

# **BOC PBT is up by 66 percent in Third Quarter of 2024**



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In the first nine months of 2024, the Bank of Ceylon skillfully navigated Sri Lanka's complex economic terrain. The Bank achieved a remarkable Profit Before Tax (PBT) of 37.6 billion rupees, a substantial 66 percent increase over the same period in the previous year. This exceptional performance highlights the Bank's resilience and adaptability in the face of volatile market conditions and numerous challenges.

Russel Fonseka, GM/CEO, BOC said, "Our robust financial results are a testament to the strength and stability we've demonstrated in this challenging economic

climate. The Bank remains committed to expanding our service offerings, pioneering digital banking solutions, and solidifying our leadership position in Sri Lanka's banking sector."

Demonstrating its agility in adapting to market dynamics, the Bank successfully repriced its assets and liabilities, leading to a significant 85 percent increase in net interest income to 94.5 billion rupees compared to 51.2 billion rupees in the same period of 2023. While interest income rose to 320.2 billion rupees, interest expenses also increased by 225.7 billion rupees. This strategic decision to offer competitive deposit rates was essential to retaining and growing the Bank's deposit base. Net fee and commission income remained a strong contributor, reaching 15.1 billion, a 17 percent YoY increase from 12.9 billion rupees in the corresponding period of 2023. Increased card-related transactions, retail banking services, and the rising adoption of digital banking primarily drove this growth.

The Bank adopted a cautious approach to credit risk management, recognizing the prevailing uncertainties in both the global and domestic economies. The Bank implemented targeted management overlays to proactively address heightened risks in specific industries, enabling close monitoring and timely risk mitigation. This proactive strategy allowed the Bank to anticipate potential challenges early on and allocate sufficient provisions for potential credit losses.

The Bank reported a total operating income of 112.4 billion rupees, reflecting a significant growth of 105 percent compared to the previous year. Substantial improvements in net interest income, net fee, commission income, and trading income drove this increase. Operating expenses amounted to 48.9 billion rupees, marking a 30 percent YoY increase, mainly due to increased personnel costs and other overhead expenses.

The Bank's operating profit before taxes on financial services reached 50.2 billion rupees. After accounting for Value Added Tax (VAT) and the Social Security Contribution Levy (SSCL), the PBT stood at 37.6 billion rupees, a 66 percent increase. Income tax expenses for the period amounted to 16.1 billion rupees, resulting in a profit after tax of 21.5 billion rupees. As of 30 September 2024, BOC's total assets reached 4,587.4 billion rupees, a notable four percent increase from 4,411.7 billion rupees in December 2023. Despite economic challenges, this growth solidifies the Bank's leading position in Sri Lanka's competitive banking sector. The increase in total assets was primarily driven by significant increases

in debt and other instruments and investment in securities purchased under resale agreements.

The Bank's deposit base stood strong at 3,964.3 billion rupees as of September 30, 2024 despite the appreciation of the showcasing sustained customer confidence and the Bank's strategic focus on deposit mobilization.

The Bank demonstrated strong financial performance across key metrics. The Return on Assets (ROA) before tax improved to 1.11 percent from 0.92 percent, and the Return on Equity (ROE) after tax has improved to 11.08 percent from 10.55 percent in December 2023, reflecting the enhanced profitability from the Bank's asset base. The interest margin also increased to 2.80 percent from 2.08 percent at the end of 2023, highlighting the effective management of interest-earning assets and liabilities.

Kavinda de Zoysa, Chairman, Bank of Ceylon, stated, "Together, we will uphold the Bank's legacy, reinforcing its position as the largest financial institution in Sri Lanka, fulfilling our responsibility as Bankers to the Nation through Customer service excellence, Digital transformation, Prudent risk management, Strengthening Governance and Sustainable Growth."