5,459,537	5,589,394	5,459,537
								7,784,196	7,530,123	7,784,196	7,530,123
Additional Tier I capital bond											
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	-	5,583,891	5,226,898	5,583,891	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	30.96	9.00	-	10,224,787	10,076,290	10,224,787	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	-	3,741,208	3,494,192	3,481,616	3,241,307
								19,549,886	18,797,380	19,290,294	18,544,495
								63,758,191	64,358,855	63,557,406	66,213,152

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.

	01-Jan-2022 to 31-Dec-2022 Rs.	01-Jan-2021 to 31-Dec-2021 Rs.
Market Value		
BoC Debentures 2013/2023 ,		
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
BoC Debentures 2014/2022 ,		
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
BoC Debentures 2015/2023 ,		
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
BoC Debentures 2016/2024 ,		
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

	31-Dec-2022 %	31-Dec-2021 %
Interest yield as at date of last trade done		
BoC Debentures 2013/2023 ,		
9 years, fixed rate (13.25%)	Not Traded	Not Traded
10 years, fixed rate (13.75%)	Not Traded	Not Traded
BoC Debentures 2014/2022 ,		
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
BoC Debentures 2015/2023 ,		
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
BoC Debentures 2016/2024 ,		
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
Yield to maturity of last trade done		
BoC Debentures 2013/2023 ,		
9 years, fixed rate (13.25%)	Not Traded	Not Traded
10 years, fixed rate (13.75%)	Not Traded	Not Traded
BoC Debentures 2014/2022 ,		
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
BoC Debentures 2015/2023 ,		
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
BoC Debentures 2016/2024 ,		
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	
	31.12.2022 Rs '000	31.12.2021 Rs '000	31.12.2022 Rs '000	31.12.2021 Rs '000
Gross loans and receivables	2,584,778,967	2,576,668,173	2,617,905,189	2,612,567,332
Stage 1	1,986,928,070	2,170,496,529	2,002,738,770	2,186,408,859
Stage 2	273,220,831	155,013,917	277,121,666	159,836,766
Stage 3	324,630,066	251,157,727	338,044,753	266,321,707
Less : Accumulated impairment	259,184,638	162,905,882	261,926,856	166,237,003
Stage 1	39,710,949	24,417,936	39,904,019	24,541,662
Stage 2	25,419,553	15,122,165	25,564,731	15,247,177
Stage 3	194,054,136	123,365,781	196,458,106	126,448,164
Net loans and advances	2,325,594,329	2,413,762,291	2,355,978,333	2,446,330,329

2) Loans and advances to customers - By product

As at	Bank		Group	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Local currency				
Overdrafts	146,415,234	552,351,927	146,223,589	552,155,012
Term loans	746,658,700	683,740,104	755,678,340	688,030,779
Lease rentals receivable	20,673,590	24,150,424	29,509,308	37,846,935
Credit cards	7,483,788	6,151,267	7,483,788	6,151,267
Pawning	116,879,501	82,975,731	122,545,263	88,230,314
Housing loans	78,125,880	79,420,418	78,155,920	79,459,457
Trade finance	39,846,557	41,550,553	40,077,612	45,133,465
Personal loans	413,928,850	446,225,539	415,315,733	448,254,975
Staff loans	26,186,008	23,528,091	26,420,658	23,737,202
Foreclosed properties	3,325,096	3,089,237	3,325,096	3,089,237
Other loans	47,861,160	40,212,753	47,861,160	40,212,753
Total local currency loans and advances	1,647,384,364	1,983,396,044	1,672,596,467	2,012,301,396
Foreign currency				
Overdrafts	67,382,222	35,597,630	67,622,802	35,912,095
Term loans	788,273,917	505,852,356	795,933,677	510,774,683
Trade finance	73,328,306	46,478,224	73,328,306	48,231,867
Housing loans	46,205	367,703	46,205	367,703
Staff loans	32,490	16,247	46,269	19,619
Foreclosed properties	8,624	5,135	8,624	5,135
Other loans	8,322,839	4,954,834	8,322,839	4,954,834
Total foreign currency loans and advances	937,394,603	593,272,129	945,308,722	600,265,936
Total loans and advances to customers	2,584,778,967	2,576,668,173	2,617,905,189	2,612,567,332

3) Movement in impairment provisions during the year 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 year	15,135,491	10,344,926	49,602,382	75,082,799
Amount recovered during the year	-	-	(4,322,117)	(4,322,117)
Exchange rate variance on foreign currency impairment	347,791	687,473	24,289,327	25,324,591
Amount written-off during the year	-	-	(18,554)	(18,554)
Other movements	(190,269)	(735,011)	1,137,317	212,037
Closing balance as at 31 December 2022	39,710,949	25,419,553	194,054,136	259,184,638

	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 year	15,204,835	10,365,092	49,496,367	75,066,294
Amount recovered during the year	-	-	(4,322,117)	(4,322,117)
Exchange rate variance on foreign currency impairment	347,791	687,473	24,289,327	25,324,591
Amount written-off during the year	-	-	(18,554)	(18,554)
Other movements	(190,269)	(735,011)	564,919	(360,361)
Closing balance as at 31 December 2022	39,904,019	25,564,731	196,458,106	261,926,856

Rs.'000

4) Contingent liabilities and commitments

As at	Bank		Group	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
By product - Domestic currency				
Acceptances and documentary credits	145,698,142	258,672,506	145,698,142	258,672,506
Bills for collection	51,385,079	24,201,496	51,385,079	24,201,496
Forward exchange contracts	124,122,135	123,308,995	124,122,135	123,308,995
Guarantees	157,927,423	151,518,597	158,085,923	151,677,097
Undrawn and undisbursed facilities	648,009,606	273,450,874	648,009,622	273,450,874
Other commitments	20,106,379	17,061,108	21,460,286	17,855,290
Total domestic currency contingent liabilities and commitments	1,147,248,764	848,213,576	1,148,761,187	849,166,258
By product - Foreign currency				
Acceptances and documentary credits	12,249,993	15,742,566	12,757,857	16,250,430
Bills for collection	13,430,539	4,939,970	13,430,539	4,939,970
Forward exchange contracts	75,331,192	3,288,463	75,331,192	3,288,463
Guarantees	10,047,160	5,830,333	10,047,160	5,830,333
Undrawn and undisbursed facilities	29,779,390	11,159,454	29,779,390	11,275,699
Other commitments	56,812,731	110,552,367	56,812,731	127,390,596
Total foreign currency contingent liabilities and commitments	197,651,005	151,513,153	198,158,869	168,975,491
Total Contingent liabilities and commitments	1,344,899,769	999,726,729	1,346,920,056	1,018,141,749

5) Financial liabilities at amortised cost

Due to depositors - By product

As at	Bank		Group	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
Local currency				
Demand deposits (current accounts)	174,674,605	177,165,938	174,245,474	176,742,512
Savings deposits	558,213,697	680,053,160	558,984,668	680,964,033
Time deposits	1,558,730,483	1,388,690,770	1,576,815,334	1,405,966,371
Other deposits	4,785,426	7,824,661	4,785,426	7,832,191
Total local currency deposits	2,296,404,211	2,253,734,529	2,314,830,902	2,271,505,107
Foreign currency				
Demand deposits (current accounts)	56,168,342	34,897,193	57,356,149	35,562,840
Savings deposits	189,799,490	130,077,505	190,755,490	130,843,659
Time deposits	786,788,397	446,734,788	789,642,062	446,875,493
Other deposits	5,613,821	1,449,995	5,613,821	1,449,995
Total foreign currency deposits	1,038,370,050	613,159,481	1,043,367,522	614,731,987
Total due to depositors	3,334,774,261	2,866,894,010	3,358,198,424	2,886,237,094

SEGMENTAL ANALYSIS - GROUP

15

For the Year ended 31 December	Rs. '000											
	Retail Banking		Corporate Banking		International, Treasury and Investment		Group Functions		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from external customers:												
Net interest income	34,752,005	53,071,506	70,584,955	34,569,429	21,922,324	24,778,095	3,422,514	3,737,686	(912,906)	(1,167,089)	129,768,892	114,989,627
Net fee and commission income	11,549,471	9,204,685	3,907,387	3,359,959	341,435	932,570	308,706	243,385	553,349	682,188	16,660,348	14,422,787
Other income	2,238,543	651,105	(1,961,096)	3,318,650	33,631,652	7,938,658	478,030	924,643	135,007	291,254	34,522,136	13,124,310
Total operating income	48,540,019	62,927,296	72,531,246	41,248,038	55,895,411	33,649,323	4,209,250	4,905,714	(224,550)	(193,647)	180,951,376	142,536,724
Expenses :												
Impairment (charge)/reversal for loans and other losses	(10,971,334)	(13,240,129)	(56,451,115)	(20,640,008)	(19,479,956)	(9,003,987)	(139,209)	71,766	(253,291)	(849,608)	(87,294,905)	(43,661,966)
Total operating expenses	(34,352,551)	(28,311,761)	(4,788,243)	(6,687,754)	(7,741,813)	(6,092,663)	(3,987,823)	(3,351,115)	(413,882)	(588,411)	(51,284,312)	(45,031,704)
Total expenses	(45,323,885)	(41,551,890)	(61,239,358)	(27,327,762)	(27,221,769)	(15,096,650)	(4,127,032)	(3,279,349)	(667,173)	(1,438,018)	(138,579,217)	(88,693,670)
Operating profit before taxes on financial services	3,216,134	21,375,406	11,291,888	13,920,276	28,673,642	18,552,673	82,218	1,626,365	(891,723)	(1,631,665)	42,372,159	53,843,054
Taxes on financial services											(11,442,505)	(9,339,679)
Operating profit after taxes on financial services											30,929,654	44,503,375
Share of profits/ (losses) of Associate companies, net of tax							122,847	133,677			122,847	133,677
Profit/(loss) before income tax	3,216,134	21,375,406	11,291,888	13,920,276	28,673,642	18,552,673	205,065	1,760,042	(891,723)	(1,631,665)	31,052,501	44,637,052
Income tax expense											796,516	(5,953,659)
Profit for the year											31,849,017	38,683,393
Total assets	891,862,461	995,646,746	1,188,838,332	1,430,320,436	2,084,601,281	1,213,737,811	54,308,859	44,665,909	171,157,628	163,578,854	4,390,768,561	3,847,949,756
Total liabilities	839,585,417	943,090,618	1,119,153,872	1,354,819,658	1,962,411,148	1,149,669,545	35,962,464	30,028,966	161,125,126	154,944,191	4,118,238,027	3,632,552,978
Cash flows from / (used in) operating activities	59,116,463	25,312,248	88,335,168	16,507,988	68,074,530	13,283,427	9,238,003	1,002,598	(273,473)	(77,038)	224,490,688	56,029,223
Cash flows from / (used in) investing activities	(2,627,276)	(77,656,383)	(3,502,116)	(113,497,791)	(6,140,882)	(95,577,087)	(1,881,901)	295,067	(504,207)	(11,947,136)	(14,656,376)	(298,383,331)
Cash flows from/ (used in) financing activities	(31,005,103)	58,880,327	(41,329,304)	86,055,862	(72,470,005)	72,468,095	484,141	(896,862)	(5,950,200)	9,058,512	(150,270,468)	225,565,934
Capital expenditure to non current assets											(3,340,824)	(2,316,261)
Depreciation and amortisation expenses	881,670	1,085,432	1,175,251	1,559,304	2,060,777	1,323,190	220,469	93,377	169,201	178,330	4,507,368	4,239,633

During the period from 01.01.2015 to 31.12.2022

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...)
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.							