

# **BOC records 106.9 billion rupees Profit in 2024**



Kavinda de Zoysa, Chairman, BOC.



Russel Fonseka, GM/CEO, BOC.

The Bank of Ceylon (BOC) showed strong financial results in 2024.

Russel Fonseka, GM/CEO, BOC emphasized, “Our robust financial results demonstrate our strength and stability in this challenging economic climate. Looking ahead, we are committed to expanding our services, pioneering digital banking solutions, and solidifying our leadership position in Sri Lanka’s banking sector.”

Signifying its agility in adapting to market dynamics, the Bank successfully repriced its assets and liabilities, leading to a momentous 84 percent increase in net interest income to 167.6 billion rupees compared to 91.2 billion rupees in 2023.

Notably, net interest income surged by 84 percent to 167.6 billion rupees, despite a 12 percent YoY decline in interest income due to lower loan and securities yields. A 32 percent reduction in interest expenses contributed to this increase. Net fee and commission income rose by 17 percent to 20.6 billion rupees, fueled by growth in card transactions and digital banking adoption. The Bank also recorded a net gain of 3.4 billion rupees from trading, demonstrating its capability to capitalize on market opportunities, although exchange losses occurred due to LKR appreciation.

The Bank addressed increased credit risks in specific industries by implementing management overlays for cautious credit risk management amid economic uncertainties. This approach allowed for close monitoring and timely mitigation of potential losses. An impairment charge of 12.4 billion rupees was recognized for loans due to challenges in recovering sectors, while a net reversal of 32.8 billion rupees for other financial assets occurred after debt restructuring. The impaired loans (Stage 3) ratio rose to 7.2 percent, reflecting external pressures, but the impairment coverage ratio remained strong at 53.6 percent. The Bank also supported business revival efforts by collaborating with customers, helping to mitigate credit losses and contributing to Sri Lanka's economic recovery.

The Bank reported total operating income of 182 billion rupees, reflecting an 81 percent growth from the previous year, driven by increases in net interest income, net fee and commission income, and trading income.

Operating expenses rose to 67.1 billion rupees, a 28 percent YoY increase, primarily due to higher personnel (35 percent) and overhead costs (21 percent). Despite this, the Bank improved its cost-to-income ratio to 40 percent. Operating profit before taxes reached 135.3 billion rupees, up 155 percent from last year, with a profit before tax (PBT) of 106.9 billion rupees, a 165 percent increase. After income taxes of 42.5 billion rupees, the profit after tax was 64.4 billion rupees, reflecting an effective tax rate of 52 percent and underscoring the Bank's significant contribution to the national economy.

As of 31 December 2024, BOC's total assets grew to 4,985.1 billion rupees, with the Group's assets reaching 5,048.7 billion rupees, reflecting a 13 percent increase from 2023. This growth was driven by significant investments in debt instruments and securities. Gross loans and advances stood at 2,436.2 billion rupees, down one percent due to LKR appreciation and sluggish credit demand. The deposit base remained strong at 4,208.6 billion rupees. BOC raised 15 billion rupees in Basel III Tier II capital to strengthen its capital base. Financial performance improved

significantly, with Return on Assets (ROA) before tax rising to 2.28 percent and Return on Equity (ROE) after tax increasing to 23.23 percent. The interest margin also improved to 3.57 percent. Capital adequacy remained robust, with a Common Equity Tier 1 ratio of 11.97 percent and a Total Capital Ratio of 16.55 percent. Liquidity coverage ratios were well above regulatory requirements at 329 percent for rupees and 269.63 percent for all currencies, ensuring capacity to meet financial obligations.

Kavinda de Zoysa, Chairman, BOC stated that, “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 Sustainable Growth, Prudent risk management and Strengthened Governance”.