Bank of Ceylon Ends the First Quarter of 2023 with Positive Notes



Ronald C Perera PC, Chairman, BoC.



W P Russel Fonseka, GM/CEO, BoC.

Bank of Ceylon has reported 3.3 billion rupees of Profit Before Tax for the three months ended March 31, 2023. The Bank’s interest income grew by 61 percent to 137.8 billion rupees primarily due to the increase in AWPLR. Interest expenses grew by 162 percent as the funding mix has been repriced at higher rates, resulting high cost of funding and leading to a 53 percent decline in net interest income by 21.2 billion rupees compared to 1Q -2022 since the Bank has not transferred the full impact of the increase in the market interests to its loyal customers to revive their businesses in this trying time despite many headwinds to the Bank’s current operating environment.

Net fee and commission income amounted to 4.4 billion rupees with 13 percent

growth, mainly backed by an increase in commission income from card-related transactions and travel and remittance related services. Income from trading and investment activities and other operating income resulted in a negative note due to the exchange loss reported during 1Q- 2023 in line with the 10 percent LKR appreciation.

Ronald C Perera, Chairman, President’s Counsel, said, “The Bank concerted efforts on supporting the customers to revive through the never expected economic turmoil will be continued to ensure the survival of their businesses and proactive measures taken during the previous years helped the Bank to manage its stage three loan ratio at 5.34 percent as of end 1Q-2023. Our key focus and policy direction is to support all stakeholders of the Bank. This effort may have resulted in a short-term cost to the Bank, but our long-lasting relationship with all stakeholders will bring prosperity to all groups in times to come.”

Operating expenses for the quarter reported an increase of 16 percent in the backdrop of cost escalation due to inflation. Accordingly, the Bank has reported a PAT of 3.3 billion rupees, with a 39 percent decline over 1Q-2022. At the end of 1Q-2023, the Bank’s asset base recorded a negative growth of six percent, reflecting the impact of LKR appreciation as around 30 percent of total assets comprises foreign currency-denominated Loans and advances and Investments. The Bank’s deposit base stood at 3.3 trillion rupees as of the end of March 2023. All the liquidity ratios improved during the period under review.

Russel Fonseka, General Manager and Chief Executive Officer of the Bank, said, “Despite never experiencing challenges, the Bank has been able to maintain its position and steering the Bank strongly and prudently in the next few years is of utmost importance and is on a pathway to stable growth with a growing market share and an increasing asset base made possible through scaling up of digitization, the pursuit of operational efficiencies, and expert capacity of the cadre. The Bank has already identified key challenges yet to be faced by the banking industry due to contraction of the economy and slow growth, debt restructuring program and other Government fiscal reforms. Based on these challenges, the Sri Lankan banking industry will face a never experienced operating context. BoC is the largest local commercial bank of the country, it is vital to carefully manage the banking activities to support economic recovery and revival at large. Hence, in the next couple of years, the Bank’s key focus will be strengthening its Balance Sheet instead of short-term profitability. Similarly, the Bank has adopted the same strongly during the last few years too.”