



Commercial Bank of Ceylon PLC

Results Review for H1/2Q FY2025 and Investor Update

*Presented at the investor call held on the 21st of August 2025 at 5.15 PM IST by the
Managing Director/CEO, Chief Financial Officer and AGM Finance*

August 2025

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2 Macro Economic Backdrop

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Managing Director's/CEO's Briefing

Crossed LKR 3 Trn/USD 10 Bn in Assets, Market Cap Crossed USD 1 Bn, Strong Growth Momentum Sustained

Brief by MD

- Macro
- [H1/Q2 Results](#)
- Income
- Expenses
- Impairments
- Balance sheet
- Bangladesh
- ROE
- Capital
- Q&A

Bank

Financial Performance – Normalized [LKR Bn]	Q2		6M		YoY Δ	
	2024	2025	2024	2025	Q2	6M
NII	30.1	33.6	57.0	66.8	11.6%	17.3%
Other income	11.0	11.1	18.0	23.0	0.8%	27.8%
Total operating income	41.0	44.6	74.9	89.8	8.7%	19.8%
Opex	12.0	12.5	23.7	24.8	4.2%	4.5%
Pre-provision Pre-Tax profit	29.0	32.1	51.2	65.0	10.6%	26.9%
Impairments	15.3	4.0	18.6	11.1	-73.5%	-40.4%
Operating Profit Before Taxes	13.8	28.1	32.7	53.9	104.1%	65.1%
Taxes	6.1	12.5	14.6	23.9	104.9%	64.0%
Profit for the period	7.6	15.6	18.1	30.1	103.4%	66.1%
EPS (Rs)	5.7	9.6	13.5	18.5	67.3%	36.5%
Group						
Profit to equity holders	7.9	16.0	18.6	30.8	101.4%	65.8%
EPS (Rs)	5.9	9.8	13.8	18.9	65.4%	36.2%

Balance sheet highlights – YTD Growth

Asset 8.7%	Loans 13.7%	Deposit 8.5%
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Key Ratios [%]	6 Months	
	2024	2025
NIM	4.41	4.63
CASA	39.95	39.91
Stage 3 ratio	4.87	2.27
Stage 3 impairment cover	49.18	67.49
ROA (before taxes)	2.17	3.13
ROE	16.76	21.34
Tier 1	11.58	14.48
Total Capital	15.12	18.06

- **Balance sheet:** +8.7% YTD; total assets > **LKR 3.0 Tn / ~USD 10 Bn**
- **Earnings momentum:** Strong H1 profit; Q2 more than doubled. Pre-provision, pre-tax profit up on NII growth, higher fees, and cost discipline. Drop in credit costs further boosted pre-tax profits
- **NII/NIM:** Strong growth in NII, supported by expansion in NIM and double-digit loan growth.
- **Efficiency:** Cost-to-income 27.6%, among the industry's lowest.
- **Asset quality:** Impairment cover 67.5%; Gross Stage 3 improved to 7.7% (from 8.6% in 2024).
- **Loans:** +LKR 200 Bn in H1 (+13.7%), strong growth across all segments, with notable growth in SME and International banking
- **Deposits:** +LKR 190 Bn YTD (+8.5%), primarily driven by growth in CASA. CASA ratio improved to 39.9%
- **Returns:** **ROE** and **ROA** up sharply on enhanced profitability.
- **Capital:** Strong ROE accretion lifted **Tier 1** QoQ and YoY despite RWA growth; **total capital** to strengthen further on the successful conclusion of the **LKR 15 Bn Tier 2 Green Bond** issue

Key Initiatives

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During the year

PERSONAL BANKING

- **AI-based SME Credit Underwriting pilot launched**
- **‘Trade Link’** Launched - Digital document submission platform for trade customers
- Launched **Global Service Center** to canvass deposits of migrant ‘White-Collar’ customers

CORPORATE BANKING

- Organic growth through **wallet share optimization**
- Growth in **Green Financing**

INTERNATIONAL BANKING

- **Representative Office at DIFC** opened in May
- **Offshore lending** expanded sharply during the year

Future Focus Areas

PERSONAL BANKING

- **AI-based SME Credit Underwriting full implementation**
- **AI in Retail Banking** – Use cases to be rolled out
- New business models in targeting SME and CASA business to be rolled out

CORPORATE BANKING

- **Islamic Banking** expansion – Expand geographic foot-print and loan book
- **Corporate Digital Platform** – to be launched in 2025/2026

INTERNATIONAL BANKING

- Continue to drive growth in overseas lending

Ongoing investments into IT along key themes >

- **Unified Digital Experience.:** Move to a single app/channel experience across markets
- **Data & AI at the Core:** Embed AI into credit and key decisions
- **SME & Transaction Platforms:** Deepen SME origination and servicing with integrated systems
- **Operating Model & Expansion :** New business models, productivity
- **Security & Trust:** Unify the security stack to strengthen **cyber resilience** and safeguard customer trust

Macro Economic Backdrop

Macro conditions have progressively improved, and trend is expected to continue

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Macro

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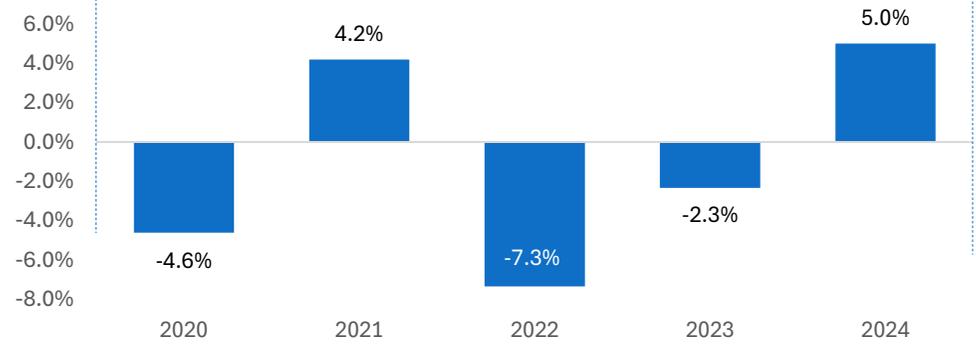
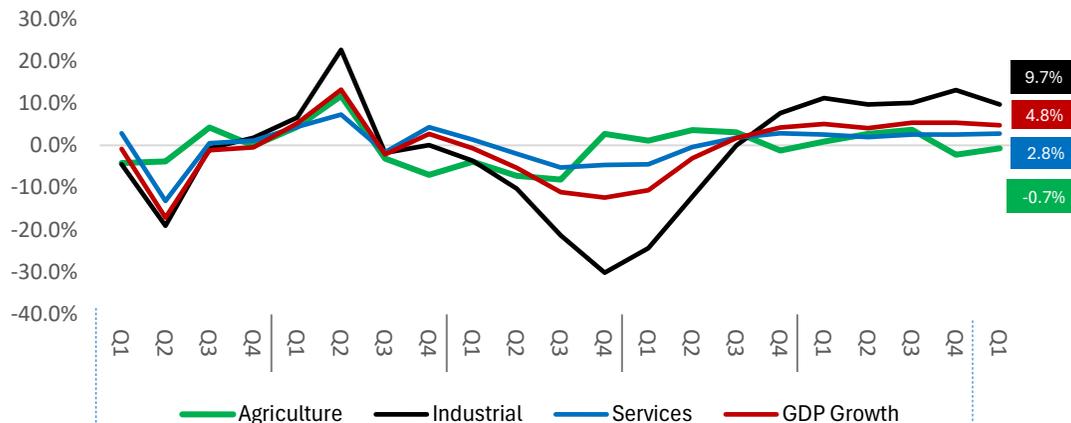
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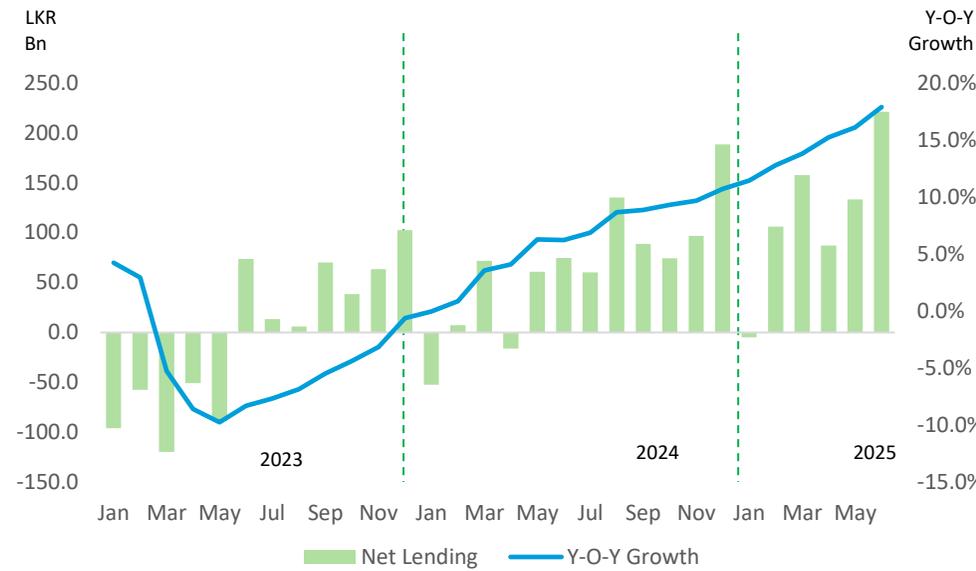
GDP growth picked up to 4.8%, forecasts points to 4-5% of Y-o-Y growth for 2025



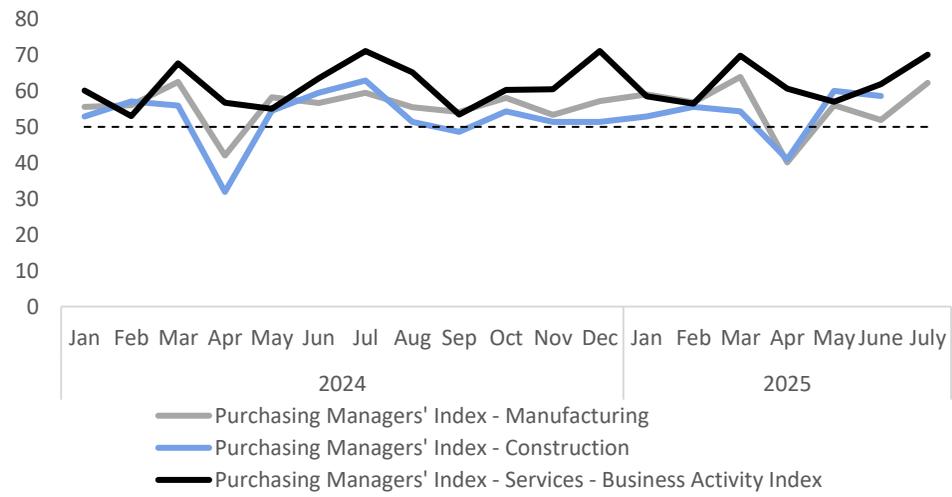
*GDP Forecast (%)	2025	2026
World Bank	3.5	3.1
ADB	3.9	3.4

* Forecasts doesn't include the impact of the reciprocal day tariffs

Growth in private credit continues, up 17.9% YoY as at June 2025



PMI points to improving activity, other HFI gives mixed signals



Macro conditions have progressively improved, and trend is expected to continue

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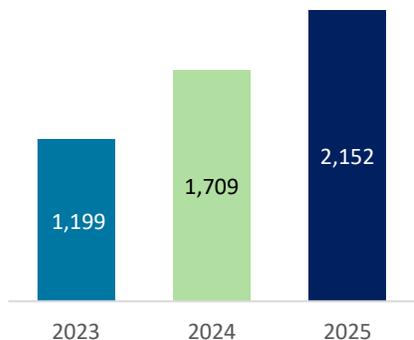
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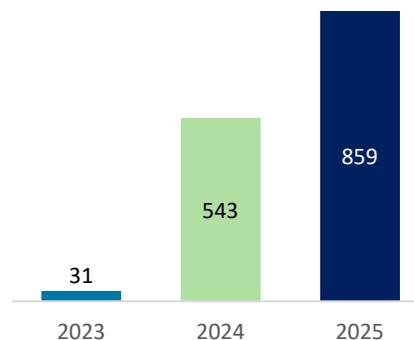
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Fiscal performance has improved significantly, driven by higher tax revenues [LKR Bn]

Tax Revenue Cumulative (Jan-Jun)
[LKR BN]

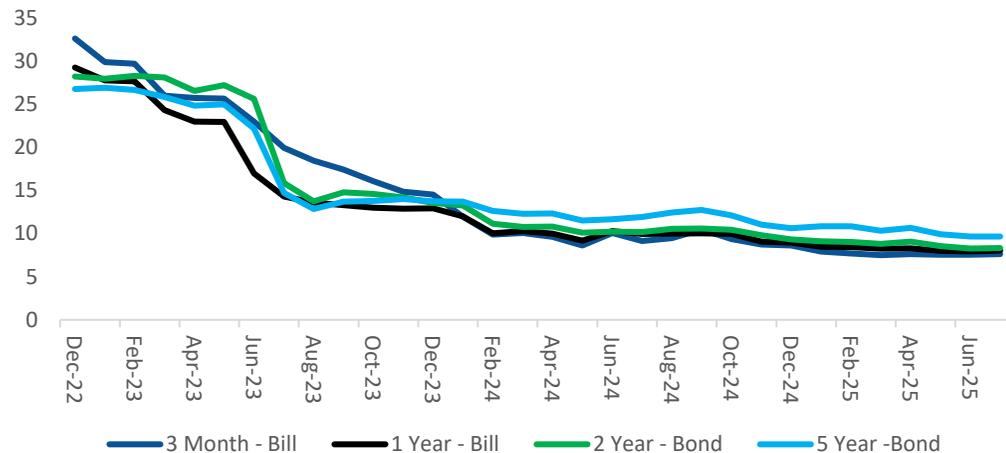


Primary Surplus Cumulative (Jan-Jun)
[LKR BN]

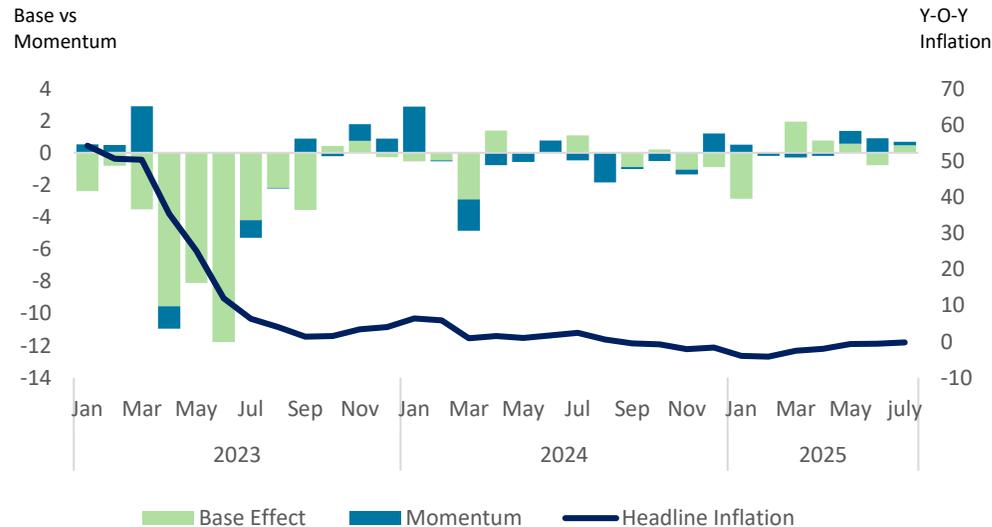


Interest rates have decreased significantly, rates expected to remain stable

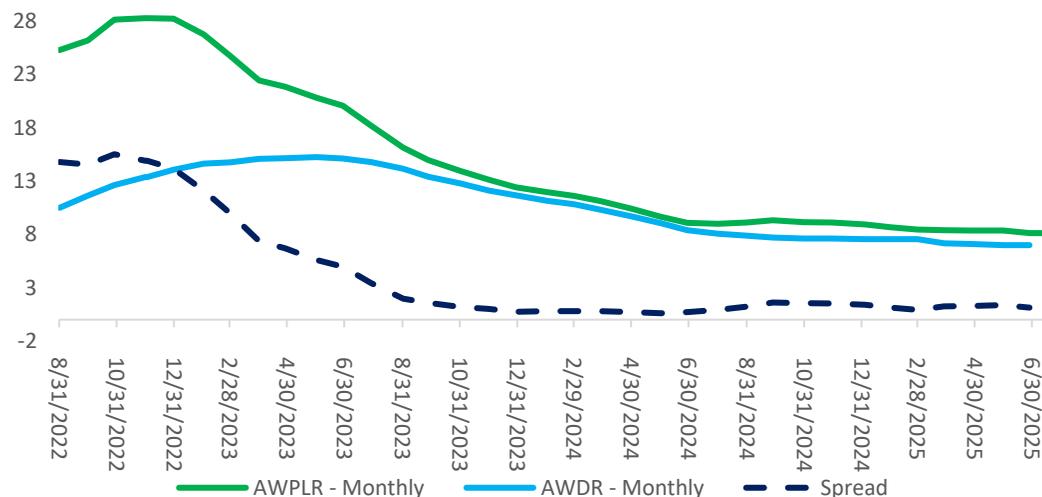
Yields on government securities



Deflation expected to taper down by mid 2025



Lending and deposit rates



Macro conditions have progressively improved, and trend is expected to continue

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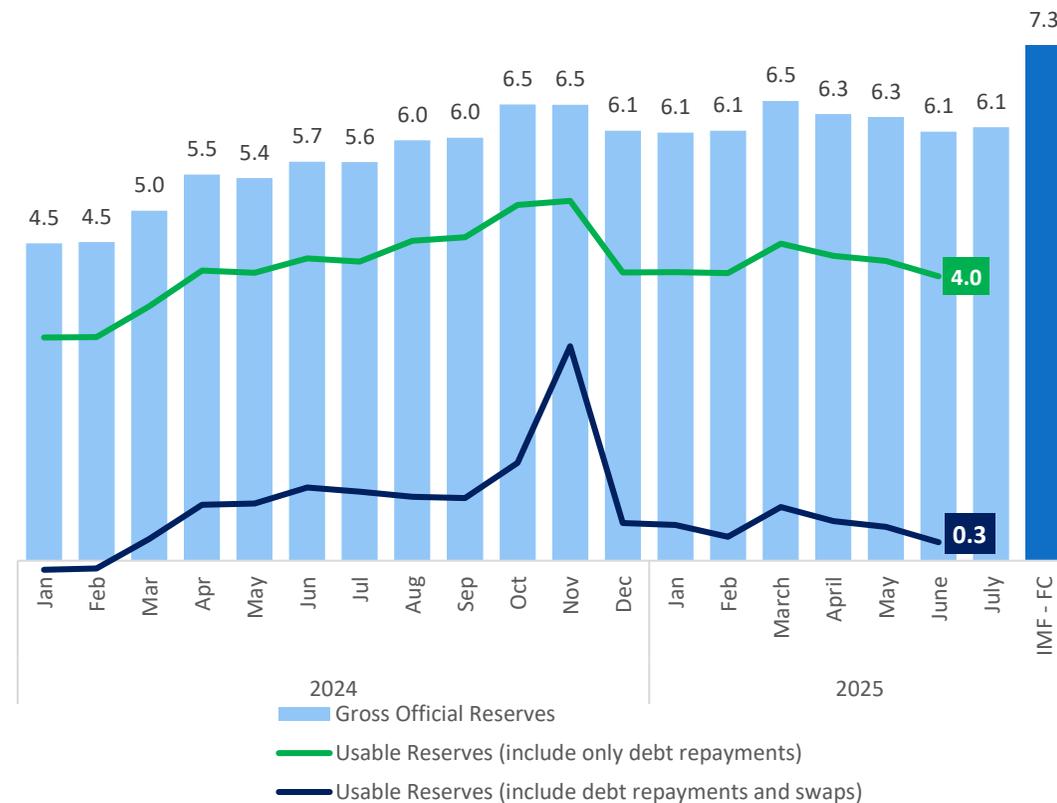
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External sector performance has improved

BOP [USD Mn]	Jan – Jun (2025)		Δ
	2024	2025	
Goods exports	6,144.4	6,492.1	6%
Goods imports	8,684.4	9,762.2	12%
Trade balance	-2,540.0	-3,270.1	29%
Service inflows	3,318.3	3,609.5	9%
<i>Of which tourism net inflows</i>	<i>1,556.6</i>	<i>1,712.6</i>	<i>10%</i>
Net services	1,905.5	2,059.1	8%
Remittances	3,144.0	3,738.0	19%
Current Account balance	1,148.4	1,495.0	30%

Gross external reserves at USD 6.1Bn

[USD Mn]



	2024 - Dec		2025 - March		2025 - Dec	2026 - Jun
	Target	Actual	Target	Actual	Target	Target
NIR (USD Mn)	(1,338)	322	(645)	285	448	949

Financial Performance – Bank

H1/2Q Ended 30th June 2025

NII grew by 17.3% and 11.6% YoY for H1 2025 and Q2 respectively

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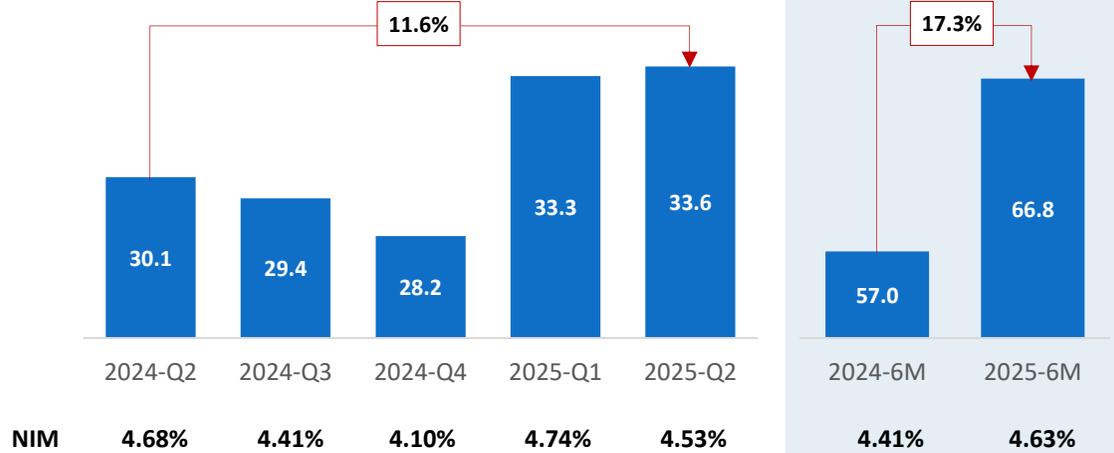
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NIM and NII [LKR Bn]



Interest income and costs [LKR Bn]



- Despite softening yields, NII grew by 11.60% and 17.3% during Q2 and H1 FY2025 due to healthy expansions in loan book
- Interest expense increased marginally during 2QFY2025 due to growth in deposit base, however, was down for the 1st half
- Yield on loans and fixed income securities continued its downward trajectory in line with the accommodative monetary policy stance opted by the CBSL
- As a result, interest income yields declined by 75 bps compared to Q22024. Yield decline was cushioned to an extent via Government Security maturities being rolled over at higher yields
- Cost of funds continued its downward trend recording a decline of 61 bps compared to 2QFY2024. The drop was driven by deposits been repriced at lower rates along with an improvement to the banks CASA ratio. The sharper drop in cost of funds relative to income yields has moderated due to the stabilization of interest rates.
- NIM continued to expand during 6MFY2025 due to sharper decrease in cost of funds vs interest income yields resulting in an increase in NIMs by 36 bps YTD

Growth in Non NII was supported by healthy increase in Net Fee and Commission Income

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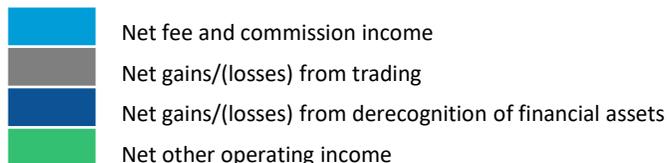
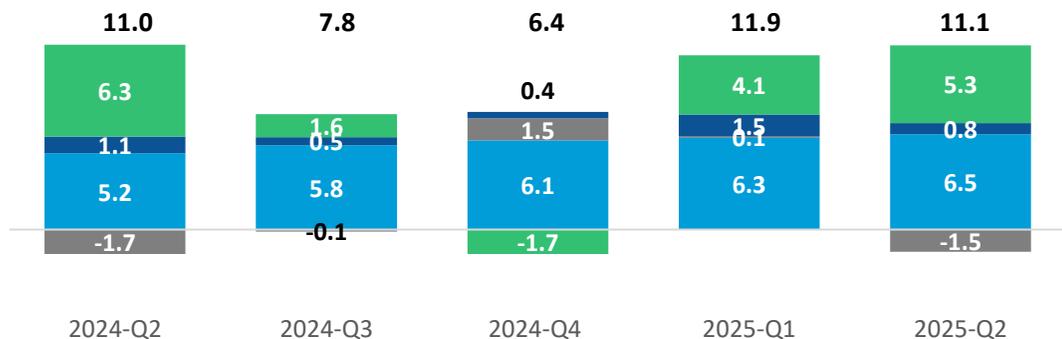
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Other operating income [LKR Bn]

[LKR Bn]	2024			2025		6M		YoY Δ	
Bank	2Q	3Q	4Q*	1Q	2Q	2024	2025	2Q	6M
Net fee and com. income	5.2	5.8	6.1	6.3	6.5	10.7	12.8	25.1%	20.1%
Net gains/(losses) trading	-1.7	-0.1	1.5	0.1	-1.5	-3.6	-1.4	8.8%	59.8%
Net gains/(losses) from derecognition of financial assets	1.1	0.5	0.4	1.5	0.8	3.1	2.3	-33.5%	-27.6%
Net other op.income	6.3	1.6	-1.7	4.1	5.3	7.8	9.4	-15.6%	20.3%
Total	11.0	7.8	6.4	11.9	11.1	18.0	23.0	0.8%	27.8%



*Adjusted for SLSB restructuring impacts

- Other operating income declined during the quarter due to a drop in exchange gains in foreign asset and liability revaluation.
- Net fee and commission income**
 - Net fee and commission income related to loans and advances, credit and debit cards and other financial services witnessed healthy growth during 2Q and H1 respectively.
- Net gains/losses from trading and derecognition of financial assets**
 - Net trading losses moderated during the quarter supported by strong returns on the equity portfolio and reduced losses on derivatives
 - Gains on fixed income securities trading recorded a decline for Q2 and 6MFY2025 as yields on government securities stabilized. Net gains from derecognition of financial assets also saw a contraction on a YoY and QoQ basis.
- Net other operating income**
 - Net other operating income, which is largely driven by revaluation gains from FCY assets and liabilities improved due to the currency depreciating by 2.5% for the period

Growth in operating expenses contained amid higher other operating expenses

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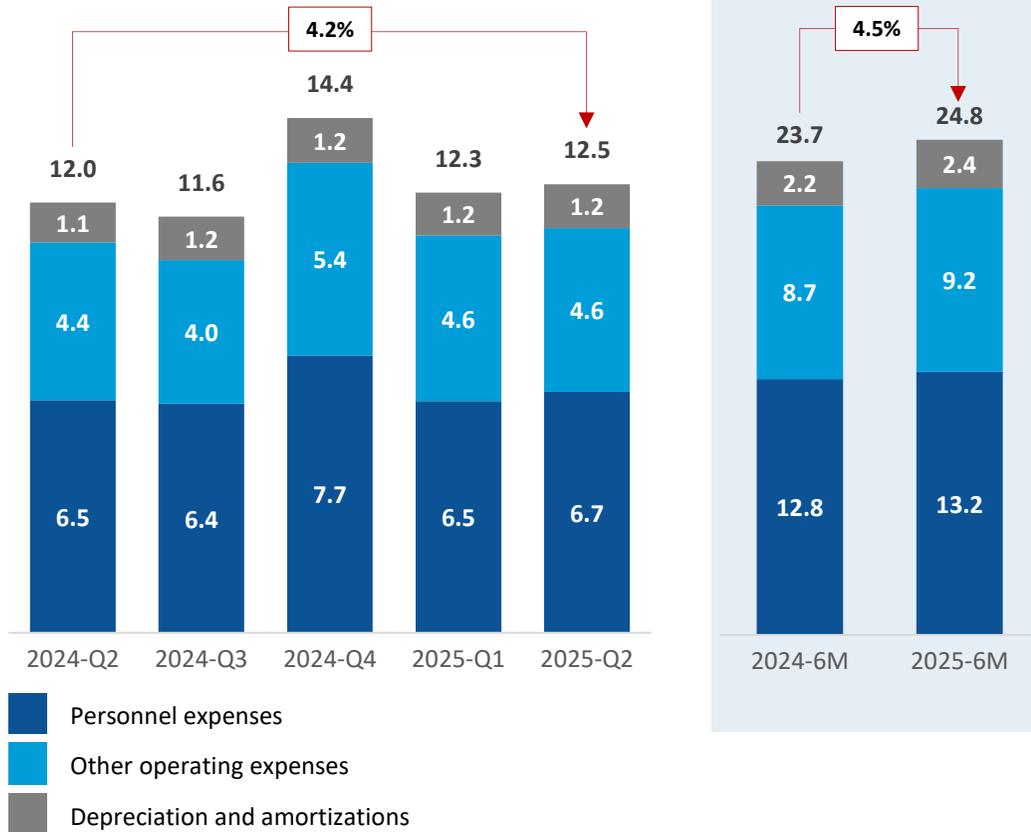
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Operating expenses [LKR Bn]

Cost to Income	29.2%	31.2%	41.5%*	27.2%	28.0%
Cost to TA	1.8%	1.7%	2.0%	1.7%	1.7%

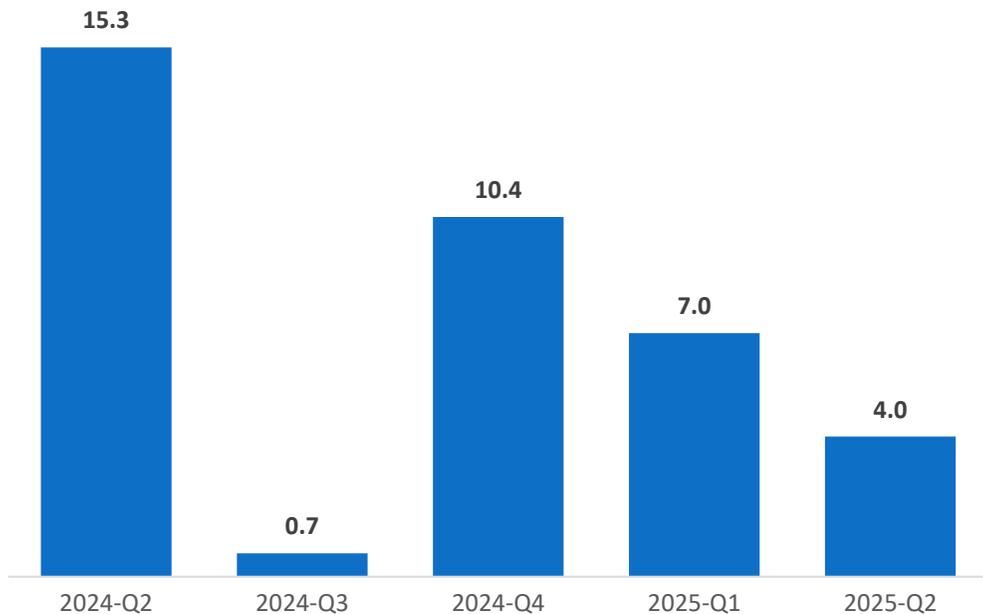


- Expenses increased 4% YoY in Q2 and 5% for 6M, primarily driven by increases in Other operating and personnel expenses.
- YoY increase in personnel expenses for 2Q and 6M largely driven by increases in salary related expenses.
- Increase in other operating expenses were driven by rise in rent, rates & taxes, marketing expenses, security services and deposit insurance etc.
- Significant widening of positive income-to-cost jaws in Q2 and 6M due to growth in NII and other operating income resulted in the cost to income ratio improving to 27.6%
- Cost to assets ratio maintained at 1.6% range

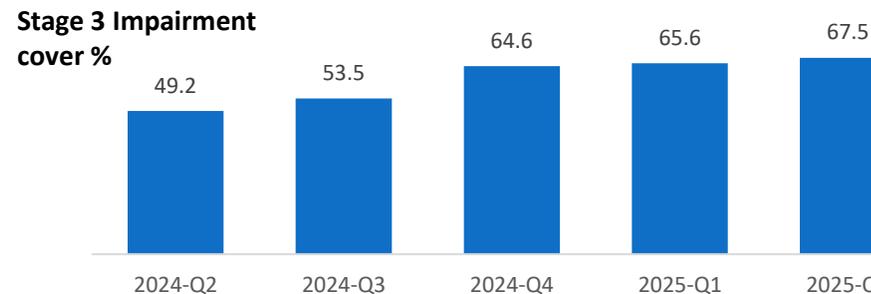
*Adjusted for provision on SLSB

Credit quality of portfolio improved along with a sharp decline in credit costs

Impairment charge – [LKR Bn]



Credit Quality Metrics



- Credit quality continued to improve, driven by favorable macro economic conditions and disciplined underwriting
- Credit costs were driven by the bank increasing its impairment provisions for loans and advances classified under Stage 2 and 3 in Sri Lanka as a prudential measure
- Improvement in the Gross Stage 3 [7.7% in 2QFY2025 vs 8.6% end 2024] ratio and higher provisions made during the period along with the growth in the loan book led to a 49 bps improvement in the Net Stage 3 loan ratio compared to 2024.

Total assets grew 8.7%, led by loan growth of 13.7%

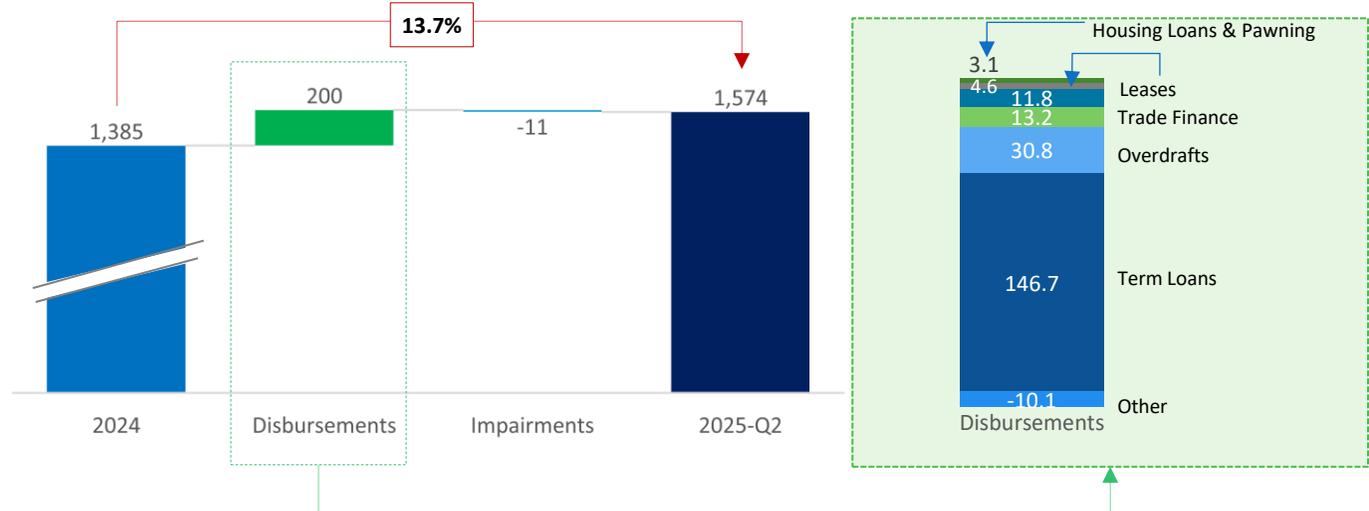
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Financial Position [LKR Bn]	Dec-24	Jun-25	Δ
Assets			
Loans and advances	1,384.5	1,573.5	13.7%
Other financial assets	1,061.0	1,124.7	6.0%
Cash and placements with banks	186.1	185.7	-0.3%
Balances with Central Banks	45.7	51.8	13.4%
Investments in subsidiaries and associates	5.9	6.4	10.1%
Other assets	106.6	89.4	-16.1%
Total assets	2,789.8	3,031.5	8.7%
Liabilities			
Deposits	2,236.6	2,426.8	8.5%
Other borrowings	148.1	175.7	18.7%
Other liabilities	129.9	136.2	4.9%
	2,514.5	2,738.7	8.9%
Equity			
Stated capital	88.0	90.8	3.2%
Retained earnings and other reserves	187.2	202.0	7.9%
	275.3	292.8	6.4%
Liabilities and equity	2,789.8	3,031.5	8.7%
NAV (Rs)	170.9	179.6	5.1%
Tier 1 (%)	14.23	14.48	
Total Capital (%)	18.14	18.06	

- Balance sheet grew by 8.7%, crossing the LKR 3 Tn / USD 10 Bn milestone
- Expansion driven by a 13.7% growth in loans and advances and a 6.0% growth in other financial assets.
- Deposits grew by 8.5%, lead by growth in time and savings deposits.
- Tier 1 ratio improved to 14.48%, whilst the Total Capital ratio declined to 18.06%.

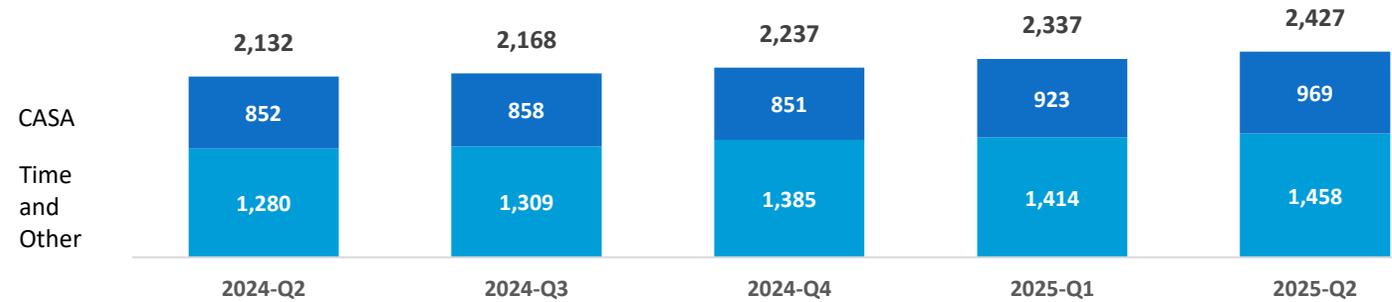
Momentum in loan growth continued along with CASA growth

Loans and advances [LKR Bn]



- Lead loan growth in the industry.
- Disbursed LKR 200 Bn for the period.
- Disbursements during period driven by term loans, overdrafts and trade finance linked loans

Deposits [LKR Bn]



- Deposits recorded a 8.5% growth for the year.
- Growth was driven by CASA, which grew 13.8% YTD, Time deposits grew 5.3%
- Continued to maintain strong liquidity.

	2024-Q2	2024-Q3	2024-Q4	2025-Q1	2025-Q2
CASA %	40.0	39.6	38.1	39.5	39.9
LCR %	471.0	381.7	454.4	345.4	342.5
NSFR %	187.3	191.8	187.3	181.2	181.2

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Continues to be the largest lender to SMEs

Loans Disbursed by Commercial and Specialized Banks to SMEs [LKR Bn]

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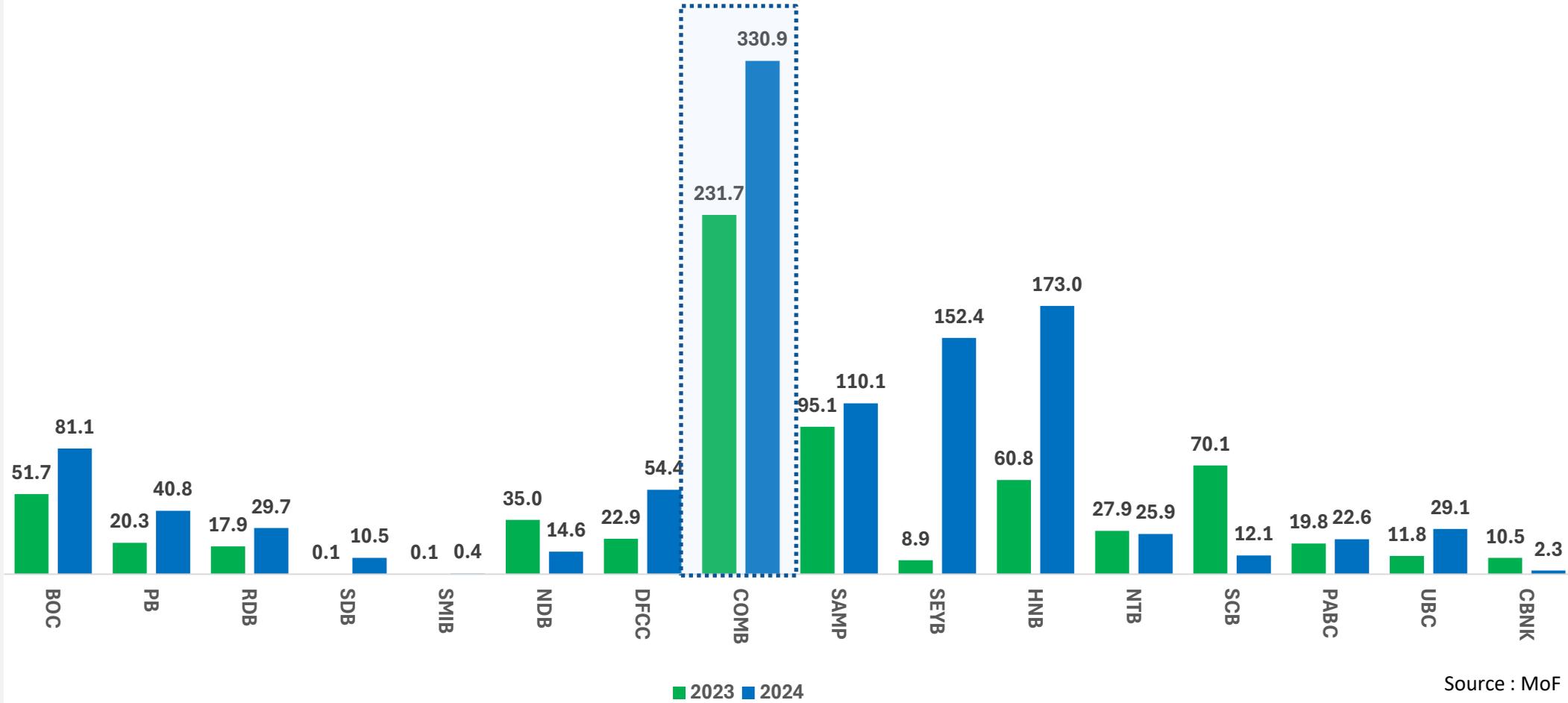
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Source : MoF

Overview of Bangladesh performance

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Financial Performance - Highlights [BDT Bn]	6M		YoY Δ
	2024	2025	
Profit before tax	5.7	5.5	-3.5%
Net profit	3.4	3.3	-4.3%
Key ratios			
NIM	6.8%	7.3%	
ROA (Annualized)	8.9%	8.9%	
Financial Position - Highlights [BDT Bn]	Dec-24	Jun-25	YTD Δ
Total assets	113.6	129.6	14.1%
Loans and advances (Net)	68.0	73.5	8.1%
Deposits	99.1	117.5	18.5%
Loan book metrics			
Impaired Loans (Stage 3) Ratio (%)	3.2%	0.4%	
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	83.8%	87.2%	
<i>Closing Ex.Rate (BDT/ USD)</i>	<i>117.5</i>	<i>122.0</i>	
<i>Average Ex.Rate (BDT / USD)</i>	<i>112.3</i>	<i>121.7</i>	

- Continued to adopt a cautious approach to the market given conditions in the country.
- NII continued to remain strong due to tight monetary policy, profits for 6MFY2025 declined marginally due to net trading losses. Impairment reversals continued during the period due to
 - Reduction in limits for customers with large exposures
 - Improvement in servicing relative to 2024
- NIM increase was primarily driven by higher lending rates and Government Security yields due to tight monetary policy.
- Strategy of focusing on blue-chip clientele operating in resilient sectors coupled with strong credit risk controls has enabled the bank to maintain substantially lower NPL ratios relative to competition:
 - Despite economic stress, stage 3/NPL ratios declined during the period.
 - Provision coverage improved further

ROE for H1 sustained at 21.3%

Brief by MD

Macro

H1/Q2 Results

Income

Expenses

Impairments

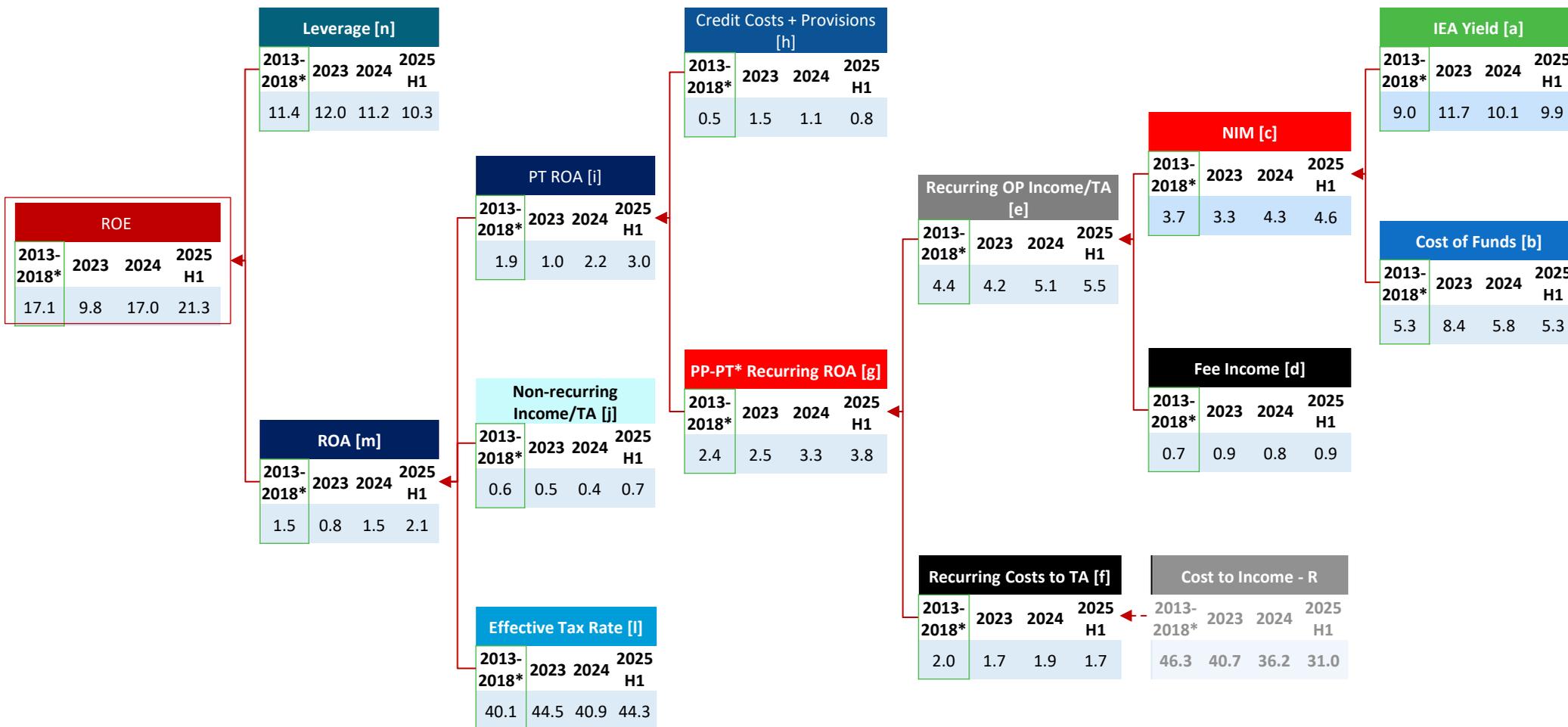
Balance sheet

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*PP-PT: Pre-provision pre-tax

*Represents average between 2013-2018

Tier 1 Capital improved to 14.48%

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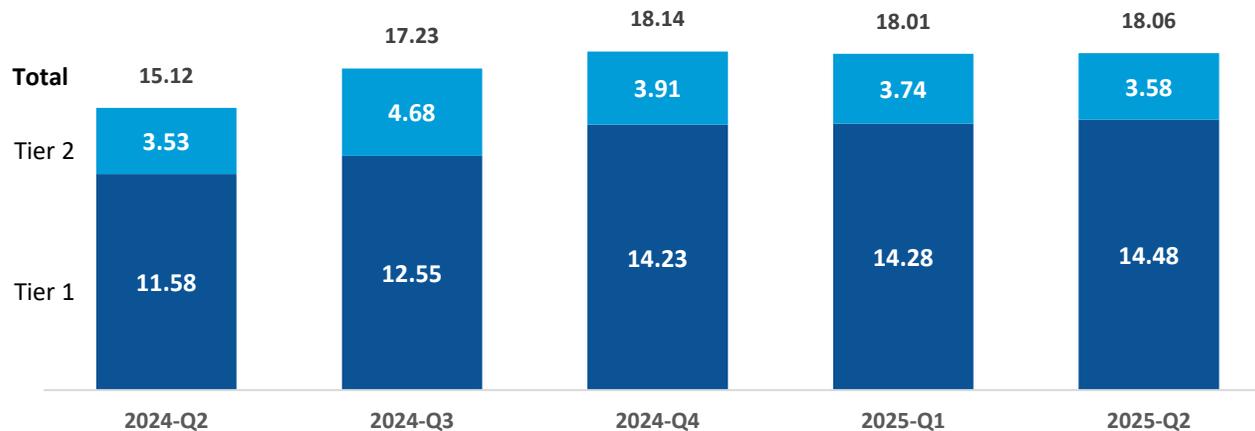
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Capital ratios [%]



- Strong loan growth recorded during the period consumed 1.53% of Tier 1 capital
- Robust ROE generation more than offset this, adding 1.91%, resulting in Tier 1 recording a net growth of 25 bps
- The Tier 2 Green Bond issue of LKR 15 Bn was oversubscribed on the opening day of the issue, will add 0.86% to Total Capital

Tier 1 movement



Q & A