

## Prudent Growth

*At Commercial Bank, we are aware of our responsibility as a bank – an institution that is entrusted with the fiduciary duty of accepting and deploying vast sums of uncollateralised public funds. We undertake to leverage such funds responsibly through the creation of credit which in turn is essential for the growth and development of people and economies of the countries we operate in. Thus, while Banking is an essential service in modern society, it is vital that bankers earn the trust of customers for the smooth functioning of the industry. This has been a focal point in the Bank's strategy for prudent growth which has engendered the trust of over 3.5 million customers, a virtue of a sustainable bank. As a member operating within a well-regulated and secure financial system, the Board of Directors is well aware of their fiduciary responsibility of governing the Bank's activities meticulously while ensuring the Bank is adequately capitalised. This approach has enabled us to become the largest private sector bank in Sri Lanka in terms of business volumes and the third largest listed entity in terms of market capitalisation on the Colombo Stock Exchange. Our Bangladesh operations continued to be the third in terms of profitability among the nine foreign banks and the first among regional banks operating in Bangladesh.*

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### Prudent growth over the year

Net loans to customers as at December 31, 2018

16.77% ↑

2018 ————— Rs. 861.100 Bn.

2017 ————— Rs. 737.447 Bn.

Total deposits as at December 31, 2018

15.63% ↑

2018 ————— Rs. 983.037 Bn.

2017 ————— Rs. 850.128 Bn.

Funding structure as at December 31, 2018



Demand deposits	6%
Savings deposits	23%
Time deposits	49%
Borrowings	13%
Capital	9%

Profit before taxation

10.39% ↑

2018 ————— Rs. 25,591 Bn.

2017 ————— Rs. 23,183 Bn.

Capital adequacy as at December 31, 2018

Tier I ————— 11.34% ↓  
(2017 – 12.11%)

Total capital ————— 15.60% ↓  
(2017 – 15.75%)

CASA ratio as at December 31, 2018

2018 ————— 37.55% ↓  
2017 ————— 39.23%

## Creating long-term value

Sustainability and long-term value creation call for a keen focus on prudent growth which has always been at the heart of our culture, policies and operating philosophy. Over a history of close to 100 years, it is through responsible banking that we have delivered value to and derived value from our stakeholders in the long term, including the communities and natural environment within which we operate. Our investments today, in new technology, people and processes have already created potential for tomorrow's prudent growth. Prudent growth also calls for best in class risk management and corporate governance practices and a well-diversified asset base, all underpinned by commensurate amounts of liquidity and capital. Historically, strategies adopted in this regard have helped the Bank to grow at a healthy pace and to remain creditworthy.

While the Bank's reputation for abiding by the letter of the law is legendary, its adherence to the spirit of the law is equally well known. We do not believe in growing and generating revenue today, without a thought for future sustainability. Instead, we practise responsible lending, independently evaluating all loan applications to assess the borrowers' capacity to honour timely repayment obligations. Within a rapidly changing industry, continuously disrupted by technological innovation, with spirited new players and stiff competition, the temptation to snatch up short term gains is strong. At Commercial Bank, we remain steadfast in our determination to think and act with the long term sustainability of future generations in mind. We constantly monitor economic, financial and other emerging developments in both local and global markets. We remain resolute in our efforts to ensure that the decisions taken today are prudent, framed by an astute and educated estimation of the future – one that is sustainable and fully subscribed to.

Subscribing to the future also means complementing prudence with pragmatism. Such a philosophy ensures that we remain agile enough to adapt to emerging trends and developments. Ours is an evolution that must remain fluid – though judiciously so – as banking keeps changing in shape

and colour, challenging the conventional business model with every innovation that is introduced to the market today by non-banking players. So we embrace innovation within the principle of prudence, leading the market in a number of significant areas as outlined later in this discussion (📖 refer page 56 under Lead by Innovation).

Prudence is, in fact, our competitive advantage – one that sets us apart in the industry.

***Given our dedication for prudent growth, despite many challenges, the Bank was able to reach yet another strong performance this year, by recording a growth over and above the industry growth. In turn, this positively impacted our market share in total assets – which stood at 11.1% by end 2018 up from 10.2% in 2013*** 📝

During the year under review, the total assets of the Bank grew by 14.00% reaching Rs. 1.303 Tn. by December 31, 2018 compared to Rs. 1.143 Tn. as at December 31, 2017. Highlighting the Bank's strength in financial intermediation and maturity transformation, loans to customers grew by 16.77% and accounted for 66% of total assets. The asset growth of the banking industry moderated to 14.59% for the year. The Bank's International Operations now contributes 11.51% to the Bank's total assets and 21.60% of profit before tax as per management accounts (📖 refer page 41 under Being well diversified).



**Commercial Bank declared Best Bank in Sri Lanka by FinanceAsia for record 8th time**

The Bank was declared the Best Bank in Sri Lanka at the Country Awards for Achievement of 2018 at the FinanceAsia awards, considered Asia's leading financial publishing company.

## Focusing on pure banking

In a widely expanding banking universe, with new and unexpected developments appearing on the horizon with rapidly increasing intensity, our customers find safe passage with us because we remain true to our original ideals of being a responsible banker first and foremost. Remaining true to such values has led to a substantial growth in our core business, higher stakeholder satisfaction levels and a loyal customer base.

We offer products that are uncomplicated, providing customers with a banking experience that, together with superior customer service, keeps boosting their confidence in the Bank. A decade after the global financial crisis and the tightening of banking regulations around the world, our customers continue to place their confidence in our ethos, prudence, and integrity. Our portfolio of products and services ensure that our customers experience no surprises when banking with us, but instead have a clear understanding of their banking transactions.

Thus we believe in the value of keeping fundamentals intact. It has helped us gradually improve the market share and consolidate our leadership position in business volumes.

#### Success of financial intermediation –

- **66%** of assets in loans to customers – **Rs. 861.100 Bn.**
- **75.42%** of total liabilities and equity is in deposits – **Rs. 983.037 Bn.**
- The loans to deposits ratio of **90.56%** is one of the lowest in the industry (entire loan book is funded by deposits)

#### Deposits

Deposits, the Bank's largest source of funding, accounted for 75.42% of the total assets as at end 2018 compared to 74.35% a year ago. The wide gap in interest rates between CASA and time deposits, resulted in the shifting of funds from CASA accounts to time deposits reducing the CASA ratio. Despite this, the Bank compares well with the industry CASA ratio.

#### Loans to customers

Loans to customers accounted for two thirds of total assets underlining the importance of maintaining a high quality portfolio to ensure the profitability and stability of the Bank.

In Sri Lanka, the financial services industry witnessed a deterioration in asset quality throughout the year. While our focus on strengthening our risk management framework and recovery efforts contributed to arrest the trend, the Bank's Non-Performing Loans (NPLs) ratio increased to 3.24% as against the industry NPL ratio of 3.4%.

#### Returns to shareholders

While balancing the shareholder returns, the Bank's dividend policy seeks to support its business expansion in the long-term.

Final dividend of Rs. 2.00 per share was proposed for 2018 which together with the two interim dividends add up to a total dividend of Rs. 6.50 per share for the year. In tandem with the declining trend experienced in the market as reflected by the sharp drop in ASPI and S&P SL20, the Bank's shares too traded at a discount to its book value towards the latter part of the year. The price to book value stood at 0.98 times as at December 31, 2018, yet remained the highest among all the banks listed on the Colombo Stock Exchange (CSE).

#### Managing risks prudently

From AirBnB to Uber, non-banking players are disrupting traditional business models and customers expect all online interactions with service producers to be on par with such international giants. Commercial Bank is already exploring new technologies such as Blockchain and partnering with financial technology (FinTech) companies, while taking steps to ensure that the online banking experience of customers continues to be world class, in a rapidly advancing digital era.

Prudence is essential in such a dynamic and fast-paced world. Forecasting and evaluating financial risks while identifying prudent and conservative practices to avoid or minimise their impact has long been the Bank's preferred method of conducting business. With a risk profile that reflects a moderate risk appetite, a strong funding base, a comfortable level of liquidity, a solid domestic franchise and a consistently robust performance, the Bank has been rated AA(lka) since 2010, the highest rating for a local private sector bank by Fitch Ratings Lanka Ltd. with a stable outlook.

The Bank continued to expand both within Sri Lanka and beyond her shores (☞ refer page 41 under Being well diversified), well within its capacity based on available capital and liquidity, avoiding any room for "overtrading". It is this prudent growth that has enabled the Bank to maintain a conservative risk profile (☞ refer pages 115 to 139 under Risk Management). As discussed previously, it is this conservative outlook that has in turn endeared the Bank to its like-minded stakeholders.

#### Anti-corruption

The prioritisation of risks to minimise the impact of unforeseen events and maximise the realisation of opportunities include systems and processes that ensure the continuity of business, prevent corruption and ensure compliance at all times. The Bank places a premium on the trust and confidence of its customers – a strength it has carefully cultivated for close to a century. As given in the Bank's Code of Ethics this is an organisation that forbids corruption. Through on-site audits and online surveillance the Inspection

Department reinforces the provisions of the Code. The scope and frequency of audits are determined using a risk-based model and this approach ensures that customers continue to benefit from the highest levels of integrity.

The Bank's Anti-Money Laundering Unit, under the purview of the Compliance Officer, initiated a programme to upgrade its software system to be on par with global standards, thus strengthening its monitoring and reporting of suspicious activities to the Financial Intelligence Unit (FIU) of the CBSL. The software will initially be implemented in our subsidiary in the Maldives and subsequently rolled out to Sri Lanka and Bangladesh.

#### Customer privacy

Security and privacy are key concerns of customers and consequently are priorities for the Bank. While it is regulated by the Banking Act and subsequent directions issued by the CBSL in this regard, the Bank seeks to ensure that measures initiated go well beyond mere compliance to meet the foreseeable threats that are rapidly evolving.

Commercial Bank has been the industry leader in customer protection in full compliance with the ISO 27001:2013 certification for the past eight years and is implementing a "Baseline Security Standard" plan for all the business functions of the Bank.

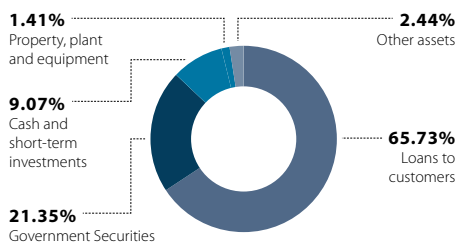
The disaster recovery data centre akin to the live data centre is tested on a regular basis through well structured and co-ordinated drills to warrant its reliance in the event of a disaster thereby ensuring the continuity of our services to the customers. Outcome is reported to the CBSL and if any shortcomings are observed necessary corrective action is taken to avoid repetition of such lapses.

#### Funding

Diversifying our funding portfolio and generating financing from a variety of sources, such as depositors, debt holders, and equity holders, ensures that we continue to have a strong and resilient funding profile. As at December 31, 2018, customer deposits and equity capital together funded 84.50% of total assets, compared to 83.72%

or Rs. 957.227 Bn., as at December 31, 2017. All forms of other liabilities accounted for 15.50% or Rs. 202.042 Bn. Significant growth in deposits and borrowings of USD 100 Mn. from International Finance Corporation (IFC) coupled with the capital funds from the rights issue of shares during the previous year reduced the need for further borrowings in 2018. Bank continued to meet part of its funding requirements through short and medium term borrowings through securities sold under re-purchase agreements, subordinated liabilities, multi-lateral and other funding agencies.

#### Composition of total assets — Graph – 02



#### Gearing

The business model of a bank differs from that of other organisations primarily because of its focus on financial intermediation and maturity transformation, leading to significantly lower Return on Assets (ROA), in comparison with those earned by corporates in other sectors. As a result, banks have to resort to the process of gearing to optimise returns to shareholders which are acceptable in terms of Return on Equity (ROE). While prudently mobilising deposits from the public, we also take precautions to mitigate internal and external risks that gearing exposes us to through a sound risk management framework with necessary oversight from the Board of Directors. Excessive gearing is avoided by maintaining an optimum balance between risk and return to ensure that a reasonable return is generated for the growth of the Bank and the satisfaction of our shareholders.

#### Gearing and profitability

Table – 05

	2018	2017	2016	2015	2014
ROA (%)	1.43	1.54	1.53	1.42	1.60
Gearing (times)	10.85	11.61	12.76	11.90	10.63
ROE (%)	15.56	17.88	19.52	16.90	17.01

The above statistics bear testimony to the Bank's approach to prudent and sustainable growth.

#### Remaining well capitalised and liquid

To be dynamic in our financial intermediation and maturity transformation process while simultaneously mitigating risk, it is imperative that we maintain adequate capital for absorbing unanticipated losses. This is at the heart of our strategy for prudent growth and has proved successful over the years, with Commercial Bank currently ranked among the Top 1000 Banks in the World – the first Sri Lankan Bank to enter this elite league in 2008 and remained therein for the past eight consecutive years.

The Bank is committed to ensuring that it has adequate capital, to provide leeway to support future growth, to absorb unexpected losses and to capitalise on business opportunities. The Bank's current capital levels reflect its prudent management. The Bank is well capitalised with a loyal base of shareholders.

9.08% of assets as at year's end compared to 9.37% the previous year was funded through equity. The successful rights issue of shares in 2017 and internally generated funds enabled the Bank to meet the enhanced capital adequacy requirements under the Basel III which is fully, effective from January 2019. Consequently, both the Common Equity Tier 1 ratio and the total capital ratio stood at 11.34% and 15.60%, respectively as at December 31, 2018, exceeding the higher levels of minimum capital requirements imposed on the Bank under Basel III as a Domestic Systemically Important Bank (D-SIB), providing sufficient funding for planned expansion of the Bank's operations. The equity funding also resulted in the equity multiplier (gearing ratio) declining to 10.85 times from 11.61 times a year ago.

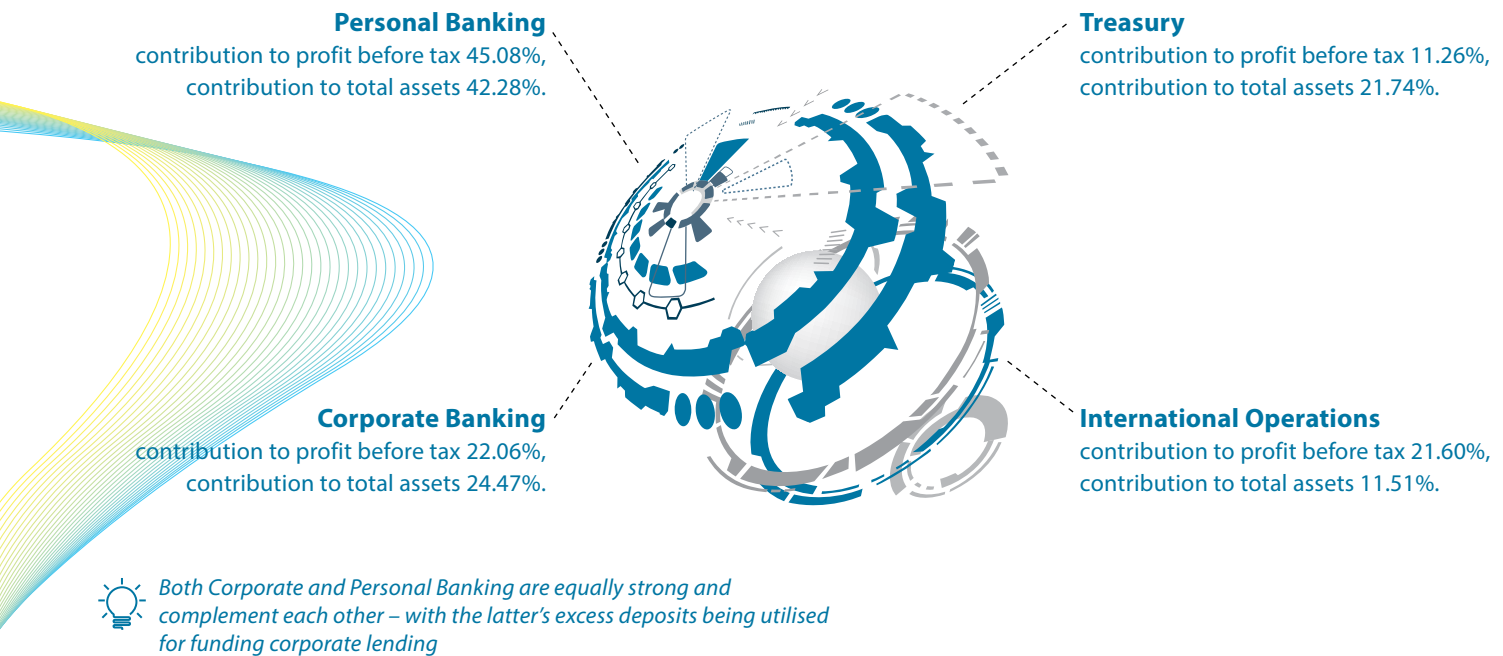
Spanning the banking sector, there were liquidity shortages throughout the year that prompted the CBSL to reduce the Statutory Reserve Ratio, thereby injecting liquidity to the market. Nevertheless, the liquid asset ratios of the Bank's Domestic Banking Unit and the Off-shore Banking Unit were 24.47% and 30.20% respectively as at December 31, 2018 as against the minimum prescribed ratio of 20%, while the loans-to-deposits ratio was 90.56%. As per the Banking Act Direction No. 8 of 2018 issued by the CBSL Net Stable Funding Ratio (NSFR) became effective from January 2019 at 90% for the first half of the year and at 100% thereafter. Test calculations done as at December 31, 2018 revealed that the Bank's ratio was well above the minimum requirement at 139.18%.

Against the statutory minimum of 100%, the Liquidity Coverage Ratio (all currency) and Liquidity Coverage Ratio (Rupee) were 238.69% and 236.20% respectively as at December 31, 2018, demonstrating the unencumbered high quality liquid assets at the Bank's disposal.

#### Being well diversified

The Bank is fairly diversified across its four main business segments of Personal Banking, Corporate Banking, Treasury and International Operations. This diversification also extends across our funding mix, as described previously, as well as our products, customer segments, rates, and tenure among other factors as discussed further in this Report. Our Operations in Bangladesh now accounts for 9.42% of total assets and 19.20% of profit before taxes, while the overseas subsidiaries in the Maldives, Italy, and Myanmar account for 1.13% of Group's assets and 0.94% of Group's profit before taxes.

Figure – 09



\* Based on management accounts.



**Commercial Bank bags 4 Awards at 2018 Asian Banking and Finance Awards**

The Bank won four awards at the 2018 Asian Banking and Finance Awards, three in the "Wholesale Banking" category and one in the "Retail Banking" category.

#### Diversifying our lending portfolio

***With a fairly well diversified loans-to-customers portfolio across several industry sectors, the Bank's exposure to any particular sector does not exceed 10% of the total***

Key contributors to the loans to customers growth came from term loans, overdrafts, and import loans. Heightened focus on Small and Medium Enterprises (SMEs), new customer acquisition, higher Single Borrower Limit, etc. contributed to strong growth in this portfolio. By diversifying our advances portfolio which is composed of different products, including currencies, commodities,

loans, and mortgages for example, the Bank continues to mitigate risks and remain open to market opportunities. While this allows us to enhance asset quality, performance, and resilience, it also helps us to minimise portfolio concentration risk. The Bank is also mindful to include companies with mixed ratings in its portfolio while implementing efficient risk monitoring practices to have a balanced portfolio with the optimum risk return trade off.

#### Reaching diverse customer groups

The diversity of customers is another strength of the Bank. Understanding the different financial services requirements of its customers, the Bank has segmented this stakeholder group into five primary segments in order to better cater to them (refer Table 06 on page 43). This also allows us to align our value proposition in terms of products, services and delivery channels as illustrated in Table 07 on page 43.

**Customer segmentation**

Table – 06

Criteria	Corporate	SME	Micro customers	Mass market	High net-worth
Income/Size of relationship/Business turnover/Exposure	Annual business turnover > Rs. 750 Mn./ Exposure > Rs. 250 Mn.	Annual business turnover < Rs. 750 Mn./ Exposure < Rs. 250 Mn.	Exposure < Rs. 500,000	Individuals not falling into other categories	Individuals with banking relationships above set thresholds
Price sensitivity	High	Moderate	Low	Low	High
Products of interest	Transactional, trade finance, and project finance	Factoring, leasing and project financing	Transactional	Transactional	Investment
Number of transactions	High	Moderate	Low	Low	Low
Level of engagement	High	Moderate	Low	Low	High
Objective	Funding and growth	Funding and growth	Funding and advice	Personal financial needs	Wealth maximisation
Background	Rated, large to medium corporates	Medium business	Self-employed	Salaried employees	Business community/ Professionals
Number of banking relationships	Many	Many	Few	Few	Many
Level of competition from banks	High	Moderate	Low	Moderate	High

The type of segmentation illustrated here provides the Bank with greater knowledge and understanding of the customer and enables it to better align with the banking requirements of each category (refer Table 07).

**Channel mix and target market on perceived customer preference**

Table – 07

Customer segment	Branches	Internet banking	ATMs	Call centre	Mobile Banking	Relationship managers	Business promotion officers	Premier banking units
Corporates	√	√	X	√	X	√	X	X
SMEs	√	√	X	√	X	X	X	X
Micro	√	X	√	X	√	X	X	X
Mass:								
Millennials	X	√	√	√	√	X	X	X
Others	√	√	√	√	√	X	√	X
High net-worth	√	√	√	√	√	√	√	√

The four business lines, Personal Banking, Corporate Banking, Treasury and International Operations, work in collaboration with each other and the various service units of the Bank to drive growth and further strengthen the Bank's brand.

Serving the diverse personal banking needs of our customers remains a key focus for the Bank with many technological enhancements being made to increase convenience and security during the year, for example in areas such as mobile banking

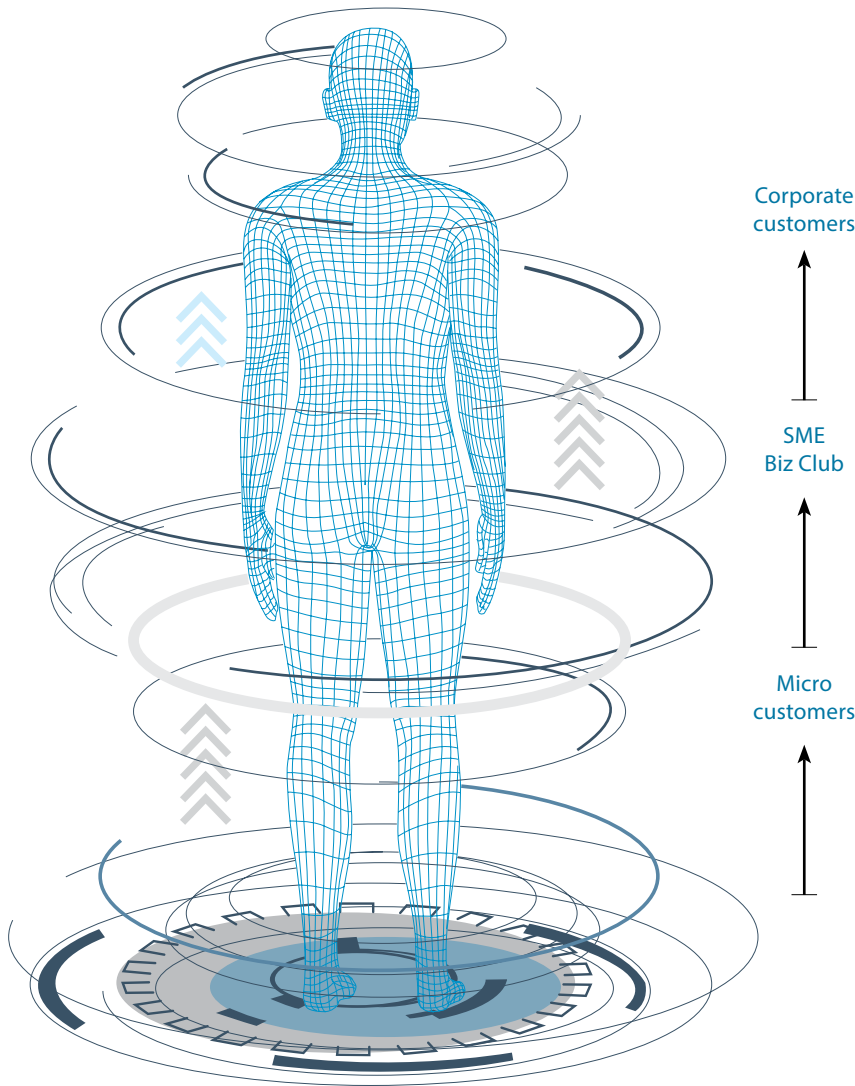
and credit cards. Providing advisory services to our corporate customers will be a key priority over the years that follow (☞ refer page 49 on Customer centricity).

We continue to be the one of the largest financier to the SME segment in the country. Launched in 2017, the Commercial Bank Biz Club – the first of its kind in Sri Lanka, continued to bring SME customers together in order to create new business opportunities and to provide them with support that goes beyond lending (☞ refer page 54 under supporting SME customers).

For instance, the Bank helps introduce accounting software package vendors to this customer group to boost their knowledge of accurate book keeping, continuing to support them as they master this vital business skill. This year our Personal Banking and Corporate Banking arms joined forces to propel SME customers on a journey that will help many of them to move up the life cycle to the position of a corporate customer.


**Micro Customers**

Figure – 10



*As more top-tier SME customers move into the Bank’s corporate customer segment, fresh Micro customers are channelled into the group while many are groomed to join the SME cluster over the next few years by contributing towards a sustainable ecosystem, as we strive to contribute towards Sustainability Development Goal 1: No Poverty*

During the year under review, a series of town hall meetings were conducted across the country to ensure that all employees were aware of our plans to serve the SME segment.

 *By developing our Micro and SME customer segments, we are contributing towards financial inclusion while growing our corporate customer base.*

While such upward mobility is good for business, it also means that we must continually canvass new SME customers to this segment which would otherwise dwindle. Our focus on financial inclusion over the years has already provided us with a wealth of potential customers. The Bank’s Agricultural and Micro Finance

Units (AMFUs) have taken the effort to extend banking services to the unbanked and under-banked in the rural areas of the country (refer page 54 under Strengthening ties with Micro customers). Now many of our Micro customers are ready to be introduced to the SME Sector – an outcome that is serving the Bank in good stead.



**Skills Development Programme for COMBANK Biz Club members in Wayamba**

*An Entrepreneurship Skills Development programme was recently conducted in the Wayamba region by the Bank, as part of its ongoing initiative to support its “Biz Club” members and entrepreneurs in the SME sector.*

**Providing treasury services diversely**

- **Key player in interbank foreign exchange and fixed income securities**
- **Contributed 19% of Bank's assets through fixed income securities**
- **Mobilised USD 394 Mn. by way of foreign currency borrowings at year end** 

Responsible for managing the Bank's balance sheet, our Treasury plays a vital role in maintaining the financial security and stability of the Bank. By efficiently managing the capital, funding, and liquidity requirements of the Bank the Treasury helps other business lines to meet customer needs unhindered.

Our Treasury arm is a market maker, continuing to offer products that help manage market risk – interest rate and exchange rate risks in particular – and underlying margins and mismatches in assets and liabilities.

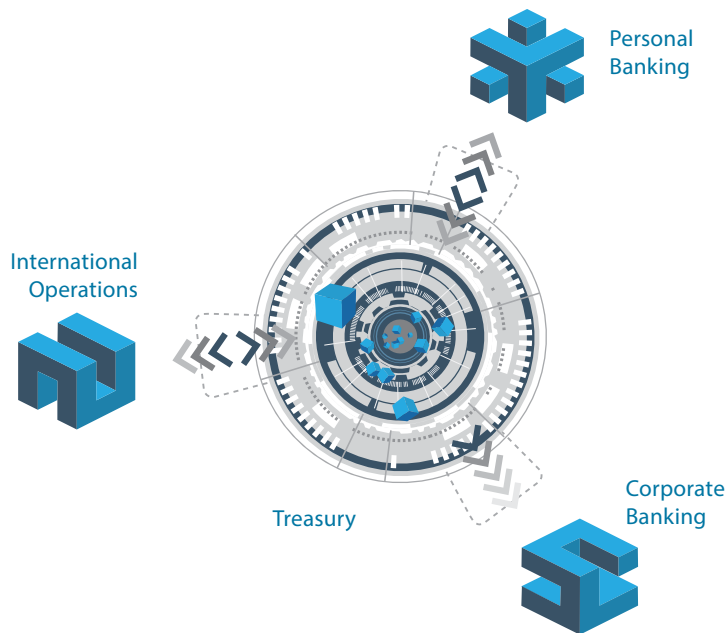
Having one of the largest Fixed Income Securities portfolios in Sri Lanka, which accounted for around 19.15% of the Bank's total assets, the Treasury successfully supported the liquidity position of the Bank, and made a significant contribution to earnings during the year. Handling a large business volume while being a low cost base for the Bank, the Treasury Division's assets require relatively lower capital allocation.

While rising US dollar interest rates may have an impact on our cost of borrowings in the short and medium term, through our business in Bangladesh we were able to mitigate the impact by lending in US dollars. Given the current financial climate, the Bank abandoned its usual policy of using

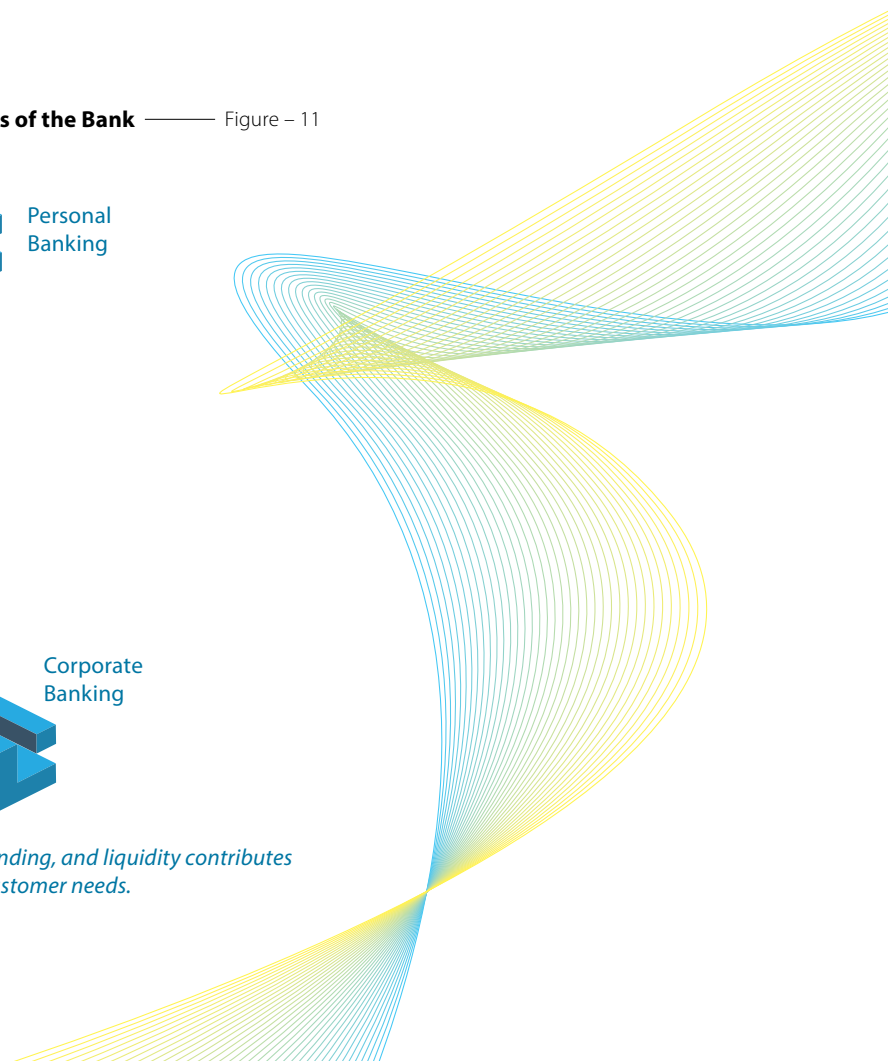
excess US dollars to generate rupees and invest in rupee Treasury Bills and Bonds. Instead, rupees were converted back to US dollars to invest in USD denominated Sri Lanka Government Bonds. As a result, the Bank's foreign currency bond portfolio saw a significant increase. These products, some of which were tax efficient, contributed towards improving the Net Interest Margin (NIM). The Bank also received the CBSL approval to invest in long term Sri Lanka Sovereign Bonds, special approval to invest in National Savings Bank bonds and DFCC bonds resulting in higher investment income.

The setting up of their own treasuries by a number of corporates in the country can be considered both a challenge and an opportunity. While this makes maintaining margins challenging, it also makes it easier for the Bank to provide this customer segment with new products such as foreign currency options, interest rate derivatives, structured deposits and other hedging mechanisms.

**Managing the capital, funding, and liquidity requirements of the Bank** ——— Figure – 11



 Treasury's efficient management of the Bank's capital, funding, and liquidity contributes towards other business lines being able to better serve customer needs.





Customer relationship-building programmes conducted during the year include –

- Annual train journey and overnight stay with 100 customers (a 15-year tradition)
- Talk by overseas analysts on economic outlook
- Regular client meetings and luncheons
- Customer-friendly technology innovations
- Training and development of dealers to keep them abreast of new developments

**Reaching diverse geographical locations**



Geographical diversification allows us to mitigate risks in instances such as extreme weather which can be disastrous for sectors such as agriculture but have less of an impact on other industries. However, such diversification exposes the Bank to a wider investment arena that includes a range of asset classes, but it also provides more robust opportunities for growth.



Commercial Bank's 262nd Branch opening at Pitigala

Within Sri Lanka, geographical diversification also helps us steer away from densely populated industry sectors and discover underserved markets. For instance, while we serve many of the country's top-tier conglomerates, our 16 AMFUs have long been instrumental in furthering financial inclusion in the country, bringing banking and banking technology to the unbanked and under-banked segments of the community through innovations such as our "Bank on Wheels".

This innovative idea introduced in 2017 is unique in Sri Lanka's banking landscape because unlike those of peers, it is a completely equipped, and automated mobile bank.

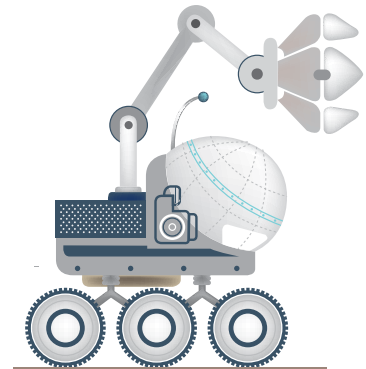
Managed by branches in the North and the East of the country, these vehicles visit communities which are hard-to-reach at a specific time each week, providing a range of basic over-the-counter banking facilities.

*With an employee at hand to help customers to use the Bank's automated channels on board, our "Bank on Wheels", not only brings banking to rural communities but also converts them to digital banking users – gearing them for the future of banking*

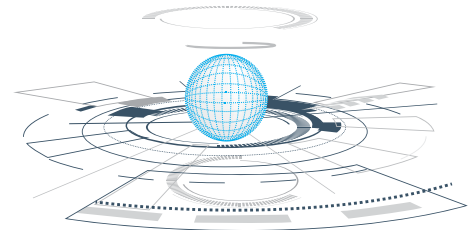
This banking channel is more cost efficient as it allows the Bank to get to know a community and its banking needs, and introduce them to digital banking with the intention of setting up a mini banking unit or branch to serve them depending on the demand.

**Banking for the unbanked and under-banked**

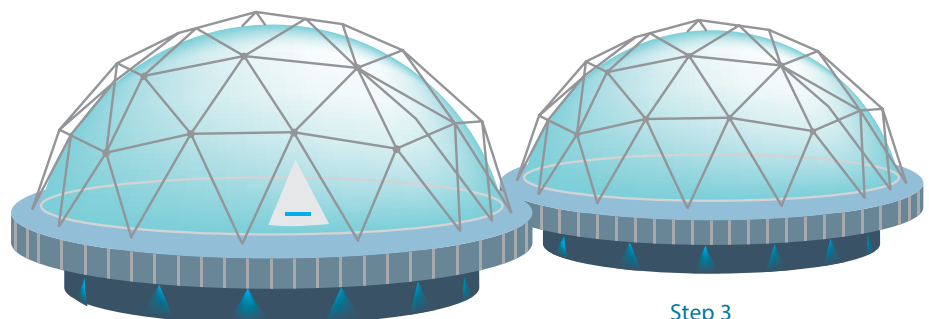
Figure – 12



Step 1  
Bank on Wheels



Step 2  
ATM or branch (if necessary)



Step 3  
Digital banking customers

Our "Bank on Wheels" is another contributor towards financial inclusion.

This year, the Bank piloted the second such mobile banking unit and will look at launching more to extend its reach. Each vehicle is affiliated with a branch and connected online to the main banking system.

One of the Bank's key strengths is its island-wide network of 266 branches, many of which remain open on public, bank, mercantile holidays and weekends.

**Exploring new and diverse channels**

The new digital platform purchased from Fiserv will be operational in 2019 to provide customers with a seamless digital banking experience. We have also invested in Data Analytics which will provide us a detailed picture of customer trends allowing us to be where the customer is, when needed.

*Commercial Bank will be a pioneer in offering customers an omni-channel banking experience in Sri Lanka*

Combined with Flash, our digital bank account which is accessible via smart phone (☞ refer page 57 under Fortifying digital leadership), our moniker as "the Nation's bank" is further fortified as we continue to extend the horizons of banking. In the near future, Flash will be customised to be in Sinhala and Tamil to ensure wider reach and greater ease of use. The Bank has taken initial steps to extend Flash, beyond Sri Lankan shores to both Bangladesh and Maldives.

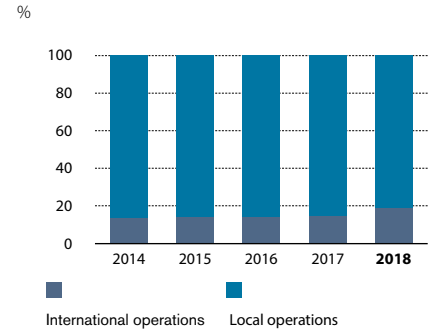
In addition to internet banking, the Bank has its network of branches and its network of 830 ATMs (☞ refer page 65 under Optimising resources for details).



**Reaching out through a range of subsidiaries**

Non-financial subsidiaries of the Bank deliver non-core banking activities, allowing the Bank to focus on products and services that cater to the ever-evolving banking needs of existing and potential customers. While growing organically in the domestic market, the Bank has taken steps to leverage inorganic and regional growth opportunities through subsidiaries, primarily to geographically diversify its risk exposures and sources of revenue, thereby enhancing its sustainability of operations and long-term value creation (☞ refer pages 147 to 150 for an update on Subsidiaries and associates).

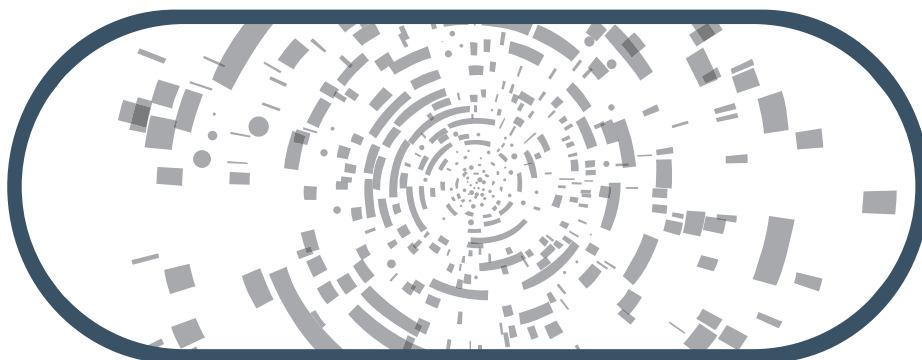
**Contribution to PBT from the International and local operations** — Graph – 03



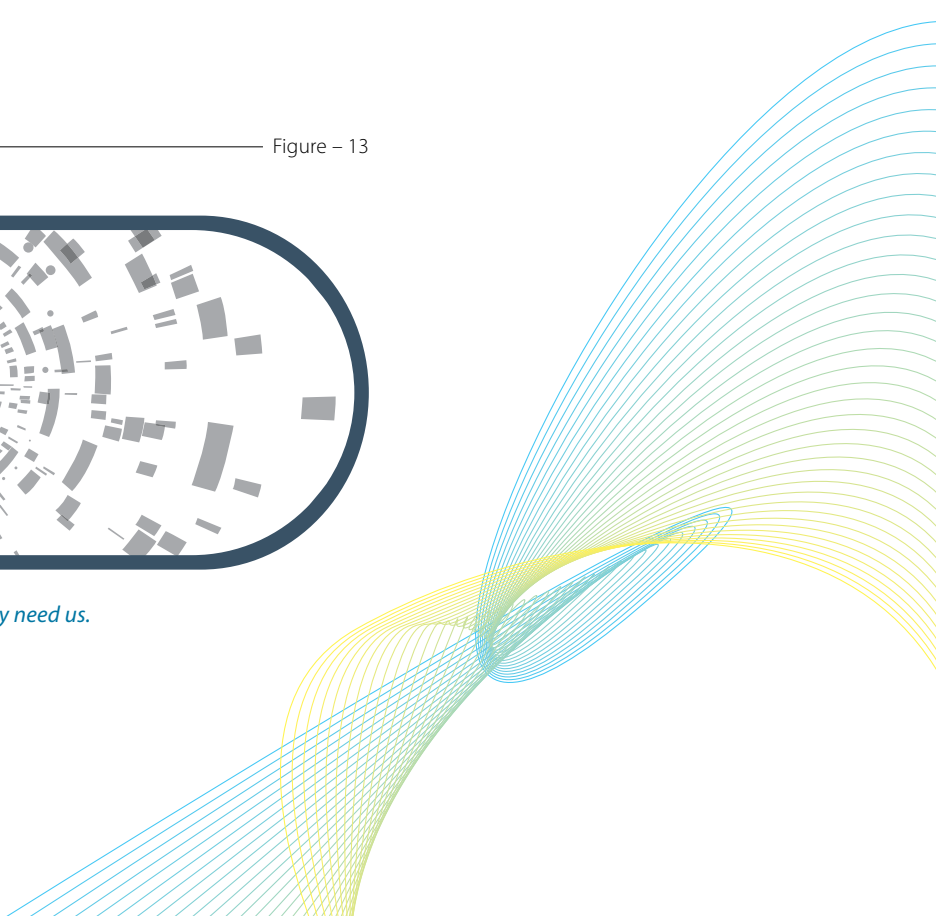
With the regulator's approval, we will be able to offer customers the ability to carry out banking functions from registration to loan requisition and account application online.

**An omni-channel banking experience**


Figure – 13



 *Our goal is to be where our customers are when they need us.*



### Reaching out to other overseas customers

*The Bank's presence in Bangladesh, the Maldives, Italy and Myanmar provides the Bank with greater insulation against local economic and political instability* 



#### **Commercial Bank celebrates 10 years of remittance services in Oman**

*The Bank commemorated the milestone of 10 years of remittance services to Sri Lanka from Oman by hosting the employees of Exchange Houses and the Bank's premier customers in the Sultanate to an event in Muscat.*

### Global Remittances

The Bank began its global remittances business in 2003, first entering Kuwait and gradually expanding to other countries.

The Bank currently has 118 remittance partners for Combank eExchange, a number that continues to grow. In addition, it has integrated with renowned international money transfer system such as Western Union, RIA, Moneygram, Xpress Money and Cash Express for real time remittances.

17.5% of the total remittances received to the country are forwarded through the Bank.

With its Business Promotion Officers placed in key markets around the world to cater to the banking needs of Sri Lankans working in these markets, the Bank offers products and services including money transfer facilities via our e-Exchange remittance services.

