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Diplomatic Push to Revitalize Indo-Lanka Relations

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Diplomatic Missions in India – 2021/2023 is intended
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Harvard Business Review



"I'm Here Because I'm As Good As You" HBR Interview with Ursula Burns



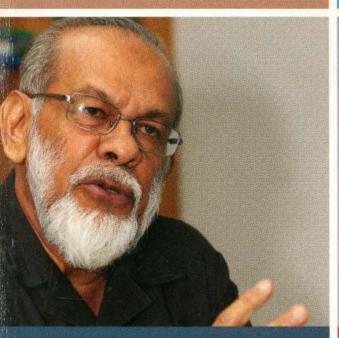
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They often bend it. But don't demonize them—the problem is systemic.



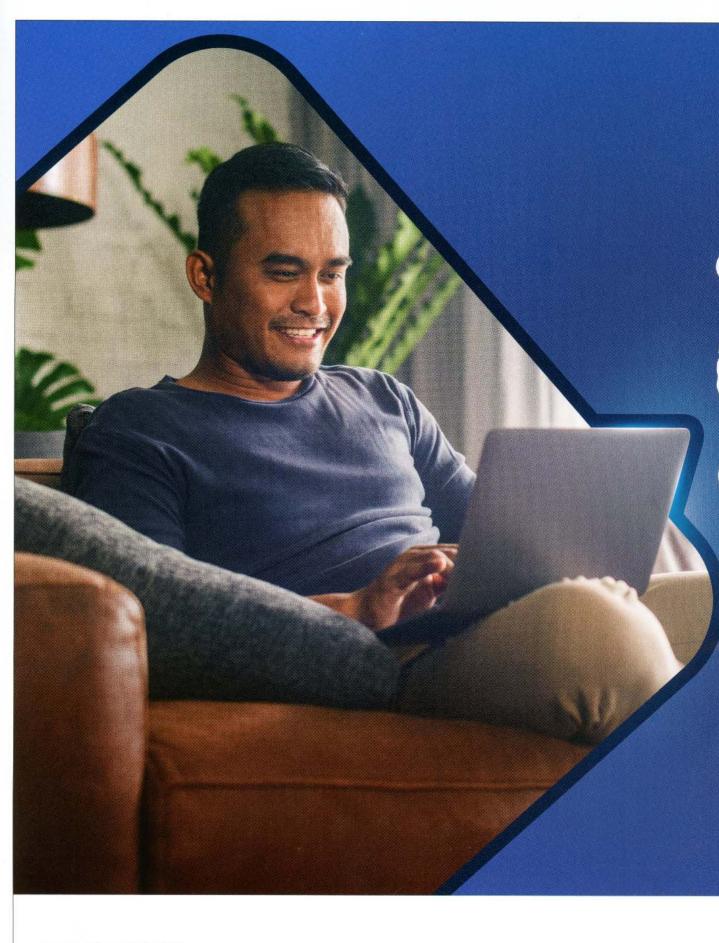
A Gem of a Man

Z.A.M Refai Hajiar, Chairman of ZAM Gems, shining philanthropist, brilliant entrepreneur, precious father, irreplaceable grandfather, and inspirational leader, bids adieu to this world, leaving behind the legacy of an exemplary life, an iconic business, a family that is devoted to walking in his benevolent footsteps and a treasure trove of generosity to continue his aspiration to give others 'a good life'. The unmatched ethics and integrity of the visionary Zam Refai have ensured Zam by N Gem's firm success that has stood the test of time



My Pleasure to Serve My Country

As Consul General of Sri Lanka for New South Wales and Queensland in Australia, Lakshman Hulugalle has many years of experience promoting the country's interests. As the former director-general of the Media Center for National Security, he successfully disseminated information globally and navigated swathes of media scrutiny on Sri Lanka's war against terrorism with tact and composure. Embarking on his new role amid the pandemic in 2020 to serve Sri Lanka single-mindedly once again, Mr. Hulugalle has already gathered together Australians and Australians of Sri Lankan origin to avanal accelerate his plans for the country.



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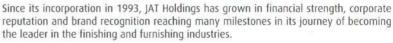
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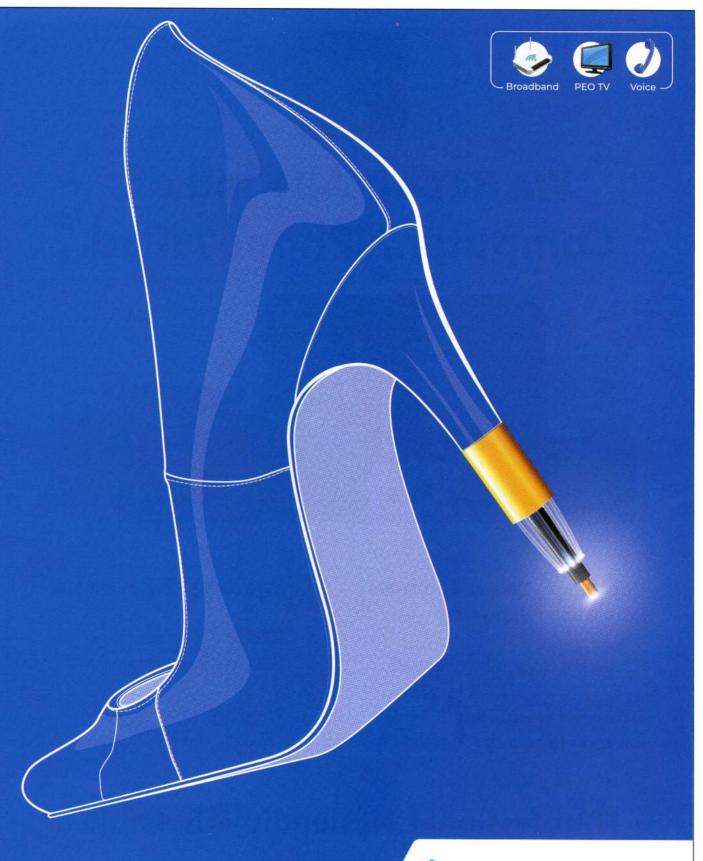
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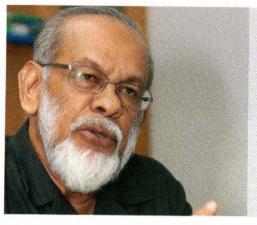
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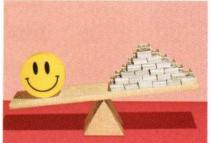




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The HBR Interview with Ursula Burns





LEADERSHIP

The HBR Interview with Ursula Burns

In 2009 **Ursula Burns** was named CFO of Xerox, becoming the first Black woman to head a Fortune 500 company. It was the culmination of an amazing life journey. from a Manhattan tenement to the C-suite of one of America's most iconic companies. She led Xerox for seven years, stepping down in 2016 after a bruising battle with the activist investor Carl Icahn, which led to the company's breakup. Burns subsequently served as CEO of the global telecommunications firm Venn and still sits on several major corporate boards. She is an outspoken champion of inclusive capitalism and racial equity, themes that animate her just-published memoir. Where You Are Is Not Who You Are. She recently spoke from her home in London with HBR editor in chief Adi Ignatius. Here are excerpts from the conversation.

HBR: The corporate world has changed a lot in the few years since you left Xerox. CEOs are responding to broader stakeholder demands and speaking up on social and political issues. What does good leadership look like in this multistakeholder world?

BURNS: When I was CEO, the job was relatively easy. You had to produce the highest possible profits and the highest possible share price—end of discussion. Now it's a more intellectual game, and you have to communicate more widely than ever before. You have to balance how much profit you make and how much cash you generate against how much of a positive impact you can have on society, your employees, and the communities where you do business.

Why do you think CEOs now have to take all this into account? Society—and by that I mean the human population, governments, employees—is starting to question traditional approaches. People are starting to ask why a CEO makes tens of millions of dollars while a critical worker doesn't get paid a living wage. The pandemic brought these fundamental inequities to light: The "really important" guys who get paid millions of dollars stayed in their homes, but the guys who make \$10 an hour, doing things like pushing gurneys down hospital corridors, had to come to work. And amid all that we saw yet another Black man killed by a person in authority. A lot has happened. If we all get the vaccine and simply return to the way things were, then shame on us.

Q: Income inequality is a tough issue. You were lucky enough to make megabucks as a CEO. That's how the system works, but it's also part of the problem you identify. No one who is offered that kind of money ever says no thanks. So how can the system change? It will take a coalition to move things forward. You said it right: There won't be a CEO who agrees to go first. I'm on some corporate boards, and when you're determining CEO salary, you don't want your guy to be the highest paid. But you also don't want him or her to be the lowest paid. I tend to be nervous about government involvement, but in this case I think governments can help ratchet back executive salaries and overall compensation. It won't happen voluntarily.

Q: Should we think about Peter Drucker's old maxim that chief executives shouldn't make more than 20 times what an average "People are starting to ask why a CEO makes tens of millions of dollars while a critical worker doesn't get paid a living wage. The pandemic brought these inequities to light."

worker makes? I don't know if 20 times is right. Maybe 100? There have to be guidelines, and there has to be a maximum. To understand the problem, just think about bank executives, for example. If you're an engineer, you create something. If you're a scientist, you cure something. Bankers basically don't do anything. They arbitrate risk and make tens of millions. I know I'm going to get in trouble for saying this, but it's ridiculous.

Q: Why did you decide to leave Xerox when you did? It appears to have been a combination of personal reasons and a reaction to the outcome of Carl Icahn's campaign against Xerox leadership. Does that sound right? Yes. It was the right time. It was a perfect storm of events. Some of it was good and cleared up some things for me. And some of it was bad. My husband had health issues. My kids were up to...you name it. And then we had to deal with an activist. After that it seemed like the right time to hand things over to my number two.

Q: What's it like going head-to-head with an activist? You're dealing with an aggressive adversary who can say whatever he or she wants, whether it's true or untrue. My natural tendency if somebody punches me in the nose is to punch them right back. I will literally fight you on the street. But that is obviously not a good idea if you're the CEO of a company that has 80,000 employees. An activist is generally looking for a quick return. I knew that things were more complicated than that. We had to invest hundreds of millions of dollars in technology; we had employees all over the world whom we actually cared about. If the only goal is to maximize shareholder value, my daughter could run the company—could run any company. But that's not the only goal.

Q: What's your advice for others who find themselves in such a position? Get help—from somebody outside the company. Everyone inside is feeling the same pressure you are. So find somebody who has experience with this but is not burdened with your history. In the end it's worth fighting for the "stakeholder view," even if it causes dislocation in the company.

Q: In an interview 15 years ago you said you couldn't really tell how being both Black and female affected your career trajectory, because you'd always been Black and female and had nothing to compare it with. You also said you detected zero difference in how you were treated versus how other newly hired engineers were treated. Now that you have some distance and perspective, do you still feel the same way? I largely do, especially as I look back on the early part of my career. Xerox had an enlightened founder, Joseph Wilson, so by the time I entered the company, in 1980, it had already broken some ground. But as I got more senior in the company, and as the lanes got narrower, it became clearer that race and gender were issues, sometimes in positive ways, sometimes in negative ones.

Q: How prevalent was prejudice in your nonprofessional life? When I was growing up, I came face-to-face with racism or sexism almost every day. I became numb to it. I vividly remember walking into Barneys, the clothing store, with my son one day. I was already a senior executive and making quite a bit of money, but it was the typical situation where somebody is watching you the whole time. I'd experienced that a lot, but that was the first time I said, "This just isn't right." Sure, we feel good when other people say, "Oh, yeah, she's one of us." But we need to get to a point where this elite society structure no longer exists.

Q: You write that your peers at college could deal with your success as a Black woman only by mentally elevating you to a kind of exceptional status-viewing you as almost freakishly gifted-meaning they couldn't accept that other talented, hardworking Black people could make it as well. Did you experience that throughout your life? Absolutely. Even in the latter part of my career, people would say, "Oh my God, you're so amazing." I finally realized that what they were saying, without knowing it, is that in order for me to lead a task force, or to be CEO, they would have to identify me as "spectacular" or else acknowledge that others who look like me, who act like me, who come from where I come from, can be at the table as well. I'm not amazing. I'm here because I'm as good as you.

Q: In the most powerful passage of your book you write, "Our entire lives as Black people and as women have been spent conforming to a structure built by white men on the backs of Black people and other minorities, – a structure that we can't be completely a part of." That's a candid indictment, especially from a woman who rose to the level that you did. How in the world can we make



LEADERSHIP

The HBR Interview with Ursula Rurns

progress with a problem that runs so deep? Numbers, numbers, numbers. One of the things you find when you go to a reasonably integrated place is that the dynamic is different. The language is different. Everything is different. The way we get diversity to be normal is to just do it. We have to be affirmative in our actions (this is different from affirmative action) to ensure that we increase diversity, that we actually have equity, that we are inclusive. How? Start close to home. Fix your shop.

Numbers really do help. If you are one or two of 40 or 50, you're a freak show. By the way, that can be advantageous. For 10 years at Xerox, I was the only Black woman in the room. So if I raised my hand, I was always called on, because, I mean, you couldn't miss me. But we have to get to the point where that's not an anomaly.

Q: You've also been outspoken on gender issues. Would you define "female leadership" as different from a traditionally male approach? Many natural "female" traits make women more appropriate leaders for this moment: We're more inclusive, less brutal, more nuanced about decision—making. Women have a healthy, natural sense of doubt. I meet with other successful women, and we talk about whether we could be doing things better, whether we're doing enough. At night I lie in bed and list the things I did that day that were bad. I can't even remember the things I did well.

And women are still largely responsible for the nurturing of their families. It's part of our genetic structure. That means we take responsibility for nurturing people to feel included, to feel valued.

Q: Are you seeing progress in the workplace for other Black women? This is a great time for African American women, because we have this thing called grit. White women discard you. Black men discard you. White men don't even know you're there. So you have to have grit to keep pushing, keep pushing, keep pushing.

Q: In your book there's a revealing account of a conversation you had with Sister Rosemary, your high school guidance counselor at the Catholic school you attended in Manhattan. She said you had three options for your life: You could become a teacher, a nurse, or a nun. How did she not include CEO of Xerox? That was in

1972, and if you were female, you had a very narrow, well-defined set of choices. I remember that when I was seven or eight, I asked a question of a visiting geography teacher. Afterward he told me that I was smart, that I had asked a good question. But he said I had three things going against me: I was Black, poor, and a girl. He meant to compliment me, but he was saying the doors were closed: "You're smart, but you can't do anything with it." That stuck with me for a long time. I eventually came to realize that I really liked those things. Well, not being poor. But I really liked being Black. And I really liked being a girl.

Q: Having read your memoir, I suspect it captures the real you. There are f-bombs. There are candid critiques of the Trump presidency. There's self-flagellation. What was your goal in writing the book? I wanted to present Ursula Burns in ordinary human terms. I'm often described in either an overly harsh or an overly idealized way. When you review my life, you might say it seems well planned. But I was just going from one day to the next, keeping some basic beliefs and ideals in mind. People say, "God, you had this spectacular life," and I say, "Yeah, it was pretty good." But it was just a life. It was nothing crazy.

Q: As I read the book, even though I knew you would end up as CEO of Xerox, I kept thinking, She's going to blow it. Along the way you describe situations where you were too blunt or too impatient or doing something dicey. How in the world did you manage to make it? Life is often blunt and dicey, and that's what I wanted to show. We're all human. We all make mistakes. We misspeak. We act impatient. In my journey I've made more good decisions than bad. But I didn't make zero bad decisions. I just kept pushing.

Q: You write that you're optimistic about America and about the world. What's the case for optimism? First, we survived the Trump years without total revolution. It's been comforting to see Americans showing decorum and respect for one another and not rioting in the streets. Second, we're engaged in a national discourse about racial equity, social justice, and economic equality. People at least realize there are problems. And third, I believe that people are fundamentally good. We just need to take better care of one another.

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Diplomatic Push to Revitalize Indo-Lanka Relations



Milinda Moragoda with Narendra Modi, Prime Minister of India in January 2009.

India and Sri Lanka have been the embodiment of friendly relations for centuries. Political family dynasties have navigated bilateral relations through post-independence through mutual love. Today it's a modified microcosm of testing ties amid power struggles redefining bilateral cooperation and future prosperity. The Integrated Country Strategy (ICS) for Sri Lanka Diplomatic Missions in India – 2021/2023 attempts to restore and reset the lost world of win-win diplomacy between India and Sri Lanka.

By Jennifer Paldano Goonewardane.

ith its strategic importance, Sri Lanka is the 'poster child' in the universe of geopolitical power dynamics. In the profoundly fraught and touchy state of interstate 'love-hate' relations, reconciling the nature of the relationship between India and Sri Lanka will indeed prove to be an exhaustive exercise in searching through the theories of international relations and diplomacy. But there's no denying that ties between the mighty neighbor and the tear-drop island have been typically accommodating and arcane going back to many millennia.

There's never a meeting between the leaders and representatives of the two countries that doesn't go without waxing eloquent on the shared histories and shared values. For the layperson detached from

the storms of geopolitical challenges and national interests, would seem that there could not be a better friend for each other. But in the reality of the intense power competition in the region and the Indian Ocean, Sri Lanka is thrust between several superpowers and emerging power and their ambitions. Sri Lanka is walking a tight rope to manage external relations to secure national interests while evaluating its role in an unfolding global drama of power politics. In trying to strike a balance and often confronting issues of shared loyalty, Sri Lanka has run into many a diplomatic storm with its neighbor — India.

Beyond the conundrums of the regional geopolitical context, the emblematic evidence for cooperation between India and Sri Lanka is immense. However, the

reality of the changes in the geopolitical equilibrium has altered this relationship into one of 'transactionalism'. As a result, country ties have been drifting from celebrating the cherished commonalities to disruptions to renewal. In a bid to change course and achieve Sri Lanka's foreign policy objectives vis-à-vis India, Milinda Moragoda, Sri Lanka's high commissioner for India. has developed a road map for the next two years. The Integrated Country Strategy for Sri Lanka Diplomatic Missions in India - 2021/2023 is intended for the 'Country Team' consisting of the three missions in New Delhi, Chennai, and Mumbai. They will coordinate to achieve the seven goals and objectives therein, which would provide an evolving framework or blueprint to gain maximum leverage and breakout of any diplomatic gridlocks between India and Sri Lanka.

Moragoda's comprehensive proposal, to the international relations specialist or even to the rationalist, may come out as being ambitious and something of a repeat attempt that hardly translates into action as envoys and governments change. But, Moragoda is a 'friend' of India, a special one who is 'handpicked' to serve Sri Lanka in India because the latter believes there could be a greater impetus to inject new life into bilateral cooperation between the two countries. Moragoda's report delves directly into that 'hope' of renewing many strategic partnerships that had been left unfinished.

The high commissioner-designate begins his monologue addressed to President Gotabava Rajapaksa with an accompanying letter. It underscores the importance of India-Sri Lanka ties, reminding of the civilizational bond between the two countries when Sri Lanka was also 'handpicked' by Emperor Ashoka for the propagation of Buddhism. In addition, Moragoda points to seminal factors such as geography, economics, culture, history, and, just as importantly, democratic values that connect the two countries. While acknowledging the dicey nature of Indo-Lanka ties that have gotten tossed in the storms of national interests and geopolitical calculations, he nonetheless deems the friendship's vicissitudes temporary and mendable. So, one can only deduce that Moragoda's intentions are undoubtedly genuine, that he considers his appointment as an opportunity to get back on the track of congenial relations governed by mutual respect and acceptance of each's interests and ambitions.

The ICS has seven key mission goals, with objectives under each goal, justification, and critical tasks for implementation. The overarching implication seen from perusing the document is that Moragoda has shed light on the immense potential for Sri Lanka in many areas

of engagement with India. At the same time, he sensibly ties his key mission goals with the macroeconomic targets outlined in the government's policy framework document - Vistas of Prosperity and Splendour. The seven key mission goals are:

Mission Goal 1: Elevate the existing close bilateral relationship to a strategic level through increased interactions at the political level

Sri Lanka has felt the consequences of the fallout from failed partnerships and economic development projects with India. And the top priority of the ICS is to infuse heightened interaction between the two countries at the highest level of head of state to parliamentary and state/local government level to press the reset button for renewed ties. Moragoda doesn't miss the strategic nature of this relationship. However, foreign relations observers may lament that a knowledge of the nuances of diplomacy is absent in shortsighted lawmakers that celebrate short-term victories over long-term gains for the country.

At the highest level, India and Sri Lanka have managed to iron out differences with a patch-up visit or two when relations hit a nadir. However, it is vital to revive the once-vibrant Indo-Sri Lanka Parliamentary Friendship Group in India's Parliament to increase connectivity between people's representatives in the two countries. It is a timely proposal to gather the support of a vital constituency in power that can navigate and influence the local narrative in opposition to Indo-Lanka bilateral relations. Bilateral relations, in effect, have to permeate all levels of government so that it does not hit a snag at a certain level, thereby preventing enhanced cooperation for mutual gains.

The issue of externally displaced persons living in India having fled Sri Lanka at various times, some nearly three decades ago, while others during the height of the war in the 2000s, has been a thorn in the relations between the two countries. Although the UNHCR has been facilitating voluntary repatriation, various factors have been impeding the process. It's a timely consideration that will require a great deal of diplomacy and dexterousness in mediation that the high commissioner-designate has added to his repertoire of duties. He proposes through a multipronged approach of preparing a comprehensive resettlement plan by the Government of Sri Lanka and formally conveyed to the Ministry of External Affairs of India to engage with the UNHCR and other stakeholders after positive feedback from the Ministry of External Affairs of India. In this exercise, positive engagement with the political leadership of Tamil Nadu to encourage and facilitate a smooth return of the EDPs is of paramount importance.



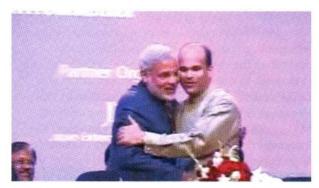
Milinda Moragoda addressing the gathering at the 'Vibrant Gujarat' Investors Forum, 2009.

Focusing further on his strong thrust to take bilateral relations to a new level under his diplomatic stewardship, Moragoda proposes to regularly convene the Indo-Sri Lanka Joint Commission and other bilateral joint committees to streamline their work. In addition, the document offers to look at new areas of cooperation, including through the India-Sri Lanka Foundation and the Kalinga Lanka Foundation, and other bilateral joint committees on various sectors. The timely convening of the Indo-Sri Lanka Joint Commission and other bilateral joint committees is critical for implementation since they make the leading policy platforms through which the countries execute bilateral cooperation.

Mission Goal 2: Bolster foreign investments as well as earnings from exports

Moragoda proposes forming an Inter-Agency Committee on Trade, Investment, and Tourism under the Country Team. It would have representatives of the SLEDB, BOI, Sri Lanka Tourism, Sri Lanka Tea Board, and Sri Lankan Airlines handling the Indian market, convened by the officer handling trade and economic matters in the High Commission in New Delhi.

Increasing Indian investments in Sri Lanka and facilitating ongoing large-scale economic development and investment-driven projects is also a priority, with the Sri Lankan missions in India envisaging a US\$ 256.1 million (Avg. Investment figure 2016-2020 X 50%) FDI target from India for 2022. The sectors identified are auto components, electrical and electronics, food processing, hospitality, Information Technology-enabled services, infrastructure, manufacturing, pharmaceuticals, renewable energy, and textiles. It urges the government to follow-up on the existing proposed investments by India in Sri Lanka, namely, the West Container Terminal of Colombo Port, the Trincomalee Oil Tank Farm, projects of cooperation in the power sector, Indian projects under development cooperation,



Narendra Modi, Prime Minister of India and Milinda Moragoda at the 'Vibrant Gujarat' Investors Forum, 2009.

and lines of credit as well as financial cooperation. Critical tasks to attract FDI from India include creating a focused investment promotion strategy, augmented by documenting high-net-worth investors and corporates in India while roping Indian trade chambers and industry associations into the equation to meet through business meetings and networking. Suppose Moragoda's strategies to attract Indian FDI are successful. In that case, it will be an opportunity for the Sri Lankan economy to create jobs and enhance skills by transferring technology and knowledge and heightened competitiveness.

Conversely, Sri Lanka's basket of exports such as spices and concentrates, processed food, tea, apparel, ceramic and porcelain items, printing and packaging, coconut-related products, and electrical machinery, components, and parts are targeted for an increase in 2022, with target earnings of US\$ 674.15 million (Based on 2016-2020 Avg export value from SL to India). However, the ICS identifies several vital tasks that requires implementation to boost exports between the two countries, such as revisiting the allocation of quantity quotas under the FTA. At the same time, there has to be an aggressive thrust towards participation in trade fairs, B2B meetings with potential exporters, business networking, and setting up business councils in Mumbai and Chennai. Reviving the Indo-Sri Lanka Chamber of Commerce and Industry operations in New Delhi is a stimulus to this process.

Further, the imperative feature of value addition supported by new technology will be a giant leap forward. For this, Sri Lanka requires technology innovation, capacity-building, product development, an initiative that India can be of immense value for inclusive economic growth and development in Sri Lanka.

For a long time, India has provided a thriving market for Sri Lanka tourism. Despite the challenging circumstances of the pandemic, the three missions in India have set an ambitious target of 169,955 forecasted arrivals from India in 2022. Promoting sectors such as MICE, weddings, films, the Ramayana Trail in Sri Lanka is considered as possessing much potential in India.

Mission Goal 3: Expand collaboration in the fields of strategic cooperation, defense, and Indian Ocean security between Sri Lanka and India

The third mission goal draws attention to the role of military diplomacy as highly vital to achieve a climate of confidence. Over and above, it opens the door to prevent a confrontation between two countries by helping to improve relations. Strategic cooperation in defense and security between India and Sri Lanka has been crucial in war and peace. The objective is to develop mechanisms that enhance political-level strategic collaboration. According to the document, the Indian government offers Sri Lankan defense personnel the largest share of training berths in the military segment.

Further, as a demonstration of India's commitment to widening military cooperation, in 2019, India had announced a US\$ 50 million special Line of Credit for counter-terrorism activities, which Sri Lanka is vet to utilize. Defense cooperation is imperative, as acknowledged by Moragoda, for Sri Lanka to increase its capabilities. It will be a force to boost commitment to regional security exigencies. However, efforts need to be continuous and sustained at many levels - policy, political, and executive level-to succeed. Some of the actionable proposals include conducting joint training and education, defense cooperation and maritime cooperation, and logistical support and strengthening the Office of the Defense Advisor in the High Commission of Sri Lanka in New Delhi by increasing its staff strength and appointing an Assistant to the Defense Advisor.

Mission Goal 4: Further enhance cooperation between Sri Lanka and India, particularly in the fields of culture, education and science, and technology, to promote Sri Lanka's interests

Beyond military might, Moragoda seeks to exploit the potential in the tools of soft power to make friends and influence people, a more graceful strategy in the universe of self-centered tools of hard power. It's receiving promotion by even the most ambitious nations as a scheme to further national interests delicately. It's hardly deniable that things like culture, education, language and religion, even sports and cuisine, are sometimes the most relatable products between countries. For India and Sri Lanka, it's a binding of histories because the commonalities are obvious and transcend the conflictual.

In conducting sounder international relations, it becomes a strategic tool. As the birthplace of Buddhism, India is still important to Sri Lanka, which is evident in the close ties between the missions and the many Sri Lankan Buddhist temples in India. There are many proposals for religious and scholarly exchanges between the two countries. The document proposes that scholars and students from India study Buddhist philosophy in Sri Lanka, while the Sri Lankan counterparts could engage in Buddhist and Pali language studies in India. Hinduism is homegrown in India and has made great strides into Sri Lanka, cementing further ties between the two countries. Hence, the document makes a strong thrust for interaction between Sri Lankan Hindu religious leaders and scholars and their Indian counterparts. If it does happen, the ceremonial handing over of the sacred stone from the Sita Amman temple in Sri Lanka to the Ram Mandir in Ayodhya will become an overt act of faith-based diplomacy.

There is also a provision to promote India's and Sri Lanka's national and religious festivals and art forms through exchanges and training initiatives. Religion seems to be of great significance, not surprising when both regional allies harbor multi-religions, a touchy point of controversy and conflict on many an occasion. However, their affinity to religion as an expression of 'nativeness' gives credence to the proposal to boost the visibility of the ancient trails that have sometimes invited theatrical debates of epic proportions as conduits for exchanges between religious leaders and scholars. The Buddhist circuit, the Ramayana, the Murugan, the Shiva Shakthi trails, and the Vailankanni trail will surely attract the religiously minded.

India stepping in to provide enhanced training and educational opportunities in India for Sri Lankans, including those from the plantation sector, by increasing the number of scholarships from the Government of India (ICCR) and other private universities of repute would make a significant impact in altering attitudes and spurring local support towards a regularly mistrusted neighbor. Similarly, of importance is strengthening technological and scientific cooperation between Sri Lanka and India under the framework of the India – Sri Lanka Joint Science and Technology Committee. The fourth mission goal would be a game-changer to replace and influence skewed perceptions through positive outreach and networking.

Mission Goal 5: Project a more positive image of Sri Lanka in India through public diplomacy initiatives, with a view to reaching out to the people of India and strengthening people to people contacts

Image building seems to be the objective of the fifth mission goal, a spillover from the soft power initiatives of lubricating relations. The proposal to enhance cooperation between think tanks, media outlets and media personnel, scholars, and artists has prevailed and led to some creative and intellectually stimulating mutually beneficial output. They have also provided a degree of extra visibility for Sri Lanka through influencers. One of the highlights of the proposed tasks is to mark the 80th anniversary of the establishment of official relations between Sri Lanka and India, the centenary of the first visit of Rabindranath Tagore to Sri Lanka, and the 75th anniversary of the establishment of formal diplomatic relations between the two countries. Moragoda proposes to use social media platforms -Facebook and Twitter to effectively promote Sri Lanka and project a positive image in India. In the future, the diplomatic missions in India will use the two platforms at least once daily to post promotional content on Sri Lanka, including messages on every key cultural/ religious event of India and the states, to reach out to the broader public audience.

Mission Goal 6: Enhance connectivity between Sri Lanka and India

Enhancing connectivity between India and Sri Lanka by facilitating increased air and sea connectivity between the two countries, targeting Sri Lankan Buddhist pilgrims to India, outbound Indian tourists, and air cargo will promote more people-to-people interaction, trade, and tourism. That, in turn, contributes to making Sri Lanka an aviation hub and a gateway to South Asia. Increasing the number of destinations in India by the national carrier of Sri Lanka is also deemed important in this regard. Pursuing the resumption/ establishment of passenger ferry services between Sri Lanka and India. between Thalaimannar and Rameswaram, Colombo and Tuticorin and Kankesanthurai and Karaikal, is seen as an opportunity to intensify more people-to-people contacts between southern India and Sri Lanka. As Sri Lanka has little choice but to adopt renewable energy sources to mitigate the effects of climate change, the proposal to facilitate electrical grid connectivity between the two countries is a farsighted and proactive attempt by Sri Lanka. It's an indication of its preparedness to obtain electricity in the event of droughts, breakdowns, and maintenance. Further, facilitating projects to create enhanced digital connectivity between the two countries to better utilize the underutilized e-commerce platforms and e-payment gateways by Sri Lanka may well encourage a swell in business benefitting both countries, especially in the post-Covid setting.

Mission Goal 7: Promote Sri Lanka's interests in protecting its ocean resources

As maritime neighbors, fishermen and fishing issues between India and Sri Lanka are often dubbed intractable. The daggers' drawn approach is becoming a persistent problem between the two countries. Despite the maritime border agreement signed by the two countries in 1947, there seems to be scant regard by Indian fishermen to such legal boundaries. They continue to blatantly trespass into Sri Lankan territorial waters to deny local fishermen of their livelihoods, which has led to intense standoffs, arrests, and detentions by the Sri Lanka Navy.

There's a call for an engagement at the highest level to stop illegal poaching by Indian fishermen in Sri Lankan waters and the ecological damage of bottom trawling. The approach, it seems, has to be through a consultative process that arrives at a mechanism acceptable to all sides for a resolution.

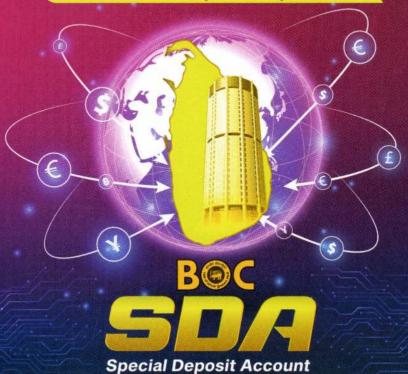
While growing activity in the oceans helps increase prosperity worldwide, the recent lesson that Sri Lanka learned was that it is the same human activity that's also responsible for the degradation of marine ecosystems and destroying livelihoods. Thus, the objective of proposing a training center is to obtain Indian expertise to assist in handling such future maritime disasters, where much depends on the initial response during an incident. If engaged in joint endeavors, Sri Lanka could benefit much from Indian expertise in research in fisheries and other marine and mineral resources. Sri Lanka stands to gain much through this kind of cooperation if its scientists and experts receive opportunities for stationing onboard Indian research vessels.

Even after decades of close collaboration on maritime issues, in the process of achieving success in many areas, it is beholden upon India and Sri Lanka to continue the dialogue to seek sustainable and long-lasting solutions to these challenges. In the meantime, exploiting and leveraging the opportunities provided by proximity will be for the good of both countries. Notwithstanding the deadlocks in maritime-related matters, cooperation is Sri Lanka's gateway to future prosperity and security.

It's a common quip that a human can't choose their family. Equally, a country cannot select its neighbor. But it can decide how it's going to live with its neighbor. In that perspective, one hopes that the Integrated Country Strategy for Sri Lanka Diplomatic Missions in India 2021/2023 will be a potential game-changer by creating new possibilities for engagement, leading to a fundamentally altered new landscape in Indo-Lanka relations.

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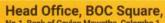
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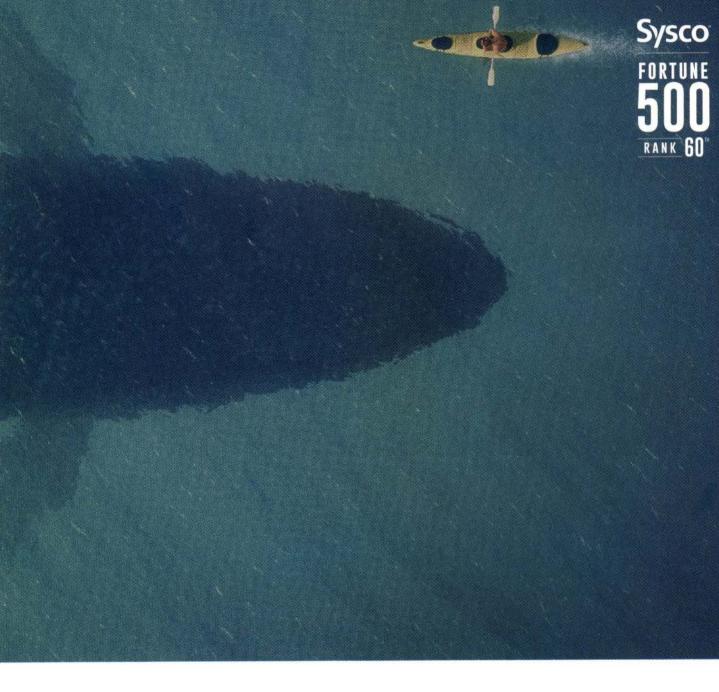
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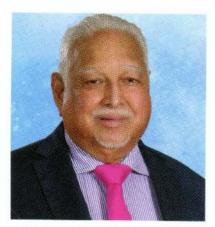
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Aitken Spence Records Stellar Performance in 1Q from Non-tourism Sectors



D.H.S. Jayawardena, Chairman, Aitken Spence.

Dr. Parakrama Dissanayake, Deputy Chairman, and Managing Director, Aitken Spence.

Aitken Spence made an impressive comeback in the first quarter ending June 30, 2021, by recording a 145 percent increase in Profit Before Tax (PBT) of 1.2 billion compared to 513 million in the previous year non-tourism sectors. The Group's non-tourism sectors recorded a 96 percent increase in EBITDA (Earnings-inclusive of equity accounted investees, before interest expenses, tax, depreciation, and amortization) of 1.9 billion rupees, compared to 990 million rupees in the previous year.

The non-tourism sectors include companies in the maritime and freight logistics, renewable energy, elevator agency, money transfer services, printing and packaging, plantations, apparel, insurance, and maritime education and management segments.

The Group's revenue for the quarter increased by 54.5 percent to 8.5 billion rupees compared to 5.5 billion rupees in the previous year.

In comparison, the Loss Before Tax (PBT) for the quarter decreased by 79.6 percent to 467.3 million rupees compared to 2.3 billion rupees in the previous year. The Group's profits from operations increased by 104 percent, which is a notable improvement to record a profit of 72 million rupees compared to a loss of 1.7 billion rupees in the previous year's quarter.

The Maritime and Freight Logistics sector recorded a growth in PBT of 84 percent to reach 845 million rupees, which was driven by an improved performance in freight management and liner shipping segments and overseas port management operations. The Strategic Investments sector recorded a significant growth in PBT of 798 percent to reach 296 million rupees, which was augmented by the contribution from the Group's investments in hydropower and waste to energy which were recent additions to

the portfolio. The Services sector's performance was commendable, recording a PBT of 117 million rupees, a growth of 21 percent compared to the previous year with a substantial contribution from the money transfer segment. Companies in these sectors continued their operations and performed exceptionally well during the quarter amid constant travel restrictions and lockdowns imposed by the respective Governments in the operating countries

The Tourism sector showed promising results with increased revenue and reduction in losses during the first quarter. One of the main contributing factors was the overseas hotels in the Maldives, which were operational during the first quarter. The Group's Tourism sector recorded a loss of 1.7 billion rupees, which was notably lower than the previous year's loss of 2.8 billion rupees.

"We are extremely proud of our hard-working teams across the Group who have shown their true Spensonian grit through purposeful leadership that has led to outstanding results despite being in industries that are heavily impacted by the pandemic that continues to hamper business growth. It echoes their perseverance and ability to adapt amidst many setbacks. We remain cautiously optimistic for a stronger recovery in the Group, particularly in the Tourism sector, than achieved during the first quarter," commented Dr. Parakrama Dissanayake, Deputy Chairman and Managing Director, Aitken Spence.



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SLT Group Delivers Positive Results in First Half 2021

SLT Group passes on benefit to consumers during tough pandemic period



Rohan Fernando, Group Chairman, SLT.



Lalith Seneviratne, GCEO, SLT.



Kiththi Perera, CEO, SLT.



Chandika Vitharena, CEO, Mobitel.

SLT-MOBITEL, the National ICT, Telecommunications, and Mobile Services Provider, announced its financial results for the first half of 2021, posting a 29.9 percent year-on-year growth of Group Profit After Tax (PAT) of six billion rupees. Cost consolidation across verticals and a group-wide undertaking to minimize waste, convert waste

to cash, and manage OPEX cost resulted in a healthy bottom-line.

SLT-MOBITEL ensured its customers benefited most during the challenging pandemic period, with improved service levels, upgraded infrastructure, and innovative product offers, the Group announced. SLT Group Revenue grew to 49.9 billion rupees in the

period under review, a 13.3 percent increase against the comparable period in the previous year, driven by the focus on business continuity despite the Coronavirus pandemic. The EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) of the Group stood at 19.6 billion rupees, a 10 percent year-on-year growth. In comparison, the Operating Profit for the Group was 7.2 billion rupees reflecting a 4.2 percent growth over the first half of 2020.

The Group Revenue for Q2 2021 grew by 15.2 percent compared to the same quarter of the previous year to 25.3 billion, lifting the EBITDA and Operating Profit to 9.9 billion rupees and 3.8 billion rupees, respectively.

The Group Profit After Tax (PAT) for the quarter was reported at 3.8 billion rupees, a 40.7 percent year-on-year growth.

During the pandemic, topline growth can be attributed to the customer-focused delivery of essential products and services.

SLT-MOBITEL strived to provide residential Fiber connectivity and increase PEO TV and mobile services as customer demand grew. This strategy led to more customer acquisition, aided by value-added services, competitive pricing, and the launch of innovative consumercentric services such as unlimited data packages.

SLT Group continued its

contribution to the Government of Sri Lanka during the first half of 2021, paying 10.3 billion rupees in direct and indirect taxes, including levies and dividends.

The Group has also committed to long-term infrastructure investments positively impacting the quality of digital connectivity in Sri Lanka. These include the investments in submarine cable networks, backbone infrastructure, and ongoing capital infusion on an extensive island-wide fiber-optic network, 4G towers, and base stations.

The SLT Group is perhaps a model to emulate other corporates and institutions managing the pandemic amongst staff and their immediate family members.

The Company created a fund to mitigate the cost of hospitalization and established six transit centers for first contacts to convalesce. The precautionary measures monitored weekly by a vigilant committee successfully contained the spread of the disease to a bare minimum.

Rohan Fernando, Group Chairman, SLT, stated, "SLT-MOBITEL is the truly Sri Lankan Telecommunication Company, and we are fully committed to serving the Nation and its people. We are working closely with the Government of Sri Lanka on National ICT and Telecommunication programs to ensure all Sri Lankans are connected to bridge the Digital divide."

"The growth for SLT-MOBITEL in the period under review has come as a direct result of our service quality. Our efforts to drive prices down and improve our customer service have been welcomed by residential customers who consume voice connectivity, mobile and fixed data, and PEO TV. Our enterprise and small business customers, who have counted on us for business continuity during the pandemic, have benefited from our customercentric solutions. Meanwhile, our brand unification as SLT-MOBITEL at the beginning of 2021 is already reaping synergy with decreased costs and magnified visibility, especially in a tough economic backdrop," Lalith Seneviratne, Group Chief Executive Officer, SLT, remarked.

The holding company, Sri Lanka Telecom (SLT), posted a robust 42.2 percent year-on-year increase in PAT of 3.9 billion rupees for the first half of 2021, driven by a topline growth of 14.7 percent year-on-year to 29 rupees.

Mobitel, the Mobile services arm of the Group too posted significant growth in the period under discussion. During the first half of 2021, Mobitel achieved a doubledigit growth in revenue led by the growth in Broadband services.

The Company's efficient operating and capital expenditure management led to achieving strong profitability with a 47.7 percent growth in PAT against the comparable period in the previous year.

Kiththi Perera, Chief Executive Officer, SLT commented, "SLT-MOBITEL is successfully progressing with the accelerated fiber expansion program to provide ultra-speed Fibre-to-the-Home (FTTH) connections across the country. Furthermore, the drive to expand and upgrade the present 4G network is accelerated."

Chandika Vitharana, Chief Executive Officer, Mobitel, added, "As a responsible corporate citizen, SLT-MOBITEL has been active on many fronts in social responsibility projects. The Group joined hands with the 'Gamata Sanniwedanaya' and 'Gama Samaga Pilisandara' programs. It partnered with the TRCSL to extend connectivity in rural Sri Lanka by establishing base stations and 4G towers, SLT-MOBITEL has taken steps to donate vital medical equipment as well as PCR machines to hospitals island wide under the Group's CSR project 'Sabandiyawe Sathkaraya.'" 🗊

Rohan Fernando, Group Chairman, SLT, stated, "SLT-MOBITEL is the truly Sri Lankan Telecommunication Company, and we are fully committed to serving the Nation and its people. We are working closely with the Government of Sri Lanka on National ICT and Telecommunication programs to ensure all Sri Lankans are connected to bridge the Digital divide."

People's Bank Refurbishes Polonnaruwa Regional Head Office and Dehiattakandiya Branch





Left and right image: the reopening of the Polonnaruwa Regional Head Office: and unveiling of the plague at the opening ceremony of the Polonnaruwa Regional Head Office by Ranjith Kodituwakku, Chief Executive Officer/General Manager, People's Bank.





Left and right image: at the reopening of the People's Bank Dehiattakandiya Branch; and a loan is granted to a customer at the opening of the refurbished Dehiattakandiya Branch by Ranjith Kodiluwakku, Chief Executive Officer/General Manager, People's Bank

People's Bank refurbished its Polonnaruwa Regional Head Office and Dehiattakandiva Branch, which were reopened under Ranjith Kodituwakku, CEO and General Manager, People's Bank.

The Regional Head Office at the Polonnaruwa Divisional Secretary has several facilities including an auditorium. The Dehiattakandiya Branch also features a modern, comfortable, and spacious premise to provide an enhanced banking experience to the people of Dehiattakandiya.

Gracing the opening ceremony was W A Dharmasiri, Polonnaruwa District Secretary. A D S Wanasinghe, Additional District Secretary, Major General Mahesh Abevarathna. Commander, Front Maintenance Area - East and Colonel Commandant of the SLASC, Government Officials and businesspersons.

Representing People's Bank at the ceremonies were Mahinda Premanath, DGM -Channel Management, Nalaka Wijayawardena, Head of Marketing, Indumini Rathnayaka, Polonnaruwa Regional Manager, H G N Aarohana, Assistant Regional Manager, Polonnaruwa, and C K Wijesekara, Branch Manager, Dehiattakandiya Branch.

Gampaha Municipal Council Goes Digital in Payment Acceptance with ComBank

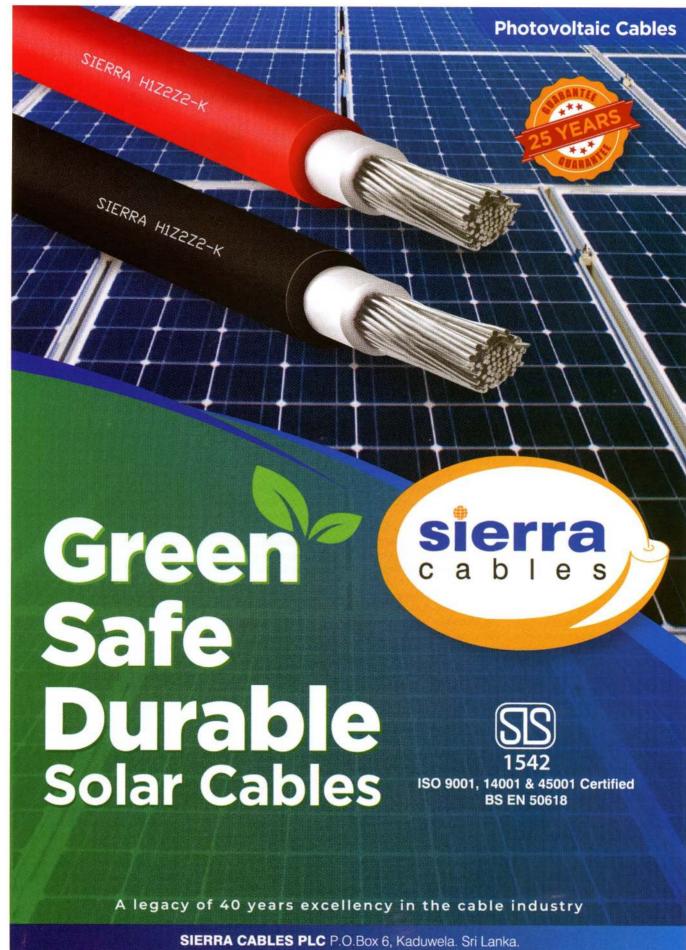


(L-R): Rashmika Abeykoon, Senior Manager of the Bank's Gampaha Branch; Nishantha De Silva, Chief Manager of the Bank's Card Centre; Eranga Senanayake, Gampaha Mayor; and Kalinga Divaratne, Senior Manager Card Center

The Gampaha Municipal Council has fully digitized its payments platform in partnership with the Commercial Bank. Residents served by the Gampaha

Municipal Council can now pay rates (Varipanam) and other services online via e-invoices through the ComBank Internet Payment Gateway (IPG) or settle their dues using their credit or debit cards or by using the LANKAQR platform when they visit the offices of the Council. Further, users of the ComBank Q+Payment App can enjoy the convenience and safety of settling their bills with a click of a button through their digital wallet.

The Bank said the digitization of payments is particularly timely and relevant given the risks associated with physically visiting offices to make payments and enhances the safety of employees of the Council by reducing the numbers of visitors coming in to pay their dues. Among the many payments that can now be made digitally are cremation booking fees, library fees, hall and grounds booking fees, and business registration fees.



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DFCC Bank Embarks on a Sustainable Journey with a Robust Strategy







Supporting education

Financing renewable energy

Empowering entrepreneurs



Protecting environment

As part of its pledge towards contributing towards a resilient Sri Lanka, DFCC Bank has announced its all-new Sustainability Strategy 2020 to 2030, developed to become the leading sustainable bank in Sri Lanka by 2030.

The Bank's Sustainability Policy, Strategy, and Plan for the period up to 2030 builds on its historical achievements. It stems from a belief the Bank holds that it must contribute towards strengthening resilience among its stakeholders and strength in Sri Lanka, given the greater likelihood of uncertainties and challenges across the globe during the next decade. The Bank aims to create long-term stakeholder value through sustainability.

The Bank's new Sustainability Strategy seeks to strengthen sustainable business practices, greater accountability, and inclusive value creation with all its stakeholders.

It incorporates sustainable best practices across all business verticals and processes to lessen any negative environmental and social impact and engages all stakeholders across its value chain in implementing the Strategy.

The Bank adopts a triplebottom-line (TBL) value creation framework -taking care of People, Planet and Profit simultaneously - which entails conducting its business responsibly and inclusively and ensuring economic, environmental, and social value addition to all stakeholders

DFCC Bank's Sustainability Strategy has three key pillars. Firstly, 'Resilient Business' contributing to sustainable economic growth involves extending support to Green Financing and Sustainable & Social Entrepreneurs' including renewable energy projects and providing SMEs, exporters, and selected sectors with customized concessionary financial schemes. This also includes implementing the Social and Environmental Management System (SEMS) that ensures the projects funded by the Bank meet required local and international environmental and social regulations and address any environmental and social risks.

The second pillar, 'Impact for Resilience,' is one through which the Bank hopes to increase its efficiency while reducing its environmental impacts significantly. The Bank will work to improve resource efficiency while minimizing waste and improving resource productivity to achieve carbon neutrality by 2030.

The third pillar revolves around building 'Resilient Communities' and developing a sustainable culture to ensure staff and customer wellbeing.

The strategy also highlights its multi-thematic focus areas that contribute towards resilience, known as the 6Es. They are Education, Elderly, Entrepreneurship, Environment, Emergency Relief, and Exercise.

The Bank has already rolled out several projects under these focus areas including the 'Samata English' Education Programme. 'DFCC Vyapara Sahaya' Skills Development Programme for Entrepreneurs, the recently conducted 'DFCC Digital Dansala' to provide relief to communities affected by the Pandemic and Wellness initiatives for the staff. Many other projects are in the pipeline to be implemented in the near term.

Several key enablers are driving the operationalizing of the Strategy; collaboration, digitizing, empowerment, innovation, and inclusivity.

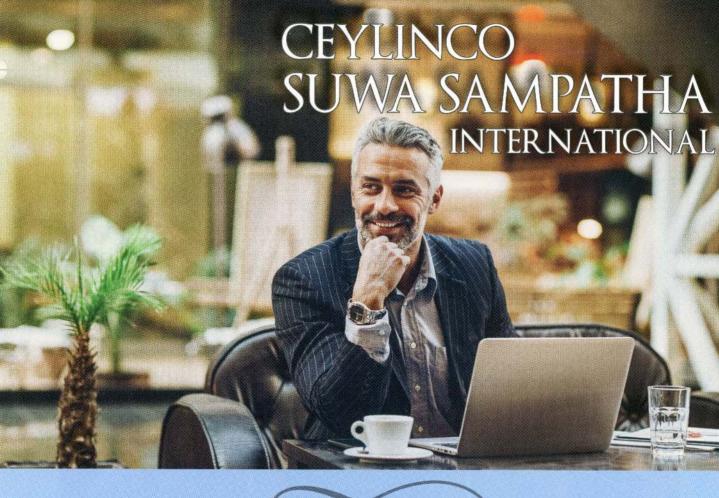
In implementing the new Strategy, the Bank has formed an Executive Sustainability Management Committee and several cross-functional internal

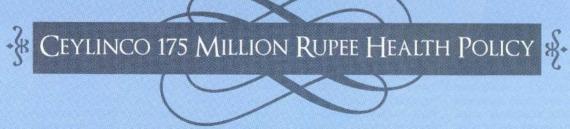
task forces and committees to educate staff and operationalize the Bank to achieve its goals by

Lakshman Silva, the Chief Executive Officer, DFCC Bank stated, "DFCC Bank is proud to announce the integration and implementation of its long-term sustainability strategy. This is the result of ongoing stakeholder engagement and showcases our drive to develop a resilient, sustainable future for all while cementing our position as a leader in sustainable banking. The long-term strategy incorporates elements of our current Vision 2025 Strategy, and sets broad targets to be achieved by 2030, with the end goal of being a Carbon Neutral bank. We pledge to place prime importance on ensuring inclusivity and creating economic, social, and environmental value for all stakeholders - a crucial element within the Bank's journev to becoming the most customer-centric, digitally enabled bank in the Country."

The new Sustainability Strategy highlights DFCC Bank's efforts to align with the United Nation's Sustainable Development Goals (SDGs) and enhances the country's efforts to achieve them. DFCC Bank is also a pioneering signatory to the 11 Sustainable Banking Principles, developed and initiated by the Sri Lanka Banks' Association (SLBA), under its Sustainable Banking Initiative (SBI).

DFCC Bank was ranked amongst Business Today's Top 30 Corporates in Sri Lanka.





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People's Bank 60th Anniversary Special Publication Presented to the Prime Minister



A unique commemorative publication celebrating the People's Bank's Anniversary was officially presented by Sujeewa Rajapakse, Chairman of People's Bank, to Prime Minister Mahinda Rajapaksa.

The specially designed publication has information on the Bank's glorious history, the outstanding service it has provided to Sri Lanka's

economy over the past 60 years. and the details of various Chairmen Chief Executive Officers, and General Managers who dedicated themselves to develop the Bank during this period. Ranjith Kodituwakku. Chief Executive Officer/General Manager, People's Bank, and Chaminda Kularatne, Prime Minister's Additional Secretary, were also present at this occasion.

DFCC Bank Unveils 'Krushibala' Loan Scheme to Enhance Local Agri Businesses







To advance economic development and fulfill its pledge to contributing to a resilient Sri Lanka, DFCC Bank announces the 'DFCC Krushibala' credit scheme, introduced to assist SMEs and Corporates engaged in the local Agricultural and related sectors. The credit scheme introduces loan facilities of up to 100 million rupees, with payment periods of five to seven years based on the type of loan, at a concessionary fixed interest rate of seven percent per annum. The core objective of the scheme is to enable and empower SMEs in the agriculture and related sectors and build a robust platform through which they may work towards overcoming and rebounding from the difficulties faced due to the ongoing Covid-19 pandemic. Loans under this scheme can be obtained for Cultivation (Tea/ Rubber/Coconut/Floriculture/ Rotational Crop Cultivation/ Inter Cropping), Livestock,

Dairy, Agriculture Processing (Rice Milling, Grain Legume Processing, Fruit and Vegetable Processing, Dehydration), Warehousing and Enhancing Storage Facilities. Development of Commercial Agriculture and Hi-Tech Agriculture (Control Environmental Agriculture/Export Agriculture Crops, Organic Farming/Nursery/Seed Production, Drip Irrigation, Tissue Culture) & Introducing/Capacity Enhancement of Organic Fertilizer Manufacturing. The Bank has committed to supporting organic fertilizer manufacturing through this scheme at a historical time when the country is transforming to organic farming. Therefore, the financial support to entrepreneurs and enterprises venturing out to meet the demand for organic fertilizer is crucial at this juncture. DFCC Bank believes that it is paramount to introduce such concessionary financial schemes to uplift local

industries to secure economic growth and financial stability. The lack of access to sources of capital and severely restricted cash flows due to stagnant economic conditions have proved to be a significant hurdle in the path of economic development. Keeping this in mind, the credit scheme and fund allocation to the agricultural sector, which employs a significant percentage of the local population, and accounts a heavy portion of the local GDP, stands to have important, noteworthy, positive consequences for all stakeholders involved.

DFCC Bank also aims to assign preference to women-led businesses and those that involve the adequate participation of women, in terms of employment, the inclusion of women in positions of management and/or decision-making ability and looks at the number of beneficiaries related to each business, with the overarching

goal of securing economic gender equity.

Lakshman Silva, CEO, DFFC Bank stated, "DFCC Bank is delighted to contribute towards the empowerment of Small and Medium Enterprises engaged in Agriculture throughout the country with the launch of our new loan scheme. The 'Krushibala' scheme can significantly enhance economic development by driving growth across key priority sectors in SME and corporate markets. We also strive to drive economic and financial gender equity and inclusivity across the priority sectors through this scheme. The 'Krushibala' scheme is the next step on DFCC Bank's journey to secure economic resilience and sustainability and showcases the potential socio-economic benefits that will be brought about by the Bank's long-term approach and strategy".

DFCC Bank was ranked amongst Business Today's Top 30 Corporates in Sri Lanka.

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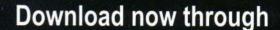
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A Pleasure to Serve My Country



Lakshman Hulugalle, Consul General of Sri Lanka for New South Wales and Queensland.

As Consul General of Sri Lanka for New South Wales and Queensland in Australia, Lakshman Hulugalle has many years of experience promoting the country's interests. As the former director–general of the Media Center for National Security, he successfully disseminated information globally and navigated swathes of media scrutiny on Sri Lanka's war against terrorism with tact and composure. Embarking on his new role amid the pandemic in 2020 to serve Sri Lanka single–mindedly once again, Mr. Hulugalle has already gathered together Australians and Australians of Sri Lankan origin to accelerate his plans for the country.

Speaking with Business Today, Mr. Hulugalle said that he focuses on bringing suitable investments and investors to Sri Lanka while promoting Australian tourists to visit the country. As the pandemic wanes, he hopes that with borders opening and fewer restrictions to travel, Australians would confidently come to Sri Lanka for business and leisure with the assurance of a safe internal environment where ensuring the security of the visitor is paramount. Reiterating his commitment to fulfilling the role entrusted to him by the president, he said that he would harness the politician, administrator, and diplomat's potential in him to accomplish the utmost as consul general representing his country's policies and protecting its interests.

By Jennifer Paldano Goonewardane. Photography Menaka Aravinda

As the Consul General for Sri Lanka in New South Wales and Queensland, would you describe the nature of your appointment and its duties?

There is no difference in the appointment of an ambassador or consul general. In some instances, there's only one envoy – an ambassador, high commissioner or consul general, along with the staff serving at the center. A few countries in the world like the USA, Australia, China, Russia, Japan, Italy, and Germany have consulate offices with a consul general, apart from an ambassador or high commissioner, to facilitate the work of the central office given the enormity of those countries. The office in the center is the embassy or the high commission, and the consulate offices are in the surrounding states. However, the powers and the privileges of an ambassador, high

commissioner, and consul general are the same. Australia, for instance, is a very vast country, and the Sri Lankans and Australians of Sri Lankan origin live across a vast territory. Therefore, Sri Lanka has three offices, the high commission in Canberra and consulate offices in Sydney and Melbourne. The high commission coordinates with the central government. As consul general, I oversee two of the biggest states in Australia, Queensland, and New South Wales, which make half of Australia. And I coordinate and work with the governments of New South Wales and Queensland.

How does your appointment differ from that of the Sri Lankan High Commission in Canberra, and how do you work as a collective entity to secure the country's interests? Whether the office is in Canberra, Melbourne, or Sydney, all three envoys work in unison. The high commissioner and the consul generals' engage in taking decisions collectively on behalf of the country. We differ only in carrying out day-to-day work duties, where we arrive at our own choices. But we espouse the same policy in terms of promoting the interests of Sri Lanka. I'm a representative of the president and the government of Sri Lanka in New South Wales and Queensland. Likewise, the other two envoys in Canberra and Melbourne represent the president and the country. We tread the same line in terms of pursuing national issues and advancing national interests.

When you speak of day-to-day work, given that you work for two of the biggest states in Australia, what is the difference in the daily tasks that you carry out?

Currently, the workload in the consulate office in Sydney has reduced drastically due to the pandemic and the lockdown. On a regular working day, though, the consulate office attends to a plethora of services, such as registration of birth, death, and marriage, processing applications for dual citizenship, visa, and passports, police clearance certification, attesting documents, and authorizing of Sri Lanka pension payment for those residing in the two states. Every Sri Lankan living in either of the two states coming under my purview in need of official confirmation must come to the consulate office. I serve nearly 80,000 Sri Lankans in New South Wales and Queensland, whereas Canberra's office serves only 6,000 Sri Lankans. Melbourne, of course, has a considerable Sri Lankan population of more than 100,000 residents. Our duty, while being the same, where we differ is in the workload. As the consul general for New South Wales and Queensland, I represent the economic capital of Australia, that is Sydney, which has an international airport and port, plus many important financial centers, which makes my role bigger than that of the high commissioner in the center. For instance, when I served as deputy high commissioner and acting high commissioner for Sri Lanka in Canberra in 2014 and 2015, we had around four to five visitors daily with a staff of 18.

The consulate office in Sydney has only 14 staff members serving two big states in Australia. Canberra's workload is less because most Australians of Sri Lankan origin are working in the government. In contrast, Sydney has the highest number of professionals from Sri Lanka employed in a plethora of high-ranking positions. Although fewer people come over for official work due to the lockdown, the consulate tells me that at least five to ten people come to the consulate daily. On

a typical day of operations, the Sydney consulate office receives at least 75 people for a day.

If we look beyond the traditional role of diplomacy as the foreign affairs of a sovereign State, which some have dismissively described as 'flowerpot duty' of ceremony and protocol, how dynamic and different has it become today, especially if it's perceived as a business where many stakeholders stand to benefit?

The ceremonial functions are a must for a diplomat. And the protocols are equally important. I am a representative of the president, the government, and the country; hence my presence at functions, whether state or otherwise, is part of connecting with individuals with power and influence and can impact Sri Lanka positively. Because diplomatic protocol works differently in the two countries, some instances demand shrewdness and sensibility. A foreign ambassador or envoy serving in Sri Lanka has the privilege of reaching the highest echelons of power in Sri Lanka through a telephone call. But it is not so in Australia. The diplomatic protocol in Australia dictates that an ambassador, high commissioner, or consul general must go through a desk set up in the foreign ministry to seek an appointment with a lawmaker or government representative giving the reason for the meeting. It is they that decide the date and the time of the meeting.

Fortunately for me, as an appointee external to the Foreign Service, I have the liberty to break specific protocols to meet certain individuals in positions of power. After assuming office in Sydney on the 8th of August 2020, I met the governors-general and ministers and other important officials in the two states. In the meantime, I came to know of an Opposition Member of Parliament representing the Labor Party in the New South Wales parliament sympathetic towards the LTTE diaspora. Hugh McDermott had been a sympathizer of the LTTE Diaspora in Sydney for a very long time. Before me, two political appointees who had served as consul general and an officer who had also served for a short period had failed in their attempts to meet him.

McDermott had been a regular invitee to the Mahaveerar day celebration or any celebration held against Sri Lanka by the LTTE diaspora, where he had been a prominent speaker. His support of the LTTE diaspora is vital because members of the Tamil diaspora are pretty well–known and influential members of his electorate. So the general notion that prevailed was that he was inaccessible. When I took over as consul general, I was determined to meet him, although my attempts did not receive a positive response. According to protocol, I had to seek an appointment through the

parliament of New South Wales. It so happened that one day, Hugh McDermott was in attendance at a state function that I was also invited to, which allowed me to introduce myself. I revealed that I was keen to meet him since he has taken a keen interest in Sri Lanka, although my attempts to get an appointment to meet him had been unsuccessful. I pointed out that he must receive factual information on what's going on in Sri Lanka and what happened during the war. He was, of course, taken aback. When I offered my visiting card, he said he hadn't brought his card, indicating that he didn't want to meet me. It was a brief meeting of five minutes. and as he was leaving to attend another function. I requested a photograph with him, which he couldn't refuse. We uploaded the picture to the official website of the consulate.

Subsequently, without my asking, McDermott gave me a date and time for a meeting with him in parliament, which I duly intimated to the foreign ministry in Sri Lanka. As I tried to meet McDermott on many occasions, the president and the foreign secretary said that if there's a likelihood of a meeting with Hugh McDermott, it will only happen during my tenure. I view their words as an expression of confidence in my personality and public relations skills.

It so happened that two days before our meeting, McDermott had presented the genocide education bill in parliament, which the Canadian parliament also passed. However, despite its presentation, his proposed bill was not accepted or seconded or taken a vote in parliament. When we met two days later in parliament, he had allocated only 20 minutes for me, but our meeting got extended to 45 minutes. I knew that I would not be able to change the mind of a man who had been supporting the LTTE diaspora for 12 years in one meeting. Since he has been interested in Sri Lanka, I told him that I want to give him factual information about the country. I also told him that I know the events during the war's end as the principal spokesperson for the defense ministry and the government. The war, I said, was not a war against the Tamil people, rather a fight against terrorism. He received an account of the subsequent development work carried out in the formerly war-ravaged areas, and it was encouraging to see his interest in what I had to say. After a while, there was a little bit of thawing in the relationship, where he adopted a friendlier approach. He revealed that his wife likes Sri Lanka and Ceylon Tea. His favorite is whiskey, he said, so we agreed to meet again over a drink. I think I managed to establish a relationship with McDermott at our first meeting.

Four days after our meeting was the Mahaveerar day celebration in Sydney organized by the LTTE diaspora,



where a crowd of over 500 Tamils was expected, with Hugh McDermott as an invitee delivering the keynote address. After meeting with me, McDermott avoided attending the ceremony, and I view his absence at the heroes' day celebration as a breakthrough and victory for me and the country. Had I waited to follow the established protocol procedures, my meeting with McDermott may not have taken place at all. My political acumen and experience aided me in convincing him for a meeting, and that's what every diplomat should be doing for the country. As a diplomat, one cannot blatantly break protocol rules, but certain situations demand ingenuity and navigating beyond the protocols to meet people that matter to Sri Lanka's interests.

Upon my return to Sydney, I will be presenting him with tea and a tea set from the Sri Lanka Tea Board. I am also taking books on the war written by unbiased and independent writers to provide accurate information and data. My stand is that he is certainly free to speak, but he must do so truthfully. I gently cautioned him that he would become a nonentity among the people should he give out incorrect information. As

a diplomat, I believe that I have achieved something significant within a short time.

I have also met the governor and premier of New South Wales, the minister of finance, the minister of skills development and vocational training, who is also the multicultural minister, and several other officials. Having visited the country twice before taking office, the finance minister of New South Wales is very fond of Sri Lanka. Being familiar with the country's geography, he's very keen to help Sri Lanka. In the meantime, I connected multicultural minister Dr. Lee with Dr. Seetha Arambepola, the State Minister of Skills Development, Vocational Education, Research, and Innovation. That introduction resulted in the Vocational Training Authority receiving IT equipment worth more than six million rupees through the Australian High Commission in Sri Lanka. I am also on a mission to award recognition for vocational training qualifications given to highly skilled and talented young Sri Lankan men and women by vocational training centers in Sri Lanka that Australia doesn't recognize. If I could obtain the TAFE certification for Sri Lankan vocational training institutions, at least two to three thousand skilled men and women will secure employment in Australia. I have already initiated correspondence in this regard, and I hope my dream will be a reality.

Given that the global political and social systems are evolving and facing new challenges, how important and relevant is diplomacy as a tool to protect national interests and secure prosperity?

My role at the Media Center for National Security (MCNS) as the director-general under the defense ministry from 2006 to 2014 was crucial. It was a time when the war was at its peak. When I joined the MSNC, the media's predominant go-to source for information was the LTTE-run website or channel. That was because there was a lack of authentic information disseminating in the country and out of the country. But in establishing the MSNC, the common notion was that the government was trying to impose censorship and provide only government's authorized information. But under my leadership, I managed to win the hearts of foreign and local journalists and media institutions and the foreign missions in Sri Lanka and our local missions abroad. They had confidence that I was providing the world with accurate information. Ours was a round-the-clock operation, and hence by seven every morning, I sent out an email of the incidents that had taken place in the last 24 hours, including the number of deaths, killings, and areas captured and the work of the NGOs and the relief efforts. After a few

months, all the stakeholders accepted the information that the MCNS was providing. MCNS was the sole voice giving information about the war in Sri Lanka to a global audience. And in time, all came to believe in our information as accurate.

My term at the MCNS was a good experience for me in winning people's trust and confidence in Sri Lanka and around the world. That has been in good stead as I serve as the consul general for New South Wales and Queensland. As I work with New South Wales and Queensland governments, they must have faith in me because, as a diplomat, one cannot bluff around. A diplomat has to be knowledgeable about Sri Lanka and Australia and acquainted with a meeting or discussion subject. Because, unless prepared and well-read, one cannot be a good envoy. For instance, as a diplomat, I cannot meet the finance minister and promote trade. I have to provide the subject I wish to discuss at the meeting along with my profile. Sometimes some diplomats make a bilateral or official meeting a private affair by meeting over a cup of coffee. Even at an official meeting, one can take a little time to speak on personal matters such as family, but first, as a diplomat, I need to live up to the expected standards. For instance, the governor of New South Wales is the former attorney general, so she's not a mere political appointee. As a commonwealth country, her appointment was by the Queen. And with her credentials, she doesn't speak ignorantly or unduly, and hence I can't bluff by providing a rosy picture of the country devoid of facts. I have to do a great deal of homework before an official meeting. I learned those tricks of the trade from serving

If I may elaborate further, on the day Prabhakaran died in the operations in Sri Lanka, I was surrounded by journalists in my room asking different questions. I was committed to my job in the MCNS, working from seven in the morning till ten in the night, so I knew what I would tell journalists. I remember one foreign journalist asking me about the status of Prabhakaran's funeral. Prabhakaran, I said, will be treated like a terrorist. This same journalist kept asking the same question 12 times intermittently, and I responded, saying that my response would be the same even if he were to ask the question a hundred times. I told him that Prabhakaran might have been a leader to the terrorists, but he was a terrorist to the country. Under such circumstances, one's personality matters in dealing with difficult situations. That has given me the confidence to serve in my present capacity. Many people get into the Foreign Service with inadequate exposure. The politician, administrator, and diplomat in me work together.

striving with esteem in my current capacity as consul general.

Image building is essential in diplomacy. Sri Lanka, too, has had to engage in critical image-building exercises abroad robustly. Having headed the Media Center for National Security during the height of the conflict, how have you promoted Sri Lanka's image and mediate in changing prejudiced assumptions among the lawmakers and political representatives in New South Wales and Queensland while reconciling the interests of all sides? What has been the thrust of those engagements?

The challenges were different when the government of Mahinda Rajapaksa came into power in 2005, and I was appointed the director-general of the MCNS. The challenge was more significant then, as the government was battling to end a 30 years' war, but we contained that challenge to Sri Lanka. But today, the challenge is global. The COVID-19 pandemic is a worldwide phenomenon faced by developed, under-developed, and developing countries. I took over duties as consul general at the peak of the pandemic in 2020. Besides the regular day-to-day work, I have to promote Sri Lanka as a tourist destination and bring investments and investors into Sri Lanka, Of course, my priority is to focus on attracting investments into the country. I arrived in Australia at one of the most difficult times economically for any country, thereby challenging my attempts at getting investors to come to Sri Lanka in a pandemic situation. Australian borders have been closed for over a year, barring Australians from leaving the country and restrictions to entry, which means that businesspeople cannot travel. So it's evident that no businessperson will invest in Sri Lanka over a zoom meeting or an email.

On the other hand, I have been able to bring potential investors together into a business council that was hitherto absent when I arrived in Australia. The new business council operates differently from the earlier outfits. The consul general is no longer its chairperson and the trade counselor the secretary. Sri Lankans and Australians constitute its membership. When the consul general and the trade counselor hold the leadership of the business council, the entire outfit collapses when the former leaves. I will be the consul general may be for a maximum of four years, or it's most likely that I may even have to return to Sri Lanka at any moment. I have gathered a good set of forty to fifty Australian businesspeople to join the business council with this reality in mind. There are 42 members in the business council, with 18 Sri Lankans living in Australia for three to four decades. Out of the 60 members, four

Australians have businesses and factories in Sri Lanka. We planned to launch the business council in July with Honorable Dr. Ajith Nivard Cabraal over zoom. Unfortunately, the lockdown forced us to postpone the launch. With the launching of the business council, I'll be the winner if I could bring four good investors to Sri Lanka during my time.

Further, while explaining my priorities as consul general when I met finance minister Honorable Basil Rajapaksa, I also conveyed the concerns of the Australian businesspeople. He assured me that he and his ministry would personally attend to any investor intending to invest in Sri Lanka from Australia. They will not be sent from pillar to post for approval but dealt with directly by the finance ministry. But such investors have to bring the money and not expect Sri Lankan banks to loan them money or get the project approved here and then go back to canvas for cash. The funds must accompany the investment. That's the assurance I was looking for as, from the eight rounds of meetings that I had with potential investors, their concerns were that when they come to Sri Lanka, they have to visit various institutions. And they are fed up with it. In Australia, anyone can initiate a business over the counter or via email. We are trying to promote the Colombo Port City for investment, which provides an excellent opportunity for future investors from Australia. On my return to Australia. when I tell members of the business council of the personal assurance given by the finance minister of Sri Lanka, I'm sure it will boost their confidence and increase our chances to attract investment. Australian business people are keen to come to Sri Lanka as they are confident of the security in the country. However, they need assurance as they don't want to be pursuing politicians and officials with bribes. I can undoubtedly bring investors to the country now that Sri Lanka has taken the correct decision to facilitate ease of doing business.

In terms of promoting Sri Lanka tourism, given that 11 percent of tourists to Sri Lanka are from Australia, it would be an achievement to increase that number to 20 percent. The country handled the first two pandemic outbreaks very well, although we have faced issues with the third and fourth outbreaks. Nevertheless, the security and safety internally is a boost for us to attract tourists from Australia.

Australians love Sri Lanka. But we must step beyond the old attractions, such as promoting Sigiriya, Anuradhapura, and Polonnaruwa to attract tourists. We have to introduce new products, such as casinos, which many parties will not support but certainly oppose. We must understand that people travel for pleasure and enjoyment, so providing what they want and demand is vital. In Australia, the biggest tourist attraction in Melbourne is the Crown Casino. They have opened a center in Sydney as well. We can maintain the culture and historical products, while at the same time provide other areas of entertainment.

Sri Lanka needs to earn foreign exchange, and tourism is one of the best avenues. Australians value the beach and know that they can reach different climates in Sri Lanka within four hours. We have to promote our conventional tourist products while injecting new life into the package that we offer them. I'm waiting for both countries to open borders, which I'm hoping will happen in December. If so, Australians would come to Sri Lanka provided we are in control of the pandemic internally.

What are the new tourism products that the Australian tourist would desire?

Naturally, tourists want to enjoy themselves on holiday. Promoting new products like sea sports such as in the eastern beaches and seas is essential. At the same time, the love for Sri Lankan food is well known. But foreign visitors have this notion that our food is not safe. So promoting organic food will provide a good market among visitors. Hotel facilities are good enough, but those facilities should be what the visitor wants and not forced upon the visitor. We have to change the way we show our historic sites. For instance, until recently, visitors to the Taj Mahal weren't allowed to view it at night, which they are allowed to do now. Similarly, we can promote Sigiriya differently rather than stick to the same way of taking visitors to the rock's summit during the day. In promoting casinos, we know that every visitor will not be gaming in a casino; it will be a separate section of the basket of tourism products that we offer visitors. Now that we are promoting the Colombo Port City for investment, investors will likely be coming into the country, which provides an excellent opportunity for casinos to thrive. As a nation, we must be cognizant that we have no choice but to go with the global trend. A history of 2,500 years cannot go alone in promoting and increasing tourism and tourists and foreign exchange earnings. Of course, we are proud of our history and culture; but at the same time, we have to strengthen our economy and secure a future for our country.

What has been the biggest challenge in recent months to promote bilateral relations and trade due to the pandemic? In your opinion, what is the potential for bilateral exchanges between the two countries in terms of trade?

When I speak with governors and senior ministers, they have high regard for Sri Lanka. They often speak highly of two South Asian leaders, Imran Kahn of Pakistan and Gotabava Rajapaksa of Sri Lanka. When I enquired the reason for their perception, they said that although these two men came to power through a political party, they are more than just politicians. They are also professionals who have proven themselves in different roles. Oxford-educated Imran Kahn won the ICC world cup for Pakistan. Likewise, Gotabaya Rajapaksa won the 30 years war that everybody predicted was unwinnable. We do have a great future as our president is highly regarded by other world leaders. Australian leaders and lawmakers are waiting to visit Sri Lanka. The governor and the finance minister of New South Wales are waiting for the borders and the airports to open to visit Sri Lanka, which I see as an excellent opportunity for the country.

I was in Australia when President Gotabava Rajapaksa decided to ban chemical fertilizer and switch to organic farming. Fruits cultivated in Sri Lanka are delicious. Living in Australia for the last eleven and a half months, I haven't eaten a single Cavendish banana, the only variety available there as it's tasteless. Despite Sri Lanka's delicious range of fruits, Australia doesn't import a single fruit or even vegetable from Sri Lanka because we don't follow organic farming methods. True that certain people criticize the president's decision, but the decision taken by the president to use only organic fertilizer for the cultivation of vegetables and fruit will open a market in Australia. Once we are 100 percent committed to organic farming, we can command a big market in Australia. That would be an excellent opportunity to increase trade between the two countries.

The reason for bringing this example is to demonstrate that a typical politician would never take such a decision as they would think of the voters and the next election, but a good leader and administrator will be decisive in their decision. It may not be a popular decision immediately, but it will still be a good decision. People like us living outside Sri Lanka value such initiatives. Unfortunately, while the decision is correct, the dissemination of information regarding the initiative could have been done better. For example, when I was in charge of the MCNS, I was the sole individual with authority to speak about the war and provide information to the country and the world, and this happened under the leadership of Gotabaya Rajapaksa, who was the secretary of defense, while Mahinda Rajapaksa was the president. We collectively

decided what we would speak about in the week ahead, and we followed through with the decision. We sent only one opinion to the world. Similarly, had the decision to halt chemical fertilizer and switch to organic farming been explained by a single spokesperson at the right time before it fell into disarray, the process may have taken off smoothly. Today when we view what is happening internally, no proper individual is giving the correct information. I explained this scenario to the president, who accepted my view. But I believe that for every decision there is a solution.

As the debate surrounding the KDU bill goes on, we all know that Sri Lanka needs private medical colleges. There's much foreign exchange flowing out of Sri Lanka into countries like Australia as many students pursue education abroad. In this light, we have to explore how best Sri Lanka could exploit opportunities therein. A good example is Monash University in Malaysia. A student who follows education at Monash University in Malaysia receives the same qualification as the one given by Monash Australia, which is at a lesser price in Malaysia. If we have a branch of Monash University in Sri Lanka, parents will spend Sri Lankan rupees to obtain the same degree for the child while saving foreign exchange. Today, Sri Lankan students following degree programs at foreign universities are doing so virtually. But parents are paying the same amount they paid when the child was physically attending classes. We must consider those options when we need to save foreign exchange and harness opportunities to earn foreign exchange.

There is a reason for saying that people need to be aware of the rationale governing a decision. It helps them to understand that there is a better way to do something. I'll explain this with a simple example from my younger days. When I was visiting my aunt in Ibbagamuwa as a schoolboy, I remember going to the Rice Research and Development Institute located close by in Bathalagoda, where I met Dr. Weeraratne, who in 1968 invented the BG-8 variety of seed paddy. This new variety of seed paddy can provide a high yield per acre, around 120 bushels of paddy from an acre. Fertilizer was not in predominant use during this time. I believe straight fertilizers allowed farmers to adjust fertilizer application to obtain maximum yield, which began in the early 1990s. Today farmers cultivate the BG-8 variety and other hybrid varieties of seed paddy with the help of fertilizer to get a better yield. But, Dr. Weeraratne didn't invent the BG-8 seed paddy to provide it with chemical fertilizer for growth. The problem is that even people in the ministry of agriculture are unaware of the history surrounding the



seed paddy found by Dr. Weeraratne, which was not fertilizer dependent. If I can remember this information that I received as a schoolboy, experts and scientists with the agriculture ministry would know much more than I. The point is, a politician trying to explain and justify organic farming will not convince the people as they have ceased to trust politicians. We must have the right individual to convey the right message, where knowledge is a critical ingredient in explaining a decision to the stakeholders. Similarly, when we attend bilateral talks, we should know what we are talking about and possess a piece of thorough knowledge.

When promoting the Colombo Port City for investment, it's essential to enable it based on Sri Lanka's strategic location. Australia is four hours and thirty minutes ahead of us, while London is four hours and thirty minutes behind us, so between Australia and London, there's a difference of nine hours when business takes place. Given our central location, Australians want to come to Sri Lanka, which they desire to use as a hub, a status we should promote and accelerate. Moreover, concerning expertise and professionals, Sri Lankan IT personnel and accountants

enjoy tremendous acceptance in Australia, Macquarie Bank is Australia's biggest multinational independent investment bank, whose CEO is Sri Lankan-born Shamira Wickramanayake. She had left Sri Lanka 32 years ago to live in London and moved to Australia, who is today the highest-paid CEO in Australia. When I met her. I learned that she had not visited Sri Lanka in nine years, so I invited her to join us during our intended trade delegation visit to Sri Lanka to meet the president. Being an investment bank, Sri Lanka can benefit from a relationship with one of the highest-ranking officers serving in the bank. That shows that we have the talent, but outsiders grapple with how best to approach Sri Lanka. This position demands the diplomat to be the negotiator and dealmaker at bringing commercial ventures. And some diplomats who don't do their job but only enjoy their time in the foreign country miss out on tremendous opportunities to further trade and economic cooperation.

How have you used your office in getting support from New South Wales and Queensland to help Sri Lanka in its task to control the pandemic?

I have already managed to garner support to assist Sri Lanka's pandemic efforts. I was able to do a lot with the help of Sri Lankans living there in the last two months. Having spoken with Honorable Namal Rajapaksa, he organized with Honorable Dr. Sudharshini Fernandopulle, the State Minister for COVID 19 Control. Primary Healthcare, and Epidemics, who requested the consulate for pandemic assistance. We have around 110 Sri Lankan organizations in New South Wales and Queensland. They came together to send 350 surgical beds and oxygen cylinders. In addition, we also sent other medical equipment requested by particular hospitals through individuals living in Australia. Sri Lankans who are Australian citizens and permanent residents were very keen to help their country and hence came together to contribute to this worthy cause. Even before the request came from Sri Lanka. they asked me what they could do to help Sri Lanka in the pandemic. Before my assuming office, Sri Lankan students in Sydney had been experiencing a food shortage before their repatriation, and the consulate had distributed nearly 1,200 parcels of dry rations among the stranded students, another initiative fulfilled by Sri Lankans living in Australia.

How do Australians and Australians of Sri Lankan origin view Sri Lanka from a distance?

What you watch and read from outside Sri Lanka is vital in shaping views. While the media in Sri Lanka are

aiding the government and the country, they are also causing damage to the country's reputation abroad. A good example is the numerous protests held in various parts of the country, which received wide media publicity. In Australia, people are allowed to stage a protest only with permission from the police, with a time slot and limits to the number of participants. When they show thousands of people protesting in front of the president's office in Sri Lanka, people living outside assume that they are going against the government. And that is not good publicity. Several Sri Lankans in Australia have been inquiring about the shortage of milk powder and are very concerned after reading and watching media coverage on the subject. I have expressed my concerns to some media institutions as we individuals living outside find it hard to justify and explain. We have to remember that foreign governments peruse every news item and day-to-day happenings. Hence, the media is doing significant damage to our image outside, and we feel the impact quite severely.

And to what extent has the pandemic affected the implementation of programs planned by the consulate, and how should the country navigate in the future to accelerate economic cooperation with Australia?

Right now, the pandemic has dramatically affected the implementation of many planned programs, especially in promoting investment and tourism. As I said before, no business person will invest in Sri Lanka via zoom or through email. Travel restrictions are holding back much work. We could have gone ahead with many bilateral talks had the situation been better.

I am aware of the desire of several Australian leaders to visit Sri Lanka. When I met the Honorable Prime Minister Mahinda Rajapaksa this time, he too expressed his wish to visit Australia, which would be an excellent opportunity for Sri Lanka. President Gotabaya Rajapaksa visited Canberra for two days when I served in the Canberra office, so Australian leaders expect people like him to visit the country.

Australia is financially important to us. And we can learn from Australia in conducting trade and other economic transactions with countries outside. For example, Australia openly sides with its western allies against China, which has led to some diplomatic wrangling between the two countries. However, Australia hasn't allowed that to affect its trade with China. China is the biggest buyer of iron ore from Australia. If China stops buying iron ore from Australia, the market in Australia will collapse as China is the world's largest producer of steel. If Australia ceases selling iron ore to China, the quality of steel products

will tumble. Something similar did happen when China stopped buying wine from Australia, which is considered one of the finest, and as a result, the price of wine has dropped. But, the two countries don't mix their trade and diplomatic policy, which Sri Lanka needs to follow. Any difference on a diplomatic level with a foreign country should not affect trade. As the Australian economy is robust and powerful, Sri Lanka needs to reap from such advantaged countries by accelerating more bilateral contact and talks. Unfortunately, the pandemic is preventing us from going forward. Australia is stringent when it imposes a lockdown and regulations. They stick by their decision and impose a fine on any individual violating the rules. I strongly advocate promoting Sri Lanka in Canberra, New South Wales, and Queensland to develop economic cooperation with Australia.

As more and more Sri Lankans plan to pursue education in Australia, how do you plan to coordinate and assist the Sri Lankan missions in Canberra and Melbourne to facilitate their passage and entry into Australia?

Currently, students with visas are not allowed into Australia. Only permanent residents and citizens are allowed into the country. Nevertheless, going into the future, I plan to promote Australian universities to establish branches in Sri Lanka. And I want the Australian government to accept our university education. Sri Lankan professionals in IT, doctors, engineers, and accountants hold very high positions in Australia. That is because Australia knows the value of our education standards and the IQ levels of our educated citizens. Therefore, Australia grants entry to such high–caliber individuals. But I want qualified Sri Lankans to serve Sri Lanka.

You see, a migrant worker in the Middle East or Southeast Asia sends 95 percent of the earnings to Sri Lanka. In contrast, professionals in high positions in Australia earning ten times more don't remit those dollars to Sri Lanka. They spend the dollars there and get their parents and siblings to Australia to spend their money there. So we should encourage Australian universities to set up branches in Sri Lanka so that the locals who obtain degrees from such universities will serve Sri Lanka, thereby ensuring that we don't lose talent and money. Sri Lanka provides free education for ten to thirteen years of an individual's life, whereas it's not given free in Australia. In Sri Lanka, even a degree in a state university is free. But when they leave Sri Lanka to work in another country, they provide no service to the land that had paid for their education. When we promote too many students to study in

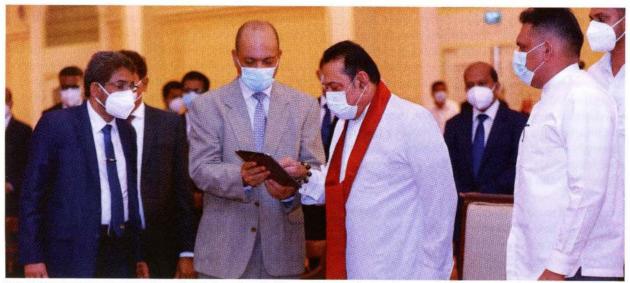
Australia, we allow foreign exchange out of the country. By promoting Australian universities to set up here, we can encourage Australian students to learn from Sri Lanka for a lower price, which should be the standard. That will also result in students from Bangladesh, India, and Pakistan choosing Sri Lanka for higher education. This way, we can not only stop foreign exchange from going out, but we can also earn foreign exchange.

When the pandemic restrictions are over, I intend to submit a proposal from the consul general of Pakistan in Australia to initiate a flight from Sydney to Karachi via Colombo and from Karachi to Sydney via Colombo. Such an initiative has several advantages, such as an opportunity to increase airline earnings and provide a service to the people of Pakistan. In the future, if Australian universities do set up branches in Sri Lanka, this will give easy entry to students.

What do you plan to do as Consul General for Sri Lanka in New South Wales and Queensland in the future?

My main concern is to work towards enhancing the relationship between Australia and Sri Lanka. Australia has a sense of trust in our leadership and the government, which indicates future support. As I reiterated earlier, I'm also keen on promoting Australian investment in Sri Lanka. I met an accountant in Colombo handling the accounts of several Australian companies, which means it's cheaper for Australia to hire our talent because we are more reasonable and affordable while obtaining the same standards of service. That is an excellent opportunity given Sri Lanka's central location, allowing us to use the time difference to our advantage. We can be the next business hub like Singapore or Dubai if we leverage the Colombo Port City. And I intend to promote Sri Lanka tourism in Australia. With more tourist arrivals, there will be a build-up in confidence in the country. During my period in office, I want to continue and grow the excellent relationship between the two countries. President Gotabaya Rajapaksa, during his two-day visit to Canberra, met with Scott Morrison, who was the border minister. He gifted two-speed boats to Sri Lanka, and he is the prime minister of Australia today. I'm sure a request from our president would garner a positive response from Australia. To get that support, we have a tremendous role to play while serving as diplomats in Australia to showcase the excellent work that is taking place in Sri Lanka. Once we overcome the pandemic, I'm sure we can do much more. I'm constantly conscious that the purpose of sending individuals like me to represent the president and the government is to serve Sri Lanka.

Bank of Ceylon Marks its 82nd **Anniversary**



Prime Minister Mahinda Rajapaksa officially launches the "Export Circle" via virtual screen in the presence of Kanchana Ratwatte, Chairman, BOC and D.P.K. Gunasekera, General Manager, BOC.



Kanchana Ratwatte, Chairman, BOC.



D.P.K. Gunasekera, General Manager, BOC.

Conscious of its duty to continuously power the wheels of the Sri Lanka economy, Bank of Ceylon celebrated its 82nd Anniversary on an austere note. With the COVID-19 pandemic challenging the operational system of all industries, Bank continued to support economic revival through many frontiers.

BOC ensured that the benefits accruing to it through the

extraordinary measures introduced by CBSL in its policymaking initiatives trickled down to the ultimate beneficiaries-customersthrough moratoriums and concessionary loan schemes.

While recording healthy financial results, BOC continued to ensure that the integrity of the country's banking sector, including payment and settlements, continued without interruption while aiding

the country in its economic revival through SME and local entrepreneurship development.

Collaborating with the Ministry of Health and Government Medical Officers Association (GMOA) in their efforts in facing up to the challenges of the pandemic, the Bank of Ceylon embarked on a centralized communication hub assisting the affected home-based patients connecting them digitally



BOC launched the 'Export Circle' section as a part of its 82nd year anniversary celebration.

with medical officials to provide immediate information and advisory facility.

The Bank extended support by implementing the CBSL announced moratorium to over 550 billion rupees during the first and 250 billion rupees during the second pandemic. Bank of Ceylon topped the industry in granting loans under the "Saubagya" Working Capital Loan scheme, disbursing 39 billion rupees to over 18,000 borrowers. The Bank of Ceylon launched the "Export Circle," focusing on promoting the export industry, and added a new Business Unit as Revival and Rehabilitation Unit to support corporate sector companies to revive themselves when confronted with difficult situations.

The Senior Management of the Bank engaged with entrepreneurs

and SMEs to support critical business issues covering all provinces of the country.

The "Mithuru" Micro Finance program of the Bank also served over 2,155 small groups, with prominence given to the Northern, Eastern, North Central, and Central provinces. Total disbursements amount over 536 million rupees up to Q2 of 2021.

The Bank also introduced the BOC "Divi Udana" loan scheme to revitalize the ailing economy by kick-starting SMEs and ensuring their funding needs are met. It further introduced "Sashreeka" loan scheme promoting organic fertilizer and locally produced pesticides production among entrepreneurs.

Amidst these unexpected challenges, the Bank's Profit Before

Tax for the six months ended June 30, 2021 stood at 27.1 billion rupees, moving forward with stable performance while managing headwinds caused by low interest rates, cash-flow deferments, and operational restrictions, Profit After Tax (PAT) for the period was 22.1 billion rupees. The Bank's total assets grew by 11 percent and reached the 3.3 trillion rupees level reaching another milestone and preserving its industry leadership. The key contributors are growth in loans and investment books which denotes about 93 percent of the assets of the Bank. The Bank's gross loan book surpassed the two trillion rupees mark during 2020 and now stands at 2.5 trillion rupees reporting 16 percent growth during the first half of this year. Both Government and Private sector lending contributed to development during the period.

The Bank's deposit base (more than 23 percent of the industry) increased during the period despite low-interest rates. The Bank's deposit base of 2.6 trillion rupees represents 35 percent of the Current and Saving deposit (CASA) base, generating funds at low cost. The Bank's Tier I Capital and Total Capital ratio stood at 11.5 percent and 15.0 percent, respectively, by the end of June 2021, which were above regulatory norms. Despite cash flow deferments on loan installments, the Bank maintained a better trade-off between liquid assets and liabilities. All liquidity ratios were maintained well above the regulatory norms. E

The Bank of Ceylon launched the "Export Circle," focusing on promoting the export industry, and added a new Business Unit as Revival and Rehabilitation Unit to support corporate sector companies to revive themselves when confronted with difficult situations.

HNB 'Oba Venuwen Api' Initiative Donates Ultrasound Scanner to IDH



Dilshan Rodrigo, Executive Director/Chief Operating Officer, HNB, handed over the Ultrasound scanning machine to Dr. Hasitha Attanayake, IDH Director, and Dr. Kishani Abeywardena, IDH Consultant Radiologist, in the presence of (from left) Dr. Ridmi Samarasiri, IDH Medical Officer, Dr. Ajth Dissanayake, IDH Consultant Cardiologist; IDH Consultant Physician, Dr. A G S Asiri, IDH Medical Officer, Dr. Azad Samad; Chiranthi Cooray, Chief Transformation Officer/ DGM. HNB; Roshan Fernando, Senior Manager – Facilities Management, HNB; indrajith Senadhira, CHRO/AGM Human Capital and Banking Services, HNB; V Disharatnam, Project Lead – Sustainable Business, HNB; and Shanel Perera. Officer in Charge – Sustainable Business, HNB.

HNB donated a state-of-theart ultrasound scanning machine through its Oba Venuwen Api initiative to support the healthcare sector.

The scanner valued at 7.5 million rupees will be used for diagnosis and intervention

related to COVID-19 and other infectious diseases at the hospital. Dilshan Rodrigo, Executive Director/COO, HNB, and officials presented the ultrasound machine to Dr. Hasitha Attanayake, Director, IDH, and Dr. Kishani

Abeywardena, Consultant Radiologist.

"Our ability to combat the spread of COVID-19 is a direct result of our healthcare professionals' courageous and diligent efforts, especially those at the IDH. With this donation, we convey our gratitude to the frontline medical staff, working each day tirelessly to help our nation recover. These heroes have been on the frontlines of this battle from the very beginning, and we pledge to continue supporting the hospital and the healthcare sector in any way possible," Dilshan Rodrigo, Executive Director/COO, HNB. said

The Oba Venuwen API initiative is funded by HNB employees contributing a day's pay at the onset of the pandemic last year. The Bank matched the staff donation to establish the

initiative, which has since been allocated for various projects aimed at uplifting healthcare services to combat the pandemic. Through this project, HNB delivered urgently required Personal Protective Equipment (PPE) to regional hospitals and MOH offices.

The Oba Venuwen Api initiative and the HNB Sustainability Foundation also donated 20 million to revive micro-enterprises across the island earlier this year. "HNB's strategic focus on sustainability has withstood the test of time over the years. Sustainability is embedded into the Bank's business model, and CSR has evolved to participatory volunteerism, be it in cash or kind by HNB staff," L Chiranthi Cooray, Chief Transformation Officer/ Deputy General Manager, HNB,

The Bank of Ceylon Launched "Export Circle"



Bank of Cevlon (BOC), launched "BOC Export Circle" an export boosting effort in keeping with its resilient stand during these uncertain times. This concept of Export Circle looks into the entire gamut of financial and advisory needs of exporters with a 360-degree perspective. The Trade Finance Division of BOC has initiated the move to accommodate exporters from all walks of life. Further, this initiative will give its most full support to startups and SME exporters and would enhance their operational and financial capacity to become prominent international level exporters in time to come. This fully-fledged one-stop export unit located at

the Bank's Head Office, "Trade Services Division", is built with a state-of-the-art ambiance to add a relaxed and pleasant customer experience. This 'Export circle' concept will provide a tailor-made service with a branded credit package and a branded new deposit scheme which will enhance the accommodation of financial and nonfinancial needs of these exporters throughout their supply chain management.

Even an inexperienced new exporter can confidently rely on the expertise of the professionals attached to the Export circle and comfortably engage in the business. BOC believes, having reliable supply chain members

and meticulously advised credit procedures would support exporters to strengthen all aspects of the export journey while meeting their business objectives and obligations. With that intention, the Export Circle welcomes entrepreneurs engaged in the supply chain of the export-related businesses to the Export Circle to use these value additions.

The Bank has this facility available to customers across the country through its branch network to approach the "Export Circle" and obtain the services through skillful staff. Among many valuable facilities that the exporters will experience are; trade information desk, which will provide up to date, end-toend supply chain information, high-standard advisory/consultancy services to iron out issues that could emerge while carrying out export transactions. Exporters may be provided with business-related services, including assistance with documentation, procedures that need to be complied with, and other forms of guidance about exports.

BOC would create new business relationships for exporters with Export Development Board, Ceylon Chamber Commerce, Sri Lanka Export Credit Insurance Corporation (SLECIC) to penetrate the SME export market. In addition, BOC Export Circle will arrange links between prospective customers and export-related entities such as Sri Lanka Customs, Import, and Export control department, Inland Revenue Department, and insurance companies that take off the burden and the hassle away from the exporter.

Exporters will be able to avail themselves of attractive preshipment and post-shipment financial support to meet their financial needs. Export Circle will coordinate all export-related services and facilities regardless of the branch where the exporter maintains their account relationship.



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NTB Private Banking Hosts COVID-19 Awareness Webinar



Connecting with members through a uniquely relevant and meaningful proposition, Nations Trust Bank Private Banking hosted a member-exclusive webinar with Parkway Hospitals, Singapore, to raise awareness of the latest

COVID-19 developments. The webinar conducted by Dr Steve Yang, Consultant Respiratory Physician and Intensivist at Mount Elizabeth Hospital, Singapore, was well received, with over 200 Private Banking members tuning in.

Titled "COVID19: Do We see The End of The Beginning Or Beginning Of The End?", the webinar focused on educating members on various aspects of the pandemic, including vaccine efficacy rates, the long-term effects of COVID, and effective ways to reduce transmission.

Dr. Yang also debunked myths associated with the coronavirus and shared hopeful sentiments encouraging members to have a positive outlook of the pandemic.

The webinar was successfully concluded with an engaging live Q&A session where members had a chance to raise questions directly from Dr Yang. Under Nations Trust Bank's partnership with Parkway Hospitals, Private Banking clients were also offered an opportunity to consult a specialist through an online platform with dedicated support from the local representative, Med Connect

Additionally, members can also take advantage of exclusive benefits such as discounts on medical checkups and hospital bills incurred at any hospital within the Parkway Hospitals Singapore Group.

Nations Trust Bank is among the top 15 business establishments in Sri Lanka as ranked by Business Today.

SLT-MOBITEL Caller Tune Service for SLTMobitel Home (fixed line) Customers



SLT-MOBITEL, the National ICT, Telecommunications and Mobile Services Provider, as the forerunner in launching new, innovative services, has again created a milestone in the nation's telecom industry by deploying the Caller Tune Service for SLTMobitel Home (fixed line) for the first time.

SLT-MOBITEL has introduced this value-added service known as 'Caller Tunes' (CRBT) for its SLTMobitel Home (fixed line) subscribers by collaborating with Evoke International Limited. This recognized third-party platform/content provider manages mobile network providers' digital media platforms, mobile applications, and other value-added services.

The new Caller Tune service enables Fibre, 4G LTE, and Megaline subscribers to define what callers will hear when they call the customer, thus enriching the caller's experience. To activate the service, SLTMobitel Home (fixed line) customers have to dial 1259 and follow the instructions in selecting a package based on their preference.

Prabhath Dahanayake, Chief Marketing Officer, SLT, stated, "Launching the Caller Tune service for our SLTMobitel Home (fixed line) is a landmark achievement. This value-added service offers a unique experience and innovative offering that adds an entertainment value and is refreshingly different."

With the new Caller Tune Service, SLTMobitel Home (fixed line) customers can select their preferred song from the available music library which includes a vast assortment of songs available in English, Sinhala, Tamil and Hindi, and entertain their callers with a song instead of the perennial, traditional ringtone.

Lahiru Wickramasinghe, Chief Executive Officer, Evoke International, stated, "We are proud to have been selected as the platform partner for SLT-MOBITEL's Caller Tune service. As a leading, value-added solutions provider, Evoke will continue to work closely with SLT-MOBITEL by offering more innovative features for SLT-MOBITEL's customers and service extensions such as 'Corporate Caller Tunes for Enterprise customers'."

Helping customers use the phone as a tool to express their personality, SLT-MOBITEL will only levy a one-time subscription fee for service activation. Packages are offered on a basic and premium basis. While the basic package allows single song activation, the premium package allows for multiple song selection, similar to a Juke Box facility, with up to four songs that will play for incoming calls on shuffle mode.

Additionally, the content provider charges a song download fee as a monthly rental. The downloaded songs have a 30- day validity period from the activation date and is automatically renewed monthly.

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Sampath Bank Invites the World to Earn Interest



Inviting individuals and organizations around the world to invest their foreign currency savings in Sri Lanka and earn greater returns, Sampath Bank is offering highly attractive rates of up to seven percent through the Sampath Special Deposit Account.

Working together with the Central Bank of Sri Lanka (CBSL), Sampath Bank is offering an interest rate of percent p.a. on 12-month US Dollar deposits of USD 10,000 and above and six percent p.a. on six-month US Dollar deposits of USD10,000 and above through this special fixed deposit. It is worth noting that this rate is higher than the prevailing market rates being offered by

banks on traditional Sri Lankan Rupee fixed deposits.

The unmatched interest rate together with additional returns from any appreciation in the foreign currency in which the funds are being held in is set to enable depositors to beat inflation and earn greater returns on their savings. Furthermore, unlike most traditional foreign currency accounts in Sri Lanka, depositors can easily convert and remit the funds in their Sampath Special Deposit Accounts outside the country, without any regulatory restrictions, upon maturity.

Sri Lankan nationals and residents can also obtain Sri Lanka Rupee loans against the funds in their Sampath Special Deposit Accounts, up to 90 percent of the rupee value of the available balance.

"The global pandemic has had an impact on almost all industries around the world. This has made it increasingly difficult for individuals and organizations to find secure and stable high return investment vehicles for their savings. We are delighted to offer the world an ideal investment solution that helps them earn a high interest rate and also allows them to easily repatriate their funds abroad, on maturity, through our Sampath Special Deposit Accounts," said Halin Hettigoda, Head of Deposit Mobilization, Sampath Bank. "The accounts are backed by Sampath Bank's strong financial fundamentals, steady growth and impeccable credentials. We look forward to seeing individuals and organizations from across the world avail themselves of this opportunity to grow their savings while supporting Sri Lanka's economic growth."

To access this unprecedented opportunity, eligible individuals and organizations simply need to open a Special Deposit Account with Sampath Bank and remit funds to the account through the banking system.

The funds can be remitted in either Sri Lankan Rupees or in any of 14 designated currencies including United States Dollars, Euros, Sterling Pounds, Australian Dollars, Chinese Renminbi and Japanese Yen.

The Government of Sri Lanka and the Central Bank of Sri Lanka (CBSL) introduced Special Deposit Accounts as an instrument to attract substantial foreign exchange into the country and bolster the nation's foreign currency reserves, in April 2020. The CBSL is offering an additional interest rate of two percent p.a., above the normal rate, for 12-month deposits and one percent p.a., above the normal rate, for sixmonth deposits, payable at maturity.

ComBank Becomes Biggest Lender to SME sector in 2020



The Ministry of Finance has confirmed that the Commercial Bank of Ceylon was the biggest lender to Sri Lanka's SME sector in 2020 among all state-owned, private and specialized banks in the country, accounting for more than a fifth of all loans in terms of value and number.

According to the Ministry's Annual Report for 2020, Commercial Bank lent 163.98 billion rupees or 21.57 percent of the 759.7 billion rupees in loans provided to SMEs by 19 institutions, while the 58,584 loans provided by the Bank represented 23.82 percent of the total of 245,883 loans granted in the pandemic-impacted year.

The value of Commercial Bank's lending to SMEs was 21.6 billion rupees or 15 percent more than the next lender, Ministry's published data reveals.

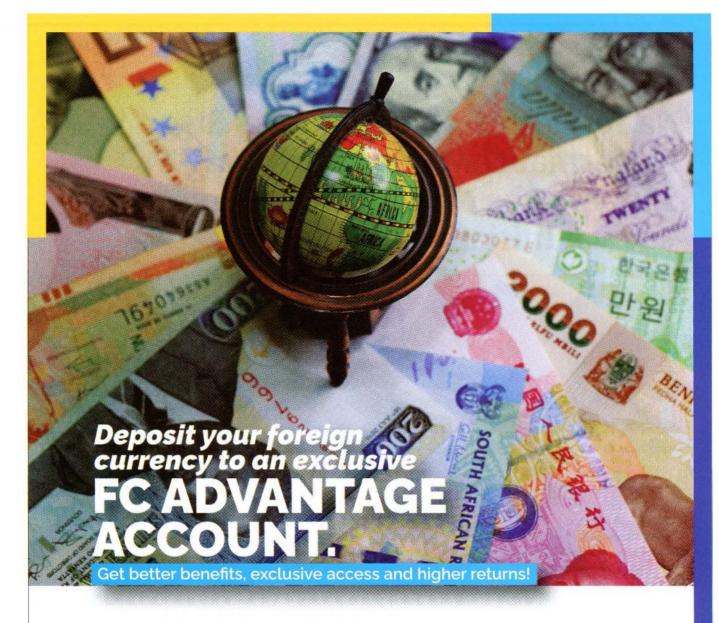
Commercial Bank was also the highest lender to the 'Industry' sector dispensing 45.9 billion rupees or 21.3 percent of the total via 9,654

Of the total of 163.9 billion rupees granted to the SME sector by Commercial Bank, 4.47 percent was to the Agriculture sector, 14.58 percent was to the Services sector, 28 percent was to the Industry sector and 52.9 percent was to 'Other' sector.

"There can be no better illustration of our commitment to our mission and to the national economy than this," Commercial Bank Managing Director S Renganathan observed. "The data also reaffirms our status as a systemically important bank in Sri Lanka. Our role in supporting the SME will be fur-

ther strengthened in the years ahead with the US\$ 50 million loan the Bank recently secured from the UK's CDC Group."

He pointed out that Commercial Bank was the leader in providing financial relief, especially to SMEs, under the Government stimulus package during the first wave of the pandemic in 2020. "This was a noteworthy contribution in setting the trend in providing financial support to the sector, given that the country was at a total lockdown at that time and there was no assurance when the country situation would return to normality," Renganathan said.



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Nations Trust Bank Delivers Strong Performance While Continuing To Support The Nation's Economic Revival Initiatives



Gihan Cooray, Chairman, NTB.

Privantha Talwatte, CEO/Director, NTB

Nations Trust Bank continued to demonstrate its resilience in performance during the year. Despite the challenging business environment, the loan portfolio increased by 26 billion rupees, recording a 12 percent growth during the first six months of the year. While providing working capital loans under the "Saubagya" scheme introduced by the Government, the Bank disbursed over 19 billion rupees new credit facilities under its revival fund "Nations Diriya" scheme. This is dedicated to extending financial support to key industries, enabling such businesses to recommence and rebuild their business operations. Understanding the importance of assisting the adversely impacted businesses for their revival, the Bank also offered special payment relief schemes and repayment plans for existing borrowers and the Central Bank mandated moratorium schemes with lowinterest rates and restructured repayment plans for some of the

identified industries, Nations Trust Bank raised USD 40 million from FMO, the Dutch Entrepreneurial Development Bank, and USD 25 million from International Finance Corporation during the first half of the year to support the Small and Medium Enterprise (SME) sector affected most by the pandemic. This would help towards the protection of livelihoods and the creation of new employment in the economy. The Bank also raised four billion. Fitch 'A' rated, Senior, Unsecured. Unlisted, Redeemable Debenture in July 2021, further strengthening the medium-term funding profile of the Bank. The group recorded a Profit Before Tax growth of 49 percent for the six months ended June 30, 2021, compared to the previous year, despite subdued economic conditions experienced during the second quarter. Net Interest Income continued to decline primarily due to the reduction in the market interest rates, while interest rate ceilings introduced by the regulator impacted some business portfolios.

Supporting the loan growth and the economic recovery efforts. yields on loans reduced by 360bps. A net reduction in yields in the FIS portfolio also contributed to the decline in net interest income. The absence of a one-off interest reversal on moratoriums loans similar to what was recognized in the previous year helped negate the decline in interest income. However, the improvement in CASA ratio to 37 percent as of the end of June 2021 from 28 percent at the end of June 2020 helped partially offset the decline in interest margins during the period.

Gains on trading FX increased due to FX funding swaps due to a higher depreciation of the rupee during the current period in contrast to the depreciation during the same period last year. The Bank also benefited from trading profits on its fixed income securities portfolio with the fall in market rates. Suspension or refund of certain charges by the Bank, considering the current difficulties faced by customers due to the COVID-19 pandemic, negatively impacted the Bank's fee-based income. Cards income declined because of a decrease in card spend due to changes in customer behavior patterns due to the restrictions in mobility and overseas travel. However, a positive trend could be seen in Trade Finance-related income with the increase in some Trade Finance-related activities. New underwriting standards and

concentration on loan recoveries resulted in positive flows in the past due buckets while bringing the exposures down in most risk buckets, reflecting a 145bps reduction in the non-performing loan ratio. This is also evident in the decrease in impairment charges during the period. Nevertheless, the Bank ensured adequate impairment provisions by introducing changes to internal models to cover unexpected risk factors to reflect the current volatile environment and additional provisions made for the exposures to industries with elevated risks.

Containment of expense growth at two percent amidst the revenue growth at 22 percent is reflective of the cost management culture entrenched across the organization. Continuation of some of the costsaving strategies and initiatives executed last year and productivity, efficiency drives, and focus on some large cost pools were the main reasons for this favorable outcome. Cost to income ratio improved to 43.7 percent compared to 51.1 percent in the same period last year, demonstrating the Bank's ability to considerably enhance efficiency and productivity through digitalization and new ways of working. The impact stemming from the income tax rate differential in income tax and deferred tax relating to the financial year ended December 31, 2020, has been reversed by 314 rupees and 103 million rupees, respectively, using the applicable new tax rate of 24 percent. As a result, the Profit after tax recorded a growth of 89 percent for the six months ended June 30, 2021. Before the exceptional tax adjustment, the Return on Equity stands at 16 percent for the period under review, compared to 11.73 percent recorded in 2020. The financial position of the Group remained

strong as its Tier I Capital and Total Capital Adequacy ratios as of June 30, 2021, stood well above the regulatory levels at 13.46 percent and 16.4 percent, respectively. The Statutory Liquid Asset Ratio (SLAR) for the Domestic Banking Unit and the Off-Shore Banking Unit was at 34 percent and 26 percent, respectively.

Nations Trust Bank American Express Cardmembers can now enjoy benefits and privileges for a range of online and home delivery purchases. The Bank has partnered with a range of home delivery establishments as part of the #AMEX FROM HOME campaign to ensure that the Card members' lives remain uninterrupted during the periods of movement restrictions. Despite these challenging times, the Bank remains committed to providing convenience and value to loval Cardmembers and supporting merchant business partners to continue their businesses. The Bank also entered a strategic partnership with Paycorp International to launch innovative and safer payment capabilities, benefiting both Nations Trust Bank American Express merchant business partners, and Card members. As an authorized payment aggregator for Nations Trust Bank American Express, Diners Club and Discover Network card payments, Paycorp International supports the Bank's merchant business partners to offer Card members a seamless online payment experience that is secure and encrypted. In its efforts to contribute towards the nation's current requirements to fight the COVID-19 pandemic, NTB donated a portable ventilator to the Colombo South Teaching Hospital, Kalubowila. The Bank's CSR activities continued to create ecological consciousness among the public by promoting conservation

dialog and support publishing scientific research. NTB continued to host Nations WNPS wildlife lecture series and be the total sponsor of Loris and Warana/ Waranum magazines of WNPS.

Priyantha Talwatte, the CEO/ Director, stated, "With the nationwide vaccination program successfully being rolled out, there is the expectancy of a rapid return to economic normalcy. And Nations Trust Bank is fully geared to steer ahead more responsively to the external environment by prioritizing customer requirements supported by an extremely focused and involved Nations team who has demonstrated their agility to deliver value given the challenging environment. The Bank continues to implement its focused business strategy based on a K shape economic recovery. We are also committed to growing a healthy asset book and remain focused to delivering our strategic agenda set for the year - to strengthen our balance sheet and enhance digital capabilities with the ultimate intention of achieving customer convenience, cost and process efficiencies, pioneering innovation and thereby, challenging the norm to deliver an unparalleled banking experience to our customers in a new reality. The team at NTB will continue to create waves of opportunity and initiate positive change to rebuild and grow progressively. We're focused on increasing the velocity of value to all our stakeholders now and in the years to come." He stressed that the Bank would focus its funding on local manufacturing, pharmaceuticals, value-added agriculture, women-led businesses, and export-oriented businesses, which will generate the muchneeded foreign exchange flow into Sri Lanka.

CDC Group Commits USD 50 million to ComBank to Bolster SME Lending and Climate Projects







Britain's Acting Deputy High Commissioner to Sri Lanka Bruce Bucknell; Srini Nagarajan, Managing Director and Head of Asia, CDC Group; and S Renganathan, Managing Director, Commercial Bank.

The Commercial Bank of Ceylon has secured a USD 50 million (about 10 billion rupees at current exchange rates) loan from the CDC Group. The loan was obtained from the UK's development finance institution and impact investor to facilitate lending to small and medium-sized enterprises (SMEs) and support climate projects in the island.

CDC's investment will enable Commercial Bank to further strengthen financial support to local SMEs most in need of funding by allowing them to access necessary working capital to enhance their operations, maintain employment, and grow their business.

By focusing lending toward eligible businesses and customers, the investment will help increase social and financial inclusion across communities, which will drive economic activities throughout the country. SMEs represent 80 percent of businesses and provide about 35 percent of jobs in Sri Lanka. Yet, these businesses struggle to access medium and longterm finance, a funding issue that is further exacerbated by the impact of Covid-19 on the country's economy.

CDC's investment will equally provide capital to allow Commercial Bank to extend credit toward

renewable and climatesupportive projects. Sri Lanka faces growing energy demands and has set a national ambition to become energy self-sufficient by 2030 and reach 100 percent renewable energy generation by 2050. Through this loan facility from CDC, the Bank can increase support for the development of clean energy resources and energy efficiency initiatives, helping Sri Lanka achieve national climate goals and bolstering the country's efforts to help reduce greenhouse gas emissions

The partnership between CDC and ComBank, Sri Lanka's first wholly carbon neutral bank, is strengthened by a joint commitment to advancing climate initiatives and making investments that help to promote climate mitigation, adaptation, and resilience.

The landmark investment marks CDC's re-entry into Sri Lankan market and demonstrates the DFI's three-pillared Climate Change Strategy through this first climate commitment in the country.

Similarly, the investment will strengthen Commercial Bank's Green Financing strategy, supporting Sri Lanka's obligations under the Paris agreement.

Bruce Bucknell, British Acting Deputy High

Commissioner to Sri Lanka. commented: "We welcome today's announcement as a step towards financial empowerment for small businesses and communities throughout Sri Lanka, CDC and Commercial Bank of Ceylon's partnership offers a blueprint for investments to transform Sri Lanka's economic future. This investment demonstrates the UK's continued commitment to supporting Sri Lanka's socio-economic development and our shared ambitions for a sustainable future through the clean energy transition."

The new relationship between CDC and ComBank will foster inclusion and support innovative climate solutions, contributing to United Nation's Sustainable Development Goals (SDG) on affordable and clean energy (SDG 7), decent work, and economic growth (SDG 8), and climate action (SDG 13).

Srini Nagarajan, Managing Director and Head of Asia at CDC Group, commented: "SMEs are the cornerstone businesses that serve households, local communities and significantly drive the growth of the entire economy. However, the pandemic has created a scarcity of financial support, hampering SMEs' growth and economic impeding development. CDC is excited

to be returning to Sri Lanka's market alongside a partner whose ambitions align with our investment priorities of supporting businesses and backing climate action. Our flexible, long-term capital will be aimed toward helping to transform livelihoods. businesses and support postpandemic resilience. We are pleased by this commitment. which marks our first climate investment in Sri Lanka, as it is indicative of our dedication to helping bring about a cleaner and more sustainable future in the country and across our markets."

S Renganathan, Managing Director of Commercial Bank of Cevlon said: "Commercial Bank has a historical link with the UK, as the successor to the Eastern Bank which opened a branch in Colombo in 1920 and provided the start to our 100 plus year journey. We are delighted to partner with the UK government-funded CDC in its quest to support SMEs, which are the backbone of our country's economy. The challenges brought about by the pandemic have been particularly hard on this segment, and we have been working tirelessly to support these businesses survive and grow in these difficult times. This facility will greatly enhance our capacity to provide solutions tailor-made for deserving SMEs and will allow Commercial Bank, already one of the top lenders to SMEs and Green projects in the country, to make a significant difference."

CDC Group is a leading player in the fight against climate change and has committed more than USD one billion of climate finance over the last four years alone. The company has investments in over 1000 businesses in emerging economies and total assets of USD 9.3 billion.



HR R PEOPLE MANAGEMENT CORPORATE CULTURE

MANAGEMENT PROFILE

COMMERCIAL BANK HAS BEEN LISTED AS
THE MOST RESPECTED BANK IN SRI LANKA
IN LMD'S LIST OF MOST RESPECTED ENTITIES

Respect given is respect gained, and that is a principle by which we have governed our business for over a century. It is this respect that we have for all our customers and stakeholders, and more importantly the respect that they have for us, that drives us in our journey of continued excellence.

The Most Awarded Bank in Sri Lanka



NSB Moving Forward Strong and Resilient Amidst a Global Pandemic



Keasila Jayawardena, Chairperson, NSB.



Aiith Peiris, GM/CEO, NSB.

Recording its highest ever profit for a period of six months with a Profit Before Tax (PBT) of 13.9 billion rupees and a Profit After Tax (PAT) of 11 billion rupees, National Savings Bank (NSB) shows strength and financial resilience in performance amidst the COVID-19 pandemic.

Against the backdrop of the COVID-19 impact on the economic activities, the PBT for the first six months of 2021 was 13.9 billion rupees, which marks an increase of 492.1 percent from 2.3 billion rupees recorded in the same period last year, while the PAT was 11 billion rupees, with a rise of 942.7 percent from 1.1 billion rupees in 2020. Gross Income of the Bank grew by 9.3 percent to 65.8 billion rupees during the first six months of the year from 60.2 billion rupees recorded in the corresponding period last year. During the period under review, the interest income has increased by 8.5 percent to reach 64.1 billion rupees. At the same time, the interest expense has decreased by 18.8 percent to 37.9

billion rupees due to the prevailing lower interest rate regime, which leads to lower interest expenses for the deposits and borrowings despite the substantial growth in the deposit base during the first half of the year. The increase in interest income and the considerable reduction in interest expenses supported Net Interest Income (NII) to surge by 111.7 percent to 26.2 billion rupees against 12.4 billion rupees during the same period last year. Consequently, Net Interest Margin (NIM) clocked in 3.70 percent at the end of the first six months of 2021, higher against the 2.08 percent as last year's same period.

Net Fee and commission income grew by 175.4 percent to 1.3 billion rupees from 467 million rupees, mainly driven by the increase in fee and commission income due to conversion/renewal of the existing loans to reduced interest rates and increased foreign remittances. This was coupled with fees generated through digital platforms where the customers shifted under

social distancing and health guidelines. The increase in NII and Non-Interest Income led the total Operating Income to record a rise of 107.4 percent to 27.8 billion rupees during the first six months of the vear. Operating expenses during the first six months of 2021 rose by 22.7 percent to 9.5 billion rupees compared to the corresponding period of the previous year, which is mainly attributable to the increased personnel expenses owing to the provisions made for the Collective Agreement due in 2021. Meanwhile. the Bank's cost to income ratio decreased to 34.3 percent at the end of 1H 2021 compared to 57.8 percent reported in the 1H 2020.

The Bank generated a Return on Equity (RoE) of 37.6 percent and a Return on Assets (RoA) of 1.96 percent at the end of June 2021. The total asset base of the Bank grew at 9.2 percent to reach 1.49 trillion rupees against the 1.36 trillion rupees reported as at the end of December 2020, mainly contributed by the growth in customers' deposits, which increased by 9.3 percent to 1.35 trillion rupees compared to the deposit base reported at the end of December 2020. There is an increase in the pattern of saving of the customers amidst the impact of COVID-19. During the first six months of the year, the Bank has mobilized 118.1 billion rupees worth of deposits which recorded an increase of 23.8 percent compared to the same period last year. The Bank continued mobilizing low-cost funds during the period under review by mobilizing 30.4 billion rupees Savings deposits, which improved

the deposit mix by 22bps compared to December 2020.

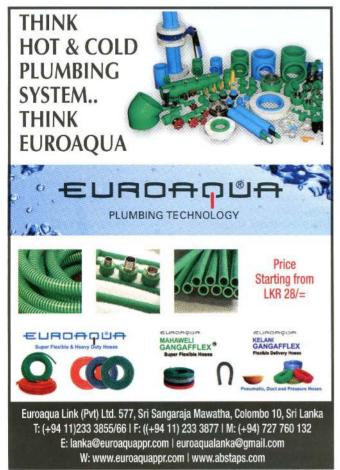
Loans and advances witnessed a decline of 2.5 percent to 504.1 billion rupees over the last year's December figure of 516.8 billion rupees underpinned by the conversion of 59.4 billion rupees loans and advances under the "Debt Instruments". However, without considering the converted loans, the total loans and advances demonstrated growth of 10.2 percent, triggered by personal loans and loans to State-Owned Enterprises (SOEs).

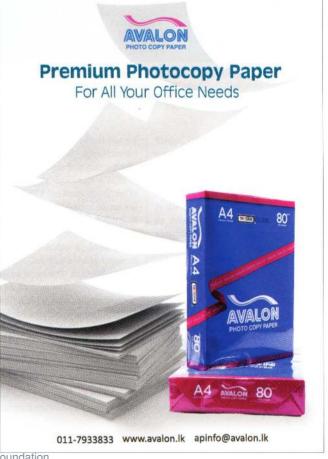
Complying with the direction of the Central Bank of Sri Lanka (CBSL), the capital position of

the Bank remained strong. It stood well above the revised minimum statutory requirements imposed by the regulator consequent to the COVID-19 pandemic. The Tier 1 Capital and Total Capital ratios stood at 12.28 percent and 14.80 percent, at the end of June 2021, well above the statutory requirements of eight percent and 12 percent, respectively. The leverage ratio of 5.85 percent too was well above the minimum requirement of three percent.

To foster a saving culture among all Sri Lankans that comes from all segments of the society and work towards financial and digital inclusion, we focus on strengthening our digital and physical footprint.
The Bank has introduced a mobile payment system under the "NSB Pay" App brand to encourage customers to safely and efficiently accomplish their daily banking needs, providing uninterrupted service to the customers during these difficult times.

The ICRA Lanka has assigned the Bank with the issuer rating of [SL] AAA with Stable Outlook, on the back of 100 percent ownership of the Government of Sri Lanka (GoSL) and the 100 percent explicit guarantee provided by the GoSL for the money deposited with the Bank and the interest thereof through the National Savings Bank Act.





People's Leasing Donates 25 million rupees' Worth of Medical Equipment



Prime Minister Mahinda Rajapaksa symbolically handing over a medical equipment to Dr I W M J Wickramaratne, Director of the District General Hospital Trincomalee, flanked by Pavithra Wanniarachchi, Minister of Health; Sujeewa Rajapaksa, Chairman of People's Bank and People's Leasing; and Shamindra Marcelline, Chief Executive/General Manager of People's Leasing.



Prime Minister Mahlada Rajapaksa symbolically handing over a medical equipment to H W M K G S Bandara, Chief Pharmacist of the District Base Hospital Theideniya, flanked by Pavithra Wanniarachchi, Minister of Health, Sujeewa Rajapaksa, Chairman of People's Bank and People's Leasing; and Shamindra Marcelline, Chief Executive / General Manager of People's Leasing; Ajith Nivard Cabraal, State Minister of Finance, Capital Markets and State Enterprise Reforms and M. S. Thowfeek, Member of Parliament.

People's Leasing & Finance (People's Leasing) donated essential medical equipment to strengthen the national response against the COVID-19 pandemic. The vital medical supplies were presented to selected government hospitals to support testing and treatment.

The handing over ceremony was held graced by Prime Minister Mahinda Rajapaksa and Minister of Health Pavithra Wanniarachchi and Sujeewa Rajapaksa, Chairman of People's Bank & People's Leasing, and Shamindra Marcelline, Chief Executive Officer/General Manager, People's Leasing. This donation was a Corporate Social

Responsibility initiative coinciding with the 25th anniversary of People's Leasing.

PLC's medical support to effectively control COVID-19 response included two portable PCR machines for COVID testing and other essential medical equipment to enhance the efficiency of in-ward and intensive care units. The equipment consignment also included: a portable ventilator, a high flow oxygen therapy unit, multipara patient monitors for in-ward and intensive care use, CPAP/ BiPAP machines, pulse oximeters, infusion, and syringe pumps.

Pavithra Wanniarachchi, Minister of Health also emphasized the importance of the timely intervention in donating essential medical equipment to effectively perform tests against COVID and effectively treat COVID-19 patients at a juncture where our nation has been hit by an unprecedented third wave of the coronavirus.

"The donation of medical items today is a further testament to PLC's commitment to empowering frontline healthcare workers to perform with greater efficiency and convenience with necessary resources at their disposal. The donation to coincide with our anniversary was a response to a request to us from the government hospitals which operate

with limited resources," stated Sujeewa Rajapaksa, Chairman of People's Bank & People's Leasing.

Meanwhile, Shamindra Marcelline, Chief Executive Officer/General Manager, People's Leasing, said that the focus of this particular program was also included vulnerable communities outside of Colombo. He extended his gratitude to the Health Ministry for their continuous support throughout the project, from conducting need assessments to fast procurement from quality-listed suppliers.

"We appreciate the fact that People's Leasing donated the items where they are most required," said Dr I W M J Wickramaratne, Director — District General Hospital Trincomalee. He further said that, as the number of COVID cases has surged daily over the past weeks, the donation is seen as of paramount importance and relevance.

Since the pandemic's start, PLC has increased prevention and response activities in its business operating sites islandwide. In adherence to the health protocols introduced by the government, running awareness campaigns with key messages on prevention among its staff and customers, scaling up sanitary and hygiene facilities in its network of the business unit, and setting up a dedicated COVID Task Force within the company to steer prompt action on COVID control were some of the measures undertaken by PLC

During the first pandemic wave, PLC extended support to strengthen COVID patient management by presenting medical equipment, including infrared thermometers, wireless stethoscopes, echo ultrasound scanner machines, and other essential equipment to several government hospitals.

Earlier, to open a bank account, you nub betto of 196 ///en hear in the state of 196 //en hear in the state of 196



Fortunately, now, you just smile on NEOS, to open a new Savings or Current Account online.

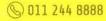
We are reimagining and revolutionising the whole banking experience. Our advanced VKYC artificial intelligence technology allows you to securely verify and open new accounts, online, without even leaving home. A novel eco-system of banking 'Avant-Garde', building on safety, efficiency, freedom, innovation and the insatiable pursuit of perfection. This is the beautiful future we are crafting, for you and your peace of mind.

This is the new frontier in banking.





Our Commitment. Your Success













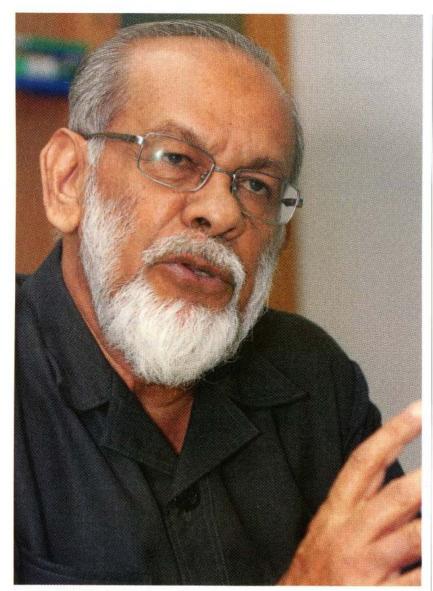




A Gem of a Man

Z.A.M Refai Hajiar, Chairman of ZAM Gems, shining philanthropist, brilliant entrepreneur, precious father, irreplaceable grandfather, and inspirational leader, bids adieu to this world, leaving behind the legacy of an exemplary life, an iconic business, a family that is devoted to walking in his benevolent footsteps and a treasure trove of generosity to continue his aspiration to give others 'a good life'.

By Imara de Chickera.



Late Z.A.M Refai Hajiar, Chairman of ZAM Gems.

hey say that "A gem cannot be polished without friction, nor a man perfected without trials". The life of inspiration that Z.A.M Refai (or Zam, as he is known in the Industry) lived stands true testimony to this. Zam Refai and the gems he introduced to the world had something remarkable in common. The extreme pressure and tough cutting and polishing process resulted in timeless brilliance, endurance, and fortitude. From a very young age, Zam Refai overcame trials and hardship with grace and perseverance. He refused to allow the challenges he faced to weaken him. Instead, he used them as a stairway to success and rise above in strength and wisdom to forge his own bejeweled path.

Born on December 26, 1936, in the coastal, sun-soaked city of Beruwala. Zam Refai was born into a family of two boys and two girls. After the untimely death of his mother, his father's hardware business collapsed. For the first time, his family came face-to-face with severe financial hardships. Every day Zam Refai would walk 3 kilometers back and forth, from Aluthgama to Beruwala, as they couldn't afford the bus fare to school. Sadly, his father's dire financial crisis caused Zam Refai's education to come to a grinding

halt just after grade five. Spurred on by a resolute spirit that refused to give up, he started working as a salesman in Ratnapura for a monthly wage of ten rupees at just sixteen years of age. While his brother and relatives persisted in their studies, he continued to work. Soon enough, it was Zam Refai that his family would turn to when they needed financial support. Despite his meager earnings, he was always ready to support them with a smile. Zam Refai started working at multiple textile shops. While working at a store named Silk Paradise, he would often look at the building in front and envision how he would buy it someday. This would eventually become ZAM Gems. With the irrepressible DNA of a born businessman, he started his own saree shop. While visiting the owner of Silk Paradise, his friend, he met a young lady there, who asked him to bring the sarees in his shop to her residence. This is how Refai met his wife, whom he married on August 12, 1967. He then became a father of three children and eventually grandfather to thirteen grandchildren.

In a game-changing milestone in his life - Refai was introduced to the gem industry through his cousin. Refai started conducting business by visiting the hotel rooms of foreign visitors with a suitcase filled with the high-quality precious stones and jewelry that he became famous for. In 1972 he opened an outlet at the Macan Markar arcade on Galle Road. This small boutique became Zam Gems. In 1976, he launched the Head Office

showroom and registered Zam
Gems as a proprietary. Refai catered
to many international guests with
his fine gemstones and jewelry.
He won over a global network of
clients and lifelong friends with his
exemplary reputation for honesty
and unshakable business ethics.
The solid reputation of Zam Gems
was built on trust, honesty, and
relationships.

Along with his growing success, Zam Refai made it his purpose



Zam Refai with his son Ahsan Refai, former President Mahinda Rajapaksa and close friend former Minister A. H. M Fowzie at the opening of the Fathima Balika Muslim Maha Vidyalaya on Srimath Bandaranaike Mawatha, Colombo 12.



Zam Refai with Former Minister for Economic Development Basil Rajapaksa and Former Mayor A. J. M. Muzzamil at the foundation laying ceremony for a new school building for Fathima Balika Muslim Maha Vidyalaya.



(L-R): Son Ahsan Refai, Nephew Mohamed Azmi (Zam Gems International Sales Manager), Former Minister A. H. M. Fowzie, Zam Refai and Eng./Capt. A. G. A. Barrie (Zam Refai's Cousin).



Zam Refai at the opening ceremony for a new childrens' playground donated for the Colombo South Teaching Hospital.

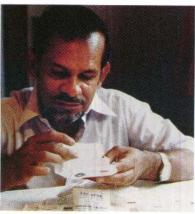


Zam Refai and son Ahsan Refai with the former Kuwaiti Ambassador and wife at Kuwait National Day Celebrations. Refai enjoyed cordial relations with many diplomats and dignitaries and developed close, lifelong friendships.

to ensure that his family and the community had a good life. He was known for his humility and unpretentiousness. Although his line of business was opulent and luxurious, his aim was to live a simple life, be a hands-on father, and be a blessing to the community.

Zam Refai wanted to wipe out poverty in his family and then extended it to the community. This resulted in the formation of Zam Trust. This commendable trust has supported the care of orphans, undergraduates with scholarships, provided monthly dry rations, built 150 houses for the poor, donated 11 large-scale buildings for schools, and provided electricity and water for those in need. He was determined to help students obtain the education that he was deprived of. He started helping others when he had ten rupees and continued giving throughout his journey towards becoming a multimillionaire. What is most astounding is that he never owned a mobile phone or any credit cards.

When Refai was ready to push boundaries and take his business to the next level, he asked his son Ahsan Refai to return to his motherland to continue his legacy.



Young Zam Refai inspecting a gemstone.

Ahsan Refai, CEO of Zam Gems. who was meticulously groomed to run Zam Gems, took over the baton handed over to him with vison, poise, and confidence. He has been a far-sighted trailblazer who has taken the Company to the next level with ease. Built on three main pillars - honesty, integrity, and valuing customers, Zam Gems is now at the apex of foreign exchange earning companies in Sri Lanka. The Company takes utmost care of its 250 staff members. Treated with much empathy and respect, they are considered family. Zam Gems is synonymous with the very best of gemstones mined in Sri Lanka and is one of the country's leading



Zam Refai and son Ahsan Refai in the 1970's.

exporters of precious stones and jewelry. Zam Gems has enjoyed tremendous success for over 40 years since its incorporation due to its commitment to retailing only the finest gems that Sri Lanka offers while combining them with skilled artisan design and workmanship.

The unmatched ethics and integrity of the visionary Zam Refai have ensured Zam Gem's firm success that has stood the test of time. An astute businessman with a golden heart, Zam Refai, illuminated the lives of those around him. The legacy that this true gentleman leaves behind is as enduring and brilliant as his tough yet exquisitely beautiful gemstones.

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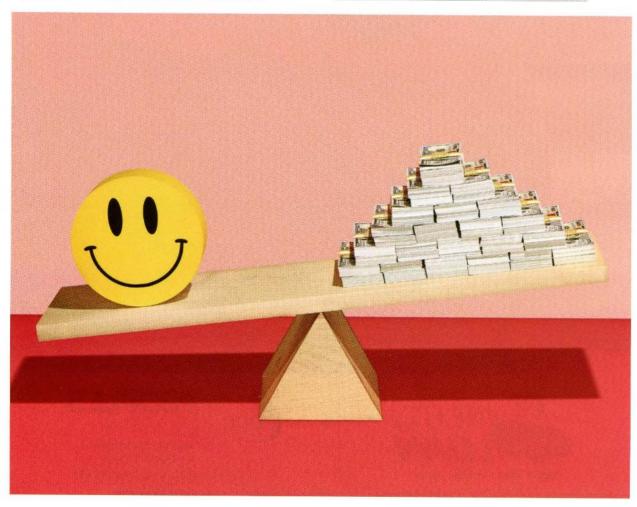


PHOTOGRAPHER DAN SAELINGER

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Engaging with Your Investors

A playbook for the hoard



Index funds and other long-term investors are no longer a silent majority of shareholders. They have become a vocal constituency, asking boards to resist short-term pressures and act in ways that will ensure the perpetuity of their companies.

This development gives boards an opportunity to help shift the center of gravity toward long-term thinking—something that many management teams, academic experts, and public policy makers advocate.

Boards can make their biggest impact by bringing that long-term focus to what we call the new TSR—not total shareholder return but talent, strategy, and risk. When a company gets those aspects of the business right, sustainable success will follow.

Yet as boards attend to shareholders who favor patient capital, they cannot ignore the interests of others aiming for quick profits. They need a new playbook to manage the inherent tension and complexity that come with an increasingly diverse range of shareholders and stakeholders.

We've spent years working with boards, top executives, and the investment community, and we've interviewed the heads of dozens of public and private companies and investment firms. In this article we provide guidance on how and when to meet with investors, how to get useful feedback, how to understand what each type of investor is looking for, and how to anticipate and ward off attacks from activists pressing for short-term wins. Although our advice is directed at board members, the insights will be valuable to CEOs, other members of the senior management team, and large shareholders as well.

Think of your investors as a resource. Whether aligned with or hostile to your long-term objectives, they often have fresh ideas about the company and its competitors.

WHY MEET WITH INVESTORS?

Some boards resist talking with investors, reasoning that management has that base covered. We think such a mindset is a mistake. Investors can be an independent source of information, supplying important details that management may not convey but that the board should be aware of.

For many years Estée Lauder discouraged its directors from talking with investors. But Vanguard, which has a sizable stake in the company, recently asked to meet with the board member in charge of the compensation committee. Following much discussion, the member agreed. After the meeting, the director returned to the boardroom with several insights that management hadn't shared about its investor interactions. Board member Lynn Forester de Rothschild says the report was an eye-opener. "I was skeptical of board engagement with institutional investors, but I now think it is a really good idea for both sides," she told us. "It makes management nervous, for obvious reasons. But I think we should try to do as much of it as the investment community wants."

Engaging with big shareholders can help you identify which are committed for the long haul and which might support activists pushing for a quick profit. It's an opportunity to build alliances. The point at which an activist arrives on your doorstep is not the moment you want to start educating major investors about your story and strategy. Communicating clearly all along can keep them on your side when you stumble or encounter opposition.

Sharing a clear rationale for what you're doing and what to expect may also head activists off at the pass. When Rajiv Gupta, now the chair of Aptiv, was on the board of Tyco International, an activist fund took a position in the company. Gupta recalls that the fund's representatives met with the chairman of the board and the CEO and concluded, "You guys are doing just about everything we would do." Three months later, Gupta says, "they walked away and sold their position." A potentially bruising battle for control had been averted.

When you meet with investors, they are likely to ask questions designed to expose your vulnerabilities—operational, financial, and competitive.

(Disclosure: One of us, Carey, recruited board members to Tyco, and Charan consulted for the company years ago. Charan also previously consulted for four other companies mentioned in this article—DuPont, Ford, Nokia, and Microsoft—and gave several presentations at a Microsoft CEO summit.)

WHAT INVESTORS WANT TO KNOW

When you meet with investors of any sort, they are likely to ask questions designed to expose your vulnerabilities—operational, financial, and competitive. They will also probe your oversight of the management team. They want to satisfy themselves that you are managing talent, strategy, and risk to enhance shareholder returns, whether for short-term gain or long-term value.

To prepare for this scrutiny, you need to adopt an investor's mindset. For starters, that means candidly sizing up your fellow directors. Dan Riff, the head of investor relations at Advantage Solutions, advises looking to see whether dire tors who are former CEOs bring the same expertise and urgency to their board work that they exhibited when running their companies. "Sometimes," he says, "they retire from CEO roles where they were amazing and settle back a bit on the board and rubber–stamp a lot of what the others are doing. When was the last time the board really got in the field and got its hands dirty with upper–middle management?"

Investors might also ask how you prepare for succession, both in the company and on the board, and how you ensure that the company is building the capabilities needed for sustained growth. In addition, they will want to know how you are developing sources of information so that you can make independent

judgments about the market for talent.

You should also be ready to discuss executive compensation. The level of pay, along with the types of compensation and the triggers for enhanced rewards, will tell investors whether the company is emphasizing short or long-term growth or balancing the two. For instance, annual bonuses and rewards often rise in tandem with the stock price; that's normal. But if the CEO gets a 200% bonus for exceeding the target price, that's a driver of short-termism. And if the company wants to pull money from the future to meet short-term goals, investors will want to know whether management must first seek board approval.

Investors will be curious, too, about the board's operations. What are your biggest debates about? Are discussions truly focused on strategic opportunities and risks, or do they devolve to procedural matters? What skills will the board lack as the business evolves, and how is it addressing the holes? How much time do you spend on each important matter in your purview? Do you engage with outside experts when making decisions about large capital allocations?

Investors will also ask questions related to social impact. What has the board done to help the company be a good corporate citizen, to promote diversity in its ranks, and to respond to climate change? In most companies, management decides how to track value creation. Do directors ever question management's methods or ask for changes in them?

You can be certain your investors are poring over your proxy statements, looking for insights about what metrics the board uses to assess performance, along with information about incentives and stock ownership levels among managers. Make sure you know as much about your company as those who are researching you do.

IDEA IN BRIEF

THE TENSION

Institutional investors have become a vocal constituency, pressing the board to act in ways that will ensure the company's long-term survival. At the same time, directors cannot ignore the interests of activist investors who seek short-term wins.

THE OPPORTUNITY

By meeting regularly with big shareholders, board members can gain valuable information about the company and its competitors and build alliances to help defend against activist attacks.

THE WAY TO ENGAGE

The board should be transparent about its approach to talent, strategy, risk, and oversight of management. It should leave financial disclosures to the CEO but encourage open dialogue with investors—including activists, whose analytical rigor can be useful regardless of their goals.



Be mindful of time constraints and pacing; you want to keep investors engaged rather than crushed by information.



BOARDS

WHEN TO MEET WITH INVESTORS

Creating a relationship with an investor takes time—and you want to solidify it before you need that party's help. We believe regular meetings are key. Former Xerox CEO and board chair Anne Mulcahy aimed to meet with the top 20 or 30 investors every 18 months to two years. "The intent is to have a regular cadence so that you can actually have relationships," she says. "It's both listening and sharing messages that you'd like them to hear." Be mindful of time constraints and pacing; you want to keep investors engaged rather than crushed by information. But Mulcahy recommends accommodating any sizable investor who asks for a meeting: "Try to say yes 99% of the time."

Some people advise a lighter hand. "I wouldn't prescribe boards to interact on a regular basis with all sets of shareholders," says Daniel Pozen, of Wellington Management. "It would be responsible practice for a board to invite one shareholder per year to give a presentation on its perspective of the company." With this approach, the type of shareholder should rotate: One year it could be a passive shareholder, another year a long-term active shareholder, then a former shareholder whose exit holds important lessons.

Investors' desire to meet with your board, and the optimal frequency of meetings, will depend on your company's size and the size of the investment. Tailor your approach accordingly.

WHO SHOULD TAKE MEETINGS—AND WHAT SHOULD BE DISCUSSED We recommend that boards establish a talent, compensation, and execution committee to oversee the recruitment, pay, and performance of the company's senior leaders. Ideally, the chair of the strategy and risk committee will be part of this new group. Thus, it is the one place on the board where the key areas of the new TSR converge, and its members are the directors who are best prepared for investor engagement.

Whoever takes such meetings should limit what's disclosed. The board's main task is to find out what investors think of and know about the company. It's appropriate to tell them how you oversee talent, strategy, risk, and the management team. But it's not your role to disclose material information about financials or future plans; that's the job of the CEO, with advice and coaching from the board. Some best practices to encourage:

BE TRANSPARENT, AND HONOR YOUR COMMITMENTS. Companies should do what they have promised, even if that doesn't align with an investor's favored strategy. General Motors, for example, has a highly diverse investor base, with widely different timelines for realizing returns. It tries to manage the relationship with each investor but always does what it believes will foster long-term value.

Warren Buffett, the CEO and chair of Berkshire Hathaway, argues for a high degree of openness. He treats stockholders as he would co-owners who are siblings, discussing what worries him, what the various businesses are worth, how durable their competitive advantage is, and how he plans to allocate capital. "The CEO absolutely owes that to the owners," he says. "I believe strongly that everybody's entitled to the same information, and that means information about valuation prospects and personnel—exactly what you would tell a silent partner."

AVOID OR LIMIT EARNINGS GUIDANCE. Whether to issue earnings guidance is one of the thorniest issues public companies face in dealing with investors. Our advice: Don't do it unless you absolutely have to—and if you do, give yourself plenty of leeway. "As a public company ourselves, we avoided issuing guidance like the plague," says former T. Rowe Price chair Brian Rogers. "Companies and management always want to underpromise and overdeliver, but all too often management teams get caught up in the overpromise, because it feels good in the short-term. And if you disappoint, there's hell to pay."

Moreover, while it can cause companies grief, guidance is rarely very useful to investors. If a stock goes down because of a nonstructural issue, it will usually bounce back soon, because in most companies the 10 biggest shareholders—likely to be institutional investors who won't pull their money out—own at least 50%. The rest is in the hands of activist traders, who have no choice but to react.

Giving guidance will change analysts' advice, however, focusing them more keenly on short-term performance. So if you can get out of the guidance business, or at least make guidance very long-range, you will have more room to pursue long-term objectives.



BOARDS

KEEP AN OPEN MIND. The information flow with investors operates in both directions, and companies stand to gain valuable insights from it. General Motors CEO Mary Barra considers input from any investor. "The first thing we do when we get a suggestion is ask, 'Hey, is this a good idea? Let's go research this,'" she says. After every earnings call, she and a few other executives reach out to some of the firm's top investors and to short-term-focused hedge funds and listen to them all. The conversations have sparked new initiatives, especially on environmental issues, and contributed to GM's adoption of a more comprehensive set of sustainability goals.

Anne Mulcahy recalls that when she sat on Target's board, the activist investor William Ackman, whose Pershing Square Capital Management owned 10% of the company, approached with proposals for restructuring. Although much of what he recommended didn't resonate, the directors benefited from hearing him out. "He had one good idea, which was to sell our financing arm-and we did," Mulcahy says.

HOW TO DEAL WITH ACTIVISTS

If you want to manage for the long-term, activist investors pose a special threat. Be on guard, but don't assume they are the root of all evil. Even if their goals are wrong, they can be a fount of information.

In our experience, activists do much more extensive analytical work than any other players to identify deficiencies in a company's strategy and structure. They might invest millions of dollars consulting experts and interviewing former and current employees, suppliers, and customers. You might not act on their analysis in the same ways they would, but they do get to the bottom of performance issues. So be prepared to learn from their questions and to discuss their input with the

Activists also pour resources into evaluating portfolios and mergers and acquisitions; for example, they will typically investigate how many of your acquisitions created value and how many destroyed it. They will look at whether your answers jibe with their research, which will tell them how solid and knowledgeable the board is. So prepare for such inquiries thoroughly.

KNOW WHAT TYPE OF ACTIVIST YOU'RE FACING. Activists come in different stripes. Some may want

to break apart your portfolio; some may try to create opportunities for a merger; some think a lot like longterm investors.

The greatest threat comes from activists who operate on a short timeline and are prepared to launch a takeover bid if earnings are disappointing. Smart companies anticipate and head off issues that might make them vulnerable. For instance, although liquidity is important as a hedge against crisis, you must balance the benefit against the risk of carrying too much cash on your balance sheet, which could make you an appealing takeover target.

But don't abandon long-term thinking because of concern about activist threats. "When we go on [a corporate] board, we find that management is the one that is short-term-focused," says Ed Garden, the chief investment officer at Trian Partners, speaking of companies in which the hedge fund invests. "They've been conditioned by the market to think short-term. We're the ones saving, 'Let's plan for 2025.'"

BE PRAGMATIC WHEN ACTIVISTS BUY INTO YOUR FIRM-EVEN IF THEY IOIN YOUR BOARD. You can't control who owns you, but you can sway the conversation. If activists take a position in your company, engage them and try to help them understand vour objectives.

Most hostile suitors don't act alone. Remember that the top 10 investors in a company usually own at least half the shares. Without their support, no activist can split up the company or oust its board or CEO. So the best way to defend against short-term activists is to keep your large investors close. Focus on communicating with them and persuading them to remain on your side.

If activists force their way onto the board, your best move is to listen closely and judge them by what they are saying, even if you don't like how they are saying it. It may pay to actually invite activists to join the board, if they have demonstrated a genuine interest in longterm growth.

In some cases activists come onto the board because the fundamentals of the company aren't working. After ValueAct Capital bought a \$2 billion stake in Microsoft. the software company made several bad bets, such as spending \$7.2 billion to buy Nokia's mobile-phone business. ValueAct used its clout to place its president on the Microsoft board, after which Steve Ballmer stepped down as CEO-changes that helped set the company back on course. (Ballmer has said that leaving was his idea, though insiders attribute his exit to pressure from ValueAct, which prefers not to comment.)

And consider what the activist investor Nelson Peltz, a founder of Trian Partners, does when he If activists force their way onto the board, your best move is to listen closely and judge them by what they are saying, even if you don't like how they're saying it.

joins the board of a company in which Trian holds a sizable stake. He will install one of the firm's most knowledgeable industry partners in a war room with the board members and insist that they hold meetings with multiple layers of management. The tactic can feel like an invasion, and it can rattle the other directors. But it generates valuable questions and information.

Here's another example from Trian of positive change triggered by an activist investor, although in this case the firm didn't secure a board seat. In 2013, after Trian took a position in DuPont, its team had a series of meetings with leaders of the chemical maker to discuss three imperatives in the activist playbook—cutting costs, reshaping the capital structure, and rethinking the portfolio of businesses—plus strengthening corporate governance. One idea Trian proposed early on was to split the company in three. But according to Nick Fanandakis, who was DuPont's CFO at the time, Trian's estimates of savings were over the top. "They said we could cut \$2 billion to \$4 billion from overhead costs." he recalls. "We only had \$4 billion to \$5 billion in overhead costs." DuPont wanted instead to merge with the Dow Chemical Company.

The conflict raged for two years. Then, after a downturn in DuPont's agricultural business, the CEO retired, and Ed Breen—a recent addition to DuPont's board—took the reins. DuPont eventually combined with Dow, realigned the collective businesses, and split into agriculture, specialty, and commodity companies—an amalgam of Trian's suggestion to divide the company in three and DuPont's preference for a straight-up merger.

The transformation from a conglomerate to a trio of focused businesses unlocked tremendous value. Under Breen's leadership, DuPont jettisoned its long-standing matrix organizational structure for one based on business lines, generating direct and indirect savings. As the businesses got their costs under control, Fanandakis says, they took a more critical look at expenditures. In all, DuPont shaved \$1 billion from annual costs—just a portion of what Trian had claimed it would save, but still a significant sum.

Looking back, Fanandakis thinks the company was too quick to perceive Trian Partners as the enemy. "Because the information Trian hit us with in the first meetings was so extreme," he says, "we hunched our shoulders and went into battle. If we were going to do it tomorrow, I wouldn't be so defensive." In the end, the activist's presence helped DuPont cut expenses, improve its capital structure, and revamp its portfolio, all to the benefit of long-term value.

PREPARE FOR DESTRUCTIVE ACTIVISTS.Unfortunately, some activists will live up to your worst nightmares. Former Vanguard CEO Jack Brennan argues that having one on the board almost always changes the dynamic for the worse. "The market should be the force ensuring that boards and management teams are as productive and cost-effective and driven to succeed as they can be," he says. "Having a person with an agenda—that's different. The activist takes advantage of an aberration or creates an aberration to be disruptive."

The disruption may come from demeanor alone. Shelly Lazarus, the chair emeritus of Ogilvy & Mather, believes that some activists go too far in board meetings. "The content of what activists bring is really important," she says, "but it doesn't make a board more effective when you have somebody throwing firebombs every half hour."

Sometimes disruption from investors—of any type—takes the form of obsession with minor details. If you're an old-line company, you may suffer from a double standard in the way investors treat you. State Street's Ron O'Hanley says that when Mark Fields was Ford's CEO, Wall Street and the media subjected him to a lot of nit-picking, although his plan for leading the automaker proved to be pretty good. Meanwhile, investors gave the more-impulsive Elon Musk, at Tesla, a relative pass. "We let the disrupter get away with the conceptual charts, and we're boring away at the incumbent, looking at spreadsheet line G42 and saying why is it x as opposed to 1.2x?" O'Hanley recalls. "We may be asking different questions [of legacy firms and upstarts], but we should have the same level of scrutiny."

Be cognizant of such frictions; that way they won't blindside you. And remember that even the most challenging relationships can bear fruit. Remain openminded, but also be prepared to stick to your guns. The most important thing is to engage with your long-term shareholders early and often—that is, before a crisis. Regular dialogue will help your permanent investors understand what you're doing, and they'll be more likely to help you if a proxy fight erupts.





Regular efforts to communicate will give your investors a fuller picture of the company they own, and you will gain insights into their concerns.

BOARDS

THINK LIKE AN ACTIVIST. As a director, you need the backbone to support managers in taking the long view, but you should also understand why they might be tempted to emphasize the short-term. So you must be aware of all the pressure points and opportunities an activist shareholder might identify.

Activists evaluate companies in a number of ways. They look at capital structure and cost structure—both operating and marketing costs. Legacy companies tend to treat sales, general, and administrative expenses as one item. Digital companies, however, break out the cost of sales and consider it an investment in growth. Investors measure the efficiency of these firms by seeing how their sales expense as a share of revenue compares with the same ratio for their peers. At the software company Citrix, for example, sales and marketing expenses amounted to 40% of revenue in 2014—well above the industry average. Activists moved in the following year.

Activists look at a company's portfolio too. If it contains unrelated businesses, does each piece perform better than its industry peers? Do management claims of synergy translate to dollars and cents? Would any pieces be more valuable to somebody else? Managers of diversified companies sometimes allocate cash from a healthy business to a sick one—a red flag. Sears did so in the 1980s and 1990s when it branched out into financial services, real estate, and online network services and consequently failed to invest enough in IT, causing the company to flounder.

Companies that are slow to adapt to the digital age—such as brick-and-mortar retailers—are also common targets. And activists look for undervalued stock. The market may not see the potential in a company's strategy or its latest initiatives, perhaps because management has failed to earn investors' trust. The board must create allies in the investment community to ensure support for well-founded long-term plans.

Throughout, the role of directors is to build credibility with investors. You need to help managers find ways to meet quarterly performance milestones even as they forge the company's future. If your firm makes investor calls, encourage the CEO to provide detailed information about what is happening on the ground—the progress of a product launch, say, or an update on a plant expansion announced the previous year—while heading

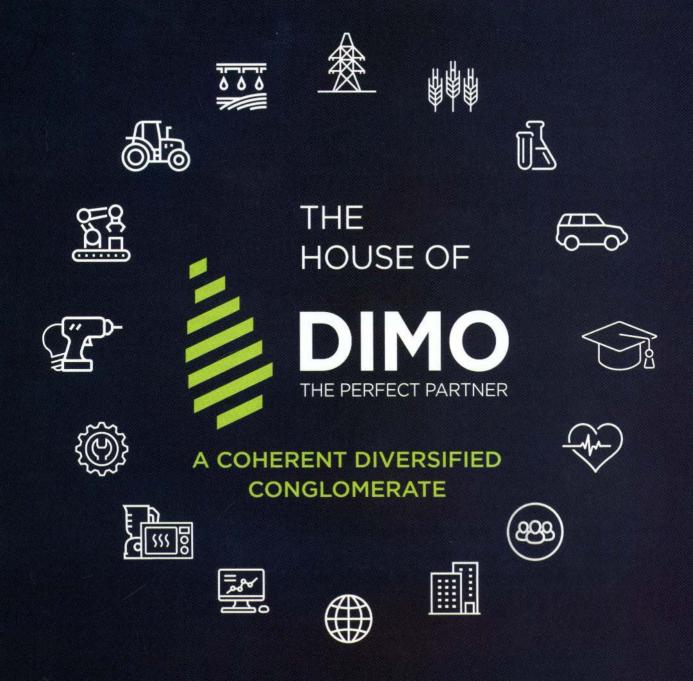
off discussions focused on quarterly results. When responding to investors' questions, executives should connect the short and long-terms. Listen carefully to the calls, and watch for defensiveness on the part of management and within your own ranks.

Some companies hold so-called investor days. Smart executives use them to talk about strategy. JPMorgan Chase holds a conference for investors every year, covering every line of its business. Three months beforehand, managers start grilling one another on questions they might face. When getting ready, Mary Erdoes, the CEO of the firm's Asset & Wealth Management business, asks her staff to "tell me the truth, nothing but the truth, so help me God." She says, "You prep like nothing else." Regular efforts to communicate will pay handsome dividends: Your investors will get a fuller picture of the company they own, and you will gain insights into their most pressing concerns.

LEADING FOR THE long-term is easier said than done. After all, the long-term is made up of many short-terms, and some shareholders are simply looking for quick profits. It takes courage, vision, and will to balance the siren call of short-termism with a truly long-range vision.

Boards have a key role to play in this effort. A company's sitting directors may collectively span decades of service—far longer than their CEO's likely tenure. They thus have a unique perspective from which they can counsel management and focus their attention on talent, strategy, and risk—the surest way to create long-term value. But directors must also be open to what investors have to say. Engaging more deeply with investors can help boards make smarter decisions about the new TSR and win support for their plans—to the benefit not only of their companies but of the economy and capital markets too. Nations depend on capital markets, and boards are central to their efficiency. If you, as directors, take advantage of your position, you can be true leaders for the future.

(Editor's note: Bill McNabb, Ram Charan and Dennis Carey are the coauthors of: Talent, Strategy, Risk: How Investors and Boards Are Redefining TSR; from which this article is adapted.)



For the last 8 decades, DIMO has blazed new trails across not just Sri Lanka, but the world. DIMO's journey started in 1939 and became a synonymous name in the automobile industry.

During the journey DIMO transformed itself from a small auto business into the present state - a coherent diversified conglomerate, by building sustaining relationships with world class principals and partners.

ComBank Notches Third One Trillion Rupees Mark in Balance Sheet in Dynamic Q2



Justice K Sripavan, Chairman, Commercial Bank.



S Renganathan, Managing Director, Commercial Bank.

A strong second quarter, during which its loan book crossed the milestone of one trillion rupees, another first by a local private bank, has generated impressive growth in key indicators for the Commercial Bank of Ceylon Group for the six months ended June 30, 2021.

Comprising of Sri Lanka's largest private sector bank, its subsidiaries, and an associate, the Group reported gross income of 79.931 billion rupees for the period, reflecting a growth of 6.34 percent over the corresponding six months of 2020 and an improvement of 11.23 percent in the second quarter of 2021.

The Group converted the first quarter's negative growth of two percent in interest income to an improvement of nine percent in the second quarter, to end the first half of 2021 with interest income of 63.355 billion rupees, which was an increase of 3.2 percent over the first half of last year. With interest expenses for the six months down

16.65 percent to 32.197 billion rupees, the Group posted a net interest income of 31.158 billion rupees for the period under review, achieving a growth of 36.86 percent and 57.06 percent respectively for the six months and the second quarter.

"An increase in operating income from the growth in lending, an improvement in net fees and commission income and significant gains in some of the components of other income was partly offset by a substantial growth in impairment charges in the six months reviewed, but we are pleased with the overall results because we have built on the momentum of the first quarter and improved many of the core ratios and key performance indicators," Justice K. Sripavan, Chairman, Commercial Bank commented.

S Renganathan, Managing Director, Commercial Bank elaborated that the Bank's CASA ratio had improved to 45.37 percent from 42.72 percent at the end of 2020 and 40.79 percent at June 2020. "We have also sustained steady improvements in capital adequacy ratios, nonperforming loan ratios, provision cover, and interest margins while grappling with the challenges posed by the global pandemic. We extended our fullest support for implementing Government initiatives to minimize the impact of COVID-19 on businesses and the community and stabilize the economy. This included providing relief to borrowers and participating in the 'Saubhagya' loan scheme in addition to implementing the Bank's concessionary lending schemes," he said. "We believe we now have a blueprint for achieving well-balanced growth in adverse conditions that will be of value in the years ahead."

"We are particularly encouraged to see our loan book surpass one trillion rupees, making Commercial Bank the first private sector bank in Sri Lanka to have three key balance sheet indicators that exceed one trillion rupees. Our assets crossed this threshold in 2016 while deposits achieved it in 2019," Renganathan added.

Total operating income of the Group for the six months grew by 30.78 percent to 46.344 billion rupees, while impairment charges and provisions for other losses rose by 47.44 percent to 13.654 billion rupees consequent to a management decision to make provisions on a prudent basis, for exposures to identified risk-elevated industries.

As a result, net operating income grew by 24.88 percent to 32.690 billion rupees. Still, with operating expenses being restricted to 14.079 billion rupees, an increase of 8.42 percent, the Group posted an operating profit of 18,611 billion rupees before VAT on financial services for the six months. reflecting robust growth of 41.09 percent over the corresponding six months of the previous year, VAT on financial services increased by 37.82 percent to 2.857 billion rupees resulting in the Group achieving profit before income tax of 15.754 billion rupees for the first half of 2021, an improvement of 41.71 percent over the corresponding six months of 2020.

Income tax for the period under review amounted to 3.400 billion rupees, down 7.33 percent due to a reversal of excess in provisions for income tax made in 2020. This was due to the Bank's provisions for income tax being computed at 28 percent on the basis that the 24 percent rate proposed in the last government budget to be effective from January 1, 2020, had not been enacted. The excess provision was reversed during the first quarter of 2021 as advised by the CA Sri Lanka.

Consequently, the Commercial Bank Group posted a profit after tax of 12.354 billion rupees for the six months, recording a 65.87 percent growth in the second quarter alone, amounting to 52.93 percent. Taken separately, the Commercial Bank of Ceylon reported profit before tax of 15.420 billion rupees for the period, a growth of 47.61 percent, and profit after tax of 12.134 billion

rupees, an improvement of 74.31 percent. Total assets of the Group grew by 172 billion rupees or 9.77 percent over the six months to 1.935 trillion rupees as of June 30, 2021. Asset growth over the preceding 12 months was 368 billion rupees or 23.49 percent YoY.

Gross loans and advances increased by 72.164 billion rupees or 7.50 percent to 1.034 trillion rupees, recording a monthly average growth of 12 billion rupees over the six months. The growth of the loan book over the preceding year was 9.82 percent.

Total deposits of the Group recorded an impressive growth of 118 billion or 9.20 percent in the six months reviewed at a monthly average of 19.7 billion rupees to 1.405 trillion rupees as of June 30, 2021. Over the preceding 12 months, deposit growth was 250 billion rupees or 21.63 percent at a monthly average of 20.8 billion rupees.

Elaborating on the highlights of its income performance for the six months, the Bank said net fee and commission income grew by 39.74 percent to 5.712 billion rupees. The second quarter alone achieved a growth of 63.90 percent. Other income (comprising net gains/ losses from trading, net gains/ losses from de-recognition of financial assets, and net other operating income) grew by 10.39 percent to 9.474 billion rupees, with the comparatively lower percentage attributed to the higher gains of 2020 from the sale of bonds.

In other key indicators, the Bank's Tier 1 Capital Adequacy Ratio (CAR) stood at 13.519 percent as of June 30, 2021, and its Total Capital Ratio at 16.880 percent, both comfortably above the revised minimum requirements of 9 percent and 13 percent, respectively imposed by the regulator consequent to the COVID-19 pandemic.

The Bank's gross non-performing loans (NPL) ratio improved to 4.97 percent from 5.11 percent at the end of 2020 and 5.37 percent a year previously, while its net NPL ratio improved to 1.97 percent from 2.18 percent as of December 31, 2020, and 3.19 percent as at June 30, 2020. As a result, provision cover based on regulatory requirements improved to 60.37 percent at the end of the reviewed six months, from 57.42 percent at the end of 2020 and 40.63 percent a year previously.

The Bank's interest margin also improved to 3.36 percent from 3.17 percent from 2020 to 3.04 percent for the first half of the previous year. Return on assets (before taxes) and return on equity stood at 1.71 percent and 15.16 percent respectively for the six months ended June 30, 2021, compared to 1.51 percent and 11.28 percent for 2020 and 1.43 percent and 10.21 percent for the first half of 2020.

The Bank improved its cost to income ratio, including VAT on financial services, to 36.38 percent from 39.96 percent at the end of 2020 and 42.51 percent a year. The cost to income ratio excluding VAT on financial services improved similarly, from 36.54 percent a year ago to 33.95 percent on December 31, 2020, and 30.09 percent at the end of the six months under review.

Comprising of Sri Lanka's largest private sector bank, its subsidiaries, and an associate, the Group reported gross income of 79.931 billion rupees for the period, reflecting a growth of 6.34 percent over the corresponding six months of 2020 and an improvement of 11.23 percent in the second quarter of 2021.

Sampath Bank Introduces First Touchless Cash Withdrawals across its ATM Network



Ajith Nivard Cabraal, State Minister of Money & Capital Markets and State Enterprise Reforms, performing the first Touchiess Cosh Withdrawal transaction at the Sampath Bank Head Office premises in the presence of Harsha Amarasekera, Chairman, Sampath Bank and Nanda Fernando, Managing Director, Sampath Bank.

Sampath Bank has introduced Touchless Cash Withdrawals at Automated Teller Machines (ATMs) for the first time in Sri Lanka.

State Minister of Money and Capital Markets and State Enterprise Reforms, Ajith Nivard Cabraal, was the Chief Guest at the commissioning of this service at the Sampath Bank Head Office premises. He performed the first Touchless Cash Withdrawal transaction in the presence of Harsha Amarasekera, Chairman, Sampath Bank; Nanda Fernando, Managing Director, Sampath Bank; Ajith Salgado,

Group Chief Information Officer, Sampath Bank; and Avodhva Iddawela Perera. Senior DGM - International Trade and Credit Control. Sampath Bank. Sampath Bank customers and customers of all other banks in the country will now be able to withdraw the funds in their accounts and cards at any Sampath Bank ATM around the island by simply scanning the OR code displayed on the ATM screen using the Sampath WePay app.

Doing away with the need to physically touch the surface of the ATM, this is set to minimize risk and enhance customer safety, thereby serving as an ideal means of withdrawing cash from ATMs during the current global COVID-19 pandemic. This is yet another trailblazing digital solution brought to the Sri Lankan market by Sampath Bank.

Ajith Nivard Cabraal, State Minister of Money and Capital Markets and State Enterprise Reforms said "As the Government continues to strive to offer all possible assistance to our citizens during this pandemic, I would like to commend Sampath Bank on the launch of Touchless Cash Withdrawals, a timely innovation that offers a safer means of withdrawing cash to customers of all banks in the country. I am informed that this could be the first solution of its kind in the region - a fact that we can all take great pride in. Let's continue to work together as a nation to develop more such innovative solutions that will help us overcome the challenges brought about by this global health and financial crisis."

"While we work on developing and rolling out more innovative digital banking solutions, we are aware of the fact that the need to withdraw cash for certain transactions will always be present. Taking this into account, it is our privilege to introduce a safer, touchless means of withdrawing money through any of our ATMs with the launch of Touchless Cash Withdrawals. This is the first solution of its kind to be introduced in Sri Lanka," said Nanda Fernando, Managing Director, Sampath Bank.

"Sampath Bank customers and customers of all other banks in the country will now be able to access their cash by simply scanning the QR code on the ATM screen using the Sampath WePay app, without having to ever touch the surface of an ATM. We invite all Sri Lankans to avail themselves of the safety and convenience of Touchless Cash Withdrawals through Sampath WePay when withdrawing funds from their bank accounts and cards, especially during this global pandemic," he added.

People's Bank and Kandy Municipal Council Facilitate Water Bill Payment via LANKAOR



People's Bank and Kandy Municipal Council has joined hands to conveniently allow citizens residing within the Council limits to pay their water bills using the LANKAQR network. This program was launched at an event held at the Kandy Municipal Council with Ranjith Kodituwakku,

Chief Executive Officer and General Manager, People's Bank, and Amila Navaratne, Kandy Municipal Commissioner, The Central Bank introduced the LANKAOR payment system intending to make cashless transactions faster, more secure, and less costly for people by enabling payments via their mobile phones. Customers can scan a LankaQR code with their smartphone and make payments directly from their accounts using the People's Pay wallet App.

Mahinda Premanath, DGM, Channel Management. Buddhika Ranatungage, Regional Manager, Kandy, both of People's Bank, A.P.H. Mahanama, Chief Accountant, Kandy Municipal Council together with Assistant Accountants, Thissa Tennakoon. Anusha Alahakoon. Kumari Dayananda, Kandy Assistant Regional Managers, and Chamani Wickramaratne, Senkadagala Branch Manager, all of People's Bank, were also present at the event.

People's Bank Donates Portable Ultra Sound Scanner to Kandy National Hospital



People's Bank officials donate the portable ultra sound scanner to the team at the Kandy National Hospital

As part of the series of social initiatives organized to mark the occasion of People's Bank's 60th Anniversary, a Portable Ultrasound Scanner worth over

six million rupees can be deployed to treat COVID-19 patients was officially handed over to the National Hospital, Kandy recently. The equipment was funded by the People's Bank Staff Members.

Raniith Kodituwakku, CEO/ General Manager, People's Bank, Dr. Aruna Javasekara. Director, National Hospital. Kandy, Dr Iresha Fernando Deputy Director, Dr. Prasad Gunasinghe, Medical Officer (Planning Division), Pharmacist B.M.K.D Banadranavake. Mahinda Premanath, Deputy General Manager (Channel Management), People's Bank. Buddhika Ranatungage, the Regional Manager, Kandy, Manjula Dissanayake, Regional Manager, Badulla, Rohan Perera, Regional Manager, Monaragala, Assistant Regional Manager and Manageress, Janaka Jayasinghe, Kandy Branch Manager, and Branch Managers were present at the event.

Once the COVID-19 pandemic settles, the hospital expects to use the equipment to benefit other patients. As part of the ongoing series of social responsibility activities organized to celebrate their 60th Anniversary, a Portable Ultra Sound Scanner was also donated to the National Hospital in Colombo.

ComBank Partners DirectPay to Support Digital Payment Solutions



The Commercial Bank of Ceylon has partnered with DirectPay, one of the fastest-growing fintech start-ups in Sri Lanka, to provide Internet Payment Gateway (IPG) support and operate as the acquiring bank for the cashless payment solutions the latter develops for clients.

By partnering with Commercial Bank, DirectPay aims to expand its suite of services such as fullyintegrated payment Point-of-Sale devices to discover new markets and inventory management solutions with payment integration on Card and LankaQR payments for Small and Medium (SME) businesses and corporates in the country. DirectPay will collaborate with the Bank on products such as microlending and pay-day loans and offer its merchant clientele more efficient ways of making supply chain payments.

With the backing of Commercial Bank and its expertise as a leading IPG service provider in the country, DirectPay will enhance its offerings of customized digital payment solutions for businesses in the insurance, education, and eCommerce

industries that will enable them to move away from cashon - delivery - based transactions and facilitate a host of digital payment options for the products and services offered. The introduction of these modern payment methods is aimed at providing customers with a choice of multiple payment options, the company said.

A specialized service provider to businesses operating in the financial and telecom industries, DirectPay, which was founded in 2018 and has developed multiple payment channels that benefit both the end customer and the client's suppliers. These solutions include mobile-based payment apps, internet payment gateways, payment links to receive remote payments, and subscription payments for recurring revenue or bill settlement.

A preferred IPG partner to a cross section of businesses in Sri Lanka, Commercial Bank provides payment processing services via Mastercard Payment Gateway Services (MPGS) and Visa Cybersource platforms that offer tokenization support, eliminating the need for customers to re-enter their card details when performing repetitive transactions with a specific merchant. This is made possible as the card details are stored securely by the Bank, which generates a unique token, keeping the purchasers' sensitive card details away from the merchants' systems.

These solutions provide access to a comprehensive set of fraud mitigation tools, supporting both 'Mastercard Secure Code' and 'Verified by Visa' 3D secure authentication solutions while having the fully automated process to handle ComBank Easy Payment Plans (EPP).

Besides offering security, one of the most crucial features of cashless payments, Commercial Bank's IPG solutions also support device-optimized payment screens, which are designed to offer a seamless experience to users of various devices, a feature much requested by the local eCommerce industry.

Taliban's First News Conference in Kabul

Taliban spokesman Zabihullah Mujahid promised that the Taliban would respect women's rights, forgive those who resisted them and ensure a secure Afghanistan as part of a publicity blitz aimed at convincing world powers and a fearful population that they have changed.

The group previously declared an "amnesty" across Afghanistan and urged women to join its government, trying to calm nerves across a tense capital city that only the day before saw chaos at its airport as thousands mobbed the city's international airport in a desperate attempt to flee.

Source: Al Jazeera And News Agencies



Taliban spokesman Zabihullah Mujahid attends a press conference, his first public appearance, in Kabul, capital of Afghanistan, on Aug. 17, 2021.

This is pride, not only for a limited number of people. This is a proud moment for the whole nation. This kind of pride is rare when it can be achieved. The whole nation, after the whole history of the nation and therefore, on the base of this I would like to congratulate the whole nation and I would like

to welcome you. Freedom and independence seeking is a legitimate right of every nation. The Afghans also use their legitimate right after 20 years of struggle for freedom and for emancipating the country from occupation, this was our right and we achieved this right.

And we would like to express our gratitude to almighty God for having brought us to this stage. I would like to thank God for giving freedom to this nation. The Islamic Emirate, after freedom of this nation is not going to [seek] revenge [on] anybody, we don't have any grudges against anybody.

We know that we have been undergoing really challenging periods and crises, a lot of mistakes that were made that were an advantage to the occupiers. We want to make sure that Afghanistan is not the field of conflict, a battlefield of conflict anymore.

We have pardoned anyone, all those who had fought against us. We don't want to repeat any conflict anymore again. We want to do away with the factors for conflict. Therefore, the Islamic Emirate does not have any kind of hostility or animosity with anybody; animosities have come to an end and we would like to live peacefully. We don't want any internal enemies and any external enemies.

Undoubtedly, we are at a very historical stage. Our countrymen and women who have been waiting, I would like to assure that after consultations that are going to be completed very soon, we will be witnessing the formation of a strong Islamic and inclusive government, Inshallah, God willing. As the forces of the Islamic Emirate enter Kabul now this great development that has unfolded, we have not had any casualties. There have been some rioters who wanted to take advantage, wanted to abuse the situation, this was brought to our attention. We realised that that's what was going on, but we want to assure the residents of Kabul for full security, for protection of their dignity and security and safety.

Security has been assured. God willing, day by day there will be more security. After ensuring the security, Afghanistan, especially in Kabul, there are embassies. The security of the embassies is very crucial, of crucial importance for us.

First, we would like to assure that the areas where there are embassies, there will be complete security. Therefore all foreign countries and your representatives, your embassies, your missions, international organisations, aid agencies, I would like to assure you that we will not allow anybody to do anything against you. Your security is assured. Our forces are there 24 hours around the clock to ensure your security, undoubtedly. We don't want to see any kind of chaos, inconvenience in Kabul. Our plan was to stop at the gates

of Kabul after capturing all other provinces, so that the transition process is completed smoothly without us entering Kabul, so that we stopped troubles and harms and damages.

But unfortunately, the previous government was so incompetent. As a result of their actions. Their security forces could not do anything to ensure security and we have to do something, we have to take responsibility. So that was the reason: the abusers and the rioters. They wanted to abuse the name of the Islamic Emirate, to enter houses, or to harass the people or to steal. So we, therefore, instructed our forces to enter Kabul to ensure, to stop all this and to ensure security.

So we had to do this to enter Kabul to stop those criminals and abusers, so that we ensure the safety and security of the people and the resistance of Kabul. Therefore, the residents should be assured that your security is guaranteed.

In the same way, when it comes to the kind of circumstances I would like to ensure, I would like to assure the international community, including the United States that nobody will be a harmed in Afghanistan. I would like to assure our neighbours, regional countries, we are not going to allow our territory to be used against anybody, any country in the world. So the whole global community should be assured that we are committed to these pledges that you will not be harmed in any way from our soil.

We would also like to request the international community that we then recognise international boundaries and interactions. We should be treated accordingly. According to this framework, we do not want to have any problem with the international community, we'd like to act on the basis of our principles of our religion, of our culture, and we have given a lot of sacrifices. We have the right to act on the basis of our religious principles and rules and regulations, it's of the right of Afghans.

Other countries also have different rules, different policies, different viewpoints, different approaches and policies they use and different rules and regulations. In the same way, Afghans also have the right to have their own rules and regulations and policies so that their advantage from the profit of the nation of the people, so that they're in accordance with our values, so nobody

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Taliban spokesman Zabihullah Mujahid.

should be worried about our norms and principles.

The issue of women is very important. The Islamic Emirate is committed to the rights of women within the framework of Sharia. Our sisters, our men have the same rights; they will be able to benefit from their rights. They can have activities in different sectors and different areas on the basis of our rules and regulations: educational, health and other areas. They are going to be working with us, shoulder to shoulder with us. The international community, if they have concerns, we would like to assure them that there's not going to be any discrimination against women, but of course within the frameworks that we have. Our women are Muslim. They will also be happy to be living within our frameworks of Sharia.

We hope that as soon as conflict has done away with Afghanistan, we are going to build infrastructures of the economy. For this we are going to take actions for economic activities. The interactions with the international community, with other countries are going to continue. We are going to be working on our natural resources and our resources in order to revitalise our economy, for our reconstruction, for our prosperity

Therefore the Islamic Emirate is requesting the whole international community that God willing, we can very soon, actually very quickly can change the situation, the country economically.

Every Afghan wants to improve his or her life. So, the

whole community, the whole society will be active in trade, in economics, and we are committed to ensure security and after that to build our society, to serve our nation. We are the servants of the nation. Before that, the benefit of the nation, both in this world and for the next world.

Once again I would like to assure the media, we are committed to media within our cultural frameworks.

Private media can continue to be free and independent, they can continue their activities – with some requests for the media.

One, is that Islam is a very important value in our country and nothing should be against Islamic values. When it comes to the activities of the media therefore, Islamic values should be taken into account when it comes to the activities of the media, when it comes to developing your programmes. Therefore, the media should be impartial. Impartiality of the media is very important. They can critique our work, so that we can improve.

So you, young in the media should also pay attention to the so that we can serve the nation in a better way. And you should also want to work accordingly, the same way. It's very important that the Afghans are giving a lot of importance to their national values, national unity, national consensus.

The media should not work against this national values, against national unity. When it comes to ethnic

differences, religious differences and hostilities, they should not be actually promoted by the media, they should work on the country for the unity of the nation to have peaceful brotherly living together.

Once again I express my gratitude to all of you for participating in our press conference. So the names are going to be read out. I'm here to serve you. We're going to have more press conferences. So today we have maybe less time than in the future. I just came from a trip. I just want to make sure you're not going to wait for me. So we'll have a lot of time to discuss in the future. The questions are going to be asked now. I'm going to answer all of the questions.

The first question is from Al Jazeera. Everybody will have a chance to ask questions. Charlotte Bellis from Al Jazeera. The question was about women's rights. The question is, what kind of guarantee is going to be provided for ensuring women's rights.

As I mentioned earlier, we are going to allow women to work and study within certain frameworks. Women are going to be very active in the society, but within the frameworks of Islam. Women are a key part of society and we are guaranteeing all their rights within the limits of Islam.

The question was about interpreters and security for the interpreters. I've worked for the Americans, also, for the contractors. Unfortunately, I cannot hear the questions from the media.

I would like to assure all the compatriots, whether they were translators, whether they were with military activities or whether they were civilians, all of them have been important. Nobody is going to be treated with revenge. Both youth who have talents, who have grown up here, who are from this country, we don't want them to leave. These are our assets, we would like them to stay here, to serve.

We would like to assure you that nobody is going to knock on their door to inspect them, to ask them or to interrogate them as to who they have been working for or interpreting for. So I would like to assure you that no harm is going to be done. They're going to be safe.

I would like to assure you that in your homes nobody is going to harm you, no one is going to knock on your door, no one is going to be interrogated or chased ... Those who have knocked on people's doors to inspect their houses, this are abusers and they will be chased and investigated.

Thousands of soldiers who have fought us for 20 years, after the occupation, all of them have been pardoned. Those with families at the airport waiting, if they come back to their homes, no one is going to do anything to them; they will be safe. No one is going to inspect them

there, we give them confidence.

Question about the Taliban's campaign of bombings – 'Do you think the people of Afghanistan will forgive you?'

We have fought for everybody and this is for the benefit of stability and peace in Afghanistan. All factions are fathers from A to Z.

God forbid, we haven't done anything intentional against anybody. If during the war and conflict somebody has been harmed unintentionally then, this is one of the side effects of conflict for 20 years. A huge occupying force was defeated. This way it was impossible for us to free the country, and demand the country without injuries, without injuries, without harms, without being hurt. You know that some people have even committed suicide. Unwittingly, somebody does something like that. If somebody has been harmed as a result of these activities, these are, of course, understandable. They are side effects of war.

But I would like to assure you, I'd like to guarantee that no harm inflicted on the nation has been intentional – they have been the side effects of war that have been technical problems, and other unfortunate side effects and incidents.

Next question. You know that the political situation changed in the city: robberies, and crimes started to emerge but we have to take actions to stop them. Within a short period of time we managed to do so; we wanted to; we had to stop the instability. So, they have to be controlled. So, we have to come up with a set of actions with the different regions of the city. We will bring back complete normalcy and stability for Afghanistan, we'll never abuse any assets. Those for example, that are armed, they have to be disarmed.

I should be reminded that emancipating the country was a great, noble cause, to get rid of the occupiers, without which we could not form our government. So negotiations were taking place for 18 months, we had a strong team in Qatar. But then it was sabotaged. Some warmongers sabotaged it. This previous government actually announced a six-month plan for war against us, so for another six months, we were going to witness killings of our children, of our compatriots.

Our struggle was to form the Islamic government. Anyway, our fighters, our people who were involved in this struggle, we are all going to make sure that we can include all other sides and factions from all segments of the society. That's been a struggle for those whose lives have been lost as a result of fighting for the enemy. This was their own fault. You could see that we managed to control the whole country in a matter of days, but we're not arrogant for this.

We have instructed everyone not to enter anybody's

Afghanistan wants to have very good relations with everybody. In order to revive our economy, in order to ensure prosperity, in order to come out of this current crisis that calls for having really good relations with neighbouring countries, with other countries...

house, whether they're civilians or military. There's a huge difference between us and the previous government. When we form the government, when everybody sees their position, their place, then you will see. The kind of situations is a kind of military situation. After formation of the government, everything will be more clear.

Question on whether the Taliban have changed.

This question is based on ideology and value systems. Our nation is a Muslim nation, whether it was 20 years ago, or whether it was now. But when it comes to experience and maturity and vision, of course, there's a huge difference between us, in comparison to 20 years ago. There will be a difference when it comes to the actions we're going to take, this has been like a evolutionary complimentary sort of process.

Let's talk about the law after the government is formed. They're going to decide what kind of laws are going to be presented to the nation. This will be the due responsibility of the future governments, with the participation of all people. One thing to say – we are seriously now working on forming the government. I would like to assure you, it will be announced.

We have all the borders under our control. There is not going to be any case of smuggling of weapons. All the weapons that are being used in fighting are going to be corrected and completed and registered. Contact consultations are being carried out soon, you will be aware of it soon.

This question should be asked to those people who are claiming to be promoters of freedom of speech. Do not allow publication of all information, news, I can ask Facebook company. This question should be asked to them.

Let's give some more time to the international media. When it comes to your first question, we have captured for the last three days in any province, there hasn't been any case of murder, there is full security across the country. Our poet has been kidnapped – we are going to follow up with this – our poets, our talented people should not be harmed, this should be stopped. The current situation is like, resembles a martial law kind of situation. It will soon come back to normal. No one will be able to kidnap anyone.

Compare now to last week, for example; there's a huge difference. Nobody's losing their life anymore. We are going to have more and more security, day by day. Those who have left the country – we don't want anybody to be out of the country. This is the country, this is our common homeland, we have common values, common religion and common nation. We would like to come under the umbrella of these commonalities. We have undergone these problems and difficulties within this public amnesty, general amnesty, so no animosity is going to be followed up.

Question about heroin production in the country
We are assuring our countrymen and women and the
international community, we will not have produce any
narcotics. In 2001, if you remember, we had brought
narcotics content production to zero in 2001, but our
country was unfortunately occupied by then and the way
was paved for reproduction of narcotics even at the level
of the government – everybody was involved.

But from now on, nobody's going to get involved, nobody can be involved in drug smuggling. Today, when we entered Kabul, we saw a large number of our youth who was sitting under the bridges or next to the walls and they were using narcotics. This was so unfortunate. I got saddened to see these young people without any faith in the future. From now on, Afghanistan will be a narcotics-free country but it needs international assistance. The international community should help us so that we can have alternative crops. We can provide alternative crops. Then, of course, very soon, we can bring it to an end.

I should mention that Afghanistan will have a strong Islamic government. What the name is going to be, what the specifications are going to be, let's leave it to the political leaders. They are now conducting serious consultations in this regard, but we can assure you that it will be an Islamic and a strong government on the basis of our values and will not be against the values and benefits of our our people.

We will do our most to make sure that everybody is included in the country, even those people against us in the past, so we are going to wait until those announcements are made. Government agencies will be able to start working again very soon. When it comes to women, of course, they will be able to work within the



"I should assure the international community, anyone who means to use our land against other countries, we are not going to allow them at all," Taliban spokesman Zabihullah Mujahid, said.

frameworks of our Islamic laws for example in education, in health, in prosecution. Of course, women are needed, they are going to be able be working.

Foreign fighters, one point that Afghanistan soil is not meant to be used against anybody. I should assure the international community, anyone who means to use our land against other countries, we are not going to allow them at all. The government is being formed. The problems are being resolved, our leaders are involved. We are going to announce everything in the next few days, such as that the situation is under control now for a better government.

The first question about foreign fighters, is that we will not allow any foreigners who wish to harm or threaten the security of the country's space in Afghanistan. And we have assured this. As for your second question, as for the government setup, we are still working on it. It will be in stages.

Question: Can women continue to work for the media in the same way as in the past?

Just wait and see what the future government is going to say. Our laws, when it comes to media and other essentials are going to be such that everybody should be able to work but within the framework of the Islamic Sharia laws, because currently we can't actually present you with everything clearly. Just wait for the government, for the laws to be promulgated, and then we will of course be able to observe those laws and regulations.

The question is whether you're in touch with Dr. Abdullah, Hekmatyar and Hamid Karzai. Let's just say, that very soon we will be witnessing the formation of the government, announcing the government. We will do our most to make sure that we are in touch with all sides, with Dr. Abdullah, with others, we have been communicating with them. We're continuing our communication with them we will do our most to make sure that all Afghans are included. Nobody should be left out, or any anybody with interests to serve the nation, they're not going to be ignored. So the future government will be inclusive. As to when our leader is going to enter the country, enter Kabul, I should mention that very soon. The decision will be made. The government will be announced and all problems will be solved. We should wait a little bit more, because it's like an emergency at the moment, we will make sure that everybody's included, and we'll have a proper and healthy government.

The question is about the relations with the rest of the world, because as I mentioned before, Afghanistan wants to have very good relations with everybody. In order to revive our economy, in order to ensure prosperity, in order to come out of this current crisis that calls for having really good relations with neighbouring countries, with other countries, we are doing our best to make sure that we are communicating with neighbouring countries within the framework of international diplomatic frameworks and on the basis of good neighbourly agreements and mutual respect.

Thank you so much for coming here. We don't have enough time, unfortunately, thank you so much for coming. Have a good day."

A Diversified and Resilient Business Model Guides Sampath Bank to Navigate Through Challenges



Harsha Amarasekera, Chairman, Sampath Bank.

In a bid to safeguard the economy from the consequent challenges of COVID-19, the Central Bank of Sri Lanka (CBSL) requested commercial and specialized Banks to extend the debt moratorium to affected businesses and individuals in addition to the moratorium already granted to tourism and passenger transportation sectors. Acting in conformity with the directives of the CBSL, Sampath Bank took immediate steps to implement the Government mandated relief measures. The Bank leveraged its well-developed IT platforms to operate the business seamlessly during the lockdown period while providing services via its branch network in strict conformity with the health guidelines issued by the

Sampath Bank's diversified and resilient business model proved to be valuable in navigating through the current macro-economic environment and has ensured a positive development on the bottom line of the Bank while ensuring the safety and well-being of the

authorities.



Nanda Fernando, Managing Director, Sampath Bank.

staff and customers during this turbulent time, Sampath Bank posted a profit after tax (PAT) of seven billion rupees for the first half of 2021, against 3.9 billion rupees for the same period in 2020. This significant increase of 78.1 percent in profit after tax resulted from a 16.7 percent increase in total operating income coupled with strict cost controls and other innovative efforts implemented by the management. Considering the impact and uncertainty created by COVID 19 in the 1H 2020, the Bank provided a sufficient amount of impairment provision in that period. Since the Bank brought forward a sizable buffer of impairment provision from 2020, it did not require similar provisioning in 1H 2021. As a result of the growth recorded in PAT, the return on Average Shareholder's Equity (ROE) increased by 533 bps to 12.91 percent as of June 30, 2021, compared to 7.58 percent reported at the end of the year 2020. Return on Average Assets (ROA) increased to 1.67 percent as of June 30, 2021

against the 1.09 percent reported for 2020. The Bank recorded a PBT of 9.5 billion rupees for the first half of 2021 compared to 5.3 billion rupees reported during the corresponding period in the previous year. denoting a growth of 79.3 percent. Driven by strong performance recorded by the Bank in the first six months of 2021, the Sampath Group too posted significant growth, with Group PBT and PAT growing by 86.1 percent and 88.2 percent over the figures reported for the corresponding period. In the period under review, the Group recorded a PBT of 10.1 billion rupees and PAT of 7.5 billion rupees compared to the PBT of 5.4 billion rupees and PAT of 3.9 billion rupees recorded in the corresponding period.

The Bank's Net interest income for the period under review was rupees 19.2 billion compared to the 17.4 billion rupees reported for the corresponding period in the previous year, reflecting an increase of 10.4 percent. Although interest income declined by 9.1 percent, it was compensated by the decrease recorded in interest expenses, enabling the Bank to record a growth in NII. The pandemic induced uncertainty and the global economic recession prevented businesses and individuals from investing in new projects and business opportunities, creating a lower demand for credit. The lower demand for credit and the low-interest rate regime are the main reasons for the 9.1 percent drop in interest income. The interest income of the Bank stood

at 41.9 billion rupees compared to 46.2 billion rupees recorded for the corresponding period. Meanwhile, owing to prudent fund management strategies, Sampath Bank could re-price its liability products in line with the prevailing lower interest rates. Timely re-pricing helped the Bank to register a decline in interest expenses. Interest expenses dropped by 21 percent to 22.7 billion rupees in the first half of 2021 from 28.7 billion rupees recorded for the same period in the previous year. This helped boost the Bank's NIM to 3.42 percent as of June 30, 2021, which is 12 bps higher than the figure recorded at the end of 2020.

Net fee and commission income (NFCI) recorded a growth of 33.5 percent from the figure reported in the corresponding period of the previous year. This segment comprises income from various sources such as credit, card, trade, and electronic channels. Growth in this segment was driven mainly by card-related activities. Comparatively higher business activities in Sri Lanka during the first half of 2021, was the main reason for the increase in card-related commission income.

Net other operating income increased by 27.9 percent in the first half of 2021 compared to the corresponding period in the previous year. This growth was mainly backed by the increase in realized exchange income stemming from the 7.5 percent depreciation of the Sri Lankan Rupee against the US Dollar. During the first six months

of 2021, the Bank recorded 3.3 billion rupees as net other operating income compared to 2.6 billion rupees reported in 1H 2020.

The Bank recorded a Net trading income of 46.3 million rupees in the period under review, compared to the 106.5 million rupees loss registered in the corresponding period of the previous financial year. On this basis, the Bank's net exchange income from foreign exchange transactions amounted to three billion rupees for the period under review. Operating expenses, which stood at 9.5 billion rupees during 1H 2020, increased to 10.9 billion rupees during the period under review, reflecting a YoY increase of 14.7 percent.

Meanwhile, the Bank's Costto-Income ratio (excluding taxes on financial services) decreased marginally to 39.5 percent in the first six months of 2021, from 40.2 percent reported for the corresponding period in 2020. This was mainly due to the management's strict controls and other innovative efforts to contain other operating expenses. The impairment charge for the period under review dropped by 32.8 percent compared to the first half of the year 2020 to reach 4.9 billion rupees by the end of the period under review. Even though the impairment charges decreased compared to the first half of the last year, this did not include reversals of any impairment provision made in the previous year.

The Bank provided a sizable

amount of impairment provision during the first half of 2020 after considering the impact and uncertainty created by COVID 19 on the economic front during that time. Since then, the Bank has adopted a consistent approach to ensure impairment provisioning is in line with customers' potential abnormal credit behaviors after the end of the moratoriums. Despite signs of an economic recovery apparent in Q1 2021, the Bank decided to continue with its prudent approach for impairment provisioning based on the same assumptions applied at the end of 2020. Following a reassessment of these assumptions. the Bank decided to apply an even more prudent approach in Q2 2021, in light of the evolving impact of the COVID 19 third wave and the extension of the moratorium framework. Accordingly, during the quarter under review, the Bank identified many customers deemed to be operating in elevated risk industries and reclassified them under a higher credit risk category

Sampath Bank's total Asset base increased to 1.17 trillion rupees at the end of the second quarter of 2021 from 1.11 trillion rupees recorded at the end of last year.

The Bank's deposit base recorded a growth of 13.2 percent (annualized) from the level reported at the end of 2020. The total Deposit base at the end of Q2 2021 stood at 945 billion rupees compared to 887 billion rupees reported at the end of 2020.

Sampath Bank posted a profit after tax (PAT) of seven billion rupees for the first half of 2021, against 3.9 billion rupees for the same period in 2020. This significant increase of 78.1 percent in profit after tax was the result of a 16.7 percent increase in total operating income coupled with strict cost controls and other innovative efforts implemented by the management.

DFCC Bank's National Long-Term Rating affirmed by Fitch Ratings at 'A+(lka)'



Lakshman Silva, Director /CEO, DECC Bank.

Reflecting DFCC Bank's unparalleled positioning as one the strongest contenders in the banking and financial services sector of Sri Lanka, Fitch Ratings has affirmed DFCC Bank's National Long-Term Rating at 'A+(lka)'.

In addition to this, Fitch Ratings, a leading provider of credit ratings, commentary, and research for global capital markets, has affirmed the Bank's Sri Lankan rupee senior unsecured debt at 'A+(lka)'. In contrast, the ratings on DFCC's Basel II and Basel III-compliant Sri Lankan rupee subordinated debt have been affirmed at 'A-(lka)'.

These commendable ratings have been driven by DFCC Bank's intrinsic financial strength, which has unwaveringly stood through these unpredictable times of a pandemic era. The acclaimed rating agency notes that such ratings awarded to DFCC Bank highlight its modest franchise among domestic, commercial banks and thinning capital buffers relative to industry competition.

Commenting on this impressive feat, Lakshman Silva, Chief Executive Officer of DFCC Bank. said. "Despite the challenging operating environment in Sri Lanka due to GDP contractions and disruptions in key economic sectors owing to COVID-19 pandemic control measures, DFCC Bank has continued to enjoy profitability and key performance indicators which display high profitability and growth across the board. These ratings achieved by the Bank stand as a testament to our resilience amid trying times. As we look toward the future. Sri Lanka can expect that DFCC will continue to remain as a steadfast player in the banking industry of the country." Fitch highlights

the importance of bolstering the capital to sustain the fast loan growth as witnessed, DFCC Bank enjoyed an increase of 4.2 percent in the first quarter of 2021 and 11.2 percent in 2020 relative to the private-sector peer bank average of 2.1 percent and 5.7 percent. In light of this, the financial performance. strengthening asset-quality metrics, and capital augmentation remain priorities to the Bank, going forward. Fitch has also identified the Bank's growing commercial banking franchise as reflected by the improved loan to deposit ratio while dominating its flagship position as the leading project financier.

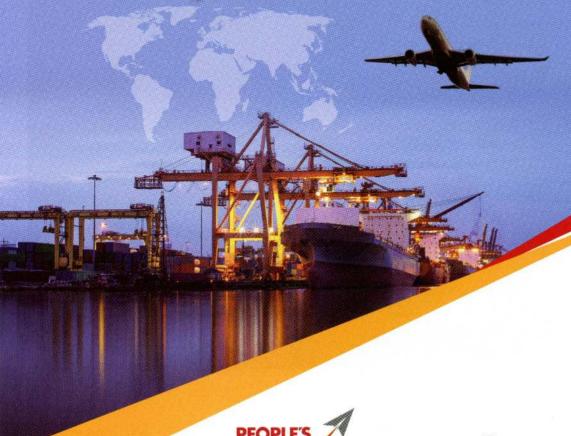
DFCC Bank is a full-service Commercial Bank with a legacy of 65 years as one of Sri Lanka's leading financial conglomerates that offer a range of commercial and development banking services. DFCC Bank is rated [SL] AA- Stable by ICRA Lanka Limited and A+ (lka) Stable by Fitch Ratings Lanka Limited

Having won several accolades, DFCC was also ranked amongst Business Today's Top 30 Corporates in Sri Lanka.

Despite the challenging operating environment in Sri Lanka due to GDP contractions and disruptions in key economic sectors owing to COVID-19 pandemic control measures, DFCC Bank has continued to enjoy profitability and key performance indicators which display high profitability and growth across the board. These ratings achieved by the bank stand as a testament to our resilience amid trying times.



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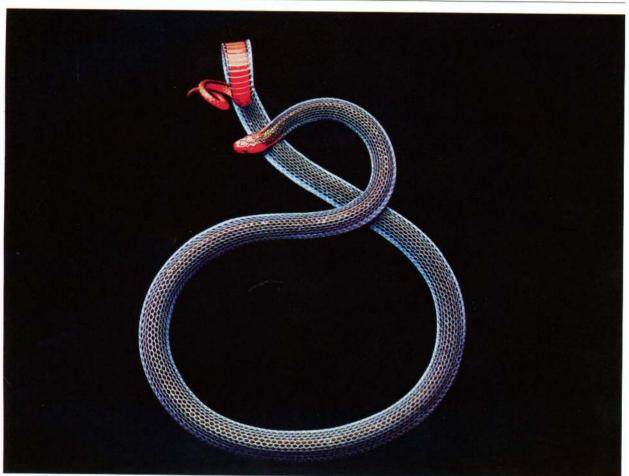












Entrepreneurs and the Truth PHOTOGRAPHER MARK LAITA

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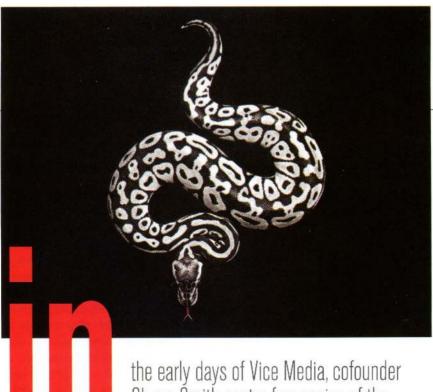
Professor. Stanford University

Laura Dunham

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Jon Fjeld

Professor. Duke University



the early days of Vice Media, cofounder Shane Smith sent a few copies of the Montreal-based start-up's fledgling publication to a record store in Miami and a

skate shop in Los Angeles so that the company could tell advertisers its readership was distributed across North America—an act befitting the monicker "Bullshitter Shane," reportedly bestowed on him by a friend and colleague.

Such chicanery is too common in the start-up world. The norms of entrepreneurship encourage founders to be hustlers and evangelists for their companies. Indeed, legendary founders are celebrated for their ability to inspire others, even if that means stretching the truth. Consider Steve Jobs, the quintessential start-up pitchman. Early Apple employees describe him as able to "convince anyone of practically anything." In the words of engineer Andy Hertzfeld, Jobs had a "reality distortion field, a confounding mélange of a charismatic rhetorical style, an indomitable will, and an eagerness to bend any fact to fit the purpose at hand."

That's a vital skill for founders, who must persuade their audiences to temporarily suspend disbelief and see the opportunity the entrepreneur sees: a world that could be but is not now. However, reality distortion is a slippery slope. Enthusiasm can lead to exaggeration, exaggeration to falsity, and falsity to fraud. This descent is embodied in Elizabeth Holmes, the Theranos founder and Jobs devotee who allegedly deceived investors and customers by marketing bogus blood tests.





ETHICS

IDEA IN BRIEF

THE PROBLEM

Entrepreneurs are prone to exaggerate or obfuscate when trying to get their companies off the ground. That locks up resources by prolonging the lives of doomed ventures and making it difficult for VCs and employees to know where best to invest their money or labor.

THE REASON

Founders aren't bad people. But when they lie, they fall back on flawed justifications, such as the need to protect investors and employees. They might tell themselves that because all entrepreneurs stretch the truth, they must do so to stay competitive.

THE SOLUTION

Moral philosophy can help founders remain truthful. They can dream big, but they must be honest about the evidence and assumptions underpinning their vision. And they should seek out partners, investors, and others who will help them be their best selves.

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Reality distortion is a slippery slope. Enthusiasm can lead to exaggeration, exaggeration to falsity, and falsity to fraud.

The Holmes case is rare; few entrepreneurs face criminal fraud charges, as Holmes did when this article went to press. But lesser indiscretions are common, including obfuscation, lies of omission, exaggeration, embellishment, evasion, bluffs, and half-truths. And they come at a cost. Deception results in market inefficiencies; it locks up resources by prolonging the lives of doomed ventures and making it difficult for VCs and employees to know where best to invest their money or labor. We believe it also takes a personal toll on founders, given the debilitating stress that often accompanies lying.

How can we drive deception out of the start-up culture while also encouraging entrepreneurs to take risks and dream big? We have spent decades researching this question, and we bring a multidisciplinary approach to answering it. One of us (Kyle) is a successful founder turned academic; one (Jon) teaches business and philosophy; and two (Tom and Laura) hold academic appointments focused on ethical entrepreneurship. In this article we first explore why deception is so prevalent among entrepreneurs and then explain why common justifications for it are invalid. Finally, we suggest guidelines for behavior that can help entrepreneurs be both successful and honest—to the benefit of all.

WHY ENTREPRENEURS LIE

The Chicago economist Frank Knight was one of the first scholars to study the role of entrepreneurs in the modern capitalist system. In his 1921 book *Risk, Uncertainty, and* Profit, he distinguishes entrepreneurs from other businesspeople by their willingness to act in the face of uncertainty. Of course, established businesses face uncertainty too—but start-ups must navigate through a particularly dense fog. Entrepreneurs often don't know whether their product will work, how it will be manufactured, who the customers will be, or how they can be reached. For Knight, an entrepreneur is someone who, facing all this uncertainty, acts while others dither.

But action alone is insufficient. An entrepreneur needs others' help and must therefore be a persuasive cheerleader—when pitching VCs for funding, wooing prospective employees away from cushy jobs,

persuading customers to take a chance on a new product, and instilling confidence in the team amid the start-up's vacillating fortunes.

That's the first reason some entrepreneurs are less than truthful: They transgress because they have many opportunities to do so. More than most other businesspeople, they are always "on."

The second reason is that entrepreneurs have a lot on the line. As a group they stand to gain great wealth, but it's unevenly distributed. Research shows that the median entrepreneur has poor risk-adjusted returns—statistically, founders would be better off working at an established company or holding a diversified index fund than holding their own equity. But what the median lacks, the maximum makes up for. A small percentage of entrepreneurs become enormously wealthy. Indeed, entrepreneurs dominate the ranks of the world's richest people.

A thousand things must go right to earn such outsize rewards, and in any one meeting, a founder's fortunes might balance on a knife's edge. Failure can mean not just missing an enormous windfall but also letting down friends, family, employees, and investors. With stakes that high, it can be tempting to bend the truth.

The third reason entrepreneurs are prone to deception is that it's relatively easy for them to get away with it. Entrepreneurship has a great deal of what economists call "information asymmetry." Typically, founders lead private, closely held companies and possess lots of information that others—investors, customers, employees-don't have. The leaders of public companies have extensive transparency requirements and are under intense scrutiny; if they tell a lie, many people are in a position to discover it. But even in a venture-backed start-up with board oversight, only a tiny circle of people are privy to the company's internal workings, so deceptions can easily evade detection or go unchallenged. And because start-ups are, on average, staying private longer than they used to, such opacity is increasingly common and persistent.

None of this is to say that entrepreneurs are less ethical than other businesspeople. What little research is available suggests that on average, they have higher moral standards than corporate managers do. But the pressures that might tempt them to be less than completely truthful are enormous—and decades of



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psychological study have shown that even people with high moral standards are likely to transgress in contexts in which ethical lapses are common and tolerated.

HOW ENTREPRENEURS RATIONALIZE THEIR LIES

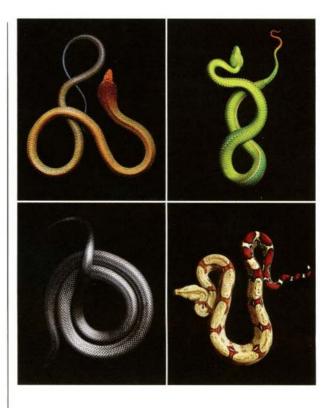
Most founders who shade the truth under such pressures probably don't see themselves in a poor light. They often justify their actions through some combination of three rationalizations that are closely related to common ethical theories about what makes actions right or wrong. But each falls apart under even casual philosophical scrutiny.

"IT'S FOR THE GREATER GOOD." In 2018

Entrepreneur interviewed Gary Hirshberg, who built
Stonyfield Farm from a two-person (and seven-cow)
side hustle into one of the world's leading purveyors
of organic yogurt. Stonyfield's success didn't always
seem destined. Hirshberg recounted a series of dire
moments and the deceptions that saved the company,
including lies to vendors and a loan officer at the Small
Business Administration. He offered several rationales,
all common among entrepreneurs and related to wellknown theories of ethics.

"I think lying, if we want to call it that, which I guess is what it should be called, for the common good, because in the end it didn't help the vendors for me to go under either, is OK as long as you ultimately do deliver," Hirshberg explained. This "ends justify the means" rationalization harks back to the utilitarianism of Jeremy Bentham and John Stuart Mill, according to which an action should be judged solely on the basis of its consequences. "[I]t is the greatest happiness of the greatest number that is the measure of right and wrong," Bentham wrote.

"I'M PROTECTING MY PEOPLE." A variant of the "ends justify the means" rationalization, this was invoked by Hirshberg as well. "You do whatever the heck you have to do to make it," he said. "We were fighting for employees' jobs and our mothers' and mothers-in-laws' and friends' investments. Fighting for our lives. And I think anything goes, as long as you're not injuring anybody." Friends, family, and early equity investors and employees are often prioritized



over stakeholders appearing on the scene later and at a further remove—in Hirshberg's case, the SBA and his vendors.

Of course, entrepreneurs can't know whether their lying will lead to better outcomes for their stakeholders or result in the greatest happiness for the greatest number. They are subject to forces beyond their control, and many who lie "for the common good" will see their ventures fail. When that happens, it comes at the expense of stakeholders who were tricked into supporting them or harmed by risks they weren't given full and honest knowledge of.

"EVERYBODY DOES IT." Hirshberg said of his vendors, "It's not like they haven't seen it before." According to this view, reality distortion is merely part of the game, like "puffery" in advertising and bluffing in poker; it's not prohibited by the rules, and each person playing is responsible for knowing those rules. Sometimes the obfuscation is vague: During tech bubbles, some start-ups with only a small IT component tried to classify themselves as tech

 Wise entrepreneurs surround themselves with cofounders, mentors, board members, and investors who will help them become their hest selves.

companies, because that would boost their valuation. Other times the fudging is more explicit, as when founders exaggerate anticipated revenue because they expect that investors will discount their numbers. In that scenario, a founder might reason, I have to say we will generate \$50 million a year, because investors are going to discount the figure and hear \$5 million a year: everybody knows that. Founders might also massage their financial models to produce outcomes they think VCs expect: a 10x return, a multibillion-dollar market. Those who don't exaggerate may rightly fear putting themselves at a disadvantage.

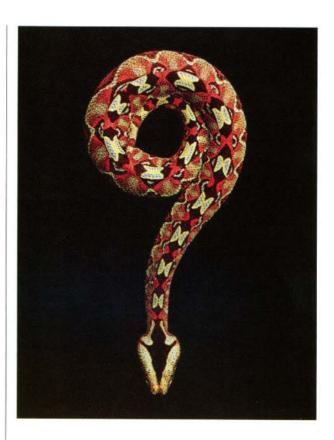
Hirshberg is a successful entrepreneur, a prolific philanthropist, and no doubt a well-meaning soul. His comments capture the pressures all entrepreneurs feel and the rationales that can lead them to shade the truth. But they ultimately fail to hold water; they are excuses rather than sound arguments. They shift the responsibility for decision-making onto the supposedly uncontrollable and sometimes immoral norms of abstract institutions. "Business is business," founders might say, absolving themselves of murky choices. But in our view, the business and start-up domains are no different from the rest of life, and they should be governed by the same ethics.

THE HONEST ENTREPRENEUR

Most entrepreneurs want to engender trust in others and prove themselves worthy of that trust. Few aspire to be scoundrels. Evidence suggests that for the vast majority of people, lying and deception cause considerable stress. For example, studies have shown that stress related to ongoing ethical dilemmas decreases job satisfaction and is a leading cause of burnout.

There is a better way, and it involves fostering virtue in all aspects of life, including the professional realm. In this Aristotelian worldview, actions are right if they are what a good (virtuous) person would do. In what follows we offer two practices from exemplary entrepreneurs whom we've had the pleasure of teaching, hosting, or collaborating with.

SHOW YOUR EVIDENCE AND ASSUMPTIONS. When entrepreneurs paint a picture of what could be, that picture is not fabricated wholesale; it's an



evidence-based guess. The evidence consists of the entrepreneurs' experiences, primary data collected through experiments, traction gained, and third-party data-in short, things they know. The guesses are things they don't yet know but believe or hope to be

Not everyone draws the same conclusions from such inputs. Entrepreneurs owe transparency and truthfulness to those being asked to commit themselves or their resources to the venture. Of course, they should present a compelling vision. But they should also present the evidence and assumptions that support that vision. The principle is similar to the instructions given by eighth-grade algebra teachers: Show your work. A good venture capitalist will question a founder's assumptions at pitch meetings-but not all VCs do, especially if they're courting a start-up that's in high demand. And prospective employees, partners, and other stakeholders often aren't given an opportunity to closely examine the evidence and assumptions and form their own conclusions about the company, team, or product they're being asked to support.

Being compelling and being forthright can seem at odds with each other. In some contexts, caveats and discussions of risks are inappropriate. A founder who lucks into an elevator ride with an investor simply conveys the compelling story. And in casual conversation, what's relevant is the vision. Leaving out the risks and the downside potential is expected and not in any way deceptive.

But in a context where analysis and evaluation of the opportunity are the focus, such as a formal pitch or a conversation with a potential hire, entrepreneurs must articulate evidence and assumptions and yet still be persuasive. We propose a "conclusion sandwich." The best entrepreneurs begin and end with their conclusion—the extrapolation— and place their evidence and assumptions in the middle. A founder might say, "We'll make about \$X million next year in gross revenue. Let me show you the evidence we have and the assumptions that support this." After running through the calculations, the founder might finish by asserting, "Therefore, we believe \$X million is a reasonable estimate." Listeners won't miss the takeaway but are free to reach their own conclusions.

SURROUND YOURSELF WITH PEOPLE WHO WILL HELP YOU BE YOUR BEST. A mountain of psychology research shows that our social circles influence our morality. Acts that those around us commit or condone become acceptable to us over time, while acts they condemn become unacceptable. So wise entrepreneurs surround themselves with cofounders, mentors, board members, and investors who will help them become their best selves.

Investors are particularly important in this regard. An entrepreneur might launch a handful of ventures in a lifetime, but the most experienced investors participate in hundreds. They witness the ordeals of many founders in many markets over many years and accumulate wisdom that founders can't replicate. A good investor is able to "pattern match," is sensitive to the moral dimensions of particular ordeals, and knows what courses of action are "right" and have the best outcomes. The best investors help entrepreneurs heed the better angels of their nature.

The wrong investors can be a disaster. This is especially apparent among those who prioritize growth above all else. Consider the pairing of WeWork cofounder Adam Neumann with SoftBank's Masayoshi Son. In their first meeting, Son is said to have expressed dissatisfaction with Neumann's level of intensity and urged him to be even crazier. Neumann obliged. The ensuing SoftBank-funded expansion of WeWork was





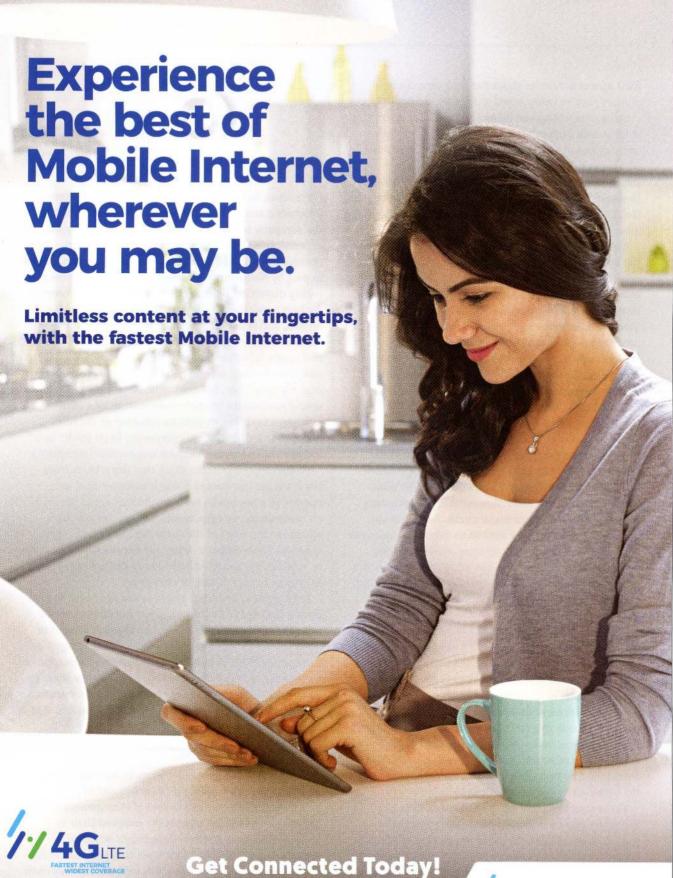
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outlandish, to say the least; it included self-dealing (Neumann trademarked the word "We" and sold it to the company for nearly \$6 million) and extravagant expenditures (a \$60 million private jet). WeWork became the United States' most valuable unicorn, fueled in part by Neumann's messianic charisma and powerful reality distortion field. It reportedly took just moments for him to persuade investors to fund his vision. He was known, and is now lampooned, for over-the-top claims about the company (for example, framing it not as a real estate subletter but as a "state of consciousness") and what it could accomplish (solving the problem of orphaned children, for one). Still, Neumann's WeWork nearly reached its IPO before imploding. (As of this writing, a far more modest incarnation of the firm. under new leadership, was preparing to go public in a merger with a special-purpose acquisitions company.)

IT MAY BE tempting to think that departures from the truth are just part of doing business—that we operate in a no-holds-barred capitalist arena in which all contestants are responsible for their own welfare and know the rules of the game. Unfortunately, such cynicism feeds on itself; when we encounter dishonesty or scandal, we become disillusioned and are more likely to engage in such behavior ourselves.

Entrepreneurs face particular pressures to lie. Vying for a fixed pool of VC money, often working to secure returns for friends and family, and chasing dreams of greatness, they may feel they will be disadvantaged if they pursue their ventures with a vigorous dedication to the truth. Understanding the forces that tempt them to lie and the tactics that may help them remain virtuous can reduce the deception that's all too common in this crucial part of the economy.

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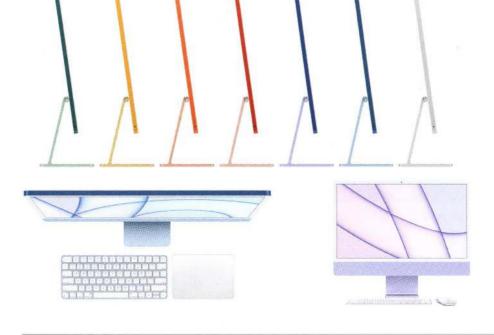


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