

INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2018

INCOME STATEMENT - GROUP
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	For the six months ended			For the quarter ended		
	30.06.2018	30.06.2017	Change	30.06.2018	30.06.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Gross income	66,781,387	55,938,093	19.38	34,329,669	28,694,994	19.64
Interest income	58,741,335	49,466,361	18.75	29,905,068	25,535,184	17.11
Less : Interest expense	34,870,543	31,376,625	11.14	17,762,720	16,232,201	9.43
Net interest income	23,870,792	18,089,736	31.96	12,142,348	9,302,983	30.52
Fee and commission income	5,880,613	4,859,671	21.01	2,980,202	2,393,568	24.51
Less: Fee and commission expense	888,563	777,261	14.32	434,539	372,029	16.80
Net fee and commission income	4,992,050	4,082,410	22.28	2,545,663	2,021,539	25.93
Net gains/(losses) from trading	(1,223,582)	1,271,114	(196.26)	(1,445,080)	482,006	(399.81)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	148,428	(14,975)	1,091.17	114,763	13,169	771.46
Other income (net)	3,234,593	355,922	808.79	2,774,716	271,067	923.63
Total operating income	31,022,281	23,784,207	30.43	16,132,410	12,090,764	33.43
Less :Impairment charges for loans and other losses	4,028,392	960,573	319.37	2,406,227	708,694	239.53
Individual impairment	1,643,151	160,266	925.26	1,215,503	60,558	1,907.17
Collective impairment	2,385,026	851,722	180.02	1,190,659	648,076	83.72
Others	215	(51,415)	100.42	65	60	8.33
Net operating income	26,993,889	22,823,634	18.27	13,726,183	11,382,070	20.59
Less: Expenses	11,390,931	9,937,631	14.62	5,792,690	4,928,131	17.54
Personnel expenses	6,403,892	5,488,192	16.68	3,228,184	2,761,038	16.92
Depreciation and amortisation	766,968	690,052	11.15	392,499	360,245	8.95
Other expenses	4,220,071	3,759,387	12.25	2,172,007	1,806,848	20.21
Operating profit before Value Added Tax (VAT) & Nation Building Tax (NBT) on Financial Services	15,602,958	12,886,003	21.08	7,933,493	6,453,939	22.92
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	2,748,830	2,281,291	20.49	1,409,267	1,153,783	22.14
Operating profit after Value Added Tax (VAT) & Nation Building Tax (NBT) on Financial Services	12,854,128	10,604,712	21.21	6,524,226	5,300,156	23.09
Add: Share of profits/(losses) of associates, net of tax	5,180	4,391	17.97	3,564	2,154	65.46
Profit before income tax	12,859,308	10,609,103	21.21	6,527,790	5,302,310	23.11
Less : Income tax expense	4,253,973	2,954,835	43.97	2,288,181	1,461,778	56.53
Profit for the period	8,605,335	7,654,268	12.43	4,239,609	3,840,532	10.39
Profit attributable to:						
Equity holders of the Bank	8,559,161	7,657,744	11.77	4,218,234	3,837,837	9.91
Non-controlling interest	46,174	(3,476)	1,428.37	21,375	2,695	693.14
Profit for the period	8,605,335	7,654,268	12.43	4,239,609	3,840,532	10.39
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	8.52	8.27	3.02	4.20	4.15	1.20
Diluted earnings per ordinary share (Rs.)	8.52	8.26	3.15	4.20	4.14	1.45

	For the six months ended			For the quarter ended		
	30.06.2018	30.06.2017	Change	30.06.2018	30.06.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the Period	8,605,335	7,654,268	12.43	4,239,609	3,840,532	10.39
Other comprehensive income, net of tax						
Items that will never be reclassified to profit or loss						
Net change in revaluation surplus	(10,010)	12,897	(177.61)	(10,010)	12,897	(177.61)
Change in revaluation surplus	-	17,725	-	-	17,725	-
Less : Deferred tax charge on revaluation surplus	(10,010)	(4,828)	(107.33)	(10,010)	(4,828)	(107.33)
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	348,197	(91,198)	481.80	192,518	7,373	2,511.12
Net fair value gains/(losses) on re-measuring financial investments - available-for-sale	234,739	2,662,611	(91.18)	366,723	2,329,966	(84.26)
Government Securities	178,016	2,597,248	(93.15)	332,845	2,296,446	(85.51)
Fair value gains/(losses) arose during the period, net of tax	101,620	2,576,015	(96.06)	293,486	2,295,747	(87.22)
Fair value gains/(losses) realised to the Income Statement on disposal, net of tax	(44,113)	18,188	(342.54)	(20,539)	(7,767)	(164.44)
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	120,509	3,045	3,857.60	59,898	8,466	607.51
Equity Securities	56,723	65,363	(13.22)	33,878	33,520	1.07
Fair value gains/(losses) arose during the period	56,723	65,363	(13.22)	33,878	33,520	1.07
Fair value gains/(losses) realised and recycled to the Income Statement on disposal	-	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	51,166	(23,650)	316.35	17,757	(16,298)	208.95
Share of other comprehensive income/(expense) of associates, net of tax	(5,496)	307	(1,890.23)	(3,985)	720	(653.47)
Other comprehensive income/(expense) for the period, net of taxes	618,596	2,560,967	(75.85)	563,003	2,334,658	(75.88)
Total comprehensive income for the period	9,223,931	10,215,235	(9.70)	4,802,612	6,175,190	(22.23)
Attributable to:						
Equity holders of the Bank	9,166,018	10,210,641	(10.23)	4,774,951	6,169,261	(22.60)
Non-controlling interest	57,913	4,594	1,160.62	27,661	5,929	366.54
Total comprehensive income for the period	9,223,931	10,215,235	(9.70)	4,802,612	6,175,190	(22.23)

INCOME STATEMENT - BANK
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	For the six months ended			For the quarter ended		
	30.06.2018	30.06.2017	Change	30.06.2018	30.06.2017	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
Gross income	65,992,475	55,318,657	19.30	33,896,173	28,353,505	19.55
Interest income	58,207,100	48,958,894	18.89	29,639,604	25,268,605	17.30
Less : Interest expense	34,657,661	31,137,668	11.30	17,657,668	16,108,767	9.62
Net interest income	23,549,439	17,821,226	32.14	11,981,936	9,159,838	30.81
Fee and commission income	5,668,322	4,754,626	19.22	2,871,878	2,328,218	23.35
Less: Fee and commission expense	888,563	777,261	14.32	434,539	372,029	16.80
Net fee and commission income	4,779,759	3,977,365	20.17	2,437,339	1,956,189	24.60
Net gains/(losses) from trading	(1,223,582)	1,271,114	(196.26)	(1,445,080)	482,006	(399.81)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	148,428	(14,975)	1,091.17	114,763	13,169	771.46
Other income (net)	3,192,207	348,998	814.68	2,715,008	261,507	938.22
Total operating income	30,446,251	23,403,728	30.09	15,803,966	11,872,709	33.11
Less : Impairment charges for loans and other losses	3,635,473	936,983	288.00	2,171,838	695,305	212.36
Individual impairment	1,643,151	160,266	925.26	1,215,503	60,558	1,907.17
Collective impairment	1,992,107	818,923	143.26	956,270	634,687	50.67
Others	215	(42,206)	100.51	65	60	8.33
Net operating income	26,810,778	22,466,745	19.34	13,632,128	11,177,404	21.96
Less: Expenses	11,163,687	9,779,826	14.15	5,661,683	4,831,084	17.19
Personnel expenses	6,310,910	5,403,308	16.80	3,172,389	2,710,916	17.02
Depreciation and amortisation	705,020	637,726	10.55	360,119	334,231	7.75
Other expenses	4,147,757	3,738,792	10.94	2,129,175	1,785,937	19.22
Operating profit before Value Added Tax (VAT) & Nation Building Tax (NBT) on Financial Services	15,647,091	12,686,919	23.33	7,970,445	6,346,320	25.59
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	2,748,830	2,261,987	21.52	1,409,267	1,143,165	23.28
Profit before income tax	12,898,261	10,424,932	23.73	6,561,178	5,203,155	26.10
Less : Income tax expense	4,252,042	2,885,013	47.38	2,296,046	1,438,628	59.60
Profit for the period	8,646,219	7,539,919	14.67	4,265,132	3,764,527	13.30
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	8.56	8.15	5.03	4.22	4.07	3.69
Diluted earnings per ordinary share (Rs.)	8.56	8.14	5.16	4.22	4.06	3.94

	For the six months ended			For the quarter ended		
	30.06.2018	30.06.2017	Change	30.06.2018	30.06.2017	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the period	8,646,219	7,539,919	14.67	4,265,132	3,764,527	13.30
Other comprehensive income, net of tax						
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of Foreign Operations	322,884	(113,238)	385.14	181,752	(6,162)	3,049.56
Net fair value gains/(losses) on re-measuring Financial investments - Available-for-sale	234,739	2,662,611	(91.18)	366,723	2,329,966	(84.26)
Government Securities	178,016	2,597,248	(93.15)	332,845	2,296,446	(85.51)
Fair value gains/(losses) arose during the period, net of tax	101,620	2,576,015	(96.06)	293,486	2,295,747	(87.22)
Fair value gains/(losses) realised to the Income Statement on disposal, net of tax	(44,113)	18,188	(342.54)	(20,539)	(7,767)	(164.44)
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	120,509	3,045	3,857.60	59,898	8,466	607.51
Equity Securities	56,723	65,363	(13.22)	33,878	33,520	1.07
Fair value gains/(losses) arose during the period	56,723	65,363	(13.22)	33,878	33,520	1.07
Fair value gains/(losses) realised and recycled to the Income Statement on disposal	-	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	51,166	(23,650)	316.35	17,757	(16,298)	208.95
Other comprehensive income/(expense) for the period, net of taxes	608,789	2,525,723	(75.90)	566,232	2,307,506	(75.46)
Total comprehensive income for the period	9,255,008	10,065,642	(8.05)	4,831,364	6,072,033	(20.43)

STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.06.2018	31.12.2017	Change	30.06.2018	31.12.2017	Change
	Rs.'000	(Audited) Rs.'000	%	(Audited) Rs.'000	(Audited) Rs.'000	%
ASSETS						
Cash and cash equivalents	31,059,073	34,673,424	(10.42)	26,619,059	33,224,619	(19.88)
Balances with Central Banks	52,267,614	45,546,349	14.76	51,380,853	44,801,446	14.69
Placements with banks	13,115,949	17,633,269	(25.62)	13,115,949	17,633,269	(25.62)
Securities purchased under re-sale agreements	-	-	-	-	-	-
Derivative financial assets	1,214,820	2,334,536	(47.96)	1,214,820	2,334,536	(47.96)
Other financial instruments - Held-for-trading	6,657,345	4,410,913	50.93	6,657,345	4,410,913	50.93
Loans and receivables to banks	660,945	640,512	3.19	660,945	640,512	3.19
Loans and receivables to other customers	813,725,784	742,444,130	9.60	808,394,470	737,446,567	9.62
Financial investments - Available-for-sale	117,699,965	154,913,643	(24.02)	117,460,848	154,714,132	(24.08)
Financial investments - Held-to-maturity	78,148,219	69,365,796	12.66	74,102,897	63,562,752	16.58
Financial investments - Loans and receivables	61,381,588	48,712,477	26.01	61,381,588	48,712,477	26.01
Investments in subsidiaries	-	-	-	3,556,707	3,065,935	16.01
Investments in associates	107,669	109,844	(1.98)	44,331	44,331	-
Property, plant & equipment	16,301,595	16,317,044	(0.09)	14,637,781	14,634,710	0.02
Intangible assets	1,267,002	1,251,226	1.26	775,632	776,810	(0.15)
Leasehold property	103,795	104,516	(0.69)	72,128	72,594	(0.64)
Other assets	19,771,975	17,362,977	13.87	19,639,599	17,298,162	13.54
Total Assets	1,213,483,338	1,155,820,656	4.99	1,199,714,952	1,143,373,765	4.93
LIABILITIES						
Due to banks	44,660,704	60,244,892	(25.87)	41,970,534	57,120,991	(26.52)
Derivative financial liabilities	1,706,183	3,678,494	(53.62)	1,706,183	3,678,494	(53.62)
Securities sold under repurchase agreements	53,526,353	49,532,385	8.06	53,672,210	49,676,767	8.04
Due to other customers/deposits from customers	920,077,634	857,269,981	7.33	911,180,396	850,127,511	7.18
Other borrowings	23,768,936	23,786,094	(0.07)	23,768,936	23,786,094	(0.07)
Current tax liabilities	5,617,467	4,202,850	33.66	5,443,229	4,143,911	31.35
Deferred tax liabilities	3,187,652	3,565,215	(10.59)	3,008,375	3,274,826	(8.14)
Other liabilities	20,227,936	19,508,115	3.69	19,955,103	19,225,364	3.80
Due to subsidiaries	-	-	-	33,251	74,523	(55.38)
Subordinated liabilities	25,565,239	25,165,924	1.59	25,565,239	25,165,924	1.59
Total Liabilities	1,098,338,104	1,046,953,950	4.91	1,086,303,456	1,036,274,405	4.83

STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.06.2018	31.12.2017	Change	30.06.2018	31.12.2017	Change
	Rs.'000	(Audited) Rs.'000	%	(Audited) Rs.'000	(Audited) Rs.'000	%
EQUITY						
Stated capital	39,144,134	37,143,541	5.39	39,144,134	37,143,541	5.39
Statutory reserves	6,492,778	6,492,552	0.00	6,476,952	6,476,952	-
Retained earnings	8,656,988	5,086,609	70.19	8,650,605	4,987,446	73.45
Other reserves	59,924,046	59,272,098	1.10	59,139,805	58,491,421	1.11
Total equity attributable to equity holders of the Group/Bank	114,217,946	107,994,800	5.76	113,411,496	107,099,360	5.89
Non-controlling Interest	927,288	871,906	6.35	-	-	-
Total Equity	115,145,234	108,866,706	5.77	113,411,496	107,099,360	5.89
Total Liabilities and Equity	1,213,483,338	1,155,820,656	4.99	1,199,714,952	1,143,373,765	4.93
Contingent Liabilities and Commitments	618,594,182	565,277,821	9.43	618,494,579	564,794,885	9.51
Net Assets Value per Ordinary Share (Rs.)	113.01	108.44	4.21	112.21	107.54	4.34
Memorandum Information						
Number of Employees				5,010	4,982	
Number of Customer Service Centers				280	280	

CERTIFICATION :

These Financial Statements have been prepared in compliance with requirements of the Companies Act No. 07 of 2007.

(Sgd.) K.D.N. Buddhipala

Chief Financial Officer

We, the undersigned, being the Chairman and the Managing Director/Chief Executive Officer of the Commercial Bank of Ceylon PLC, certify jointly that:

- (a) the above financial statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka,
- (b) the information contained in these financial statements have been extracted from the unaudited Financial Statements of the Group & the Bank, unless indicated as audited.

(Sgd.) K.G.D.D. Dheerasinghe

Chairman

August 15, 2018

Colombo

(Sgd.) S. Renganathan

Managing Director/Chief Executive Officer

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves						Shareholders' Funds	Non-Controlling Interest	Total Equity
				Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	Employee Share Option Reserve	General Reserve			
				Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000			
Balance as at 01.01.2017 - Audited	24,978,003	5,647,993	4,553,778	6,250,554	(7,208,805)	860,502	-	420,282	43,490,003	78,992,310	823,113	79,815,423
Total comprehensive income for the six months ended 30.06.2017												
Profit for the six months ended 30.06.2017	-	-	7,657,744	-	-	-	-	-	-	7,657,744	(3,476)	7,654,268
Other comprehensive income for the six months ended 30.06.2017	-	-	307	12,897	2,662,611	(99,268)	(23,650)	-	-	2,552,897	8,070	2,560,967
Total comprehensive income for the six months ended 30.06.2017	-	-	7,658,051	12,897	2,662,611	(99,268)	(23,650)	-	-	10,210,641	4,594	10,215,235
Transactions with owners recognized directly in equity, contributions by and distributions to owners												
Proceeds from Rights Issue of Ordinary shares	10,143,873	-	-	-	-	-	-	-	-	10,143,873	-	10,143,873
Issue of Ordinary Shares under Employee Share Option Plans [ESOPs]	287,212	-	-	-	-	-	-	-	-	287,212	-	287,212
Transfer o/a Share-based Payment transactions	17,389	-	-	-	-	-	-	(17,389)	-	-	-	-
Dividends to equity holders												
Second interim dividend for 2016	-	-	(2,674,799)	-	-	-	-	-	-	(2,674,799)	(1,845)	(2,676,644)
Final dividend for 2016 satisfied in the form of issue and allotment of new shares	1,606,548	-	(1,785,054)	-	-	-	-	-	-	(178,506)	-	(178,506)
Final cash dividend for 2016	-	-	-	-	-	-	-	-	-	-	(369)	(369)
Share-based Payment transactions	-	-	-	-	-	-	-	76,619	-	76,619	-	76,619
Revaluation gain on disposal of Freehold Land & Building	-	-	13,408	(13,408)	-	-	-	-	-	-	-	-
Transfers during the period	-	6,372	(6,372)	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	12,055,022	6,372	(4,452,817)	(13,408)	-	-	-	59,230	-	7,654,399	(2,214)	7,652,185
Balance as at 30.06.2017	37,033,025	5,654,365	7,759,012	6,250,043	(4,546,194)	761,234	(23,650)	479,512	43,490,003	96,857,350	825,493	97,682,843
Total comprehensive income for the six months ended 31.12.2017												
Profit for the six months ended 31.12.2017	-	-	8,948,219	-	-	-	-	-	-	8,948,219	24,020	8,972,239
Other comprehensive income for the six months ended 31.12.2017	-	-	(532,897)	1,609,670	2,838,708	(412,261)	20,438	-	-	3,523,658	13,885	3,537,543
Total comprehensive income for the six months ended 31.12.2017	-	-	8,415,322	1,609,670	2,838,708	(412,261)	20,438	-	-	12,471,877	37,905	12,509,782
Transactions with owners recognized directly in equity, contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans [ESOPs]	99,099	-	-	-	-	-	-	-	-	99,099	-	99,099
Transfer o/a Share-based Payment transactions	11,417	-	-	-	-	-	-	(11,417)	-	-	-	-
Dividends to equity holders												
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	(1,493,719)	(1,476)	(1,495,195)
Dividend paid in respect of previous years	-	-	(2,279)	-	-	-	-	-	-	(2,279)	-	(2,279)
Share-based Payment transactions	-	-	-	-	-	-	-	61,722	-	61,722	-	61,722
Profit due to change in ownership	-	-	5,262	-	-	-	-	-	-	5,262	-	5,262
Movement due to change in ownership	-	-	(2,334)	(7,650)	-	-	-	-	-	(9,984)	9,984	-
Revaluation gain on disposal of Freehold Land & Building	-	-	23,532	(18,060)	-	-	-	-	-	5,472	-	5,472
Transfers during the period	-	838,187	(9,618,187)	-	-	-	-	-	8,780,000	-	-	-
Total transactions with equity holders	110,516	838,187	(11,087,725)	(25,710)	-	-	-	50,305	8,780,000	(1,334,427)	8,508	(1,325,919)
Balance as at 31.12.2017 - Audited	37,143,541	6,492,552	5,086,609	7,834,003	(1,707,486)	348,973	(3,212)	529,817	52,270,003	107,994,800	871,906	108,866,706
Total comprehensive income for the six months ended 30.06.2018												
Profit for the six months ended 30.06.2018	-	-	8,559,161	-	-	-	-	-	-	8,559,161	46,174	8,605,335
Other comprehensive income for the six months ended 30.06.2018	-	-	(5,496)	(10,010)	234,739	336,458	51,166	-	-	606,857	11,739	618,596
Total comprehensive income for the six months ended 30.06.2018	-	-	8,553,665	(10,010)	234,739	336,458	51,166	-	-	9,166,018	57,913	9,223,931
Transactions with owners recognized directly in equity, contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans [ESOPs]	199,874	-	-	-	-	-	-	-	-	199,874	-	199,874
Transfer o/a Share-based Payment transactions	5,875	-	-	-	-	-	-	(5,875)	-	-	-	-
Dividends to equity holders												
Second interim dividend for 2017	-	-	(2,989,996)	-	-	-	-	-	-	(2,989,996)	(2,531)	(2,992,527)
Final dividend for 2017 satisfied in the form of issue and allotment of new shares	1,794,844	-	(1,994,271)	-	-	-	-	-	-	(199,427)	-	(199,427)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	1,207	-	-	-	-	-	-	1,207	-	1,207
Share-based Payment transactions	-	-	-	-	-	-	-	45,470	-	45,470	-	45,470
Transfers during the period	-	226	(226)	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	2,000,593	226	(4,983,286)	-	-	-	-	39,595	-	(2,942,872)	(2,531)	(2,945,403)
Balance as at 30.06.2018	39,144,134	6,492,778	8,656,988	7,823,993	(1,472,747)	685,431	47,954	569,412	52,270,003	114,217,946	927,288	115,145,234

STATEMENT OF CHANGES IN EQUITY - BANK

9

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves						Total Equity
				Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	Employee Share Option Reserve	General Reserve	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01.01.2017 - Audited	24,978,003	5,647,890	4,464,077	5,722,859	(7,208,796)	839,346	-	420,282	43,490,003	78,353,664
Total comprehensive income for the six months ended 30.06.2017										
Profit for the six months ended 30.06.2017	-	-	7,539,919	-	-	-	-	-	-	7,539,919
Other comprehensive income for the six months ended 30.06.2017	-	-	-	-	2,662,611	(113,238)	(23,650)	-	-	2,525,723
Total comprehensive income for the six months ended 30.06.2017	-	-	7,539,919	-	2,662,611	(113,238)	(23,650)	-	-	10,065,642
Transactions with owners recognized directly in equity, contributions by and distributions to owners										
Proceeds from Rights Issue of Ordinary shares	10,143,873	-	-	-	-	-	-	-	-	10,143,873
Issue of Ordinary Shares under Employee Share Option Plans [ESOPs]	287,212	-	-	-	-	-	-	-	-	287,212
Transfer o/a Share-based Payment transactions	17,389	-	-	-	-	-	-	(17,389)	-	-
Dividends to equity holders										
Second interim dividend for 2016	-	-	(2,674,799)	-	-	-	-	-	-	(2,674,799)
Final dividend for 2016 satisfied in the form of issue and allotment of new shares	1,606,548	-	(1,785,054)	-	-	-	-	-	-	(178,506)
Share-based Payment transactions	-	-	-	-	-	-	-	76,619	-	76,619
Revaluation gain on disposal of Freehold Land & Building	-	-	13,408	(13,408)	-	-	-	-	-	-
Total transactions with equity holders	12,055,022	-	(4,446,445)	(13,408)	-	-	-	59,230	-	7,654,399
Balance as at 30.06.2017 - Audited	37,033,025	5,647,890	7,557,551	5,709,451	(4,546,185)	726,108	(23,650)	479,512	43,490,003	96,073,705
Total comprehensive income for the six months ended 31.12.2017										
Profit for the six months ended 31.12.2017	-	-	9,041,325	-	-	-	-	-	-	9,041,325
Other comprehensive income for the six months ended 31.12.2017	-	-	(529,902)	1,396,663	2,838,691	(411,855)	20,438	-	-	3,314,035
Total comprehensive income for the six months ended 31.12.2017	-	-	8,511,423	1,396,663	2,838,691	(411,855)	20,438	-	-	12,355,360
Transactions with owners recognized directly in equity, contributions by and distributions to owners										
Issue of Ordinary Shares under Employee Share Option Plans [ESOPs]	99,099	-	-	-	-	-	-	-	-	99,099
Transfer o/a Share-based Payment transactions	11,417	-	-	-	-	-	-	(11,417)	-	-
Dividends to equity holders										
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	(1,493,719)
Dividend paid in respect of previous years	-	-	(2,279)	-	-	-	-	-	-	(2,279)
Share-based Payment transactions	-	-	-	-	-	-	-	61,722	-	61,722
Revaluation gain on disposal of Freehold Land & Building	-	-	23,532	(18,060)	-	-	-	-	-	5,472
Transfers during the period	-	829,062	(9,609,062)	-	-	-	-	-	8,780,000	-
Total transactions with equity holders	110,516	829,062	(11,081,528)	(18,060)	-	-	-	50,305	8,780,000	(1,329,705)
Balance as at 31.12.2017 - Audited	37,143,541	6,476,952	4,987,446	7,088,054	(1,707,494)	314,253	(3,212)	529,817	52,270,003	107,099,360
Total comprehensive income for the six months ended 30.06.2018										
Profit for the six months ended 30.06.2018	-	-	8,646,219	-	-	-	-	-	-	8,646,219
Other comprehensive income for the six months ended 30.06.2018	-	-	-	-	234,739	322,884	51,166	-	-	608,789
Total comprehensive income for the six months ended 30.06.2018	-	-	8,646,219	-	234,739	322,884	51,166	-	-	9,255,008
Transactions with owners recognized directly in equity, contributions by and distributions to owners										
Issue of Ordinary Shares under Employee Share Option Plans [ESOPs]	199,874	-	-	-	-	-	-	-	-	199,874
Transfer o/a Share-based Payment transactions	5,875	-	-	-	-	-	-	(5,875)	-	-
Dividends to equity holders										
Second interim dividend for 2017	-	-	(2,989,996)	-	-	-	-	-	-	(2,989,996)
Final dividend for 2017 satisfied in the form of issue and allotment of new shares	1,794,844	-	(1,994,271)	-	-	-	-	-	-	(199,427)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	1,207	-	-	-	-	-	-	1,207
Share-based Payment transactions	-	-	-	-	-	-	-	45,470	-	45,470
Total transactions with equity holders	2,000,593	-	(4,983,060)	-	-	-	-	39,595	-	(2,942,872)
Balance as at 30.06.2018 - Audited	39,144,134	6,476,952	8,650,605	7,088,054	(1,472,755)	637,137	47,954	569,412	52,270,003	113,411,496

STATEMENT OF CASH FLOWS

10

<i>For the six months ended June 30,</i>	Group		Bank	
	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities				
Profit before taxation	12,859,308	10,609,103	12,898,261	10,424,932
Adjustment for:				
Non-cash items included in profits before tax	5,057,659	1,495,698	4,566,507	1,394,623
Change in operating assets	(66,460,665)	(67,175,947)	(67,267,028)	(65,322,405)
Change in operating liabilities	49,800,373	55,447,261	48,449,457	54,515,444
Net (gains)/losses from disposal of assets	509	4,112	272	6,362
Share of profits from associates, net of tax	(5,180)	(4,391)	-	-
Dividend income from subsidiaries and associates	-	-	(33,391)	(37,766)
Interest expense on subordinated liabilities	1,218,244	1,172,620	1,218,244	1,172,620
Net (gains)/losses from disposal of financial investments	(6,153)	-	(6,153)	-
Benefits paid on defined benefit plans	(33,976)	(36,552)	(33,976)	(36,552)
Net unrealized gain from translation of Financial Statements of foreign operations	348,197	(91,198)	322,884	(113,238)
Income taxes paid	(2,708,766)	(2,188,436)	(2,676,967)	(2,150,418)
				-
Net cash from/(used in) operating activities	69,550	(767,730)	(2,561,890)	(146,398)
Cash Flows from Investing Activities				
Net purchase of property, plant and equipment	(637,594)	(777,963)	(606,344)	(714,509)
Proceeds from the sale of property, plant and equipment	250	32,378	250	30,128
Purchase of financial investments	(52,257)	(211,741)	(52,257)	(211,741)
Proceeds from the sale and matured financial investments	1,312,486	1,226,284	1,312,486	1,226,284
Net purchase of intangible assets	(129,484)	(78,656)	(100,625)	(76,103)
Cash outflow o/a investments made in subsidiaries	-	-	(455,800)	-
Dividends received from investments in subsidiaries and associates	-	-	33,391	37,766
Net cash from/(used in) in investing activities	493,401	190,302	131,101	291,825
Cash Flows from Financing Activities				
Net proceeds from the issue of ordinary voting shares under ESOPs	199,874	287,212	199,874	287,212
Proceeds from Right Issue of Ordinary shares	-	10,143,873	-	10,143,873
Interest paid on subordinated liabilities	(1,186,429)	(1,161,333)	(1,186,429)	(1,161,333)
Dividend paid to shareholders of the Bank	(3,188,216)	(2,853,304)	(3,188,216)	(2,853,304)
Dividend paid to non-controlling interest	(2,531)	(2,214)	-	-
Net cash from/(used in) financing activities	(4,177,302)	6,414,234	(4,174,771)	6,416,448
Net increase/(decrease) in cash & cash equivalents	(3,614,351)	5,836,806	(6,605,560)	6,561,875
Cash and cash equivalents at beginning of the period	34,673,424	32,924,227	33,224,619	30,193,589
Cash and cash equivalents at end of the period	31,059,073	38,761,033	26,619,059	36,755,464

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
FINANCIAL ASSETS					
Cash and cash equivalents			31,059,073		31,059,073
Balances with Central Banks			52,267,614		52,267,614
Placements with banks			13,115,949		13,115,949
Securities purchased under re-sale agreements			-		-
Derivative financial assets	1,214,820				1,214,820
Other financial instruments - Held-for-trading	6,657,345				6,657,345
Loans and receivables to banks			660,945		660,945
Loans and receivables to other customers			813,725,784		813,725,784
Financial investments - Available-for-sale				117,699,965	117,699,965
Financial investments - Held-to-maturity		78,148,219			78,148,219
Financial investments - Loans and receivables			61,381,588		61,381,588
Total financial assets	7,872,165	78,148,219	972,210,953	117,699,965	1,175,931,302

	Held for Trading (HFT)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000
FINANCIAL LIABILITIES			
Due to banks		44,660,704	44,660,704
Derivative financial liabilities	1,706,183		1,706,183
Securities sold under repurchase agreements		53,526,353	53,526,353
Due to other customers/deposits from customers		920,077,634	920,077,634
Other borrowings		23,768,936	23,768,936
Subordinated liabilities		25,565,239	25,565,239
Total financial liabilities	1,706,183	1,067,598,866	1,069,305,049

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
FINANCIAL ASSETS					
Cash and cash equivalents			34,673,424		34,673,424
Balances with Central Banks			45,546,349		45,546,349
Placements with banks			17,633,269		17,633,269
Securities purchased under re-sale agreements			-		-
Derivative financial assets	2,334,536				2,334,536
Other financial instruments - Held-for-trading	4,410,913				4,410,913
Loans and receivables to banks			640,512		640,512
Loans and receivables to other customers			742,444,130		742,444,130
Financial investments - Available-for-sale				154,913,643	154,913,643
Financial investments - Held-to-maturity		69,365,796			69,365,796
Financial investments - Loans and receivables			48,712,477		48,712,477
Total financial assets	6,745,449	69,365,796	889,650,161	154,913,643	1,120,675,049

	Held for Trading (HFT)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000
FINANCIAL LIABILITIES			
Due to banks		60,244,892	60,244,892
Derivative financial liabilities	3,678,494		3,678,494
Securities sold under repurchase agreements		49,532,385	49,532,385
Due to other customers/deposits from customers		857,269,981	857,269,981
Other borrowings		23,786,094	23,786,094
Subordinated liabilities		25,165,924	25,165,924
Total financial liabilities	3,678,494	1,015,999,276	1,019,677,770

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
FINANCIAL ASSETS					
Cash and cash equivalents			26,619,059		26,619,059
Balances with Central Banks			51,380,853		51,380,853
Placements with banks			13,115,949		13,115,949
Securities purchased under re-sale agreements			-		-
Derivative financial assets	1,214,820				1,214,820
Other financial instruments - Held-for-trading	6,657,345				6,657,345
Loans and receivables to banks			660,945		660,945
Loans and receivables to other customers			808,394,470		808,394,470
Financial investments - Available-for-sale				117,460,848	117,460,848
Financial investments - Held-to-maturity		74,102,897			74,102,897
Financial investments - Loans and receivables			61,381,588		61,381,588
Total financial assets	7,872,165	74,102,897	961,552,864	117,460,848	1,160,988,774

	Held for Trading (HFT)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000
FINANCIAL LIABILITIES			
Due to banks		41,970,534	41,970,534
Derivative financial liabilities	1,706,183		1,706,183
Securities sold under repurchase agreements		53,672,210	53,672,210
Due to other customers/deposits from customers		911,180,396	911,180,396
Other borrowings		23,768,936	23,768,936
Subordinated liabilities		25,565,239	25,565,239
Total financial liabilities	1,706,183	1,056,157,315	1,057,863,498

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
FINANCIAL ASSETS					
Cash and cash equivalents			33,224,619		33,224,619
Balances with Central Banks			44,801,446		44,801,446
Placements with banks			17,633,269		17,633,269
Securities purchased under re-sale agreements			-		-
Derivative financial assets	2,334,536				2,334,536
Other financial instruments - Held-for-trading	4,410,913				4,410,913
Loans and receivables to banks			640,512		640,512
Loans and receivables to other customers			737,446,567		737,446,567
Financial investments - Available-for-sale				154,714,132	154,714,132
Financial investments - Held-to-maturity		63,562,752			63,562,752
Financial investments - Loans and receivables			48,712,477		48,712,477
Total financial assets	6,745,449	63,562,752	882,458,890	154,714,132	1,107,481,223

	Held for Trading (HFT)	Other Amortised Cost	Total
	Rs. '000	Rs. '000	Rs. '000
FINANCIAL LIABILITIES			
Due to banks		57,120,991	57,120,991
Derivative financial liabilities	3,678,494		3,678,494
Securities sold under repurchase agreements		49,676,767	49,676,767
Due to other customers/deposits from customers		850,127,511	850,127,511
Other borrowings		23,786,094	23,786,094
Subordinated liabilities		25,165,924	25,165,924
Total financial liabilities	3,678,494	1,005,877,287	1,009,555,781

	Bank		Group	
	As at 30.06.2018	As at 31.12.2017 (Audited)	As at 30.06.2018	As at 31.12.2017 (Audited)
Regulatory Capital - Rs. '000				
Common Equity Tier I	102,931,266	94,151,253	104,943,723	95,725,306
Tier I Capital	102,931,266	94,151,253	104,943,723	95,725,306
Total Capital	132,092,536	122,415,882	134,104,993	123,989,935
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 2018 - 7.375%, 2017 - 6.250%)	12.109%	12.111%	12.160%	12.122%
Tier I Capital Ratio (Minimum Requirement - 2018 - 8.875%, 2017 - 7.750%)	12.109%	12.111%	12.160%	12.122%
Total Capital Ratio (Minimum Requirement - 2018 - 12.875%, 2017 - 11.750%)	15.540%	15.746%	15.539%	15.701%
Asset Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio (Net of Interest in Suspense)	2.38%	1.88%		
Net Non-Performing Advances Ratio (Net of Interest in Suspense and Provisions)	1.32%	0.92%		
Profitability				
Interest Margin	4.05%	3.62%		
Return on Assets (before tax)	2.22%	2.15%		
Return on Equity	15.81%	17.88%		
Debt Security Related Ratios				
Debt Equity Ratio	37.02%	38.61%		
Interest Cover (Times)	11.26	11.56		
Regulatory Liquidity				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	216,186,109	225,430,587		
Off-Shore Banking Unit	20,519,886	18,105,907		
Statutory Liquid Assets Ratio % (Minimum Requirement 20%)				
Domestic Banking Unit	23.82%	27.28%		
Off-Shore Banking Unit	29.51%	30.95%		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2018 - 90%, 2017 - 80%)	222.99%	272.15%		
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 2018- 90%, 2017 - 80%)	170.13%	209.17%		

OPERATING SEGMENTS - GROUP

	Personal Banking		Corporate Banking		International Operations		Investment Banking		Dealing/Treasury		Unallocated/Eliminations		Total/Consolidated	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
<i>For the six months ended June 30,</i>														
External Operating income :														
Net interest income	15,292,852	12,405,931	4,000,301	2,959,193	2,532,440	1,284,855	156,786	244,385	563,027	294,768	1,325,386	900,604	23,870,792	18,089,736
Foreign exchange profit	100,514	85,631	739,732	546,306	605,810	426,034	-	-	1,048	(353,799)	-	-	1,447,104	704,172
Net fees and commission income	3,258,343	2,753,868	1,026,273	841,509	691,178	449,459	14,090	32,013	2,166	5,561	-	-	4,992,050	4,082,410
Other income	287,952	464,145	19,617	91,841	30,808	52,214	(5,557)	32,725	160,239	32,844	219,276	234,120	712,335	907,889
Total Operating income	18,939,661	15,709,575	5,785,923	4,438,849	3,860,236	2,212,562	165,319	309,123	726,480	(20,626)	1,544,662	1,134,724	31,022,281	23,784,207
Credit loss expenses	(3,360,413)	(1,259,072)	(459,329)	371,376	(208,650)	(72,877)	-	-	-	-	-	-	(4,028,392)	(960,573)
Net Operating income	15,579,248	14,450,503	5,326,594	4,810,225	3,651,586	2,139,685	165,319	309,123	726,480	(20,626)	1,544,662	1,134,724	26,993,889	22,823,634
Segment result	6,534,316	6,674,497	3,756,242	3,234,911	2,532,472	1,989,831	124,898	264,209	679,468	(459,775)	(773,268)	(1,098,961)	12,854,128	10,604,712
Profit from operations													12,854,128	10,604,712
Share of profit of Associates, net of tax													5,180	4,391
Income tax expense													(4,253,973)	(2,954,835)
Non Controlling Interest													(46,174)	3,476
Net profit for the period, attributable to Equity holders of the Bank													8,559,161	7,657,744
<i>As at June 30,</i>														
Other information														
Segment assets	442,229,407	376,715,811	299,291,714	255,899,693	144,489,158	120,645,179	7,499,235	11,162,550	247,826,566	262,975,819	72,039,589	67,617,465	1,213,375,669	1,095,016,517
Investment in associates	-	-	-	-	-	-	-	-	-	-	107,669	107,756	107,669	107,756
Total assets	442,229,407	376,715,811	299,291,714	255,899,693	144,489,158	120,645,179	7,499,235	11,162,550	247,826,566	262,975,819	72,147,258	67,725,221	1,213,483,338	1,095,124,273
Segment liabilities	739,907,496	637,773,528	166,296,225	152,477,103	112,882,793	96,875,097	7,606,904	11,270,306	62,839,567	95,181,635	8,805,119	3,863,761	1,098,338,104	997,441,430
Total liabilities	739,907,496	637,773,528	166,296,225	152,477,103	112,882,793	96,875,097	7,606,904	11,270,306	62,839,567	95,181,635	8,805,119	3,863,761	1,098,338,104	997,441,430
<i>For the six months ended June 30,</i>														
Information on cash flows														
Cash flows from operating activities	22,262,366	30,881,232	(53,048,888)	(16,421,103)	2,414,692	3,866,647	287,085	298,973	28,154,295	(19,393,479)	-	-	69,550	(767,730)
Cash flows from investing activities	-	-	-	-	-	-	1,260,229	1,014,543	-	-	-	-	1,260,229	1,014,543
Cash flows from financing activities	-	-	-	-	-	-	-	-	(1,186,429)	(1,161,333)	(2,990,873)	7,575,567	(4,177,302)	6,414,234
Capital expenditure -														
Property, Plant & Equipment													(637,344)	(745,585)
Intangible assets													(129,484)	(78,656)
Net cash flow generated during the period													(3,614,351)	5,836,806

Twenty largest voting shareholders as at June 30, 2018

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	128,325,142	13.57
Employees Provident Fund	91,090,278	9.63
Mr. Y. S. H. I. Silva	76,373,675	8.08
Deutsche Bank AG Singapore - DSS A/C Ntasia Discovery Master Fund	53,948,136	5.70
Sri Lanka Insurance Corporation Ltd. - Life Fund	42,927,124	4.54
Melstacorp PLC	42,050,677	4.45
CB NY S/A International Finance Corporation	41,974,991	4.44
Sri Lanka Insurance Corporation Ltd. - General Fund	36,911,420	3.90
Employees Trust Fund Board	16,783,623	1.77
BNYMSANV RE-CF Ruffer Absolute Return Fund	16,625,393	1.76
Mrs. L. E. M. Yaseen	16,623,652	1.76
HSBC Intl. Nominees Ltd. - JPMCB - T Rowe New Asia Fund	15,183,362	1.61
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	12,535,220	1.33
BNYMSANV RE - First State Investments ICVC - Stewart Investors Indian Subcontinent Fund	12,243,878	1.29
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Institutional Fund, Inc. - Frontier Emerging Markets Portfolio	11,343,851	1.20
Citi Bank Newyork S/A Norges Bank Account 02	10,620,511	1.12
HSBC Intl. Nominees Ltd. - SSBT - BMO Investments II (Ireland) Public Limited Company	9,989,558	1.06
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global Asia Pacific Equity Fund	9,566,382	1.01
HSBC Intl. Nominees Ltd. - JPMLU-T Rowe Price Funds SICAV	9,484,277	1.00
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	9,459,675	1.00
Sub total	664,060,825	70.22
Other Shareholders	281,619,830	29.78
Total	945,680,655	100.00

Percentage of public holding as at June 30, 2018 - 99.68%

Number of shareholders representing public holding as at June 30, 2018 - 10,148

Twenty largest non-voting shareholders as at June 30, 2018

Name of the Shareholder	No. of Shares	%
Citi Bank Newyork S/A Norges Bank Account 02	9,990,652	15.37
Employees Trust Fund Board	5,057,600	7.78
Akbar Brothers (Pvt) Ltd. A/C No.01	2,093,613	3.22
GF Capital Global Limited	1,655,603	2.55
BNYMSANV RE-Butterfield Trust (Bermuda) Limited	1,466,494	2.26
M.J.F.Exports (Pvt) Ltd	1,112,164	1.71
Northern Trust Company S/A Polar Capital Funds PLC	1,095,618	1.69
Mr. M. F. Hashim	920,197	1.42
Saboor Chatoor (Pvt) Ltd	887,621	1.37
Mrs. L. V. C. Samarasingha	863,584	1.33
Union Assurance PLC/No - 01A/C	661,016	1.02
CB NY S/A Saliient International Dividend Signal Fund	655,188	1.01
Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint)	618,135	0.95
Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint)	615,863	0.95
Mr. T.W.A. Wickramasinghe	610,000	0.94
Mr. R. Gautam	559,100	0.86
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	545,175	0.84
Mr. K.S.M. De Silva	515,012	0.79
Mr. J.G. De Mel	471,019	0.72
Mr. A.P. Somasiri	455,000	0.70
Sub total	30,848,654	47.45
Other Shareholders	34,164,520	52.55
Total	65,013,174	100.00

Percentage of public holding as at June 30, 2018 - 84.34%

Number of shareholders representing public holding as at June 30, 2018 - 4,393

Directors' holding in shares as at June 30, 2018

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.K.G.D.D. Dheerasinghe - Chairman	23,870	-
Mr.M.P. Jayawardena - Deputy Chairman	-	-
Mr.S. Renganathan - Managing Director/Chief Executive Officer (Appointed with effect from July 27, 2018)	323,903	11,916
Mr.J.Durairatnam - Former Managing Director/Chief Executive Officer (Retired with effect from July 26, 2018)	624,730	-
Mr.S. Swarnajothi	-	10,944
Prof. A.K.W. Jayawardane	-	-
Mr. K. Dharmasiri	-	-
Mr. L.D. Niyangoda	-	-
Ms. N.T.M.S. Cooray	190,000	50,575
Mr. G.S. Jadeja	-	-
Mr. T.L.B. Hurulle	-	-
Justice K. Sripavan	-	-
Mr.S.C.U. Manatunge - Chief Operating Officer (Appointed with effect from July 27, 2018)	57,553	-

	2018 Rs.	2017 Rs.
Market price of an ordinary share as at June 30,		
Voting	123.00	139.20
Non-Voting	94.00	106.80
Highest price during the quarter ended June 30,		
Voting	138.50	149.00
Non-Voting	108.90	118.50
Lowest price during the quarter ended June 30,		
Voting	122.90	130.50
Non-Voting	94.00	103.10
Number of ordinary shares as at June 30.		
Voting	945,680,655	931,144,124
Non-Voting	65,013,174	63,927,611

EXPLANATORY NOTES

1 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2017. These Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

2 Sri Lanka Accounting Standard - SLFRS 9 on “Financial Instruments”

The Sri Lanka Accounting Standard - SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”)” which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka, entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Bank has prepared the Interim Financial Statements for the six months ended June 30, 2018 based on LKAS 39.

Impact on Statement of Comprehensive Income and Net Assets

Based on the assessments undertaken to date which is yet to be audited, the total estimated additional loan loss provision as at December 31, 2017 on adoption of SLFRS 9 is expected to be in the range of 25% to 35% compared to the total impairment provision determined as per LKAS 39. The impact of the new classification and measurement approach for financial assets is not expected to be material.

Accordingly, the increase in impairment provision based on ECL model under SLFRS 9, had it been effective as at December 31, 2017, would have reduced the Group’s/ Bank’s net assets by approximately 4% to 5% and the Total Capital Adequacy ratio by 50 to 70 basis points.

3 The Bank announced a debenture issue in January 2018 to issue 50,000,000 Basel III compliant - Tier II, listed, rated, unsecured, subordinated redeemable debentures of Rs. 100/- each, with a non-viability conversion feature amounting to Rs 5 Bn. with an option to issue up to a further 50,000,000 debentures amounting to Rs. 5 Bn. This debenture issue was opened for investors on July 16, 2018 and was oversubscribed on the the same day. The allotment and listing of debentures was also concluded in July 2018.

The quantum of funds raised through the above Debenture Issue will be utilised to achieve the following objectives as stipulated in the prospectus.

- a) Expansion of the lending portfolio.
- b) Increasing Tier II Capital base of the Bank thus strengthening its Total Eligible Capital as per BASEL III requirements.
- c) Reduce maturity gaps by matching medium to long-term liabilities with medium to long-term assets.

As stated in the prospectus, the progress made on the utilisation of funds raised through the above debenture issue will be published in future interim and annual financial statements.

4 During the quarter, there were no material changes in the composition of assets, liabilities, contingent liabilities.

5 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.

6 There were no material events that took place since June 30, 2018, that require disclosure in these Interim Financial Statements other than those disclosed above.

Auditors' Opinion on the Financial Statements of the Bank as at June 30, 2018 and for the six months period then ended

The figures relating to the Bank have been extracted from the Financial Statements that had been audited by M/s Ernst & Young, the External Auditors of the Bank.

The Auditors expressed an unqualified opinion on the said Financial Statements prepared as at June 30, 2018 and for the six months period then ended.

INFORMATION ON DEBENTURES - BANK

Debenture categories	CSE Listing	Interest payable frequency	Balance as at June 30, 2018 Rs.'000	Market values			Interest Rates		Interest rate of comparable Govt. Security %	Other ratios as at date of last trade	
				Highest Rs.	Lowest Rs.	Period End Rs.	Coupon Rate %	Eff. Ann. Yield %		Int. Yield %	YTM %
Fixed rate											
March 2016/March 2021 10.75% p.a.	Listed	Semi Annually	4,430,340	Not traded during the current period			10.75	11.04	9.95	Not traded during the current period	
March 2016/March 2026 11.25% p.a.	Listed	Semi Annually	1,749,090	Not traded during the current period			11.25	11.57	10.45	Not traded during the current period	
October 2016/October 2021 12.00% p.a.*	Listed	Semi Annually	5,071,800	102.66	99.96	102.66	12.00	12.36	10.00	11.02	11.06
October 2016/October 2026 12.25% p.a.	Listed	Semi Annually	1,928,200	Not traded during the current period			12.25	12.63	10.65	Not traded during the current period	
Total Debentures			13,179,430								

* Last traded date was June 13, 2018.

(AS PER THE CIRCULAR NO.02/17/900/0001/004 DATED ON OCTOBER 11, 2013 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Group		Bank	
	As at 30.06.2018	As at 31.12.2017	As at 30.06.2018	As at 31.12.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross loans and receivables	835,264,214	760,453,937	828,791,327	754,707,977
Less: Allowance for Individual impairment	9,301,563	7,853,654	9,301,563	7,853,654
Allowance for Collective impairment	12,236,867	10,156,153	11,095,294	9,407,756
Net loans and receivables	813,725,784	742,444,130	808,394,470	737,446,567

2 LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.06.2018	As at 31.12.2017	As at 30.06.2018	As at 31.12.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
By product - Domestic Currency				
Loans and advances				
Overdrafts	120,140,053	107,668,330	120,142,624	107,668,330
Trade finance	56,404,107	42,087,800	56,404,107	42,087,800
Lease rental receivable	43,858,873	40,205,415	38,802,903	37,304,183
Credit cards	11,164,307	9,579,986	11,164,307	9,579,986
Pawning	1,508,649	1,339,259	1,508,649	1,339,259
Staff loans	8,527,214	7,859,934	8,520,637	7,853,190
Housing loans	53,150,412	50,347,880	53,150,412	50,347,880
Personal loans	31,492,820	27,957,462	31,492,820	27,880,374
Term loans				
Short-term	65,775,321	51,711,809	65,762,538	50,665,521
Long-term	266,273,670	260,928,084	266,977,542	260,646,705
Bills of Exchange	717,080	372,090	717,080	372,090
Gross loans and receivables	659,012,506	600,058,049	654,643,619	595,745,318

	Group		Bank	
	As at 30.06.2018	As at 31.12.2017	As at 30.06.2018	As at 31.12.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
By product - Foreign Currency				
Loans and advances				
Overdrafts	13,559,467	10,403,986	12,913,505	9,693,700
Trade finance	19,572,858	16,203,388	19,493,640	16,188,165
Lease rental receivable	655,931	561,000	655,442	561,000
Credit cards	79,282	59,060	79,282	59,060
Staff loans	123,600	120,495	123,600	120,495
Housing loans	3,950,752	3,280,765	3,950,752	3,280,765
Personal loans	538,677	444,367	445,238	392,295
Term loans				
Short-term	40,951,533	36,956,807	40,951,533	36,935,287
Long-term	77,380,319	75,631,013	76,095,427	74,996,885
Bills of Exchange	19,439,289	16,735,007	19,439,289	16,735,007
Gross loans and receivables	176,251,708	160,395,888	174,147,708	158,962,659
Total of gross loans and receivables	835,264,214	760,453,937	828,791,327	754,707,977

(AS PER THE CIRCULAR NO.02/17/900/0001/004 DATED ON OCTOBER 11, 2013 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

3 MOVEMENT IN INDIVIDUAL AND COLLECTIVE IMPAIRMENT DURING THE PERIOD FOR LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Group		Bank	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Movement in Allowance for Individual Impairment				
Balance as at January 01,	7,853,654	8,453,457	7,853,654	8,453,457
Charge/(write back) to the Income statement	1,643,151	401,716	1,643,151	401,716
Net write-off/(recoveries) during the period/year	(59,751)	(695,023)	(59,751)	(695,023)
Exchange rate variance on foreign currency provisions	44,647	30,057	44,647	30,057
Interest accrued / (reversals) on impaired loans & advances	(560,236)	(861,057)	(560,236)	(861,057)
Other movements	380,098	524,504	380,098	524,504
Balance as at June 30/December 31,	9,301,563	7,853,654	9,301,563	7,853,654
Movement in Allowance for Collective Impairment				
Balance as at January 01,	10,156,153	9,399,591	9,407,756	8,919,222
Charge/(write back) to the Income statement	2,385,026	1,823,522	1,992,107	1,554,333
Net write-off/(recoveries) during the period/year	(310,381)	(1,060,768)	(310,381)	(1,060,768)
Exchange rate variance on foreign currency provisions	6,069	(6,192)	5,812	(5,031)
Other movements	-	-	-	-
Balance as at June 30/December 31,	12,236,867	10,156,153	11,095,294	9,407,756
Total of Individual and Collective Impairment June 30/ December 31,	21,538,430	18,009,807	20,396,857	17,261,410

4 DUE TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.06.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 30.06.2018 Rs.'000	As at 31.12.2017 Rs.'000
By product - Domestic Currency				
Current account deposits	41,776,586	42,488,222	41,778,751	42,497,439
Savings deposits	224,314,467	212,687,511	224,363,133	213,055,712
Time deposits	440,766,252	394,357,770	440,766,252	394,431,924
Certificate of deposits	96,553	176,355	96,553	176,355
Sub Total	706,953,858	649,709,858	707,004,689	650,161,430
By product - Foreign Currency				
Current account deposits	27,307,648	23,401,770	22,643,892	18,954,618
Savings deposits	60,743,722	60,355,737	58,732,361	59,001,649
Time deposits	125,072,406	123,802,616	122,799,454	122,009,814
Certificate of deposits	-	-	-	-
Sub Total	213,123,776	207,560,123	204,175,707	199,966,081
Total	920,077,634	857,269,981	911,180,396	850,127,511

NAME OF COMPANY

Commercial Bank of Ceylon PLC

TAX PAYER IDENTIFICATION NUMBER (TIN)

124006007

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted in the Colombo Stock Exchange in March 1970. The Company was re-registered under the Companies Act No.7 of 2007. A licensed Commercial Bank under Banking Act No.30 of 1988.

CREDIT RATING**Sri Lanka Operation**

AA (lka) was re-affirmed by Fitch Ratings Lanka Ltd. in March 2018.

Bangladesh Operation

AAA was re-affirmed by Credit Rating Information & Services Limited in June 2018.

COMPANY REGISTRATION NUMBER

PQ116

COMPLIANCE OFFICER

Mr. V.S. Rajasooriyar

Assistant General Manager - Compliance

STOCK EXCHANGE LISTING

The Ordinary Shares and the Unsecured Subordinated Redeemable Debentures of the Bank are listed on the Colombo Stock Exchange.

LAWYERS

Julius & Creasy,

No. 41, Janadhipathi Mawatha,

Colombo 1, Sri Lanka.

REGISTERED OFFICE

"Commercial House",

No. 21, Sir Razik Fareed Mawatha,

P.O. Box 856,

Colombo 1, Sri Lanka.

Telephone : 2430420, 2336700

2445010-15 ,2486000, 4792000

Tele-Banking :2336633-5

Telex :21520 COMEX CE

Facsimile : 2449889

SWIFT Code-Sri Lanka : CCEYLKX

SWIFT Code-Bangladesh : CCEYBDDH

E-mail : email@combank.net

Website : www.combank.net

AUDITORS

Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10, Sri Lanka.

REGISTRARS

S S P Corporate Services (Private) Limited,

No. 101, Inner Flower Road,

Colombo 3, Sri Lanka.

Telephone: 2573894, 2576871

Facsimile: 2573609

E-mail: sspsec@sltnet.lk

COMPANY SECRETARY

Mrs. J.R. Gamage

HEAD OFFICE

"Commercial House",

No. 21, Sir Razik Fareed Mawatha,

P.O. Box 856,

Colombo 1, Sri Lanka.

BOARD OF DIRECTORS

Mr. K.G.D.D. Dheerasinghe - Chairman

Mr. M.P. Jayawardena - Deputy Chairman

Mr.S. Renganathan - Managing Director/Chief Executive Officer
(Appointed with effect from July 27, 2018)

Mr. S. Swarnajothi

Prof. A.K.W. Jayawardane

Mr. K. Dharmasiri

Mr. L.D. Niyangoda

Ms. N.T.M.S. Cooray

Mr. G.S. Jadeja

Mr. T.L.B. Hurulle

Justice K. Sripavan

Mr.S.C.U. Manatunge

(Appointed as an Executive Director/Chief Operating Officer with effect from July 27, 2018)

ACCOUNTING YEAR

December 31