



Commercial Bank of Ceylon PLC

Results Review for 1Q FY2025 and Investor Update

Presented at the investor call held on the 22nd of May 2025 at 3.30 PM IST by the Chief Financial Officer, and Assistant General Manager – Finance

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1 Macro Economic Backdrop

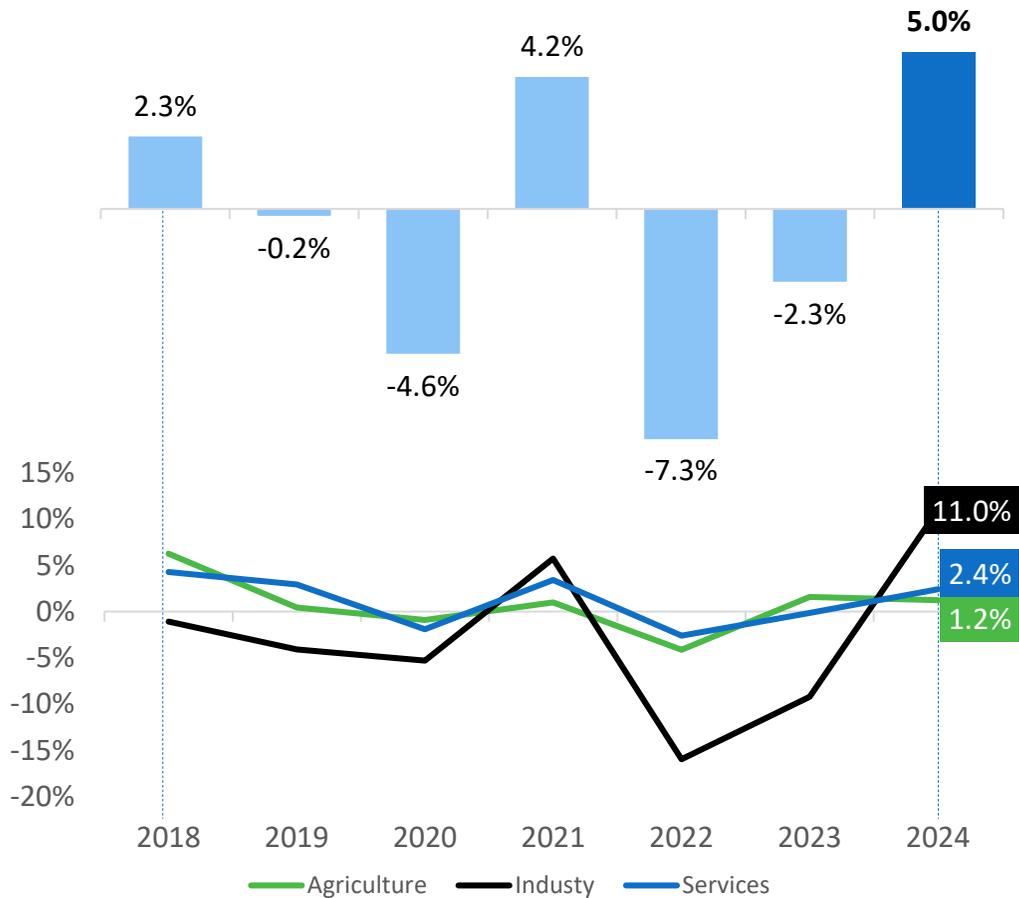
2 Financial Performance - Bank

3 Q & A

Macro Economic Backdrop

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

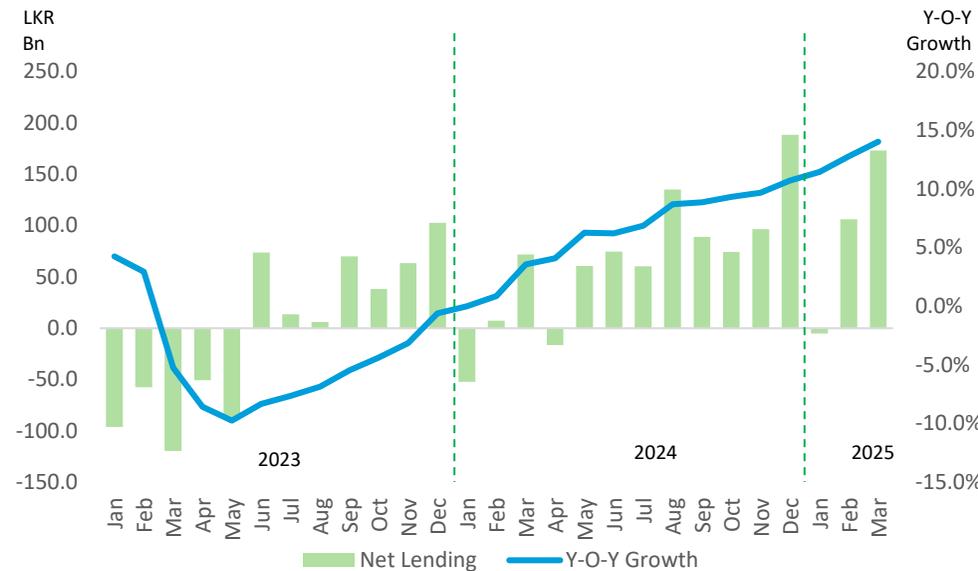
GDP growth picked up to 5%, forecasts points to 3-4% growth for 2025



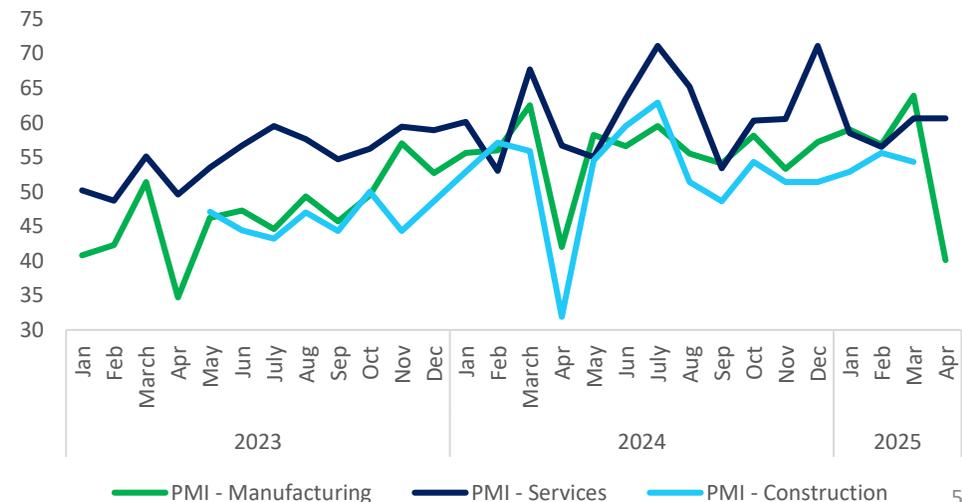
*GDP Forecast (%)	2025	2026
World Bank	3.5	3.1
ADB	3.9	3.4

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

Growth in private credit continues, up 14% YoY as at March 2025



PMI points to improving activity, other HFI gives mixed signals



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

Macro

3M Results

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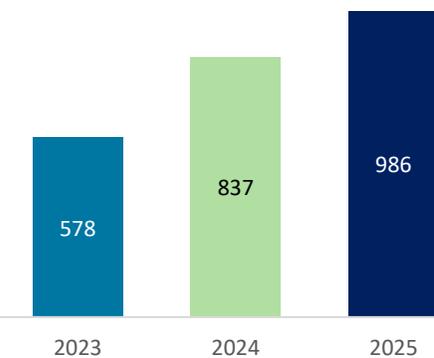
Bangladesh

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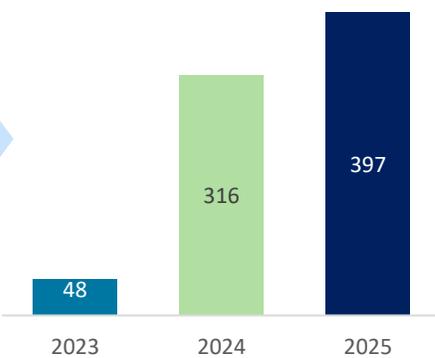
Q&A

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

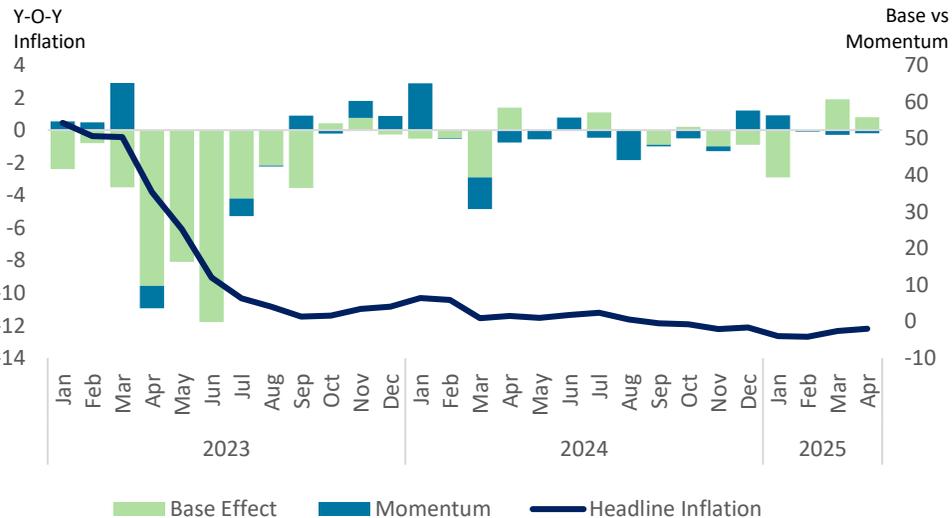
Tax Revenue Cumulative (Jan-Mar) [LKR BN]



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

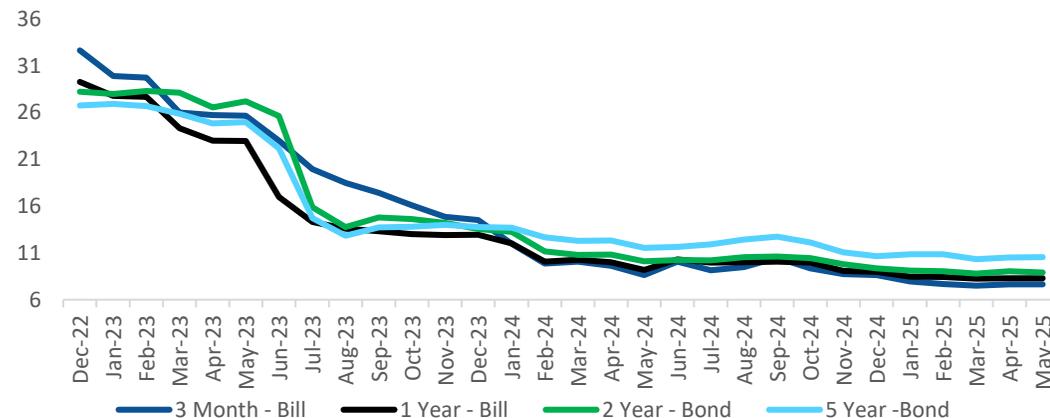


Deflation expected to taper down by mid 2025

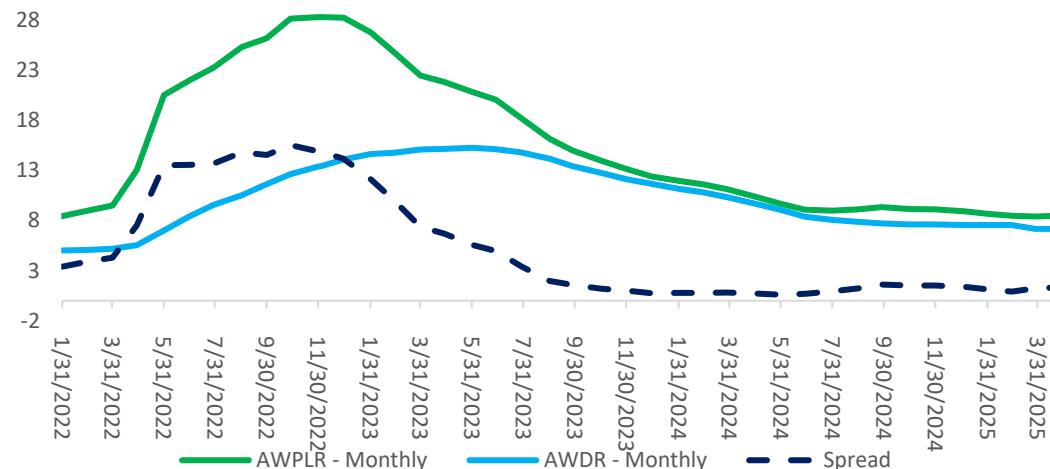


Interest rates have decreased significantly, rates expected to remain stable

Yields on government securities



Lending and deposit rates



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

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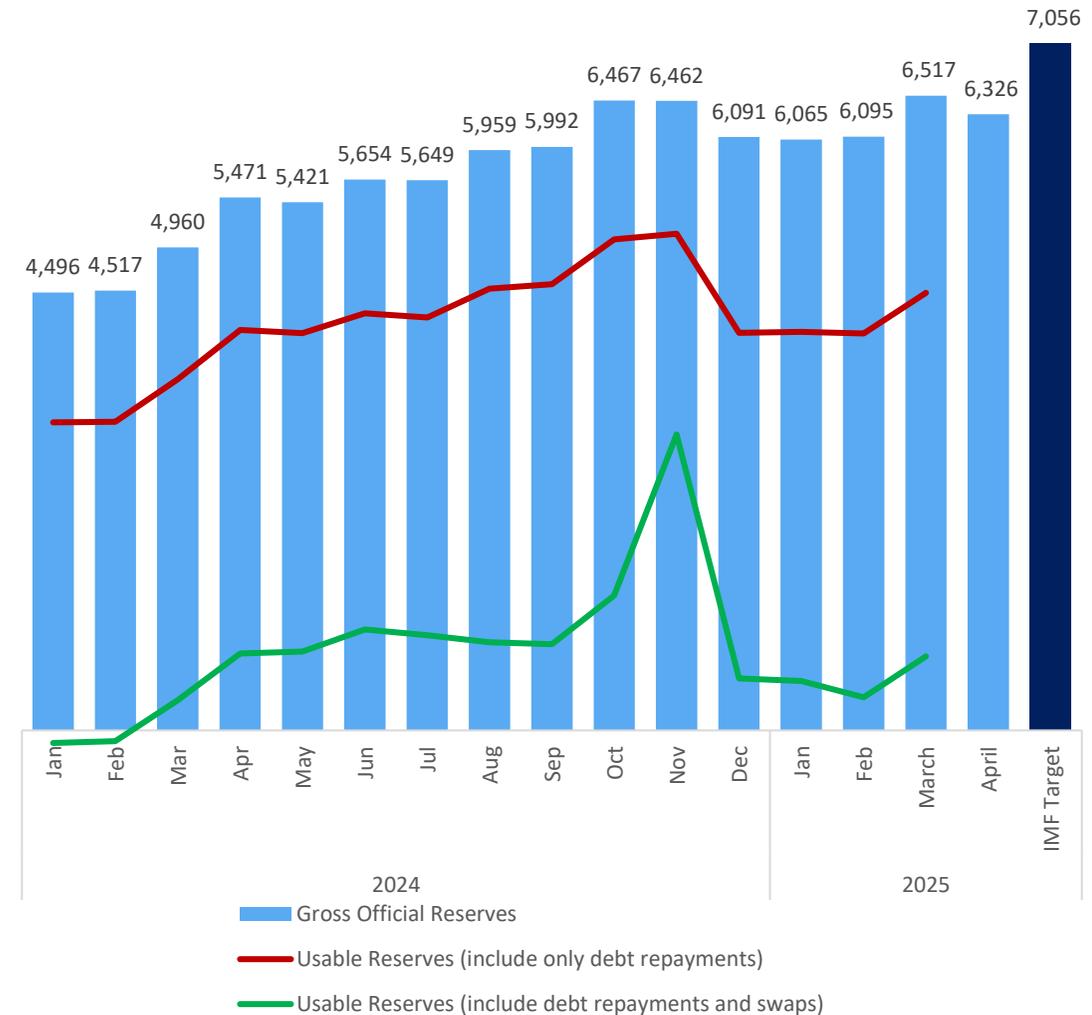
Q&A

External sector performance has improved

BOP [USD Mn]	Jan – Mar (2025)		Δ
	2024	2025	
Goods exports	3,178.5	3,347.4	5%
Goods imports	4,397.9	4,887.0	11%
Trade balance	-1,219.4	-1,539.6	26%
Service inflows	1,861.3	2,035.1	9%
<i>Of which tourism net inflows</i>	<i>1,025.9</i>	<i>1,122.3</i>	9%
Net services	1,154.9	1,220.0	6%
Remittances	1,536.1	1,814.4	18%
Current Account balance	727.6	948.9	30%

Gross external reserves have improved to USD 6.3 Bn from USD 6.0 Bn in 2024

[USD Mn]



Financial Performance – Bank

Q1 Ending 31st March 2025

Earnings momentum continued during 1QFY2025 supported by healthy recovery in the economy

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Financial Performance – Normalized [LKR Bn]	Q1		YoY Δ
	2024	2025	Q1
NII	26.9	33.3	23.7%
Other income	7.0	11.9	69.9%
Total operating income	33.9	45.2	33.2%
Opex	-11.7	-12.3	4.9%
Pre-impairment Pre-Tax profit	22.2	32.9	48.2%
Impairments	-3.3	-7.0	113.6%
Operating profit before taxes	18.9	25.9	36.8%
Taxes	-8.5	-11.4	34.5%
Profit for the period	10.5	14.5	38.7%
EPS (Rs)	7.81	8.90	14.0%
Group			
Profit to equity holders	10.6	14.8	39.1%
EPS (Rs)	7.94	9.07	14.2%

Balance sheet highlights – YTD Growth

Asset 4.2%	Loans 7.9%	Deposit 4.5%
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Key Ratios [%]	Q1	
	2024	2025
NIM	4.22	4.74
CASA	40.51	39.51
Stage 3 ratio	5.59	2.58
Stage 3 impairment cover	44.60	65.56
ROA (before taxes)	2.54	3.12
ROE	19.53	21.29
Tier 1	11.37	14.28
Total Capital	14.88	18.01

- Robust growth in profits during the quarter driven by strong core income growth. Growth in net fee and commission income along with higher net other operating income also contributed towards higher profitability.
- NII growth was supported by a 47 bps expansion in net interest margin (NIM), resulting from a decrease in funding costs through faster deposit repricing.
- Operating expenses increased by 5% in Q1 primarily driven by other operating expenses. Cost to income ratio declined to 27.2% (1QFY2024 – 34.5%) resulting from an increase in operating incomes.
- Impairment cover increased to 65.6%, Gross stage 3 ratio improved to 8.2% from 8.6% recorded in 2024.
- Loan growth for the Bank accelerated by LKR 116 Bn for Q1 which was one of the highest in the industry.
- Bank deposits grew by LKR 100.4 Bn, driven by an increase in domestic savings and time deposits. Foreign deposit also grew due to increases in time deposits.
- Enhanced profitability led to a sharp increase in return on equity (ROE) and return on assets (ROA) for the year.
- Robust earnings contribution for the quarter enabled the bank to maintain healthy Tier-01 and Tier-02 capital ratios despite an increase in risk weighted assets for the period.

NII grew by 23.7% for 1QFY2025 driven by increasing NIM's and healthy loan book growth

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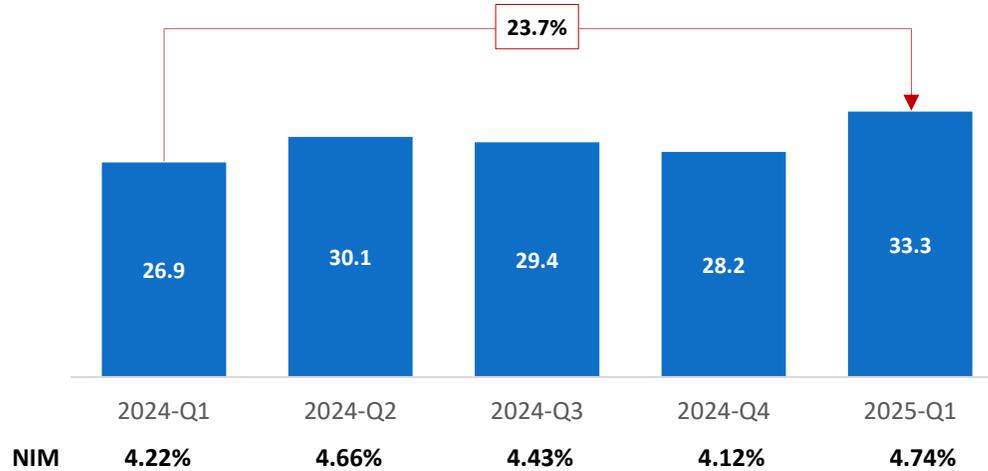
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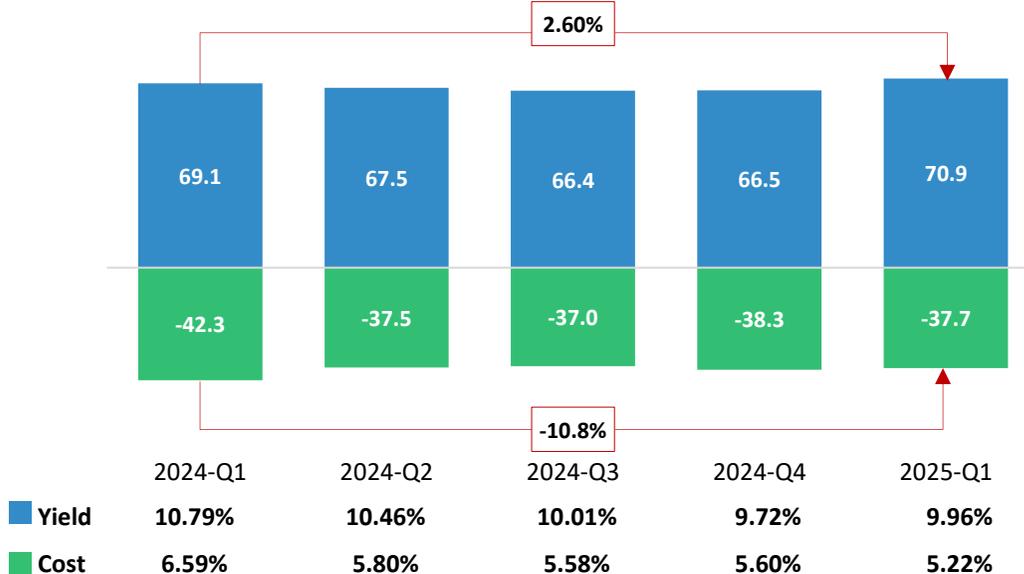
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NII and NIM [LKR Bn and %]



Interest income and costs [LKR Bn]



- NII grew during the quarter due to a sharper drop in cost of funding. Despite a modest drop in overall yields, interest income grew by 2.60% due to higher disbursements during the quarter.
- Interest income yields declined by 83 bps compared to Q12024 while increasing marginally QoQ. Yield decline was cushioned due to repricing of the fixed income book, increase in foreign lending and other portfolio adjustments.
- Declining trend in cost of funds seen in 2024 continued into Q1 2025. Improvement in the CASA ratio to 39.5% from 38.1% also aided the drop in cost of funds QoQ.
- The sharper decrease in cost of funds vs interest income yields resulted in NIMs improving by 52 bps (YoY) , whilst also expanding 62 bps QoQ basis.

Growth in Non NII was supported by robust growth in Net other operating income

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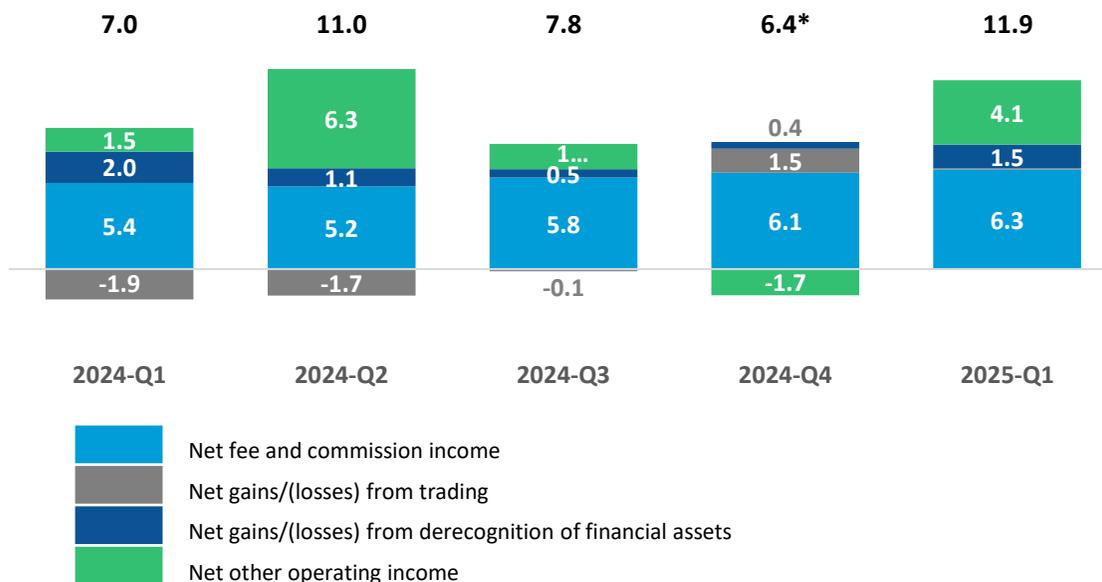
Balance sheet

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Other operating income [LKR Bn]

[LKR Bn]	2024				2025	YoY Δ
	1Q	2Q	3Q	4Q*	1Q*	Q1
Bank						
Net fee and commission income	5.4	5.2	5.8	6.1	6.3	15.4%
Net gains/(losses) trading	-1.9	-1.7	-0.1	1.5	0.1	104.3%
Net gains/(losses) from derecognition of Fin. Assets	2.0	1.1	0.5	0.4	1.5	-24.2%
Net other operating income	1.5	6.3	1.6	-1.7	4.1	171.2%
Total	7.0	11.0	7.8	6.4	11.9	69.9%



*Adjusted for SLSB restructuring impacts

- Other operating income witnessed significant growth on a YoY and QoQ basis due to healthy growth in net trading gains and net other operating income. Net fee and commission income also saw steady growth during the quarter.
- Net fee and commission income**
 - Net fee and commission income related to loans and advances and credit and debit cards witnessed healthy growth during the quarter.
- Net gains/losses from trading and derecognition of financial assets**
 - Gains linked to derivative instruments improved significantly during Q1 owing to increases in realized profits from Forwards and SWAPS.
 - Gains on fixed income securities trading recorded a decline as yields on government securities stabilized.
- Net other operating income**
 - Net other operating income, primarily composed of FX revaluation gains/losses arising due to the revaluation of the FX positions in the balance sheet increased significantly due to the LKR depreciating by Rs.3.25 during the quarter.

Growth in operating expenses contained amid higher other operating expenses

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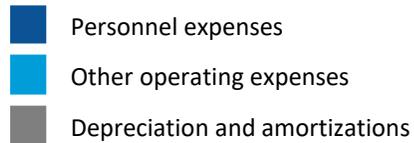
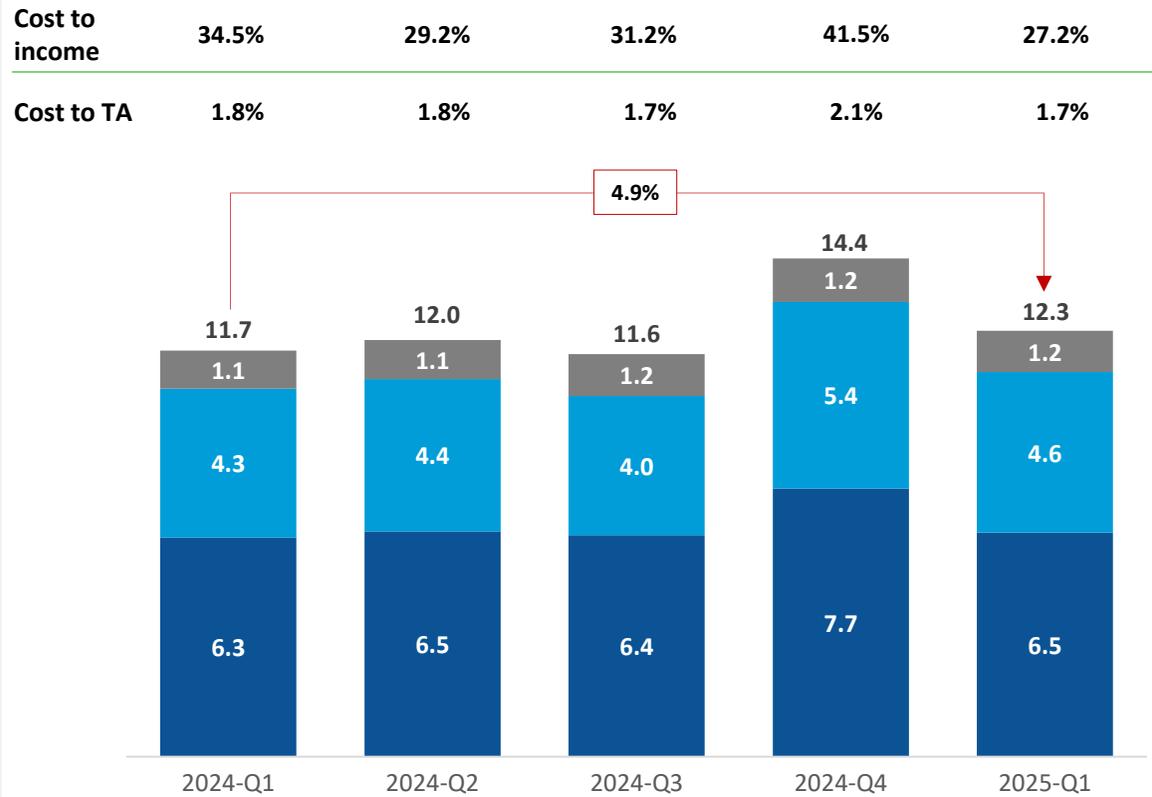
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Operating expenses [LKR Bn]



*Adjusted for provision on SLSB

- Expenses increased 4.9% YoY in Q1, primarily driven by increases in depreciation and other operating expenses.
- YoY increase in personnel expenses largely driven by increases in salary expenses.
- Increase in other operating expenses were driven by rise in rent, rates & taxes, professional fees, security services and deposit insurance etc.
- Cost to Total Assets maintained at the 1.7%-1.8% levels.
- Significant widening of positive income-to-cost jaws in Q1 resulted in the cost to income ratio improving to 27% YoY.

Credit quality of portfolio continued improving trend along with a sharp decline in credit costs QoQ

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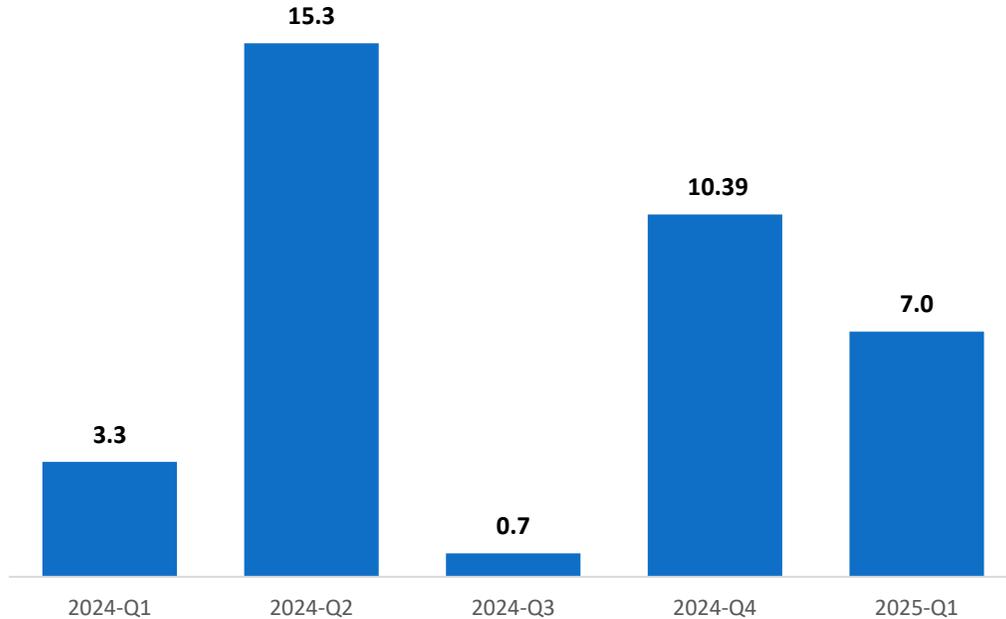
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Impairment charge – [LKR Bn]



Credit Quality Metrics

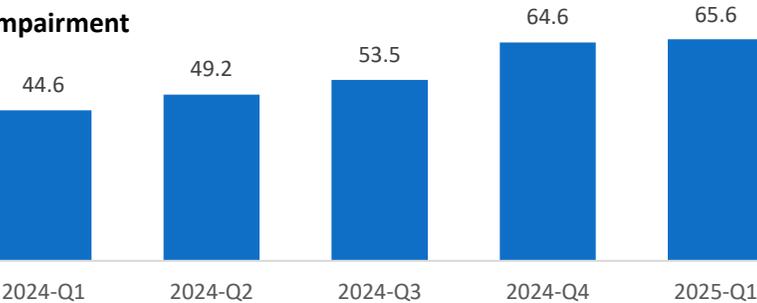
Credit Costs %



Stage 3 Loans %



Stage 3 Impairment cover %



- Credit quality continued to improve, driven by favorable macro economic conditions and strengthening of credit controls.
- Credit costs for Q1 increased on a YoY basis while recording a drop from Q4 FY2024. This was on account of;
 - The bank continuing to increase impairment provisions for loans and advances classified under Stage 2 and 3 in Sri Lanka as a prudential measure.
 - Reduction in credit costs in comparison to Q4 FY2024 was driven by impairment reversals in Bangladesh due to reduction in limits for larger customers compared to Q4.
- Improvement in the Gross Stage 3 [8.2% in 1QFY2025 vs 8.6% end 2024] ratio and higher provisions made during the period along with the growth in the loan book led to a 18 bps improvement in the Net Stage 3 loan ratio for Q1 FY2025.

Total assets grew 4.2%, lead by loan growth of 7.9%

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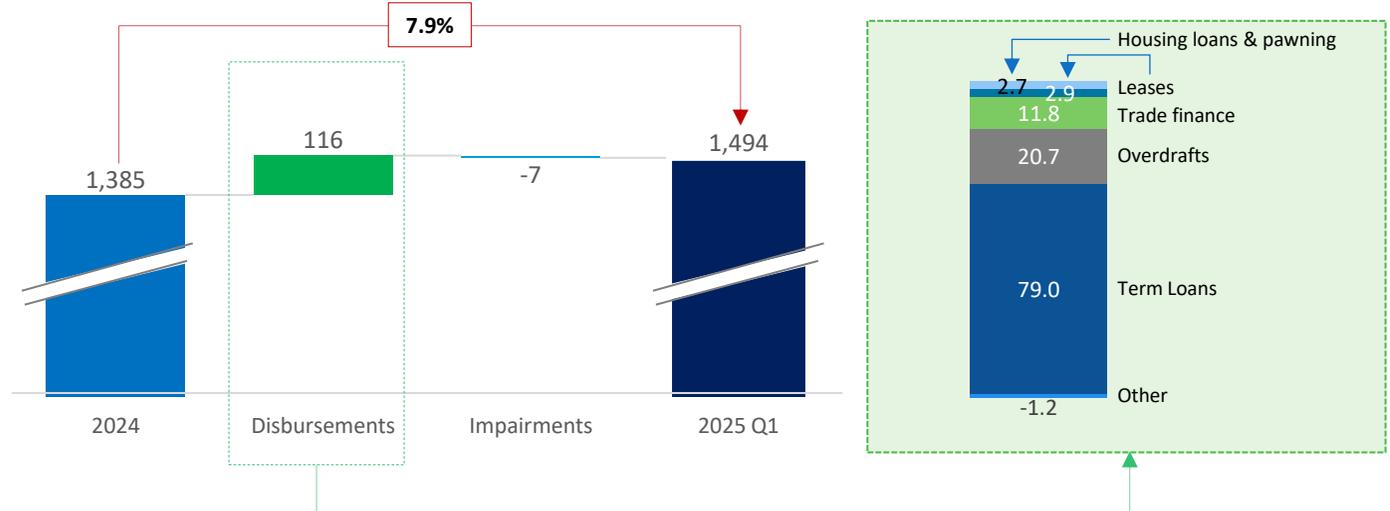
Capital

Financial Position [LKR Bn]	31st March		Δ
	2024	2025	
Assets			
Loans and advances	1,384.5	1,493.8	7.9%
Other financial assets	1,061.0	1,037.8	-2.2%
Cash and placements with banks	186.1	186.2	0.0%
Balances with Central Banks	45.7	62.3	36.3%
Investments in subsidiaries and associates	5.9	6.4	9.1%
Other assets	106.6	119.2	11.8%
Total assets	2,789.8	2,905.6	4.2%
Liabilities			
Deposits	2,236.6	2,337.0	4.5%
Other borrowings	148.1	145.0	-2.1%
Other liabilities	129.9	146.5	12.8%
	2,514.5	2,628.5	4.5%
Equity			
Stated capital	88.0	90.8	3.1%
Retained earnings and other reserves	187.2	186.4	-0.5%
	275.3	277.1	0.7%
Liabilities and equity	2,789.8	2,905.6	4.2%
NAV (Rs)	170.9	170.1	-0.5%
Tier 1 (%)	14.23	14.28	
Total Capital (%)	18.14	18.01	

- Balance sheet grew by 4.2%, driven by a 7.9% loans and advances growth.
- Deposits grew by 4.5%, lead by growth in time and savings deposits.
- Tier 1 ratio improved to 14.28%, whilst the Total Capital ratio declined to 18.01%.

Momentum in loan growth continued along with CASA growth

Loans and advances [LKR Bn]



- Lead loan growth in the industry.
- Disbursed LKR 116 Bn for the period.
- Disbursements during period driven by term loans, overdrafts and trade finance linked loans.

Deposits [LKR Bn]



- Deposits recorded a 4.5% growth for the year.
- Time deposits drove growth in total deposits along with improving CASA.
- Continued to maintain strong liquidity.

CASA %	40.5	40.0	39.6	38.1	39.5
LCR %	433.6	471.0	381.7	454.4	345.4
NSFR %	185.9	187.3	191.8	187.3	181.2

Overview of Bangladesh performance

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Financial Performance - Highlights [BDT Bn]		3M		YoY Δ
	2024	2025	3M	
Profit before tax	2.6	3.0	15.0%	
Net profit	1.6	1.8	15.1%	
Key ratios				
NIM	6.4%	7.2%		
ROA (Annualized)	6.3%	9.8%		
Financial Position - Highlights [BDT Bn]				YTD Δ
	2024 Dec	2025 Mar		
Total assets	120.5	125.3	3.9%	
Loans and advances (Net)	72.2	73.7	2.1%	
Deposits	105.2	115.3	9.6%	
Loan book metrics				
Impaired Loans (Stage 3) Ratio (%)	3.2%	3.1%		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	83.8%	83.8%		
<i>Closing Ex.Rate (BDT/ USD)</i>	<i>109.8</i>	<i>121.5</i>		
<i>Average Ex.Rate (BDT / USD)</i>	<i>109.8</i>	<i>121.5</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 1QFY2025 grew due to impairment reversals stemming from
 - Reduction in limits for customers with large exposures
 - Improvement in servicing relative to Q4
- NIM increase was primarily driven by higher policy 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.
 - Maintained provision coverage levels in comparison to December 2024.
 - Credit growth was also muted during the period.

Tier 1 ratio improved to 14.28%, total capital decreased marginally to 18.01%

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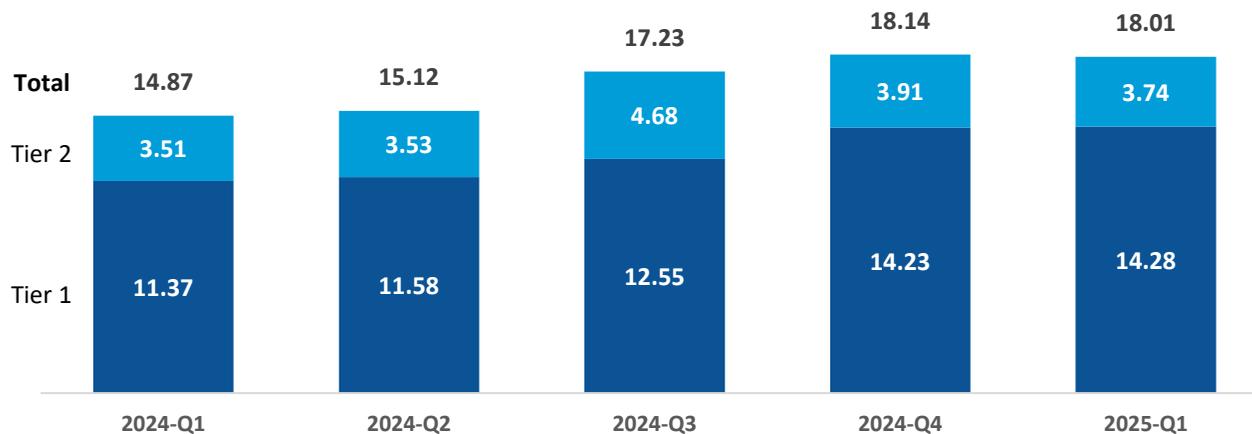
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Capital ratios [%]



- For the quarter growth in assets in increase in risk densities consumed 0.74% of Tier 1.
- Profits generated in Q1 however offset the drop, adding 0.92% to Tier 1.
- Shareholder approval for the Tier II Green Bond issue of LKR 15 Bn was received at the EGM held on the 28th March 2025.

Tier 1 movement

