

Fitch affirms Bank of Ceylon's National Long-Term Rating at 'A(lka)' with a Stable Outlook

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BOC Head office.

Fitch Ratings (Fitch) has affirmed the National Long-Term Rating at 'A(lka)' with a Stable Outlook, the Long-Term Foreign Currency Issuer Default Rating (IDR) at 'CC', the Long-Term Local-Currency IDR of 'CCC-' with a Stable Outlook, and the Short-Term IDR at 'C' for Bank of Ceylon (BoC).

This rating affirmation is backed by the fact that "Sri Lanka banks' operating environment continues to show signs of stabilization, supporting the recovery in banks' operational flexibility" and "There are sustained improvements in reported headline macro variables, but persistent delays in the completion of the sovereign debt restructuring exercise could potentially impede the progress made thus far", in Fitch's view.

With an extensive footprint comprising a network of over 2,200 direct customer touchpoints, including fully equipped and mobile branches, SME centers, ATMs, and CRMs island-wide, the Bank promotes financial inclusion across the country. The Bank also has an overseas presence in Chennai, Maldives, and Seychelles, a limited services branch in Hulhumale, and a fully-owned subsidiary in London, United Kingdom.

During the first quarter of 2024, BoC demonstrated impressive financial performance, achieving a Profit Before Tax (PBT) of 9.3 billion rupees with 180 percent substantial growth compared to the 1Q of 2023. This illustrates the Bank's resilience in a challenging economic environment.

As of the end of March 2024, the Bank maintained a solid financial position, with total assets amounting to 4.3 trillion rupees and total Deposits of 3.7 trillion rupees. Net Loans and Advances amounted to 2.1 trillion rupees, and total Investments amounted to 1.9 trillion rupees.

The Bank has preserved its Tier I Capital Adequacy Ratio of 12.41 percent and Total Capital Adequacy Ratio of 15.41 percent above the statutory requirements for 1Q-2024. Its liquidity position has also substantially improved, reflecting favorable market conditions.

The Bank is continuously improving its products, people, and processes by implementing prudent strategies aligned with external dynamics to create and enhance the value it offers its stakeholders.