Commercial Bank posts impactful nine-month results with strong loan book growth

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Sharhan Muhseen, Chairman, Commercial Bank.

Sanath Manatunge, MD/CEO, Commercial Bank.

The Commercial Bank of Ceylon Group has reported gross income of 268.49 billion rupees and net interest income of 103.48 billion rupees at the end of the third quarter of 2025, supported by strong loan book growth of 34.60 percent YoY and contained interest expenses. The Group, comprising Sri Lanka’s largest private sector bank, its subsidiaries, and an associate, reported to the Colombo Stock Exchange that interest income grew 6.96 percent to 221.53 billion rupees while interest expenses remained static at 118.05 billion rupees due to lower cost of funds and continued CASA improvement.

“Our commitment to lending remains undiminished, because we believe that our capacity to support national economic growth targets must be fully leveraged within prudential limits,” said Sharhan Muhseen, Chairman of Commercial Bank. “The group’s performance reflects the impacts of this approach, and we expect similar strong growth in the final quarter of the year, in line with the trajectory of economic and business recovery.”

Sanath Manatunge, MD/CEO, Commercial Bank, said the Bank’s ability to sustain growth in the loan book backed by a focus on yield management and cost optimization helped the Bank to post these strong results for the nine months reviewed. He stated that the Bank maintained a strong focus on the CASA ratio, which stood at 39.92 percent as of September 30, 2025, compared to 38.07 percent at the end of December 2024 and 39.60 percent a year ago, helping the Bank keep the cost of funds under control.

Total operating income grew 21.41 percent to 140.49 billion rupees. Impairment charges and other losses dropped 28.21 percent to 14.37 billion rupees as the previous year included additional provisioning for Sri Lanka International Sovereign Bonds. In Q3, total operating income improved 24.13 percent to 47.74 billion rupees. Net operating income rose 31.79 percent to 126.13 billion rupees, while operating expenses increased only eight percent to 39.41 billion rupees, resulting in a 46.46 percent increase in operating profit before taxes on financial services to 86.71 billion rupees.

Taxes on financial services increased by 50.72 percent to 13.36 billion rupees, resulting in a profit before income tax of 73.35 billion rupees for the nine months, up 45.71 percent. Income tax rose 34.71 percent to 25.33 billion rupees, while the Group’s net profit reached 48.02 billion rupees, representing a 52.27 percent increase. Q3 net profit stood at 16.86 billion rupees, an increase of 33.38 percent. The Bank alone posted a profit before tax of 70.57 billion rupees and a profit after tax of 46.02 billion rupees, up 44.83 percent and 51.51 percent, respectively. Group total assets increased by 357 billion rupees or 12.40 percent to 3.233 trillion rupees.

Asset growth over the 12-month period totaled 469 billion rupees, representing a 16.99 percent increase. Gross loans and advances grew 381 billion rupees or 25.01 percent to 1.907 trillion rupees, averaging 42.39 billion rupees per month. Year-on-year loan growth was 34.60 percent. Deposits grew 12.26 percent to 2.589 trillion rupees, rising 283 billion rupees, with YoY growth of 16.27 percent. Capital ratios remained healthy, with a Tier 1 ratio of 13.391 percent and a Total Capital ratio of 17.282 percent, both above the regulatory minimums. Net interest margin improved to 4.53 percent, return on assets to 3.19 percent, and return on equity to 21.03 percent. The cost-to-income ratio excluding taxes stood at 27.95 percent, while including taxes, it was 37.69 percent lower than the prior year's normalized ratios. Asset quality improved significantly, with the Stage 3 impaired loans ratio reducing to 1.79 percent from 4.08 percent a year earlier, and Stage 3 impairment coverage rising to 71.43 percent, compared with 64.61 percent at the end of 2024 and 53.54 percent a year ago.