

# ComBank Group Records Strong Q3 Growth



*Dharma Dheerasinghe, Chairman,  
Commercial Bank.*

*S Renganathan, Managing Director/CEO,  
Commercial Bank.*

Consisting of Commercial Bank of Ceylon, its subsidiaries and associates, the Commercial Bank Group posted creditable results for the nine months ended September 30, 2019.

The Group reported operating profit before taxes of 22.211 billion rupees for the period, converting a decline of 3.31 percent at the end of June 2019 to a growth of 2.27 percent at the end of September 2019.

Operating profit before taxes on financial services for the third quarter alone amounted to 8.262 billion rupees, reflecting healthy growth of 13.3 percent, over the corresponding three months of 2018.

With taxes on financial services for the nine months growing by 42.88 percent to 5.476 billion rupees, which included 1.840 billion rupees as debt repayment levy (DRL); group profit before income tax (PBT) reduced by 6.41 percent to 16.745 billion rupees, but reflected an improvement over the 12.65 percent decline reported at the end of June 2019. PBT for the quarter increased by 5.83 percent to 6.395 billion rupees.

Mirroring a similar trend, profit after income tax (PAT) for the nine months of 11.518 billion rupees was down by 4.2 percent, while PAT for the quarter was up by 21.21 percent to 4.846 billion rupees.

The Group paid out a total of 10.703 billion rupees in taxes for the nine months reviewed.

The Commercial Bank Group reported gross income of 112.358 billion rupees for the nine months, an improvement of 11.07 percent. Interest income grew by 11.49 percent to 97.353 billion rupees, but interest expenses increased at a higher rate of 13.95 percent to 60.930 billion rupees. Net interest income meanwhile accounted for 72.98 percent of total operating income.

Total operating income improved by 7.72 percent to 49.906 billion rupees, helped by an 18.47 percent growth in other income to 5.804 billion rupees.

Net operating income grew by 5.3 percent to 41.362 billion rupees, improving on the figure of 2.99 percent for the first half of the year.

Gross loans and advances grew marginally to 900.118 billion rupees, while deposits grew by 52.768 billion rupees to 1.047 trillion rupees. The growth of deposits over the preceding 12 months was 94.806 billion rupees, at a monthly average of 7.9 billion rupees.

At bank level, Commercial Bank reported profit before tax of 16.287 billion rupees, down by 8.74 percent for the nine months, but recorded an increase of 4.73 percent to 6.241 billion rupees for the third quarter.

Similarly, the bank's PAT for the nine months was down by 6.61 percent to 11.223 billion rupees, but increased by 20.39 percent to 4.757 billion rupees for the three months ended September 30, 2019.

The bank's gross NPL ratio increased to 5.09 percent at the end of the third quarter from 4.86 percent as at June 30, 2019, while its net NPL ratio increased to 3.22 percent from 2.96 percent as at June 30, 2019.