

BANK OF CEYLON
ANNUAL REPORT 2024

BUILT ON TRUST

**STRENGTHENED BY
CONNECTION**

BUILT ON TRUST

STRENGTHENED BY
CONNECTION

The hexagon is nature's most efficient and resilient structure - seen in the honeycomb, the basalt columns of ancient landscapes and molecular frameworks. It is a symbol of exceptional efficiency and versatility, making the hexagon an invaluable structure that bridges the realms of science and technology. In the natural world, the hexagonal pattern is a testament to nature's ingenuity, as seen in the intricate honeycomb designs of bees.

The hexagon exemplifies the power of connectivity. Each side interlocks perfectly, creating a seamless design that's stronger than the sum of its parts. This same principle of interconnectedness is at the heart of Bank of Ceylon (BOC). As the largest state bank, BOC seamlessly integrates with every facet of Sri Lanka's economy - connecting individuals, businesses, industries, and communities to the financial ecosystem.

Much like the honeycomb's precision, which is fundamental to its strength and adaptability, it creates a robust and dynamic network of financial services. Through this interconnectedness, it fosters economic inclusion, ensuring that every Sri Lankan has access to finance to grow and prosper. Transcending beyond banking, the Bank serves as a cornerstone for innovation, sustainable progress and national development.

In a world where resilience and adaptability are key, BOC embodies these qualities - empowering businesses, supporting infrastructure and enabling individuals to realise their aspirations. As the nation continues to evolve, BOC remains a constant force, strengthening its connections to the past, present and the future of the Nation's growth story.

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FOUNDED ON TRUST

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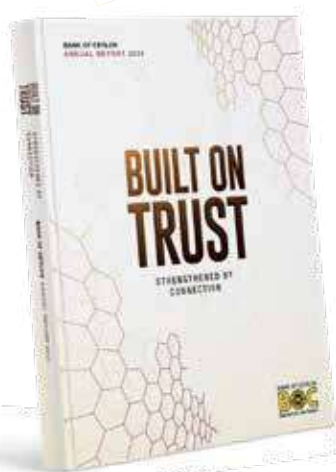


FOUNDED ON TRUST

For more than 85 years, Bank of Ceylon has been a pillar of trust, efficiency and collaboration. The bee hive's hexagon shape resonates closely with the Bank's formidable presence, efficiency in operations, collaborative strength, adaptability, connectivity and overall stability in the financial sector.

The hexagonal structure of the honeycomb known as the 'honeycomb conjecture' is considered a natural engineering marvel. By using the least amount of wax, it is capable of maximising storage space to hold honey and larvae. Thus, the hexagon is recognised as the most efficient shape in nature.

ABOUT THIS REPORT



We welcome you to our 12 Integrated Annual Report 'Built on Trust, Strengthened by Connection'.

We endeavour to present a clear view of our strategic objectives and the material matters that drive our value creation to our stakeholders. In navigating a dynamic external environment, we have aligned our strategic objectives with both emerging challenges and opportunities, ensuring that our actions create enduring and sustainable impact for all stakeholders.

This year, we have sharpened our focus on key priorities, integrating innovation, sustainability and community impact into our core strategy. By fostering transparency and addressing the needs of our stakeholders, we are building a resilient future where integrity and purpose guide every decision.

WELCOME TO THE

BANK OF CEYLON

ANNUAL REPORT 2024

REPORTING SCOPE AND BOUNDARY

GRI 2-2, 3

This report provides a comprehensive view of the domestic and overseas operations of Bank of Ceylon (hereafter referred to as 'BOC' or 'the Bank') and its subsidiaries (collectively referred to as 'the Group') from 1 January 2024 to 31 December 2024.

OUR INTEGRATED REPORTING BOUNDARY

Covers risks, opportunities and outcomes arising from:



FINANCIAL REPORTING BOUNDARY

Covers the core business operations of the Bank and its subsidiaries

Key financial aspects represent consolidated information, while non-financial aspects are discussed in context of the Bank, given its dominance within the Group. The reporting boundary remains unchanged from the previous year and there were no significant changes to the Group's size, structure, or supply-chain.

MATERIALITY

BOC applies a double materiality lens to determine the matters relevant for reporting disclosures, which identifies the matters that impact our ability to create or preserve value (financial materiality) and our impact on the environment, communities and society (impact materiality) in the short, medium and long term. The Bank's process for determining material topics, and their alignment with reporting metrics is outlined in the Material Matters section on pages 50 to 53.

REPORTING FRAMEWORKS

Our Report complies with the following reporting standards and frameworks.

Local standards and frameworks

Bank of Ceylon Ordinance No. 53 of 1938 and amendments

Banking Act No. 30 of 1988 and subsequent amendments

Sri Lanka Accounting Standards issued by CA Sri Lanka

Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and amendments

Gender Parity Reporting Framework of CA Sri Lanka

Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)

Listing Rules and ESG Reporting Framework of the Colombo Stock Exchange (CSE)

Banking Act Direction No. 11 of 2007 and No. 5 of 2024

Guidelines issued by CBSL and CSE listing requirements on Financial Statements and other disclosures for Licensed Commercial Banks

Global best practices



The Integrated Reporting framework of the International Integrated Reporting Council (IIRC)



The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI Standards)



Industry Standard for Commercial Banks published by the Sustainability Accounting Standards Board (SASB)



Global indicator framework for the SDGs and targets of the 2030 Agenda for Sustainable Development (A/RES/68/261)

PRECAUTIONARY PRINCIPLE

The Bank's approach to mainstream sustainability in its core business operations has foundational consideration for the precautionary principle. The Bank's efforts towards sustainable financing, outlined on pages 105 to 111, detailed actions were taken not only to mitigate potential negative impacts of operations, but also to proactively address local and global challenges to the environment and health and safety of stakeholders.

COMBINED ASSURANCE

GRI 2-4

We aim to ensure the integrity of both our financial and non-financial information through a combination of monitoring and oversight by management, internal audit and external assurance providers. Through this combined assurance model, we seek to optimise the assurance obtained from management, internal and external assurance providers while fostering a strong ethical context and mechanisms to ensure compliance.

Audit Committee and Internal Audit Functions

- Responsible for ensuring the effectiveness of the Group's financial reporting processes and relevant internal controls

External Assurance

- Consolidated Financial Statements - National Audit Office
- Sustainability aspects - Messrs Ernest & Young

Corporate Management Team

- Accountable to the Board for preparation of the Report

The Report has been prepared with input from the leadership team, cross-functional internal information, and other relevant external information.

There were no major restatements of non-financial information published during the previous year.

FORWARD - LOOKING STATEMENTS

Certain forward-looking statements regarding the Group's future performance and prospects may be included in this Report. These statements cannot be considered guarantees of future performance or outcomes as they may be influenced by emerging risks, future events, changing circumstances and other important factors that cannot be predicted and are out of the Bank's control. These events may cause actual results to differ from our current expectations as disclosed in this Report.

ABOUT THIS REPORT

OUR EVOLUTIONARY JOURNEY OF REPORTING



Annual Report 2023



Annual Report 2022

MORE FOCUS ON

Clarity

Completeness

Consistency and Comparability

Balanced and fair presentation

REPORTING IMPROVEMENTS



- Greater connectivity of information.
- Improved disclosures on strategy, resource allocations and Business Model.
- Enhanced coverage of the emergent risks and opportunities and the Bank's response.
- Offers Multiple access options.
 - Printed
 - Interactive versions
 - PDF
 - Audio and Video

NAVIGATION ICONS

Stakeholders



Customers



Employees



Shareholder and Fund Providers



Community and Environment



Business Partners



Regulators

Six Capitals



Financial Capital



Manufactured Capital



Human Capital



Intellectual Capital



Social and Relationship Capital



Natural Capital

Strategic Pillars



Stability, Governance and Sustainable Growth



Excellence in Customer Experience



Digital Excellence



Rewarding Credit Culture and Healthy Credit Portfolio



Building a High-Performing Team

Material Topics



Adapting to the evolving context



Enabling responsible growth



Caring for our people



Nurturing sustainable business operations

Risk Categories



Credit Risk



Market Risk



Liquidity Risk



Strategic Risk



Operational Risk



Feedback

GRI 2-3

Please direct suggestions and comments about this Report to dgmfp@boc.lk



Scan to view the web and mobile PDF, HTML version and Audio published online

CREATING VALUE THROUGH INTEGRATED THINKING

This report reflects BOC's commitment to integrated thinking demonstrating how the Bank translates strategy into meaningful outcomes, addressing emerging challenges to reinforce its role in shaping a sustainable future. This mindset drives us to see beyond short-term gains, fostering a seamless interplay between risks, opportunities and impacts. By aligning our business decisions with the needs of our stakeholders, we build resilience, inspire innovation and position ourselves as a catalyst for national progress.



Operating Environment (Page 42)



Stakeholder Needs and Expectations (Page 46)



Customers



Employees



Shareholder and
Fund Providers



Community and
Environment



Business
Partners



Regulators



Risks and Growth (Page 143)

FORMULATION OF OUR STRATEGY AND RESOURCE ALLOCATION

(Page 54)

Strategic Pillars



Stability,
Governance
and Sustainable
Growth



Excellence
in Customer
Experience



Digital
Excellence



Rewarding Credit
Culture and Healthy
Credit Portfolio



Building a
High-Performing
Team

Resource Allocation



Financial
Capital



Manufactured
Capital



Human
Capital



Intellectual
Capital



Social and
Relationship Capital



Natural
Capital

EXECUTION OF STRATEGY THROUGH KEY BUSINESS LINES

The Bank's business units act as the primary drivers of our strategy.



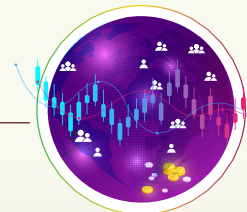
Retail Banking

(Page 73)



Corporate and
Offshore Banking

(Page 77)



International, Treasury, Investment
and Overseas Operations

(Page 80)

MANAGING RISKS, ENSURING SOUND CORPORATE GOVERNANCE AND EMBEDDING SUSTAINABILITY

Risk Management

We follow a systematic and proactive approach to managing risks, which enables the Bank to consistently deliver value to stakeholders while promoting stability and resilience. (Page 143)

Corporate Governance

A robust corporate governance framework guides all of the Bank's actions. It ensures ethical and responsible behaviour across operations, and alignment with the Bank's core values and principles. (Page 124)

Sustainability

Sustainability is embedded into all our operations. We aim to deliver sustainable value through our commitment to the United Nations Sustainable Development Goals (UN SDGs). (Page 60)

DELIVERING ON STAKEHOLDER EXPECTATIONS

Integrated thinking serves as a guiding principle that drives stakeholder value creation, by promoting a holistic perspective in alignment with the Bank's strategy. How BOC delivered its stakeholders' needs and expectations is described in detailed from pages 46 to 49.

OVERVIEW

LEADERSHIP
INSIGHTS

OUR
STRATEGY

OUR
PERFORMANCE

STAKEHOLDER
OUTCOMES

GOVERNANCE

FINANCIAL
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COMPLIANCE
ANNEXES

SUPPLEMENTARY
INFORMATION

OVERVIEW OF BANK OF CEYLON

Established in 1939, the Bank of Ceylon (BOC) is Sri Lanka's largest state-owned commercial bank. The Bank has been a steadfast pillar of strength and a symbol of progress, shaping the financial landscape of Sri Lanka. Our journey is one of continuous expansion, connecting every corner of the nation and beyond to create meaningful and lasting impact by creating sustainable value to all stakeholders.

As a Domestic Systemically Important Bank (D-SIB), BOC holds a pivotal role in the national economy, offering a comprehensive suite of services backed by advanced technology and a customer-centric approach.



OUR VISION

To be the Nation's preferred Bank with a strong global presence providing customer centric innovative financial solutions.



OUR MISSION

To provide highly efficient, customer focused, technologically sophisticated, resilient and innovative financial services to the Nation with global access, empowering employees and enhancing value to the stakeholders.



OUR VALUES

- Being customer-centric
- Respecting all forms of diversity
- Committing towards high level of ethics, governance and professionalism
- Focusing towards agility and innovation
- Being accountable for all our actions

Assets
LKR 4.9 trillion

Deposits
LKR 4.2 trillion

Gross Loans and Advances
LKR 2.4 trillion

Profit Before Tax
LKR 106.9 billion

Equity
LKR 302.6 billion

Capital Adequacy
16.6%

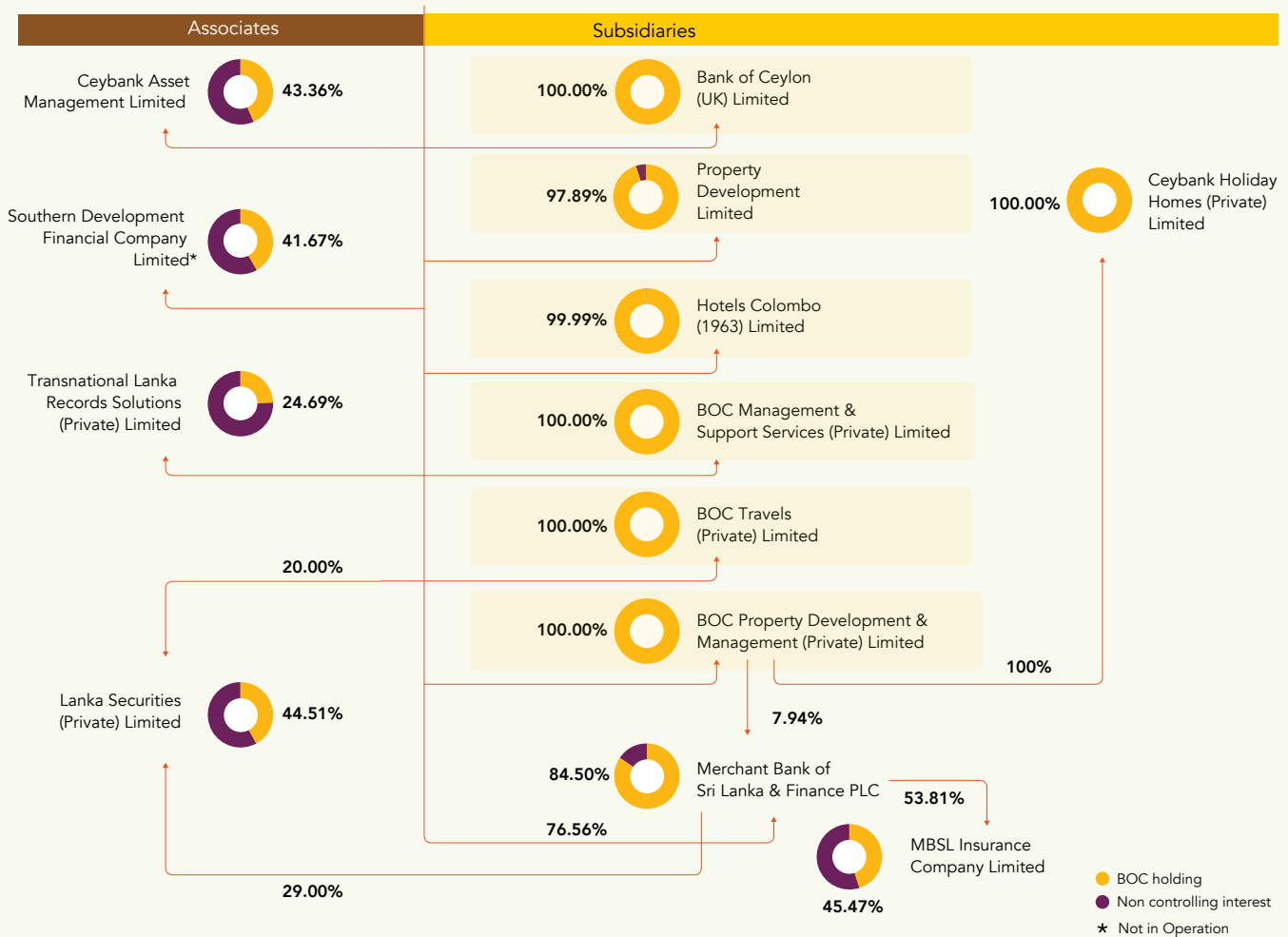
2,294
Customer Touchpoints

8,214
Employees

714
Correspondent Banking Relationships



OUR GROUP STRUCTURE AND KEY BUSINESS LINES



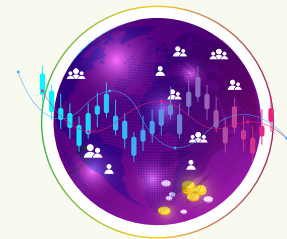
Retail Banking

We provide a comprehensive range of financial services including lending, deposits, payment solutions, and transactional banking designed to support small businesses, entrepreneurs, and individuals. Our offerings cater to a diverse clientele, from mass-retail customers to affluent and high-net-worth individuals, ensuring accessibility and convenience through both digital and in-person channels.



Corporate and Offshore Banking

We provide a variety of financial services - corporate funding and deposits, project financing, trade services, and offshore banking facilities catering to a diverse range from small and medium-sized enterprises to large corporations and institutions operating in the private sector, state sector, and offshore operations.



International, Treasury, Investment and Overseas Operations

The Bank's International Operations handle foreign currency transactions, while Treasury Operations manage liquidity and fund management, and the Investments Division handles investment activities. The Overseas Operations cluster is responsible for the Bank's overseas branch operations.

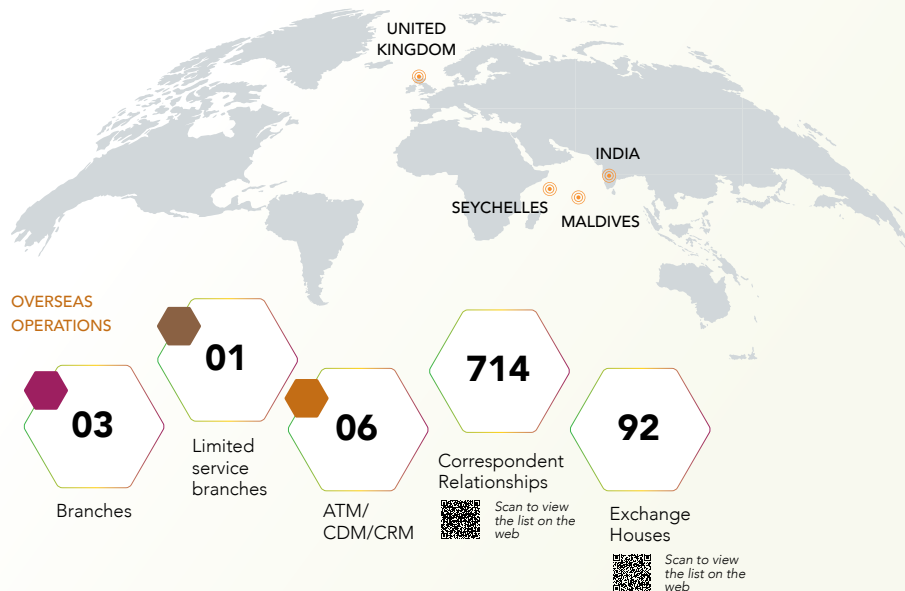
OVERVIEW OF BANK OF CEYLON

GRI 2-6

OUR FOOTPRINT

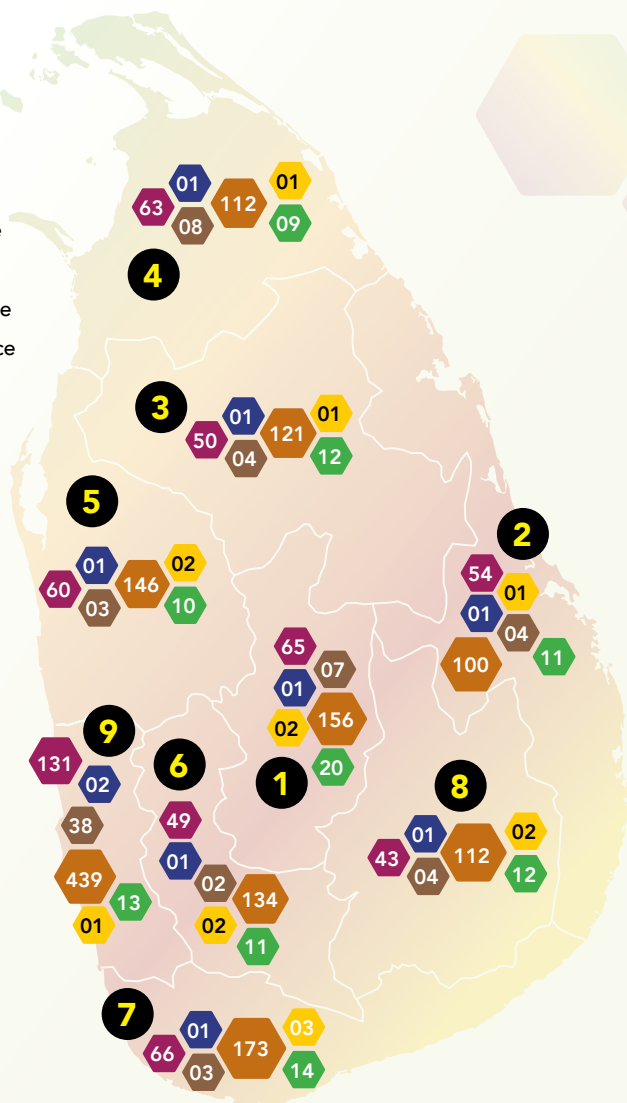
Our footprint is not just about reach, it is about the ripple effect of positive change. BOC continues to touch lives, transform communities and pave the way for a connected future. Every location, every interaction and every service is a testament to our mission to create impact. Through our expansive footprint, around 2,300 customer touchpoints including fully equipped and mobile branches, SME centres, ATMs, CDMs, and CRMs, the Bank remains dedicated to shaping a future where prosperity, opportunity and progress are within reach for every Sri Lankan.

Internationally, the Bank extends its presence with branches in India, Maldives, and Seychelles, a limited-service branch in Hulhumale, and a fully owned subsidiary in London-United Kingdom, reflecting our commitment to serving clients both locally and globally.

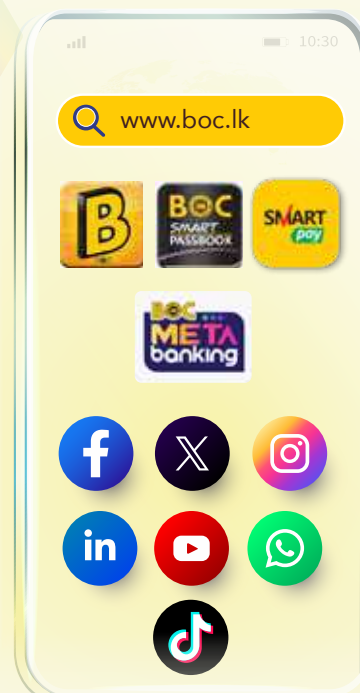


- 1 Central Province
- 2 Eastern Province
- 3 North Central Province
- 4 Northern Province
- 5 North Western Province
- 6 Sabaragamuwa Province
- 7 Southern Province
- 8 UVA Province
- 9 Western Province

- Branches
- Limited service branches
- Mobile Branches
- ATM/ CDM/ CRM
- SME Centres
- BOC Connect



OUR DIGITAL PRESENCE



An Enduring Strength and an Evolving Legacy

For 85 years, Bank of Ceylon has been the cornerstone of Sri Lanka's financial system. Strongly anchored in resilience, stability and an unwavering commitment, we have been a formidable force that empowers individuals, strengthens industries and sustains the nation's economic fabric.

At our core, we are structured for strength and efficiency firmly built on the principles of interconnectedness, adaptability and endurance. Like nature's most refined and resilient design - the hexagon of a beehive, we thrive on a foundation that balances stability with flexibility, tradition with transformation and trust with innovation. Each aspect of our operations strengthens the whole, creating an ecosystem where Sri Lanka's financial future is secure and dynamic.

A FOUNDATION OF STABILITY

As Sri Lanka's most trusted financial institution, BOC has weathered economic shifts, global disruptions and industry transformations with unyielding resilience. From preserving financial security in challenging times to enabling new opportunities in periods of growth, our foundation remains steadfast firmly built on decades of prudent governance, strategic foresight and a commitment to serve the nation.



A BANK THAT GROWS WITH THE NATION

Much like a perfectly aligned framework, the Bank thrives on the strength of its collective efforts. We are woven into the lives of 16.2 million customers, empowering individuals to prosper, businesses to expand and industries to thrive. Our reach extends across the nation, from urban centres to rural communities and across the shores, ensuring that progress is not just for a few, but for all.

SEAMLESS CONNECTIVITY, LIMITLESS POSSIBILITIES

Strength lies not just in individual components but in their seamless connection. With Sri Lanka's most expansive banking network and digital ecosystem, we link communities, industries, and markets by bridging financial aspirations with opportunities. Whether through our pioneering digital banking solutions, international trade facilitation, or rural financial inclusion, we ensure that every part of the economy is connected, every ambition is enabled and the future of everyone is secured.

A VISION BUILT FOR THE FUTURE

Efficiency and evolution define our journey forward. Just as nature refines its designs over time, we continue to innovate by introducing digital transformation, redefining customer experiences, and reshaping the financial landscape. Our vision is one of continuous progress, ensuring that Bank of Ceylon remains not only the bank of today but the bank of tomorrow.

A COMMITMENT TO SUSTAINABLE PROSPERITY

True strength lies in the ability to sustain and uplift. At Bank of Ceylon, we do not measure success solely in financial terms, but in the long-term well-being of the nation. Our commitment to sustainable banking drives initiatives that protect the environment, support responsible businesses and uplift communities ensuring that prosperity is enduring, inclusive and future-proof.

Like the perfect harmony of interlocking cells, each aspect of Bank of Ceylon contributes to a system that is stronger together. We are built to withstand, designed to evolve, and committed to creating lasting impact. As Bankers to the Nation, we continue to shape the nation's future-driven by innovation, strengthened by connections and sustained value through generations.



FINANCIAL HIGHLIGHTS

Financial Performance	Bank			Group		
	2024	2023	Change %	2024	2023	Change %
Results of Operations (LKR million)						
Total income	485,405	542,187	(10.5)	494,922	551,867	(10.3)
Net interest income	167,552	91,188	83.7	171,728	95,510	79.8
Profit before taxes on financial services	135,300	53,006	155.3	136,925	54,695	150.3
Profit before tax	106,904	40,342	165.0	108,221	41,773	159.1
Profit after tax	64,387	26,694	141.2	65,061	27,618	135.6
Value to the Government	65,931	25,948	154.1	66,969	26,999	148.0
Financial Position (LKR million)						
Total assets	4,985,139	4,411,748	13.0	5,048,671	4,467,760	13.0
Gross loans and advances	2,436,162	2,457,772	(0.9)	2,482,029	2,491,981	(0.4)
Deposits due to customers	4,208,603	3,882,232	8.4	4,245,532	3,909,581	8.6
Total liabilities	4,682,579	4,160,034	12.6	4,726,224	4,195,181	12.7
Total equity	302,560	251,715	20.2	322,448	272,579	18.3
Per Share Data (LKR)						
Basic earnings per share	2,575	1,068	141.2	2,600	1,103	135.8
Net assets value per share	12,102	10,069	20.2	12,852	10,858	18.4
Performance Ratios (%)						
Return on average assets	2.3	0.9	1.4	2.3	0.9	1.4
Return on average equity	23.2	10.6	12.6	21.9	10.1	11.8
Interest margin	3.6	2.1	1.5	3.6	2.2	1.4
Cost to income	40.1	55.7	(15.6)	41.3	56.8	(15.5)
Loans to deposits	57.9	63.3	(5.4)	58.5	63.7	(5.2)
Debt to equity	26.8	32.2	(5.4)			
Impairment provision as a percentage of gross loans and advances	10.6	10.1	0.5	10.5	10.1	0.4
Impaired loans (Stage 3)	7.2	5.1	2.1			
Impairment (Stage 3) to Stage 3 loans	53.6	60.4	(6.8)			
Statutory Ratios (%)						
Liquidity coverage ratio (Rupee) (Minimum requirement - 100%)	329.0	316.0	13.0			
Liquidity coverage ratio (All currency) (Minimum requirement - 100%)	269.6	227.2	42.4			
Net stable funding ratio (Minimum requirement - 100%)	157.9	145.0	12.9			
Leverage ratio (Minimum requirement - 3%)	4.4	4.8	(0.4)	4.6	5.0	(0.4)
Capital Adequacy Ratio (%)						
Common Equity Tier 1 Capital (Minimum requirement- 8.50%)	12.0	11.7	0.3	12.2	12.1	0.1
Tier 1 Capital (Minimum requirement- 10.00%)	13.0	12.8	0.2	13.1	13.1	-
Total Capital (Minimum requirement - 14.00%)	16.6	15.8	0.8	16.7	16.2	0.5

VALUE CREATION HIGHLIGHTS

OVERVIEW

Economic Performance

Economic Value Creation

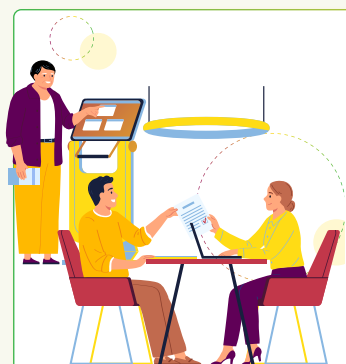
		2024	2023	Change %
Value to the Government	LKR billion	65.9	25.9	154.4
Forex inflows through inward remittances	USD billion	4.6	4.8	(4.2)
Funding to MSME sector	LKR billion	128.6	66.3	94
Business exposure revived	LKR billion	98.4	82.2	19.7

LEADERSHIP
INSIGHTS

2024 2023 Change

Financial inclusion

Disbursed through micro-financing	LKR billion	17.6	11.0	60%
New loans to microfinance sector	No.	39,957	32,115	7,842
Micro financing to women-led businesses	%	27	30	(3)
Customer touchpoints outside Western Province	No.	1,670	1,617	53
New Agents registered for BOC Connect	No.	35	43	(8)
New BOC Mithuru Societies	No.	330	214	116
New BOC Gammana established	No.	2	4	(2)
Accounts opened under Aswesuma programme	No.	275,417	353,764	78,347

OUR
STRATEGYOUR
PERFORMANCE

Social Performance

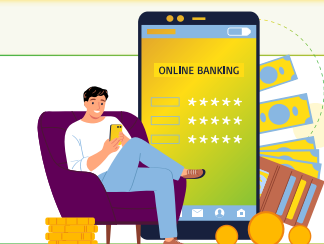
2024 2023 Change

Employees

Compensation paid to employees	LKR billion	40.3	29.8	35.2%
Promotions	No.	714	946	(232)
Total training hours	Man hrs.	202,115	275,019	(26.5)%
Investment in training and development	LKR million	374.9	200.1	87.4%
Retention rate	%	95	95	-

STAKEHOLDER
OUTCOMES

GOVERNANCE



Customers

		2024	2023	Change
Customer touchpoints	No.	2,294	2,241	53
Digital contact points	No.	1,503	1,490	13
Digital transactions growth	%	31	11	20
Businesses revived	No.	274	174	100

FINANCIAL
REPORTS

Environmental Performance

2024 2023 Change

Lending for green finance	LKR million	2,491.5	530.9	1,960.6
Paper recycled	MT	35.9	52.4	16.5
Savings through paper recycled (equivalent to)				
Trees	No.	610	891	(281)
Oil	Litres	63,003	91,994	(28,991)
Electricity	kWh	143,596	209,672	(66,076)
Water	Litres	1,140,870	1,665,844	(524,974)
Land fill	m ³	108	157	(49)
Solar power generation	MWh	4,581.5	3,245.3	(1,336.2)

COMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION

AWARDS AND ACCOLADES



BANK OF THE YEAR 2024 (SRI LANKA)

BANKER MAGAZINE OF UK

Top 1,000 Banks in the
World
(Only Sri Lankan Bank)
The Banker Magazine
(UK)



SLIM- KANTAR PEOPLE'S AWARDS 2024

The Best
Banking
Service
Provider of
the Year 2024



PINNACLE SRI LANKA PEOPLE'S AWARDS 2024

Most Innovative
SME Bank of
the year

Best SME Bank
in Sri Lanka



ANNUAL REPORT AWARDS

TAGS Awards
Competition 2024
CA Sri Lanka

Gold
award for
excellence in
State Banks
category

SUSTAINABILITY



Green Business Leadership
Award 2024 – Banking Sector
Green Building Council



Green
Commitment
Excellence
of the Year
Award - 2024



Silver Award – City
Office Branch –
Green Efficiency

LANKAPAY TECHNOVATION AWARDS 2024



Gold Award
for Overall
Award
Excellence
on Digital
Payments



Gold Award
for Bank of
the Year in
Financial
Inclusivity
(Category A)



Gold Award
for Best
Common
ATM enabler
of the Year
(Category A)



Gold Award
for Best
Bank for
Digital
Government
Payments



Silver
Award for
Best Bank
for Retail
Payments



Merit Awards for
most popular digital
payment product
(State Bank Category).

PEOPLE'S EXCELLENCE AWARDS 2024



Best
Marketing
Campaign
of the Year
(BOC Youth
Loan)



Best SME
Service
Provider



The Best
Bank in
Sri Lanka



Best Bank
Branch of
Excellence
Award -
Awarded to
Bank of Ceylon
Torrington
Branch

ASIA BEST EMPLOYER BRAND AWARDS 2024



Best
Employer
Brand
Award

BESTWEB.LK AWARDS 2024 ORGANISED BY THE LK DOMAIN REGISTRY



Most
Popular
Banking
Website
2024



Best
Banking
Website
(Bronze)



Gold Award -
Best Managed
Project in
Banking and
Financial
Services Sector

ISLAMIC FINANCE FORUM OF SOUTH ASIA (IFFSA)



Gold Award for
Breakthrough
Performance 2023/2024



Gold Award for
Marketing Campaign
2023/2024

LEADING WITH PURPOSE

By leveraging diverse strengths and working in harmony, the Board and the leadership team ensure that the Bank remains resilient and agile, able to adapt to changing economic conditions while maintaining a consistent focus on long-term success. This strategic alignment of diverse expertise creates a unified force that strengthens the Bank's overall governance, risk management, and growth strategies.

Inside a hive, tens of thousands of bees work in perfect coordination, each with a clear role-workers gather nectar, nurses care for larva and guards protect the colony. This highly interconnected system reflects the importance of every role which is considered vital to the survival and health of the colony.



CHAIRMAN'S MESSAGE

“With a legacy of trust and a vision for the future, BOC is more than a Bank; it is a nation-building institution, committed to powering Sri Lanka’s path toward economic revival, self-sufficiency, and global competitiveness”

“A record financial performance by any institution and one of the largest tax payers in the country.”

Kavinda M L de Zoysa
Chairman



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the Message in
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Dear Stakeholders,

Sri Lanka’s economic recovery gained momentum in 2024, despite global headwinds from geopolitical tensions and economic uncertainty. Following the change in the Government in late 2024, marked by the presidential and general elections, the country’s reform agenda continued to deliver tangible results. This was reflected in sustained GDP expansion across consecutive quarters in 2024, signalling economic resilience and momentum supported by an uptick in tourism and industry. Inflation remained in the low single digits, enabling further monetary easing and lower interest rates.

In this backdrop, Bank of Ceylon has stood as a steadfast pillar of support with a strong commitment to drive collective progress and

revitalise the economy. The Bank’s performance exemplified resilience and sustained financial growth, reinforcing its role as a catalyst for prosperity and stability. It gives me great pleasure to present the Annual Report of 2024 which highlights the innate strengths of the Bank of Ceylon, shaped by its enduring legacy of over 85 years. The Bank’s 12 integrated Annual Report outlines the key contributions to support a stronger and more resilient nation and sets forth our aspirations to shape a future-ready bank.

SHAPING STRATEGY TO SUPPORT A NEW ECONOMIC RENAISSANCE

The Bank relied on its inherent strengths, responsive strategies and prudent foresight to navigate through a period of uncertainty to overcome the long-term effects of the economic crisis. It remained dynamic and agile with a strong commitment and resolve to drive impactful outcomes.

In response to the evolving challenges, we focused on fostering economic stability by aligning our efforts with national priorities. Improvements in macroeconomic fundamentals, created a conducive environment for the Bank to play a supportive and pivotal role in driving a positive transformation. During this period, we placed emphasis on our five strategic imperatives; customer excellence, digital excellence, asset quality, stability in governance and sustainable growth and high performing team.

We focused on strengthening financial inclusion, expanding access to affordable credit, and supporting key sectors such as agriculture, infrastructure, and Small and Medium Enterprises (SMEs). Through targeted initiatives, we made financing more accessible to underserved communities, enabling them to participate in the recovery and growth of the economy. Our commitment towards these dimensions is reflected in our core strategy.

Our strategic initiatives placed a strong emphasis on digital transformation, improving our services to make banking more convenient and accessible for our customers. We launched several innovative solutions to create a frictionless banking experience, reducing barriers to financial services and empowering individuals and businesses alike. Moreover, we worked towards building a more sustainable future by promoting environmentally and socially responsible practices, both within our operations and through the products and services we offered. Our efforts to integrate sustainability into our business model delivered positive outcomes, contributing to the welfare of the people and communities we serve. **As the economy stabilised, BOC also played a crucial role in driving economic empowerment through entrepreneurship and job creation especially targeting women, youth and SME of our country.**

Looking back, the impact of these strategic imperatives was clear. We helped our customers thrive in a period of transition, creating an environment where growth, stability, and opportunity could flourish. These initiatives are not only a testament to our strength as a financial institution, but also to our unwavering commitment to the people of Sri Lanka.

As we continue to build on this success, we are strongly anchored on retaining market leadership, enhancing digital adoption, achieve best in sustainable banking status and exceed customer expectation.

SUSTAINING MARKET LEADERSHIP

The Bank achieved exceptional results during the year, demonstrating its commitment to financial stability and operational excellence. The Bank recorded a profit before tax of LKR 106.9 billion (never before achieved by any institution in Sri Lanka) compared to the corresponding figure of LKR 40.3 billion recorded in 2023, reflecting an exponential growth of 165%. The Bank recorded a profit after tax of LKR 64.4 billion, reflecting a 141% increase against the previous year. Enhanced profitability levels bolstered the Return on Assets and Return on Equity ratios to 2.3% and 23.2% respectively. **The Bank's contribution by way of financial service tax, income tax and others amounted to LKR 65.9 billion thereby denoting the Bank's significant contribution to the national economy as a state-owned enterprise.**

The Bank continued to uphold market leadership in assets, advances, deposits and foreign currency deposits, while its consistent growth in key financial indicators cemented its dominance in the Sri Lankan banking sector.

Banking Industry

BOC

Assets

24%

Advances

23%

Deposits

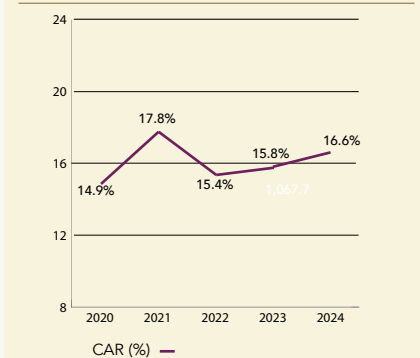
23%

In a notable milestone, the BOC Group's assets surpassed the LKR 5.0 trillion mark, supported by a 13% growth against the preceding year; a clear indicator of the Bank's strategic focus on assets and liability management and the

ability to capitalise on favourable market conditions. Despite the appreciation of the rupee, high levels of customer confidence and deposit mobilisation resulted in a noteworthy 8% growth in the deposit base, reaching a value of LKR 4.2 trillion during the year.

The Bank maintained robust capital adequacy ratios well above the statutory requirements. This highlights, the Bank's strong capital position and its ability to absorb potential risks. Additionally, BOC raised LKR 15.0 billion through a Basel III-compliant Tier 2 debenture issue during the year, enhancing the Bank's capital base and financial resilience.

Capital Adequacy Ratio



The Bank's position as a symbol of trust and stability continued to resonate across wide-ranging of stakeholder groups, resulting in the Bank garnering several accolades and achievements during the year. It gives me immense pride to share that **Bank of Ceylon has been awarded the prestigious title of 'Bank of the Year Sri Lanka 2024' by 'The Banker Magazine', a renowned publication of the Financial Times Group, UK, and holds the distinction of being the only Sri Lankan bank listed in the Top 1,000 World Banks 2024.**

CUSTOMER CENTRICITY AT THE CORE

We value our loyal customers as our greatest asset, placing them at the core of everything we do. With an extensive network comprising over 2,300 direct customer touchpoints, including fully equipped and mobile branches, SME centres, ATMs, CDMs and CRMs, the Bank relies on an island-wide network and an overseas presence to ensure accessibility to its wide range of banking services.

CHAIRMAN'S MESSAGE

Our IT initiatives have been instrumental in creating a seamless and personalised banking experience, allowing us to offer tailored financial solutions with the respect and attention every customer deserves. We empower our staff with advanced digital tools, freeing them to focus on value-adding interactions rather than routine tasks. The success of these innovations are evident in the strengthened customer relationships which has empowered our staff to provide customised solutions to a wide spectrum of customers from a rural farmer and a small business owner to leading corporates.

Through affordable credit, microfinance, and community banking solutions, **BOC uplifts small businesses, empowers women entrepreneurs, and strengthens local economies; ensuring equitable growth.** The 'BOC Gammana' and 'BOC Mithuru' initiatives extend beyond the realms of banking serving as lifelines to empower individuals and communities across Sri Lanka ensuring financial inclusivity despite geographical boundaries, income levels, or any other backgrounds.

At present, the Bank has initiated steps to revive and modernise its branch network in Sri Lanka and abroad to provide a seamless banking experience and access to more banking services. The Bank will continue to strengthen operational efficiency and agility, with a focus on streamlining decision-making to deliver swift results and remain responsive towards market shifts and the evolving needs of our customers.

COMMITMENT TO SUSTAINABLE AND IMPACTFUL FINANCE

As a responsible corporate citizen, we are committed to creating a positive impact for our stakeholders. We prioritise balancing profit, people and the planet as core values in everything we do. Environmental responsibility has been embedded into the Bank's systems, structures, and processes, particularly concerning to its paperless operations, digitalisation and the integration of rooftop solar panels into its physical locations. **By integrating ESG aspects across its operations, the Bank contributes towards all 17 UN Sustainable Development Goals.**

BOC also currently serves as one of the largest contributors towards solar lending, financing the Nation's investment in renewable energy. During the year, approx. 800 facilities were screened through the ESMS Unit for compliance with ESG factors to ensure that our lending portfolio conforms to sustainability guidelines.

The Bank contributed towards the growth and development of rural communities through its specially devoted programmes to promote financial inclusion and uplift rural communities. The Bank continued to invest in impactful CSR initiatives designed to drive sustainable development in Sri Lanka. The Bank's commitment to empowering the youth of the country was exemplified by dedicated loan products for driving and promoting entrepreneurship and new business startups. During the year, the Bank of Ceylon partnered with Government agencies such as Sri Lanka Post, the Industrial Development Board and multilateral organisations to promote responsible finance and financial literacy.

By the end of the year 2024 over 700,000 "Aswesuma" accounts are opened to support the most needy segment. Debit Cards at the cost of the Bank were also provided to over 304,000 customers to support and bring them to the banking service. **The Bank's commitment to financial inclusion is further demonstrated by a 50% growth in the Bank's SME portfolio, supported by the introduction of several loan schemes designed to support MSMEs, empower women and youth and promote rural development.**

The Bank's social initiatives are further underpinned by efforts to promote an empowered, diverse workforce, bolstered by inclusive policies, a rewarding culture, and high levels of employee engagement and development.

AGGRESSIVELY INVESTING IN DIGITAL TRANSFORMATION

Aligned with the country's digital strategy, digital transformation remains a pivotal strategic focus, and this year, we made significant strides as reflected in the evolution of our digital ecosystem. In response to evolving customer needs, the Bank focused on enhancing and improving the capabilities of the mobile

banking app during the year, thereby addressing scalability, elevating the customer experience and delivering higher levels of satisfaction. Looking ahead, the Bank aims to rely on its existing platforms to supplement physical branches to digital touchpoints, to further enhance customer convenience.

In an era defined by digital acceleration, Sri Lanka is making bold strides toward a cashless, interconnected financial landscape. At the heart of this transformation lies GovPay, a seamless digital payment platform that bridges the public sector with citizens and businesses, facilitating secure, real-time transactions.

As the Nation's premier state-owned bank, the Bank plays a pivotal role in enabling this ecosystem, leveraging its robust digital infrastructure to drive financial accessibility and efficiency by integrating the latest technology within its operations to streamline processes. The Bank leads in the Nation's digital adoption rates concerning its digital and electronic channels with most of the transactions of the Bank done through digital platforms.

The significant investment to upgrade our IT systems signify the importance we have placed on digital transformation. The Bank's primary ambition lies in enhancing speed, efficiency and connectivity with the end goal of accelerating the potential for national economic growth.

THE STRENGTH AND POTENTIAL OF OUR PEOPLE

Our workforce comprises over 8,200 skilled, performance-driven individuals, who serve as the cornerstone of the Bank's success. They are the heart of this institution who can convert strategy to action. We are dedicated to nurturing the potential of our people, empowering them to be agents and catalysts of change. By investing in the development of our diverse workforce in terms of continuous upskilling and reskilling, we are fostering a culture built on meritocracy along with an environment where innovation and inclusion thrive. By harnessing the potential of our people, I believe we can achieve great strides of progress. Our focus on unlocking individual capabilities through a diverse and skilled team allows us to deliver superior service and meet the most critical needs of our loyal customers.

GOVERNANCE AND RISK OVERSIGHT

Our emphasis lies in maintaining robust compliance with laws and regulations, and rigid internal controls, and a comprehensive risk management framework that encompasses diverse focus areas. I firmly believe that compliance is fundamental to the Bank's operating model and must be deeply embedded in our culture. It is imperative that every staff member embraces it as part of our DNA, with a zero-tolerance stance on fraud - a message that must resonate across all levels of the organisation. The Bank also continues to engage in the strategic and meaningful deployment of customer deposits and capital to ensure financial stability amid a changing landscape.

The Bank's commitment towards good governance, sustainable risk management and robust performance amidst challenges made the Fitch Ratings to upgrade Bank of Ceylon's National Long-Term Rating to 'AA-(lka)' and the Long-Term Foreign and Local Currency Issuer Default Ratings to CCC+, along with the country's economic recovery.

USHERING IN AN ERA OF PROSPERITY

Sri Lanka is indeed at the cusp of a new economic renaissance, marked by several transformative shifts across economic, political, and social spheres, with opportunities emerging in infrastructure development, digital innovation, and regional trade. Improved credit growth along with regulatory measures such as the Banking (Amendment) Act has positioned the banking sector for sustained stability amid evolving global challenges. These developments augur well for the expansion and growth of the banking industry.

The focus is on rebuilding the economy after recent challenges, leveraging its strategic location and strengthening key sectors such as tourism, BPO, Exports, manufacturing, and agriculture. Drawing strength upon our rich legacy, we intend to play a catalyst role to individuals, businesses and communities channelling financial strength, digital innovation, and sustainable banking to rebuild industries, empower citizens, and drive inclusive economic development.

With a legacy of trust and a vision for the future, BOC is more than a Bank, it is a nation-building institution, committed to powering Sri Lanka's path toward economic revival, self-sufficiency, and global competitiveness. This legacy of trust is further strengthened by the record-breaking profitability and the Bank's significant contribution to national revenue through taxation.

At Bank of Ceylon, we believe in the power of collaboration and responsible leadership. With deep insight and expertise, along with an expansive reach to serve across the country, we are committed to fostering financial and digital inclusion, ensuring strong governance, managing risks wisely and driving sustainable growth. Our focus is on creating enduring value for all our stakeholders, as we work towards a future where Sri Lanka stands among the most dynamic and fastest-growing nations in the region.

The Bank is guided by insightful leadership and the strength of its people. At the core of our success is our people; the driving force behind our transformation. We hope to foster a culture where every member of our team is empowered to act as a catalyst for change, enabling a bottom-up approach. By equipping our staff with the right skills, tools and insights, we hope to empower our team to be trusted advisors who play a pivotal role in guiding our customers' growth journeys. This approach will enable us to enhance service excellence, deepen customer relationships and create meaningful impact.

With the growing complexity in global markets and the dynamic nature of the financial sector, the Bank will focus on a proactive, forward-thinking approach to risk management. Our strategy hinges on identifying and mitigating potential risks before they materialise, to encourage an environment where innovation thrives without compromising on stability.

A NOTE OF APPRECIATION

I would like to extend my heartfelt gratitude to the General Manager/ CEO Russel Fonseka for his steadfast and visionary leadership during one of the most challenging periods in history, corporate and executive management

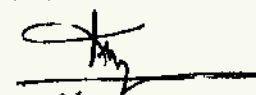
teams for the commitment and dedication to safely guiding the Bank through the most challenging period in its history. I express my sincere gratitude to the committed team of BOC who worked tirelessly to deliver the Bank's strategic aspirations.

The sole shareholder of the Bank, the Government of Sri Lanka has been a guiding force. I wish to place my sincere appreciation to the Hon. Minister of Finance and Secretary of the Treasury, the officials of the Ministry of Finance, for their continued support. I wish to convey my sincere gratitude to the Governor and the officials of the Central Bank of Sri Lanka and the Auditor General and his staff for their continued support.

I extend our sincere appreciation to Mr Kavan Ratnayaka, my predecessor and the outgoing Board of Directors for their service and tireless support in navigating the challenges that prevailed during the year. I extend a heartfelt thank you to my colleagues on the Board for their collective wisdom and steadfast support in charting the course of the Bank at this pivotal phase.

I would like to thank the Unions for their collective passion to nurture the legacy and future of 'Mother BOC' and urge them to continue to do so in the years to come with an open mind for new innovations and progressive ideas. I extend my heartfelt appreciation to the customers, business partners and all other stakeholders for their unwavering support and confidence.

As we move ahead, the Bank continues to rely on its strong foundation which has provided the impetus to navigate the future with confidence. Strengthened by our connections, we are geared to create sustainable value by staying true to our purpose of serving the nation.



Kavinda M L de Zoysa
Chairman

24 February 2025
Colombo



GENERAL MANAGER'S REVIEW

“For over eight decades, the Bank has played a pivotal role in shaping the financial landscape of Sri Lanka, demonstrating an unwavering commitment to service excellence.”

Russel Fonseka

General Manager/
Chief Executive Officer



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For over 85 years, the Bank of Ceylon has remained steadfast in its commitment to serving customers, communities, and the nation. Navigating challenges with resilience and a deep sense of responsibility, the Bank has continued to uphold its role as the “Bankers to the Nation”, ensuring stability and progress.

Aligned with the theme of the Bank's Annual Report, which draws inspiration from the hexagon, our strategic direction embodies efficiency, balance, and strength. The Bank has adopted a structured yet adaptable approach to overcoming challenges, enabling meaningful impact through strategic foresight and disciplined execution. By enhancing risk management,

optimising revenue streams, and refining operations, the Bank has not only withstood challenges but has also positioned itself to drive continuous economic recovery and growth.

Our focus remains on delivering sustainable value through a results-driven approach while remaining deeply committed to national progress. Much like the hexagon's interlocking structure, which symbolises unity and purpose, the Bank's collective efforts are dedicated to fostering resilience and renewal. It is with this perspective that I present the Bank's annual review, reflecting on the year's achievements and the path forward.

NEXUS OF TRUST AND CONNECTION

As the nation experienced encouraging signs of economic revival following a period of uncertainty, the Bank played a pivotal role as a trusted pillar of support for the country and its people. Driven by the steadfast belief that it can contribute to reshaping Sri Lanka's trajectory toward a sustainable and progressive future, the Bank remained committed to fostering economic resilience.

With macroeconomic conditions stabilising in the second quarter of 2024, a conducive environment for credit growth emerged, driving the much needed renewal of business confidence. A reduction in inflationary pressures, favourable movements in interest rates, and improved political stability created a solid foundation for sustainable expansion. Against this backdrop, the Bank successfully made significant strides in advancing its strategic objectives, reinforcing its role in the nation's economic progress.

SRI LANKA'S ECONOMIC RECOVERY AND THE BANK'S GLOBAL RECOGNITION

In 2024, Sri Lanka successfully completed a comprehensive debt restructuring process with the International Monetary Fund (IMF). Encouragingly, the country surpassed the IMF's baseline projections for nominal GDP in 2024, achieving USD 84.4 billion against a projected USD 75.3 billion. On December 20, following the restructuring, Fitch Ratings upgraded Sri Lanka's credit rating from Restricted Default to CCC+, signaling renewed confidence and much-needed clarity for the country's economic future.

Against this backdrop, the Bank reaffirmed its global stature, securing a prestigious position among the world's top 1000 banks and earning the esteemed title of Bank of the Year 2024 – Sri Lanka by The Banker Magazine, UK. Furthermore, for an unprecedented 15th consecutive year, the Bank was recognised as Sri Lanka's No.1 Banking Brand by Brand Finance Lanka, underscoring its pivotal role in shaping the nation's financial landscape.

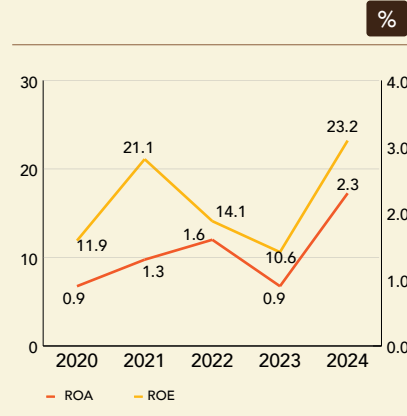
ACHIEVING AN IMPACTFUL FINANCIAL PERFORMANCE

The Bank delivered an exceptional financial performance in 2024, reflecting its resilience and strategic agility in navigating a period of extraordinary challenges. It recorded its highest-ever Profit Before Tax (PBT) of LKR 106.9 billion, marking a 165% increase from LKR 40.3 billion in 2023. This historic achievement establishes the Bank as the leader in Sri Lanka's banking industry.

Demonstrating adaptability to evolving business conditions, the Bank successfully repriced its assets and liabilities, resulting in an 84% increase in net interest income to LKR 167.6 billion year-over-year. Additionally, strong growth in card-related transactions, retail banking services, and the widespread adoption of digital banking channels significantly contributed to the Bank's bottom-line expansion.

The Bank also made a substantial contribution to national development, contributing LKR 65.9 billion in taxes, reinforcing its role in the country's economic progress. Enhanced profitability further strengthened key financial indicators, with the Return on Assets (ROA) improving to 2.3% from 0.9% in 2023, and Return on Equity (ROE) rising to 23.2%, compared to 10.6% in 2023.

ROA AND ROE



This remarkable financial performance is a testament to the Bank's unwavering commitment to excellence, its strategic foresight, and its profound impact on economic growth and societal well-being.

STRENGTHENING CREDIT RISK MANAGEMENT AND FINANCIAL STABILITY

The Bank reinforced its vigilance on credit risk management by implementing targeted oversight measures, reflecting a prudent approach to mitigating potential credit risks. Given the heightened external risk factors, the Bank adopted a proactive stance, ensuring timely interventions to prevent credit losses. As a result, the impairment charge for loans and advances amounted to LKR 12.4 billion, reflecting the ongoing economic challenges.

The debt restructuring process resulted in a Day 1 loss of LKR 19.6 billion under interest income and a haircut loss of LKR 4.9 billion due to the derecognition of financial assets. However, the net positive impact on profit from ISB restructuring was LKR 14.1 billion, contributing to the Bank's overall financial resilience.

Despite the downward trend in interest rates, the Bank's deposit base grew by 8% to LKR 4.2 trillion, reflecting strong customer trust and confidence. Additionally, total asset growth was primarily driven by increased investments.

MAINTAINING CAPITAL STRENGTH AND LIQUIDITY RESILIENCE

The Bank successfully raised LKR 15.0 billion in Basel III-compliant Tier II capital via a debenture issue, further strengthening its capital base. The Bank maintained robust capital adequacy ratios, with a Tier 1 capital ratio of 12.0% and a Total Capital Ratio of 16.6%, both exceeding Basel III regulatory requirements. This underscores the Bank's strong financial position and its capacity to absorb potential risks.

Furthermore, liquidity coverage ratios for both rupee and foreign currency holdings remained well above regulatory thresholds, standing at 329.0% and 269.6%, respectively, ensuring the Bank's ability to meet financial obligations with confidence.

Beyond financial metrics, the Bank remains deeply committed to national development. Its contributions extend beyond taxation to fostering

GENERAL MANAGER'S REVIEW

financial inclusivity, enabling broad-based economic growth, and advancing Sri Lanka's socio-economic landscape.

CUSTOMER CENTRICITY AT THE CORE COMMITMENT TO FINANCIAL INCLUSION AND ECONOMIC GROWTH

For over eight decades, the Bank has played a pivotal role in shaping the financial landscape of Sri Lanka, demonstrating an unwavering commitment to service excellence. As the premier state bank, it recognises that true progress is rooted in inclusivity—ensuring that every individual, regardless of background, location or financial standing, has equitable access to essential financial resources.

At the core of the Bank's philosophy there is a deep commitment to customer centricity. Beyond offering financial products, the Bank prioritises understanding the aspirations, challenges, and evolving needs of its diverse customer base. From urban entrepreneurs and rural farmers to SMEs and large-scale enterprises, it continues to develop innovative financial solutions that empower growth at every level.

Through digital transformation, the Bank enhances accessibility by bringing financial services closer to the people. Its mobile banking solutions, agent banking networks, and financial literacy initiatives ensure that banking remains simple, secure, and within reach, even in the most remote parts of the country. Inclusivity is not merely an ambition but a fundamental commitment. The Bank actively promotes financial empowerment through initiatives such as women's entrepreneurship programmes and youth banking products. By extending its reach across every corner of Sri Lanka, it plays a crucial role in bridging the financial gap and ensuring that no one is left behind.

Financial inclusivity is a fundamental pillar of the Bank's mission. Through the dedicated efforts of its passionate team, the Bank has played a pivotal role in reaching unbanked communities, fostering tangible socioeconomic impact. Throughout the year, numerous initiatives and outreach sessions were conducted to promote financial inclusion, ensuring

greater accessibility to banking services.

As a cornerstone of Sri Lanka's economic framework, the Bank's responsibility extends beyond transactions, actively contributing to national development. By supporting microfinance initiatives, sustainable development projects, and financial inclusion policies, it fosters economic resilience at both the grassroots and national levels.

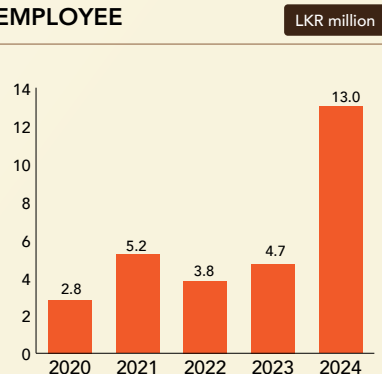
NURTURING A HIGH-PERFORMING TEAM

The Bank's success is deeply rooted in the strength and dedication of its employees. Recognising its workforce as a key driver of growth, the Bank remains committed to fostering a supportive and empowering work environment.

With a focus on open communication, professional development, and work-life balance, the Bank continuously invests in initiatives that enhance employee engagement and satisfaction. It actively promotes a culture of diversity and inclusion, recognises outstanding achievements, and provides structured career advancement opportunities.

Despite challenges such as increased employee turnover amid economic fluctuations, the Bank remains steadfast in its commitment to maintaining high levels of motivation and engagement. Through a robust performance management system, it ensures that employees are rewarded for their contributions, reinforcing a culture of excellence and long-term organisational success.

PROFIT PER EMPLOYEE



DIGITAL EXCELLENCE

Sri Lanka has witnessed significant traction in digital adoption, and the Bank has similarly experienced strong growth in this area. The Bank's digital ecosystem has been expanded with over 1,500 digital touchpoints, providing future-ready customers of BOC with a diverse range of digital platforms for seamless transactions. This transformation has significantly enhanced the customer experience by improving efficiency levels.

Encouragingly, the Bank has observed a notable increase in digital adoption rates, with a corresponding rise of 22% in digital transactions. To further strengthen its digital capabilities, the Bank's mobile application underwent substantial refinements and upgrades. During the year, the Bank's total investment in digital and IT innovation exceeded LKR 3.4 billion. Additionally, IT-driven workflow enhancements have delivered tangible improvements in operational efficiency while contributing to sustainability efforts, including a reduction in paper usage.

STABILITY, GOVERNANCE, AND SUSTAINABLE GROWTH

The Bank remains steadfast in enhancing its governance framework. From the highest governing body to middle management, its leadership comprises distinguished professionals with diverse expertise. This multidisciplinary approach strengthens decision-making, allowing the Bank to proactively identify risks, seize opportunities, and craft innovative solutions to complex challenges.

As a responsible financial institution, the Bank has seamlessly integrated sustainability into its core operations, with a strong emphasis on environmental stewardship and financial inclusion. A key aspect of this commitment is its expansive branch network, which is increasingly powered by solar energy, reinforcing its proactive stance on natural resource conservation.

The Bank continues to enhance its capacity in climate finance, with a strategic focus on green lending, renewable energy financing, and carbon neutral banking solutions.

In alignment with SLFRS S1 and S2 standards, it has initiated the process of identifying and assessing climate-related risks and opportunities, ensuring that sustainability is embedded within financial decision-making.

To further strengthen its commitment to Environmental, Social, and Governance (ESG) principles, the Bank has engaged external consultants to develop a comprehensive ESG Road Map. As it moves towards full compliance with global sustainability disclosure standards by 2025, the Bank is actively refining its governance frameworks. This includes enhancing data collection mechanisms and risk assessment models to improve transparency and reporting on climate-related financial disclosures.

During the year, the Bank placed significant emphasis on expanding its green lending portfolio, allocating LKR 6.1 billion while ensuring sustainability through rigorous screening by the Environmental and Social Management System (ESMS) Unit. Recognised as a leading lender in the solar sector, the Bank's commitment to environmental sustainability was further validated by receiving the Green Business Leadership Award and the Green Commitment Excellence of the Year Award from the Green Building Council.

REALISING ASPIRATIONS

With improvements in sovereign ratings, political stability, and advancements in key economic sectors such as tourism, exports, and foreign remittances, Sri Lanka's economic outlook remains promising. Against this backdrop, the Bank of Ceylon is positioned to play a crucial role in the nation's economic growth. The Bank's strategic focus will be on revamping its business model, with an emphasis on enhancing private sector lending, particularly for retail customers, MSMEs, and corporate clients.

As part of its mission, BOC is committed to promoting financial inclusivity, bridging socioeconomic disparities by reaching unbanked populations. Additionally, strategic initiatives are underway to upgrade international operations and introduce new environmentally friendly lending products.

Looking ahead, the Bank of Ceylon remains dedicated to advancing digital excellence and fostering innovation to enhance customer experience. This commitment includes the integration of cutting-edge technologies, data analytics, and robust cybersecurity measures to uphold the integrity and reliability of its digital banking ecosystem.

As a responsible financial institution, the Bank is dedicated to expanding green lending initiatives, financing renewable energy projects, and promoting energy-efficient technologies alongside eco-friendly infrastructure developments. These efforts aim to empower businesses and individuals to make environmentally conscious financial decisions.

A key component of the Bank's strategy is transparent and comprehensive reporting under the ESG framework. The Bank's commitment to ESG principles not only strengthens operational transparency but also reinforces trust and credibility among stakeholders.

As Sri Lanka embarks on a future of economic recovery and growth, BOC is well-positioned to contribute to the nation's progress. With a strong financial foundation, an innovative approach, and a commitment to sustainable development, the Bank aspires to shape Sri Lanka's financial landscape-anchored in its core values of trust and service.

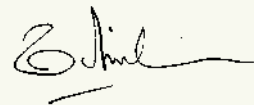
APPRECIATION

Reflecting on a year of remarkable achievements, I extend my sincere gratitude to the Chairman and Board Members for their visionary leadership, unwavering guidance, and strategic direction. Additionally, I wish to acknowledge the dedication, resilience, and passion of the Corporate and Executive Management Team, Trade Unions along with the entire BOC team, whose hard work and commitment have fuelled our success. This year's accomplishments stand as a testament to their collective effort and teamwork.

I also extend my appreciation to the Ministry of Finance, the Governor and officials of the Central Bank of Sri Lanka, as well as the Auditor General and National Audit Office, for their regulatory oversight and guidance throughout a challenging year. Their continued support remains invaluable to our journey forward.

To our esteemed customers and business partners, your trust and loyalty inspire us to pursue excellence. We deeply appreciate the opportunity to serve you and remain committed to continuously enhancing our services to meet your evolving needs.

Much like a hexagon-a symbol of strength, synergy, and renewal-the Bank of Ceylon has remained steadfast in adapting and evolving to drive progress. As we embrace a new era of revival and growth, our commitment to empowering communities, strengthening networks, and fostering national development remains unwavering. Through resilience and innovation, we will continue to forge enduring partnerships, unlock new opportunities, and shape a future of shared prosperity.



Russel Fonseka
General Manager/
Chief Executive Officer

24 February 2025
Colombo

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Dr Kapila Senanayake
Non-Independent
Non-Executive
Ex-officio Director

Mr Kavinda M L de Zoysa
Chairman
Independent
Non-Executive Director

Mr Jehaan Ismail
Independent
Non-Executive Director



Dr Amal Illesinghe
Independent
Non-Executive Director

Mr R M P Rathnayake
Independent
Non-Executive Director

Mr Jayamin Pelpola
Independent
Non-Executive Director

**Ms Janaki Senanayake
Siriwardane**
Secretary, Bank of Ceylon/
Secretary to the Board

BOARD OF DIRECTORS



MR KAVINDA M L DE ZOYSA

Chairman

Independent Non-Executive Director

Date of Appointment:
04 November 2024

SKILLS AND EXPERIENCE

- A career banker with over 30 years of industry experience and expertise in management, leadership, strategic planning, and governance.
- Experience in Corporate and Investment Banking, Capital Markets, Mergers and Acquisitions, Risk Management and Advisory.
- Experience in Retail and Branch Banking, Digitalisation, Project Finance, Development Banking, SME Lending, ECA Finance, Trade, Cash Management, Treasury, Marketing, Banking Operations, and Audit.
- MBA (Merit Pass) from the University of Colombo and Gold Medalist.
- Fellow of the Chartered Institute of Management Accountants (CIMA) U.K.
- Chartered Global Management Accountant (CGMA)-AICPA and CIMA.
- Fellow of the Chartered Institute of Marketing (CIM) U.K.
- Fellow of the Institute of Bankers of Sri Lanka (IBSL).
- Fellow of the Certified Management Accountants of Sri Lanka (CMA).
- Completed Executive Education Programme in 'Leading with Data and Analytics' from the University of Chicago Booth School of Business.

PREVIOUS APPOINTMENTS

- Director and Country Business Head, Citibank N.A., Sri Lanka.
- Served at National Development Bank (former ABN Amro), Nations Trust Bank, and Seylan Bank.
- Chairperson, MESANA REG for the Association of International Certified Professional Accountants (AICPA).
- Chief Examiner, Moderator and Advisor to the Institute of Bankers of Sri Lanka.

- Non-Executive Director of the American Chamber of Commerce Sri Lanka.

OTHER APPOINTMENTS

- Non-Executive Chairman/ Director of Bank of Ceylon (UK) Limited.
- Non-Executive Chairman/ Director of Property Development Limited.
- Global Council Member, (CIMA) U.K.
- Senior Global Membership Assessor for CIMA/ AICPA.
- Visiting lecturer at the University of Colombo and University of Ruhuna.



DR. KAPILA SENANAYAKE

Non-Independent Non-Executive
Ex-officio Director

Date of Appointment:
14 November 2024

SKILLS AND EXPERIENCE

- Widespread experience and exposure in public and private sector Strategic planning, financing, management, leadership and governance.
- Holds a PhD in Economics from the University of New South Wales, Australia.
- Master of Public Policy from Graduate School of Business Strategy, Hitotsubashi University, Japan.
- Bachelor of Commerce (Special) Degree, with a Second Class (Upper Division) from University of Sri Jayewardenepura.
- Holds an Advanced Diploma in Management and Administration from Sri Lanka Institute of Development Administration (SLIDA) and Sri Lanka Foundation Institute.

PREVIOUS APPOINTMENTS

- Director of National Savings Bank, including Board Sub Committees: Board Integrated Risk Management Committee, Board Audit Committee, and Nomination Committee.
- Director of Hotel Developers (Lanka) Limited.
- Director of Board of Investment of Sri Lanka.

- Director of University Grant Commission.
- Director of Post Graduate Institute of English.
- Director of Sri Lanka Institute of Local Governance.
- Director of Lanka Coal (Private) Limited.
- Ex-officio member at the Board of Governors of the Institute of Policy Studies of Sri Lanka.

OTHER APPOINTMENTS

- Director General of the Department of Fiscal Policy of the Ministry of Finance, Economic Development, Policy Formulation, Planning and Tourism.



MR JEHAAN ISMAIL

Independent Non-Executive Director

Date of Appointment:
07 February 2024

SKILLS AND EXPERIENCE

- Over 40 years of extensive experience in commercial and investment banking mainly in Asia, countries in the Western Hemisphere and the Middle East.
- Has coordinated major system related projects and has been responsible for the setting up and running of all investment banking support functions.
- A visiting lecturer (Institute of Bankers of Sri Lanka) Teaching Practice of Banking and Trade Finance.
- A training executive for over 02 years.
- Holds a Bachelor of Science (Chemistry) degree with Honours from the University of Colombo, Sri Lanka.
- Fellow member of the Chartered Institute of Bankers, UK.
- Has participated in external management and leadership development programmes at INSEAD and Cranfield.

PREVIOUS APPOINTMENTS

- Director/ CEO of M Power Capital Limited.
- Director/ CEO of First Capital Holdings PLC.

- Chief Operating Officer of both HSBC Colombia and HSBC Saudi Arabia.
- CEO of SABB Securities (HSBC Group, Saudi Arabia).
- Senior Vice President Corporate Banking HSBC Indonesia.
- Global Relationship Manager - Corporate Banking HSBC Hong Kong.

OTHER APPOINTMENTS

- Executive Chairman of M Power Capital Limited.
- Non-Executive Chairman of M Power Capital Securities Limited.
- Non Executive Chairman/ Director of Hotels Colombo (1963) Limited.
- Executive Director of Common Well (Private) Limited.
- Executive Director of Kapitan (Private) Limited.
- Non-Executive Director of Little Gym Lanka (Private) Limited.
- Non-Executive Director of Merchant Bank of Sri Lanka and Finance PLC.



MR JAYAMIN PELPOLA

Independent Non-Executive Director

Date of Appointment:
22 February 2024

SKILLS AND EXPERIENCE

- Over 20 years of international experience in investment banking, asset management, and digital finance.
- Has structured international investments exceeding USD 20 billion.
- As a senior consultant, advised US banks and international Central Banks on banking sector reforms. This includes advising the Board of Directors at Bank of America, DBS, Wells Fargo and Deutsche Bank on capital adequacy decisions, recapitalisations and the application of digital innovations in banking.
- Investor and entrepreneur in the Financial Technology (FinTech) space.

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- Holds an MBA from the Harvard University (Cambridge, Massachusetts).
- Holds a Postgraduate Diploma in Marketing from CIM (UK).
- Obtained charters from Chartered Financial Analyst Institute (USA) and Chartered Institute of Management Accountants (UK). Became the youngest Chartered Management Accountant in the world, at the time.

PREVIOUS APPOINTMENTS

- Director of Board of Investment (BOI) of Sri Lanka. Chairman of the Audit Committee at the BOI.
- Investment Manager, Vice President and Proprietary Trader at Goldman Sachs.
- Consultant - Finance sector (Vice President) with Nomura.
- Founder of Moneyworks Technologies.
- Vice President with Amba Research (renamed Acuity Knowledge Partners).

OTHER APPOINTMENTS

- Co-Founder and Non-Executive Director of Cambridge Residences (Private) Limited (Real Estate industry).
- Co-Founder and Non-Executive Director of Cambridge Ventures (Private) Limited (Venture Capital Industry).
- Co-Founder and Non-Executive Director of Onterra (Pvt) Ltd (Information Technology and Artificial Intelligence industry).
- Director of Ceylon Eco Spices (Commodities industry).



DR. AMAL ILLESINGHE

Independent Non-Executive Director

Date of Appointment:
06 December 2024

SKILLS AND EXPERIENCE

- An experienced and a highly qualified Banking Professional with over 35 years of experience in Information and Communication Technology and Strategic Management.
- PhD Doctorate in Informatics from Malaysia University of Science and Technology, Malaysia.

- Master of Science in Information Technology from UCSC, University of Colombo.
- Master of Business Administration from University of Kelaniya.
- Post Graduate Diploma in Computer Technology from Institute of Computer Technology, University of Colombo.
- Bachelor Degree (Hons) in Mathematics and Statistics from University of Sri Jayewardenepura.

PREVIOUS APPOINTMENTS

- Served at National Savings Bank and People's Bank.
- Board member of National Youth Service Council.
- Secretary of the Bank CIO forum.
- Member of the Electronic Payment System Implementation Committee.
- Member of the National Payment Council.
- Member of CBSL appointed LankaQR Implementation Committee and Shared KYC implementation based on Blockchain Technology Committee.

OTHER APPOINTMENTS

- Member of British Computer Society (BCS) and Computer Society of Sri Lanka (CSSL).
- Treasurer of CSSL.
- Executive Council Member of OPA.



MR R M P RATHNAYAKE

Independent Non-Executive Director

Date of Appointment:
20 December 2024

SKILLS AND EXPERIENCE

- Over 25 years of distinguished service in the public sector and extensive experience in multilateral development banking, bilateral Official Development Assistance (ODA) negotiations, fostering relationships with development partners, and engaging with lending agencies, governance and oversight.
- Holds BSc in Agricultural Economics from the University of Peradeniya.

- MSc in Agriculture from the Agricultural University of Norway.
- Expertise in multilateral development banking, mobilising foreign funding for key development projects.

PREVIOUS APPOINTMENTS

- Deputy Secretary to the Treasury.
- Ex-officio Director of Bank of Ceylon and the Securities and Exchange Commission of Sri Lanka.
- Acting Chairman of Colombo Lotus Tower Management Company (Private) Limited.
- Chairman of National Savings Bank.
- Director of the National Medicinal Drug Regulatory Authority.
- Non-Executive Director of the Asian Infrastructure Investment Bank, Beijing, People’s Republic of China.
- Director of People’s Bank.
- Director of the Civil Aviation Authority of Sri Lanka.
- Director of the Sri Lanka Institute of Tourism and Hotel Management.
- Director of the State Pharmaceuticals Corporation of Sri Lanka (SPC).
- Commission member of Insurance Regulatory Commission of Sri Lanka.
- Ex-officio Chairman of Local Loan and Development Fund.



MS JANAKI SENANAYAKE
SIRIWARDANE

Secretary, Bank of Ceylon/ Secretary
to the Board

Profile is given on page 32.

CORPORATE MANAGEMENT



Seated left to right

Mr Priyal Silva, Mr Y A Jayathilaka

Standing left to right

Mr Rohana Kumara, Mr Damma Wijayawardhane, Ms W B P Rathnayake, Mr Sampath Perera, Mr Badra Kalyanapriya Gurusinghe, Mr Buddhikka Seelanatha, Ms Priyanthi Wijesekara, Mr Ruwan Kumara



Seated left to right
Mr Russel Fonseka, Ms Janaki Senanayake Siriwardane

Standing left to right
Mr Nilantha Meneripitiyage, Mr S Sivanjan, Ms Rochelle Fernando, Mr P Maduwantha Liyanage, Mr R M N Jeewantha, Mr K A Ajith Karunarathne, Mr Jayashantha Godakanda, Mr Sameera D Liyanage, Mr Anton John Pulle

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MR RUSSEL FONSEKA

General Manager/ Chief Executive Officer

Appointed as the General Manager in January 2023.

Over 34 years of experience in Banking Service specialising in Corporate and Offshore Banking, Retail Banking, International, Treasury and Investment Banking. Prior to appoint as the General Manager/ Chief Executive Officer, he performed duties as the Chief Financial Officer of the Bank, managing financial aspects of the Bank to proactively implement necessary alignments to the Bank's overall strategy with his expertise on financial and banking discipline.

BSc (Special) Degree in Business Administration (University of Sri Jayewardenepura), MBA (University of Southern Queensland, Australia), Advanced Management Programme at Harvard Business School, USA, Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Senior Fellow Member of the Institute of Bankers of Sri Lanka.



MS JANAKI SENANAYAKE SIRIWARDANE

Senior Deputy General Manager, Secretary, Bank of Ceylon/ Secretary to the Board

Appointed to the Corporate Management in October 2010.

Over 28 years of experience in the Bank in Company Secretarial and Corporate Governance.

An Attorney-at-Law by profession with a LLB.

MBA (Merit) from the University of Colombo.



MR Y A JAYATHILAKA

Deputy General Manager (Product and Banking Development)

Appointed to the Corporate Management in February 2020.

Counts over 27 years of experience in multi-disciplinary roles in Branch Operations, Treasury and Overseas operations, Project Management, Process Automation, Products and Process Development, Credit Operations, and Recoveries.

Has been involved in major IT projects such as implementation of Core Banking and Trade Finance systems in Bank of Ceylon (UK) Ltd, Core Banking and Teller system upgrade of the Bank, implementation of DMS and Workflow Automation System, and several other customer-facing digital offerings of the Bank such as BOC Digi, Branch on Wheels, BOC Connect, WhatsApp banking, Smart Passbook, Smart FD, Self-service kiosks, and Apply Online.

BSc (Special) Degree in Business Administration (University of Sri Jayewardenepura), Master of Business (Finance) Degree (University of Kelaniya), Associate member of the Institute of Bankers of Sri Lanka, and Advanced Course in Strategic Management from the Postgraduate Institute of Management (University of Sri Jayewardenepura).



MR PRIYAL SILVA

Deputy General Manager (Branch Operations)

Appointed to the Corporate Management in February 2020.

Counts over 27 years of extensive experience in various aspects of banking specialising in Finance, Corporate, Retail and Development Banking, International and Treasury Operations and Branch Operations including Sales and Marketing.

BBA (Special) Degree in Marketing (University of Ruhuna), MBA in Accountancy (University of Kelaniya), Postgraduate Diploma in Professional Marketing (Chartered Institute of Marketing, UK), Postgraduate Diploma in Business Administration, Member of the Chartered Institute of Marketing (UK), Associate Member of the Institute of Bankers of Sri Lanka and Member of the Sri Lanka Institute of Marketing.



MR JAYASHANTHA GODAKANDA

Deputy General Manager (International, Treasury and Investment)

Appointed to the Corporate Management in September 2020.

Counts over 27 years of experience in the Bank with specialised skills in the Branch Banking and Operations, Retail Banking, Treasury Operations, Assets and Liability Management, Risk Management, Recovery, Corporate and Offshore Banking Operations and Credit.

BSc (Special) Degree with first class in Business Administration (University of Sri Jayewardenepura), MA in Financial Economics (University of Colombo), Diploma in Credit Management (Institute of Bankers of Sri Lanka) and Associate Member of the Institute of Bankers of Sri Lanka.

Served as a Director of RDB for two years, driving accountability and sound financial practices.



MS W B P RATHNAYAKE

Chief Compliance Officer

Appointed to the Corporate Management in September 2020.

Experience in all aspects of commercial banking with local and international exposure during her career spanning over 27 years.

Expertise in Corporate and Retail Credit and Risk Management and was instrumental in developing risk management policies and tools for the Bank.

BSc (Special) Degree in Agriculture (University of Ruhuna), MBA (Open University of Sri Lanka), Postgraduate Executive Diploma in Bank Management (Institute of Bankers of Sri Lanka), International Diploma in Governance, Risk and Compliance (International Compliance Association, UK), and Associate Member of the Institute of Bankers of Sri Lanka and the International Compliance Association.

Serves as the president of Association of Compliance Officers of Banks – Sri Lanka (ACOBSL).



MR R M N JEEWANTHA

*Deputy General Manager
(Development Banking and Branch Credit Operations - Range 2)*

Appointed to the Corporate Management in September 2020.

Over 22 years of Banking experience in the areas of Treasury Management, Investment Banking, Financial Management, Credit Management and Retail Banking.

BSc (Special) Degree in Accountancy (University of Sri Jayawardenepura), MBA from the Postgraduate Institute of

Management (University of Sri Jayawardenepura), Member of the Institute of Certified Professional Managers of Sri Lanka and Senior Fellow Member of the Institute of Bankers of Sri Lanka.

Visiting Lecturer, University of Sri Jayawardenepura and Institute of Bankers of Sri Lanka.



MR RUWAN KUMARA

Chief Financial Officer

Appointed to the Corporate Management in September 2020.

Over 22 years of experience in banking specialising in Financial Management, Strategic Planning, Investment Banking, Commercial and Overseas Banking operations.

BSc (Special) Degree in Accountancy (University of Sri Jayawardenepura), Commonwealth Executive MBA (Open University of Sri Lanka), Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Associate Member of the Certified Management Accountants of Sri Lanka, Associate Member of the Institute of Bankers of Sri Lanka and Member of the Sri Lanka Institute of Directors.



MR S SIVANJAN

*Deputy General Manager
(Business Revival and Rehabilitation)*

Appointed to the Corporate Management in September 2020.

Over 22 years of banking experience in Retail Branch operations, Credit, Recovery, Business Revival and Rehabilitation, Development Banking, Branch Transformation, Microfinance, International and Overseas operations.

BSc First Class Honours Degree in Science (University of Jaffna) and MBA in Marketing (University of Colombo).



MR BADRA KALYANAPRIYA GURUSINGHE

Chief Legal Officer

Appointed to the Corporate Management in September 2020

Over 27 years of experience as a banking professional, with expertise in Corporate Banking, Retail Banking, Credit and Organisational Transformation.

Attorney-at-Law from the Sri Lanka Law College.

BSc (Special) Degree in Business Administration (University of Sri Jayawardenepura), Commonwealth Executive MBA (Open University of Sri Lanka), Postgraduate Diploma in Business and Financial Administration (Institute of Chartered Accountants of Sri Lanka), Diploma in Credit Management (Institute of Bankers of Sri Lanka), Associate Member of the Institute of Bankers of Sri Lanka and Member of the Sri Lanka Bar Association.



MR ROHANA KUMARA

*Deputy General Manager
(Corporate and Offshore Banking)*

Appointed to the Corporate Management in January 2021.

Counts over 22 years of experience in the Bank having expertise and leadership roles in Business Revival and Rehabilitation, Recovery, Retail Credit and Project Finance.

Serves as the Vice President of the Association of Professional Bankers - Sri Lanka.

BSc First Class Degree in Mathematics (University of Kelaniya), Executive Diploma in Leadership (Northern Illinois University, USA). Associate Member of the Institute of Bankers of Sri Lanka.

CORPORATE MANAGEMENT



MR ANTON JOHN PULLE

*Deputy General Manager
(Finance and Planning)*

Appointed to the Corporate Management in July 2021.

Over 33 years of experience in all aspects of commercial banking, specialising in Treasury Management, Retail Banking, Risk Management, Financial Planning and Overseas Banking operations.

He has also served as the Head of Treasury, Bank of Ceylon – Chennai, India and was the Chief Executive Officer of Bank of Ceylon (UK) Ltd in London.

B.Ph First Class Degree in Philosophy (Universita' Pontificia Salesiana, Italy), Associate Member of the Institute of Bankers of Sri Lanka and Member of the Sri Lanka Institute of Directors.



MR NILANTHA MENERIPITIYAGE

Chief Risk Officer

Appointed to the Corporate Management in July 2021.

Career banker with 32 years of experience in both local and overseas operations in areas of Leadership, Corporate and Offshore Banking, Branch Operations and Development Banking, Retail and SME Lending, Risk Management, Credit Cards operations, Treasury operations, Project Management, ESG, Information Technology, and Maldives branch operations.

He has provided coherent leadership for Bank of Ceylon (UK) Ltd as the CEO/ Executive Director and held responsibility for the firm's performance of its obligations under the UK regulatory framework. Led the setting and execution of strategy for the Bank and spearheaded implementation of a new core banking solution and various other supporting

application systems, while laying a strong foundation for a sustainable and resilient business model.

BSc (Special) with Honours Degree in Management and M.Sc. (Management) Degree (University of Sri Jayewardenepura), Fellow Member of the Institute of Bankers of Sri Lanka and has completed the Australian Computer Society examination.

Served as a visiting lecturer affiliated to the Post Graduate Studies Department of the University of Moratuwa, the Institute of Bankers of Sri Lanka and Export Development Board.



MR DAMMA WIJAYAWARDHANE

*Deputy General Manager
(Human Resource)*

Appointed to the Corporate Management in October 2021.

More than 22 years of experience in the Bank specialising in Branch Banking, Credit and Retail Banking, Executive and Corporate leadership in Human Resource operations.

BSc (General) Second Class (Upper Division) Honours Degree (University of Kelaniya), Postgraduate Diploma in Business Management (University of Wayamba), Associate Member of the Institute of Bankers of Sri Lanka and the Association of Professional Bankers - Sri Lanka.



MR K A AJITH KARUNARATHNE

*Deputy General Manager
(Branch Credit Operations - Range 1)*

Appointed to the Corporate Management in December 2021.

Over 22 years of experience in the Bank specialising in the areas of Retail Banking, Trade Finance, Corporate and Premier Banking operations, Product and Development Banking, Recovery Provinces, and Branch Credit Operations.

Multi-disciplinary experience in Retail Banking and executive leadership roles in multiple provinces with responsibility for Business Promotion, Administration and Human Resource.

BSc (Special) Degree in Business Administration (University of Sri Jayewardenepura), MBA (University of Wayamba), Member of Association of Accounting Technicians of Sri Lanka, Associate Member of the Institute of Bankers of Sri Lanka and has completed Licentiate level – CA Sri Lanka.



MS PRIYANTHI WIJESEKARA

*Deputy General Manager
(Support Services)*

Appointed to the Corporate Management in March 2023.

Dynamic leader with an illustrious career spanning 33 years and brings a wealth of expertise in multiple facets of banking encompassing Retail Banking, Corporate Credit, Recoveries, Offshore Banking, Administrative Services, Marketing, Overseas Branch Operations, and Credit Audit. Her international banking credentials were honed during her tenure at Bank of Ceylon (UK) Ltd in London, where she gained invaluable global exposure.

MBA (Merit) (London Metropolitan University), Post Graduate Diploma in Management (University of Sri Jayewardenepura), National Diploma in Technology (University of Moratuwa), Fellow Member of the Institute of Bankers of Sri Lanka.


MS ROCHELLE FERNANDO

*Deputy General Manager
(Recovery Provinces)*

Appointed to the Corporate Management in March 2023.

Counts over 27 years of experience in Retail Banking, specialising in Offshore Banking, Corporate Banking, Trade Finance, Development Banking, Branch Credit and Recoveries.

BBA (Special) Degree in Financial Management (University of Colombo), Management Development Programme for the Key Management Personnel conducted by the Postgraduate Institute of Management (University of Sri Jayewardenepura), Associate Member of the Institute of Bankers of Sri Lanka, Member of the Association of Professional Bankers - Sri Lanka.

Resource person for the Certificate Course/ Advance Certificate Course on Banking Procedures related to International Trade to Export Development Board from 2018 up to December 2022. Served as the President of Trade Finance Association of Bankers in 2023.


MR SAMPATH PERERA

*Deputy General Manager
(Recovery Corporate)*

Appointed to the Corporate Management in February 2024.

Over 22 years of experience in the diverse banking segments managing key strategic business units, including Western Province North, Western Province South, Offshore Banking, Corporate Relations, Accounting and Tax and Recovery Corporate. The international exposure includes Trainee Dealer at Bank of Ceylon (UK) Ltd in London and the first Credit Manager after the BOC (UK) branch is converted into an independent subsidiary.

BSc (Special) Degree in Business Management (University of Rajarata), MBA and Advanced Course in Strategic Management from the Postgraduate Institute of Management (University of Sri Jayewardenepura) and Associate Member of the Institute of Bankers of Sri Lanka.


MR P MADUWANTHA LIYANAGE

Chief Internal Auditor

Appointed to the Corporate Management in December 2014.

A Finance Professional with over 25 years of experience in Banking and Finance.

Prior to joining the Bank as the Chief Internal Auditor, he has served at Commercial Credit and Finance PLC, and Pan Asia Bank in the same capacity. Has served the Bank as the Internal Auditor during the period of 2006 – 2008. His experience includes Lanka Clear (Pvt) Ltd., National Cheque Clearing House in the capacity of Finance and Administration Manager and Ernst & Young as a Qualified Assistant.

BSc (Special) Degree in Accountancy and Financial Management (University of Sri Jayewardenepura), Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Member of Certified Information Systems Auditors (CISA) of ISACA – USA.


MR SAMEERA D LIYANAGE

Chief Marketing Officer

Appointed to the Corporate Management in August 2020.

Over 26 years of professional expertise in banking and marketing across both public and private sector Institutions.

Awarded the Chartered Marketer status in 2015 by the Chartered Institute of Marketing (UK).

Master of Business Administration in Marketing (Wrexham University, UK) Postgraduate Diploma in Marketing (Chartered Institute of Marketing, UK). Fellow member of the Institute of Chartered Professional Managers of Sri Lanka (CPM), Fellow member of Chartered Institute of Marketing (CIM-UK), Member of the Sri Lankan Institute of Marketing (SLIM) and Association of Professional Bankers - Sri Lanka.


MR BUDDHIKKA SEELANATHA

Chief Information Officer

Appointed to the Corporate Management in September 2023.

Counts over 26 years of banking and IT experience across both public and private sector institutions. Demonstrated success in spearheading and implementing digital transformation strategies within organisations, aimed at enhancing overall value by boosting revenue and elevating the customer experience. Proficiency in key domains including application development, data warehousing, and data analytics.

Prior to joining the Bank as the Chief Information Officer, he has served at Nations Trust Bank in the same capacity. Previously, he held the position of Head of Application Systems at People's Bank and as the Senior Manager Application Development and MIS at Nations Trust Bank.

BSc Degree in Management Information Systems (National University of Ireland, Dublin).

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EXECUTIVE MANAGEMENT



Ms Tamara Perera
Assistant General Manager -
Training and Development

Mr K G C Deepal
Assistant General Manager -
Information Systems Audit

Ms Jeyarane Gnanasambanthan
Country Manager - Chennai

Ms Mala Weerasekera
Assistant General Manager -
Branch Credit Range 1



Ms K P Mallika
Assistant General Manager -
Investigations

Ms Krishanthi Fernando
Assistant General Manager -
Corporate Credit

Ms Zeena Ruwais
Assistant General Manager -
Budget, Strategic Planning
and MIS

Mr Ananda Wanigasekera
Assistant General Manager -
Recovery Provinces



Ms Manshala Withana Arachchi
Assistant General Manager -
Branch Operations

Mr Samantha Wimalasiri
Assistant General Manager -
Consumer and Development
Banking

Ms Indira Kannangara
Assistant General Manager -
Recovery Corporate

Ms Kumudhini J Yogaratnam
Assistant General Manager -
Offshore Banking



Ms Manosika Herath
Assistant General Manager -
Southern Province

Ms Manjula Herath
Country Manager - Malé

Mr Suresh Perera
Assistant General Manager -
Product Development and
Business Process Re-Engineering
Project

Ms Sumangala Pirapaharan
Assistant General Manager -
Central Credit Operations



Mr Saman K Wickramasinghe
Assistant General Manager -
Digital Products Promotion

Ms Subhani Nanayakkara
Deputy Chief Legal Officer -
Recovery

Ms Purna Tilakaratna
Deputy Chief Legal Officer -
International, HR and General
Operations

Ms Nishanadee Nanayakkara
Deputy Chief Legal Officer -
Credit



Mr Govinda Arampath
Assistant General Manager -
Pettah Business Centre

Mr Sudath Liyanage
Assistant General Manager -
Western Province North

Mr V Sivananthan
Assistant General Manager -
Northern Province

Mr Ruwan Samarakkody
Assistant General Manager -
Market Risk and Operational
Risk



Mr Duminda Dayawansa
Assistant General Manager -
Centralised Operations

Ms W K L B N Samanthie
Assistant General Manager -
Branch Credit Range 2

Ms Deepa Kumari
Assistant General Manager -
Credit Risk

Mr Rajitha Thushantha
Country Manager - Seychelles



Mr Madhawa Dissanayake
Chief Executive Officer -
Bank of Ceylon (UK) Ltd

Ms Surekha Kulasekera
Assistant General Manager -
Sustainable Banking

Ms Ganga Weerakkody
Assistant General Manager -
Operational Audit

Mr I K Nawarathne
Assistant General Manager -
Uva Province

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INFORMATION**Ms Disna Dias**Assistant General Manager -
Superannuation Schemes**Ms Ruchindra Perera**Assistant General Manager -
Metropolitan**Mr Ranjith Ruwanpathirana**Assistant General Manager -
International**Mr N Krishnakumar**Assistant General Manager -
Business Revival and
Rehabilitation (Corporate)**Mr Upul Wijegunawardena**Assistant General Manager -
Electronic Banking Centre**Mr Buddhika Premarathna**Assistant General Manager -
Marketing**Mr Rihaan Shakoor**Assistant General Manager -
Treasury Back Office**Ms B Cynthia Martyn**Assistant General Manager -
Credit Audit**Mr Kushan Delgoda**Assistant General Manager -
North Western Province**Mr Chaminda Ranasinghe**Assistant General Manager -
Sabaragamuwa Province**Mr S Sabesan**Assistant General Manager -
Investments**Dr Chamil Bandara**Assistant General Manager -
Research and Development**Mr Kelum Gajanayaka**Assistant General Manager -
Western Province Central**Mr Chandana Kodituwakku**Head of IT - Infrastructure and
Operations**Ms Prashani Goonetilleke**Assistant General Manager -
Compliance**Mr K K Susantha**Assistant General Manager -
Trade Services



Mr Kumudu Mahawatta
Assistant General Manager -
Eastern Province

Ms Uthpala Herathrandeny
Assistant General Manager
State Owned Enterprises
Relations

Ms Jayamali Priyadarshika
Assistant General Manager -
Overseas Branches

Ms Ishara Ranasinghe
Assistant General Manager -
Procurement



Ms Koshila Jayasooriya
Assistant General Manager -
Business Revival and
Rehabilitation (Provinces)

Ms Priyangani Jayathunga
Head of IT - Application
Development and Support

Ms Thanuja Perera
Head of IT - Project
Management Office

Ms Tharangani Ranasinghe
Assistant General Manager -
Human Resource Operations



Mr Upul Wijayathunga
Assistant General Manager -
Treasury

Mr Prageeth Balasuriya
Assistant General Manager -
Corporate Relations

Mr Chanaka Kohomange
Assistant General Manager -
Personnel Assistant to General
Manager

Mr Asanka Benthara Vithanage
Assistant General Manager -
Western Province South



Ms Nirosha Abeyesundara
Assistant General Manager -
Administrative Services

Mr D W P K Premarathna
Assistant General
Manager - North Central
Province

Mr Damith Ekanayake
Assistant General Manager -
Central Province

Mr Iresh Ratnayaka
Chief Information
Security Officer

Ms Saranga Perera
Assistant General
Manager - Accounting
and Tax

OVERVIEW

LEADERSHIP
INSIGHTSOUR
STRATEGYOUR
PERFORMANCESTAKEHOLDER
OUTCOMES

GOVERNANCE


FINANCIAL
REPORTSCOMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION



The Bank's journey over the years reflects resilience, innovation and a steadfast commitment to Sri Lanka's economic well-being. As the nation's premier bank, it remains driven by a singular purpose - to link ambition and achievement, ensuring that every Sri Lankan, regardless of their starting point, has the opportunity to thrive.

With every loan facility granted, every entrepreneur uplifted and every community empowered, Bank of Ceylon reaffirms its legacy not just as a financial institution but as a catalyst for national transformation.

Through this interconnected framework, BOC does not merely serve; it elevates, empowers, and redefines Sri Lanka's financial landscape.



OUR STRATEGY

NAVIGATING THE FUTURE WITH PRECISION

BOC's journey is defined by a powerful strategic purpose: To be the driving force behind Sri Lanka's economic aspirations. With a robust foundation built on trust, expertise and a future-ready mindset, the Bank continues to elevate its role as a catalyst for financial transformation. This commitment is reinforced by well-defined strategies that balance growth with stability, innovation with security and expansion with sustainability. The strength of BOC lies in its ability to execute with precision.

Bees instinctively construct perfectly uniform hexagonal cells, each at a 120-degree angle, ensuring structural stability. The walls of the honeycomb are only 0.1 mm thick, yet they can hold 22 times their own weight due to the hexagonal structure's strength. Bees construct hexagonal cells in a way that maximises storage capacity while using the least amount of wax, a clear example of resource efficiency. The hive's temperature is carefully regulated to protect its inhabitants.

OPERATING ENVIRONMENT



The Bank continually reviews its operating environment to make informed decisions that ensure its long-term success. The PESTEL framework is used to gain an in-depth understanding of the factors that influence the operations-including evolving economic and global trends, shifting customer needs and preferences, the potential impact of technological advancements and other developments in the competitive financial services landscape. This helps to identify potential opportunities, effectively mitigate risks and adapt strategies and operations to the shifting market conditions.

GLOBAL CONTEXT

The global economy displayed a moderate, resilient growth trend during 2024, with declining inflation levels. Although growth trajectories varied across regions, overall global GDP was estimated to have reached 3.2%.

Asia was a key driver of global economic growth during the year, driven by strong exports, growing domestic demand and declining inflation. The United States grew at 2.8% during 2024. The Eurozone faced a slower recovery and grew by 0.8%. This was due to the geopolitical tensions and uncertainty that pervaded due to policy shifts.

Despite its current resilience, the global economy faces significant risks from global fragmentation, and heightened geopolitical risks.

LOCAL CONTEXT

Having experienced a series of turbulent periods, significant stabilisation was witnessed in the latter part of 2024.

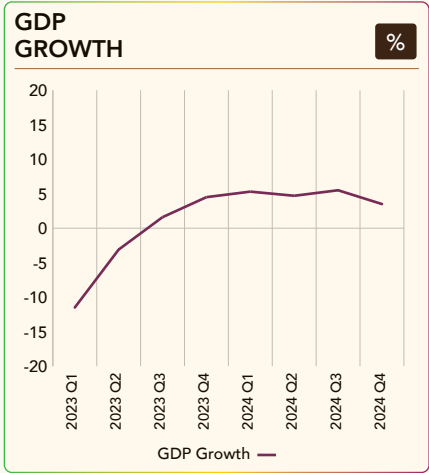
GDP growth reached 5.5% in 3Q - 2024, with agriculture, industry, and services on a growth trajectory. Rapid macroeconomic stabilisation improved short-term growth prospects for the economy. Long-term resilience of the economy hinges on sustained structural reforms alongside fiscal, financial, and monetary policies. The steady growth of the economy is expected to be continued while a GDP growth of 5.0% is expected in 2025.

Sri Lanka restructured its International Sovereign Bonds (ISBs) in December 2024. Accordingly, Sri Lanka received grace periods until 2028, for capital repayments with reduced interest, and progressive amortisation with final

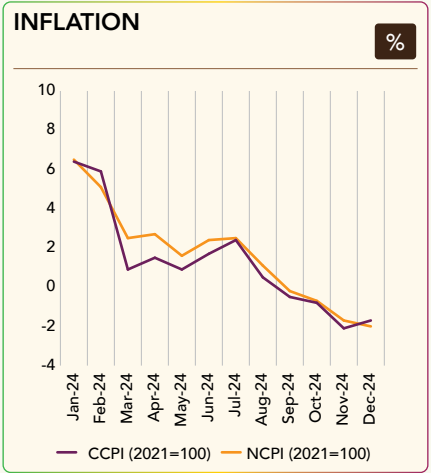
repayments in 2043. With the conclusion of IMF third review, the total IMF financial support disbursed amounted to about USD 1.3 billion to support Sri Lanka economic reforms.

Fitch Ratings upgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC+' from 'RD' (Restricted Default) at end of December 2024. Credit ratings agency, Moody's followed suite, raising the long-term foreign currency issuer rating to 'Caa1' from 'Ca' at the same time.

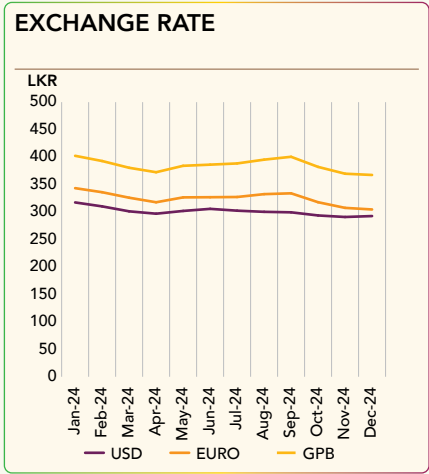
The Government's Economic Transformation Bill aims to transform Sri Lanka into a highly competitive, export-driven, digital economy, achieving Net Zero status by 2050, with deeper global economic integration. Its targets aim for stable macroeconomic balances, sustainable debt, modernised agriculture to enhance productivity and exports, that will drive inclusive economic growth.



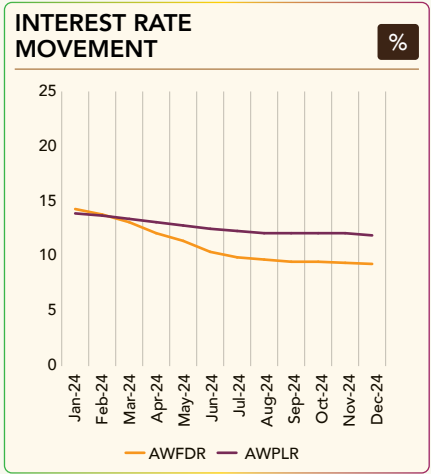
The Sri Lankan economy demonstrated resilience and recovery with the GDP expanding.



Average headline and core inflation remained contained, supported by the downward adjustments in administered prices, currency appreciation, improved supply conditions, and subdued demand.



The Sri Lankan Rupee appreciated by 10% against the USD to LKR 292.58 during 2024. This was mainly driven by enhanced inflows from worker remittances, tourism earnings and export conversions.



Lending and deposit rates along with yields on Government securities declined significantly followed by stabilisation.

The CBSL shifted to a single policy rate system with an Overnight Policy Rate (OPR) with effect from 27 November 2024.

The OPR replaces the previous dual rate systems with the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR).

EXTERNAL SECTOR

The External Sector of the Sri Lankan economy improved in 2024, with robust inflows to the current account for the second consecutive year strengthening reserves.

In the face of substantial fiscal reforms, Sri Lanka's public finances have strengthened significantly during the year.

BALANCE OF PAYMENTS

Balance of Payments (BoP) experienced a surplus in the first eight months of 2024, but the year ended with a deficit. The country's reserves increased, while the rupee appreciated against the US dollar.

RESERVES

Gross official reserves stood at USD 6.1 billion at the end of December 2024, driven by sizable foreign exchange purchases by the CBSL.

The current account is expected to remain positive, bolstered by a resurgence in tourism and remittances. However, some import restrictions are yet to be relaxed.









IMPROVED TAX REVENUES

On the fiscal front, the primary balance achieved a surplus, supported by a significant (10%) increase in tax revenue in the first three quarters.

OPERATING ENVIRONMENT

The following analysis explores the Bank's response to the emerging developments in the local operating landscape.

PESTEL FACTOR	IMPACT TO AND RESPONSE FROM
<p>Political</p> <p>The year 2024 was characterised by political changes stemming from two elections conducted and led to a subdued demand for credit and investments.</p>	<p>BOC was cognisant of these developments and adopted a cautious approach to lending during the year 2024.</p>
RELATED RISKS/ MATERIAL TOPIC <div>R1R2M1M2</div>	
<p>Economic</p> <p>Sri Lanka's economy entered a strong trajectory signalling a path to recovery in 2024. Having navigated a series of economic crises, Sri Lanka is now transitioning into a post-crisis phase with renewed stability.</p>	<p>Positive developments in the economic indicators created a stronger foundation for the Bank's expansion and development.</p>
RELATED RISKS/ MATERIAL TOPIC <div>R1R2R3M1M2</div>	
<p>Social</p> <p>Declining inflation levels eased the pressure on disposable incomes.</p> <p>Increase in outward migration was evident despite the improvements in the economy.</p>	<p>The Bank witnessed growth for credit demand is gradually picking up.</p> <p>The Bank experienced brain drain and staff turnover.</p> <p>The flow of remittances increased in 2024 due to expatriates remitting earnings through formal channels and had a positive impact on the Bank.</p>
RELATED RISKS/ MATERIAL TOPIC <div>R1R2R3M1M2M3</div>	
<p>Technology</p> <p>The nation's digital transformation and the journey towards a cashless society continued to gain traction.</p> <p>The use of Artificial Intelligence (AI), Robotic Process Automation (RPA) for process improvements and efficiency gained momentum.</p> <p>The existing high mobile and internet penetration levels of the country created a strong foundation for e-commerce, digital banking, digital lending, peer to peer lending, mobile payments.</p>	<p>The Bank witnessed a significant increase in digital adoption rates, 47% of customer initiated transactions were done through digital channels.</p> <p>The Bank explored process improvements leveraging IT.</p> <p>Greater focus was placed on mitigating IT security threats, cyber – attacks by setting in place stringent security measures.</p>
RELATED RISKS/ MATERIAL TOPIC <div>R4R5M1M2M4</div>	

PESTEL FACTOR	IMPACT TO AND RESPONSE FROM
Environment and sustainability Greater focus on environmental regulations and disclosure requirements. The urgency for climate action driven by the frequency and intensity of extreme weather events. Greater awareness of stakeholders to adopt sustainable practices. Focus to build long-term resilience by embedding and promoting sustainable business practices along the value chain	As a provider of finance across all sectors, BOC is committed to drive sustainable practices within and along its value chain. The Bank's ESMS system promotes and prioritises lending to sustainable business ventures and financing green loans is a key priority for the Bank. The Bank has over the years powered its branch network with green practices. The promotion of digital platforms for banking services has created sustainable operations.
RELATED RISKS/ MATERIAL TOPIC    	
Legal environment The Banking (Amendment) Act is effective from 15 June 2024. The suspension of parate execution remains until end March 2025. The GOSL introduced a 3-phase plan to lift restrictions on vehicle imports. As of end-December 2024, phases 1 and 2 have been implemented.	The Bank proactively monitored the developments in the legal landscape and ensured compliance with laws and regulations in a timely manner.
RELATED RISKS/ MATERIAL TOPIC    	

BANKING SECTOR OUTLOOK

The Sri Lankan banking sector stabilised demonstrating notable resilience amidst the easing of macroeconomic conditions. Prudent policy interventions with economic and financial reforms supported the recovery of banking sector performance during 2024.

The banking sector showed a strong growth in profitability and enhanced profitability levels elevated Return on Equity (ROE) and Return on Assets (ROA) of the banking sector for the year 2024.

Credit extended by domestic and foreign banks increased with greater volumes of credit disbursed to MSMEs involved in trade, manufacturing, tourism sectors. There was a gradual reduction in Stage 3 loans and the improved provision coverage on expected credit losses, albeit the Stage 3 Loans ratio remaining at an elevated level. Despite these developments, the sovereign exposure of the banking sector remained high, mainly due to increased exposure to Government securities.

Easing of economic stress across domestic and industrial sectors helped to improve liquidity and strengthened capital buffers. However, some sectors are yet to recover from the financial stress experienced during last few years and this will continue to influence the banking industry in 2025.

During the year, Banking (Amendment) Act No. 24 of 2024 was issued further strengthening the legal and regulatory framework of Licensed Banks. In addition, several other regulatory measures were introduced relating to large exposures, corporate governance and related party transactions.

The Resolution framework for the Banking industry was also further strengthened through Banking (special provisions) Act in 2024.

WHERE WE ARE HEADED

Sri Lanka's banking sector is poised for a period of renewed stability and growth, driven by a combination of factors including low interest rates, improving economic confidence and a declining inflationary environment creating a conducive landscape for credit expansion, business investment and overall economic recovery.

The reduction in interest rates has encouraged borrowing levels, stimulating both consumer and corporate credit demand. This is an impetus for businesses to invest and expand. Improved macroeconomic stability and rising investor confidence are strengthening deposit growth and capital flows into the sector.

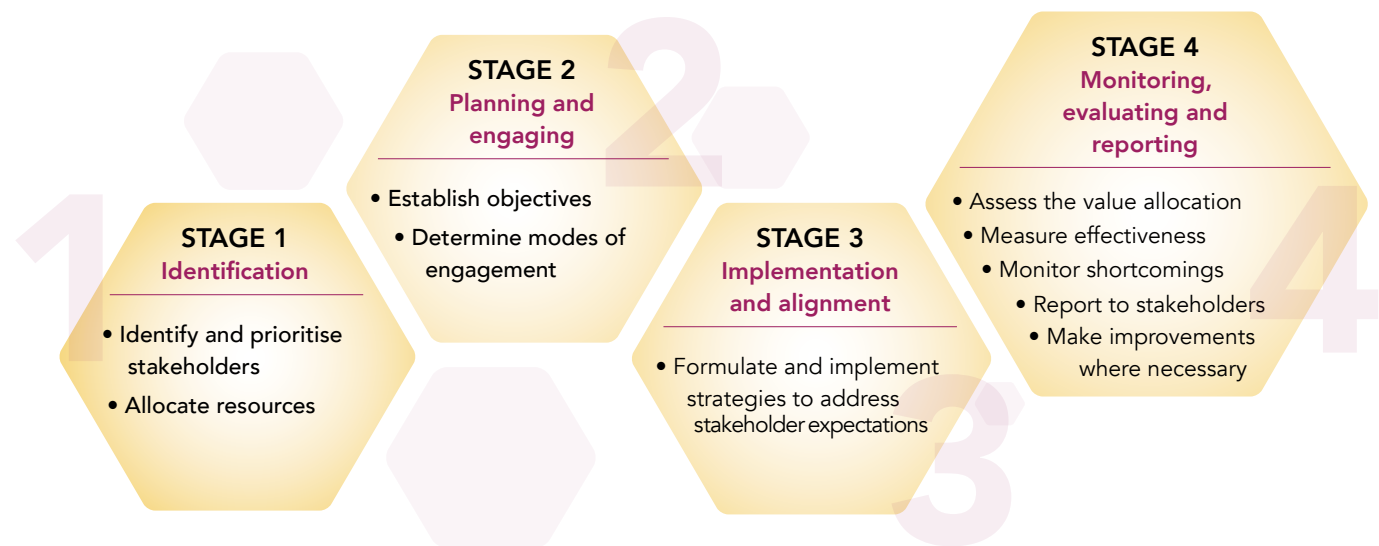
Declining inflation has reinforced economic predictability, reducing pressure on interest margins while supporting sustainable lending practices. Additionally, the financial sector is expected to benefit from an improving external position, increased foreign direct investment, and a more stable exchange rate environment.

STAKEHOLDER NEEDS AND EXPECTATIONS

GRI 2-29

Stakeholder engagement is a cornerstone of our strategy, reflecting our commitment to fostering meaningful relationships and creating shared value. Throughout the year, we have prioritised transparent communication and active collaboration with our diverse stakeholders, including customers, employees, business partners, shareholder and fund providers, regulators, and local communities. By listening to their concerns, understanding their needs, and incorporating their feedback, we ensure that our decisions align with both the Bank's objectives and broader societal expectations. This approach not only strengthens trust and loyalty but also drives sustainable growth and innovation, positioning us for long-term success in an increasingly interconnected world.

APPROACH TO STAKEHOLDER ENGAGEMENT



STAKEHOLDER MAPPING

Customers

As a customer-centric bank, we support our customers and enrich their customer experience through innovative and digital banking services.

Regulators

Adherence to all relevant regulatory and statutory requirements maintaining a transparent and ongoing dialogue.

Community and Environment

Through our long term approach to sustainability, we strive to create value for the communities at large.



Customers



Employees



Regulators



Shareholder and Fund Providers



Community and Environment



Business Partners

Employees

We value our team which is the vital link between the customer and the Bank. Our HR policies and processes help to build and nurture a future ready team.

Shareholder and Fund Providers

Through our comprehensive strategies, we create shared stakeholder value and consistent returns.

Business Partners

We maintain a continuous and open dialogue with all suppliers and business partners to promote our sustainability practices.

Manage Closely

Keep Satisfied

Keep Informed

● High ● High to Moderate



Shareholder and Fund Providers

Our sole shareholder; the Government, and debt security holders who have invested in the Bank's subordinated debt instruments.

Engagement channels

- BOC website
- Annual Report and other publications
- Periodic meetings
- One-to-one meetings with large investors
- Engagement through market intermediaries
- CSE market announcement



Key expectations 2024

- Adequate returns commensurate with risk and potential investments
- Transparent and timely reporting
- Strong corporate governance and risk management practices
- Reputation
- Responsible business practices

Our response

- Creating value with adequate returns
- Focus on preserving balance sheet strength
- Effective margin management
- Ongoing focus on strengthening capital growth
- Market disclosures in a timely manner

- Quality of relationship - Strong

SDG
impact



Customers

Our customer segments include Retail, SME, Corporate and Offshore Operations, to whom we offer a range of financial products and services.

Engagement channels

- Direct engagement through customer touchpoints (branches and digital channels)
- Website and social media platforms
- Customer hotline
- Financial literacy programmes
- Marketing, advertising and promotions
- Market surveys



Key expectations 2024

- Speedy and convenient service
- Convenient, reliable and secure platforms
- Transparent, competitive pricing
- Access to finance

Our response

- Customer-centric solutions
- Focus on customer experience
- Enhanced digital offerings
- Reduced transaction turnaround time through automations
- Conduct financial literacy programmes

- Quality of relationship - Strong

SDG
impact



Annual

Ongoing

Periodic

Bi-annual

Quarterly

STAKEHOLDER NEEDS AND EXPECTATIONS



Employees

Our team spread across the island as well as overseas, supporting the Bank's operations and ability to create value by delivering financial services to our Stakeholders.

Engagement channels

- Multi-level staff meetings
- Open door culture
- Grievance handling mechanism
- Virtual engagement through tvBOC/BOC e-learning
- Performance appraisals
- Engagement through trade unions
- Year-round activity calendar
- Employee satisfaction surveys

Key expectations 2024

- Competitive remuneration schemes
- Health and safety at workplace
- Career advancement opportunities
- Opportunities for skills development
- Equal opportunities
- Job security
- Post employment benefits

Our response

- Ongoing opportunities for training and skills development
- Attractive reward and compensation structures including performance based compensation
- Measures to ensure physical and mental well-being
- Enhancement of retirement benefits
- Introduction and review of HR policies

Quality of relationship - Strong

SDG impact



Community and Environment

The communities in which the Bank operates, the general public and the natural environment.

Engagement channels

- Annual Report and other publications
- BOC website
- Industry forums and meetings
- Engagement through branches
- Community investment activities
- Press releases and media campaigns

Key expectations 2024

- Supporting businesses and driving the revival of the economy
- Maintaining confidence within the financial sector
- Alignment of the banking strategy to the national development agenda
- Increased focus on ESG considerations
- Contribution to community development projects
- Responsible business practices
- Financial inclusion and empowerment

Our response

- Continued support for businesses through business revival units
- New loan schemes for youth, women and SMEs
- Strong governance and risk management practices
- Employment generation
- Facilitating financial inclusion across the country
- Continued investments in long-term community development projects
- Value creation to the Government
- Support for economic revival efforts of the country

Quality of relationship - Strong

SDG impact



Annual

Ongoing

Periodic

Bi-annual

Quarterly



Regulators

The Bank's key regulators include the Central Bank of Sri Lanka (CBSL), the Securities and Exchange Commission of Sri Lanka (SEC), and the Colombo Stock Exchange (CSE). The Overseas branches are regulated through the central banks in the relevant country.

Engagement channels

- Regulatory reporting
- One-to-one meetings
- Discussions through industry forums
- Annual report and other publications



Key expectations 2024

- Supporting businesses and economic revival
- Maintaining confidence in financial sector
- Strong governance and risk management practices
- Facilitating financial inclusion

Our response

- Timely reporting and adequate disclosure
- Compliance with all regulations/guidelines
- Adhering to mandatory lending requirements for vulnerable segments
- Ongoing support for critically affected sectors
- Maintain integrity and industry harmony

- Quality of relationship - Strong
- SDG impact



Business Partners

Our extensive network of local and global suppliers, business partners and correspondent banks.

Engagement channels

- Ongoing written communication
- Regular meetings
- Periodic bidding process
- Publications on Financial Statements and Annual Reports
- Press notices



Key expectations 2024

- Transparent process for selection and competitive pricing
- Ease of transacting
- Timely payments

Our response

- LKR 9.1 billion payments to local suppliers
- Transparent selection and competitive bidding process
- No payment defaults
- Automation of procurement process

- Quality of relationship - Strong
- SDG impact



A Annual

O Ongoing

P Periodic

Bi Bi-annual

Q Quarterly

MATERIAL MATTERS

GRI 3-1, 2

The Bank's operations, products and services and relationships touch a multitude of stakeholders across the country and support to drive key national priorities. Cognisant of the impacts its business can have across economic, environmental and social dimensions, the Bank proactively carries out a materiality assessment exercise annually to identify and mitigate negative impacts and advance positive impacts, originating from its business activities. These issues include events occurring in the Bank's operating landscape during the year under review, which could significantly affect the Bank's ability to achieve its strategic imperatives and to create value over the short, medium and long term.

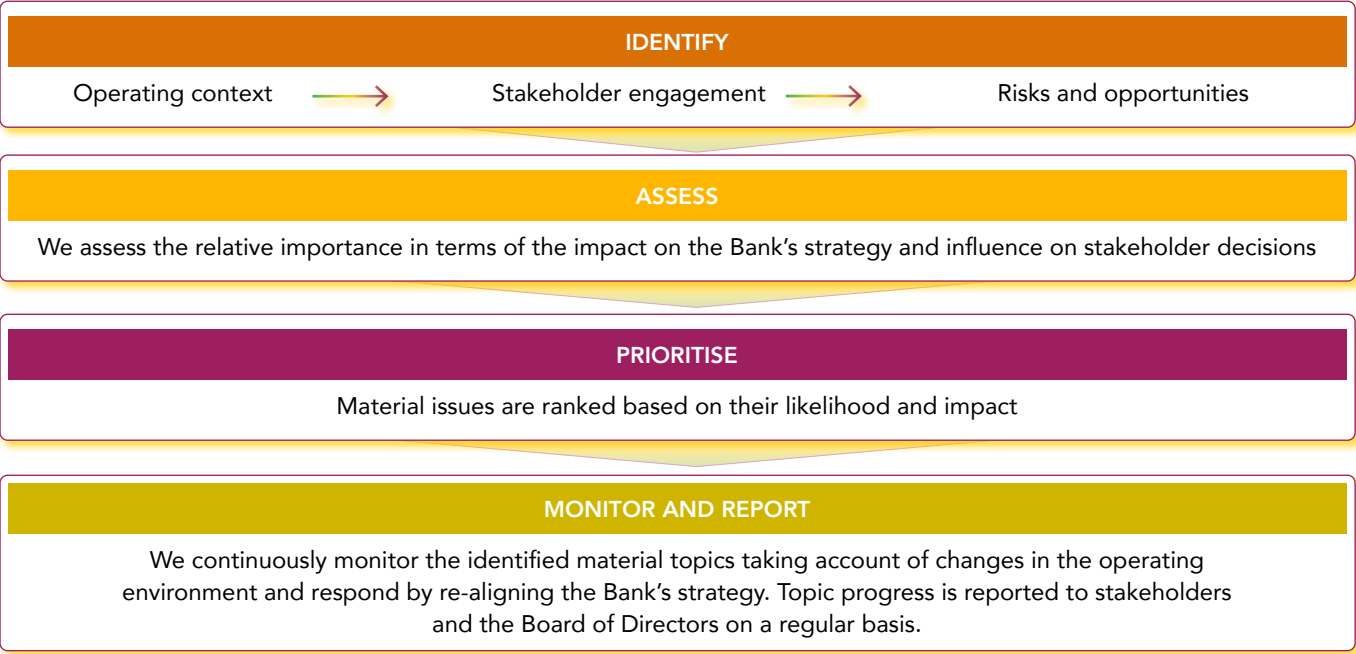
The Bank's material topics represent its most significant impacts across its operations, business, products and value chain. The material topics identified as part of the materiality assessment are considered pertinent areas of interest to the Bank's stakeholders, forming a key input to the management's strategy and approach towards sustainability.

The Bank adopts the principle of double materiality. The contents of the integrated report extend beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our

ability to create and preserve value, while minimising value erosion.

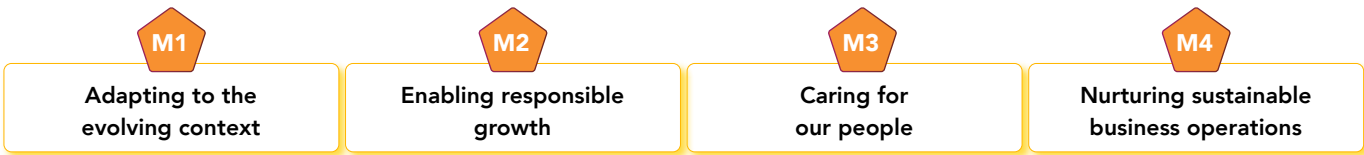
A structured methodology is followed to identify material topics that influence the Bank's strategy and operations as outlined below;

OUR MATERIALITY DETERMINATION METHODOLOGY

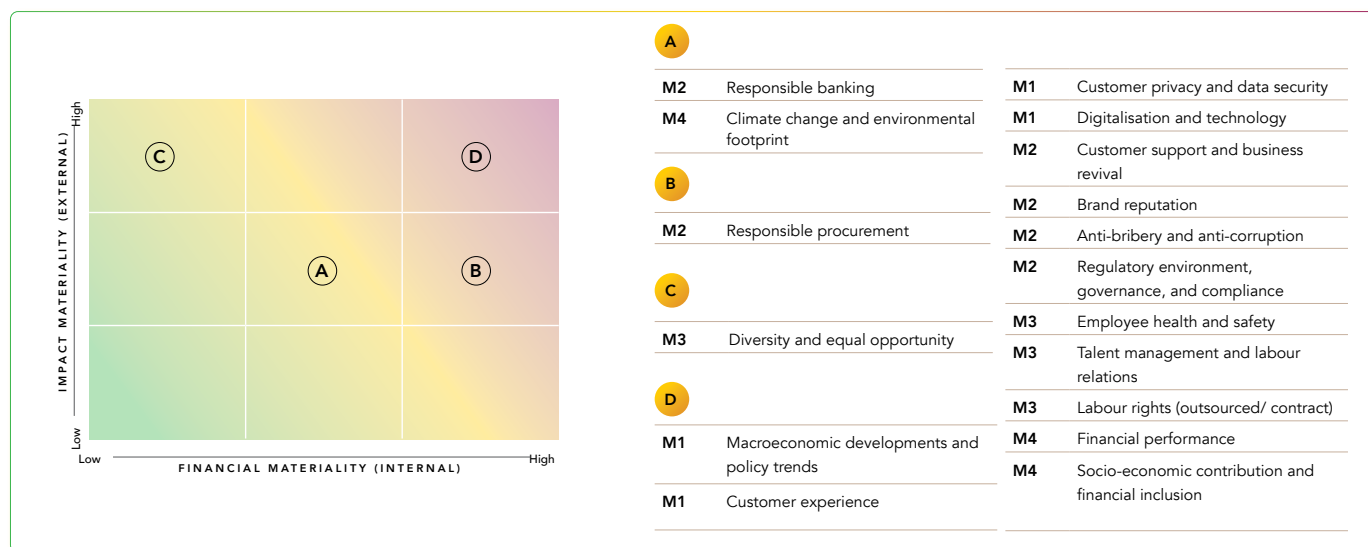


MATERIALITY THEMES

The materiality assessment for 2024 was structured on the material topics identified during the previous year which have been grouped under four broader themes. The topics were reviewed in line with changes in operations and there were no significant changes to the reporting boundaries. Further, there was no change in materiality for the material matters concerned.








































































DOUBLE MATERIALITY MATRIX



Material topics	Why it is material to BOC	Our response	Capitals impacted	Stakeholders impacted	Contribution to UN SDGs
M1 : Adapting to the evolving context					
Macroeconomic developments and policy trends	The dynamic challenges in the business environment have a significant impact on Sri Lanka's economy and related policy developments have a direct impact on the financial sector's operations, performance and sustainability.	Operating Environment (Pages 42 to 45)	Financial Capital Manufactured Capital	Shareholder and Fund Providers Employees Customers	1. No poverty 2. Zero hunger 8. Decent work and economic growth 12. Responsible consumption and production 9. Industry, innovation and infrastructure
Customer experience	The key differentiator in the intensely competitive banking sector of Sri Lanka.	Empowering customers through unwavering support (Pages 85 to 90)	Social and Relationship Capital	Customers	12. Responsible consumption and production 9. Industry, innovation and infrastructure
Customer data privacy and cybersecurity GRI 418 SASB FN-CB-230a.2	Increased thrust towards digitalisation has heightened vulnerability to customer data privacy and security issues, thereby requiring organisations to strengthen IT security frameworks.	A digitally empowered bank (Pages 99 to 104)	Social and Relationship Capital	Customers	17. Partnerships for the Goals
Digitalisation and technology	Driving digital excellence is a key strategic aspiration for the Bank.	A digitally empowered bank (Pages 99 to 104)	Manufactured Capital	Customers Employees	

MATERIAL MATTERS

Material topics	Why it is material to BOC	Our response	Capitals impacted	Stakeholders impacted	Contribution to UN SDGs
M2 : Enabling responsible growth					
Responsible banking	Responsible lending practices underpin BOC's ability to drive impactful socio-economic change.	Performance of business segments (Pages 73 to 83)	 Financial Capital  Human Capital  Social and Relationship Capital  Natural Capital	 Shareholder and Fund Providers  Employees  Customers  Community and Environment	
Customer support and business revival SASB FN-CB-240a.1 SASB FN-CB-240a.2	We continue to lead the country's economic recovery by supporting business revival through rescheduling/restructuring facilities, cash flow monitoring and access to finance.	Empowering customers through unwavering support (Pages 85 to 90)	 Social and Relationship Capital	 Customers	   
Brand reputation	Positive brand and reputation help to attract and retain customers and other stakeholders.	Empowering customers through unwavering support (Pages 85 to 90)	 Financial Capital  Intellectual Capital  Human Capital	 Shareholder and Fund Providers  Employees  Customers	
Responsible procurement GRI 204	BOC engages with a large base of suppliers and ensures responsible practices in procurement through propagation of sustainable practices.	Banking for a sustainable future (Pages 105 to 111)	 Financial Capital  Social and Relationship Capital  Natural Capital	 Business Partners  Shareholder and Fund Providers	
Anti-bribery and anti-corruption GRI 205, 406 SASB FN-CB-510a.2	As a state-owned entity, nurturing a culture of anti-bribery and anti-corruption is vital in responsible creation of shared value.	A talented, inclusive and sustainable workforce (Pages 91 to 98)	 Human Capital  Natural Capital  Social and Relationship Capital  Financial Capital	 Employees  Customers  Business Partners  Shareholder and Fund Providers	
Regulatory environment, governance and compliance GRI 207, 306	It is imperative to ensure compliance on current and emerging regulations as failure to do so leads to litigation, regulatory and reputational risks.	Corporate governance report (Pages 113 to 142) Risk and growth (Pages 144 to 166)	 Social and Relationship Capital  Financial Capital	 Shareholder and Fund Providers  Employees  Regulators	

Material topics	Why it is material to BOC	Our response	Capitals impacted	Stakeholders impacted	Contribution to UN SDGs
M3 : Caring for our people					
Employee health and safety and wellbeing GRI 403	Promoting employee health, safety, and wellbeing enhances employee productivity and minimises absenteeism, employee turnover and hiring costs.	A talented, inclusive and sustainable workforce (Pages 91 to 98)	 Human Capital	 Employees	    
Talent management and labour relations GRI 401, 402, 404, 407	Employees are vital in driving corporate strategy and are one of the Bank's most valuable assets, underscoring the importance of managing employee related issues effectively.	A talented, inclusive and sustainable workforce (Pages 91 to 98)	 Human Capital	 Employees	 
Diversity and equal opportunity GRI 405	Prioritising diversity creates a positive work environment that supports the overall goals of the Bank and contributes to its long-term success.	A talented, inclusive and sustainable workforce (Pages 91 to 98)	 Human Capital	 Employees	
Labour rights (outsourced/ contract) GRI 408, 409	BOC is committed to providing a safe and conducive work environment for all outsourced and contract employees engaged by the Bank in addition to the permanent cadre.	A talented, inclusive and sustainable workforce (Pages 91 to 98)	 Human Capital	 Employees	
M4 : Nurturing sustainable business operations					
Financial performance GRI 201	Critical in ensuring commercial sustainability and continued value generation to stakeholders.	Financial review (Pages 66 to 72)	 Financial Capital	 Shareholder and Fund Providers  Employees	 
Socio-economic contribution and financial inclusion GRI 201, 202, 413, 203 SASB N-CB-240a.3 SASB FN-CB-240a.4	Promoting socio-economic empowerment and financial inclusion opens access to new markets, generates new revenue streams, improves reputation, and also contributes to economic development.	Empowering customers through unwavering support (Pages 85 to 90) Banking for a sustainable future (Pages 105 to 111)	 Social and Relationship Capital	 Employees  Customers  Community and Environment	    
Climate change and environmental footprint GRI 302, 305, 306 SASB FN-CB-410a.2	Minimising the environmental impact can help meet regulatory requirements, enhance reputation, reduce costs, increase revenue and create new business opportunities.	Banking for a sustainable future (Pages 105 to 111)	 Natural Capital	 Community and Environment	 

STRATEGY AND RESOURCE ALLOCATION

The Bank's strategic planning process ensures that its strategic priorities remain agile and responsive to changing stakeholder expectations and market dynamics. The Bank follows a structured process of planning, executing and monitoring to ensure performance aligns with its transformation strategy. Operating under a five-year Strategic Plan, the Bank reviews and updates this plan annually on a rolling basis, with input from Management and oversight from the Board of Directors. This strategic plan is launched amidst the presence of branch leadership, non-business unit heads along with the Bank's leadership teams and the Board of Directors fostering insightful discussions amongst the entire team. This participative approach creates engagement and commitment towards the implementation of the strategy.

Further, this well-established process has been instrumental in guiding the Bank in achieving consistent performance levels, which have been key to its position as the largest and most trusted bank in the country. To ensure successful execution, the Corporate Strategic Review Committee comprising the Bank's corporate management team headed by the General Manager oversees the execution of the plan, with performance tracked regularly at both senior and operational levels. Performance against the strategy is continuously monitored on a weekly, monthly, quarterly and annual basis across different leadership levels of the Bank. This consultative, bottom-up approach enables the Bank to continuously adapt to market changes, leverage new opportunities and successfully achieve its strategic objectives, securing its leadership position in the industry.

FRAMEWORK FOR STRATEGIC PLANNING

FOUNDATION

- Vision statement
- Mission statement
- Values

OPERATING CONTEXT

- External analysis
- Internal analysis

STRATEGIC DIRECTION & IMPLEMENTATION

- Strategic plan
- Budget and forecast

MONITORING

- Assess and review
- Revise and develop

BOC carries out a robust external analysis to ensure that it remains aware of market dynamics and global trends, along with an internal analysis which helps align its resources and capabilities to meet the evolving stakeholder expectations and external challenges. The external analysis takes into account PESTLE factors, stakeholder needs and expectations, as well as market trends and competitor strategies. Our internal analysis considers the views and feedback of our employees on customer expectations, research team and expert consultants.

BOC continued to align its actions with the strategic plan developed for five year period measuring progress against the expected outcomes of the key strategic imperatives. Furthermore, based on an extensive review of the operating context, the existing plan is re-assessed, reviewed and updated annually on a rolling basis.

Unlocking value by:

LEVERAGING OUR STRENGTHS

S

- Leading Banking Brand in the country.
- Trust and confidence as a Government Owned Bank.
- Wide product base with widespread service networks all over the country.
- Larger correspondent Banking network which provide wide international touch points grid.
- Only internationally rated local bank within the top 1000 Banks.

ADDRESSING OUR WEAKNESSES

W

- Credit Risk stemming from Stage 3 Loans and Advances.
- Capital generation avenues are limited.
- Stringent processes and procedures which limits timely actions.
- Legacy systems and challenges in integrating.

Strategic pillars:



Stability, Governance and Sustainable Growth



Excellence in Customer Experience



Digital Excellence



Rewarding Credit Culture and Healthy Credit Portfolio



Building a High-Performing Team

IDENTIFYING OPPORTUNITIES

O

- New business opportunities in expected economic growth.
- Younger generation appealing more towards sustainable finance.
- Tailored financial solutions.
- Highly tech savvy customer prospects.
- More opportunities in the areas of green financing.

SAFEGUARDING AGAINST THREATS

T

- Threats in Cybersecurity.
- Rivalry from peers and non-peer institutions like Fintech Companies.
- Money laundering related threats are increasing.
- Implications from Climate changes.
- Brain drain.

Intended outcomes:

Excellence in customer service

Ensuring consistent and superior customer experience across all brick and mortar, and virtual platforms.

Retaining market leadership

Leverage the Bank's brand strength and unmatched customer penetration, offer relevant products and superior customer experience: to maintain market leadership position.

Leading in digital adoption

Transforming the experience of both internal and external customers by adopting cutting-edge technology.

Best in sustainable banking

Effectively address challenges prevalent in the economic, social and environmental spheres by deploying proactive and meaningful solutions.

STRATEGIC PILLARS AND OUTCOMES

**Stability, Governance and Sustainable Growth**

Related material topics:



Related SDGs:

**WHY IT MATTERS**

Stability, governance, and growth are the foundational pillars which play a crucial role in ensuring the long-term success and sustainability of the Bank.

RESOURCE ALLOCATION

- LKR 207.3 million investment in community engagement
- 73 solar-powered branches at end of 2024
- 220 officers trained for E&S screening

Capitals employed:**STRATEGIC INITIATIVES 2024**

- Strengthening revenue streams, optimising costs, and enhancing profitability.
- Focus on high-yield assets.
- Consistently increasing total assets through strategic expansion and financial management.
- Restructuring of SoE exposures SLDB/ ISB finalised successfully.
- Managing Capital Adequacy level.

Capital trade-offs:**2024 OUTCOMES**

Economic Value Creation	LKR 201.4 billion
Balance sheet growth	13%
Banking Brand position	No. 1
Brand strength	LKR 50.2 billion
Credit rating upgraded	International: CCC+ Local: AA-
Adherence to all regulatory guidelines	

GOALS FOR 2025 AND BEYOND

- Continue the growth momentum and sustain the market leadership by diversification of revenue streams.
- Achieve best in class compliance and internal controls.
- Further enhance the Good Governance practices.
- Enhancement effectiveness and productivity to maintain the cost to income ratio below the target set in the corporate budget.
- Accelerate overseas operations.

STRATEGY AND RESOURCE ALLOCATION



Excellence in Customer Experience

Related material topics:



Related SDGs:



WHY IT MATTERS

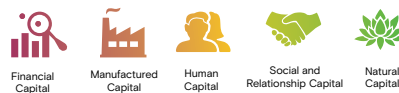
We place our customers at the heart of every decision, process, and interaction, as this leads to enhanced customer satisfaction, loyalty, and retention. It also allows us to innovate, meet changing customer demands, and thrive and grow in the competitive financial environment.

RESOURCE ALLOCATION

- LKR 5.0 billion investment in brick and mortar infrastructure and LKR 3.4 billion digital infrastructure development
- Branches relocated and transformed: 34
- New smart zones- 19
- New Premier Banking Centres at Galle and Kurunegala
- Happy customer experience week from 07 October 2024 to 11 October 2024.

- 1,591 consumer awareness workshops conducted
- No. of "Tea with BOC" programmes - 2,906

Capitals employed:



STRATEGIC INITIATIVES 2024

- Providing easy service access
- Reducing turnaround time
- Empowering crucial customer segments, eg: SME, Youth, Women

Capital trade-offs:



2024 OUTCOMES

Net Promoter Score (NPS)	33%
Customer Satisfaction Score (CSS)	81%
Customer Effort Score (CES)	73%
Customer penetration	74%
Customers onboarded	Over 230,000

GOALS FOR 2025 AND BEYOND

- Expand the product portfolio range.
- Offer a memorable service experience.
- Strengthen customer relationship and confidence.
- Attract non-customer bases.



Digital Excellence

Related material topics:



Related SDGs:



WHY IT MATTERS

As technology continues to transform how consumers interact with financial services, achieving digital excellence has become a key factor in maintaining a competitive edge, enhancing customer experience, streamlining operations, and introducing innovative financial products and services.

RESOURCE ALLOCATION

- LKR 3.4 billion investment in digital infrastructure
- 113 CRMs installed
- New IPG merchants 134
- No. of workflows automated 3
- Core Banking application upgraded to Power 10

Capitals employed:



STRATEGIC INITIATIVES 2024

- Enhancing the usability of existing platforms such as SmartPay, Mobile banking App, and BOC Connect.
- Expanding digital banking services to international markets. Strengthening internet banking, mobile applications, and agent banking networks to ensure seamless service delivery.
- Implementing digital verification and eKYC.
- Enhancing the Bank's digital presence through digital media strategies.

Capital
trade-offs:



Financial Capital



Manufactured Capital



Intellectual Capital



Social and Relationship Capital



Natural Capital

2024 OUTCOMES

Growth in digital transactions volume	31%
Customers onboarded to virtual platforms	865,530
Successful cybersecurity attacks were not reported during the year	

GOALS FOR 2025 AND BEYOND

- Lead the digital banking market.
- Strengthen internal productivity.
- Be a data driven bank.
- Achieve the highest level of system security and data protection.


**Rewarding Credit
Culture and Healthy
Credit Portfolio**

Related material topics:



Related SDGs:


**WHY IT
MATTERS**

A healthy credit portfolio plays a pivotal role in ensuring long-term financial stability and growth. It reflects the quality of assets and the Bank's ability to manage credit risk effectively.

RESOURCE ALLOCATION

- LKR 67.5 billion of customer cash flow managed by BRRU.
- Special Stage 3 Recovery Reward scheme.
- Credit facilities screening through ESMS.
- 11 Recovery Workshops covering all provinces, one to one discussion covering all Stage 3 facilities.

Capitals employed:

Financial Capital



Human Capital

STRATEGIC INITIATIVES 2024

- Stronger recovery strategies and better asset quality management.
- Revitalising lending growth through targeted sectors, competitive pricing, and improved credit approval processes.
- Motivating recovery staff through rewards and recognition.
- New products for youth, women and SMEs.

Capital
trade-offs:



Financial Capital



Human Capital



Social and Relationship Capital

**2024 OUTCOMES**

Offered loans and advances	LKR 2.4 trillion
Tailored rescheduling and restructuring packages	
Intensified monitoring and prevention	Weekly and daily monitoring meetings
Impairment provision as a % of gross loans (Provision coverage)	10%
No. of businesses revived	274

GOALS FOR 2025 AND BEYOND

- Maintain market leadership in advances.
- Reduce the Stage 3 ratio below the industry average level.
- Increase green lending portfolio.
- Increase SME lending.

STRATEGY AND RESOURCE ALLOCATION



Building a High-Performing Team

Related material topics:



Related SDGs:



WHY IT MATTERS

Our employees drive the overall success of the Bank by consistently meeting goals, exceeding targets, and driving positive results. Thus, we focus on fostering an environment of continuous learning, collaboration, engagement, and motivation which in turn enables us to make better decisions, adapt to change, and stay competitive in the market.

RESOURCE ALLOCATION

- Payment of LKR 40.3 billion as remuneration and benefits.
- LKR 374.9 million invested in training and development.
- LKR 194.6 million invested in staff safety and wellbeing.

Capitals employed:



Financial Capital



Human Capital



Social and Relationship Capital

STRATEGIC INITIATIVES 2024

- Continued upskilling and reskilling of BOC team to drive organisational goals in the dynamic business atmosphere.
- Increased focus on developing the succession pipeline.
- Improved rewards recognition and career development mechanism.

Capital trade-offs:



Financial Capital



Human Capital



Intellectual Capital



Social and Relationship Capital

2024 OUTCOMES

Retention rate	95%
Average training hours per employee	25 hours
Net profit per employee	LKR 13.0 million
Female representation	60%

GOALS FOR 2025 AND BEYOND

- Upskill the human resources of the Bank to cater to next level of banking.
- Improve human capital productivity.
- Improve human resource governance.
- Improve employee retention and succession plan.

SUPPORTING FINANCIAL SERVICES

GRI 2-28

Strengthening Collaborative Partnerships

The Bank reaffirmed its pivotal role in the banking sector by maintaining active memberships across various industry stakeholders and professional bodies. These partnerships serve as a cornerstone for fostering synergies and driving collective growth of the financial services sector, industries and the economy.

By engaging closely with these organisations, BOC continues to enhance its capabilities, leverage industry expertise and uphold its commitment to excellence in banking and financial services. This steadfast collaboration underscores the Bank's dedication to pioneering innovation and delivering value to its customers and stakeholders alike.

During the year under review, the Bank retained the membership of the following institutions:



Asia Pacific Rural and Agricultural Credit Association (APRACA)



Sri Lanka Bank's Association (Guarantee) Limited



National Chamber of Commerce, Sri Lanka



Ceylon Chamber of Commerce



Green Building Council of Sri Lanka



Biodiversity Sri Lanka



The Financial Ombudsman of Sri Lanka (Guarantee) Limited



Association of Compliance Officers of Banks, Sri Lanka

Sri Lanka Law Library

Association of Banking Sector Risk Professionals, Sri Lanka

INTEGRATING SUSTAINABILITY

As a financial institution committed supporting long-term economic growth and stability, the Bank recognises that sustainability is essential to the well-being of all stakeholders. In the face of increasingly complex Environmental, Social, and Governance (ESG) challenges, the Bank strives to integrate sustainability into its business practices and decision-making processes.

We continued our efforts to ensure that our financial products, services, and investments support responsible practices, contributing to both positive social impact and environmental stewardship. Our commitment to sustainability is reflected in our strategies and actions.

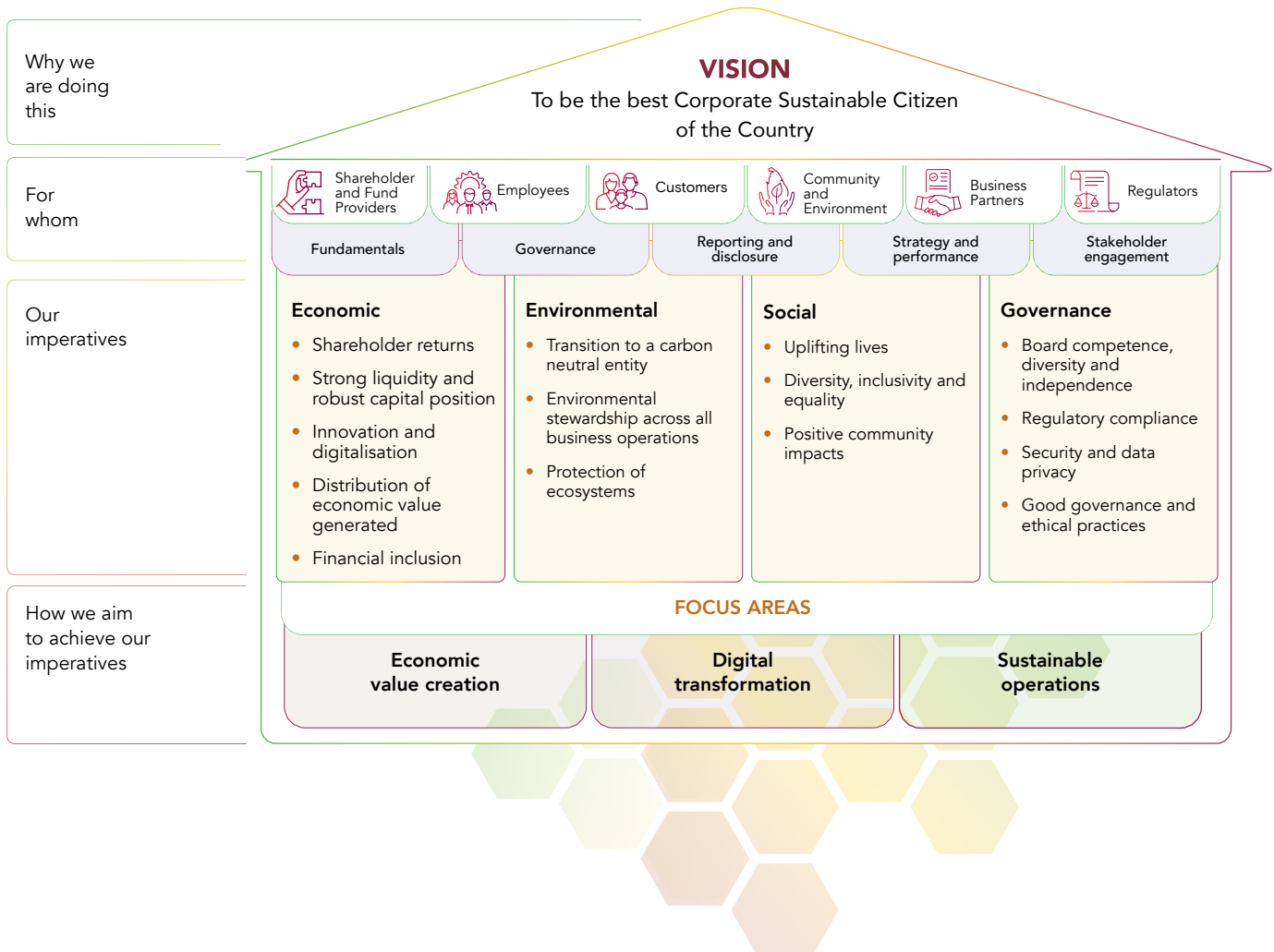
GRI 2-23

BOC has sought to embed ESG considerations as an organisation-wide discipline, underpinned by a holistic Sustainability Policy that sets out the Bank's sustainability objectives, governance structures and reporting mechanisms.

As a state bank with the widest reach across the island, our ambition is to be the market leader in sustainable financing whilst driving financial inclusion. While we pursue the above aspiration, we undertake conscious steps to transition to a carbon neutral entity by integrating sustainability into every aspect of our

operations. During the year, BOC remained steadfast in its commitment to ensuring that the impact of its activities align with the United Nation's Sustainable Development Goals (UN SDGs) while taking holistic action towards addressing global challenges.

ESG FRAMEWORK



INTEGRATING SUSTAINABILITY

ESG GOVERNANCE STRUCTURE

GRI 2-12, 14, 23

Ultimate oversight of our sustainability policy and the implementation thereof lies with the Board of Directors and the Sustainability Committee.

Provides strategic oversight of all ESG and sustainability initiatives.

BOARD OF DIRECTORS



SUSTAINABILITY COMMITTEE

Leads sustainability strategies and tasked with ensuring that the Bank's vision and regulatory frameworks are aligned with such strategies. This includes overseeing ESG policies, advising on KPIs, ensuring compliance, and promoting sustainability internally and externally. The Bank also guides CSR efforts supporting NDC's and UN SDGs, assists with resource allocation for sustainability, and recommends Environment and Social (E&S) compliance for high-risk credit facilities.

ESMS UNIT

Under the Chief Risk Officer (CRO), the ESMS Unit manages and approves Environmental & Social Due Diligence (ESDD) for credit facilities across the Retail and Corporate segment, ensuring compliance with the National Environmental Act No. 47 of 1980, as mandated by the Central Environmental Authority (CEA).

SUSTAINABILITY SUBCOMMITTEE

Authorised to expedite the approval of Environmental and Social Due Diligence (ESDD) memorandums for facilities up to LKR 500 million categorised under E&S high Risk-A.

ESMS OFFICER

The ESMS Officer assesses environmental and social risks in lending, ensures compliance with the Bank's ESMS policy, conducts due diligence, and recommends risk mitigation measures.

SUSTAINABLE BANKING UNIT

Drives the Bank's sustainability agenda by implementing the Sustainability Committee's strategic direction and enhancing ESG reporting. It involves coordinating CSR initiatives, managing partnerships for impactful projects,

and proposing new sustainability initiatives to strengthen the Bank's environmental and social commitments. Additionally, responsibilities include conducting Green House Gas (GHG) assessments, overseeing ESG policy reviews, ensuring regulatory

compliance, fostering a sustainability-focused culture within the organisation, and engaging with external experts to drive continuous improvements.

ESG CROSS-FUNCTIONAL TEAM

A team composed of representatives from relevant divisions is responsible for coordinating and implementing sustainable banking initiatives to foster and integrate a sustainable culture within the organisation.

CAPACITY BUILDING

In accordance with the Bank's ESMS policy, the dedicated ESMS Unit continued to engage in capacity building of its cadre. Several initiatives were carried out during the year to educate and raise awareness among staff, leveraging internal and external resources and experts in the field to train and build awareness and capacity of employees from the highest tiers of corporate management to the Bank's credit officers and relationship officers.

STRATEGIC PARTNERSHIPS AND MEMBERSHIPS

GRI 2-28

BOC has partnered with various environmental organisations, and

businesses, combining diverse perspectives, expertise, and resources to confront complex challenges and ensure that ESG initiatives meet stakeholder expectations.

- Marine Environment Protection Authority (MEPA)
- Biodiversity Sri Lanka
- Department of Wildlife Conservation
- Sri Lanka Banks' Association - Sustainable Banking Initiative
- Green Building Council of Sri Lanka

SUSTAINABILITY REPORTING

GRI 2-5

The Bank believes that, transparency and accountability are essential for driving meaningful change. Sustainability reporting provides a comprehensive overview of the steps taken to integrate ESG factors into the Bank's operations. This report serves as a key tool in communicating sustainability performance, highlighting the progress made, and identifying areas for improvement.

This report is prepared with reference to the Global Reporting Initiative (GRI) Standards to provide stakeholders with comparable information relating to the sustainability performance of the Bank.

In addition to this, the Bank engages with Messrs Ernst & Young (E&Y) to provide limited assurance over selected sustainability information to provide confidence in our data. The Assurance Report is produced on pages 399 to 400 of this report.



The United Nations Sustainable Development Goals (UN SDGs) seek to address the most significant challenges the world is facing by 2030. We have integrated the 17 global goals into our business practices, focusing on areas like poverty reduction, environmental sustainability, and economic growth to create long-term value while contributing to global efforts for a better and more sustainable world.



During the year, steps were taken towards adopting IFRS S1 and S2 sustainability reporting standards. By aligning the disclosures and reporting with industry best practices, the Bank will disclose S1 and S2 requirements.



THE PATH AHEAD

As we move forward, the Bank is committed to deepening its efforts and advancing its role as a responsible corporate citizen. The sustainability strategy will continue to evolve, guided by the changing needs of stakeholders, the environment, and economic trends.

The Bank's portfolio of sustainable financial products and services, including green bonds, sustainable investments, and financing for renewable energy projects will continued and is expected to expand. By directing capital towards initiatives that support a low-carbon economy, the Bank aims to drive positive environmental outcomes.

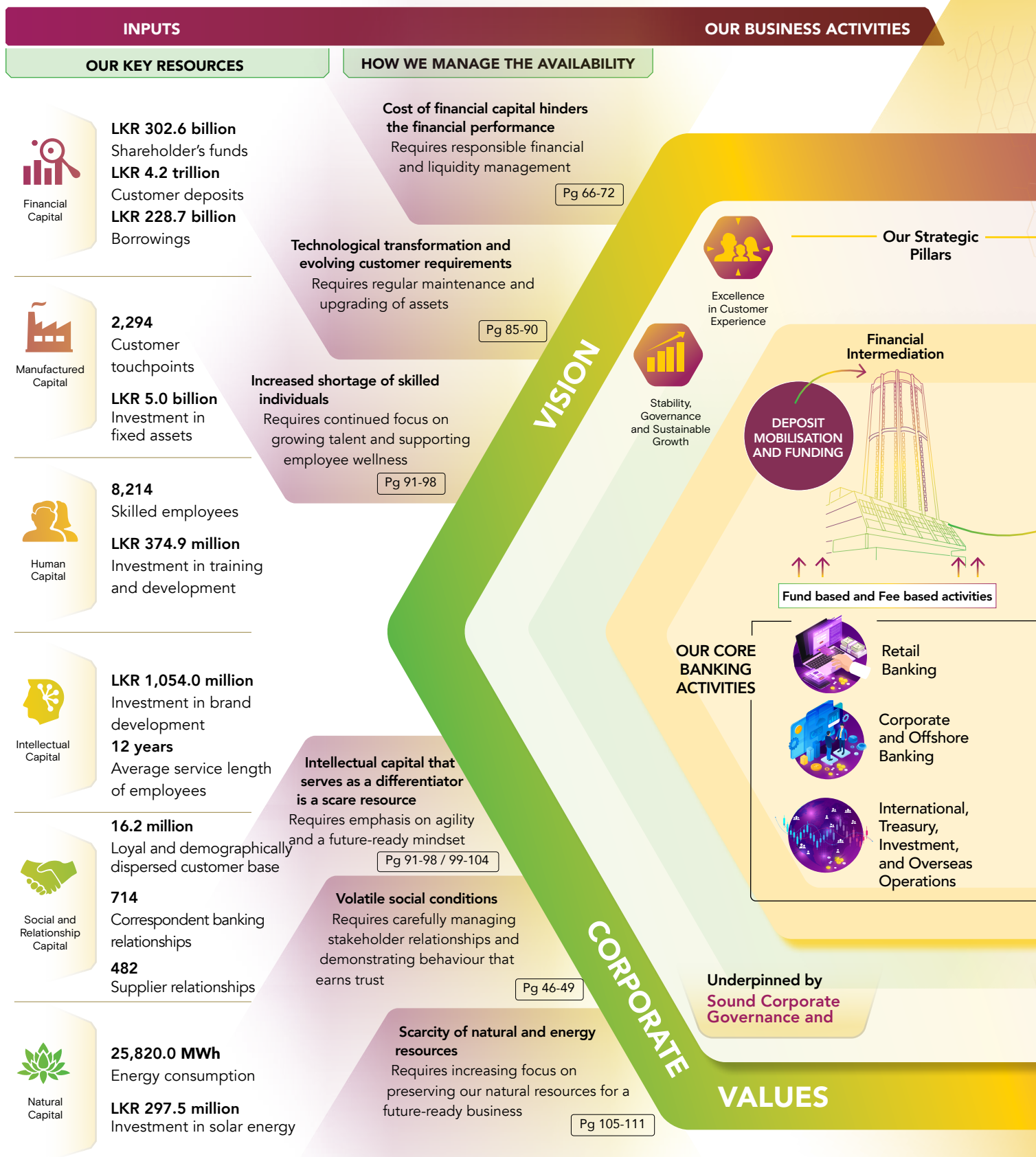
Further, the Bank will continue to expand access to financial services for underserved population, enhance financial literacy programmes, and support local development initiatives that promote social well-being and equitable growth.

While the ESG policy is being developed, the Bank is mindful that there will be a host of external challenges which need to be considered. In order to navigate through the complexities of the marketplace, the Bank will ensure that the internal structure and capabilities across the organisation are adequately resourced and well-primed. This will help to address in a timely and effective manner, all risk and opportunities that may arise.

As a part of our ongoing commitment to sustainability, we plan to introduce an ESG-based incentive structure, integrating ESG Key Performance Indicators (KPIs) into the Best Branch Competition and the 5S Award Scheme. This initiative aims to motivate and encourage employees to embed sustainability across the Bank's operations in the coming years.

The commitment to sustainability will remain central to the business strategy, creating long-term value for customers, the shareholder, employees, communities and the planet. By integrating sustainability into every aspect of the business, the Bank aims to contribute to a thriving, resilient, and equitable economy.

OUR BUSINESS MODEL



OUR BUSINESS ACTIVITIES

OUTPUTS

OUTCOMES

WHAT WE PRODUCE

HOW WE CREATE AND PRESERVE VALUE



Digital Excellence



Rewarding Credit Culture and Healthy Credit Portfolio



Building a High-Performing Team

LENDING AND INVESTING

SERVICES WE OFFER

Deposit accepting

Lending

Refinancing

Transactional banking and payment services

Fund management

Trustee, custodian and portfolio management services

Investment banking

Foreign exchange and securities management

Advisory services

Trade financing

Risk Management

MISSION

Core business performance

LKR 106.9 billion
Profit generated**LKR 2.4 trillion**
Gross loans and advances

Sound investment thesis

LKR 2.4 trillion
Diversified investment portfolio**LKR 209.7 billion**
Investment income

Access to financial services

58 Branches refurbished/ transformed**47%**
Digital transactions

Personal cost and development

LKR 40.3 billion
Compensation to employees**95%**
Retention rate

Digital banking

31%
Growth in transactions through digital banking channels**865,530**
Registrations for virtual platforms**LKR 2,575.48**

Earnings per share

LKR 4.9 trillion

Financial Position

LKR 65.9 billion

Value to the Government



Financial Capital

LKR 45.6 billion

Fixed assets value

74%

Customer penetration



Manufactured Capital

714

Promoted staff

25 hours

Average man hours of training per employee

60%: 40% Overall gender ratio (F:M)

Human Capital

LKR 50.2 billion

Brand value

24 Awards and accolades received**31** Processes automated**1,503** Digital contact points**31%** increase in digital adoption

Intellectual Capital

33%
NPS ratio**79%** Customer satisfaction rate**LKR 207.3 million**
Investment in communities

Social and Relationship Capital

LKR 56.9 billion

Financing disbursed after ESMS compliance

LKR 2.5 billion

New green Lending

4,581.5 MWh Solar power generated

Natural Capital

OVERVIEW

LEADERSHIP
INSIGHTSOUR
STRATEGYOUR
PERFORMANCESTAKEHOLDER
OUTCOMES

GOVERNANCE

FINANCIAL
REPORTSCOMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION

VALUE ADDED STATEMENT

An analysis of the Bank's value creation and allocation among the key stakeholder group is depicted below:

	2024	2023	Change
	LKR million	LKR million	%
VALUE ADDITION			
Income earned by providing banking services	485,125	545,800	(11)
Cost of services	(304,382)	(404,352)	(25)
Value added by banking services	180,743	141,448	26
Non - banking income	280	(3,613)	(108)
Impairment charges for loans and other losses	20,343	4,906	315
Total value added	201,366	142,741	41
VALUE ALLOCATION			
To Employees			
Salaries, wages and other benefits	40,287	29,818	35
To Government			
Dividends paid to Government of Sri Lanka	-	173	(100)
Income tax	36,053	13,111	175
Surcharge tax	1,483	-	-
Taxes on financial services	28,395	12,664	124
	65,931	25,948	154
To Community			
Community investment projects	207	129	60
To Providers of External Funds			
Interest on other borrowings	12,070	43,882	(72)
Interest on debt issued	9,307	12,053	(23)
	21,377	55,935	(62)
To Expansion and Growth			
Retained profit	64,387	26,520	143
Surcharge tax paid on 2021 profit	(1,483)	-	-
Depreciation and amortisation	4,195	3,853	9
Deferred taxation	6,465	538	1,101
	73,564	30,911	138
Total value allocated	201,366	142,741	41





OUR
PERFORMANCE

RESILIENCE AND STABILITY

The Bank's focus on responsible lending, investment in green projects and promotion of financial literacy foster long-term economic growth and stability, benefitting society as a whole. The Bank's operational framework is scalable and adaptable, capable of expanding its services and adapting to evolving financial landscapes. The Bank remains agile and forward-thinking ensuring that its foundation creates enduring value for future generations.

Bees are a formidable force behind global ecosystems as without bees entire ecosystems would falter. This delicate yet powerful balance serves as a reminder that sustainability is not just an ideal-it is an interconnected cycle where every action has a lasting impact.

FINANCIAL REVIEW



The Bank delivered outstanding results across key financial indicators, including total assets, deposits, and profitability, despite ongoing market volatility. This strong performance reflects the Bank's agility and adaptability as Sri Lanka's economy gradually recovers from a challenging period.

As the 'Bankers to the Nation' and a domestic systemically important bank, BOC played a pivotal role in revitalising the economy. A key focus was supporting the micro, small, and medium enterprises (MSMEs), enabling it to regain momentum and drive economic resilience.

**LKR 106.9 BILLION
PROFIT BEFORE TAX**

STRATEGIC PERFORMANCE

LKR 485.4 billion (2023: LKR 542.2 billion) Total income	3.6% (2023: 2.1%) Net interest margin	40.1% (2023: 55.7%) Cost to income
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VALUE FOR SHAREHOLDERS

23.2% (2023: 10.6%) Return on equity	LKR 12,102.39 (2023: LKR 10,068.59) Net assets value per share
---	---

BALANCE SHEET STRENGTH

13% LKR 4.9 trillion (2023: LKR 4.4 trillion) Total assets	1% LKR 2.4 trillion (2023: LKR 2.5 trillion) Gross loans and advances	8% LKR 4.2 trillion (2023: LKR 3.9 trillion) Deposits
---	--	--

CAPITAL AND LIQUIDITY

13.0% (2023: 12.8%) Tier 1 ratio	329.0% (2023: 316.0%) Liquidity coverage ratio
---	---

RISK PROFILE

10.6% (2023: 10.1%) Impairment provision to gross loans	7.2% (2023: 5.1%) Stage 3 loans ratio
--	--

OPERATING CONTEXT

- In 2024, the Sri Lankan banking sector continued the growth momentum that began at the end of 2023 driven by the success of economic reforms of the Government, the prudential policies of the CBSL and the overall positive effects from the global economy.
- Credit growth continued due to the increasing business and consumer confidence and declining interest rate environment. Interest rate stability was strengthened by the CBSL adopting a single policy interest rate; the Overnight Policy Rate (OPR), replacing the previous dual policy interest rate mechanism, with effect from 27 November 2024.



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Strategic Pillar**STABILITY, GOVERNANCE
AND SUSTAINABLE
GROWTH**

Delivering an exemplary financial performance through careful allocation of financial capital and execution of strategies thereby creating value for all stakeholders.

Priority Areas

- Delivering a sound financial performance
- Strengthening the balance sheet
- Shareholder value creation

**IMPACT OF THE GOVERNMENT'S
DEBT RESTRUCTURING
PROGRAMME TO THE BANK**

Investment made in Sri Lanka International Sovereign Bonds (SLISBs) issued by the Government of Sri Lanka was considered to restructure under the Government's Debt Restructuring programme that executed on 20 December 2024. As per the exchange invitation issued on 25 November 2024 for the SLISBs restructuring two distinct options were communicated.

- Option 01 – Global Bond Option
- Option 02 – Local Bond Option

After a careful evaluation on the salient features of the two options available, the Bank decided to exercise the Local Bond Option as it resulted in a significantly lower principle after the haircut compared to the other option (Global Bond Option). Further LKR denominated settlement option is available in the event of inability to settle in USD albeit at a lower coupon rate and extended maturities.

The Bank had USD 245.0 million as principal amount with past due interest of USD 32.7 million as at 31 March 2024 against which approximately USD 150 million of impairment provision had been made covering more than 50% of the exposure.

Under the local bond option, 70% of the total capital outstanding of USD 245.0 million with 10% haircut was converted to new USD bonds with maturities up to the year 2038 and the balance 30% was converted to the LKR denominated Treasury Bonds. For the accrued coupon (past due interest) on the original ISBs up to 31 March 2024 was settled through

USD denominated bonds (PDI Bonds) at a haircut of 11%. The net impact (favourable) of this transaction to the Profit and Loss amounted to LKR 14.1 billion after considering the reversal of LKR 38.6 billion impairment provision already made, Day one loss of LKR 19.6 billion pertaining to the newly issued USD Bonds and the haircut loss of LKR 4.9 billion.

Description	Amount LKR billion	Disclosed in
Net reversal of existing provision	38.6	Impairment charge/ (reversal) for loans and other losses (Note No. 14)
Haircut loss	(4.9)	Net gains /(losses) from derecognition of financial assets (Note No. 12)
Day one loss adjustment	(19.6)	Interest income (Note No. 8)
Total net impact	14.1	

More details are given under the Financial Statements Note No. 29.4 (Page 250)

Further, during the year, under the Domestic Debt Optimisation, some of the SOE exposures which had been granted under sovereign guarantee were restructured and transferred to the Central Government. Accordingly, after successful completion of the restructuring process, the relevant suspended interest income on those exposures were recognised to the interest income during the year.

PRIORITY AREA: 01**DELIVERING A SOUND FINANCIAL
PERFORMANCE****Net Interest Income (NII)**

The market interest rates continued to display a downward trend during the year in line with the eased monetary policy and administrative measures implemented by the CBSL. Despite interest rate fluctuation and the policy rates reduction of above 100 bps exercised throughout the year, the Bank was able to report 84% increase in the net interest income.

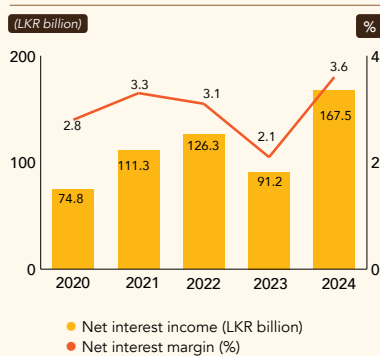
This demonstrated the Bank's agility in repricing assets and liabilities conforming with shifting market dynamics.

The net interest income reached to LKR 167.5 billion (2023: LKR 91.2 billion) contributing 92% to total operating income.

The lag effect of repricing the deposit base was eliminated during the year with the maturities of long term deposits at higher interest rates and the decrease in interest expense by 32% offset the drop in interest income by 12%. This performance underscores the Bank's drive towards preserving and growing profitability amidst trying economic conditions.

FINANCIAL REVIEW

NET INTEREST INCOME



Despite a 14% increase in average interest earning assets, the resulted interest income was LKR 63.7 billion lower than 2023 backed by lower interest rate regime. The interest income from loans and advances which accounted more than 55% of the total interest income dropped to LKR 251.4 billion by 25% compared to last year reflecting effects of shifting to low interest rate scenario.

The interest expense declined to LKR 293.6 billion from the level of LKR 433.6 billion reported in 2023. Interest expense which denoted 83% of the interest income in previous year dropped to 64% showcasing the repricing effect of the high cost deposit base. Time deposit cost accounted for about 81% of the total funding cost also came down by 32% during 2024 causing financial cost of fund to come down by about 250 bps during the year. Even though the Bank's CASA ratio experienced a plunge during the year under review, the Bank was able to minimise its negativity steaming to NIM.

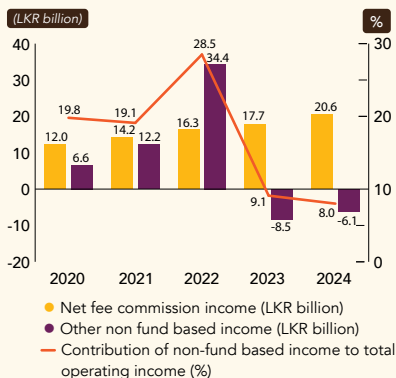
The net interest margin rose to 3.6% during 2024, achieving a five year high, and a noteworthy growth over the 2.1% NIM achieved in 2023.

Non-Fund Based Income

Fee and commission income in 2024 grew by 18% YoY over 2023 to reach LKR 30.4 billion. Fee and commission expenses grew by 19% YoY resulting in a net fee and commission income

of LKR 20.6 billion. This was a 17% net increase over LKR 17.6 billion reported in 2023.

NON-FUND BASED INCOME



Net fee and commission income was a significant contributor to profitability, driven primarily by increases in card-related transactions, retail banking services, and the heightened adoption of digital banking channels by customers during the year.

By materialising the increase in credit card portfolio by 29% during previous year, along with the 5% growth reported during this year, the fee income generated from card transactions improved by 25% YoY.

Demonstrating its commitment to enhancing retail banking through digital channels, e-payment portals, and improved service efficiency, the Bank achieved a remarkable 45% growth in fee income from retail banking activities, reaching LKR 6.8 billion. This reflects the Bank's focus on delivering shared value and optimising customer experience through digital transformation.

Other non-fund based income/ expense of the Bank are generated through;

- The trading gains/ losses from foreign exchange, changes in fair value of derivative financial instruments, dividend income from trading equities.
- Unrealised gains/ losses from investments in equities and debt

instruments classified at fair value through Profit or loss.

- Net gains/ losses from derecognition of financial assets.
- Net other operating income derived from dividend income from subsidiaries, gains/ losses from foreign currency assets/ liabilities revaluation to reporting currency, rent income, etc.

The net impact of non-fund based activities accumulated to a loss of LKR 6.1 billion against a loss of LKR 8.5 billion reported in previous year.

The Bank leveraged its robust trading capabilities to capitalise on market opportunities resulting in a LKR 3.4 billion net gain in 2024. The appreciation of the Sri Lankan Rupee by 10% meanwhile resulted in exchange loss of LKR 9.0 billion. Apart from that, the Day one loss of LKR 4.9 billion was also reported under net gain/ losses from derecognition of financial assets.

Impairment Charge And Other Losses

The Bank continued its proactive and prudent approach to making impairment provisions under the Expected Credit Loss model, despite of continuous recovery follow-ups, business revival activities, and stringent credit monitoring mechanisms. The Bank ensures adequate provision reserves are maintained to cover the expected losses arising due to credit risk.

The Individually Significant Loan (ISL) customers are quarterly evaluated through three-layer evaluation process where the Credit Risk Division of the Independent Integrated Risk Management Division (IIRMD) carried out an independent review for each ISL customer.

In 2024, the Bank recognised an impairment charge of LKR 12.4 billion on loans and advances; by considering the challenges that some business and industry sectors are still facing, as an outfall of the economic downturn and the global disruptions that occurred in the preceding years are not eliminated fully.

Amidst the economic turmoil and unrest that prevailed in Sri Lanka from 2021 to 2022, the Bank proactively identified Risk Elevated Industries (REIs) through management overlays. Sectors such as tourism, construction and textile export were classified as REIs due to cash flow deterioration, reduced demand, and the need for economic support.

Given that risks associated with these industries have not been fully mitigated, the Bank transferred exposures from Stage 1 to Stage 2, recognising a lifetime expected credit loss.

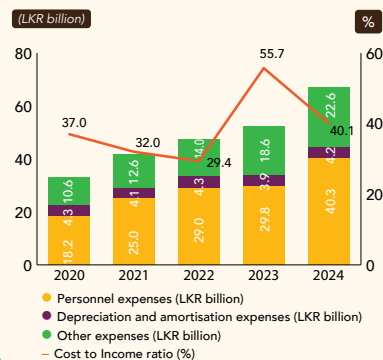
Even though, the economy is in a gradual recovery, the Bank did not consider an upward adjustment to parameters used for calculating Economic Factor Adjustment (EFA) which is used to calculate Expected Credit Loss (ECL) under collective impairment calculation on the prudent basis except for some portfolios which were clearly demarcated as associated economic impacts are reduced.

The impairment provision for investment in International Sovereign Bonds (ISBs), which was built upon the announcement of foreign currency default position in previous years was reversed to the Profit and Loss in line with the finalisation of SLISB debt restructuring during December 2024. Accordingly, a net reversal of LKR 38.6 billion in respect of other financial assets, was made upon the finalisation of the debt restructuring process.

Total Operating Costs

The Bank's total operating expenses amounted to LKR 67.1 billion, marking a 28% YoY increase. This was primarily driven by a 35% rise in personnel costs and a 21% increase in other overhead expenses.

COST MANAGEMENT



During the year, the Bank finalised its collective agreement reinforcing its commitment to human capital. The increase in personnel costs reflects the Bank's dedication to rewarding its workforce, its most valuable asset.

Depreciation and amortisation expenses grew by 9%, largely due to investments in digital infrastructure, aligning with the Bank's strategic vision of becoming a digitally empowered, future-ready institution.

Other expenses, accounting for approximately 34% of total operating costs, rose by LKR 4.0 billion, reflecting a 22% increase. Other expenses primarily included administrative costs, deposit insurance premiums, and fixed asset maintenance, essential components in delivering exceptional customer service.

Despite the rise in operating expenses, the Bank successfully enhanced operational efficiencies, as demonstrated by the significant reduction in the cost-to-income ratio to 40%, from 56% in the previous year.

Taxation

VAT on financial services increased by 124% YoY, reflecting the increased volume of services offered.

BOC contributed LKR 70.9 billion to the Government in the form of taxes during the year, including Income tax, Value Added Tax (VAT), Social Security Contribution Levy (SSCL) and the additionally charged Surcharge Tax.

Once the Deferred tax is adjusted, total contribution to the Government amounted to LKR 65.9 billion which is 154% growth YoY.

TAXES ON FINANCIAL SERVICES AND INCOME TAX



Income tax for the year amounted to LKR 42.5 billion, 212% increase over the previous year. An effective tax rate of 52% was applicable to the Bank in 2024, which again reflects the BOC's substantial contribution to the national economy as a state-owned institution.

Profitability

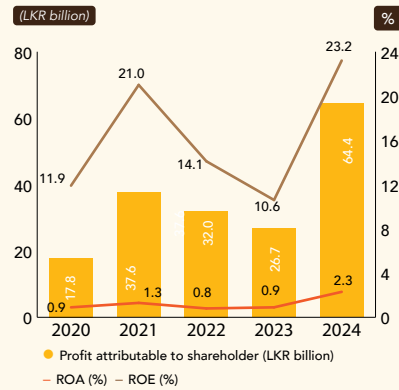
The Bank delivered an outstanding financial performance, recording a profit before tax of LKR 106.9 billion marking a remarkable 165% growth compared to 2023 despite ongoing challenges in the operating environment. This solidifies the Bank's position as one of the most profitable institutions of the country.

The Bank's ability to generate value for its stakeholders over the past five years in one of the most challenging periods in both the country's and its own history, is evident in its sustained financial strength.

Profit after tax surged by 141% YoY to LKR 64.4 billion. Both key profitability ratios, Return on Assets (ROA) and Return on Equity (ROE), saw significant improvements, reflecting the Bank's enhanced profitability and operational efficiency.

FINANCIAL REVIEW

PROFITABILITY



The Bank reported LKR 12.1 billion net loss during the year against the net loss of LKR 29.0 billion reported in other comprehensive income in 2023. Net actuarial loss of LKR 18.9 billion on retirement benefit plans in 2023 declined to net loss of LKR 13.8 billion as a result of less volatility in actuarial assumptions used. The cash flow hedge reserve adjustment was also decreased this year by 82% provided the lower interest rate and LKR appreciation. The fair value adjustment on investment in equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI) increased by 56% to LKR 2.8 billion during the year 2024 in line with the surge reported in equity market.

PRIORITY AREA: 02

STRENGTHENING THE BALANCE SHEET

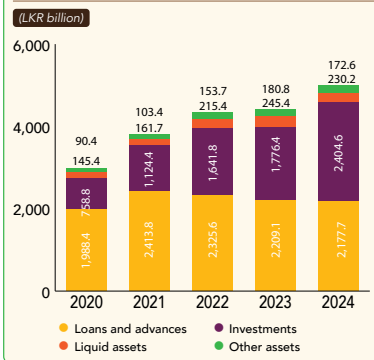
Total Assets

By the end of 2024, the total assets of the Bank stood at LKR 4,985.1 billion, with a notable growth of 13% during the year and the total Group's assets stood at LKR 5,048.7 billion being the first Sri Lankan banking group to record LKR 5.0 trillion assets base.

The Bank's asset book witnessed a number of changes during the year. The increase in total assets was

primarily driven by a significant increase in Government debt instruments and securities purchased under resale agreements. Cash and cash equivalents dropped by 15% YoY while balances held by the CBSL grew to LKR 52.3 billion from LKR 34.9 billion in 2023.

ASSET COMPOSITION



This robust asset position reinforces the Bank's ability to maintain its leadership position in the competitive banking sector. It is also evidence of the Bank's strategic approach to liquidity management and the ability to capitalise on favourable market conditions with dynamism.

The interest earning assets which comprise with 93% of the total assets of the Bank improved by 14% to LKR 4.6 trillion. This growth has been fuelled by the increase in investment portfolio due to deploying excess liquidity in high liquid investments as a short term strategy.

The value of net loans and advances stood at LKR 2.2 trillion at the end of 2024 and accounted for 44% of the total assets base and 47% of the interest earning assets base of the Bank. Even though total gross loans reported a marginal decline of 1%, the private sector lending improved by around 11% during the year with the Bank's strategic approach of the calibrating of its credit portfolio in line with post crisis

new business climate. The credit demand from the private sector improved with the gradual recovery of economic activities and the Bank catered to this steaming credit demand in a courteous approach.

Exposure to SOEs and Direct Government stood at around 32% by end of the year, consequent to the settlement of foreign currency exposures of Direct Government. Appreciation of 10% in LKR against USD also contributed to the contraction in USD denominated exposures.

Assets Quality

In order to minimise current and potential Stage 3 exposures and improve the asset quality, the Bank actively supported business revival efforts and engaged closely with customers to speed up their recovery. Even though Stage 3 loans amounted to LKR 372.8 billion with an up-tick of 20% from end -2023, it was mainly due to classification of some of the SOE exposures under Stage 3 due to delay of restructuring process of those exposures. The Bank believes that the restructuring will be completed during the year 2025. These initiatives coupled with strategic credit decisions have supported to mitigate credit losses during the year. These efforts will continue to deliver positive results, reinforcing BOC's role as a key contributor to the Sri Lankan economy.

The Bank maintained an impairment reserve of LKR 200.0 billion against the Stage 3 loan exposures which covered 54% of the total Stage 3 exposures as at the end 2024.

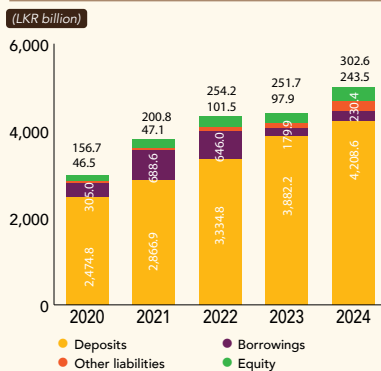
The value of Stage 2 loans dropped by LKR 93.1 billion to LKR 245.1 billion at the end of 2024. The movement was mainly attributed to the classification of some of the SOE exposures to Stage 3, which was done on a proactive basis and the exchange rate variances in foreign currency denominated loans.

Under the CBSL Direction No. 13 of 2021; Classification, Recognition and Measurement of Credit Facilities, Licensed Banks are required to maintain 0.5% coverage for all Stage 1 loans. For the year 2024, BOC has maintained 1.9% compared to 1.7% coverage at the end of 2023, which is well above the regulatory requirement.

Funding

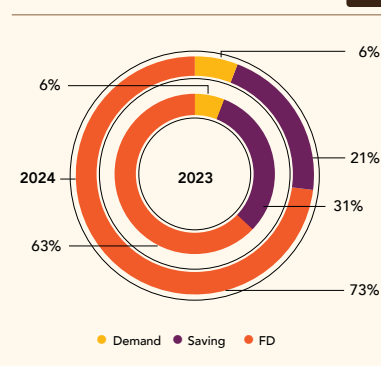
Total liabilities increased by 13% primarily due to the 8% growth in deposits, which increased to LKR 4.2 trillion from LKR 3.9 trillion at the end of 2023. Securities sold under repurchase agreements also grew by 67% YoY to reach LKR 131.1 billion by the end of the year. Current tax liabilities stemming from an improved bottom line and other liabilities also added to the growth in the Bank's liabilities.

LIABILITY COMPOSITION



Deposits are the key funding source of the Bank which accounts for 95% of the total funding base (deposits and borrowings). The Bank's strategic focus on deposit mobilisation and the sustained customer confidence was demonstrated by further strengthened deposit base of the Bank during the year.

DEPOSIT COMPOSITION



Time deposits amounted to LKR 3.1 billion reporting 26% upward shift and the Current and Savings, i.e the low cost fund base declined by 21%. Consequently, the composition of the low cost fund base declined to 27% against 37% reported at the end of 2023.

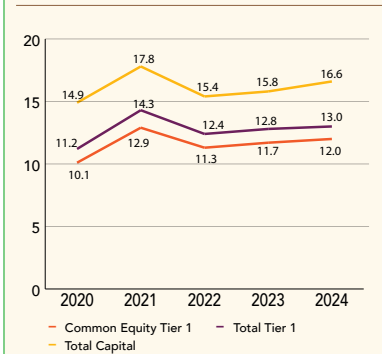
The total borrowing increased by 28% to LKR 230.4 billion following the increase in short term Repo borrowing to LKR 131.1 billion from LKR 78.5 billion. The Bank deployed these excess fund effectively amidst the challenges and was able to improve the NIM by 150 bps.

Capital And Liquidity

Retained earnings of the Bank stood at LKR 183.4 billion by end 2024. Among the LKR 64.4 billion added through profit after tax, LKR 39.9 billion was allocated to a Special Reserve in compliance with the Government's debt restructuring process for restructured SOEs and ISBs. However, this reserve is not considered for capital adequacy purposes.

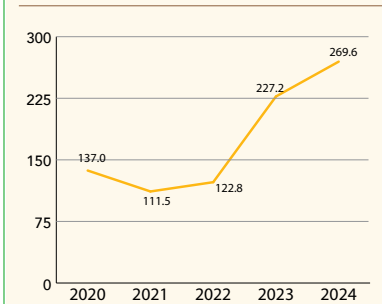
The Bank's total equity strengthened, reaching LKR 302.6 billion demonstrating a robust growth of 20% from the previous year.

CAPITAL ADEQUACY



At the end of 2024, the Capital Adequacy Ratio (CAR) improved to 16.6%, up from 15.8% in 2023. This increase was driven by enhanced internally generated capital and the issuance of a Basel III-compliant debentures worth LKR 15.0 billion.

LIQUIDITY COVERAGE RATIO



Amidst a complex operating environment, the Bank ensured financial stability through proactive liquidity management and risk mitigation strategies. Its strong liquidity position was reflected in a LKR liquidity coverage ratio of 329.0% and an all-currency liquidity coverage ratio of 269.6%, underscoring its resilience and prudent financial management.

FINANCIAL REVIEW

PRIORITY AREA: 03

SHAREHOLDER VALUE CREATION

For the year ended 31 December	2024	2023	2022	2021	2020
Return on equity (%)	23.2	10.6	14.1	21.0	11.9
Earnings per share (LKR)	2,575.5	1,067.7	1,278.9	1,503.6	710.6
Dividends per share (LKR)	-	6.9	13.9	73.9	63.9
Net Assets Value (NAV) per share (LKR)	12,102.4	10,068.6	10,167.4	8,030.4	6,266.4

The Earnings per Share and Return on Equity of the Bank improved significantly due to the improved profitability and the net assets value per share also reported the highest value ever the history.

As a part of the capital management process, the Bank has not declared any dividend during the year 2024.

OVERSEAS OPERATIONS AND GROUP PERFORMANCE

At a consolidated level, Group pre-tax-profits for the year reached LKR 108.2 billion, recording a YoY growth of 159%. By the end of 2024, the Bank had nine subsidiaries, and four associate companies involved in diverse operations ranging from financial services, property management services and leisure management, among others. The Bank operates a foreign subsidiary, which facilitates market access in Europe, which enhances the Bank's reputation while offering an effective platform for giving foreign exposure to employees. BOC is the most dominant entity within the Group, and accounts for 98% of total assets. The subsidiaries are managed under a subsidiary charter and are subject to an annual comprehensive subsidiary performance review. The financial and operational performance of the subsidiaries are monitored by the parent entity on a regular basis. Their risk dashboards are shared with the Bank's Chief Risk Officer to ensure that risks are managed within acceptable levels and in accordance with the Group's overall risk appetite. Each subsidiary and associate have a representative from the Bank, holding a Board position to ensure that their operations are conducted in line with the expectations of the parent entity.

WAY FORWARD

As Sri Lanka navigates its path towards economic resurgence, the Bank of Ceylon stands as a steadfast cornerstone, driving collective progress and revitalising the economy. By supporting both businesses and individuals alike, the Bank exemplifies resilience with sustained financial growth and reinforces its role as a catalyst for prosperity and stability.

The Bank will strive to strategically align its resources to unleash the future growth potential of Sri Lanka as projected by the optimistic economic growth forecasts over the coming years. Lending to the SMEs will continue to remain a key priority area. Future lending to SOEs will be managed with extreme vigilance. All banking operations will strive to maintain the growth momentum of KPIs that were achieved during 2024.

Capital management will continue to be a key factor in decision making processes in the Bank. The Bank will continue to strengthen its capital position through internal and external sources, but the main source of funds will continue to be from deposit mobilisation. From time to time, the Bank will supplement its capital position with Tier 11 instrument issues, specially for financing growth.

The Bank will also strengthen financial reporting based on SLFRS S1 and S2 standards by incorporating sustainability and climate risk reporting.

We will continue to make investments in building the capacity of our human resources and in digital infrastructure. Together, these investments will facilitate BOC to continue its leadership position in the future fit banking landscape in Sri Lanka.

PERFORMANCE OF BUSINESS SEGMENTS



RETAIL BANKING

CONSISTS OF A RANGE OF LENDING, DEPOSITS AND TRANSACTIONAL BANKING SOLUTIONS TARGETING INDIVIDUALS, ENTREPRENEURS AND MICRO, SMALL AND MEDIUM ENTERPRISES.

KEY STRENGTHS

- A robust customer base of over 16.1 million served through about 2,300 touchpoints including an extensive branch network.
- Advanced digital banking solutions.
- Tailored loan products reaching out to wide segments.
- Financial inclusivity through BOC Mithuru and BOC Ranliya Loans, benefiting women-led businesses.
- Lending growth of 50% for Micro Small and Medium Enterprises (MSMEs).
- Leading Retail Banking segment in Sri Lanka's banking sector.

OUTPUTS

Deposits

Loans and advances

Transactional banking

Development lending

Financial inclusion

OPERATING CONTEXT

In 2024, the Bank continued to face an evolving financial landscape marked by uncertainty in the operating environment. The retail banking sector navigated high-interest rates, volatile exchange rates and reduced disposable income due to higher personal taxation levels.

Debt sustainability and inflation moderation were key priorities, with the Bank implementing structured repayment plans and extending debt restructuring facilities to mitigate economic pressures. Strengthened risk assessment models helped to improve credit portfolio resilience amidst inflationary trends.

Despite these obstacles, the Bank expanded its SME portfolio to LKR 130.5 billion and via integrated credit assessments and thorough analysis, the associated risks were mitigated. It is evident that, the Bank's commitment to environmental sustainability is reflected

in the 300% growth (Y-o-Y) in green financing, highlighting the Bank's sustainable focus. These measures solidified the Bank's position as Sri Lanka's most resilient retail banking institution, ready to embrace emerging opportunities.

PERFORMANCE AGAINST STRATEGY



STABILITY, GOVERNANCE AND SUSTAINABLE GROWTH

- Strengthened governance frameworks to enhance regulatory compliance.
- Integrated ESG considerations into lending decisions for responsible banking.
- Expanded sustainable financing initiatives, including green lending and renewable energy projects.
- Enhanced financial stability through strategic resource allocation and management.



EXCELLENCE IN CUSTOMER EXPERIENCE

- Financial inclusion: Decentralised Islamic Banking operations across the branch network and expansion of BOC Mithuru projects.
- Introduced SME Forums in 2024 and "SME Clinics" to provide personalised solutions to SME entrepreneurs. These initiatives aim to increase customer loyalty, diversify loan portfolios, and support MSME businesses with both financial and non-financial services.

PERFORMANCE OF BUSINESS SEGMENTS

- MSMEs financing continued, offering support to targeted borrowers who are engaged in MSME activities and preventing defaults through proper evaluation and continuous follow-up.
- SME outreach: Over 3,000 SMEs supported via financial advisory and funding.
- Women entrepreneurs: Women-led businesses were funded through 'BOC Ranliya' Loans.
- Fostered financial literacy and business resilience through special awareness sessions: Conducted eight Financial Awareness Sessions and SME Customer Forums, while the Bank's officers also contributed as resource personnel in nine awareness programmes, reinforcing our role as a trusted partner in SME development.
- The BOC Gammana initiative focused on improving and uplifting rural communities in Sri Lanka by developing infrastructure, supporting agriculture, promoting sustainability and enhancing education and healthcare. The first phase has been successfully completed covering eight villages, with three in pipeline, significantly impacting the lives of rural villagers.
- Launched additional financial literacy and business revival programmes.



DIGITAL EXCELLENCE

- Mobile and internet banking: 47% of transactions are in digital mode, an increase from 43% in 2023.

- Launched real-time payment tracking and fraud detection for improved security and customer experience.
- New digital onboarding processes attracted over 850,000 new mobile banking users.



REWARDING CREDIT CULTURE AND HEALTHY CREDIT PORTFOLIO

- Implemented Interest-subsidised, refinance and the Bank funded loan schemes at concessionary terms.
- Tea Smallholders Loan Scheme was initiated, benefiting over 1,000 additional smallholders.
- Facilitated in creation of 11,320 young entrepreneurs by allocating LKR 5.5 billion via BOC Youth loan scheme.



BUILDING A HIGH-PERFORMING TEAM

- Conducted specialised training programme to enhance staff capabilities.
- Expanded Islamic Banking awareness to branch network.
- Included introductory sessions on Islamic Banking to all training programmes conducted by CTI.
- Implemented performance-based incentives, including overseas training opportunities and awarding appreciation letters.
- Strengthened customer service training to enhance customer relationship management.
- Promoted leadership development initiatives under long-term succession planning.

NEW INITIATIVES IN 2024

The Bank introduced new loan schemes to reach out to a wider spectrum thus serving the unique needs of these segments.

New development loan schemes launched during the year

BOC Saubagya Credit Scheme:

Focused on rural entrepreneurs and small businesses.

Special Loan Scheme for pensioners

To install solar power systems.

BOC Ranliya:

Specifically focus for women entrepreneurs.

BOC Ranaviru Pranama:

Special loan scheme for disabled Tri-Forces members.

BOC Youth Loan Scheme:

Targeted at young entrepreneurs to foster innovation.

During the year, BOC took steps to uplift village communities through working capital facilities and investment under the Saubagya Loan Scheme to uplift village communities. The guidance and mentoring offered through the 'Saubagya Development Bureau' helped these communities to advance efficiency levels and production capacity.

Our retail banking franchise made significant strides in the development of digital banking as well as financial inclusion. Our continued focus on expanding coverage to underpenetrated segments, particularly SMEs and women entrepreneurs, led to increased outreach and a strong rise in demand for our value-added loan products. Retail segment CASA percentage stood at 36%, illustrating how robust the retail banking sector was in its ability to navigate the volatility faced by SMEs, entrepreneurs, and individual clients in 2024.

The Bank is strategically expanding its Islamic Banking Division to enhance accessibility and cater to a broader customer base. Through the decentralisation of Islamic banking services, the Bank aims to extend Shari'ah compliant products, including deposits and financing island wide, ensuring financial inclusion for individuals and businesses. Guided by a seasoned and committed Shari'ah Supervisory Board and expert team, BOC is intensifying its Islamic banking operations under the banner of BOC.



This initiative is in line with the long-term vision of the Bank to diversify its portfolio in Islamic banking without affecting transparency, compliance, and customer-centric provision of services.

The launch of new products, along with the formation of new 330 Mithuru groups, enhanced the low - cost deposit base, further adding to the stability and diversification of our deposit base.

We also enhanced some of our current loan schemes to cater to dynamic market needs, including solar power financing, electric vehicles, and biogas unit financing, as well as SME-focused credit schemes like SME Energizer, NCRCS Sarusara, SMILE III, E-Friends, and Kapruka Coconut Development Loan Scheme. The commitment to the SME segment highlighted through initiatives like the BOC SME Circle, which is providing customers financial education and advisory activities, and the inauguration of SME Forums for business networking. Further, the Bank is continuously collaborating with external institutions to offer bespoke solutions through SME Clinics.

We envision an expansion of our microfinance portfolio and pursuing our green initiatives, reinforcing our role as a responsible financial partner in supporting sustainable economic development across Sri Lanka.

DEPOSITS

Throughout 2024, the Bank braved the challenges posed by the economic and political climate with intense concentration on growing our retail banking franchise. The Bank's retail deposits expanded significantly through its steadfast customer-first mentality. Despite the fluctuations in interest and exchange rates, the Retail Segment deposit base rose which speaks volumes of the strength of the Bank's deposit products. Time deposits also increased in the Retail Segment which is an obvious sign of the sustained trust and confidence placed in us by our customers.

LOANS AND ADVANCES

GRI 203-2

In 2024, the Bank introduced several innovative loan schemes to promote entrepreneurship, sustainability, and economic resilience in Sri Lanka. We launched the BOC Youth Loan Scheme to meet the investment as well as working capital needs of young entrepreneurs.

In addition, under the SMELoC2 project funded by the Asian Development Bank, we provided working capital funds to MSMEs in critical industries such as manufacturing, agriculture, tourism, technology, and export with an emphasis on the majority portion of the said fund being invested in these lifeline industries.

Another key initiative was BOC Ranliya Loan Scheme that was conceptualised specifically for women entrepreneurs. This scheme offers loans of up to LKR 100.0 million with attractive rates of interest, grace period of a maximum of six months, and repayment terms of up to five years for investment loans. With tourism as well as export-oriented industries getting priority, the scheme encompasses women business enterprises.

Having recognised the need of promoting the tea industry, which is significantly contributes to the country's export income, the Bank has introduced a special loan scheme for tea small holders. This scheme provides loans for new planting, replanting, infilling, nursery development, irrigation, water and soil management and mechanisation with a maximum limit of LKR 500,000/- at an attractive interest rate. It also includes a one-year grace period and a repayment period of seven years.

While our top priority remains sustainability, it has been a key driving factor behind projects such as the interest-free credit scheme for the Agriculture Modernisation Project and a special loan programme for installing solar power systems. Additionally, significant funds were allocated to priority sector lending in particular agricultural-based loans aimed at strengthening the sector.

In the future, we look ahead to expanding our microfinance businesses and undertaking our green initiatives in order to entrench ourselves further as a financial partner of trust in driving Sri Lanka's economic growth sustainably.

PERFORMANCE OF BUSINESS SEGMENTS

As a part of our commitment to communities, we also initiated the "BOC Ranaviru Pranama" loan Scheme for extending special financial facilities to disabled members of the Tri- Forces, to engage in any legally acceptable income generating activity.

Maintaining assets quality is never compromised ever amidst these more focus towards development lending. The Business Revival and Rehabilitation Units (BRRUs) established under provinces were further empowered through specially designed training programmes.

TRANSACTIONAL BANKING

In 2024, the Bank made significant strides in expanding its transactional banking services, aligning with the growing trend of digitalisation in the financial sector. The Bank continued to enhance its Internet Payment Gateway (IPG) in partnership with MasterCard, offering secure online transactions and global e-commerce solutions. The Point-of-Sale (POS) machines also experienced steady growth in market penetration reflecting the wider acceptance of digital payments. During the year, 35 BOC Connects agents were added facilitating convenient banking for communities in rural areas. BOC's commitment to digital transformation was further evident in its expansion of digital platforms ensuring that financial services remained accessible to customers across all provinces. As transactional banking continues to rise, the Bank remains focused on offering seamless cashless transactions, providing customers with efficient, secure, and convenient access to retail and service providers.



Launched: BOC prestige credit card

WHERE WE ARE HEADED

OPPORTUNITIES

- Business expansion through green product initiatives and improving leasing portfolio.
- Increasing participation in financial awareness campaigns help to expand the Bank's customer base and improve financial resilience among borrowers.
- Collaborations with fintech companies and international development agencies can drive product innovation and financial inclusion.

RISKS

- The evolving banking policies create a challenging environment. Regulatory shifts could lead to stricter requirements.
- As digitalisation grows, banks face heightened exposure to cybersecurity threats. Alongside this, operational risks rise due to employee attrition.
- A combination of factors increased credit risk of borrowers failing to meet debt obligations.
- The growing competition from other banks offering more attractive rates.

WAY FORWARD

- Digital Expansion – Introduce AI-driven banking solutions for personalised financial advisory and risk assessment. Integration of blockchain technology for enhanced security in retail banking.
- Green Financing Growth – Increase funding for renewable energy, Electric Vehicles (EV) leasing, and waste management projects, aiming for notable growth in sustainable lending.
- Financial Inclusion – Strengthen microfinance programmes to empower rural entrepreneurs and women-led businesses, expanding the Mithuru groups initiative further.
- Strengthening SME Support - Expand SME Energizer funding to ensuring greater support for small-scale businesses and exporters.
- Deposit Growth Strategy - Introduce new high-yield savings and fixed deposit schemes to attract long-term deposits, enhancing liquidity management.
- Cybersecurity and Digital Safety- Implement next-gen fraud detection systems, strengthening customer protection as digital transaction volumes increase.
- Regulatory Compliance and Risk Management - Adapt CBSL's monetary policies, ensuring compliance while maintaining regulatory ratios well above the norms such as private sector lending.



CORPORATE AND OFFSHORE BANKING

PROVIDES A VARIETY OF FINANCIAL SERVICES TO THE PRIVATE SECTOR, STATE SECTOR CORPORATES AND INSTITUTIONS.

KEY STRENGTHS

- The largest corporate lender in Sri Lanka.
- Employment and sectoral growth through strategic lending and financial inclusion initiatives.
- A vital engine of foreign exchange for the Bank as well as the country.
- Advancing in digital transformation by revolutionising trade finance operations through Fusion Trade Innovation System and BOC Trade Channel (BTC) in 2024.
- Fostering sustainability and green financing through renewable energy initiatives.

OUTPUTS

Corporate lending
Offshore banking
Project financing
Trade Finance and services
Customer deposits
Premier Banking

OPERATING CONTEXT

The 2024 financial environment has been shaped by economic shifts, regulatory changes, and market trends, which have made it crucial for BOC to act swiftly and strategically. The reduction of short-term interest rates has had a direct impact on lending margins and trade finance income.

Despite these obstacles, BOC leveraged its strong financial position and strategic approach to remain prominent in the market. The Bank diversified its revenue streams by emphasising on private sector lending. BOC tightened its risk management policies by closely monitoring high-risk sectors while identifying new growth areas, such as export-oriented manufacturing and tourism. In staying sensitive to government policy changes and directions in the financial sector, the Bank stood the test of time, extending continuous financial support to its corporate clients.

PERFORMANCE AGAINST STRATEGY



STABILITY, GOVERNANCE AND SUSTAINABLE GROWTH

- BOC has implemented Loan Portfolio Review Committee to monitor and mitigate risks in its credit portfolio. This initiative focuses on identifying early warning signals in stage 2 and 3 customers, ensuring proactive measures to maintain a healthy credit portfolio.
- The Bank has prioritised sustainable finance by granting LKR 4.5 billion in funding for renewable energy projects, with additional sustainability-driven projects currently under review.
- The Bank has focused on reducing stage 3 loans by implementing stage 3 recovery and revival strategies and strengthening internal risk assessment processes.
- BOC has played a key role in expanding financial inclusion by facilitating eight export forums in collaboration with the Ceylon Chamber of Commerce, reaching over 600 SME exporters.

The Export Circle Initiative successfully onboarded nearly 120 new exporters into the global market. Furthermore, financial literacy programmes in partnership with Industrial Development Board (IDB) and Industrial Technology Institute (ITI) have benefited over 250 Small and Medium Entrepreneurs (SMEs), with a notable participation from women entrepreneurs.



EXCELLENCE IN CUSTOMER EXPERIENCE

- The Bank enhances the service quality of the clients by offering competitive interest rates, making banking more affordable and increasing business volumes.
- Stage 2 (Under performing) and Stage 3 (Non performing) customers were revived/restructured to match with their cash flows so they would be able to improve their credit worthiness in the market.
- Expansion of Trade Finance operations to Rajagiriya, Ratnapura, Awissawella and Badulla, ensuring that corporate clients across the country receive efficient trade finance services.

PERFORMANCE OF BUSINESS SEGMENTS



DIGITAL EXCELLENCE

- Launch of the Fusion Trade Innovation System, enabling real-time online transactions and eliminating manual processing, ensuring faster and more secure trade operations.
- The new online trade finance banking system, BOC Trade Channel (BTC) was implemented allowing corporate customers to process all trade finance-related banking transactions digitally.
- Introduced a system for purchasing Letter of Credit (LC) confirmations from other banks, creating an additional revenue stream.
- Export bill discounting was introduced expanding operations beyond in house exporters.



REWARDING CREDIT CULTURE AND HEALTHY CREDIT PORTFOLIO

- The Loan Portfolio Review Committee was established to monitor high-risk customers (Stage 2 and 3 loans), implemented early warning systems, and applied recovery strategies to mitigate defaults.
- The Bank shifted focus from collateral dependency to a business viability approach.
- Introduced flexible repayment options for State Owned Enterprises (SOEs) and corporate customers.
- Regular policy reviews, updates to finance manuals, and refinements to corporate lending guidelines were undertaken to ensure timely compliance.



BUILDING A HIGH-PERFORMING TEAM

- Training programmes were conducted to all staff members related to international trade business.
- The Bank provides its staff with ongoing exposure to key industry trends, partnering with trade associations like the Ceylon Chamber of Commerce, Trade Finance Association of Bankers, and International Chamber of Commerce Sri Lanka.

CORPORATE BANKING

By adopting the policy of cash flow-based lending, BOC has extended working capital as well as long-term finance to core industries, paving the way for sustainable development in several sectors.

The revival and momentum of the tourism sector has boosted private sector lending, to hotel operators, travel operators, and tourism infrastructure projects. Equally, apparel and export-oriented businesses were given specifically tailored financial solutions to offset the effect of currency appreciation and supply chain breakdowns across the world.

Total loan amount of LKR 33.1 billion has been granted for over 2,400 customers as at end 2024 through Asian Infrastructure Investment Bank (AIIB) loan scheme. This has funded 73% of SMEs and the balance for Corporates which were affected by economic upheaval stemming from Covid-19 pandemic. Under AIIB Crisis Response facilities, the Bank has granted 12% of the total loans for Women-led enterprises.

Recognising that businesses require more than funds, BOC has also extended non-monetary support through the Business Revival and Rehabilitation Unit. This initiative offers guidance on cash flow restructuring, optimisation of balance sheets, and business model adjustments to help struggling firms not only survive but thrive amidst shifting economic landscapes.

In a still-constrained offshore bank non-recourse financing environment, BOC has stepped in to fill the vacuum as the pre-eminent financial facilitator, enabling the most critical sectors to preserve access to credit. In the process, the Bank has been successful in expanding its corporate customer base while hedging credit risk via robust portfolio management practices.

BOC's foreign financial partnerships have been focusing on mobilising capital for efforts toward national development. The Bank successfully negotiated a number of foreign lines of credit, enabling Sri Lankan businesses to access capital at reasonable rates from overseas.

With these arrangements of funding, BOC has enhanced access to credit among local businesses to ensure that key sectors are well provided with available funds.

PROJECT FINANCING

GRI 203-1

Sustainability and long-term financial stability form the pillars of BOC's project financing philosophy. During the year under review, the Bank prioritised investment in renewable energy demonstrating its commitment towards reduction of fossil fuels and to support environmental sustainability.

23MW of renewable energy projects were financed during the year including USD 2.6 million allocated by Asian Development Bank (ADB) for high impact projects.

BOC has also extended financial support to export-oriented manufacturing and infrastructure projects in further testament to its contribution towards strengthening Sri Lanka's economic foundations.

TRADE FINANCING

Trade finance remains a core pillar of BOC's corporate banking business, with continued efforts to further enhance export facilitation and SME outreach. In 2024, the Bank introduced new products and services to further support trade transactions, including:

- Risk Participation – Supporting LC confirmations via correspondent banks.
- Export Bill Discounting – Spreading the services beyond in-house exporters.

The move towards digital transformation in the trade finance segment has also been a key driver, with the Fusion Trade Innovation System and BTC platform offering streamlined transactions and enhanced client access.

OFFSHORE BANKING

The Offshore Banking Division of BOC underwent a sharp transformation in 2024, following the regulatory directive given by CBSL for consolidating offshore operations with local banking. Although restructuring of operations was required with this realignment, it also created opportunities for better governance and financial management. Further, a separate unit established ensures specialised services. The Bank has been successful in extending its offshore presence to Chennai and Seychelles, a major step towards increasing its global presence. Offshore banking risk management was boosted by effective loan recoveries.

Going forward, our main priorities would be expansion, integration with digital platforms, and facilitation of foreign exchange.

STATE OWNED ENTERPRISE RELATIONS

State Owned Enterprise Relations is a vital segment in Corporate Banking Division of the Bank. Financing SOEs was purely based on business viability,

realistic business cash flows and corporate governing structure of SOEs, without limiting to Treasury Guarantees/ Sovereign Guarantees, etc. in line with the Bank's policy of diverging from over-reliance on State-Owned Enterprises (SOEs). Facilities granted to SOEs are continuously monitored and evaluated by the SOE Relations Unit in order to minimise the credit and concentration risk.

SOEs in all the priority sectors involved in the import of essential goods, including fuel, liquid petroleum gas, pharmaceuticals, vaccines and medicines, aviation, cargo handling, etc. were continuously supported in view of fostering economic development and social stability.

The transactions relating to restructuring of certain SOEs and GOSL exposures were successfully concluded under the Government domestic dept optimisation programme.

"Entrust SMEs to Global" coupled with series of awareness programmes was introduced to promote Sri Lankan SMEs to inspire in to export market. This programme was focused on promoting local manufacturers to become direct exporters or indirect exporters.

With this programme, our goal was to identify local manufacturers, both existing customers and new customers who have the potential to export and educate them to produce goods in accordance with the necessary quality standards, packaging requirements, obtaining necessary approvals to penetrate into international markets and provide awareness on our banking products to cater their requirements.

Under this programme, seminars were conducted in association with Industrial Development Board (IDB) and Industrial Technological Institute (ITI) to encourage new entrepreneurs who have the potential to export and there by enhancing credit, trade finance

and foreign exchange facilities for key exports segments. Credit facilities amounting to LKR 827.0 million were canvassed with this programme.

WHERE WE ARE HEADED

OPPORTUNITIES

- Credit demand aligned with the economy's rebound.
- Integrating advanced digital technologies to streamline operations, enhance security and offer innovative online banking services.
- Considerable growth in tourist arrivals and improvement in the tourism sector.
- Rising demand for renewable energy investments.

RISKS

- Exposure to broader geographical and geopolitical scope.
- Frequent changes in regulations.
- Possible market volatilities through exchange rate and interest rate fluctuations.

WAY FORWARD

- Expanding facilities for commercially viable enterprises strengthening Private Sector Lending.
- Digital transformation and adapting to new market changes, especially corporate banking automation to improve service efficiency and client satisfaction thereby strengthening the Bank's competitive position.
- Seeking new destinations for expansion as a strategic move to diversify and grow, fostering new corporate customers through market competitive interest and commission rates.
- Prioritising renewable energy and export-driven businesses to enhance sustainable industries.

PERFORMANCE OF BUSINESS SEGMENTS



INTERNATIONAL, TREASURY, INVESTMENT AND OVERSEAS OPERATIONS

THE CLUSTER HANDLES FOREIGN CURRENCY RELATED TRANSACTIONS, LIQUIDITY AND FUND MANAGEMENT, INVESTMENT ACTIVITIES AND OVERSEAS BRANCHES.

KEY STRENGTHS

- Maintaining a healthy liquidity position, supported by investments in Government securities and stable credit-to-deposit ratio.
- Market leadership in remittances with total remittances of USD 4.6 billion.
- Real time disbursement of remittances.
- Strong global presence by partnering with 714 correspondent banks and 92 exchange companies, ensuring seamless international transactions.
- Robust investment banking operations, raising Basel III-compliant debentures to strengthen the capital base.
- Presence in Asian, Europe and African region.

OUTPUTS

Sound liquidity position

Deposits and inward remittances

Investment portfolio

Treasury products

Overseas operations

OPERATING CONTEXT

2024 was a year of stabilising and strategic restructuring for Sri Lanka's financial sector. As the economy stabilised under the IMF-supported debt restructuring programme and disciplined fiscal management, BOC demonstrated its agility and resilience in the face of evolving regulatory and, monetary policy changes as well as global economic divergences.

The 10% appreciation of the Sri Lankan Rupee during the year presented both opportunities and challenges. Thus, we responded proactively implementing strategic treasury measures to defend and further strengthen the nation's foreign currency reserves. This underscores our commitment to supporting the stability of the Sri Lankan economy.

Throughout the year, prudent asset-liability management was a key focus. Our strong liquidity position is a direct result of this focus. We closed the year with Liquidity Coverage Ratios (LCRs) and Net Stable Funding Ratio (NSFR) significantly surpassing regulatory requirements. These robust ratios demonstrate our proactive approach

to risk management and dedication to maintaining a secure and stable financial foundation. They reflect our ability to navigate economic fluctuations while capitalising on emerging opportunities, ensuring sustainable growth and long-term value for our stakeholders, positioning BOC as a pivotal force in the growth of the Sri Lankan economy.

PERFORMANCE AGAINST STRATEGY



STABILITY, GOVERNANCE AND SUSTAINABLE GROWTH

- Managed risks associated with exchange rate volatility.
- Maintained a strong capital buffer above regulatory requirements.
- Initiated sustainability practices through green financing.
- Successfully managed the Net Interest Margin (NIM).
- Restructured SOE exposures under the Government debt restructuring process.
- Successfully concluded the transactions relating to SLISB restructuring.



EXCELLENCE IN CUSTOMER EXPERIENCE

- Smart Remittance enhancements by assigned 30+ Business Promotion Officers (BPOs) across 11 countries.
- BOC Foreign Circle made significant progress by onboarding 800+ new customers.
- Disbursed over 5,000 pre-departure loans and post-departure loans to migrant workers.
- Information sharing platform for worker remittance stakeholders via "Lanka Bankuwen Ran Kahawanu" on City FM and "Ethera Methera" on Rupavahini.
- Increased customer awareness and promotions by conducting 162 awareness programmes ("Pita-Pita Rata Thegi-Season 03" offered a luxury villa as the first prize).
- Establishment of the Foreign Currency Management Unit offering convenient and tailored travel solutions.
- Aggressively engaged in Wealth Management products expanding Portfolio Management Services (PMS) to high net worth clients and managing a substantial fund.



DIGITAL EXCELLENCE

- BOC's significant involvement in the country's digital finance infrastructure development was further established by extending three years term as the Settlement Bank for Sri Lanka's Interbank US Dollar Online Payment System.
- Our Application Programming Interface (API) based Remittance Processing systems was introduced

to offer the fastest remittance disbursement experience in the country.

- Enhanced internet banking and domestic transfer capabilities; Seychelles Electronic Fund Transfer (SEFT) in Seychelles.
- Sophisticated software system in place to function Trade Finance (FTI) and Asset Liability Management (ALM) systems in Chennai.
- Relocated the foreign exchange counters at Bandaranaike International Airport with a state-of-the-art facilities, significantly improving efficiency and service delivery with enhanced brand visibility.



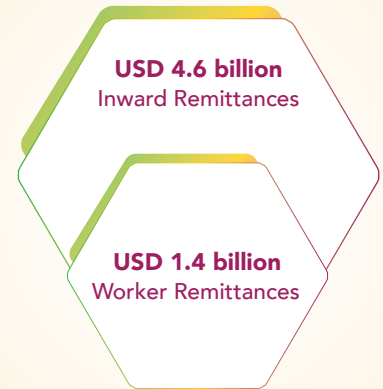
REWARDING CREDIT CULTURE AND HEALTHY CREDIT PORTFOLIO

- Expanded credit facilities in the portfolio of overseas branches to support businesses, migrant workers, and high-net-worth clients.
- Strengthened the monitoring of Stage 3 loans and advances recovery strategies.
- Large-scale project funding.



BUILDING A HIGH-PERFORMING TEAM

- Job-specific training to enhance the expertise.
- Implemented various employee productivity enhancement initiatives.
- Increased business focus by reinforcing with new staff recruitment to overseas branches.



INTERNATIONAL BANKING

In 2024, BOC proudly solidified its market leadership in worker remittances, capturing a major portion of total market share. This achievement underscores our unwavering commitment to facilitating seamless and efficient fund transfers for Sri Lankans across the globe.

Our international success stems from a robust foundation built by our Correspondent Banking Department, coupled with a proactive approach to outreach and accessibility by maintaining correspondent relationships with leading banks and exchange companies across all continents. We ensure seamless cross-border transactions and efficient international operations, solidifying BOC's position as number one in global reach and providing a distinct competitive edge in all international transactions.

Recognising the evolving needs of our customers, we continuously strive to enhance our remittance platforms and streamline transaction processing. Our robust remittance disbursement system, the "Smart Remit," is capable of processing remittances in real-time, which is one of the leading such technologies in the country.

At BOC, we believe in fostering strong relationships with our customers and recognising their contributions. To further enhance engagement, we launched incentive-driven campaigns, such as the highly successful "Pita-Pita Rata Thegi - Season 03" awarding a fully furnished luxury villa worth over LKR 30.0 million in 2024.

PERFORMANCE OF BUSINESS SEGMENTS

Our International Division, through its dedicated 'Foreign Circle' overseas customer service support unit, reinforced its commitment to delivering a world-class banking experience for our global clientele. Leveraging the expertise and foreign exposure of its staff, the 'Foreign Circle' provides a comprehensive and satisfying service to the migrant community. Beyond addressing account-related inquiries, this specialised team offers vital information to empower informed financial decision-making.

Furthermore, one of the major functions of BOC as a state bank is enhancing financial inclusion. To achieve this, the Bank conducts awareness programmes on banking and finance to prospective migrant employees and their families. The "BOC Rankahawanu" and "Etherea Methera" programmes continuously provide updated financial information for migrant employees to make informed decisions about their finances and investments. These programmes, coupled with the Bank's continuous maintenance of connectivity with the migrant community through the Foreign Employment Bureau of Sri Lanka, the Central Bank of Sri Lanka, and Sri Lankan Embassies in foreign countries, ensure that vital financial knowledge reaches those who need it most.

Recognising the critical role of worker remittances in supporting the nation's turbulent economy, BOC has initiated numerous activities to encourage these flows through formal banking channels. By promoting formal remittance channels, BOC aims to strengthen the country's foreign exchange reserves and stabilise the financial landscape.

To encourage the expat community to send more remittances through BOC, many marketing campaigns and awareness programmes were conducted throughout the year 2024.

Joint marketing campaigns with exchange companies in different countries were also conducted and customised tariff structures and rebate systems have also been offered to prominent exchange companies to incentive them to route more remittances through the Bank.

Further, facilitating foreign payments of overseas travelers, the Travel and Remittances Department has enhanced their customer reach by adding unique travel cards to product portfolio.



New travel card for medical purposes

TREASURY

The Treasury Division of the Bank of Ceylon plays a vital role in managing the Bank's financial stability, liquidity, and risk exposure. It is structured into three key departments; The Dealing Room, the Primary Dealer Unit Front Office (PDUFO), and the Asset and Liability Management Unit (ALM). 2024 witnessed a gradual downward trend in policy rates as the CBSL continued the interest rate easing policy, which impacted the Bank's interest income and lending strategies. The Statutory Reserve Ratio (SRR) remained stable at 2.00% while CBSL introduced an Overnight Policy Rate (OPR), replacing the previous dual policy rate structure.

These adjustments, aligned with CBSL's monetary policy, facilitated the management of the Bank's financial costs, strengthening its liquidity position. Furthermore, the inflation rate reduced significantly during the year, supporting a stable and growth-oriented financial environment.

We focused our strategy on deploying excess liquidity investing in high yielding instruments. This approach allowed us to enhance interest yields and capitalise on opportunities to maximise capital gains at the most favorable times. The Treasury Division implemented effective strategies to successfully manage the Net Interest Margin (NIM), contributing to a Net Interest Income of LKR 167.6 billion. Through strategic liquidity management and fund deployment, these efforts also played a key role in managing the Bank's financial costs. Further, we were able to successfully negotiate and complete the restructuring of major Government and SOE's exposures.

Emphasising digital transformation, the Treasury Division initiated the development of a web-based dashboard for real-time Treasury Information and Market Pulse reporting. Additionally, the ongoing upgrade of the Finacle Treasury system is set to automate the deal generation process, further improving operational efficiency.

Simultaneously, regulatory changes, including adjustments to statutory liquidity ratios and capital requirements under Basel III, required significant strategic realignments. The Treasury Division navigated these complexities by adopting proactive liquidity management and risk mitigation techniques, ensuring continued financial stability.

INVESTMENT BANKING

Investment Banking Division remains steadfast in its commitment to delivering innovative financial solutions and creating lasting value for our stakeholders. 2024 was a year of growth and enhancement, marked by significant achievements that solidified our position as a leading financial partner.

We successfully navigated the complexities of the market through the issuance of Basel III-compliant listed debentures. This accomplishment not only demonstrates our strength and resilience but also strategically bolsters our capital adequacy, positioning us for continued growth and stability. The over subscription of this successful issuance underscores investor confidence in BOC's robust financial standing and effective execution of complex financial transactions. Our trustee and custodian services experienced substantial expansion, exceeding the expected fund size. Also, we provide trustee services for Debt instrument issued by the corporate entities exceeding LKR 150.0 billion.

One of our significant activities is providing Portfolio Management Service (PMS) which is a tailor-made wealth management product offered to high net-worth clients and funds, facilitating them with access to a wide range of investment products varying from traditional bank deposits to structured capital market instruments under the Investment Manager license issued by the Securities and Exchange Commission of Sri Lanka (SEC).

Innovation is at the heart of our operations and we have continued to automate our portfolio management services, enhancing efficiency, transparency, and ultimately, providing higher returns for investors.

Investment Banking Division is dedicated to providing tailored solutions and building long-term relationships. We are confident that our strategic initiatives, coupled with our deep market understanding and unwavering commitment to excellence, will continue to drive our success and contribute significantly to the overall growth of the Bank.

OVERSEAS OPERATIONS

Chennai Branch

Throughout 2024, Chennai branch demonstrated resilience in managing operations and the branch proactively implemented strategies to retain deposits, ensuring credit growth and liquidity. Furthermore, the branch successfully introduced the new Trade Finance system and the ALM system, enhancing operational efficiency.

Further, several IT-related enhancements were implemented, including server upgrades, Stage 3 automation, and the automation of National Electronic Fund Transfer (NEFT)/ Real Time Gross Settlements (RTGS) transactions.

HR-related challenges were effectively managed, fostering a cohesive and motivated team. Additionally, concerted efforts were made to recover Stage 3 facilities through compromised settlements.

In terms of lending, the branch supported multiple large-scale projects including machinery imports and working capital, equipment purchases, and these initiatives demonstrate the Bank's continued commitment to financing growth and development in the region.

Maldives Branch

Maldives branch remained the largest contributor to our overseas banking operations, generating YoY growth in income, deposits, advances and operational profit. It also contributed significantly to worker remittance inflows from the Maldives to Sri Lanka and export proceeds, recording the remarkable growth YoY and reinforcing our international banking presence. The expansion of its POS and IPG merchant acquiring business which surpassed the budgeted revenue reaching its highest level

in history also made another milestone. The branch's new approach to treasury operations also delivered impressive result with substantial growth in terms of interest and exchange income.

Despite Fitch's downgrade of the Maldives' foreign currency issuer rating to CC, proactive liquidity management strategies ensured the continuous delivery of uninterrupted financial services. Further strengthening our project financing portfolio, we engaged in financing some large scale projects in Maldives including resort developments and construction of commercial apartments.

In May 2024, Maldives branch commemorated its 43rd anniversary with a special Customer Felicitation Ceremony. This event celebrated over four decades of trust, partnership, and excellence in the presence of BOC in the Maldives' banking sector. Enhancements in digital banking services, included upgrading the Automation of Maldives International

Transaction Reporting System which further solidified our market leadership in the Maldives.

Seychelles Branch

The Seychelles branch strengthened its presence in 2024 successfully with strategic capital infusion at the end of the year for future business expansions. Notably, the branch played a key role in large-scale project financing including both residential and commercial property developments.

Technological advancements played a crucial role in the branch's progress. In 2024, the internet banking platform was enhanced and the Disaster Recovery (DR) centre's operations were successfully completed, ensuring reliable connectivity and resilience in banking services. These developments reflect the Bank's commitment to strengthening its service capabilities while maintaining operational stability in Seychelles.

WHERE WE ARE HEADED

OPPORTUNITIES

- Sustaining progress through digital transformation, process automation, and operational efficiencies, alongside strategic investments in human capital.
- Strengthening BOC's international presence by tapping into new and emerging markets.
- Enhancing strategic decision-making with advanced cash and liquidity forecasting, coupled with predictive analytics.
- Capitalising on the Bank's expertise to offer capital market advisory services, enhance trustee and custodian operations, and elevate portfolio management solutions.

RISKS

- Ongoing changes in import/ export policies.
- Possible fluctuations in exchange rate affecting foreign currency transactions.
- Liquidity challenges requiring robust capital management.

WAY FORWARD

- Develop derivative financial products by introducing hedge instruments for forex risk management.
- Complete digital transformation optimising online banking solutions ensuring seamless international transactions and new User Interface (UI) / User Experience (UX) for overseas branch customers.
- Harvest business opportunities emerged in the Indian territory through the Chennai branch.
- Increase market share in Seychelles.
- Expanding specialised banking services like Islamic banking and fee based operations in Maldives to cater to diverse customer needs.
- Strengthening BOC's international presence by opening new branches and exploring untapped markets.
- Augmenting capital for overseas branches to ensure financial stability and growth potential.

OVERVIEW

LEADERSHIP
INSIGHTSOUR
STRATEGYOUR
PERFORMANCESTAKEHOLDER
OUTCOMES

GOVERNANCE

FINANCIAL
REPORTSCOMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION



STAKEHOLDER OUTCOMES

CATALYSTIC STRENGTH

Bank of Ceylon's commitment to responsible banking and its strong financial foundation have allowed it to continue serving its stakeholders effectively. Whether by offering tailored support to businesses facing difficulties or by ensuring the safety of deposits, the Bank's consistent approach to customer care and sound financial management has helped maintain trust and confidence in its ability to navigate economic fluctuation.

Bees contribute to the pollination of plants, which supports biodiversity and food production, ensuring the sustainability of ecosystems over time.

EMPOWERING CUSTOMERS THROUGH UNWAVERING SUPPORT



As a truly customer-centric bank, our customers are at the heart of everything we do. We strive to deliver a seamless experience building on the trust and excellence built over the years.

The Bank takes immense pride in fostering financial inclusion, delivering innovative solutions and ensuring a seamless banking experience for individuals and businesses alike.

16.2 million
Customers

2,294
Direct Customer
Touchpoints

60%
Female
Customers

74%
Customer
Penetration

09
New Products Launched

CONTEXT FOR 2024

- **Gradual economic recovery:** 2024 has been a period of economic stabilisation and gradual recovery for Sri Lanka, following the severe economic crisis.
- **Interest and exchange rate volatility:** High interest rates during the first three quarters of 2024 and fluctuating exchange rates impacted borrowing patterns and demand for credit.

- **Sectoral recovery:** A sluggish export sector in early 2024 showed promising recovery trends in the latter part of the year.
- **Higher direct taxes:** Increased income taxes squeezed disposable income.
- **Demand surge:** Growing need for SME financing and renewable energy projects.
- **Digital acceleration:** Robust digital banking, continued rollout of enhanced online applications.



SDGs IMPACTED



Targeted financial solutions for low-income segments and entrepreneurs.



Fostering SME growth, trade finance, and digital banking accessibility.



Investments in digital banking solutions and financial technology advancements.



Ensuring financial inclusion and accessibility for underserved communities.



Supporting urban and rural economic development through structured financial solutions.



Promoting green financing and sustainable banking practices.

MATERIAL TOPICS



- **Customer acquisition:** Strategic initiatives focused on increasing CASA, canvassing new High Net Worth (HNW) customers and mobilising low-cost funds.
- **Ensuring business continuity:** Proactive restructuring and credit management protocols were enhanced to business continuity.

EMPOWERING CUSTOMERS THROUGH UNWAVERING SUPPORT

Strategic Pillar



EXCELLENCE IN CUSTOMER EXPERIENCE

Our customer strategy is built on a foundation of financial accessibility, exceptional customer service and responsible banking practices. These pillars ensure that BOC continues to serve as a trusted financial partner to individuals and businesses across the country, reinforcing sustainable economic growth and financial resilience.

Priority Areas

- Accessibility to financial services
- Unmatched customer proposition
- Responsible banking

PRIORITY AREA: 01

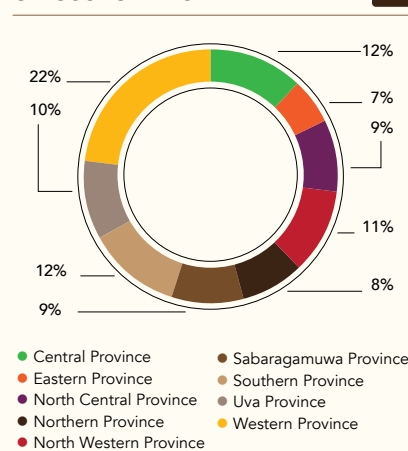
ACCESSIBILITY TO FINANCIAL SERVICES

BOC remains steadfast in its commitment to ensure accessibility of financial services to a diverse customer base across Sri Lanka and beyond. With a customer base of over 16.2 million customers, the Bank's reach is unparalleled, serving individuals, SMEs, large corporations, and Government entities alike. A cornerstone of BOC's mission is to provide highly efficient, customer focused, technologically sophisticated, resilient and innovative financial services to the Nation with global access, empowering employees and enhancing value to the stakeholders. The Bank's ability to provide banking services across diverse geographies is achieved through a combination of physical branch networks, mobile units and an expanding digital footprint. Throughout 2024, the Bank was committed to breaking barriers to access, especially in rural areas and underserved markets, thus fostering a culture of savings and expanding the reach of credit. The Bank has also focused on expanding its partnerships with international organisations, allowing cross-border financial services that cater to both domestic and global needs. These initiatives ensure a wide-ranging impact across sectors, bolstering the Nation's financial inclusion goals.



The Bank partnered with Sri Lanka Post expanding BOC Connect – Agent Banking network to reach out underserved segments of the community who did not have access to banking services.

GEOGRAPHICAL DISTRIBUTION OF CUSTOMERS



Enhancing Our Customer Service Levels

In addition to geographic accessibility, BOC has expanded its service portfolio to accommodate diverse banking preferences across a wide spectrum of customers who possess different and evolving needs. The Bank's significant investment in its digital banking solutions has created an array of channels through which customers can access services, from online banking to mobile apps and

agency banking. In 2024, the Bank's digital transformation initiatives were accelerated, which automate approval processes and reduce customer lead times. Furthermore, proactive measures to ensure business continuity, including credit restructuring for distressed borrowers and expanding financial literacy programmes, have reinforced the resilience of its customer base. With customer satisfaction at the core, BOC remains focused on providing uninterrupted and efficient services to its customers ensuring that financial services are accessible to all, regardless of location or circumstance.

Ensuring Business Continuity

The Bank remained committed to uninterrupted banking services, even in the face of economic and operational challenges. We implemented proactive credit restructuring measures to assist customers who faced financial challenges, helping to prevent defaults and maintain a healthy loan portfolio. During the periods of heightened economic stress, our dedicated recovery

teams managed to revive customers, which contributed to maintaining our recovery position and improve Stage 3 ratio. In addition, we expanded our financial literacy programmes to equip customers with essential financial management skills, reaching SMEs and individuals across the Nation. Strengthened risk management protocols further safeguarded our operations.

Expansive Spectrum of Customer Touchpoints

"Branch on Wheels" mobilised to connect with customers across the island. These efforts ensured that every customer has continuous access to essential financial services.



In 2024, 16 branches were relocated to ensure greater visibility and customer access. The Bank opened 5 new branches (including limited-service branches) in Galle, Kurunegala, Polonnaruwa, Kilinochchi and Colombo. These additions enhanced the branch footprint to 654 including 73 limited service branches. These physical enhancements were complemented by the installation of 113 new CRMs - (Cash Recycle Machines) and the establishment of 19 Smart Zones, further expanding our reach. As a result of these concerted efforts, nearly 47% of customer initiated transactions were conducted via digital or electronic channels, marking a significant step toward a digitally empowered banking environment.

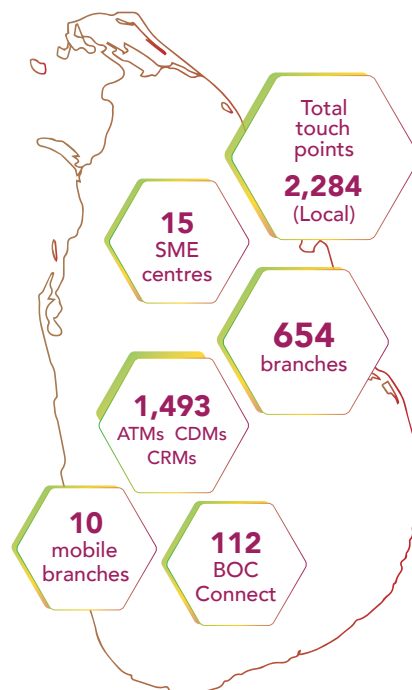
The Bank's innovative Smart Zones network expanded with three onsite Smart Zones and 16 offsite Smart Zones, contributing to the overall total of 573

and 269 respectively. The expansion in our delivery channels ensures that we are meeting our customers where they are, whether it's through physical branches, mobile units or digital platforms.

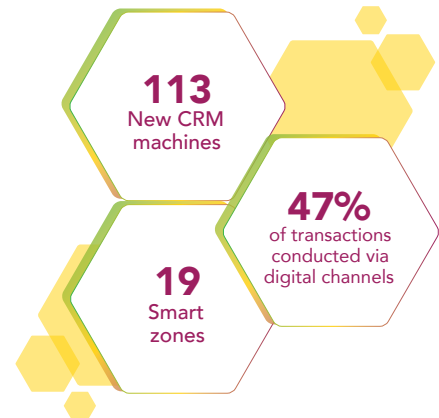
By year-end, we achieved a total of 2,294 direct customer touchpoints, which reflects the success of our customer service strategies and the positive outcomes of our efforts to address complaints and improve service quality.

Model Branch concept was implemented, to enhance the customer service experience across the branch network covering all provinces and providing on-the-job training to the staff. In order to serve the youth of the country, 88 new School Sansada units and 47 Mobile School Savings Units were opened.

The Bank decentralised its Islamic Banking services enabling Shari'ah compliant solutions to make available across the branch network.



To further enhance accessibility, BOC upgraded its customer touchpoints to ensure a seamless banking experience. Meanwhile, digital transactions and digital adoption witnessed growth momentums reflecting our customers'



growing reliance on digital channels. Our call centres were revamped with AI chatbots and multilingual support, reducing average complaint resolution times.

Additionally, initiatives like "Tea with BOC" - interactive sessions with our customers, were conducted. These sessions helped to foster stronger relationships with our customers and ensured that personal engagement remains at the heart of our service delivery mechanism.

Collectively, these initiatives have bolstered our multi-channel footprint and ensured that our customers enjoy uninterrupted and convenient access to BOC's comprehensive financial services, reinforcing the Bank's commitment to maintain and enhance customer satisfaction across all levels.



PRIORITY AREA: 02

AN UNMATCHED CUSTOMER PROPOSITION

BOC has consistently positioned itself as the leader in providing an unmatched customer proposition through a robust suite of financial products and services.

EMPOWERING CUSTOMERS THROUGH UNWAVERING SUPPORT

BOC's innovation-driven approach to product development has also played a crucial role in maintaining an unmatched customer proposition. The Bank introduced several new products that cater to the unique needs of different customer segments, during the year 2024 also. The Export Circle provides exporters with competitive financing and advisory services, enhancing Sri Lanka's global trade capacity. Meanwhile, the SME Circle focuses on offering SMEs flexible credit solutions, digital tools, and expert guidance to promote growth and expansion. For foreign nationals and expatriates, the Foreign Circle has provided specialised banking services tailored to their financial requirements. By continuously enhancing its product offerings and ensuring that they align with customer needs, BOC has maintained its reputation for excellence in customer service.

Business Revival And Rehabilitation

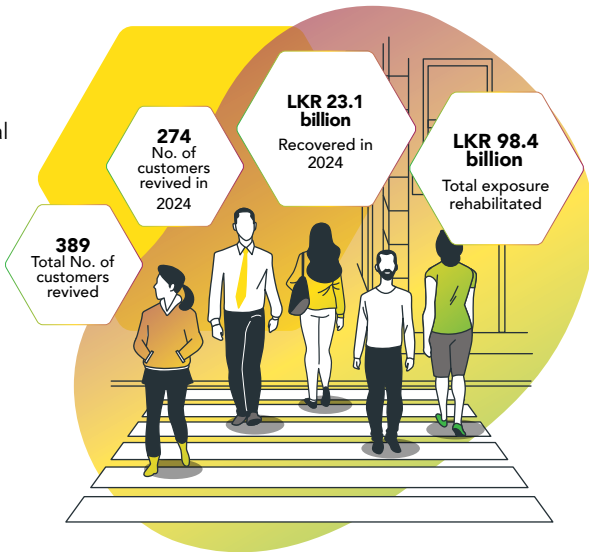
Recognising the ongoing economic challenges faced by businesses and individuals, the Bank has launched multiple initiatives to support and

rehabilitate businesses in distress, ensuring that they have the resources needed for recovery. In 2024, the Bank's Business Revival and Rehabilitation Unit focused on reaching out to affected customers to revive and regularise loan payments. This unit further focuses on evaluating and supporting struggling enterprises, offering them tailored solutions to help them recover, rebuild, and thrive.

The introduction of dedicated management teams strengthened partnerships with industry bodies and Government collaboration playing a pivotal role in driving business revival, ensuring that the Bank's customers, both large and small, can continue contributing to Sri Lanka's economic recovery.

In response to economic challenges, BOC reinforced its commitment further by launching proactive restructuring programme aimed at supporting distressed borrowers, offering special concessionary interest rates and flexible repayment options. These initiatives

benefited over 10,000 business accounts, helping many enterprises stabilise their operations during turbulent times. Furthermore, our dedicated recovery teams, deployed across all key provinces, conducted in-depth case evaluations and early interventions, resulting in an improvement in loan recovery rates compared to the previous year.



Strategies to Support Customers

Our customer support strategy was multifaceted, addressing diverse needs with precision. We implemented a three-pronged approach to support customers:

● Loan restructuring, rescheduling and revival: Flexible repayment options were provided to ease immediate financial burdens, enabling customers to manage repayments effectively.	● Sector-specific financial solutions: Customised loan products were developed for key sectors such as tourism, export, and manufacturing.	● Capacity building and advisory services: In addition to financial restructuring, we organised extensive financial literacy workshops that empowered SMEs and individual entrepreneurs.
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Service Excellence

Service excellence is a cornerstone of our customer proposition. Significant emphasis was placed on improvements to our processing speed. These impressive figures were supported by continuous training programmes for over 8,000 frontline staff, ensuring that every interaction reflects our commitment

to quality and efficiency. Enhanced customer feedback mechanisms, including digital surveys, interactive platforms, and direct engagement sessions allowed us to provide a seamless service. The results have been overwhelmingly positive, as evidenced by consistently high customer satisfaction scores and improved operational metrics.

The "Happy Customer Experience Week" held during October 2024 was a flagship initiative, combining rigorous staff training, motivational communications from senior management, and direct customer engagement. This initiative contributed to improved customer metrics further demonstrating enhanced loyalty and satisfaction.

Innovation and Product Development

Innovation is at the heart of BOC's strategy, driving the creation and enhancement of specialised financial products designed to meet the unique needs of our diverse customer base. Our product development is structured around three core circles and with these three integrated and dedicated business lines, timely delivery of services to our valued customers are ensured.



Tailored specifically for exporters and the Export Circle offers financing with competitive interest rates and dedicated advisory services. In 2024, this initiative led to an 18% increase in our export portfolio, facilitating the opening of over 1,200 new export loan accounts. These solutions have enabled exporters to manage risks effectively and streamline cross-border transactions, ensuring they remain competitive in the global market.



Recognising the vital role of small and medium enterprises in driving economic growth, the SME Circle provides flexible credit facilities, integrated digital banking solutions, and comprehensive capacity-building initiatives. This product suite recorded a 22% increase in SME loan approvals, supporting more than 3,000 SMEs in scaling operations, enhancing efficiency, and fuelling business expansion. Tailored advisory services and dedicated support teams have empowered entrepreneurs to navigate financial challenges and seize growth opportunities.



Designed for expatriates and international clients and the Foreign Circle delivers customised financial

solutions, including multi-currency accounts, cross-border banking services, and specialised financing for overseas investments. This innovative product line resulted in opening of over 1,000 new expatriate accounts, thereby strengthening BOC's global presence and catering to the unique needs of our international clientele.

DEPOSITS

Prosperity Deposits



BOC Smart Freelancer Savings



BOC Relax Investment Plan



LOANS

BOC Youth Tea small holders



BOC Ranliya



Special Loan Scheme for Pensioners to install Solar Power Systems

BOC Ranaviru Pranama

BOC Saubagya Credit Scheme

PRIORITY AREA: 03

RESPONSIBLE BANKING

As one of the most trusted and premier financial institutions in the country, the Bank places emphasis on spearheading responsible banking practices that align with ethical standards and regulatory requirements. Alongside compliance, the Bank has focused on responsible communications, ensuring that customers fully understand the financial products and services being offered. This is evident in BOC's proactive measures to provide clear, transparent, and easily accessible information to customers, particularly regarding the risks associated with borrowing and investing. The Bank also continued to prioritise ethical practices, ensuring that it operates with the utmost responsibility towards its stakeholders.

Educating customers remains a cornerstone of BOC's responsible banking strategy. Recognising the importance of financial literacy in building a sustainable economy, the Bank has expanded its efforts to educate customers, especially in underserved communities, about sound financial management practices. In 2024, the Bank launched a series of financial literacy initiatives aimed at SMEs and individual customers. This approach not only serves the Bank's customers but also contributes to the broader economic goal of enhancing financial resilience across Sri Lanka. By focusing on customer education and compliance, BOC is ensuring that its role as a responsible financial institution is firmly entrenched in every aspect of its operations.

Compliance and Responsible Communications

The Bank adheres to rigorous regulatory frameworks and international banking standards. Our robust anti-money laundering (AML) and Know-Your-Customer (KYC) protocols ensure that every transaction is secure and compliant.

EMPOWERING CUSTOMERS THROUGH UNWAVERING SUPPORT

Throughout 2024, we conducted regular internal training sessions for employees, reinforcing our commitment to ethical banking practices and transparent communication. Clear, timely, and accurate product disclosures are communicated through our digital channels, ensuring that customers are fully informed about every aspect of our services. This unwavering commitment to compliance not only builds trust but also supports the integrity of our financial operations.

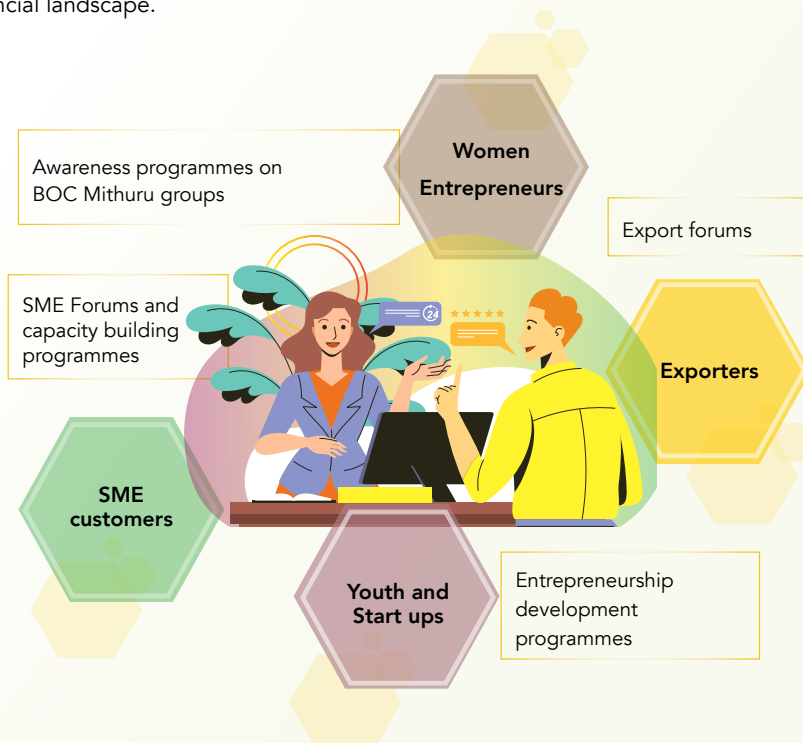
Educating Customers

Financial literacy is a cornerstone of our responsible banking agenda. In 2024, over 35 financial literacy workshops and training sessions were conducted, reaching more than 8,000 participants across the nation. These programmes focused on key areas such as responsible borrowing, effective savings management, digital banking security, and fraud prevention. By providing accessible online resources and interactive seminars, we empowered our customers with the knowledge necessary to navigate the increasingly complex financial landscape.

Specialised capacity-building programmes for SMEs further enhanced their ability to manage finances sustainably and make informed business decisions.

HEXAGON OF IMPACT

BOC provided over 300,000 'Aswesuma' account holders with free debit cards. Through this initiative, BOC was successful in promoting financial inclusivity to an unbanked segment of the community. The Bank also took steps to educate and enhance their financial literacy through several knowledge building sessions.



WAY FORWARD

Looking ahead to 2025 and beyond, the Bank is poised to build on the substantial progress made in 2024. Our strategic priorities for the coming years include:

Advancing digital transformation

Rolling out advanced credit approval systems and expanding our mobile banking capabilities to ensure a seamless, intuitive digital experience for all customers. Upgraded platforms will enhance operational efficiency and customer engagement.

Expanding support to the MSME segment

Doubling our SME portfolio growth by introducing innovative financial solutions tailored to the evolving needs of small and medium enterprises. This will involve launching new product lines and enhancing advisory services to empower SMEs further.

Enhancing trade finance and green lending:

Strengthening our trade finance services and promoting green banking initiatives to support sustainable economic growth. These efforts will drive increased international trade and contribute to environmental sustainability.

Islamic banking growth:

Establishing a dedicated Islamic banking unit at our overseas touch points to cater to the increasing demand for Shari'ah-compliant financial solutions, further expanding our market reach.

Strengthening financial literacy:

Scaling up our customer education programmes to ensure responsible financial behaviour across all demographics. This includes enhanced digital outreach and community engagement initiatives designed to foster a financially empowered society.


A TALENTED, INCLUSIVE AND SUSTAINABLE WORKFORCE



At Bank of Ceylon, our employees form the foundation of our success-dynamic, diverse, and deeply committed to shaping the nation's financial future. Just as the hexagon symbolises strength, balance, and connectivity, our workforce thrives on six key pillars: expertise, innovation, service excellence, collaboration, diversity, and leadership.

With a presence across the nation and beyond, our team represents a rich blend of experience, talent, and perspectives, driving progress through customer-centric solutions and unwavering dedication. Empowered by continuous learning and a culture of inclusivity, our employees are architects of impact, fuelling economic growth and financial empowerment across communities.

Together, we are more than a workforce; we are the human hexagon - a structure of strength, adaptability and purpose.

8,214 Employees	60% Female representation	25 Average training hours per employee
714 Promotions	LKR 374.9 million Invested in Training and Development	 HR Awards



SDGs IMPACTED



Promoting good health and well-being of employees



Enhancing the knowledge base of employees



Promoting gender equality



Laying the foundation for decent work and economic growth



Focus on building an equitable work environment



Responsible Consumption and Production

MATERIAL TOPICS



CONTEXT FOR 2024

- Continued economic challenges stemming from global and local factors.
- Workplace culture to align with evolving business and employee needs.
- Integrating sustainability within every facet of our operations and business strategy.
- Growing expectations for diversity and inclusivity in workplaces.
- Enhanced commitment to governance, ethical practices, and compliance with international standards.
- Employee upskilling and leadership developments.

A TALENTED, INCLUSIVE AND SUSTAINABLE WORKFORCE

Strategic Pillar



BUILDING A HIGH-PERFORMING TEAM

Our single overarching strategic pillar in 2024 was to **build a high-performing team** by nurturing talent, driving inclusivity, enhancing productivity, and embedding sustainability into every aspect of our human capital strategy. This approach ensures we remain resilient, innovative, and future-ready.

Priority Areas

- Nurturing diversity and inclusion
- Strengthening HR governance and policies
- Enhancing productivity and career development
- Promoting employee welfare and well-being
- Driving digitalisation and sustainability

PRIORITY AREA: 01

NURTURING DIVERSITY AND INCLUSION

GRI 202-1

At BOC, diversity and inclusion are integral to our operational ethos and strategic objectives. These principles are not merely policies but the cornerstone of our organisational culture. By fostering a workplace that values the unique perspectives and contributions of every individual, BOC enhances its internal cohesion, while driving innovation and adaptability in an increasingly dynamic global environment. A diverse workforce is essential for achieving sustainable growth and addressing complex challenges through creativity and collaboration.



12 years Average service length of permanent employees
100% of senior management team recruited locally

Province-wise Employees by Nature of Employment and Gender GRI 2-7

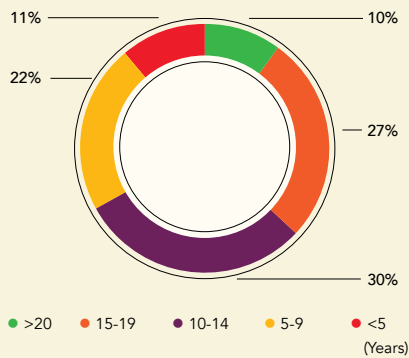
Province	Permanent		Outsourced		Contract		Total	
	M	F	M	F	M	F	M	F
Western	1,326	2,144	378	16	4	-	1,708	2,160
Central	281	472	162	7	-	-	443	479
Southern	238	503	154	-	-	-	392	503
North-Western	250	432	142	3	-	-	392	435
Sabaragamuwa	218	341	131	-	-	-	349	341
North Central	290	276	122	-	-	-	412	276
Northern	241	281	155	-	-	-	396	281
Eastern	269	189	145	-	-	-	414	189
Uva	212	251	137	-	-	-	349	251
Total	3,325	4,889	1,526	26	4	-	4,855	4,915

* The Bank does not employ part time employees.

Employees by Age, Gender and Category of Employment GRI 405-1

Category/ Age	Corporate Management		Executive Management		Chief Manager		Senior Manager		Officer		Staff Assistant		Office Assistant		Total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	No.	%
Above 50 years	7	4	13	17	18	19	14	23	102	150	113	49	70	7	606	7
30-50 years	6		20	15	44	54	75	118	1,399	2,466	918	1,391	207	4	6,717	82
Below 30 years									28	55	291	517			891	11
Total	13	4	33	32	62	73	89	141	1,529	2,671	1,322	1,957	277	11	8,214	100

Employment by Tenure



Commitment to Equal Opportunity

The Bank's comprehensive policies including the Gender Policy, Grievance Handling Policy and Disciplinary Code are designed to create a fair, unbiased, and respectful work environment. These frameworks provide employees with clear channels for reporting concerns, ensuring transparency and accountability. This year, targeted initiatives enhanced the implementation of these policies across all branches, fostering a workplace culture grounded in equity.

The Bank has policies regarding the hiring of differently-abled individuals and 14 such employees are in the Bank's team. While no new hires were made in this category, specific measures including improved workplace accessibility and dedicated career development resources have been implemented to enhance diversity and inclusion.

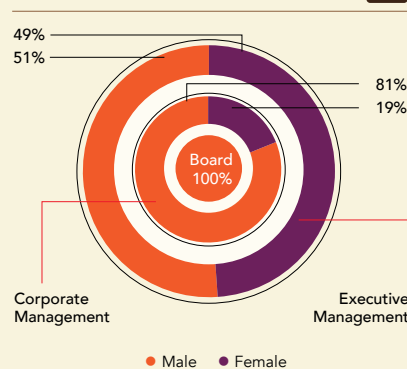
Non-Discrimination GRI 406-1

No incidents of discrimination or corrective actions were reported during the year.

Diversity of Governing Bodies and Employees

GRI 405-1

Diversity of Governing Bodies



The Gender Policy outlines a framework designed to guarantee equal access for both women and men to all resources and opportunities at the Bank.

This policy and its associated procedures apply to all employees, regardless of their role, classification, or workplace location, and cover the following areas:



Employment by Gender

Female

Male

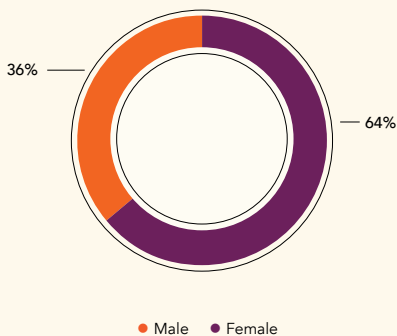
A TALENTED, INCLUSIVE AND SUSTAINABLE WORKFORCE

Inclusive Recruitment Practices

GRI 401-1

The Bank is guided by principles of meritocracy, transparency, and fairness. All vacancies are widely advertised, and our unbiased evaluation processes ensure equal access to employment opportunities for all candidates. This approach has been pivotal in maintaining a workforce that mirrors the diverse communities we serve.

NEW RECRUITMENTS BY GENDER



Parental Leave and Equal Pay

GRI 401-3, GRI 405-2

Our parental leave policy ensures a seamless return to work for employees, with 100% retention of those who utilised parental leave. Male employees are entitled to three days of paid paternity leave, encouraging shared family responsibilities.

Entitled to parental leave as at 01.01.2024	3,325	4,889
No. of employees who took the parental leave during the year 2024	143	321
Returned to work during the year after completing the parental leave	143	264
Retained 12 months after returning to work from parental leave	N/A*	302
Return to work rate	100%	100%
Retention rate	N/A*	100%

* Not Applicable as paternity leave entitlement was effective from 01.01.2024

The 1:1 pay ratio between men and women demonstrates the Bank's commitment to equality as it is consistently applied across all levels of the organisation, ensuring fairness in compensation practices.

New Recruitments by Region

Province	M	F	Total	%
Western	7	18	25	33
Eastern	4	8	12	16
North Central	7	4	11	15
Northern	3	5	8	11
Southern	-	6	6	8
Uva	5	1	6	8
North-Western	-	4	4	5
Central	1	2	3	4
Sabaragamuwa	-	-	-	-
Total	27	48	75	100

New Recruitments by Category

GRI 401-1

Category	Age Group	M	F	Total	%
Head of Security	>50	1	-	1	1
Translator	30-50	-	1	1	1
Management Trainee	30-50	3	4	7	10
Trainee Staff Assistant	<30	23	43	66	88
Total		27	48	75	100

Broader Impact

By prioritising diversity and inclusion, the Bank has not only strengthened its internal culture but also positioned itself as a socially responsible corporate leader. These efforts align with global best practices and underscore our dedication to building a more inclusive future for all.

At BOC, diversity and inclusion are integral to our identity and operations. By fostering a workplace where everyone feels valued and empowered, we enhance organisational strength, innovation, and resilience. A workforce that represents varied backgrounds, genders, and abilities is key to achieving sustainable growth.

GRI 408-1, 409-1

BOC remains committed to ethical labour practices, ensuring that no child labour or forced labour was involved in its operations throughout 2024.

PRIORITY AREA: 02**STRENGTHENING HR GOVERNANCE AND POLICIES**

Effective governance remains a cornerstone of the Bank's human capital strategy. Regular reviews and updates of policies ensure alignment with global best practices, regulatory requirements, and employee expectations.

HR Policy Updates

GRI 2-23, 24

In 2024, the Bank introduced and revised several HR policies to address evolving workforce needs:

New Policies:

Mentoring and Employee Retention

Revised Policies: Reward and Recognition, Transfer, Human Resource, KMP Remuneration, Training and Development, Employee Communication, and Exit Interviews.

Collective Agreement and Freedom of Association

GRI 402-1, GRI 407-1, GRI 2-30

The Collective Agreement for 2024–2026, signed in 2024, guarantees fair wages, comprehensive benefits, and an improved work-life balance. These provisions align BOC with broader goals of enhancing productivity, employee satisfaction, and long-term organisational stability.

Collective agreements covering all permanent employees specify the notice period as well as measures for negotiation and consultation. A notice period of six months is given to ensure employees are apprised of any significant major operational or organisational changes.

Total Training Hours GRI 404-1

	M	F	T
Training hours	87,500	114,615	202,115
Training hours per employee	25		

Grievance Mechanisms and Whistleblowing

GRI 2-25

The upgraded Whistleblowing Policy ensures anonymity and confidentiality through encrypted digital reporting channels and third-party oversight.

In 2024, 100% of reported grievances were resolved within 14 days, fostering trust and accountability across the organisation.

PRIORITY AREA: 03**ENHANCING PRODUCTIVITY AND CAREER DEVELOPMENT**

In a dynamic banking landscape, the Bank equips employees with skills to meet future challenges, fostering a culture of innovation and continuous learning. We promote a culture where talent thrives, offering continuous learning, career development and opportunities to lead.

Training and Development

GRI 404-2

During the year, the Bank focused on developing the technical competencies of the staff with training and development programmes across a wide spectrum.

Performance Management

A Performance Management System based on KPI's and competencies has been implemented which assesses employees' progress on a bi-annual basis. This automated process ensures that a fair and unbiased assessment of employees is performed.

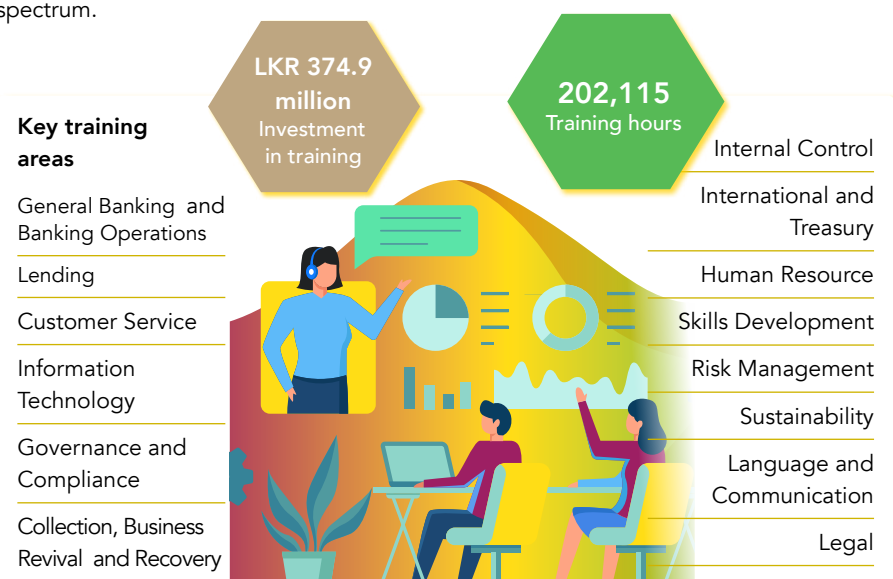
Mentorship and Career Growth

GRI 404-3

The Bank's Mentoring Policy paired senior leaders with high-potential employees, fostering knowledge transfer and career progression. Tailored career development plans were offered to each employee, supported by bi-annual performance evaluations.

Succession Planning

The Bank utilises data-driven, technology-enhanced strategies to implement succession planning for managerial positions and above, with a strong focus on leadership development and career progression. This process involves identifying key roles and preparing qualified candidates to take on greater responsibilities and senior positions. Leadership development programmes, including executive and management training are carefully coordinated, drawing on the expertise of external organisations and resources to ensure effective development and implementation.



A TALENTED, INCLUSIVE AND SUSTAINABLE WORKFORCE

During the year, 714 staff members were promoted after comprehensive evaluation and interview process in order to ensure the right person is rewarded and selected to prosper along with the Bank's future endeavours.

New Promotions by Grade

	M	F	Total
Managerial	254	448	702
Officer	1	11	12
Total	255	459	714

PRIORITY AREA: 04

PROMOTING EMPLOYEE WELFARE AND WELL-BEING

The Bank adopts a holistic approach to employee well-being, encompassing physical health, mental resilience, financial security, and work-life balance. The Bank is committed to offering a comprehensive value proposition to its employees, which goes beyond just remuneration and rewards. This approach is designed to create a supportive and rewarding work environment that nurtures employee well-being, growth, and job satisfaction. Key components of this value proposition include:

- Competitive remuneration and merit based rewards
- Consistent engagement and employee motivation
- Concessionary and complimentary benefits
- Work-life balance with a focus on health and well-being
- Continuous investment in training, development and career progression
- Safe and dynamic work environment
- Post-employment benefits

Health and Well-Being

GRI 403-3, 6

Mental Health Support: The Bank expanded access to mental health services for employees contributing to improved emotional resilience.

- 24/7 counselling
- Stress management workshops
- Family support programmes

Wellness programmes: Through comprehensive healthcare benefits, wellness programmes, stress management initiatives and a focus on work-life integration, we empower our employees to lead fulfilling lives both inside and outside the workplace.

- Yoga sessions
- Fitness challenges
- Health check-ups
- Enhanced gymnasium facilities
- Tailored wellness plans

Competitive Remuneration and Merit-Based Rewards

GRI 401-2

The Bank offers competitive remuneration packages that reflect industry standards, ensuring that employees are fairly compensated for their contributions. Merit-based rewards are central to the compensation strategy, recognising individual and team achievements through performance-linked bonuses and salary increments. Actions taken include annual compensation reviews to align salaries with market trends, the implementation of performance-based bonuses, and KPI based allowance across all employee levels to ensure fairness and recognition of high performers.

GRI 202-1

BOC ensures fair employment practices by prioritising local hiring and providing equal opportunities while adhering to minimum wage regulations throughout 2024.

Consistent Engagement and Employee Motivation

GRI 403-6

Employee engagement and motivation are prioritised to foster a productive and committed workforce. The Bank actively engages with employees through regular surveys, feedback channels and leadership programmes which enhance employee morale fostering camaraderie amongst the team.



The Bank remains committed to fostering teamwork, inclusivity and excellence across its workforce through a variety of employee engagement initiatives. These initiatives underscore BOC's unwavering commitment to nurturing a culture of excellence, motivating employees, and driving continuous improvement across its operations.

BOC's Sports Club actively promotes employee engagement by organising Inter-Province Indoor Games Competitions and the Provincial Sports Meet, bringing together all staff members. These events strengthen camaraderie and teamwork while promoting a healthy work-life balance.

Recognising dedication and loyalty, BOC celebrates employees who have completed 25 years of service through a special Recognition Ceremony, honouring their invaluable contributions to the Bank's success.

The Bank embraces diversity by fostering religious harmony through various activities organised by religious associations of the Bank. These initiatives cultivate inclusivity and unity among employees of different faiths and religions.

Concessionary and Complimentary Benefits

GRI 401-2

The Bank provides a range of concessionary and complimentary benefits which go beyond traditional compensation, offering financial support and wellness-focused initiatives.

- Medical reimbursements
- Concessionary lending (staff loans)
- Welfare transport facilities
- Holiday Bungalow facilities

Safe and Dynamic Work Environment

GRI 403-2

Ensuring a safe and dynamic work environment is critical to the Bank's operations, fostering both physical and psychological well-being for its employees. The Bank has implemented stringent safety protocols and flexible work arrangements to create a secure and engaging workplace. Actions taken include conducting regular workplace audits, enforcing health and safety standards, expanding wellness initiatives, offering mental health support programmes, and introducing a hybrid work model that provides employees with flexibility and autonomy in their roles.

Post-Employment Benefits

GRI 401-2

The Bank is committed to securing employees' financial future with comprehensive post-employment

benefits that support their well-being after retirement. These benefits are designed to provide long-term financial security and peace of mind. Actions taken include offering pension plans, post-retirement medical benefits, health insurance, and providing financial planning support for employees nearing retirement, ensuring they are well-prepared for life after their tenure at the Bank.

Employee Resignations and Attrition

GRI 401-1

Managing employee turnover is a key part of maintaining a positive organisational culture, with a focus on understanding the reasons for resignations and improving retention. The Bank conducts exit interviews and surveys to gather feedback and enhance its workplace practices. Actions taken include conducting exit interviews to capture insights on the employee experience, offering offboarding support with career counselling and providing assistance with resume building and future employment opportunities to ensure a smooth transition for departing employees.

Employee Turnover by Gender

Resigned		Retired		Total	
M	F	M	F	M	F
80	146	38	41	118	187
35%	65%	48%	52%	39%	61%

Employee Turnover by Region

Province	Resigned		Retired		Total		
	M	F	M	F	M	F	%
Western	49	73	22	25	71	98	53
North-Western	4	16	3	1	7	17	8
Central	4	13	4	2	8	15	8
Northern	5	15	-	3	5	18	8
North Central	6	6	4	2	10	8	6
Eastern	4	9	3	1	7	10	6
Southern	6	9	-	2	6	11	6
Sabaragamuwa	-	4	1	4	1	8	3
Uva	2	1	1	1	3	2	2
Total	80	146	38	41	118	187	100

PRIORITY AREA: 05

DRIVING DIGITALISATION AND SUSTAINABILITY

The Bank integrates digitalisation and sustainability to create a future-ready workforce and operational framework. These efforts are aligned with our broader vision of innovation, efficiency, and environmental stewardship.

By embracing automation and fintech innovations, we strive to create an environment where technology enhances human potential rather than replacing it. This synergy between people and progress ensures that, the Bank remains resilient, agile, and ahead of the curve delivering the future banking today.

A TALENTED, INCLUSIVE AND SUSTAINABLE WORKFORCE

Digital Transformation

Greater commitment to digital transformation was demonstrated through the implementation of advanced technologies and digital workflows across the organisation.

- **Hybrid Work Models:** By adopting a hybrid work policy, the Bank facilitated employees to alternate between in-office and remote work, resulting in an increase in productivity and improved employee satisfaction. These models provided flexibility to employees while maintaining high levels of collaboration and accountability.
- **Upgraded HCM System:** The Human Capital Management system introduced automated recruitment, performance evaluation, loan processing, leave management and learning modules, significantly streamlining HR processes.

Sustainability Practices

The Bank continues to integrate sustainability into its operations and culture by;

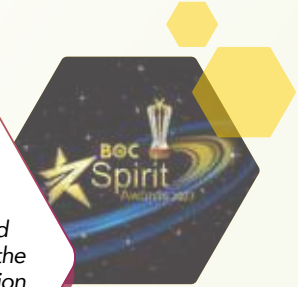
- **Green Initiatives:** Reduced paper usage in 2024 through digitalised workflows and introduced energy efficient systems across its branches.
- **Sustainability Training:** Received training on ESG principles, embedding sustainability considerations into their decision-making.

Impact of Digital Initiatives

Through the integration of data analytics, the Bank improved operational accuracy and customer satisfaction. To develop and build a future ready team, the Bank provided local and overseas training opportunities to develop information technology competencies to deliver a superior service and innovative banking solutions.

HEXAGON OF IMPACT

'BOC Spirit Awards' recognises the exceptional performance of the Bank's staff with a strong emphasis on customer service. The event celebrated achievements across categories such as the Best Branch Competition, Digital Adoption Awards and 5S Challenge Awards, fostering motivation and recognition, cultivating a culture of continuous improvement and dedication to improving customer service standards across the Bank.



WAY FORWARD

As the Bank continues to redefine the banking landscape, human capital will be a key area of focus as follows:

- Prioritise its people-centric approach, with a focus on diversity, well-being, and digital readiness.
- Enhanced training programmes, robust policies, and targeted retention strategies will ensure that employees are empowered to thrive in a dynamic environment. By fostering an inclusive culture, promoting sustainability, and leveraging technology, the Bank is poised to achieve sustainable growth and maintain its position as Sri Lanka's leading financial institution.

A DIGITALLY EMPOWERED BANK



As technology redefines the financial landscape, the Bank of Ceylon's digital transformation agenda aims to enhance efficiency, agility, productivity and customer convenience much like the hexagon an emblem of precision, strength and efficiency. The Bank adopts a structured and strategic approach of integrating digital transformation within its core business operations.

The hexagon, found in nature's most optimised structures, mirrors BOC's commitment to building a seamless, interconnected and highly efficient banking ecosystem.

By leveraging state-of-the-art IT infrastructure, cybersecurity frameworks and customer-centric digital solutions, the Bank's focus is on delivering efficiency, agility and promoting financial inclusion.

LKR 3.4 billion

Invested in digitalisation

1,503

Digital contact points

30%

Digitally enabled customers

23%

Virtually enabled customers

47%

Digital transactions

31%

Increase in digital adoption



SDGs IMPACTED



Promoting financial inclusion through digital banking.



Strengthening IT infrastructure and digital banking.



Creating sustainable cities by promoting financial literacy and enabling digital payments.



Enhancing cybersecurity measures to ensure data protection and trust.



Empowering financial inclusion through digital partnerships for a sustainable future.

MATERIAL TOPICS



CONTEXT FOR 2024

- A significant increase in the adoption of digital banking solutions across all customer segments.
- Drive innovation and transformation to stay competitive in the evolving banking industry and to ensure unparalleled customer experience.
- The focus on secure, efficient, and inclusive digital services by investing in robust digital infrastructure.
- The need for enhanced digital onboarding solutions to streamline customer verification processes and improve accessibility.
- Greater focus on enhanced cybersecurity frameworks to mitigate cyber threats and ensure regulatory compliance.

A DIGITALLY EMPOWERED BANK

Strategic Pillar



DIGITAL EXCELLENCE

BOC's digital capital strategy is built on the core pillar of "Empowering Customers through Digital Excellence". The Bank aims to enhance accessibility, security, and efficiency across all digital banking channels, ensuring a seamless banking experience.

Priority Areas

- Customer convenience and accessibility
- Process and infrastructure development
- Strengthening security

PRIORITY AREA: 01

CUSTOMER CONVENIENCE AND ACCESSIBILITY

In today's fast-paced digital era, providing seamless and accessible banking services is critical for customer retention and satisfaction. BOC has committed to enhancing digital convenience by investing in user-friendly banking platforms and expanding its reach across multiple channels. Thereby, the Bank ensures that customers can access financial services anytime, anywhere, with minimal friction.

GRI 2-6

DIGITAL PRODUCTS AND SERVICES

BOC Cards



Online Banking Platform



Mobile Banking App



Payment App



Agency Banking



Digital Passbook



WhatsApp Banking



Cheque Deposit/
Bill Payment Kiosks



Cardless
Withdrawal



Payment Aggregator



Bill Payment Website



Self-service Banking



Smart Zones/ Digital
Branches (BOC DIGI)



POS Terminal



International
Payment Gateway



Online Apply via Web



NEW CHANNEL DEVELOPMENT

The Bank has always been in the forefront by introducing pioneering digital innovations which have revolutionised the banking sector of Sri Lanka. During the year, the Bank continued in developing new innovations through its Innovation Lab and the Business Process Re-engineering Project (BPRP). The Bank's Electronic Banking and Card Operations Teams also provided valuable insights during the year.

Agent banking partnership with Sri Lanka Post -

During 2024, the Bank ventured into a partnership with Sri Lanka Post to reshape the accessibility of banking services across the island covering the rural areas. Initially 100 post and sub-post offices were connected, combining the banking expertise of BOC with Sri Lanka Post's extensive network. This initiative aims to introduce financial services to the Nation's most underserved communities.

- **'PIEZE'** is an innovative payment aggregation solution facilitating multiple payment options including IPGs, QR payments. This allows SMEs and enterprises to streamline payment processes.
- **Expansion of Online Account Opening Services:** CASA, Credit Cards, Loans are available through digital onboarding.
- **Enhanced Internet and Mobile Banking:** Launched in Seychelles with integrations for domestic transfers.
- **Initiated new Inward Remittance Mobile Application:** Mobile Application to offer more convenient service to customers abroad.
- **Streamlined Operations through BOC Envoy:** Supports exchange house employees to view accounts through secure path.

Enhancing Existing Channels

The Bank focused on improving its existing channels and platforms to ensure that the customers have access to a superior and seamless experience with every interaction. During the year, the Bank successfully improved its mobile application and expanded its digital ecosystem through new touchpoints.

- **SmartPay Enhancements:** User Interface (UI) revamp, facilitate Lanka Pay Online Payment Platform (LPOPP)/ Government Digital Payment Platform (GDPP), facilitate JustPay Scenarios.
- **Apply Online:** Fully automated workflow for Credit Card Issuing.
- **Integration of Digital Business Cards:** Near-field Communication (NFC) enabled.

- **Website and Digital Media Optimisation:** Enhancing the Bank's digital presence through an optimised website and digital media strategies, improving customer engagement and lead generation. Search Engine Optimisation (SEO) facilitating accessibility features for differently abled people.
- **New E-Services:** E-Wish, E-Calendar, and E-Booklets for seasonal offers.

Digital Onboarding in 2024:

The Bank implemented digital verification and KYC (Know Your Customer) to accelerate account opening procedures. The 'Apply Online' facility simplifies opening of credit cards, loans and savings accounts ensuring faster approval and accessibility.

During the year 2024, the Bank witnessed a growth in digital adoption levels as shown by the encouraging statistics.



Smart Passbook
448,791
New customers



BApp/ Smart Online Banking
386,065
New registrations



SmartPay
479,465
New users



MetaBanking
11,623
New users

A DIGITALLY EMPOWERED BANK

PRIORITY AREA: 02

PROCESS AND INFRASTRUCTURE DEVELOPMENT

The backbone of a successful digital banking ecosystem is its operational efficiency and infrastructure. The Bank continuously invests in process optimisation and IT infrastructure development to ensure seamless banking operations. By leveraging automation and technological advancements, the Bank enhances service delivery, reduces turnaround times, and increases overall efficiency.











4.5 million
Papers saved

1,402
Toners saved

1.2 million
CASA opened

364,644
Fixed Deposits opened

98,233
Loans facilitated

Process Improvement	Outcome/s	Impacted Stakeholders
Workflow automation integration	Faster transactions, increased productivity	 Customers
		 Employees
Core banking system upgrades	Improved reliability and transaction efficiency	 Customers
		 Employees
		 Shareholder and Fund Providers
Apply-Online Loans via Web	Faster loan requests and processing	 Customers
Enhanced cybersecurity measures	Strengthened trust and regulatory compliance	 Customers
		 Regulators
Customer support implementation	Enhanced Customer satisfaction and issue resolution	 Customers
		 Employees


PRIORITY AREA: 03

STRENGTHENING SECURITY

In a rapidly evolving digital landscape, security and IT governance form the foundation of sustainable innovation. As the Bank accelerates its digital transformation journey, it adopts a structured approach.

With banking operations becoming increasingly interconnected, robust cybersecurity frameworks, data privacy measures and meticulous IT governance protocols are critical in safeguarding trust. BOC is committed to embedding advanced security mechanisms, and regulatory compliance into its digital ecosystem, ensuring that innovation is built on a foundation of resilience and accountability.

By aligning digital transformation with governance best practices and global security standards, BOC reinforces its position and responsibility as a bank that leverages technology not just for speed and efficiency, but for trust, stability, and long-term sustainability.



DATA PROTECTION

As per the Data Protection Act No. 9 of 2022, the Bank's Data Protection Officer (DPO) who reports to the General Manager independently, oversees the implementation and enforcement of data privacy measures to comply with the Data Protection Act in Sri Lanka. The DPO is responsible to develop comprehensive policies and procedures for data handling with the objective of safeguarding customer information. The DPO also conducts regular training and awareness building sessions to the staff on data protection policies to improve data protection. The Bank conducts regular audits and inspections to assess compliance with the regulations and preventing any data breaches. The DPO is also responsible to ensure that there are no privacy violations and data breaches which will erode the confidence and the trust the customers possess in the Bank's operations.









Customer Privacy GRI 418-1

No incidents of substantiated complaints concerning breaches of customer privacy took place in 2024.

No identified leaks, thefts or losses of customer data took place during the year.

Security Frameworks

To reinforce digital security, the Bank has adopted industry-leading security frameworks and technologies. The following measures have been implemented to safeguard stakeholders by upholding the highest standards of customer trust and confidentiality:

Initiative		Outcome/s
Security Information and Event Management (SIEM) and Network Detection and Response (NDR) upgrade		Enhanced threat detection and response capabilities
Data Loss Protection (DLP) implementation		Prevention of data leakage and unauthorised access
Advanced threat protection		Strengthened endpoint and serves protection and network security
Deception technology		Advanced detection and mitigation of cyber threats
External Vulnerability Assessment and Penetration Testing (VAPT)		Comprehensive identification and reinforcement of security vulnerabilities
Privilege access management		Secures, controls and monitors privilege accounts to prevent unauthorised access and cyber threats
Intrusion Prevention System and Intrusion Detection System (IPS/IDS)		Intrusion prevention/detection mechanism to secure the perimeter firewall
Web Application Firewall and Distributed Denial of Services (WAF/ DDOS)		Mitigate using web application from DDOS attacks

Implementation of best practices aligning with international standards and frameworks

The Bank adheres to global cybersecurity standards and best practices to uphold trust, transparency and confidentiality of the Bank's operations. The Bank's strong IT governance frameworks establish clear policies, robust cybersecurity measures and risk management protocols to protect sensitive information, maintain system integrity and ensure business continuity. IT governance ensures that technology investments align with

strategic objectives while safeguarding digital assets and customer trust. It provides a structured approach to decision-making, accountability, and risk mitigation, ensuring that innovation does not come at the cost of security or regulatory compliance.

Cyber threats, data breaches, and regulatory complexities demand a governance model that is proactive, adaptive, and resilient.

The Bank has felt the need for proliferation of IT industry best practices and International Standards into its processes. Towards achieving this objective, the Bank focuses on introducing "Enterprise IT Governance Framework (COBIT 2019)", which will cover:

- Quality Management Systems (ISO 9001:2015 Standard)
- Service Management System (ISO 20000-1:2018 Standard)
- IT Infrastructure Library (ITIL) Best practice
- Risk Management (ISO 31000:2018 Standard)
- Information Security Management System (ISO 27001:2013 Standard)
- Project Management Body of Knowledge (PMBOK)

Additionally, the Bank continuously updates its security protocols to address emerging threats. Regular security audits, penetration testing, and employee training programmes help to maintain a strong defence against cyber threats.



ISACA - Digital Trust Awards 2024

As the employer with the most of ISACA members acknowledging its community of cybersecurity professionals.

A DIGITALLY EMPOWERED BANK

HEXAGON OF IMPACT

The 'BOC Connect' initiative, in partnership with Sri Lanka Post, expands banking access to underserved and remote areas of Sri Lanka. By leveraging Sri Lanka Post's extensive network, it enables citizens to access digital banking services more easily. This collaboration promotes financial inclusion, supporting the transition to a cashless society and improving banking accessibility for all. It also drives the digital future of Sri Lanka by fostering greater connectivity, digital literacy and innovation in financial services, contributing to a more inclusive and technologically advanced economy.

BOC
CONNECT

WAY FORWARD

As BOC looks ahead to 2025 and beyond, the Bank is committed to further strengthening its digital banking ecosystem. Future priorities include:

● Embracing AI-driven solutions

Leveraging artificial intelligence for customer assistance, fraud detection, and process automation.

● Expanding digital banking services

– Broadening access for SMEs and international customers to drive financial inclusion.

● Collaborating with fintech companies

– Partnering with innovative fintech firms to accelerate digital banking advancements.

● Rolling out new initiatives

Introducing solutions like BOC Rewardz Plus, Mini POS systems, and an upgraded mobile banking application to enhance customer engagement.

● Enhancing cybersecurity frameworks

– Continuing investments in security infrastructure to safeguard against evolving digital threats.

● Future-Proofing the Digital Ecosystem

– With a commitment to digital excellence, the Bank is poised to lead Sri Lanka's financial sector towards a fully integrated, customer-centric, and secure digital future.

BANKING FOR A SUSTAINABLE FUTURE



At the heart of Bank of Ceylon's ethos lies a profound commitment to sustainability and responsible banking. Much like a honeycomb, where each hexagonal cell contributes to the stability of the whole, our sustainability blueprint is structured to create a balanced and enduring impact across multiple dimensions. This approach resonates with the interconnected pillars of economic prosperity, environmental stewardship and social equity. As a cornerstone of Sri Lanka's financial landscape for more than 85 years, the Bank continues to innovate, leveraging an extensive network and deep-rooted expertise to drive positive change. Guided by a sustainability-driven business model, the Bank's initiatives not only bolster economic growth but also safeguard the environment and empower communities.

**LKR 6.1
billion**
Invested in Green
Financing

**LKR 56.9
billion**
Disbursed ESMS
Complied Facilities

73
Branches Equipped
with Solar Power

**LKR 215.2
million**
Invested in
Community
Development

Eight
'BOC Gammana' projects

CONTEXT FOR 2024

- Livelihood gaps have widened pushing vulnerable communities into financial insecurity. This has exposed certain segments of the community to instability and uncertain income levels.
- Climate risks heighten investment and lending uncertainties, necessitating a shift towards sustainable finance strategies that build resilience, ensuring long-term economic and environmental stability.
- Changes in the regulatory landscape require reporting on sustainability-related financial information and climate-related risks and opportunities. Thus, organisations need to ensure regulatory compliance, informed decision-making and alignment with global sustainability standards.



SDGs IMPACTED

- 1 **NO POVERTY**
Ensuring social protection through financial inclusivity
- 2 **ZERO HUNGER**
Empowering growth to end hunger
- 3 **BETTER HEALTH, WELL-BEING AND LIFE**
Promoting good health and well-being of employees
- 4 **QUALITY EDUCATION**
Enhancing the knowledge base of employees
- 6 **CLEAN WATER AND SANITATION**
Financing for clean water and sanitation
- 7 **AFFORDABLE AND CLEAN ENERGY**
Facilitating access to affordable and sustainable energy sources
- 8 **DECENT WORK AND ECONOMIC GROWTH**
Laying the foundation for decent work and economic growth
- 9 **INDUSTRIAL INNOVATION AND INFRASTRUCTURE**
Building resilient industries and a sustainable future
- 10 **REDUCED INEQUALITIES**
Focus on building an equitable work environment
- 11 **SUSTAINABLE CITIES AND COMMUNITIES**
Making cities and communities inclusive and sustainable
- 12 **RESPONSIBLE CONSUMPTION AND PRODUCTION**
Responsible consumption and production
- 13 **CLIMATE ACTION**
Focussing on proactive action to recognise and mitigate climate risks
- 14 **LIFE BELOW WATER**
Ensuring the conservation of oceans and marine ecosystems
- 17 **PARTNERSHIPS FOR THE GOALS**
Collaborating for a sustainable future

MATERIAL TOPICS



OVERVIEW

LEADERSHIP
INSIGHTSOUR
STRATEGYOUR
PERFORMANCESTAKEHOLDER
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BANKING FOR A SUSTAINABLE FUTURE

Strategic Pillar



STABILITY, GOVERNANCE AND SUSTAINABLE GROWTH

As a socially responsible bank, BOC is committed to promoting sustainable lending, empowering vulnerable communities and ensuring equitable financial access for a resilient, inclusive and sustainable future.

Priority Areas

- Improving Sustainability Governance
- Promoting Socio-Economic Stability
- Carbon Neutrality and Impact Management

PRIORITY AREA: 01

IMPROVING SUSTAINABILITY GOVERNANCE

The Bank places significant emphasis on sustainability governance with greater oversight by integrating comprehensive ESG principles across every level of the operations. The governance approach is designed to ensure that every decision is made with a clear focus on sustainability, risk mitigation and stakeholder accountability. This commitment has resulted in proactive climate risk assessments, compliance with international reporting standards, and enhanced transparency across the Bank. From green financing and eco-friendly banking initiatives to financial inclusion and community empowerment, BOC is committed to creating long-term value while upholding accountability and ethical responsibility. By aligning innovation with sustainability, we continue to shape a resilient future. Our approach is holistic, combining strategic governance, socio-economic empowerment and a relentless focus on environmental stewardship.

The outcomes of these efforts are measurable in the comprehensive training programs, rigorous ESG risk management processes, and the transparent disclosure system that aligns with Global Reporting Initiative (GRI) standards, the United Nations Sustainable Development Goals (SDGs) and Sustainability Accounting Standards Board (SASB) guidelines.

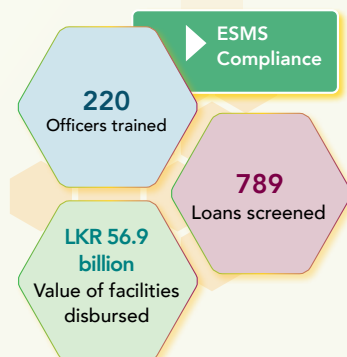
Additionally, the Bank has appointed a ISO certified Sustainability Manager who plays a key role in driving sustainability within the operations.

Responsible Partnerships and ESG Risk Management

The Bank's lending policies are guided by a robust Environmental and Social Management System (ESMS), ensuring that every credit decision aligns with sustainability and responsible growth. The Bank recognises that economic progress should align with environmental stewardship, and has committed to financing projects that adhere to the highest environmental standards.

The Bank's ESMS Policy is developed based on the CBSL guidelines and further adheres to the E&S criteria of ADB and AIIB fulfilling the requirements of these international credit lines.

As a part of the due diligence process, loans are selected through a screening based on Environmental and Social (E&S) risk-based categorisation. Accordingly, selected loans must obtain the necessary Environmental Protection License (EPL) and clearances from relevant authorities, including the Central Environmental Authority, Ministry of Agriculture, Excise Department of Sri Lanka and Local Authorities, ensuring that contribution of lending practices to environmental degradation, bio-diversity loss and ecological harm is minimised.



Capacity Building on Sustainability

GRI 404-2

The ESMS Unit strengthens the sustainability framework of the Bank by embedding ESG awareness and knowledge across all layers of the Bank.

Through comprehensive capacity-building initiatives, the Bank ensured that all team members encompassing credit and relationship officers to senior leadership, are equipped with the insights and tools needed to drive meaningful ESG integration. To foster a culture of responsible banking, a structured series of awareness building sessions employing both internal and external expertise were held.

28 No. of training programmes

419 No. of participants

1,411 No. of hours of sustainability training

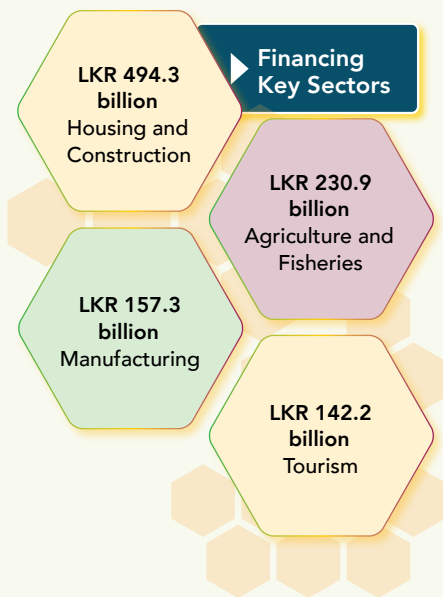
These sessions were designed to provide a practical understanding of issues aligning operations with global sustainability standards and regulatory expectations. By engaging with industry experts, policy makers and sustainability practitioners, we bridge the knowledge gap to empower our teams to make informed decisions that contribute to long-term value creation.

As the Bank strengthens its ESG foundation, it remains committed to embedding sustainable practices into our business strategy, risk management and customer engagement.

PRIORITY AREA: 02**PROMOTING SOCIO-ECONOMIC STABILITY**

Socio-economic stability is the foundation for a resilient and inclusive society. The Bank has been a steadfast partner in national growth and stability over the last eight decades especially during times of challenge.

In 2024, greater emphasis was placed on leveraging the Bank's financial expertise to drive community development, support local infrastructure, and foster economic empowerment. Through strategic investments and targeted lending programmes, tangible outcomes have been delivered to improve the quality of life for communities across Sri Lanka, while reinforcing national economic stability.



The Bank's development lending initiatives have played a crucial role in supporting macro-economic stability. As a state owned entity, BOC has supported the Government's monetary policy execution to help in economic revival. As the industry leader in remittances, the Bank prioritised enabling vital foreign

currency inflows. The Bank contributes to the Government through tax payments.

As the largest state bank, BOC has played a pivotal role in financing critical and large-scale infrastructure projects undertaken by the public and private sectors. The Bank's commitment to finance large scale projects has, over the years, contributed to the socio-economic progress of the nation.

Community Development and Capacity Building

GRI 413-1

Financial inclusivity is a commitment deeply embedded in our DNA. The Bank has been steadfast in its mission to provide accessible financial solutions that uplift individuals, small businesses and underserved communities. Our concessionary products and tailored financial offerings have paved the way for countless Sri Lankans to achieve economic stability, empowering them to build a better future.

The Bank's impact is further exemplified by the unwavering dedication of employees who transform our vision into reality. From guiding first-time account holders in rural villages to supporting micro-entrepreneurs with personalised financial advice, our staff play a pivotal role in bridging the gap between aspirations and achievement.

Voluntarism is another aspect of the inclusive approach of the Bank. Our employees stepped beyond their formal roles to engage in financial literacy programs, mentoring aspiring entrepreneurs and driving community outreach initiatives.

The Bank, reaffirming its commitment to corporate social responsibility, contributed a sum of LKR 207.3 million towards a multitude of initiatives that impact society and the community at large.

During the year, the Bank donated an adapted ambulance to the '1990 Suwaseriya Foundation' pledging its support for national well-being through impactful initiatives.



Through the "BOC Gammana" initiative, rural communities have been revitalised by renovating water tanks, modernising school facilities and upgrading public spaces. These projects have improved access to essential services, boosted digital literacy through computer labs and smart classrooms and enhanced transportation and public safety. Extending this initiative, two new "BOC Gammana" were established in Katandola in Southern province and Alawala in Western province north during the year. The tangible outcomes of these efforts are evident in improved community connectivity, better access to education and increased opportunities for local business development.



The Bank remains steadfast in its commitment to shaping a brighter future for the nation's children and youth. Recognising that education and financial empowerment are the cornerstones of

BANKING FOR A SUSTAINABLE FUTURE

progress, the Bank pioneered impactful initiatives to support young minds and aspiring individuals.

Education is the foundation upon which a nation thrives. BOC's Hapana Grade 5 Scholarship Programme has been a beacon of hope for thousands of Grade 5 students, providing much-needed financial assistance to excel in their studies. Through the Nenajaya Scholarship Programme for Advanced Level Students, the Bank extended its support to high-achieving students, ensuring that financial constraints do not hinder their pursuit of knowledge.

Beyond education, BOC understands that the youth need opportunities to transform their ambitions into reality. Through 'Dream Builders' radio programme and 'BOC Youth' Loans, the Bank enables young entrepreneurs and professionals to take their first steps toward entrepreneurship. By facilitating financial independence and encouraging innovation, BOC helps the country's youth to turn ideas into enterprises, fostering a culture of self-reliance and growth.

As a socially conscious bank, BOC's commitment goes beyond banking services-it is about making a lasting impact on lives. By investing in education

and financial empowerment, BOC ensures that the country's youth have the resources, confidence, and support they need to build a progressive future.

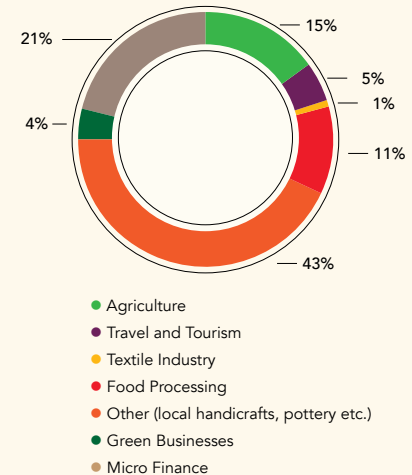


The BOC Sansada school savings units are designed to cultivate the habit of savings from a young age. By promoting savings within schools, BOC ensures that future generations grow up with a strong sense of financial security and independence.

Development Lending

Development lending is central to our socio-economic stability efforts. By channelling financial resources into strategic community projects, we have laid the groundwork for sustainable development. The structured allocation of funds has ensured that every project is aligned with local needs and national development goals, while generating measurable returns in terms of community upliftment and economic growth.

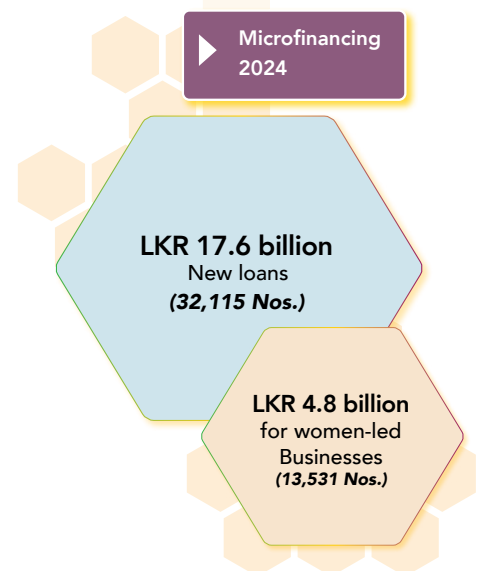
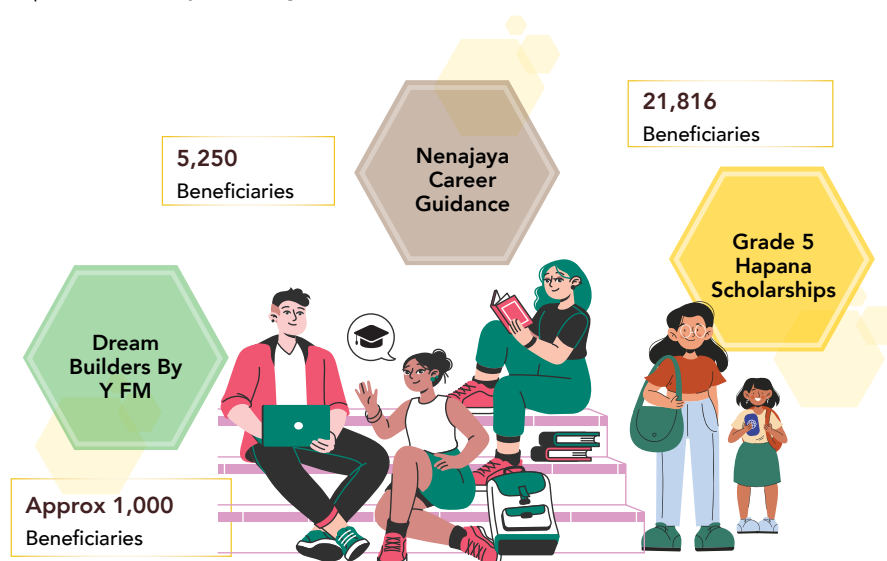
DEVELOPMENT LENDING PORTFOLIO



BOC also acts as a Participatory Financial Institution (PFI) for several credit lines that support vulnerable communities, using its expansive branch network to reach out these segments.

Microfinancing Initiatives

Our microfinancing initiatives have expanded considerably, with increased loan disbursements and improved repayment performance. This expansion underscores our commitment to creating an inclusive financial ecosystem that drives long-term socio-economic stability.

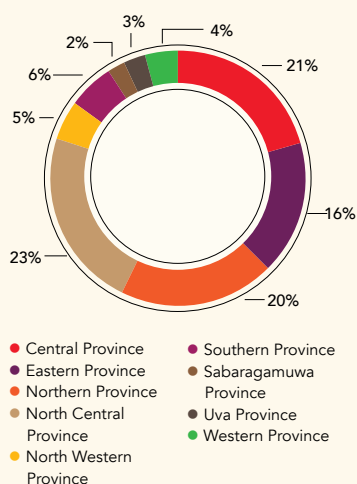


Mithuru Groups:

GRI 413-1

The Bank's 'Mithuru Groups' serve as an engine for local financial empowerment. These community-based groups have been established across the country, enabling collective savings, access to MSME loans and improved financial discipline. Their impact is significant, fostering economic independence and community cohesion. The effectiveness of these groups is measured by their participation rates, successful credit access and overall contribution to local business development.

BOC MITHURU GROUPS



Supporting Suppliers

GRI 204-1

Supporting local suppliers is a critical component of the Bank's socio-economic strategy.

Total payments made to local suppliers were LKR 9.1 billion (88% of total supplier payments) during the year.

PRIORITY AREA: 03

CARBON NEUTRALITY AND IMPACT MANAGEMENT

The Bank remains dedicated to reducing its environmental impact and striving for carbon neutrality. In 2024, the sustainability strategy has been driven by concrete actions and measurable progress, emphasising energy efficiency, the adoption of renewable energy, and responsible resource management.

The Bank's two-pronged approach consists of internal process optimisation and community-focused conservation programs. Rigorous energy audits, sustainable procurement practices and innovative green financing solutions address every aspect of our environmental impact. These initiatives underscore BOC's determination to reduce its carbon footprint, promote renewable energy and ensure that every operational process is aligned with its long-term sustainability goals.

Minimising The Bank's Footprint

To minimise BOC's environmental footprint, the Bank has implemented a range of initiatives, including digital transformation, energy audits and green building practices. By streamlining operations and optimising efficiency, energy consumption has been managed.

GRI 302 - 1

GRI 305 - 4

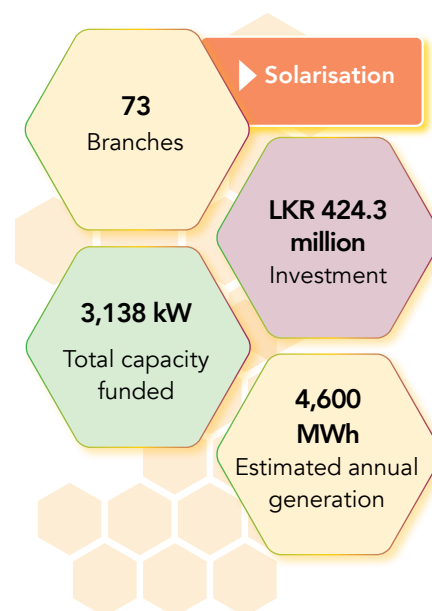
	2024	2023*	% change
Electricity (MWh)	25,820.0	22,730.0	14
Fuel (m3)	233.0	161.5	44
Solar energy (MWh)	4,581.5	3,245.3	41
GHG emissions (tCO ₂ eqv)	19,620.6	19,028.9	(3)

	2024	2023*	% change
Electricity generated from renewable sources	18%	14%	4
Emission intensity (per million of revenue)	0.04	0.04	-

*Revised as per the Audited Figures

Sustainable Infrastructure and Energy Efficiency

The Bank ensures that all new construction projects comply with the Green Building Council (GBC) Green Building standards. For several consecutive years, the Bank has been recognised with the "Green Business Leadership" award by GBC for its commitment to green building compliance. GBC has awarded 10 BOC branches by designating them as environmentally friendly buildings. Additionally, the engineers employed by the Bank are certified by the GBC.



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Emissions

GRI 305 - 1, 2, 3, 4, 6, 7

In tandem with renewable energy initiatives, the Bank adopted stringent energy benchmarking protocols as mandated by the Sri Lanka Sustainable Energy Authority. The Bank is guided by the ISO 14064-1 standard for measuring and reporting Greenhouse Gas (GHG) emissions, with 2021 set as the base year for assessments. The Bank assesses its GHG emissions using IPCC guidelines, incorporating Global Warming Potential (GWP) values from the IPCC 6th Assessment Report to ensure accuracy and transparency in managing its carbon footprint.

Scope 1 Emission - 1,120.7 tCO₂e

Scope 2 Emission - 11,047.1 tCO₂e

Scope 3 Emission* - 7,452.7 tCO₂e

* T & D loss, business travel (hired), employee commuting (not paid), freight road transport, municipal water, and waste disposal.

The Bank tracks and manages air emissions, recording 990.9 metric tons of CO₂, 7.2 metric tons of CH₄, 10.5 metric tons of N₂O, and 112.1 metric tons of HFCs in 2024. We are reducing our impact through energy efficiency, cleaner technologies, and regulatory compliance, supporting our net-zero goal by 2028.

The Bank has transitioned to R-410A refrigerants, eliminating ozone-depleting substances (ODS) like R-22 from its cooling systems.

Material Consumption

GRI 306-1, 3, 4

Our sustainable procurement practices ensure that all materials—ranging from IT equipment and air conditioners to UPS systems—adhere to high environmental standards. By focusing on energy-efficient products and encouraging the use of recycled materials, material consumption has been reduced while supporting a circular economy model. In line with this commitment, all paper waste generated at the Head Office has been responsibly recycled, further minimising our environmental footprint. This initiative has led to a substantial decrease in the overall environmental impact associated with our procurement activities.

In 2024, BOC took a significant step towards reducing plastic waste by introducing biodegradable tills across its branches. A total of 50,000 units were distributed, replacing conventional plastic tills. These tills are made from recycled paper and are designed for extended usability, as they can be repurposed into pen holders after their primary use. This initiative aligns with the Bank's commitment to environmental sustainability and resource efficiency.

Through systematic monitoring and enhanced recycling initiatives, we have significantly reduced waste across our operations.



Sustainable Financing

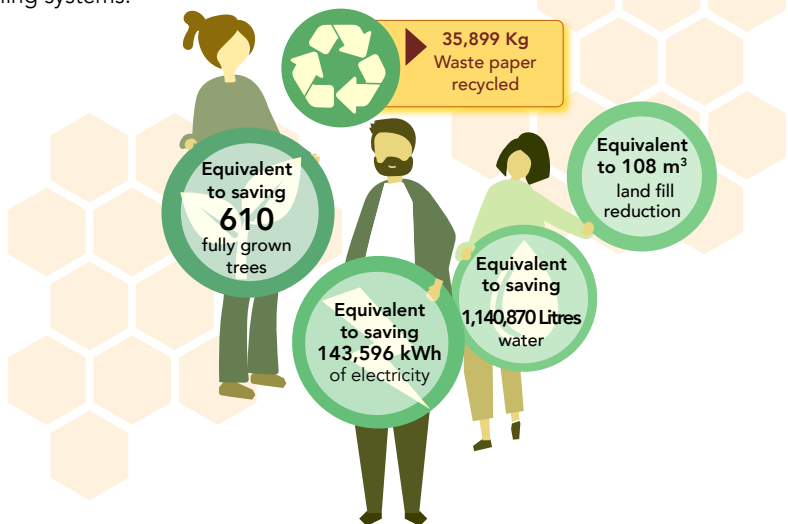
As a part of our commitment to sustainability, we have aligned every disbursement with rigorous environmental criteria, which reflects dedication to fund projects that foster a greener, more sustainable future.

Our commitment to sustainability extends into our financing strategies. By offering specialised green lending products and eco-friendly deposit schemes, we incentivise both our customers and partners to adopt environmentally responsible practices. This sustainable financing framework has enabled us to direct our attention towards green initiatives during 2024, supporting projects that drive environmental innovation and conservation.

LKR 2.5 billion

**New Green Lending
(923 Nos.)**

The Bank's 'Less Plastic' initiative is designed to eliminate single-use plastics from daily operations. By promoting the use of sustainable alternatives such as glass and other eco-friendly materials, concerted efforts have been made in reducing plastic waste significantly, supported by rigorous monitoring and reporting measures which monitor plastic usage across all events and internal processes.



Carbon Reduction in Our Operational Processes

Beyond our energy consumption and procurement measures, carbon reduction strategies have been implemented into the overall operational processes. These include digitalisation efforts that minimise paper use and process automation that reduces unnecessary resource consumption. These initiatives collectively contribute towards a substantial reduction in the Bank's operational carbon footprint, underscoring the strong commitment to preserving our natural resources.

Environmental Conservation

The Bank's environmental conservation efforts extend across its community engagements and biodiversity projects. Collaborative programmes, such as beach clean-ups and reforestation initiatives conducted in partnership with the Wildlife Conservation Department, have not only enhanced local ecosystems but also have created public awareness of the importance of environmental stewardship. These initiatives contribute to a broader culture of sustainability and conservation across the communities we serve.



WAY FORWARD

The Bank is focusing on strengthening its sustainability framework by integrating comprehensive ESG policies, driving innovative green finance solutions and deepening community development initiatives. With a focus on digital transformation and robust risk management, the Bank's strategic direction is clearly defined to foster a resilient, inclusive, and low-carbon future.

- Establishing a robust ESG policy framework with global expertise, integrating Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs) to align with IFRS S1 and S2.
- Issuance of a green bond and expanding green financial products to fund renewable energy, energy-efficient infrastructure and eco-friendly initiatives.
- Expanding "BOC Gammana" with three new model villages to boost rural infrastructure, digital literacy, and financial inclusion.
- Driving digital transformation and advanced risk management to enhance procurement, efficiency and regulatory compliance.
- Ambition of achieving Net Zero Carbon Emissions by 2028 through energy efficiency, waste reduction, and sustainable resource management.
- As a part of our ongoing commitment to sustainability, BOC is planning to introduce an eco-friendly electronic card. This initiative aims to reduce environmental impact by integrating sustainable materials. Through this effort, the Bank continues to align its operations with environmental best practices and promote sustainable financial solutions.

STRENGTH IN RESILIENCE AND TRUST IN GOVERNANCE

The Bank's ability to adapt to regulatory changes, market dynamics and global challenges, such as climate change and digital transformation, showcases its capacity to remain a reliable institution in a shifting economic landscape. Clear oversight and well-defined policies ensure that decisions align with the Bank's long-term objectives and regulatory requirements. By combining strong risk management with sound governance, the Bank builds resilience, maintaining its financial strength and continuing to meet the evolving needs of its customers and stakeholders.

A beehive is more than a home - it is an evolving structure. In a beehive, the Queen Bee provides leadership, Worker Bees execute essential tasks and Drones offer specialised support. This structure mirrors an organisation's governance system, where clear roles and collaboration ensure success and sustainability.

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CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE



"I firmly believe that strong corporate governance is the bedrock of a resilient, responsible and future-ready institution."

As Chairman of the Bank of Ceylon, I firmly believe that strong corporate governance is the bedrock of a resilient, responsible and future-ready institution. In today's dynamic financial landscape, governance is not merely a compliance requirement, it is a strategic imperative that underpins trust, drives performance, and safeguards long-term value creation for all stakeholders.

At Bank of Ceylon, governance extends beyond boardroom processes. It encompasses a culture of accountability, transparency, prudent risk management and ethical conduct embedded across all levels of the organisation. We are entrusted with the immense responsibility of serving as the nation's most systemically important financial institution, and it is incumbent upon us to uphold the highest standards of governance to maintain public confidence and ensure financial system stability.

In my role, I place utmost importance on enhancing board effectiveness, ensuring a clear division of responsibilities, maintaining an appropriate mix of skills and independence, and fostering a culture of constructive challenge. We remain guided by sound risk appetite frameworks, comprehensive oversight mechanisms, and a strong commitment to responsible financing and Environmental, Social, and Governance (ESG) principles.

As we navigate an evolving regulatory, economic, and digital landscape, I am committed to continuous improvement in our governance practices aligning them with global best standards, while being deeply rooted in our national purpose. Through this, we will continue to deliver on our promise of stewardship, innovation and service excellence as Bankers to the Nation.

We recognise that strong corporate governance is not only crucial for the long-term success and sustainability of the Bank but also for upholding our responsibility to society and throughout the year remained dedicated to maintaining a governance framework that promotes effective oversight, sound decision making and ethical conduct at all levels of the Bank.

Strategic direction

Our Board of directors plays a critical role in guiding the Bank's strategic direction, risk management and overall performance. We are committed to fostering a culture of continuous improvement and accountability, where decisions are made with due consideration of both financial and non-financial factors. As our country continued to face challenges, such as persistent inflation, cost of living pressures and geopolitical uncertainty the Board engaged with key stakeholders to understand their requirements in order to support and guide them on the right path.

Ethics and integrity

Maintaining a high standard of governance is essential in delivering on our strategy and ensuring that we do right by our customers and communities. Our governance framework ensures that our Board of directors and management team adhere to the highest ethical standards. We have implemented clear policies and practices that promote accountability, foster transparency, and prevent conflicts of interest. By doing so, we aim to create an environment where ethical conduct is the foundation of every decision and action we take.

Promise for the future

Looking ahead, we remain committed to upholding the highest standards of corporate governance and ethical conduct. We will continue to review and

enhance our governance framework to adapt to evolving regulatory requirements and best practices, ensuring that we remain at the forefront of corporate governance excellence. The Board has recognised the need to comply with new requirements such as the IFRS S1 and S2 standards, as well as the new governance regulations and listing rules of Colombo Stock Exchange (CSE) and Corporate Governance Directions issued by the Central Bank of Sri Lanka. The current progression and expected plans of the governance framework are provided on pages 114-142. BOC is well positioned for the future, to continue supporting our customers, communities and the nation. By executing our strategy, we aim to contribute to a more prosperous, sustainable and resilient future for Sri Lanka.

Declaration

This report and the compliance annexures on pages 351 to 394 demonstrate the Bank's approach to governance in practice and continued compliance with corporate governance regulations and best practices. I wish to declare that the principles of good corporate governance are well integrated across BOC and all directors and employees of the Bank have executed their duties and responsibilities in line with established policies and procedures as well as the Bank's guidelines for ethical business conduct.

Kavinda M L de Zoysa
Chairman

24 February 2025
Colombo

CORPORATE GOVERNANCE

OUR APPROACH TO GOVERNANCE

GRI 2-9

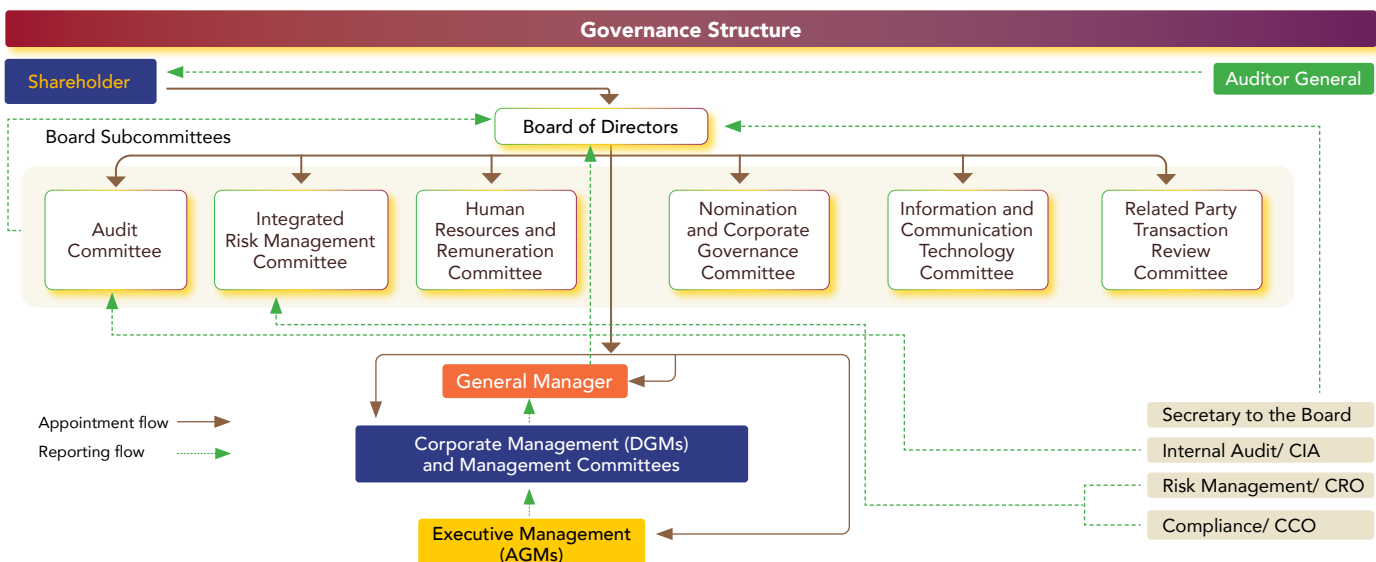
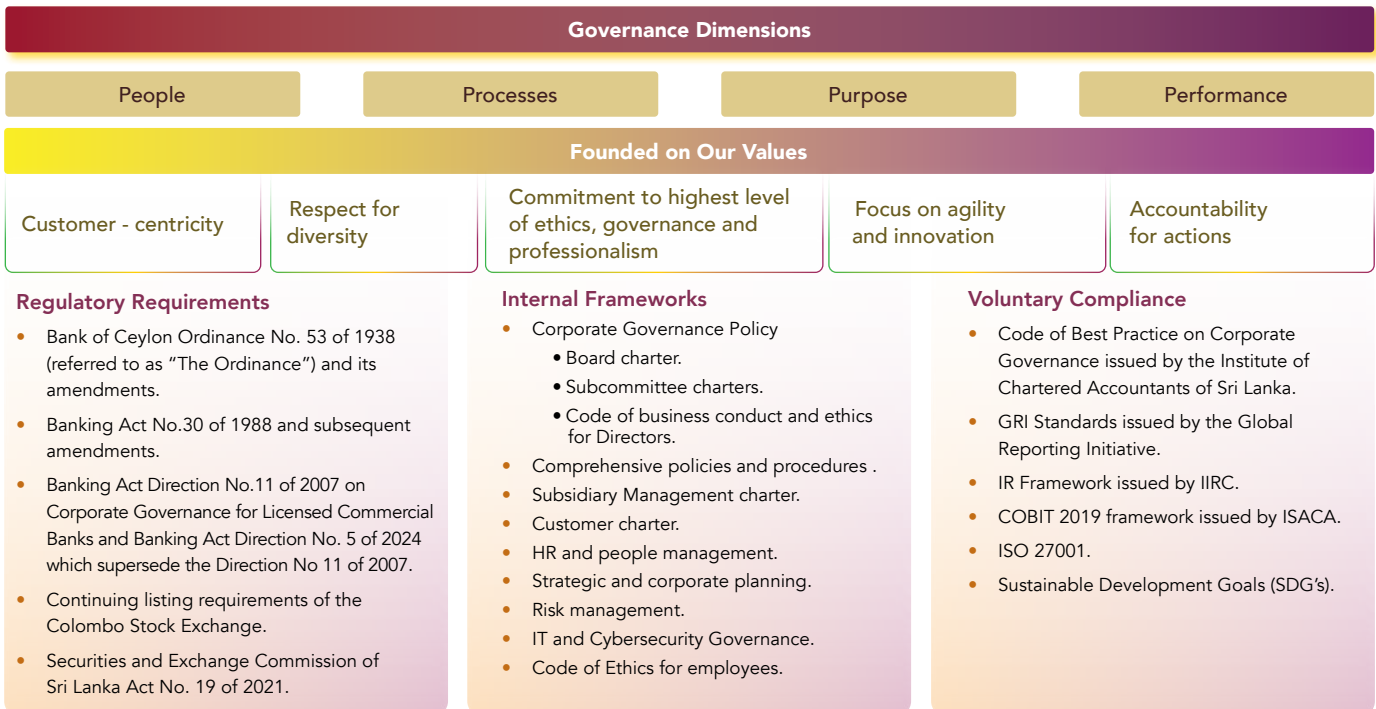
Maintaining a high standard of governance is essential in delivering on our strategy and ensuring that we do right by our customers and communities. The Board ensures that the governance framework supports the achievement of the Bank's strategic objectives while safeguarding the corporate values,

reputation and assets and regularly reviews and updates this to be in line with the evolving regulations and best practices. BOC's corporate governance framework seeks to provide clear guidance on how authority is exercised, and oversight is provided. The Bank ventures beyond mandatory compliance and expands conformance practices across all areas of business, promoting responsible corporate behaviour,

strengthening operations, addressing expectations of various stakeholder groups and eventually supporting sustained performance.

Our approach to governance is reflected through four key elements of the Bank's corporate governance framework: People, Processes, Purpose and Performance.

GOVERNANCE FRAMEWORK AND STRUCTURE

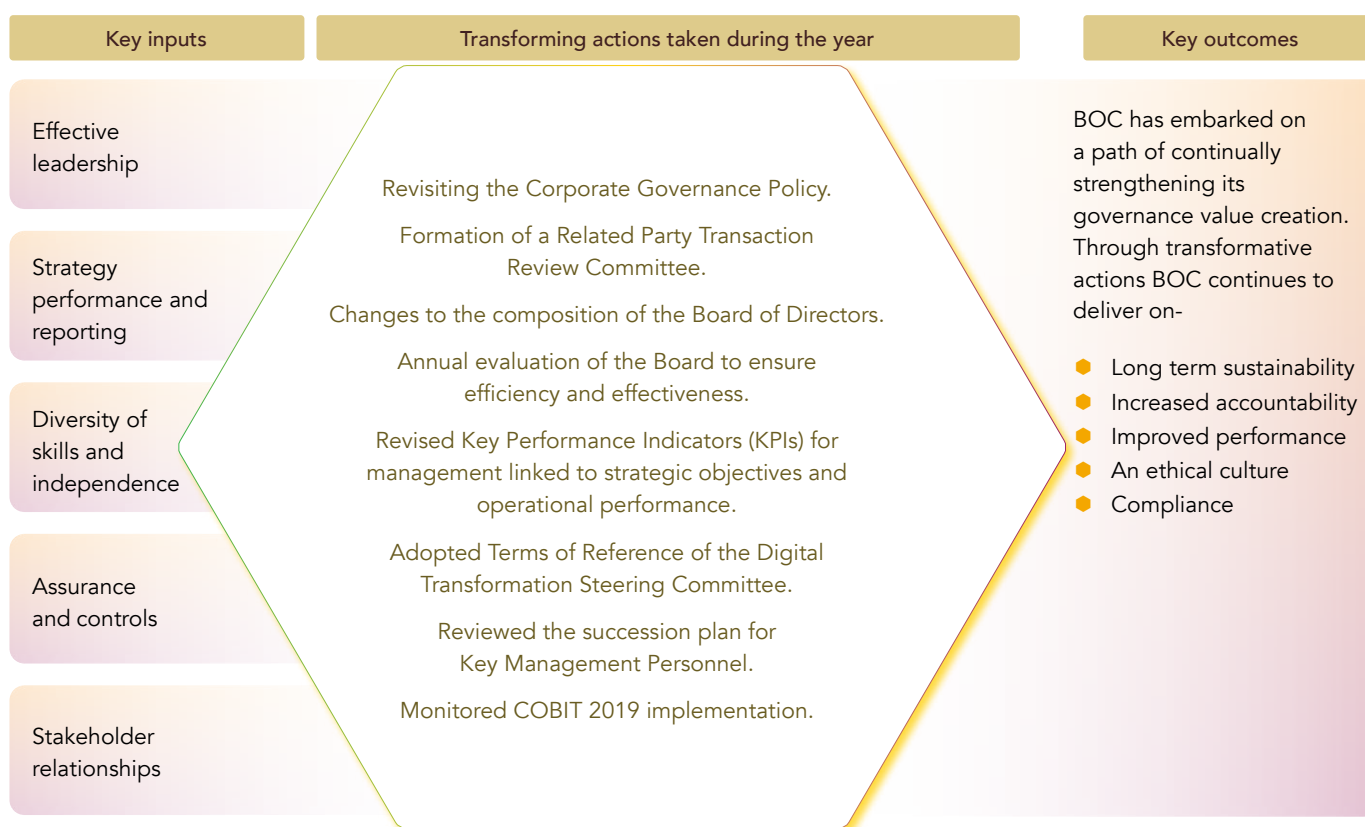


GOVERNANCE OF OVERSEAS OPERATIONS

The Bank operates across three overseas locations via overseas branches and a fully owned subsidiary in UK, which are established under the clearance received from CBSL and relevant authorities in those countries. These branches comply with and are monitored by the relevant authorities in their respective countries.

The overseas branches are governed through an "Overseas Branch Charter" which is supervised under the dedicated Assistant General Manager Division. The overseas branch unit reports their performance quarterly to Board of directors of the Bank and all strategic level decisions are also escalated to Board for approval. When appointing Country Manager for the overseas branches, approval from relevant authorities in that country is obtained. Compliance, audit and performance are monitored through the BOC head office by regular audits. The National Audit Office also reviews and conducts audit procedures covering those branches in line with annual audit of the Bank. Furthermore, external auditors in the country of operation also conduct independent audits as per the relevant regulations.

OUR VALUE CREATING GOVERNANCE APPROACH IN ACTION



PEOPLE – MAINTAINING A WELL-BALANCED BOARD

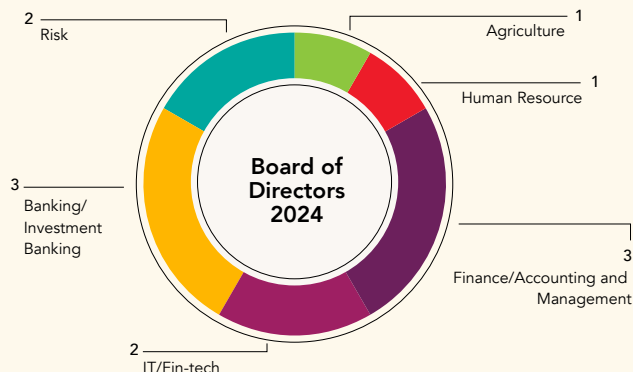
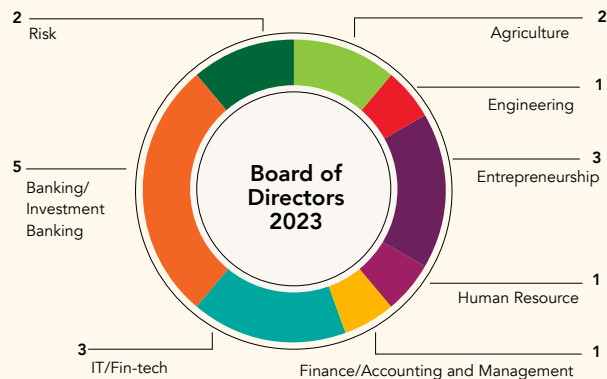
Board Composition

The Board recognises the value of having an appropriate mix of skills, experience and diversity to support sound decision making. The Board of directors comprises of six directors who serve in a non-executive capacity, while five of them are considered independent. A representative of the ministry in charge of the subject of finance holds an Ex-officio position on the Board. The composition of the Board is established in the ordinance, and the relevant minister responsible for state banks appoints the directors. The latest Banking Act Determination No. 3 of 2024 issued on 11.09.2024 requires the minimum number of Directors to be 10 and maximum to be 13. This is to be complied by 01.06.2025. New members are to be appointed. A skilled Corporate Management Team supports the Board, and their expertise underpins the Bank's ability to deliver on its strategy.

CORPORATE GOVERNANCE

STRENGTH IN DIVERSE SKILLS AND EXPERIENCE

Nos.



Independence

Independence of directors is assessed based on the guidelines set forth by the CBSL and CSE. Based on CBSL Directions, we consider only the representative of the ministry in charge of the subject of Finance as representing a specific stakeholder and therefore not independent. The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, directors' independence during the period under review.

Roles and Responsibilities

GRI 2-11, 12

The Bank remains committed to ensuring the Board functions effectively, including how it allocates its time and how it is constituted. The Board's primary purpose includes the provision of leadership and strategic guidance. Our governance practices play an essential role in providing oversight of the Bank's operations and contribute to the development of our strategy.

The Bank ensures clarity in roles and effective segregation of responsibilities through the Board Charter, which explicitly outlines the roles and responsibilities of the Board. The Chairman of the Board is a non-executive director and provides leadership to the Board, while the General Manager

leads the executive leadership team and does not hold a Board position. This separation ensures clarity in roles and effective decision-making. Additionally, no single director holds unrestricted power in the decision-making process.

Role of Chairman

- Providing leadership to the Board.
- Promoting a culture of good governance practices and maintaining the standard of integrity.
- Fostering a culture of inclusivity by encouraging the expression of diverse views by Board members and ensuring the participation of all Directors during discussions.
- Ensuring compliance to all applicable laws and regulations.
- Ensuring shareholder concerns are appropriately addressed.

Role of the General Manager

- Execution of the strategic agenda set out in the Bank's Strategic Plan in line with the financial and non-financial targets set by the Board.
- Monitoring and reporting the Bank's performance to the Board.
- Implementing a system including internal controls and audits to identify and manage risks that are material to the business of the Bank.
- Development of the succession plan for the Senior Management.
- Building a culture that is based on the Bank's values.

DELEGATION OF AUTHORITY

GRI 2-13

The Bank now maintains six Board subcommittees. During the year it was seven with the Board Credit Committee which has now been suspended to be reviewed. The subcommittee Chairman is accountable for effective functioning and report to the Board. Through the subcommittees, the Board is able to deal effectively with complex or specialised issues with strong governance.

The committees are governed by Board approved mandates and Terms of References. The Chairperson of each committee reports on their respective activities and recommendations during Board meetings, and these are approved by the Board. The day-to-day management of the Bank is delegated to the Corporate Management Team, which is led by the General Manager. In addition, the Bank has established several executive-level committees with clearly defined mandates and responsibilities.

Board subcommittees

Board Subcommittee	Area of oversight	
Audit Committee (AC) (Report of the Committee on pages 131-132)	<ul style="list-style-type: none"> Internal and external audit. Internal controls. Financial reporting and compliance. 	FC, MC, IC S1
Human Resources and Remuneration Committee (HR&RC) (Report of the Committee on pages 136-137)	<ul style="list-style-type: none"> Remuneration policy. HR Policy. Goals and targets for Key Management Personnel. Performance evaluation. 	FC, MC, HC, IC, SC S2, S5
Nomination and Corporate Governance Committee (N&CGC) (Report of the Committee on pages 138-139)	<ul style="list-style-type: none"> Appointment of Key Management Personnel. Code of Ethics. Effectiveness of the Board and its subcommittees. Corporate Governance 	HC, IC S5
Integrated Risk Management Committee (IRMC) (Report of the Committee on pages 133-135)	<ul style="list-style-type: none"> Risk management including credit, market, operational, liquidity, cyber/ IT, strategic risks, ESG risk. Ensuring compliance with the risk management policy framework and laws and regulations. 	FC, MC, IC, NC S1, S4
Information and Communication Technology Committee (ICTC) (Report of the Committee on pages 140-141)	<ul style="list-style-type: none"> Oversight responsibility for IT products, services, policies, practices and infrastructure. 	IC S3
Board Credit Committee (BCC)	<ul style="list-style-type: none"> The Committee is now discontinued. 	
Related Party Transaction Review Committee (RPTRC) (Report of the Committee on page 142)	<ul style="list-style-type: none"> To ensure the implementation of effective control systems for reporting the Related Party Transactions in accordance with regulatory and other reporting requirements. 	

CORPORATE GOVERNANCE

Executive Committees

Asset and Liability Management Committee (ALCO)	Corporate Information Security Committee	Idle Assets Committee	Portfolio Management Committee
Branches Division Credit Committee	Corporate Management Committee	Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan (PCP) Steering Committee	Reward and Recognition Policy Committee (RRPC)
Business Continuity Coordinating Committee	Corporate Strategic Review Committee	Investment Committee	Scholarship Programme Selection Committee (Review Committee)
Business Continuity Implementation Committee	Credit Committee	IT Steering Committee	Scholarships Committee
Business Continuity Management Steering Committee (BCMAC)	Damage Assessment and Restoration Committee (DARC)	Marketing Committee	Steering Committee of tvBOC
Committee Dealing with Long Outstanding Credit Balances	Foreign Currency Outflow Management Committee	Mobile Banking Steering Committee	Sustainability Committee
Committee Dealing with Operational Losses	Fraud Risk Management Committee	Non-Performing Assets Review Committee (NPAC)	Technical and Operational Committee
Committee for Investment in Government Securities	Human Resource Policy Committee (HRPC)	Operational Risk Management Executive Committee	Working Committee of tvBOC

COMPANY SECRETARY

The Company Secretary provides advice and support to the Board, and is accountable to the Board, for all matters relating to the proper functioning of the Board. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and relevant Board committee charters and procedures. Each member of the Board has access to the advice and services of the Secretary to the Board for matters relating to Board procedures and any clarification on applicable rules and regulations.

- Plays a key role in implementing the Bank's Corporate Governance Framework.
- Ensures that Board procedures are followed in line with applicable laws, rules and regulations.

- Regularly reviews the Bank's governance framework in view of emerging best practices, regulatory changes and stakeholder interests.
- Setting the agenda of Board meetings with the approval of the Chairman.

Ms Janaki Senanayake Siriwardane serves as the Secretary to the Board and has been appointed in accordance with the requirements of the Banking Act and relevant amendments.

BOARD REFRESHMENT

GRI 2-10

Board renewal is crucial in ensuring effective and sustainable Board performance. The Board is refreshed periodically through new appointments, retirements and resignations which allows for the introduction of members with new skills, insights, and perspectives, while retaining valuable industry knowledge and maintaining continuity.

APPOINTMENT

Appointments to the Board are made by the Minister responsible for state banks.

Once the criteria for fitness and propriety are verified against the Bank's internal policy, approval of the Central Bank of Sri Lanka (CBSL) is sought for the new appointments.

Securities and Exchange Commission of Sri Lanka (SEC) also approves new Board appointments, since the Bank functions as a market intermediary.

Appointments during 2024

- **Mr Jehaan Ismail**
Independent Non Executive Director
07.02.2024
- **Mr Jayamin Pelpola**
Independent Non Executive Director
22.02.2024
- **Mr Kavinda M L de Zoysa**
Chairman/ Independent Non Executive Director 04.11.2024

APPOINTMENT (CONTD.)

- **Dr. Kapila Senanayake**
Non Executive
Non Independent
Ex-officio Director 14.11.2024
- **Dr. Amal Illesinghe**
Independent Non Executive
Director 06.12.2024
- **Mr R M P Rathnayake**
Independent Non Executive
Director 20.12.2024

RETIREMENT/ RESIGNATION

Any resignations or removals of Directors are also brought to the attention of the same Minister, while the CBSL, Securities and Exchange Commission of Sri Lanka (SEC) and Colombo Stock Exchange (CSE) are kept informed of any changes to the Board.

Resignations during 2024

- **Major General (Rtd.) G A Chandrasiri VSV**
Independent Non Executive
Director
07.01.2024
- **Mr Ronald C Perera PC**
Chairman/ Independent Non
Executive Director
13.03.2024
- **Mr Kavan Ratnayaka**
Chairman/ Independent Non
Executive Director
22.09.2024
- **Mr R M P Rathnayake**
Non Executive
Non Independent Ex-officio
Director 06.11.2024
- **Mr Naresh Abeyesekera**
Independent Non Executive
Director 13.11.2024
- **Prof. Kithsiri M Liyanage**
Independent Non Executive
Director 28.11.2024

CONFLICT OF INTERESTS

GRI 2-15

The Bank's Conflicts of Interest Policy establishes clear rules, controls and guidance regarding the management of actual, potential or perceived conflicts of interest. Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of BOC. As a practice at every Board meeting, Directors are required to declare any interest in contracts/ new appointments to any other Board or Institution. Directors abstain from accessing information, participating in the discussions, voicing their opinion or approving in situations where there is a conflict of interest.

MEETINGS AND ATTENDANCE

Board meetings are an essential part of corporate governance at BOC. They are the main way for the Board to have oversight of the Bank's strategy and performance and allow the Board to set expectations of management. Recurring agenda items include business performance, strategy execution and development, capital management, risk management, financial reporting, people and culture, regulatory and other stakeholder engagement and ESG matters. Unstructured time is also factored into Board meetings and there is flexibility for ad hoc matters to be raised.

Frequency

- At the start of each year, the calendar is set for Board meetings and subcommittee meetings and notice is given to directors.

**Agenda and Board papers**

- The secretary to the Board sets the agenda under the authority delegated by the Chairman.
- Directors are free to submit proposals to the agenda for discussion at Board meetings.
- Matters arising from internal/ external developments may be added to the agenda.

**Notice**

- Board papers are prepared and electronically circulated to Directors through a secure portal ensuring sufficient time is given to review matters which are to be discussed and seek additional clarifications if required.

**Meetings**

- Discussion of performance updates, governance matters and recommendations from subcommittees including risk reports.
- Members of the management team are invited for Board meetings to provide additional clarifications if required.

**Post meeting**

- The Secretary to the Board prepares the minutes and circulates among Directors through a secure e-solution within 10 days of the meeting.
- Draft minutes are circulated to the Senior Management Team the day following the meeting.
- Minutes are adopted at the subsequent Board meeting.
- Follow up action is taken on outstanding matters.

CORPORATE GOVERNANCE

BOARD AND SUBCOMMITTEE MEETING ATTENDANCE DURING 2024

Details of director attendance at Board and committee meetings in 2024 are set out below.

Name of the Director	Board Meeting	(AC)	(HR&RC)	(N&CGC)	(IRMC)	(ICTC)	(BCC) Formed w.e.f. 03.04.2024 – cancelled w.e.f. 27.11.2024	(RPTRC)
Mr Ronald C Perera ¹ Chairman	5/5	-	-	-	1/1	-	-	-
Mr Kavan Rathnayake ² Chairman	16/16	-	-	6/6	-	-	-	-
Mr Kavinda M L de Zoysa ³ Chairman	5/5	-	0/0*	-	-	1/1	-	1/1
Dr. Kapila Senanayake ⁴ Ex-officio Director	4/4	-	0/0*	0/0*	-	1/1	-	1/1
Mr R M P Rathnayake ⁵ Ex-officio Director/ Non-Executive Director	23/23	9/11	5/6	5/5	6/6	9/9	5/8	-
Mr Naresh Abeyesekera ⁶ Non-Executive Director	20/22	11/12	-	-	5/6	9/9	1/8	-
Prof. Kithsiri M Liyanage ⁷ Non-Executive Director	22/23	11/11	6/6	5/5	-	9/9	5/8	0/0*
Mr Jehaan Ismail ⁸ Non-Executive Director	22/23	8/8	5/5	5/6	5/5	-	8/8	1/1
Mr Jayamin Pelpola ⁹ Non-Executive Director	21/22	-	4/4	6/7	5/5	6/6	8/8	0/0*
Dr. Amal Illesinghe ¹⁰ Non-Executive Director	3/3	-	-	-	-	1/1	-	-

Audit Committee Meeting (AC)

Human Resources and Remuneration Committee Meeting (HR&RC)

Nomination and Corporate Governance Committee Meeting (N&CGC)

Integrated Risk Management Committee Meeting (IRMC)

Information and Communication Technology Committee Meeting (ICTC)

Board Credit Committee Meeting (BCC)

Related Party Transaction Review Committee (RPTRC)

*No meetings were held.

¹ Resigned from the Board w.e.f. 13.03.2024.
Resigned from IRMC w.e.f. 13.03.2024.

² Appointed to the Board w.e.f. 14.03.2024 and Resigned
w.e.f. 22.09.2024.
Appointed to N&CGC w.e.f. 03.04.2024 and Resigned w.e.f.
22.09.2024.

³ Appointed to the Board w.e.f. 04.11.2024.
Appointed to ICTC w.e.f. 18.12.2024.
Appointed to RPTRC w.e.f. 03.12.2024.
Appointed to N&CGC w.e.f. 05.11.2024.
Appointed to HR&RC w.e.f. 03.12.2024.

⁴ Appointed to the Board w.e.f. 14.11.2024.
Appointed to ICTC w.e.f. 18.12.2024.
Appointed to RPTRC w.e.f. 03.12.2024.
Appointed to IRMC w.e.f. 18.12.2024.
Appointed to N&CGC w.e.f. 03.12.2024.
Appointed to HR&RC w.e.f. 03.12.2024.

⁵ Resigned from the Board w.e.f. 06.11.2024 and Reappointed w.e.f. 20.12.2024.
Appointed to BCC w.e.f. 03.04.2024.
Resigned from AC w.e.f. 06.11.2024.
Resigned from BCC w.e.f. 06.11.2024.
Resigned from HR&RC w.e.f. 06.11.2024.
Resigned from ICTC w.e.f. 06.11.2024.
Resigned from IRMC w.e.f. 06.11.2024.
Resigned from N&CGC w.e.f. 03.04.2024.

⁶ Resigned from the Board w.e.f. 13.11.2024.
Appointed to BCC w.e.f. 03.04.2024.
Resigned from AC w.e.f. 13.11.2024.
Resigned from BCC w.e.f. 13.11.2024.
Resigned from ICTC w.e.f. 13.11.2024.
Resigned from IRMC w.e.f. 13.11.2024.

⁷ Resigned from the Board w.e.f. 28.11.2024.
Appointed to AC w.e.f. 05.02.2024 and Resigned w.e.f. 28.11.2024.
Appointed to BCC w.e.f. 03.04.2024.
Resigned from HR&RC w.e.f. 28.11.2024.
Resigned from ICTC w.e.f. 28.11.2024.
Resigned from N&CGC w.e.f. 03.04.2024.
Appointed to RPTRC w.e.f. 05.11.2024 and Resigned w.e.f. 28.11.2024.

⁸ Appointed to the Board w.e.f. 07.02.2024.
Appointed to AC w.e.f. 03.04.2024.
Appointed to HR&RC w.e.f. 19.02.2024.
Appointed to IRMC w.e.f. 19.02.2024.
Appointed to N&CGC w.e.f. 03.04.2024.
Appointed to RPTRC w.e.f. 05.11.2024.
Appointed to BCC w.e.f. 03.04.2024.

⁹ Appointed to the Board w.e.f. 22.02.2024.
Appointed to HR&RC w.e.f. 03.04.2024 and Resigned w.e.f. 03.12.2024.
Appointed to ICTC w.e.f. 03.04.2024 and Resigned w.e.f. 18.12.2024.
Appointed to IRMC w.e.f. 03.04.2024.
Appointed to N&CGC w.e.f. 22.02.2024 and Resigned w.e.f. 03.12.2024.
Appointed to BCC w.e.f. 03.04.2024.
Appointed to RPTRC w.e.f. 05.11.2024 and Resigned w.e.f. 03.12.2024.

¹⁰ Appointed to the Board w.e.f. 06.12.2024.
Appointed to ICTC w.e.f. 18.12.2024.

BOARD INDUCTION AND DIRECTOR TRAINING

GRI 2-17

Providing directors with opportunities to enhance their skills and knowledge is essential for them to perform their role effectively. Our induction programme is tailored to prepare new Board members for their role with BOC, recognising the importance of supporting directors in meeting their statutory duties, understanding the strategy of the Bank, and engaging them with the decision makers and leaders of the Bank's day-to-day operations.

Induction packs

- Include an overview of the Bank, details on the governance framework, regulatory frameworks, and details of the corporate management team and Board support framework, among others.

Presentations

- A presentation by the General Manager details the Bank's history, business model, organisational structure, business verticals, and support functions.

Meetings

- One-on-one meetings and departmental visits are scheduled as necessary or on request.

CORPORATE GOVERNANCE

Beyond the initial induction, directors are encouraged to attend targeted trainings on various topics including changes to applicable laws and regulations, changes to standards and codes and emerging trends in the operating landscape, which allows them to obtain the knowledge required to effectively discharge their responsibilities. During the year the directors participated in a training on Anti-Money Laundering/ Countering the Financing of Terrorism (AML/ CFT).

The Policy for Directors’ Access to Independent Professional Advice also provides an opportunity for external expert input at the Bank’s expense.



PROCESSES – ESTABLISHING EFFECTIVE CONTROLS

GRI 2-23, 24

Policy Framework

BOC continually strives to improve its governance, accountability and risk management practices to meet the needs of its business and stakeholders. The Bank’s Policy Framework is based on accountability, delegation and oversight to support sound and prudent decision-making and encompasses various areas of operations, including risk management, people management, IT governance and sustainability management. The framework is regularly reviewed and updated to ensure alignment with changing internal and external factors.

Policies are documented in a clear manner, ensuring that all employees and other relevant parties can easily refer to the policies whenever needed and effective channels of communication are used to introduce and explain policy commitments.

The following is an overview of key policies that form the foundation of our operations.

Environmental

- ESMS Policy
- E-Waste Management Policy

Social

- Customer Complaint Handling Policy and Procedures
- Human Resource Policy
- Training and Development Policy
- Scheme of Recruitment
- WFH Policy
- Exit-interview Policy
- Anti-bribery and Corruption Policy

Governance

- Governance Policy
- Communication Policy
- Credit Risk Management Policy
- Country Risk Management Policy
- Stress Testing Policy
- Risk Management Policy
- ICAAP Policy (Internal Capital Adequacy Assessment Process)
- Operational Risk Management Policy
- Fraud Risk Management Policy
- Information Security Policy
- Sustainability Policy

Policy	Description	Implementation
Policy on matters relating to Board of Directors (Board Charter).	Outlines the roles and responsibilities of the Board of Directors in overseeing strategy and governance of the Bank.	Board meets bi-weekly, performance reviewed annually, compliance with rules and regulations ensured.
Policy on Board Committees.	Defines the roles and responsibilities of various Board committees to ensure effective governance and regulatory compliance.	Committees meet as per respective Charters of the committees, report to the Board, and ensure adherence to rules and regulations.
Policy on Corporate Governance, Nomination, and Election (Corporate Governance Policy).	All governance related policies are incorporated into this, and it includes a policy on Appointment of Directors.	Ensures adherence to the corporate governance rules and regulations. Election process managed according to Government guidelines.
Policy on Remuneration for Directors and Policy on Remuneration for Key Management Persons.	Sets guidelines for the remuneration of Directors and Key Management Persons in alignment with government policies.	Remuneration of Directors are based on the Government guidelines. Remuneration of KMPs are reviewed once in three years by the HR and Remuneration Committee and recommended to the Board.
Policy on Internal Code of Business Conduct and Ethics	Two separate policies; one for Directors and the other for employees. Establishes standards for ethical conduct and integrity for all Directors and employees.	Directors do an annual certification on compliance. Regular training for employees, compliance monitored by the Internal Audit team.
Policy on Integrated Risk Management.	Details the framework for identifying and managing risks.	Risk assessments conducted monthly as well as quarterly.
Policy on Relations with Shareholders and Investors (Communication Policy).	Defines the process for engaging with the government, the sole shareholder, and other stakeholders.	Annual reports issued, and manage stakeholder engagements.
Policy on Environmental, Social, and Governance (ESG) Sustainability	Focuses on the Bank's commitment to sustainability and ESG practices.	ESG initiatives overseen by the Sustainability Committee, with reports on progress.
Policies on Control and Management of Company Assets.	Governs the control and management of assets and investments.	Asset management reviewed annually; investment decisions aligned with strategic objectives.
Policy on Corporate Disclosures.	Ensures accurate and timely disclosures to the stakeholders and regulatory bodies.	Disclosures are made as per the policy.
Policy on Whistle-blowing.	Encourages reporting of unethical behaviour anonymously.	Whistle-blower hotline available, reports submitted by CIA and reviewed by Audit Committee.
Policy on Anti-Bribery and Corruption.	Emphasises zero tolerance for bribery and corruption in all business dealings.	Anti-bribery training regular audits, and compliance monitoring.

CORPORATE GOVERNANCE

RISK OVERSIGHT

The Bank has an ongoing process in place to identify, evaluate and manage the risks that it faces. The directors continuously review this process and the Integrated Risk Management Committee (IRMC) and Audit Committee assist the Board in fulfilling its risk management and internal control obligations. Key areas addressed during the year are discussed in detail in the Risks and Growth report (pages 143 to 166), Report of the Audit Committee (pages 131 to 132) and IRMC Report (pages 133 to 135).

Risk related functions

- Approval of the Bank's risk appetite
- Regularly assess the principal risks facing the Bank
- Review of risk appetite dashboards and performance against defined parameters at the IRMC meetings
- Ensure that mitigating tools are in place to effectively address these risks

IT GOVERNANCE

The Bank's IT governing practices incorporate the interests and inputs of a wide range of stakeholders while bearing in mind the impact on external parties connected to its systems and devices.

Objective

- Improve operations via IT integration, management and development.

Board involvement

- The Board is committed to safeguarding the Bank's information assets and operational systems and invests extensively in cybersecurity and management systems.

IT policies

- A Board approved Information Security Policy is in place which provides the management with direction and support to ensure protection of the Bank's information assets.
- All IT security policies, standards, procedures and guidelines are published on the Bank's intranet and users have been requested to read and comply with them.

By implementing robust IT governance processes and controls, BOC aims to optimise the value of its IT investments and achieve its strategic objectives in an increasingly digital and competitive environment. The Bank has also appointed a Chief Information Security Officer, in order to implement the Cybersecurity Risk Management Policy.

Bank of Ceylon has felt the need for proliferation of IT industry best practices and International Standards into its processes. Towards achieving this objective, Bank has taken steps to introducing "Enterprise IT Governance Framework" (COBIT 2019), which will cover, ISO Standards and Best practices.

COMPLIANCE

GRI 2-27

BOC has a statutory obligation in terms of the Banking Act and CSE Listing Requirements to comply with regulations and proactively monitor and assess regulatory developments to determine their applicability and impact on the

group. The Board stays informed about changes in laws, regulations, and industry standards that may impact the Banks's operations and monitors regulatory developments to assess any potential impact on the Bank's compliance obligations and risk exposure. The Board receives regular reports from the Chief Compliance Officer and management on the Bank's status of compliance, including any regulatory violations, enforcement actions, or emerging compliance issues.

We are dedicated to enhancing our governance framework and planning ahead for the future. This year, our focus has been on CSE listing rules and IFRS S1 and S2.

Amendment to Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE)

Corporate Governance rules applicable for listed entities provided under Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) have been revised by CSE and the revised Corporate Governance requirements including the rules governing the Related Party Transactions have been consolidated and incorporated as Section 9 of the CSE Listing Rules.

Implementation of IFRS S1 and S2

The Bank has engaged with the external consultant to obtain the relevant expertise and knowledge in strengthening the ESG framework of the Bank. Under this engagement the implementation of the new sustainability standards IFRS S1 and S2 is also considered. Identification of reporting boundaries, enhancing data capturing process, capacity building through knowledge sharing etc are in place to ensure the relevant reporting requirements are complied in the year 2025.

IT Division approach to implement IT Governance Framework

IT governance consists of the leadership, organisational structures and processes that ensure the enterprise's IT sustains and extends the organisation's strategies and objectives.

Disclosures required by the Banking Act Direction No.11 of 2007 and the Listing Rules of the Colombo Stock Exchange can be viewed on page 357-381.

COMMUNICATION OF CRITICAL CONCERNS

GRI 2-16, 25

A number of mechanisms have been established to facilitate communication of critical concerns to the Board as follows.

1. Meetings of the Board and subcommittees: Critical concerns may be raised through the relevant subcommittees to the Board.
2. Secretary to the Board: As a conduit between the management and the Board.
3. Direct reports by the General Manager.
4. Special requests by the Directors.
5. Whistle-blower: Through the Chief Internal Auditor or Chairman, Audit Committee.



PURPOSE – DRIVING ACCOUNTABILITY, TRANSPARENCY AND INTEGRITY

VALUES BASED CULTURE

GRI 2-25

BOC is a state-owned enterprise, and the sole shareholder is the Government of Sri Lanka. As a state-owned Bank our corporate culture reflects a blend of traditional values, public accountability, and a forward-thinking approach to adapt to an evolving business landscape.

Key aspects of our culture

Prioritise serving national interests and contributing to economic development while ensuring the financial inclusion of underserved communities.	Strong emphasis placed on good governance, regulatory compliance, and risk management to protect depositors' money and maintain public trust.	Innovate and modernise our products, services, and operations, integrating technology and digital transformation to remain competitive in a dynamic environment.
Foster a customer-centric approach by providing personalised services and building long-term relationships.	Focus on sustainable growth while addressing challenges such as liquidity issues, economic crises, and evolving customer needs.	Aligning the goals and targets of Key Management Personnel (KMP) and line management with organisational goals.
Focus on talent development and capacity building to strengthen our human resources and maintain operational excellence.		Protecting customers while complying with regulatory directives.

The Board of directors, the corporate management team, and all employees are obligated to unwaveringly adhere to their respective the Codes of Conduct and Ethics in all circumstances, while engaged in official duties, whether at the office, external events, or public settings, representing the Bank and during personal business activities, recognising that individual actions can have an impact on the Bank's reputation.

BOC's core values are communicated to all employees through various channels, including corporate meetings, internal communications, and training sessions. The Bank's policy frameworks facilitate the propagation of a values based culture acting as a blueprint for responsible and ethical behaviour expected from employees.

CORPORATE GOVERNANCE

Code of Conduct and Ethics

Directors' Code of Ethics

The Board is bound by the Code of Business Conduct and Ethics and is required to submit an annual confirmation on their compliance with the provisions of the code. The code aims to propagate a strong culture of integrity, transparency and anti-corruption while encouraging Directors to act in the best interests of the Bank.

Employee Code of Ethics

This is applicable to all employees and clearly sets out the Bank's expectations in dealing with internal and external stakeholders, behaviour, bribery and corruption.

WHISTLE-BLOWING POLICY

Purpose

A Board approved Whistle-blowing Policy encourages internal and external stakeholders to report complaints pertaining to suspected theft, fraud, corruption, misuse of the Bank's assets, or any other actions that are considered unethical or illegal, whilst providing reassurance on confidentiality.

Communication

Any stakeholder can voice their concerns/ complaints via in person, via post, email, phone, fax, website, call centre or Facebook chat. Complaints are directed to, and overseen by the Chief Internal Auditor, while complaints made against employees of the DGM grade or above are submitted to the Chairman of the Audit Committee.

Investigation

- The relevant authority undertakes an initial review of the complaint received based on the information provided by the complainant and requests for any additional information if required.
- After the initial assessment work is carried out to resolve the concern as early as possible and if further investigation is required the complainant is notified.
- The complaint should be resolved within 21 calendar days.

Anti-corruption

GRI 205-2

The Bank adopts a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever the Bank operates and implementing and enforcing effective systems to counter bribery. The Bank's policy with regard to anti-corruption and bribery is clearly communicated to all employees during the induction programmes and reinforced through regular training and awareness sessions.

- During the year under review, there were no monetary losses arising as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

RESPONSIBLE CORPORATE CITIZENSHIP

GRI 2-14

The Board is responsible for approving the Bank's strategic direction and ensuring that it aligns with principles of responsible corporate citizenship. This includes considering the environmental, social, and governance (ESG) implications of strategic decisions and balancing the interests of various stakeholders.

Supported by a sustainability committee chaired by the GM/ CEO, the Board continuously identifies and addresses ESG related risks and opportunities that impact BOC's value creation in the short, medium and long term.

The responsibilities of the Sustainability Committee include the following.

- **Policy and Program Development:** Guide the formulation and implementation of policies, procedures, and initiatives related to sustainable finance, ESG reporting, sustainable business models, waste management, supplier relations, and Corporate Social Responsibility (CSR) to achieve internationally recognised ESG standards.

● **ESG Performance Measurement:**

Advise on developing and prioritising ESG Key Performance Indicators (KPIs), setting targets, and establishing frameworks for measuring and reporting progress.

● **Regulatory Compliance:**

Ensure adherence to emerging regulations, guidelines, and roadmaps related to sustainable finance and ESG requirements issued by regulatory authorities.

● **Internal Sustainability Culture:**

Promote sustainability values internally through targeted training, employee voluntarism, and engagement in CSR activities.

● **External Sustainability Advocacy:**

Facilitate external awareness and advocacy programs to promote sustainability values among stakeholders and the broader community.

● **Financial Inclusion and Literacy:**

Provide strategic guidance to enhance financial inclusion through financial literacy initiatives and community outreach programs targeting underserved populations.

● **Alignment with National SDGs:**

Direct CSR initiatives to contribute to national Sustainable Development Goals, supporting the achievement of the United Nations Sustainable Development Goals (SDGs).

● **Advisory Support for Business Units:**

Assist business unit managers in developing business cases to secure resources and expertise for implementing sustainability initiatives.

● **E&S Compliance for High-Risk Projects:**

Recommend Environmental and Social (E&S) compliance for Category A (High Risk) projects as per the Environmental and Social Management System (ESMS) Policy for review by the Credit Committee.

● **Workplace Sustainability Initiatives:**

Coordinate workplace sustainability activities, including waste recycling, energy management, and sustainable procurement practices.

● **ESG Agenda Coordination:**

Guide the Sustainable Banking Unit in coordinating with relevant departments to implement the Sustainability Committee's decisions and advance the Bank's ESG agenda.

● **Oversight of ESDD Approval Subcommittee:**

Oversee the subcommittee responsible for expediting the approval of Environment and Social Due Diligence (ESDD) memorandums, with authority to approve ESDD for facilities up to LKR 500 million categorised under Risk – A.

Actions taken to support ESG oversight in 2024

Establishment of Sustainability Subcommittee

A dedicated subcommittee is established and the relevant TOR is developed under the authority of the Chairman of the Sustainability Committee. The primary mandate of this subcommittee is to review the Environment and Social Due Diligence (ESDD) reports associated with credit proposals submitted to the Bank.

The subcommittee is responsible for:

1. Conducting a comprehensive review of ESDD reports to assess the potential environmental and social impacts of proposed business activities.
2. Providing informed feedback on credit proposals, ensuring that all perceived environmental and social risks are duly considered.
3. Utilising the bank's Environmental and Social Management System (ESMS) as the framework for evaluating and managing these risks.

This governance and review mechanism is designed to:

- Ensure that credit proposals are consistent with the organisation's sustainability objectives.
- Mitigate potential environmental and social risks associated with business activities, thereby safeguarding the Bank's reputation and promoting long-term economic sustainability.
- Uphold the organisation's commitment to responsible corporate citizenship by ensuring environmental stewardship and social responsibility.

Obtained Certified Sustainability Manager Position for the ESMS Officer of the Bank

- ISO/IEC 17024:2012 Certification of Persons was awarded to the ESMS officer of the Bank by the National Cleaner Production Centre Sri Lanka.

CORPORATE GOVERNANCE

CORPORATE REPORTING

The Board holds apex responsibility for ensuring the accuracy and integrity of all external reports including the Annual Integrated Report and Annual Financial Statements, which are approved by the Board prior to publication.

This Integrated Annual Report provides a balanced assessment of the Bank's financial and non-financial position, performance and prospects, in compliance with applicable laws and voluntarily adopted reporting standards, codes and frameworks set out on

page 351-386. Assurance has been obtained by external auditors to enhance credibility.

Access to financial reports

Annual and quarterly reports are available on the Bank's website as well as the CSE website.

STAKEHOLDER RELATIONS

The Board understands the importance of effective engagement with its six key stakeholders including shareholder, employees, customers, suppliers, communities, and regulators, and is committed to open and constructive dialogue with them. The outcomes from such stakeholder engagement feed into Board discussions and decision making.

This approach allows the Board to better understand the impact of the bank's actions on its stakeholders and respond to the challenges facing the Bank. The Bank's Communication Policy provides guidance on maintaining effective and relevant communication with internal and external stakeholders and is reviewed

by the Nomination and Corporate Governance Committee.

Key engagement mechanisms and responses of the Bank to matters raised are provided in the 'Stakeholder needs and expectations' section on pages 46 to 49.



PERFORMANCE – CREATING VALUE THROUGH GOOD GOVERNANCE

Key areas of Board discussion during 2024

Strategy <ul style="list-style-type: none">● Drive for card business growth.● Insurance cover for the members of the Board.● Strengthening the Business Revival and Rehabilitation Unit.● Prudent risk assessment of international operations and business plans of overseas branches.● Review and launch of the Strategic Plan and Corporate Budget.	Spotlight <p>Strengthening business growth and risk management for sustainable expansion.</p> Key stakeholders <p>Customers, Employees, Shareholder and Fund Providers, Business Partners</p> Material themes <div><div>M1</div><div>M2</div></div>
Financial oversight <ul style="list-style-type: none">● Monitoring the Bank's operating performance● Focus on increasing the Net Interest Margin (NIM).● Performance of subsidiaries and associates.● Monthly, quarterly and annual financial performance reports.	Spotlight <p>Optimising performance and profitability for sustainable growth.</p> Key stakeholders <p>Customers, Employees, Regulators, Shareholder and Fund Providers</p> Material themes <div><div>M2</div><div>M4</div></div>

Risk management

- Revised/ revisited policies recommended by IRMC, amongst the following-
 - Risk Management Policy.
 - Information Security Policy.
 - Vulnerability Management Policy.
 - Internal Capital Adequacy Assessment Process (ICAAP) Policy 2024.
 - Stress Testing Policy 2024.
 - Treasury Policy 2023.
 - Foreclosed Property Disposal Policy 2023.
- Review of policies relating to overseas branches.
- Elevating the position of Chief Information Security Officer.

Spotlight

Strengthening governance and risk management for a resilient future

Key stakeholders

Customers, Employees, Regulators

Material themes**People and culture**

- Introduced the Chairman's award for innovation and digitalisation.
- Reviewed the Promotion Policy for the position of General Manager/ Chief Executive Officer.
- Revised the Code of Ethics of the employees.
- Reviewed the Retention Policy of the Bank.
- Reviewed the Mentoring Policy of the Bank.
- Reviewed the Employee handbook/ Human Resource Policy of Maldives for the year 2024.
- Reviewed the Human Resource Policy of Chennai Branch and Seychelles Branch for the year 2024.
- Reviewed the Exit Interview Policy and questionnaire.
- Performance evaluation of the KMPs for the year 2023.
- Amended the career advancement plan for the closed service staff of the internal audit division.
- Adoption of an annual plan for HR&RC.
- Modernising the designations of Deputy General Managers.

Spotlight

Fostering a high-performance culture through innovation, ethics, and talent development.

Key stakeholder

Employees

Material themes**External environment**

- Low interest loan schemes were introduced under "Green Investment".
- Reviewed the Integrated Environmental and Social Management System Policy.
- Conducted province-wise customer felicitation programmes for prime customers in the year 2024.

Spotlight

Sustainable growth and customer-centric engagement in a dynamic environment.

Key stakeholders

Customers, Community and Environment

Material themes

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Governance

- Implementation of the proposed IT organisation structure under COBIT 2019.
- Discussed the consultation paper on proposed revision to the Banking Act Direction on Corporate Governance of Licensed Commercial Banks (LCBs).
- Reviewed the Corporate Governance Policy of the Bank.
- Induction programme for newly appointed Directors.

Spotlight

Enhancing governance and digital transformation for stronger leadership

Key stakeholders

Customers, Employees, Regulators

Material themes



MONITORING BOARD PERFORMANCE

GRI 2-18

Performance evaluation of the Board and its subcommittees is essential to ensure that the Board and subcommittees operate efficiently, providing strategic guidance, and upholding high standards of corporate governance. The Bank has a structured process for assessing Board effectiveness through a self-appraisal mechanism. Each director is required to complete a performance evaluation form, subsequent to which responses are aggregated and presented to the Board. Subcommittees also carry out a similar evaluation.

The Board evaluates the performance of the General Manager (GM) and KMP annually, based on the financial and non-financial targets outlined in the Strategic Plan. The Human Resources and Remuneration subcommittee supports the Board in this endeavour. The criteria are agreed with the GM/ KMP at the beginning of the year, ensuring clarity in the Board's expectations. The appraisal takes into consideration dynamics in the operating landscape as well as feedback received from the appraisee.

BOARD REMUNERATION

GRI 2-19, 20

Remuneration Policy

The Bank's Remuneration Policy is a critical component of its human resource management and governance framework, which aims to ensure that the team has the resources to drive the Bank's strategic aspirations, and are duly recognised and rewarded for their contribution towards value creation. The policy takes into account various factors such as performance, market competitiveness, regulatory requirements, and alignment with the Bank's strategic objectives.

Remuneration Principles

- Competitive.
- Equitable.
- Transparent.
- Inclusive.

Remuneration Structure

Directors' remuneration is determined by the Directors' Remuneration Policy which reflects the particulars of the circulars and letters issued by the Government of Sri Lanka and the particulars of the Ordinance and its amendments. No director is involved in determining his/ her remuneration.

Remuneration for the General Manager and Key Management Personnel are based on the Board approved Remuneration Policy for KMP's. The Board HR and RC makes recommendations to the Board on the GM/ KMP remuneration, based on which the Board approves and provides feedback to the relevant Minister, who grants final approval in accordance with the provisions of the Ordinance and its amendments. The remuneration of the GM and KMP are reviewed every three years.

Key elements of the Bank's remuneration composition

Fixed pay

- Base salary and other fixed components, determined on role and employee grade.

Variable pay

- Incentive bonus.

Benefits and perquisites

- Post-employment benefits.
- Loans under special schemes.
- Credit cards etc.

For details of Directors' remuneration, refer pages 218 and page 372 for details of remuneration of KMP. The report of the Human Resource and Remuneration Committee is on pages 136-137.

AUDIT COMMITTEE REPORT

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INTRODUCTION

As the newly appointed Chairman of the Audit Committee, with effect from 03 February 2025, I am pleased to present this statement for the year ending 31 December 2024. Under the leadership of my predecessor, Mr Naresh Abeysekera, the Audit Committee diligently fulfilled its oversight responsibilities throughout the year. I sincerely appreciate his valuable contributions and those of the committee members. I look forward to continuing our commitment to strong governance and financial integrity.

This report outlines the key activities undertaken by the committee in fulfilling its responsibilities in accordance with the regulatory and governance framework governing the Bank.

Committee Composition during 2024

- 1 Mr Naresh Abeysekera***
Chairman/ Independent Non-Executive Director
- 2 Mr R M P Rathnayake****
Member/ Non Independent Non-Executive Ex-Officio Director
- 3 Prof. Kithsiri M Liyanage*****
Member/ Independent Non-Executive Director
- 4 Major General (Rtd.) G A Chandrasiri VSV**
Member/ Independent Non-Executive Director****
- 5 Mr Jehaan Ismail*******
Member/ Independent Non-Executive Director

Changes in Membership in 2024

Additions:

- *** Prof. Kithsiri M Liyanage appointed to the Board Audit Committee w.e.f. 05.02.2024
- ***** Mr Jehaan Ismail appointed to the Board Audit Committee w.e.f. 03.04.2024

Resignations:

- * Mr Naresh Abeysekera relinquished his position as a member of the Board Audit Committee w.e.f. 13.11.2024
- ** Mr R M P Rathnayake relinquished his position as a member of the Board Audit Committee w.e.f. 06.11.2024 with his retirement from his position as Deputy Secretary to the Treasury.
- *** Prof. Kithsiri M Liyanage relinquished his position as a member of the Board Audit Committee w.e.f. 28.11.2024 with his resignation from the Board.
- **** Major General (Rtd.) G A Chandrasiri VSV relinquished his position as a member of the Board Audit Committee w.e.f. 07.01.2024 with the ending of his tenure of 3 years.

Additions to the Membership in 2025

Mr Jayamin Pelpola appointed to the Board Audit Committee w.e.f. 03.02.2025 as the Chairman.

Dr. Kapila Senanayake appointed to the Board Audit Committee w.e.f. 03.02.2025

Present Committee

- 1. Mr Jayamin Pelpola**
Chairman/ Independent Non-Executive Director
- 2. Dr. Kapila Senanayake**
Member/ Non Independent Non-Executive Ex-officio Director
- 3. Mr Jehaan Ismail**
Independent Non-Executive Director

Secretary to the Committee

The Secretary, Bank of Ceylon/Secretary to the Board Ms Janaki S Siriwardane who is an Attorney-at-Law and a Senior Deputy General Manager, functions as the Secretary to the Committee.

Regular Participants

- Chief Internal Auditor
- Chief Risk Officer

- Chief Compliance Officer
- Assistant General Manager (Operational Audit)
- Assistant General Manager (Credit Audit)
- Assistant General Manager (Investigations)
- Assistant General Manager (Information Systems Audit)
- Assistant General Manager (Risk Management)
- Internal Auditor
- IT Risk Officer
- Representatives of the Auditor General (the External Auditor of the Bank)

Attend upon invitation

- General Manager
- Chief Financial Officer
- Deputy General Manager (Finance and Planning)
- Any other member of Corporate or Executive Management
- Any other Staff Member

Meetings held in 2024: 12
(Attendance given on page 120 of this Report)

Quorum:  members

or majority of the members whichever is higher. With the latest review majority of those in attendance to be independent directors

ROLE OF COMMITTEE

Audit Committee Charter

The Terms of Reference of the Audit Committee are governed by the Audit Committee Charter, approved and adopted by the Board.

The Committee also ensured that the scope and coverage of its functions addresses the requirements of the Banking Act Direction No. 11 of 2007 on "Corporate Governance for Licensed Commercial Banks in Sri Lanka" and its subsequent amendments issued by the Central Bank of Sri Lanka.

AUDIT COMMITTEE REPORT

Principal Focus

The Audit Committee primarily focuses on assisting the Board in fulfilling its duties by providing an independent and objective review of the Bank's financial reporting process.

Medium of Reporting

The proceedings of the Audit Committee meetings are tabled and ratified at the Board meetings, where all key issues, concerns, actions taken, outcomes achieved or pending, and follow-up initiated, are clarified, discussed and Board approval obtained thereof.

AREAS OF FOCUS AND ACTIVITIES IN 2024

Financial Reporting

- Reviewed the monthly, quarterly and annual unaudited/ audited Financial Statements to ensure that they are prepared and published in accordance with the requirements prescribed by the supervisory and regulatory authorities and applicable Accounting Standards.
- Review the liquidity management, capital adequacy and foreign currency management.
- Evaluated significant financial reporting issues and judgments.

Regulatory Compliance

- Reviewed compliance with mandatory banking and other statutory requirements.
- Reviewed the progress of action taken in relation to the findings of the statutory examinations carried out by regulators.
- Reviewed reports on Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT) measures.

Internal Controls

- Reviewed the adequacy and effectiveness of the internal control mechanism of the Bank in line with Section 3(8) (ii) (b) of the Banking Act Direction No.11 of 2007 through the Internal Control Matrix.
- On a regular basis and when specific events or cases warranted,

conducted root cause analysis and made improvements to the systems, procedures and internal controls.

- Monitored the risk management framework in alignment with regulatory expectations.
- Recommended improvements in internal controls based on internal audit findings.

Internal Audit

- Reviewed the independence, objectivity, and performance of the internal audit function.
- Obtained strategies to improving audit ratings as a proactive approach to strengthening internal controls, compliance and risk management.
- Effectively managed the whistle-blowing complaints by maintaining transparency, accountability and ethical business practices while ensuring timely and impartial investigations.
- Evaluated the quality of the credit portfolio of the bank and recommended necessary initiatives to improve the credit quality.
- Approved the Internal Audit Plan and reviewed the effectiveness of the implementation of the Plan throughout the year.
- Monitored the progress of the initiatives taken by the Internal Audit Department to improve Internal Control Monitoring Process.
- Conducted regular and thorough process reviews in the areas including credit, cash, deposit and Property Plant and Equipment (PPE) while identifying the areas of improvement, reducing risk and enhancing overall performance.
- Evaluated the performance of the Chief Internal Auditors and senior staff of Internal Audit Division.
- Monitored the progress of the Internal Audit function of the subsidiaries.
- Special Reviews on Expected Credit Loss Models, Cybersecurity, Loans granted on Donor Agency Funding, IT Governance, Service Level

Agreements and Business Continuity Test.

External Audit

- The external audit of the Bank is carried out by the Auditor General in terms of the Constitution of the country. The Committee ensured that the external audit is carried out effectively and independently and maintained a continuous rapport with the representatives of the Auditor General in relation to the audit approach and procedure.
- Facilitated close door meetings with external auditors.

Significant Issues Considered

During the year, the Audit Committee paid special attention to the following:


- Strengthening cybersecurity and IT risk management.
- Enhancing fraud detection mechanisms.
- Addressing operational risks emerging from global economic uncertainties.

WAY FORWARD

Annual evolution of the committee was carried out.

The Audit Committee will foster a positive and effective internal control environment by committing to achieve the objectives set out in the Audit Committee Charter during 2025 and beyond and remains committed to upholding the highest standards of financial integrity, risk management, and regulatory compliance.

On behalf of the Audit Committee.



Mr Jayamin Pelpola
Chairman,
Audit Committee

24 February 2025

INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

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COMMITTEE COMPOSITION 2024

The Composition of the Committee from 01.01.2024:

- 1. Mr R M P Rathnayake**
Chairman/ Non-Independent
Non-Executive Ex-officio Director
- 2. Mr Ronald C Perera**
Member/ Independent
Non-Executive Chairman/ Director
- 3. Major General (Rtd.) G A Chandrasiri VSV**
Member/ Independent
Non-Executive Director
- 4. Mr Naresh Abeysekera**
Member/ Independent
Non-Executive Director

With the ending of the tenure of Major General (Rtd.) G A Chandrasiri vsv as an Independent Non Executive Director of Bank of Ceylon on 07.01.2024 the remaining three Directors constituted the Committee and with the appointment of Mr Jehaan Ismail as an Independent Non Executive Director to the Board of Bank of Ceylon on 07.02.2024, the Committee reconstituted. From 19.02.2024 as follows:

- 1. Mr Jehaan Ismail**
Chairman/ Independent Non-Executive Director
- 2. Mr R M P Rathnayake**
Member/ Non Independent
Non-Executive Ex-officio Director
- 3. Mr Ronald C Perera**
Member/ Independent
Non-Executive Chairman/ Director
- 4. Mr Naresh Abeysekera**
Member/ Independent Non-Executive Director

On 03.04.2024 the Committee reconstituted as follows with the cessation of Mr Ronald C Perera as an Independent Non Executive Chairman/ Director on 13.03.2024 and with the appointment of Mr Jayamin Pelpola as an Independent

Non Executive Director to the Board of Bank of Ceylon on 22.02.2024:

- 1. Mr Jayamin Pelpola**
Chairman/ Independent
Non-Executive Director
- 2. Mr R M P Rathnayake**
Member/ Non Independent
Non-Executive Ex-officio Director
- 3. Mr Naresh Abeysekera**
Member/ Independent
Non-Executive Director
- 4. Mr Jehaan Ismail**
Member/ Independent
Non-Executive Director

With the cessation of Mr R M P Rathnayake as a Non Independent Non-Executive Ex-officio Director from 06.11.2024 following his retirement from his position as Deputy Secretary to the Treasury on 05.11.2024 and with the resignation of Mr Naresh Abeysekera on 13.11.2024, and with the appointment of Dr. Kapila Senanayake, Non Independent Non-Executive Ex-officio Director on 14.11.2024 The committee was reconstituted as follows:
Form 05.11.2024:

- 1. Mr Jayamin Pelpola**
Chairman/ Independent
Non-Executive Director
- 2. Mr Naresh Abeysekera**
Member/ Independent
Non-Executive Director
- 3. Mr Jehaan Ismail**
Member/ Independent
Non-Executive Director

Form 18.12.2024:

- 1. Mr Jayamin Pelpola**
Chairman/ Independent
Non-Executive Director
- 2. Mr Jehaan Ismail**
Member/ Independent
Non-Executive Director

3. Dr. Kapila Senanayake

Member/ Non Independent
Non-Executive Ex-officio Director

The present Committee is as follows with the reappointment of the Mr R M P Rathnayake and the appointment of Mr Kavinda M L de Zoysa as Independent Non-Executive Directors to the Board of Bank of Ceylon on 20.12.2024 are 04.11.2024 respectively.

- 1. Mr R M P Rathnayake**
Chairman/ Independent
Non-Executive Director
 - 2. Mr Jayamin Pelpola**
Member/ Independent
Non-Executive Director
 - 3. Mr Kavinda M L de Zoysa**
Member/ Independent
Non-Executive Chairman/ Director
- Meetings held in 2024: 06
(Attendance given on page 120 of this Report)

Quorum:  members

Secretary to the Committee

The Secretary, Bank of Ceylon/ Secretary to the Board Ms Janaki S Siriwardane who is an Attorney-at-Law and a Senior Deputy General Manager, functions as the Secretary to the Committee.

The Committee should at least meet quarterly to assess all aspects of risk management including updated business continuity plans.

Regular Invitees

- General Manager
- Chief Risk Officer
- Chief Internal Auditor
- Chief Compliance Officer
- Chief Information Security Officer
- Any other members of the Board/ Corporate Management/ Executive Management/any other Staff Member invited by the Committee.

INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

ROLE OF COMMITTEE

The Terms of Reference (TOR) of the Integrated Risk Management Committee are governed by the Committee Charter, approved and adopted by the Board.

The Committee also ensures that the scope and coverage of its functions addresses the requirements of the Banking Act Direction No. 05 of 2024 on "Corporate Governance for Licensed Banks in Sri Lanka."

This includes reviewing and/ or recommending the following which are identified in the Charter of the Integrated Risk Management Committee:

- Policies, procedures and Management Committee Charters relating to risk management and compliance.
- Risk limits and policies that establish appetite for credit, market, liquidity, operational, information security and other risks, as recommended by the Chief Risk Officer.
- Adequacy and effectiveness of all Management level committees to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Committee.
- Risk management reports on the risk profile of the Bank including overseas branches and subsidiaries, as well as current market and regulatory risks and actions undertaken to identify, measure, monitor and control such risks.
- Corrective action to mitigate the effects of specific risks in case such risks are beyond the prudent levels decided by the Committee on the basis of the Bank's policies and regulatory and supervisory requirements.
- Adequacy and effectiveness of risk identification, measurement, monitoring and mitigation relating to

credit, market, liquidity, operational, Information Security and compliance risks.

PRINCIPAL FOCUS

To assist the Board in fulfilling its oversight responsibilities for all aspects of risk management. In this connection the Committee ensures the existence, operation and effectiveness of the Risk Management framework and assesses and reviews credit, market, liquidity, operational, Information Security and strategic risks through appropriate risk indicators and management information. The committee further focuses on establishment of a compliance function to assess the Bank's compliance with laws, regulations, regulatory guidelines and approved policies on all areas of business operations.

MEDIUM OF REPORTING

The proceedings of the Integrated Risk Management Committee meetings are tabled and ratified at the Board meetings and Board approval obtained thereof.

AREAS OF FOCUS AND ACTIVITIES IN 2024

Risk limits – Reviewed the Risk appetite limits and Continuously monitored the exceptions to the Committee approved Risk Appetite of the Bank through risk reports submitted by the Risk Management Division. The exceptions to the limit management framework established at the Bank were strictly monitored with course of action proposed by the management to validate the suitability of them.

Policies and procedures - All policies related to risk, including foreign branch policies were recommended to the Board with relevant changes requested by either business or regulatory needs for the approval of the Board. Reviewed and revised the Terms of Reference of all Management level Committees dealing with specific risks or some aspects of risk. Effectiveness of all management level

Committees of the Bank were evaluated against its respective objective to ensure that they remain and carry out its tasks according to the mandate of each committee.

Liquidity

- Special focus was given to the restructuring of the exposures to the government including restructuring of International Sovereign Bond (ISBs) along with the Foreign Debt Restructuring (FDR) programme and successfully finalised the process.
- Inline with the gradual recovery of the economy, the Bank was able to build strong liquidity level in terms of rupee and foreign currency owing to the timely taken strategic decisions.

Asset quality - Year under review called for special attention on deteriorating credit quality levels given the challenging economic position faced by the country amidst gradual recovery of the economy. Deliberations on asset quality were multifaceted. A comprehensive plan to curtail increasing non-performing advances were formulated while monitoring the credit quality through the credit quality units with strict monitoring and regular reporting. Special emphasis on revival of underperforming segments and customers were focused with a view to arresting deterioration of credit quality.

Compliance - Assessed the compliance risk issues emphasised in the branch network as well as the divisions and suggested suitable strategies to mitigate same. Committee continuously monitored the progress of the implementation of the goAML, which is the regulatory reporting platform required by the regulator.

- Comprehensive risk reviews of subsidiaries were done to ascertain its risk profile and necessary recommendations were made to ensure that they remain as per the risk mandate of the Bank.

Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan

- Reviewed and recommended the ICAAP of the Bank of Ceylon group with a view to maintaining adequate capital levels to accommodate Pillar II risks and withstand any unforeseen but plausible events which were highlighted in the stress testing process of the Bank.
- Subsequent follow ups on alert and trigger events were discussed in detail with remedial actions taken by the management.
- The capital augmentation plan of the Bank was revised and alternative sources of capital were identified to bridge the gap that could be raised from the Debt Optimisation programme of the government of Sri Lanka including Domestic Debt Restructuring (DDR) and Foreign Debt Restructuring (FDR) and asset quality review by the independent consultant.

ESMS initiatives – Identifying and managing environmental and social risks associated with credit facilities, ensuring responsible financing. Through ESMS, we are committed to promoting sustainable growth and safeguarding the environment and society.

Information security/ IT Risk – The implementation of robust information security and IT Risk management measures to ensure seamless banking experience to the customers while ensuring confidentiality, integrity and availability of sensitive data has been the highest priority.

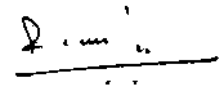
Data protection – Data protection officer has been deployed and a dedicated data protection unit has been established to ensure the data and information of all the stake holders are safeguarded as per the newly enforced Data Protection guidelines.

CONCLUSION

It is noteworthy that the Integrated Risk Management Committee successfully completed its functions for the year, having thoroughly assessed and mitigated risks across various domains, ensured compliance with regulatory standards, and fostered a robust risk aware culture throughout the organisation.

The Committee remains steadfast in its commitment to safeguarding the Bank of Ceylon’s financial integrity. The comprehensive risk mitigation strategies, coupled with proactive measures and risk aware culture position the Bank resilient to navigate challenges ahead. The Committee would collaborate, adapt and grow and be resilient in the pursuit of sustainable growth in an ever-evolving banking landscape.

The annual evaluation of the committee was carried out.



Mr R M P Rathnayake,
Chairman,
Integrated Risk Management Committee
24 February 2025

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

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COMMITTEE COMPOSITION DURING 2024

The composition of the Committee at the beginning of 2024:

1. Prof. Kithsiri M Liyanage

Chairman/ Independent
Non-Executive Director

2. Mr R M P Rathnayake

Non Independent
Non-Executive Ex-officio Director

3. Major General (Rtd.) G A Chandrasiri VSV

Member/ Independent
Non-Executive Director

With the ending of the tenure of Major General (Rtd.) G A Chandrasiri VSV as a Director on 07.01.2024, the remaining two Directors constituted the Committee and with the appointments of Mr Jehaan Ismail and Mr Jayamin Pelpola as Independent Non-Executive Directors to the Board of Bank of Ceylon on 07.02.2024 and 22.02.2024, respectively, the Committee was re-constituted as follows-

1. Mr Jehaan Ismail

Chairman/ Independent Non-Executive Director

2. Mr R M P Rathnayake

Member/ Non Independent
Non-Executive Ex-officio Director

3. Prof. Kithsiri M Liyanage

Member/Independent
Non-Executive Director

4. Mr Jayamin Pelpola

Member/ Independent
Non-Executive Director

On 05.11.2024 the Committee re-constituted as follows with the cessation of the Directorship of Mr R M P Rathnayake, as the Non Independent Non-Executive Ex-officio Director from 06.11.2024: subsequent to his retirement from his position as Deputy Secretary to the Treasury:

1. Mr Jehaan Ismail

Chairman/ Independent
Non-Executive Director

2. Prof. Kithsiri M Liyanage

Member/ Independent
Non-Executive Director

3. Mr Jayamin Pelpola

Member/Independent
Non-Executive Director

With the appointment of Mr Kavinda M L de Zoysa as the Independent Non-Executive Chairman/ Director of Bank of Ceylon and Dr. Kapila Senanayake, as Non Independent Non-Executive Ex-officio Director w.e.f. 04.11.2024 and 14.11.2024 respectively, the Present Committee is as follows:

1. Mr Jehaan Ismail

Chairman/ Independent
Non-Executive Director

2. Mr Kavinda M L de Zoysa

Member/ Independent
Non-Executive Chairman/ Director

3. Dr. Kapila Senanayake

Member/ Non Independent Non-Executive Ex-officio Director

Secretary to the Committee

The Secretary, Bank of Ceylon/ Secretary to the Board, Janaki S Siriwardane who is an Attorney-at-Law and a Senior Deputy General Manager, functions as the Secretary to the Committee.

Regular Invitees

- General Manager
- Deputy General Manager (Human Resources)
- Any other member of Corporate or Executive Management

Meetings held in 2024: 06
(Attendance given on page 120 of this Report)

Quorum:   members

ROLE OF COMMITTEE

Terms of Reference of the Committee

The main responsibilities of the Committee, which are mainly based on the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank of Sri Lanka and incorporated into the Committee Charter, are as follows:

- Determining the Remuneration Policy (salaries, allowances and other financial payments) relating to Key Management Personnel (KMP) of the Bank.
- Setting goals and targets for the General Manager (GM) and KMP.
- Evaluating the performance of the GM and KMP against the set targets and goals periodically and determining the basis for revising remuneration, benefits and other payments of performance based incentives.
- Reviewing staff in relation to matters referred to it by the Board.
- Determining the Human Resource Policy and Organisation Structure of the Bank.

PRINCIPAL FOCUS

This Committee focuses on assisting the Board in the Human Resource (HR) matters primarily related to KMP.

MEDIUM OF REPORTING

The proceedings of the Committee meetings are tabled and ratified at Board meetings and approval of the Board is thus obtained for implementation of the recommendations made by the Committee.

AREAS OF FOCUS AND ACTIVITIES IN 2024

Remuneration of Directors

According to the aforesaid Banking Act Direction No. 11 of 2007, this Committee has to determine the Remuneration

Policy relating to the Chairman and Directors. However, in the case of Bank of Ceylon, the remuneration of Directors is determined in accordance with the circulars and instructions issued by the Government of Sri Lanka, the sole shareholder of the Bank. The provisions in the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, are also taken into consideration in this regard. The Bank has a Remuneration Policy in place, prepared based on the above, which is reviewed periodically and also as and when new regulations are issued by the Government or periodically. This was last reviewed in 2024 along with the review of the Corporate Governance Policy. The details of the remuneration given to Directors, are disclosed in the Annual Report on yearly basis.

Remuneration of KMP

The revision of salaries and special allowances of Assistant General Managers and members of the Corporate Management (other than the contracted employees who are parallel to the grade of Deputy General Manager which are fixed at the time of recruitment) were revisited for the period from 01.01.2024 to 31.12.2026.

Performance Evaluation

The Committee evaluated the performance appraisals relating to KMP including the General Manager. The appraisals of the Chief Compliance Officer, Chief Risk Officer and Chief Internal Auditor were placed before the respective subcommittees. They were evaluated against the targets set at the commencement of the year in line with the Strategic Plan. This task is carried out annually.

Goals and Targets

The Committee reviewed and recommended the Key Performance Indicators (KPI) of the members of the Corporate Management and the General Manager for the year 2024. The KPIs of the Chief Compliance Officer, Chief

Risk Officer and Chief Internal Auditor were placed before the respective subcommittees. This takes place annually.

Training facilities for the staff

Discussions are underway to introduce a new/ modify the e-learning platform for the staff members.

Policies/ Charters Reviewed or Revised during the year and recommended to the Board for adoption

- Human Resource and Remuneration Committee Charter.
- Code of Ethics.
- Employee Retention Policy.
- Mentoring Policy.
- Employee Handbook and the Human Resource Policy for Maldives operation.
- Human Resource Policies for Chennai and Seychelles Branches.
- Exit Interview Policy and Exit Interview Questionnaire.
- Legal Department Policy.
- Annual Plan for Human Resource and Remuneration Committee.
- Existing Financial Assistance Policy applicable in the event of a death of Outsourced/ Contract Employee while on duty.
- The disciplinary and appeal process for the employees in the grade of Assistant General Manager of the Bank.
- Training and Development Policy of the Bank.
- Transfer Policy.
- Employee communication Policy.
- Human Resource Policy.
- Remuneration Policy for Kay Management Personnel.
- Human Resource Policy on Remote Work.

- Appeal Policy applied for promotion to the grades up to Chief Manager from Multi Duty Assistant.
- Reward and Recognition Policy.
- Anti-Bribery and Anti-Corruption Policy.

WAY FORWARD

The members of the Committee collectively evaluated the performance of the Committee and submitted same to the Board.

The Committee will continue promoting the adoption of best in class HR practices throughout the Bank, fostering a supportive and inclusive work environment where employees will thrive and contribute to the Bank's continued growth and success.

On behalf of the Human Resources and Remuneration Committee.

Mr Jehaan Ismail

Chairman,
Human Resources and
Remuneration Committee

24 February 2025

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

COMMITTEE COMPOSITION DURING 2024

The composition of the Committee from 01.01.2024:

1. Major General (Rtd.)

G A Chandrasiri vsv

Chairman/ Independent Non-Executive Director

2. Mr R M P Rathnayake

Member/Non Independent Non-Executive Ex officio Director

3. Prof. Kithsiri M Liyanage

Member/ Independent Non-Executive Director

With the ending of the tenure of Major General (Rtd.) G A Chandrasiri vsv as a Director on 07.01.2024, the remaining two Directors constituted the Committee and with the appointment of Mr J C Pelpola as an Independent Non-Executive Director to the Board of Bank of Ceylon on 22.02.2024, the Committee re-constituted as follows-

From 19.02.2024

1. Prof. Kithsiri M Liyanage

Chairman/ Independent Non-Executive Director

2. Mr R M P Rathnayake

Member/ Non Independent Non-Executive Ex officio Director

3. Mr Jayamin Pelpola

Member/ Independent Non-Executive Director

With the appointment of Mr Kavan Ratnayake on 14.03.2024, as an Independent Non-Executive Chairman/ Director of Bank of Ceylon the Committee was re-constituted as follows:

From 03.04.2024

1. Mr Jehaan Ismail

Chairman/ Independent Non-Executive Director

2. Mr Kavan Ratnayake

Member/ Independent Non-Executive Chairman/Director

3. Mr Jayamin Pelpola

Member/ Independent Non-Executive Director

With the resignation of Mr Kavan Ratnayake as the Chairman/ Director of Bank of Ceylon on 22.09.2024, and with the appointment of Mr Kavinda M L de Zoysa as an Independent Non-Executive Chairman/ Director of Bank of Ceylon and Dr. Kapila Senanayake, Non Independent Non-Executive Ex-officio Director on 04.11.2024 and 14.11.2024 respectively, the Committee was re-constituted as follows:

From 05.11.2024

1. Mr Jehaan Ismail

Chairman/ Independent Non-Executive Director

2. Mr Kavinda M L de Zoysa

Member/Independent Non-Executive Chairman/ Director

3. Mr Jayamin Pelpola

Member /Independent Non-Executive Director

From 03.12.2024

1. Mr Jehaan Ismail

Chairman/ Independent Non-Executive Director

2. Mr Kavinda M L de Zoysa

Member/ Independent Non-Executive Chairman/ Director

3. Dr. Kapila Senanayake

Member/ Non Independent Non-Executive Ex-officio Director

Present Committee

1. Mr Jehaan Ismail

Chairman/ Independent Non-Executive Director

2. Mr Kavinda M L de Zoysa

Member/ Independent Non-Executive Chairman/ Director

3. Mr R M P Rathnayake

Member/ Independent Non-Executive Director

(Who was reappointed on 20.12.2024 as an independent Non-Executive Director subsequent to ceasing to be the Ex-officio Director with the retirement from his position as the Deputy Secretary to the Treasury).

Secretary to the Committee

The Secretary, Bank of Ceylon/ Secretary to the Board Ms Janaki S Siriwardane who is an Attorney-at-Law and a Senior Deputy General Manager, functions as the Secretary to the Committee.

Attend upon invitation

- General Manager.
- Any other member of the management as decided by the Committee.

Meetings held in 2024: 11

(Attendance given on page 120 of this Report)

Quorum:  members

ROLE OF COMMITTEE

Nomination and Corporate Governance Committee Charter

The Terms of Reference of the Nomination and Corporate Governance Committee are governed by the Committee Charter, approved and adopted by the Board.

The Committee ensures that the scope and coverage of its functions addresses the requirements of the Banking Act Directions on Corporate Governance for Licensed Commercial Banks in Sri Lanka and its subsequent amendments and that of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

PRINCIPAL FOCUS

The Nomination and Corporate Governance Committee assists the Board in ensuring compliance with Corporate Governance principles as required by regulations or otherwise in addition to assisting the Board with regard to the appointment of the Chief Executive Officer/General Manager and the Key Management Personnel (KMP).

MEDIUM OF REPORTING

The proceedings of the Nomination and Corporate Governance Committee

meetings are tabled and ratified at the Board meetings and Board approval obtained thereof.

AREAS OF FOCUS AND ACTIVITIES IN 2024

Policy on Appointment of Directors

As provided in the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments the Bank being fully State owned, the Minister under whose purview the Bank falls appoints Directors to the Board of Bank of Ceylon. This Committee accordingly has no direct role in connection with the appointment of Directors. However, an internal Policy on Appointment of Directors to the Board is in place in the Bank based on a recommendation of this Committee specifying the criteria required for appointment as a Director of the Bank, which is shared with the appointing authority to assist in identifying the skill set needed for a Director of the Bank.

Corporate Governance

Corporate Governance Policy of the Bank incorporating the Section 9 of the Listing Rules of the Colombo Stock Exchange was reviewed during the year together with the following policies/charters;

- Nomination and Corporate Governance Committee Charter.
- The Policy on Directors' Access to Independent Professional Advice.
- Policy on Board Committees.
- Policy on Control and Management of Bank's Assets and Shareholder Investments.
- Charter for Related Party Transaction Review Committee.
- Policy on Appointment of Directors to Board of Bank of Ceylon.
- Board Charter.
- Directors Access to Independent Professional Advice of Bank of Ceylon.
- Personal Liability imposed on the Directors of BOC.
- Audit Committee Charter.

- Integrated Risk Management Committee Charter.
- Human Resource and Remuneration Committee Charter.
- Information and Communication Technology Committee Charter.
- Credit Committee Charter.
- Related Party Transactions Review Committee Charter.
- Remuneration Policy for the Chairman and Board of Directors.
- Policy on Related Party Disclosure.
- Key Management Personal Remuneration Policy.
- Code of Business Conduct and Ethics for Directors.
- Bank's Communication Policy.
- Policy on Conflict of Interest of Directors.
- Subsidiary Management Charter.
- Policy on Appointment of Directors to the Boards of Subsidiaries.
- Promotion Policy for the General Manager.
- Whistle-blowing Policy.
- Policy on Disclosures.
- Policy Statement on Appointment of Proxies for Shareholders of Related Companies and other Invested Companies.

Ensured the compliance with the applicable Directions on Corporate Governance issued by the Central Bank of Sri Lanka, Code of Best Practice on Corporate Governance 2023 issued by the Chartered Accountants of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Facilitated the Board Evaluation for the year 2024.

Fitness and Property

Ensured that the KMP and Directors are fit and proper persons to hold their offices when Directors were appointed and when officers were promoted, appointed as KMP and changes were done to their designations.

Succession Arrangements

Recommended the revised Succession Plan for Corporate and Executive Management, which is an integral part of talent development.

Reviewed and recommended the Promotion Policy for the position of the General Manager/ Chief Executive Officer of the Bank and initiated the process for appointing the next General Manager.

WAY FORWARD

The Committee's objective is to advance best practices in Corporate Governance within the Bank, with a specific emphasis on executing the Directions mandated by the Regulators, ensuring compliance with regulatory requirements, and fostering a culture of transparency, accountability and ethical conduct across all levels of the Bank.

The Committee understands the significance of robust corporate governance practices in maintaining the integrity and transparency of Bank's operations. The Committee would promote accountability and ethical conduct across all levels of the Bank to enhance stake holder trust and drive sustainability.

CONCLUSION

The Committee reviewed the efficiency of its work through the annual evaluation that was carried out collectively. The Committee will continue to add value to the Board's responsibilities through the functions of this Committee.

On behalf of the Nomination and Corporate Governance Committee



Mr Jehaan Ismail

Chairman,

Nomination and Corporate Governance Committee

24 February 2025

INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE REPORT

COMMITTEE COMPOSITION DURING 2024

Committee composition from 01.01.2024:

- 1. Prof. Kithsiri M Liyanage**
Chairman/ Independent Non - Executive Director
- 2. Mr R M P Rathnayake**
Member/ Non-Independent Non- Executive Ex-officio Director
- 3. Major General (Rtd.) G A Chandrasiri VSV**
Member/ Independent Non-Executive Director
- 4. Mr Naresh Abeyesekera**
Member/ Independent Non-Executive Director

With the ending of the tenure of Major General (Rtd.) G A Chandrasiri VSV as a Director on 07.01.2024, the remaining three Directors constituted the committee until 02.04.2024 and with the appointment of Mr Jayamin Pelpola as an Independent Non Executive Director to the Board of Bank of Ceylon on 22.02.2024, the Committee was re-constituted on 03.04.2024:

- 1. Prof. Kithsiri M Liyanage**
Chairman/ Independent Non - Executive Director
- 2. Mr R M P Rathnayake**
Member/ Non-Independent Non- Executive Ex-officio Director
- 3. Mr Naresh Abeyesekera**
Member/ Independent Non-Executive Director
- 4. Mr Jayamin Pelpola**
Member/ Independent Non-Executive Director

On 05.11.2024, the Committee re-constituted as follows with the cessation of Mr R M P Rathnayake, Non Independent Non Executive Ex-officio Director from 06.11.2024: subsequent to his retirement from his position as Deputy Secretary to the Treasury.

- 1. Prof. Kithsiri M Liyanage**
Chairman/ Independent Non - Executive Director

2. Mr Naresh Abeyesekera

Member/ Independent Non-Executive Director

3 Mr Jayamin Pelpola

Member/ Independent Non-Executive Director

With the resignation of Mr Naresh Abeyesekera and Prof. Kithsiri M Liyanage on 13.11.2024 and 28.11.2024, respectively, and with the appointment of Mr Kavinda M L de Zoysa as an Independent Non Executive Chairman/ Director of Bank of Ceylon, Dr. Kapila Senanayake, Non Independent Non-Executive Ex-officio Director and Dr. Amal Illesinghe, as an Independent Non Executive Director, on 04.11.2024, 14.11.2024 and 06.12.2024, respectively, the Committee was re-constituted as follows:

- 1 Dr. Amal Illesinghe**
Chairman/ Independent Non-Executive Director
- 2 Mr Kavinda M L de Zoysa**
Member/Independent Non- Executive Chairman/ Director
- 3 Dr. Kapila Senanayake**
Member/ Non-Independent Non- Executive Ex-officio Director

The present Committee is as follows:

- 1 Dr. Amal Illesinghe**
Chairman/ Independent Non-Executive Director
- 2 Mr Kavinda M L de Zoysa**
Member/Independent Non- Executive Chairman/ Director
- 3 Mr Jayamin Pelpola**
Member/ Independent Non-Executive Director

Secretary to the Committee

The Secretary, Bank of Ceylon/Secretary to the Board, Janaki S Siriwardane who is an Attorney-at-Law and a Senior Deputy General Manager, functions as the Secretary to the Committee.

Attend upon invitation

- Assistant General Managers attached to IT Division

- Assistant General Manager (Product Development and Business Process Re-Engineering Project)

Any other members of the Board, the Corporate Management and Staff Member as decided by the Committee

Meetings held in 2024: 11

(Attendance given on page 120 of this Report)

Quorum:  members

ROLE OF COMMITTEE

Information and Communication Technology (ICT) Committee Charter

The Terms of Reference of the ICT Committee are governed by the ICT Committee Charter, approved and adopted by the Board.

PRINCIPAL FOCUS

The primary purpose of this Committee is to assist the Board of the Bank in fulfilling their oversight responsibilities with regard to the existence, operation and effectiveness of the IT products and services, policies, practices and IT infrastructure employed by the Bank to manage various types of IT products and services including major technology investments. It ensures that the Bank has a robust IT infrastructure and capabilities in place at all times, follows best practice and maintains alignment with Bank's Strategic Plan by analysing emerging trends in technology.

MEDIUM OF REPORTING

The proceedings of the ICT Committee meetings are tabled and ratified at the Board meetings and Board approval obtained thereof.

AREAS OF FOCUS AND ACTIVITIES IN 2024

Monitoring Development

- Monitored the ongoing IT developments/ IT infrastructure enhancements in the Bank including that of overseas branches in Maldives, Chennai and Seychelles and guided on the proposed developments/ improvements.
- Monitored the operations of the existing critical applications of the Bank and provided necessary guidance to rectify and resolve existing issues.
- Monitored the progress of the proposed digital banking solution (Internet and Mobile banking system (B-APP)) for the Bank.
- Monitored the progress of the procurement of AML/ CFT system.
- Monitored and took measures to reduce the ATM/ CDM down time.
- Discussed the Bank's digital initiatives embedded in the Strategic Plan.
- Reviewed the proposed bio metric-based payment solution.

IT GOVERNANCE

- Reviewed the IT Road Map and ensured that it is linked to strategy.
- Monitored the implementation of the newly-introduced IT Governance framework and expedited the process.
- Monitored rectification action for internet and mobile banking interruptions that took place in year 2024.
- Reviewed and streamlined IT procurement process and renewals of maintenance contracts.
- Ensured that action be taken to have in place a robust cybersecurity team.
- Oversaw the Disaster Recovery Site's capacity and capability to ensure its effective operation.

RESOURCES – HUMAN

- Facilitated the new IT organisation structure.
- Assisted to fulfil the required HR for IT Division.
- Strengthened the Security Operations Centre with necessary human resources.

WAY FORWARD

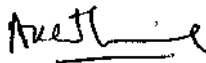
The Committee look at futuristic and emerging technology in making its recommendations and will endeavour to ensure that the Bank's technology programmes support the Bank's business objectives and strategies and provide the appropriate data security.

CONCLUSION

The members of the Information and Communication Technology Committee have evaluated the Committee's performance during the year 2024 for effectiveness and efficiency.

The Committee wishes to record their appreciation for Prof. Kithsiri M Liyanage, Major General (Rtd.), G A Chandrasiri VSV, Mr Naresh Abeysekera and Mr R M P Rathnayake who were members of the Committee during the year 2024, for the contribution made by them to this Committee.

On behalf of the Information and Communication Technology Committee



Dr. Amal Illesinghe

Chairman,
Information and Communication
Technology Committee

24 February 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMMITTEE COMPOSITION DURING 2024

The Committee was formed on 05.11.2024 and the following Directors were members of the Committee:

- 1 **Mr Jayamin Pelpola**
Chairman/ Independent Non-Executive Director
- 2 **Prof Kithsiri M Liyanage**
Member/ Independent Non-Executive Director
- 3 **Mr Jehaan Ismail**
Member/ Independent Non- Executive Director

With the resignation of Prof. Kithsiri M Liyanage on 28.11.2024, and with the appointment of Mr Kavinda M L de Zoysa as the Independent Non Executive Chairman/ Director of Bank of Ceylon and Dr. Kapila Senanayake as Non Independent Non Executive Ex-officio Director on 04.11. 2024 and 14.11.2024 respectively, the Committee was re-constituted as follows:
Form 03.12.2024

- 1 **Mr Jehaan Ismail**
Chairman/ Independent Non- Executive Director
- 2 **Mr Kavinda M L de Zoysa**
Member/ Independent Non Executive Chairman/ Director
- 3 **Dr. Kapila Senanayake**
Member/ Non-Independent Non- Executive Ex-officio Director

With the appointment of Dr. Amal Illesignhe and Mr R M P Rathnayake as Independent Non- Executive Directors on 06.12.2024 and 20.12.2024 respectively the present Committee is as follows:

- 1. **Mr R M P Rathnayake**
Chairman/ Independent Non-Executive Director
- 2. **Dr. Kapila Senanayake**
Member/ Non-Independent Non- Executive Ex-officio Director
- 3. **Dr. Amal Illesignhe**
Member/ Independent Non- Executive Director

Secretary to the Committee

Mr. Anton John Pulle, Deputy General Manager, Finance and Planning, functions as the Secretary to the Committee.

Regular participants

- General Manager
- Chief Financial Officer

Attend upon invitation

Relevant management personnel

Meetings held in 2024: 01

(Attendance given on page 120 of this Report)

Quorum:  members

MEDIUM OF REPORTING

The proceedings of the Related Party Transactions Review Committee meetings are tabled and ratified at the Board meetings and Board approval obtained thereof.

AREAS OF FOCUS AND ACTIVITIES IN 2024

Revised the policy on Related Party Disclosures.

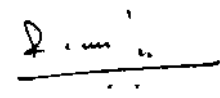
Ensured no preferential treatments were given to subsidiaries.

WAY FORWARD AND CONCLUSION

The Committee remains committed to upholding the highest standards of governance and will continue to strengthen oversight mechanisms to ensure that related party transactions align with regulatory requirements and best practices.

The committee evaluated its performance during the year 2024.

On behalf of the Related Party Transactions Review Committee



Mr R M P Rathnayake
Chairman,

Related Party Transactions Review Committee

24 February 2025

ROLE OF COMMITTEE

Related Party Transactions Review Committee Charter

The Terms of Reference of the Related Party Transactions Review Committee are governed by the Related Party Transactions Review Committee Charter, approved and adopted by the Board.

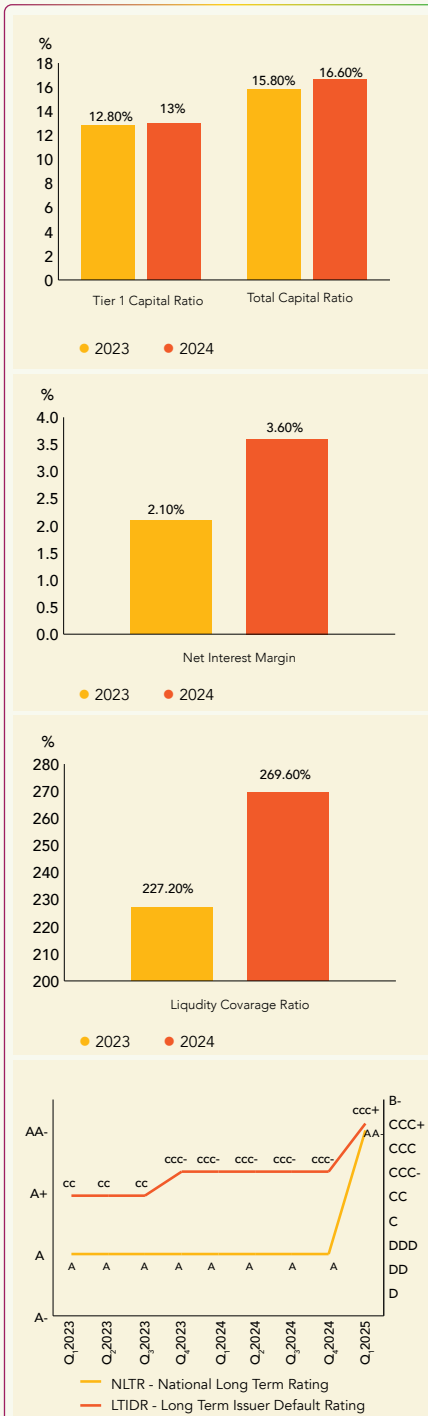
PRINCIPAL FOCUS

The primary purpose of this Committee is to assist the Board of the Bank to review all Related Party Transactions prior to them being executed by the Bank, ensuring they are in compliance with the Bank's policies, CSE Listing Rules and applicable laws and to recommend only the transactions that are conducted at arm's length and are in the ordinary course of business.

RISKS AND GROWTH

In a volatile local and global financial landscape, Bank of Ceylon demonstrated its steadfast commitment towards maintaining stability and resilience. As the nation's premier financial institution, we remain deeply committed to maintaining a robust risk management framework that safeguards financial stability while enabling inclusive and sustainable growth. By balancing risk prudence with opportunity, we not only mitigate uncertainties but also contribute to the nation's long-term development.

RISK MANAGEMENT SUCCESS STORY



STRATEGIC RISK MANAGEMENT FOR SUSTAINABLE VALUE

BOC operated in a complex and evolving business environment, balancing opportunities and risks within its Integrated Risk Management Framework. As the economy began recovering, business confidence improved. In this context, BOC remained committed to its vision, mission, and corporate values while fulfilling its critical role as a Domestic Systemically Important Bank, supporting financial stability and economic resilience. Adapting to heightened regulatory measures introduced by the Central Bank of Sri Lanka, we closely monitored emerging macroeconomic trends, strategically allocating capital to sustainable, risk-adjusted growth to create and protect stakeholder value. We are geared to chart our course by channeling our strategies, embracing innovation, rethinking our business models and deepening our understanding of our customers.

NAVIGATING THE RISK LANDSCAPE

Navigating a dynamic risk landscape requires dealing effectively with global risks as well as adverse forces arising from operating within a fragile economy that is on its path to revival.

As an industry leader, we strive to be the industry benchmark, with a strong risk-conscious culture, sound governance and a robust risk management framework. Our risk management framework has been effectively stress-tested by the various crises and events of the past few years and has helped make the Bank more resilient. Our risk management, balance sheet management, internal control environment, compliance, governance and risk culture are built around solid fundamentals. Collectively,



VISION

To be a complement in achieving the Bank's vision through proactive management of risks.



MISSION

Facilitating sustainable growth of the Bank ensuring comprehensive management of risks in line with regulatory requirements and industry best practices, in a dynamic work environment encouraging teamwork and professional growth.

these factors have helped the Bank withstand unprecedented times in all material respects and remain resilient and profitable.

An increased focus on sustainability has facilitated the Bank to identify, manage and mitigate emerging risks in areas such as diversity, equity, and climate change as a responsible corporate citizen. Strengthening our Environmental, Social and Governance (ESG) framework ensures our commitment to nurturing adding and protecting stakeholder value.

AN INTEGRATED APPROACH TO MANAGING RISKS

At BOC, we adopt a top-down approach to managing risk, with the Board driving risk appetite setting and overall risk strategy.

The Board fulfils its risk management function through the Integrated Risk Management Committee (IRMC). The Independent Integrated Risk Management Division (IIRMD), headed by the Chief Risk Officer (CRO) operates independently.

RISKS AND GROWTH

	Integrated Risk Management Committee (IRMC)	Independent Integrated Risk Management Division (IIRMD)
	Comprises of four members of which three are independent Non-Executive Directors.	The Division operates independently and is headed by the Chief Risk Officer (CRO).
Responsibilities	<ul style="list-style-type: none"> Assist the Board in discharging its oversight responsibilities for risk management. Ensure that appropriate policies and procedures are in place for detection, oversight and analysis of existing and future risks. Ensure the Bank's risk management activities are aligned with the Bank's risk appetite. Assess all risks to the Bank on a periodic basis through appropriate risk indicators and management information. Provide strategic guidance on various initiatives undertaken by the Bank towards management and mitigation of credit, market, operational and information security risks of the Bank. Review the Bank's capital position and future requirements in line with the Internal Capital Adequacy Assessment Process (ICAAP) while identifying and mitigating potential pain points highlighted in stress testing. Review the Bank's Business Continuity Plan. Re-enforce the culture and awareness of risk management throughout the organisation. 	<ul style="list-style-type: none"> Coordinate the organisation's Enterprise Risk Management system. Responsible for understanding the risks assumed by the Bank and ensure that the risks are appropriately managed. Review the risk profile, envisage future challenges and threats and prioritise action steps to mitigate the potential risks. Determining the Bank's Risk Appetite, including defining specific key risk indicators, ensuring appropriate monitoring and reporting mechanism in place. Support the business units and inculcate risk culture through continuous training and awareness. Ensuring regulatory compliance to ICAAP, BCP and RCP requirements.

Additionally, management-level committees strengthen risk management by aligning strategies with organisational goals and improving decision-making in specific business areas. With transparent

reporting, they cultivate a risk-aware culture, enhancing operational resilience, crisis preparedness and strategic alignment.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Our comprehensive Enterprise Risk Management Framework is depicted in page 145.



ENTERPRISE RISK MANAGEMENT FRAMEWORK

Objectives

- Enhance the Bank's ability to anticipate and mitigate risks effectively while maximising opportunities for growth.
- Establish common policies and standards for the management and control of all risks.
- Provide a common language, system and framework to foster a consistent approach to manage risks.

Risk universe

Primary Risks	Credit Risk	Market Risk	Operational Risk		Liquidity Risk		
Other Risks	Strategic Risk	Information Security and IT Risk	HR Risk	Regulatory and Compliance Risk	ESG and Climate Risk	Legal Risk	Reputational Risk

Risk governance and oversight



1 First Line of Defence
Business Units

2 Second Line of Defence
Independent Integrated Risk Management Division (IIRMD)

3 Third Line of Defence
Internal Audit

Risk policies



RISKS AND GROWTH

Changes to the ERM Framework

In September 2024, the Central Bank of Sri Lanka (CBSL) issued the Banking Act Direction No 05 of 2024 on Corporate Governance for Licensed Banks. The Direction aims strengthen the corporate governance processes and practices towards enhancing the overall stability of the banking sector and the financial system. Corporate Governance processes and practices shall be deemed to be the management framework that facilitates the conduct of the banking business in a responsible and accountable manner to promote the safety and soundness of the individual banks, thereby leading to the stability of the overall banking sector. The Directive enhances the governance requirements for Board subcommittees and introduced a new Board subcommittee - Related Party Transactions Review Committee.

With respect to Integrated Risk Management Committee (IRMC), the Direction specifies the composition of the committee and their professional competency, experience and responsibilities. This includes the establishment of an independent risk management function that is responsible for integrated risk management of the Bank. The Committee is required to oversee the functioning of CRO.

The Direction offers elaborate instructions on the Responsibilities of the Risk Management Function. Accordingly, the CRO must be independent from the other executive functions of the Bank and should not have any management or financial responsibility related to any operational business lines or revenue generating functions.

The provisions of the Direction are effective from 1 January 2025.

Our robust risk management framework comprises a series of well-defined policies for managing diverse risk categories, with risk

governance, independent oversight, and regular monitoring by Board level subcommittees.

The IIRMD revisited the Integrated Risk Management Policy in 2024, commensurate with the new Direction.

THE FOUNDATION OF THE RISK MANAGEMENT FRAMEWORK

The framework is supported by and built around the four essential pillars of risk philosophy, risk appetite, risk identification, mitigation and reporting and risk culture. Together, these pillars provide a strong foundation to our risk management process.

Risk Philosophy

- Risk management is the collective responsibility of all employees.
- It is aligned with our strategic objectives
- In decision making, regulatory compliance is non-negotiable.
- Safeguarding the Bank's reputation carries equal weight in providing protection against financial losses.

Risk Appetite

- The risk appetite statement aligns business decisions with approved risk dimensions.
- Board approved policies guide actions throughout the Bank.
- Executive Committees provide specific guidance and instructions.
- The IIRMD vets all new initiatives regarding potential risks.

Risk Identification and Mitigation and Reporting

- IIRMD proactively identifies emerging risks and uncertainties.
- IRMD engages in risk mitigation at strategic, policy, and operational levels, collaborating with business teams to foster risk ownership at the first line of defense.

- Material risks are reported to the Board and the Risk Management Committee via various frameworks.

Risk Culture

- Relates to how people think, behave and take actions around risk and shapes our ability to identify, understand, openly discuss, escalate and act on current, and potential challenges and risks.
- A dynamic risk culture that builds awareness, recognition and understanding of the value of risk identification, measurement, management, monitoring and reporting as part of daily business activities.

RISK GOVERNANCE

BOC employs a dual strategy to instill a strong Risk and Compliance culture throughout the Bank. In terms of governance, the Board of Directors and Senior Management lead the charge.

As the main custodian responsible for risk management, the Board of Directors of BOC determine guidelines for the management and control of the Bank's key risks and for ensuring appropriate risk policies and limits are established for all important risk areas.

The Integrated Risk Management Committee (IRMC) is the main Committee that assists the Board in executing its risk management responsibilities. As per the Terms of Reference (TOR) set out by the Board, the main role of the IRMC is to engage in proactive risk monitoring and reporting to the Board.

The executive level committees involved in risk management to facilitate board level requirements and to ensure alignment to defined policies and procedures, are depicted under the Enterprise Risk Management framework in page 145.

The Bank's dedicated Risk Management Division supports the Board and Board subcommittees in discharge of their duties related to risk management. This division, headed by the Chief Risk Officer (CRO), holds the responsibility of

identifying and assessing risks that could impact the achievement of our strategic objectives, including by monitoring early warning signals, forecasting potential for future losses.

Operationally, the Compliance Department together with the Independent Integrated Risk Management Division (IIRMD) spearheads the integration of a dynamic risk management culture.

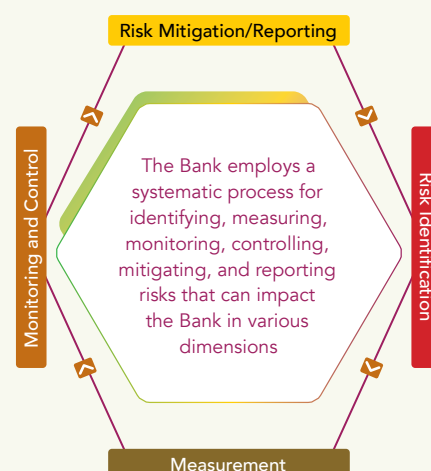
THE THREE LINES OF DEFENCE

The Bank employs the Three Lines of Defence Model for risk management as follows:



RISK MANAGEMENT PROCESS

With clearly delineated roles and responsibilities, well-defined policies, procedures, and processes; the Bank's ERM framework supports consistent identification and management of risks across business units, functions, and operations.



Risk category	Key Risk indicator	Regulatory requirement/ policy parameter	Actual position
		31.12.2024	31.12.2023
(R1) Credit Risk			
Asset quality	Net Stage 3 Loans Ratio (%)	7.2	5.1
	Impairment Coverage (Stage 3) Loans Ratio (%)	53.6	60.4
Concentration and exposure	Sector-wise concentration (HHI)	1,037	991
	Geographical concentration	1,947	2,031
(R2) Market Risk			
	Net Interest Income (NII) (LKR million)	167,552	91,188
	Net Interest Margin (NIM) (%)	3.6	2.1
	Price Value Per Basis Point (PVBp) of Treasury Bonds	629,067	577,985

RISKS AND GROWTH

Risk category	Key Risk indicator	Regulatory requirement/ policy parameter		Actual position
			31.12.2024	31.12.2023
(R3) Liquidity Risk	Liquidity Coverage Ratio (LCR) (%)	100.0	269.6	227.2
	Net Stable Funding Ratio (NSFR) (%)	100.0	157.9	145.0
	Credit-Deposit (CD) Ratio (%)		57.9	63.4
(R4) Strategic Risk	Tier 1 Capital Ratio (%)	10.0	13.0	12.8
	Total Capital Ratio (%)	14.0	16.6	15.8
	Common Equity Tier 1 Ratio (%)	8.5	12.0	11.7
	ROE (%)		23.2	10.6
(R5) Operational Risk	Operational loss as a percentage of risk appetite (%)		8.0	7.0

STRESS TESTING

Stress testing is an important tool for managing risks within the Bank. It involves simulating various adverse scenarios to assess Bank's resilience and identify potential vulnerabilities across key areas such as credit, market, liquidity, and operational risks. The Bank can proactively address weaknesses, strengthen financial position, and ensure the preparedness to withstand unexpected economic challenges or financial shocks.

Additional Stress Tests Conducted During 2024

Impact of Debt Restructuring

In 2024, the Bank conducted comprehensive stress tests to evaluate the potential effects of debt restructuring, with a specific focus on International Sovereign Bonds (ISBs) and Sri Lanka Development Bonds (SLDBs). These tests were designed to simulate a range of restructuring scenarios by adjusting key criteria, such as the haircut level (the percentage reduction in the value of the bonds). This approach allowed Bank to assess the impact on three critical areas:

- Profitability: Analysed different restructuring outcomes to assess the impact on Bank's earnings, ensuring the ability to maintain financial health under adverse conditions.

- Capital Adequacy: Evaluated the Bank's ability to retain sufficient capital reserves to meet regulatory requirements, even in stressed scenarios.

- Liquidity: Assessed the ability to meet short-term obligations provided that restructuring led to reduced cash flows or heightened liquidity demands.

By varying the haircut levels and other restructuring parameters, these stress tests provided valuable insights into Bank's financial resilience. The results enabled to make informed decisions about capital planning and liquidity management, ensuring the ability to handle the challenges of debt restructuring while maintaining stability.

Government Sector Exposure

Given the Bank's substantial investments and loans tied to the government sector, evaluation carried out to assess potential impact of restructuring of government debt. This analysis helped the Bank to anticipate capital needs and adjust financial plans accordingly to meet the regulatory standards while supporting the nation's restructuring efforts.

Additional Risk Weight on Government Securities

The Bank conducted stress test to evaluate potential implementation of additional risk weight on government securities, in light of its significant

exposure to these assets and the zero-risk weight applied currently.

BOC Maldives Credit Portfolio

The resilience of Male' branch's loan portfolio tested assuming a worst-case scenario where total loan portfolio transferred into Stage 3 (non-performing) considering country's economic situation linked to its debt sustainability in order to measure the credit risk and potential impact to Bank's bottom-line.

Liquidity Stress on BOC Maldives

A liquidity stress, assuming a run on Male' branch due to adverse economic conditions carried out to assess the potential liquidity impact to the Bank.

Multiple scenario analysis

The comprehensive scenario stress test conducted with consideration for the potential occurrence of individual scenarios simultaneously.

Going forward:

- Extend stress testing horizon to cover five years, to complement long-term business goals.
- Extend analyses to include tests on potential risks of default based on bank specific and market driven scenarios.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

Internal capital adequacy assessment ensures the availability of capital to cover all potential risks, hence a comprehensive assessment is crucial to ensure resilience of the Bank against all potential scenarios. During 2024, Bank completed the ICAAP complying with the regulatory requirements. More frequent ICAAP and Recovery Plan (RCP) steering committee meetings were held to assess and evaluate the recapitalisation requirements and to decide action plan in accordance with the concerns raised by the regulator. Quantitative mechanism developed to assess the capital charge for residual risk incorporated into the ICAAP during the year.

The Bank reviewed its ICAAP during the second half of the year, incorporating the revised (estimated) budget to align with the economic conditions prevailed in the country.

Going forward:

- Develop a risk index to assess capital requirement for environmental, social and climate risk considerations and incorporate into ICAAP.
- Under the capital augmentation plan, the issuance of debentures to strengthen the capital base of the Bank is planned.

RECOVERY PLAN (RCP)

Independent Integrated Risk Management Division (IIRMD) regularly monitors the recovery indicators and report any alert levels to the Management in order to take precautionary actions. Where necessary the ICAAP and RCP steering committee is convened to discuss the recovery actions as per the approved recovery plan.

Going forward:

- Review and revisit the Recovery Plan for 2025.
- Improve the process introducing additional recovery indicators to assess the requirement of recovery actions or options.

- Introduce new recovery actions in line with the recovery indicators thus identified.
- Strengthen Bank's Recovery Plan in line with proposed Resolution Plan.

SUBSIDIARY RISK MANAGEMENT

The Bank conducted a comprehensive risk assessment of its group of companies to ensure financial stability, regulatory compliance and operational resilience. The risk management framework is aligned with the Bank's overall risk appetite and strategic objectives, incorporating industry best practices and regulatory requirements.

OVERSEAS RISK MANAGEMENT

To ensure operational resilience and sustainable growth of its international branches in Maldives, Seychelles and India, the Bank has implemented a robust overseas risk management framework. This framework addresses the complexities of the global and regional economic landscape, including evolving political and financial challenges.

- Overseas Risk and Control Self-Assessment (RCSA): IIRMD has established a standardised RCSA process for all overseas branches.
- Enhanced credit risk management: Credit risk assessment and stress testing methodologies have been strengthened to comprehensively cover international operations.

CREDIT RISK

DEFINITION

Credit risk is defined as the potential financial loss to the Bank arising from a bank borrower or counterparty failing to meet its obligations in accordance with the agreed terms.

COMPONENTS OF CREDIT RISK

Default Risk occurs when a borrower fails to make payments as agreed.

Settlement Risk is a type of counterparty risk that can be associated with default risk in a bank, and occurs specifically during the settlement period of a transaction.

Concentration Risk is having too much exposure to a single borrower, industry, sector, or asset class.

Downgrade Risk is a component of credit risk of a bank and happens when a borrower's credit rating is lowered, indicating a higher likelihood of default on their part.

Country Risk is the risk associated with a country's ability to meet its foreign currency payment obligations.

MANAGING CREDIT RISK AT BOC

The largest risk exposure for the Bank typically comes from credit risk.

Our objective in managing credit risk is to safeguard the asset quality and, where possible, to reduce exposure to high-risk segments within banks risk appetite parameters.

The Bank managed its credit risk in accordance with its robust Credit Risk Management Framework.

The Bank's exposure to credit risk at the end of 2024 is LKR 2,177 billion, equivalent to 43.7% of the Total Assets of the Bank.

In managing credit risk, we placed emphasis on maintaining asset quality whilst optimising business growth objectives.

RISKS AND GROWTH

PRE-CREDIT SANCTIONING

- Structured credit appraisal mechanisms and defined credit criteria
- Multiple levels of approval and independent review by the Chief Risk Officer (CRO)
- Limits for credit risk categories such as default concentration and counterparty
- Retail scorecards and borrower rating models
- Risk based pricing regulatory limits

POST - CREDIT MONITORING

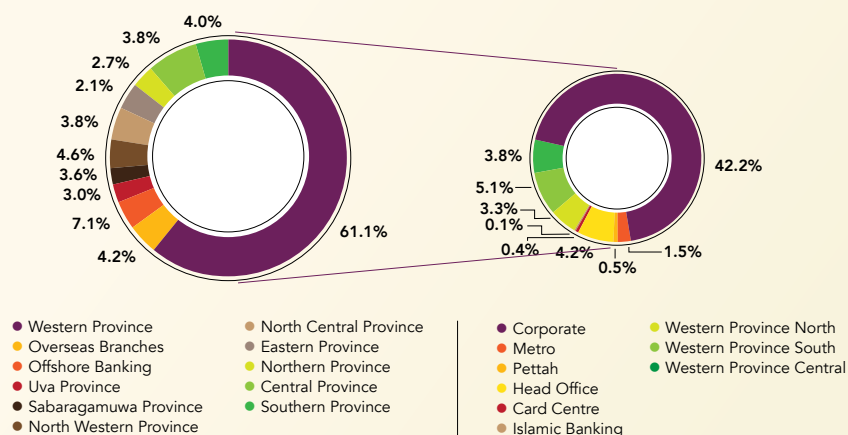
- Ongoing robust credit reviews
- Periodic portfolio evaluation
- Proactive engagement with customers to identify early warning signals of emerging
- Emerging risks and carrying out stress testing and scenario analysis
- Monitoring watch list exposures
- Ensuring the appropriate functioning of the loan review mechanisms by the Credit Quality Assurance Unit

Credit Risk Concentrations

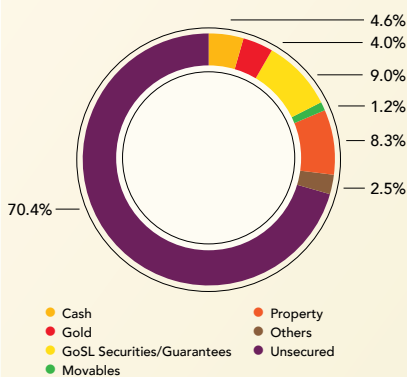
For more effective management of credit risk, BOC monitors credit risk concentration according to

- Industry sector
- Geographic and key divisions
- Product category
- Collateral type
- Credit Ratings of borrowers
- Cross border exposure

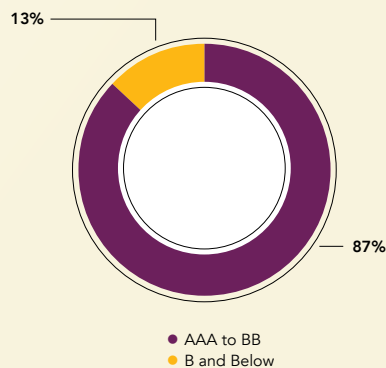
GEOGRAPHICAL CONCENTRATION



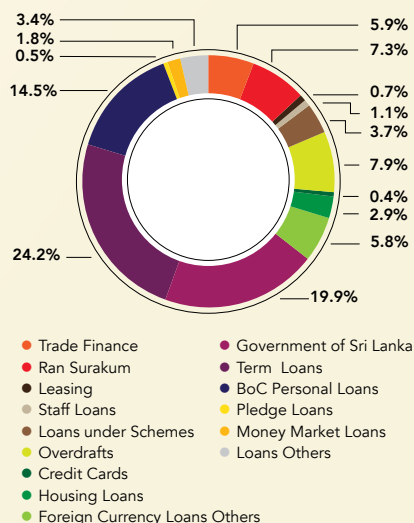
COLLATERAL CONCENTRATION



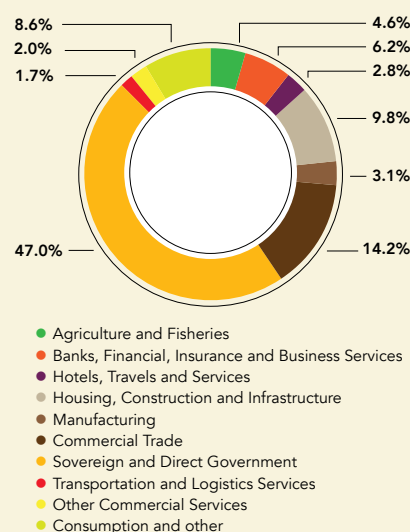
RATING GRADE WISE DISTRIBUTION



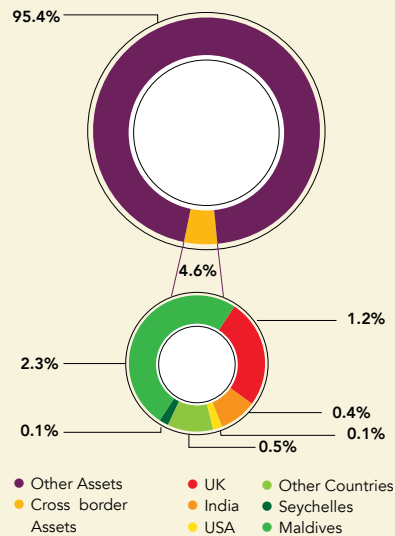
PRODUCT-WISE CONCENTRATION



SECTOR CONCENTRATION



CROSS BORDER EXPOSURE OF THE BANK



CREDIT RISK MANAGEMENT FRAMEWORK

The Bank's comprehensive credit risk management policy including pre-credit sanctioning and post-credit monitoring mechanisms enables the Bank to manage and mitigate credit risk effectively.

LIQUIDITY RISK

DEFINITION

Liquidity risk is the risk of loss resulting from the inability to meet payment obligations in full and on time as they become due. Liquidity risk is inherent to the business of banking and is the result of different maturity profiles between the Bank's assets and liabilities.

As a Domestic Systemically Important Bank, the stability of the Bank has a significant impact on the stability of the country's financial sector. As befits our role, we place great emphasis on managing and mitigating liquidity risk, in line with the CBSL regulatory requirements.

COMPONENTS OF LIQUIDITY RISK

Funding Liquidity Risk occurs when a bank cannot obtain sufficient funds to meet obligations as they fall due. This is typically associated with the primary debt market, and has two components; one associated with future inflows and outflows of money and future prices of obtaining funds from different sources.

Market Liquidity Risk occurs when a bank cannot easily sell its assets at a fair price when needed. As such it is associated with trading liquidity risk. This can happen when the market is illiquid, which may result in a significant price decline when selling assets.

Other factors influencing liquidity:

Maturity Mismatch occurs when a bank's assets (such as long-term loans) mature at different times than its liabilities (such as short-term deposits). The Bank may face liquidity issues in case of a sudden demand for funds.

Interest Rate Risk occurs when interest rates change, affecting the value of a bank's assets and liabilities. This may potentially lead to liquidity problems in cases where the bank is unable to quickly adjust its funding sources.

Credit Rating Downgrades usually increase the costs of borrowing and make it more difficult to get funding, potentially increasing liquidity risk.

Adverse Market Reputation, such as negative publicity or a decline in public confidence which may lead to a run on deposits, thus creating a liquidity crisis.

MEASURING LIQUIDITY RISK

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

CBSL Banking Act Determination No. 01 of 2024 (13 June 2024) requires all Licensed Banks to maintain LCR and NSFR as the statutory liquidity ratios at all times in accordance with "Basel III: Liquidity Coverage Ratio and Liquidity Risk Monitoring Tools" and Net Stable Funding Ratio".

MINIMUM REQUIREMENTS

Minimum LCR of 100% at all times in respect of

- Rupee Liquidity Minimum Requirement for local currency operations
- All Currency Liquidity Minimum Requirement for the overall operations

Minimum NSFR of 100% at all times.

The Determination discontinued the use of Statutory Liquid Assets Ratio.

Liquidity Monitoring Tools

- Contractual Maturity Mismatch
- Concentration of Funding
- LCR by Significant Foreign Currency
- Available Unencumbered Assets
- Credit - Deposit Ratio

OBJECTIVES

Safeguard against funding constraints that prevent growth and take measures that enable the Bank to meet all liquidity needs, including sudden surges in demand, if any.

RISKS AND GROWTH

MARKET RISK

DEFINITION

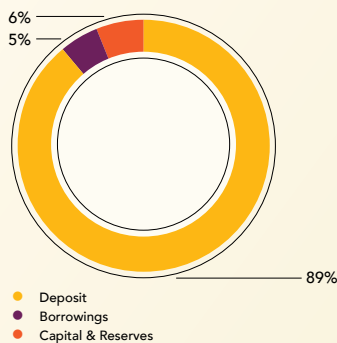
Market risk, also called systematic risk, is the possibility of incurring losses due to factors that impact the overall performance of financial markets. Although systematic risk cannot be eliminated through diversification, it can be hedged against.

The Bank manages these exposures carefully by balancing profitability and stability within the risk appetite set by the Board.

MONITORING AND MANAGING MARKET RISK

Market risk can be measured and managed using a combination of quantitative and qualitative methods, including Value at Risk (VaR), PVBP, duration, convexity, stress testing, and scenario analysis, alongside regulatory frameworks.

FUNDING COMPOSITION 2024



KEY COMPONENTS OF MARKET RISK

1. INTEREST RATE RISK

Interest Rate Risk for banks can have both positive and negative impacts, depending on the direction and magnitude of interest rate changes and the asset and liability structure of the bank.

2. EQUITY RISK

The risk that stock or stock indices prices or their implied volatility will change.

3. CURRENCY RISK

The risk that foreign exchange rates (e.g., LKR/ USD, LKR/ GBP) or their implied volatility will change.

4. COMMODITY RISK

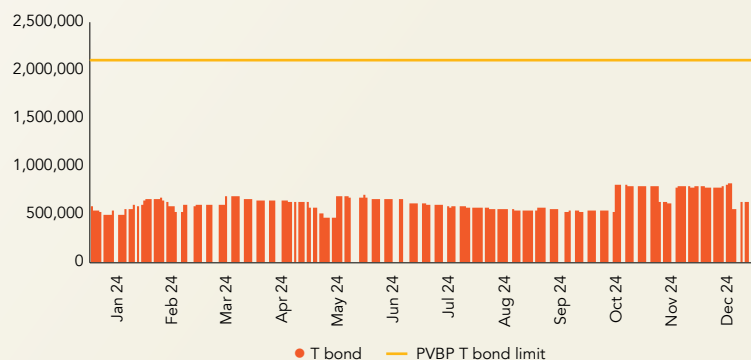
The risk that commodity prices (such as crude oil, gold etc.) or their implied volatility will change.

OBJECTIVES

Safeguard against adverse movement of market factors through various strategies including diversification, hedging, stress testing, and by establishing robust risk management frameworks.

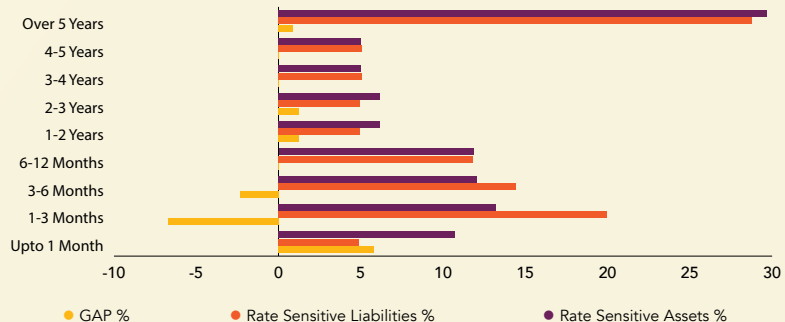
PVBP T BOND

LKR

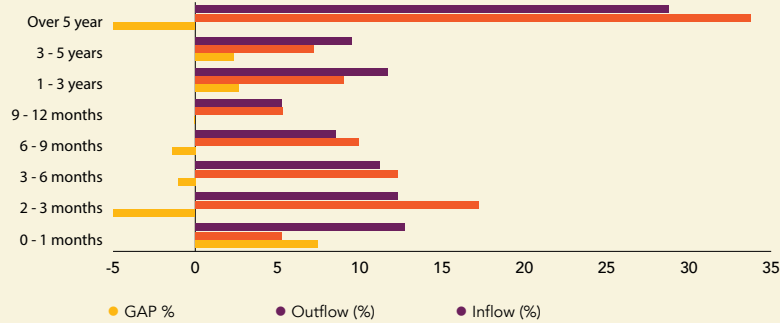


SENSITIVITY ANALYSIS OF ASSETS AND LIABILITIES DECEMBER 2024

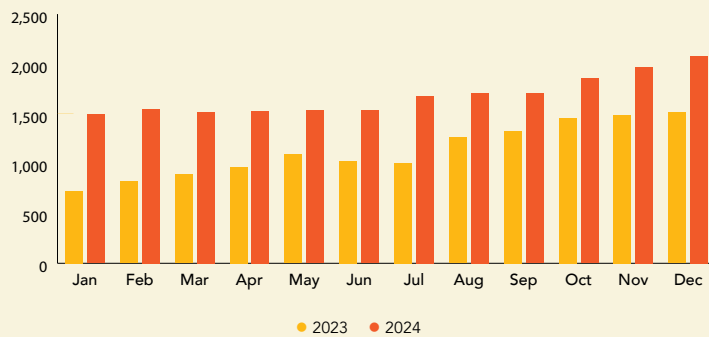
LKR billion



MATURITY ANALYSIS OF ASSETS AND LIABILITIES - DECEMBER 2024



UNENCUMBERED SECURITIES



OPERATIONAL RISK

DEFINITION

Operational risk encompasses the probability of financial loss due to inadequate or failed internal processes, people, systems, or external events.

It includes legal risk. It specifically excludes strategic and reputational risk.

Risk and Control Self-Assessment (RCSA)

- IIRMD introduced an improved mechanism for Risk & Control Self-Assessment (RCSA) of branch network and completed RCSAs for 50 branches, RCSAs for Critical Business Units and Risk assessment of overseas branches carried out during the year.

- Targeted visits were conducted to high-risk branches, facilitating collaborative development of corrective action plans with the branch operations department, identified using a matrix analysis tool developed by the IIRMD based on audit, compliance, and risk data.

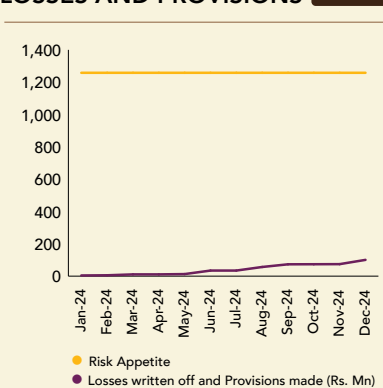
- In order to facilitate effective information exchange and to promote a unified risk management approach, enhanced coordination and communication between the risk management function, business and operational units, and internal audit is utilized.

- Continuous oversight and follow-up provided through Operational Risk Management Executive Committee (ORMEC).

MEASURING & MANAGING OPERATIONAL RISK

BOC ensures that all operational risks fall well below the risk appetite threshold.

RISK APPETITE VS ACTUAL LOSSES AND PROVISIONS



RISKS AND GROWTH

COMPONENTS OF OPERATIONAL RISK

Sub-components of operational risk include:

- Internal Fraud
- External Fraud
- Employment Practices and Workplace Safety
- Clients, Products and Business Practices
- Damage to Physical Assets
- Business Disruption and System Failures
- Execution, Delivery and Process Management

OBJECTIVES

The primary objective of Operational Risk Management is to minimise losses and disruptions arising from processes, people and systems, in essence operation risk management aims to create more stable and resilient working environment.

FUTURE FOCUS

The gradual economic recovery, coupled with the regime change and the monetary policy stance, complemented by the five-year strategic plan may enable the Bank to achieve its strategic targets while contributing to the country's development.

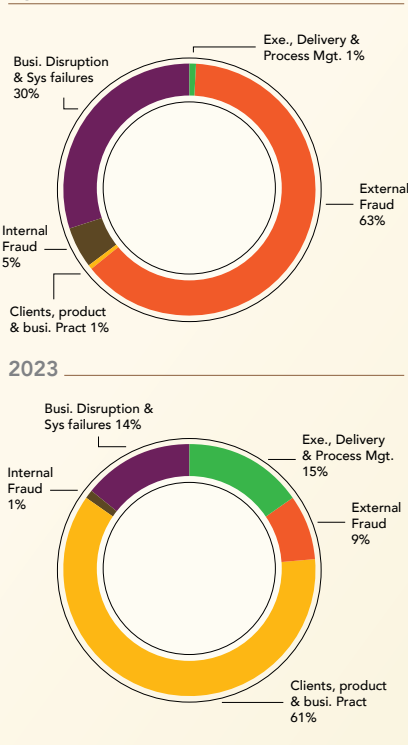
REGULATORY AND COMPLIANCE RISK

Regulatory and compliance risk arises from the failure to comply with laws, regulations, and industry standards governing banking activities. In 2023, the Bank continued to navigate a complex regulatory environment, including prudential regulations, Anti-Money Laundering (AML) requirements, consumer protection laws, and international standards through close and proactive engagement with regulators. A dedicated Compliance Unit monitors all compliance with guidelines and regulations. A comprehensive compliance policy governs the compliance risk management. Continuous island-wide training and awareness programmes and onsite compliance assessments including overseas branches ensure effective management of regulatory and compliance risk.

LEGAL AND REPUTATIONAL RISK

Legal and reputational risk entails potential losses to earnings and reputational damage arising from noncompliance with regulatory/ statutory provisions, uncertainty due to legal actions, or uncertainty in the applicability for interpretation of relevant laws or regulation applicable to the Bank and negative perception of the stakeholders on Bank's financial and operation position.

LOSS EVENT TYPE DISTRIBUTION FOR YEAR



STRATEGIC RISK

This involves the potential losses arising from the possible flaws in the Bank's future business plans and the possibilities of strategies being inadequate. Formulating proper response plans to refine the Bank's strategy to suit the changes in the business environment is essential for management of strategic risk.

The strategic direction of the Bank provided by its overarching vision and mission, articulated in BOC's corporate plan with specific measurable time bound targets. The Bank's strategic plan is developed under the guidance of the Board of Directors and involvement of the Corporate Management and Executive Management team taking into consideration the changes in the operating context and stakeholder needs. Continued monitoring of performance is carried out against defined targets and comprehensive scorecards are used to measure strategic risk exposures.

The Bank successfully achieved its strategic targets and maintained its leading position in year 2024, despite facing numerous challenges due to the prevailing economic conditions.

FRAUD RISK

Bank utilises a comprehensive process to minimise the potential for financial and reputational losses stemming from fraudulent activities which involves pinpointing potential vulnerabilities that could be exploited for fraudulent purposes.

By strengthening following fraud risk management practices, Bank aims to significantly reduce its exposure to financial losses and reputational damage.

- Fraud detection technologies.
- Employee training on fraud awareness.
- Developing and implementing policies and procedures.

THIRD-PARTY RISK

Third-party risk refers to the potential for negative impacts stemming from relationships with external entities such as vendors, contractors or partners. These impacts can manifest into operational, compliance, financial or reputational risks.

Mitigation Actions

The Bank has implemented risk management clauses in contracts to clarify expectation, responsibilities and remedies for non-compliance. A continuous monitoring process is also in place to track third-party performance.

FUTURE FOCUS

Develop a vendor assessment Index/ risk scoring model to quantify the risk levels associated with each third party, based on listed set of criteria.

CONDUCT RISK

Conduct risk pertains to the potential for losses resulting from unethical or inappropriate behavior by an organisation or its employees, particularly in relation to compliance, customer treatment and market integrity. This may lead to legal penalties, reputation damages or financial losses due to misconduct in operational processes.

Prevailing economic conditions and the post-pandemic environment have resulted in operational control deficiencies and increased staff interdictions.

Mitigation Actions

The Bank has issued operational guidelines through Office Instructions Circulars and deployed Internal Control Officers (ICOs) to enhance control efficiency. In addition, employee code of conduct has been revised during the year.

FUTURE FOCUS

Implementation of a comprehensive Conduct Risk management policy.

RISKS AND GROWTH

RISK LANDSCAPE ELEMENT

GLOBAL ECONOMY

Created implications for:

Credit Risk, Market Risk, Liquidity Risk, Strategic Risk and Operational Risk

Impact of global economic conditions and external factors

- During 2024, the global economy had an overall positive impact on Sri Lankan banks by aiding in the restoration of macroeconomic stability and by allowing them to reduce uncertainties associated with foreign currency debt restructuring. This improved financial system stability and a more resilient banking sector, particularly with the support of the IMF program.
- Sri Lanka's net foreign inflows grew in 2024, with increased levels of foreign investments, workers' remittances, and tourism earnings compared to 2023.
- Geopolitical uncertainties have become a major factor influencing the global economy. These uncertainties stem from conflicts trade tensions, political instability and shifts in international alliances.

Impact on Sri Lankan Banks

- Completion of the foreign currency debt restructuring process significantly reduced risks for Sri Lankan banks and enhanced financial stability.
- Improved market sentiment led to increased investor confidence and a stable rupee.
- A recovering global economy contributed to an increase of foreign exchange inflows together with rebounding tourism and worker remittances.

Lower Interest Rates

- In 2024, global interest rates trended towards a gradual decline as most central banks opted for cautious rate cuts throughout the year. This was primarily due to easing inflationary pressures across key economies.
- Along with global impacts, the easing of monetary policy by the Central Bank of Sri Lanka led to a decline in market interest rates. This facilitated increased lending to the private sector and boosted economic activity.
- Continued support from the International Monetary Fund (IMF) further strengthened the Sri Lankan economy, providing a stable backdrop for banking operations.

However, potential challenges remain:

- Although the global economy showed signs of recovery, potential future economic shocks could still impact Sri Lankan banks.
- A continued focus on structural reforms within Sri Lanka is crucial to maintain long-term economic stability and support the banking sector.

Impact on BOC and Future Focus

Impact on the Bank together with measures bearing a future focus are discussed in the next section under Macro-financial conditions.

MACRO-FINANCIAL CONDITIONS

Created implications for:

Credit Risk, Market Risk, Operational Risk, Liquidity Risk and Strategic Risk

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
<p>Improvements of macro-financial Conditions,</p> <ul style="list-style-type: none"> In the first half of 2024, domestic macro financial conditions improved along with economic recovery and price stability. GDP growth picked up from the negative levels that prevailed throughout most of 2023. Inflation remained contained within a stable corridor. Credit growth also picked up significantly with Production Managers Indices for both manufacturing and services indicating improving levels of activity. Beginning with the first half of the year, credit to the private sector improved. Interest rates including yields on government securities and lending and deposit rates decreased significantly from the highs that prevailed throughout 2023 and stabilised by the end of the year. Gross external reserves continued its positive upward trend throughout as the national economy recovered momentum. <p>Yet Risks Remain,</p> <ul style="list-style-type: none"> The deterioration in real income and elevated price levels remain a challenge. Banking sector exposure to real estate remains elevated due to urbanisation. Loans and advances picked up momentum with the credit cycle going into an expansionary phase. This inevitably led to higher credit risk exposure. Foreign inflows were constrained and promoting inflows through Financial System was challenging. 	<p>Impact on Net Interest Income</p> <ul style="list-style-type: none"> Relaxation of monetary policy stance of the Central Bank resulted in a 12% YoY Interest income decline in 2024, primarily due diminished yields on loans and government securities. The significant reduction in interest expenses (32%) which outpaced the drop in income, dampened the negative impact on net interest income. <p>Impact on Loans Growth</p> <ul style="list-style-type: none"> The impact on BOC's loan book was minimal (1% YoY drop). The Bank pursued growth with a cautiously optimistic stance, recognising the need for a prudent, risk-based approach to credit growth. <p>Adapting to changes in policy and interest rates</p> <ul style="list-style-type: none"> The Bank adapted quickly to changes in policy and interest rates which had a direct impact on savings, borrowing and lending behaviours of consumers, businesses, and the Bank. <p>Balancing credit risk vs. market opportunities</p> <ul style="list-style-type: none"> Balancing credit risk vs market opportunities was necessary for pursuing growth prospects amidst subdued economic conditions. <p>Heightened credit risks in specific industries</p> <ul style="list-style-type: none"> During the period Sri Lankan banking sector experienced elevated levels of credit risk, particularly within the construction, tourism and apparel sectors, coupled with high interest rates and import restrictions caused to exert pressure on asset quality of the Bank. Prudent provisioning, business revival and rehabilitation and strategic debt restructuring aided Bank to weather the unfavorable economic conditions. <p>Operational strategies to support economic recovery.</p> <ul style="list-style-type: none"> Supporting Sri Lanka's fragile economic recovery called for adapting a variety of operational strategies. These included new loan schemes targeting Micro, Small and Medium Enterprises (MSMEs) and women entrepreneurs. An enhanced focus on supporting customers in financial distress. Amidst difficult conditions and financial stress on borrowers, BOC managed to improve default levels significantly with timely and effective post-disbursement follow up actions that offered optimum solutions to our customers.

RISKS AND GROWTH

RISK LANDSCAPE ELEMENT

IMPACT ON BOC

Needed to adapt, innovate and collaborate for positive growth.

- BOC strengthened the balance sheet by expanding the product portfolio launching new products with competitive interest rates during 2024.
- Complications on managing leading and investment portfolios.
- Achieving Sustainable level of capital.
- Strategic Risk – Constraints on achieving budgeted targets.
- Increased operational risk with anticipated growth in business and post pandemic and economic downturn.

BOC RESPONSE AND FUTURE FOCUS

- Strengthening the Bank's resilience to adverse macro-financial developments.
- Strengthening systems with a higher focus and resources for managing non-performing credit facilities.
- The Bank launched the following new products to cater to growing consumer needs, to widen product portfolio and strengthen the balance sheet.
 - ◆ BOC Youth Loan scheme
 - ◆ BOC Ranliya Loan scheme targeting women entrepreneurs
 - ◆ A number of loan schemes targeting MSMEs and rural development, covering lifeline industries
- Bank focussed on managing its Net Interest Margins by repricing the loans and advances accordingly to manage a low-interest rate scenario.
- Innovative deposit products such as 100-day investments etc. introduced by the Bank helped bolster the liquidity position during a phase of low interest rates.
- Given increased remittances the Bank enhanced its partnerships with Banks overseas especially in countries where Sri Lankan migrant community is concentrated. The number of trained business promotion officers was increased to enhance service levels.
- Bank undertook the following actions to promote foreign remittances.
 - ◆ Expanded the service to new destinations
 - ◆ Conducted special promotional campaigns
 - ◆ Introduced 'Smart envoy' app to enable business promotion officers to reach customer information online real time
 - ◆ Introduced new pre-departure loan products for new visa categories

BOC RESPONSE AND FUTURE FOCUS

- New Fixed Deposit Scheme, 'Prosperity deposit' scheme was introduced enabling customers to invest their funds at an attractive rate of interest. 'BOC Smart Freelancer' - A unique savings scheme designed for Freelancers and online entrepreneurs who earn through reputed digital platforms was introduced.
- Proactively addressed heightened credit risks in specific industries by implementing targeted management overlays, reflecting a cautious approach to credit risk management. This strategy enabled close monitoring, timely mitigation, and the allocation of sufficient provisions for potential credit losses.
- The scope of the NPA Review Committee was enhanced. A staff reward scheme was introduced to encourage staff to perform at their best in recovery.
- Concessionary reschedulement plans and compromised exit plan were introduced to Stage 3 loan holders which led to reversal of loans.
- The successful issuance of LKR 15 billion debentures supported meeting capital requirements by achieving a 16% capital adequacy ratio at the year end.
- The capital augmentation plan was reviewed well in advance to ensure compliance with new requirements which may arise due to restructuring of international sovereign bonds and exposure to government.

CREDIT RATING CHANGES FOR SRI LANKA AND BANK OF CEYLON

Created implications for:

Credit Risk, Market Risk, Operational Risk, Liquidity Risk and Strategic Risk

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
Sri Lanka's Credit Rating <ul style="list-style-type: none"> ● In April 2022 the Sri Lankan government announced that it was defaulting on sovereign debt leading to an IMF bailout and debt restructuring negotiations. ● Fitch Ratings downgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'RD' (Restricted Default) in May 2022 and the government is not currently servicing its foreign-currency debt. ● On 20 December 2024, Fitch Ratings upgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC+' from 'RD' (Restricted Default) which considered the improvement in the country's credit rating at end of the year, following a period of significant downgrades due to economic difficulties. ● The upgrade was accompanied by a similar upgrade to the Long-Term Local-Currency IDR to 'CCC+' from 'CCC-'. 	<ul style="list-style-type: none"> ● The Restricted Default (RD) sovereign country rating had a negative impact on borrowing levels across the financial sector, immediately impacting credit ratings of individual financial institutions. <p>Impact of debt restructuring</p> <ul style="list-style-type: none"> ● Restructuring of International Sovereign Bonds (ISBs) created a positive net impact on the profit for the year. ● A "Day 1 loss" on the income statement arises during debt restructuring when the immediate accounting loss suffered as a result of terms of a debt are modified. It reflects the difference between the carrying value of the original debt and the present value of the restructured debt on Day 1 of the restructuring agreement. ● A further haircut loss arose from the de-recognition of financial assets. A haircut refers to the reduction of outstanding interest payments or a portion of a bond payable that will not be repaid during a debt restructuring process.

RISKS AND GROWTH

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
Bank's Credit Rating <ul style="list-style-type: none">● Fitch Ratings upgraded the Bank of Ceylon's (BOC) credit ratings multiple times in 2024 and 2025.● 6 June 2024: Fitch affirmed BOC's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'CC'.● Long-Term Local-Currency IDR of 'CCC-' with a Stable Outlook, and the Short-Term IDR at 'C'.● 5 December 2024: Fitch upgraded BOC's Long-Term Foreign Currency IDR to 'CCC-' from 'CC'.● 9 January 2025: Fitch upgraded BOC's Long-Term Foreign- and Local-Currency IDRs to 'CCC+' from 'CCC-'.● 23 January 2025: Fitch upgraded BOC's National Long-Term Rating to 'AA-(lka)' from 'A(lka)'.	Sovereign exposure risk <ul style="list-style-type: none">● Bank's substantial investment and loans tied to government sector, to be a key driver in the Bank's risk profile. This may affect the Bank's liquidity position because of constraints on the government's repayment capacity.● The Bank as a strategy put in concerted efforts to increase lending to the private sector, which has moderated the impact of sovereign exposure.
BOC RESPONSE AND FUTURE FOCUS	
<ul style="list-style-type: none">● Despite setbacks, BOC's strong financial performance across key metrics in the face of challenging economic conditions helped the Bank retain its credit rating during 2024, with an upgrade in December 2024. It was notable that the Bank's credit ratings were upgraded even prior to the Sri Lanka credit ratings were upgraded.● To strengthen the capital base, BOC raised LKR 15.0 billion in Basel III compliant Tier II capital via a debenture issue during 2024.● The anticipated strengthening of recovery measures and economic prospects transforming into improved asset quality, the Bank expects a net positive impact on capital adequacy ratio by way of improved capital base and reduction in risk weighted assets.	

CHANGES IN THE REGULATORY ENVIRONMENT

Created implications for:

Credit Risk, Market Risk, Operational Risk, Liquidity Risk and Strategic Risk

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
Continuing austerity measures and regulatory reforms <ul style="list-style-type: none"> Continuing austerity measures and regulatory reforms resulted in monetary policy and fiscal measures. The Bank needed to maintain the required capital levels and liquidity ratios despite pressures on both. Potential loss of business opportunities was anticipated from exercising a more cautious approach to lending. Deterioration in asset quality required impairment provisions with impact on shareholder returns affecting profitability. 	<ul style="list-style-type: none"> BOC had to adapt to new legislation and regulations on banking operations to ensure compliance. Deterioration in asset quality during 2023 required significant impairment charges. However, gradually improving economic conditions throughout 2024 reduced the impact. An impairment charge of LKR 12.4 billion was recognised for loans and advances, which reflects the challenges faced by sectors that are yet to recover from economic downturns and global disruptions. The impaired loans (Stage 3) ratio increased to 7.2% from 5.1% in 2023.
Liquidity Management <ul style="list-style-type: none"> With the Banking Act Determination No. 01 of 2024 (13 June 2024), CBSL discontinued the Statutory Liquid Asset Ratio (SLAR) as a liquidity indicator, instead placing greater emphasis on the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) as defined under Basel III liquidity standards. With this change, the CBSL aims to enhance the resilience of the banking sector to shocks and reduce the risk of financial instability. 	<ul style="list-style-type: none"> The impairment coverage ratio (Stage 3 impairment provision to Stage 3 loans) remained strong at 53.6%, a reflection of prudent risk management measures. The Statutory Liquid Asset Ratio (SLAR) as a liquidity indicator monitored by the CBSL was discontinued with more focus on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Bank maintained a robust capital adequacy, with <ul style="list-style-type: none"> Common Equity Tier 1 ratio of 12.0% and Total Capital Ratio of 16.6%. Both were above the Basel III requirements and underscores the Bank's strong capital position and the ability to absorb potential risks.
Additional regulatory requirement on the Bank <ul style="list-style-type: none"> Additional regulatory requirements imposed by the CBSL considering the; <ul style="list-style-type: none"> Restructuring of ISBs and SLDBs Restructuring of SOEs In the context of Sri Lanka's financial sector, the CBSL allows licensed banks to draw down the Capital Conservation Buffer (CCB) up to 2.5% under specific conditions stipulated in Basel III directions, impacting the Capital Adequacy Ratio (CAR). 	<ul style="list-style-type: none"> BOC's liquidity coverage ratios for both Rupee and all currencies remained well above regulatory requirements in 2024 and indicates the Bank's ability to meet financial obligations. Heightened levels of regulation necessitated additional provision and capital requirement for the Bank.

RISKS AND GROWTH

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
<p>Sri Lankan debt recovery laws changed during the year.</p> <ul style="list-style-type: none">● An amendment to the Debt Recovery (Special Provisions) Act No. 4 of 1990 was made with the Recovery of Loans by Banks (Special Provisions) (Amendment) Act, No. 26 of 2024. The amendments suspended the sale of mortgaged property by public auction with the initial suspension effective until 15 December 2024.● Only debt recovery action approved by courts could continue.	<ul style="list-style-type: none">● The Bank carried out risk analysis to assess any additional capital requirements and took proactive measures to seek alternative capital sources. As a result the 2024 ended with a healthy capital position.● Suspension of parate executions made it more difficult to recover debts while also increasing the risk premium for all borrowers, putting customer deposits at risk.● OPR facilitates interest rate stability by reducing volatility in interbank lending rates and providing greater confidence to borrowers. A well anchored OPR makes borrowing costs predictable, thus contributing to economic growth.
<p>Overnight Policy Rate (OPR)</p> <ul style="list-style-type: none">● The Overnight Policy Rate or OPR became the Central Bank of Sri Lanka's single monetary policy rate with effect from 27 November 2024. OPR replaces the previous framework which relied on the dual rates of the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR).	<ul style="list-style-type: none">● The new regulations promote fair competition and equitable practices in the financial services sector; establishes a grievance redressing mechanism for consumers, creates a regulatory and supervisory framework for FSPs and ensures that consumers are treated fairly and transparently.
<p>Large exposure of Licensed Banks</p> <p>This measure would enhance the resilience of the Banking sector by reducing the systemic risk that could arise due to the economic dependence between borrowers. LBs with higher large exposures above the cap of 25% of tier 1 capital are required to bring down the respective exposures below the cap by end 2028 on a staggered basis. Similarly, banks are required to comply with the cap on large exposures to public corporations by end 2030. Further, the aggregate limit on large exposures is required at 55% of the total exposures of the Bank.</p>	<ul style="list-style-type: none">● FCP Regulations apply to all FSPs regulated by the CBSL and are formulated in line with international standards. They supplement existing consumer protection laws in Sri Lanka.● Credit concentration risks of Licensed Banks have been managed through large exposure caps been placed to enhance resilience of the Banking sector.● The guideline on large exposure would help the Bank to further diversify its portfolio through strengthening the balance sheet which also helps to reduce the spill over impact to related industries.
<p>Financial Consumer Protection Act</p> <ul style="list-style-type: none">● The Financial Consumer Protection Regulations (FCP Regulations) of Sri Lanka, No. 01 of 2023, protect consumers from financial service providers (FSPs). The regulations were issued by the Central Bank of Sri Lanka on August 9, 2023.	

BOC RESPONSE AND FUTURE FOCUS

- Enhanced overall risk management practices with changes in the governance structures.
- In particular, measures for evaluating new loans and advances were strengthened in order to manage the risk associated with issuing new credit.
- As a fully state-owned government Bank, the Bank relies mainly on retained earnings as the primary source of capital to maintain the additional buffers so that it can meet regulatory requirements and meet potential future capital stress periods and events.
- To further strengthen its capital position the Bank has planned to issue debentures in 2025.
- The Bank assigned a dedicated Financial Consumer Protection Officer of an executive grade to ensure full compliance.
- The Bank revisited all of the Bank's documents such as agreements to incorporate the contents specified in the regulations to ensure customers are protected accordingly and provided with an improved level of service.
- Established Board approved financial consumer protection policy.
- With respect large exposures, the Bank has established the internal tolerance limits and system developments (on reporting and monitoring) and operational guidelines are underway.

TECHNOLOGY RELATED RISKS AND THE EVOLVING CYBERSECURITY THREAT LANDSCAPE

Created implications for:

Operational Risk, Liquidity Risk and Strategic Risk

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
Cybersecurity and Information Technology Risks <ul style="list-style-type: none"> Information security risk is a key risk for banks as they maintain personal and financial data of customers. Banks must act in accordance with Sri Lanka's Personal Data Protection Act 99 of 2022 (PDPA). Rising cyber threats pose serious concerns for financial institutions, creating a substantial risk to financial stability. The risk of a cyberattack with systemic consequences has risen due to greater digitalization and heightened geopolitical tensions worldwide. Risk of extreme losses from cyber incidents is on the rise. Firms in the financial sector are uniquely exposed to cyber risk given the large amounts of sensitive data and transactions they handle. Criminals target these firms seeking to steal money or disrupt economic activity. Attacks on financial firms account for nearly one-fifth of the total attacks, of which banks are the most vulnerable and exposed. 	<ul style="list-style-type: none"> The Bank had to place great emphasis on data privacy to ensure compliance with applicable regulations and to safeguard customer information. Information and Cybersecurity threat landscape is constantly evolving and requires constant vigilance and updated policies and a dynamic stance towards information security. In order to stay competitive a rapid digitalisation drive to enhance operational efficiency, customer experience and competitive advantage is demanded. Accordingly, digital transformation and Information Technology (IT) risks are increasing which necessitates an enhancement of the Bank's IT Risk Management Framework.
Digital Transformation and Cybersecurity <ul style="list-style-type: none"> Leveraging technology in delivering financial services has become a highly competitive frontier. 	

RISKS AND GROWTH

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BOC RESPONSE AND FUTURE FOCUS

BOC's response and future focus

- Changed the reporting line of the Chief Information Security Officer (CISO) to General Manager, to provide the CISO with the necessary authority to enable speedy decision making and be more independent to ensure information security is prioritized across the entire Bank.
- Employees covering all layers of the organisation structure and Outsourced Service Providers were required to complete mandatory information security awareness course. In addition, awareness on Information security hygiene was enhanced through e-flyers, videos, physical and virtual presentations etc. Further, we telecasted educational videos in tvBOC, published content in the website to improve customer awareness on information security.
- Pre and Post Cybersecurity assessments were conducted for IT projects to identify potential threats to the Bank and implement necessary risk controls. Bank wide information security risk assessments were conducted for technology infrastructure, business applications, processes. Further, regular due diligence exercises were conducted for suppliers to identify potential cyber risk exposures and impact on the Bank.
- Strengthen information security activities by aligning policies, risk management and control mechanisms with the COBIT 2019 framework to ensure governance, compliance and continuous improvement in cybersecurity.
- Advanced threat detection and prevention tools (Intrusion Detection Systems (IDS) and Intrusion Prevention Systems (IPS), Security, Information and Event Management (SIEM), endpoint detection) were introduced to minimise cyber risk.
- The Bank liaises with external professional bodies to obtain threat intelligence and best practices. (such as CERTs - Computer Emergency Readiness Teams)
- The Bank got an award for most Information Systems Audit and Control Association (ISACA) certified members in Sri Lanka. The Bank has shaped its members to be professionally qualified in the field to ensure better information and cyber security.
- Individual awards (CISO awards) Banks-Local Merit award was awarded to the CISO of BOC in 2024.
- Convenient one-stop payment solution which gives a seamless experience on effortless payments was introduced (Gewamu.lk). even a non-customer can enjoy the convenience of managing all their bills seamlessly at a single website.
- Multi-layer security controls such as firewalls, intrusion detection systems and encryption mechanisms protect sensitive customer data and prevent unauthorised access.
- Regular security assessments including vulnerability scans, are conducted to identify and mitigate potential vulnerabilities.

SKILL RETENTION AND MANPOWER

Created implications for:

Operational Risk and Strategic Risk

RISK LANDSCAPE ELEMENT

- In 2024, Sri Lanka experienced a significant increase in labour migration.
- Labour migration has a direct impact on the staff turnover within the banking sector, with many skilled employees leaving for overseas jobs.
- This "brain drain" posed potential challenges for banks to retain qualified staff.
- There was increased incidence of headhunting from competitive banks.

IMPACT ON BOC

- Staff turnover at BOC increased significantly during the year causing loss of experienced personnel with critical and specialised skills.
- Frequent staff turnover disrupts established banking workflows, resulting possible increase in processing errors and delays, impact customer service and operational efficiency, a decline in institutional knowledge, hindering the smooth transition of tasks and responsibilities resulting an elevated training costs and onboarding time for new hires, reducing short term productivity.
- The heightened risk of possible non-adherence to internal controls due to staff turnover could result weakened oversight, increased vulnerability to fraud and security breaches due to a lack of familiarity with established protocols including inconsistent application of risk management practices.

BOC RESPONSE AND FUTURE FOCUS

The Bank has developed following employee retention strategies/ initiatives under the Bank's employee retention policy;

- Reward and Recognition for Employee motivation.
- Redesign and revamping organization structure to attract and engage new generations.
- The Bank's succession plan effectively ensured the responsibility and accountability took place smoothly following staff turnovers.
- Personal counselling program was introduced to increase more focus on employee mental health.
- Employee Branding - Encourage each employee to develop positive attitudes about the Bank and empowering them to be more effective ambassadors.
- The Bank has proactively implemented a comprehensive employee development program aimed at enhancing the skills and competencies of its workforce. Through a series of targeted training initiatives, employees are provided with opportunities to acquire new knowledge, refine their existing skills, and stay abreast of industry best practices.

ENVIRONMENTAL AND SOCIAL RISKS, CLIMATE RISK CONSIDERATION

Created implications for:

Credit Risk, Liquidity Risk, Operational Risk and Strategic Risk

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
Environmental and Social Risk <ul style="list-style-type: none"> ● The risk landscape is shifting towards a greater emphasis on sustainability and responsible business practices. Organisations must proactively identify assess, and manage E&S risks to protect their long-term value and contribute to a sustainable future. ● Increased regulatory scrutiny of E&S considerations and compliance. 	Fostering Financial Inclusion and Sustainable Banking <p>With BOC Connect, the Bank together with Sri Lanka Post extends access to banking services to the nation's most underserved communities. Rural communities will be able to access everyday banking services including deposits, withdrawals, bill payments, and fund transfers saving time and without incurring significant travel costs. It is also an approach to environmentally sustainable banking and further financial inclusion.</p>
Climate Change and Environmental Risks <p>There is an increasing focus on climate-related risks globally, with stakeholders, including consumers, demanding a more proactive stance to climate related risk management. Businesses are taking proactive actions and sustainability and related disclosures are becoming a frontier for competitiveness.</p> <p>More frequent and severe weather events and longer-term shifts in climate patterns could result in impairment of the Bank's assets, including advances, and those held as collateral.</p> <p>Adverse weather events can also jeopardise the sustainability and profitability of small, medium and microenterprises, raising credit risk.</p> <p>The Bank's financial performance and reputation could also be impacted by insufficient climate commitments, insufficient financing of new opportunities in renewable industries, and financing or partnering with organisations that damage the environment or violate human rights.</p>	Responsible banking and sustainable development <ul style="list-style-type: none"> ● Strengthening Due Diligence Processes. We conducted Environmental and Social Due Diligence (ESDD) for high-risk projects, ensuring compliance with national regulations and international best practices. ● Policy and Governance Enhancements. Updated ESMS policies and procedures to align with evolving regulatory requirements and industry standards. ● Capacity Building and Awareness Programmes. Conducted training sessions for credit officers and risk teams to enhance their understanding of E&S risk assessment methodologies. ● Promoting Green and Socially Responsible Financing. Expanded our sustainable finance portfolio, prioritizing renewable energy, energy efficiency, and environmentally friendly businesses.

RISKS AND GROWTH

RISK LANDSCAPE ELEMENT	IMPACT ON BOC
	<p>Impact of severe weather events in 2024</p> <ul style="list-style-type: none">Severe weather conditions that prevailed in May and June, and again in November and December 2024 resulted in significant crop and livestock damages from floods.These affected large swathes of farmland with extensive damages to paddy and other crops.Just in the second part of the year, over 100,000 farmers reported substantial losses seeking compensation. <p>Impact on Agriculture Sector and MSME loans and advances</p> <ul style="list-style-type: none">There is bound to be a significant impact from crop and livestock damages across multiple districts and business disruptions (both SME and other).
BOC RESPONSE AND FUTURE FOCUS	
<ul style="list-style-type: none">Developing a comprehensive ESG risk management framework.Bank is continually enhancing tools and approaches to manage E&S risk exposures across our lending and supplier processes.Under ESMS, the Bank strengthened Due Diligence processes, introduced policy and governance enhancements, conducted capacity building and awareness programmes to promote green and socially responsible financing.Established Sustainability subcommittee to strengthen ESG Framework. <p>Climate Change Preparedness</p> <ul style="list-style-type: none">Identify and assess Bank exposures for both physical and transition risks.Stress testing to assess different climate scenarios to understand their impact on financial stability of the Bank.Integrating climate risk management into the Bank’s overall governance and risk management framework.Engage with customers to manage their own climate-related risks.Create new financial products to facilitate climate change adaptation.	



A SUPERORGANISM DELIVERING ENDURING VALUE

Over the years the Bank has played a pivotal role in reassuring stakeholders by strengthening the financial ecosystem ensuring that communities can thrive even in times of economic uncertainty. Demonstrating a steady upward trajectory, with a resilient approach to economic challenges and market fluctuations the Bank's financial strength is built on prudent management, sound decision-making and a commitment to sustainable growth, ensuring that the Bank remains a trusted pillar in Sri Lanka's banking sector.

Hexagonal structures allow for efficient communication and resource sharing among bees. Bees contribute to the resilience of natural ecosystems through pollination, which is essential for the survival of plants and other species. Bank of Ceylon's robust financial performance and stability can be likened to the strength and symmetry of a hexagon.

ANNUAL REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF BANK OF CEYLON

OVERVIEW

LEADERSHIP
INSIGHTSOUR
STRATEGYOUR
PERFORMANCESTAKEHOLDER
OUTCOMES

GOVERNANCE

FINANCIAL
REPORTSCOMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION

1. General

The Board of Directors of Bank of Ceylon takes pleasure in presenting their report on the affairs of the Bank together with the Audited Consolidated Financial Statements for the year ended 31 December 2024 of the Bank and the Group and the Auditor General's Report on those Financial Statements, conforming to the requirements of the Bank of Ceylon Ordinance No. 53 of 1938 and Banking Act No. 30 of 1988 and amendments thereto. The Report also includes certain disclosures laid down by the Colombo Stock Exchange Listing Rules and certain disclosures required to be made under the Banking Act Direction No. 11 of 2007 on Corporate Governance for licensed commercial banks issued by the Central Bank of Sri Lanka and subsequent amendments thereto. The Directors reviewed and approved the Financial Statements on 24 February 2025.

Bank of Ceylon is a licensed commercial bank under the Banking Act No. 30 of 1988 and amendments thereto and was duly incorporated on 1 August 1939 under Bank of Ceylon Ordinance No. 53 of 1938. The Bank is wholly owned by the Government of Sri Lanka. The unsecured subordinated redeemable debentures issued by the Bank are listed on the Colombo Stock Exchange.

2. Review of the business

2.1. Principal activities of the Bank

The principal activities of the Bank during the year were personal banking, corporate banking, development banking, off-shore banking, trade financing, lease financing, primary dealing, investment banking and treasury operations, correspondence banking and money remittances, islamic banking, bancassurance, pawning, credit card facilities, foreign currency operations and other financial services.

2.2. Subsidiaries and associates

The principal activities of subsidiaries and associates are given under Notes to the Financial Statements on page 194. There were no significant changes in the nature of the principal activities of the Bank and the Group during the year under review, other than changes mentioned under accounting policies.

2.3. Changes to the Group Structure

During the year, the structure of the Group has not undergone any change and, notes to the Financial Statements No. 31 and 32 on pages from 256 to 263 of this Annual Report give details about the Group.

2.4. Vision, Mission and Corporate Conduct

The Bank's Vision, Mission and Value Statement are given on page 8 of this Annual Report. The Bank maintains high ethical standards in its activities whilst pursuing the objectives stated under "Vision", "Mission" and "Value Statements".

2.5. Review of the year's performance

The Chairman's Message on pages 16 to 19 deals with the year's performance of the Bank/ Group and on the Sri Lankan economy. The General Manager's Review on pages 20 to 23 provides a detailed description of the operations of the Bank during the year under review. The section titled "Financial Review" on pages 66 to 72 provides a detailed analysis of business operations of the Bank. These reports that provide a fair review of the Bank's affairs form an integral part of the Annual Report.

2.6. Customer Contact Points expansion

Enhancing the digital adoption, the Bank expanded its network by 113 CRMs during the year across the island, bringing out the total direct customer contact points to 2,294. This number

does not include peer banks' ATMs through which customers of Bank of Ceylon can transact, School "Sansada" and Mobile saving units.

During the year 2024 two branches have been added to the brick and mortar network of the Bank.

2.7. Corporate donations

The Bank has donated LKR 215.2 million on Community Development Activities carried out during the year (2023 – LKR 130.0 million).

2.8. Directors' responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements that will reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Banking Act No. 30 of 1988 and its amendments, Bank of Ceylon Ordinance No. 53 of 1938 and its amendments and the Listing Rules of the Colombo Stock Exchange. In the case of subsidiaries, the Financial Statements are also prepared in accordance with the provisions of the Companies Act No. 07 of 2007. The Statement of "Directors' Responsibility for Financial Reporting" is given on page 177 of this Annual Report and forms an integral part of this Report of the Directors.

2.9. Auditor's report

The Auditor General is the Auditor of Bank of Ceylon in terms of the provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Report of the Auditor General on the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries (Group) as at 31 December 2024 is given on pages 178 to 182 of this Annual Report.

2.10. Accounting policies

The Group and the Bank prepared their Financial Statements in accordance with Sri Lanka Accounting Standards (LKASs) and Sri Lanka Financial Reporting Standards (SLFRSs).

The accounting policies adopted in the preparation of Financial Statements are given on pages 194 to 209.

3. Planned developments

An overview of the developments planned by the Bank for the future is presented in the Chairman's Message on pages 16 to 19 and General Manager's Review on pages 20 to 23 of this Annual Report.

4. Total income

The total income of the Group for the year 2024 was LKR 494,921.9 million as against LKR 551,866.8 million in the previous year. The Bank's total income accounted for 98% (2023 – 98%) of the total income of the Group. The main income of the Group is interest income, which comprises 95% (2023 – 96%) of the total income.

5. Dividends and reserves

5.1. Profit and appropriations

The Bank has recorded a profit before income tax of LKR 106,904.3 million in 2024 reflecting a notable increase of 165%, compared to LKR 40,342.4 million recorded for the previous year.

After a charge of LKR 42,517.3 million for income tax (2023 – LKR 13,648.9 million), the Bank has recorded Profit After Tax (PAT) for the year 2024 amounting to LKR 64,386.9 million, which is a 141.2% increase compared to LKR 26,693.5 million PAT reported in 2023.

After charge of LKR 43,159.9 million of income tax (2023 – LKR 14,155.4 million), the profit after tax for the year of the Group is LKR 65,061.5 million in 2024 (2023– LKR 27,617.6 million).

Details of the profit relating to the Bank and the Group are given in the table below:

For the year ended 31 December	Bank		Group	
	2024 LKR million	2023 LKR million	2024 LKR million	2023 LKR million
Profit for the year after payment of all expenses, providing for depreciation, amortisation, impairment on loans and other losses, contingencies and before taxes	135,299.6	53,005.9	136,925.2	54,695.3
Taxes on financial services	(28,395.3)	(12,663.6)	(28,790.1)	(12,955.8)
Share of profits/ (losses) of associate companies net of tax	-	-	86.4	33.5
Profit before income tax	106,904.3	40,342.4	108,221.5	41,773.0
Income tax (expense)/ reversal	(42,517.3)	(13,648.9)	(43,159.9)	(14,155.4)
Profit for the year	64,386.9	26,693.5	65,061.5	27,617.6
Other comprehensive income for the year, net of tax	(12,058.5)	(28,989.7)	(13,704.2)	(27,397.1)
Total comprehensive income for the year	52,328.4	(2,296.2)	51,357.3	220.5
Appropriations				
Transfers to permanent reserve fund	(1,288.0)	(534.0)	(1,288.0)	(534.0)
Dividends	-	(173.2)	-	(173.2)

ANNUAL REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF BANK OF CEYLON

5.2. Dividends

The Bank pays dividends to its sole shareholder; the Government of Sri Lanka, as per the Dividend Policy of the Bank in consultation with the Government, prudently based on profits after of tax, provisioning for loan losses and any such portion for reserves. However, no any dividend has been paid, during the year 2024 and a sum of LKR 173.2 million was paid for the year 2023.

5.3. Reserves

The total reserves of the Group stood at LKR 295,566.3 million as at 31 December 2024 (2023 – LKR 245,727.9 million). The Group reserves consist of the following:

	Group	
	2024 LKR million	2023 LKR million
As at 31 December		
Permanent reserve fund	16,953.0	15,665.0
Cash flow hedge reserve	1,521.4	5,251.5
Revaluation reserve	33,584.7	33,687.4
Free reserve	366.7	366.7
Exchange translation reserve	9,994.3	12,335.3
FVOCI reserve	7,328.6	4,999.8
Statutory reserve	358.9	358.9
Special reserve	39,922.1	-
Retained earnings	185,536.6	173,063.3
Total	295,566.3	245,727.9

6. Property, plant and equipment

The total capital expenditure incurred by the Group on the addition of Property, Plant and Equipment and intangible assets during the year amounted to LKR 5,870.2 million (2023 – LKR 4,056.2 million) the details of which are given in Notes 34 and 36 of Financial Statements on pages 265 to 278 and 281 to 282 of this Annual Report.

7. Value of freehold properties

The value of freehold properties owned by the Group as at 31 December 2024 is included in Note 34 of the Financial Statements at LKR 39,562.3 million (2023 – LKR 38,748.4 million).

8. Stated capital and shareholding

8.1. Stated capital

The total issued and fully paid-up capital of the Bank as at 31 December 2024 was LKR 25,000 million (2023 – LKR

25,000 million). During the year 2022 Government Treasury infused LKR 730.0 million as capital contribution to the Bank and as at 31 December 2024 this amount has been recorded under capital pending for the allotment.

8.2. Shareholding

The Government of Sri Lanka is the sole shareholder of the Bank.

9. Issue of subordinated debentures/ bond

During the year, the Bank successfully raised LKR 15,000.0 million (2023 – LKR 10,000.0 million) through the issuance of Basel III compliant, listed, rated, unsecured, subordinated, debentures to support Tier 2 capital base.

The details of debentures outstanding as at the date of Statement of Financial Position are given in Note 49 of the Financial Statements on pages 300 to 302.

10. Share information

The basic earnings per share of the Group was LKR 2,600.31 (2023 – LKR 1,102.86) and net Asset value per share as of 31 December 2024 was LKR 12,851.85 (2023 – LKR 10,858.32), for the year under review.

11. Community Development Activities

The programmes carried out under community development activities investments are detailed on page 110 to 116 under the section titled "Banking for a Sustainable Future".

12. Directors

Details of Directors who held the office during the year 2024 and holding the office as of the sign-off date of this Annual report is given in the table below. The Directors of the Bank do not hold any executive positions in the Bank. They bring wide range of skills and experience to the Bank. The qualifications and experience of the Directors are given on pages 26 to 29 of this Annual report. As of the Annual Report sign-off date, the number of Directors holding office is six (6). During the year 2024, the Board consisted of the following members;

12.1. List of directors

Mr Kavinda M L de Zoysa

Independent Non-Executive Director/ Chairman (Appointed w.e.f. 04 November 2024)

Mr R M P Rathnayake

Independent, Non-Executive Director (Appointed as a Ex-officio director w.e.f. 29 April 2023, ceased to be a Ex-officio director w.e.f. 06 November 2024 and re-appointed as a Independent director w.e.f. 20 December 2024)

Dr Kapila Senanayake

Non-Independent, Non-Executive Ex-officio Director (Appointed w.e.f. 14 November 2024)

Mr. Jayamin Pelpola

Independent Non-Executive Director (Appointed w.e.f. 22 February 2024)

Mr. Jehaan Ismail

Independent Non-Executive Director (Appointed w.e.f. 07 February 2024)

Dr. Amal Illesinghe

Independent Non-Executive Director (Appointed w.e.f. 06 December 2024)

Mr. Ronald C Perera PCIndependent Non – Executive Director/ Chairman
(Appointed w.e.f. 18 January 2023, resigned w.e.f. 13 March 2024)**Mr. Kavan Ratnayaka**Independent Non- Executive Director/ Chairman
(Appointed w.e.f. 14 March 2024, resigned w.e.f. 22 September 2024)**Major General (Rtd.) G A Chandrasiri VSV**Independent Non- Executive Director
(Appointed w.e.f. 08 January 2021, ceased to be a director w.e.f. 07 January 2024)**Prof. Kithsiri M Liyanage**Independent Non- Executive Director
(Appointed w.e.f. 31 March 2023, resigned w.e.f. 28 November 2024)**Mr. Naresh Abeyesekera**Independent Non- Executive Director
(Appointed w.e.f. 04 May 2023, resigned w.e.f. 13 November 2024)

Accordingly, the present Board is as follows,

Name of the Director	Executive / Non-Executive Status	Status of Independence
Mr. Kavinda M L de Zoysa	Non-Executive	Independent
Mr. R M P Rathnayake	Non-Executive	Independent
Dr. Kapila Senanayake	Non-Executive Ex officio	Non-Independent
Dr. Amal Illesinghe	Non-Executive	Independent
Mr. Jehaan Ismail	Non-Executive	Independent
Mr. Jayamin Pelpola	Non-Executive	Independent

The Directors are classified as Independent Directors on the basis given in Banking Act Direction No. 11 of 2007 on Corporate Governance for licensed commercial banks issued by the Central Bank of Sri Lanka.

12.2. Board subcommittees

The Board has formed six subcommittees complying with the aforesaid Banking Act Direction No. 11 of 2007 to ensure oversight control over affairs of the Bank. The subcommittee composition is given under the Governance on pages 131 to 142 of this Annual Report.

12.3. Directors' meetings

Attendance of Directors at Board and subcommittee meetings are given on page 120 of this Annual Report.

12.4. Directors' interests in contracts

Directors' interests in contracts with the Bank, both direct and indirect are given on page 173. These interests have

been declared at meetings of the Board of Directors. Except for the contracts given therein, the Directors do not have any direct or indirect interest in other contracts or proposed contracts with the Bank. Directors refrain from voting matters in which they are materially interested.

12.5. Directors' interests in debentures issued by the Bank/ Group

There were no debentures registered in the name of any Director.

12.6. Directors' allowances/ fees

The allowances/ fees payable to the Board of Directors are made in terms of the provisions/ contents in the Public Enterprises Circular No. PED 3/2015 dated 17 June 2015 and PED 01/2020 dated 27 January 2020 issued by the Department of Public Enterprises of the Ministry of Finance and Bank of Ceylon Ordinance No. 53 of 1938 and its amendments and Remuneration Policy for Chairman and Directors of the Bank of Ceylon. The Directors' remuneration in respect of the Bank and the Group for the financial year ended 31 December 2024 are given in Note 17 on page 218.

13. Risk management and system of internal controls**13.1. Risk management**

The Board of Directors assumes overall responsibility for managing risks. The specific measures which were taken by the Bank in mitigating the risks are detailed on pages 143 to 166 of this Annual Report.

13.2. Internal control

The Board of Directors has ensured the implementation of an effective and comprehensive system of internal controls in the Bank through the Audit Committee.

The Audit Committee helps the Board of Directors to discharge their fiduciary responsibilities. The Report of the

ANNUAL REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF BANK OF CEYLON

Chairman of the Audit Committee is contained on pages 131 to 132 of this Annual Report. The Directors are satisfied with the effectiveness of the system of internal controls during the year under review and up to the date of the Annual Report and the Financial Statements.

The Board has issued a statement on the internal control mechanism of the Bank as per Direction No. 3 (8) (ii) (b) of Banking Act Direction No. 11 of 2007 on Corporate Governance for licensed commercial banks. The above report is given on pages 174 and 175 of this Annual Report. The Board has confirmed that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external reporting purposes has been done in accordance with relevant accounting principles and regulatory requirements.

The Board has obtained an Assurance Report from the Auditor General on Directors' Statement on Internal Control and it is given on page 176 of this Annual Report.

14. Related Party Transactions

Directors have also disclosed transactions if any, that could be classified as Related Party Transactions in terms of Sri Lanka Accounting Standards - LKAS 24 (Related Party Disclosures) which is adopted in preparation of the Financial Statements.

The Related Party Transactions Review Committee considers all transactions Policy and in compliance with the relevant regulations of CSE and Central Bank of Sri Lanka, ensuring transactions are fair and in the best interests of the Bank.

Directors are in the view of the Bank has not granted favourable treatments to its related parties in the all transactions.

15. Corporate governance

The Board of Directors is committed towards maintaining an effective corporate governance structure and process. The financial, operational and compliance functions of the Bank are directed and controlled effectively within corporate governance practices. These procedures and practices that are in conformity with Corporate Governance Directions issued by the Central Bank of Sri Lanka under Banking Act Direction No. 11 of 2007 and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, are described in the section titled "Corporate Governance" appearing on pages 113 to 130 of this Annual Report.

The Board has obtained a report from the Auditor General on the compliance with the provisions of the above mentioned Direction No. 11 of 2007.

16. Human Resources

One of the most valuable assets of the Bank is its employees and it is important for the Bank to develop them. Several measures were taken to strengthen the much valued human capital in order to optimise their contribution towards the achievement of corporate objectives. The Bank's human resource management policies and practices are detailed in the section titled "A Talented, Inclusive and Sustainable Workforce" on pages 96 to 98 of this Report.

17. Compliance with laws and regulations

The Directors, to the best of their knowledge and belief confirm that the Group has not engaged in any activities contravening the laws and regulations.

Details of the Bank's compliance with laws and regulations are given on pages 351 to 394 under the section titled "Compliance Annexes" which forms an

integral part of this Report. They ensure that they are aware of applicable laws, rules and regulations.

18. Outstanding litigation

In the opinion of the Directors and as confirmed by the Bank's lawyers, the litigation currently pending against the Bank will not have a material impact on the reported financial results or future operations of the Bank.

19. Statutory payments

The Board confirms that all statutory payments due to the Government and in relation to employees have been made on time.

20. Environmental Protection

The Bank has not engaged in any activity, which has caused detriment to the environment. Further, precautions taken to protect the environment are given in the section titled "Banking for a Sustainable Future" on page 110 to 111.

21. Post-balance sheet events

The Directors are of the view that no material events have arisen in the interval between the end of the financial year and the date of this Report that would require adjustments or disclosures.

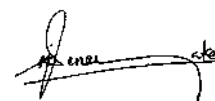
22. Going concern

The Directors are confident that the resources of the Bank are adequate to continue its operations. Therefore, it has applied the going concern basis in preparing the Financial Statements.

By order of the Board,

Janaki Senanayake Siriwardane

Secretary Bank of Ceylon/ Secretary to the Board



24 February 2025
Colombo

DIRECTORS' INTEREST IN CONTRACTS

Related party disclosures as required by the Sri Lanka Accounting Standard - LKAS 24 on "Related Party Disclosures" are detailed in Note 61 to the Financial Statements.

In addition, the transactions that have been carried out in the ordinary course of business in an arm's length basis with entities where the Chairman or a Director of the Bank is the Chairman or a Director of such entities, are detailed below:

Company	Relationship	Nature of Transactions	Limit '000	Balance/ Amount outstanding as at 31.12.2024 '000	Balance/ Amount outstanding as at 31.12.2023 '000
Directors' Interest In Contracts					
Mr Kavinda M L De Zoysa (appointed as the Chairman of Bank of Ceylon w.e.f. 04 November 2024)					
Property Development Limited	Chairman	Current accounts		13,037	35,001
		Time Deposits		3,708,660	3,945,360
		Securities sold under repurchase agreements		752,800	62,400
Bank of Ceylon (UK) Limited	Chairman	Current accounts		8,564	19,378
		Savings accounts		38	42
		Nostro accounts		USD 1,583	USD 1,725
				463,098*	558,689 *
				GBP 508	GBP 846
				186,563*	349,273*
				EUR 1,105	EUR 1,719
				336,628*	616,790*
		Placements		USD 6,000	USD 6,000
				1,755,500*	1,943,540*
				GBP 25,700	GBP 10,700
				9,441,723*	4,414,964*
Mr Jehaan Ismail (appointed as a Director of Bank of Ceylon w.e.f. 07 February 2024)					
Hotels Colombo (1963) Limited	Chairman	Current accounts		32,130	1,568
		Time Deposits		2,044	96,474
		Overdrafts		-	41,521
		Loans		230,851	231,883
		Other receivables		235,960	164,699

* LKR equivalent amount

Note : Currencies not specifically mentioned are in LKR

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility

In line with the Banking Act Direction No. 05 of 2024, section 9.2(b), the Board of Directors presents this report on Internal Control over Financial Reporting.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at Bank of Ceylon, ("the Bank"). In considering such adequacy and effectiveness, the Board recognizes that the business of banking requires reward to be balanced with risk on a managed basis and as such the internal control systems are primarily designed with a view to highlighting any deviations from the limits and indicators which comprise the risk appetite of the Bank. In this light, the system of internal controls can only provide reasonable, but not absolute assurance, regarding the reliability of Financial Reporting, and the preparation of Financial Statements for external purposes has been done in accordance with relevant accounting principles & regulatory requirements.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process includes enhancing the system of internal control over financial reporting as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and is in accordance with the guidance for Directors of banks on the directors' statement on internal control issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control over financial reporting taking into account principles for the assessment of internal control system as given in that guidance.

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial

reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key features of the process adopted in reviewing the design and effectiveness of the internal control system over financial reporting

The vital processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- Various committees are established by the Board to assist the Board in ensuring the effectiveness of the bank's daily operations and that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies, procedures and business directions that have been approved.
- The Internal Audit Division of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any noncompliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed using approved risk rating methodologies to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. In line with the approved annual audit plan, the Internal Audit

Division carries out onsite as well as offsite internal audits using a variety of methodologies and the audit findings are submitted to the Board Audit Committee for review.

- The Board Audit Committee of the Bank reviews internal control issues identified by the Internal Audit Division, the external auditors, regulatory authorities and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of the same. All minutes of the Board Audit Committee meetings are forwarded to the Board. Detail analysis of the activities undertaken by the Audit Committee of the Bank are set out in the Audit Committee Report on pages 131 to 132 of the Annual Report.
- In assessing the internal control system over financial reporting, identified officers of the Bank collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Bank. These in turn were observed and checked by the Internal Audit Division for suitability of design and effectiveness on an ongoing basis. The assessment did not include subsidiaries of the Bank.
- The Bank adopted the Sri Lanka Accounting Standard SLFRS 9 - "Financial Instruments" with effect from 1st January 2018. In order to comply with the requirements of SLFRS 9, the Bank developed Expected Credit Loss (ECL) models using a wide range of forecast economic scenarios to determine impairment provisions with the support of an external consultant. These models are time to time validated by the Internal Audit Division and/or an external firm of

Chartered Accountants. The Bank has taken adequate measures to comply with the Directions No.13 and 14 issued by the Central Bank of Sri Lanka with regard to classification, recognition and measurement of credit facilities under SLFRS 9 effecting from 01.01.2022 and the same has been audited by the Internal Audit Division.

- The Bank is in the process of implementing an automated financial reporting solution in order to comply with the requirements of recognition, measurement, classification and disclosure of the financial instruments more effectively and efficiently and to facilitate the "Financial Statement Closure" process. This automated solution enables the calculation of impairment provisioning under SLFRS 9 - "Financial Instruments" and facilitates the fulfilling of internal and external reporting requirements.
- The Bank continued to approve the changes in the external environment during the year 2024 when making provisions for foreign currency financial instruments and loans and advances. The stringent measures adopted by the government to ease the fiscal and economic stresses including domestic debt restructuring, international debt optimization, changes in the inflation and interest rates were taken into consideration in this regard.
- In 2024, the Bank continued its compliance with the remaining moratorium packages which were introduced by the government to provide relief to those affected by COVID-19. The residual impact of COVID-19 on the Bank's customers in risk elevated industries such as tourism, constructions and textiles-export were also considered when assessing the impairment provisioning using the ECL models under SLFRS 9 "Financial Instruments". With regard to the Economic Factor Adjustment (EFA), a favourable treatment was adopted with regard to term and vehicle loans considering the comments of the Auditors and industry level applications while in all other aspects a more prudential approach was taken when calculating the expected credit losses in 2024.
- A steering committee composing of various disciplines of the Bank monitors and coordinates the implementation of the automated financial reporting solution with special emphasis on the directions issued by the regulator for classification, recognition and measurement of credit facilities under SLFRS 9.
- The Bank is continuously monitoring and updating procedures inter-alia relating to impairment of loans and advances of the Bank and foreign branches, financial statement disclosures, risk management, related party transactions and all other significant banking activities based on the changing regulatory and market conditions. The requirements under SLFRSs/LKASs and regulatory directions have been communicated to the relevant stakeholders including the Board and senior management through training and awareness sessions.
- The comments made by the external auditors in connection with internal control system over financial reporting in previous years were reviewed during the year and appropriate steps have been taken to rectify them. The recommendations made by the external auditors in 2024 in connection with the internal control system over financial reporting will be addressed in the future.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of Central Bank of Sri Lanka.

Review of the Statement by External Auditors

The Auditor General with the assistance of Messrs Ernst & Young has reviewed the Directors' Statement on Internal Control over Financial Reporting for the year ended 31st December 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with his understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Bank. The Report of the Auditor General on the Statement of Internal Control over Financial Reporting is given on page 176 of this Annual Report.

By order of the Board,



Chairman - Audit Committee



Chairman



Director

Colombo, Sri Lanka
24 February 2025

INDEPENDENT ASSURANCE REPORT



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Your No.

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திகதி } 24 March 2025
Date

The Chairman,
Bank of Ceylon.

Assurance Report of the Auditor General to the Board of Directors on the Directors' Statement on Internal Control over Financial Reporting of Bank of Ceylon

Introduction

This report is to provide assurance on the Directors' Statement on Internal Control over Financial Reporting (the "Statement") of Bank of Ceylon (the "Bank") included in the annual report for the year ended 31 December 2024.

Management's Responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued in compliance with the Section 3(8) (ii) (b) of the Banking Act Direction No. 11 of 2007, by the Institute of Chartered Accountants of Sri Lanka.

My Responsibility and Compliance with SLSAE 3050(Revised)

My responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

I conducted my engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3050 (Revised), Assurance Report for Banks on Directors' Statement on Internal Control, issued by the institute of Chartered Accountants of Sri Lanka. This Standard required that I plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control over Financial Reporting. For purpose of this engagement, I am not responsible for updating or reissuing any reports, nor have I, in the course of this engagement, performed an audit or review of the financial information.

Summary of Work Performed

I conducted my engagement to assess whether the Statement is supported by the documentation prepared by or for Directors; and appropriately reflected the process the Directors have adopted in reviewing the system of internal control over financial reporting of the Bank.

The procedures performed were limited primarily to inquiries of Bank personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3050 (Revised) does not require me to consider whether the Statement covers all risk and controls, or to form an opinion on the effectiveness of the

Bank's risk and control procedures. SLSAE 3050(Revised) also does not require me to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on my judgement, having regard to my understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Conclusion

Based on the procedures performed, nothing has come to my attention that causes me to believe that the Statement included in the Annual Report is inconsistent with my understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Bank.

W P C Wickramaratne
Auditor General



DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

This Statement by the Board of Directors is made especially to distinguish the respective responsibilities of the Directors and Auditors in relation to financial reporting. The responsibility of Directors in relation to financial reporting of the Bank of Ceylon and the Group is set out in the following statement.

Financial statements

In terms of the provisions of Bank of Ceylon Ordinance No. 53 of 1938 and its amendments read with the Banking Act No. 30 of 1988 and its amendments and Directions, the Directors of the Bank are responsible for ensuring that the Bank maintains proper books of accounts, which disclose with reasonable accuracy at any time, the financial position of the Bank and prepares proper Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Bank.

The Directors affirm that in preparing the Financial Statements for the year 2024 presented in this Annual Report, the most appropriate accounting policies have been used and applied consistently supported by judgments and estimates that are reasonable and prudent. Material departures, if any, have been disclosed and explained.

The Financial Statements for the year 2024 presented in this Annual Report, are in conformity with the requirements of the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, Banking Act No. 30 of 1988 and its amendments and Directions issued under it, the Sri Lanka Accounting Standards and other regulatory requirements. These Financial Statements reflect a true and fair view of the state of affairs of the Bank of Ceylon and the Group as at 31 December 2024.

Going concern

The Directors are of the view that the Bank and the Group have adequate resources to continue in business in the

foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the Financial Statements.

Internal controls, risk management and compliance

The Directors are also responsible for the system of internal financial controls and risk management and place considerable importance on maintaining a strong control environment to protect and safeguard the Bank's assets and prevent fraud and mismanagement.

Whilst inherent and residual risks cannot be completely eliminated, the Bank endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and practiced within predetermined procedures and limits/ boundaries.

A report by the Directors on the Bank's internal control mechanism, confirming that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, is given on pages 174 and 175 of this Annual Report.

The Directors and Management have put in place, risk management policies and guidelines. Management committees have been established to monitor and manage material risks. Arrangements are in place to ensure that monthly reports on risk are submitted to the Integrated Risk Management Committee for review and discussion. Compliance with applicable laws, regulations, rules, directives and guidelines are monitored by the Independent Integrated Risk Management Division and reported to the Board.

The Audit Committee and Integrated Risk Management Committee, on an ongoing basis, have acted to strengthen the effectiveness of internal controls

and risk management procedures. The reports of the Audit Committee and Integrated Risk Management Committee are included on pages 131 to 135 of this Annual Report.

Audit report

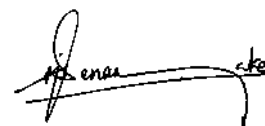
Pursuant to provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka, the Auditor General is the Auditor of the Bank and issues the final opinion on the Financial Statements of the Bank. The responsibilities of the Auditor in relation to the Financial Statements are set out in the Report of the Auditor General on pages 178 to 182 of this Annual Report. The Auditor General's certification on the effectiveness of the Bank's internal control mechanism is given on page 176 of this Annual Report.

Compliance

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments, in relation to all relevant regulatory and statutory authorities, which were due and payable by the Bank and its subsidiaries as at the Statement of Financial Position date, have been paid or where relevant provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By order of the Board,



Janaki Senanayake Siriwardane

Secretary Bank of Ceylon/ Secretary to the Board

24 February 2025
Colombo

REPORT OF THE AUDITOR GENERAL



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My No. }

BAN/B/BOC/FA/2024

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Date }

25 February 2025

Chairman

Bank of Ceylon

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Bank of Ceylon and its subsidiaries for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the Financial Statements of Bank of Ceylon (the "Bank") and the Consolidated Financial Statements of the Bank and its subsidiaries (the "Group") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018.

The Bank has been exempted from the provisions of Part II of the Finance Act, No. 38 of 1971 by an Order of then Minister of Finance published in the Government Gazette No. 715 of 14 May 1992 by virtue of powers vested in him by Sections 5(1) of the said Finance Act. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of chartered accountant in public practise.

In my opinion, the accompanying financial statements of the Bank and the Group give a true and fair view of the financial position of the Bank and the Group as at 31 December 2024 and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the Financial Statements of the current period. These matters were addressed in the context of my audit of the Financial Statements as a whole, and in forming my audit opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Key audit matter	How my audit addressed the key audit matter
<p>Expected credit losses of loans and advances measured at amortised cost</p> <p>Expected credit losses of loans and advances measured at amortised cost as disclosed in Note 28, is determined by management based on the accounting policies described in Note 4.4.11.6 to the financial statements.</p> <p>This was a key audit matter due to</p> <ul style="list-style-type: none"> The involvement of significant management judgements, assumptions and level of uncertainty associated with estimating future cash flows to recover such loans and advances; and The materiality of the reported amount of expected credit losses. <p>Key areas of significant judgements, assumptions and estimates made by management in the assessment of expected credit losses for loans and advances include forward-looking macroeconomic scenarios, associated weightages and considerations that indicate significant increase in credit risk. These are subject to inherently heightened levels of estimation uncertainty.</p> <p>Information of such key estimates, assumptions and judgements are disclosed in Note 28.</p>	<p>In addressing the adequacy of expected credit losses of loan and advances, my audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Assessed the Bank's expected credit loss computations with the underlying methodology including responses to economic conditions to its accounting policies, based on the best available information up to the date of my report. Evaluated the design, implementation, and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review, and approval of expected credit losses, policies and procedures by the Board of Directors and management. Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Bank. Evaluated the reasonableness of credit quality assessments and related stage classifications. The following procedures were also performed: For loans and advances assessed on an individual basis for impairment: <ul style="list-style-type: none"> Tested the arithmetical accuracy of the underlying individual impairment calculations. Evaluated the reasonableness of key inputs used in the expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery action of the collaterals. For loans and advances assessed on a collective basis for impairment: <ul style="list-style-type: none"> Tested the key inputs and the calculations used in the allowances for expected credit losses. Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. My testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. Assessed the adequacy of the related financial statement disclosures set out in Notes 4.4.11.6 and 28.



REPORT OF THE AUDITOR GENERAL



Key audit matter

Accounting for the debt restructuring of Sri Lanka International Sovereign Bonds (SLISBs)

Following the Government of Sri Lanka's conclusion of the restructure of its International Sovereign Bonds (SLISBs), as disclosed in Note 29.4, the Bank derecognized its SLISBs and recognized new bonds received as part of the exchange in accordance with its accounting policy disclosed in Note 4.4.8 to the financial statements.

This was a key audit matter due to

- Materiality of reported amounts which resulted in a reversal of an impairment of Rs.38.6 Bn and recognition of losses resulting from the measurement of the new bonds amounting to Rs. 24.5 Bn and
- the degree of management judgements, assumptions and estimation uncertainties associated with the fair value measurement, stage classification of the new bonds and related determination of its Expected Credit Loss.

Key areas of significant judgements, assumptions and estimates made by management include discount rates used in the fair value measurement of the new bonds and judgements applied in the stage classification of the new bonds, as more fully disclosed in Note 29.4 to the financial statements.

Information Technology (IT) systems related internal controls over financial reporting

Bank's financial reporting process is significantly reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.

Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.

How my audit addressed the key audit matter

My audit procedures included the following key procedures:

- Obtained an understanding of the Invitation memorandum issued by the Government of Sri Lanka, which details the options of the restructure.
- Assessed the reasonability of the accounting treatment used by the Bank in accounting for the restructure of SLISBs to the guidance issued by CA Sri Lanka which included the following:
 - Significant assumptions, judgements and estimates made by management in the fair value measurement of the new bonds including discount rates and judgements associated with the stage classification and the related assessment of Expected Credit Loss.
- Tested the mathematical accuracy of related calculations.
- Assessed the adequacy of the related disclosures set out in Notes 29.4 and 4.4.8 to the financial statements.

My audit procedures included the following key procedures:

- Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures.
- Involved specialized resources and.
- Identified, evaluated, and tested the design and operating effectiveness of IT systems related internal controls, including those related to user access and change management, and
- Obtained a high-level understanding of the cybersecurity risks affecting the bank and the actions taken to address these risks primarily through inquiry.
- Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.



1.4 Other information included in the Bank's 2024 Annual Report

The other information comprises the information included in the Bank's 2024 Annual Report, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Bank's 2024 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.5 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the

preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic Financial Statements to be prepared of the Group.

1.6 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in

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the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provision for following requirements;

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records

have been kept by the Bank as per the requirement of section 12(a) of the National Audit Act, No. 19 of 2018.

2.1.2 The Financial Statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The Financial Statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 The section 39 of the Banking Act No 30 of 1988 (as amended by Banking Act No. 24 of 2024) include specific provisions for following requirements;

2.2.1 The disclosures made in the accompanying financial statements are in accordance with the requirements of Circular No. 05 of 2024 issued by Central Bank of Sri Lanka.

2.3 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.3.1 to state that any member of the governing body of the Bank has any direct or indirect interest in any contract entered into by the Bank which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.3.2 to state that the Bank has not complied with any applicable written law, general and special directions issued by the governing body of the Bank as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.3.3 to state that the Bank has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.3.4 to state that the resources of the Bank had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

W P C Wickramaratne
Auditor General

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STATEMENT OF PROFIT OR LOSS

For the year ended 31 December	Note	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Total income	7	485,405,047	542,187,297	(10.5)	494,921,947	551,866,763	(10.3)
Interest income		461,113,949	524,797,842	(12.1)	468,786,127	532,477,761	(12.0)
Less : Interest expenses		293,561,489	433,610,256	(32.3)	297,058,327	436,967,649	(32.0)
Net interest income	8	167,552,460	91,187,586	83.7	171,727,800	95,510,112	79.8
Fee and commission income		30,415,561	25,875,048	17.5	30,847,506	26,235,325	17.6
Less : Fee and commission expenses		9,802,534	8,220,629	19.2	9,845,866	8,237,386	19.5
Net fee and commission income	9	20,613,027	17,654,419	16.8	21,001,640	17,997,939	16.7
Net gains/ (losses) from trading	10	3,433,734	(5,347,822)	(164.2)	3,473,065	(5,163,417)	(167.3)
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	11	1,507,537	858,722	75.6	1,714,133	1,448,963	18.3
Net gains/ (losses) from derecognition of financial assets	12	(3,598,692)	1,361,863	(364.2)	(2,892,497)	1,469,888	(296.8)
Net other operating income	13	(7,467,042)	(5,358,356)	39.4	(7,006,387)	(4,601,757)	52.3
Total operating income		182,041,024	100,356,412	81.4	188,017,754	106,661,728	76.3
Less : Impairment charge/ (reversal) for loans and other losses	14	(20,343,159)	(4,906,277)	314.6	(20,720,005)	(5,048,666)	310.4
Net operating income		202,384,183	105,262,689	92.3	208,737,759	111,710,394	86.9
Less : Operating expenses							
Personnel expenses	15	40,287,071	29,818,199	35.1	42,946,620	32,311,681	32.9
Depreciation and amortisation expenses	16	4,194,927	3,852,931	8.9	4,308,053	4,229,242	1.9
Other expenses	17	22,602,628	18,585,567	21.6	24,557,901	20,474,129	19.9
Total operating expenses		67,084,626	52,256,697	28.4	71,812,574	57,015,052	26.0
Operating profit/ (loss) before taxes on financial services		135,299,557	53,005,992	155.3	136,925,185	54,695,342	150.3
Less : Taxes on financial services	18.1	28,395,289	12,663,569	124.2	28,790,143	12,955,824	122.2
Operating profit/ (loss) after taxes on financial services		106,904,268	40,342,423	165.0	108,135,042	41,739,518	159.1
Share of profits/ (losses) of associate companies, net of tax	19	-	-	-	86,425	33,507	157.9
Profit/ (loss) before income tax		106,904,268	40,342,423	165.0	108,221,467	41,773,025	159.1
Less : Income tax expense/ (reversal)	18.2	42,517,329	13,648,897	211.5	43,159,990	14,155,438	204.9
Profit/ (loss) for the year		64,386,939	26,693,526	141.2	65,061,477	27,617,587	135.6
Profit attributable to :							
Equity holder of the Bank		64,386,939	26,693,526	141.2	65,007,643	27,571,569	135.8
Non-controlling interest		-	-	-	53,834	46,018	17.0
Profit/ (loss) for the year		64,386,939	26,693,526	141.2	65,061,477	27,617,587	135.6
Earnings per share and dividend per share	20						
Basic earnings per share (LKR)		2,575.48	1,067.74	141.2	2,600.31	1,102.86	135.8
Diluted earnings per share (LKR)		2,502.41	1,037.45	141.2	2,526.53	1,071.57	135.8
Dividend per share (LKR)		-	6.93	(100.0)	-	6.93	(100.0)

The Notes to the Financial Statements from pages 194 to 349 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Bank			Group		
	2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Profit/ (loss) for the year	64,386,939	26,693,526	141.2	65,061,477	27,617,587	135.6
Items that will be reclassified to the profit or loss						
Exchange differences on translation of foreign operations	(1,849,445)	(1,977,563)	(6.5)	(2,499,942)	(2,286,201)	9.3
Net gains / (losses) on cashflow hedge instruments	(3,730,094)	(20,369,118)	(81.7)	(3,730,094)	(20,369,118)	(81.7)
Net gains/ (losses) on investments in debt instruments measured at fair value through other comprehensive income (FVTOCI)	736,052	165,673	344.3	745,464	272,685	173.4
Net (gains)/ losses on investment in financial assets at FVTOCI reclassification to profit or loss	-	-	-	(6,663)	-	-
Deferred tax effect on above	(220,371)	(148,518)	48.4	(220,371)	(148,518)	48.4
Share of other comprehensive income of Associate companies, net of tax		-	-	16,795	(2,109)	(896.3)
Total items that will be reclassified to the profit or loss	(5,063,858)	(22,329,526)	(77.3)	(5,694,811)	(22,533,261)	(74.7)
Items that will not be reclassified to the profit or loss						
Change in fair value on investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)	2,782,020	1,786,818	55.7	1,912,880	2,412,486	(20.7)
Deferred tax effect on above	(120,459)	(107,990)	11.5	(120,459)	(107,990)	11.5
Changes in revaluation surplus/ (deficit)	-	6,880,746	(100.0)	(139,720)	8,635,144	(101.6)
Deferred tax effect on above	-	(1,961,601)	(100.0)	41,916	(2,487,921)	(101.7)
Net actuarial gains/ (losses) on defined benefit plans	(13,794,600)	(18,940,273)	(27.2)	(13,861,596)	(19,021,132)	(27.1)
Deferred tax effect on above	4,138,380	5,682,082	(27.2)	4,157,605	5,705,542	(27.1)
Total items that will not be reclassified to the profit or loss	(6,994,659)	(6,660,218)	5.0	(8,009,374)	(4,863,871)	64.7
Other comprehensive income for the year, net of tax	(12,058,517)	(28,989,744)	(58.4)	(13,704,185)	(27,397,132)	(50.0)
Total comprehensive income for the year	52,328,422	(2,296,218)	(2,378.9)	51,357,292	220,455	23,196
Attributable to:						
Equity holder of the Bank	52,328,422	(2,296,218)	(2,378.9)	51,321,630	157,628	32,458.7
Non-controlling interest	-	-	-	35,662	62,827	(43.2)
Total comprehensive income for the year	52,328,422	(2,296,218)	(2,378.9)	51,357,292	220,455	23,196

The Notes to the Financial Statements from pages 194 to 349 form an integral part of these Financial Statements.

OVERVIEW

LEADERSHIP
INSIGHTSOUR
STRATEGYOUR
PERFORMANCESTAKEHOLDER
OUTCOMES

GOVERNANCE

FINANCIAL
REPORTSCOMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION

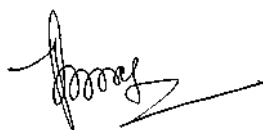
STATEMENT OF FINANCIAL POSITION

		Bank			Group		
As at 31 December	Note	2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Assets							
Cash and cash equivalents	22	115,422,407	135,550,505	(14.8)	116,281,852	137,369,158	(15.4)
Balances with Central Banks	23	52,346,230	34,932,639	49.8	52,346,230	34,932,639	49.8
Placements with banks	24	62,413,107	74,966,171	(16.7)	61,576,750	73,024,979	(15.7)
Securities purchased under resale agreements	25	23,982,341	3,711,918	546.1	21,581,160	3,695,392	484.0
Derivative financial instruments	26	23,500,600	20,525,840	14.5	23,500,600	20,525,840	14.5
Financial assets recognised through profit or loss measured at fair value	27	21,003,177	40,642,530	(48.3)	29,762,487	48,830,871	(39.0)
Financial assets at amortised cost							
loans and advances	28	2,177,707,779	2,209,061,924	(1.4)	2,221,161,844	2,240,611,228	(0.9)
debt and other instruments	29	2,275,934,376	1,653,728,403	37.6	2,282,636,084	1,660,012,978	37.5
Financial assets measured at fair value through OCI	30	52,049,653	49,533,998	5.1	53,862,763	52,199,685	3.2
Investment in subsidiary companies	31	8,080,402	8,181,138	(1.2)	-	-	-
Investment in associate companies	32	92,988	92,988	-	828,923	737,115	12.5
Investment properties	33	2,414,640	2,414,640	-	-	95,446	(100.0)
Property, plant and equipment	34	45,621,257	42,564,498	7.2	62,308,257	59,566,898	4.6
Right of use assets/ leasehold properties	35	5,554,420	3,508,618	58.3	3,355,142	2,986,704	12.3
Intangible assets	36	1,608,812	1,554,875	3.5	1,710,211	1,654,722	3.4
Deferred tax assets	37	15,836,422	18,503,397	(14.4)	15,967,300	18,594,558	(14.1)
Other assets	38	101,570,365	112,274,233	(9.5)	101,791,704	112,921,804	(9.9)
Total assets		4,985,138,976	4,411,748,315	13.0	5,048,671,307	4,467,760,017	13.0
Liabilities							
Due to banks	39	1,671,087	3,047,732	(45.2)	1,682,417	3,162,463	(46.8)
Securities sold under repurchase agreements	40	131,079,414	78,463,070	67.1	130,030,614	77,829,770	67.1
Derivative financial instruments	41	16,476,077	2,169,202	659.5	16,476,077	2,169,202	659.5
Financial liabilities at amortised cost							
due to depositors	42	4,208,603,435	3,882,232,323	8.4	4,245,531,800	3,909,580,686	8.6
other borrowings	43	29,143,678	33,666,236	(13.4)	32,344,253	35,592,741	(9.1)
Debt securities issued	44	-	-	-	718,873	730,839	(1.6)
Current tax liabilities	45	23,209,855	7,621,675	204.5	23,594,223	7,877,471	199.5
Deferred tax liabilities	37	-	-	-	2,911,350	2,933,596	(0.8)
Insurance contract liabilities - Life	46.1	-	-	-	400,967	359,606	11.5
Insurance contract liabilities - Non life	46.2	-	-	-	423,923	671,728	(36.9)
Other liabilities	47	203,859,925	88,141,547	131.3	203,826,491	89,835,809	126.9
Subordinated liabilities	49	68,535,700	64,691,810	5.9	68,282,559	64,437,320	6.0
Total liabilities		4,682,579,171	4,160,033,595	12.6	4,726,223,547	4,195,181,231	12.7

As at 31 December	Note	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Equity							
Share capital	50	25,730,000	25,730,000	-	25,730,000	25,730,000	-
Permanent reserve fund	51	16,953,000	15,665,000	8.2	16,953,000	15,665,000	8.2
Retained earnings	52	183,388,860	171,351,609	7.0	185,536,613	173,063,302	7.2
Cashflow hedge reserve	53	1,521,423	5,251,517	(71.0)	1,521,423	5,251,517	(71.0)
Other reserves	54	74,966,522	33,716,594	122.3	91,555,247	51,748,171	76.9
Total equity attributable to equity holder of the Bank		302,559,805	251,714,720	20.2	321,296,283	271,457,990	18.4
Non-controlling interest	55	-	-	-	1,151,477	1,120,796	2.7
Total equity		302,559,805	251,714,720	20.2	322,447,760	272,578,786	18.3
Total liabilities and equity		4,985,138,976	4,411,748,315	13.0	5,048,671,307	4,467,760,017	13.0
Contingent liabilities and commitments	57	1,788,296,358	1,539,206,229	16.2	1,789,396,253	1,548,892,111	15.5
Net assets value per share (LKR)	50.2	12,102.39	10,068.59	20.2	12,851.85	10,858.32	18.4

The Notes to the Financial Statements from pages 194 to 349 form an integral part of these Financial Statements.

These Financial Statements give a true and fair view of the state of affairs of Bank of Ceylon and the Group as at 31 December 2024 and its profit for the year then ended.



M P Ruwan Kumara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

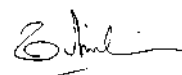
Approved and signed for and on behalf of the Board,



Kavinda M L de Zoysa
Chairman



Jayamin Pelpola
Director



Russel Fonseka
General Manager

24 February 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

Bank

	Note	Share capital LKR ' 000	Capital pending allotment LKR ' 000	Permanent reserve fund LKR ' 000	Cashflow hedge reserve LKR ' 000
Balance as at 1 January 2023		25,000,000	730,000	15,131,000	25,620,635
Total comprehensive income for the year					
Profit for the year		-	-	-	-
Other comprehensive income, net of tax		-	-	-	(20,369,118)
Total comprehensive income for the year		-	-	-	(20,369,118)
Transactions with equity holder, recognised directly in equity					
Dividends for 2023	20.3	-	-	-	-
Revaluation surplus of disposed property	54.1	-	-	-	-
Transfers to permanent reserve fund	51	-	-	534,000	-
Total transactions with equity holder		-	-	534,000	-
Balance as at 31 December 2023		25,000,000	730,000	15,665,000	5,251,517
Balance as at 1 January 2024		25,000,000	730,000	15,665,000	5,251,517
Total comprehensive income for the year					
Profit for the year		-	-	-	-
Other comprehensive income, net of tax		-	-	-	(3,730,094)
Total comprehensive income for the year		-	-	-	(3,730,094)
Transactions with equity holder, recognised directly in equity					
Surcharge tax		-	-	-	-
Transfers to other reserve	54.4	-	-	-	-
Transfers to permanent reserve fund	51	-	-	1,288,000	-
Total transactions with equity holder		-	-	1,288,000	-
Balance as at 31 December 2024		25,000,000	730,000	16,953,000	1,521,423

The Notes to the Financial Statements from pages 194 to 349 form an integral part of these Financial Statements.

Other reserves				
FVOCI reserve	Other reserves	Revaluation reserve	Retained earnings	Total equity
LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000
861,324	10,909,464	17,315,482	158,616,238	254,184,143
-	-	-	26,693,526	26,693,526
1,695,983	(1,977,563)	4,919,145	(13,258,191)	(28,989,744)
1,695,983	(1,977,563)	4,919,145	13,435,335	(2,296,218)
-	-	-	(173,205)	(173,205)
-	-	(7,241)	7,241	-
-	-	-	(534,000)	-
-	-	(7,241)	(699,964)	(173,205)
2,557,307	8,931,901	22,227,386	171,351,609	251,714,720
2,557,307	8,931,901	22,227,386	171,351,609	251,714,720
-	-	-	64,386,939	64,386,939
3,177,242	(1,849,445)	-	(9,656,220)	(12,058,517)
3,177,242	(1,849,445)	-	54,730,719	52,328,422
-	-	-	(1,483,337)	(1,483,337)
-	39,922,131	-	(39,922,131)	-
-	-	-	(1,288,000)	-
-	39,922,131	-	(42,693,468)	(1,483,337)
5,734,549	47,004,587	22,227,386	183,388,860	302,559,805

STATEMENT OF CHANGES IN EQUITY

Group

	Note	Share capital LKR ' 000	Capital pending allotment LKR ' 000	Permanent reserve fund LKR ' 000	Cashflow hedge reserve LKR ' 000
Balance as at 1 January 2023		25,000,000	730,000	15,131,000	25,620,635
Total comprehensive income for the year					
Profit for the year		-	-	-	-
Other comprehensive income, net of tax		-	-	-	(20,369,118)
Total comprehensive income for the year		-	-	-	(20,369,118)
Transactions with equity holders, recognised directly in equity					
Dividends for 2023	20.3	-	-	-	-
Subsidiary dividends to non controlling interest		-	-	-	-
Transfers to permanent reserve fund	51	-	-	534,000	-
Revaluation surplus of disposed property	54.1	-	-	-	-
Transfers to other reserves		-	-	-	-
Reversal of unclaimed dividend		-	-	-	-
Total transactions with equity holders		-	-	534,000	-
Balance as at 31 December 2023		25,000,000	730,000	15,665,000	5,251,517
Balance as at 1 January 2024		25,000,000	730,000	15,665,000	5,251,517
Total comprehensive income for the year					
Profit for the year		-	-	-	-
Other comprehensive income, net of tax		-	-	-	(3,730,094)
Total comprehensive income for the year		-	-	-	(3,730,094)
Transactions with equity holders, recognised directly in equity					
Surcharge tax		-	-	-	-
Subsidiary dividends to non controlling interest		-	-	-	-
Transfers to other reserves		-	-	-	-
Transfers to permanent reserve fund	51	-	-	1,288,000	-
Reversal of unclaimed dividend		-	-	-	-
Total transactions with equity holders		-	-	1,288,000	-
Balance as at 31 December 2024		25,000,000	730,000	16,953,000	1,521,423

The Notes to the Financial Statements from pages 194 to 349 form an integral part of these Financial Statements.

Attributable to equity holder of the Bank					
Other reserves		Revaluation reserve	Retained earnings	Non- controlling interest	Total equity
FVOCI reserve	Other reserves				
LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000
2,584,356	15,029,992	27,558,103	159,819,481	1,056,967	272,530,534
-	-	-	27,571,569	46,018	27,617,587
2,415,451	(2,286,201)	6,136,562	(13,310,635)	16,809	(27,397,132)
2,415,451	(2,286,201)	6,136,562	14,260,934	62,827	220,455
-	-	-	(173,205)	-	(173,205)
-	-	-	-	(5,437)	(5,437)
-	-	-	(534,000)	-	-
-	-	(7,241)	7,241	-	-
-	317,149	-	(317,149)	-	-
-	-	-	-	6,439	6,439
-	317,149	(7,241)	(1,017,113)	1,002	(172,203)
4,999,807	13,060,940	33,687,424	173,063,302	1,120,796	272,578,786
4,999,807	13,060,940	33,687,424	173,063,302	1,120,796	272,578,786
-	-	-	65,007,643	53,834	65,061,477
2,328,764	(2,499,942)	(102,718)	(9,682,023)	(18,172)	(13,704,185)
2,328,764	(2,499,942)	(102,718)	55,325,620	35,662	51,357,292
-	-	-	(1,483,337)	-	(1,483,337)
-	-	-	-	(6,809)	(6,809)
-	40,080,972	-	(40,080,972)	-	-
-	-	-	(1,288,000)	-	-
-	-	-	-	1,828	1,828
-	40,080,972	-	(42,852,309)	(4,981)	(1,488,318)
7,328,571	50,641,970	33,584,706	185,536,613	1,151,477	322,447,760

STATEMENT OF CASH FLOWS

		Bank		Group	
For the year ended 31 December	Note	2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from operating activities					
Profit before income tax		106,904,268	40,342,423	108,221,467	41,773,025
Adjustments for:					
Net interest income	8	(167,552,460)	(91,187,586)	(171,727,800)	(95,510,112)
Dividend income	10/13	(441,824)	(322,009)	(452,739)	(389,099)
Dividends from subsidiaries and associates	13	(445,167)	(372,900)	-	-
Share of (profits)/ losses of associate companies, net of tax	19	-	-	(86,425)	(33,507)
Change in operating assets	56.1	(31,161,806)	130,572,896	(40,159,508)	126,112,293
Change in operating liabilities	56.2	506,426,493	106,210,544	517,281,906	108,724,603
Other non-cash items included in profit before tax	56.3	(12,906,185)	15,602,055	(13,154,644)	15,942,446
Other net (gains)/ losses from investing activities		2,091,155	(2,220,585)	1,178,364	(2,918,851)
		402,914,474	198,624,838	401,100,621	193,700,798
Benefit paid from defined benefit plans		(12,902,730)	(12,851,008)	(13,005,447)	(12,858,497)
Interest received		317,771,463	287,270,252	323,352,205	292,995,798
Interest paid		(297,301,377)	(402,296,042)	(300,549,655)	(405,747,564)
Dividends received		67,751	83,926	67,751	96,176
Net cash from / (used in) operating activities before income tax					
		410,549,581	70,831,966	410,965,475	68,186,711
Income tax paid	45	(18,924,494)	(12,124,580)	(19,294,206)	(12,604,215)
Net cash from / (used in) operating activities					
		391,625,087	58,707,386	391,671,269	55,582,496
Cash flows from investing activities					
Net increase in financial investments at amortised cost		(595,497,409)	(97,158,853)	(595,638,730)	(96,952,346)
Net increase in financial assets measured at fair value through OCI		(974,336)	(38,256,489)	(1,773,298)	(39,468,843)
Purchase of property, plant and equipment		(5,010,986)	(3,177,730)	(5,325,538)	(3,578,110)
Purchase of intangible assets		(508,908)	(476,639)	(544,655)	(478,130)
Proceeds from sale of property, plant and equipment		17,937	60,688	32,537	96,196
Dividends received		819,240	610,983	384,988	292,923
Interest received		204,156,350	179,414,013	206,247,787	181,368,386
Net cash from/ (used in) investing activities					
		(396,998,112)	41,015,973	(396,616,909)	41,280,076

		Bank		Group	
For the year ended 31 December	Note	2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from financing activities					
Net increase in other borrowings		(3,577,049)	(63,812,127)	(4,594,255)	(66,809,723)
Proceeds from issue of debentures/ capital bonds		15,000,000	10,000,000	15,000,000	10,622,830
Payments on redemption of debentures		(9,149,654)	(10,385,589)	(9,149,654)	(10,385,589)
Dividends paid to equity holder of the Bank		-	(173,205)	-	(173,205)
Dividends paid to non-controlling interest		-	-	(6,809)	(5,437)
Interest payments on borrowings and debt securities		(15,960,233)	(20,424,195)	(16,219,410)	(20,275,762)
Net cash from/ (used in) financing activities		(13,686,936)	(84,795,116)	(14,970,128)	(87,026,886)
Net increase / (decrease) in cash and cash equivalents during the year		(19,059,961)	14,928,243	(19,915,768)	9,835,686
Cash and cash equivalents at the beginning of the year		133,441,074	118,512,831	135,144,996	125,309,310
Cash and cash equivalents at the end of the year		114,381,113	133,441,074	115,229,228	135,144,996
Analysis of cash and cash equivalents					
Cash and cash equivalents	22	115,422,407	135,550,505	116,281,852	137,369,158
Bank overdrafts	39	(1,041,294)	(2,109,431)	(1,052,624)	(2,224,162)
Cash and cash equivalents at the end of the year		114,381,113	133,441,074	115,229,228	135,144,996

The Notes to the Financial Statements from pages 194 to 349 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

1.1 Corporate information

Bank of Ceylon ("The Bank") is a Government-owned bank domiciled in Sri Lanka, duly incorporated on 1 August 1939 under the Bank of Ceylon Ordinance No. 53 of 1938. It is a licensed commercial bank established under the Banking Act No. 30 of 1988 and amendments thereto. The Registered Office of the Bank is situated at "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka. The debentures issued by the Bank are listed on the Colombo Stock Exchange. The staff strength of the Bank as at 31 December 2024 was 8,214 (2023- 8,579).

1.2 Consolidated financial statements

The Consolidated Financial Statements are prepared as at and for the year ended 31 December 2024 comprise the Bank ("Parent"), its Subsidiaries (together referred to as the "Group" and individually as ("Group Entities") and the Group's interests in its Associate companies. The Financial Statements of the companies in the Group have a common financial year which ends on 31 December, except the Associate companies, Transnational Lanka Records Solutions (Private) Limited and Ceybank Asset Management Limited. The Bank is the ultimate parent of the Group.

1.3 Principal activities

1.3.1 Bank

The principal activities of the Bank during the year were, personal banking, corporate banking, development banking, off-shore banking, trade financing, lease financing, primary dealing, investment banking and wealth management, treasury operations, correspondent banking and money remittances, Islamic banking, bancassurance, pawning, credit card facilities, foreign currency operations and other financial services.

1.3.2 Subsidiaries

The principal activities of the Subsidiaries of the Bank are as follows:

Name of the Company	Principal Business Activities
Property Development Limited	Own, maintain and manage, develop and sustain the utility and value of the Bank of Ceylon head office building.
Merchant Bank of Sri Lanka & Finance PLC	Leasing, hire purchase, corporate and retail credit facilities, corporate advisory services, capital market operations, margin trading, microfinancing, agricultural credit facilities, real estate, pawning, Islamic finance and accepting deposits.
Bank of Ceylon (UK) Limited	Authorised commercial bank by the Prudential Regulation Authority and regulated by the Financial Conduct Authority in England and Wales, engages in retail and corporate banking, treasury operations, correspondent banking services and trade financing activities.
BOC Property Development & Management (Private) Limited	Renting of office space of BOC Merchant Tower in Colombo 03 and Ceybank House in Kandy.
BOC Travels (Private) Limited	Engages in travel related services.
Hotels Colombo (1963) Limited	Provides hotel services.
Ceybank Holiday Homes (Private) Limited	Managing, operating and maintaining of travel rests/ hotels/rest houses/guest houses.
MBSL Insurance Company Limited	Carrying on insurance business, both life and non-life insurance.
BOC Management & Support Services (Private) Limited	Repurpose as IT support arm of the BOC group.

BOC Management and Support Services (Private) Limited has not carried out its core business activities since 2007. However, the Board of Directors of the Bank has decided to repurpose BOC management and Support Services (Private) Limited company as an IT related company and yet to be started the operations.

1.3.3 Associates

The principal activities of the Associates of the Bank are as follows:

Name of the Company	Principal Business Activities
Ceybank Asset Management Limited	Management of unit trust funds and other institutional and private portfolios.
Lanka Securities (Private) Limited	Registered stock broker, trading in equity and debt securities, equity debt security brokering and undertaking placement of equity and debt securities.
Transnational Lanka Records Solutions (Private) Limited	Renting buildings and hiring other assets.
Southern Development Financial Company Limited	Not in operation and in the process of liquidation.

Southern Development Financial Company Limited (SDFCL) is also not in operation. The Board of Directors of SDFCL has decided to wind-up the company and it is in the process of liquidation.

2 Directors' responsibility for financial statements

2.1 Preparation and presentation of the financial statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Bank and its Subsidiaries and Associates in compliance with the requirements of the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, Banking Act No. 30 of 1988 and its amendments thereto and Sri Lanka Accounting Standards (SLFRSs and LKASs). These Financial Statements comprise;

- Statement of Profit or Loss
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

2.2 Approval of financial statements

The Financial Statements for the year ended 31 December 2024 were authorised for issue on 24 February 2025 by the Board of Directors.

3 Basis of preparation

3.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (together referred to as SLFRSs in these Financial Statements).

The preparation and presentation of these Financial Statements are in compliance with the requirements of the Bank of Ceylon Ordinance No. 53 of 1938, the Banking Act No. 30 of 1988, the Companies Act No. 07 of 2007 and

regulatory guidelines issued by the Central Bank of Sri Lanka (CBSL). The Group has prepared Financial Statements which comply with SLFRSs applicable for the year ended 31 December 2024, together with the comparative year data as at and for the year ended 31 December 2023, as described in the accounting policies.

The formats used in the preparation and presentation of the Financial Statements and the disclosures made therein also comply with the specified formats prescribed by the CBSL in the circular No. 05 of 2024 on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks".

3.2 Basis of measurement

The Financial Statements have been prepared on the basis of historical cost convention and no adjustments have been made for inflationary factors which has been applied on a consistent basis, except for the followings:

- Derivative financial instruments are measured at fair value (Notes 26 and 41)
- Financial assets recognised through profit or loss – measured at fair value (Note 27)
- Financial assets measured at fair value through other comprehensive income (Note 30)
- Owner-occupied freehold land and buildings and buildings on leasehold lands are measured at revalued amount less any subsequent accumulated depreciation and impairment losses (Note 34)
- Defined benefit obligations are actuarially valued and recognised at the present value of the defined benefit obligation less total of the fair value of plan assets (Note 48)
- Cash flow hedge reserve, accounted as per the hedge accounting (Note 53)

3.3 Presentation of financial statements

Items in the Statement of Financial Position of the Bank and the Group are grouped by nature of such item and presented broadly in order of their relative liquidity and maturity pattern. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 60 – "Maturity Analysis of Assets and Liabilities".

3.3.1 Functional and presentation currency

Items included in the Financial Statements are measured and presented in Sri Lankan Rupees ("LKR") which is the functional currency of the primary economic environment in which the Bank operates.

3.3.2 Accrual basis of accounting

The Financial Statements, except for information on Statement of Cash Flows have been prepared following the accrual basis of accounting.

3.3.3 Offsetting

Financial assets and financial liabilities are generally reported gross in the Statement of Financial Position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business.
- The event of default.
- The event of insolvency or bankruptcy of the Bank/Group and/or its counterparties.

Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation and as

NOTES TO THE FINANCIAL STATEMENTS

specifically disclosed in the accounting policies of the Group.

3.3.4 Comparative information

The comparative information is provided in narrative and descriptive nature, if it is relevant to understand the current period's Financial Statements and reclassified wherever necessary to conform to the current year's presentation.

3.3.5 Materiality and aggregation

In compliance with LKAS 1 – "Presentation of Financial Statements", each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

3.3.6 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Rupees thousands, except where otherwise indicated as permitted by the LKAS 1 – "Presentation of Financial Statements".

3.3.7 Statement of cash flows

The Statement of Cash Flows is prepared by using the "Indirect Method" in accordance with the LKAS 7 – "Statement of Cash Flows" whereby the profit is adjusted to derive the cash flows from operating activities. Cash and cash equivalents comprise cash in hand, other short term highly liquid investments with maturity less than seven days from date of acquisition and bank overdrafts.

3.3.8 Use of material accounting judgements, estimates and assumptions

The preparation of the Financial Statements requires Management to exercise judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The judgements,

estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and/or in future periods if the revision affects future periods too. In the process of applying the Group's accounting policies, Management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the Financial Statements. The accounting policies which are most sensitive to the use of judgements, estimates and assumptions are specified below.

3.3.8.1 Going concern

The Management has made an assessment on the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis. Accordingly, the Management satisfied itself that the going concern basis is appropriate.

3.3.8.2 Commitment and contingent liabilities

All discernible risks are accounted for in determining the amount of all known and measurable liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its considered remote that the Group will be liable to settle the possible obligation.

3.3.8.3 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Group has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate. Fair value for a net open position that is a financial liability quoted in an active market is the current offer price, and for a financial asset the bid price, multiplied by the number of units of the instrument held or issued. Where no active market exists for a particular asset or liability, the Group uses a valuation technique that include the use of mathematical models to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition

(i.e. on day one). The valuations of financial instruments are described comprehensively in Note 63.

3.3.8.4 Impairment charge for loans and advances

The measurement of impairment charge under SLFRS 9- "Financial Instruments" requires judgement by Management in identification and estimation of the amount and timing of future cash flows when determining an impairment charge for loans and advances. Accordingly, the Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment charge should be provided in the Statement of Profit or Loss. In particular, the Management's judgement is required in identification and estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial position, the net realisable value of collateral and other related factors. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance. A collective impairment provision is established for the groups of homogeneous loans and advances that are not considered individually significant and groups of loans that are individually significant but that were not found to be individually impaired. A collective assessment of impairment takes into account the data from loan portfolio (such as credit quality, levels of arrears, credit utilisation, etc.), concentrations of risk and economic data (including levels of unemployment, inflation, GDP growth rate and exchange rates) and the performance of different individual group. The impairment requirements in SLFRS 9 – "Financial Instruments" are based on an expected credit loss (ECL) model and it is reflected the general pattern of deterioration or improvement, in the credit quality of financial instruments. The Group calculates ECLs

either on a collective or an individual basis. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition and measured under following bases:

- 12-month ECLs (Stage 1), which apply to all items as long as there is no significant deterioration in credit risk.
- Lifetime ECLs (Stages 2 and 3), which apply when a significant increase in credit risk has occurred on an individual or collective basis.

Further, the Group makes additional judgements and estimates with regard to the following under ECL model.

- The Group's criteria for assessing if there has been a significant increase in credit risk and so impairment for financial assets should be measured on a lifetime ECL basis.
- Development of ECL models, including various formula and the choice of inputs.
- Determination of association between macroeconomic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment with the effect on probability of default (PDs), exposure at default (EAD) and loss given default (LGD).
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL model.

The economic scenarios and forward-looking macroeconomic assumptions underpinning the collective provision calculation are outlined in Note 4.4.11.

As per SLFRS 9 – "Financial Instruments", the collective provision for groups of homogeneous loans is established using statistical methods or, a formula approach based on historical loss rate experience, using the statistical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgement to

ensure that the estimate of loss arrived at, on the basis of historical information is appropriately adjusted to reflect the economic conditions and portfolio factors as at the reporting date. The loss rates are regularly reviewed against, actual loss experience. It has been the Group's policy to regularly review its model in the context of actual loss experience and adjust when necessary. The accuracy of the provision depends on the model assumptions and parameters used in determining the impairment. Details of impairment losses on loans and advances are given in Notes 14 and 28.

3.3.8.5 Impairment of investment in subsidiaries, other financial assets and non-financial assets

The Group and the Bank follow the guidance of LKAS 36 – "Impairment of Assets" and SLFRS 9 – "Financial Instruments" in determining whether an investment or a financial asset is impaired. Determination and identification of impairment indicators require the Group and the Bank to evaluate duration and extent to which the fair value of an investment for a financial asset is less than its cost and the financial stability of the near term business outlook of the investment or the financial asset, considering the factors such as performance of the sector and industry, technology and operational environmental changes along with future cash flows. This process involves with material judgement in aforesaid areas.

3.3.8.6 Defined benefit obligation

The cost of the defined benefit pension plans and other post-employment benefit plans are determined using an actuarial valuation. An actuarial valuation involves making various assumptions determining the discount rates, expected rates of return on planned assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount

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rate, the Group considers the interest rates of Sri Lanka Government Bonds with maturities corresponding to the expected duration of the Defined Benefit Obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on inflation rate and salary increase rates of the Group. All assumptions are reviewed at each reporting date and assumptions used in the year are given in Note 48.

3.3.8.7 Fair value of land and buildings

The freehold land and buildings and the buildings on leasehold land of the Group are reflected at fair value less accumulated depreciation. The Group engaged independent valuation specialists to determine fair value of such properties in terms of the SLFRS 13 – “Fair Value Measurement”. The details of valuation of freehold land and buildings and the buildings on leasehold land are given in Note 34.

3.3.8.8 Useful life of the property, plant and equipment and intangible assets

The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. The details of the depreciation methods and rates used for each assets category are given in Note 34.

3.3.8.9 Classification of investment properties

Management is required to use its judgement to determine whether a property qualified as an investment property. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Group are accounted

for as investment properties. On the other hand, properties that are used for operations or for the process of providing services or for administration purposes and which do not directly generate cash flows as stand-alone assets are accounted as property, plant and equipment.

3.3.8.10 Determination of control over investees

Subsidiaries are entities that are controlled by the Bank, control is achieved when the Bank is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect the returns of those investees through its power over the investee. The Management applies its judgements to determine the Bank controls over its investees.

3.3.8.11 Taxation

The Group is subject to income tax, value added tax (VAT) and other applicable taxes. A judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicable tax laws at the time of preparing these Financial Statements. The details on the applicable tax rates and other information are given under Notes 4.8, 18, and 37. The Group is subject to transfer pricing regulations and it is necessitated using management judgement to determine the impact of transfer pricing regulations. Accordingly, critical judgements and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgements. Differences between estimated income tax charge and actual payable may arise as a result of variances between Management's interpretation and application of tax regulation.

4 Material accounting policies

The material accounting policies applied by the Bank and the Group in preparation of its Financial Statements are included below and have been consistently applied to all periods presented in the Financial Statements of the Group and the Bank, unless otherwise indicated.

4.1 Basis of consolidation

The Group's Financial Statements comprise consolidation of the Financial Statements of the Bank and its Subsidiaries in terms of SLFRS 10 – “Consolidated Financial Statements” and LKAS 27 – “Consolidated and Separate Financial Statements” and the proportionate share of the profit or loss and net assets of its Associates in terms of the LKAS 28 – “Investments in Associates and Joint Ventures”. The Bank's Financial Statements comprise the amalgamation of the Financial Statements of the Domestic Banking Unit, the Off-shore Banking Unit and the Overseas Operations of the Bank. The detailed accounting policies pertaining to the consolidation of subsidiaries and associates are given in the Notes 31 and 32.

4.1.1 Business combinations

The Group determines whether a transaction or other event is a business combination by applying the definition in SLFRS 3 – “Business Combinations”, which requires that the assets acquired and liabilities assumed constitute a business. Business combinations are accounted for using the acquisition method. As of the acquisition date, the amount of non-controlling interest is measured either at fair value or at the non-controlling interests' proportionate share of the acquirer's identifiable net assets. Acquisition related cost are costs the acquirer incurs to effect a business combination. Those costs include finder's fees, advisory, legal, accounting, valuation, other professional consulting fees, general administrative

costs including the cost of maintaining an Internal Acquisition Department and cost of registering and issuing debt and equity securities. Acquisition related costs, other than those associated with the issue of debt or equity securities are expensed in the periods in which the costs are incurred and the services are received. The Group elects on a transaction by transaction basis whether to measure non-controlling interests at its fair value or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

4.1.2 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Further, the Bank's share of components previously recognised in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

4.2 Foreign currency translations

4.2.1 Foreign currency transactions and balances

At the initial recognition, transactions in foreign currency are translated into the functional currency of the

operation which is Sri Lankan Rupees (LKR) at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated into the functional currency at the spot exchange rate at that date and all differences arising on non-trading activities are taken to "Net other operating income" (Note 13) in the Statement of Profit or Loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial recognition. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are retranslated into the functional currency at the spot exchange rate including any exchange gain or loss component at the date on which the fair value is determined. Gain or loss on a non-monetary item including exchange component is recognised in Other Comprehensive Income. Forward exchange contracts are valued at the forward market rates ruling on the reporting date and resulting net unrealised gains or losses are dealt within the Statement of Profit or Loss.

4.2.2 Foreign operations

The results and financial position of foreign operations, whose functional currencies are not Sri Lankan Rupees, are translated into Sri Lankan Rupees as follows:

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at spot exchange rate as at the reporting date.

The income and expenses of foreign operations are translated at exchange rates prevailing at the dates of the transactions. Foreign currency differences on the translation of foreign operations are recognised in Other Comprehensive Income.

When a foreign operation is disposed off, the relevant amount in the translation reserve is transferred to the profit or loss as part of the profit or loss on disposal in other operating income or other operating expenses.

4.2.3 Hedge accounting

The Bank enters into hedging arrangements with the counterparties in order to mitigate the foreign exchange risk from foreign currency transactions. According to the SLFRS 9 - "Financial Instrument", an entity may designate an item in its entirety or a component of an item as the hedged item in a hedging relationship. A hedging relationship qualifies for hedge accounting only if the hedging relationship consists only of eligible hedging instruments and eligible hedged items.

At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements, including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio.

SLFRS 9 – "Financial Instruments" enables hedge accounting for three different designated categories, namely cash flow hedge (designated for a highly probable forecasted transaction, a firm commitment (not recorded on the balance sheet), foreign currency cash flows of a recognised asset or liability, or a forecasted intercompany transaction). Fair value hedge (designated for a firm commitment (not recorded) or foreign currency cash flows of a recognised asset or liability). Net investment hedge (designated for the net investment in a

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foreign operation). The Bank accounts the similar transactions, under hedge accounting treatment specified in the SLFRS 9 – “Financial Instruments” and were valued using forward exchange rates as of each reporting date of such instruments.

4.3 Classification of financial instruments between debt and equity

Classification of financial instruments between debt and equity depends on following characteristics of such instruments:

- Name or labels given to the instruments
- Presence or absence of a fixed maturity date
- Life of the instrument
- Source of payments
- Right to enforce payments
- Rights to participate in Management
- Risk involved in the instruments
- Volatility of cash flows
- Securities given as collaterals

4.4 Financial assets and financial liabilities

4.4.1 Recognition and derecognition of financial instruments

All financial assets and liabilities are initially recognised on the settlement date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. This includes; “regular way trades”. Regular way trade means purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

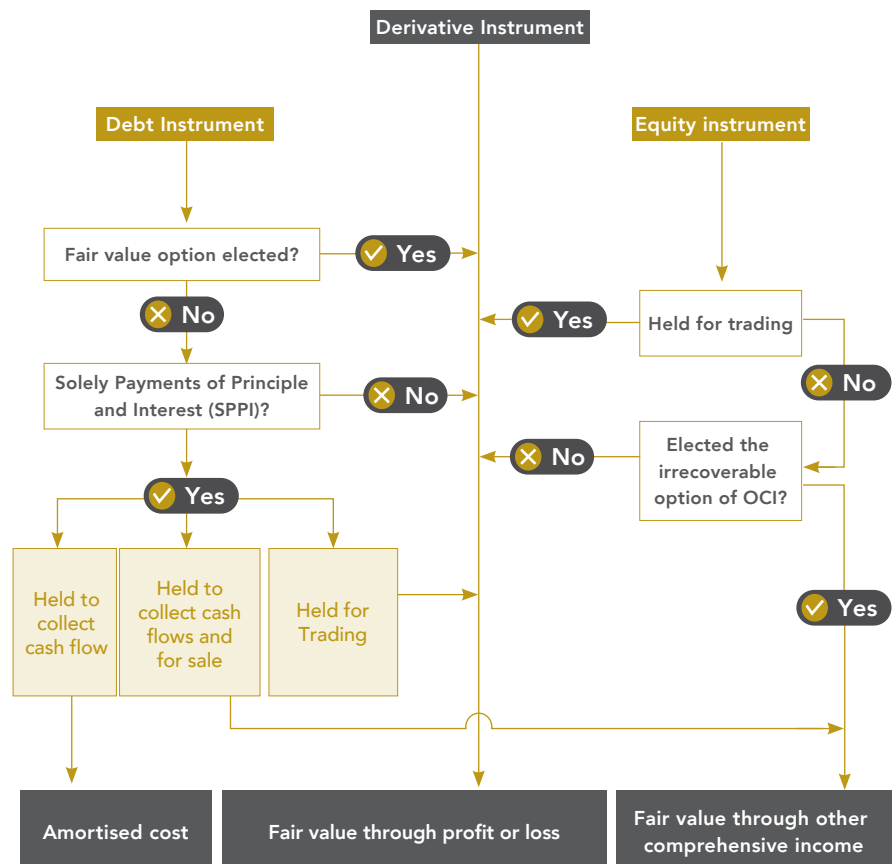
The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit or Loss.

4.4.2 Classification of financial assets and financial liabilities

As per SLFRS 9 – “Financial Instruments”, the classification depends on the Group’s business model for managing financial assets and the contractual terms of the financial assets’ cash flows. The following diagram depicts how the Bank classifies the financial assets.



4.4.2.1 At the inception, the financial assets are classified in one of the following categories

- Financial assets measured at fair value through profit or loss (Notes 4.4.7 and 27)
- Financial assets at amortised cost
 - Financial assets at amortised cost – loans and advances (Note 28)
 - Financial assets at amortised cost - debt and other instruments (Notes 4.4.8 and 29)
- Financial assets measured at fair value through other comprehensive income (Notes 4.4.9 and 30).

4.4.2.2 At the inception, the financial liabilities are classified in one of the following categories

- Financial liabilities at amortised cost
 - Financial liabilities at amortised cost – due to depositors (Note 42)
 - Financial liabilities at amortised cost – other borrowings and subordinated liabilities (Notes 43 and 49)

4.4.3 Initial measurements of financial instruments

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are dealt with in the Statement of Profit or Loss.

4.4.4 “Day One” profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a “Day One” profit or loss) in the

Statement of Profit or Loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Statement of Profit or Loss over the life of the instrument.

4.4.5 Business model assessment

With effect from 1 January 2018, as per SLFRS 9 – “Financial Instrument”, the Group classifies all of its financial assets based on the business model and makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument by – instrument basis because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Bank’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations

about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank’s stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.4.6 Assessment of whether contractual cash flow characteristics are met the Solely Payments of Principal and Interest (SPPI test)

As a second step of assets classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

“Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows

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that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at fair value through profit or loss.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money

4.4.7 Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Items held for trading purpose;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Statement of Profit or Loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the Statement of Profit or Loss as they arise. Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness

of the counterparty, representing the movement in fair value attributable to changes in credit risk.

4.4.7.1 Financial instruments held for trading purpose

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value in the Statement of Financial Position. Changes in fair value are recognised in "Net gains/(losses) from trading" (Note 10) and "Net fair value gains/(losses) from financial instruments at fair value through profit or loss" (Note 11). Interest income from financial instruments held for trading is recorded under "Net interest income" (Note 8) while dividend income is recorded in "Net gains/(losses) from trading" (Note 10) when the right to payment has been established.

4.4.7.2 Financial instruments designated and measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated and measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis. A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- If a host contract contains one or more embedded derivatives; or

- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy. Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As of 31 December 2024, there were no any financial liability designated at fair value through profit or loss.

4.4.7.3 Debt instruments with contractual terms that do not represent the solely payments of principal and interest

Financial debt instruments which are not meet solely payments of principal and interest test will be classified as fair value through profit or loss.

4.4.8 Financial assets measured at amortised cost-debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using effective interest rate (EIR). The measurement of credit impairment is based on the three stage expected credit loss model described below in Note 4.4.11 Impairment of financial assets.

4.4.9 Financial assets measured at fair value through other comprehensive income

4.4.9.1 Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in Other Comprehensive Income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised

in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

The measurement of credit impairment is based on the three stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below in Note 4.4.11 Impairment of financial assets.

4.4.9.2 Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which SLFRS 3 – “Business Combinations” applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. For portfolios where management does not consider an irrevocable election of adopting fair value through other comprehensive income, by default such investments shall be measured at fair value through profit or loss.

Upon derecognition, the cumulative gain or loss recognised in Other Comprehensive Income are not transferred to profit or loss. However, cumulative gain or loss will be transferred from Other Comprehensive Income reserve to retained earnings within the equity. Dividends on such investments are recognised in “Net other operating income” (Note 13) in the profit or loss.

4.4.10 Reclassification of financial assets

The Group reclassifies its financial assets when, and only when, the Group changes its business model for managing financial assets. If the Group reclassifies financial assets which were measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, the Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment losses) or interest.

The table below summaries the treatment of gains and losses on reclassification:

Initial Measurement	Measurement after reclassification	Treatment on reclassification
Fair value through profit or loss	Amortised cost	Fair value at the reclassification date becomes its new gross carrying amount. The effective interest rate is calculated on the basis of that amount. For the purpose of applying the impairment requirements, the reclassification date is treated as the date of initial application.
Fair value through profit or loss	Fair value through other comprehensive income	The fair value of the financial asset at the reclassification date becomes its new carrying amount and the effective interest rate is determined on the basis of the fair value of the asset at the reclassification date.
Fair value through other comprehensive income	Amortised cost	The cumulative gain or loss previously recognised in Other Comprehensive Income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
Fair value through other comprehensive income	Fair value through profit or loss	The fair value of the financial asset at the reclassification date becomes its new carrying amount. The cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.
Amortised cost	Fair value through profit or loss	Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value at the reclassification date is recognised in profit or loss.
Amortised cost	Fair value through other comprehensive income	Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value at the reclassification date is recognised in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

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4.4.10.1 Upgrading of financial instruments

According to the CBSL Direction No. 14 of 2021, the Bank can upgrade Financial Instruments from a higher stage in accordance with a policy approved by the Board of Directors. Therefore, the Bank will upgrade the Financial Instruments to a higher stage with the consent of the Chief Risk Officer with the proper rationale for such upgrade.

4.4.11 Impairment of financial assets

The Group applies a three-stage approach in measuring expected credit loss (ECL) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortised cost and fair value through other comprehensive income;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

The Group performs an assessment at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on this process financial assets migrate through the following three stages based on the change in credit risk since initial recognition.

4.4.11.1 Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. The Bank determines 12 months ECL from customers whom are not significantly credit deteriorated.

4.4.11.2 Stage 2: Lifetime ECL

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

4.4.11.3 Stage 3: Lifetime ECL

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

4.4.11.4 Calculation of ECL

The Group calculates ECL based on a three probability weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations of the Group are outlined below and the key elements are, as follows:

Probability of default (PD)

PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously recognised and is still in the portfolio. The concept of PDs is further explained in Note 28.

Exposure at default (EAD)

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether

scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 28.

Loss given default (LGD)

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 28.

4.4.11.5 Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12 months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The impairment provision for these financial assets is based on a 12 months ECL.

The Group assesses whether the credit risk of an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account of instrument type, credit risk ratings, collateral type, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

4.4.11.6 Impairment calculation for loans and advances

The Bank uses rebuttable presumption in calculating the impairment for loans and advances which is permitted under SLFRS 9 – “Financial Instruments”. The loan portfolio is classified into three stages based on the past due days as follows and the level of applicability

of 12 months ECL and lifetime ECL depends on the stages. The value and type of security obtained against the credit facilities are not considered when determining the classification status of a credit facility. In cases where a borrower has several current accounts with overdraft limits with the Bank, the aggregate sanctioned limit and the daily outstanding aggregate balance on all such accounts shall be considered for the purposes of classification of overdrafts.

4.4.11.6.1 Performing credit facilities

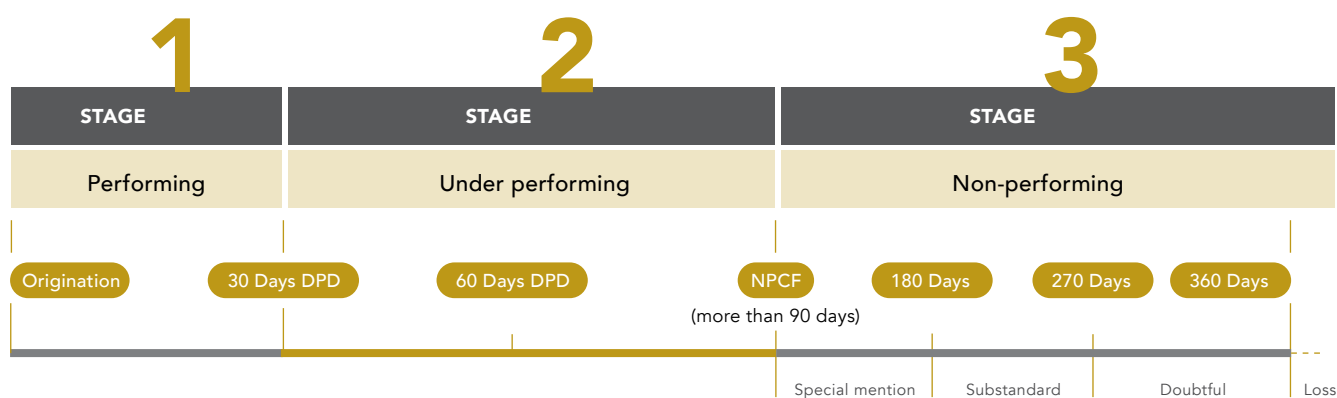
- All the credit facilities classified as Stage 1 under SLFRS 9 – “Financial Instruments” and
- All credit facilities identified as significantly increased in credit risk facilities and classified as Stage 2 under SLFRS 9 – “Financial

Instruments” (Under-performing credit facilities)

4.4.11.6.2 Non-performing credit facilities (NPCF)

Non-performing credit facilities (NPCF) shall mean all credit facilities where;

- Contractual payments of a customer are past due for more than 90 days (the number of days past due shall be calculated starting from the contractual due date of the payment).
- Sanctioned limit has remained in excess for more than 90 days.
- Any other credit facilities classified as Stage 3 as per SLFRS 9 – “Financial Instruments” (facilities classified as NPCF based on potential risk and impaired assets at origination).



	Performing	Non-performing credit facilities (NPCF)
Stage 01	Stage 02	Stage 03
<ul style="list-style-type: none"> 30 days or less than 30 days past due All credit facilities, which are not categorised under Stages 2 or 3 	<ul style="list-style-type: none"> 31 to 90 days past due All restructured loans, which are restructured up to two times, other than credit facilities upgraded under the satisfactory performing period of a minimum 90 days from the due date of the 1st capital and/ or interest instalment post-restructure. Under-performing credit facilities/ exposures as significant credit deterioration identified based on the deterioration factors given under the Note 28 – “Financial assets at amortised cost - Loans and advances”. 	<ul style="list-style-type: none"> more than 90 days past due All restructured loans, which are restructured more than twice, other than credit facilities/exposures upgraded under the satisfactory performing period of a minimum 90 days from the due date of the 1st capital and/or interest instalment post-restructure. All rescheduled loans, other than credit facilities/exposures upgraded. All credit facilities/customers classified as non-performing as per CBSL Directions. Customers identified with significant credit deterioration as per the deterioration factors given under Note 28 – “Financial assets at amortised cost - Loans and advances”.

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For the above classification purpose, facility is considered as restructured facility if original repayment terms have been amended due to deterioration in credit quality and “Credit Forbearance Policy” of the Bank should be referred in identifying the restructured facilities. As per the Credit Forbearance Policy of the Bank, following changes/criteria are recognised as changes to the original repayment terms of a credit facility:

- Change of Interest Rate
- Change of Tenor (Maturity)
- Changes to the Grace Period
- Interest Waivers

4.4.11.6.3 Subcategorisation of non-performing credit facilities (NPCF)

NPCF are further categorised into four categories based on the past due days and level of potential risk identified as follows:

Category	Past due days	Potential risk criteria
Special mention	> 90 and < = 180	Exhibits potential weaknesses where, if not corrected in a timely manner, may adversely affect repayment ability of the customer in future.
Substandard	> 180 and < = 270	Exhibits definable weaknesses, either in respect of the business, cash flow or financial position of the customer that may jeopardize repayment on existing terms and uncertainty on the repayment.
Doubtful	> 270 and < = 360	Exhibit a high risk or partial default or where full collection is improbable and there is a high risk of default.
Loss	> 360	Deemed to be uncollectable or are almost certain repayment will not be done and all other NPCF which are not included under above categories.

4.4.11.7 Upgrading of credit facilities

Upgrading of credit facilities among the stages will be done based on the level of improvement in credit deterioration at the later assessment dates comparing to the initial point.

The Bank will upgrade the credit facilities in accordance with the guidelines provided under the Credit Risk Management Policy pertaining to the upgrading of credit facilities.

4.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an

asset’s fair value less costs to sell or its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other valuable fair value indicators.

4.6 Fiduciary services

The Group provides fiduciary services to third parties that result in holding of the assets on behalf of its customers. Assets held in fiduciary capacity are not

recognised in the Financial Statements, as the Group is not the beneficial owner or does not control such assets.

4.7 Provisions

A provision is recognised as a result of a past event, when the Group has a present (legal or constructive) obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognised when

the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

4.8 Income tax expense and other taxes

GRI 207-1, 2

4.8.1 Income tax expense

Income tax expense comprises current and deferred tax. More details are given in Note 18.

4.8.2 Value added tax (VAT) on financial services

The base for value added tax computation is arrived by aggregating the accounting profit before income tax and emoluments of employees which is adjusted for the depreciation computed on prescribed rates. During the year, the Group's total value addition was subjected to 18% (2023 - 18%) as per the Value Added Tax Act, No. 14 of 2002 and amendments thereto. Also the Group is following value attributable method to compute VAT on financial services.

4.8.3 Crop insurance levy (CIL)

As per the provisions of the Finance Act, No. 12 of 2013, the CIL was introduced with effect from 1 April 2013 and is payable 1% of the profit after tax to the National Insurance Trust Fund Board.

4.8.4 Social security contribution levy (SSCL)

In terms of the Social Security Contribution Levy Act, No. 25 of 2022, the Bank is liable for Social Security Contribution Levy on financial services with effect from

1 October 2022 on the value addition attributable to financial services at the rate of 2.5%. Further, SSCL on non-financial services are made liable on the turnover at the rate of 2.5%.

4.8.5 Advance Income Tax (AIT) on dividends distributed by the Bank, Subsidiaries and Associates

AIT on dividends distributed by the Bank

The Bank distributes dividend to its sole shareholder, the Government of Sri Lanka. As per the third schedule of Inland Revenue Act, No 24 of 2017 and amendments thereto, amounts derived by the Government of Sri Lanka is exempted from income tax. Accordingly, no AIT is deducted on dividend payments made to the Government of Sri Lanka.

AIT on dividends distributed by the subsidiaries and associates

As per the Inland Revenue Act, No. 24 of 2017 and amendments thereto, dividend income received from subsidiaries and associate companies are liable for AIT at the rate of 15% (other than dividend paid out of dividend received) and it is a final tax for the bank.

5 Insurance business

5.1 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting

year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the Statement of Profit or Loss. Premiums and claims are presented on a gross basis for reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

5.2 Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the Statement of Profit or Loss.

5.3 Deferred expenses

5.3.1 Deferred acquisition costs (DAC)

The costs of acquiring new businesses including commission, underwriting, marketing and policy issue expenses which vary with and directly related to production of new businesses and/or investment contracts with discretionary participation features (DPF), are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, DAC for general insurance is amortised over the period on the basis unearned premium is amortised. The reinsurances' share of

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deferred acquisition cost is amortised in the same manner as the underlying assets amortisation is recorded in the Statement of Profit or Loss. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period and are treated as a change in an accounting estimate. DAC are derecognised when the related contracts are either expired or cancelled.

5.4 Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortised over the period of reinsurance.

5.5 Investment contract liabilities

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities. Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, investment contract liabilities are measured at fair value through profit or loss. Deposits and withdrawals are recorded directly as an adjustment to the liability in the Statement of Financial Position. Fair value adjustments are performed at each reporting date and are recognised in the Statement of Profit or Loss. Fair value is determined through the use of prospective discounted cash flow techniques. For unitised contracts, fair value is calculated as the number of units allocated to the policyholder in each unit linked fund multiplied by the unit price

of those funds at the reporting date. The fund assets and fund liabilities used to determine the unit prices at the reporting date are valued on a basis consistent with their measurement basis in the Statement of Financial Position adjusted to take account of the effect on the liabilities of the deferred tax on unrealised gains on assets in the fund. Non-utilised contracts are subsequently carried at fair value, which is determined by using valuation techniques such as discounted cash flows and stochastic modelling. Models are validated, calibrated and periodically reviewed by an independent qualified person.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value. When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same bases as insurance.

5.6 Discretionary participation features (DPF)

A DPF is a contractual right that gives holders of these contracts the right to receive as a supplement to guaranteed benefits, significant additional benefits which are based on the performance of the assets held within the DPF portfolio. Under the terms of the contract, surpluses in the DPF funds can be distributed to policyholders and shareholders on a 90/10 basis. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF

liabilities including unallocated surpluses, both guaranteed and discretionary, at annually are held within insurance or investment contract liabilities as appropriate.

5.7 Unearned premium reserve

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/24th basis.

6 New accounting standards issued but not effective as at the reporting date

The following Sri Lanka Accounting Standards were issued by the Institute of Chartered Accountants of Sri Lanka which is effective for the annual periods beginning on or after 1 January 2025. Accordingly, these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 December 2024. We have identified following Standard where this applies to the Group and further details are set out below:

6.1 SLFRS 17 – “Insurance contracts”

SLFRS 17 – “Insurance Contracts” establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of SLFRS 17 – “Insurance Contracts” is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of Financial Statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance and cash flows.

SLFRS 17 – “Insurance Contracts” is effective for annual periods beginning on or after 1 January 2026.

The Group is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 17 – “Insurance Contracts”.

6.2 Sustainability Disclosure Standard - SLFRS S1 as "General Requirements for Disclosure of sustainability - related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2)

The International Sustainability Standard Board (ISSB) released its first two sustainability disclosure standards IFRS S1 (General Requirements for Disclosure of sustainability related Financial Information) and IFRS S2 (climate-related Disclosures). As a local accounting standard setter, CA Sri Lanka issued the localised standards based on these IFRs, designated as SLFRS S1 and SLFRS S2 during the year 2024. The adoption of the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 and SLFRS S2 will become effective for the Group from 1 January 2025 and no material financial impact is expected on the Group except for additional disclosures.

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7 Total income

Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank/ Group and the revenue can be reliably measured.

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest income	8.1	461,113,949	524,797,842	468,786,127	532,477,761
Fee and commission income	9.1	30,415,561	25,875,048	30,847,506	26,235,325
Net gains/ (losses) from trading	10	3,433,734	(5,347,822)	3,473,065	(5,163,417)
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	11	1,507,537	858,722	1,714,133	1,448,963
Net gains/ (losses) from derecognition of financial assets	12	(3,598,692)	1,361,863	(2,892,497)	1,469,888
Net other operating income	13	(7,467,042)	(5,358,356)	(7,006,387)	(4,601,757)
Total income		485,405,047	542,187,297	494,921,947	551,866,763

8 Net interest income

Accounting policy

Interest income and expense are recognised in the Statement of Profit or Loss using the Effective Interest Rate (EIR).

Interest income and expense presented in the Statement of Profit or Loss include interest on;

- Financial assets and financial liabilities measured at Amortised Cost (AC)
- Financial assets recognised through Profit or Loss - Measured at Fair Value (FVTPL)
- Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Effective Interest Rate (EIR)

The 'EIR' is the rate that exactly discounts the estimated future cash payments and receipts throughout the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the EIR, the Group estimates future cash flows, considering all contractual terms of the financial instruments.

The calculation of the EIR includes any discount or premium on acquisition of financial instrument, transaction costs and fees paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

For impaired financial assets, adjusted EIR is calculated using net amortised cost and if the financial assets cure and no longer credit impaired, the bank reverts to calculating interest income on gross basis.

The expected cashflows on financial asset are revised for reasons other than credit risk, the adjustment is made to carrying value of the assets in statement of financial position with an adjustment to interest income or similar income in the statement of profit or loss.

8.1 Interest income

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash and cash equivalents	3,364,183	2,162,274	3,364,183	2,162,274
Placements with banks	4,095,404	2,635,457	4,435,574	3,091,095
Securities purchased under resale agreements	2,243,462	1,776,019	2,150,336	1,810,576
Financial assets recognised through profit or loss measured at fair value	1,914,923	5,328,979	1,917,552	5,328,979
Financial assets at amortised cost				
loans and advances	251,400,593	335,051,290	256,731,662	340,286,641
debt and other instruments	194,714,182	175,305,169	196,777,645	177,255,006
Financial assets measured at fair value through OCI	3,381,202	2,538,654	3,409,175	2,543,190
Total interest income	461,113,949	524,797,842	468,786,127	532,477,761

Interest income on loans and advances includes interest on credit impaired loans and advances amounting to LKR 2,855.9 million for the year 2024 (2023 : LKR 5,827.9 million).

8.2 Interest expenses

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Due to banks	159,496	94,251	165,403	114,668
Securities sold under repurchase agreements	9,536,232	33,146,868	9,443,106	33,146,868
Financial liabilities at amortised cost				
due to depositors	272,025,052	377,581,695	275,360,550	381,012,800
other borrowings	2,533,456	10,734,756	2,818,388	10,716,574
Subordinated liabilities	9,307,253	12,052,686	9,270,880	11,976,739
Total interest expenses	293,561,489	433,610,256	297,058,327	436,967,649
Net interest income	167,552,460	91,187,586	171,727,800	95,510,112

8.3 Net interest income from Sri Lanka Government Securities

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest income	201,730,942	171,796,811	201,779,444	173,685,878
Less : Interest expenses	9,536,232	33,146,868	9,443,106	33,146,868
Net interest income from Sri Lanka Government Securities	192,194,710	138,649,943	192,336,338	140,539,010

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9 Net fee and commission income

Accounting policy

Fee and commission income comprises with the fee and commission earned by the Group, providing diverse range of services. Those can be divided into following two main categories.

(i) Fee and commission income earned from services that are provided over a certain period of time;

Fees earned from the provision of services over a period of time are accrued over that period. These fees include commission income and private wealth and asset management fees, custody and other management and advisory fees.

(ii) Fee and commission income from providing transaction services and earned on the execution of a specific act;

Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/ participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Fees and commission expenses relating to transactions are expensed as the services are received and are recognised on an accrual basis.

9.1 Fee and commission income

	Bank		Group	
For the year ended 31 December	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Trade services	3,204,363	3,261,176	3,204,363	3,261,176
Debit and credit cards	14,565,617	11,633,316	14,567,504	11,634,947
Travel and remittances services	2,924,881	3,335,485	2,924,881	3,335,485
Custodial services	135,458	64,847	135,458	64,847
Retail banking services	6,822,701	4,699,583	6,991,428	4,883,879
Guarantees and related services	1,647,426	1,921,328	1,647,855	1,921,728
Other financial services	1,115,115	959,313	1,376,017	1,133,263
Total fee and commission income	30,415,561	25,875,048	30,847,506	26,235,325

9.2 Fee and commission expense

	Bank		Group	
For the year ended 31 December	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Debit and credit cards	8,923,346	7,303,632	8,924,300	7,304,476
Travel and remittances services	289,236	258,035	289,236	258,035
Retail banking services	477,139	599,440	477,139	599,440
Guarantees and related services	27,689	19,864	28,260	19,990
Other financial services	85,124	39,658	126,931	55,445
Total fee and commission expenses	9,802,534	8,220,629	9,845,866	8,237,386
Net fee and commission income	20,613,027	17,654,419	21,001,640	17,997,939

10 Net gains/ (losses) from trading

Accounting policy

Net gains/ (losses) from trading comprises foreign exchange gains or losses arising from trading activities, gains/ (losses) arising from changes in fair value of derivative financial instruments, dividend income from trading equities.

Dividend income is recognised when the Group's right to receive the dividend is established.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Foreign exchange				
From banks	-	-	39,331	172,155
From customers and others	3,365,983	(5,431,748)	3,365,983	(5,431,748)
Equities				
Dividend income	67,751	83,926	67,751	96,176
Net gains/ (losses) from trading	3,433,734	(5,347,822)	3,473,065	(5,163,417)

11 Net fair value gains/ (losses) from financial instruments at fair value through profit or loss

Accounting policy

Net gains/ (losses) on financial instruments at fair value through profit or loss includes unrealised gains or losses from investment in equities and debt instruments classified at fair value through profit or loss due to changes in fair value of such instruments.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gains/ (losses) on marked to market valuation of				
Fixed income securities	(23,745)	79,102	29,862	638,326
Equities	696,513	437,879	847,547	440,102
Unit trust	834,769	341,741	836,724	370,535
Net gains/ (losses) on financial assets at fair value through profit or loss	1,507,537	858,722	1,714,133	1,448,963

12 Net gains/ (losses) from derecognition of financial assets

Accounting policy

Net gains/ (losses) from derecognition of financial assets include profit or loss on sale of debt instruments classified as fair value through profit or loss, amortised cost and fair value through other comprehensive income and profit or loss on sale of equity instrument classified as fair value through profit or loss and haircut loss of restructuring of SLISBs.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Recognised at:				
Fair value through profit or loss	160,152	702,105	178,227	702,105
Amortised cost	(4,999,545)	-	(5,087,161)	-
Fair value through other comprehensive income	1,240,701	659,758	2,016,437	767,783
Net gains/ (losses) from derecognition of financial assets	(3,598,692)	1,361,863	(2,892,497)	1,469,888

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13 Net other operating income

Accounting policy

Dividend income

Dividend income is recognised when the Bank's right to receive the dividend is established.

Gains/ (losses) from disposal of non-financial assets

Net gains / (losses) arising from the disposal of property, plant and equipment and other non current assets including investments in subsidiaries and associates are accounted for in the Statement of Profit or Loss after deducting the carrying amount of such assets and the related selling expenses from the proceeds on disposal.

Foreign exchange income

Foreign currency positions are revalued at each reporting date. Gains/ (losses) arising from changes in fair value are included in the Statement of Profit or Loss in the period in which they arise.

Rental income

Rental income is recognised on an accrual basis. This includes rent recovered from the Bank's premises and safety lockers etc.

Gross insurance premium

Gross recurring premiums on life and investment contracts with Discretionary Participation Features (DPF) are recognised as revenue when receivable from the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Dividend income from financial assets measured at fair value through OCI		374,073	238,083	384,988	292,473
Dividend income from subsidiaries and associates		445,167	372,900	-	-
Dividend income from units in unit trust		-	-	-	450
Gains/ (losses) on revaluation of foreign exchange		(9,004,991)	(7,231,150)	(9,004,991)	(7,231,150)
Gains/ (losses) on sale of property, plant and equipment		15,669	(6,612)	24,029	8,607
Gains/ (losses) on sale of foreclosed properties		5,731	47,145	5,731	47,145
Rental income		263,856	300,057	176,030	272,756
Service income		-	-	767,024	850,557
Profit from sale of gold bullion		9,322	6,789	9,322	6,974
Miscellaneous income		423,714	950,333	285,954	708,772
Gross insurance premium		-	-	345,109	477,560
Net income from islamic banking	13.1	417	(35,901)	417	(35,901)
Net other operating income		(7,467,042)	(5,358,356)	(7,006,387)	(4,601,757)

13.1 Net income from islamic banking

For the year ended 31 December	Bank/ Group	
	2024 LKR '000	2023 LKR '000
Income from islamic banking operations	200,605	155,252
Less : Profit paid to investors	200,188	191,153
Net income from islamic banking	417	(35,901)

14 Impairment charge/ (reversal) for loans and other losses

Accounting policy

The Bank and Group recognise the changes in the impairment provisions for financial instruments, which are assessed as per SLFRS 9 - "Financial Instruments". Details are given under "Financial assets at amortised cost - loans and advances" (Note 28). Further, the Bank/ Group recognises an impairment loss when the carrying amount of a non financial asset exceeds the estimated recoverable amount of that asset as per LKAS 36 - "Impairment of Assets".

The table below shows the provision made in the Statement of profit or loss during the year on identified Expected Credit Losses (ECL) on financial instruments and impairment made on other assets for the year.

For the year ended 31 December	Note	Bank 2024				Group 2024			
		Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	22.2	418,479	-	-	418,479	418,479	-	-	418,479
Placements with banks	24.2	(22,385)	-	-	(22,385)	(22,385)	-	-	(22,385)
Financial assets measured at amortised cost - loans and advances	28.2	3,385,060	(3,735,358)	12,776,669	12,426,371	3,367,623	(3,746,796)	12,704,510	12,325,337
Financial assets measured at amortised cost - debt instruments	29.3	5,684	(36,199,145)	-	(36,193,461)	5,684	(36,374,221)	-	(36,368,537)
Investment in subsidiary companies	31.2	100,736	-	-	100,736	-	-	-	-
Other losses	38.1	-	2,927,101	-	2,927,101	-	2,927,101	-	2,927,101
Impairment charge/ (reversal) for loans and other losses		3,887,574	(37,007,402)	12,776,669	(20,343,159)	3,769,401	(37,193,916)	12,704,510	(20,720,005)

For the year ended 31 December	Note	Bank 2023				Group 2023			
		Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	22.2	38,436	-	-	38,436	38,436	-	-	38,436
Placements with banks	24.2	(275,170)	-	-	(275,170)	(275,170)	-	-	(275,170)
Financial assets measured at amortised cost - loans and advances	28.2	(7,670,654)	6,263,585	(1,256,775)	(2,663,844)	(7,817,368)	6,257,962	(1,261,537)	(2,820,943)
Financial assets measured at amortised cost - debt instruments	29.3	(320,867)	(1,684,832)	-	(2,005,699)	(320,867)	(1,684,832)	-	(2,005,699)
Financial assets measured at fair value through OCI	30.4	-	-	-	-	14,710	-	-	14,710
impairment charge/ (reversal) for loans and other losses		(8,228,255)	4,578,753	(1,256,775)	(4,906,277)	(8,360,259)	4,573,130	(1,261,537)	(5,048,666)

NOTES TO THE FINANCIAL STATEMENTS

15 Personnel expenses

Accounting policy

Personnel expenses include staff emoluments, contribution to defined contribution and benefit plans and other related expenses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees are eligible for contribution to defined contribution and benefit plans in accordance with the respective internal and external statutes and regulations.

Defined benefit plans are recognised in the Statement of Profit or Loss based on actuarial valuations carried out in accordance with LKAS 19 - "Employee Benefits".

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Staff emoluments		31,318,096	23,866,223	33,336,727	25,711,503
Contributions to defined contribution plans	15.1	2,837,603	2,201,668	3,030,639	2,383,340
Contributions to defined benefit plans	15.2	3,947,180	1,868,440	4,062,394	1,982,003
Other personnel expenses		2,184,192	1,881,868	2,516,860	2,234,835
Total personnel expenses		40,287,071	29,818,199	42,946,620	32,311,681

15.1 Contributions to defined contribution plans

A Defined Contribution Plan (DCP) is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the Statement of Profit or Loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Bank of Ceylon Provident Fund

All employees of the Bank are members of the 'Bank of Ceylon Provident Fund' to which the Bank contributes 12% of employees' monthly gross salary while employees contribute 8%. This fund is an approved fund, which is independently administered.

Employees' Provident Fund

The subsidiaries and their employees (other than Bank of Ceylon and its employees) contribute 12% (15% by Property Development Limited and Hotel Colombo Limited) and 8% (10% by Property Development Limited's and Hotel Colombo Limited's employees) respectively on monthly gross salary of each employee to Employees' Provident Fund, in terms of the Employees' Provident Fund Act No. 15 of 1958 and subsequent amendments thereto. The respective fund is managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

All employees of the Bank and its subsidiaries are members of the Employees' Trust Fund to which the Bank and the Group contributes 3% of the employee's monthly gross salary, in terms of Employees' Trust Fund Act No.46 of 1980.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Employers' contribution to:				
Bank of Ceylon/Employees' Provident Fund	2,274,615	1,766,295	2,433,793	1,912,518
Employees' Trust Fund	562,988	435,373	596,846	470,822
Total contributions to defined contribution plans	2,837,603	2,201,668	3,030,639	2,383,340

15.2 Contributions to defined benefit plans

A Defined Benefit Plan (DBP) is a post-employment benefit plan other than a DCP. The Group's net obligation in respect of DBP is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value and then deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on long-term treasury bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified Actuary using the "Projected Unit Credit method".

The Group recognises all actuarial gains and losses arising from DBP in the OCI and the expenses related to DBP under personnel expenses in the Statement of Profit or Loss. Details of defined benefit plans are given in "Employee retirement benefit plans" (Note 48).

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Net expenses recognised in the profit or loss					
Bank of Ceylon Pension Trust Fund	48.1.1	5,628,990	4,896,595	5,628,990	4,896,595
Bank of Ceylon Widows'/ Widowers' and Orphans' Pension Fund	48.2.1	(1,166,660)	(1,807,265)	(1,166,660)	(1,807,265)
Terminal gratuity	48.3	174,160	173,686	274,835	273,972
Bank of Ceylon Pension Fund - 2014	48.4.1	(871,480)	(1,566,380)	(871,480)	(1,566,380)
Provision for encashment of medical leave	48.5	182,170	171,804	182,170	171,804
Pension fund - Bank of Ceylon (UK) Limited		-	-	14,539	13,277
Total contributions to defined benefit plans		3,947,180	1,868,440	4,062,394	1,982,003

16 Depreciation and amortisation expenses

Accounting policy

The Group provides depreciation from the date the assets are available for use up to the point the assets can be used for economic activities. Depreciation of the assets ceases at the point of the date that the asset is classified held for sale or the date that the asset is derecognised. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Depreciation of investment properties	33	-	-	92,446	9,190
Depreciation of property, plant and equipment	34	2,130,103	1,846,426	2,609,870	2,692,672
Depreciation of right of use assets/ leasehold properties	35	1,553,120	1,522,030	1,048,365	1,002,250
Amortisation of intangible assets	36	511,704	484,475	557,372	525,130
Total depreciation and amortisation expenses		4,194,927	3,852,931	4,308,053	4,229,242

NOTES TO THE FINANCIAL STATEMENTS

17 Other expenses

Accounting policy

Other expenses have been recognised in the Statement of Profit or Loss as they are incurred in the period to which they relate. All expenditure incurred in the operation of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the Group's profit for the year. Provisions in respect of other expenses are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Deposit insurance premium

As per the Sri Lanka Deposit Insurance and Liquidity Support Scheme introduced under the Banking Act Direction No.06 of 2010, the Group is required to make quarterly payments of 0.1% or 0.125% on the eligible deposit liabilities, from 1 October 2010. The premium rate depends on the Capital Adequacy Ratio (CAR) of the immediate preceding Audited Financial Statements.

Reinsurance premium, claims and other benefits

Gross benefits and claims for life insurance contracts and for investment contracts with Discretionary Participation Features (DPF) include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts, as well as changes in the gross valuation of insurance and investment contract liabilities with DPF. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Interim payments and surrenders are accounted at the time of settlement.

General insurance include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims expenses and liabilities for outstanding claims are recognised in respect of direct and inward reinsurance business. The liability covers claims reported but not yet paid, Incurred But Not Reported (IBNR) claims and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims. The provision in respect of IBNR is actuarially valued on an annual basis to ensure a more realistic estimation of the future liability based on past experience and trends.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the Financial Statements for that period. The methods used and the estimates made are reviewed regularly.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Directors' emoluments	4,502	2,975	13,846	117,961
Auditors' remuneration				
Audit fees	21,994	40,281	80,356	93,474
Non-audit fees	9,358	6,331	10,007	7,703
Deposit insurance premium	3,237,606	3,271,248	3,275,897	3,306,617
Professional and legal expenses	279,499	236,828	415,011	303,084
Net revaluation (gain)/ loss on lands and buildings	-	341,757	-	341,757
Fixed assets maintenance expenses	8,784,172	5,872,616	8,614,316	5,956,869
Reinsurance premium, claims and other benefits	-	-	270,706	459,618
Office administration and establishment expenses	10,265,497	8,813,531	11,877,762	9,887,046
Total other expenses	22,602,628	18,585,567	24,557,901	20,474,129

18 Taxes

GRI 207-1, 2, 4

18.1 Taxes on financial services

Accounting policy

Taxes on financial services include Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) calculated based on the value addition made on financial services.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Value added tax	24,932,941	11,122,618	25,277,395	11,378,354
Social security contribution levy	3,462,348	1,540,951	3,512,748	1,577,470
Total taxes on financial services	28,395,289	12,663,569	28,790,143	12,955,824

18.2 Income tax expense/(reversal)

Accounting policy

Current tax expense and deferred tax expense are recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income (OCI).

Current taxation

Current tax expense is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, effective from 1 April 2018 and subsequent amendments thereto. As required by the LKAS 12 on "Income Taxes", the effective tax rates and reconciliation between the profit before tax and tax expense is given in Note 18.2.2.

Provision for taxation on the overseas operations is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the relevant laws and regulations in those countries using the tax rates enacted or substantively enacted as at the reporting date.

Deferred taxation

Reconciliation of Deferred tax assets and liabilities on temporary differences is given on Note 37.

18.2.1 Components of income tax expenses

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Current tax expense					
Income tax on current year profit		36,954,896	12,328,943	37,598,380	12,961,669
Adjustments in respect of prior years		(902,092)	781,912	(902,092)	989,298
Deferred tax expense					
Charge/ (reversal) of deferred tax expense	37	6,464,525	538,042	6,463,702	204,471
Total income tax expense for the year		42,517,329	13,648,897	43,159,990	14,155,438

NOTES TO THE FINANCIAL STATEMENTS

18.2.2 Reconciliation of accounting profit and income tax expense

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Accounting profit before income tax		106,904,268	40,342,423	108,221,467	41,773,025
Add : Dividend income from subsidiaries and associates		-	-	445,167	372,900
		106,904,268	40,342,423	108,666,634	42,145,925
Add : Disallowable expenses		36,108,781	21,841,873	36,639,568	22,268,407
		143,013,049	62,184,296	145,306,202	64,414,332
Less: Allowable expenses		13,801,023	5,541,992	13,949,228	5,662,941
Less: Tax exempt income		7,115,756	16,683,203	7,115,756	16,683,203
Taxable income		122,096,270	39,959,101	124,241,218	42,068,188
Taxable income at the rate 30% (2023 - 30%)		122,096,270	39,959,101	124,241,218	42,068,188
Current tax at rate of 30% (2023 - 30%)		36,628,881	11,987,730	37,272,365	12,620,456
Effect of different tax rates in other countries		326,015	341,213	326,015	341,213
Adjustment in respect of prior years		(902,092)	781,912	(902,092)	989,298
Charge/ (Reversal) of deferred tax	37	6,464,525	538,042	6,463,702	204,471
Income tax expense for the year		42,517,329	13,648,897	43,159,990	14,155,438
The effective income tax rate (%)		39.8	33.8	39.9	33.9

18.2.3 The tax liabilities of resident companies are computed at the standard rate of 30% (2023-30%), except the following overseas operations of the bank including subsidiary company.

For the year ended 31 December	2024 %	2023 %
Tax rates applicable on foreign operations		
Banking operations in Male	25.00	25.00
Banking operations in Chennai	40.00	40.00
Banking operation in Seychelles		
Up to SCR 1,000,000	25.00	25.00
Balance	33.33	33.33
Bank of Ceylon (UK) Limited	19.00	19.00

19 Share of profits/ (losses) of associate companies, net of tax

Accounting policy

The aggregate of the Group's share of profit or losses of associates is shown in the Statement of Profit or Loss under the equity method of accounting.

For the year ended 31 December	Group	
	2024 LKR '000	2023 LKR '000
Ceybank Asset Management Limited	35,134	37,681
Lanka Securities (Private) Limited	19,229	(2,056)
Transnational Lanka Records Solutions (Private) Limited	32,062	(2,118)
Total share of profits/ (losses) of associate companies, net of tax	86,425	33,507

20 Earnings per share and dividend per share

20.1 Basic earnings per share

Accounting policy

In accordance with the LKAS 33 - "Earnings Per Share", basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholder of the Bank (the numerator) by the weighted average number of ordinary shares in issue (the denominator) during the year.

For the year ended 31 December	Note	Bank		Group	
		2024	2023	2024	2023
Profit attributable to ordinary shareholder of the Bank (LKR '000)		64,386,939	26,693,526	65,007,643	27,571,569
Weighted average number of ordinary shares in issue	20.1.1	25,000,000	25,000,000	25,000,000	25,000,000
Basic earnings per share (LKR)		2,575.48	1,067.74	2,600.31	1,102.86

20.1.1 Weighted average number of ordinary shares in issue

For the year ended 31 December	Bank		Group	
	2024	2023	2024	2023
Number of ordinary shares in issue as at 01 January	25,000,000	25,000,000	25,000,000	25,000,000
Weighted average number of ordinary shares issued during the year	-	-	-	-
Weighted average number of ordinary shares in issue as at 31 December	25,000,000	25,000,000	25,000,000	25,000,000

20.2 Diluted earnings per share

Accounting policy

Diluted earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholder of the Bank (the numerator) by the weighted average number of ordinary shares in issue during the year after adjusting for effect of all dilutive potential ordinary shares (the denominator).

For the year ended 31 December	Note	Bank		Group	
		2024	2023	2024	2023
Profit attributable to ordinary shareholder of the Bank (LKR '000)		64,386,939	26,693,526	65,007,643	27,571,569
Weighted average number of ordinary shares after adjusting for dilution	20.2.1	25,730,000	25,730,000	25,730,000	25,730,000
Diluted earnings per share (LKR)		2,502.41	1,037.45	2,526.53	1,071.57

20.2.1 Weighted average number of ordinary shares after adjusting for dilution

For the year ended 31 December	Bank		Group	
	2024	2023	2024	2023
Weighted average number of ordinary shares in issue	25,000,000	25,000,000	25,000,000	25,000,000
Weighted average number of potential ordinary shares under pending allotment during the year	730,000	730,000	730,000	730,000
Weighted average number of ordinary shares after adjusting for dilution	25,730,000	25,730,000	25,730,000	25,730,000

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20.3 Dividend per share

Accounting policy

Dividend per share is calculated by dividing the total dividend allocated to shareholder (the numerator) by the weighted average number of ordinary shares in issue (the denominator) during the year.

For the year ended 31 December	Note	Bank		Group	
		2024	2023	2024	2023
Total dividend allocated to shareholder during the year (LKR '000)		-	173,205	-	173,205
Weighted average number of ordinary shares in issue	20.1.1	25,000,000	25,000,000	25,000,000	25,000,000
Dividend per share (LKR)		-	6.93	-	6.93

21 Analysis of financial instruments by measurement basis

All financial assets and liabilities are measured under the following headings as per the SLFRS 9 - "Financial Instruments".

21.1 Bank

As at 31 December

2024

	Fair value through profit or loss LKR '000	Fair value through OCI LKR '000	Amortised cost LKR '000	Total LKR '000
Financial assets				
Cash and cash equivalents	-	-	115,422,407	115,422,407
Balances with Central Banks	-	-	52,346,230	52,346,230
Placements with banks	-	-	62,413,107	62,413,107
Securities purchased under resale agreements	-	-	23,982,341	23,982,341
Derivative financial instruments	23,500,600	-	-	23,500,600
Loans and advances	-	-	2,177,707,779	2,177,707,779
Debt instruments	20,203,381	42,007,600	2,275,934,376	2,338,145,357
Equity instruments	799,796	10,042,053	-	10,841,849
Total financial assets	44,503,777	52,049,653	4,707,806,240	4,804,359,670

As at 31 December

2024

	Fair value through profit or loss LKR '000	Amortised cost LKR '000	Total LKR '000
Financial liabilities			
Due to banks	-	1,671,087	1,671,087
Securities sold under repurchase agreements	-	131,079,414	131,079,414
Derivative financial instruments	16,476,077	-	16,476,077
Financial liabilities at amortised cost			
Due to depositors	-	4,208,603,435	4,208,603,435
Other borrowings	-	29,143,678	29,143,678
Subordinated liabilities	-	68,535,700	68,535,700
Total financial liabilities	16,476,077	4,439,033,314	4,455,509,391

As at 31 December

2023

	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets				
Cash and cash equivalents	-	-	135,550,505	135,550,505
Balances with Central Banks	-	-	34,932,639	34,932,639
Placements with banks	-	-	74,966,171	74,966,171
Securities purchased under resale agreements	-	-	3,711,918	3,711,918
Derivative financial instruments	20,525,840	-	-	20,525,840
Loans and advances	-	-	2,209,061,924	2,209,061,924
Debt instruments	38,411,078	42,437,931	1,653,728,403	1,734,577,412
Equity instruments	2,231,452	7,096,067	-	9,327,519
Total financial assets	61,168,370	49,533,998	4,111,951,560	4,222,653,928

As at 31 December

2023

	Fair value through profit or loss	Amortised cost	Total
	LKR '000	LKR '000	LKR '000
Financial liabilities			
Due to banks	-	3,047,732	3,047,732
Securities sold under repurchase agreements	-	78,463,070	78,463,070
Derivative financial instruments	2,169,202	-	2,169,202
Financial liabilities at amortised cost			
Due to depositors	-	3,882,232,323	3,882,232,323
Other borrowings	-	33,666,236	33,666,236
Subordinated liabilities	-	64,691,810	64,691,810
Total financial liabilities	2,169,202	4,062,101,171	4,064,270,373

21.2 Group

As at 31 December

2024

	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets				
Cash and cash equivalents	-	-	116,281,852	116,281,852
Balances with Central Banks	-	-	52,346,230	52,346,230
Placements with banks	-	-	61,576,750	61,576,750
Securities purchased under resale agreements	-	-	21,581,160	21,581,160
Derivative financial instruments	23,500,600	-	-	23,500,600
Loans and advances	-	-	2,221,161,844	2,221,161,844
Debt instruments	28,653,873	42,108,415	2,282,636,084	2,353,398,372
Equity instruments	1,108,614	11,754,348	-	12,862,962
Total financial assets	53,263,087	53,862,763	4,755,583,920	4,862,709,770

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As at 31 December

2024

	Fair value through profit or loss LKR '000	Amortised cost LKR '000	Total LKR '000
Financial liabilities			
Due to banks	-	1,682,417	1,682,417
Securities sold under repurchase agreements	-	130,030,614	130,030,614
Derivative financial instruments	16,476,077	-	16,476,077
Financial liabilities at amortised cost			
Due to depositors	-	4,245,531,800	4,245,531,800
Other borrowings	-	32,344,253	32,344,253
Debt securities issued	-	718,873	718,873
Subordinated liabilities	-	68,282,559	68,282,559
Total financial liabilities	16,476,077	4,478,590,516	4,495,066,593

As at 31 December

2023

	Fair value through profit or loss LKR '000	Fair value through OCI LKR '000	Amortised cost LKR '000	Total LKR '000
Financial assets				
Cash and cash equivalents	-	-	137,369,158	137,369,158
Balances with Central Banks	-	-	34,932,639	34,932,639
Placements with banks	-	-	73,024,979	73,024,979
Securities purchased under resale agreements	-	-	3,695,392	3,695,392
Derivative financial instruments	20,525,840	-	-	20,525,840
Loans and advances	-	-	2,240,611,228	2,240,611,228
Debt instruments	46,236,604	42,524,390	1,660,012,978	1,748,773,972
Equity instruments	2,594,267	9,675,295	-	12,269,562
Total financial assets	69,356,711	52,199,685	4,149,646,374	4,271,202,770

As at 31 December

2023

	Fair value through profit or loss LKR '000	Amortised cost LKR '000	Total LKR '000
Financial liabilities			
Due to banks	-	3,162,463	3,162,463
Securities sold under repurchase agreements	-	77,829,770	77,829,770
Derivative financial instruments	2,169,202	-	2,169,202
Financial liabilities at amortised cost			
Due to depositors	-	3,909,580,686	3,909,580,686
Other borrowings	-	35,592,741	35,592,741
Debt securities issued	-	730,839	730,839
Subordinated liabilities	-	64,437,320	64,437,320
Total financial liabilities	2,169,202	4,091,333,819	4,093,503,021

22 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include local and foreign currency notes and coins in hand, unrestricted balances held with central banks, balances with other banks and highly liquid financial assets with original maturities of less than seven days, which are subject to insignificant risk of changes in their fair value and are used by the Group to manage its short-term commitments. Cash and cash equivalents are carried at amortised cost. The losses arising from impairment are recognised in "Impairment charge/ (reversal) for loans and other losses" (Note 14) in the Statement of Profit or Loss.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Local currency in hand		62,178,403	58,778,807	62,523,305	59,188,748
Foreign currency in hand		3,553,002	3,854,357	3,574,708	3,869,630
Balances with banks		15,939,848	22,025,466	16,432,702	23,418,948
Money at call and short notice		34,232,224	50,954,466	34,232,224	50,954,466
Gross cash and cash equivalents		115,903,477	135,613,096	116,762,939	137,431,792
Less - Accumulated impairment	22.2	481,070	62,591	481,087	62,634
Net cash and cash equivalents		115,422,407	135,550,505	116,281,852	137,369,158

22.1 Analysis of cash and cash equivalents based on exposure to credit risk

Bank

As at 31 December	2024				2023
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Balances with banks	15,939,848	-	-	15,939,848	22,025,466
Money at call and short notice	34,232,224	-	-	34,232,224	50,954,466
	50,172,072	-	-	50,172,072	72,979,932
Less - Accumulated impairment	481,070	-	-	481,070	62,591
Net cash equivalents	49,691,002	-	-	49,691,002	72,917,341

Group

As at 31 December	2024				2023
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Balances with banks	16,432,702	-	-	16,432,702	23,418,948
Money at call and short notice	34,232,224	-	-	34,232,224	50,954,466
	50,664,926	-	-	50,664,926	74,373,414
Less - Accumulated impairment	481,087	-	-	481,087	62,634
Net cash equivalents	50,183,839	-	-	50,183,839	74,310,780

NOTES TO THE FINANCIAL STATEMENTS

22.2 Movement in provision for impairment during the year

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in Stage 1 impairment				
Balance as at 1 January	62,591	24,155	62,634	24,170
Charge/ (reversal) to income statement	418,479	38,436	418,479	38,436
Other movements	-	-	(26)	28
Balance as at 31 December	481,070	62,591	481,087	62,634

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in total impairment				
Balance as at 1 January	62,591	24,155	62,634	24,170
Charge/ (reversal) to income statement	418,479	38,436	418,479	38,436
Other movements	-	-	(26)	28
Balance as at 31 December	481,070	62,591	481,087	62,634

23 Balances with Central Banks

Accounting policy

Balances with Central Banks are carried at amortised cost in the Statement of Financial Position

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 31 December				
Statutory balances with Central Banks				
Central Bank of Sri Lanka	48,252,069	25,082,652	48,252,069	25,082,652
Other Central Banks	4,094,161	9,849,987	4,094,161	9,849,987
Total balances with Central Banks	52,346,230	34,932,639	52,346,230	34,932,639

23.1 Central Bank of Sri Lanka (CBSL)

In terms of the provisions of Section 93 of the Monetary Law Act No. 58 of 1949, the Bank is required to maintain a cash reserve with Central Bank of Sri Lanka. The minimum cash reserve requirement as of 31 December 2024 was 2.0% (2023 : 2.0%) of Sri Lankan Rupee deposit liabilities. There is no reserve requirement for foreign currency deposit liabilities maintained by domestic branches and the deposit liabilities of the Off-shore Banking Division in Sri Lanka (2023 : Nil).

23.2 Reserve Bank of India (RBI)

In terms of the provisions of Section 42 (1) of the Reserve Bank of India (RBI) Act No. 02 of 1934, the branch in Chennai is required to maintain a cash reserve with RBI. The minimum cash reserve as of 31 December 2024 was 4.0% on its demand and term deposit liabilities. (2023 : 4.5%)

23.3 Maldives Monetary Authority (MMA)

In accordance with the prevailing regulations of Maldives Monetary Authority (MMA), the branch in Maldives is required to maintain a reserve deposit based on 10.0% of the branch's commercial deposits and liabilities to the public in the Maldives in Maldivian Rufiyaa and 7.5% of the branch's commercial deposits and liabilities to the public in the Maldives in United States Dollar. (2023 : 10.0% for Maldivian Rufiyaa and 10.0% for United States Dollar separately)

23.4 Central Bank of Seychelles (CBS)

In accordance with the regulations of Central Bank of Seychelles, the branch in Seychelles is required to maintain a reserve deposit based on 13.0% on Seychelles rupee deposits of the branch's commercial deposits liabilities to the public in Seychelles and 13.0% for foreign currency deposits of the branch's commercial deposits liabilities to the public in Seychelles (2023 : 13.0% for Seychelles Rupee and 13.0% for foreign currency deposits).

24 Placements with banks

Accounting policy

Placements with banks include balances with other banks with original maturities of more than seven days which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss
- Those that upon initial recognition, designates as fair value through other comprehensive income
- Those for which may not recover substantially all of its initial investment, other than due to credit deterioration

Placement with banks are initially measured at fair value. After initial measurement, they are subsequently measured at amortised cost using the Effective Interest Rate (EIR), less allowance for impairment. Interest income from placement with banks is included in "Interest income" (Note 8.1) in the Statement of Profit or Loss. The losses arising from impairment are recognised in "Impairment charge/ (reversal) for loans and other losses" (Note 14) in the Statement of Profit or Loss. Certain placements with banks are written off when they are determined to be uncollectible.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Within Sri Lanka		15,903,276	2,381,765	15,903,276	2,381,765
Outside Sri Lanka		46,532,225	72,629,185	45,695,868	70,687,993
Gross placements with banks		62,435,501	75,010,950	61,599,144	73,069,758
Less - Accumulated impairment	24.2	22,394	44,779	22,394	44,779
Net placements with banks		62,413,107	74,966,171	61,576,750	73,024,979

24.1 Analysis of placements with banks based on exposure to credit risk

Bank

As at 31 December	2024				2023
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Within Sri Lanka	15,903,276	-	-	15,903,276	2,381,765
Outside Sri Lanka	46,532,225	-	-	46,532,225	72,629,185
	62,435,501	-	-	62,435,501	75,010,950
Less - Accumulated impairment	22,394	-	-	22,394	44,779
Net placements with banks	62,413,107	-	-	62,413,107	74,966,171

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Group

As at 31 December	2024				2023
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Within Sri Lanka	15,903,276	-	-	15,903,276	2,381,765
Outside Sri Lanka	45,695,868	-	-	45,695,868	70,687,993
	61,599,144	-	-	61,599,144	73,069,758
Less - Accumulated impairment	22,394	-	-	22,394	44,779
Net placements with banks	61,576,750	-	-	61,576,750	73,024,979

24.2 Movement in provision for impairment during the year

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in Stage 1 impairment				
Balance as at 1 January	44,779	319,949	44,779	319,949
Charge/ (reversal) during the year	(22,385)	(275,170)	(22,385)	(275,170)
Balance as at 31 December	22,394	44,779	22,394	44,779

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in total Impairment				
Balance as at 1 January	44,779	319,949	44,779	319,949
Charge/ (reversal) during the year	(22,385)	(275,170)	(22,385)	(275,170)
Balance as at 31 December	22,394	44,779	22,394	44,779

25 Securities purchased under resale agreements

Accounting policy

Securities purchased under resale agreements (reverse repos) are purchased with an agreement to sell them at a higher price at a specific future date. The consideration paid and accrued interest (measured by using the EIR) are recorded in the Statement of Financial Position, reflecting the transaction's economic substance as an advance granted by the Group. The difference between the purchase price and resale price is recognised as "Interest income" (Note 8.1) and is amortised over the life of the agreement.

As part of the risk management framework, the Bank applies minimum haircut requirements to reverse repurchase transactions to ensure an adequate collateral coverage. Haircuts are applied based on the remaining maturity of eligible securities to mitigate credit and liquidity risk. At the time of entering into a reverse repurchase transaction, the market value of eligible securities must sufficiently cover the resale value, including the principal and accrued interest, with the following minimum haircut percentages;

Remaining Term to Maturity of the Eligible Security	Minimum Haircut (%)
Up to 1 year	4.0
More than 1 years and up to 3 years	6.0
More than 3 years and up to 5 years	8.0
More than 5 years and up to 8 years	10.0
More than 8 years	12.0

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
With banks	18,077,827	1,699,302	15,676,646	1,682,776
With customers	5,904,514	2,012,616	5,904,514	2,012,616
Total securities purchased under resale agreements	23,982,341	3,711,918	21,581,160	3,695,392

26 Derivative financial instruments

Accounting policy

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk, indices etc. Derivatives are categorised as trading unless they are designated as hedging instruments. All derivatives are initially recognised and subsequently measured at fair value, with all revaluation gains or losses recognised in the Statement of Profit or Loss under "Net gains/ (losses) from trading " (Note 10). Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Fair value is determined using the forward market rates ruling on the reporting date.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Foreign currency derivatives				
Forward exchange contracts	16,312,674	4,415,152	16,312,674	4,415,152
Currency SWAPs	7,187,926	16,110,688	7,187,926	16,110,688
Total derivative financial instruments	23,500,600	20,525,840	23,500,600	20,525,840

27 Financial assets recognised through profit or loss - measured at fair value

Accounting policy

Financial instruments are classified as financial assets measured at fair value through profit or loss if they have been acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short term profit or position taking. Further as per SLFRS 9 - "Financial Instruments" financial assets recognised through profit or loss includes all financial assets other than those classified under FVTOCI and amortised cost.

All financial assets under this category are initially and subsequently measured at fair value. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognised in the Statement of Profit or Loss. Interest income is recorded in "Interest income" (Note 8.1) according to the terms of the contract. Dividend are recognised in "Net gains/ (losses) from trading" (Note 10). Changes in fair value are recognised in "Net fair value gains/ (losses) from financial instruments at fair value through profit or loss" (Note 11).

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Measured at fair value					
Sri Lanka Government Securities					
Treasury bills		14,929,056	33,975,090	14,929,056	33,975,090
Treasury bonds		73,259	69,691	8,312,352	7,876,803
Sri Lanka International Sovereign Bonds		-	-	194,594	-
Quoted equities	27.2	799,796	2,231,452	1,108,614	2,594,267
Units in unit trusts	27.3	5,201,066	4,366,297	5,217,871	4,384,711
Financial assets recognised through profit or loss		21,003,177	40,642,530	29,762,487	48,830,871

NOTES TO THE FINANCIAL STATEMENTS

27.1 By currency

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Sri Lankan Rupee	21,003,177	40,642,530	29,567,893	48,830,871
United States Dollar	-	-	194,594	-
Total	21,003,177	40,642,530	29,762,487	48,830,871

27.2 Quoted equities

27.2.1 Sector wise composition of quoted equities

As at 31 December	Bank					
	2024			2023		
Sector	Cost of investment LKR '000	Market value LKR '000	Sector wise composition of market value %	Cost of investment LKR '000	Market value LKR '000	Sector wise composition of market value %
Banks	-	-	-	4,273	3,588	0.2
Capital goods	362,987	300,181	37.5	1,160,694	874,072	39.2
Consumer durables and apparel	36,374	25,487	3.2	123,565	87,847	3.9
Consumer services	533,492	389,411	48.7	668,914	374,801	16.8
Diversified financials	17,501	9,730	1.2	136,633	53,203	2.4
Energy	70,259	33,336	4.2	70,259	40,408	1.8
Food, beverage and tobacco	-	-	-	483,623	328,790	14.7
Materials	-	-	-	366,257	219,266	9.8
Real estate	-	-	-	20,981	14,367	0.6
Retailing	26,178	19,133	2.4	160,669	83,406	3.7
Telecommunication services	7,496	14,873	1.8	7,496	19,881	0.9
Transportation	-	-	-	200,963	87,719	3.9
Utilities	-	7,645	1.0	62,026	44,104	2.1
Quoted equities - Bank [Note 27.2.2]	1,054,287	799,796	100.0	3,466,353	2,231,452	100.0

As at 31 December	Group					
	2024			2023		
	Cost of investment	Market value	Sector wise composition of market value	Cost of investment	Market value	Sector wise composition of market value
Sector	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Banks	270	250	-	4,543	3,823	0.1
Capital Goods	433,692	351,720	31.7	1,320,944	973,116	37.5
Commercial & Professional Services	3,906	3,793	0.3	2,468	1,892	0.1
Consumer Durables and Apparel	45,404	31,722	2.9	136,306	95,568	3.7
Consumer Services	593,591	443,376	40.0	749,472	444,827	17.1
Diversified Financials	97,634	94,863	8.6	214,330	90,430	3.5
Diversified Holdings	-	-	-	4,621	3,892	0.2
Energy	70,259	33,336	3.0	70,259	40,408	1.6
Food and Staples Retailing	3,676	3,536	0.3	1,601	1,226	-
Food, Beverage and Tobacco	84,397	56,949	5.1	571,953	370,293	14.3
Health Care Equipment and Services	4,385	3,878	0.3	2,351	2,110	0.1
Household and Personal Products	2,132	1,943	0.2	-	-	-
Insurance	8,526	6,265	0.6	5,633	3,725	0.1
Materials	17,869	13,367	1.2	429,421	264,083	10.2
Real Estate	16,761	13,185	1.2	41,085	25,415	1.0
Retailing	26,803	19,734	1.8	168,092	88,129	3.4
Software and Services	1,362	793	0.1	1,362	748	-
Telecommunication Services	7,748	15,123	1.4	7,496	19,881	0.8
Transportation	-	-	-	217,899	97,459	3.8
Utilities	3,407	14,781	1.3	87,945	67,242	2.6
Quoted equities - Group [Note 27.2.3]	1,421,822	1,108,614	100.0	4,037,781	2,594,267	100.0

27.2.2 Quoted equities-Bank

As at 31 December	Bank							
	2024				2023			
	Number of ordinary shares	Cost of investment	Market price per share	Market value	Number of ordinary shares	Cost of investment	Market price per share	Market value
		LKR '000	LKR	LKR '000		LKR '000	LKR	LKR '000
Banks								
Seylan Bank PLC - Non - Voting	-	-	-	-	101,073	4,273	35.50	3,588
Total of banks sector		-		-		4,273		3,588
Capital goods								
Access Engineering PLC	-	-	-	-	2,326,286	72,603	20.30	47,224
Aitken Spence PLC	766,150	75,749	145.00	111,092	766,150	75,749	116.00	88,873
Brown & Company PLC	-	-	-	-	234,241	38,480	100.00	23,424
Central Industries PLC	-	-	-	-	66,598	6,828	87.30	5,814
Colombo Dockyard PLC	797,625	179,456	65.90	52,563	797,625	179,456	50.50	40,280
Hayleys PLC	-	-	-	-	373,839	37,383	71.40	26,692
Hemas Holdings	-	-	-	-	1,127,296	99,068	66.70	75,191
John Keells Holdings PLC	5,715,302	95,156	22.60	129,166	2,465,472	412,087	191.00	470,905

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Bank

As at 31 December	2024				2023			
	Number of ordinary shares	Cost of investment	Market price per share	Market value	Number of ordinary shares	Cost of investment	Market price per share	Market value
	LKR '000	LKR	LKR '000		LKR '000	LKR	LKR '000	
Lanka Walltile PLC	-	-	-	-	249,735	12,313	42.20	10,539
Lankem Ceylon PLC	-	-	-	-	72,400	32,702	64.50	4,670
Renuka Holdings PLC	400,000	12,626	18.40	7,360	1,287,089	40,626	12.70	16,346
Royal Ceramics Lanka PLC	-	-	-	-	850,000	64,218	26.40	22,440
The Colombo Fort Land & Building PLC	-	-	-	-	149,500	10,307	30.90	4,620
UNISYST Engineering PLC	-	-	-	-	1,673,758	27,116	5.80	9,708
Vallibel One PLC	-	-	-	-	712,143	51,758	38.40	27,346
Total of capital goods sector		362,987		300,181		1,160,694		874,072
Consumer durables and apparel								
Ambeon Holdings PLC	385,000	23,273	46.30	17,826	385,000	23,273	34.50	13,283
Hayleys Fabric PLC	-	-	-	-	505,325	21,138	40.50	20,466
Hela Apparel Holdings PLC	1,298,400	13,101	5.90	7,661	548,400	8,226	5.00	2,742
Regnis Lanka PLC	-	-	-	-	300,000	25,500	39.90	11,970
Teejay Lanka PLC	-	-	-	-	1,085,000	45,428	36.30	39,386
Total of consumer durables and apparel sector		36,374		25,487		123,565		87,847
Consumer services								
Asian Hotels and Properties PLC	2,367,741	225,788	63.50	150,352	2,367,741	225,788	58.00	137,329
Aitken Spence Hotel Holdings PLC	2,177,424	198,875	84.70	184,428	2,527,424	230,843	63.00	159,228
Citrus Leisure PLC	100,000	10,112	4.50	450	100,000	10,112	5.60	560
Eden Hotel Lanka PLC	-	-	-	-	775,550	41,864	10.10	7,833
Hayleys Leisure PLC	686,139	30,665	33.00	22,643	686,139	30,665	21.00	14,409
Tal Lanka Hotels PLC	387,400	26,014	22.10	8,562	387,400	26,014	19.00	7,361
Tangerine Beach Hotels PLC	-	-	-	-	50,000	5,056	52.50	2,625
The Fortress Resorts PLC	254,017	8,781	32.50	8,256	1,451,100	50,165	18.50	26,845
Trans Asia Hotels PLC	327,848	33,257	44.90	14,720	477,200	48,407	39.00	18,611
Total of consumer services sector		533,492		389,411		668,914		374,801
Diversified financials								
Ceylon Guardian Investment Trust PLC	-	-	-	-	107,248	32,506	83.30	8,934
Ceylon Investment PLC	100,000	13,948	73.40	7,340	538,124	75,061	45.00	24,216
Commercial Credit and Finance PLC	-	-	-	-	300,000	10,244	29.10	8,730
First Capital Holdings PLC	-	-	-	-	157,382	7,785	28.10	4,422
First Capital Treasuries PLC	88,500	3,553	27.00	2,390	274,936	11,037	25.10	6,901
Total of diversified financials sector		17,501		9,730		136,633		53,203
Energy								
Laugfs Gas PLC - Non-voting	1,683,646	70,259	19.80	33,336	1,683,646	70,259	24.00	40,408
Total of energy sector		70,259		33,336		70,259		40,408
Food, beverage and tobacco								
Bukit Darah PLC	-	-	-	-	69,257	48,762	385.00	26,664
Carson Cumberbatch PLC	-	-	-	-	313,352	141,328	242.25	75,910
Ceylon Tobacco Company PLC	-	-	-	-	141,887	135,865	953.75	135,325

As at 31 December	Bank							
	2024				2023			
	Number of ordinary shares	Cost of investment LKR '000	Market price per share LKR	Market value LKR '000	Number of ordinary shares	Cost of investment LKR '000	Market price per share LKR	Market value LKR '000
Horana Plantations PLC	-	-	-	-	465,700	39,720	41.70	19,420
Kahawatte Plantations PLC	-	-	-	-	371,164	15,014	16.00	5,939
Kotagala Plantations PLC	-	-	-	-	729,997	34,709	6.20	4,526
Sunshine Holdings PLC	-	-	-	-	1,196,198	68,225	51.00	61,006
Total of food, beverage and tobacco sector		-		-		483,623		328,790
Materials								
Alumex PLC	-	-	-	-	2,254,360	34,864	8.10	18,260
Chemane PLC	-	-	-	-	118,179	18,563	68.60	8,107
Chevron Lubricants Lanka PLC	-	-	-	-	1,272,121	161,138	90.30	114,873
CIC Holdings PLC - Non-voting	-	-	-	-	110,200	6,071	42.50	4,684
Dipped Products PLC	-	-	-	-	676,913	39,302	27.90	18,886
Swisstek (Ceylon) PLC	-	-	-	-	567,798	26,441	15.60	8,858
Tokyo Cement Co Ltd	-	-	-	-	1,199,941	79,878	38.00	45,598
Total of materials sector		-		-		366,257		219,266
Real estate								
Overseas Realty (Ceylon) PLC	-	-	-	-	957,794	20,981	15.00	14,367
Total of real estate sector		-		-		20,981		14,367
Retailing								
Diesel and Motor Engineering PLC	-	-	-	-	61,054	63,661	511.50	31,229
Hunters & Company PLC	-	-	-	-	17,989	14,552	611.25	10,996
John Keells PLC	197,048	16,853	84.80	16,710	250,200	22,758	64.20	16,063
Odel PLC	222,295	9,325	10.90	2,423	222,295	9,325	14.00	3,112
R I L Property PLC	-	-	-	-	2,478,566	34,176	5.10	12,641
Sathosa Motors PLC	-	-	-	-	13,194	5,111	188.00	2,480
United Motors Lanka PLC	-	-	-	-	118,500	11,086	58.10	6,885
Total of retailing sector		26,178		19,133		160,669		83,406
Telecommunication services								
Sri Lanka Telecom PLC	214,000	7,496	69.50	14,873	214,000	7,496	92.90	19,881
Total of telecommunication services sector		7,496		14,873		7,496		19,881
Transportation								
Expolanka Holdings PLC	-	-	-	-	612,352	200,963	143.25	87,719
Total of transportation sector		-		-		200,963		87,719
Utilities								
Laugfs Power PLC - Non -voting	849,434	-	9.00	7,645	947,089	-	7.80	7,387
Panasian Power PLC	-	-	-	-	1,029,200	6,402	3.40	3,499
Resus Energy PLC	-	-	-	-	1,066,031	37,729	15.00	15,990
Windforce PLC	-	-	-	-	897,300	17,895	19.20	17,228
Total of utilities sector		-		7,645		62,026		44,104
Total quoted equities		1,054,287		799,796		3,466,353		2,231,452

NOTES TO THE FINANCIAL STATEMENTS

27.2.3 Quoted equities - Group

As at 31 December	Group							
	2024				2023			
	Number of ordinary shares	Cost of investment	Market price per share	Market value	Number of ordinary shares	Cost of investment	Market price per share	Market value
	LKR '000	LKR	LKR '000		LKR '000	LKR	LKR '000	
Banks								
Amana Bank PLC	102,124	270	24.50	250	102,124	270	2.30	235
Seylan banks PLC - Non - Voting	-	-	-	-	101,073	4,273	35.50	3,588
Total of banks sector		270		250		4,543		3,823
Capital goods								
Access Engineering PLC	-	-	-	-	2,989,254	92,315	20.30	60,682
ACL Cables PLC	-	-	-	-	123,750	10,507	68.80	8,514
Aitken Spence PLC	766,150	75,749	145.00	111,092	766,150	75,749	116.00	88,873
Alpha Fire Service PLC	-	-	-	-	21,224	732	35.90	762
Brown and Company PLC	150,000	35,244	178.25	26,738	350,737	69,817	100.00	35,074
Central Industries PLC	-	-	-	-	71,908	7,325	87.30	6,278
Colombo Dockyard PLC	887,625	186,561	65.90	58,494	847,625	183,952	50.50	42,805
E B Creasy & Company PLC	26,660	830	28.70	765	25,000	785	22.70	568
Hayleys PLC	-	-	-	-	602,614	57,487	71.40	43,027
Hemas Holdings PLC	-	-	-	-	1,279,311	111,507	66.70	85,330
John Keells Holdings PLC	5,929,012	98,500	22.60	133,996	2,486,843	415,431	191.00	474,987
Kelani Cables PLC	-	-	-	-	250	110	244.00	61
Lanka Tiles PLC	7,500	734	58.40	438	7,500	734	42.20	317
Lanka Walltiles PLC	-	-	-	-	249,735	12,313	42.20	10,539
Lankem Ceylon PLC	13,500	1,252	80.00	1,080	85,900	33,954	64.50	5,541
Greentech Energy PLC	1,350,000	4,194	2.20	2,970	1,350,000	4,194	1.80	2,430
MTD Walkers PLC	165,000	6,751	-	-	165,000	6,751	-	-
Renuka Holdings PLC	400,000	12,626	18.40	7,360	2,128,811	55,900	12.70	27,036
Renuka Holdings PLC-Non Voting	-	-	-	-	127	2	10.79	1
Royal Ceramics Lanka PLC	202,000	11,251	43.50	8,787	1,032,000	74,742	26.40	27,245
The Colombo Fort Land & Building PLC	-	-	-	-	149,500	10,307	30.90	4,620
Unisyst Engineering PLC	-	-	-	-	1,808,758	27,985	5.80	10,491
Vallibel One PLC	-	-	-	-	987,883	68,345	38.40	37,935
Total of capital goods sector		433,692		351,720		1,320,944		973,116
Commercial and professional services								
E M L Consultants PLC	925,000	3,906	4.10	3,793	556,585	2,468	3.40	1,892
Total of commercial and professional services sector		3,906		3,793		2,468		1,892
Consumer durables and apparel								
Ambeon Capital PLC	-	-	-	-	500,000	5,035	7.40	3,700
Ambeon Holdings PLC	385,000	23,273	46.30	17,826	420,000	24,587	34.50	14,490
Blue Diamonds Jewellery Worldwide PLC-Non Voting	5,250,000	3,125	0.30	1,575	5,250,000	3,125	0.20	1,050
Dankotuwa Porcelain PLC	10,000	259	23.50	235	-	-	-	-
Hayleys Fabric PLC	-	-	-	-	505,325	21,138	40.50	20,466

As at 31 December	Group							
	2024				2023			
	Number of ordinary shares	Cost of investment LKR '000	Market price per share LKR	Market value LKR '000	Number of ordinary shares	Cost of investment LKR '000	Market price per share LKR	Market value LKR '000
Hela Apparel Holdings PLC	2,048,400	18,747	5.90	12,086	891,354	11,419	5.00	4,457
Regnis Lanka PLC	-	-	-	-	300,000	25,500	39.90	11,970
Singer Industries (Ceylon) PLC	-	-	-	-	1,486	74	33.00	49
Teejay Lanka PLC	-	-	-	-	1,085,000	45,428	36.30	39,386
Total of consumer durables and apparel sector		45,404		31,722		136,306		95,568
Consumer services								
Aitken Spence Hotel Holdings PLC	2,177,424	198,875	84.70	184,428	2,528,424	230,903	63.00	159,291
Anilana Hotels & Properties PLC	750,000	1,106	0.90	675	750,000	1,106	0.90	675
Asian Hotels and Properties PLC	2,375,838	226,250	63.50	150,866	2,367,741	225,788	58.00	137,329
Beruwala Resorts PLC	-	-	-	-	948,739	1,378	1.10	1,044
Citrus Leisure PLC	2,350,000	21,393	4.50	10,575	461,086	12,791	5.60	2,582
Eden Hotel Lanka PLC	235,249	5,288	16.60	3,905	953,293	46,402	10.10	9,628
Galadari Hotels (Lanka) PLC	-	-	-	-	25,000	356	16.00	400
Hayleys Leisure PLC	686,139	30,665	33.00	22,643	764,005	32,501	21.00	16,044
Hikkaduwa Beach Resort PLC	420,952	2,413	3.60	1,515	294,353	1,852	5.20	1,531
Mahaweli Reach Hotels PLC	-	-	-	-	50,000	724	12.20	610
Marawila Resorts PLC	-	-	-	-	260,000	702	2.60	676
Palm Garden Hotels PLC	44,289	2,775	73.40	3,251	37,500	2,489	41.20	1,545
Renuka City Hotels PLC	-	-	-	-	200	72	350.25	70
Renuka Hotels PLC	-	-	-	-	5,000	480	83.70	419
Serendib Hotels PLC	-	-	-	-	25,000	378	12.50	313
Tal Lanka Hotels PLC	387,400	26,014	22.10	8,562	404,129	26,380	19.00	7,678
Tangerine Beach Hotels PLC	-	-	-	-	61,500	5,848	52.50	3,229
The Fortress Resorts PLC	254,017	8,781	32.50	8,256	1,451,100	50,165	18.50	26,845
The Kandy Hotels Company (1938) PLC	-	-	-	-	140,006	1,285	8.40	1,176
The Kingsbury PLC	2,175,454	23,483	12.00	26,105	3,875,454	41,834	10.80	41,855
The Lighthouse Hotel PLC	-	-	-	-	124,467	4,704	31.50	3,921
Trans Asia Hotels PLC	327,848	33,257	44.90	14,720	477,200	48,407	39.00	18,611
Waskaduwa Beach Resort PLC	3,750,000	13,291	2.10	7,875	3,598,067	12,927	2.60	9,355
Total of consumer services sector		593,591		443,376		749,472		444,827
Diversified financials								
Asia Siyaka Commodities PLC	-	-	-	-	20,000	90	4.10	82
Ceylon Guardian Investment Trust PLC	-	-	-	-	107,248	32,506	83.30	8,934
Ceylon Investment PLC	201,907	22,440	73.40	14,820	610,489	82,008	45.00	27,472
Commercial Credit and Finance PLC	-	-	-	-	300,000	10,244	29.10	8,730
First Capital Holdings PLC	-	-	-	-	162,382	7,951	28.10	4,563
First Capital Treasuries PLC	88,500	3,553	27.00	2,390	274,936	11,037	25.10	6,901
Galle Face Capital Partners PLC	19,269	1,006	43.40	836	19,269	1,006	25.60	493
HNB Finance PLC	42,500	355	5.60	238	42,500	355	5.20	221
Lanka Credit & Business Finance PLC	1,136,561	4,107	2.70	3,069	986,561	3,802	1.70	1,677
LB Finance PLC	-	-	-	-	40,000	2,947	62.30	2,492

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Group								
As at 31 December	2024				2023			
	Number of ordinary shares	Cost of investment	Market price per share	Market value	Number of ordinary shares	Cost of investment	Market price per share	Market value
	LKR '000	LKR	LKR	LKR '000	LKR '000	LKR	LKR	LKR '000
LOLC Finance PLC	575,000	10,159	6.70	3,853	978,277	17,284	4.60	4,500
LOLC Holdings PLC	95,000	46,984	690.25	65,574	57,030	35,667	355.25	20,260
Nation Lanka Finance PLC	500,000	200	0.30	150	-	-	-	-
People's Leasing & Finance PLC	-	-	-	-	90,424	976	10.70	968
Ceylon Land & Equity PLC	14,115	172	9.20	130	14,115	172	8.10	114
SMB Finance PLC	-	-	-	-	1,337,753	1,070	0.60	803
SMB Finance PLC-Non Voting	8,500,000	4,050	0.30	2,550	5,000,000	3,000	0.30	1,500
Softlogic Finance PLC	122,056	4,215	5.90	720	122,056	4,215	5.90	720
Vallibel Finance PLC	10,001	393	53.30	533	-	-	-	-
Total of diversified financials sector		97,634		94,863		214,330		90,430
Diversified holdings								
Richard Pieris & Company PLC	-	-	-	-	189,854	4,621	20.50	3,892
Total of diversified holdings sector		-		-		4,621		3,892
Energy								
Laugfs Gas PLC - Non-voting	1,683,646	70,259	19.80	33,336	1,683,646	70,259	24.00	40,408
Total of energy sector		70,259		33,336		70,259		40,408
Food and staples retailing								
Tess Agro PLC	2,500,000	3,038	1.20	3,000	783,224	1,098	1.10	862
Tess Agro PLC-Non-voting	670,353	638	0.80	536	520,353	503	0.70	364
Total of food and staples retailing sector		3,676		3,536		1,601		1,226
Food, beverage and tobacco								
Agalawatte Plantations PLC	208,325	10,048	46.60	9,708	178,500	8,919	32.60	5,819
Browns Investments PLC	5,000,000	45,894	7.10	35,500	4,075,000	40,827	4.70	19,153
Bukit Darah PLC	-	-	-	-	69,257	48,762	385.00	26,664
Carson Cumberbatch PLC	-	-	-	-	313,352	141,328	242.25	75,910
Ceylon Cold Stores PLC	-	-	-	-	243,008	14,871	42.40	10,304
Ceylon Tobacco Company PLC	-	-	-	-	141,887	135,865	953.75	135,325
Elpitiya Plantations PLC	-	-	-	-	3,830	396	85.00	326
Horana Plantations PLC	-	-	-	-	465,700	39,720	41.70	19,420
HVA Foods PLC	565,789	2,831	4.10	2,320	160,000	1,286	3.80	608
Kahawatte Plantations PLC	-	-	-	-	376,164	15,109	16.00	6,019
Kotagala Plantations PLC	-	-	-	-	889,997	35,924	6.20	5,518
Kotmale Holdings PLC	2,233	926	439.00	980	2,296	952	390.00	895
Lanka Milk Foods PLC	10,000	320	46.80	468	-	-	-	-
Lucky Lanka Milk Processing PLC - Non Voting	2,514,546	14,958	-	-	2,514,546	14,958	-	-
Raigam Wayamba Salterns PLC	293,839	2,161	7.30	2,145	34,249	266	6.30	216
Renuka Agri Foods PLC	1,575,000	7,259	3.70	5,828	797,356	4,545	3.90	3,110
Sunshine Holdings PLC	-	-	-	-	1,196,198	68,225	51.00	61,006
Total of food, beverage and tobacco sector		84,397		56,949		571,953		370,293

As at 31 December	Group							
	2024				2023			
	Number of ordinary shares	Cost of investment LKR '000	Market price per share LKR	Market value LKR '000	Number of ordinary shares	Cost of investment LKR '000	Market price per share LKR	Market value LKR '000
Health care equipment and services								
Asiri Hospital Holdings PLC	5,000	210	25.70	129	5,000	210	24.60	123
Asiri Surgical Hospital PLC	124,860	1,685	12.00	1,498	124,860	1,685	12.90	1,611
E - Channelling PLC	104,000	1,584	13.80	1,435	24,000	384	14.00	336
Nawaloka Hospitals PLC	50,000	245	4.40	220	10,000	72	4.00	40
The Lanka Hospital Corporation PLC	7,500	661	79.50	596	-	-	-	-
Total of health care equipment and services sector		4,385		3,878		2,351		2,110
Household and Personal Products								
BPPL Holding PLC	89,971	2,132	21.60	1,943	-	-	-	-
Total of Household and Personal Products sector		2,132		1,943		-		-
Insurance								
Arpico Insurance PLC	10,000	300	26.50	265	10,000	300	22.50	225
Co-operative Insurance Company PLC	-	-	-	-	75,000	254	2.40	180
Softlogic Capital PLC	1,000,000	8,226	6.00	6,000	370,000	3,894	6.50	2,405
Softlogic Life Insurance PLC	-	-	-	-	17,000	1,185	53.80	915
Total of insurance sector		8,526		6,265		5,633		3,725
Materials								
Agstar PLC	300,000	2,646	8.30	2,490	110,000	1,107	8.50	935
Alumex PLC	-	-	-	-	2,986,628	43,412	8.10	24,192
Bogala Graphite Lanka PLC	45,002	3,479	61.10	2,750	44,002	3,423	50.00	2,200
Chemanex PLC	-	-	-	-	118,179	18,563	68.60	8,107
Chevron Lubricants Lanka PLC	-	-	-	-	1,416,521	175,563	90.30	127,912
CIC Holdings PLC-Non Voting	-	-	-	-	165,200	9,093	42.50	7,021
Dipped Products PLC	25,000	1,306	54.50	1,363	957,435	53,997	27.90	26,712
Ex-Pack Corrugated Cartons PLC	50	1	16.30	1	52,820	767	12.40	655
Haycarb PLC	67,000	6,213	85.30	5,715	59,500	5,623	64.30	3,826
Industrial Asphalts (Ceylon) PLC	-	-	-	-	750,000	275	0.40	300
JAT Holdings PLC	-	-	-	-	75,000	1,374	15.30	1,148
Pelwatte Sugar Industries PLC	68,400	2,924	-	-	41,600	1,799	-	-
Richered Peries Export PLC	2,500	1,300	419.25	1,048	1,700	1,029	484.50	824
Swisstek (Ceylon) PLC	-	-	-	-	567,798	26,441	15.60	8,858
Tokyo Cement Co Ltd	-	-	-	-	1,199,941	79,878	38.00	45,598
Tokyo Cement Company (Lanka) PLC-Non Voting	-	-	-	-	152,500	7,077	38.00	5,795
Total of materials sector		17,869		13,367		429,421		264,083
Real estate								
Colombo Land and Development Company PLC	82,639	2,849	23.10	1,909	82,639	2,849	17.00	1,405
East West Properties PLC	610,000	7,043	11.10	6,771	585,000	6,793	7.40	4,329
Lanka Realty Investments PLC	321,876	6,833	13.90	4,474	261,876	6,148	10.60	2,776

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As at 31 December	Group							
	2024				2023			
	Number of ordinary shares	Cost of investment	Market price per share	Market value	Number of ordinary shares	Cost of investment	Market price per share	Market value
	LKR '000	LKR	LKR	'000	LKR '000	LKR	LKR	'000
Millennium Housing Developers PLC	10,000	36	3.10	31	10,000	36	2.90	29
Overseas Realty (Ceylon) PLC	-	-	-	-	957,794	20,981	15.00	14,367
Prime Lands Residencies PLC	-	-	-	-	150,000	1,995	6.50	975
Seylan Developments PLC	-	-	-	-	106,500	2,283	14.40	1,534
Total of real estate sector		16,761		13,185		41,085		25,415
Retailing								
C M Holdings PLC	5,000	625	120.25	601	-	-	-	-
Diesel and Motor Engineering PLC	-	-	-	-	61,054	63,661	511.50	31,229
Hunters and Company PLC	-	-	-	-	17,989	14,552	611.25	10,996
John Keells PLC	197,048	16,853	84.80	16,710	276,198	24,687	64.20	17,732
Odel PLC	222,295	9,325	10.90	2,423	222,295	9,325	14.00	3,112
R I L Property PLC	-	-	-	-	2,958,566	38,828	5.10	15,089
Sathosa Motors PLC	-	-	-	-	13,194	5,111	188.00	2,480
Singer (Sri Lanka) PLC	-	-	-	-	50,526	842	12.00	606
United Motors Lanka PLC	-	-	-	-	118,500	11,086	58.10	6,885
Total of retailing sector		26,803		19,734		168,092		88,129
Software and services								
hSenid Business Solutions PLC	65,000	1,362	12.20	793	65,000	1,362	11.50	748
Total of software and services		1,362		793		1,362		748
Telecommunication services								
Sri Lanka Telecom PLC	217,600	7,748	69.50	15,123	214,000	7,496	92.90	19,881
Total of telecommunication services sector		7,748		15,123		7,496		19,881
Transportation								
Expolanka Holdings PLC	-	-	-	-	680,339	217,899	143.25	97,459
Total of transportation sector		-		-		217,899		97,459
Utilities								
Laugfs Power PLC - Non Voting	849,434	-	9.00	7,645	1,024,938	714	7.80	7,995
Lotus Hydro Power PLC	-	-	-	-	21,240	183	8.80	187
LVL Energy Fund PLC	-	-	-	-	250,000	1,750	5.50	1,375
Panasian Power PLC	-	-	-	-	1,279,200	7,660	3.40	4,349
Resus Energy PLC	258,551	3,407	27.60	7,136	1,321,002	41,136	15.00	19,815
Vallibel Power Erathna PLC	-	-	-	-	716,322	4,966	7.20	5,158
Vidullanka PLC	-	-	-	-	1,550,000	12,519	6.70	10,385
Vidullanka PLC-Non Voting	-	-	-	-	150,000	1,122	5.00	750
Windforce PLC	-	-	-	-	897,300	17,895	19.20	17,228
Total of utilities sector		3,407		14,781		87,945		67,242
Total quoted equities		1,421,822		1,108,614		4,037,781		2,594,267

27.3 Units in unit trusts

As at 31 December	2024			2023		
	Number of units	Cost of investment LKR '000	Market value LKR '000	Number of units	Cost of investment LKR '000	Market value LKR '000
Bank						
Ceybank Unit Trust	111,307,627	1,738,215	4,254,177	111,307,627	1,738,215	3,662,021
Ceybank Century Growth Fund	7,539,256	132,952	946,780	7,539,256	132,952	704,167
Ceybank Surekum Gilt Edged Fund	4,921	50	109	4,921	50	109
Total units in unit trusts		1,871,217	5,201,066		1,871,217	4,366,297
Group						
Ceybank Unit Trust	111,307,627	1,738,215	4,254,177	111,307,627	1,738,215	3,662,021
Ceybank Century Growth Fund	7,539,256	132,952	946,780	7,539,256	132,952	704,167
Ceybank Surekum Gilt Edged Fund	4,921	50	109	4,921	50	109
Comtrust Money Market Fund	313,271	5,266	5,800	313,271	2,777	5,197
First Capital Asset Management Limited	-	-	-	8,179	9,112	13,217
First Capital Money Market Fund	3,353	10,000	11,005	-	-	-
Total units in unit trusts		1,886,483	5,217,871		1,883,106	4,384,711

28 Financial assets at amortised cost - loans and advances

Accounting policy

Loans and advances include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss
- Those that the Bank, upon initial recognition, designates as fair value through OCI
- Those for which the Bank may not recover substantially all of its initial investment, other than due to credit deterioration

"Loans and advances" are initially measured at fair value and subsequently measured at amortised cost using the Effective Interest Rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest income" (Note 8.1) in the Statement of Profit or Loss. The losses arising from impairment are recognised in "Impairment charge/ (reversal) for loans and other losses" (Note 14) in the Statement of Profit or Loss.

Write-off of loans and receivables

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised. If a write-off is later recovered, the recovery is recognised in the "Net other operating income" (Note 13).

Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, securities, letters of credit/guarantees, real estate, inventories, other non-financial assets and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by Central Bank of Sri Lanka, there on.

Non-financial collaterals, including immovable and movables, are valued based on data provided by the independent professional valuers and Audited Financial Statements.

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Collaterals repossessed

The Group’s policy is to dispose of repossessed properties through parate execution or fiscal conveys (Foreclosed properties) in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

Renegotiated loans (restructured or rescheduled)

Where possible, the Group seeks to renegotiate loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. The management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment. Further the Bank may consider modifications for original terms and conditions to retain customer, support customer or/ and expansions.

Expected credit loss (ECL)

The Bank’s impairment provisioning method has fundamentally changed due to the adoption of SLFRS 9 - “Financial Instruments” by replacing LKAS 39 - “Financial Instruments: Recognition and Measurement” incurred loss approach with forward looking expected loss approach as mentioned in Note 4.4.11 to this Financial Statements. Accordingly, the Bank has recorded an expected credit loss allowance for all loans and other debt financial assets except which are held at FVTPL, together with loan commitments and financial guarantee contracts which are commonly referred to as “financial instruments”.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, the Lifetime Expected Credit Loss (LTECL) as outlined in Notes 4.4.11.2 and 4.4.11.3, if there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) as outlined in Note 4.4.11.1 to the Financial Statements. The Bank’s policies for determining whether there has been a significant increase in credit risk are set out in this note.

Both LTECLs and 12mECLs are calculated either on an individual basis or on collective basis, depending on the nature and size of the underlying portfolio of financial instruments. The Bank’s policy for grouping financial instruments measured on a collective basis is explained in Note 4.4.11.5.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank grouped its loans into Stage 1, Stage 2 and Stage 3 as described in Note 4.4.11.1 to 4.4.11.3 to this Financial Statements.

For financial assets in respect of which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced.

The components of the ECL calculation is outlined under Note 4.4.11.4 to this Financial Statements and when estimating the ECLs, the Bank considers three economic scenarios (base case, best case and worst case). Each of these scenarios are associated with different loss rates.

For all products the Bank considers the maximum period over which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

The methodology used for calculation of the ECL are summarised below:

Stage 1	Includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these financial assets, 12mECLs are recognised i.e. the expected credit losses which result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.
Stage 2	Includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, LTECLs are recognised. LTECLs are the expected credit losses that result from all possible default events over the remaining maturity period of the loan from the reporting date. Expected credit losses are the weighted average credit losses with the probability of default ("PD") as the weight.
Stage 3	Includes financial assets that have objective evidence of impairment at the reporting date which shows a significant credit risk. Lifetime ECLs are recognised based on the 100% probability.

Loan commitments

When estimating ECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities, that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan and loan commitments.

Financial guarantee contracts

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios.

Revolving facilities

The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice (eg: Overdraft and Credit Card). The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's delinquency.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made on an individual basis for individually significant loans and on a collective basis for other loans. The collective assessments are made separately for portfolios of facilities with similar homogeneous characteristics.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Interest rate
- Inflation
- Exchange rate
- Unemployment rates
- Status of the industry business
- Regulatory impact
- Government policies

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Impairment assessment

Definition of default and upgrade

The Bank considers a financial instrument defaulted and therefore assessed in Stage 3 (as credit-impaired) for ECL calculations in all cases when the borrower becomes more than 90 days past due on its contractual payments or the credit facility/ customer is classified as a non performing advance in accordance with CBSL directions.

As a part of the qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Credit rating of a borrower has been subsequently downgraded to B+ or below under the Sri Lankan National Rating scale by External Credit Assessment Institution (EACI)
- A two -notch downgrade under the Bank's internal rating
- Reasonable and supportable forecasts of future economic conditions show a direct negative impact on the future performance of a customer/group of customers.
- A significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer/ group of customers.
- The value of collateral is significantly reduced and /or realisability of collateral is doubtful.
- Frequent changes in the Board of Directors and Senior Management of an institutional customer.
- Delay in commencement of business operations/projects by more than two years from the originally agreed date.
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants and other restructuring of credit facilities.
- A fall of 50% or more in the turnover and / or profit before tax of the borrower when compared to the previous year for two consecutive years and /or erosion of net-worth of the borrower by more than 25% (other than due to changes in equity structure and dividend policy) when compared to the previous financial year, and reduction will effect to the settlement of future contractual payments.
- The borrower is subject to litigation that significantly affects the performance of the credit facility
- Unable to contact or find the borrower
- Claims made under obligation of Letter of Guarantee
- The borrower is deceased / insolvent
- Any other criteria that, materially impacted for recoverability.

It is the Bank's policy to consider a financial instrument as "upgraded" and therefore re-classified out of Stage 3 when none of the default criteria is no longer present. The decision whether to classify an asset as Stage 2 or Stage 1 once upgraded depends on the updated credit grade, at the time of the upgrade, and whether there has been a significant increase in credit risk compared to initial recognition. Further restructured facilities are considered as "upgraded" once a satisfactory performing period of a minimum 90 days subsequent to the first capital and/ or interest instalment post-restructure is in place, while upgrading of rescheduled facilities, branch/business unit should obtain the approval from the Chief Risk Officer confirming the customer's ability of servicing debt obligation up to a foreseeable future.

Probability of default estimation process

The Bank estimates the probability of default (PD) based on historical information with regard to delinquency of loans and advances. In this process historical information pertaining to 3-5 years have been used depending on the nature of the product.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan facilities, the Bank assesses the possible default events within 12 months in the calculation of the 12mECL. For Stage 2, Stage 3 and Purchase or Credit impaired (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time. PDs are then assigned to the EAD so derived.

Loss given default

The Bank segments its lending portfolio into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The loss given default is estimated based on historically collected loss data.

Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers an exposure to have significantly increased in credit risk when the borrower becomes 30 days past due from the contractual due date.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or reschedulement or restructure. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on an individual basis/ collective basis

ECLs are calculated either on a collective or an individual basis, depends on the following factors.

The Bank calculates ECL on an individual basis for exposures above the threshold which are identified as individually significant loans. All other exposures other than the above together with individually significant exposures not attracting an ISL provision are assessed for ECL on a collective basis. The Bank groups these exposures into smaller homogeneous portfolios, based on product types, sectors and customer segments.

28.1 Financial assets at amortised cost - loans and advances

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gross loans and advances		2,436,161,951	2,457,771,739	2,482,029,394	2,491,980,528
Stage 1		1,818,262,438	1,807,745,963	1,848,658,817	1,830,121,287
Stage 2		245,081,345	338,162,831	256,924,852	347,245,385
Stage 3		372,818,168	311,862,945	376,445,725	314,613,856
Less: Accumulated provision for impairment under:		258,454,172	248,709,815	260,867,550	251,369,300
Stage 1	28.2	34,297,861	31,412,474	35,394,469	32,622,298
Stage 2	28.2	24,197,486	28,817,796	25,205,508	29,929,889
Stage 3	28.2	199,958,825	188,479,545	200,267,573	188,817,113
Net loans and advances		2,177,707,779	2,209,061,924	2,221,161,844	2,240,611,228

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28.1.1 Analysis of gross loans and advances - by product

As at 31 December	Bank						
	Note	2024			2023		
		Local currency loans	Foreign currency loans	Total	Local currency loans	Foreign currency loans	Total
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Term loans		697,612,516	661,779,968	1,359,392,484	712,215,257	704,469,083	1,416,684,340
Housing loans		67,997,632	21,646	68,019,278	71,231,393	32,858	71,264,251
Trade finance		57,229,912	86,051,950	143,281,862	51,417,495	70,443,434	121,860,929
Personal loans		344,020,059	-	344,020,059	360,375,320	-	360,375,320
Overdrafts		128,290,934	69,732,135	198,023,069	130,674,115	68,855,646	199,529,761
Credit cards		10,128,653	-	10,128,653	9,624,273	-	9,624,273
Lease rental receivables	28.4	17,283,424	-	17,283,424	15,995,619	-	15,995,619
Pawning		180,886,194	-	180,886,194	163,247,841	-	163,247,841
Foreclosed properties		4,699,188	6,953	4,706,141	3,891,415	8,149	3,899,564
Staff loans		25,018,168	247,233	25,265,401	23,342,463	218,051	23,560,514
Other		74,288,920	10,866,466	85,155,386	61,411,227	10,318,100	71,729,327
Gross loans and advances		1,607,455,600	828,706,351	2,436,161,951	1,603,426,418	854,345,321	2,457,771,739

As at 31 December	Group						
	Note	2024			2023		
		Local currency loans	Foreign currency loans	Total	Local currency loans	Foreign c urrency loans	Total
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Term loans		705,109,186	682,144,915	1,387,254,101	718,675,881	718,143,803	1,436,819,684
Housing loans		68,021,378	21,646	68,043,024	71,256,953	32,858	71,289,811
Trade finance		57,440,185	86,051,950	143,492,135	51,641,847	70,443,434	122,085,281
Personal loans		344,685,010	-	344,685,010	361,359,304	-	361,359,304
Overdrafts		128,104,140	70,197,288	198,301,428	130,597,463	69,150,463	199,747,926
Credit cards		10,128,653	-	10,128,653	9,624,273	-	9,624,273
Lease rental receivables	28.4	28,893,966	-	28,893,966	24,381,339	-	24,381,339
Pawning		185,866,675	-	185,866,675	167,225,944	-	167,225,944
Foreclosed properties		4,699,188	6,953	4,706,141	3,891,415	8,149	3,899,564
Staff loans		25,215,917	286,956	25,502,873	23,580,654	237,421	23,818,075
Other		74,288,920	10,866,468	85,155,388	61,411,227	10,318,100	71,729,327
Gross loans and advances		1,632,453,218	849,576,176	2,482,029,394	1,623,646,300	868,334,228	2,491,980,528

28.1.2 Analysis of gross loans and advances - by currency

As at 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Sri Lankan Rupees	1,607,455,600	1,603,426,418	1,632,453,218	1,623,646,300
United States Dollar	781,755,906	806,985,112	781,755,906	806,985,112
Great Britain Pound	983,007	1,076,789	21,852,831	15,065,696
Maldivian Rufiyaa	28,572,006	23,941,822	28,572,006	23,941,822
Euro	1,909,913	1,367,590	1,909,913	1,367,590
Indian Rupee	12,940,951	18,172,969	12,940,951	18,172,969
Seychellois Rupee	2,544,568	2,796,005	2,544,569	2,796,005
Other	-	5,034	-	5,034
Gross loans and advances	2,436,161,951	2,457,771,739	2,482,029,394	2,491,980,528

28.2 Movement in provision for impairment during the year

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in Stage 1 impairment				
Balance as at 1 January	31,412,474	39,710,949	32,622,298	39,904,019
Charge/ (reversal) during the year	3,385,060	(7,670,654)	3,367,623	(7,817,368)
Exchange rate variance on foreign currency impairment	(499,673)	(627,821)	(499,673)	(627,821)
Other movements	-	-	(95,779)	1,163,468
Balance as at 31 December	34,297,861	31,412,474	35,394,469	32,622,298

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in Stage 2 impairment				
Balance as at 1 January	28,817,796	25,419,553	29,929,889	25,564,731
Charge/ (reversal) during the year	(3,735,358)	6,263,585	(3,746,796)	6,257,962
Exchange rate variance on foreign currency impairment	(884,952)	(2,865,342)	(884,952)	(2,865,342)
Other movements	-	-	(92,633)	972,538
Balance as at 31 December	24,197,486	28,817,796	25,205,508	29,929,889

NOTES TO THE FINANCIAL STATEMENTS

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in Stage 3 impairment				
Balance as at 1 January	188,479,545	194,054,136	188,817,113	196,458,106
Charge/ (reversal) during the year	22,594,776	16,465,658	22,522,617	16,460,896
Amount recovered during the year	(9,818,107)	(17,722,433)	(9,818,107)	(17,722,433)
Exchange rate variance on foreign currency impairment	(1,297,389)	(4,317,816)	(1,297,389)	(4,317,816)
Amount written-off during the year	(69,134)	(86,065)	(69,134)	(86,065)
Other movements	69,134	86,065	112,473	(1,975,575)
Balance as at 31 December	199,958,825	188,479,545	200,267,573	188,817,113

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in total impairment				
Balance as at 1 January	248,709,815	259,184,638	251,369,300	261,926,856
Charge/ (reversal) during the year	22,244,478	15,058,589	22,143,444	14,901,490
Amount recovered during the year	(9,818,107)	(17,722,433)	(9,818,107)	(17,722,433)
Exchange rate variance on foreign currency impairment	(2,682,014)	(7,810,979)	(2,682,014)	(7,810,979)
Amount written-off during the year	(69,134)	(86,065)	(69,134)	(86,065)
Other movements	69,134	86,065	(75,939)	160,431
Balance as at 31 December	258,454,172	248,709,815	260,867,550	251,369,300

28.3 Sensitivity factors used to calculate impairment provision

	Sensitivity	Sensitivity effect on impairment provisions	
		2024	2023
		LKR '000	LKR '000
Change in Loss Given Default (LGD)	1%	1,305,721	3,063,592
	-1%	(1,305,721)	(3,063,592)
Change in Economic Factor Adjustment (EFA)	Worst case degrades by 5%	1,945,615	1,086,540
	Worst case upgrades by 5%	(1,945,615)	(1,086,540)

28.4 Lease rentals receivables

Accounting policy

Assets leased to customers, which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. Amounts receivable under finance leases are classified as lease and hire purchase receivables and presented within loans and receivables to customers in the Statement of Financial Position, after deduction of unearned lease income and the impairment for rentals doubtful of recovery.

As at 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Gross lease rentals receivable				
Within one year	8,645,507	9,662,055	14,633,068	10,042,150
One to two years	6,067,129	5,812,114	10,119,883	10,072,378
Two to three years	3,681,778	3,139,601	6,085,688	5,440,920
Three to four years	1,740,312	1,429,480	3,046,236	2,477,285
Four to five years	630,058	311,972	1,102,852	540,647
More than five years	166,102	83,228	290,745	333,621
	20,930,886	20,438,451	35,278,472	28,907,001
Less : Unearned finance income	3,647,462	4,442,832	6,384,506	4,525,662
Gross lease rentals receivables	17,283,424	15,995,619	28,893,966	24,381,339
Less : Provision for impairment losses	776,329	1,021,043	1,358,883	2,145,118
Net lease rentals receivables	16,507,095	14,974,576	27,535,083	22,236,221

29 Financial assets at amortised cost - debt and other instruments

Accounting policy

Financial assets measured at amortised cost - debt instruments are initially measured at fair value and details are given in Note 4.4.8 to the financial statements. After initial measurement, subsequently measured at amortised cost using the Effective Interest Rate (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest income' (Note 8.1) in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognised in the Statement of Profit or Loss under "Impairment charge / (reversal) for loans and other losses" (Note 14).

As at 31 December	Note	Bank		Group	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Government securities in Sri Lanka					
Treasury bills		810,323,627	312,941,117	813,445,347	314,299,888
Treasury bonds		1,400,877,029	1,260,787,465	1,402,517,649	1,264,752,387
Sri Lanka International Sovereign Bonds	29.4	34,755,195	87,344,675	34,755,195	87,669,056
Debentures	29.5	1,791,119	2,132,036	2,199,773	2,159,648
Trust certificates	29.6	-	-	203,354	574,675
Government securities - In other countries		36,420,793	38,752,030	37,594,595	38,752,030
Other investments		-	-	160,475	228,946
Gross financial assets at amortised cost - debt and other instruments		2,284,167,763	1,701,957,323	2,290,876,388	1,708,436,630
Less - Accumulated impairment	29.3	8,233,387	48,228,920	8,240,304	48,423,652
Net financial assets at amortised cost - debt and other instruments		2,275,934,376	1,653,728,403	2,282,636,084	1,660,012,978

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The Bank has adopted the Alternative Treatment (SoAT) on Reclassification of Debt Portfolio, issued by the Institute of Chartered Accountants of Sri Lanka and reclassified its Debt Portfolio of LKR 12.8 billion from Fair Value Through Other Comprehensive Income (FVTOCI) to Amortized Cost (AC) with effect from 1 April 2022.

Amortised cost of the treasury bonds reclassified from FVTOCI outstanding as at 31 December 2024 amounted to LKR 5.4 billion. If the current portfolio is continued to be measured at FVTOCI, the fair value and the cumulative fair value loss as at 31 December 2024 would have been LKR 5.7 billion and LKR 0.3 billion respectively.

29.1 Analysis of financial assets at amortised cost - debt and other instruments by currency

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Sri Lankan Rupee	2,212,991,775	1,575,860,618	2,218,526,598	1,582,015,544
United States Dollar	34,755,195	87,344,675	34,755,195	87,669,056
Great Britain Pound	-	-	1,173,802	-
Maldivian Rufiyaa	35,927,590	38,752,030	35,927,590	38,752,030
Seychellois Rupee	493,203	-	493,203	-
Total	2,284,167,763	1,701,957,323	2,290,876,388	1,708,436,630

29.2 Analysis of financial assets at amortised cost - debt and other instruments based on exposure to credit risk

Bank

As at 31 December	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Sri Lanka International Sovereign Bonds	-	34,755,195	-	34,755,195	87,344,675
Debentures	1,762,805	-	28,314	1,791,119	2,132,036
Government securities - In other countries	36,420,793	-	-	36,420,793	38,752,030
	38,183,598	34,755,195	28,314	72,967,107	128,228,741
Less : Accumulated impairment	8,731	8,196,342	28,314	8,233,387	48,228,920
Total	38,174,867	26,558,853	-	64,733,720	79,999,821

Group

As at 31 December	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Sri Lanka International Sovereign Bonds	-	34,755,195	-	34,755,195	87,669,056
Debentures	2,171,459	-	28,314	2,199,773	2,159,648
Trust certificates	203,354	-	-	203,354	574,675
Government securities - In other countries	37,594,595	-	-	37,594,595	38,752,030
Other investments	160,475	-	-	160,475	228,946
	40,129,883	34,755,195	28,314	74,913,392	129,384,355
Less : Accumulated impairment	226,518	7,985,472	28,314	8,240,304	48,423,652
Total	39,903,365	26,769,723	-	66,673,088	80,960,703

29.3 Movement in provision for impairment during the year

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in Stage 1 impairment				
Balance as at 1 January	3,047	323,914	220,834	541,701
Charge/ (reversal) during the year	5,684	(320,867)	5,684	(320,867)
Balance as at 31 December	8,731	3,047	226,518	220,834

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in Stage 2 impairment				
Balance as at 1 January	48,197,559	53,461,827	48,174,504	53,461,827
Charge/ (reversal) during the year	(36,199,145)	(1,684,832)	(36,374,221)	(1,684,832)
Exchange adjustment	(3,802,072)	(3,579,436)	(3,814,811)	(3,602,491)
Balance as at 31 December	8,196,342	48,197,559	7,985,472	48,174,504

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in Stage 3 impairment				
Balance as at 1 January	28,314	28,314	28,314	28,314
Balance as at 31 December	28,314	28,314	28,314	28,314

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Movement in total impairment				
Balance as at 1 January	48,228,920	53,814,055	48,423,652	54,031,842
Charge/ (reversal) during the year	(36,193,461)	(2,005,699)	(36,368,537)	(2,005,699)
Exchange adjustment	(3,802,072)	(3,579,436)	(3,814,811)	(3,602,491)
Balance as at 31 December	8,233,387	48,228,920	8,240,304	48,423,652

NOTES TO THE FINANCIAL STATEMENTS

29.4 Sri Lanka International Sovereign Bonds (SLISBs) - US Dollar bonds

As at 31 December	Date of maturity	Bank				Group			
		2024		2023		2024		2023	
		Amount invested USD '000	Cost of investment LKR '000	Amount invested USD '000	Cost of investment LKR '000	Amount invested USD '000	Cost of investment LKR '000	Amount invested USD '000	Cost of investment LKR '000
Before Restructuring									
Fixed Rate									
SLISBs - 5.875%	N/A*	-	-	26,856	8,699,284	-	-	26,856	8,699,284
SLISBs - 5.75%	N/A**	-	-	20,519	6,646,582	-	-	21,494	6,962,407
SLISBs - 6.85%	14.03.2024	-	-	11,656	3,775,650	-	-	11,656	3,775,650
SLISBs - 6.35%	28.06.2024	-	-	2,014	652,382	-	-	2,014	652,382
SLISBs - 6.85%	03.11.2025	-	-	49,101	15,904,958	-	-	49,101	15,904,958
SLISBs - 6.825%	18.07.2026	-	-	22,600	7,320,667	-	-	22,600	7,320,667
SLISBs - 6.20%	11.05.2027	-	-	23,565	7,633,253	-	-	23,565	7,633,253
SLISBs - 6.75%	18.04.2028	-	-	33,077	10,714,411	-	-	33,077	10,714,411
SLISBs - 7.85%	14.03.2029	-	-	32,352	10,479,567	-	-	32,352	10,479,567
SLISBs - 7.55%	28.03.2030	-	-	4,168	1,350,112	-	-	4,168	1,350,112
After Restructuring									
Fixed Rate									
SLISBs - 4.00%	15.04.2025	6,644	1,943,874	-	-	6,644	1,943,874	-	-
SLISBs - 4.00%	15.04.2026	6,644	1,943,874	-	-	6,644	1,943,874	-	-
SLISBs - 4.00%	15.04.2027	6,644	1,943,874	-	-	6,644	1,943,874	-	-
SLISBs - 4.00%	15.04.2028	10,962	3,207,393	-	-	10,962	3,207,393	-	-
Floating Rate (Note 1)									
SLISBs	15.06.2029	12,348	3,612,833	-	-	12,348	3,612,833	-	-
SLISBs	15.06.2030	12,348	3,612,833	-	-	12,348	3,612,833	-	-
SLISBs	15.06.2031	12,348	3,612,833	-	-	12,348	3,612,833	-	-
SLISBs	15.06.2032	12,348	3,612,833	-	-	12,348	3,612,833	-	-
SLISBs	15.06.2033	18,522	5,419,250	-	-	18,522	5,419,250	-	-
SLISBs	15.06.2034	18,522	5,419,250	-	-	18,522	5,419,250	-	-
SLISBs	15.06.2035	18,522	5,419,250	-	-	18,522	5,419,250	-	-
SLISBs	15.06.2036	18,522	5,419,250	-	-	18,522	5,419,250	-	-
SLISBs	15.06.2037	18,522	5,419,250	-	-	18,522	5,419,250	-	-
SLISBs	15.06.2038	12,348	3,612,833	-	-	12,348	3,612,833	-	-
		185,244	54,199,430	225,908	73,176,866	185,244	54,199,430	226,883	73,492,691
Amortization adjustment on interest									
		329	96,401	43,738	14,167,809	329	96,401	43,764	14,176,365
Provision for day one loss									
		(66,787)	(19,540,636)	-	-	(66,787)	(19,540,636)		
Total Sri Lanka International Sovereign Bonds									
		118,786	34,755,195	269,646	87,344,675	118,786	34,755,195	270,647	87,669,056

* Original maturity was on 25 July 2022

** Original maturity was on 18 April 2023

Note: 2024 USD/LKR 292.5833 and 2023 USD/LKR 323.9233

Note 1

	31-Mar-24	15-Dec-25	15-Dec-26	15-Dec-27	15-Dec-28	15-Dec-30	15-Dec-32	15-Dec-35
Applicable period	to	to	to	to	to	to	to	to
	14-Dec-25	14-Dec-26	14-Dec-27	14-Dec-28	14-Dec-30	14-Dec-32	14-Dec-35	15-Jun-38
Applicable Interest Rate	1.00%	1.50%	1.75%	2.00%	2.25%	2.75%	3.00%	3.50%

29.4.1 Restructuring of Sri Lanka International Sovereign Bonds (SLISBs)

In December 2024, the Government of Sri Lanka completed the restructuring of Sri Lanka International Sovereign Bonds (SLISBs). Consequently, the Bank recognized the newly issued Bonds and derecognized the investment held in SLISBs as at the date of restructuring.

The Bank elected to participating the Local option of the SLISB restructuring proposal, which was specifically offered to local bond holders by the Government. As part of this option, 30% of the face value the SLISBs originally held by the Bank was converted into LKR denominated Treasury Bonds. The remaining 70% of the face value was settled through a USD - denominated Step-Up Bond, with a capital haircut of 10%. Additionally, the accrued coupon (Past Due Interest) on the original SLISBs up to 31 March 2024 was settled through a USD – Denominated (PDI Bond) at a haircut of 11%.

The breakdown of the new instruments received in settlement of SLISBs held as at the date of restructuring is as follows:

Types of Bonds	Face Value	Coupon Rate	Maturity/ Amortisation	Fair value as at the date of restructuring	Amortised cost as at 31 December 2024
	'000			'000	'000
Rupee denominated Treasury Bonds	LKR 21,337,843	SLFR+0.5%	2036 to 2043	LKR 21,337,843	LKR 21,953,425
USD denominated Step-Up Bonds	LKR 45,764,962 (USD 156,417)	1% to 3.5%	2029 to 2038 Non- linear amortisation	LKR 25,609,846 (USD 87,530)	LKR 26,636,320 (USD 91,038)
USD denominated PDI Bonds	LKR 9,849,479 (USD 33,664)	4.00%	2024 to 2028 Non-linear amortisation	LKR 8,475,615 (USD 28,968)	LKR 8,118,875 (USD 27,748)

At the beginning of the year 2024 the Bank has made USD 134.8 million (LKR 43.7 billion) impairment against the investment made in SLISBs. Out of this provision LKR. 38.6 billion was reversed to the profit and loss after maintaining LKR 1.2 billion on account of 15% ECL provision for USD denominated PDI Bonds. However, when taken into account the Hair Cut loss of LKR 4.9 billion (Note 12) and the day one loss resulted due to fair value change of LKR 19.6 billion (Note 8.1), the net positive impact to the Profit and Loss amounted to LKR 14.1 billion.

Additionally, a consent fee bond of LKR 1,344.4 million was received by the Bank which matured on 27 December 2024. This has been amortised over 60 months and during the year LKR 22.4 million has been recognised under the "Fee and commission income" in Note 9.1 to the Financial Statements.

Discount rate used in the determination of Fair Value

A discount rate of 10.1% was applied in determining the fair value of the PDI Bond, which was calculated by adding a risk premium to the US Treasury rate prevailing as at the date of restructuring. For the Step-Up Bonds, a discount rate of 8.5% was used. The Government of Sri Lanka reserves the right to settle the Step-Up Bonds in the Sri Lankan rupees if it is unable to settle in US Dollars. As a result, a lower discount rate was applied to the Step-Up Bonds, reflecting the rupee settlement option and the corresponding reduction in credit risk. Rupee denominated Treasury Bonds are used at the Standing Lending Facility Rate (SLFR) + 0.5%, with interest to be reset every six months. As these are market - linked instruments, the Bank concluded that there is no material difference between the face value and the fair value of the Bonds at the date of initial recognition.

Sensitivity of the Fair Value of the Bonds to Discount Rate

An increase/ decrease of 1% in the Discount rate of both the Step-Up Bond and the PDI Bond would decrease/ Increase the fair value by approximately LKR 2.3 billion.

Classification of the new Bonds

The new Bonds have been classified under financial assets at amortised cost. As of 31 December 2024, the Bank has continued to recognise the new USD denominated bonds under Stage 2. Although the Bank recognised an impairment provision of LKR 1.2 billion on the PDI Bond, no impairment provision has been recognised on the Step-Up Bond since the government has the option of settling the Step-Up Bonds in LKR, if it is unable to settle the Bonds in USD. The LKR Treasury Bonds received in settlement of Restructured SLISBs have been considered under Stage 1 similar to the other Government securities denominated in LKR with no Impairment provision recognised on such Bonds. Both USD and LKR Bonds have been classified under level 2 of the Fair Value Hierarchy in Note 63.2 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

29.5 Debentures

As at 31 December	Bank							
				2024			2023	
	Date of maturity	Coupon rate %	Number of debentures	Cost of investment LKR '000	Amortised cost LKR '000	Number of debentures	Cost of investment LKR '000	Amortised cost LKR '000
Browns Investments PLC	31.03.2027	15.42	500,000	50,000	51,935	500,000	50,000	51,951
Ceylon Electricity Board	15.04.2026	9.35	4,601,000	460,100	490,479	4,601,000	460,100	490,279
Commercial Credit and Finance PLC	04.03.2026	9.00	1,000,000	100,000	107,390	1,000,000	100,000	107,389
DFCC Bank PLC	29.03.2025	13.00	2,250,000	225,000	246,865	2,250,000	225,000	246,619
Hayleys PLC	26.08.2024	7.82	-	-	-	1,000,000	100,000	106,041
Hayleys PLC	26.08.2024	13.00	-	-	-	1,811,500	181,150	189,303
Kotagala Plantations PLC	31.08.2025	7.50	N/A	3,043	3,068	N/A	6,086	5,613
Kotagala Plantations PLC	31.08.2025	7.50	N/A	3,320	3,408	N/A	6,639	6,825
Lanka Orix Leasing Company PLC	27.09.2024	15.00	-	-	-	1,250,000	125,000	130,189
Lanka Orix Leasing Company PLC	24.02.2026	10.25	1,300,000	130,000	140,724	1,300,000	130,000	137,444
MTD Walkers PLC	N/A	11.75	254,780	25,478	28,314	254,784	25,478	28,314
People's Leasing and Finance PLC	05.08.2026	9.00	999,920	99,992	128,807	999,915	99,992	119,559
Siyapatha Finance PLC	06.06.2029	13.20	718,800	71,880	77,614	-	-	-
Sri Lanka Telecom PLC	19.04.2028	12.75	5,000,000	500,000	512,515	5,000,000	500,000	512,510
Total debentures				1,668,813	1,791,119		2,009,445	2,132,036

As at 31 December	Group							
				2024			2023	
	Date of maturity	Coupon rate %	Number of debentures	Cost of investment LKR '000	Amortised cost LKR '000	Number of debentures	Cost of investment LKR '000	Amortised cost LKR '000
Browns Investments PLC	31.03.2027	15.42	500,000	50,000	51,935	500,000	50,000	51,951
Ceylon Electricity Board	15.04.2026	9.35	4,601,000	460,100	490,479	4,601,000	460,100	490,279
Commercial Bank of Ceylon PLC	09.07.2029	12.60	259,603	25,960	26,236	-	-	-
Commercial Bank of Ceylon PLC	09.07.2029	13.00	260,314	26,031	27,577	-	-	-
Commercial Credit and Finance PLC	04.03.2026	9.00	1,000,000	100,000	107,390	1,000,000	100,000	107,389
DFCC Bank PLC	29.03.2025	13.00	2,250,000	225,000	246,865	2,250,000	225,000	246,619
DFCC Bank PLC	16.01.2029	15.25	592,991	59,299	67,456	-	-	-
Hayleys PLC	26.08.2024	7.82	-	-	-	1,000,000	100,000	106,041
Hayleys PLC	26.08.2024	13.00	-	-	-	1,811,500	181,150	189,303
Kotagala Plantations PLC	31.08.2025	7.50	N/A	3,043	3,068	N/A	6,086	5,613
Kotagala Plantations PLC	31.08.2025	7.50	N/A	3,320	3,408	N/A	6,639	6,825
Lanka Orix Leasing Company PLC	27.09.2024	15.00	-	-	-	1,250,000	125,000	130,189
Lanka Orix Leasing Company PLC	24.02.2026	10.25	1,300,000	130,000	140,724	1,300,000	130,000	137,444
MTD Walkers PLC	N/A	11.75	254,784	25,478	28,314	254,784	25,478	28,314
National Development Bank PLC	13.09.2029	13.25	1,738,279	173,828	178,101	-	-	-
People's Leasing and Finance PLC	05.08.2026	9.00	999,915	99,992	128,807	999,915	99,992	119,559
Siyapatha Finance PLC	06.06.2029	13.20	1,476,852	147,685	158,981	-	-	-
Seylan Bank PLC	02.05.2023	25.00	-	-	-	263,800	26,380	27,612
Seylan Bank PLC	31.12.2025	24.00	273,571	27,357	27,917	-	-	-
Sri Lanka Telecom PLC	19.04.2028	12.75	5,000,000	500,000	512,515	5,000,000	500,000	512,510
Total debentures				2,057,093	2,199,773		2,035,825	2,159,648

29.6 Trust Certificates

As at 31 December	Group			
	2024		2023	
	Cost of investment LKR '000	Amortised cost LKR '000	Cost of investment LKR '000	Amortised cost LKR '000
Commercial Credit & Finance PLC	203,354	203,354	150,000	167,663
LOLC Finance PLC	-	-	350,000	407,012
Total trust certificates	203,354	203,354	500,000	574,675

30 Financial assets measured at fair value through OCI

Accounting policy

Financial assets measured at fair value through OCI include equity instruments which are elected fair value through OCI option at the initial recognition and debt instruments which contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

All Financial assets measured at fair value through OCI are initially and subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'OCI reserve' through Other Comprehensive Income. When the debt instrument under FVTOCI is disposed off, the cumulative gain or loss previously recognised in OCI reserve is recognised in the Statement of Profit or Loss and reflected in "Net gains/ (losses) from derecognition of financial assets" (Note 12). When the equity instrument under FVTOCI is disposed off, the cumulative gain or loss previously recognised in OCI reserve is not recognised in the Statement of Profit or Loss and transfer directly to the retained profit. Interest earned whilst holding financial assets measured at fair value through OCI is reported as "Interest income" (Note 8.1). Dividends earned whilst holding financial assets measured at fair value through OCI are recognised in the Statement of Profit or Loss under in "Net Other Operating Income" (Note 13) when the right of the payment has been established.

As at 31 December	Note	Bank		Group	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Government Securities in Sri Lanka					
Treasury bills		20,813,078	27,551,288	20,813,078	27,551,288
Treasury bonds		18,312,659	12,020,034	18,412,931	12,106,493
Government Securities in India		2,881,863	2,866,609	2,881,863	2,866,609
Quoted equities	30.2	5,343,122	2,949,810	7,055,362	5,528,440
Unquoted equities	30.3	4,698,931	4,146,257	4,699,529	4,146,855
Total financial assets measured at FVTOCI		52,049,653	49,533,998	53,862,763	52,199,685

30.1 By Currency

As at 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Sri Lankan Rupee	44,855,017	42,756,145	46,668,127	45,421,832
United States Dollar	4,262,384	3,851,891	4,262,384	3,851,891
Euro	50,389	59,353	50,389	59,353
Indian Rupee	2,881,863	2,866,609	2,881,863	2,866,609
Total	52,049,653	49,533,998	53,862,763	52,199,685

NOTES TO THE FINANCIAL STATEMENTS

30.2 Quoted equities

As at 31 December	2024			2023		
	Number of ordinary shares	Cost of investment LKR '000	Market value LKR '000	Number of ordinary shares	Cost of investment LKR '000	Market value LKR '000
Bank						
National Development Bank PLC	33,025,123	2,009,413	3,740,095	31,749,539	1,928,451	2,063,720
People's Leasing & Finance PLC	15,618,671	249,623	265,517	14,803,129	240,815	158,393
Seylan Bank PLC	17,169,574	676,201	1,337,510	16,690,292	654,921	727,697
Total quoted equities		2,935,237	5,343,122		2,824,187	2,949,810
Group						
Asiri Hospitals Holdings PLC	30	30	1	30	30	1
Ceylinco Insurance PLC	26	26	78	26	26	64
Hatton National Bank PLC	18	18	6	18	18	3
LVL Energy Fund PLC	2,500,000	20,000	16,500	2,500,000	20,000	13,750
National Development Bank PLC	33,025,123	2,009,413	3,740,095	31,749,539	1,928,451	2,063,720
People's Leasing and Finance PLC	15,618,671	249,623	265,517	14,803,129	240,815	158,393
Seylan Bank PLC	17,169,574	676,201	1,337,510	16,690,292	654,921	727,697
Lanka Hospital Corporation PLC	21,329,000	213,290	1,695,655	21,329,000	213,290	2,564,812
Total quoted equities		3,168,601	7,055,362		3,057,551	5,528,440

30.3 Unquoted equities

As at 31 December		2024			2023		
	Note	Number of ordinary shares	Cost of investment LKR '000	Market value LKR '000	Number of ordinary shares	Cost of investment LKR '000	Market value LKR '000
Bank							
Credit Information Bureau of Sri Lanka		46,600	43,645	43,645	46,600	43,645	43,645
Fitch Ratings Lanka Limited		62,500	625	625	62,500	625	625
LankaClear (Private) Limited		2,113,861	23,443	23,443	2,113,861	23,443	23,443
Lanka Financial Services Bureau Limited		500,000	5,000	5,000	500,000	5,000	5,000
MasterCard Incorporated		17,200	-	2,649,927	17,200	-	2,378,799
National Credit Guarantee Institution Limited		15,114,475	151,145	151,145	-	-	-
Regional Development Bank		16,448,448	162,300	162,300	16,448,448	162,300	162,300
Visa Inc.		17,438	-	1,612,457	17,438	-	1,473,092
SWIFT		29	64,016	50,389	29	64,016	59,353
			450,174	4,698,931		299,029	4,146,257
Fair value adjustment			4,248,757			3,847,228	
Less - Provision for impairment		30.4	-			-	
Total unquoted equities			4,698,931	4,698,931		4,146,257	4,146,257

As at 31 December		2024			2023		
	Note	Number of ordinary shares	Cost of investment LKR '000	Market value LKR '000	Number of ordinary shares	Cost of investment LKR '000	Market value LKR '000
Group							
Ceylinco Investment Company Limited		500,000	5,000	-	500,000	5,000	-
Credit Information Bureau of Sri Lanka		47,140	43,699	43,699	47,140	43,699	43,699
Fitch Ratings Lanka Limited		62,500	625	625	62,500	625	625
LankaClear (Private) Limited		2,113,861	23,443	23,443	2,113,861	23,443	23,443
Lanka Financial Services Bureau Limited		500,000	5,000	5,000	500,000	5,000	5,000
MasterCard Incorporated		17,200	-	2,649,927	17,200	-	2,378,799
Mega Containers Limited		1,000,000	10,000	-	1,000,000	10,000	-
National Credit Guarantee Institution Limited		15,114,475	151,145	151,145	-	-	-
Regional Development Bank		16,448,448	162,300	162,300	16,448,448	162,300	162,300
Ranwan Industries (Private) Limited		165,790	3,600	-	165,790	3,600	-
UB Finance Company Limited		2,506,562	17,546	544	2,506,562	17,546	544
Visa Inc.		17,438	-	1,612,457	17,438	-	1,473,092
SWIFT		29	64,016	50,389	29	64,016	59,353
			486,374	4,699,529		335,229	4,146,855
Fair value adjustment			4,248,757			3,847,228	
Less - Provision for impairment	30.4		35,602			35,602	
Total unquoted equities			4,699,529	4,699,529		4,146,855	4,146,855

30.4 Movement in provision for impairment during the year

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in Stage 1 Impairment				
Balance as at 1 January	-	-	35,602	20,892
Charge/(reversal) during the year	-	-	-	14,710
Balance as at 31 December	-	-	35,602	35,602

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in total impairment				
Balance as at 1 January	-	-	35,602	20,892
Charge/(reversal) during the year	-	-	-	14,710
Balance as at 31 December	-	-	35,602	35,602

NOTES TO THE FINANCIAL STATEMENTS

31 Investment in subsidiary companies

Accounting policy

Subsidiaries are entities that are controlled by the Bank. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect the returns of those investees through its power over the investee. Specifically, the Bank controls an investee if, and only if, the Bank has:

- power over the investee
- exposure or rights to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The Bank reassesses whether it has control if there are changes to one or more of the elements of control. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest (NCI) and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

The Consolidated Financial Statements are prepared for the common financial year end of 31 December and have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra group balances, income and expenses (except for foreign currency translation gains or losses) arising from intra group transactions are eliminated on consolidation. Unrealised gains and losses resulting from transactions between the Group and its associates are also eliminated on consolidation to the extent of the Group's interests in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances. All subsidiaries of the Bank have been incorporated in Sri Lanka except for Bank of Ceylon (UK) Limited, which is incorporated in the United Kingdom. A list of the Bank's subsidiaries is given in Note 31.5 to the Financial Statements.

As at 31 December	Note	2024 LKR '000	2023 LKR '000
Investment in quoted subsidiaries	31.3	3,922,772	3,922,772
Investment in unquoted subsidiaries	31.4	4,658,366	4,658,366
Total investment in subsidiaries		8,581,138	8,581,138
Less : Provision for impairment of investment in subsidiaries	31.2	500,736	400,000
Carrying value of investment in subsidiary companies		8,080,402	8,181,138

31.1 Movement in investment in subsidiary companies

As at 31 December	2024 LKR '000	2023 LKR '000
Balance as at 1 January	8,581,138	8,581,138
Increase/ (decrease) in investments	-	-
Balance as at 31 December	8,581,138	8,581,138

31.2 Provision for impairment of investment in subsidiaries

As at 31 December	2024 LKR '000	2023 LKR '000
Balance as at 1 January	400,000	400,000
Impairment charge/ (reversal) during the year	100,736	-
Balance as at 31 December	500,736	400,000

The Bank has made the provision for impairment for investment made in Bank of Ceylon (UK) Limited and Hotels Colombo (1963) Limited.

During the year the Bank made impairment provision for the equity investment made in the Hotels Colombo (1963) Limited due to the identification of trigger events on the investment made; continuous loss making by the company and no dividend payment received for a considerable period of time.

Further, the Bank continued to maintain the impairment provision made against the investment made in the Bank of Ceylon (UK) Limited as the Bank is of the view it is prudent to maintain the already made impairment provision considering the present performance of the Bank of Ceylon (UK) Limited.

31.3 Investment in quoted subsidiaries

As at 31 December	Bank			
	2024		2023	
	Cost LKR '000	Market value LKR '000	Cost LKR '000	Market value LKR '000
Merchant Bank of Sri Lanka and Finance PLC (401,577,368 Ordinary shares)	3,922,772	2,409,464	3,922,772	1,766,940
Total investment in quoted subsidiaries	3,922,772	2,409,464	3,922,772	1,766,940

31.4 Investment in unquoted subsidiaries

As at 31 December	Bank			
	2024		2023	
	Cost LKR '000	Directors' valuation LKR '000	Cost LKR '000	Directors' valuation LKR '000
BOC Management and Support Services (Private) Limited (99,996 Ordinary shares)	1,000	1,000	1,000	1,000
BOC Property Development and Management (Private) Limited (100,999,998 Ordinary shares)	1,010,000	1,010,000	1,010,000	1,010,000
BOC Travels (Private) Limited (250,004 Ordinary shares)	2,500	2,500	2,500	2,500
Bank of Ceylon (UK) Limited (15,000,000 Ordinary shares)	2,683,860	2,283,860	2,683,860	2,283,860
Hotels Colombo (1963) Limited (10,073,667 Ordinary shares)	100,736	-	100,736	100,736
Property Development Limited (63,064,957 Ordinary shares)	860,270	860,270	860,270	860,270
Total investment in unquoted subsidiaries	4,658,366	4,157,630	4,658,366	4,258,366

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31.5 Information relating to subsidiaries of the bank

As at 31 December	Ownership interest held by the Bank (Including indirect interest)	
	2024 %	2023 %
Quoted subsidiaries		
Merchant Bank of Sri Lanka and Finance PLC (MBSL)	84.50	84.50
Unquoted subsidiaries		
BOC Management and Support Services (Private) Limited (MSS)	100.00	100.00
BOC Property Development and Management (Private) Limited (PDML)	100.00	100.00
BOC Travels (Private) Limited (TRAVELS)	100.00	100.00
Hotels Colombo (1963) Limited (HCL)	99.99	99.99
Ceybank Holiday Homes (Private) Limited (HH)	100.00	100.00
MBSL Insurance Company Limited (MBSL INS)	45.47	45.47
Bank of Ceylon (UK) Limited (BOC UK)	100.00	100.00
Property Development PLC (PDL)	97.89	97.89

Ceybank Holiday Homes (Private) Limited and MBSL Insurance Company Limited are indirect subsidiaries of the Bank.

BOC Management and Support Services (Private) Limited (MSS) has repurposed as IT subsidiary of the Bank, but yet to start the operations.

31.6 Non-controlling interest (NCI) of subsidiaries

	2024			
	PDL	MBSL	MBSL INS	HCL
Equity interest held by the NCI (%)	2.11	23.44	46.19	0.01
Profit/ (loss) allocated during the year (LKR '000)	13,764	31,024	24,235	(7)
Accumulated balance of NCI as at 31 December (LKR '000)	66,360	625,862	459,293	(38)
Dividends paid to NCI (LKR '000)	6,809	-	-	-
	2023			
	PDL	MBSL	MBSL INS	HCL
Equity interest held by the NCI (%)	2.11	23.44	46.19	0.01
Profit/ (loss) allocated during the year (LKR '000)	19,282	3,317	13,966	(30)
Accumulated balance of NCI as at 31 December (LKR '000)	66,693	647,660	406,472	(29)
Dividends paid to NCI (LKR '000)	5,437	-	-	-

31.7 Summarised financial information of subsidiaries

	2024				
	PDL LKR '000	MBSL LKR '000	MSS LKR '000	PDML LKR '000	TRAVELS LKR '000
Statement of profit or loss for the year					
Total income	1,498,535	7,582,722	-	627,677	374,893
Profit/ (loss) before tax	935,426	456,172	-	415,170	105,996
Profit/ (loss) after tax	652,343	251,945	-	282,215	71,087
Other comprehensive income	(877,754)	(29,094)	-	62,269	(2,813)
Total comprehensive income	(225,411)	222,851	-	344,484	68,274
Statement of financial position as at 31 December					
Total assets	7,195,822	40,210,078	758	2,540,347	451,354
Total liabilities	792,775	36,316,555	22	133,991	124,045
Net assets	6,403,047	3,893,523	736	2,406,356	327,309
Dividends paid	322,134	-	-	154,530	35,001
Statement of cash flows for the year					
Operating cash flows	293,919	(5,769,354)	(97)	109,889	67,404
Investing cash flows	25,889	274,918	-	19,481	(26,695)
Financing cash flows	(319,439)	5,365,000	-	(154,530)	(45,270)
Net increase/ (decrease) in cash and cash equivalents	369	(129,436)	(97)	(25,160)	(4,561)
	2023				
	PDL LKR '000	MBSL LKR '000	MSS LKR '000	PDML LKR '000	TRAVELS LKR '000
Statement of profit or loss for the year					
Total income	1,877,158	7,478,050	-	649,878	257,420
Profit/ (loss) before tax	1,292,120	68,395	-	453,794	126,107
Profit/ (loss) after tax	913,854	21,403	-	309,255	126,107
Other comprehensive income	520,607	(45,760)	-	32,065	(2,314)
Total comprehensive income	1,434,461	(24,357)	-	341,320	123,793
Statement of financial position as at 31 December					
Total assets	7,777,012	33,659,529	819	2,350,448	457,723
Total liabilities	828,248	30,028,343	43	134,046	130,051
Net assets	6,948,764	3,631,186	776	2,216,402	327,672
Dividends paid	257,707	-	-	139,380	6,500
Statement of cash flows for the year					
Operating cash flows	12,358	6,383,468	(36)	47,527	58,705
Investing cash flows	158,268	(6,717,620)	-	104,463	180,991
Financing cash flows	(255,702)	421,018	-	(139,306)	(8,983)
Net increase/ (decrease) in cash and cash equivalents	(85,076)	86,866	(36)	12,684	230,713

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2024				
	HCL LKR '000	HH LKR '000	MBSL INS LKR '000	BOC UK LKR '000
Statement of profit or loss for the year				
Total income	280,361	204,629	769,369	3,697,649
Profit/ (loss) before tax	(74,964)	10,372	44,444	159,359
Profit/ (loss) after tax	(74,964)	10,372	44,444	134,720
Other comprehensive income	-	-	(102)	(650,497)
Total comprehensive income	(74,964)	10,372	44,342	(515,777)
Statement of financial position as at 31 December				
Total assets	405,374	28,994	2,372,274	63,531,556
Total liabilities	786,400	82,852	1,376,345	57,962,013
Net assets	(381,026)	(53,858)	995,929	5,569,543
Dividends paid	-	-	-	-
Statement of cash flows for the year				
Operating cash flows	265,355	22,132	(323,226)	1,530,967
Investing cash flows	(129,486)	-	586,315	(47,402)
Financing cash flows	7,895	(10,734)	-	-
Net increase/ (decrease) in cash and cash equivalents	143,764	11,398	263,089	1,483,565
2023				
	HCL LKR '000	HH LKR '000	MBSL INS LKR '000	BOC UK LKR '000
Statement of profit or loss for the year				
Total income	271,397	177,976	977,383	3,031,190
Profit/ (loss) before tax	(295,358)	3,849	25,278	441,240
Profit/ (loss) after tax	(295,358)	3,849	25,611	378,310
Other comprehensive income	-	-	4,136	(308,638)
Total comprehensive income	(295,358)	3,849	29,747	69,672
Statement of financial position as at 31 December				
Total assets	596,052	22,219	2,593,473	63,629,159
Total liabilities	888,466	85,947	1,608,461	57,543,838
Net assets	(292,414)	(63,728)	985,012	6,085,321
Dividends paid	-	-	-	-
Statement of cash flows for the year				
Operating cash flows	201,500	10,920	181,274	1,530,967
Investing cash flows	(129,486)	24,381	(110,301)	(47,402)
Financing cash flows	7,895	(26,484)	(55,429)	-
Net increase/ (decrease) in cash and cash equivalents	79,909	8,817	15,544	1,483,565

32 Investment in associate companies

Accounting policy

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Investments in associate entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The Consolidated Financial Statements include the Bank's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Bank's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reported at nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the Bank resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

A list of the Bank's associates is shown in Note 32.4 to the Financial Statements.

The Bank discontinues the use of the Equity Method from the date that it ceases to have significant influence over an associate and accounts for such investments in accordance with SLFRS 9 - "Financial Instruments"

Upon loss of significant influence over the associate, the Bank measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

32.1 Unquoted associates

	Bank					Group			
As at 31 December		2024		2023		2024		2023	
	Note	Cost	Directors' valuation	Cost	Directors' valuation	Cost	Directors' valuation	Cost	Directors' valuation
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Ceybank Asset Management Limited (1,240,002 ordinary shares)		31,048	31,048	31,048	31,048	377,791	377,791	335,162	335,162
Lanka Securities (Private) Limited (3,594,857 ordinary shares)		41,940	41,940	41,940	41,940	266,773	266,773	247,544	247,544
Southern Development Financial Company Limited (2,500,001 ordinary shares)		25,000	-	25,000	-	-	-	-	-
Transnational Lanka Records Solutions (Private) Limited (2,000,000 ordinary shares)		20,000	20,000	20,000	20,000	184,359	184,359	154,409	154,409
Total investment in unquoted associates		117,988	92,988	117,988	92,988	828,923	828,923	737,115	737,115
Less - Provision for impairment of investments in associates	32.3	25,000	-	25,000	-	-	-	-	-
Net investment in unquoted associates		92,988	92,988	92,988	92,988	828,923	828,923	737,115	737,115

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32.2 Movement in investment in associate companies

	Bank		Group	
	Cost		Equity Value	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	117,988	117,988	737,115	684,536
Share of profit/ (loss), net of tax	-	-	112,488	68,648
Share of tax	-	-	(26,063)	(35,141)
Share of other comprehensive income, net of tax	-	-	16,795	(2,109)
Share of dividends	-	-	(9,300)	(29,286)
Other adjustments	-	-	(2,112)	50,467
Balance as at 31 December	117,988	117,988	828,923	737,115

32.3 Movement in provision for impairment of investment in associate companies

	Bank	
	2024 LKR '000	2023 LKR '000
Balance as at 1 January	25,000	25,000
Impairment charge/ (reversal) during the year	-	-
Balance as at 31 December	25,000	25,000

32.4 Shareholding structure of associate companies

Name of the company	Equity interest %		Shareholding structure	
	2024	2023	Name	Holding %
Ceybank Asset Management Limited (CAML)	43.36	43.36	Bank of Ceylon	43.36
			Sri Lanka Insurance Corporation	26.57
			Unit Trust of India	17.48
			Carson Cumberbatch PLC	12.59
Lanka Securities (Private) Limited (LSL)	44.51	44.51	First Capital Securities Corporation Limited	51.00
			Merchant Bank of Sri Lanka and Finance PLC	29.00
			Bank of Ceylon	20.00
			(Bank of Ceylon indirectly hold 24.51%)	
Transnational Lanka Records Solutions (Private) Limited (TLRS)	24.69	24.69	Transnational (Pte) Ltd - Singapore	62.96
			Bank of Ceylon	24.69
			Seylan Bank PLC	12.35
Southern Development Financial Company Limited (SDFC)	41.67	41.67	Bank of Ceylon	41.67
			People's Bank	41.67
			Southern Development Authority of Sri Lanka	16.66

SDFC is not in operation and in the process of liquidation.

32.5 Summarised financial information of associates

	2024		
	CAML LKR '000	LSL LKR '000	TLRS LKR '000
Statement of profit or loss for the year			
Total income	284,839	354,247	403,444
Profit / (loss) before tax	118,473	45,628	151,977
Profit / (loss) after tax	85,012	31,940	129,857
Other comprehensive income	38,734	-	-
Total comprehensive income	123,746	31,940	129,857
Statement of financial position as at 31 December			
Total assets	974,255	1,613,752	1,341,206
Current liabilities	74,906	993,584	107,598
Total liabilities	102,966	1,014,396	585,956
Net assets	871,289	599,356	755,250
Dividend paid during the year	18,575	-	-
Dividend received to the Bank (net) during the year	8,054	-	-
	2023		
	CAML LKR '000	LSL LKR '000	TLRS LKR '000
Statement of profit or loss for the year			
Total income	262,685	420,026	314,983
Profit / (loss) before tax	118,550	97,659	12,438
Profit / (loss) after tax	83,334	60,085	(308)
Other comprehensive income	(4,865)	-	-
Total comprehensive income	78,469	60,085	(308)
Statement of financial position as at 31 December			
Total assets	890,357	862,433	1,336,915
Current liabilities	93,184	305,487	162,774
Total liabilities	117,383	306,278	711,523
Net assets	772,974	556,155	625,392
Dividend paid during the year	18,674	44,903	-
Dividend received to the Bank (net) during the year	8,097	19,986	-

33 Investment properties

Accounting policy

Recognition

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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Measurement

Investment property is accounted for under Cost Model in the Financial Statements. Accordingly, after initial recognition as an asset, the property is carried at its cost, less accumulated depreciation and impairment losses.

If any property is reclassified to investment property due to changes in its use, fair value of such property at the date of reclassification becomes its cost for subsequent accounting.

Depreciation

Depreciation is provided on a straight-line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal. Provision for depreciation is made over the period of 20 years at the rate of 5% per annum using the straight-line method for buildings classified as investment property. Land is not depreciated under normal circumstances.

Derecognition

Investment properties are derecognised when they are disposed of, or permanently withdrawn from use since no future economic benefits are expected. Transfers are made to and from investment property only when there is a change in use. When the use of a property changes such that it is reclassified as Property, Plant and Equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
Balance as at 1 January	3,003,007	3,003,007	148,247	148,409
Disposal	-	-	(3,000)	(162)
Balance as at 31 December	3,003,007	3,003,007	145,247	148,247
Less : Accumulated depreciation				
Balance as at 1 January	588,367	588,367	52,801	43,611
Charge for the year	-	-	92,446	9,190
Balance as at 31 December	588,367	588,367	145,247	52,801
Net investment properties	2,414,640	2,414,640	-	95,446

Rental income generated from investment properties for the year 2024 is LKR 32.4 million. (2023 - LKR 32.4 million). Direct operating expenses incurred for the investment properties for the year 2024 is LKR 16.8 million.

Building value of LKR 588.4 million in Bank's Investment Property is fully depreciated as at 31 December 2021.

33.1 Unobservable inputs considered in measuring fair value

Significant unobservable inputs	Range of estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Estimated value per perch	LKR 12.0 million - LKR 16.0 million	Positively correlated sensitivity

33.2 Investment properties held by the bank and group

33.2.1 Bank

As at 31 December					2024			2023	
					Cost			Fair value total	Fair value total
No. of Buildings	Basis of valuation	Building (Square feet)	Extent of Land (Perches)		Land	Building	Total		
					LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
York street building, No.02, York Street, Colombo 01	Market Value Basis	261,610	182		2,414,640	588,367	3,003,007	3,003,007	3,003,007
Total					2,414,640	588,367	3,003,007	3,003,007	3,003,007

33.2.2 Group

As at 31 December		2024							2023	
	Basis of valuation	Number of buildings	Land extent (Perches)	Building (square feet)	Land LKR '000	Building LKR '000	Total LKR '000	Fair value total LKR '000	Cost total LKR '000	Fair value total LKR '000
No. 64 and 66, Nonagama Road, Pallegama, Embilipitiya	N/A	-	16.61	-	-	-	-	-	1,751	-
No. 385/1, Kotte Road, Pittakotte.	Market Comparable Method	1	19.01	2,896	2,958	1,730	4,688	-	4,688	53,000
No. 116/4, 116/7, 116/26, 116/27, 116/29 1st Cross Street, Colombo 01.	N/A	-	12.35	-	-	-	-	-	1,249	-
No. 102 and 104, Dam Street, Colombo 12.	Market Comparable Method	1	50.70	20,368	17,970	11,989	29,959	-	29,959	188,000
Kumbuthukuliya watte, Bangadeniya Road, Puttalam.	Contractor's Method	-	320.00	-	600	-	600	-	600	65,000
Fingara Town and Country Club, No. 50/21, Old Kesbawa Road, Boralesgamuwa.	Market Comparable Method	1	364.35	54,826	65,604	44,396	110,000	-	110,000	320,000
Total					87,132	58,115	145,247	-	148,247	626,000

Note :

The fair value of the investment properties as at 31 December 2024 was based on market valuations carried out in the year 2018, 2019, 2021 and 2024 by Mr D N Dhammika Baranage [RICS (UK), DIV AIS (SL)] and Mr S.A.M.A. Perera F.I.V. (Sri Lanka) chartered valuer (MRICS UK), Vlr. K P S K Chandani [BSc (special) estate management and valuation (Sri Lanka) MSc in Real estate management and valuation (Sri Lanka)], Mr Samantha Kumara Madawan Arachchi [BSc Estate Management and Valuation (Special), City Planning (JP), Dip(UPM)NI, AIREV] and Mr L G T Thungasiri [(AIV) F.I.V (Sri Lanka), Dip. in Valuation (SLTC)], who are independent valuers not connected with the companies. The directors have reviewed values of the investment properties as at 31 December 2024 and concluded that impairment was adjusted accordingly.

34 Property, plant and equipment

Accounting policy

Recognition

Property, plant and equipment (PPE) are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

Measurement

Cost of Property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is also capitalised as part of that equipment.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Revaluation model is applied for entire class of freehold land and buildings and buildings on leasehold lands. The Market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use are taken into account in measuring the fair value.

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Properties that carried at revaluation amount being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and building of the Group are revalued every three to five years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. Any surplus arising on revaluation of an asset is accumulated under the Revaluation Reserve in Equity through Other Comprehensive Income. However, if there is any revaluation deficit of the same asset previously recognised on profit or loss, revaluation surplus is recognised on Profit or Loss to the extent it reverse such deficit. Any deficit arising on revaluation of assets are recognised on Profit or Loss and such deficit is recognised in Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of assets and the net amount restated to the revalued amount of the assets. Where the carrying value of the property, plant and equipment are reviewed for impairment, when an event or changes in circumstances indicate that the carrying value may not be recoverable.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of PPE.

Subsequent costs

The cost of replacing a part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the Statement of Profit or Loss in "Other expenses" (Note 17) as incurred.

Capital work in progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalisation.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the bank incurs in connection with the borrowing of funds.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Further, cost of expansion and major renovations on the building are depreciated over the remaining useful lives of the original buildings.

Provisioning for depreciation of PPE is made on pro rata basis.

The Group's estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	40 - 60 years
Office equipment	03-08 years
Furniture and fittings	08 years
Computer equipment	04-05 years
Motor vehicles	04 years

Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

Useful life and residual values

Residual value is the amount that Group could receive for an asset at the reporting date if the asset was already at the age and in the condition that it will be in when the Group expects to dispose it.

The residual and useful life of an asset are reviewed at least at each reporting date, changes in the residual value and useful life are accounted for prospectively as a change in an accounting estimate only if the residual value is material.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, replacement or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the "Net Other operating income" (Note 13) / "Other expenses" (Note 17) in the Statement of Profit or Loss in the year the item is derecognised.

Reclassification as investment property

When the use of property changes such that is reclassified as investment property, its fair value at the date of reclassification becomes its cost for subsequent accounting. Any gain arising on re-measurement is recognised in the Statement of Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in Other Comprehensive Income and presented in revaluation reserve in equity. Any loss is recognised immediately in the Statement of Profit or Loss.

34.1 Bank

	Freehold land	Freehold building	Buildings on leasehold land	Equipment [Note 34.12.1]	Motor vehicles	Leasehold motor vehicles	Capital work in progress	2024 Total	2023 Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or valuation									
As at 1 January	25,821,192	6,411,916	4,156,370	22,273,159	1,662,935	37,548	991,863	61,354,983	52,437,335
Additions during the year									
Acquisitions/ Additions	-	188,808	33,825	4,195,689	-	-	592,664	5,010,986	3,177,730
Capitalisations	-	1,056,666	32,560	-	-	-	(1,089,226)	-	-
Changes in revaluation surplus/ (deficit)	-	-	-	-	-	-	-	-	6,538,985
Transfer of accumulated depreciation on revalued assets	-	-	-	-	-	-	-	-	(431,721)
Disposals during the year	-	-	-	(187,034)	(7,144)	(2,965)	-	(197,143)	(157,782)
Exchange rate adjustments	-	-	-	(85,578)	(4,921)	-	-	(90,499)	(70,157)
Transfers / adjustments	-	(2,436)	-	-	-	-	201,215	198,779	(139,407)
As at 31 December	25,821,192	7,654,954	4,222,755	26,196,236	1,650,870	34,583	696,516	66,277,106	61,354,983
Accumulated depreciation									
As at 1 January	-	13,282	222,855	16,867,078	1,649,722	37,548	-	18,790,485	17,592,331
Charge for the year	-	251,401	135,604	1,736,722	6,376	-	-	2,130,103	1,846,426
Transfer of accumulated depreciation on revalued assets	-	-	-	-	-	-	-	-	(431,721)
Disposals during the year	-	-	-	(185,900)	(7,144)	(2,965)	-	(196,009)	(89,541)
Exchange rate adjustments	-	-	-	(69,935)	1,344	-	-	(68,591)	(64,950)
Transfers / adjustments	-	-	-	(139)	-	-	-	(139)	(62,060)
As at 31 December	-	264,683	358,459	18,347,826	1,650,298	34,583	-	20,655,849	18,790,485
Net book value as at 31 December 2024	25,821,192	7,390,271	3,864,296	7,848,410	572	-	696,516	45,621,257	
Net book value as at 31 December 2023	25,821,192	6,398,634	3,933,515	5,406,081	13,213	-	991,863		42,564,498

NOTES TO THE FINANCIAL STATEMENTS

34.2 Group

	Freehold land	Freehold building	Buildings on leasehold land	Equipment [Note 34.12.2]	Motor vehicles	Leasehold motor vehicles	Capital work in progress	2024 Total	2023 Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or valuation									
As at 1 January	29,130,762	10,803,389	14,692,860	23,956,161	1,855,440	61,564	1,722,874	82,223,050	71,969,367
Additions during the year									
Acquisitions/ Additions	-	304,266	33,825	4,302,256	2,943	-	682,248	5,325,538	3,578,110
Capitalisations	-	1,056,666	32,560	-	-	-	(1,089,226)	-	-
Changes in revaluation surplus/ (deficit)	-	(389,064)	249,344	-	-	-	-	(139,720)	8,293,387
Transfer of accumulated depreciation on revalued assets	-	(55,837)	(288,098)	-	-	-	-	(343,935)	(1,044,446)
Disposals during the year	-	-	-	(192,487)	(9,222)	(2,965)	(35,142)	(239,816)	(534,040)
Exchange rate adjustments	-	26,614	-	(226,001)	(4,921)	-	-	(204,308)	(212,943)
Transfers / adjustments	(70,601)	(2,436)	(49,370)	-	-	-	194,745	72,338	173,615
As at 31 December	29,060,161	11,743,598	14,671,121	27,839,929	1,844,240	58,599	1,475,499	86,693,147	82,223,050
Accumulated depreciation									
As at 1 January	-	1,185,773	962,990	18,319,157	1,834,171	55,945	298,116	22,656,152	20,977,044
Charge for the year	-	269,669	331,959	1,811,462	12,724	-	184,056	2,609,870	2,692,672
Transfer of accumulated depreciation on revalued assets	-	(55,837)	(288,098)	-	-	-	-	(343,935)	(1,044,446)
Disposals during the year	-	-	-	(190,935)	(9,222)	(2,965)	(28,184)	(231,306)	(445,510)
Exchange rate adjustments	-	-	-	(229,971)	4,216	-	-	(225,755)	(64,952)
Transfers / adjustments	-	(158,182)	91,743	(13,811)	114	-	-	(80,136)	541,344
As at 31 December	-	1,241,423	1,098,594	19,695,902	1,842,003	52,980	453,988	24,384,890	22,656,152
Net book value as at									
31 December 2024	29,060,161	10,502,175	13,572,527	8,144,027	2,237	5,619	1,021,511	62,308,257	
Net book value as at									
31 December 2023	29,130,762	9,617,616	13,729,870	5,637,004	21,269	5,619	1,424,758		59,566,898

34.3 Title restriction on property, plant and equipment

There were no restrictions that existed in the title of the property, plant and equipment of the Bank and the Group as at the reporting date.

34.4 Property, plant and equipment pledged as security for liabilities

No freehold property, plant and equipment have been pledged as security for any liability.

34.5 Compensation from third parties for items of property, plant and equipment

There were no compensation received / receivable from third parties for items of Property, Plant and Equipment which were impaired or given up.

34.6 Fully depreciated property, plant and equipment

The initial cost of fully depreciated property, plant and equipment which are still in use are as follows ;

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Motor vehicles	1,654,052	1,563,711	1,792,326	1,585,113
Computer equipments	8,059,838	7,177,586	8,338,181	7,190,481
Equipment, furniture, and fittings	2,881,514	2,573,922	3,012,380	2,599,473
Buildings on leasehold lands	631,631	600,256	631,631	600,256
Plant and machinery	2,156,726	2,028,506	2,158,077	2,029,934
Total	15,383,761	13,943,981	15,932,595	14,005,257

34.7 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant and equipment as at the reporting date.

34.8 Property, plant and equipment retired from active use

The Group held no property, plant and equipment retired from active use and which were not classified as held for sale in accordance with SLFRS 5 - "Non-current assets held for sale and discontinued operations".

34.9 Freehold properties

The carrying value of freehold properties, that would have been recognised in the Financial Statements, if they were carried at cost less accumulated depreciation is as follows ;

34.9.1 Bank

As at 31 December	2024			2023		
	Cost LKR '000	Accumulated depreciation LKR '000	Net book value LKR '000	Cost LKR '000	Accumulated depreciation LKR '000	Net book value LKR '000
Land	2,172,855	-	2,172,855	2,172,855	-	2,172,855
Building	5,160,471	(1,372,335)	3,788,136	3,917,433	(1,120,934)	2,796,499
Total	7,333,326	(1,372,335)	5,960,991	6,090,288	(1,120,934)	4,969,354

34.9.2 Group

As at 31 December	2024			2023		
	Cost LKR '000	Accumulated depreciation LKR '000	Net book value LKR '000	Cost LKR '000	Accumulated depreciation LKR '000	Net book value LKR '000
Land	2,032,602	-	2,032,602	2,103,203	-	2,103,203
Building	6,170,820	(2,168,018)	4,002,802	4,785,710	(2,056,531)	2,729,179
Total	8,203,422	(2,168,018)	6,035,404	6,888,913	(2,056,531)	4,832,382

NOTES TO THE FINANCIAL STATEMENTS

34.10 Revaluation of leasehold / freehold properties - Group

The following buildings on leasehold / freehold lands of the subsidiaries were revalued during the year by professionally qualified independent valuers.

Freehold Buildings			2024		
Details of properties	Valuer	Basis of valuation	Carrying value	Revalued amount of Building	Surplus/ (Loss) of Building
			LKR '000	LKR '000	LKR '000
BOC Property Development and Management (Private) Limited, Bank of Ceylon - Merchant Tower, St. Micheal's Road, Colombo 03 (Revalued as at 31 December 2024)	M C N Perera	Contractors method	2,957,810	2,568,746	(389,064)

Leasehold properties			2024		
Details of properties	Valuer	Basis of valuation	Carrying value	Revalued amount of Building	Surplus/ (Loss) of Building
			LKR '000	LKR '000	LKR '000
Property Development PLC Bank of Ceylon Head Office Building, "BOC Square", Colombo 01 (Revalued as at 31 December 2024)	WikiFrank Chartered Valuers (Pvt) Ltd	Discounted Cash Flow method	8,702,188	9,034,903	332,715
BOC Property Development and Management (Private) Limited Bank of Ceylon - Ceybank house, No. 86, Sri Dalada Veediya, Kandy (Revalued as at 31 December 2024)	M C N Perera	Contractors method	828,734	745,363	(83,371)

34.11 Unobservable inputs considered in measuring fair value

The following table depicts information about significant unobservable inputs used in measuring fair value of the assets categorised under Level 3 of the fair value hierarchy.

34.11.1 Bank

2024					
Type of asset	Fair value as at 31.12.2024 LKR'000	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Freehold land	25,821,192	Contractor's method	Estimated cost per perch	LKR 50,000 - LKR 19,053,000	Positively correlated sensitivity
Freehold buildings	7,390,271	Contractor's method	Estimated cost per square feet	LKR 600 - LKR 59,000	Positively correlated sensitivity
Buildings on leasehold lands	3,864,296	Rental value basis	Estimated rental value per square feet	LKR 110 - LKR 11,250	Positively correlated sensitivity
			Expected market rental growth p.a	5%	Positively correlated sensitivity
			Anticipated maintenance cost	40%	Positively correlated sensitivity
			Discount rate	5.5%	Negatively correlated sensitivity

34.11.2 Group

Type of asset	Fair value as at 31.12.2024 LKR'000	Valuation technique	Significant unobservable inputs	2024	
				Range of estimates for unobservable inputs	Sensitivity of fair value to unob- servable inputs
Freehold land	29,060,161	Market comparable method	Estimated cost per perch	LKR 50,000 - LKR 20,000,000	Positively correlated sensitivity
Freehold buildings	10,502,175	Discounted cash flow method	Estimated cost per square feet	LKR 600 - LKR 59,000	Positively correlated sensitivity
Buildings on lease- hold lands	13,572,527	Discounted cash flow method	Estimated rental value per square feet	LKR 110 - LKR 23,000	Positively correlated sensitivity
			Expected market rental growth p.a	5% -7.5%	Positively correlated sensitivity
			Anticipated maintenance cost	40%	Positively correlated sensitivity
			Discount rate	5.5% -10%	Negatively correlated sensitivity

34.12 Equipment

34.12.1 Bank

	Computer Equipment LKR '000	Furniture and Fittings LKR '000	Office Equipment LKR '000	2024 Total LKR '000	2023 Total LKR '000
Cost					
Balance as at 1 January	11,708,956	6,757,857	3,806,346	22,273,159	20,615,419
Additions during the year - Acquisitions	2,913,210	639,549	642,930	4,195,689	1,872,334
Disposals during the year	(125,455)	(25,849)	(35,730)	(187,034)	(147,682)
Exchange rate adjustments	(74,490)	(4,844)	(6,244)	(85,578)	(66,912)
Transfers / adjustments	-	(193,856)	193,856	-	-
Balance as at 31 December	14,422,221	7,172,857	4,601,158	26,196,236	22,273,159
Accumulated depreciation					
Balance as at 1 January	9,515,582	4,493,124	2,858,372	16,867,078	15,484,894
Charge for the year	963,534	512,269	260,919	1,736,722	1,531,909
Disposals during the year	(125,296)	(25,537)	(35,067)	(185,900)	(87,858)
Exchange rate adjustments	(50,061)	(15,407)	(4,467)	(69,935)	(62,008)
Transfers / adjustments	-	(112,532)	112,393	(139)	141
Balance as at 31 December	10,303,759	4,851,917	3,192,150	18,347,826	16,867,078
Net book value as at 31 December 2024	4,118,462	2,320,940	1,409,008	7,848,410	
Net book value as at 31 December 2023	2,193,374	2,264,733	947,974		5,406,081

34.12.2 Group

	Computer Equipment LKR '000	Furniture and Fittings LKR '000	Office Equipment LKR '000	2024 Total LKR '000	2023 Total LKR '000
Cost					
Balance as at 1 January	12,527,219	7,569,682	3,859,260	23,956,161	22,235,203
Additions during the year - Acquisitions	2,978,819	677,828	645,609	4,302,256	1,970,813
Disposals during the year	(126,231)	(30,168)	(36,088)	(192,487)	(165,677)
Exchange rate adjustments	(171,610)	(48,143)	(6,248)	(226,001)	(119,790)
Transfers / Adjustments	-	(192,927)	192,927	-	35,612
Balance as at 31 December	15,208,197	7,976,272	4,655,460	27,839,929	23,956,161
Accumulated depreciation					
Balance as at 1 January	10,295,171	5,068,045	2,955,941	18,319,157	16,802,220
Charge for the year	991,366	557,654	262,442	1,811,462	1,639,512
Disposals during the year	(126,072)	(29,566)	(35,297)	(190,935)	(104,235)
Exchange rate adjustments	(199,760)	(25,744)	(4,467)	(229,971)	(62,009)
Transfers / Adjustments	(19,046)	(106,930)	112,165	(13,811)	43,669
Balance as at 31 December	10,941,659	5,463,459	3,290,784	19,695,902	18,319,157
Net book value as at 31 December 2024	4,266,538	2,512,813	1,364,676	8,144,027	
Net book value as at 31 December 2023	2,232,048	2,501,637	903,319		5,637,004

NOTES TO THE FINANCIAL STATEMENTS

34.13 The details of Freehold land and building held by the bank as at 31 December 2024 are as follows:

Name of Premises	No. of Buildings	Land Extent (Perches)	Building (Square feet)	Date of valuation	Valuer
Central Province					
Galaha Branch, 59/37, Deltota Road, Galaha	1	15.00	8,410	30.11.2023	R H Jayawardana
Gampola Branch, 44, Kadugannawa Road, Gampola	1	175.00	11,404	30.11.2023	R A R M N Rajakaruna
Galewela Branch, 158, Dhambulla Road, Galewela	1	47.00	6,958	30.11.2023	R A R M N Rajakaruna
Hatton Branch and Staff Quarters, 46, Circular Road, Hatton	2	139.57	11,041	30.11.2023	R H Jayawardana
Kandy 2nd City Branch, Ceybank House ,88, Dalada Veediya, Kandy	1	42.81	33,589	30.11.2023	R A R M N Rajakaruna
Kandapola Branch, 31,33, Main Street , Kandapola	1	14.10	5,248	30.11.2023	R H Jayawardana
Maskeliya Branch, 66, Upcot Road, Maskeliya	1	42.05	6,607	30.11.2023	R H Jayawardana
Nawalapitiya Branch, 6, Gampola Road, Nawalapitiya	1	21.92	9,790	30.11.2023	R A R M N Rajakaruna
Nuwara Eliya Branch, 43, Lawson Street, Nuwara Eliya	1	133.50	9,859	30.11.2023	R H Jayawardana
Nuwara Eliya Staff Quarters, 14,19, Hill Street, Nuwara Eliya	1	41.40	4,847	30.11.2023	R H Jayawardana
Nuwara Eliya Property Ladies Staff Quarters, 12, Hill Street, Nuwara Eliya	1	14.99	1,303	30.11.2023	R H Jayawardana
Rikillagaskada Branch, 3, Dimbulkubura Road, Rikillagaskada	1	19.60	6,487	30.11.2023	R A R M N Rajakaruna
Thalawakele Branch, 23,25,29, Hatton Road, Talawakelle	1	25.30	7,332	30.11.2023	R H Jayawardana
Thalawakele Staff Quarters, Talawakele Estate ,Thalawakale	1	160.00	4,898	30.11.2023	R H Jayawardana
Eastern Province					
Batticaloa Branch, 19, Govington Road, Batticaloa	1	64.85	9,585	30.11.2023	P Santhirasegaram
Mutur Branch (New), 36/1 Trincomalee Road ,Ward No 07, Mutur	1	71.00	9,532	30.11.2023	P P T Mohideen
Potuvil Branch, Main Street, Pottuvil	1	10.70	4,500	30.11.2023	P Santhirasegaram
Trincomalee Branch, 24, Inner Harbour Road, Trincomalee	1	90.00	10,810	30.11.2023	P P T Mohideen
Trincomalee City Branch, 09, Main Street, Trincomalee	1	21.90	9,620	30.11.2023	P P T Mohideen
Valachchenai Branch, Main Street, Valachchenai	1	47.34	6,621	30.11.2023	P Santhirasegaram
Northern Province					
Jaffna Area Office & Branch, 476,476A,Hospital Road, Jaffna	2	166.25	23,641	30.11.2023	P P T Mohideen
Jaffna 2nd Branch, 56, Stanley Road, Jaffna	1	33.89	17,361	30.11.2023	P P T Mohideen
Karainagar Branch, Post Office View, Karainagar	1	20.09	3,170	30.11.2023	P P T Mohideen
Mannar Branch (Land), Moor Street ,Mannar	-	63.22	-	30.11.2023	P P T Mohideen
Nelliadi Branch, 23,Kodikamam Road, Nelliady	1	42.74	10,889	30.11.2023	P P T Mohideen
North Western Province					
Alawwa Branch, 64, Giriulla Road, Alawwa	1	30.80	7,011	30.11.2023	R W M S B Rajapaksha
Bingiriya Land, 44 ,Chilaw Road, Bingiriya	-	40.00	-	30.11.2023	R W M S B Rajapaksha
Chilaw Branch, Radaguru Edmund Peiris Mawatha, Chilaw	1	38.25	8,935	30.11.2023	R W M S B Rajapaksha
Dankotuwa Land, 01/60, Negombo Road, Dankotuwa	-	32.90	-	30.11.2023	R W M S B Rajapaksha
Dummalasooriya Branch, 227, Kuliyapitiya - Madampe Road, Dummalasuriya	1	41.68	6,139	30.11.2023	R W M S B Rajapaksha
Kurunegala Province Office, AGM's Quarters & CM Quarters, 18, Mihindu Mawatha, Kurunegala	3	225.00	20,575	30.11.2023	S R Yoganathan
Kurunegala Super Grade Branch, Commercial Complex, Kurunegala	1	-	12,242	30.11.2023	S R Yoganathan
Kurunegala 2nd City Branch, 35, Colombo Road, Kurunegala	1	49.40	29,294	30.11.2023	S R Yoganathan
Madampe Branch, 10, Station Road, Madampe	1	61.10	7,680	30.11.2023	S Hapugoda

Basis of Valuation	Revalued Amount of Land	Revalued Amount / Carrying value of Buildings	Total Revalued Amount / Carrying Value	Accumulated depreciation	Written Down value
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Contractor's Method	25,500	46,500	72,000	1,453	70,547
Contractor's Method	279,000	75,797	354,797	1,842	352,955
Contractor's Method	145,000	65,000	210,000	1,625	208,375
Contractor's Method	348,925	78,529	427,454	2,222	425,232
Contractor's Method	1,285,000	454,621	1,739,621	22,463	1,717,158
Contractor's Method	35,250	36,304	71,554	842	70,712
Contractor's Method	50,460	37,470	87,930	1,171	86,759
Contractor's Method	53,000	27,000	80,000	1,800	78,200
Contractor's Method	934,500	68,816	1,003,316	1,720	1,001,596
Contractor's Method	111,780	34,848	146,628	1,948	144,680
Contractor's Method	14,990	9,960	24,950	249	24,701
Cost Method	49,000	33,691	82,691	1,615	81,076
Contractor's Method	45,730	43,666	89,396	1,409	87,987
Contractor's Method	12,800	27,492	40,292	687	39,605
	3,390,935	1,039,694	4,430,629	41,046	4,389,583
Contractor's Method	130,000	30,000	160,000	750	159,250
Contractor's Method	31,172	56,745	87,917	1,419	86,498
Contractor's Method	32,100	15,900	48,000	398	47,602
Contractor's Method	103,500	27,858	131,358	13,929	117,429
Contractor's Method	47,540	76,960	124,500	1,924	122,576
Contractor's Method	88,900	11,975	100,875	299	100,576
	433,212	219,438	652,650	18,719	633,931
Contractor's Method	540,310	37,490	577,800	2,089	575,711
Contractor's Method	177,900	65,100	243,000	2,959	240,041
Contractor's Method	7,858	9,842	17,700	447	17,253
Contractor's Method	41,100	-	41,100	-	41,100
Contractor's Method	34,200	66,550	100,750	1,664	99,086
	801,368	178,982	980,350	7,159	973,191
Contractor's Method	69,000	31,000	100,000	775	99,225
Comparison Method	40,000	-	40,000	-	40,000
Contractor's Method	86,000	38,000	124,000	1,267	122,733
Comparison Method	65,800	-	65,800	-	65,800
Contractor's Method	62,500	31,482	93,982	776	93,206
Comparison Method	630,000	108,000	738,000	2,700	735,300
Comparison Method	-	278,000	278,000	6,950	271,050
Comparison Method	530,000	398,826	928,826	9,386	919,440
Contractor's Method	60,550	43,000	103,550	1,075	102,475

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Name of Premises	No. of Buildings	Land Extent (Perches)	Building (Square feet)	Date of valuation	Valuer
Madurankuliya Branch, 66 , Colombo Road, Madurankuliya	1	46.00	5,760	30.11.2023	S Hapugoda
Malsiripura Branch, 362, 358, Dambulla Road, Malsiripura	1	46.20	7,780	30.11.2023	S R Yoganathan
Marawila Branch (Land), 85, Negombo Road, Marawila	-	35.00	-	30.11.2023	S Hapugoda
Narammala Branch, 139, Negombo Road, Narammala	1	117.50	7,959	30.11.2023	S R Yoganathan
Nattandiya Branch (Land), 115, Marawila Road, Nattandiya	-	40.00	-	30.11.2023	S Hapugoda
Waikkal Branch (Land), 43/44, Thopputota, Waikkal	-	36.00	-	30.11.2023	S Hapugoda
Wariyapola Branch, 32,Kurunegala Road , Wariyapola	1	40.80	6,811	30.11.2023	S R Yoganathan
Sabaragamuwa Province					
Balangoda Branch, 137, 139 Main Street, Balangoda	1	14.50	3,520	30.11.2023	A G Gunaratna
Dehiowita Branch, 62 Main Street, Dehiowita	1	38.60	4,511	30.11.2023	A G Gunaratna
Kegalle Branch, 110, Colombo Road, Kegalle	1	131.38	17,250	30.11.2023	W A T I P Jayathilake
Ratnapura Branch, 6, Dharmapala Mawatha, Ratnapura	1	99.70	11,082	30.11.2023	W A T I P Jayathilake
Rathnapura City Branch and Province Office, 25, Shaviya Mawatha, Rathnapura	1	31.69	19,375	30.11.2023	W A T I P Jayathilake
Southern Province					
Ambalangoda Branch, 345,Galle Raod ,Ambalangoda	1	58.00	6,330	30.11.2023	U Rajapaksha
Ambalantota Branch, 11, Wanduruppa Road, Ambalantota	1	38.00	5,410	30.11.2023	U Rajapaksha
Ahangama Branch, 54,Galle Road, Ahangama	1	33.35	5,035	30.11.2023	U Rajapaksha
Batapola Branch, Aluthwatte , Batapola	1	46.80	3,024	30.11.2023	U Rajapaksha
Beliatta Branch, 67, Walasmulla Road, Beliatta	1	53.02	6,200	30.11.2023	U Rajapaksha
Deniyaya Land, Viharahena Road, Deniyaya	-	55.80	-	30.11.2023	U Rajapaksha
Galle Province Office, 20, Hospital Street ,Fort, Galle	1	32.63	14,250	30.11.2023	U Rajapaksha
Galle Branch, 2, Light House Street , Fort ,Galle	1	31.50	16,200	30.11.2023	U Rajapaksha
Galle City Branch, 7,Sri Dewamitta Mawatha,Galle	1	27.14	10,700	30.11.2023	D P L C De Silva
Hakmana Branch, Beliatta Road, Hakmana	1	36.70	3,400	30.11.2023	U Rajapaksha
Imaduwa Branch, Ahangama Road, Imaduwa	1	83.50	3,395	30.11.2023	U Rajapaksha
Karapitiya Land, 167A, Hirimbura Cross Road, Karapitiya	-	35.00	-	28.12.2023	D P L C De Silva
Matara Super Grade Branch & Southern Province Office, 11, Kumaratunga Mawatha, Matara	1	104.40	52,969	30.11.2023	U Rajapaksha
Matara Bazaar Branch, 58, New Tangalle Road, Matara	1	49.25	6,920	30.11.2023	U Rajapaksha
Nagoda Branch, Mapalagama Road, Nagoda	1	40.00	3,132	30.11.2023	W A T I P Jayathilake
Ranna Land, Main Street , Ranna	-	40.00	-	30.11.2023	U Rajapaksha
Tangalle Branch, 91/1, 91/2 , Tissa Road , Tangalle	1	21.05	5,370	30.11.2023	U Rajapaksha
Weeraketiya Branch, Belliatta Road, Weeraketiya	1	36.87	4,480	30.11.2023	U Rajapaksha
Weligama Branch, 239, Main Street, Weligama	1	97.75	8,394	30.11.2023	U Rajapaksha
Walasmulla Branch, 28, Beliatta Road , Walasmulla	1	38.00	8,045	30.11.2023	U Rajapaksha
Uva Province					
AGMs Quarters UVA, 1/90 Bandarawela Road, Badulla	1	220.00	3,836	30.11.2023	L H Lickson
Bandarawela Branch, 198B , Badulla Road, Bandarawela	1	10.60	7,731	30.11.2023	L H Lickson
Ettampitiya Branch, 23, Nuwara Eliya Road, Ettampitiya	1	20.35	3,729	30.11.2023	L H Lickson
Haputale Branch (Browns), 20, Station Road, Haputale	1	158.70	7,361	30.11.2023	L H Lickson
Monaragala Branch ,Manager Quarters & staff Quarters, 401, Wellaway Road, Moneragala	3	320.00	13,011	30.11.2023	L H Lickson

Basis of Valuation	Revalued Amount of Land	Revalued Amount / Carrying value of Buildings	Total Revalued Amount / Carrying Value	Accumulated depreciation	Written Down value
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Contractor's Method	80,000	59,000	139,000	1,475	137,525
Comparison's Method	97,000	90,000	187,000	2,250	184,750
Contractor's Method	52,500	-	52,500	-	52,500
Contractor's Method	164,000	73,000	237,000	1,825	235,175
Contractor's Method	60,000	-	60,000	-	60,000
Contractor's Method	50,000	-	50,000	-	50,000
Comparison's Method	112,000	131,809	243,809	2,506	241,303
	2,159,350	1,282,117	3,441,467	30,985	3,410,482
On Market Approach	80,000	-	80,000	-	80,000
Cost Approach	24,050	7,358	31,408	3,679	27,729
Contractor's Method	428,500	106,500	535,000	5,325	529,675
Contractor's Method	149,600	49,900	199,500	2,495	197,005
Contractor's Method	166,400	313,705	480,105	5,950	474,155
	848,550	477,463	1,326,013	17,449	1,308,564
Contractor's Method	156,600	53,990	210,590	1,336	209,254
Contractor's Method	76,000	32,110	108,110	1,284	106,826
Contractor's Method	58,400	50,350	108,750	1,259	107,491
Contractor's Method	82,600	22,500	105,100	643	104,457
Contractor's Method	121,000	59,900	180,900	1,498	179,402
Comparison Method	80,000	-	80,000	-	80,000
Contractor's Method	489,400	36,600	526,000	3,660	522,340
Contractor's Method	533,460	47,362	580,822	4,711	576,111
Contractor's Method	1,357,000	291,715	1,648,715	3,024	1,645,691
Contractor's Method	55,100	15,900	71,000	589	70,411
Contractor's Method	75,150	18,470	93,620	585	93,035
Comparison Method	157,500	-	157,500	-	157,500
Contractor's Method	447,600	460,900	908,500	11,523	896,977
Contractor's Method	191,150	60,335	251,485	1,508	249,977
Contractor's Method	28,000	26,800	54,800	893	53,907
Comparison Method	36,000	-	36,000	-	36,000
Contractor's Method	42,300	44,200	86,500	1,105	85,395
Contractor's Method	66,400	36,100	102,500	902	101,598
Contractor's Method	203,500	40,075	243,575	1,145	242,430
Contractor's Method	76,000	75,600	151,600	1,890	149,710
	4,333,160	1,372,907	5,706,067	37,555	5,668,512
Investment & Contractor's Method	98,550	6,273	104,823	232	104,591
Investment & Contractor's Method	95,200	35,397	130,597	1,011	129,586
Investment & Contractor's Method	12,140	13,767	25,907	344	25,563
Contractor's Method	46,740	13,250	59,990	663	59,327
Investment & Contractor's Method	110,000	54,240	164,240	1,763	162,477

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NOTES TO THE FINANCIAL STATEMENTS

Name of Premises	No. of Buildings	Land Extent (Perches)	Building (Square feet)	Date of valuation	Valuer
Siyabalanduwa Branch, Premadasa Hardware Building, Ampara Junction, Siyabalanduwa	1	28.00	5,886	30.11.2023	L H Lickson
Uva Province Office, 17, Hill Drive, Keppetipola Road ,Badulla	2	118.75	9,537	30.11.2023	L H Lickson
Western Province Central					
Bambalapitiya Branch, 20, Galle Road, Colombo 04	1	-	7,776	30.11.2023	W A T I P Jayathilake
Borella Branch, 71, Denister De Silva Mawatha, Borella	1	49.27	20,173	30.11.2023	K T D Thissera
City Office, 41, Bristtol Lane, Colombo 01	1	39.50	31,443	30.11.2023	W D P Rupananda
Dematagoda Land, 400, Denister De Silva Mawatha, Colombo 09	-	38.14	-	30.11.2023	W D P Rupananda
Grandpass Branch, 703, Srimavo Banfdrtanayake Mawatha, Grandpass	1	20.12	6,210	30.11.2023	A G Gunaratne
Pettah Branch, 212/63, Gas Work Street, Colombo 11	1	28.29	25,222	30.11.2023	W D P Rupananda
Wellawatta Branch, 149/2, Galle Road, Colombo 06	1	51.25	15,832	30.11.2023	A G Gunaratne
Western Province North					
Gampaha Branch, 170,Colombo Road, Gampaha	1	34.06	7,297	30.11.2023	K T D Thissera
Ganemulla Branch (Land), 156, Kirindiwita Road, Ganemulla	-	43.61	-	30.11.2023	K T D Thissera
Ja Ela Branch, 19, Negombo Road, Ja-ela	1	45.94	8,618	30.11.2023	W A T I P Jayathilake
Kadawatha Branch, 469, Ragama Road, Kadawatha	1	30.72	6,138	30.11.2023	W A T I P Jayathilake
Kiribathgoda Branch (Land), 235,Kandy Road, Kiribathgoda	-	43.70	-	30.11.2023	K T D Thissera
Negombo Branch, 118, Rajapakse Broadway, Negombo	1	93.60	15,561	30.11.2023	W A T I P Jayathilake
Negombo City Branch, 77, Main Street, Negombo	1	10.76	8,355	30.11.2023	W A T I P Jayathilake
Western Province South					
Aluthgama Branch, 14,Douglas Gunawardana Mawatha Aluthgama	1	36.60	6,558	30.11.2023	B K Dayaratne
Beruwala Branch, 165A, Galle Road, Beruwala	1	21.50	5,850	30.11.2023	B K Dayaratne
Bulathsinhala Branch, 40, Horana Road, Athura, Bulathsinhala	1	55.52	6,900	30.11.2023	B K Dayaratne
Dehiwala Branch, 207, Galle Road, Dehiwela	1	22.00	12,454	30.11.2023	A G Gunaratna
Horana Branch, 87, Anguruwathota Road, Horana	1	70.02	10,345	30.11.2023	B K Dayaratne
Idama Branch, 707, Galle Road, Moratuwa	1	61.12	13,411	30.11.2023	A G Gunaratna
Kalutara Branch, 218, Galle Road, Kalutara South, Kalutara	1	45.86	10,645	30.11.2023	B K Dayaratne
Kottawa Branch (Land), 903, Avissawella Road, Kottawa	-	35.22	-	30.11.2023	K T D Thisera
Maharagama Branch & Central Training Institute, 88, Highlevel Road, Maharagama	2	185.10	82,121	30.11.2023	A G Gunaratna
Matugama Branch, 72, Agalawatte Road, Matugama	1	9.50	4,158	30.11.2023	A G Gunaratna
Nugegoda Branch, 174, Highlevel Road, Nugegoda,	1	67.73	42,253	30.11.2023	A G Gunaratna
Panadura Branch, 21, Susantha Mawatha, Panadura	1	80.00	11,336	30.11.2023	K T D Thisera
Panadura City Branch, 17/3D, Jayathilake Mawatha, Panadura	1	36.00	7,764	30.11.2023	K T D Thisera
Wadduwa Branch, 58 & 56 Station Road , Wadduwa	1	29.00	6,440	30.11.2023	B K Dayaratne

Basis of Valuation	Revalued Amount of Land	Revalued Amount / Carrying value of Buildings	Total Revalued Amount / Carrying Value	Accumulated depreciation	Written Down value
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Investment & Contractor's Method	21,400	25,600	47,000	640	46,360
Investment & Contractor's Method	61,453	23,089	84,542	886	83,656
	445,483	171,616	617,099	5,539	611,560
Investment method	-	274,200	274,200	13,710	260,490
Investment and contractor's method	528,200	75,000	603,200	1,875	601,325
Investment and contractor's method	717,500	170,251	887,751	4,254	883,497
Comparison Method	307,750	-	307,750	-	307,750
Investment and contractor's method	241,440	30,884	272,324	1,188	271,136
Investment and contractor's method	638,000	82,765	720,765	2,751	718,014
Cost Approach	545,000	54,000	599,000	3,375	595,625
	2,977,890	687,100	3,664,990	27,153	3,637,837
Comparison Method	170,000	55,000	225,000	1,375	223,625
Comparison Method	80,000	-	80,000	-	80,000
Investment & Contractor's Method	212,000	52,203	264,203	1,941	262,262
Investment & Contractor's Method	124,300	27,700	152,000	1,385	150,615
Comparison Method	315,900	-	315,900	-	315,900
Investment and contractor's method	486,200	74,460	560,660	3,654	557,006
Contractor's Method	58,000	27,000	85,000	1,800	83,200
	1,446,400	236,363	1,682,763	10,155	1,672,608
Contractor's Method	128,100	32,854	160,954	821	160,133
Contractor's Method	86,000	14,550	100,550	582	99,968
Contractor's Method	134,650	15,283	149,933	611	149,322
Cost Approach	165,000	66,458	231,458	2,077	229,381
Contractor's Method	295,000	35,000	330,000	875	329,125
Cost Approach	275,040	43,935	318,975	1,831	317,144
Contractor's Method	221,800	35,841	257,641	1,434	256,207
Comparison Method	264,000	-	264,000	-	264,000
Cost and Income Approach	700,000	322,000	1,022,000	13,286	1,008,714
Cost Approach	57,000	4,000	61,000	1,000	60,000
Cost and Income Approach	812,760	473,240	1,286,000	13,919	1,272,081
Contractor's Method	520,000	46,000	566,000	1,840	564,160
Cost Approach	175,000	40,000	215,000	1,000	214,000
Contractor's Method	116,000	68,920	184,920	1,723	183,197
	3,950,350	1,198,081	5,148,431	40,999	5,107,432

NOTES TO THE FINANCIAL STATEMENTS

Name of Premises	No. of Buildings	Land Extent (Perches)	Building (Square feet)	Date of valuation	Valuer
Holiday Homes & Rests					
Badulla Fernham Bungalow & Property (Land), 153, Spring Valley Road, Badulla	-	222.25	-	30.11.2023	L H Lickson
Bandarawela Holiday Home, Bindunuwewa, Bandarawela	1	115.00	3,500	30.11.2023	L H Lickson
Dickoya Upper Glencarn Bungalow, Maskeliya Road, Hatton	1	189.65	9,027	30.11.2023	R H Jayawardana
Dickoya Lower Glencarn Bungalow(Land), Maskeliya Road, Hatton	-	100.00	-	30.11.2023	R H Jayawardana
Haputale Woodland Bungalow, Woodland Bungalow, Haputale	1	135.00	4,195	30.11.2023	L H Lickson
Jaffna Bank Rest Holiday Home, 34/3, Rasavinthoddam road, Jaffna	1	269.83	9,605	30.11.2023	P P T Mohideen
Kandy Holiday Home, 5/1B, Wimaladharmas Mawatha, Dangolla Road, Kandy	1	39.00	3,953	30.11.2023	R A R M N Rajakaruna
Lindula Ridge Holiday Home, Tilliucultry, Talawakale	1	175.00	3,072	30.11.2023	R H Jayawardana
Nuwara Eliya Holiday Home, 16, Hill Street, Nuwara Eliya	1	35.27	2,715	30.11.2023	R H Jayawardana
Cey Bank Rest Nuwara Eliya (Phase 1), 19, Hill Street, Nuwara Eliya	1	67.54	3,335	30.11.2023	R H Jayawardana
Negombo Holiday Homes, 118, Rajapakshe Broadway, Negombo	1	-	2,643	30.11.2023	W A T I P Jayathilake
Others					
Colombo 7 - GM's Bangalow, 75, Ananda Kumaraswamy Mawatha, Colombo 7	1	79.80	6,380	30.11.2023	A G Gunaratna
Colombo Darly Rd. Stores Browns Building, 481, T B Jayah Mawatha, Colombo 10	1	151.00	26,209	30.11.2023	W D P Rupananda
Colombo World Trade Centre, 08, 8-2/1, Bank of Ceylon Mawatha, Colombo 01	1	-	6,347	30.11.2023	K T D Tissera
BOC Merchant Tower Colpetty - Walker's & Sons, 28 St. Michael's Road, Cololmbo 03	-	57.00	-	30.11.2023	K T D Tissera
Grand Total					

35 Right of use assets / leasehold properties

Accounting policy

Initial recognition and measurement

Lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the Statement of Financial Position.

Lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The initial lease asset equals the lease liability in most cases.

At lease commencement, a lessee accounts for two elements:

- (i) **Right-of-use asset:** Initially, a right-of-use asset is measured in the amount of the lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on commencement date, lease incentives received, and any estimate of dismantling and restoration costs.

Basis of Valuation	Revalued Amount of Land	Revalued Amount / Carrying value of Buildings	Total Revalued Amount / Carrying Value	Accumulated depreciation	Written Down value
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Contractor's Method	44,450	-	44,450	-	44,450
Investment and Contractor's Method	28,250	9,410	37,660	471	37,189
Contractor's Method	16,426	68,717	85,143	3,388	81,755
Contractor's Method	20,000	-	20,000	-	20,000
Investment and Contractor's Method	27,000	12,378	39,378	619	38,759
Market Value	120,000	70,000	190,000	1,750	188,250
Contractor's Method	97,500	80,348	177,848	2,299	175,549
Contractor's Method	17,500	18,000	35,500	900	34,600
Contractor's Method	92,610	21,035	113,645	680	112,965
Contractor's Method	182,358	33,426	215,784	734	215,050
Investment and Contractor's Method	-	16,115	16,115	534	15,581
	646,094	329,429	975,523	11,375	964,148
Cost approach	1,512,400	17,864	1,530,264	1,276	1,528,988
Contractor's Method	1,736,000	44,000	1,780,000	5,275	1,774,725
Investment Method	-	399,900	399,900	9,998	389,902
Comparison Method	1,140,000	-	1,140,000	-	1,140,000
	4,388,400	461,764	4,850,164	16,549	4,833,615
	25,821,192	7,654,954	33,476,146	264,683	33,211,463

(ii) **Lease liability:** The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease or incremental borrowing rate if the implicit rate cannot be determined. These payments may include fixed payments, variable payments, payments under residual value guarantees, purchase price if purchase option will be exercised.

Subsequent measurement

After commencement date, lessee needs to adjust both elements recognised initially. Lessee accretes the lease liability to reflect interest and reduce the liability to reflect lease payments made.

Right-of-use asset

Lessee shall measure the right-of-use asset using a cost model under LKAS 16 - "Property, Plant and Equipment" and to depreciate the asset over the lease term on a straight-line basis. The resulted depreciation amount is charged to the Profit or Loss

NOTES TO THE FINANCIAL STATEMENTS

Lease liability

Lessee shall recognise an interest on the lease liability and the lease payments are recognised as a reduction of the lease liability. Interest on lease liability is charged to the Profit or Loss.

Lessee shall re-measure the lease liability upon the occurrence of certain events (e.g; change in the lease term, change in variable rents based on an index or rate), which is generally recognised as an adjustment to the right-of-use asset.

Lessee can apply alternative subsequent measurement bases for the right-of-use asset under certain circumstances in accordance with LKAS 16 - "Property, Plant and Equipment", and LKAS 40- "Investment Property". Right-of-use assets are subject to impairment testing under LKAS 36- "Impairment of Assets".

It is the Bank's policy to consider the period of the rent agreement in calculating the present value of the right-of-use asset.

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Right of use assets/ leasehold properties	14,917,259	11,366,987	8,860,293	7,520,322
Less: Accumulated depreciation	9,362,839	7,858,369	5,505,151	4,533,618
Net book value of right of use assets/ leasehold properties	5,554,420	3,508,618	3,355,142	2,986,704

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
Balance as at 1 January	11,366,987	9,310,524	7,520,322	6,461,627
Transfers	-	73,441	-	79,024
Additions during the year	3,640,399	2,937,581	1,466,000	1,470,986
Disposal/ Write off	-	-	(36,150)	-
Adjustments	(90,127)	(954,559)	(89,879)	(491,315)
Balance as at 31 December	14,917,259	11,366,987	8,860,293	7,520,322
Accumulated depreciation				
Balance as at 1 January	7,858,369	6,308,219	4,533,618	3,837,327
Transfers	-	61,977	-	61,977
Depreciation during the year	1,553,120	1,522,030	1,048,365	1,002,250
Adjustments	(48,650)	(33,857)	(48,649)	(367,936)
Disposal	-	-	(28,183)	-
Balance as at 31 December	9,362,839	7,858,369	5,505,151	4,533,618
Net book value as at 31 December	5,554,420	3,508,618	3,355,142	2,986,704

Leasehold properties represent the leasehold interest in the lands held for own use. The value of buildings situated in the leasehold land is shown separately under property, plant and equipment. The interest on leasehold land is stated at cost less accumulated amortisation.

35.1 Lease liability

Carrying amounts of lease liabilities included under "Other liabilities" - (Note 47) and the movement during the year is as follows.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	2,698,820	2,407,189	1,650,113	1,828,636
Additions	3,644,602	2,937,581	1,564,216	1,115,139
Disposal/ Write off	-	-	(2,457)	-
Accretion of interest	539,647	751,003	403,729	433,816
Payments	(971,364)	(2,474,244)	(291,055)	(1,589,289)
Adjustments / Transfers	(43,617)	(922,709)	59,016	(138,189)
Balance as at 31 December	5,868,088	2,698,820	3,383,562	1,650,113

35.1.1 Undiscounted cash flow

The following table illustrates the maturity analysis of the lease liability of the Bank on the basis of undiscounted cash flows.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 31 December				
Less than 1 year	2,047,985	1,676,293	1,846,828	928,015
1 to 5 years	5,130,781	2,282,777	2,601,644	2,196,571
More than 5 years	519,342	774,904	774,904	835,121
Total lease liability	7,698,108	4,733,974	5,223,376	3,959,707

35.2 Sensitivity factors used to calculate right of use asset / lease liability

	Sensitivity	Sensitivity effect on right of use asset LKR '000	Sensitivity effect on lease liability LKR '000	Sensitivity effect on profit before tax LKR '000
Incremental borrowing rate	+1%	(76,229)	(62,361)	(80)
	-1%	80,077	64,630	162
Lease Term	Increased by 1 year	1,422,725	1,581,460	(45,417)

36 Intangible assets

Accounting policy

Basis of recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost.

Intangible assets represent the value of computer application software and licenses, other than software applied to the operating software system of computers.

Measurement

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure incurred on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Amortisation and impairment

Amortisation is recognised in the Statement of Profit or Loss on a straight line basis over the estimated useful lives of the intangible assets, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of intangible assets is five years or the best estimate of its useful economic life whichever is lower. The intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognised as expenses in the Statement of Profit or Loss to the extent that they are no longer probable of being recovered from the expected future benefits. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Derecognition

Intangible assets are derecognised when it reveals that they will not generate economic benefits or circumstances indicate that the carrying value is impaired.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in Statement of Profit or Loss.

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
Balance as at 1 January	6,002,959	5,526,320	6,899,204	6,298,056
Additions during the year	508,908	476,639	544,655	478,130
Exchange rate adjustment	-	-	(498,600)	123,018
Adjustments / Transfers	-	-	(36,729)	-
Balance as at 31 December	6,511,867	6,002,959	6,908,530	6,899,204
Accumulated amortisation				
Balance as at 1 January	4,650,530	4,166,055	5,446,928	4,786,880
Amortisation during the year	511,704	484,475	557,372	525,130
Exchange rate and other adjustments	-	-	(375,766)	134,918
Adjustments / Transfers	-	-	(171,036)	-
Balance as at 31 December	5,162,234	4,650,530	5,457,498	5,446,928
Computer software under development	259,179	202,446	259,179	202,446
Net book value as at 31 December	1,608,812	1,554,875	1,710,211	1,654,722

36.1 Fully amortised intangible assets

The initial cost of fully amortised intangible assets which are still in use are as follows;

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
As at 31 December				
Computer software	3,751,982	3,595,628	3,789,800	3,707,180
Total fully amortised intangible assets	3,751,982	3,595,628	3,789,800	3,707,180

37 Deferred tax assets / (liabilities)

Accounting policy

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of goodwill
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The following table shows deferred tax recorded in the Statement of Financial Position and (charge)/ reversal recorded in the "Income tax expense/ (reversal)" - (Note 18.2).

37.1 Bank

As at 31 December	2024				2023			
	Deferred tax assets	Deferred tax liabilities	Statement of profit or loss	Other comprehensive income/equity	Deferred tax assets	Deferred tax liabilities	Statement of profit or loss	Other comprehensive income/equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Retirement benefits	11,244,006	-	(597,348)	4,138,380	7,702,974	-	(329,348)	5,682,082
Revaluation of property, plant and equipment	(9,137,381)	-	-	-	(9,137,381)	-	102,589	(1,961,601)
Investment in financial instruments	(1,613,501)	-	-	(340,830)	(1,272,671)	-	-	(256,508)
Temporary difference of provision for impairment	15,012,255	-	(5,986,382)	-	20,998,637	-	(445,941)	-
Other temporary differences	331,043	-	119,205	-	211,838	-	134,658	-
Total	15,836,422	-	(6,464,525)	3,797,550	18,503,397	-	(538,042)	3,463,973

37.2 Group

As at 31 December	2024				2023			
	Deferred tax assets	Deferred tax liabilities	Statement of profit or loss	Other comprehensive income/equity	Deferred tax assets	Deferred tax liabilities	Statement of profit or loss	Other comprehensive income/equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Retirement benefits	11,371,210	21,562	(475,165)	4,157,605	7,702,975	7,357	(440,542)	5,705,542
Revaluation of property, plant and equipment	(9,180,253)	(2,573,525)	20,086	41,916	(9,137,381)	(2,678,399)	282,969	(2,487,921)
Investment in financial instruments	(1,613,501)	-	-	(340,830)	(1,272,671)	-	-	(256,508)
Temporary difference of provision for impairment	15,024,277	-	(5,974,360)	-	20,998,637	-	(395,619)	-
Other temporary differences	365,567	(359,387)	(34,263)	-	302,998	(262,554)	348,721	-
Total	15,967,300	(2,911,350)	(6,463,702)	3,858,691	18,594,558	(2,933,596)	(204,471)	2,961,113

NOTES TO THE FINANCIAL STATEMENTS

38 Other assets

Pre paid staff cost

Staff loans are initially recognised at fair value according to SLFRS 9- "Financial Instruments". The difference between granted amount and its fair value is treated as pre paid staff cost and amortised over the loan period.

Gold stock in hand

The gold inventory is valued at lower of cost or net realisable value. Cost includes all cost of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Employee benefit assets

"Employee benefit assets represents net retirement benefit assets of Bank of Ceylon Pension Fund-2014 and Bank of Ceylon Widows'/ Widowers' and Orphans' Pension Fund. For more details refer Note 48 - "Employee Retirement Benefit Plans".

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Consumable stock in hand		1,057,637	1,172,243	1,126,504	1,235,588
Prepaid staff cost		29,846,621	28,662,256	29,846,621	28,662,256
Cheques in transit - Local		4,122,265	9,302,509	4,122,265	9,302,509
Cheques in transit - Foreign		4,558	4,808	4,558	4,808
Tax recoverable	45	-	-	10,741	2,774
Gold bullion and coins in hand		37,224	184,026	37,224	184,026
Net employee benefit asset	48	18,358,454	18,884,191	18,358,454	18,884,191
Other		51,070,707	54,064,200	51,212,438	54,645,652
Total other assets - Gross		104,497,466	112,274,233	104,718,805	112,921,804
Less - Accumulated Impairment		2,927,101	-	2,927,101	-
Total other assets - Net		101,570,365	112,274,233	101,791,704	112,921,804

The Impairment provisioning has been made against certain receivables from General Treasury of Government of Sri Lanka considering the delays of collection.

38.1 Movement in provision for impairment during the year

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Movement in Stage 2/ total impairment				
Balance as at 1 January	-	-	-	-
Impairment charge/ (reversal) during the year	2,927,101	-	2,927,101	-
Balance as at 31 December	2,927,101	-	2,927,101	-

39 Due to banks

Accounting policy

Due to banks represents credit balances in Nostro Accounts and short- term borrowings from banks. These are initially recognised at fair value. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any transaction costs that are an integral part of the EIR. The EIR amortisation is included in "Interest Expenses" - (Note 8.2) in the Statement of Profit or Loss.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Deposits from other banks	629,793	938,301	629,793	938,301
Bank overdrafts	1,041,294	2,109,431	1,052,624	2,224,162
Total due to banks	1,671,087	3,047,732	1,682,417	3,162,463

40 Securities sold under repurchase agreements

Accounting policy

Securities sold under repurchase agreements at a specified future date are not derecognised from the Statement of Financial Position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the Statement of Financial Position as an asset with a corresponding obligation to return it, including accrued interest as a liability within securities sold under repurchase agreements reflecting the transaction's economic substance as a borrowing to the Group. The difference between the sale and repurchase prices is treated as interest expense and is amortised over the life of agreement using EIR.

Policy on Haircuts for Repurchase Transactions

As part of the risk management framework, the bank adheres to the regulatory requirements for repurchase transactions to ensure adequate collateral coverage. At the time of entering into a repurchase transaction, the market value of eligible securities must sufficiently cover the repurchase value, including the principal borrowed and accrued interest over the transaction period.

To mitigate credit and market risks, a minimum haircut is applied to the market value of eligible securities based on their remaining term to maturity, as outlined below:

Remaining term to maturity of the eligible security	Minimum Haircut (%)
Up to 1 year	4.0
More than 1 years and up to 3 years	6.0
More than 3 years and up to 5 years	8.0
More than 5 years and up to 8 years	10.0
More than 8 years	12.0

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
With banks	2,898,168	1,720,373	2,897,600	1,087,073
With customers	128,181,246	76,742,697	127,133,014	76,742,697
Total Securities sold under repurchase agreements	131,079,414	78,463,070	130,030,614	77,829,770

41 Derivative financial instruments

Accounting policy

Derivative financial instruments include contracts which are entered by the Bank that are not designated as hedging instruments in hedge relationships as per the SLFRS 9 - "Financial Instruments".

Derivatives are recorded at fair value and carried as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in "Net gains/(losses) from trading" (Note 10) in Statement of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Foreign Currency Derivatives				
Forward exchange contracts	29,085	79,062	29,085	79,062
Currency SWAPs	16,446,992	2,090,140	16,446,992	2,090,140
Total derivative financial instruments	16,476,077	2,169,202	16,476,077	2,169,202

42 Financial liabilities at amortised cost - due to depositors

Accounting policy

Financial liabilities at amortised cost - due to depositors include non-interest-bearing deposits, savings deposits, term deposits, deposits payable at call and certificate of deposits, which are initially recognised at fair value. Subsequent to initial recognition, deposits are measured at their amortised cost using the Effective Interest Rate (EIR) method, except where the Group designates liabilities at fair value through profit or loss. The EIR amortisation is included in "Interest Expenses" (Note 8.2) in the Statement of Profit or Loss.

42.1 By product

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Local currency deposits				
Demand deposits	188,746,366	180,592,681	188,362,021	180,048,039
Savings deposits	774,866,841	1,034,735,718	776,120,776	1,035,696,345
Time deposits	2,389,692,228	1,695,628,262	2,409,388,408	1,714,698,285
Other deposits	3,794,759	4,035,128	3,794,759	4,042,100
Total local currency deposits	3,357,100,194	2,914,991,789	3,377,665,964	2,934,484,769
Foreign currency deposits				
Demand deposits	49,720,828	50,829,782	50,882,701	51,778,862
Savings deposits	123,622,316	174,171,409	124,401,536	174,970,315
Time deposits	676,655,654	738,711,301	691,077,156	744,818,698
Other deposits	1,504,443	3,528,042	1,504,443	3,528,042
Total foreign currency deposits	851,503,241	967,240,534	867,865,836	975,095,917
Total deposits	4,208,603,435	3,882,232,323	4,245,531,800	3,909,580,686

42.2 By currency

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Sri Lankan Rupee (LKR)	3,357,100,194	2,914,991,789	3,377,665,964	2,934,484,769
United States Dollar (USD)	744,269,177	847,884,778	744,283,537	847,900,906
Great Britain Pound (GBP)	44,983,916	52,998,951	61,315,945	60,810,245
Maldivian Rufiyaa (MVR)	20,982,713	21,677,540	20,982,713	21,677,540
Seychellois Rupee (SCR)	3,121,651	3,323,312	3,121,651	3,323,312
Euro (EUR)	13,463,467	16,257,495	13,471,109	16,266,078
Australian Dollar (AUD)	9,243,101	11,700,572	9,243,101	11,700,572
Indian Rupee (INR)	9,557,251	9,545,387	9,557,251	9,545,387
Other	5,881,965	3,852,499	5,890,529	3,871,877
Total deposits	4,208,603,435	3,882,232,323	4,245,531,800	3,909,580,686

Note : The maturity analysis of deposits is given in Note 60.

43 Financial liabilities at amortised cost - other borrowings

Accounting policy

Financial liabilities at amortised cost - other borrowings represent Call borrowings from banks in Sri Lanka and abroad, Call borrowings from other financial institutions in Sri Lanka, Term borrowings from banks in abroad and Sri Lanka, Term borrowings from other financial institutions in Sri Lanka and refinance borrowings which are initially recognised at fair value. Subsequent to initial recognition, these borrowings are measured at their amortised cost, using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in "Interest Expenses" (Note 8.2) in the Statement of Profit or Loss.

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Call borrowings from banks and other financial institutions in Sri Lanka	-	-	3,459,283	1,168,008
Call borrowings from banks abroad	1,167,559	-	1,167,559	-
Term borrowings from banks abroad	17,606,097	25,989,374	16,634,707	26,557,602
Term borrowings from banks and other financial institutions in Sri Lanka	-	-	712,681	190,269
Refinance borrowings	10,370,022	7,676,862	10,370,023	7,676,862
Total other borrowings	29,143,678	33,666,236	32,344,253	35,592,741

44 Debt securities issued

Accounting policy

Debt securities issued represent funds borrowed for long-term funding purposes where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. Debt securities are initially recognised at fair value. Subsequent to initial recognition these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in "Interest Expenses" (Note 8.2) in the Statement of Profit or Loss.

		Bank		Group	
As at 31 December	Note	2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Senior debentures	44.1	-	-	718,873	730,839
Total debt securities issued		-	-	718,873	730,839

Note: The maturity analysis of debt securities issued is given in Note 60.

44.1 Senior debentures

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Listed debentures				
Unsecured, redeemable debentures of LKR 100 each	-	-	718,873	730,839
Total debt securities issued	-	-	718,873	730,839

NOTES TO THE FINANCIAL STATEMENTS

44.2 Movement in senior debentures

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	-	-	730,839	58,807
Issued during the year	-	-	-	622,830
Amortisation adjustments	-	-	(11,966)	49,202
Balance as at 31 December	-	-	718,873	730,839

44.3 Senior debentures

Amount as at 31 December	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Bank		Group	
					2024	2023	2024	2023	2024	2023
					%	%	LKR '000	LKR '000	LKR '000	LKR '000
Fixed interest rate										
Unsecured, redeemable debentures	(a)	Annually	16.11.2022	15.11.2027	29.50	29.50	-	-	25,328	22,894
Unsecured, redeemable debentures	(a)	Semi annually	16.11.2022	15.11.2027	28.00	28.00	-	-	34,713	31,132
Unsecured, redeemable debentures	(a)	Annually	10.04.2023	09.04.2028	29.50	29.50	-	-	292,087	315,719
Unsecured, redeemable debentures	(a)	Semi annually	10.04.2023	09.04.2028	28.00	28.00	-	-	269,367	254,259
Unsecured, redeemable debentures	(a)	At Maturity	10.04.2023	09.04.2028	30.00	30.00	-	-	97,378	106,835
Total debt securities issued							-	-	718,873	730,839

Note :

(a) Debentures that are listed in Colombo Stock Exchange.

45 Current Tax Liabilities / (Assets)

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 31 December				
Balance as at 1 January	7,621,675	6,523,443	7,874,697	6,836,397
Current tax expense	36,052,804	13,110,855	36,696,289	13,950,967
Payments during the year	(18,924,494)	(12,124,580)	(19,294,206)	(12,604,215)
Double tax relief and tax credit	(1,853,427)	(3,091,907)	(2,019,920)	(3,285,976)
Prior year and other Adjustments	313,297	3,203,864	326,622	2,977,524
Closing balance at 31 December	23,209,855	7,621,675	23,583,482	7,874,697
Current tax assets	-	-	(10,741)	(2,774)
Current tax liabilities	23,209,855	7,621,675	23,594,223	7,877,471
Current tax liabilities/ (assets)	23,209,855	7,621,675	23,583,482	7,874,697

46 Insurance contract liabilities

Accounting policy

Life insurance contract liabilities

These liabilities are measured by using the gross premium valuation method as prescribed by the Regulation of Insurance Industry Act. No 43 of 2000. The liability is determined as the discounted value of the expected contractual cash outflows less the discounted value of the expected premiums. Valuation assumptions are derived based on the best estimate experience with a prescribed risk margin to allow for adverse deviations.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, by using a liability adequacy test.

Liability Adequacy Test (LAT)

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test as laid out under Sri Lanka Financial Reporting Standard 4 - "Insurance Contracts". The liability value is adjusted to the extent that it is adequate to meet future benefits and expenses.

Any deficiency is recognised in the Statement of Profit or Loss by setting up a provision for liability adequacy.

Non-life insurance contract liabilities

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

Liability Adequacy Test (LAT)

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognised as premium income. At each reporting date the company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums.

This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the statement of Profit or Loss by setting up a provision for liability adequacy.

46.1 Insurance contract liabilities - Life

	Group	
	2024 LKR '000	2023 LKR '000
Balance as at 1 January	359,606	355,190
Increase / (decrease) in life fund	3,564	23,602
Fair value reserve	3,674	(18,463)
Unclaimed benefits	34,123	(723)
Balance as at 31 December	400,967	359,606

NOTES TO THE FINANCIAL STATEMENTS

46.2 Insurance contract liabilities - Non life

As at 31 December	Group	
	2024 LKR '000	2023 LKR '000
Provision for reported claims by policy holders	189,575	373,695
Provision for claims on Incurred But Not Reported (IBNR)	49,539	41,497
Outstanding claims provision	239,114	415,192
Provision for unearned premiums	184,809	256,536
Total insurance contract liabilities - Non life	423,923	671,728

47 Other liabilities

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cheques sent on clearing		817,324	690,217	817,324	690,217
Lease creditors					
Within 12 months		619,886	139,269	758,598	168,355
Later than 12 months		5,248,202	2,559,551	2,624,964	1,481,758
Net employee benefit liabilities	48	55,838,477	44,560,774	56,355,102	45,018,752
Other		141,336,036	40,191,736	143,270,503	42,476,727
Total other liabilities		203,859,925	88,141,547	203,826,491	89,835,809

48 Employee retirement benefit plans

GRI 201-3

The Bank has the pension schemes established under an Industrial Award which are solely funded by the Bank and Widows'/ Widowers' and Orphans' Pension Schemes established by the members.

The assets of these three plans are held independently of the Bank's assets and administered by Boards of Trustees/ Managers, representing the management and the employees, as provided in the Trust Deed/ Rules of the respective funds.

These funds are subject to annual audits independent to the audit of the Bank, by a firm/s of Chartered Accountants appointed by the members and actuarial valuations are carried out as per the rules governing these funds.

		Bank		Group	
As at 31 December	Note	2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Net employee benefit liabilities					
Bank of Ceylon Pension Trust Fund	48.1.3	52,921,047	42,665,507	52,921,047	42,665,507
Provision for terminal gratuity	48.3	1,186,150	792,280	1,702,775	1,250,258
Provision for encashment of medical leave	48.5	1,245,997	1,102,987	1,245,997	1,102,987
Bank of Ceylon Widows'/ Widowers' and Orphans' Pension Fund	48.2.3	485,283	-	485,283	-
Total net employee benefit liabilities		55,838,477	44,560,774	56,355,102	45,018,752
Net employee benefit assets					
Bank of Ceylon Widows'/ Widowers' and Orphans' Pension Fund	48.2.3	-	9,024,137	-	9,024,137
Bank of Ceylon Pension Fund-2014	48.4.3	18,358,454	9,860,054	18,358,454	9,860,054
Total net employee benefit assets		18,358,454	18,884,191	18,358,454	18,884,191

48.1 Bank of Ceylon Pension Trust Fund

The 'Bank of Ceylon Pension Trust Fund' is a funded, non contributory, defined retirement benefit plan, operated for the payment of pensions until death of the permanent employees who have completed a minimum of ten years of continuous service with the Bank, at their retirement on reaching the retirement age on or after 55 years or on medical grounds, before reaching retirement age. The pension is computed as a percentage of the last drawn salary excluding certain allowances.

Contributions to the Pension Trust Fund are made monthly, based on the advice of a qualified actuary, currently at 56.8% of gross salary of active members of the fund who are still working in the Bank. The special contribution made by the Bank during the next 12 months, will be approximately LKR 1,800.0 million. However the Bank can have sole discretion to increase or decrease this special contribution by considering the deficit of the fund and the Bank's affordability. The Fund is valued by a qualified actuary annually. This fund has been approved by the Government and administrated independently. The subsidiaries and associate companies of the Group do not have pension funds.

An actuarial valuation of the Pension Trust Fund as at 31 December 2024 was carried out by Messrs K. A. Pandit Consultants and Actuaries.

The valuation has been done using the "Projected Unit Credit Method", which is recommended in the LKAS 19 - "Employee Benefits". The benefit is available to all permanent employees who have joined the Bank prior to 1 January 1996. The results of the actuarial valuation of the Pension Trust Fund is summarised as follows:

48.1.1 Net benefit expense (recognised under personnel expenses)

	Bank / Group	
	2024	2023
For the year ended 31 December	LKR '000	LKR '000
Current service cost	82,480	83,724
Net interest expenses	5,546,510	4,812,871
Net benefit expense	5,628,990	4,896,595

48.1.2 Amount recognised in other comprehensive income

	Bank / Group	
	2024	2023
For the year ended 31 December	LKR '000	LKR '000
Actuarial (gains) / losses on the defined benefit obligation	6,443,730	19,950,025
Actuarial (gains) / losses on plan assets	(43,370)	(7,767,826)
Net actuarial (gains) / losses recognised in other comprehensive income	6,400,360	12,182,199

48.1.3 Net retirement benefit liability recognised under other liabilities

	Note	Bank / Group	
		2024	2023
As at 31 December		LKR '000	LKR '000
Fair value of plan assets	48.1.4	49,372,673	51,144,443
Present value of defined benefit obligation	48.1.5	102,293,720	93,809,950
Net retirement benefit liability		52,921,047	42,665,507

NOTES TO THE FINANCIAL STATEMENTS

48.1.4 Changes in fair value of plan assets

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
Balance as at 1 January	51,144,443	44,663,506
Expected return	6,648,780	8,039,431
Contribution by employer	1,773,810	1,151,456
Benefits paid	(10,237,730)	(10,477,776)
Actuarial gains / (losses) on plan assets	43,370	7,767,826
Balance as at 31 December	49,372,673	51,144,443

48.1.5 Changes in the present value of the defined benefit obligation

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
Balance as at 1 January	93,809,950	71,401,675
Interest cost	12,195,290	12,852,302
Current service cost	82,480	83,724
Benefits paid	(10,237,730)	(10,477,776)
(Gains)/ losses due to change in assumptions	12,855,440	23,293,538
Actuarial (gains)/ losses on obligation	(6,411,710)	(3,343,513)
Balance as at 31 December	102,293,720	93,809,950

The present value of the Defined Benefit Obligation as of the valuation date with respect to active employees and pensioners are LKR 3,076.7 million and LKR 99,217.1 million respectively.

48.1.6 Plan assets consist of the following:

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
As at 31 December		
Fixed deposits	39,066,853	41,941,651
State Government Securities	1,381,490	-
Debentures	522,530	2,900,525
Unit Trusts	499,560	-
Investment in shares	7,202,860	5,141,011
Others	699,380	1,161,256
Total plan assets	49,372,673	51,144,443

48.1.7 Actuarial assumptions

	Bank / Group	
	2024	2023
	%	%
As at 31 December		
Future salary increment rate	8.50 p.a	10.00 p.a
Increase in future Cost of Living Allowance (COLA)	8.00 p.a	8.00 p.a
Increase in pension in payment (Basic)	1.75 p.a	1.75 p.a
Discount rate	12.00 p.a	13.00 p.a
Attrition rate	Nil	Nil

The Bank uses IALM (2012-2014) Mortality Table issued by the Institute of Actuaries of India.

Increase / decrease in the following assumptions will change the present value of defined benefit obligation as illustrated below;

	Bank / Group	
	0.5% increase LKR '000	0.5% decrease LKR '000
Discount rate	(3,233,300)	3,437,470

Further, the remaining years of benefit payments are expected to be 7.4 years.

The following payments are expected from the Pension Trust Fund in future years.

	Bank / Group	
	2024 LKR '000	2023 LKR '000
As at 31 December		
Within the next 12 months	9,889,510	9,965,676
Between 1 and 5 years	39,496,620	38,297,398
Between 5 and 10 years	25,813,540	23,122,645
Beyond 10 years	27,094,050	22,424,231
Total expected payments	102,293,720	93,809,950

48.2 Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund

The Bank is liable for and guarantees the payments to the beneficiaries of the "Bank of Ceylon Widows' / Widowers' and Orphans' Pension Fund" to which the Bank's employees who joined the Bank before 1 January 1996, monthly contribute 5% of their gross salary. The Bank's liability towards the beneficiaries of the employees arises when an employee who has contributed to the fund for five continuous years dies while in service or on the death of a pensioner where the Bank will be liable to pay Widows' and Orphans' Pension to his / her beneficiaries monthly. The pension to the beneficiaries of an employee who dies while in service is based on the last drawn salary excluding certain allowances.

An actuarial valuation of the Widows'/Widowers' and Orphans' Pension Fund as at 31 December 2024 was carried out by Messrs K. A. Pandit Consultants and Actuaries. Funding would be done in consultation with the Actuary, trustees and beneficiaries. The Bank does not expect to contribute any amount for the fund during next 12 months since the deficit of the fund is immaterial.

This fund has been approved by the Government and administered independently.

The valuation has been done using the "Projected Unit Credit Method", which is recommended in the LKAS 19 - "Employee Benefits". The results of the actuarial valuation of the Widows'/Widowers' and Orphans' Pension Fund is summarised as follows:

48.2.1 Net benefit expense (recognised under personnel expenses)

	Bank / Group	
	2024 LKR '000	2023 LKR '000
For the year ended 31 December		
Current service cost	6,470	3,597
Net interest income	(1,173,130)	(1,810,862)
Net benefit expense / (income)	(1,166,660)	(1,807,265)

NOTES TO THE FINANCIAL STATEMENTS

48.2.2 Amount recognised in other comprehensive income

For the year ended 31 December	Bank / Group	
	2024 LKR '000	2023 LKR '000
Actuarial (gains) / losses on the defined benefit obligation	9,848,640	8,570,729
Actuarial (gains) / losses on plan assets	868,170	(5,688,999)
Actuarial (gains)/losses on actuarial valuation	10,716,810	2,881,730

48.2.3 Net retirement benefit assets/ (liability) recognized under other assets/ (other liabilities)

	Note	Bank / Group	
		2024 LKR '000	2023 LKR '000
As at 31 December			
Fair value of plan assets	48.2.4	39,819,948	37,901,108
Present value of defined benefit obligation	48.2.5	(40,305,231)	(28,876,971)
Net retirement benefit assets/ (liability)		(485,283)	9,024,137

48.2.4 Changes in fair value of plan assets

	Bank / Group	
	2024 LKR '000	2023 LKR '000
Balance as at 1 January	37,901,108	29,011,391
Expected return	4,927,140	5,222,050
Contribution paid in to plan	40,730	38,255
Benefits paid	(2,180,860)	(2,059,587)
Actuarial gains / (losses) on plan asset	(868,170)	5,688,999
Balance as at 31 December	39,819,948	37,901,108

48.2.5 Changes in the present value of the defined benefit obligation

	Bank / Group	
	2024 LKR '000	2023 LKR '000
Balance as at 1 January	28,876,971	18,951,044
Interest cost	3,754,010	3,411,188
Current service cost	6,470	3,597
Benefits paid	(2,180,860)	(2,059,587)
Actuarial (gains) / losses on obligation	5,288,060	(452,310)
(Gain)/ losses due to change in assumptions	4,560,580	9,023,039
Balance as at 31 December	40,305,231	28,876,971

The present value of the Defined Benefit Obligation as of the valuation date with respect to active employees, pensioners and family pensioners who are receiving benefits are LKR 210.9 million, LKR 16,303.3 million and LKR 23,791.0 million respectively.

48.2.6 Plan assets consist of the following

	Bank / Group	
	2024	2023
As at 31 December	LKR '000	LKR '000
Fixed deposits	37,125,120	37,899,905
State Government Securities	2,693,710	-
Others	1,118	1,203
Total plan assets	39,819,948	37,901,108

48.2.7 Actuarial assumptions

	Bank / Group	
	2024	2023
As at 31 December	%	%
Future salary increment rate	8.50 p.a	10.00 p.a
Increase in future Cost of Living Allowance (COLA)	8.00 p.a	8.00 p.a
Increase in widows' /widowers' and orphans' pension in payment (Basic)	Nil	Nil
Discount rate	12.00 p.a.	13.00 p.a
Attrition rate	Nil	Nil

The Bank uses IALM (2012-2014) Mortality Table issued by the Institute of Actuaries of India.

Increase / decrease in the following assumptions will have an impact on the present value of defined benefit obligation as illustrated below;

	Bank / Group	
	0.5% increase	0.5% decrease
	LKR '000	LKR '000
Discount rate	(1,865,020)	2,017,440

Further, the remaining years of benefit payments are expected to be 9.7 years.

The following payments are expected from the fund in future years.

	Bank / Group	
	2024	2023
As at 31 December	%	%
Within the next 12 months	2,178,131	2,131,329
Between 1 and 5 years	10,402,750	9,187,803
Between 5 and 10 years	9,309,940	6,912,710
Beyond 10 years	18,414,410	10,645,129
Total expected payments	40,305,231	28,876,971

NOTES TO THE FINANCIAL STATEMENTS

48.3 Provision for terminal gratuity

In compliance with the Payment of Gratuity Act No 12 of 1983 provision is made in the accounts from the first year of service for gratuity payable to employees who have not completed ten years of service as they are not in pensionable service of the Bank. Provision has not been made in the Financial Statements for retirement gratuity for the employees who are eligible for the retirement benefits under the pension schemes in force. However, employees whose services are terminated after five years other than by retirement are eligible to receive a terminal gratuity under the Payment of Gratuity Act No. 12 of 1983, at the rate of one half of the basic or consolidated wage or salary, cost of living and all other allowances applicable to the last month of the financial year, for each year of continuous service.

In terms of LKAS 19 - "Employee Benefits", the Bank and its subsidiaries have calculated the post-employment benefit obligations, based on the actuarial valuation method, which is recommended in the standard. The gratuity liabilities are not externally funded.

An actuarial valuation of the Gratuity Fund as at 31 December 2024 was carried out by Messrs K.A. Pandit Consultants and Actuaries.

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January	792,280	667,703	1,250,258	1,024,137
Provision charge / (reversal) during the year	174,160	173,686	274,835	273,972
Actuarial (gains) / losses	584,660	60,994	651,656	141,853
Payments made during the year	(364,950)	(110,103)	(474,520)	(117,592)
Adjustment / transfers	-	-	546	(72,112)
Balance as at 31 December	1,186,150	792,280	1,702,775	1,250,258

The principal actuarial assumptions used in the valuation were as follows :

	Bank / Group	
As at 31 December	2024	2023
	%	%
Future salary increment rate	8.50 p.a	10.00 p.a
Increase in future Cost of Living Allowance (COLA)	8.00 p.a	8.00 p.a
Discount rate	12.00 p.a	13.00 p.a

The Bank uses IALM (2012-2014) Mortality Table issued by the Institute of Actuaries of India. Further, the remaining years of benefit payments are expected to be 11.3 years.

Increase / decrease in the following assumptions will change the present value of defined benefit obligation as illustrated below:

	Bank		Group	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	LKR '000	LKR '000	LKR '000	LKR '000
Discount rate	(50,230)	53,850	(51,835)	54,548

48.4 Bank of Ceylon Pension Fund - 2014

Under the directions of the Ministry of Finance and Planning, this pension scheme was approved by the Board of Directors of the Bank with effect from 16 December 2014 for the employees recruited to the Bank on or after 1 January 1996. Minimum period of 120 months uninterrupted active service in the Bank at the time of retirement is required to be eligible for any retirement benefit under this pension scheme. Further, the beneficiaries under this pension scheme will not be entitled for rights and privileges under the current service gratuity scheme of the Bank except death gratuity payment. Contribution to this pension scheme is made monthly, based on the advice of a qualified actuary, currently at 12% of gross salary. The bank expects to contribute LKR 3,700 million approximately to the fund during next 12 months.

An actuarial valuation of this fund as at 31 December 2024 was carried out by Messrs K. A. Pandit Consultants and Actuaries.

The valuation has been done using the "Projected Unit Credit Method", which is recommended in the LKAS 19 - "Employee Benefits". The results of the actuarial valuation of this Pension Fund is summarised as follows:

48.4.1 Net benefit expense (recognised under personnel expenses)

For the year ended 31 December	Bank / Group	
	2024	2023
	LKR '000	LKR '000
Current service cost	410,330	317,474
Net interest income	(1,281,810)	(1,883,854)
Net benefit expense/ (income)	(871,480)	(1,566,380)

48.4.2 Amount recognised in other comprehensive income

For the year ended 31 December	Bank / Group	
	2024	2023
	LKR '000	LKR '000
Actuarial (gains) / losses on the defined benefit obligation	(4,706,440)	5,691,442
Actuarial (gains) / losses on plan assets	839,940	(1,859,075)
Net actuarial (gains) / losses recognised in other comprehensive income	(3,866,500)	3,832,367

48.4.3 Retirement benefit assets recognized under other assets

As at 31 December	Note	Bank / Group	
		2024	2023
		LKR '000	LKR '000
Fair value of plan assets	48.4.4	26,195,026	20,667,766
Present value of defined benefit obligation	48.4.5	(7,836,572)	(10,807,712)
Net retirement benefit assets		18,358,454	9,860,054

48.4.4 Changes in fair value of plan assets

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
Balance as at 1 January	20,667,766	14,667,395
Expected return	2,686,810	2,640,131
Contribution by employer	3,760,420	1,660,186
Benefits paid	(80,030)	(159,021)
Actuarial gains / (losses) on plan asset	(839,940)	1,859,075
Balance as at 31 December	26,195,026	20,667,766

NOTES TO THE FINANCIAL STATEMENTS

48.4.5 Changes in the present value of the defined benefit obligation

	Bank / Group	
	2024 LKR '000	2023 LKR '000
Balance as at 1 January	10,807,712	4,201,540
Interest cost	1,405,000	756,277
Current service cost	410,330	317,474
Benefits paid	(80,030)	(159,021)
Actuarial (gains) / losses on obligation	(6,091,480)	(279,673)
(Gains) / losses due to change in assumptions	1,385,040	5,971,115
Balance as at 31 December	7,836,572	10,807,712

The present value of the defined benefit obligation as of the valuation date with respect to active employees and pensioners are LKR 7,536.6 million and LKR 299.9 million respectively.

48.4.6 Plan assets consist of the following

	Bank / Group	
	2024 LKR '000	2023 LKR '000
As at 31 December		
Fixed deposits	22,928,900	19,841,821
Debentures	1,104,690	824,206
State Government Securities	2,150,620	-
Others	10,816	1,739
Total plan assets	26,195,026	20,667,766

48.4.7 Actuarial assumptions

	Bank / Group	
	2024 %	2023 %
As at 31 December		
Future salary increment rate	8.50 p.a.*	10.00 p.a
Increase in future Cost of Living Allowance (COLA)	8.00 p.a	8.00 p.a
Increase in pension in payment (Basic)	Nil	Nil
Discount rate	12.00 p.a	13.00 p.a
Attrition rate	Nil	Nil

* For the purpose of the valuation of the fund, the Bank has assumed future salary increment rate of 8.5% per annum for basic salary. However, according to the salary increment rates of the pension scheme, all future increment rates are capped at 8.0% on basic salary.

The Bank uses IALM (2012-2014) Mortality Table issued by the Institute of Actuaries of India

Increase / decrease in the following assumptions will have an impact on the present value of defined benefit obligation as illustrated below;

	Bank / Group	
	0.5% increase LKR '000	0.5% decrease LKR '000
Discount rate	(702,980)	792,900

Further, the remaining years of benefit payments are expected to be 20.7 years.

The following payments are expected from the Pension Fund in future years.

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
As at 31 December		
Within the next 12 months	49,992	76,946
Between 1 and 5 years	412,800	810,205
Between 6 and 10 years	805,590	1,256,707
Beyond 10 years	6,568,190	8,663,854
Total expected payments	7,836,572	10,807,712

48.5 Provision for encashment of medical leave

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
Balance as at 1 January	1,102,987	954,466
Provision charge / (reversal) during the year	182,170	171,804
Actuarial (gain) / losses	-	21,238
Payments made during the year	(39,160)	(44,521)
Balance as at 31 December	1,245,997	1,102,987

The principal actuarial assumptions used in the valuation were as follows :

	Bank / Group	
	2024	2023
	%	%
Future salary increment rate	8.50 p.a	10.00 p.a
Increase in future Cost of Living Allowance (COLA)	8.00 p.a	8.00 p.a
Discount rate	12.00 p.a	13.00 p.a

The Bank uses IALM (2012-2014) Mortality Table issued by the Institute of Actuaries of India. Further, the remaining year of benefit payments are expected to be 17.1 years.

Increase / decrease in the following assumptions will change the present value of defined benefit obligation as illustrated below:

	Bank / Group	
	0.5% increase	0.5% decrease
	LKR '000	LKR '000
Discount rate	(62,300)	66,038

The following payments are expected from the Provision for encashment of medical leave in future years.

	Bank / Group	
	2024	2023
	LKR '000	LKR '000
As at 31 December		
Within the next 12 months	19,400	33,965
Between 1 and 5 years	113,660	135,359
Between 6 and 10 years	127,790	118,513
Beyond 10 years	985,147	815,150
Total expected payments	1,245,997	1,102,987

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49 Subordinated liabilities

Accounting policy

Subordinated liabilities include funds borrowed for long term funding purposes which are subordinated to other claims. These are initially recognised at fair value. Subsequent to initial recognition, subordinated liabilities are measured at their amortised cost, using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in "Interest Expenses" (Note 8.2) in the Statement of Profit or Loss.

	Bank		Group	
As at 31 December	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Listed debentures				
Unsecured, subordinated, redeemable debentures of LKR 100 each	25,566,786	10,020,013	25,566,786	10,020,013
Unlisted debentures				
Unsecured, subordinated, redeemable debentures of LKR 100 each (private placement)	24,067,197	35,608,086	23,814,056	33,353,596
Additional Tier I capital bond				
Unsecured, subordinated, perpetual capital bonds of LKR 100 each (private placement)	18,901,717	19,063,711	18,901,717	19,063,711
Total subordinated term debts	68,535,700	64,691,810	68,282,559	64,437,320

49.1 Movement in subordinated liabilities

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January	64,691,810	63,758,191	64,437,320	63,498,599
Issued during the year*	15,000,000	10,000,000	15,000,000	10,000,000
Redemptions during the year	(9,149,654)	(10,385,589)	(9,149,654)	(10,385,589)
Amortisation adjustments	(2,006,456)	1,319,208	(2,005,107)	1,324,310
Balance as at 31 December	68,535,700	64,691,810	68,282,559	64,437,320

*As stated in the prospectus, the following table indicates utilisation of funds raised through the debenture issued during the year and the funds raised has not been used for Related Party Transactions.

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilisation as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilised in LKR (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including where the funds are invested (eg : whether lent to related party/s etc...)
1	To increase the Tier II capital of the Bank in order to enhance the Capital Adequacy Ratio (CAR) and single borrower limit.	15 billion	20.09.2024	15 billion	100	15 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.		on or before 20.09.2025					

49.2 Type of debentures

	Notes	Interest payable frequency	Issue date	Maturity date	Coupon rate		Interest Rate of comparable Government security	Amount as at 31 December			
					2024	2023		Bank		Group	
					%	%		2024	2023	2024	2023
								LKR '000	LKR '000	LKR '000	LKR '000
Fixed interest rate											
Listed, Unsecured, subordinated, redeemable debentures	(a)	Annually	29.12.2016	28.12.2024	-	12.75	-	-	784	-	784
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	29.12.2017	28.12.2025	12.75	12.75	9.11	5,006,407	5,003,247	5,006,407	5,003,247
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	31.07.2018	30.07.2026	12.00	12.00	9.30	7,027,677	7,027,303	7,027,677	7,027,303
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	27.06.2019	26.06.2024	-	11.75	-	-	3,176,622	-	3,176,622
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	17.07.2019	16.07.2024	-	11.80	-	-	1,104,087	-	1,104,087
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	18.07.2019	17.07.2024	-	11.80	-	-	2,315,154	-	2,315,154
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	23.07.2019	22.07.2024	-	11.80	-	-	2,626,148	-	2,626,148
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	24.07.2019	23.07.2024	-	11.50	-	-	419,669	-	419,669
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	26.07.2019	25.07.2027	11.75	11.75	9.60	64,168	64,171	64,168	64,171
Unlisted, Unsecured, subordinated, redeemable debentures		Annually	30.12.2022	29.12.2027	29.00	29.00	9.91	6,498,975	8,375,369	6,498,975	8,375,369
Listed, Unsecured, subordinated, redeemable debentures With non viability written down features	(a)	Annually	27.12.2023	27.12.2028	15.00	15.00	10.33	10,019,751	10,019,209	10,019,751	10,019,209
Listed, unsecured, subordinated, redeemable debentures With non viability written down features	(a)	Annually	20.09.2024	20.09.2029	13.50	-	10.54	15,547,035	-	15,547,035	-
Total fixed interest rate subordinated debentures								44,164,013	40,131,763	44,164,013	40,131,763

NOTES TO THE FINANCIAL STATEMENTS

								Amount as at 31 December			
	Notes	Interest payable frequency	Issue date	Maturity date	Coupon rate		Interest Rate of comparable Government security	Bank		Group	
					2024	2023		2024	2023	2024	2023
					%	%		LKR '000	LKR '000	LKR '000	LKR '000
Floating interest rate											
Listed, Unsecured, subordinated, redeemable debentures (6 months TB rate (Gross) plus 125 basis points)	(a)/(b)	Semi annually	29.12.2016	28.12.2024	-	15.41	-	-	20	-	20
Unlisted, Unsecured, subordinated, redeemable debentures (6 months TB rate (Gross) plus 250 basis points with a floor rate of 9.0%)	(b)	Semi annually	22.11.2021	22.11.2026	12.10	17.25	9.41	5,469,970	5,496,316	5,216,829	5,241,826
Total floating interest rate subordinated debentures								5,469,970	5,496,336	5,216,829	5,241,846
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	11.81	15.36	-	5,280,531	5,360,837	5,280,531	5,360,837
Unlisted, Unsecured, subordinated, perpetual capital bond (Weighted average 12 months TB (net) rate plus 150 basis points with a Floor rate of 9.00%)		Annually	01.12.2020	N/A	10.58	14.39	-	10,083,231	10,111,114	10,083,231	10,111,114
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	11.81	15.36	-	3,537,955	3,591,760	3,537,955	3,591,760
Total Additional Tier I capital bonds								18,901,717	19,063,711	18,901,717	19,063,711
Total subordinated debentures								68,535,700	64,691,810	68,282,559	64,437,320

Notes :

- Debentures that are listed in the Colombo Stock Exchange.
- 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.

50 Share capital

50.1 Ordinary shares

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Authorised				
50,000,000 ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid				
Balance as at 1 January [25,000,000 ordinary shares]	25,000,000	25,000,000	25,000,000	25,000,000
Share issued during the year	-	-	-	-
Balance as at 31 December [25,000,000 ordinary shares]	25,000,000	25,000,000	25,000,000	25,000,000
Capital pending allotment *				
Balance as at 1 January	730,000	730,000	730,000	730,000
Capital infusion during the year	-	-	-	-
Balance as at 31 December	25,730,000	25,730,000	25,730,000	25,730,000

* Capital pending allotment

Bank received LKR 730 million from the Government of Sri Lanka during the year 2022. This amount has been reported under capital pending allotment as of 31 December 2024.

50.2 Net assets value per share

	Bank		Group	
	2024	2023	2024	2023
As at 31 December				
Amount used as the numerator				
Total equity attributable to equity holder of the Bank (LKR '000)	302,559,805	251,714,720	321,296,283	271,457,990
Number of ordinary shares used as denominator				
Total number of ordinary shares issued	25,000,000	25,000,000	25,000,000	25,000,000
Net asset value per ordinary share (LKR)	12,102.39	10,068.59	12,851.85	10,858.32

51 Permanent reserve fund

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	15,665,000	15,131,000	15,665,000	15,131,000
Transfers during the year	1,288,000	534,000	1,288,000	534,000
Balance as at 31 December	16,953,000	15,665,000	16,953,000	15,665,000

The permanent reserve fund is maintained as required by Bank of Ceylon Ordinance (Chapter 397) whereby the Bank must, out of net profit after taxation, but before any dividend is declared, transfer to a reserve, a sum equivalent to not less than 20% of such profit, until the reserve is equivalent to 50% of the issued and paid-up capital and thereafter, an appropriate amount determined at 2% per annum in terms of section 20(1) and (2) of the Banking Act No. 30 of 1988 until the reserve is equal to the paid-up capital.

In order to meet the requirement, an amount of LKR 1288.0 million was transferred to the permanent reserve during the year 2024. (2023 : LKR 534.0 million).

The balance in the permanent reserve fund will be used only for the purposes specified in the Section 20 (2) of the Banking Act No. 30 of 1988.

NOTES TO THE FINANCIAL STATEMENTS

52 Retained earnings

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	171,351,609	158,616,238	173,063,302	159,819,481
Total comprehensive income for the year	54,730,719	13,435,335	55,325,620	14,260,934
Transfers to other reserves	(1,288,000)	(534,000)	(1,446,841)	(851,149)
Surcharge tax	(1,483,337)	-	(1,483,337)	-
Transfers to special Reserve	(39,922,131)	-	(39,922,131)	-
Revaluation adjustment	-	7,241	-	7,241
Dividend	-	(173,205)	-	(173,205)
Balance as at 31 December	183,388,860	171,351,609	185,536,613	173,063,302

53 Cash flow hedge reserve

Accounting policy

The Bank has entered in to ten USD/LKR funding SWAPs with the Central Bank of Sri Lanka (CBSL) amounting to USD 90 million against the borrowing from foreign Bank during the months of April and June 2021 in order to mitigate the foreign exchange risk and volatility to the profit and loss arising from the USD borrowing. This SWAP agreement has been accounted as per the Hedge Accounting after the testing of Hedge Effectiveness.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	5,251,517	25,620,635	5,251,517	25,620,635
Net gains / (losses) on cash flow hedge instruments	(3,730,094)	(20,369,118)	(3,730,094)	(20,369,118)
Balance as at 31 December	1,521,423	5,251,517	1,521,423	5,251,517

54 Other reserves

	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 31 December					
Revaluation reserve	54.1	22,227,386	22,227,386	33,584,706	33,687,424
Free reserve	54.2	169,067	169,067	366,644	366,644
Exchange translation reserve	54.3	6,913,389	8,762,834	9,994,251	12,335,352
Special Reserve	54.4	39,922,131	-	39,922,131	-
Fair value through OCI reserve	54.5	5,734,549	2,557,307	7,328,571	4,999,807
Statutory reserve - other	54.6	-	-	358,944	358,944
Total other reserves		74,966,522	33,716,594	91,555,247	51,748,171

54.1 Revaluation reserve

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	22,227,386	17,315,482	33,687,424	27,558,103
Change in revaluation surplus/ (deficit)	-	6,880,746	(139,720)	8,635,144
Deferred tax effect on above Revaluation adjustment	-	(1,961,601)	41,916	(2,487,921)
Revaluation surplus of disposed property	-	(7,241)	-	(7,241)
Transferred to non-controlling interest	-	-	(4,914)	(10,661)
Balance as at 31 December	22,227,386	22,227,386	33,584,706	33,687,424

The revaluation reserve represents the surpluses arising on the revaluation of freehold lands and buildings and buildings on leasehold lands as at the date of revaluation.

According to the Basel III regulatory directives, issued by the Central Bank of Sri Lanka, the Bank can consider the revaluation surplus as supplementary capital in computing capital adequacy ratio, once in every three years.

54.2 Free reserve

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	169,067	169,067	366,644	366,644
Balance as at 31 December	169,067	169,067	366,644	366,644

Free reserve has been created for unforeseeable risks and future losses.

54.3 Exchange translation reserve

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	8,762,834	10,740,397	12,335,352	14,304,404
Exchange differences on translation of foreign operations	(1,849,445)	(1,977,563)	(2,499,942)	(2,286,201)
Transfers to other reserves	-	-	158,841	317,149
Balance as at 31 December	6,913,389	8,762,834	9,994,251	12,335,352

This represents the exchange differences arising from translating investments made in the capital and net exchange movement arising on the translation of net equity of Bank of Ceylon (UK) Limited and foreign branches and also exchange differences arising from translation of the results of foreign branches for this year from the average rate to the exchange rate at the year end.

54.4 Special Reserve

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	-	-	-	-
Transfers from Retained Earnings	39,922,131	-	39,922,131	-
Balance as at 31 December	39,922,131	-	39,922,131	-

NOTES TO THE FINANCIAL STATEMENTS

Special Reserve on Restructured Sovereign exposures

As part of Government Debt Restructuring process, the Bank was directed to build-up a special reserve on account of some of restructured exposures.

Accordingly, the Bank has built up special reserve of LKR 35.9 billion during the year 2024 by transferring from the Retained Earnings.

54.5 Fair value through OCI reserve

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	2,557,307	861,324	4,999,807	2,584,356
Net gains/ (losses) on investments in debt instruments measured at FVTOCI	736,052	165,673	745,464	272,685
Net (gains)/ losses on investments in financial assets at FVTOCI reclassification to profit or loss	-	-	(6,663)	-
Deferred tax effect on above	(220,371)	(148,518)	(220,371)	(148,518)
Change in fair value on investments in equity instruments measured at FVTOCI	2,782,020	1,786,818	1,912,880	2,412,486
Deferred tax effect on above	(120,459)	(107,990)	(120,459)	(107,990)
Transferred to non-controlling interest	-	-	17,913	(13,212)
Balance as at 31 December	5,734,549	2,557,307	7,328,571	4,999,807

54.6 Statutory reserve - other

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	-	-	358,944	358,944
Balance as at 31 December	-	-	358,944	358,944

55 Non controlling interest

	Group	
	2024 LKR '000	2023 LKR '000
As at 31 December		
Property Development PLC	66,360	66,693
Merchant Bank of Sri Lanka and Finance PLC	625,862	647,660
MBSL Insurance Company Limited	459,293	406,472
Hotels Colombo (1963) Limited	(38)	(29)
Total non-controlling interest	1,151,477	1,120,796

56 Notes to the statement of cash flows

56.1 Change in operating assets

For the year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Change in deposits with regulatory authorities	(17,413,591)	35,561,890	(17,413,591)	35,561,890
Change in loans and advances to customers	(35,752,279)	178,641,032	(47,556,006)	177,603,411
Net (increase)/ decrease of financial assets measured at fair value through profit or loss	18,708,784	(28,584,267)	19,826,342	(34,379,618)
Net (increase)/ decrease in securities purchased under resale agreements	(20,270,423)	(2,231,515)	(17,885,769)	(2,232,023)
Net (increase)/ decrease in placements with banks	12,553,064	(58,506,868)	11,448,229	(55,213,314)
Net (increase)/ decrease in derivative financial instruments	(2,974,760)	36,629,646	(2,974,760)	36,629,646
Change in other operating assets	13,987,399	(30,937,022)	14,396,047	(31,857,699)
Total	(31,161,806)	130,572,896	(40,159,508)	126,112,293

56.2 Change in operating liabilities

For the year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Net Increase/ (decrease) in deposits from banks	(308,508)	(687,895)	(308,508)	(687,895)
Net Increase/ (decrease) in deposits from customers	343,052,468	532,580,379	352,632,470	536,504,579
Net increase/ (decrease) in securities sold under repurchase agreements	52,616,344	(101,755,473)	52,200,844	(102,108,974)
Net increase/ (decrease) in short term borrowings	66,800	(287,704,308)	2,358,075	(289,374,247)
Net increase/ (decrease) in derivative financial instruments	14,306,875	1,248,169	14,306,875	1,248,169
Change in other operating liabilities	96,692,514	(37,470,328)	96,092,150	(36,857,029)
Total	506,426,493	106,210,544	517,281,906	108,724,603

56.3 Other non cash items included in profit before tax

For the year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Gains/ (losses) on revaluation of foreign exchange	(9,004,991)	7,231,150	(9,004,991)	7,231,150
Provision for defined benefit plans	3,947,180	1,868,440	4,062,394	1,982,003
Impairment charges	(20,343,159)	(4,906,277)	(20,720,005)	(5,048,666)
Depreciation of investment property	-	-	92,446	9,190
Depreciation of property, plant and equipment	2,130,103	1,846,426	2,609,870	2,692,672
Depreciation of right of use assets/ leasehold properties	1,553,120	1,522,030	1,048,365	1,002,250
Amortisation of intangible assets	511,704	484,475	557,372	525,130
Accrual for expenses and other non cash items	8,299,858	7,555,811	8,199,905	7,548,717
Total	(12,906,185)	15,602,055	(13,154,644)	15,942,446

NOTES TO THE FINANCIAL STATEMENTS

57 Contingent liabilities and commitments

Accounting policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the LKAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

In the normal course of business, the Bank undertakes commitments and incurs contingent liabilities with legal recourse to its customers to accommodate the financial and investment needs of clients, to conduct trading activities and to manage its own exposure to risk. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. Operating lease commitments of the Bank (as a lessor and as a lessee) and pending legal claims against the Bank also form part of commitments of the Bank.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote. These financial instruments generate interest or fees and carries elements of credit risk in excess of those amounts recognised as assets and liabilities in the Statement of Financial Position. However, no material losses are anticipated as a result of these transactions.

These commitments and contingencies are quantified below :

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Contingent liabilities	57.1	915,589,071	915,815,065	916,178,310	924,939,454
Undrawn and undisbursed facilities	57.2	849,076,182	602,718,487	849,076,182	602,718,487
Capital commitments	57.3	18,616,449	14,916,641	18,671,951	15,012,022
Lease commitments	57.4	5,014,656	5,756,036	5,469,810	6,222,148
Total contingent liabilities and commitments		1,788,296,358	1,539,206,229	1,789,396,253	1,548,892,111

57.1 Contingent liabilities

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Acceptances and documentary credit		170,192,219	168,992,212	170,192,219	169,000,251
Bills for collection		59,672,832	58,195,110	59,672,832	58,195,110
Forward exchange contracts		402,059,694	393,201,966	402,059,694	401,621,939
Guarantees		135,693,404	164,216,780	135,885,362	164,389,473
Other commitments	57.1.1	147,970,922	131,208,997	148,368,203	131,732,681
Total contingent liabilities		915,589,071	915,815,065	916,178,310	924,939,454

57.1.1 Other commitments

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Sale commitment of securities primary/ secondary market	1,384,057	3,930,048	1,384,057	3,930,048
Purchase commitment of securities for primary/ secondary market	35,445,674	22,398,423	35,445,674	22,398,423
Forward exchange contract with financial institutions	457,627	400,736	457,627	400,736
Currency swaps	110,683,564	104,479,790	110,683,564	104,479,790
Other commitments	-	-	397,281	523,684
Total other commitments	147,970,922	131,208,997	148,368,203	131,732,681

57.2 Undrawn and undisbursed facilities

The unutilised value of irrevocable commitments, which cannot be withdrawn at the discretion of the Bank, without risk of incurring significant penalties or expenses are as follows:

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Undisbursed amount of loans	70,406,666	61,045,949	70,406,666	61,045,949
Undrawn limits of overdrafts	158,856,975	163,738,287	158,856,975	163,738,287
Undrawn limits of credit cards	19,046,069	15,159,796	19,046,069	15,159,796
Undrawn limits of letters of credit	271,935,384	132,329,092	271,935,384	132,329,092
Undrawn limits of letters of guarantee	328,831,088	230,445,363	328,831,088	230,445,363
Total undrawn and undisbursed facilities	849,076,182	602,718,487	849,076,182	602,718,487

57.3 Capital commitments

Capital expenditure approved by the Directors, for which, no provision has been made in the Financial Statements, amounts to;

57.3.1 Capital commitments in relation to property, plant and equipment

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Approved and contracted for	8,092,887	4,652,143	8,148,389	4,671,412
Approved but not contracted for	6,732,900	4,755,335	6,732,900	4,831,447
Total capital commitments in relation to property, plant and equipment	14,825,787	9,407,478	14,881,289	9,502,859

57.3.2 Capital commitments in relation to intangible assets

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Approved and contracted for	2,817,662	1,012,663	2,817,662	1,012,663
Approved and not contracted for	973,000	4,496,500	973,000	4,496,500
Total capital commitments in relation to intangible assets	3,790,662	5,509,163	3,790,662	5,509,163
Total capital commitments	18,616,449	14,916,641	18,671,951	15,012,022

NOTES TO THE FINANCIAL STATEMENTS

57.4 Lease commitments

57.4.1 Operating lease commitments

Future minimum lease payments under non-cancellable operating leases, where the Bank is the lessee, are as follows;

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Not later than 1 year	1,398,871	1,874,352	1,583,934	2,072,162
Later than 1 year & not later than 2 years	1,493,267	1,621,905	1,603,987	1,746,644
Later than 2 year & not later than 3 years	759,996	692,916	840,611	785,674
Later than 3 year & not later than 4 years	323,460	319,489	355,209	351,874
Later than 4 year & not later than 5 years	84,249	22,661	97,194	35,865
Later than 5 years	954,813	1,224,713	988,875	1,229,928
Total operating lease commitments	5,014,656	5,756,036	5,469,810	6,222,148

Note:

With the implementation of SLFRS 16 - "Leases" effect from 1 January 2019, the operating lease commitments recognised as lease liability and reported under Other Liabilities (Note 47).

57.4.2 Total lease commitments

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Operating lease commitments	5,014,656	5,756,036	5,469,810	6,222,148
Total lease commitments	5,014,656	5,756,036	5,469,810	6,222,148

57.5 Litigation

Litigations are anticipated in the context of business operations due to the nature of the transactions involved. The Bank and the Group's companies are involved in various such legal actions and the controls have been established to deal with such legal claims. There are pending litigations existing as at the end of the reporting period against the Bank, resulting through normal business operations.

As of 31 December 2024, claims for the Legal Actions against the Bank approximately amount to LKR 6,309.0 million (2023: LKR 6,353.0 million), nevertheless the Bank has no impact over such claims whatsoever affecting to the business, operations or image of the Bank.

58 Assets pledged as security

The securities sold under repurchase agreement by the Bank and the Group and details of assets pledged by the Bank and the Group, to secure those liabilities are given below;

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Borrowings				
Securities sold under repurchase agreements	131,079,414	78,463,070	130,030,614	77,829,770
	131,079,414	78,463,070	130,030,614	77,829,770
Secured by ;				
Treasury bills	-	-	-	-
Treasury bonds	147,356,987	84,157,764	146,177,946	83,524,464
Total assets pledged as securities	147,356,987	84,157,764	146,177,946	83,524,464

59 Events after the reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

There are no events occurring after the reporting date which require adjustments to or disclosure in the Financial Statements.

60 Maturity analysis of assets and liabilities

The analysis of total assets and liabilities of the Bank and the Group into relevant maturity groupings based on the remaining period as at 31 December 2024 in to the contractual maturity date, is given in the table below.

As at 31 December 2024	Bank			Group		
	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000
Assets						
Cash and cash equivalents	115,422,407	-	115,422,407	116,281,852	-	116,281,852
Balances with Central Banks	49,451,106	2,895,124	52,346,230	49,451,106	2,895,124	52,346,230
Placements with banks	62,413,107	-	62,413,107	61,576,750	-	61,576,750
Securities purchased under resale agreements	23,982,341	-	23,982,341	21,581,160	-	21,581,160
Derivative financial instruments	18,487,729	5,012,871	23,500,600	18,487,229	5,012,871	23,500,600
Financial assets recognised through profit or loss measured at fair value	15,729,495	5,273,682	21,003,177	16,025,318	13,737,169	29,762,487
Financial assets measured at amortised cost - loans and advances	1,571,637,085	606,070,694	2,177,707,779	1,582,251,773	638,910,071	2,221,161,844
Financial assets measured at amortised cost - debt and other instruments	1,191,416,284	1,084,518,092	2,275,934,376	1,195,697,173	1,086,938,911	2,282,636,084
Financial assets measured at fair value through OCI	23,344,199	28,705,454	52,049,653	23,344,199	30,518,564	53,862,763
Investment in subsidiary companies	-	8,080,402	8,080,402	-	-	-
Investment in associate companies	-	92,988	92,988	-	828,923	828,923
Investment properties	-	2,414,640	2,414,640	-	-	-
Property, plant and equipment	-	45,621,257	45,621,257	-	62,308,257	62,308,257
Right of use assets/ leasehold properties	1,956,198	3,598,222	5,554,420	1,960,312	1,394,830	3,355,142
Intangible assets	-	1,608,812	1,608,812	-	1,710,211	1,710,211
Deferred tax assets	-	15,836,422	15,836,422	-	15,967,300	15,967,300
Other assets	83,211,911	18,358,454	101,570,365	83,276,771	18,514,933	101,791,704
Total assets	3,157,051,862	1,828,087,114	4,985,138,976	3,169,934,143	1,878,737,164	5,048,671,307
Percentage (%)	63.3%	36.7%	100%	62.8%	37.2%	100%

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2024	Bank			Group		
	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000
Liabilities						
Due to banks	1,671,087	-	1,671,087	1,682,417	-	1,682,417
Securities sold under repurchase agreements	131,079,414	-	131,079,414	130,030,614	-	130,030,614
Derivative financial instruments	16,476,077	-	16,476,077	16,476,077	-	16,476,077
Financial liabilities at amortised cost - due to depositors	3,937,901,439	270,701,996	4,208,603,435	3,959,561,828	285,969,972	4,245,531,800
Financial liabilities at amortised cost - other borrowings	11,537,581	17,606,097	29,143,678	8,563,433	23,780,820	32,344,253
Debt securities issued	-	-	-	-	718,873	718,873
Current tax liabilities	23,209,855	-	23,209,855	23,594,223	-	23,594,223
Deferred tax liabilities	-	-	-	-	2,911,350	2,911,350
Insurance contract liabilities - Life	-	-	-	-	400,967	400,967
Insurance contract liabilities - Non life	-	-	-	-	423,923	423,923
Other liabilities	142,153,360	61,706,565	203,859,925	142,775,677	61,050,814	203,826,491
Subordinated liabilities	5,006,407	63,529,293	68,535,700	5,006,407	63,276,152	68,282,559
Equity	-	302,559,805	302,559,805	-	322,447,760	322,447,760
Total liabilities and equity	4,269,035,220	716,103,756	4,985,138,976	4,287,690,676	760,980,631	5,048,671,307
Percentage (%)	85.6%	14.4%	100%	84.9%	15.1%	100%
Net gap	(1,111,983,358)	1,111,983,358	-	(1,117,756,533)	1,117,756,533	-

The analysis of total assets and liabilities of the Bank and the Group into relevant maturity groupings based on the remaining period as at 31 December 2023 in to the contractual maturity date, is given in the table below.

As at 31 December 2023	Bank			Group		
	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000
Assets						
Cash and cash equivalents	135,550,505	-	135,550,505	137,369,158	-	137,369,158
Balances with Central Banks	33,297,710	1,634,929	34,932,639	33,297,710	1,634,929	34,932,639
Placements with banks	74,966,171	-	74,966,171	73,024,979	-	73,024,979
Securities purchased under resale agreements	3,711,918	-	3,711,918	3,695,392	-	3,695,392
Derivative financial instruments	5,855,581	14,670,259	20,525,840	5,855,581	14,670,259	20,525,840
Financial assets recognised through profit or loss measured at fair value	36,207,188	4,435,342	40,642,530	36,537,884	12,292,987	48,830,871
Financial assets measured at amortised cost - loans and advances	1,360,335,997	848,725,927	2,209,061,924	1,369,606,898	871,004,330	2,240,611,228
Financial assets measured at amortised cost - debt and other instruments	666,034,396	987,694,007	1,653,728,403	670,919,863	989,093,115	1,660,012,978
Financial assets measured at fair value through OCI	30,537,539	18,996,459	49,533,998	30,537,539	21,662,146	52,199,685
Investment in subsidiary companies	-	8,181,138	8,181,138	-	-	-
Investment in associate companies	-	92,988	92,988	-	737,115	737,115
Investment properties	-	2,414,640	2,414,640	-	95,446	95,446
Property, plant and equipment	-	42,564,498	42,564,498	-	59,566,898	59,566,898
Right of use assets/ leasehold properties	111,362	3,397,256	3,508,618	214,334	2,772,370	2,986,704
Intangible assets	-	1,554,875	1,554,875	-	1,654,722	1,654,722
Deferred tax assets	-	18,503,397	18,503,397	-	18,594,558	18,594,558
Other assets	93,390,042	18,884,191	112,274,233	93,783,609	19,138,195	112,921,804
Total assets	2,439,998,409	1,971,749,906	4,411,748,315	2,454,842,947	2,012,917,070	4,467,760,017
Percentage (%)	55.3%	44.7%	100%	54.9%	45.1%	100%

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As at 31 December 2023	Bank			Group		
	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000	Within 12 months LKR '000	After 12 months LKR '000	Total LKR '000
Liabilities						
Due to banks	3,047,732	-	3,047,732	3,162,463	-	3,162,463
Securities sold under repurchase agreements	78,463,070	-	78,463,070	77,829,770	-	77,829,770
Derivative financial instruments	2,169,202	-	2,169,202	2,169,202	-	2,169,202
Financial liabilities at amortised cost - due to depositors	3,629,182,015	253,050,308	3,882,232,323	3,646,212,827	263,367,859	3,909,580,686
Financial liabilities at amortised cost - other borrowings	7,676,862	25,989,374	33,666,236	20,969,560	14,623,181	35,592,741
Debt securities issued	-	-	-	-	730,839	730,839
Current tax liabilities	7,621,675	-	7,621,675	7,877,471	-	7,877,471
Deferred tax liabilities	-	-	-	-	2,933,596	2,933,596
Insurance contract liabilities - Life	-	-	-	-	359,606	359,606
Insurance contract liabilities - Non life	-	-	-	-	671,728	671,728
Other liabilities	41,021,221	47,120,326	88,141,547	41,911,549	47,924,260	89,835,809
Subordinated liabilities	9,642,484	55,049,326	64,691,810	9,642,484	54,794,836	64,437,320
Equity	-	251,714,720	251,714,720	-	272,578,786	272,578,786
Total liabilities and equity	3,778,824,261	632,924,054	4,411,748,315	3,809,775,326	657,984,691	4,467,760,017
Percentage (%)	85.7%	14.3%	100%	85.3%	14.7%	100%
Net gap	(1,338,825,852)	1,338,825,852	-	(1,354,932,379)	1,354,932,379	-

61 Related party disclosures

The Bank has entered into transactions with the parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". i.e. significant investors, Subsidiary and Associate companies, post employment benefit plans for the Bank's employees, Key Management Personnel (KMP), Close Family Members (CFMs) of KMP and other related entities. Those transactions include lending activities, acceptance and placements, off-balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMP have availed under schemes uniformly applicable to all the staff at concessionary rates.

61.1 Parent and the ultimate controlling party

Bank of Ceylon is a Government owned bank.

61.2 Key Management Personnel (KMPs) and their Close Family Members (CFMs)

61.2.1 Compensation to Key Management Personnel (KMP) and their Close Family Members (CFMs)

As per the LKAS 24 - "Related Party Disclosures", the KMP include those who are having authority and responsibility for planning, directing and controlling the activities of the Bank. Accordingly, the Board of Directors and selected key members of the Corporate Management are identified as KMP who meet the above criteria.

CFMs are defined as family members who may be expected to influence or be influenced by, that KMP in their dealings with the entity, i.e. spouse, children under 18 years of age and dependants of KMP. Dependant is defined as anyone who depends on the respective KMP for more than 50% of his or her financial needs.

Compensation to KMP of the Bank

For the year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Short term employment benefits	31,741	22,312	32,390	23,364
Post employment benefits	6,527	7,657	6,527	7,657
Total	38,268	29,969	38,917	31,021

In addition to the above, the Bank / Group has also provided non cash benefits to the KMP in line with the approved benefit plans of the Bank / Group.

61.2.2 Transactions, arrangements and agreements involving Key Management Personnel (KMP) and their Close Family Members (CFMs).

(a) Items in statement of profit or loss - Bank

For the year ended 31 December	KMPs and CFMs	
	2024	2023
	LKR '000	LKR '000
Interest income	1,347	225
Interest expenses	16,674	29,933
Compensation to KMP	38,268	29,969

(b) Items in statement of financial position - Bank

As at 31 December	KMPs and CFMs	
	2024	2023
	LKR '000	LKR '000
Assets		
Loans	20,532	5,015
Credit cards	524	130
Total	21,056	5,145
Liabilities		
Due to depositors	103,231	191,458
Debentures	20,729	-
Total	123,960	191,458

(c) Off balance sheet items - Bank

As at 31 December	KMPs and CFMs	
	2024	2023
	LKR '000	LKR '000
Undrawn facilities	4,176	1,770
Total	4,176	1,770

(d) Average accommodations/ due to depositors balances - Bank

As at 31 December	KMP and CFMs	
	2024	2023
	LKR '000	LKR '000
Loans	12,773	4,145
Credit cards	327	65
Due to depositors	147,344	179,209

NOTES TO THE FINANCIAL STATEMENTS

61.3 Transactions with group related parties

The Group related parties include the Subsidiaries and Associates of the Bank.

61.3.1 Transactions with subsidiaries and associate companies of the Bank

The aggregate amount of income and expenses arising from the transactions during the year and amount due to and due from the relevant related parties and total contract sum of off balance sheet transactions at the year end are summarised below.

(a) Items in statement of profit or loss

For the year ended 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Interest income	2,355,055	1,864,026	54,276	115,713
Interest expenses	781,080	1,388,882	43,569	44,655
Other income	496,320	26,333	8,054	1,137
Other expenses	1,750,419	1,483,517	-	-
Dividend income	437,113	398,140	8,054	29,286

(b) Items in statement of financial position

As at 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Assets				
Loans	3,188,461	1,432,003	392,898	510,479
Overdrafts	186,794	76,652	89,689	21,841
Placements	39,313,821	46,939,042	-	-
Reverse Repo	2,408,426	-	-	-
Other receivables	1,965,388	2,040,285	-	-
Total	47,062,890	50,487,982	482,587	532,320
Liabilities				
Due to depositors	5,379,788	6,311,029	426,017	426,019
Securities sold under repurchase agreements	1,053,913	559,887	245,044	297,171
Debentures	500,000	254,459	-	-
Other liabilities	274,679	270,465	-	-
Total	7,208,380	7,395,840	671,061	723,190

(c) Off balance sheet items

As at 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Guarantees	191,958	130,600	-	-
Undrawn facilities	154,706	163,369	22,754	100,000
Total	346,664	293,969	22,754	100,000

(d) Average accommodations / due to depositors balances

As at 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Loans	2,310,232	1,652,338	451,689	553,078
Overdrafts	131,723	134,149	55,765	20,775
Due to depositors	5,845,409	5,801,450	426,018	326,536

61.3.2 Transactions with subsidiaries and associate companies of the Group

In addition to the transactions between the Bank and its Subsidiaries and Associate companies, transactions which were taken place between the Subsidiaries and Associate companies are also included in the section below;

(a) Items in statement of profit or loss

For the year ended 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Interest income	2,385,726	1,898,640	54,276	115,713
Interest expenses	811,751	1,423,496	43,569	44,655
Other income	772,918	178,654	8,054	-
Other expenses	2,027,017	1,635,838	-	-

(b) Items in statement of financial position

As at 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Assets				
Loans	3,403,590	1,659,480	392,898	510,479
Overdrafts	186,794	76,652	89,689	21,841
Placements	39,313,821	46,939,042	-	-
Reverse Repo	2,408,426	-	-	-
Other receivables	1,968,542	2,041,968	-	-
Total	47,281,173	50,717,142	482,587	532,320
Liabilities				
Due to depositors	5,584,754	6,505,716	426,017	426,019
Securities sold under repurchase agreements	1,053,913	559,887	245,044	297,171
Debentures	510,163	264,650	-	-
Other liabilities	277,180	271,495	-	-
Total	7,426,010	7,601,748	671,061	723,190

(c) Off balance sheet items

As at 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Guarantees	191,958	130,600	-	-
Undrawn facilities	154,706	163,369	22,754	100,000
Total	346,664	293,969	22,754	100,000

(d) Average accommodations / due to depositors balances

As at 31 December	Subsidiary companies		Associate companies	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Loans	2,531,535	1,856,272	451,689	368,766
Overdrafts	131,723	134,149	55,765	269,289
Due to depositors	6,045,235	5,898,794	426,018	326,536

61.4 Transactions with the significant investors having significant influence over the bank and the post employment benefit plans for Bank's employees.

Significant investor of the Bank is the Government as it is a state owned entity. The Government refers to the Government of Sri Lanka, Government Corporations, Provincial Councils, Local Government bodies, other Government entities and their subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Post employment benefit plans are arrangements made by the Bank to provide post employment benefits for its employees.

Transactions and arrangements entered in to by the Bank with the Government and Government controlled entities (significant investor) and post employment benefit plans which are individually significant and for other transactions that are collectively, but not individually significant are as follows;

61.4.1 Transactions which are collectively significant

(a) Items in statement of profit or loss

For the year ended 31 December	Significant Investor		Post employment benefit plans	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest income	298,541,301	330,882,356	-	-
Other income	1,219,825	1,921,419	-	-
Interest expenses	71,506,116	106,850,702	22,966,664	17,600,024
Contribution made	-	-	5,574,960	2,849,897

(b) Items in Statement of Changes in Equity

As at 31 December	Significant Investor		Post employment benefit plans	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Dividends paid	-	173,205	-	-

(c) Items in statement of financial position

As at 31 December	Significant investor		Post employment benefit plans	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Assets				
Loans and advances	853,349,219	864,638,635	-	-
Balances with Central Banks	52,346,230	34,932,639	-	-
Investment in securities and bonds	2,300,083,903	1,734,689,360	-	-
Investment in equity instruments	309,162	202,038	-	-
Total	3,206,088,514	2,634,462,672	-	-
Liabilities				
Due to depositors	1,211,664,471	904,339,560	116,757,147	109,015,259
Securities sold under repurchase agreements	123,127,593	69,571,909	985,777	-
Debentures and bonds	48,283,152	43,463,514	7,551,524	5,169,439
Total	1,383,075,216	1,017,374,983	125,294,448	114,184,698

(d) Off balance sheet items

As at 31 December	Significant investor	
	2024 LKR '000	2023 LKR '000
Letters of credit	109,773,489	124,904,415
Bills and acceptances	15,360,384	660,539
Guarantees	27,957,518	7,189,522
Forward exchange contracts and currency swaps	183,491,407	155,122,950
Total	336,582,798	287,877,426

(e) Other transactions

For the year ended 31 December	Significant Investor	
	2024	2023
	LKR '000	LKR '000
Gross foreign exchange transactions		
Sales	295,877,340	454,526,076
Purchases	39,672,725	191,168,876

(f) Average accommodations / Due to depositors balances

As at 31 December	Significant investor		Post employment benefit plans	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Loans and advances	859,019,722	432,319,318	-	-
Due to depositors	1,058,002,016	671,150,708	112,886,203	101,876,432
Off balance sheet facilities	169,307,179	100,704,048	-	-

61.4.2 Transactions which are individually significant

The Bank uses internal assessment methodology in order to identify significance of the transactions with the Government and Government related entities. Accordingly, the transactions which have been considered in normal day to day business operations which are carried on normal market conditions are considered as individually significant transactions.

The Government has issued Treasury Guarantees of LKR 196,590 million (2023 - LKR 268,537 million) and Comfort Letters of LKR 45,271 million (2023 - LKR 32,392 million) as of 31 December 2024 against the Loan facilities granted to State Owned Enterprises (SOEs).

61.4.3 Transactions with the significant investor - Group

Other than the transactions carried out by the Bank and balances held by the Bank with the Government, subsidiaries of the Group have carried out following transactions with the Government and balances held with the Government as follows;

For the year ended 31 December	Significant investor	
	2024	2023
	LKR '000	LKR '000
Investment in securities and bonds	13,296,839	13,541,640
Nostro balance with Central Bank of Sri Lanka	36,862	41,400
Income from investments in securities and bonds	48,502	1,889,067

Apart from the transactions listed above, the Group carried out transactions with the Government of Sri Lanka and other Government related entities in the form of providing services, investments in shares for trading purpose and other financial service transactions including inter bank placements during the year ended 31 December 2024 on comparable terms, which are applicable to transactions between the Group and its unrelated customers.

61.5 Disclosure Requirement under Section 9.14.8(1) and section 9.14.8(2) of the Listing Rules of Colombo Stock Exchange (CSE)**(a) Recurrent related party transactions**

There are no recurrent related party transactions, except for the transactions engaged with the Government of Sri Lanka and Government related entities (Note 61.4) which in aggregate exceeds more than 10% of the gross revenue of the Bank.

(b) Non-recurrent related party transactions

The Bank does not have any non-recurrent related party transactions carried out during the financial year under review, except for the transactions engaged with the Government of Sri Lanka and Government related entities (Note 29.4 and 61.4) with a value exceeding 10% of the equity or 5% of the total assets whichever is lower, as per the audited financial statements of the Bank.

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62 Financial reporting by segment

Accounting policy

Segmental information is presented in respect of Group business distinguishing the component of the Group that is engaged in different business segments or operations within a particular economic environment, which is subject to risk and returns that are different from those of other segments.

62.1 Primary segment information - Operating segments - Group

An operating segment is a component of the Group that engages in business activities, from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Group's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance. The Group comprises the following major business segments: Retail banking, Corporate banking, International, Treasury and Investments, other unallocated and group functions.

The management monitors the operating results of its business segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance are evaluated based on their operating profits or losses. Taxes on financial services and Income tax are managed on a Group basis and are not allocated to operating segments.

For the year ended 31 December	Retail banking		Corporate banking	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Revenue from external customers				
Net interest income	49,092,939	29,611,599	43,289,200	25,065,547
Net fee and commission income	19,272,382	14,566,383	2,837,343	3,481,833
Other income	798,142	343,271	(3,169,568)	(905,468)
Total operating income	69,163,463	44,521,253	42,956,975	27,641,912
Impairment (charge)/reversal for loans and other losses	(5,169,510)	633,347	(6,401,465)	1,190,236
Other operating expenses	(47,009,283)	(38,171,955)	(6,087,824)	(4,548,108)
Total expenses	(52,178,793)	(37,538,608)	(12,489,289)	(3,357,872)
Operating profit before taxes on financial services	16,984,670	6,982,645	30,467,686	24,284,040
Taxes on financial services	-	-	-	-
Operating profit after taxes on financial services	16,984,670	6,982,645	30,467,686	24,284,040
Share of profit/(loss) of associate companies, net of tax	-	-	-	--
Profit/ (loss) before income tax	16,984,670	6,982,645	30,467,686	24,284,040
Income tax expense	-	-	-	-
Profit for the year	-	-	-	-
Total assets	899,747,699	840,145,928	1,076,591,876	1,064,418,496
Total liabilities	845,139,895	792,210,941	1,011,250,984	1,003,687,514
Cash flows from/ (used in) operating activities	148,791,446	26,044,438	92,413,395	16,170,212
Cash flows from/ (used in) investing activities	(71,652,594)	7,810,827	(85,735,813)	9,895,886
Cash flows from/ (used in) financing activities	(7,142,420)	(16,147,855)	(4,943,318)	(20,458,440)
Capital expenditure to non current assets	-	-	-	-
Depreciation and amortisation expenses	757,126	733,728	905,938	929,593

As the major customer of the Bank the transactions with, "Government and State Owned Enterprises (SOEs)" are included under Retail, Corporate and International, Treasury and Investment segments. More details are given in the Note 61 - "Related Party Disclosures".

	International, treasury and investment		Group function		Unallocated		Total	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
	75,894,284	36,941,352	4,175,340	4,322,527	(723,963)	(430,913)	171,727,800	95,510,112
	(2,551,038)	(1,081,549)	388,614	343,521	1,054,339	687,751	21,001,640	17,997,939
	(3,943,105)	(8,863,255)	1,412,777	1,639,270	190,068	939,859	(4,711,686)	(6,846,323)
	69,400,141	26,996,548	5,976,731	6,305,318	520,444	1,196,697	188,017,754	106,661,728
	32,259,709	3,002,967	376,846	142,389	(345,575)	79,727	20,720,005	5,048,666
	(13,160,008)	(8,944,234)	(4,727,948)	(4,758,355)	(827,511)	(592,400)	(71,812,574)	(57,015,052)
	19,099,701	(5,941,267)	(4,351,102)	(4,615,966)	(1,173,086)	(512,673)	(51,092,569)	(51,966,386)
	88,499,842	21,055,281	1,625,629	1,689,352	(652,642)	684,024	136,925,185	54,695,342
	-	-	-	-	-	-	(28,790,143)	(12,955,824)
	88,499,842	21,055,281	1,625,629	1,689,352	(652,642)	684,024	108,135,042	41,739,518
	-	-	86,425	33,507	-	-	86,425	33,507
	88,499,842	21,055,281	1,712,054	1,722,859	(652,642)	684,024	108,221,467	41,773,025
	-	-	-	-	-	-	(43,159,990)	(14,155,438)
	-	-	-	-	-	-	65,061,477	27,617,587
	2,776,613,790	2,269,293,594	63,532,330	56,011,701	232,185,612	237,890,298	5,048,671,307	4,467,760,017
	2,608,094,571	2,139,817,803	43,644,376	35,147,634	218,093,721	224,317,339	4,726,223,547	4,195,181,231
	149,300,613	15,792,681	46,182	(3,124,890)	1,119,633	700,055	391,671,269	55,582,496
	(221,119,299)	21,097,596	381,204	264,103	(18,490,407)	2,211,664	(396,616,909)	41,280,076
	(1,208,078)	(43,616,498)	(1,283,192)	(2,231,770)	(393,120)	(4,572,323)	(14,970,128)	(87,026,886)
	-	-	-	-	-	-	(5,870,193)	(4,056,240)
	2,336,483	1,981,852	113,126	376,311	195,380	207,758	4,308,053	4,229,242

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62.2 Secondary segment information - Geographical segments

Geographical segments provide products or services within a particular economic environment where risk and returns are different from those of other economic environments.

These segments comprise Domestic Operations, Offshore and Overseas Banking divisions.

	Bank				Group			
	2024 LKR '000	%	2023 LKR '000	%	2024 LKR '000	%	2023 LKR '000	%
Assets								
Domestic banking operation	4,769,612,830	95.7	4,182,452,546	94.8	4,769,613,605	94.5	4,174,226,921	93.4
Offshore and overseas banking operation	215,526,146	4.3	229,295,769	5.2	279,057,702	5.5	293,533,096	6.6
Total assets	4,985,138,976	100.0	4,411,748,315	100.0	5,048,671,307	100.0	4,467,760,017	100.0
Total income								
Domestic banking operation	449,065,168	92.5	494,471,673	91.2	454,745,583	91.9	501,119,950	90.8
Offshore and overseas banking operation	36,339,879	7.5	47,715,624	8.8	40,176,364	8.1	50,746,813	9.2
Total Income	485,405,047	100.0	542,187,297	100.0	494,921,947	100.0	551,866,763	100.0
Profit Before Tax								
Domestic banking operation	97,696,435	91.4	24,844,602	61.6	98,854,275	91.3	25,844,435	61.9
Offshore and overseas banking operation	9,207,833	8.6	15,497,821	38.4	9,367,192	8.7	15,928,590	38.1
Total profit before tax	106,904,268	100.0	40,342,423	100.0	108,221,467	100.0	41,773,025	100.0
Profit after tax								
Domestic banking operation	57,975,634	90.0	15,845,774	59.4	58,515,452	89.9	16,339,066	59.2
Offshore and overseas banking operation	6,411,305	10.0	10,847,752	40.6	6,546,025	10.1	11,278,521	40.8
Total profit after tax	64,386,939	100.0	26,693,526	100.0	65,061,477	100.0	27,617,587	100.0

63 Fair values of assets and liabilities

Accounting policy

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level
1**Valuation technique using quoted market price:**

Financial instruments with quoted prices for identical instruments in active markets

Level
2**Valuation technique using observable inputs:**

Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level
3**Valuation technique with significant unobservable inputs:**

Financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Bank uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

63.1 Assets and liabilities measured at fair value**Derivative financial instruments**

All derivative financial instruments classified as "Fair Value through Profit or Loss" are valued using a valuation technique with market observable and market unobservable inputs. The most frequently applied valuation technique include forward foreign exchange spot and forward premiums.

Financial assets recognised through Profit or Loss - Measured at fair value

Financial instruments classified as fair value through profit or loss consists of Government securities, Quoted debt securities, Units in units trusts and Quoted equities. Government securities are valued using yield curve published by the Central Bank of Sri Lanka and the Bank uses quoted market prices in the active market for the valuation of quoted equities and quoted debt securities as at the reporting date. Units in units trusts are valued using manager's buying price of such asset management company since it is the most relevant exit price of such assets.

Financial assets measured at fair value through OCI

Financial investments classified as fair value through OCI consists of Government securities, Quoted equities and Unquoted equities.

- Government securities are valued using yield curve published by the Central Bank of Sri Lanka as at the reporting date.
- The Bank uses quoted market prices in the active market for the valuation of quoted equities and quoted debt securities as at the reporting date.
- Unquoted equities are carried at cost except Regional Development Bank investment in shares since it is the most reasonable value available to represents the price of such securities. Fair value of Regional Development Bank derived using an internal management valuation technique which details are given in Note 63.1.3

Property, plant and equipment

Freehold lands and buildings and buildings on leasehold lands are carried at revalued amount less any subsequent accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

63.1.1 Assets and liabilities measured at fair value - fair value hierarchy

	Bank				Group			
As at 31 December 2024	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial assets								
Derivative financial instruments								
Forward exchange contracts	-	16,312,674	-	16,312,674	-	16,312,674	-	16,312,674
Currency SWAPs	-	-	7,187,926	7,187,926	-	-	7,187,926	7,187,926
	-	16,312,674	7,187,926	23,500,600	-	16,312,674	7,187,926	23,500,600
Financial assets recognised through profit or loss measured at fair value								
Government securities								
Treasury bills	14,929,056	-	-	14,929,056	14,929,056	-	-	14,929,056
Treasury bonds	73,259	-	-	73,259	8,312,352	-	-	8,312,352
Sri Lanka International Sovereign Bonds	-	-	-	-	-	194,594	-	194,594
Quoted equities	799,796	-	-	799,796	1,108,614	-	-	1,108,614
Units in unit trusts	-	5,201,066	-	5,201,066	-	5,217,871	-	5,217,871
	15,802,111	5,201,066	-	21,003,177	24,350,022	5,412,465	-	29,762,487
Financial assets measured at fair value through OCI								
Quoted investments								
Government securities in Sri Lanka								
Treasury bills	20,813,078	-	-	20,813,078	20,813,078	-	-	20,813,078
Treasury bonds	18,312,659	-	-	18,312,659	18,412,931	-	-	18,412,931
Government securities in other countries	2,881,863	-	-	2,881,863	2,881,863	-	-	2,881,863
Equities	5,343,122	-	-	5,343,122	7,055,362	-	-	7,055,362
Unquoted investments								
Equities	-	4,312,774	386,157	4,698,931	-	4,312,774	386,755	4,699,529
	47,350,722	4,312,774	386,157	52,049,653	49,163,234	4,312,774	386,755	53,862,763
Total financial assets	63,152,833	25,826,514	7,574,083	96,553,430	73,513,256	25,843,319	7,574,681	106,931,256
Non financial assets								
Property, plant and equipment	-	-	37,075,759	37,075,759	-	-	53,134,863	53,134,863
Total non financial assets	-	-	37,075,759	37,075,759	-	-	53,134,863	53,134,863
Total	63,152,833	25,826,514	44,649,842	133,629,189	73,513,256	25,843,319	60,709,544	160,066,119
Financial liabilities								
Derivative financial instruments								
Forward exchange contracts	-	29,085	-	29,085	-	29,085	-	29,085
Currency SWAPs	-	-	16,446,992	16,446,992	-	-	16,446,992	16,446,992
Total financial liabilities	-	29,085	16,446,992	16,476,077	-	29,085	16,446,992	16,476,077

As at 31 December 2023	Bank				Group			
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial assets								
Derivative financial instruments								
Forward exchange contracts	-	4,415,152	-	4,415,152	-	4,415,152	-	4,415,152
Currency SWAPs	-	-	16,110,688	16,110,688	-	-	16,110,688	16,110,688
	-	4,415,152	16,110,688	20,525,840	-	4,415,152	16,110,688	20,525,840
Financial assets recognised through profit or loss measured at fair value								
Government securities								
Treasury bills	33,975,090	-	-	33,975,090	33,975,090	-	-	33,975,090
Treasury bonds	69,691	-	-	69,691	7,876,803	-	-	7,876,803
Quoted equities	2,231,452	-	-	2,231,452	2,594,267	-	-	2,594,267
Units in unit trusts	-	4,366,297	-	4,366,297	-	4,384,711	-	4,384,711
	36,276,233	4,366,297	-	40,642,530	44,446,160	4,384,711	-	48,830,871
Financial assets measured at fair value through OCI								
Quoted investments								
Government securities in Sri Lanka								
Treasury bills	27,551,288	-	-	27,551,288	27,551,288	-	-	27,551,288
Treasury bonds	12,020,034	-	-	12,020,034	12,106,493	-	-	12,106,493
Government securities in other countries	2,866,609	-	-	2,866,609	2,866,609	-	-	2,866,609
Equities	2,949,810	-	-	2,949,810	5,528,440	-	-	5,528,440
Unquoted investments								
Equities	-	3,911,244	235,013	4,146,257	-	3,911,244	235,611	4,146,855
	45,387,741	3,911,244	235,013	49,533,998	48,052,830	3,911,244	235,611	52,199,685
Total financial assets	81,663,974	12,692,693	16,345,701	110,702,368	92,498,990	12,711,107	16,346,299	121,556,396
Non financial assets								
Property, plant and equipment	-	-	36,153,341	36,153,341	-	-	52,478,248	52,478,248
Total non financial assets	-	-	36,153,341	36,153,341	-	-	52,478,248	52,478,248
Total	81,663,974	12,692,693	52,499,042	146,855,709	92,498,990	12,711,107	68,824,547	174,034,644
Financial liabilities								
Derivative financial instruments								
Forward exchange contracts	-	79,062	-	79,062	-	79,062	-	79,062
Currency SWAPs	-	-	2,090,140	2,090,140	-	-	2,090,140	2,090,140
Total financial liabilities	-	79,062	2,090,140	2,169,202	-	79,062	2,090,140	2,169,202

NOTES TO THE FINANCIAL STATEMENTS

63.1.2 Movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 assets and liabilities which are recorded at fair value.

	Bank					Group				
	As at 1 January 2024	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases/ (sales) and other adjustments	As at 31 December 2024	As at 1 January 2024	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases/ (sales) and other adjustments	As at 31 December 2024
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets										
Derivative financial instruments										
Currency SWAPs	16,110,688	-	-	(8,922,762)	7,187,926	16,110,688	-	-	(8,922,762)	7,187,926
Financial assets measured at fair value through OCI										
Unquoted Investments										
Equities	235,013	-	-	151,144	386,157	235,611	-	-	151,144	386,755
Total Level 3 financial assets	16,345,701	-	-	(8,771,618)	7,574,083	16,346,299	-	-	(8,771,618)	7,574,681
Non financial assets										
Property, plant and equipment	36,153,341	(387,005)	-	1,309,423	37,075,759	52,478,248	(601,628)	(139,720)	1,397,963	53,134,863
Total Level 3 assets	52,499,042	(387,005)	-	(7,462,195)	44,649,842	68,824,547	(601,628)	(139,720)	(7,373,655)	60,709,544
Financial liabilities										
Currency SWAPs	2,090,140	-	-	14,356,852	16,446,992	2,090,140	-	-	14,356,852	16,446,992
Total Level 3 financial liabilities	2,090,140	-	-	14,356,852	16,446,992	2,090,140	-	-	14,356,852	16,446,992
Net Level 3 financial assets	14,255,561	-	-	(23,128,470)	(8,872,909)	14,256,159	-	-	(23,128,470)	(8,872,311)

	Bank					Group				
	As at 1 January 2023	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases/ (sales) and other adjustments	As at 31 December 2023	As at 1 January 2023	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in OCI	Purchases/ (sales) and other adjustments	As at 31 December 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets										
Derivative financial instruments										
Currency SWAPs	57,152,441	-	-	(41,041,753)	16,110,688	57,152,441	-	-	(41,041,753)	16,110,688
Financial assets measured at fair value through OCI										
Unquoted investments										
Equities	235,013	-	-	-	235,013	235,875	-	-	(264)	235,611
Total Level 3 financial assets	57,387,454	-	-	(41,041,753)	16,345,701	57,388,316	-	-	(41,042,017)	16,346,299
Non financial assets										
Property, plant and equipment	28,677,691	(629,122)	6,880,746	1,224,026	36,153,341	44,420,510	(1,195,759)	8,635,144	618,353	52,478,248
Total Level 3 assets	86,065,145	(629,122)	6,880,746	(39,817,727)	52,499,042	101,808,826	(1,195,759)	8,635,144	(40,423,664)	68,824,547
Financial liabilities										
Currency SWAPs	335,700	-	-	1,754,440	2,090,140	335,700	-	-	1,754,440	2,090,140
Total Level 3 financial liabilities	335,700	-	-	1,754,440	2,090,140	335,700	-	-	1,754,440	2,090,140
Net Level 3 financial assets	57,051,754	-	-	(42,796,193)	14,255,561	57,052,616	-	-	(42,796,457)	14,256,159

63.1.3 Unobservable inputs used in measuring fair value of Level 3

The table below sets out information about significant unobservable inputs used as at 31 December 2024 in measuring financial instruments categorised as level 3 in the fair value hierarchy.

Type of financial instrument	Fair value as at 31 December 2024 LKR'000	Valuation technique	Significant unobservable input	Range of estimates (weighted average) for unobservable input	Fair value measurement sensitivity to unobservable input
Derivative Financial Instruments					
Currency SWAPs	7,187,926	Forward pricing model	Foreign exchange forward rate.	Negative 100 to positive 100 basis point.	Unfavourable or favourable impact on derivative assets value of LKR 71.9 million respectively.
Financial assets measured at fair value through OCI					
Unquoted Equity Shares					
Regional Development Bank	162,300	Discounted Cash Flow method	Constant Dividend model	Decreased by 5% and increased by 5% for existing cost of capital.	Impact to the fair value will be within negative and positive LKR 8.1 million, no significant impact to the investment.
Credit Information Bureau of Sri Lanka	43,645	Value at cost	-		Fair value cannot be reliably measured. These are investments in mutual entities that provide transaction processing and transaction services to members on a pricing basis intended to recover the entities operating cost.
Lanka Clear (Private) Limited	23,443	Value at cost	-		
Lanka Financial Services Bureau Limited	5,000	Value at cost	-		
Fitch Ratings Lanka Limited	625	Value at cost	-		Fair value cannot be reliably measured and Bank used cost model for valuation.

63.2 Fair value of assets and liabilities not carried at fair value

As at 31 December 2024	Bank					Group				
	Fair value					Fair value				
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Carrying value LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Carrying value LKR '000
Assets										
Financial assets at amortised cost										
Loans and advances	-	-	2,186,674,853	2,186,674,853	2,177,707,779	-	-	2,230,307,847	2,230,307,847	2,221,161,844
Debt and other instruments	2,265,126,912	39,638,617	-	2,304,765,529	2,275,934,376	2,273,714,533	40,028,532	-	2,313,743,065	2,282,636,084
Investment properties	-	-	3,003,007	3,003,007	2,414,640	-	-	-	-	-
Total	2,265,126,912	39,638,617	2,189,677,860	4,494,443,389	4,456,056,795	2,273,714,533	40,028,532	2,230,307,847	4,544,050,912	4,503,797,928
Liabilities										
Financial liabilities at amortised cost										
Due to depositors	-	-	4,247,026,141	4,247,026,141	4,208,603,435	-	-	4,284,291,646	4,284,291,646	4,245,531,800
Other borrowings	-	-	29,143,678	29,143,678	29,143,678	-	-	32,344,253	32,344,253	32,344,253
Debt securities issued	-	-	-	-	-	-	-	718,873	718,873	718,873
Subordinated liabilities	-	26,559,186	45,315,115	71,874,301	68,535,700	-	26,559,186	45,061,974	71,621,160	68,282,559
Total	-	26,559,186	4,321,484,934	4,348,044,120	4,306,282,813	-	26,559,186	4,362,416,746	4,388,975,932	4,346,877,485

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As at 31 December 2023	Bank					Group				
	Fair value				Carrying value	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets										
Financial assets at amortised cost										
Loans and advances	-	-	2,268,559,761	2,268,559,761	2,209,061,924	-	-	2,300,958,799	2,300,958,799	2,240,611,228
Debt and other instruments	1,544,306,801	52,349,359	-	1,596,656,160	1,653,728,403	1,550,209,345	52,349,359	-	1,602,558,704	1,660,012,978
Investment properties			3,003,007	3,003,007	2,414,640	-	-	653,000	653,000	95,446
Total	1,544,306,801	52,349,359	2,271,562,768	3,868,218,928	3,865,204,967	1,550,209,345	52,349,359	2,301,611,799	3,904,170,503	3,900,719,652
Liabilities										
Financial liabilities at amortised cost										
Due to depositors	-	-	3,935,385,592	3,935,385,592	3,882,232,323	-	-	3,963,108,393	3,963,108,393	3,909,580,686
Other borrowings	-	-	33,666,236	33,666,236	33,666,236	-	-	35,592,741	35,592,741	35,592,741
Debt securities issued	-	-	-	-	-	-	-	730,839	730,839	730,839
Subordinated liabilities	-	8,858,367	52,968,842	61,827,209	64,691,810	-	8,858,367	52,709,250	61,567,617	64,437,320
Total	-	8,858,367	4,022,020,670	4,030,879,037	3,980,590,369	-	8,858,367	4,052,141,223	4,060,999,590	4,010,341,586

The following describes the methodologies and assumptions used to determine fair values for those assets and liabilities which are not already recorded at fair value in the Financial Statements.

Financial assets measured at amortised cost

Financial assets measured at amortised cost comprise Sri Lanka International Sovereign Bonds, Government and Corporate debt securities.

Listed corporate debt securities are valued using quoted market price as of the reporting date, quoted government debt securities are valued using yield curve published by the Central Bank of Sri Lanka and fair value of unquoted corporate debt securities and Government securities including fixed rate Sri Lanka International Sovereign Bonds are estimated as the present value of future cash flows expected to be received from such investments calculated based on interest rates at the reporting date for similar instruments.

Investment properties

Investment properties are valued by the independent professional valuers and more details are given in Note 33.

Financial liabilities at amortised cost - other borrowings

Financial liabilities at amortised cost - other borrowings represent Term borrowings from banks and other financial institutions in Sri Lanka and abroad and Refinance borrowings.

Fair value of term borrowings and refinance borrowings are estimated by discounting the future cash flows using effective interest rates of similar instruments.

Debt securities issued

Fair value of debt securities issued are estimated as the present value of future cash flows expected to be paid from such investments calculated based on interest rates at the reporting date for similar instruments.

Subordinated liabilities

Subordinated liabilities that are listed in the Colombo Stock Exchange valued using quoted market price as of the reporting date. Fair values of unlisted subordinated liabilities are estimated as the present value of future cash out flow expected to be paid to the instruments calculated based on the interest rates at the reporting date for similar instruments.

63.3 Assets and liabilities for which fair value approximates carrying value

For financial assets and liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair value. For certain instruments which have contractual maturity of more than one year, the fair value is determined using reasonable basis. Given below is the bases adopted by the Bank in order to establish the fair values of such financial instruments.

	2024		2023	
	Carrying Amount LKR '000	Fair Value LKR '000	Carrying Amount LKR '000	Fair Value LKR '000
Bank				
Financial assets				
Cash and cash equivalents	115,422,407	115,422,407	135,550,505	135,550,505
Balances with Central Banks	52,346,230	52,346,230	34,932,639	34,932,639
Placements with banks	62,413,107	62,413,107	74,966,171	74,966,171
Securities purchased under resale agreements	23,982,341	23,982,341	3,711,918	3,711,918
Total financial assets	254,164,085	254,164,085	249,161,233	249,161,233
Financial liabilities				
Due to banks	1,671,087	1,671,087	3,047,732	3,047,732
Securities sold under repurchase agreements	131,079,414	131,079,414	78,463,070	78,463,070
Total financial liabilities	132,750,501	132,750,501	81,510,802	81,510,802
Group				
Financial assets				
Cash and cash equivalents	116,281,852	116,281,852	137,369,158	137,369,158
Balances with Central Banks	52,346,230	52,346,230	34,932,639	34,932,639
Placements with banks	61,576,750	61,576,750	73,024,979	73,024,979
Securities purchased under resale agreements	21,581,160	21,581,160	3,695,392	3,695,392
Total financial assets	251,785,992	251,785,992	249,022,168	249,022,168
Financial liabilities				
Due to banks	1,682,417	1,682,417	3,162,463	3,162,463
Securities sold under repurchase agreements	130,030,614	130,030,614	77,829,770	77,829,770
Total financial liabilities	131,713,031	131,713,031	80,992,233	80,992,233

63.4 Reclassification of financial assets and financial liabilities

There have been no reclassifications during 2024.

64 Financial Risk Management

64.1 Introduction

64.1.1 Overview

The Bank is exposed to various risks, including credit risk, market risk, operational risk, and liquidity risk, which are inherent in financial intermediation. To manage these risks effectively and ensure sustainable banking practices, the Bank has developed a comprehensive Risk Management Framework (RMF).

The RMF provides consistent guidance for identifying, assessing, measuring, monitoring, and reporting risks. It ensures efficient and effective management under the proper oversight of the Integrated Risk Management Committee (IRMC). Financial risks, along with other material risks such as strategic, reputational, compliance, and legal risks, are managed and overseen as part of the Bank's corporate governance and risk management framework. This note presents the Bank's exposure to various risks and outlines the processes for measuring and managing them.

General

- 64.1.2 Group risk management
- 64.1.3 Risk management framework
- 64.1.4 Risk measurement, reporting and mitigation

Credit Risk

- 64.2.2 Maximum exposure to credit risk
- 64.2.3 Amortised cost and impairment movement
- 64.2.5 Country wise exposure
- 64.2.6 Sector wise exposure
- 64.2.7 Commitments and guarantees

Liquidity Risk

- 64.3.1 Liquidity risk exposure
- 64.3.2 Maturity analysis of financial assets and liabilities

Market Risk

- 64.4.1 Trading and non-trading portfolio-Bank
- 64.4.2 Interest rate risk
- 64.4.3 Foreign exchange risk
- 64.4.4 Equity risk

Operational Risk

Capital Adequacy and Capital Management

NOTES TO THE FINANCIAL STATEMENTS

64.1.2 Group risk management

The Bank of Ceylon Group consists of nine financial and non-financial subsidiaries, directly and indirectly owned by the Bank, along with four associate companies. The Group's diversified businesses operate across various sectors. Aside from potential reputational damage, the Bank is not significantly exposed to subsidiary risk due to the size of the Group's balance sheet.

The Bank manages strategic risk through a comprehensive review of group activities on a quarterly basis, focusing mainly on credit, market, liquidity, and operational risks, which are overseen by the Integrated Risk Management Committee (IRMC). The Bank is closely involved in the risk, compliance, and audit affairs of its subsidiaries by appointing senior management members to the boards of these companies.

64.1.3 Risk Management Framework (RMF)

The Bank's risk management framework begins with oversight by the Board of Directors through the Integrated Risk Management Committee (IRMC) and is based on the three lines of defence model, ensuring the overall performance of risk management. The Board-approved Risk Management Framework (RMF) consists of clearly defined governance structures, policy frameworks, and a culture of risk awareness, ensuring consistent risk management across the Bank. Therefore, the RMF provides a structured approach to manage all risk exposures through risk management policies, risk appetite, and limit setting, establishing the Bank's strategic direction and a holistic approach to risk management.

The Bank's Independent Integrated Risk Management Division (IIRMD) is led by the Chief Risk Officer (CRO), who reports directly to the IRMC, a sub-committee of the Board. Business units are the primary risk owners and have the main responsibility for risk management. The IIRMD acts as the second line of defence in risk management. The IIRMD reports to the IRMC through the CRO, who is also a member of various management-level committees such as the Credit Committee, Asset and Liability Management Committee (ALCO), Operational Risk Management Executive Committee (ORMEC), and Corporate Information Security Committee (CISC), which assist in managing the various risks the Bank is exposed to.

The internal audit function of the Bank independently monitors and evaluates the risk management function as the third line of defence and provides their views on risk management to the Audit Committee.

64.1.4 Risk measurement, reporting and mitigation

Risks, either internal or external, are measured using various techniques and risk management tools in line with industry best practices for credit, market, operational, liquidity, information security, and other risks. To address the high volatility of the economy, the Bank carries out comprehensive analysis to assess future risks while increasing the frequency of assessments and escalating to top management for mitigation actions. The Bank has also conducted stress testing for several single-factor, non-conventional worst-case scenarios plausible in an unstable economy.

In addition, the Internal Capital Adequacy Assessment Process (ICAAP) assesses the Bank's capital requirements based on its risk profile and sets out the framework for internal capital augmentation. The Bank uses internationally accepted assessment methodologies to measure Pillar 2 risks in addition to Pillar 1 risks. The results are reported to the IRMC for timely decision-making, leading to better risk management while complying with regulatory reporting requirements.

As part of its overall risk management, the Bank employs several mitigation techniques and strategies to reduce risks. Comprehensive pre-sanctioning and post-sanctioning techniques are used to reduce credit risks. Environmental and social risk measurement has been integrated into credit evaluation. Collaterals are used for further mitigation, and pricing mechanisms ensure that facilities are priced based on individual ratings and collateral availability. Market risk exposures, including interest rate, foreign exchange, and equity risks, are mitigated using derivative instruments in a limited context. The Bank addresses liquidity risk through a robust policy framework, measurement, and mitigation approaches, including comprehensive stress testing. Operational risk is managed through strong internal control mechanisms, reinforced by the three lines of defence. Insurance is used as an operational risk transfer strategy where necessary. The most vulnerable risk in the current business environment, cyber risk, is managed through comprehensive policies and standards.

64.2 Credit Risk

Credit risk is defined as the potential losses arising from a counterparty failing to meet their obligations in accordance with agreed terms in a credit transaction. Credit risk can manifest in the form of default, deterioration of credit quality, and concentration risk.

64.2.1 Management of credit risk

The credit risk management function ensures standard processes and principles are applied at both the transaction and portfolio levels. Credit risk management policies define the conditions and guidelines for evaluating, granting, maintaining, monitoring, and managing credit in both corporate and retail segments. Concentration risk is managed by maintaining a diversified credit portfolio according to the risk appetite limits set out, considering the assessment of borrower and industry-specific factors.

The Bank has a well-established process for approving new credit and renewing existing credit. All potential credit exposures of the Bank are first evaluated by transaction originators, who are the risk owners of the credit mechanism. Credit proposals exceeding a certain threshold are independently reviewed by the Chief Risk Officer (CRO). Environmental and Social Due Diligence of credit has been integrated into the credit evaluation through Integrated Environment.

Rating models are a key input for managing, measuring, and monitoring credit risk in portfolios. The Bank uses a range of credit risk rating models across the corporate and mid-corporate portfolios, covering the different industries in which customers operate. Retail exposures are managed through several retail scorecards.

Collateral is used for credit risk mitigation purposes and minimises losses that would otherwise be incurred. Collateral may take various forms depending on the type of borrower, the assets available, the structure, and the term of credit obligations. Collateral is subject to regular valuation as prescribed in the relevant governing policies and standards.

Procedures are also in place to identify credit exposures vulnerable to increased risk of loss at an early stage. To reduce potential credit losses and increase the recovery of obligations, credit risk mitigants are applied. Post-sanctioning review of credit exposures is carried out to ensure proper documentation and adherence to covenants by credit quality assurance units set up at various levels to assure a quality loan book.

Elements of credit quality deterioration are captured via expected credit loss as per SLFRS 9.

64.2.1.1 Internal Rating

The Bank's Credit Risk Management Unit operates its internal rating models. The Bank runs separate models for its key portfolios including retail and corporate in which customers are rated from 1 to 8 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information and transaction specific factors which could affect the borrower's behaviour.

64.2.1.2 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Bank is also exposed to, or protected from, the risk of default of the underlying entity referenced by the derivative. Refer to Note 26 and Note 41 for further details.

64.2.1.3 Impairment assessment

Calculation of Expected Credit Losses (ECL)

Expected credit loss represents the default events over an expected life time of the financial assets. Expected credit losses are calculated using three main components, i.e. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These parameters are generally derived from internally developed statistical models combined with historical, current and forward-looking customer and macro-economic data.

SLFRS 9 introduces a three stage model for impairment of financial assets that are performing at the stage of origination or purchase. Three stage model for impairment is based on the changes in the credit quality since initial recognition. At initial recognition, financial assets which are not credit impaired are reflected in stage 1. If there is a significant increase in the credit risk, such financial assets are transferred to stage 2. Significant increase in the credit risk is defined using pre-determined credit risk indicators which are stated in the Bank's impairment policy. In case of objective evidence/default, financial assets are classified as stage 3. Refer to Note 4.4.11.4 and Note 28 for further details

64.2.1.4 Incorporation of forward-looking information

The Bank has established an expert panel who considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments, that support the calculation of ECLs. Refer to Note 28 for further details

64.2.2 Maximum exposure to credit risk

64.2.2.1 Collateral and other credit enhancements

The Bank obtains different types of collaterals from the counterparties as a credit risk mitigant. The amount and the types of the collateral required depend on credit risk assessment of the counterparty. The acceptability of the collateral and valuation is determined based on the guidelines issued by the regulator and the Bank's policy. The main types of collateral obtained are;

- For commercial lending-charges over movable and immovable properties
- For personal lending- mortgages over movable and immovable properties, cash and cash equivalents and gold articles
- For Government and State owned enterprises- Government guarantees
- For reverse repurchase transactions – Government securities

The Bank monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

NOTES TO THE FINANCIAL STATEMENTS

The following table shows the maximum exposure to credit risk, total fair value of collateral, any surplus collateral and the net exposure to credit risk.

64.2.2.2 Type of collateral or credit enhancements

31 December 2024

	Maximum exposure to credit risk	Cash	Gold
	LKR '000	LKR '000	LKR '000
Cash and cash equivalents	115,903,476	65,731,404	-
Less : Impairment	(481,069)	-	-
Balances with Central Banks	52,346,230	52,346,230	-
Placements with banks	62,435,501	-	-
Less : Impairment	(22,394)	-	-
Securities purchased under resale agreements	23,982,341	-	-
Derivative financial instruments	23,500,600	-	-
Financial assets recognised through profit or loss - measured at fair value	21,003,177	-	-
Financial assets at amortised cost - loans and advances	2,436,161,951	113,815,382	199,724,508
Less : Impairment	(258,454,172)	-	-
Financial assets at amortised cost - debt and other instruments	2,284,167,763	-	-
Less : Impairment	(8,233,387)	-	-
Financial assets measured at fair value through OCI	52,049,653	-	-
Total	4,804,359,670	231,893,016	199,724,508

31 December 2023

	Maximum exposure to credit risk	Cash	Gold
	LKR '000	LKR '000	LKR '000
Cash and cash equivalents	135,613,096	62,633,164	-
Less : Impairment	(62,591)	-	-
Balances with Central Banks	34,932,639	34,932,639	-
Placements with banks	75,010,950	-	-
Less : Impairment	(44,779)	-	-
Securities purchased under resale agreements	3,711,918	-	-
Derivative financial instruments	20,525,840	-	-
Financial assets recognised through profit or loss - measured at fair value	40,642,530	-	-
Financial assets at amortised cost - loans and advances	2,457,771,739	88,788,133	184,760,416
Less : Impairment	(248,709,815)	-	-
Financial assets at amortised cost - debt and other instruments	1,701,957,323	-	-
Less : Impairment	(48,228,920)	-	-
Financial assets measured at fair value through OCI	49,533,998	-	-
Total	4,222,653,926	186,353,936	184,760,416

Value of collateral and credit enhancements held						
GoSL Securities / Guarantees	Movables	Immovables	Others	Surplus Collateral	Net Collateral	Net exposure
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
-	-	-	-	-	65,731,404	50,172,072
-	-	-	-	-	-	(481,069)
-	-	-	-	-	52,346,230	-
-	-	-	-	-	-	62,435,501
-	-	-	-	-	-	(22,394)
25,000,000	-	-	-	(1,017,659)	23,982,341	-
-	-	-	-	-	-	23,500,600
-	-	-	-	-	-	21,003,177
426,545,908	63,328,333	417,818,750	125,989,100	(226,946,940)	1,120,275,040	1,315,886,911
-	-	-	-	-	-	(258,454,172)
-	-	-	-	-	-	2,284,167,763
-	-	-	-	-	-	(8,233,387)
-	-	-	-	-	-	52,049,653
451,545,908	63,328,333	417,818,750	125,989,100	(227,964,599)	1,262,335,015	3,542,024,655

Value of collateral and credit enhancements held						
GoSL Securities / Guarantees	Movables	Immovables	Others	Surplus Collateral	Net Collateral	Net exposure
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
-	-	-	-	-	62,633,164	72,979,932
-	-	-	-	-	-	(62,591)
-	-	-	-	-	34,932,639	-
-	-	-	-	-	-	75,010,950
-	-	-	-	-	-	(44,779)
4,196,000	-	-	-	(484,082)	3,711,918	-
-	-	-	-	-	-	20,525,840
-	-	-	-	-	-	40,642,530
678,707,929	53,620,380	323,912,510	75,946,648	(241,505,442)	1,164,230,574	1,293,541,165
-	-	-	-	-	-	(248,709,815)
-	-	-	-	-	-	1,701,957,323
-	-	-	-	-	-	(48,228,920)
-	-	-	-	-	-	49,533,998
682,903,929	53,620,380	323,912,510	75,946,648	(241,989,524)	1,265,508,295	2,957,145,634

NOTES TO THE FINANCIAL STATEMENTS

64.2.3 Amortised cost and impairment movement

64.2.3.1 Amortised cost movement

The following tables show reconciliation from the opening to closing balance of the amortised cost by class of financial instrument based on exposure to credit risk.

		2024			
	Note	12-month ECL (Stage 1) LKR '000	Lifetime ECL - not credit impaired (Stage 2) LKR '000	Lifetime ECL - credit impaired (Stage 3) LKR '000	Total LKR '000
Cash and cash equivalents					
As at 1 January	22	72,979,932	-	-	72,979,932
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
New assets originated or purchased		50,172,072	-	-	50,172,072
Financial assets derecognised or repaid (excluding write-offs)		(72,979,932)	-	-	(72,979,932)
Foreign exchange adjustments		-	-	-	-
As at 31 December		50,172,072	-	-	50,172,072
Placements with Banks					
As at 1 January 2024	24	75,010,950	-	-	75,010,950
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
New assets originated or purchased		62,435,501	-	-	62,435,501
Financial assets derecognised or repaid (excluding write-offs)		(75,010,950)	-	-	(75,010,950)
Foreign exchange adjustments		-	-	-	-
As at 31 December		62,435,501	-	-	62,435,501
Financial assets at amortised cost - Loans and advances					
As at 1 January	28	1,807,745,963	338,162,831	311,862,945	2,457,771,739
Transfer to Stage 1		33,918,118	(31,480,096)	(2,438,022)	-
Transfer to Stage 2		(33,477,169)	38,228,958	(4,751,789)	-
Transfer to Stage 3		(2,259,136)	(65,761,218)	68,020,354	-
New assets originated or purchased		908,598,354	138,306,846	27,427,558	1,074,332,758
Financial assets derecognised or repaid (excluding write-offs)		(835,466,137)	(161,002,988)	(16,745,266)	(1,013,214,391)
Write-offs		-	-	(69,134)	(69,134)
Foreign exchange adjustments		(60,797,555)	(11,372,988)	(10,488,478)	(82,659,021)
As at 31 December		1,818,262,438	245,081,345	372,818,168	2,436,161,951
Financial assets at amortised cost - Debt and other instruments					
As at 1 January	29	40,855,752	87,344,675	28,314	128,228,741
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
New assets originated or purchased		36,751,748	34,658,794	-	71,410,542
Financial assets derecognised or repaid (excluding write-offs)		(39,423,902)	(83,525,478)	-	(122,949,380)
Foreign exchange adjustments		-	(3,722,796)	-	(3,722,796)
As at 31 December		38,183,598	34,755,195	28,314	72,967,107

		2023			
	Note	12-month ECL (Stage 1) LKR '000	Lifetime ECL - not credit impaired (Stage 2) LKR '000	Lifetime ECL - credit impaired (Stage 3) LKR '000	Total LKR '000
Cash and cash equivalents					
As at 1 January	22	70,734,205	-	-	70,734,205
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
New assets originated or purchased		72,979,932	-	-	72,979,932
Financial assets derecognised or repaid (excluding write-offs)		(70,734,205)	-	-	(70,734,205)
Foreign exchange adjustments		-	-	-	-
As at 31 December		72,979,932	-	-	72,979,932
Placements with Banks					
	24				
As at 1 January		16,779,252	-	-	16,779,252
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
New assets originated or purchased		75,010,950	-	-	75,010,950
Financial assets derecognised or repaid (excluding write-offs)		(16,779,252)	-	-	(16,779,252)
Foreign exchange adjustments		-	-	-	-
As at 31 December		75,010,950	-	-	75,010,950
Financial assets at amortised cost - Loans and advances					
	28				
As at 1 January		1,986,928,070	273,220,831	324,630,066	2,584,778,967
Transfer to Stage 1		31,443,608	(27,899,012)	(3,544,596)	-
Transfer to Stage 2		(11,507,334)	18,609,292	(7,101,958)	-
Transfer to Stage 3		(1,649,531)	(1,407,929)	3,057,460	-
New assets originated or purchased		696,855,070	140,270,358	49,526,698	886,652,126
Financial assets derecognised or repaid (excluding write-offs)		(816,465,240)	(53,924,426)	(41,897,883)	(912,287,549)
Write-offs		-	-	(86,065)	(86,065)
Foreign exchange adjustments		(77,858,680)	(10,706,283)	(12,720,777)	(101,285,740)
As at 31 December		1,807,745,963	338,162,831	311,862,945	2,457,771,739
Financial assets at amortised cost - Debt and other instruments					
	29				
As at 1 January		47,862,615	285,887,101	28,314	333,778,030
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
New assets originated or purchased		37,456,434	3,941,741	-	41,398,175
Financial assets derecognised or repaid (excluding write-offs)		(44,463,297)	(193,631,101)	-	(238,094,398)
Foreign exchange adjustments		-	(8,853,066)	-	(8,853,066)
As at 31 December		40,855,752	87,344,675	28,314	128,228,741

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64.2.3.2 Provision for impairment (ECL) movement

The following tables show reconciliation from the opening to closing balance of the provision for impairment by class of financial instrument.

2024				
Note	12-month ECL (Stage 1) LKR. '000	Lifetime ECL - not credit impaired (Stage 2) LKR. '000	Lifetime ECL - credit impaired (Stage 3) LKR. '000	Total LKR. '000
Cash and cash equivalents				
Provision for impairment (ECL) as at 1 January	22	62,591	-	62,591
Transfer to Stage 1		-	-	-
Transfer to Stage 2		-	-	-
Transfer to Stage 3		-	-	-
Net remeasurement of impairment		-	-	-
New assets originated or purchased		481,070	-	481,070
Financial assets derecognised or repaid (excluding write-offs)		(62,591)	-	(62,591)
Foreign exchange adjustments		-	-	-
As at 31 December		481,070	-	481,070
Placements with Banks				
Provision for impairment (ECL) as at 1 January	24	44,779	-	44,779
Transfer to Stage 1		-	-	-
Transfer to Stage 2		-	-	-
Transfer to Stage 3		-	-	-
New remeasurement of impairment		-	-	-
New assets originated or purchased		22,394	-	22,394
Financial assets derecognised or repaid (excluding write-offs)		(44,779)	-	(44,779)
Foreign exchange adjustments		-	-	-
As at 31 December		22,394	-	22,394
Financial assets at amortised cost - Loans and advances				
Provision for impairment (ECL) as at 1 January	28	31,412,474	28,817,796	188,479,545
Transfer to Stage 1		625,967	(586,370)	(39,597)
Transfer to Stage 2		(1,988,519)	2,480,291	(491,772)
Transfer to Stage 3		(744,027)	(8,229,090)	8,973,117
Net remeasurement of impairment		3,596,393	1,677,250	5,475,117
New assets originated or purchased		6,088,267	4,933,693	1,663,708
Financial assets derecognised or repaid (excluding write-offs)		(4,193,021)	(4,011,132)	(2,803,904)
Foreign exchange adjustments		(499,673)	(884,952)	(1,297,389)
Write-offs and recoveries		-	-	(69,134)
Other movements		-	-	69,134
As at 31 December		34,297,861	24,197,486	199,958,825
Financial assets at amortised cost - Debt and other instruments				
Provision for impairment (ECL) as at 1 January	29	3,047	48,197,559	28,314
Transfer to Stage 1		-	-	-
Transfer to Stage 2		-	-	-
Transfer to Stage 3		-	-	-
Net remeasurement of impairment		5,725	-	-
New assets originated or purchased		52	11,998,414	-
Financial assets derecognised or repaid (excluding write-offs)		(93)	(48,197,559)	-
Foreign exchange adjustments		-	(3,802,072)	-
As at 31 December		8,731	8,196,342	28,314

8,233,387

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64.2.4 Analysis of risk concentration

Concentration risk in credit portfolios arises due to an uneven distribution of bank loans to individual borrowers, industry, sector or geographical regions. In managing the concentration risk the Bank uses the Herfindahl-Harischman Index (HHI) as a measurement tool. The Bank has established appropriate limits to maintain concentration risk at an acceptable level.

64.2.5 Country wise exposure

The Bank has established branches in three countries i.e. India, Maldives, and Seychelles through which the Bank mainly maintains exposures outside Sri Lanka. Bank also has a fully owned subsidiary operating in United Kingdom (UK). All overseas branches are operating with pre-set limits (credit limits as well as country limits) which are approved by the Board of Directors.

Exposures in other countries include placements with banks and nostro account balances with correspondent banks whose risks are managed through Board approved limits.

31 December 2024	Sri Lanka	UK	Maldives	India	USA	Seychelles	Other Countries	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets								
Cash and cash equivalents	64,346,959	31,438,250	1,306,709	3,056,749	5,638,411	95,245	9,540,084	115,422,407
Balances with Central Banks	48,252,069	-	3,047,811	462,582	-	583,768	-	52,346,230
Placements with banks	26,814,364	24,612,576	-	361,119	-	1,728,330	8,896,718	62,413,107
Securities purchased under resale agreements	23,982,341	-	-	-	-	-	-	23,982,341
Derivative financial instruments	23,500,600	-	-	-	-	-	-	23,500,600
Financial assets recognised through profit or loss measured at fair value	21,003,177	-	-	-	-	-	-	21,003,177
Financial assets at amortised cost - loans and advances	2,093,420,722	-	67,484,936	14,325,454	-	2,476,667	-	2,177,707,779
Financial assets at amortised cost - debt and other instruments	2,239,513,583	-	36,420,793	-	-	-	-	2,275,934,376
Financial assets measured at fair value through OCI	44,855,016	-	-	2,881,863	-	-	4,312,774	52,049,653
Total financial assets	4,585,688,831	56,050,826	108,260,249	21,087,767	5,638,411	4,884,010	22,749,576	4,804,359,670
Liabilities								
Due to banks	33,255	184,978	-	596,538	-	-	856,316	1,671,087
Securities sold under repurchase agreements	131,079,414	-	-	-	-	-	-	131,079,414
Derivative financial instruments	16,476,077	-	-	-	-	-	-	16,476,077
Financial liabilities at amortised cost - due to depositors	4,117,479,674	-	76,306,888	10,153,791	-	4,663,082	-	4,208,603,435
Financial liabilities at amortised cost - other borrowings	10,370,022	-	1,167,559	-	-	-	17,606,097	29,143,678
Subordinated liabilities	68,535,700	-	-	-	-	-	-	68,535,700
Total financial liabilities	4,343,974,142	184,978	77,474,447	10,750,329	-	4,663,082	18,462,413	4,455,509,391

31 December 2023	Sri Lanka	UK	Maldives	India	USA	Seychelles	Other Countries	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets								
Cash and cash equivalents	60,284,723	30,595,998	2,147,081	6,859,819	13,973,358	91,743	21,597,783	135,550,505
Balances with Central Banks	25,082,652	-	8,712,214	469,290	-	668,483	-	34,932,639
Placements with banks	2,381,597	40,805,172	-	6,494,836	-	-	25,284,566	74,966,171
Securities purchased under resale agreements	3,711,918	-	-	-	-	-	-	3,711,918
Derivative financial instruments	20,525,840	-	-	-	-	-	-	20,525,840
Financial assets recognised through profit or loss measured at fair value	40,642,530	-	-	-	-	-	-	40,642,530
Financial assets at amortised cost - loans and advances	2,126,340,541	-	65,666,804	14,311,820	-	2,742,759	-	2,209,061,924
Financial assets at amortised cost - debt and other instruments	1,614,976,373	-	38,752,030	-	-	-	-	1,653,728,403
Financial assets measured at fair value through OCI	42,756,145	-	-	2,866,609	-	-	3,911,244	49,533,998
Total financial assets	3,936,702,319	71,401,170	115,278,129	31,002,374	13,973,358	3,502,985	50,793,593	4,222,653,928
Liabilities								
Due to banks	2,144,957	-	-	902,775	-	-	-	3,047,732
Securities sold under repurchase agreements	78,463,070	-	-	-	-	-	-	78,463,070
Derivative financial instruments	2,169,202	-	-	-	-	-	-	2,169,202
Financial liabilities at amortised cost - due to depositors	3,793,794,162	-	72,713,120	10,842,633	-	4,882,408	-	3,882,232,323
Financial liabilities at amortised cost - other borrowings	7,676,862	-	-	-	-	-	25,989,374	33,666,236
Subordinated liabilities	64,691,810	-	-	-	-	-	-	64,691,810
Total financial liabilities	3,948,940,063	-	72,713,120	11,745,408	-	4,882,408	25,989,374	4,064,270,373

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The Bank's portfolio is well diversified and following table shows the risk concentration by industry.

64.2.6 Sector wise exposure

31 December 2024	Agriculture and fisheries	Banking finance and insurance	Hotels travels and services
	LKR '000	LKR '000	LKR '000
Cash and cash equivalents	-	115,903,477	-
Less : Impairment	-	-	-
Balances with Central Banks	-	48,252,069	-
Placements with banks	-	62,435,501	-
Less : Impairment	-	-	-
Securities purchased under resale agreements	-	23,982,341	-
Derivative financial instruments	-	23,500,600	-
Financial assets recognised through profit or loss/ measured at fair value	-	5,210,796	-
Financial assets at amortised cost - loans and advances	323,364,711	23,280,301	97,301,217
Less : Impairment	-	-	-
Financial assets at amortised cost - debt and other instruments	6,476	753,333	-
Less : Impairment	-	-	-
Financial assets measured at fair value through OCI	-	5,343,122	-
Total financial assets	323,371,187	308,661,540	97,301,217
31 December 2023	Agriculture and fisheries	Banking finance and insurance	Hotels travels and services
	LKR '000	LKR '000	LKR '000
Cash and cash equivalents	-	135,613,096	-
Less : Impairment	-	-	-
Balances with Central Banks	-	25,082,652	-
Placements with banks	-	75,010,950	-
Less : Impairment	-	-	-
Securities purchased under resale agreements	-	3,711,918	-
Derivative financial instruments	-	20,525,840	-
Financial assets recognised through profit or loss -measured at fair value	328,790	56,791	374,801
Financial assets at amortised cost - loans and advances	277,572,496	31,470,267	85,127,912
Less : Impairment	-	-	-
Financial assets at amortised cost - debt and other instruments	12,438	1,378,399	-
Less : Impairment	-	-	-
Financial assets measured at fair value through OCI	-	3,112,110	-
Total financial assets	277,913,724	295,962,023	85,502,713

Housing, construction and infrastructure LKR '000	Manu- facturing LKR '000	Commercial trade LKR '000	Sovereign and direct government LKR '000	Transportation and logistics LKR '000	Other commercial services LKR '000	Consumption and others LKR '000	Total LKR '000
-	-	-	-	-	-	-	115,903,477
-	-	-	-	-	-	-	(481,070)
-	-	-	-	-	4,094,161	-	52,346,230
-	-	-	-	-	-	-	62,435,501
-	-	-	-	-	-	-	(22,394)
-	-	-	-	-	-	-	23,982,341
-	-	-	-	-	-	-	23,500,600
33,336	325,668	-	15,002,315	-	19,133	411,929	21,003,177
511,227,585	194,741,044	173,613,672	486,436,009	78,013,278	236,642,197	311,541,937	2,436,161,951
-	-	-	-	-	-	-	(258,454,172)
-	-	1,031,310	2,282,376,644	-	-	-	2,284,167,763
-	-	-	-	-	-	-	(8,233,387)
-	-	-	42,007,600	-	4,698,931	-	52,049,653
511,260,921	195,066,712	174,644,982	2,825,822,568	78,013,278	245,454,422	311,953,866	4,804,359,670
Housing, construction and infrastructure LKR '000	Manu- facturing LKR '000	Commercial trade LKR '000	Sovereign and direct government LKR '000	Transportation and logistics LKR '000	Other commercial services LKR '000	Consumption and others LKR '000	Total LKR '000
-	-	-	-	-	-	-	135,613,096
-	-	-	-	-	-	-	(62,591)
-	-	-	-	-	9,849,987	-	34,932,639
-	-	-	-	-	-	-	75,010,950
-	-	-	-	-	-	-	(44,779)
-	-	-	-	-	-	-	3,711,918
-	-	-	-	-	-	-	20,525,840
219,266	961,919	14,367	34,044,786	87,719	83,406	4,470,685	40,642,530
535,896,813	169,242,029	173,711,976	625,697,094	82,157,483	208,368,437	268,527,232	2,457,771,739
-	-	-	-	-	-	-	(248,709,815)
-	-	741,199	1,699,825,287	-	-	-	1,701,957,323
-	-	-	-	-	-	-	(48,228,920)
-	-	-	42,437,930	-	3,983,958	-	49,533,998
536,116,079	170,203,948	174,467,542	2,402,005,097	82,245,202	222,285,788	272,997,917	4,222,653,928

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64.2.7 Commitments and guarantees

The Bank enters into various irrevocable commitments and contingent liabilities to meet the financial needs of customers. They do contain credit/default risk even though these obligations are not recognised in the statement of financial position as on balance sheet assets. The capital charges for such commitments and contingent liabilities based on the applicable credit conversion factors are allocated according to the regulatory guidelines to factor the risk inherent in it.

The table below shows the Bank's maximum exposure for commitments and guarantees. The details of the Bank's credit risk exposure for commitments and contingencies are disclosed in Note No.57.

As at 31 December	Bank	
	2024 LKR '000	2023 LKR '000
Acceptances and documentary credit	170,192,219	168,992,212
Bills for collection	59,672,832	58,195,110
Forward exchange contracts	402,059,694	393,201,966
Guarantees	135,693,404	164,216,780
Other commitments	147,970,922	131,208,997
	915,589,071	915,815,065

64.2.8 Management overlays over Expected Credit Risk

Beyond the Bank's normal impairment calculation process adopted for the loans and advances as per the SLFRS 9 and CBSL Directions, the Bank considered the impacted industries from the present economic condition of the country due to COVID 19 pandemic. Accordingly the management overlays were applied for tourism, construction and textile export sectors as risk elevated industries and customers coming into stage 1 for those industries were transferred to stage 2 when assessing the impairment considering the life time expected loss rather than 12 months expected loss under stage 1. Further, Bank continued to make additional provision for credit facilities which are converted to new loans under various moratorium and concession schemes during the year considering the potential risk.

In order to capture the prevailing economic conditions into Economic Factor Adjustment (EFA) to incorporate the expected credit loss in determining the impairment for collectively assessed portfolios, the Bank used following weightages for the expected economic scenarios.

Economic Scenario	New Weightages 2024 (%)	Previous Weightages 2023 (%)
Best	0 - 20	10
Base	20 - 40	20
Worst	40 - 80	70

64.3 Liquidity risk

Liquidity is dynamic and can change according to both expected and unexpected business and market conditions. Liquidity risk arises when the Bank encounters difficulties in meeting payment obligations timely in a cost effective way or bank finds it difficult to sell its assets within appropriate amount of time at desirable price. The Bank maintains diversified funding sources in addition to its deposit base while monitoring and managing future commitments daily basis to ensure effective liquidity management. The Central Bank's repo window is one of the main sources of funding during the liquidity stress situation. The Bank's risk management framework plays vital role to monitor that payment obligations of the Bank are made in a timely and efficient manner. In addition, liquidity risk management framework includes compliance with the regulatory requirements, optimum usage of liquid assets for higher returns and funding business expansion. The Bank maintains liquidity ratios well within the limits specified by the regulator to ensure healthy liquidity position.

64.3.1 Liquidity risk exposure

The key liquidity measurement tool used by the Bank is the liquidity coverage ratio which is one of the main regulatory liquidity measurement devices to ensure that it maintains an adequate level of high quality liquid assets to meet its short term liquidity needs. The Bank manages cash, cash equivalents and investments in government securities to comply with LCR requirements while optimizing returns.

*The Bank now primarily focuses on LCR inline with the discontinuation of liquid asset ratio monitoring by CBSL.

	2024	2023
31 December	269.63%	227.21%
Regulatory minimum requirement	100.00%	100.00%

64.3.2 Maturity analysis of financial liabilities

64.3.2.1 Undiscounted cashflow of financial liabilities

The table below presents the undiscounted maturity of the Bank's financial liabilities;

31 December 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Due to banks	1,671,087	-	-	-	-	1,671,087
Securities sold under repurchase agreements	-	74,932,274	59,168,442	-	-	134,100,716
Derivative financial instruments	-	16,476,077	-	-	-	16,476,077
Financial liabilities at amortised cost - due to depositors	445,237,402	1,593,492,498	1,100,401,536	238,262,481	921,236,128	4,298,630,045
Financial liabilities at amortised cost - other borrowings	-	11,538,212	-	18,098,019	-	29,636,231
Subordinated debentures	-	-	5,638,317	50,315,226	20,458,269	76,411,812
Total	446,908,489	1,696,439,061	1,165,208,295	306,675,726	941,694,397	4,556,925,968

31 December 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Due to banks	3,047,732	-	-	-	-	3,047,732
Securities sold under repurchase agreements	-	74,593,102	4,449,127	-	-	79,042,229
Derivative financial instruments	-	2,169,202	-	-	-	2,169,202
Financial liabilities at amortised cost - due to depositors	778,990,277	1,571,774,683	829,013,746	103,630,782	684,528,079	3,967,937,567
Financial liabilities at amortised cost - other borrowings	-	7,676,861	-	26,725,999	-	34,402,860
Subordinated debentures	-	-	10,244,531	41,896,390	36,589,092	88,730,013
Total	782,038,009	1,656,213,848	843,707,404	172,253,171	721,117,171	4,175,329,603

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64.3.2.2 Non derivative financial assets and financial liabilities expected to be recovered or settled after 12 months from the reporting date

The table below depicts the carrying amount of non derivative financial assets and financial liabilities expected to be recovered or settled after 12 months from the reporting date.

As at 31 December	Bank	
	2024 LKR '000	2023 LKR '000
Financial assets		
Non-derivative financial assets		
Financial assets measured at fair value through profit or loss	5,273,682	4,435,342
Financial assets measured at amortised cost - loans and advances	606,070,694	1,185,512,161
Financial assets measured at amortised cost - debt instruments	1,084,518,092	987,694,007
Financial assets measured at fair value through OCI	28,705,454	18,996,459
Total non-derivative financial assets	1,724,567,922	2,196,637,969
Financial liabilities		
Non-derivative financial liabilities		
Financial liabilities at amortised cost - due to depositors	270,701,996	253,050,308
Financial liabilities at amortised cost - other borrowings	17,606,097	25,989,374
Subordinated liabilities	63,529,293	55,049,327
Total non-derivative financial liabilities	351,837,386	334,089,009

64.4 Market Risk

Market risk is the risk of loss arising due to unfavourable movements in market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. Exposure to the market risk arises mainly from Interest Rate Risk (IRR) and Foreign Exchange (FX) risks. Exposure to commodity related risk is insignificant as it is limited to the extent of the fluctuation of the price of the Bank's gold stock.

The Bank classifies exposures into either trading or non-trading portfolios and manages each of these portfolios separately. The market risk for the foreign exchange and equity trading portfolios are managed and monitored based on a Value at Risk (VaR) methodology. In addition to the Net Open Position (NOP) limit of managing foreign exchange risk and holding period limit to manage the equity risk. Interest rate risk of the trading portfolio is managed through Price Value per Basis Point (PVBPP) and modified duration. In addition trading and non trading portfolios are managed through risk monitoring, risk assessment, sensitivity analysis and stress testing. Interest Rate Risk in Banking Book (IRRBB) is monitored through sensitivity analysis.

64.4.1 Trading and non-trading portfolio - Bank

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios

As at 31 December 2024	Note	Carrying amount	Market risk measurement	
			Trading portfolios	Non-trading portfolios
		LKR '000	LKR '000	LKR '000
Assets subject to market risk				
Cash and cash equivalents	22	115,422,407	-	115,422,407
Balances with Central Banks	23	52,346,230	-	52,346,230
Placements with banks	24	62,413,107	-	62,413,107
Securities purchased under resale agreements	25	23,982,341	-	23,982,341
Derivative financial instruments	26	23,500,600	23,500,600	-
Financial assets recognised through profit or loss				
- measured at fair value	27	21,003,177	21,003,177	-
Financial assets at amortised cost				
- loans and advances	28	2,177,707,779	-	2,177,707,779
- debt and other instruments	29	2,275,934,376	-	2,275,934,376
Financial assets measured at fair value through OCI	30	52,049,653	-	52,049,653
Investment in subsidiary companies	31	8,080,402	-	8,080,402
Investment in associate companies	32	92,988	-	92,988
Investment properties	33	2,414,640	-	2,414,640
Property, plant and equipment	34	45,621,257	-	45,621,257
Right of use assets/ leasehold properties	35	5,554,420	-	5,554,420
Intangible assets	36	1,608,812	-	1,608,812
Deferred tax assets	37	15,836,422	-	15,836,422
Other assets	38	101,570,365	-	101,570,365
Total assets		4,985,138,976	44,503,777	4,940,635,199
Liabilities subject to market risk				
Due to banks	39	1,671,087	-	1,671,087
Securities sold under repurchase agreements	40	131,079,414	-	131,079,414
Derivative financial instruments	41	16,476,077	16,476,077	-
Financial liabilities at amortised cost				
- due to depositors	42	4,208,603,435	-	4,208,603,435
- other borrowings	43	29,143,678	-	29,143,678
Current tax liabilities	45	23,209,855	-	23,209,855
Other liabilities	47	203,859,925	-	203,859,925
Subordinated liabilities	49	68,535,700	-	68,535,700
Total liabilities		4,682,579,171	16,476,077	4,666,103,094

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As at 31 December 2023	Note	Carrying amount	Market risk measurement	
			Trading portfolios	Non-trading portfolios
		LKR '000	LKR '000	LKR '000
Assets subject to market risk				
Cash and cash equivalents	22	135,550,505	-	135,550,505
Balances with Central Banks	23	34,932,639	-	34,932,639
Placements with banks	24	74,966,171	-	74,966,171
Securities purchased under resale agreements	25	3,711,918	-	3,711,918
Derivative financial instruments	26	20,525,840	20,525,840	-
Financial assets recognised through profit or loss				
- measured at fair value	27	40,642,530	40,642,530	-
Financial assets at amortised cost				
- loans and advances	28	2,209,061,924	-	2,209,061,924
- debt and other instruments	29	1,653,728,403	-	1,653,728,403
Financial assets measured at fair value through OCI	30	49,533,998	-	49,533,998
Investment in subsidiary companies	31	8,181,138	-	8,181,138
Investment in associate companies	32	92,988	-	92,988
Investment properties	33	2,414,640	-	2,414,640
Property, plant and equipment	34	42,564,498	-	42,564,498
Right of use assets/ leasehold properties	35	3,508,618	-	3,508,618
Intangible assets	36	1,554,875	-	1,554,875
Deferred tax assets	37	18,503,397	-	18,503,397
Other assets	38	112,274,233	-	112,274,233
Total assets		4,411,748,315	61,168,370	4,350,579,945
Liabilities subject to market risk				
Due to banks	39	3,047,732	-	3,047,732
Securities sold under repurchase agreements	40	78,463,070	-	78,463,070
Derivative financial instruments	41	2,169,202	2,169,202	-
Financial liabilities at amortised cost		-	-	-
- due to depositors	42	3,882,232,323	-	3,882,232,323
- other borrowings	43	33,666,236	-	33,666,236
Current tax liabilities	45	7,621,675	-	7,621,675
Other liabilities	47	88,141,547	-	88,141,547
Subordinated liabilities	49	64,691,810	-	64,691,810
Total liabilities		4,160,033,595	2,169,202	4,157,864,393

64.4.2 Interest rate risk

Interest rate risk is the probability of decline in value of an asset resulting from unexpected fluctuations in interest rates. Interest rate risk affects to the Bank's earnings and impacts negatively on Net Interest Income (NII) of the Bank. Continuous monitoring and periodic repricing strategies ensures the interest rate risk is managed effectively.

Price Value per Basis Point (PVBp) and duration analysis are monitored against the risk appetite limits on daily basis in order to assess the impact of interest rate changes on Bank's trading portfolios of Treasury bills and bonds which are rate sensitive instruments.

	2024 LKR	2023 LKR	Risk appetite
PVBP			
Investment in T-Bills	47,933	32,444	900,000
Investment in T-Bonds	629,067	577,985	2,100,000

Sensitivity analysis of interest sensitive assets and liabilities is carried out to monitor interest rate risk in the banking book by placing those assets and liabilities in pre-determined maturity buckets considering its residual time to maturity and setting and monitoring gap limits and the repricing profile. The table below analyses the Bank's interest rate risk exposure as a percentage on financial assets and liabilities.

2024	Upto 1 Month (%)	1-3 Months (%)	3-6 Months (%)	6-12 Month (%)	1-2 Years (%)	2-3 Years (%)	3-4 Years (%)	4-5 Years (%)	Over 5 Years (%)
Rate sensitive assets	10.7	13.2	12.1	11.9	6.2	6.2	5.0	5.0	29.7
Rate sensitive liabilities	4.9	19.9	14.5	11.8	5.0	5.0	5.1	5.1	28.8
GAP	5.8	(6.7)	(2.4)	0.1	1.2	1.2	(0.1)	(0.1)	0.9

2023	Upto 1 Month (%)	1-3 Months (%)	3-6 Months (%)	6-12 Months (%)	1-2 Years (%)	2-3 Years (%)	3-4 Years (%)	4-5 Years (%)	Over 5 Years (%)
Rate sensitive assets	9.7	14.9	12.6	12.1	6.2	6.2	5.9	5.9	26.6
Rate sensitive liabilities	10.2	13.9	14.7	14.2	5.1	5.1	5.4	5.4	26.0
GAP	(0.5)	1.0	(2.1)	(2.1)	1.1	1.1	0.5	0.5	0.7

64.4.3 Foreign exchange risk

Currency risk is the risk of adverse fluctuation of value of foreign currency denominated financial instruments due to changes in foreign exchange rates which affects the financial performance or financial position of the Bank. The Bank carried open positions during the year which is within the limits approved by the Central Bank of Sri Lanka. A comprehensive Limit Management Framework (LMF) including individual exposures and aggregated exposures prescribed by the IRMC govern the foreign exchange risk. Stress testing analysis carried out on foreign exchange transactions to assess the impact to profit and Capital Adequacy Ratio (CAR) during stress situations.

Foreign Exchange Position as at 31 December	2024		2023	
	Net Overall Long LKR '000	Net Overall Short LKR '000	Net Overall Long LKR '000	Net Overall Short LKR '000
Currency				
United States Dollar	262,223	-	6,195,839	-
Great Britain Pound	13,679	-	12,550	-
Euro	47,952	-	-	(54,227)
Japanese Yen	-	(94,689)	1,061,958	-
Australian Dollar	8,468	-	4,261	-
Canadian Dollar	1,208	-	-	(21,098)
Swiss Franc	-	-	-	-
Singapore Dollar	1,014	-	1,399	-
Hong Kong Dollar	247,081	-	174,491	-
Sub Total	581,625	(94,689)	7,450,498	(75,325)
Other Currencies	1,980,373	(91,207)	7,958,248	(116,391)
Grand Total	2,561,998	(185,896)	15,408,746	(191,716)
Higher of Long or Short		2,561,998		15,408,746

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Impact on Income Statement due to Exchange Rate Shocks

	2024		2023	
	Net Open Position (After Rate Shocks) LKR '000	Impact on Income Statement as at 31st December 2024 LKR '000	Net Open Position (After Rate Shocks) LKR '000	Impact on Income Statement as at 31st December 2023 LKR '000
Exchange Rate Shocks				
5%	1,280,999	(1,280,999)	14,638,308	(770,437)
10%	2,305,799	(256,200)	13,867,871	(1,540,875)
-5%	3,842,998	1,280,999	16,179,183	770,437
-10%	2,818,198	256,200	16,949,620	1,540,875

64.4.4 Equity Risk

Equity risk is the risk of deteriorating fair value of equity portfolio due to a change in the level of equity indices and price of individual stocks. Equity risk is monitored by stipulating overall portfolio limits, dealer limits, loss limits and use of VaR methodology.

64.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank has allocated a significant amount of capital for operational risk as per the Basic Indicator Approach (BIA) despite the fact that the actual operational losses are far below the allocated capital. The holistic and comprehensive operational risk management framework of the Bank ensures that all relevant risks are proactively managed.

64.6 Capital Management

Capital is the financial cushion against the risks assumed by the Bank. Proper capital management is therefore, vital in ensuring the sustainability and long term stability of the business. The primary objective of capital management is the maintenance of capital levels above the minimum regulatory requirement and optimum capital usage for maximum profitability. Given the size and the nature of the business, retained earnings is the primary source of internal capital generation of the Bank. Capital augmentation plan determines the sources of capital to ensure the achievement of pre-determined capital targets for business expansion and to accommodate stress scenarios.

64.6.1 Capital adequacy and Internal Capital Adequacy Assessment Process (ICAAP)

The capital adequacy is a measure of the financial strength of the Bank expressed as a ratio of its capital to Risk Weighted Assets (RWAs) of credit, market and operational aspects of the business. This ratio indicates the Bank's ability to maintain adequate capital to ensure financial soundness which ascertain how effectively it can sustain a reasonable level of risk. The minimum total capital requirement for Domestic Systemically Important Banks (DSIBs) is 14% and requires Bank to maintain Tier I capital level of 10%.

Internal Capital Adequacy Assessment Process (ICAAP) determines the level of capital to be maintained against all risks inline with the Basel requirement and guideline prescribed by the regulator. The capital planning is facilitated by the ICAAP based on the accomplished and planned business process that ensures the sufficient capital levels are maintained to cover all the risks the bank exposed to. The Bank uses internal models which are internationally accepted to assess the pillar 2 risks in ICAAP and carries out comprehensive stress testing using multiple scenarios to determine the total capital requirement. ICAAP factors out all possible qualitative risks such as reputation risk, compliance risk, strategic risk and IT risk etc. and assessment of concentration risk ensures that the Bank has a well diversified portfolio which is not excessively exposed to any counterparty, product, sector or a geographical segment.

Capital levels	2024	2023
Capital charge for credit risk weighed assets (LKR '000)	223,131,659	219,933,107
Capital charge for market risk weighed assets (LKR '000)	2,545,425	2,857,769
Capital charge for operational risk weighed assets (LKR '000)	24,582,544	21,570,870
Tier I capital % (Regulatory minimum - 10%)	13.00	12.76
Total capital % (Regulatory minimum - 14%)	16.55	15.84

65 Selected Performance Indicators/ Key Financial Data (As per regulatory reporting)

	Bank		Group	
As at 31 December	2024	2023	2024	2023
Regulatory Capital Adequacy (LKR in Millions)				
Common Equity Tier 1	213,974	204,343	225,093	215,172
Tier 1 Capital	232,324	222,693	243,443	233,448
Total Regulatory Capital	295,847	276,410	308,735	288,364
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital (%) (Minimum Requirement : 8.5%)	12.0	11.7	12.2	12.1
Tier 1 Capital Ratio (%) (Minimum Requirement : 10.0%)	13.0	12.8	13.1	13.1
Total Capital Ratio (%) (Minimum Requirement : 14.0%)	16.6	15.8	16.7	16.2
Basel III Leverage Ratio (Minimum Requirement : 3.0%)	4.4	4.8	4.6	5.0
Regulatory Liquidity Requirement (%)				
Liquidity Coverage Ratio (%) (Minimum Requirement : 100.0%)				
-Rupee (%)	329.0	316.0		
-All Currency (%)	269.6	227.2		
Net Stable Funding Ratio (%) - (Minimum Requirement : 100.0%)	157.9	145.0		
Assets Quality (%)				
Impaired Loans (Stage 3) to Total Loans, Ratio (%)*	7.2	5.1		
Impairment (Stage 3) to Stage 3 Loans, Ratio (%)*	53.6	60.4		
Income and Profitability (%)				
Net Interest Margin (%)	3.6	2.1	3.6	2.2
Return on Assets (before tax) (%)	2.3	0.9	2.3	0.9
Return on Equity (%)	23.2	10.6	21.9	10.1
Cost to Income Ratio (%)	40.1	55.7	41.3	56.8
Memorandum Information				
Credit Rating - Fitch	AA-	A		
Number of Employees	8,214	8,579		
Number of Branches	584	583		

* Including undrawn portion of credit

COMPLIANCE ANNEXES



COMPLIANCE ANNEXES

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COMPLIANCE WITH CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2023 ISSUED BY CA SRI LANKA

Sections referred to in the Code	Compliance status
A	DIRECTORS
A.1	The Board
Principle A.1	<p>The Board of Bank of Ceylon is comprised of six (06) Non-Executive Directors with the appointment of three (03) new directors during the 1st quarter of the year 2024 in terms of the provisions of Bank of Ceylon Ordinance No. 53 of 1938 and its amendments. Five (05) of them are Independent Directors. The Treasury Representative is considered a Non-Independent Non-Executive Ex officio Director. The Directors bring diverse perspectives, expertise and experience to the Board.</p> <p>At the latter part of 2024 with the change of Government, the composition of the Board was changed with three new Directors being appointed and Directors as at this Annual Report date is given on page 121 of this Annual Report.</p> <p>Appointments to the Board are made by the shareholder, the Government of Sri Lanka through the Minister under whose purview the Bank comes under as per the said Ordinance. A policy on Appointment of Directors is in place identifying the skill set that is required on the Board. Accordingly, the Directors who have skills and experience direct and lead the Bank with effective controls.</p> <p>The skills and experience of the Directors are indicated in the details about them.</p>
A.1.1	<p>Board meetings</p> <p>The Board meetings are held on a fortnightly basis and special meetings are scheduled as and when the need arises. The schedule of meetings is in place by the beginning of the year and the structure of submitting information to the Board has been agreed upon. Necessary information is submitted as agreed to enable decision-making. During the year under review the Board met twenty six (26) times and attendance at meetings is summarised on page 120.</p> <p>The information listed under this section is discussed at the relevant subcommittees and the Board.</p>
A.1.2	<p>Role and responsibilities of the Board</p> <p>The role and responsibilities of the Board are incorporated in the Board Charter which was last reviewed in the year 2024 with the review of the Corporate Governance Policy of the Bank.</p>
A.1.3	<p>To act in accordance with the laws of the country</p> <p>The Bank is regulated as per the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments and the Banking Act No. 30 of 1988 and its amendments and Banking Act no. 24 of 2024. Additionally, directions issued by the Regulators viz., the Central Bank of Sri Lanka, any other regulator where the Bank has its overseas Branches, Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange apply to Bank of Ceylon. The Board acts in accordance with the applicable laws.</p> <p>A Policy on Directors' Access to Independent Professional Advice is in place whereby Directors are able to seek independent professional advice on a needs basis at the Bank's expense. This Policy was reviewed during the year 2024.</p>
A.1.4	<p>Advice and services of the Company Secretary</p> <p>The members of the Board have access to the advice and services of the Secretary to the Board/ Secretary, Bank of Ceylon who is an Attorney-at-Law. The Secretary to the Board is held responsible for ensuring that Board procedures are followed and compliance with applicable rules and regulations, directions and statutes and keeping and maintaining minutes and relevant records.</p> <p>Any question of the removal of the Secretary to the Board/Secretary, Bank of Ceylon is a matter for the full Board. The role of Company Secretary is given on page 118.</p>
A.1.5	<p>Independent judgement</p> <p>The Board of Bank of Ceylon bring independent judgement to bear in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.</p>
A.1.6	<p>Dedicating adequate time and effort to matters of the Board and the Bank</p> <p>The agenda and Board memoranda are circulated among the Board members seven days prior to the meeting through a secure e-Solution enabling them to dedicate sufficient time before a meeting to review Board memoranda and call for additional information and clarifications. Pre-Board meetings are scheduled when deemed necessary.</p> <p>Members of the Corporate Management and external experts make presentations to the Board to provide updates, seek approval or guidance on various matters relevant to the Bank's strategic direction, operations, financial performance, risk management and other key areas.</p>

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Sections referred to in the Code	Compliance status
A.1.7	Calling of resolution <p>The Board members can individually submit proposals to the Board when they feel that they are in the best interests of the Bank and a resolution can be presented to the Board.</p>
A.1.8	Training for Directors <p>When first appointed to the Board, the Directors undergo an induction programme covering the applicable regulatory requirements, Bank's history, organisational structure, details of subsidiaries and associates, products and services, Directors' responsibilities and are provided with a Board Manual incorporating all the above given in e-form through the Bank's electronic support system.</p> <p>Directors are encouraged to attend relevant training programmes and are apprised of the latest developments in the Bank and external environment by members of the Corporate Management or through external resource personnel. Directors attended one training programme during the year. The Management made presentations where necessary, to update the Board on the activities of the Bank as well as the changes/updates in the regulatory environment.</p>
A.2	Division of responsibilities between the Chairman and Chief Executive Officer (CEO). <p>The positions of the Chairman and the Chief Executive Officer (referred to as the "General Manager" in the Bank) are held by two separate individuals. The Chairman is a Non-Executive Director. There is a clear division of responsibilities between the Chairman and the General Manager and the Board Charter adopted by the Bank clearly defines these responsibilities.</p>
A.3	Chairman's Role <p>The Chairman of Bank of Ceylon provides leadership to the Board, preserves order and facilitates the effective discharge of the Board's functions. The agenda for Board meetings is prepared by the Secretary, Bank of Ceylon/Secretary to the Board, based primarily on the memoranda submitted through the General Manager and any other relevant matters proposed by a Director/s. The agenda covers matters relating to performance, environment and strategies, finance and credit, investment, governance and regulations, human resource allocation, information technology, risk management and compliance. Sufficient detailed information on matters included in the agenda is circulated to Directors well ahead of the meetings through a secured e-Solution.</p> <p>All Directors are informed of their duties and responsibilities (which are enshrined in the Board Charter) and the Board subcommittee structure of the Bank which assists the Board in discharging its responsibilities.</p> <p>The Board of Bank of Ceylon consists entirely of Non-Executive Directors and they effectively contribute within their respective capabilities, for the benefit of the Bank.</p> <p>Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda.</p> <p>The views of Directors on issues under consideration are ascertained and a record of such deliberations are reflected in the minutes in detail.</p>
A.4	Financial acumen and knowledge to offer guidance on matters of finance <p>The Directors have sufficient financial acumen and knowledge to guide the Bank which they have acquired through the businesses/ professions in which they are involved and from qualifications held.</p>
A.5	Board Balance <p>The Chairman is an Independent Non-Executive Director. The Board of Bank of Ceylon is always comprised of Non-Executive Directors. Among them, five (05) are independent other than the Treasury Representative. A declaration of independence to ascertain the independence/ non-independence is obtained, which is covered under CSE rules. Going forward this declaration would cover CBSL direction No 05 of 2024 provisions as well.</p> <p>When Alternate Directors are appointed, it is ensured that they are Non-Executive.</p>
A.6	Provision of appropriate and timely information <p>The agenda and Board/ Subcommittee memoranda required for a Board/subcommittee meeting are provided to Directors through the available e-Solution seven days prior to the meeting for them to review the memoranda in advance and come up with questions and discussion points and to request for additional information, if necessary. Pre-Board meetings are arranged where necessary to clarify matters and to facilitate the smooth functioning of the Board meetings.</p> <p>The members of the Corporate Management are available if the Directors wish to obtain further information or for any clarification.</p> <p>Board meeting minutes are made available to the Directors within 10 days from the meeting.</p>

Sections referred to in the Code	Compliance status
A.7	Appointments to the Board: Nomination and Corporate Governance Committee
7.1 & 7.2	<p>Appointments to the Board are made by the Government of Sri Lanka, through the Minister under whose purview the Bank falls. The requisite regulatory requirements relating to appointment of new Directors are complied with. There is an internal policy in place with regard to the appointment of Directors which has been shared with the relevant Ministry.</p> <p>The Nomination and Corporate Governance Committee comprised of three (03) Non-Executive Directors in 2024 and among them two (02) are independent including the Chairman. On being proposed to the Board, their fit and propriety is being assessed by the members of the Committee in terms of Direction no. 3(6) (iv) (d) of the Banking Act Direction No. 11 of 2007 issued by the Central Bank of Sri Lanka.</p>
7.3	The Bank has a Succession Plan for the Corporate Management including for the General Manager which has been revised during the year.
7.4	Appointments to the Board are made by the shareholder as stated in A.7 above. The information pertaining to the new Directors are published in the website of the Bank, media and announced to the Colombo Stock Exchange.
7.5	Report on the Nomination and Corporate Governance Committee indicates the activities performed by the Committee given on pages 138 and 139.
A.8	<p>Reappointment</p> <p>Every Director appointed shall hold office for a period of three years, unless he is removed from office earlier or he vacates his office in terms of the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments. In either case, he is eligible to be reappointed.</p> <p>Resignation</p> <p>An appointed Director may resign from his directorship by a letter addressed to the Minister under whose purview the Bank falls and any Director who vacates office by ending the term is eligible for Re-appointment. If it is due to a special reason, it is expected to be indicated in their resignation letter.</p> <p>Please refer details on appointments and resignations of Directors given on Page no 121.</p>
A.9	<p>Appraisal of Board and its subcommittees</p> <p>An annual self-evaluation of its own performance is undertaken by the Board and Board subcommittees to ensure that Board's and that of its subcommittees' responsibilities are satisfactorily discharged. The collective outcome is reviewed and addressed by the Board. The members of the Board subcommittees collectively evaluated the performance of the subcommittees for effectiveness and efficiency.</p>
A.10	<p>Disclosure of information in respect of Directors in the Annual Report</p> <p>The following information pertaining to Directors are included in the Annual Report:</p> <p>Profiles of the Directors covering name, qualifications, nature of expertise and whether Executive/ Non-Executive are indicated on pages 26 to 29.</p> <p>Directors' Interest in contracts with the Bank on page 173.</p> <p>Remuneration paid to Directors in Note 17 to the Financial Statements on page 218.</p> <p>Related party information indicated on pages 314 to 319 Directorships in other companies indicated on page 173.</p> <p>Membership of subcommittees and the number of Board and subcommittee meetings attended during the year are indicated on page 120.</p>
A.11	<p>Appraisal of the Chief Executive Officer/ General Manager</p> <p>The performance evaluation of the General Manager is carried out annually based on the targets set at the commencement of the fiscal year in line with Strategic Plan by the Human Resources and Remuneration Committee and the final report is submitted to the Board.</p>
B	Directors' remuneration
B .1	There is a formal Remuneration Policy in place for the Chairman and Board of Directors (all Non-Executive) which was reviewed and revised in 2024. The above policy is formulated based on the circulars issued by the Government, the shareholder, from time to time and other applicable legislation. No Director is involved in deciding his/ her remuneration.

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Sections referred to in the Code	Compliance status
B.2	Human Resource and Remuneration Committee The remuneration of Directors is decided based on the circulars issued by the Government, the shareholder, from time to time and other applicable legislation.
B.2	The Bank's Human Resources and Remuneration Committee accordingly has no role in deciding the remuneration of Directors. (It however recommends the remuneration of Senior Executives.)
B.3	Disclosure of remuneration Details of remuneration paid to the Board as a whole is indicated on page 218. The composition of the Human Resources and Remuneration Committee appears on page 136. The Compensation to KMP is given on page 315.
C	Relations with shareholders
C.1	The Government of Sri Lanka being the sole shareholder of the Bank, the Bank's communication with the shareholder happens in various forms. A Government representative (an officer from the Ministry of Finance) is on the Board, directly representing the shareholder and the Annual Report is placed before the Parliament of Sri Lanka and is open to question by the Parliament.
C.2	Board approved Communication Policy is in place. Major issues and concerns of the shareholder viz. Government of Sri Lanka are discussed during the Board meetings with the participation of the direct Government representative on the Board and is elevated to the Ministry or higher levels as may be necessary. The Communication Policy in place guides the Bank on effective communication with internal and external stakeholders and was reviewed during the year under review.
C.3	There were no transactions that were entered into by the Directors which would materially affect the Bank's performance, its net asset base or related party transactions during the year other than what is disclosed under Notes to the Financial Statements on pages 314 to 319.
D	Accountability and audit
D.1	Present a balanced and understandable assessment of the company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects. All measures are taken to ensure that the Annual Report presents a balanced assessment of the Bank's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects in an easily comprehensible manner. The Bank's Financial Statements presented in the Annual Report are balanced, understandable and prepared in accordance with the relevant laws and regulations with any deviation being clearly explained and portrays a true and fair view. It also ensures that a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented to meet statutory requirements. The Chief Financial Officer and the General Manager of the Bank give a statement indicating that the financial statements provide a true and fair view of the state of affairs of the Bank of Ceylon and its Group. The Financial Statements are reviewed and deliberated by the Board Audit Committee before recommending to the Board for its approval for publication. For the purpose of fulfilling the disclosure requirements, the following statements are included in the Annual Report – Annual Report of the Directors on the State of Affairs of the Bank on pages 168 and 172. Directors' Statement on Internal Control over Financial Reporting on pages 174 and 175 Management Discussion and Analysis under Financial Review pages 66 and 72. Report on Related Party Transactions of the Key Management Personnel and their Close Family Members appearing on pages 314 and 319. Statement of Directors' Responsibility for Financial Reporting on page 177. Report of the Auditor General on pages 178 to 182. Management Discussion and Analysis under Financial Review on pages 66 to 72.
D.2	Process of risk management and a sound system of internal control to safeguard shareholder's investments and the Bank's assets. The Board is responsible for determining the nature and extent of the principal risks that it is willing to take in achieving its strategic objectives and the Board Integrated Risk Management Committee is there to facilitate the Board in fulfilling its oversight responsibilities in regard to the existence, operation and effectiveness of the risk management programmes, policies and practices employed by the Bank to manage various types of risks, including compliance programmes. There is a Risk Management framework to identify, assess, monitor and manage risks with clear delegation of responsibilities to ensure its effectiveness in supporting achievements of the strategic, operational and financial objectives of the Bank.

Sections referred to in the Code	Compliance status
	<p>The Board Audit Committee assists the Board in achieving the objective of the Bank's system of internal controls including operational, financial and compliance among other responsibilities of the Committee.</p> <p>The Board monitors the Bank's risk management and internal control systems through the Integrated Risk Management Committee and Audit Committee respectively and carries out a review of the said Committees' effectiveness annually.</p> <p>Bank of Ceylon has a well-equipped Internal Audit Department to carry out the internal audit function of the Bank. The Auditor General is the External Auditor of the Bank.</p> <p>The annual statutory audit is carried out by National Audit Office or appointed qualified independent auditor under the supervision of the Auditor General.</p>
Section 3(6) of the Banking D.3	<p>Audit Committee</p> <p>The Board Audit Committee comprised exclusively of Non-Executive Directors during the year under review. The Chairman of the Committee during the year under review was an Independent Non- Executive Director. The Chairman and the members of the Audit Committee had relevant experience in financial reporting and control. The changes in the Audit Committee during the year are indicated in the Audit Committee Report on pages 131 and 132.</p> <p>The Board Audit Committee assists the Bank's Board in fulfilling its oversight responsibilities.</p> <p>The Board Audit Committee ensures the carrying out of the reviews of the processes and effectiveness of risk management and internal controls and audit reports are submitted to the Committee. The role and responsibilities of the Audit Committee are disclosed in the Audit Committee Report appearing on pages 131 and 132 of this Annual Report.</p> <p>The Audit Committee has a written Terms of Reference which clearly defines its role and responsibilities and it was reviewed during the year. The activities performed by the Committee during the year under review appear on pages 131 and 132 of this Annual Report.</p>
D.4	<p>Integrated Risk Management Committee (IRMC)</p> <p>IRMC oversee the risk culture, risk appetite, risk identification and classification, rating and management of risk. The Committee composition and the activities carried out during the year are indicated in pages 133 and 135.</p>
D.5	<p>Related party transactions</p> <p>The Bank has a Board approved policy on related party transactions in place covering related parties, their transactions and restrictions on offering more favourable treatment to related parties in order for the Board members to avoid any conflict of interest in this regard.</p> <p>The newly established Board Related Party Transactions Review Committee, consists of a minimum of three (3) non-executive directors, out of which two are independent directors as defined by the CSE Listing Rules. One meeting was held during the last quarter of the year 2024.</p> <p>The Report on the Related Party Transactions of the Key Management Personnel and their Close Family Members appear on page 142 of this Annual Report.</p>
D.6	<p>Code of Business Conduct and Ethics</p> <p>The Bank maintains a Code of Ethics for the employees of the Bank and a separate Code of Business Conduct and Ethics for the Directors and an acknowledgement is obtained for affirmation of compliance with the Codes. A Whistleblower Policy is in place which enables prompt reporting of illegal and fraudulent reporting. These policies were reviewed during the year.</p>
D.7	<p>Corporate Governance disclosures</p> <p>The Corporate Governance Report which is appearing on pages 113 to 130 discloses the extent to which the Bank adheres to established principles and practices of corporate governance. Compliance with the provisions of the Code of Best Practice on Corporate Governance is indicated in this report.</p>
F	<p>Shareholder</p>
F.1 and F.2	<p>The Government of Sri Lanka is the sole shareholder of the Bank.</p>
G	<p>Internet of things and cybersecurity</p> <p>The Bank has a process in place to identify as to how the Bank's business model, IT devices within and outside the Bank can connect to the Bank's network to send and receive information and the consequent Cybersecurity risks that may affect the business.</p> <p>A Board approved Information Security Policy is in place which provides the management with direction and support to ensure protection of the Bank's information assets.</p>

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Sections referred to in the Code	Compliance status
	<p>In addition, the Integrated Risk Management Committee assists the Board in ensuring that the Bank is protected from Cybersecurity threats by recommending and following up on vulnerability assessments and reporting to the Board. Processes to identify and manage Cybersecurity risks are included in the Risk Management Report of this Annual Report on pages 143 to 166.</p> <p>The Bank has appointed a Chief Information Security Officer, in order to implement the Cybersecurity Risk Management Policy.</p> <p>The Board Information and Communication Technology Committee assists the Board of Directors in fulfilling its oversight responsibilities related to information and communication technology and provides appropriate advice and recommendations to facilitate decision-making by the Board in regard to Cybersecurity measures amongst others.</p>
H	<p>Sustainability: ESG Risk and Opportunities.</p> <p>ESG related disclosures appear in pages 59 to 61 of this Annual Report.</p>
I	<p>Establishment and Maintenance of Policies</p> <p>1.1 & 1.2 Policies relating to following areas are in place in 2024:</p> <ul style="list-style-type: none">(a) Matters relating to the board of directors(b) Board committees(c) Corporate governance, nominations, and re- election(d) Remuneration(e) Internal code of business conduct and ethics for all directors and employees, including policies on trading in the entity's listed securities(f) Risk management and internal controls(g) Relations with shareholders and investors(h) Environmental, social and governance sustainability(i) Control and management of company assets and shareholder investments(j) Corporate disclosures(k) Whistleblowing(l) Anti-bribery and corruption

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
3. (1)	The Responsibilities of the Board	
3. (1) (i)	The Board shall strengthen the safety and soundness of the Bank by ensuring the implementation of the following:	
	<p>a. Approve and oversee the Bank's strategic objectives and corporate values and ensure that these are communicated throughout the Bank;</p> <p>Strategic objectives are formulated and values are reviewed at sessions held with the participation of the Board and the Key Management Personnel. The Board approved Strategic Plan together with the corporate values were communicated to staff up to Branch Manager level at an offsite location where the Strategy Plan was launched and reinforced by the Corporate Management Team. All other levels of staff were informed through regular briefing sessions and at meetings.</p> <p>The Board approved Strategic Plan for 2025 to 2029 and the Budget for 2025 is in place. The Corporate values are included in the intranet.</p>	✓
	<p>b. Approve the overall business strategy of the Bank, including the overall risk policy and risk management procedures and mechanisms with measurable goals, for at least the next five years;</p> <p>The Bank's overall Business Strategy is included in the rolling Strategic Plan prepared for a period of five years and the related Action Plan for the same period is prepared and approved by the Board.</p> <p>The risk appetite, risk management framework and mechanisms have also been approved by the Board in line with the Strategic Plan. Measurable goals for the Bank as a whole have been set and performance is measured in line with these goals.</p>	✓
	<p>c. Identify the principal risks and ensure implementation of appropriate systems to manage the risks prudently;</p> <p>The Board has appointed a Board Integrated Risk Management Committee tasked with approving the Bank's Integrated Risk Management Policy, defining the risk appetite, identifying principal risks, setting governance structures and implementing systems to measure, monitor and manage the principal risks.</p> <p>The Bank has implemented a process where the Board members discuss the risks arising out of new strategies and the ways and means to mitigate such risks.</p> <p>A Board approved Integrated Risk Management Policy covering all areas of major risks is in place.</p> <p>The following reports also provide further details in this regard:</p> <ul style="list-style-type: none"> • Risk Management Report on pages 113 to 130. • Integrated Risk Management Committee Report on pages 133 and 135. 	✓
	<p>d. Approve implementation of a policy of communication with all stakeholders, including depositors, creditors, shareholders and borrowers;</p> <p>The Board has approved and implemented a Communication Policy covering all stakeholders which was reviewed during the year under review.</p>	✓
	<p>e. Review the adequacy and the integrity of the Bank's internal control systems and management information systems;</p> <p>The Board Audit Committee which reports to the Board is tasked with reviewing the adequacy and the integrity of the Bank's Internal Control System over Financial Reporting. This Committee reviewed reports from the Internal Audit Department, which reports directly to the Audit Committee and from the External Auditors in carrying out this task. The Board Audit Committee regularly follows up on the rectifications of the findings of the regulators as a tool for further strengthening the Internal Control System.</p> <p>Internal Audit Department is tasked with the responsibility of conducting information systems audits to assess the effectiveness of the Management Information System (MIS). The Board has reviewed the adequacy of the MIS and the Internal Control System.</p>	✓
	<p>f. Identify and designate Key Management Personnel;</p> <p>The Bank has identified the Assistant General Managers and officers in the grades above that as well as the officers in allied grades as Key Management Personnel (KMP) of the Bank for corporate governance purposes.</p>	✓
	<p>g. Define the areas of authority and key responsibilities for the Board of Directors themselves and for the Key Management Personnel;</p> <p>Areas of authority and key responsibilities have been defined for the Directors and KMP through the Board Charter and position descriptions of KMP.</p> <p>A Board approved Board Charter is in place which was reviewed during the year under review.</p>	✓

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
	<p>h. Ensure that there is appropriate oversight of the affairs of the Bank by Key Management Personnel, that is consistent with Board policy;</p> <p>Performance against the Bank's Strategic Plan is reviewed by the Board based on the Action Plan.</p> <p>Key Management Personnel make presentations where necessary to the Board on matters under their purview and are also called in by the Board as and when needed to explain matters relating to their areas.</p>	✓
	<p>i. Periodically assess the effectiveness of the Board Directors' own governance practices, including:</p> <p>(i) The selection, nomination and election of Directors and Key Management Personnel</p> <p>(ii) The management of conflicts of interests; and</p> <p>(iii) The determination of weaknesses and implementation of changes where necessary;</p> <p>A self-evaluation of the performance of the Board is carried out annually assessing its own governance practices. The areas that need improvements are identified and followed up. The self-assessment of the Board of Directors was carried out for the year 2024 based on the individual evaluation submitted by the continuing Directors on the Board.</p> <p>A Board approved Policy for the Appointment of Directors to the Board of Bank of Ceylon is in place. A Board approved Conflict of Interest Policy is in place. These two policies were reviewed during the year.</p>	
	<p>j. Ensure that the Bank has an appropriate succession plan for Key Management Personnel;</p> <p>A Board approved succession plan for KMP is in place which was reviewed, revised and recommended to the Board by the Nomination and Corporate Governance Committee.</p>	✓
	<p>k. Meet regularly, on a needs basis, with the Key Management Personnel to review policies, establish communication lines and monitor progress towards corporate objectives;</p> <p>Key Management Personnel are regularly present or are called in for discussions at the meetings of the Board and its subcommittees on policy and other matters relating to their areas. Progress towards the corporate objectives is monitored based on the Strategic Plan.</p>	✓
	<p>l. Understand the regulatory environment and ensure that the Bank maintains an effective relationship with regulators;</p> <p>On appointment as Directors, they are furnished with all applicable regulatory requirements pertaining to the Bank with the "Board Manual" given in e-form.</p> <p>The Board members are also briefed about developments in the regulatory environment at Board meetings to ensure that their knowledge is updated regularly to facilitate effective discharge of their responsibilities. Any relevant communication from a regulator is brought to the notice of the Board and they attend any meetings/ training sessions/ workshops/ seminars arranged by the regulators.</p> <p>The Board is informed of regulatory requirements pertaining to Chennai, Maldives, and Seychelles operations of the Bank through the reports submitted on the performance of overseas branches.</p>	✓
	<p>m. Exercise due diligence in the hiring and oversight of External Auditors.</p> <p>As provided for in the Constitution of the country, the Auditor General is the External Auditor of the Bank as it is a state-owned enterprise.</p>	✓
3 (1) (ii)	<p>The Board shall appoint the Chairman and the Chief Executive Officer and define and approve the functions and responsibilities of the Chairman and the Chief Executive Officer in line with Direction 3 (5) of these Directions.</p> <p>Complied with when read in conjunction with Direction No. 3 (9) (ii). The Chairman is appointed by the Minister under whose purview the Bank falls in terms of the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments. There was no chairman during the period 23.09.2024 to 03.11.2024.</p> <p>The Board is vested with the authority to appoint the Chief Executive Officer referred to as the General Manager in the Bank of Ceylon with the approval of the said Minister.</p> <p>Mr W P R P H Fonseka, who was appointed as the General Manager of Bank of Ceylon with effect from 14 January 2023 continues his service till 05 August 2025. A newly formulated Promotion Policy for selection for the position of the General Manager of the Bank is in place and necessary action is taken in regard to the appointment of the next General Manager of the Bank.</p>	✓
3 (1) (iii)	<p>The Board shall meet regularly and Board meetings shall be held at least twelve times a year at approximately monthly intervals. (Bank has fortnightly meetings) Such regular Board meetings shall normally involve active participation in person of a majority of Directors entitled to be present. Obtaining the Board's consent through the circulation of written resolutions/ papers shall be avoided as far as possible.</p>	✓

Section	Principle, Compliance and Implementation	Complied
	<p>Regular fortnightly Board meetings are held and special meetings are scheduled as and when the need arises. During the year under review the Board met twenty-six (26) times.</p> <p>The Bank endeavours to minimise obtaining approval via circular resolutions and it is done only on an exceptional basis and such resolutions are ratified by the Board at the next meeting. During the year 2024, sixteen (16) such resolutions have been adopted by circulation.</p>	
3 (1) (iv)	<p>The Board shall ensure that arrangements are in place to enable all Directors to include matters and proposals in the agenda for regular Board meetings where such matters and proposals relate to the promotion of business and the management of risks of the Bank.</p> <p>Meetings are scheduled and the Board is informed at the beginning of each calendar year to enable submission of proposals to the agenda for regular Board meetings.</p>	✓
3 (1) (v)	<p>The Board procedures shall ensure that notice of at least seven days is given of a regular Board meeting to provide all Directors an opportunity to attend. For all other Board meetings, reasonable notice may be given.</p> <p>Notice of meetings are given through an Annual Calendar at the beginning of the year. Additionally, before every meeting another notice is sent giving more than seven days' notice.</p> <p>Reasonable notice is given before any special meeting and consent of all Directors is obtained prior to scheduling a special meeting.</p>	✓
3 (1) (vi)	<p>The Board procedures shall ensure that a Director who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a Director. Participation at the Directors' meetings through an alternate Director shall, however, be acceptable as attendance.</p> <p>The Directors are apprised of the need for their attendance to be in accordance with the Corporate Governance Code. Details of the Directors' attendance are set out on page 120.</p> <p>Directors' attendance has been in compliance with this Direction.</p>	✓
3 (1) (vii)	<p>The Board shall appoint a Company Secretary who satisfies the provisions of Section 43 of the Banking Act No. 30 of 1988, whose primary responsibilities shall be to handle the secretariat services to the Board and shareholder meetings and to carry out other functions specified in the statutes and other regulations.</p> <p>The Secretary, Bank of Ceylon/Secretary to the Board is an Attorney at- Law, whose credentials/ qualifications are in compliance with the provisions of Section 43 of the Banking Act No. 30 of 1988 and its amendments.</p>	✓
3 (1) (viii)	<p>All Directors shall have access to advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed.</p> <p>All members of the Board have the opportunity to obtain the advice and services of the Secretary to the Board who is an Attorney-at- Law and is responsible to the Board for follow-up of Board procedures, compliance with rules and regulations, directions and statutes.</p>	✓
3 (1) (ix)	<p>The Company Secretary shall maintain the minutes of Board meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any Director.</p> <p>The Secretary, Bank of Ceylon/Secretary to the Board maintains the minutes of the Board meetings and circulates the same to all Board members through a secure e-Solution.</p> <p>The minutes are approved at the subsequent Board meeting.</p> <p>Additionally, the Directors have access to the past Board papers and minutes through the same e-Solution.</p>	✓
3 (1) (x)	<p>Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties. The minutes shall also serve as a reference for regulatory and supervisory authorities to assess the depth of deliberations at the Board meetings. Therefore, the minutes of a Board meeting shall clearly contain or refer to the following:</p> <ol style="list-style-type: none"> A summary of data and information used by the Board in its deliberations; The matters considered by the Board; The fact-finding discussions and the issues of contention or dissent which may illustrate whether the Board was carrying out its duties with due care and prudence; The testimonies and confirmations of relevant executives which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; 	✓

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
	<p>e. The Board's knowledge and understanding of the risks to which the Bank is exposed and an overview of the risk management measures adopted; and</p> <p>f. The decisions and Board resolutions.</p> <p>Minutes of the meetings are kept covering the given criteria.</p>	
3 (1) (xi)	<p>There shall be a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Bank's expense. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Director or Directors to discharge his/ her/ their duties to the Bank.</p> <p>A Policy for Directors' Access to Independent Professional Advice is in place which was reviewed during the year under review. The Directors are able to obtain independent professional advice when deemed necessary based on this policy.</p>	✓
3 (1) (xii)	<p>Directors shall avoid conflicts of interests, or the appearance of conflicts of interest, in their activities with, and commitments to, other organisations or related parties. If a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter should be dealt with at a Board meeting, where Independent Non-Executive Directors [refer to Direction 3 (2) (iv) of these Directions] who have no material interest in the transaction, are present. Further, a Director shall abstain from voting on any Board resolution in relation to which he/ she or any of his/ her close relation or a concern in which a Director has substantial interest, is interested and he/s he shall not be counted in the quorum for the relevant agenda item at the Board meeting.</p> <p>When there is a situation of a Conflict of Interest the Directors are conscious of their obligation to deal in accordance with the applicable regulations. A Board approved Policy on Conflict of Interest is in place, which was reviewed during the year under review. As a practice at every Board meeting, Directors are required to declare any interest in contracts/ new appointments to any other Board or Institution. Directors abstain from participating in the discussions, voicing their opinion or approving in situations where there is a conflict of interest.</p>	✓
3 (1) (xiii)	<p>The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the Direction and control of the Bank is firmly under its authority.</p> <p>Powers reserved for the Board are included in the Board Charter.</p>	✓
3 (1) (xiv)	<p>The Board shall, if it considers that the Bank is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of Bank Supervision of the situation of the Bank prior to taking any decision or action.</p> <p>Such a situation has not arisen during the year 2024. Monthly Financial Statements submitted to the Board assures the Board of the Bank's solvency.</p>	✓
3 (1) (xv)	<p>The Board shall ensure that the Bank is capitalised at levels as required by the Monetary Board in terms of the Capital Adequacy Ratio and other prudential grounds.</p> <p>The Board ensures that the Bank is capitalised at levels required by the Monetary Board in terms of the Capital Adequacy Ratio (CAR) and other prudential grounds.</p> <p>Calculation of CAR is submitted to the Board with the monthly Financial Statements of the Bank.</p>	✓
3 (1) (xvi)	<p>The Board shall publish in the Bank's Annual Report, an Annual Corporate Governance Report setting out the compliance with Direction 3 of these Directions.</p> <p>These disclosures are part of the Corporate Governance Report in the Bank's Annual Report.</p>	✓
3 (1) (xvii)	<p>The Board shall adopt a scheme of self-assessment to be undertaken by each Director annually, and maintain records of such assessments.</p> <p>A scheme of self-assessment is adopted. The self-assessment reports of the Board members are maintained by the Secretary, Bank of Ceylon/Secretary to the Board.</p> <p>In respect of year 2024, this assessment was carried out with the Directors who are continuing on the Board since new appointments were made at the latter part of 2024.</p>	
3 (2)	The Board's Composition	
3 (2) (i)	<p>The number of Directors on the Board shall not be less than 7 and not more than 13.</p> <p>According to the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, the number of Directors permitted on the Board of Bank of Ceylon is six. However, Banking Act Determination No 03 of 2024 mandates it to be Seven Directors and the appointment is awaited.</p> <p>Composition of the Board in 2024 is given under Direction No. 3 (2) (viii) of this compliance report. Details of the Board are included in page 171 of the Annual Report.</p>	

Section	Principle, Compliance and Implementation	Complied
	Amendments proposed to the Bank of Ceylon Ordinance which include increasing the number of Directors to accommodate the requirement of this Direction is in the approval process. With the new Banking Act Determination no. 03 of 2024, Bank has to have a minimum of 10 Directors by 01.06.2025.	
3 (2) (ii)	<p>(A) The total period of service of a Director other than a Director who holds the position of Chief Executive Officer shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such Director up to 01 January 2008.</p> <p>Directors of Bank of Ceylon have been in office for periods less than nine years.</p> <p>Details of their appointments/ cessations/ resignations are included in the Annual Report on page 121.</p>	✓
3 (2) (iii)	<p>An employee of a bank may be appointed, elected or nominated as a Director of the Bank (hereinafter referred to as an "Executive Director") provided that the number of Executive Directors shall not exceed one-third of the number of Directors of the Board. In such an event, one of the Executive Directors shall be the Chief Executive Officer of the Bank.</p> <p>Bank of Ceylon Ordinance does not provide for Executive Directors in Bank of Ceylon.</p>	✓
3 (2) (iv)	<p>The Board shall have at least three Independent Non-Executive Directors or one-third of the total number of Directors, whichever is higher. This sub-direction shall be applicable from 01 January 2010 onwards.</p> <p>A Non-Executive Director shall not be considered independent if he/she:</p> <ol style="list-style-type: none"> Has direct and indirect shareholdings of more than 1% of the Bank; Currently has or had during the period of two years immediately preceding his/ her appointment as director, any business transactions with the Bank as described in Direction 3 (7) hereof, exceeding 10% of the regulatory capital of the Bank; Has been employed by the Bank during the two-year period immediately preceding the appointment as Director; Has a close relation who is a Director or Chief Executive Officer or a member of Key Management Personnel or a material shareholder of the Bank or another bank. For this purpose, a "close relation" shall mean the spouse or a financially dependent child; Represents a specific stakeholder of the Bank; Is an employee or a Director or a material shareholder in a Company or business organisation: <ol style="list-style-type: none"> which currently has a transaction with the Bank as defined in Direction 3 (7) of these Directions, exceeding 10% of the regulatory capital of the Bank; or in which any of the other Directors of the Bank are employed or are Directors or are material shareholders; or In which any of the other Directors of the Bank have a transaction as defined in Direction No. 3 (7) of these Directions, exceeding 10% of regulatory capital in the Bank. <p>Only the Director representing the Ministry of Finance is considered Non- Independent since he represents the shareholder, the Government of Sri Lanka. They are identified under the profiles of the Directors and also under Direction No. 3 (2) (viii) below.</p>	✓
3 (2) (v)	<p>In the event an Alternate Director is appointed to represent an Independent Director, the person so appointed shall also meet the criteria that applies to the Independent Director.</p> <p>No Alternate Director has been appointed to represent any Independent Director.</p>	✓
3 (2) (vi)	<p>Non-Executive Directors shall be persons with credible track records and/ or have necessary skills and experience to bring an independent judgement to bear on issues of strategy, performance, and resources.</p> <p>The profiles of the Directors who were on the Board of Bank Ceylon is appearing on pages 26 to 29 spell out the necessary information.</p>	✓
3 (2) (vii)	<p>A meeting of the Board shall not be duly constituted, although the number of Directors required to constitute the quorum at such meeting is present, unless more than one half of the number of Directors present at such meeting are Non-Executive Directors. This sub-direction shall be applicable from 01 January 2010 onwards.</p> <p>All the Board members of Bank of Ceylon are Non-Executive Directors.</p>	✓
3 (2) (viii)	<p>The Independent Non-Executive Directors shall be expressly identified as such in all corporate communications that disclose the names of Directors of the Bank. The Bank shall disclose the composition of the Board, by category of Directors, including the names of the Chairman, Executive Directors, Non-Executive Directors and Independent Non-Executive Directors in the Annual Corporate Governance Report.</p>	✓

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
	<p>Directors during the year 2024 and as at present are given below:</p> <p>Mr Kavan Ratnayaka Chairman/ Independent Non-Executive Director (Appointed w.e.f. 14 March 2024 and resigned w.e.f. 22 September 2024)</p> <p>Mr Kavinda M L de Zoysa Chairman/ Independent Non-Executive Director (Appointed w.e.f. 14 November 2024)</p> <p>Mr R M P Rathnayake Non Independent Non-Executive Ex-officio Director (Appointed w.e.f. 28 April 2020 and again was Re-appointed w.e.f. 29 April 2023 and resigned w.e.f. 06 November 2024 upon his retirement from the Government service as the Deputy Secretary to the Treasury). Thereafter, he was appointed as an Independent Non-Executive Director w.e.f. 20 December 2024.</p> <p>Dr. Kapila Senanayake Non Independent Non-Executive Ex officio Director (Appointed w.e.f. 14 November 2024)</p> <p>Prof. Kithsiri M Liyanage Independent Non-Executive Director (Appointed w.e.f. 31 March 2023 (Resigned w.e.f. 28 November 2024)</p> <p>Mr Naresh Abeyesekera Independent Non-Executive Director (Appointed w.e.f. 04 May 2023 and resigned w.e.f. 13 November 2024)</p> <p>Mr Jehaan Ismail Independent Non-Executive Director (Appointed w.e.f. 07 February 2024)</p> <p>Mr Jayamin Pelpola Independent Non-Executive Director (Appointed w.e.f. 22 February 2024)</p> <p>Dr. Amal Illesinghe Independent Non-Executive Director (Appointed w.e.f. 06 December 2024)</p>	
3 (2) (ix)	<p>There shall be a formal, considered and transparent procedure for the appointment of new Directors to the Board. There shall also be procedures in place for the orderly succession of appointments to the Board.</p> <p>Appointments to the Board are made by the shareholder, the Government of Sri Lanka through the Minister under whose purview the Bank falls in terms of the provisions of Bank of Ceylon Ordinance No. 53 of 1938 and its amendments. A Board approved policy for the appointment of Directors to the Board of Bank of Ceylon is in place describing the skills, experience, knowledge etc. required to be considered to be appointed to the Board and the appointment process which is shared with the relevant Ministry.</p>	
3 (2) (x)	<p>All Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first General Meeting after their appointment.</p> <p>This does not arise since the relevant Minister appoints Directors.</p>	
3 (2) (xi)	<p>If a Director resigns or is removed from office, the Board shall</p> <ol style="list-style-type: none"> Announce the Director's resignation or removal and the reasons for such removal or resignation including but not limited to information relating to the relevant Director's disagreement with the Bank, if any; and Issue a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders. <p>The Government of Sri Lanka, the sole shareholder of the Bank does the appointments as well as the removals through the Minister under whose purview the Bank falls. Any resignation is also referred to the same Minister. The Central Bank of Sri Lanka, Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange are kept informed of the resignations.</p> <p>The shareholder of the Bank is the Government and the changes to the Directorate are carried out by the Government through the subject Minister.</p>	✓
3 (2) (xii)	<p>A Director or an employee of a bank shall not be appointed, elected or nominated as a Director of another bank except where such bank is a subsidiary company or an associate company of the first mentioned bank.</p>	✓

Section	Principle, Compliance and Implementation	Complied
	Neither Directors nor employees of Bank of Ceylon are Directors of another Bank, other than for the appointment of a Deputy General Manager to the Pradeshiya Sanwardana Bank as per the requirements of the enabling enactments of this Bank (Pradeshiya Sanwardana Bank Act No. 41 of 2008 which has now been resolved in terms of the Section 42(3) and 76H of the Banking Act, no. 30 of 1988, as amended.	
3 (3)	Criteria to Assess the Fitness and Propriety of Directors	
3 (3) (i)	The age of a person who serves as Director shall not exceed 70 years. a. In this context, the following general exemption shall apply: A Director who has reached the age of 70 years as at 01 January 2008 or who would reach the age of 70 years prior to 31 December 2008 may continue in office for a further maximum period of three years commencing 01 January 2009. None of the Directors of the Bank are over 70 years of age.	✓
3 (3) (ii)	A person shall not hold office as a Director of more than 20 companies/ entities/ institutions inclusive of subsidiaries or associate companies of the Bank. No Director holds directorships of more than 20 companies/ entities, etc. A declaration is obtained in this regard upon their appointment to the Board of Bank of Ceylon and at the year end.	✓
3 (3) (iii)	A Director or a Chief Executive Officer of a licensed bank operating in Sri Lanka shall not be appointed as a Director or a Chief Executive Officer of another licensed bank operating in Sri Lanka before the expiry of a period of six months from the date of cessation of his/ her office at the licensed bank in Sri Lanka. Any variation thereto in exceptional situations such as where expertise of retiring bankers may be required when reconstituting Boards of licensed banks which need restructuring, shall be subject to the prior approval of the Monetary Board. In this regard, licensed banks shall ensure to adhere to the requirement of the cooling-off period when appointing Directors or Chief Executive Officer. If a Director is appointed to the licensed bank by an appointing authority violating these Directions, the licensed bank shall take steps to prevent such appointee from exercising any powers or enjoying any privileges or against this direction. This situation has not arisen during the year under review.	✓
3 (4)	Management Functions Delegated by the Board	
3 (4) (i)	The Directors shall carefully study and clearly understand the delegation arrangements in place.	✓
3 (4) (ii)	The Board shall not delegate any matters to a Board Committee, Chief Executive Officer, Executive Directors or Key Management Personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	
3 (4) (iii)	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the Bank. The Board periodically reviews and approves the delegation arrangements in place and ensures that the extent of delegation addresses the needs of the Bank whilst enabling the Board to discharge their functions effectively. The provisions in the governing ordinance are considered in this process.	
3 (5)	The Chairman and Chief Executive Officer	
3 (5) (i)	The roles of Chairman and Chief Executive Officer shall be separate and shall not be performed by the same individual. The positions of the Chairman and the Chief Executive Officer referred to as the General Manager in Bank of Ceylon are held by two different individuals. A Board Charter is in place defining the responsibilities of the Chairman and the General Manager.	✓
3 (5) (ii)	The Chairman shall be a Non-Executive Director and preferably an Independent Director as well. In the case where the Chairman is not an Independent Director, the Board shall designate an Independent Director as the Senior Director with suitably documented Terms of Reference to ensure a greater independent element. The designation of the Senior Director shall be disclosed in the Bank's Annual Report. The Chairman of Bank of Ceylon is considered as an Independent Non-Executive Director and as such the need to appoint a Senior Independent Director did not arise.	✓
3 (5) (iii)	The Board shall disclose in its Corporate Governance Report, which shall be an integral part of its Annual Report, the identity of the Chairman and the Chief Executive Officer and the nature of any relationship [including financial, business, family or other material/ relevant relationship(s)], if any, between the Chairman and the Chief Executive Officer and the relationships among members of the Board. The identity of the Chairman and the General Manager are disclosed in the Annual Report. There are many references to these two roles throughout. No material, financial, business or family relationships exists between the Chairman, General Manager and other members of the Board.	✓

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Section	Principle, Compliance and Implementation	Complied
3 (5) (iv)	<p>The Chairman shall:</p> <ul style="list-style-type: none"> (a) provide leadership to the Board; (b) ensure that the Board works effectively and discharges its responsibilities; and (c) Ensure that all key and appropriate issues are discussed by the Board in a timely manner. 	✓
3 (5) (v)	<p>The Chairman shall be primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The Chairman may delegate the drawing up of the agenda to the Company Secretary.</p> <p>The Secretary, Bank of Ceylon/ Secretary to the Board draws up the agenda under the authority delegated by the Chairman based on the memoranda submitted through the General Manager. Any other relevant items proposed by any Board member are also included into the agenda.</p>	✓
3 (5) (vi)	<p>The Chairman shall ensure that all Directors are properly briefed on issues arising at Board meetings and also ensure that Directors receive adequate information in a timely manner.</p> <p>The Chairman ensures that the Board is adequately briefed. The following procedures are in place to ensure this:</p> <ul style="list-style-type: none"> • Board papers are circulated well prior to the Board meetings through a secured electronic link except for few exceptions which are submitted late, if urgent. • Pre-Board meetings are held when required. • Relevant members of the Management Team are on standby for any explanations and clarifications. • Management information is provided in agreed formats on a regular basis to enable Directors to assess the performance and stability of the Bank. • Directors are able to seek independent professional advice on a needs basis at the Bank's expense. There is a policy in place in this regard. 	✓
3 (5) (vii)	The Chairman shall encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Bank.	✓
3 (5) (viii)	<p>The Chairman shall facilitate the effective contribution of Non- Executive Directors in particular and ensure constructive relations between Executive and Non-Executive Directors.</p> <p>The entire Board consists of Non-Executive Directors.</p>	✓
3 (5) (ix)	<p>The Chairman, shall not engage in activities involving direct supervision of Key Management Personnel or any other executive duties whatsoever.</p> <p>Chairman is an Independent Non-Executive Director.</p>	✓
3 (5) (x)	<p>The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.</p> <p>Effective communication is maintained with the Government of Sri Lanka who is the sole shareholder. The Ex-officio Director acts as the channel between the Board and the shareholder.</p>	✓
3 (5) (xi)	<p>Chief Executive Officer shall function as the apex executive-in charge of the day-to-day management of the Bank's operations and business.</p> <p>The day-to-day operations of the Bank is the responsibility of the General Manager. The Board Charter specifically refers to such authority of the General Manager.</p>	✓
3 (6)	Board Appointed Committees	
3 (6) (i)	<p>Each bank shall have at least four Board committees as set out in Directions 3 (6) (ii), 3 (6) (iii), 3 (6) (iv) and 3 (6) (v) of these Directions. Each committee shall report directly to the Board. All committees shall appoint a secretary to arrange the meetings and maintain minutes, records, etc., under the supervision of the Chairman of the committee.</p> <p>The Board shall present a report of the performance on each committee, on their duties and roles at the Annual General Meeting.</p> <p>Four subcommittees of the Board (viz. Audit, Human Resources and Remuneration, Nomination and Corporate Governance and Integrated Risk Management) have been established as required under this Direction which are reporting directly to the Board. In addition, the Information and Communication Technology (ICT) Committee and the newly introduced Related Party Transaction (RPT) Review Committee are in place. During the year, a Board Credit Committee was in place from 03.04.2024 to 27.11.2024. The Board decided to relook at the Terms of reference of this committee and recommendations are to be considered in this regard.</p>	✓

Section	Principle, Compliance and Implementation	Complied
	<p>The Terms of Reference for each subcommittee are in place and are reviewed annually.</p> <p>The Secretary, Bank of Ceylon/ Secretary to the Board serves as Secretary to all subcommittees (other than for the ICT Committee and RPT Review Committee) and maintains minutes etc. with oversight by the respective Chairpersons. The Chief Information Officer and Deputy General Manager (Finance & Planning) serve as the Secretary to the ICT Committee and RPT Review Committee, respectively.</p> <p>The reports of the subcommittees are included in this Annual Report indicating the activities carried out during the year under review.</p> <p>The Government being the sole shareholder, the Annual Report of the Bank is submitted to the Parliament of Sri Lanka and to the Ministry in charge of the Bank.</p>	
3 (6) (ii)	<p>The following rules shall apply in relation to the Audit Committee:</p> <p>a. The Chairman of the Committee shall be an Independent Non-Executive Director who possesses qualifications and experience in accountancy and/or audit.</p> <p>The Audit Committee was chaired by Mr Naresh Abeyesekera, Independent Non-Executive Director who had the required qualifications and experience, until 13 November 2024 on which date he submitted his resignation. Mr Jayamin Pelpola who has the necessary qualifications and experience was appointed as the chairman w.e.f. 03 February 2025.</p> <p>b. All members of the Committee shall be Non-Executive Directors</p> <p>All Directors of the Bank are Non-Executives.</p> <p>c. The Committee shall make recommendations on matters in connection with:</p> <p>I. The appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes;</p> <p>II. The implementation of the Central Bank Guidelines issued to Auditors from time to time;</p> <p>III. The application of the relevant accounting standards; and</p> <p>IV. The service period, audit fee and any resignation or dismissal of the Auditor; provided that the engagement of the audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term.</p> <p>In accordance with the Terms of Reference, the Audit Committee makes the following recommendations among many others:</p> <ul style="list-style-type: none"> The implementation of the Central Bank Guidelines issued to auditors from time to time. The application of the relevant accounting standards. <p>Since the Auditor General is the External Auditor of the Bank, the Committee has no role to play in the appointment of the External Auditor.</p> <p>d. The Committee shall review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.</p> <p>The Bank's Auditor being the Auditor General, his independence and effectiveness is guaranteed under the Constitution of Sri Lanka.</p> <p>e. The Committee shall develop and implement a policy on the engagement of an External Auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines. In doing so, the Committee shall ensure that the provision by an External Auditor of non-audit services does not impair the External Auditor's independence or objectivity. When assessing the External Auditor's independence or objectivity in relation to the provision of non-audit services, the Committee shall consider:</p> <p>I. Whether the skills and experience of the audit firm make it a suitable provider of the non-audit services;</p> <p>II. Whether there are safeguards in place to ensure that there is no threat to the objectivity and/or independence in the conduct of the audit resulting from the provision of such services by the External Auditor; and</p> <p>III. Whether the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit firm, pose any threat to the objectivity and/or independence of the External Auditor.</p> <p>This does not arise since the Auditor General is the Auditor of the Bank.</p> <p>However, the Committee ensures that provision by an audit firm appointed by the Auditor General to assist him in the audit of the Bank of non-audit services does not impair that firm's independence or objectivity.</p>	<p>✓</p> <p>✓</p> <p>✓</p>

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
f.	<p>The Committee shall, before the audit commences, discuss and finalise with the External Auditors the nature and scope of the audit, including:</p> <p>The scope and the extent of audit have been determined by the Auditor General and M/s Ernst & Young, Chartered Accountants (EY) who assisted the Auditor General in the audit of year 2024.</p>	✓
I.	An assessment of the Bank's compliance with the relevant Directions in relation to corporate governance and the Management's internal controls over financial reporting;	✓
II.	The preparation of Financial Statements for external purposes in accordance with relevant accounting principles and reporting obligations; and	
III.	The coordination between firms where more than one audit firm is involved.	
	EY presented the Audit Plan for year 2024 and the Committee agreed with it.	
g.	<p>The Committee shall review the financial information of the Bank, in order to monitor the integrity of the Financial Statements of the Bank, its Annual Report, accounts and quarterly reports prepared for disclosure, and the significant financial reporting judgements contained therein. In reviewing the Bank's Annual Report and accounts and quarterly reports before submission to the Board, the Committee shall focus particularly on:</p>	✓
I.	Major judgmental areas;	
II.	Any changes in accounting policies and practices;	
III.	Significant adjustments arising from the audit;	
IV.	The going concern assumption; and	
V.	The compliance with relevant accounting standards and other legal requirements.	
	There is a continuing process carried out in reviewing monthly, quarterly, and annual financials of the Bank by the Committee and recommendations are made to the Board.	
h.	<p>The Committee shall discuss issues, problems, and reservations arising from the interim and final audits, and any matters the Auditor may wish to discuss including those matters that may need to be discussed in the absence of Key Management Personnel, if necessary.</p> <p>The Committee discusses issues, problems and reservations arising from the interim and final audits. The representative of the Auditor General was present at Committee meetings throughout. Only, "One Closed door meeting" was held with the said representative during the year under review and such meetings are facilitated at regular Audit Committee meetings by inclusion of an agenda item to that effect.</p>	✓
i.	The Committee shall review the External Auditor's Management Letter and the Management's response thereto.	✓
j.	<p>The Committee shall take the following steps with regard to the internal audit function of the Bank:</p>	✓
I.	<p>Review the adequacy of the scope, functions and resources of the Internal Audit Department, and satisfy itself that the Department has the necessary authority to carry out its work;</p> <p>The Audit Committee reviews and makes necessary recommendations with regard to the adequacy of the scope, functions and resources of the Internal Audit Department. In this regard the time bound Audit Plan which includes scope, function and the existing/required cadre position of the Internal Audit Department is considered by the Committee.</p>	
II.	<p>Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Department;</p> <p>The Committee reviews the internal audit programme and results of the internal audit procedures and ensures that appropriate actions are taken for improvements.</p>	✓
III.	<p>Review any appraisal or assessment of the performance of the head and senior staff members of the Internal Audit Department;</p> <p>The performance evaluation of the Chief Internal Auditor and Senior Staff members of the Internal Audit Department for the year 2024 was carried out.</p>	✓
IV.	<p>Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function;</p> <p>Complied with in regard to the Head of the Internal Audit and any outsourced service providers to the internal audit function. The other senior staff is appointed from amongst the banking staff.</p>	✓

Section	Principle, Compliance and Implementation	Complied
	<p>V. Ensure that the Committee is appraised of resignations of senior staff members of the Internal Audit Department including the Chief Internal Auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning;</p> <p>Such a situation has not arisen during the year.</p>	✓
	<p>VI. Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.</p> <p>According to the organisation structure of the Bank, the Chief Internal Auditor reports directly to the Board through the Audit Committee and he is independent of any operations of the Bank.</p>	✓
	<p>k. The Committee shall consider the major findings of internal investigations and Management's responses thereto.</p> <p>The Audit Committee has reviewed the major findings of internal investigations and management responses thereto.</p>	✓
	<p>l. The Chief Finance Officer, the Chief Internal Auditor and a representative of the External Auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the Committee. However, at least twice a year, the Committee shall meet with the External Auditors without the Executive Directors being present.</p> <p>The Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer and Chief Compliance Officer and the representative of the Auditor General participate at the Committee meetings. The General Manager also attends the meetings on the invitation of the Committee. The members of the Management are invited for any explanations, if necessary. Closed door meetings are included into the agenda of the meetings and the representative of the Auditor General decides to meet based on the necessity. As indicated under "h" above, only one "closed door meeting" was held during the year with the representative of the Auditor General without the presence of the Executives.</p>	✓
	<p>m. The Committee shall have:</p> <p>I. Explicit authority to investigate into any matter within its terms of reference;</p> <p>II. The resources which it needs to do so;</p> <p>III. Full access to information; and</p> <p>IV. Authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.</p>	✓
	<p>n. The Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.</p> <p>The Audit Committee schedules regular meetings. Additional meetings are convened when required.</p> <p>The Committee has met twelve (12) times during the year. The members of the Committee are served with due notice of issues to be discussed and the conclusions in discharging its duties and responsibilities are recorded in the minutes of the meetings.</p>	✓
	<p>o. The Board shall disclose in an informative way,</p> <p>I. Details of the activities of the Audit Committee;</p> <p>II. The number of Audit Committee meetings held in the year; and</p> <p>III. Details of attendance of each individual Director at such meetings.</p> <p>Activities of the Committee are reported in Audit Committee Report in the Annual Report indicated on page 131 to 132.</p> <p>The attendance details of the Committee are disclosed in the Annual Report on page 120.</p>	✓
	<p>p. The Secretary of the Committee (who may be the Company Secretary or the Head of the internal audit function) shall record and keep detailed minutes of the Committee meetings.</p> <p>Minutes are maintained by the Secretary to the Board/ Secretary, Bank of Ceylon who is also the Secretary to the Committee.</p>	✓

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
	<p>q. The Committee shall review arrangements by which employees of the Bank may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the Committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the Bank's relations with the External Auditor.</p> <p>A Board approved Whistle Blower Policy which covers these aspects is in place which was reviewed during the year 2024 and significant findings are reported to the Audit Committee for appropriate follow-up action. The Audit Committee is the key representative body for overseeing the Bank's relations with the External Auditor viz. the Auditor General in the case of Bank of Ceylon.</p>	✓
3 (6) (iii)	<p>The following rules shall apply in relation to the Human Resources and Remuneration Committee:</p> <p>a. The Committee shall determine the remuneration policy (salaries, allowances and other financial payments) relating to Directors, Chief Executive Officer (CEO) and Key Management Personnel of the Bank.</p> <p>The Remuneration for Directors is according to the circulars/ letters issued by the Government of Sri Lanka through the relevant Ministry and the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments. The Bank has adopted a Remuneration Policy based on the said circulars/ letters and the Ordinance, which was revised during the year 2024.</p> <p>The Board approved Remuneration Policy for the Key Management Personnel is in place. The Committee makes recommendations of the remuneration of the KMPs once in three years.</p> <p>The Committee has met six (06) times during the year under review.</p>	✓
	<p>b. The Committee shall set goals and targets for the Directors, CEO and the Key Management Personnel.</p> <p>The Committee sets Key Performance Indicators for the KMP for the year 2025 with the participation of the full Board. Target are set for the Non Executive Directors.</p>	✓
	<p>c. The Committee shall evaluate the performance of the CEO and Key Management Personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance based incentives.</p> <p>Year-end evaluation for 2024 of the members of the corporate management including the General Manager was carried out by this committee other than of the Chief Internal Auditor, Chief Risk Officer and the Chief Compliance Officer since they were evaluated by the respective subcommittees that they are reporting to and summary is to be placed before the committee.</p>	✓
	<p>d. The CEO shall be present at all meetings of the Committee, except when matters relating to the CEO are being discussed.</p>	✓
3 (6) (iv)	<p>The following rules shall apply in relation to the Nomination Committee:</p> <p>The Bank has established a Nomination and Corporate Governance Committee. In addition to the duties of the Nomination Committee given under this Direction, certain other duties pertaining to upholding the applicable Corporate Governance Principles are included under the Terms of Reference of this Committee. The Charter for the Committee was reviewed during the year 2024.</p> <p>The Committee has met eleven (11) times during the year under review.</p>	
	<p>a. The Committee shall implement a procedure to select/ appoint new Directors, CEO, and Key Management Personnel.</p> <p>The Directors are appointed by the Minister under whose purview the Bank falls. A Policy on Appointment of Directors (Internally prepared) has been shared with the Line Ministry. According to the provisions of the Bank of Ceylon Ordinance, the Board with the approval of the said Minister appoints the General Manager. There are Board approved policies for the appointment of the General Manager and KMP.</p>	✓
	<p>b. The Committee shall consider and recommend (or not recommend) the re-election of current Directors, taking into account the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities.</p> <p>This does not arise since the Directors are appointed by the relevant Minister.</p>	✗
	<p>c. The Committee shall set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the key management positions.</p> <p>The Board approved promotion schemes stipulate the attributes required to be eligible to be selected or promoted to the other key management positions.</p>	✓
	<p>d. The Committee shall ensure that Directors, CEO, and Key Management Personnel are fit and proper persons to hold office as specified in the criteria given in Direction 3 (3) and as set out in the statutes.</p>	✓

Section	Principle, Compliance and Implementation	Complied
	<p>Annual affidavits from Directors ensuring that they are fit and proper persons to hold office as specified in the criteria given in Direction 3(3) and as set out in statutes are sent to CBSL.</p> <p>Also the Committee ensures that KMP are fit and proper persons to hold their offices when they are promoted/ lateral movements are made or appointed as KMP.</p>	
	<p>e. The Committee shall consider and recommend from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring Directors and Key Management Personnel.</p> <p>A Succession Plan for the KMP is in place.</p> <p>Additional or new expertise that is needed are either recommended by the Board subcommittees or decided by the Board.</p>	✓
	<p>f. The committee shall be chaired by an Independent Director and preferably be constituted with a majority of Independent Directors.</p> <p>The committee was complied with the above requirement except during the period 08.01.2024 to 04.02.2024.</p>	
3 (6) (v)	<p>The following rules shall apply in relation to the Integrated Risk Management Committee:</p> <p>a. The Committee shall consist of at least three Non-Executive Directors, Chief Executive Officer and Key Management Personnel supervising broad risk categories, i.e. credit, market, liquidity, operational, and strategic risks. The Committee shall work with Key Management Personnel very closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.</p> <p>The Committee comprised of three Non-Executive Directors during the year under review. Additionally, the General Manager and the Chief Risk Officer who supervise credit, market, operational, reputational and strategic risks, the Chief Internal Auditor, Chief Financial Officer and Chief Compliance Officer participate at all Committee meetings at the request of the Committee. Any other KMP and other staff are invited as and when the Committee needs their presence. The Committee works closely with KMP within the framework of authority and responsibility assigned to the Committee.</p> <p>b. The Committee shall assess all risks, i.e. credit, market, liquidity, operational, and strategic risks to the Bank on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be done, both on a bank basis and group basis.</p> <p>Independent Integrated Risk Management Division of the Bank assesses the credit, market, liquidity, operational, strategic and reputational risks of the Bank based on the policy documents recommended by this Committee and approved by the Board, on a monthly basis and the summary reports are submitted to the Committee at its regular meetings and then to the next immediate Board meeting.</p> <p>In the case of subsidiaries and associates, a risk management dashboard has been developed to address the risks and is reported to the Committee. A Board approved Group Risk Policy is in place.</p> <p>c. The Committee shall review the adequacy and effectiveness of all management level committees such as the Credit Committee and the Asset Liability Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Committee.</p> <p>d. The Committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the Committee on the basis of the Bank's policies and regulatory and supervisory requirements.</p> <p>Specific quantitative and qualitative risks which go beyond the limits are monitored by the Chief Risk Officer and reported directly to the Committee based on the severity of the issues involved.</p> <p>e. The Committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.</p> <p>During the year, the Committee met six (06) times. Details of meetings and attendance are given on page 120.</p> <p>f. The Committee shall take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the Committee, and/or as directed by the Director of Bank Supervision.</p> <p>Formal documented disciplinary action procedure is in place in the Bank to comply with this direction.</p> <p>g. The Committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/ or specific directions.</p> <p>The minutes of the meetings are submitted to the Board meeting immediately following the Committee meeting together with the recommendations and Risk Management Reports.</p>	<p>✓</p> <p>✓</p> <p>Partly complied</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied
	<p>h. The Committee shall establish a compliance function to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated Chief Compliance Officer selected from Key Management Personnel shall carry out the compliance function and report to the Committee periodically.</p> <p>The Bank has established a separate compliance function to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. This function is headed by a dedicated Chief Compliance Officer/ Deputy General Manager and he submits quarterly Compliance Reports to the Committee and monthly Compliance Reports to the Board.</p> <p>The Compliance function also assesses the Bank's compliance with Internal Controls and approved policies on all areas of business operations.</p>	✓
3 (7)	Related Party Transactions	
3 (7) (i)	<p>The Board shall take necessary steps to avoid any conflicts of interest that may arise from any transaction of the Bank with any person, and particularly with the following categories of persons shall be considered as "related parties" for the purposes of this Direction:</p> <p>The Bank has established a Related Party Transaction Review Committee. A Policy on Related Party Disclosures is in place covering related parties, their transactions, and restrictions on offering more favourable treatment to related parties in order for the Board members to avoid any conflicts of interest in this regard.</p>	✓
	<p>a. Any of the Bank's subsidiary companies;</p> <p>b. Any of the Bank's associate companies;</p> <p>c. Any of the Directors of the Bank;</p> <p>d. Any of the Bank's Key Management Personnel;</p> <p>e. A close relation of any of the Bank's Directors or Key Management Personnel;</p> <p>f. A shareholder owning a material interest in the Bank;</p> <p>g. A concern in which any of the Bank's Directors or a close relation of any of the Bank's Directors or any of its material shareholders has a substantial interest.</p> <p>Directors who have related party transactions are individually requested to declare their transactions. Transactions are monitored through an automated system.</p>	✓
3 (7) (ii)	<p>The type of transactions with related parties that shall be covered by this Direction shall include the following:</p> <p>a. The grant of any type of accommodation, as defined in the Monetary Board's Directions on maximum amount of accommodation;</p> <p>b. The creation of any liabilities of the Bank in the form of deposits, borrowings and investments;</p> <p>c. The provision of any services of a financial or non-financial nature provided to the Bank or received from the Bank;</p> <p>d. The creation or maintenance of reporting lines and information flows between the Bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties.</p> <p>Information in this regard, is disclosed in the Annual Report.</p>	
3 (7) (iii)	<p>The Board shall ensure that the Bank does not engage in transactions with related parties as defined in Direction No. 3 (7) (i) above, in a manner that would grant such parties "more favourable treatment" than that accorded to other constituents of the Bank carrying on the same business. In this context, "more favourable treatment" shall mean and include treatment, including the:</p> <p>a. Granting of "total net accommodation" to related parties, exceeding a prudent percentage of the Bank's regulatory capital, as determined by the Board. For purposes of this sub-direction:</p> <p>I. "Accommodation" shall mean accommodation as defined in the Banking Act Direction No.7 of 2007 on Maximum Amount of Accommodation.</p> <p>II. The "total net accommodation" shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related parties in the Bank's share capital and debt instruments with a maturity of five years or more.</p> <p>b. Charging of a lower rate of interest than the Bank's best lending rate or paying more than the Bank's deposit rate for a comparable transaction with an unrelated comparable counterparty;</p>	✓

Section	Principle, Compliance and Implementation	Complied
	<p>c. Providing of preferential treatment, such as favourable terms, covering trade losses and/ or waiving fees/ commissions, that extend beyond the terms granted in the normal course of business undertaken with unrelated parties;</p> <p>d. Providing services to or receiving services from a related party without an evaluation procedure;</p> <p>e. Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions.</p> <p>The Bank has implemented a Board approved process to monitor related party transactions which is monitored by the Compliance Division and compliance status is indicated in the monthly Compliance Report submitted to the Board. Further, related party transactions are reported to the Audit Committee on a quarterly basis.</p> <p>Any non-compliance brought to the notice of the Board would be addressed by the Board.</p>	
3 (7) (iv)	<p>A bank shall not grant any accommodation to any of its Directors or to a close relation of such Director unless such accommodation is sanctioned at a meeting of its Board of Directors, with not less than two-thirds of the number of Directors other than the Director concerned, voting in favour of such accommodation.</p> <p>This accommodation shall be secured by such security as may from time to time be determined by the Monetary Board as well.</p>	✓
3 (7) (v)	<p>a. Where any accommodation has been granted by a bank to a person or a close relation of a person or to any concern in which the person has a substantial interest, and such person is subsequently appointed as a Director of the Bank, steps shall be taken by the Bank to obtain the necessary security as may be approved for that purpose by the Monetary Board, within one year from the date of appointment of the person as a Director.</p> <p>b. Where such security is not provided by the period as provided in Direction 3 (7) (v) (a) above, the Bank shall take steps to recover any amount due on account of any accommodation, together with interest, if any, within the period specified at the time of the grant of accommodation or at the expiry of a period of eighteen months from the date of appointment of such Director, whichever is earlier.</p> <p>c. Any Director who fails to comply with the above sub directions shall be deemed to have vacated the office of Director and the Bank shall disclose such fact to the public.</p> <p>This sub-direction, however, shall not apply to a Director who at the time of the grant of the accommodation was an employee of the Bank and the accommodation was granted under a scheme applicable to all employees of such bank</p>	✓
3 (7) (vi)	<p>A bank shall not grant any accommodation or "more favourable treatment" relating to the waiver of fees and/or commissions to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than on the basis of a scheme applicable to the employees of such bank or when secured by security as may be approved by the Monetary Board in respect of accommodation granted as per Direction 3 (7) (v) above.</p> <p>No favourable treatment/ accommodation is provided to any employee of the Bank on more favourable terms unless under general staff loan schemes applicable to all employees of the Bank. Circular instructions have been issued in this regard. Close relations of Bank employees are also not given any favourable treatment.</p>	✓
3 (7) (vii)	<p>No accommodation granted by a bank under Direction 3 (7) (v) and 3 (7) (vi) above, nor any part of such accommodation, nor any interest due thereon shall be remitted without the prior approval of the Monetary Board and any remission without such approval shall be void and of no effect.</p> <p>Such a situation has not arisen during the year 2024.</p>	✓
3 (8)	Disclosure	
3 (8) (i)	<p>The Board shall ensure that:</p> <p>a. Annual Audited Financial Statements and quarterly Financial Statements are prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards; and that</p> <p>b. Such statements are published in the newspapers in an abridged form, in Sinhala, Tamil, and English.</p>	✓
3 (8) (ii)	<p>The Board shall ensure that the following minimum disclosures are made in the Annual Report:</p> <p>a. A statement to the effect that the Annual Audited Financial Statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.</p> <p>Disclosed in the "Annual Report of the Directors on the State of Affairs of the Bank", on pages 168 to 172 and "Directors' Responsibility for Financial Reporting" on page 177.</p>	✓

COMPLIANCE REQUIREMENTS AS PER BANKING ACT DIRECTION NO. 11 OF 2007

Section	Principle, Compliance and Implementation	Complied																				
	<p>b. A report by the Board on the Bank's internal control mechanism that confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.</p> <p>Disclosed in the "Directors' Statement on Internal Control", on pages 174 and 175 of this Annual Report and "Directors' Responsibility for Financial Reporting" on page 177.</p>	✓																				
	<p>c. The Assurance Report issued by the Auditors under "Sri Lanka Standard on Assurance Engagements SLSAE 3050 – Assurance Reports for banks on Directors' Statements on Internal Control".</p> <p>The Bank has obtained a certificate on the Effectiveness of Internal Controls over Financial Reporting from the Auditor General which is published on page 176 of this Annual Report.</p>																					
	<p>d. Details of Directors including names, fitness and propriety, transactions with the Bank and the total of fees/ remuneration paid by the Bank.</p> <p>Details of Directors are given on pages 26 to 29 Directors' Interest in Contracts with the Bank are given on page 173. Remuneration paid by the Bank are given in Note 17 to the Financial Statements on page 218.</p>																					
	<p>e. Total net accommodation as defined in 3 (7) (iii) granted to each category of related parties. The net accommodation granted to each category of related parties shall also be disclosed as a percentage of the Bank's regulatory capital.</p> <p>"Total net accommodation" granted to each category of related parties during the year 2024 as a percentage of the Bank's regulatory capital is given below:</p> <table><tr><th></th><th>LKR '000</th><th>Percentage %</th></tr><tr><td>Key Management Personnel (KMP)</td><td>798,378</td><td>0.31</td></tr><tr><td>Other directors of subsidiaries Associates</td><td>39,917</td><td>0.02</td></tr><tr><td>Subsidiaries</td><td>3,029,961</td><td>1.17</td></tr><tr><td>Associates</td><td>428,095</td><td>0.17</td></tr><tr><td>Government and Government– related entities (Refer definition in Note 61 of Financial Statements)</td><td>3,105,149,970</td><td>1,200.01</td></tr></table>		LKR '000	Percentage %	Key Management Personnel (KMP)	798,378	0.31	Other directors of subsidiaries Associates	39,917	0.02	Subsidiaries	3,029,961	1.17	Associates	428,095	0.17	Government and Government– related entities (Refer definition in Note 61 of Financial Statements)	3,105,149,970	1,200.01	✓		
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	<p>f. The aggregate values of remuneration paid by the Bank to its Key Management Personnel and the aggregate values of the transactions of the Bank with its Key Management Personnel, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the Bank.</p> <p>The aggregate amount of remuneration paid by the Bank and transactions with KMP for the year 2024 are stated below:</p> <table><tr><th></th><th>LKR '000</th></tr><tr><td>Short-term employment benefits</td><td>1,244,252</td></tr><tr><td>Post-employment benefits</td><td>175,708</td></tr></table> <p>In addition to above, the Bank has also paid non-cash benefits such as use of vehicles to KMP in line with the approved benefit plan of the Bank.</p> <table><tr><th></th><th>LKR '000</th></tr><tr><td>Loans</td><td>674,487</td></tr><tr><td>Overdrafts</td><td>14,806</td></tr><tr><td>Credit cards</td><td>33,845</td></tr><tr><td>Due to customers Deposits</td><td>1,480,509</td></tr><tr><td>Debentures</td><td>20,729</td></tr><tr><td>Undrawn facilities</td><td>126,948</td></tr></table>		LKR '000	Short-term employment benefits	1,244,252	Post-employment benefits	175,708		LKR '000	Loans	674,487	Overdrafts	14,806	Credit cards	33,845	Due to customers Deposits	1,480,509	Debentures	20,729	Undrawn facilities	126,948	✓
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Section	Principle, Compliance and Implementation	Complied
	<p>g. A confirmation by the Board of Directors in its Annual Corporate Governance Report that all the findings of the "Factual Findings Reports" of Auditors issued under "Sri Lanka Related Services Practice Statement 4750" have been incorporated in the Annual Corporate Governance Report provided that Auditors confirm to the Director of Bank Supervision to this effect.</p> <p>The Bank will obtain a certificate from the Auditor General in compliance with the Corporate Governance Direction No. 11 of 2007. All findings of the Auditors will be incorporated in this Corporate Governance Report and any recommendations will be dealt with in the ensuing year.</p>	✓
	<p>h. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliances.</p> <p>Indicate in the Annual Report of the Directors on the state of affairs of the Bank on pages 168 to 172.</p>	✓
	<p>i. A statement of the regulatory and supervisory concerns on lapses in the Bank's risk management, or non-compliance with these Directions that have been pointed out by the Director of Bank Supervision, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the Bank to address such concerns.</p>	✓
3 (9) (i)	Transitional and Other General Provisions Compliance with this Direction shall commence from 01 January 2008 onwards and all licensed commercial banks shall fully comply with the provisions of this Direction by or before 01 January 2009 except where extended compliance dates have been specifically provided for in this Direction.	✓
3 (9) (ii)	<p>In respect of the Banks that have been incorporated by specific statutes in Sri Lanka, the Boards as specified in such statutes shall continue to function in terms of the provisions of the respective statutes, provided they take steps to comply with all provisions of this Direction that are not inconsistent with the provisions of the respective statutes.</p> <p>Bank of Ceylon takes all possible measures to comply with all applicable provisions of this Direction that are not inconsistent with the provisions of Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, the enabling enactment.</p> <p>Any instances of non-compliance and where Bank of Ceylon has continued to function in terms of the provisions of the statutes applicable to it has been specifically mentioned above against the relevant sections.</p>	✓
3 (9) (iii)	<p>a. This Direction shall apply to the branches of the foreign banks operating in Sri Lanka to the extent that it is not inconsistent with the regulations and laws applicable in such bank's country of incorporation. The branch of a foreign bank shall also publish its parent bank's Annual Corporate Governance Report together with its Annual Report and accounts of the branch operations in Sri Lanka.</p>	✗
3 (9) (iv)	In the event of a conflict between any of the provisions of this Direction and the Articles of Association (or Internal Rules) pertaining to any bank, the provisions of this Direction shall prevail. However, if the Articles of Association of an individual bank set a more stringent standard than that specified in this Direction, such provisions in the Articles of Association may be followed.	✗
3 (9) (v)	<p>If for any reason such as ill health or any incapacity as provided in the Banking Act, the Monetary Board considers that exemptions referred to in Directions 3 (2) (ii) B, 3 (3)</p> <p>(i) A and 3 (3) (ii) A should not be availed of, such ground may be notified to the person by the Monetary Board, and after a hearing, the Monetary Board may limit the period of exemption.</p>	✗

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

Section	Principle, Compliance and Implementation	Complied
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules. This Annexure fulfills this requirement.	✓
9.2.1	The Bank shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; <ul style="list-style-type: none"> a. Policy on the matters relating to the Board of Directors b. Policy on Board Committees c. Policy on Corporate Governance, Nominations and Re-election d. Policy on Remuneration e. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f. Policy on Risk management and Internal controls g. Policy on Relations with Shareholders and Investors h. Policy on Environmental, Social and Governance Sustainability i. Policy on Control and Management of Company Assets and Shareholder Investments j. Policy on Corporate Disclosures k. Policy on Whistleblowing l. Policy on Anti-Bribery and Corruption 	✓
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.	None.
9.2.3	The Bank shall disclose in its Annual Report: <ul style="list-style-type: none"> (i) The list of policies that are in place in conformity with Rule 9.2.1 above, with reference to its website. (ii) Any changes to policies adopted. 	✓
9.2.4	To make available all such policies to shareholders upon a written request being made for any such Policy.	Will be complied with when the shareholder, the Government of Sri Lanka makes a request.
9.3.1	The Bank has established the following committees - <ul style="list-style-type: none"> (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee 	✓
9.3.2	The Bank shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules. Please refer reports of the existing subcommittees given in pages 131 to 142.	✓
9.3.3	The Chairperson of the Board of Directors of the Bank shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	✓
9.4.1	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General meetings with shareholder. The Government being the sole shareholder, the Annual Report of the Bank is submitted to the Parliament of Sri Lanka and to the Ministry in charge of the Bank State.	Not applicable

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

Section	Principle, Compliance and Implementation	Complied
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action. Non compliances, if any will be indicated in the Governance Report Complied with as mentioned in Rule no. 9.5.1.	✓
9.6.1	The Chairperson of the Bank is a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	✓
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance.	Not applicable
9.6.3	The requirement for a SID. Not applicable as indicated in Rule no. 9.5.1 above.	Not applicable
9.7.1	To take necessary steps to ensure that the Directors and the CEO are, at all times, fit and proper persons as required in terms of Rule no. 9.7.3.	✓
9.7.2	The Bank shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	✓
9.7.3	Confirmation on Fit and Proper Assessment Criteria for the Financial year 2024.	✓
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	✓
9.7.5	Disclosures in the Annual Report of the Bank a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such noncompliance/s. Directors and CEO of Bank of Ceylon satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.	✓
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors. The Board of the Bank consists of six (06) Directors.	✓
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of the Bank shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	✓
9.8.3 & 9.8.5	Determining the Independence of directors based on the criteria given under this rule. A declaration is obtained from the individual Directors in terms of Rule no. 9.8.5 of the listing rules, of Colombo Stock Exchange.	✓
9.9	Requirements to comply with the appointment of an Alternate Director to represent any Independent Director. Complied with the requirement for an Alternate Director as and when the need arises.	✓

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

Section	Principle, Compliance and Implementation	Complied
9.11.5	Functions of the Nomination and Corporate Governance Committee are included in pages 138 and 139 of this Annual Report.	✓
9.11.6	Disclosures made in the report of the Nomination and Corporate Governance Committee.	Complied with when applicable
9.12	<p>Remuneration Committee</p> <p>Remuneration of the Directors are decided by the Government of Sri Lanka and this Committee referred to as Human Resource and Remuneration Committee (HR&RC) in the Bank attends to the remuneration of the Senior Management and other HR matters referred to it by the Board.</p> <p>Report of this Committee is given on pages 136 and 137.</p>	✓
9.12.5	There are written terms of Reference clearly defining its scope, authority, duties and matters pertaining to the quorum of the meeting.	✓
9.12.6	<p>Composition of the HR&RC</p> <p>(1) (a) Comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</p> <p>(b) Not comprise of Executive Directors of Listed Entity.</p> <p>(2) In a situation where both the parent company and the subsidiary are "Listed Entities", the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the Subsidiary.</p> <p>(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee.</p>	<p>✓</p> <p>✓</p> <p>No such arrangement</p> <p>✓</p>
9.13	AUDIT COMMITTEE	
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	✓
9.13.3	<p>Composition of the Audit Committee</p> <p>(1) (a) Comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</p> <p>(b) Not comprise of Executive Directors of the Listed Entity.</p> <p>With the resignation of Mr Naresh Abeysekera, Chairman of the Audit Committee on 13 November 2024, the committee could not function and the CSE was kept informed. Mr Jayamin Pelpola was appointed as Chairman on 03 February 2025 and the Audit Committee composition is now compliant with CSE Rules.</p> <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p> <p>(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financial to be released to the market.</p> <p>(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</p> <p>(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.</p> <p>(6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body..</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
9.13.4	Functions of the Audit Committee.	✓
9.13.5	Disclosures in the Annual Report.	✓

Section	Principle, Compliance and Implementation	Complied
9.14.2	Related Party Transactions Review Committee. Composition of the Related Party Transactions Review Committee (1) (a) Comprise of a minimum of three (03) directors of the Listed Entity, out of which two (02) members shall be Independent Directors. Independent Director is the Chairman of the Committee	✓
9.14.3	Functions of the Committee (Please refer page 142)	✓
9.14.4	General Requirements	✓
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	✓
9.14.8	Disclosures (1) Non-recurrent related party transactions (2) Recurrent related party transactions (3) (a) The names of the Directors comprising the committee (Please refer page no. 142) (b) A statement to the effect that the committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/ observations to the Board. The committee held only one meeting for the quarter ended 31.12.2024. The committee was established on 05.11.2024. Prior to that the Audit Committee reviewed the Related Party Transactions. (Please refer page no. 142) (c) The policies and procedures adopted by the committee reviewing the related party transactions. (4) An affirmative declaration by the Board that these rules pertaining to related party transactions have been complied with. (Please refer page no. 142)	Will be complied as and when the need arises Will be complied as and when the need arises ✓ ✓ ✓ ✓
9.14.9	Acquisition and disposal of assets from/to related parties	Will be complied as and when the need arises
9.16	Additional Disclosures	✓

OTHER COMPLIANCE REQUIREMENTS ENFORCED BY COLOMBO STOCK EXCHANGE

Compliance to the Listing Rules on contents of Annual Report, which were applicable to the Bank for the year ended 31 December 2024 enforced by the Colombo Stock Exchange, are summarised below:

Rule No.	Requirement	Period	Date submitted
7.4.a.(i)	The Interim Financial Statements prepared on quarterly basis, approved by the Board of Directors to be submitted to CSE within 45 days from respective quarter ends for the first three quarters and within two months at the end of 4th quarter.	Quarter 1 ended 31 March 2024	15 May 2024
		Quarter 2 ended 30 June 2024	15 August 2024
		Quarter 3 ended 30 September 2024	13 November 2024
		Quarter 4 ended 31 December 2024	27 February 2025

Rule No.	Requirement	Period
7.4.b.(i)	Comply with LKAS 34 and disclose Group and Bank separately.	Complied with. Complied with.
7.4.b.(ii)	Disclose the additional notes and ratios as per Listing Rules.	Complied with.
7.4.b.(iii)	Be signed by two Directors.	Complied with.
7.4.b.(iv)	State whether the Financial Statements are audited or not.	Complied with.
7.5.a	Annual Report to be submitted to CSE within five months from the closure of financial year.	The Audited Financial Statements for the year ended 31 December 2024 was submitted on 27 February 2025. Annual Report for the year 2024 will be submitted before the deadline.

Rule No.	Disclosure Requirement	Reference/Comments	Page No.
7.6.(i)	Names of persons who during the financial year were Directors of the entity.	Annual Report of the Board of Directors on the State of Affairs of Bank of Ceylon	168-172
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Annual Report of the Board of Directors on the State of Affairs of Bank of Ceylon.	168
		Notes to the Financial Statements	194
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Government of Sri Lanka is the sole shareholder of Bank of Ceylon.	409
7.6.(iv)	The public holding percentage.	Not applicable.	
7.6.(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Not applicable.	
7.6.(vi)	Information pertaining to material foreseeable risk factors of the entity.	Risk and opportunities	143-166
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	No material issues occurred during the year under review.	
7.6.(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Notes 33 and 34 to the Financial Statements	263-278
7.6.(ix)	Number of shares representing the entity's stated capital.	Note 50.1 to the Financial Statements	303

Rule No.	Disclosure Requirement	Reference/Comments	Page No.
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities and percentage of their total holdings.	Government of Sri Lanka is the sole shareholder of Bank of Ceylon.	409
7.6.(xi)	Ratios and market price information:		
	1. Dividend per share, net assets value per share, interest rate of comparable Government Securities, Debt/equity ratio, interest cover and liquid asset ratio.	Notes 20 and 50.2 to the Financial Statements. Supplementary Information	221, 303 395
	2. Market information on listed debentures.	Note 49 to the Financial Statements. Supplementary Information	297 395
	3. Any changes in credit rating.	Corporate Information	420
7.6.(xii)	Significant changes in the entity's or its subsidiaries' fixed assets and the market value of the land, if the value differs substantially from the book value.	Note 34 to the Financial Statements.	265-278
7.6.(xiii)	During the year the entity has raised funds either through a public issue, rights issue and private placement.	Notes 44, 49 and 50 to the Financial Statements.	287, 300 and 303
7.6.(xiv)	Information in respect of each employee share ownership or stock option scheme.	Not applicable.	
7.6.(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 (c) and 7.10.6 (c) of Section 7 of the Rules.	Exempted under Section 7.10 of Listing Rules since the Bank complies with direction laid down in the Banking Act Direction No. 11 of 2007 on Corporate Governance.	
7.6.(xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per Audited Financial Statements, whichever is lower.	Supplementary Information	410

COMPLIANCE REQUIREMENTS ENFORCED BY THE CENTRAL BANK OF SRI LANKA

Circular No.	Requirement	Period	Date published in Sinhala, Tamil and English Newspapers
No. 02 of 2019	6.1 The publication should be made within two months from the end of each quarter, at least once in an English, Sinhala and Tamil newspaper.	Quarter 1 ended 31 March 2024	15 May 2024
18 January 2019		Quarter 2 ended 30 June 2024	15 August 2024
		Quarter 3 ended 30 September 2024	13 November 2024
	6.2 Publication of annual audited financial statements shall be made within five months from the end of the financial year.	Quarter 4 ended 31 December 2024 (Audited)	28 March 2025
	6.3 If the Bank publishes its Audited Financial Statements within three months from the end of the financial year, the requirement to publish the Financial Statements for the 4th quarter in terms of 6.1 above would not be mandatory.		

Compliance to other disclosure requirements on Annual Financial Statements, which were applicable to licensed commercial banks are summarised below:

1. Information about the significance of financial instruments for financial position and performance

1.1 Statement of Financial Position

1.1.1	Disclosures on categories of financial assets and financial liabilities	Note 21 to the Financial Statements
1.1.2	Other disclosures	
(i)	Special disclosures about financial assets and financial liabilities designated to be measured at fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair value attributable to these risks and the methods of measurement	Note 4.4, 27 and 64 to the Financial Statements
(ii)	Reclassifications of financial instruments from one category to another	Note 63.4 to the Financial Statements
(iii)	Information about financial assets pledged as collateral and about financial or nonfinancial assets held as collateral	Note 58 to the Financial Statements
(iv)	Reconciliation of the allowance account for credit losses by class of financial assets	Note 28.2 and 29.3 to the Financial Statements
(v)	Information about compound financial instruments with multiple embedded derivatives	None
(vi)	Breaches of terms of loan agreements	None

1.2 Statement of Comprehensive Income

1.2.1	Disclosures on items of income, expense, gains and losses	Note 7 to 18 to the Financial Statements
1.2.2	Other disclosures	
(i)	Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss	Note 8 to the Financial Statements
(ii)	Fee income and expense	Note 9 to the Financial Statements
(iii)	Amount of impairment losses by class of financial assets	Note 14 to the Financial Statements
(iv)	Interest income on impaired financial assets	Note 8.1 to the Financial Statements

1.3 Other disclosures

1.3.1	Accounting policies for financial instruments	Note 4.4, 21 to 30, 39 to 44 and 49 to the Financial Statements
1.3.2	Information on financial liabilities designated at FVTPL	None
1.3.3	Investments in equity instruments designated at FVOCI	
(i)	Details of equity instruments that have been designated as at FVOCI and the reasons for the designation.	Note 30 to the Financial Statements
(ii)	Fair value of each investment at the reporting date	Note 30.2 and 30.3 to the Financial Statements
(iii)	Comparable carrying amounts	Note 30 to the Financial Statements
(iv)	Description of how fair value was determined	Note 63 to the Financial Statements
(v)	Dividends recognised during the period, separately for investments derecognised during the reporting period and those held at the reporting date.	Note 13 to the Financial Statements

	(vi) Transfer cumulative gain or loss within equity during the period and the reasons for those transfers	Note 12 to the Financial Statements
	(vii) If investments in equity instruments measured at FVOCI are derecognised during the reporting period,	None
	<ul style="list-style-type: none"> • Reasons for disposing of the investments • Fair value of the investments at the date of derecognition • The cumulative gain or loss on disposal 	
1.3.4	Reclassification of financial assets	
	(i) For all reclassifications of financial assets in the current or previous reporting period	Note 29 to the Financial Statements
	<ul style="list-style-type: none"> • Date of reclassification • Detailed explanation of the change in the business model and a qualitative description of its effect on the Financial Statements • The amount reclassified into and out of each category 	
	(ii) For reclassifications from FVTPL to amortised cost of FVOCI	None
	<ul style="list-style-type: none"> • The effective interest rate (EIR) determined on the date of reclassification • The interest revenue recognised 	
	(iii) For reclassifications from FVOCI to amortised cost, or from FVTPL to amortised cost or FVOCI	Note 29 to the Financial Statements
	<ul style="list-style-type: none"> • The fair value of the financial assets at the reporting date • The fair value gain or loss that would have been recognised in profit or loss or OCI during the reporting period if the financial assets had not been reclassified. 	
1.3.5	Information on hedge accounting	Note 53 to the Financial Statements
1.3.6	Information about the fair values of each class of financial asset and financial liability, along with:	
	(i) Comparable carrying amounts	Note 63 to the Financial Statements
	(ii) Description of how fair value was determined	Note 63 to the Financial Statements
	(iii) The level of inputs used in determining fair value	Note 63 to the Financial Statements
	(iv) (a) Reconciliations of movements between levels of fair value measurement hierarchy	None
	(b) Additional disclosures for financial instruments that fair value is determined using Level 3 inputs	Note 63.1.3 to the Financial Statements
	(v) Information if fair value cannot be reliably measured	None
2.	Information about the nature and extent of risks arising from financial instruments	
2.1	Qualitative disclosures	
2.1.1	Risk exposures for each type of financial instrument	Risk Report and Note 64 to the Financial Statements
2.1.2	Management's objectives, policies, and processes for managing those risks	Risk Management Report
2.1.3	Changes from the prior period	Risk Management Report
2.2	Quantitative disclosures	
2.2.1	Summary of quantitative data about exposure to each risk at the reporting date	Note 64 to the Financial Statements
2.2.2	Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed	Note 64 to the Financial Statements
	(i) Credit Risk	Note 64.2 to the Financial Statements
	(a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets	Note 64.2.2 to the Financial Statements
	(b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset	Note 64.2.1 to the Financial Statements
	(c) Information about collateral or other credit enhancements obtained or called	Note 64.2.2.1 to the Financial Statements

COMPLIANCE REQUIREMENTS ENFORCED BY THE CENTRAL BANK OF SRI LANKA

(d) Credit risk management practices – CRM practices and how they relate to the recognition and measurement ECL, including the methods, assumptions, and information used to measure ECL	Note 28 and 64 to the Financial Statements
<ul style="list-style-type: none"> Quantitative and qualitative information to evaluate the amounts in the Financial Statements arising from ECL, including changes and the reasons for those changes How the Bank determines whether the credit risk of financial instruments has increased significantly since initial recognition The Bank's definitions of default for different financial instruments, including the reasons for selecting those definitions How instruments are grouped if ECL are measured on a collective basis How the Bank determines that financial assets are credit – impaired The Bank's write-off policy, including the indicators that there is no reasonable expectation of recovery How the modification requirements have been applied 	
(e) ECL calculations	Note 28 to the Financial Statements
<ul style="list-style-type: none"> Basis of the inputs, assumptions and the estimation techniques used when estimating ECL How forward – looking information has been incorporated into the determination of ECL including the use of macroeconomic information. Changes in estimation techniques or significant assumptions made during the reporting period 	
(f) Amounts arising from ECL	Note 22, 24, 28 and 29 to the Financial Statements
<ul style="list-style-type: none"> Reconciliation for each class of financial instruments of the opening balance to the closing balance of the impairment loss allowance 	
(g) Collateral	Note 64.2.2 to the Financial Statements
<ul style="list-style-type: none"> Bank's maximum exposure to credit risk at the reporting date Description of collateral held as security and other credit enhancements 	
(h) Written-off assets	Note 28 to the Financial Statements
<ul style="list-style-type: none"> Contractual amount outstanding of financial assets written off during the reporting period that are still subject to enforcement activity. 	
(i) Pillar III disclosures of the Banking Act Directions No 1 of 2016 on Capital requirements under Basel III for licensed banks	Capital Adequacy in Compliance annexes
(ii) Liquidity Risk	
(a) A maturity analysis of financial liabilities	Note 60 to the Financial Statements
(b) Description of approach to risk management	Risk Management Report and Note 64.3 to the Financial Statements
(c) Pillar III disclosures of the Banking Act Direction No. 1 of 2016 on Capital requirements under Basel III for Licensed Banks	Capital Adequacy in Compliance Annexes
(iii) Market Risk	
(a) A sensitivity analysis of each type of market risk to which the entity is exposed	Note 64.4 to the Financial Statements
(b) Additional information, if the sensitivity analysis is not representative of the Bank's risk exposure	Note 64.4 to the Financial Statements
(c) Pillar III disclosures of the Banking Act Directions No. 1 of 2016 on Capital requirements under Basel III for Licensed Banks	Capital Adequacy in Compliance Annexes
(iv) Operational Risk Pillar III disclosures of the Banking Act Direction No. 1 of 2016 on Capital requirements under Basel III for Licensed Banks	Capital Adequacy in Compliance Annexes
(v) Equity risk in the banking book	
(a) Qualitative disclosures	
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Note 27 and 30 to the Financial Statements
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book	Note 27 and 30 to the Financial Statements

	(b) Quantitative disclosures	
	Value disclosed in the Statement of Financial Position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value	Note 27.2, 30.2 and 30.3 to the Financial Statements
	The types and nature of investments	Note 27 and 30 to the Financial Statements
	The cumulative realised gains/ (losses) arising from sales and liquidations in the reporting period	Note 12 to the Financial Statements
	(vi) Interest rate risk in the banking book	
	(a) Qualitative disclosures	
	Nature of interest rate risk in the banking book (IRRBB) and key assumptions	Note 64.4.2 to the Financial Statements
	(b) Quantitative disclosures	
	The increase/(decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant)	Note 64.4.3 to the Financial Statements
2.2.3	Information on concentrations of risk	Note 64.2.4 to the Financial Statements
3.	Other Disclosures	
3.1	Capital	
3.1.1	Capital structure	Note 50 to the Financial Statements
3.2	Qualitative disclosures	
	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments	Debt – Note 49 to the Financial Statements Equity – Note 50 to the Financial Statements
3.3	Quantitative disclosures	
3.3.1	Quantitative disclosures	
	• Paid-up share capital/common stock	Capital Adequacy in Compliance Annexes
	• Reserves	Capital Adequacy in Compliance Annexes
	• Non-controlling interests in the equity of subsidiaries	Capital Adequacy in Compliance Annexes
	• Innovative instruments	None
	• Other capital instruments	None
	(a) Deductions from Tier I capital	Capital Adequacy in Compliance Annexes
	(b) The total amount of Tier 2 and Tier 3 capital	Capital Adequacy in Compliance Annexes
	(c) Other deductions from capital	Capital Adequacy in Compliance Annexes
	(d) Total eligible capital	Capital Adequacy in Compliance Annexes
3.4	Capital adequacy	
	(i) Qualitative disclosures	
	A summary discussion of the Bank's approach to assessing the adequacy of its capital or support current and future activities	Risk Report and Note 64.6 to the Financial Statements
	(ii) Quantitative disclosures	
	(a) Capital requirements for credit risk, market risk and operational risk	Capital Adequacy in Compliance Annexes
	(b) Total and Tier 1 capital ratio	Capital Adequacy in Compliance Annexes

CAPITAL ADEQUACY

Capital adequacy is a key indicator of a bank's financial strength, represented as the ratio of its capital to the Risk-Weighted Assets (RWAs) of credit, market, and operational risks. This ratio reflects the bank's ability to maintain adequate capital to ensure financial stability and its capacity to absorb a reasonable level of risk.

As a Domestic Systemically Important Bank (D-SIB), Bank of Ceylon is required to maintain a minimum Common Equity Tier 1 ratio of 8.5%, a Tier 1 ratio of 10%, and a Total Capital Ratio of 14%, in accordance with the Banking Act Direction No. 01 of 2016 and its subsequent amendments issued by the CBSL.

Following comparison of the Bank's capital status with the minimum capital requirement stipulated by the Central Bank of Sri Lanka, highlights the robust capital strength of the Bank. This comparison serves as evidence of the Bank's capacity to meet and exceed the stringent regulatory standards imposed by the CBSL, even during economic crisis periods.

Components of the Capital	Regulatory Minimum %	Bank's position as at			
		31.12.2024	31.12.2023	31.12.2022	31.12.2021
		%	%	%	%
Common Equity Tier 1 (CET 1)	8.50	11.97	11.71	11.34	12.91
Total Tier 1	10.00	13.00	12.76	12.41	14.25
Total Capital	14.00	16.55	15.84	15.38	17.77

Basel III Disclosure Requirements Under Pillar 3 as per Banking Act Direction No 01 of 2016

Disclosure 1 : Key Regulatory Ratios - Capital and Liquidity

As at December 31	2024		2023	
	Bank	Group	Bank	Group
Basel III				
Regulatory Capital (LKR '000)				
Common Equity Tier 1	213,974,181	225,092,530	204,342,671	215,172,411
Tier 1 Capital	232,324,181	243,442,530	222,692,671	233,522,411
Total Capital	295,847,113	308,734,524	276,409,883	288,363,582
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	11.97	12.15	11.71	12.10
Tier 1 Capital Ratio (Minimum Requirement - 10.00%)	13.00	13.14	12.76	13.12
Total Capital Ratio (Minimum Requirement - 14.00%)	16.55	16.66	15.84	16.21
Leverage Ratio (Minimum Requirement - 3.00%)	4.41	4.56	4.78	4.95

As at December 31	Bank	
	2024	2023
Regulatory Liquidity		
Statutory Liquid Assets - Total Bank (LKR '000)	N/A	1,783,850,113
Statutory Liquid Assets - Domestic (LKR '000)	N/A	1,624,586,784
Statutory Liquid Assets - FCBU (USD '000)	N/A	607,206
Statutory Liquid Assets Ratio (Minimum Requirement - 20% - 2023)		
Total Bank (%)	N/A	45.00
Domestic Banking Unit (%)	N/A	42.80
Off-Shore Banking Unit (%)	N/A	54.20
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement 100%)	329.00	316.00
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement 100%)	269.63	227.21
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	157.91	145.00

Disclosure 2 : Basel III Computation of Capital Ratios

As at December 31	2024		2023	
	Bank LKR '000	Group LKR '000	Bank LKR '000	Group LKR '000
Common Equity Tier 1 (CET 1) Capital after Adjustments	213,974,181	225,092,530	204,342,671	215,172,411
Common Equity Tier 1 (CET 1) Capital	240,410,289	247,630,605	229,487,333	236,307,441
Equity Capital (Stated Capital)/Assigned Capital	25,730,000	25,730,000	25,730,000	25,730,000
Reserve Fund	16,953,000	16,953,000	15,665,000	15,665,000
Published Retained Earnings/ (Accumulated Retained Losses)	183,388,860	185,536,613	171,351,609	173,063,302
Published Accumulated other Comprehensive Income (OCI)	14,169,362	19,044,348	16,571,657	21,482,495
General and other Disclosed Reserves	169,067	366,644	169,067	366,644
Unpublished current year's profit/ (losses) and gains reflected in OCI	-	-	-	-
Ordinary shares issued by consolidated banking and financial subsidiaries held by third parties	-	-	-	-
Total Adjustments to CET 1 Capital	26,436,108	22,538,075	25,144,662	21,135,030
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,349,633	1,454,056	1,352,429	1,452,194
Revaluation losses of property, plant and equipment	-	-	52,913	52,913
Deferred tax assets (net)	20,014,886	20,094,205	18,580,248	18,644,378
Investments in the capital of banking and financial institutions where the bank does not own more than 10 percent of the issued ordinary share capital of the entity	1,055,415	989,814	1,047,457	985,544
Significant investments in the capital of financial institutions where the bank owns more than 10 percent of the issued ordinary share capital of the entity	4,016,174	-	4,111,614	-
Shortfall of capital in financial subsidiaries	-	-	-	-
Additional Tier 1 (AT I) capital after adjustment	18,350,000	18,350,000	18,350,000	18,350,000
Additional Tier 1 (AT I) capital	18,350,000	18,350,000	18,350,000	18,350,000
Qualifying Additional Tier 1 Capital Instruments	18,350,000	18,350,000	18,350,000	18,350,000
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by third parties	-	-	-	-
Total Adjustments to AT 1 Capital	-	-	-	-
Investment in Own Shares	-	-	-	-
Others (specify)	-	-	-	-
Tier 2 Capital after Adjustments	63,522,932	65,291,994	53,717,211	54,841,171
Tier 2 Capital	63,599,595	65,363,893	53,795,872	54,915,182
Qualifying Tier 2 Capital Instruments	31,582,633	32,446,517	24,256,811	24,933,801
Revaluation Gains	12,094,493	12,094,493	9,902,177	9,902,177
General Provisions	19,922,470	20,822,883	19,636,885	20,079,205
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by third parties	-	-	-	-
Total Adjustment to Tier 2	76,664	71,898	78,661	74,011
Investment in Own Shares	-	-	-	-
Investments in the capital of financial institutions and where the bank does not own more than 10 percent of the issued capital carrying voting rights of the issuing entity	76,664	71,898	78,661	74,011
Significant investments in the capital of banking and financial institutions where the bank own more than 10 percent of the issued ordinary share capital of the entity	-	-	-	-
CET I Capital	213,974,181	225,092,530	204,342,671	215,172,411
Total Tier 1 Capital	232,324,181	243,442,530	222,692,671	233,522,411
Total Capital	295,847,113	308,734,524	276,409,883	288,363,582

OVERVIEW

LEADERSHIP
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OUTCOMES

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CAPITAL ADEQUACY

	2024		2023	
	Bank LKR '000	Group LKR '000	Bank LKR '000	Group LKR '000
As at December 31				
Total Risk Weighted Assets (RWA)	1,787,568,775	1,852,854,602	1,745,441,042	1,778,715,863
RWAs for Credit Risk	1,593,797,563	1,665,830,650	1,570,950,764	1,606,336,396
RWAs for Market Risk	18,181,609	18,192,131	20,412,633	20,422,929
RWAs for Operational Risk	175,589,603	168,831,821	154,077,644	151,956,538
CET I Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	11.97	12.15	11.71	12.10
of which : Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which : Countercyclical Buffer (%)	N/A	N/A	N/A	N/A
of which : Capital Surcharge on D-SIBs (%)	1.50	1.50	1.50	1.50
Total Tier 1 Capital Ratio (%)	13.00	13.14	12.76	13.13
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and surcharge on D-SIBs) (%)	16.55	16.66	15.84	16.21
of which : Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which : Countercyclical Buffer (%)	N/A	N/A	N/A	N/A
of which : Capital Surcharge on D-SIBs (%)	1.50	1.50	1.50	1.50

Disclosure 3 : Leverage Ratio

	2024		2023	
	Bank LKR '000	Group LKR '000	Bank LKR '000	Group LKR '000
As at December 31				
Tier 1 Capital	232,324,181	243,442,530	222,692,671	233,522,411
Total Exposures	5,263,003,247	5,334,097,320	4,657,073,328	4,715,305,253
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	4,934,076,276	4,984,240,834	4,361,075,626	4,415,824,079
Derivative Exposures	34,976,800	34,976,800	12,479,517	12,479,517
Securities Financing Transaction Exposures	122,037,441	142,966,957	80,374,807	83,858,280
Other Off-Balance Sheet Exposures	171,912,729	171,912,729	203,143,377	203,143,377
Basel III Leverage Ratio (%) (Tier 1 Capital/ Total Exposure)	4.41	4.56	4.78	4.95

Disclosure 4 : Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR)

	2024 LKR '000	2023 LKR '000
As at December 31		
Total Available Stable Funding	3,369,744,517	3,097,126,830
Required Stable Funding - On Balance Sheet Assets	2,120,039,917	2,119,759,169
Required Stable Funding - Off Balance Sheet Assets	13,921,816	12,851,224
Total Required Stable Funding	2,133,961,732	2,132,610,394
NSFR	158%	145%

Basel III computation of Liquidity Coverage Ratio - All Currency (Bank Only)

As at December 31,	2024		2023	
	Total Un-Weighted Value	Total Weighted Value	Total Un-Weighted Value	Total Weighted Value
	LKR '000	LKR '000	LKR '000	LKR '000
Total Stock of High - Quality Liquid Asset (HQLA)	2,203,734,811	2,197,634,472	1,573,846,803	1,566,339,975
Total Adjusted Level I Assets	2,168,776,371	2,168,776,371	1,532,855,509	1,532,855,509
Level 1 Assets	2,164,983,392	2,164,983,392	1,530,225,982	1,530,225,982
Total Adjusted Level 2A Assets	37,929,632	32,240,187	40,867,380	34,737,273
Level 2A Assets	37,929,632	32,240,187	40,867,380	34,737,273
Total Adjusted Level 2B Assets	821,787	410,894	2,753,441	1,376,721
Level 2B Assets	821,787	410,894	2,753,441	1,376,721
Total Cash Outflows	4,748,090,596	947,626,422	4,412,609,059	851,520,467
Deposits	2,468,284,061	246,828,406	2,342,464,299	234,246,430
Unsecured Wholesale Funding	1,631,762,955	655,196,728	1,399,760,314	563,033,322
Secured Funding Transactions	66,785,916	-	61,244,586	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	573,680,556	38,024,181	601,301,767	46,402,622
Additional Requirements	7,577,107	7,577,107	7,838,093	7,838,093
Total Cash Inflows	225,469,817	132,558,889	236,636,601	162,135,509
Maturing Secured Lending Transaction Backed by Collateral	23,300,000	-	3,500,000	-
Committed Facilities	5,000,000	-	5,000,000	-
Other Inflows by Counterparty which are Maturing Within 30 Days	170,213,392	124,946,994	193,252,127	152,837,733
Operational Deposits	19,344,530	-	25,586,699	-
Other Cash Inflows	7,611,895	7,611,895	9,297,776	9,297,776
Liquidity Coverage Ratio (%) (Stock of High quality Liquid Assets/ Total Net Cash Outflows over the Next 30 Calender Days)*100		269.63		227.21

CAPITAL ADEQUACY

Disclosure 5 : Main Features of Regulatory Capital Instruments

Description of the Capital Instrument

Issuer	Bank of Ceylon	Bank of Ceylon	Bank of Ceylon	Bank of Ceylon	Bank of Ceylon
Unique Identifier					
Governing Laws of the Instrument	Laws of Sri Lanka	Laws of Sri Lanka	Laws of Sri Lanka	Laws of Sri Lanka	Laws of Sri Lanka
Original Date of Issuance	29-Dec-17	31-Jul-18	26-Jul-19	22-Nov-21	30-Dec-22
Par Value of Instrument - LKR	100	100	100	100	
Issued quantity (No of Debentures)	50,000,000	67,000,000	611,500	51,500,000	64,900,000
Issued Quantity (LKR '000)	5,000,000	6,700,000	61,150	5,150,000	6,490,000
Perpetual or Dated			Dated	Dated	Dated
Original Maturity Date, if Applicable	28-Dec-25	30-Jul-26	25-Jul-27	22-Nov-26	29-Dec-27
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	1,000,000	2,345,000	33,633	2,060,000	3,894,000
Accounting Classification (Equity/ Liability)	Liability	Liability	Liability	Liability	Liability
Coupons/ Dividends					
Fixed or Floating Dividend/ Coupon	FIXED	FIXED	FIXED	FLOATING	FIXED
Coupon Rate and any Related Index %	12.75	12.00	11.75	12.10	29.00
Non-Cumulative or Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non-Convertible	Non Convertible	Non Convertible	Non Viability write down	Non Viability write down	Non Viability write down

Description of the Capital Instrument

Issuer	Bank of Ceylon	Bank of Ceylon
Unique Identifier	LK0357D25222	LK0357D25495
Governing Laws of the Instrument	Laws of Sri Lanka	Laws of Sri Lanka
Original Date of Issuance	27-Dec-23	20-Sep-24
Par Value of Instrument - LKR		
Issued quantity (No of Debentures)	100,000,000	150,000,000
Issued Quantity (LKR '000)	10,000,000	15,000,000
Perpetual or Dated	Dated	Dated
Original Maturity Date, if Applicable	27-Dec-28	20-Sep-29
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	8,000,000	14,250,000
Accounting Classification (Equity/ Liability)	Liability	Liability
Coupons/ Dividends		
Fixed or Floating Dividend/ Coupon	FIXED	FIXED
Coupon Rate and any Related Index %	15.00	13.50
Non-Cumulative or Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non-Convertible	Non Viability write down	Non Viability write down

Disclosure 7 : Credit Risk Under Standardised Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects - Bank

As at December 31 2024	Amount (LKR '000)					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures Post CCF and CRM		RWA and RWA Density (%)	
	On Balance Sheet Amount	Off Balance Sheet Amount	On Balance Sheet Amount	Off Balance Sheet Amount	RWA	RWA Density (%)
Claims on Central Government and CBSL	2,897,833,141	21,548,931	2,897,833,141	4,309,786	104,844,854	3.61%
Claims on Foreign Sovereigns and their Central Bank	43,312,309	-	43,312,309	-	60,510,316	139.71%
Claims on Public Sector Entities	303,775,835	108,266,582	68,351,269	16,859,984	85,211,253	100.00%
Claim on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	102,079,171	42,279,561	102,079,171	42,279,561	83,420,180	57.79%
Claims on Financial Institutions	6,056,023	2,415	6,056,023	2,415	3,082,165	50.87%
Claims on Corporates	291,994,097	250,896,205	242,843,271	39,356,478	265,028,166	93.92%
Retail Claims	629,752,808	289,770,697	565,377,234	-	433,304,589	76.64%
Claims Secured by Gold	170,691,048	-	170,691,048	-	6,010,513	3.52%
Claims Secured by Residential Property	82,749,572	-	82,749,572	-	38,684,780	46.75%
Claims secured by Commercial Real Estate	47,315,353	-	47,315,353	-	47,315,353	100.00%
Non-Performing Assets (NPAs)	173,525,302	-	173,525,302	-	230,701,402	132.95%
Higher - risk Categories	2,190,458	-	2,190,458	-	5,476,144	250.00%
Cash Items and Other Assets	254,541,027	49,890,491	254,541,027	49,890,491	230,207,848	75.62%
Total	5,005,816,143	762,654,881	4,656,865,178	152,698,715	1,593,797,563	33.14%

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects - Group

As at December 31, 2024	Amount (LKR '000)					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures Post CCF and CRM		RWA and RWA Density (%)	
	On Balance Sheet Amount	Off Balance Sheet Amount	On Balance Sheet Amount	Off Balance Sheet Amount	RWA	RWA Density (%)
Claims on Central Government and CBSL	2,919,115,280	21,548,931	2,919,115,280	4,309,786	104,844,854	3.59%
Claims on Foreign Sovereigns and their Central Banks	43,312,309	-	43,312,309	-	60,510,316	139.71%
Claims on Public Sector Entities	315,759,165	108,266,582	68,351,269	16,859,984	85,211,253	100.00%
Claim on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	126,855,060	42,279,561	126,855,060	42,279,561	108,196,069	63.97%
Claims on Financial Institutions	6,056,023	2,415	6,056,023	2,415	3,082,165	50.87%
Claims on Corporates	339,726,826	250,896,205	290,576,000	39,356,478	312,760,895	94.80%
Retail Claims	629,752,808	289,770,697	565,377,234	-	433,304,589	76.64%
Claims Secured by Gold	170,691,048	-	170,691,048	-	6,010,513	3.52%
Claims Secured by Residential Property	82,749,572	-	82,749,572	-	38,684,780	46.75%
Claims Secured by Commercial Real Estate	47,315,353	-	47,315,353	-	47,315,353	100.00%
Non - Performing Assets (NPAs)	173,525,302	-	173,525,302	-	230,701,402	132.95%
Higher - Risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	280,593,124	49,890,491	280,593,124	49,890,491	235,208,461	71.17%
Total	5,135,451,871	762,654,881	4,774,517,574	152,698,715	1,665,830,650	33.81%

CAPITAL ADEQUACY

Disclosure 8 : Credit Risk Under Standardised Approach-Exposures by Asset Classes and Risk Weights

Exposures by Asset Classes and Risk Weights - Bank

As at December 31, 2024	Amount (LKR '000)								Total Credit Exposures Amount
	0%	20%	50%	60%	75%	100%	150%	>150%	
Claims on Central Government and Central Bank of Sri Lanka	2,377,859,918	519,973,222							2,897,833,141
Claims on Foreign Sovereigns and their Central Banks			3,922,089			1,072,118	38,318,102		43,312,309
Claims on Public Sector Entities		-				68,351,269			68,351,269
Claims on Official Entities and Multilateral Development Banks									-
Claims on Banks Exposures		46,106,640	9,476,297			46,496,234			102,079,171
Claims on Financial Institutions		1,028,342	4,304,783			722,898	-		6,056,023
Claims on Corporates		9,183,012	19,475,306			213,898,868	286,085		242,843,271
Retail Claims				3,254,388	523,083,559	39,039,287			565,377,234
Claims Secured by Gold	140,643,435	30,046,375				1,238			170,691,048
Claims Secured by Residential Property			67,791,988			14,957,584			82,749,572
Claims Secured by Commercial Real Estate						47,315,353			47,315,353
Non- Performing Assests (NPAs)						59,173,103	114,352,199		173,525,302
Higher-risk Categories								2,190,458	2,190,458
Cash Item and Other Assests	65,768,628	10,568,802				178,203,597			254,541,027
Total	2,584,271,981	616,906,393	104,970,463	3,254,388	523,083,559	669,231,549	152,956,386	2,190,458	4,656,865,178

Exposures by Asset Classes and Risk Weights - Group

As at December 31, 2024	Amount (LKR'000)								Total Credit Exposures Amount
	0%	20%	50%	60%	75%	100%	150%	>150%	
Claims on Central Government and Central Bank of Sri Lanka	2,399,142,057	519,973,222							2,919,115,280
Claims on Foreign Sovereigns and their Central Bank			3,922,089			1,072,118	38,318,102		43,312,309
Claims on Public Sector Entities		-				68,351,269			68,351,269
Claims on Official Entities and Multilateral Development Banks									-
Claims on Banks Exposures		46,106,640	9,476,297			71,272,123			126,855,060
Claims on Financial Institutions		1,028,342	4,304,783			722,898	-		6,056,023
Claims on Corporates		9,183,012	19,475,306			261,631,597	286,085		290,576,000
Retail Claims				3,254,388	523,083,559	39,039,287			565,377,234
Claims Secured by Gold	140,643,435	30,046,375				1,238			170,691,048
Claims Secured by Residential Property			67,791,988			14,957,584			82,749,572
Claims secured by Commercial Real Estate						47,315,353			47,315,353
Non- Performing Assests (NPAs)						59,173,103	114,352,199		173,525,302
Higher - Risk Categories								-	-
Cash Item and Other Assests	86,820,112	10,568,802				183,204,210			280,593,124
Total	2,626,605,604	616,906,393	104,970,463	3,254,388	523,083,559	746,740,780	152,956,386	-	4,774,517,574

Disclosure 9 : Market Risk under Standardised Measurement Method

As at 31 December	2024		2023	
	Bank (LKR '000)	Group (LKR '000)	Bank (LKR '000)	Group (LKR '000)
(a) Capital Charge for Interest Rate Risk	1,051,176	1,051,176	651,669	651,669
General Interest Rate Risk	1,051,176	1,051,176	651,669	651,669
(i) Net Long or Short Position	1,051,176	1,051,176	651,669	651,669
(ii) Horizontal Disallowance	-	-	-	-
(iii) Vertical Disallowance	-	-	-	-
(iv) Options	-	-	-	-
Specific Interest Rate Risk	-	-	-	-
(b) Capital Charge for Equity	225,095	225,095	601,439	601,439
(i) General Equity Risk	115,131	115,131	315,562	315,562
(ii) Specific Equity Risk	109,964	109,964	285,877	285,877
(c) Capital Charge for Foreign Exchange and Gold	1,269,155	1,270,628	1,604,660	1,606,102
Total Capital Charge for Market Risk [(a)+(b)+(c)]	2,545,425	2,546,898	2,857,769	2,859,210
Total Risk Weighted Amount for Market Risk	18,181,609	18,192,131	20,412,633	20,422,929

Disclosure 10 : Operational Risk under Basic Indicator Approach**Operational Risk under Basic Indicator Approach - Bank**

As at December 31	Capital Charge Factor	Fixed Factor	Gross Income (LKR '000) 2024			Gross Income (LKR '000) 2023		
			1st Year	2nd Year	3rd Year	1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		187,712,775	107,215,178	196,722,935	140,313,204	193,471,515	97,632,686
Capital Charges for Operational Risk					24,582,544			21,570,870
Risk Weighted Amount for Operational Risk					175,589,603			154,077,644

Operational Risk under Basic Indicator Approach - Group

As at December 31	Capital Charge Factor	Fixed Factor	Gross Income (LKR '000) 2024			Gross Income (LKR '000) 2023		
			1st Year	2nd Year	3rd Year	1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		180,152,415	103,721,952	188,854,732	141,603,940	180,152,415	103,721,952
Capital Charges for Operational Risk					23,636,455			21,273,915
Risk Weighted Amount for Operational Risk					168,831,821			151,956,538

CAPITAL ADEQUACY

D-SIB Assessment Exercise

Group
LKR million

Size Indicator

Section 1 - Total Exposure

Total exposure measure	5,334,097
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Interconnectedness Indicators

Section 2 - Intra-Financial System Assets

a. Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended)	101,337
(i) Funds deposited	99,004
(ii) Lending	2,333
b. Holdings of securities issued by other financial institutions	
c. Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	
d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to market value	115

Intra-financial system assets	101,452
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Section 3 - Intra-Financial System Liabilities

a. Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	59,650
(i) Funds deposited	32,078
(ii) Borrowings	27,572
b. Net negative current exposure of securities financing transactions with other financial institutions	247
c. Over-the-counter derivatives with other financial institutions that have a net negative mark to market value	3

Intra-financial system liabilities	59,900
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Section 4 - Securities Outstanding

Securities outstanding	
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Substitutability/Financial Institution Infrastructure Indicators

Section 5 - Payments made in the reporting year (excluding intragroup payments)

Payments activity	20,422,309
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Section 6 - Assets Under Custody

Assets under custody	
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Section 7 - Underwritten Transactions in Debt and Equity Markets

Underwriting transactions	
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Section 8 - Trading Volume

Trading volume	3,249
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Complexity indicators	
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Section 9 - Notional Amount of Over-the-Counter (OTC) Derivatives

OTC derivatives	193,721
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Section 10 - Level 2 Assets

Level 2 assets	32,240
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Section 11 - Trading and available for sale (AFS) securities

Trading and AFS securities	57,357
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Section 12 - Cross-Jurisdictional Liabilities

Foreign Liabilities (excluding derivatives and intragroup liabilities)	
Cross-jurisdictional liabilities	106,648

Section 13 - Cross-Jurisdictional Claims

Foreign claims (excluding derivatives and intragroup liabilities)	
Cross-jurisdictional claims	39,303



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SUPPLEMENTARY INFORMATION

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INDEPENDENT ASSURANCE REPORT – SUSTAINABILITY



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Scope

We have been engaged by Bank of Ceylon to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Bank of Ceylon's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Bank of Ceylon's (the "Entity's") Integrated Annual Report for the year ended 31 December 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Bank of Ceylon

In preparing the Subject Matter, Bank of Ceylon applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Bank of Ceylon's responsibilities

Bank of Ceylon management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining

adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Bank of Ceylon on 12 March 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform

Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA

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OVERVIEW

LEADERSHIP
INSIGHTSOUR
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PERFORMANCESTAKEHOLDER
OUTCOMES

GOVERNANCE

FINANCIAL
REPORTSCOMPLIANCE
ANNEXESSUPPLEMENTARY
INFORMATION

INDEPENDENT ASSURANCE REPORT – SUSTAINABILITY



- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Bank of Ceylon for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.

25 March 2025
Colombo

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

STATEMENT OF PROFIT OR LOSS IN USD

For the year ended 31 December	Bank		Group	
	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
Total income	1,659,032	1,673,814	1,691,560	1,703,696
Interest income	1,576,009	1,620,130	1,602,231	1,643,839
Less : Interest expenses	1,003,343	1,338,620	1,015,295	1,348,985
Net interest income	572,666	281,510	586,936	294,854
Fee and commission income	103,955	79,880	105,432	80,992
Less : Fee and commission expenses	33,503	25,378	33,652	25,430
Net fee and commission income	70,452	54,502	71,780	55,562
Net gains/ (losses) from trading	11,736	(16,510)	11,870	(15,940)
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	5,153	2,651	5,860	4,473
Net gains/ (losses) from derecognition of financial assets	(12,300)	4,204	(9,886)	4,538
Net other operating income	(25,521)	(16,542)	(23,947)	(14,206)
Total operating income	622,186	309,815	642,613	329,281
Less : Impairment charge/ (reversal) for loans and other losses	(69,529)	(15,146)	(70,818)	(15,586)
Net operating income	691,715	324,961	713,431	344,867
Less : Operating expenses				
Personnel expenses	137,694	92,053	146,784	99,751
Depreciation and amortisation expenses	14,338	11,895	14,724	13,056
Other expenses	77,252	57,376	83,935	63,207
Total operating expenses	229,284	161,324	245,443	176,014
Operating profit/ (loss) before taxes on financial services	462,431	163,637	467,988	168,853
Less : Taxes on financial services & Social Security Contribution Levy (SSCL)	97,050	39,094	98,400	39,997
Operating profit/ (loss) after taxes on financial services	365,381	124,543	369,588	128,856
Share of profits/ (losses) of associate companies, net of tax		-	295	104
Profit/ (loss) before income tax	365,381	124,543	369,883	128,960
Less : Income tax expense/ (reversal)	145,317	42,136	147,514	43,700
Profit/ (loss) for the year	220,064	82,407	222,369	85,260
Profit attributable to :				
Equity holder of the Bank	220,064	82,407	222,185	85,118
Non-controlling interest	-	-	184	142
Profit/ (Loss) for the year	220,064	82,407	222,369	85,260
Earnings per share and Dividend per share				
Basic earnings per share (USD)	8.80	3.30	8.89	3.40
Diluted earnings per share (USD)	8.55	3.20	8.64	3.31
Dividend per share (USD)	-	0.02	-	0.02

Exchange rate of 1 USD was LKR 292.5833 as at 31 December 2024. (LKR 323.9233 as at 31 December 2023)

The Statement of Profit or Loss given in this page does not form part of the Audited Financial Statements and it is solely for the convenience of the shareholders, investors, bankers and other interested parties of the Financial Statements of the Bank.

STATEMENT OF COMPREHENSIVE INCOME IN USD

	Bank		Group	
For the year ended 31 December	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
Profit/ (Loss) for the year	220,064	82,407	222,369	85,260
Items that will be reclassified to the profit or loss				
Exchange differences on translation of foreign operations	(6,321)	(6,105)	(8,544)	(7,058)
Net gains/ (losses) on cash flow hedge instruments	(12,749)	(62,883)	(12,749)	(62,883)
Net gains/ (losses) on investments in debt instruments measured at fair value through other comprehensive income (FVTOCI)	2,516	511	2,548	842
Net (gains)/ losses on investment in financial assets at FVTOCI reclassification to profit or loss	-	-	(23)	-
Deferred tax effect on above	(753)	(458)	(753)	(458)
Share of other comprehensive income of Associate companies, net of tax	-	-	57	(7)
Total items that will be reclassified to the profit or loss	(17,307)	(68,935)	(19,464)	(69,564)
Items that will not be reclassified to the profit or loss				
Change in fair value on investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)	9,508	5,516	6,538	7,448
Deferred tax effect on above	(412)	(333)	(412)	(333)
Changes in revaluation surplus/ (deficit)	-	21,242	(478)	26,658
Deferred tax effect on above	-	(6,056)	143	(7,681)
Net actuarial gains/ (losses) on defined benefit plans	(47,148)	(58,471)	(47,377)	(58,721)
Deferred tax effect on above	14,145	17,541	14,212	17,614
Total items that will not be reclassified to the profit or loss	(23,907)	(20,561)	(27,374)	(15,015)
Other comprehensive income for the year, net of tax	(41,214)	(89,496)	(46,838)	(84,579)
Total comprehensive income for the year	178,850	(7,089)	175,531	681
Attributable to:	-	-	-	-
Equity holder of the Bank	178,850	(7,089)	175,409	487
Non-controlling interest	-	-	122	194
Total comprehensive income for the year	178,850	(7,089)	175,531	681

Exchange rate of 1 USD was LKR 292.5833 as at 31 December 2024. (LKR 323.9233 as at 31 December 2023)

The Statement of Comprehensive Income given in this page does not form part of the Audited Financial Statements and it is solely for the convenience of the shareholders, investors, bankers and other interested parties of the Financial Statements of the Bank.

STATEMENT OF FINANCIAL POSITION IN USD

As at 31 December	Bank		Group	
	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
Assets				
Cash and cash equivalents	394,494	418,465	397,432	424,079
Balances with Central Banks	178,911	107,842	178,911	107,842
Placements with banks	213,317	231,432	210,459	225,439
Securities purchased under resale agreements	81,968	11,459	73,761	11,408
Derivative financial instruments	80,321	63,366	80,321	63,366
Financial assets recognised through profit or loss measured at fair value	71,785	125,470	101,723	150,748
Financial assets at amortised cost				
loans and advances	7,443,035	6,819,707	7,591,554	6,917,104
debt and other instruments	7,778,757	5,105,309	7,801,662	5,124,710
Financial assets measured at fair value through OCI	177,897	152,919	184,094	161,148
Investment in subsidiary companies	27,617	25,256	-	-
Investment in associate companies	318	287	2,833	2,276
Investment properties	8,253	7,454	-	295
Property, Plant and Equipment	155,926	131,403	212,959	183,892
Right of Use Assets/ Leasehold properties	18,984	10,832	11,467	9,220
Intangible assets	5,499	4,800	5,845	5,108
Deferred tax assets	54,126	57,123	54,574	57,405
Other assets	347,150	346,607	347,906	348,608
Total assets	17,038,358	13,619,731	17,255,501	13,792,648
Liabilities				
Due to banks	5,711	9,409	5,750	9,763
Securities sold under repurchase agreements	448,007	242,227	444,423	240,272
Derivative financial instruments	56,312	6,697	56,312	6,697
Financial liabilities at amortised cost				
due to depositors	14,384,291	11,985,036	14,510,506	12,069,464
other borrowings	99,608	103,933	110,547	109,880
Debt securities issued	-	-	2,457	2,256
Current tax liabilities	79,327	23,529	80,641	24,319
Deferred tax liabilities	-	-	9,950	9,056
Insurance contract liabilities - Life	-	-	1,370	1,110
Insurance contract liabilities - Non life	-	-	1,449	2,074
Other liabilities	696,761	272,106	696,646	277,337
Subordinated liabilities	234,243	199,713	233,378	198,928
Total liabilities	16,004,260	12,842,650	16,153,429	12,951,156
Equity				
Share capital	87,941	79,432	87,941	79,432
Permanent reserve fund	57,942	48,360	57,942	48,360
Retained earnings	626,792	528,988	634,133	534,272
Cashflow hedge reserve	5,200	16,212	5,200	16,212
Other reserves	256,223	104,089	312,920	159,756
Total equity attributable to equity holder of the Bank	1,034,098	777,081	1,098,136	838,032
Non-controlling interest	-	-	3,936	3,460
Total equity	1,034,098	777,081	1,102,072	841,492
Total liabilities and equity	17,038,358	13,619,731	17,255,501	13,792,648
Contingent liabilities and commitments	6,112,093	4,751,761	6,115,852	4,781,663
Net assets value per share (USD)	41.36	31.08	43.93	33.52

Exchange rate of 1 USD was LKR 292.5833 as at 31 December 2024. (LKR 323.9233 as at 31 December 2023)

The Statement of Financial Position given in this page does not form part of the Audited Financial Statements and it is solely for the convenience of the shareholders, investors, bankers and other interested parties of the Financial Statements of the Bank.

QUARTERLY PERFORMANCE

Summary of the Statement of Profit or Loss as per Quarterly Publication

LKR million

	2024					2023				
	31-Mar	30-Jun	30-Sep	31-Dec	Total	31-Mar	30-Jun	30-Sep	31-Dec	Total
Bank										
Net interest income	25,886	31,613	37,023	40,275	134,797	18,654	9,913	22,652	39,969	91,188
Non interest income	4,527	6,700	6,678	(3,416)	14,489	(648)	(1,810)	6,000	5,627	9,169
Non interest expense	(14,618)	(16,178)	(18,096)	(18,192)	(67,084)	(11,777)	(12,427)	(13,406)	(14,647)	(52,257)
Impairment (charge)/ reversal for loans and other losses	(3,250)	(4,597)	(5,495)	33,684	20,342	(1,068)	14,161	682	(8,869)	4,906
Operating profit before taxes on financial services	12,545	17,538	20,110	52,351	102,544	5,161	9,837	15,928	22,080	53,006
Taxes on financial services	(3,205)	(4,453)	(4,928)	(10,259)	(22,845)	(1,831)	(2,702)	(3,761)	(4,370)	(12,664)
Profit before income tax	9,340	13,085	15,182	42,092	79,699	3,330	7,135	12,167	17,710	40,342
Income tax expense	(4,266)	(5,691)	(6,141)	(16,796)	(32,894)	(21)	(1,932)	(2,611)	(9,085)	(13,649)
Profit after income tax	5,074	7,394	9,041	25,296	46,805	3,309	5,203	9,556	8,625	26,693
Other comprehensive income	(2,702)	(4,255)	(396)	(4,705)	(12,058)	(6,133)	(5,189)	(8,390)	(9,277)	(28,989)
Total comprehensive income	2,372	3,139	8,645	20,591	34,747	(2,824)	14	1,166	(652)	(2,296)
Group										
Net interest income	26,833	32,576	38,110	41,453	138,972	19,733	11,043	23,770	40,964	95,510
Non interest income	5,230	6,741	6,875	(2,557)	16,289	(255)	(1,816)	6,794	6,428	11,151
Non interest expense	(15,740)	(17,260)	(19,172)	(19,641)	(71,813)	(12,782)	(13,565)	(14,483)	(16,185)	(57,015)
Impairment (charge)/ reversal for loans and other losses	(3,298)	(4,480)	(5,446)	33,945	20,721	(1,128)	14,195	759	(8,777)	5,049
Operating profit before taxes on Financial Services	13,025	17,577	20,367	53,200	104,169	5,568	9,857	16,840	22,430	54,695
Taxes on financial services	(3,306)	(4,536)	(4,977)	(10,421)	(23,240)	(1,847)	(2,742)	(3,905)	(4,461)	(12,955)
Operating profit after taxes on financial services	9,719	13,041	15,390	42,779	80,929	3,721	7,115	12,935	17,969	41,740
Share of profit/ (losses) of associate companies, net of tax	20	14	10	42	86	25	3	27	(22)	33
Profit before income tax	9,739	13,056	15,400	42,821	81,016	3,746	7,118	12,962	17,947	41,773
Income tax expense	(4,425)	(5,867)	(6,187)	(17,057)	(33,536)	(95)	(2,020)	(2,843)	(9,198)	(14,156)
Profit after income tax	5,314	7,189	9,213	25,764	47,480	3,651	5,098	10,119	8,749	27,617
Other comprehensive income	(3,370)	(4,225)	(769)	(5,333)	(13,697)	(6,122)	(5,196)	(8,598)	(7,479)	(27,395)
Total comprehensive income	1,944	2,964	8,444	20,431	33,783	(2,471)	(98)	1,521	1,270	222

Summary of the Statement of Financial Position as per Quarterly Publication

	2024				2023				LKR million
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	
Bank									
Assets									
Investments	1,851,321	1,899,753	2,094,386	2,443,556	1,466,806	1,546,245	1,760,032	1,830,857	
Loans and advances to customers	2,077,984	2,096,822	2,074,470	2,177,708	2,132,577	2,082,899	2,136,680	2,209,062	
Property, plant and equipment	49,812	49,346	50,320	55,199	42,490	42,722	42,461	50,043	
Other assets	302,421	377,426	368,222	308,676	423,648	365,726	360,947	321,786	
Total assets	4,281,538	4,423,347	4,587,398	4,985,139	4,065,521	4,037,592	4,300,120	4,411,748	
Liabilities and equity									
Due to customers	3,718,130	3,832,268	3,964,277	4,208,603	3,310,472	3,409,055	3,688,050	3,882,232	
Debt securities and borrowed funds	218,360	230,834	220,931	230,430	420,489	293,829	233,686	179,869	
Other liabilities	90,962	103,020	136,320	243,546	83,373	83,507	126,017	97,932	
Equity	254,086	257,225	265,870	302,560	251,187	251,201	252,367	251,715	
Total liabilities and equity	4,281,538	4,423,347	4,587,398	4,985,139	4,065,521	4,037,592	4,300,120	4,411,748	
Group									
Assets									
Investments	1,864,961	1,911,646	2,103,442	2,450,248	1,471,148	1,551,044	1,768,944	1,838,501	
Loans and advances to customers	2,111,249	2,134,874	2,115,304	2,221,162	2,161,380	2,110,006	2,165,414	2,240,611	
Property, plant and equipment	63,889	63,625	64,722	67,374	55,460	55,289	55,019	64,304	
Other assets	304,866	378,811	369,726	309,887	430,485	374,387	358,680	324,344	
Total assets	4,344,965	4,488,956	4,653,194	5,048,671	4,118,473	4,090,726	4,348,057	4,467,760	
Liabilities and equity									
Due to customers	3,752,069	3,865,977	3,998,536	4,245,532	3,334,166	3,431,407	3,712,361	3,909,581	
Debt securities and borrowed funds	220,512	235,392	225,091	233,059	425,756	300,584	233,073	181,753	
Other liabilities	97,862	110,107	143,644	247,633	88,665	88,953	131,320	103,847	
Equity	273,404	276,321	284,795	321,296	268,834	268,748	270,223	271,458	
Non controlling interest	1,118	1,159	1,128	1,151	1,052	1,034	1,080	1,121	
Total liabilities and equity	4,344,965	4,488,956	4,653,194	5,048,671	4,118,473	4,090,726	4,348,057	4,467,760	

QUARTERLY PERFORMANCE

Summary of the Key Performance Indicators as per Quarterly Publication

	2024				2023			
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec
Bank								
Profitability								
Interest margin (%)	2.4	2.6	2.8	3.6	1.8	1.4	1.6	2.1
Return on average assets (before tax) (%)	0.9	1.0	1.1	2.3	0.3	0.5	0.7	0.9
Return on average equity (after tax) (%)	8.0	9.8	11.1	23.2	5.2	6.7	9.5	10.6
Investor Information								
Interest cover (times)	2.5	2.7	2.9	6.0	1.1	1.3	1.5	1.7
Net assets value per share (LKR)	10,163	10,289	10,635	12,102	10,047	10,048	10,095	10,069
Capital Adequacy Ratio								
Common equity Tier I capital adequacy ratio, (%)	11.4	10.8	10.8	12.0	11.7	11.7	10.9	11.7
Total Tier I capital adequacy ratio, (%)	12.4	11.9	11.8	13.0	12.7	12.8	11.9	12.8
Total capital adequacy ratio, (%)	15.4	14.9	15.5	16.6	15.7	15.6	14.5	15.8
Assets Quality								
Impaired loans (Stage 3) ratio	5.5	5.7	5.8	7.2	5.3	6.1	5.8	5.1
Impairment (Stage 3) to Stage 3 loans ratio	59.6	58.9	58.7	53.6	61.6	57.8	58.8	60.4
Group								
Profitability								
Interest margin (%)	2.4	2.7	2.8	3.6	1.9	1.5	1.7	2.2
Return on average assets (before tax) (%)	0.9	1.0	1.1	2.3	0.4	0.5	0.7	0.9
Return on average equity (after tax) (%)	7.8	9.1	10.4	21.9	5.4	6.5	9.3	10.1
Investor Information								
Net assets value per share (LKR)	10,936	11,053	11,392	12,852	10,753	10,750	10,809	10,858
Capital Adequacy Ratio								
Common equity Tier 1 capital adequacy ratio, (%)	11.8	11.3	11.2	12.0	11.8	11.8	11.2	12.1
Total Tier I capital adequacy ratio, (%)	12.8	12.3	12.2	13.0	12.9	12.9	12.3	13.1
Total capital adequacy ratio, (%)	15.8	15.4	15.9	16.6	15.8	15.8	14.9	16.2

Summary of the Statement of Profit or Loss with the adjustment of SOE restructuring retrospectively

The unrecognized interest income from some GOSL and SOE exposures were recognized after completion of Government's debt restructuring process in Q4, 2024 and impact for Q1, Q2 and Q3 were adjusted retrospectively.

LKR million										
	2024					2023				
	31-Mar	30-Jun	30-Sep	31-Dec	Total	31-Mar	30-Jun	30-Sep	31-Dec	Total
Bank										
Net interest income	36,265	41,834	49,178	40,275	167,552	18,654	9,913	22,652	39,969	91,188
Non interest income	4,527	6,700	6,678	(3,416)	14,489	(648)	(1,810)	6,000	5,627	9,169
Non interest expense	(14,618)	(16,178)	(18,097)	(18,192)	(67,085)	(11,777)	(12,427)	(13,406)	(14,647)	(52,257)
Impairment (charge)/ reversal for loans and other losses	(3,250)	(4,661)	(5,430)	33,684	20,343	(1,068)	14,161	682	(8,869)	4,906
Operating profit before taxes on financial services	22,924	27,695	32,329	52,351	135,299	5,161	9,837	15,928	22,080	53,006
Taxes on financial services	(4,963)	(6,174)	(6,999)	(10,259)	(28,395)	(1,831)	(2,702)	(3,761)	(4,370)	(12,664)
Profit before income tax	17,961	21,521	25,330	42,092	106,904	3,330	7,135	12,167	17,710	40,342
Income tax expense	(7,316)	(8,675)	(9,731)	(16,796)	(42,518)	(21)	(1,932)	(2,611)	(9,085)	(13,649)
Profit after income tax	10,645	12,846	15,599	25,296	64,386	3,309	5,203	9,556	8,625	26,693
Other comprehensive income	(2,702)	(4,255)	(396)	(4,705)	(12,058)	(6,133)	(5,189)	(8,390)	(9,277)	(28,989)
Total comprehensive income	7,943	8,591	15,203	20,591	52,328	(2,824)	14	1,166	(652)	(2,296)
Group										
Net interest income	37,213	42,797	50,265	41,453	171,728	19,733	11,043	23,770	40,964	95,510
Non interest income	5,230	6,741	6,875	(2,557)	16,289	(255)	(1,816)	6,794	6,428	11,151
Non interest expense	(15,740)	(17,260)	(19,172)	(19,641)	(71,813)	(12,782)	(13,565)	(14,483)	(16,185)	(57,015)
Impairment (charge)/ reversal for loans and other losses	(3,298)	(4,544)	(5,382)	33,945	20,721	(1,128)	14,195	759	(8,777)	5,049
Operating profit before taxes on Financial Services	23,405	27,734	32,586	53,200	136,925	5,568	9,857	16,840	22,430	54,695
Taxes on financial services	(5,064)	(6,257)	(7,048)	(10,421)	(28,790)	(1,847)	(2,742)	(3,905)	(4,461)	(12,955)
Operating profit after taxes on financial services	18,341	21,477	25,538	42,779	108,135	3,721	7,115	12,935	17,969	41,740
Share of profit/ (losses) of associate companies, net of tax	20	14	10	42	86	25	3	27	(22)	33
Profit before income tax	18,361	21,491	25,548	42,821	108,221	3,746	7,118	12,962	17,947	41,773
Income tax expense	(7,475)	(8,851)	(9,777)	(17,057)	(43,160)	(95)	(2,020)	(2,843)	(9,198)	(14,156)
Profit after income tax	10,886	12,640	15,771	25,764	65,061	3,651	5,098	10,119	8,749	27,617
Other comprehensive income	(3,370)	(4,225)	(769)	(5,333)	(13,697)	(6,122)	(5,196)	(8,598)	(7,479)	(27,395)
Total comprehensive income	7,516	8,415	15,002	20,431	51,364	(2,471)	(98)	1,521	1,270	222

QUARTERLY PERFORMANCE

Summary of the Statement of Financial Position with the adjustment of SOE restructuring retrospectively

		2024				2023			
		31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec
Bank									
Assets									
Investments		1,851,321	1,899,753	2,094,386	2,443,556	1,466,806	1,546,245	1,760,032	1,830,857
Loans and advances to customers		2,088,364	2,117,359	2,107,225	2,177,708	2,132,577	2,082,899	2,136,680	2,209,062
Property, plant and equipment		49,812	49,346	50,320	55,199	42,490	42,722	42,461	50,043
Other assets		302,421	377,445	368,222	308,676	423,648	365,726	360,947	321,786
Total assets		4,291,918	4,443,903	4,620,153	4,985,139	4,065,521	4,037,592	4,300,120	4,411,748
Liabilities and equity									
Due to customers		3,718,130	3,832,268	3,964,277	4,208,603	3,310,472	3,409,055	3,688,050	3,882,232
Debt securities and borrowed funds		218,360	230,834	220,931	230,430	420,489	293,829	233,686	179,869
Other liabilities		95,770	112,552	151,494	243,546	83,373	83,507	126,017	97,932
Equity		259,658	268,249	283,451	302,560	251,187	251,201	252,367	251,715
Total liabilities and equity		4,291,918	4,443,903	4,620,153	4,985,139	4,065,521	4,037,592	4,300,120	4,411,748
Group									
Assets									
Investments		1,864,961	1,911,646	2,103,442	2,450,248	1,471,148	1,551,044	1,768,944	1,838,501
Loans and advances to customers		2,121,628	2,155,410	2,148,060	2,221,162	2,161,380	2,110,006	2,165,414	2,240,611
Property, plant and equipment		63,889	63,625	64,722	67,374	55,460	55,289	55,019	64,304
Other assets		304,866	378,830	369,726	309,887	430,485	374,387	358,680	324,344
Total assets		4,355,344	4,509,511	4,685,950	5,048,671	4,118,473	4,090,726	4,348,057	4,467,760
Liabilities and equity									
Due to customers		3,752,069	3,865,977	3,998,536	4,245,532	3,334,166	3,431,407	3,712,361	3,909,581
Debt securities and borrowed funds		220,512	235,392	225,091	233,059	425,756	300,584	233,073	181,753
Other liabilities		102,669	119,639	158,818	247,633	88,665	88,953	131,320	103,847
Equity		278,976	287,344	302,377	321,296	268,834	268,748	270,223	271,458
Non controlling interest		1,118	1,159	1,128	1,151	1,052	1,034	1,080	1,121
Total liabilities and equity		4,355,344	4,509,511	4,685,950	5,048,671	4,118,473	4,090,726	4,348,057	4,467,760

Summary of the Key Performance Indicators with the adjustment of SOE restructuring retrospectively

		2024				2023			
		31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec
Bank									
Profitability									
Interest margin (%)		3.3	3.5	3.8	3.6	1.8	1.4	1.6	2.1
Return on average assets (before tax) (%)		1.7	1.8	1.9	2.3	0.3	0.5	0.7	0.9
Return on average equity (after tax) (%)		16.7	18.1	19.5	23.2	5.2	6.7	9.5	10.6
Investor Information									
Interest cover (times)		3.9	4.0	4.3	6.0	1.1	1.3	1.5	1.7
Net assets value per share (LKR)		10,386	10,730	11,338	12,102	10,047	10,048	10,095	10,069
Group									
Profitability									
Interest margin (%)		3.4	3.6	3.8	3.6	1.9	1.5	1.7	2.2
Return on average assets (before tax) (%)		1.7	1.8	1.9	2.3	0.4	0.5	0.7	0.9
Return on average equity (after tax) (%)		15.8	16.8	18.2	21.9	5.4	6.5	9.3	10.1
Investor Information									
Net assets value per share (LKR)		11,159	11,494	12,095	12,852	10,753	10,750	10,809	10,858

SHARE AND DEBENTURE INFORMATION

Share Information

As at 31 December	2024		2023	
Shareholder	No. of ordinary shares	Holding %	No. of ordinary shares	Holding %
Government of Sri Lanka	25,730,000*	100	25,730,000*	100

*This include 730,000 shares in pending allotment.

Debenture Information

The Bank has issued the following debt securities which are listed on Colombo Stock Exchange (CSE)

Unsecured, Subordinated, Redeemable Debentures (par value LKR 100)	Tenor (Years)	Interest Payable Frequency	Interest Rate (per annum)
BOC Debentures 2016/2024	8	Annually	12.75%
	8	Semi annually	6 months TB (gross) rate plus 125 basis points
Unsecured, Subordinated, Redeemable with non viability written down features (par value LKR 100)	Tenor (Years)	Interest Payable Frequency	Interest Rate (per annum)
BOC Debentures 2023/2028	5	Annually	15.00%
BOC Debentures 2024/2029	5	Annually	13.50%

Trading Information on Listed Debentures

The debentures that have been traded during the year ended 2024 and 2023 are as follows.

	2024					2023				
	Highest	Lowest	Last traded	Interest yield *	Yield to maturity	Highest	Lowest	Last traded	Interest yield *	Yield to maturity
	LKR	LKR	LKR	%	%	LKR	LKR	LKR	%	%
BOC Debentures 2016/2024, Unsecured, subordinated, redeemable, 8 years, fixed rate -12.75%	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T
BOC Debentures 2016/2024, Unsecured, subordinated, redeemable, 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points)	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T
BOC Debentures 2023/2028, Unsecured, subordinated, redeemable with non viability written down features, 5 years, fixed rate -15.0%	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T	N/T
BOC Debentures 2024/2029, Unsecured, subordinated, redeemable with non viability written down features, 5 years, fixed rate -13.50%	N/T	N/T	N/T	N/T	N/T	N/A	N/A	N/A	N/A	N/A

* As the date of last trade done

N/T - Not Traded

N/A - Not Applicable

TEN YEAR STATISTICAL SUMMARY – BANK

LKR million

For the year ended 31 December	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating results										
Income	131,502	154,121	189,211	221,021	239,116	247,164	290,362	513,149	542,187	485,405
Interest income	112,745	134,685	171,344	195,394	220,477	226,311	260,513	456,267	524,798	461,114
Interest expenses	(66,419)	(80,728)	(112,988)	(129,836)	(145,331)	(151,535)	(149,261)	(329,921)	(433,610)	(293,561)
Net interest income	46,326	53,957	58,356	65,558	75,146	74,776	111,252	126,346	91,188	167,553
Other operating income	18,756	19,437	17,868	25,627	18,640	20,853	29,849	56,882	17,389	24,291
Other operating expenses	(34,987)	(35,940)	(38,632)	(48,181)	(53,580)	(66,619)	(88,885)	(140,938)	(55,571)	(56,544)
Operating profit before taxes on financial services	30,095	37,454	37,592	43,004	40,206	29,010	52,216	42,290	53,006	135,300
Taxes on financial services	(4,816)	(6,265)	(7,249)	(9,588)	(10,521)	(5,458)	(9,027)	(11,313)	(12,664)	(28,396)
Profit before income tax	25,279	31,189	30,343	33,416	29,685	23,552	43,189	30,977	40,342	106,904
Income tax expense	(7,922)	(6,398)	(9,031)	(12,413)	(6,587)	(5,787)	(5,599)	995	(13,649)	(42,517)
Profit for the year	17,357	24,791	21,312	21,003	23,098	17,765	37,590	31,972	26,694	64,387
As at 31 December	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assets										
Cash and cash equivalents	79,917	67,706	72,843	78,447	64,869	84,417	82,647	128,401	135,550	115,422
Balances with Central Banks	38,940	56,388	68,689	65,680	54,594	33,352	74,122	70,495	34,933	52,346
Placements with banks	27,976	11,675	8,067	40,450	44,476	27,616	4,957	16,459	74,966	62,413
Loans and advances to customers	826,790	1,000,082	1,163,161	1,429,107	1,549,805	1,988,409	2,413,762	2,325,594	2,209,061	2,177,708
Other financial assets	522,762	461,193	567,778	579,023	599,352	752,159	1,116,130	1,576,349	1,747,617	2,372,970
Investments in subsidiaries and associates	7,056	6,306	6,606	6,606	6,606	6,606	8,274	8,274	8,274	8,173
Investment properties	-	3,000	2,883	2,766	2,649	2,534	2,415	2,415	2,415	2,415
Property, Plant and Equipment and right of use assets	16,431	15,584	23,148	24,277	29,059	36,575	35,895	37,847	46,073	51,176
Intangible assets	373	563	811	1,238	1,127	1,021	1,040	1,442	1,555	1,609
Net employee benefit assets, derivative financial instruments and other assets	48,044	46,794	37,818	57,237	62,580	50,292	64,042	169,184	151,304	140,907
Total assets	1,568,289	1,669,291	1,951,804	2,284,831	2,415,117	2,982,981	3,803,284	4,336,460	4,411,748	4,985,139
Liabilities										
Due to banks	2,630	2,042	2,203	2,402	2,669	2,402	17,936	11,515	3,048	1,671
Due to customers	1,082,337	1,256,589	1,546,832	1,770,975	2,005,212	2,474,775	2,866,894	3,334,774	3,882,232	4,208,603
Debt securities issued and subordinated term debts	39,055	42,072	42,570	50,827	54,222	64,637	64,359	63,758	64,692	68,536
Other borrowings	337,442	254,895	222,679	299,192	172,017	237,991	606,264	570,708	112,129	160,223
Current tax liabilities	2,081	-	1,877	3,922	-	592	648	6,523	7,622	23,210
Other liabilities	23,259	20,843	24,488	25,343	38,714	45,925	46,423	94,998	90,311	220,336
Total liabilities	1,486,804	1,576,441	1,840,649	2,152,661	2,272,834	2,826,322	3,602,524	4,082,276	4,160,034	4,682,579
Equity										
Share capital	10,000	15,000	20,000	25,000	25,000	25,000	25,000	25,730	25,730	25,730
Permanent reserve fund	5,210	7,996	10,427	12,890	13,383	13,739	14,491	15,131	15,665	16,953
Retained earnings	51,086	54,155	63,472	78,062	87,689	96,984	136,739	158,616	171,352	183,389
Other reserves	15,189	15,699	17,256	16,218	16,211	20,936	24,530	54,707	38,967	76,488
Total equity	81,485	92,850	111,155	132,170	142,283	156,659	200,760	254,184	251,714	302,560
Total liabilities and equity	1,568,289	1,669,291	1,951,804	2,284,831	2,415,117	2,982,981	3,803,284	4,336,460	4,411,748	4,985,139
Contingent liabilities and commitments										
	696,857	547,399	496,477	508,307	508,218	580,449	999,727	1,344,900	1,539,206	1,788,296

	LKR million									
For the year ended 31 December	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Ratios										
Return on average assets (%)	1.7	1.9	1.7	1.6	1.3	0.9	1.3	0.8	0.9	2.3
Return on average equity (%)	22.2	28.4	20.9	17.3	16.8	11.9	21.0	14.1	10.6	23.2
Income growth (%)	3.9	17.2	22.8	16.8	8.2	3.4	17.5	76.7	5.7	(10.5)
Capital adequacy ratio (%) *										
- Tier I	9.1	8.7	10.8	10.3	11.2	11.2	14.3	12.4	12.8	13.0
- Tier I + Tier II	13.1	12.3	14.6	14.6	15.6	14.9	17.8	15.4	15.8	16.6
Capital funds to liabilities including contingent liabilities (%)	3.7	4.4	4.8	5.0	5.1	4.6	4.5	4.7	4.4	4.7
Liquidity ratio - domestic (%)**	28.2	21.6	27.2	24.5	24.6	26.6	25.0	21.2	42.8	N/A
Cost to income ratio (%)	44.7	43.0	38.4	38.1	37.3	37.0	32.0	29.4	55.7	40.1
Other information										
Number of employees	7,980	7,569	7,587	8,724	8,503	8,479	8,337	8,209	8,579	8,214
Number of branches	578	580	578	577	581	582	581	581	583	584
Number of ATMs, CDMs and CRMs	563	801	932	1,057	1,197	1,130	1,400	1,457	1,486	1,493
Number of advances ('000)	2,146	2,122	2,226	2,606	2,715	2,598	2,396	2,354	2,432	2,235
Number of deposits ('000)	12,322	12,706	13,254	13,421	14,480	15,027	15,287	15,863	16,903	17,110
Cash flow from operating activities	127,503	(21,346)	135,039	(25,790)	36,213	95,370	55,027	215,253	58,707	391,625
Cash flow from investing activities	(101,988)	83,642	(56,384)	11,667	25,620	(102,961)	(298,678)	(12,774)	41,016	(396,998)
Cash flow from financing activities	17,982	(73,927)	(73,822)	19,983	(75,901)	28,045	226,463	(150,755)	(84,795)	(13,687)
Capital expenditure on purchase of PPE and Lease hold properties	(1,332)	(2,053)	(3,081)	(3,400)	(3,386)	(2,946)	(1,771)	(2,244)	(3,178)	(5,011)

Note:

* 2017 onwards capital adequacy ratio figures are as per Basel III guidelines issued by the Central Bank of Sri Lanka.

** CBSL has discontinued the requirement to maintain the statutory Liquid Assets Ratio with effect from 15 June 2024.

Disclosure in terms of Section 7.6 (xvi) of the Listing Rules of the Colombo Stock Exchange on related party transactions exceeding 10% of the equity or 5% of the total assets of the Bank

The Bank did not carry out any transactions exceeding 10% of the equity or 5% of the total assets of the Bank, whichever is lower, with the related parties given in Note 61 to the Financial Statements, except for the transactions engaged with the Government of Sri Lanka and Government related entities.

The Government of Sri Lanka, who holds 100% shareholding in Bank of Ceylon and Government related entities, carry out transactions with the Bank, in the ordinary course of business and the aggregate monetary value of these transactions exceeded the threshold given in Section 7.6 (xvi) of the Listing Rules of Colombo Stock Exchange.

These transactions include:

1. Loans granted to the Government of Sri Lanka and State-Owned Enterprises.
2. Investment in Sovereign Bonds, Treasury bills and bonds issued by the Government of Sri Lanka.
3. Extending of trade finance credit and other related services to facilitate import transactions of the Government of Sri Lanka and State-Owned Enterprises.
4. Deposits made by the Government and Government related entities with the Bank

Most of these transactions are considered as recurrent nature transactions and the outstanding balances as at reporting date are given in Note 61.4 to the Financial Statements.

SUBSIDIARIES AND ASSOCIATES

Name of the Subsidiary/Associate	Present composition
Merchant Bank of Sri Lanka & Finance PLC BOC Merchant Tower, No. 28, St. Michael's Road, Colombo 03. Tel : 011 4711711 Fax : 011 4711742 e-mail : customercare@mbslbank.com Website: www.mbslbank.com	Mr A M A Perera Non-Executive Chairman/ Director Prof. N S Punchihewa Non-Executive Director Mr J D V N Jayasinghe Non-Executive Director Ms R D Fernando Non-Executive Director BOC Representatives Mr Y A Jayathilaka Non-Executive Director Mr Jayashantha Godakanda Non-Executive Director Mr Priyal Silva Non-Executive Director Mr R M N Jeewantha Non-Executive Director
Property Development Limited 19th Floor, BOC Head Office Building, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01. Tel : 011 2544328 Fax : 011 2544329 e-mail : pdlhrm@sltnet.lk Website: www.pdl.lk	Mr Kavinda M L de Zoysa Non-Executive Chairman / Director Ms D G De Silva Non-Executive Director Mr D G R M Kumar Non-Executive Director Mr R B M Gunawardena Non-Executive Director BOC Representatives Mr Russel Fonseka Non-Executive Director Mr Y A Jayathilaka Non-Executive Director Mr S Sivanjan Alternate to Mr Russel Fonseka
BOC Travels (Private) Limited 1st Floor, BOC Super Grade Branch Building, Baseline Road, Colombo 08. Tel : 011 2688154-8 Fax : 011 2688175 e-mail : info@boctravels.lk Website: www.boctravels.com	Mr H K C De Silva Non-Executive Chairman/ Director BOC Representatives Mr Russel Fonseka Non-Executive Director Mr Rohana Kumara Non-Executive Director Mr K A Ajith Karunaratne Non-Executive Director Mr Anton John Pulle Non-Executive Director

Name of the Subsidiary/Associate	Present composition
BOC Property Development and Management (Private) Limited 10th Floor, BOC Merchant Tower, No. 28, St. Michael's Road, Colombo 03. Tel : 011 2301911 Fax : 011 2370606 e-mail : bocmt@bocpdm.lk	Mr Russel Fonseka Non-Executive Chairman/ Director BOC Representatives Mr Y A Jayathilaka Non-Executive Director Mr Jayashantha Godakanda Non-Executive Director Mr Ruwan Kumara Non-Executive Director Ms Priyanthi Wijesekara Non-Executive Director
Hotels Colombo (1963) Limited No. 02, York Street, Colombo 01. Tel : 011 2320320, 011 5221100 Fax : 011 2380433 e-mail : info@grandoriental.com Website: www.grandoriental.com	Mr A J Ismail Non-Executive Chairman/ Director Mr A N Attygalle Non-Executive Director BOC Representatives Mr Russel Fonseka Non-Executive Director Mr S Sivanjan Non-Executive Director Ms Priyanthi Wijesekara Non-Executive Director Mr Y A Jayathilake Non-Executive Director Ms Thilini Gnanarathna Non-Executive Director
BOC Management & Support Services (Private) Limited (Not in operation) BOC Head Office Building, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01. Tel : 011 2432680	Mr Russel Fonseka Non-Executive Chairman/ Director Mr Madhawa Dissanayake Non-Executive Director Mr Damma Wijayawardhana Non-Executive Director
Ceybank Holiday Homes (Private) Limited 12th Floor, BOC Head Office Building, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01. Tel : 011 2447845, 011 2204103-4 Fax : 011 2447845 e-mail : ceybankhh@gmail.com Website: www.cebantaholidayhomes.com	Mr Russel Fonseka Non-Executive Chairman/ Director Mr Nimal Fernando Non-Executive Director BOC Representatives Ms Janaki S Siriwardene Non-Executive Director Mr Badra Kalyanapriya Gurusinghe Non-Executive Director Mr Damma Wijayawardhana Non-Executive Director Mr Y A Jayathilaka Non-Executive Director Ms Priyanthi Wijesekara Non-Executive Director

Name of the Subsidiary/Associate	Present composition
Bank of Ceylon (UK) Limited No: 1, Devonshire Square, London EC2M 4WD, United Kingdom. Tel : +44 207 3771 888 Fax : +44 207 3775 430 e-mail : info@bankofceylon.co.uk Website: www.bankofceylon.co.uk	Mr Kavinda M L de Zoysa Non-Executive Chairman/ Director Mr W D R Swanney Non-Executive Independent Director BOC Representatives Mr Russel Fonseka Non-Executive/ Non-Independent Director Mr Sanjeewa Samarakoon Executive Director Mr Madhawa Dissanayake Executive Director
MBSL Insurance Company Limited No. 519, T B Jayah Mawatha, Colombo 10. Tel : 011 2304500 Fax : 011 2300499 e-mail : info@mbslinsurance.lk Website: www.mbslinsurance.lk	Mr W K C S Vithana Non-Executive Chairman / Director Mr Dhammika Hapuhinne Non-Executive/Non-Independent Director Mr H N Wijayatunga Non-Executive/Non-Independent Director Mr W L A Fernando Non-Executive/Non-Independent Director Ms W S R Fernando Non-executive/Non- Independent Director Mrs W D S Liyanage Non-executive/Non-Independent Director Ms F F Ishar Non Executive Director
Ceybank Asset Management Limited No. 85, York Street, Colombo 01. Tel : 011 7602000 e-mail : info@ceybank.com Website: www.ceybank.com	Mr A C M Fernando Non-Executive Chairman / Director Mr I C C Ferdinands Chief Executive Officer/ Executive Director Ms V Govindan Non-Executive Director Mr A D Perera Non-Executive Director Ms W S Kulasinghe Non-Executive Director BOC Representatives Mr R M N Jeewantha Non-Executive Director Mr Jayashantha Godakanda Non-Executive Director

Name of the Subsidiary/Associate	Present composition
Lanka Securities (Private) Limited 3rd Floor, M2M Veranda Offices, No. 34, W A D Ramanayake Mawatha, Colombo 02 Tel : 011 4706757 Fax : 011 2554942 e-mail : infor@lankasec.com Website: www.lankasecurities.com	Ms A Taseer Non-Executive Chairman/ Director Mr Shabaz Ali Taseer Non-Executive Director Mr Shehryar Ali Taseer Non-Executive Director Mr K U D Gamage Executive Director Mr Dhammika Hapuhinne Non-Executive Director Mr I Hafeez Alternate Director to Ms Aamma Taseer Mr Shehribano Taseer Alternate Director to Mr Shehryar Ali Taseer Ms N Minhas Alternate Director to Mr Shahbaz Ali Taseer BOC Representatives Mr R M N Jeewantha Non-Executive Director
Transnational Lanka Records Solutions (Pvt) Ltd No. 160/16, Kirimandala Mawatha, Narahenpita, Colombo 05 Tel : 011 7574574 Fax : 011 4514588 e-mail : suneth@transnational-grp.com Website: www.transnational-grp.com	Dr. R Jayamaha Non-Executive Chairman / Director Mr D K W Liew Non-Executive Director Ms P C Dodanwela Non-Executive Director Ms D L M Hing Non-Executive Director Mr J C Y Liew Non-Executive Director BOC Representatives Mr Rohana Kumara Non-Executive Director Mr Anton John Pulle Non-Executive Director

GLOSSARY OF FINANCIAL/ BANKING TERMS

A

Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the word “accepted” above his signature and a designated payment date.

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

To recognise the effects of transactions and other events as they occur, without waiting for the receipt or payment of related cash or its equivalent.

Actuarial Assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variables that will determine the ultimate cost of providing post-employment benefits.

Actuarial Gains and Losses

Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Actuarial Valuation

Fund value determined by computing its normal cost, actuarial accrued liability, actuarial value of its assets, and other relevant costs and values.

Amortisation

The systematic allocation of the depreciable amount of an asset over its useful life. In the case of an intangible asset or goodwill, the term “amortisation” is generally used instead of “depreciation”. Both terms have the same meaning.

Amortised Cost

The amount at which a financial asset or liability is measured at initial recognition, minus any repayment of principal, minus any reduction for impairment or uncollectibility, and plus or minus the cumulative amortisation using the effective interest method of the difference between that initial amount and maturity amount.

Anti-Money Laundering (AML)

A set of procedures, laws or regulations designed to prevent money laundering. Money laundering is an activity which aims to disguise the ownership of money that has an illegal origin such as trading of drugs, organised crimes, fraud and terrorism.

Attrition Rate

A measure of how many employees leave over a certain period of time.

B

BASEL III

The Basel Committee on Banking Supervision (BCBS) issued the BASEL III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity.

Basis Points

A unit that is equal to 1/100th of 1%. Often used in quotation of spreads between interest rates or to change in yield in securities.

C

Capital Adequacy Ratio (CAR)

The ratio between capital and risk weighted assets, as defined under the framework of risk-based capital standards developed by the Bank for International Settlements (BIS) and as modified to suit local requirements by Central Bank of Sri Lanka.

Collectively-Assessed Loan Impairment Provisions

Impairment assessment which carried out on a collective basis for homogeneous groups of loans that are not considered individually significant, in order to cover losses that has been incurred but has not yet been identified at the Reporting date.

Common Equity Tier 1 (CET 1)

Common Equity Tier 1 (CET 1) is a component of Tier 1 capital that consists mostly of Stated Capital. It is a capital measure that was introduced as a precautionary measure to protect the economy from a financial crisis.

Contractual Maturity

Contractual maturity refers to the final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal will be repaid and interest is due to be paid.

Corporate Governance

The process by which corporations are directed and controlled. It is concerned with the rights and responsibilities among stakeholders used to determine and control the strategic directions and performance of the corporation.

Correspondent Banks

A bank in a foreign country that offers banking facilities to the customers of a bank in another country.

Cost to Income Ratio

Operating expenses excluding impairment charge for loans and other losses, as a percentage of total operating income.

Country Risk

The credit risk associated with lending to borrowers within a particular country, sometimes taken to include sovereign risk.

Credit Risk

The risk of loss due to non-payment of a loan or other line of credit (either the principal or interest or both), by the borrower or a counterparty.

D

Debt Equity Ratio

Long-term borrowings divided by shareholder's equity.

Deferred Taxation

Sum set aside for tax in the Financial Statements that will become payable/receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

Documentary Letters of Credit (LC)

Written undertakings by a bank on behalf of its customers (typically an importer), authorising a third party (e.g. an exporter) to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. Such undertakings are established for the purpose of facilitating international trade.

Domestic Systemically Important Banks (D-SIBs)

Systemically Important Banks (SIBs) are perceived as banks that are "Too Big To Fail". D-SIBs are critical for the uninterrupted availability of essential banking services to the country's real economy even during crisis. The CBSL has designated Licenced Commercial Banks with total assets equal to or greater than Rs. 500 Bn. as D-SIBs

E

Equity Method

A method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the investor's share of net assets of the invested. The Statement of profit or loss reflects the investor's share of the results of operations of the invested.

F

Financing Activities

Activities that result in changes in the size and composition of the equity capital and borrowings of the entity.

Financial Instruments

Financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on

specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments may be irrevocably classified as FVOCI when they meet the definition of Equity under LKAS 32- "Financial Instruments: Presentation", and are not held for trading.

Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)

All financial assets other than those classified at Amortised Cost or FVOCI are classified as measured at FVTPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Foreclosed Properties

Properties acquired in full or partial settlement of debts, which will be held with the intention of resale at the earliest opportunity.

Forward Exchange Contracts

Agreements between two parties to exchange one currency for another at a future date at a rate agreed upon today. instrument of another entity.

G

Guarantees

Primarily represent irrevocable assurances that a bank will make payments in the event that its customer is unable to perform its financial obligations to third parties. Certain other guarantees represent non-financial undertakings such as bid and performance bonds.

GLOSSARY OF FINANCIAL/ BANKING TERMS

H

Historical Cost Convention

Recording transactions at the actual value received or paid.

I

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Individually Significant Loan Impairment Provisions

Impairment measured individually for loans that are individually significant to the Group.

Intangible Asset

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

Interest Margin

Net interest income as a percentage of average interest earning assets.

Investment Securities

Securities acquired and held for yield or capital growth purposes and usually held to maturity.

K

Key Management Personnel (KMP)

Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Key Performance Indicators (KPI)

KPIs are quantifiable measures that a company user to gauge its performance over time.

L

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange, treasury bills.

Liquid Assets Ratio

Liquid assets expressed as a percentage of total liabilities other than shareholders' funds.

M

Mark to Market

The practice of periodically revaluing marketable securities to their current market value.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

Mortality Rate

A measure of the number of deaths in some population, scaled to the size of that population, per unit time.

N

Net Interest Income

The difference between what the Bank earns as interest on assets such as loans and securities and what it pays as interest on liabilities such as deposits, refinance funds and interbank borrowings.

Net Realisable Value

The estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net Stable Funding Ratio (NSFR)

NSFR measures the amount of long-term, stable sources of funding employed by a bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

Nostro Account

A nostro account is a bank account held in a foreign country by a domestic bank, denominated in the currency of that country.

O

Off-Balance Sheet Transactions

Transactions not recognised as assets or liabilities in the Statement of Financial Position but which give rise to contingencies and commitments.

Operating Activities

The principal revenue producing activities of an entity and other activities that are not investing or financing activities.

P

Projected Unit Credit Method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Property, Plant and Equipment (PPE)

Tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

Prudence

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty such that assets or income are not overstated and liabilities or expenses are not understated.

R**Redemption**

Repayment of principal monies.

Related Parties

Two parties where one controls the other or exercise significant influence in financial and operating decisions, directly or indirectly.

Repurchase Agreement

Contracts relating to securities sold to creditors (who lend money for funding purposes), with the intention of buying them back at a set price on a specified future date.

Return On Average Assets (ROAA)

Profit before tax expressed as a percentage of average total assets. Used along with ROAE, as a measure of profitability and as a basis of intra industry performance comparison.

Return On Average Equity (ROAE)

Profit after tax less preferred share dividends, if any, expressed as a percentage of average ordinary shareholders' equity.

Right of Use Assets

An assets which bears the lessee's right to use that throughout the lease term.

S**Significant Influence**

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not controlled or jointly controlled over those policies.

Solvency

The availability of cash over the long term to meet financial commitments as they fall due.

Subordinated Debenture

The claims of the debenture holders shall in the event of winding up, rank after all the claims of the secured and unsecured creditors and any preferential claims under any statutes, but in priority to and over claims and rights of the shareholders.

Swaps

The simultaneous purchase and sale of foreign exchange or securities, with the purchase executed at once and the sale back to the same party. Carried out on an agreed upon price to be completed at a specified future date. Swaps include interest rate swaps, currency swaps and credit swaps.

T**Tier 1 Capital**

Consists of the sum total of paid up ordinary shares, non-cumulative, non-redeemable preference shares, share premium, statutory reserve fund, published retained profits, general and other reserves, less intangible assets and other deductions.

Tier 2 Capital

Consists of the sum total of revaluation reserves, general provisions, hybrid capital instruments and approved subordinated debentures.

Total Capital

The sum of Tier 1 and Tier 2 capital.

U**Unit Trust**

An undertaking formed to invest in securities under the terms of a trust deed.

Unsecured

Repayment of the principal and interest not being secured by any specific asset.

V**Value at Risk (VaR)**

Estimated maximum loss that the Bank may incur in a given horizon at 99% confidence level.

Vostro Account

A local currency current account maintained with a bank by another bank

CORPORATE OFFICES AND OVERSEAS BRANCHES

Corporate Offices

BOC Card Centre

Issuing and managing VISA and Master branded Credit Cards, Franchising and servicing merchants using point of sales machines.

Level - 01, West Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka.

Tel : +94 11 232 5088
+94 11 239 5806
+94 11 220 5620
+94 11 220 5621
+94 11 232 5095

Fax : +94 11 232 5092

Email : cmccc@boc.lk, cmdpp@boc.lk
mgrmktacq@boc.lk

Branch Code : 731, 2460

BOC Premier Centre

Dedicated Centre for Private Banking

No. 21, Sir Ernest De Silva Mawatha, Colombo 07, Sri Lanka.

Tel : +94 11 269 4282 - 86
Fax : +94 11 269 4280
Email : pbc@boc.lk

Branch Code : 788

Ceybank Gold Shop

Supplier of precious gold to the nation.

Ground Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : +94 11 234 5420
Fax : +94 11 234 5420
Email : goldshop@boc.lk

Branch Code : 087

Credit Support Department

Issuing of local and International Guarantees and documentation of credit facilities

3rd Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : +94 11 254 1943

Fax : +94 11 244 6820

Email : corpcrsupport@boc.lk
crsupport@boc.lk

Branch Code : 660

Correspondent Banking Unit

Gateway to global banking and financial relationships

9th Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : +94 11 244 5791

Fax : +94 11 244 5791

Email : cmcbd@boc.lk/
corresbd@boc.lk

Branch Code : 087

Dealing Room

Providing money market and foreign exchange related services

7th Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : +94 11 234 6844, 244 5785-7
Fax : +94 11 244 5788

Email : chiefdealer@boc.lk

Branch Code : 760

Electronic Banking Unit

Issuing, Linking and Reactivation of ATM Cards, ATM Card Limit Enhancements, facilitator for Smart Online Banking.

21st Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : 1975

Fax : +94 11 244 7569

Email : ebank@boc.lk,
debitcard@boc.lk,
cmebu@boc.lk

Branch Code : 777

Inward Remittances Department

Leading remittance service provider in Sri Lanka.

8th Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : +94 11 220 3750-57,
244 5792, 254 1933

Fax : +94 11 234 4845

Email : irdept@boc.lk

Branch Code : 087

Islamic Banking Unit

Brand house for Islamic Banking products and services

25th Floor, Bank of Ceylon Head Office, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

Tel : +94 11 220 5030, 351 2283

Fax : +94 11 220 5036

Email : ibu@boc.lk

Branch Code : 776

Primary Dealer Unit

Trading and Investment of Government Securities

7th Floor, Bank of Ceylon Head Office,
"BOC Square", No. 01,
Bank of Ceylon Mawatha, Colombo 01,
Sri Lanka.

Tel : +94 11 2448830, 2203607

Fax : +94 11 2448207

Email : pdu@boc.lk

Branch Code : 760

Trade Promotion Unit

Service provider for migrant employee community

9th Floor, Bank of Ceylon Head Office,
"BOC Square", No. 01,
Bank of Ceylon Mawatha, Colombo 01,
Sri Lanka.

Tel : +94 11 2447831, 2203880

Fax : +94 11 2346841

Email : intrtrade@boc.lk

Branch Code : 087

Trade Services Department

Providing trade finance facilities and services

2nd Floor, Bank of Ceylon Head Office,
"BOC Square", No. 01,
Bank of Ceylon Mawatha, Colombo 01,
Sri Lanka.

Tel : +94 11 2394310, 2203310

Fax : +94 11 2542170

Email : agmtradefinance@boc.lk

Branch Code : 660

International Customer Service

Support Unit (Foreign Circle)

Catering to emigrants and Sri Lankans working overseas

9th Floor, International Division,
Bank of Ceylon Head Office,
"BOC Square", No. 01,
Bank of Ceylon Mawatha, Colombo 01,
Sri Lanka.

Tel : +94 11 2321162, 220 3860

Email : fc@boc.lk

SME Circle

Providing information advisory services for SMEs export oriented, SME innovation inventors and tech startups.

1st Floor, Bank of Ceylon Head Office,
"BOC Square", No. 01,
Bank of Ceylon Mawatha, Colombo 01,
Sri Lanka.

Tel : +94 11 2441999, 2204525

Email : smeonline@boc.lk

BOC Export Circle

Facilitate end to end financial and non-financial services to startups and SME exports throughout their supply chain.

2nd Floor, Bank of Ceylon Head Office,
"BOC Square", No. 01,
Bank of Ceylon Mawatha, Colombo 01,
Sri Lanka.

Tel : +94 11 2541945, 2203280,
2203247

Email : exportcircle@boc.lk

Overseas Branches

Malé Branch

"Aage" No. 12, Boduthakurufaanu Magu,
Henveiru, Male. 20094,
Republic of Maldives.

Tel : +960 3323045, 3020500

Email : agmmale@boc.mv

SWIFT Code : BCEYMVMV

Branch code : 632

Hulhumale Branch

Teak Unit 1, Amin Avenue, Hulhumale,
Republic of Maldives.

Tel : +960 3350921, 3350923

Email : mgrhulhumale@boc.mv

Chennai Branch

No. 20/21, Casa Major Road,
New No. 2 (Old No. 11), Zerat Garden,
2nd Lane, Egmore,
Chennai 600 008,
India.

Tel : +91 44 2819 0972/ 73/ 75

+91 44 3951 9913

Email : agmcb@boc.lk

SWIFT Code : BCEYIN5M

Branch Code : 758

Seychelles Branch

Oliaji Trade Center, Fransis Rachel Street,
P.O. Box 1599, Victoria, Mahe,
Republic of Seychelles.

Tel : +248 467 3608, 467 3609

Email : agmseychelles@boc.lk

SWIFT Code : BCEYSCSC

Branch Code : 807

CORPORATE INFORMATION

Name of the Institution

Bank of Ceylon

Legal Form

A banking corporation domiciled in Sri Lanka, duly incorporated on 01 August 1939 under the Bank of Ceylon Ordinance No. 53 of 1938.

A licensed commercial bank established under the Banking Act No. 30 of 1988.

Registered Office

No. 01, "BOC Square"
Bank of Ceylon Mawatha,
Colombo 01, Sri Lanka.

Tel : +94 11 220 3333 (Hotline)
+94 11 244 6790-811 (22 lines)
+94 11 233 8741-47 (7 lines)
+94 11 244 5815-20 (6 lines)
+94 11 254 4340-44 (5 lines)
+94 11 254 4333-37 (5 lines)
Facsimile : +94 11 232 1160
Bank code : 7010
SWIFT code : BCEYLKX
Email : boc@boc.lk, customercare@boc.lk
Website : www.boc.lk
Hotline : 1975

Call Centre

Tel : +94 11 220 4444
Facsimile : +94 11 232 0864

24 Hour Service Centre

Travel Counter, Ground Floor,
Bank of Ceylon Head Office, No. 01,
"BOC Square", Bank of Ceylon Mawatha,
Colombo 01, Sri Lanka.

Tel : +94 11 220 3044/45
Facsimile: +94 11 244 5801

Financial Year End

31 December

Tax Payer Identification Number (TIN)

409000070

VAT Registration Number

409000070-7000

SVAT Registration Number

SVAT002898

Stock Exchange Listing

The Unsecured, Subordinated
Redeemable Debentures of December
2023/ December 2028 series and
September 2024/ September 2029 with
fixed interest rates are listed on Colombo
Stock Exchange.

Local Ratings

National long-term rating: AA- (Ika)
Subordinated debentures: A (Ika)
by Fitch Ratings Lanka Limited

Global Ratings

Long-term Foreign Currency Issuer
Default Rating "CCC+" by Fitch Ratings

Lawyers

Mr Badra Kalyanapriya Gurusinghe
Chief Legal Officer of Bank of Ceylon and
his assistants.

Tel : +94 11 244 5813/220 4400
Facsimile : +94 11 232 1167
Email : clo@boc.lk

Compliance Officer

Ms W B P Rathnayake
(Chief Compliance Officer)

Tel : +94 11 244 8532/220 4800
Facsimile : +94 11 254 4306
Email : dgmcmpl@boc.lk

Auditor

The Auditor General
National Audit Office, 306/72,
Polduwa Road, Battaramulla, Sri Lanka.

Tel : +94 11 2887028-34 (6 lines)
Facsimile : +94 11 288 7223
Email : ag@auditorgeneral.gov.lk

(Appointed in terms of the provisions
of Article 154 of the Constitution of the
Democratic Socialist Republic of
Sri Lanka)

Registrars to the Debenture Issues

Investment Banking Division
Bank of Ceylon
7th Floor, Bank of Ceylon Head Office,
No. 01, "BOC Square",
Bank of Ceylon Mawatha Colombo 01,
Sri Lanka.

Tel : +94 11 239 4311
+94 11 244 8348
+94 11 234 6845
Facsimile : +94 11 234 6842
Email : investment@boc.lk

Board of Directors

Mr Kavinda M L de Zoysa (Chairman)
Dr. Kapila Senanayake
Mr Jehaan Ismail
Mr Jayamin Pelpola
Dr. Amal Illesinghe
Mr R M P Rathnayake

Secretary, Bank of Ceylon/ Secretary to the Board

Ms Janaki Senanayake Siriwardane

Audit Committee

Mr Jayamin Pelpola (Chairman)
Dr. Kapila Senanayake
Mr Jehaan Ismail

Integrated Risk Management Committee

Mr R M P Rathnayake (Chairman)
Mr Kavinda M L de Zoysa
Mr Jayamin Pelpola

Human Resources and Remuneration Committee

Mr Jehaan Ismail (Chairman)
Mr Kavinda M L de Zoysa
Dr. Kapila Senanayake

Nomination and Corporate Governance Committee

Mr Jehaan Ismail (Chairman)
Mr Kavinda M L de Zoysa
Mr R M P Rathnayake

Information and Communication Technology Committee

Dr. Amal Illesinghe (Chairman)
Mr Kavinda M L de Zoysa
Mr Jayamin Pelpola

Related Party Transactions Review Committee

Mr R M P Rathnayake (Chairman)
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Dr. Amal Illesinghe

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