

## **CORPORATE BANKING**

PARTNERING WITH CORPORATES IN ACHIEVING THEIR GROWTH ASPIRATIONS, WE SEEK TO BE THE MOST CUSTOMER CENTRIC CORPORATE BANKER WITH THE BEST TECHNOLOGICAL SUPPORT, POISED FOR GROWTH. DRAWING ON OUR EXPERTISE, GLOBAL AND LOCAL REACH, INDUSTRY INSIGHTS AND ROBUST DIGITAL PLATFORM, WE OFFER CUSTOMISED SOLUTIONS TO A LOYAL AND GROWING CORPORATE CLIENTELE IN SRI LANKA AND MALDIVES.

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**Over 19%**

YoY ▲

corporate loan book

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**Rs. 19 Bn.**

funds raised by  
Investment  
Banking Unit



Less than

**1%**

NPL ratio

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**Sustained market share**  
in Trade Finance

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Accounting nearly one-fourth  
of the Bank's asset base,  
the Corporate Banking Division  
facilitates large scale  
economic activities

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*Milaidhoo Island Maldives, another 5 star luxury resort completed in 2016  
financed by the Bank for a longstanding Maldivian Corporate*



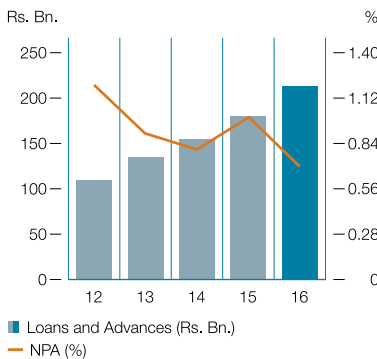
*Commercial Bank financed along with a consortium of banks, the first utility scale  
solar power plant in the country, further emphasising its commitment to renewable  
energy and green financing.*

### Driving Growth

Corporate banking facilitates large scale economic activities supporting the highly specialised requirements of corporate customers in Sri Lanka and Maldives. Accounting for over 8% and over 17% of Sri Lanka's imports and exports, we play a key role in facilitating trade drawing on carefully nurtured expertise in trade finance. Our network of 51 correspondent banks and 255 branches enables us to connect supply chains from rural villages to global markets, providing clients with seamless banking solutions. In 2016, we continued to focus on our key areas of innovation, professionalism and service quality and optimising earnings. This resulted in deepening client relationships, increased targeted marketing and enhancing customer experience while maintaining asset quality.

The Corporate Banking Division accounts for 23.72% of the Bank's assets portfolio and 27.22% of the Bank's Profits before Tax. Rising interest rates during the year inevitably led to moderation of credit demand by the corporate sector in the country, intensifying competition for Corporate Banking. Despite this, loan growth in the Corporate Banking was satisfactory at approximately 19%, as we strived to maintain a balance between growth, asset quality and pricing. Key growth sectors were health care, trading, apparel, education and leisure reflecting the areas of growth for the economy.

### Loans & Advances

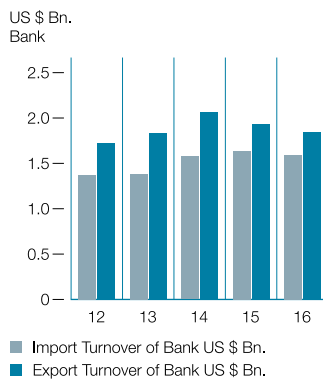


Graph 50

Gross return on advances increased from 7.75% in 2015 to 10.24% in 2016 in the Corporate Banking unit, in spite of interest margins narrowing in line with expectations. A customised pricing strategy was adopted which enabled loan growth and increase in overall return on advances.

Import and Export volumes remained stable (Graph 51) while commission income from trade contributed over 50% of the commission income of the Bank. Maintaining asset quality was a strategic priority and risk acceptance processes were strengthened accordingly.

### Import & Export Turnover



Graph 51

### Our Products

Using the Bank's entire range of products (Figure 23), the Corporate Banking Team customised solutions ranging from project lending, packaged facilities for Non-banking financial institutions, plantations sector and health services sector.

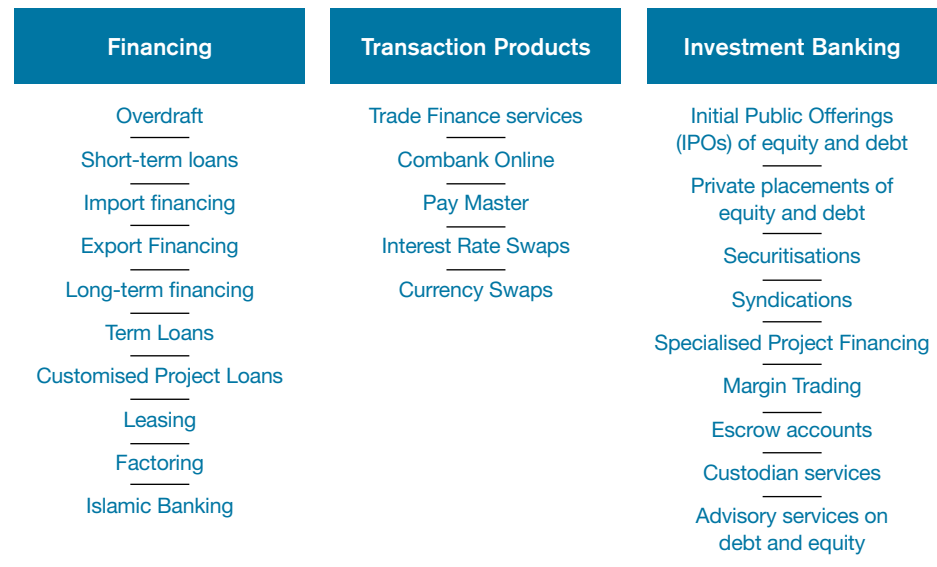


Figure 23

**23.72%**  
Contribution to the Assets

**27.22%**  
Contribution to PBT

### Supporting Client Growth

Structural changes in 2015 which brought the Trade Finance Department under the umbrella of Corporate Banking enabled higher levels of customer service and efficient delivery of products. Our clients access the specialised knowledge of the Trade Finance Team who work together with Relationship Managers to structure optimal solutions for customers. We continue to design and customise products and services with innovative features while engaging in continuous product development to suit changing market demand.

### Digitisation

Bank’s user friendly technology, product responsibility and focus on system security has enabled corporate customers to simplify their own operations. Many processes were automated during the year to enhance customer service at Corporate Banking. On-boarding of customers to online banking solutions continues to grow. ComBank online corporate platform was relaunched to suit the clients’ needs, whilst facilitating trade finance transactions. ComBank PayMaster is well accepted as a corporate payment solution and enables our institutional clients to manage their EPF/ETF payments in a hassle free environment.

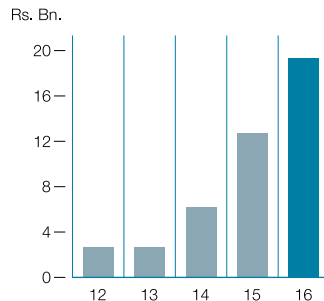
We continue to invest in ensuring our online solutions are fit for the future and constantly review the need to update or enhance the services provided through customer engagement and review of emerging technologies. Many IT projects which are in the pipeline will therefore enable us to further improve our digital offering, in support of our vision ‘to be the most customer centric Corporate Banker with the best technological support, poised for growth’.

### Investment Banking

The Investment Banking Unit offers a range of services to customers, including structuring and management of equity and debt issues, syndicated loans, margin trading, custodian services, and escrow services. It complements the extensive range of services offered by the Bank and the integration of investment banking services with commercial banking facilities positions Commercial Bank of Ceylon PLC as a universal bank, catering to a diverse range of customer requirements.

The Investment Banking Unit raised funds amounting to Rs.19 Bn. during the year (Graph 50). Other fund raising assignments included securitisations, syndicated loans and project loans. It was also involved in financing the first commercial scale grid connected solar power project in Sri Lanka during the year, along with two other banks.

#### Funds Raised



Graph 50

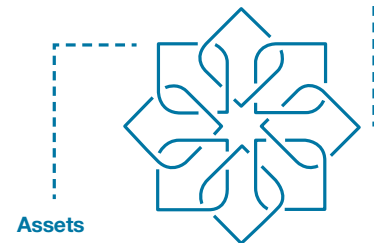
Increasing interest rates and the lacklustre performance of the Colombo bourse dampened the performance of structuring and managing equity issues and margin trading operations. However, a pipeline is being built for an appropriate time when markets show signs of increased appetite for equity.

### Islamic Banking

Our Islamic Banking Unit Al Adalah has been in operation since June 2011 based on the concept of ‘profit and loss sharing’ as an alternative to conventional interest based financial transactions as Islamic Sharia law prohibits the charging of interest. It is under the purview of a Sharia Supervisory Board comprising Sharia scholars who carry out periodic reviews and audits to ensure that all transactions conform to the principles of Islamic banking, while being subject to the ongoing supervision of the Central Bank of Sri Lanka. Accessible through the Bank’s branch network, it offers products for both investment and financing, including Off-shore Banking (Figure 24).

#### Deposits

- Mudaraba Savings
- Mudaraba Investments



#### Assets

- Murabaha
- Musawamah
- Wakala
- Musharaka
- Diminishing Musharaka
- Ijara

Figure 24

The Islamic Banking Unit is in the process of expanding its product range to include Islamic banking products to match services offered in conventional banking platforms.