



 COMMERCIAL BANK

**INTERIM FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2020**

## Financial review for the six months ended June 30, 2020

### ComBank's assets cross milestone Rs 1.5 trillion in 1H 2020

- **Pandemic concessions affect income**
- Net interest income & Net fee and commission reduce by Rs 2.130 billion
- Impairment charges grow by 67.56% - up by Rs 3.735 billion
- Capital gains and exchange profits increase by Rs 6.744 billion

The Commercial Bank of Ceylon Group has reported mixed results for the first half of 2020, with robust top line growth negated by a combination of factors including pressure on interest margins due to reduced credit demand and interest concessions granted as pandemic relief to borrowers, increasing impairment provisions and low yields on surplus liquidity.

Comprising of Commercial Bank of Ceylon PLC – the country's largest private bank – its subsidiaries and associates, the Group saw its assets grow by a healthy 11.19% over the six months to cross the milestone Rs 1.5 trillion mark in the second quarter of the year, and gross income improve by 2.15% to Rs 75.167 billion in the review period.

However, with interest income declining by 5% to Rs 61.393 billion for the six months ending 30<sup>th</sup> June 2020 and by 11.05% in the second quarter alone, mainly due to recognition of a day one /modification loss on interest concessions offered to customers affected by the COVID-19 pandemic under the special concessions mandated by the Central Bank and Bank's own concessionary payment schemes, net interest income for the period reviewed reduced by 5.71% to Rs 22.767 billion and by 16.98% to Rs 9.984 billion in the second quarter, adding pressure on net interest margins, the Bank disclosed in a filing with the Colombo Stock Exchange (CSE).

The Bank's ability to limit the decline in net interest income for the six months to 5.71% was due to its success in reducing interest expenses by 4.57% to Rs 38.626 billion via timely repricing of its liabilities in the review period.

With taxes on financial services for the period reducing by 42.48% to Rs 2.073 billion due to the abolition of the Debt Repayment Levy (DRL) and Nation Building Tax (NBT) from January 2020 and December 2019 respectively, the Group recorded profit before income tax of Rs 11.117 billion, an improvement of 7.40% over the first half of 2019.

Income tax expenses reduced by a marginal 0.24% to Rs 3.669 billion due to tax concessions on the Bank's Sri Lanka Development Bonds portfolio that were not available in the corresponding period of last year, enabling the Group to report profit after tax of Rs 7.448 billion, a growth of 11.61%.

Taken separately, the Commercial Bank of Ceylon generated a profit before taxes on financial services of Rs 12.511 billion for the six months under review, a decline of 8.17%. Mirroring the Group trend the Bank achieved profit after tax of Rs 6.961 billion, an improvement of 7.65%.

Total assets of the Group grew by Rs 158 billion or 11.19% since 31<sup>st</sup> December 2019 to Rs 1.567 trillion as at 30<sup>th</sup> June 2020. Asset growth over the preceding 12 months was Rs 200.568 billion or 14.68% YoY.

Gross loans and advances grew by Rs 10.829 billion or 1.16% since end 2019 to Rs 941.567 billion at the end of the six months reviewed. The growth of the loan book over the preceding year was Rs 52.644 billion reflecting YoY growth of 5.92%.

Total deposits recorded a growth of Rs 86.237 billion or 8.07% over the six months to reach Rs 1.155 trillion as at 30<sup>th</sup> June 2020, reflecting an average monthly growth of over Rs 14 billion. Deposit growth since 30<sup>th</sup> June 2019 was Rs 118.069 billion or 11.38% at a monthly average of Rs 9.84 billion.

Elaborating on some of the key elements that impacted Group performance, the Bank said net fees and commissions had reduced by 15.52% for the six months to Rs 4.088 billion as a result of a 31.37% reduction in this component in the second quarter of the year due to the disruption caused by the COVID-19 pandemic and the reduction of fees and charges by the Bank as required by the regulator.

However, the negative impact of this decline was cushioned by other income growing by a whopping 173.89% to Rs 8.583 billion, principally because an increase in exchange profit and capital gains had resulted in net other operating income recording close to a four-fold increase, from Rs 1.675 billion to Rs 6.506 billion.

Gains in exchange income from swap trading and foreign currency trading and translation gains of Rs 963.3 million from US Dollar denominated reserves due to a 2.4% depreciation of the Rupee in the first half of 2020 resulted in exchange profit growing four and a half times from Rs 1.422 billion to Rs 6.387 billion, the Bank disclosed.

In addition, net gains from de-recognition of financial assets increased from Rs 355.693 million to Rs 2.134 billion in the review period mainly due to capital gains on the sale of government securities. However, the Bank posted a net trading loss of Rs 58.185 million as against a trading gain of Rs 1.103 billion because the figure for the first half of 2019 was swelled by unrealised gains of Rs 1.266 billion on forward, spot and swap transactions, as against a loss of Rs 304.493 million in the first half of 2020.

However, the negative impact of the unrealised losses on forward, spot and swap transactions was partly negated by mark to market gains of Rs 674.357 million on treasury bills and bonds as against mark to market gains of Rs 50.2 million in the corresponding six months of the previous year.

In other key indicators, the Bank's Tier 1 capital adequacy ratio (CAR) improved to 13.020% as at 30<sup>th</sup> June 2020, helped by a reduction in risk-weighted assets due to an increase in investments in government securities and the impact of more loans being categorised as low risk weighted following the Central Bank's direction to increase the turnover-based ceiling for the SME loans segment. The Bank's Tier I CAR was well above the revised minimum requirement of 9% imposed by the regulator consequent to the COVID-19 pandemic, while its Total Capital Ratio of 16.866% was also comfortably above the revised requirement of 13%.

An imminent US\$ 50 million equity investment in Commercial Bank by the IFC via a private placement would further boost the Bank's Tier I capital and enhance shareholder value, the Bank said.

The Bank's gross NPL ratio increased to 5.37% from 4.95% at end 2019 while its net NPL ratio increased to 3.19% from 3.0%.

The Bank's interest margin reduced to 3.04% for the six months from 3.51% at end December 2019. Return on assets (before tax) and return on equity stood at 1.43% and 10.21% respectively as at 30<sup>th</sup> June 2020 from 1.66% and 13.54% at the end of 2019.

As part of its response to the COVID-19 pandemic, Commercial Bank launched a series of concessions and facilities to help businesses and individuals recover from the adverse effects of the pandemic, in addition to its conformance with regulator-mandated concessions. The Bank launched two separate bank-funded support loan schemes for SMEs and micro enterprises, special payment relief schemes for existing borrowers, special repayment plans for Credit Card customers and slashed interest rates across the board on all categories of loans.

The first Sri Lankan Bank to be listed among the Top 1000 Banks of the World and the only Sri Lankan bank to be so listed for 10 years consecutively, Commercial Bank is celebrating its 100th anniversary this year. The Bank, which won more than 50 international and local awards in 2019, operates a network of 268 branches and 873 ATMs in Sri Lanka.

Commercial Bank's overseas operations encompass Bangladesh, where the Bank operates 19 outlets; Myanmar, where it has a Representative Office in Yangon and a Microfinance company in Nay Pyi Taw; and the Maldives, where the Bank has a fully-fledged Tier I Bank with a majority stake.

# INCOME STATEMENT - GROUP

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	For the six months ended			For the quarter ended		
	30.06.2020 Rs.'000	30.06.2019 Rs.'000	Change %	30.06.2020 Rs.'000	30.06.2019 Rs.'000	Change %
<b>Gross income</b>	<b>75,167,426</b>	73,586,944	2.15	<b>35,086,971</b>	38,085,469	(7.87)
Interest income	61,393,254	64,622,447	(5.00)	29,038,454	32,645,243	(11.05)
Less : Interest expense	38,626,494	40,476,911	(4.57)	19,054,354	20,619,527	(7.59)
<b>Net interest income</b>	<b>22,766,760</b>	24,145,536	(5.71)	<b>9,984,100</b>	12,025,716	(16.98)
Fee and commission income	5,191,549	5,830,930	(10.97)	2,083,946	2,857,199	(27.06)
Less: Fee and commission expense	1,103,850	992,480	11.22	443,308	466,589	(4.99)
<b>Net fee and commission income</b>	<b>4,087,699</b>	4,838,450	(15.52)	<b>1,640,638</b>	2,390,610	(31.37)
Net gains/(losses) from trading	(58,185)	1,103,073	(105.27)	2,289,819	362,225	532.15
Net gains/(losses) from derecognition of financial assets	2,134,526	355,693	500.10	1,772,860	247,190	617.21
Net other operating income	6,506,282	1,674,801	288.48	(98,108)	1,973,612	(104.97)
<b>Total operating income</b>	<b>35,437,082</b>	32,117,553	10.34	<b>15,589,309</b>	16,999,353	(8.29)
Less : Impairment charges and other losses	9,260,824	5,526,814	67.56	2,607,571	3,630,501	(28.18)
<b>Net operating income</b>	<b>26,176,258</b>	26,590,739	(1.56)	<b>12,981,738</b>	13,368,852	(2.90)
<b>Less: Expenses</b>	<b>12,985,664</b>	12,641,883	2.72	<b>6,239,024</b>	6,224,250	0.24
Personnel expenses	7,483,530	7,055,080	6.07	3,642,562	3,444,105	5.76
Depreciation and amortisation	1,570,749	1,473,287	6.62	901,930	774,275	16.49
Other expenses	3,931,385	4,113,516	(4.43)	1,694,532	2,005,870	(15.52)
<b>Operating profit before taxes on financial services</b>	<b>13,190,594</b>	13,948,856	(5.44)	<b>6,742,714</b>	7,144,602	(5.63)
<b>Less: Taxes on financial services</b>	<b>2,073,295</b>	3,604,296	(42.48)	<b>1,064,023</b>	1,817,336	(41.45)
Value Added Tax (VAT)	2,073,295	2,149,328	(3.54)	1,064,023	1,081,231	(1.59)
Nation Building Tax (NBT)	-	286,577	-	-	144,164	-
Debt Repayment Levy (DRL)	-	1,168,391	-	-	591,941	-
<b>Operating profit after taxes on financial services</b>	<b>11,117,299</b>	10,344,560	7.47	<b>5,678,691</b>	5,327,266	6.60
Add: Share of profits/(losses) of associates, net of tax	(737)	5,872	(112.55)	177	4,529	(96.09)
<b>Profit before income tax</b>	<b>11,116,562</b>	10,350,432	7.40	<b>5,678,868</b>	5,331,795	6.51
Less : Income tax expense	3,668,985	3,677,831	(0.24)	2,045,674	1,850,007	10.58
<b>Profit for the period</b>	<b>7,447,577</b>	6,672,601	11.61	<b>3,633,194</b>	3,481,788	4.35
<b>Profit attributable to:</b>						
Equity holders of the Bank	7,373,761	6,580,562	12.05	3,609,052	3,450,645	4.59
Non-controlling interest	73,816	92,039	(19.80)	24,142	31,143	(22.48)
<b>Profit for the period</b>	<b>7,447,577</b>	6,672,601	11.61	<b>3,633,194</b>	3,481,788	4.35
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	7.01	6.40	9.53	3.43	3.36	2.08
Diluted earnings per ordinary share (Rs.)	7.01	6.40	9.53	3.43	3.36	2.08

	For the six months ended			For the quarter ended		
	30.06.2020	30.06.2019	Change	30.06.2020	30.06.2019	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the Period</b>	<b>7,447,577</b>	<b>6,672,601</b>	<b>11.61</b>	<b>3,633,194</b>	<b>3,481,788</b>	<b>4.35</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net change in fair value on investments in equity	(40,063)	(28,113)	(42.51)	13,868	(11,283)	222.91
Change in fair value on investments in equity at fair value through other comprehensive income	(40,063)	(28,113)	(42.51)	13,868	(11,283)	222.91
Less: Deferred tax charge/(reversal) on change in fair value on investments in equity	-	-	-	-	-	-
Transfer of fair value (gains)/losses o/a reclassification of debt instruments from fair value through other comprehensive income to amortised cost, net of tax	183,957	-	-	183,957	-	-
Share of other comprehensive income/(expense) of associates, net of tax	(2,892)	(3,032)	4.62	(2,892)	(1,030)	(180.78)
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	450,396	(891,557)	150.52	(712,154)	80,445	(985.27)
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	3,650,936	3,478,142	4.97	4,358,492	1,434,293	203.88
Fair value gains/(losses) that arose during the period, net of tax	4,821,502	3,597,731	34.02	5,299,563	1,494,074	254.71
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(1,539,106)	(289,292)	(432.03)	(1,278,706)	(210,178)	(508.39)
Fair value (gains)/losses recycled to the Income Statement as impairment, net of tax	368,540	169,703	117.17	337,635	150,397	124.50
Cash flow hedges - effective portion of changes in fair value, net of tax	(71,485)	(58,059)	(23.12)	439	(36,881)	101.19
<b>Other comprehensive income/(expense) for the period, net of taxes</b>	<b>4,170,849</b>	<b>2,497,381</b>	<b>67.01</b>	<b>3,841,710</b>	<b>1,465,544</b>	<b>162.14</b>
<b>Total comprehensive income for the period</b>	<b>11,618,426</b>	<b>9,169,982</b>	<b>26.70</b>	<b>7,474,904</b>	<b>4,947,332</b>	<b>51.09</b>
<b>Attributable to:</b>						
Equity holders of the Bank	11,513,643	9,117,095	26.29	7,478,048	4,908,975	52.33
Non-controlling interest	104,783	52,887	98.13	(3,144)	38,357	(108.20)
<b>Total comprehensive income for the period</b>	<b>11,618,426</b>	<b>9,169,982</b>	<b>26.70</b>	<b>7,474,904</b>	<b>4,947,332</b>	<b>51.09</b>

## INCOME STATEMENT - BANK

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	For the six months ended			For the quarter ended		
	30.06.2020	30.06.2019	Change	30.06.2020	30.06.2019	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>74,087,705</b>	<b>72,604,737</b>	<b>2.04</b>	<b>34,643,327</b>	<b>37,656,872</b>	<b>(8.00)</b>
Interest income	60,529,822	63,908,860	(5.29)	28,638,162	32,280,313	(11.28)
Less : Interest expense	38,402,091	40,269,710	(4.64)	18,936,384	20,522,234	(7.73)
<b>Net interest income</b>	<b>22,127,731</b>	<b>23,639,150</b>	<b>(6.39)</b>	<b>9,701,778</b>	<b>11,758,079</b>	<b>(17.49)</b>
Fee and commission income	4,917,554	5,662,221	(13.15)	1,965,277	2,802,945	(29.89)
Less: Fee and commission expense	1,096,634	988,901	10.89	437,530	464,968	(5.90)
<b>Net fee and commission income</b>	<b>3,820,920</b>	<b>4,673,320</b>	<b>(18.24)</b>	<b>1,527,747</b>	<b>2,337,977</b>	<b>(34.66)</b>
Net gains/(losses) from trading	(58,185)	1,103,073	(105.27)	2,289,819	362,225	532.15
Net gains/(losses) from derecognition of financial assets	2,134,526	355,693	500.10	1,772,860	247,190	617.21
Net other operating income	6,563,988	1,574,890	316.79	(22,791)	1,964,199	(101.16)
<b>Total operating income</b>	<b>34,588,980</b>	<b>31,346,126</b>	<b>10.35</b>	<b>15,269,413</b>	<b>16,669,670</b>	<b>(8.40)</b>
Less :Impairment charges for loans and other losses	9,440,652	5,367,411	75.89	2,895,956	3,515,041	(17.61)
<b>Net operating income</b>	<b>25,148,328</b>	<b>25,978,715</b>	<b>(3.20)</b>	<b>12,373,457</b>	<b>13,154,629</b>	<b>(5.94)</b>
<b>Less: Expenses</b>	<b>12,637,750</b>	<b>12,355,532</b>	<b>2.28</b>	<b>6,101,659</b>	<b>6,072,949</b>	<b>0.47</b>
Personnel expenses	7,279,809	6,928,605	5.07	3,538,108	3,370,615	4.97
Depreciation and amortisation	1,512,505	1,394,595	8.45	863,198	734,646	17.50
Other expenses	3,845,436	4,032,332	(4.63)	1,700,353	1,967,688	(13.59)
<b>Operating profit before taxes on financial services</b>	<b>12,510,578</b>	<b>13,623,183</b>	<b>(8.17)</b>	<b>6,271,798</b>	<b>7,081,680</b>	<b>(11.44)</b>
<b>Less: Taxes on financial services</b>	<b>2,064,495</b>	<b>3,576,875</b>	<b>(42.28)</b>	<b>1,054,272</b>	<b>1,809,746</b>	<b>(41.74)</b>
Value Added Tax (VAT)	2,064,495	2,129,937	(3.07)	1,054,272	1,077,657	(2.17)
Nation Building Tax (NBT)	-	283,992	-	-	143,688	-
Debt Repayment Levy (DRL)	-	1,162,946	-	-	588,401	-
<b>Profit before income tax</b>	<b>10,446,083</b>	<b>10,046,308</b>	<b>3.98</b>	<b>5,217,526</b>	<b>5,271,934</b>	<b>(1.03)</b>
Less : Income tax expense	3,484,972	3,579,925	(2.65)	1,962,981	1,828,428	7.36
<b>Profit for the period</b>	<b>6,961,111</b>	<b>6,466,383</b>	<b>7.65</b>	<b>3,254,545</b>	<b>3,443,506</b>	<b>(5.49)</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	6.62	6.29	5.25	3.09	3.35	(7.76)
Diluted earnings per ordinary share (Rs.)	6.62	6.29	5.25	3.09	3.35	(7.76)

	For the six months ended			For the quarter ended		
	30.06.2020	30.06.2019	Change	30.06.2020	30.06.2019	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the period</b>	<b>6,961,111</b>	<b>6,466,383</b>	<b>7.65</b>	<b>3,254,545</b>	<b>3,443,506</b>	<b>(5.49)</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net change in fair value on investments in equity	(40,063)	(28,113)	(42.51)	13,868	(11,283)	222.91
Change in fair value on investments in equity at fair value through other comprehensive income	(40,063)	(28,113)	(42.51)	13,868	(11,283)	222.91
Less: Deferred tax charge/(reversal) on change in fair value on investments in equity	-	-	-	-	-	-
Transfer of fair value gains/(losses) o/a reclassification of debt instruments from fair value through other comprehensive income to amortised cost, net of tax	183,957	-	-	183,957	-	-
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	335,665	(798,546)	142.03	(649,054)	62,137	(1,144.55)
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	3,650,439	3,478,142	4.95	4,357,995	1,434,293	203.84
Fair value gains/(losses) that arose during the period, net of tax	4,821,005	3,597,731	34.00	5,299,066	1,494,074	254.67
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(1,539,106)	(289,292)	(432.03)	(1,278,706)	(210,178)	(508.39)
Fair value (gains)/losses recycled to the Income Statement as impairment, net of tax	368,540	169,703	117.17	337,635	150,397	124.50
Cash flow hedges - effective portion of changes in fair value, net of tax	(71,485)	(58,059)	(23.12)	439	(36,881)	101.19
Other comprehensive income/(expense) for the period, net of taxes	4,058,513	2,593,424	56.49	3,907,205	1,448,266	169.79
<b>Total comprehensive income for the period</b>	<b>11,019,624</b>	<b>9,059,807</b>	<b>21.63</b>	<b>7,161,750</b>	<b>4,891,772</b>	<b>46.40</b>

# STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.06.2020	31.12.2019	Change	30.06.2020	31.12.2019	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>ASSETS</b>						
Cash and cash equivalents	52,425,162	53,681,118	(2.34)	50,830,153	52,534,730	(3.24)
Balances with Central Banks	57,547,194	46,101,232	24.83	53,453,467	39,461,127	35.46
Placements with banks	26,860,049	24,903,809	7.86	26,427,430	24,527,241	7.75
Securities purchased under resale agreements	7,209,397	13,147,534	(45.17)	7,209,397	13,147,534	(45.17)
Derivative financial assets	1,898,100	1,830,927	3.67	1,898,100	1,830,927	3.67
Financial assets recognised through profit or loss - measured at fair value	32,898,907	21,468,033	53.25	32,898,907	21,468,033	53.25
Financial assets at amortised cost - Loans and advances to banks	776,550	757,787	2.48	776,550	757,787	2.48
Financial assets at amortised cost - Loans and advances to other customers	897,297,570	893,919,311	0.38	887,251,878	884,645,744	0.29
Financial assets at amortised cost - Debt and other financial instruments	195,822,341	107,059,021	82.91	187,528,301	101,144,819	85.41
Financial assets measured at fair value through other comprehensive income	245,777,765	197,825,017	24.24	245,533,383	197,568,330	24.28
Investments in subsidiaries	-	-	-	4,683,429	5,011,284	(6.54)
Investments in associates	53,190	56,821	(6.39)	44,331	44,331	-
Property, plant & equipment	21,993,257	22,423,046	(1.92)	19,964,308	20,436,493	(2.31)
Investment properties	46,350	46,350	-	-	-	-
Intangible assets	1,698,360	1,645,714	3.20	1,137,090	1,080,010	5.29
Leasehold property	100,889	101,612	(0.71)	70,242	70,710	(0.66)
Deferred tax assets	159,921	530,165	(69.84)	-	294,059	-
Other assets	24,090,018	23,443,869	2.76	23,893,406	23,322,247	2.45
<b>Total Assets</b>	<b>1,566,655,020</b>	<b>1,408,941,366</b>	<b>11.19</b>	<b>1,543,600,372</b>	<b>1,387,345,406</b>	<b>11.26</b>
<b>LIABILITIES</b>						
Due to banks	73,955,005	53,807,425	37.44	72,163,605	51,505,694	40.11
Derivative financial liabilities	1,915,067	1,495,317	28.07	1,915,067	1,495,317	28.07
Securities sold under repurchase agreements	64,224,587	51,117,342	25.64	64,448,218	51,220,023	25.83
Financial liabilities at amortised cost - due to depositors	1,155,219,967	1,068,982,587	8.07	1,138,170,145	1,053,307,660	8.06
Financial liabilities at amortised cost - other borrowings	31,578,599	23,248,893	35.83	31,578,599	23,248,893	35.83
Current tax liabilities	5,221,850	5,197,188	0.47	4,938,966	4,967,644	(0.58)
Deferred tax liabilities	825,722	416,458	98.27	410,559	-	-
Other liabilities	50,978,826	30,775,884	65.65	50,610,310	30,496,709	65.95
Due to subsidiaries	-	-	-	65,786	54,292	21.17
Subordinated liabilities	38,199,628	37,886,789	0.83	38,199,628	37,886,789	0.83
<b>Total Liabilities</b>	<b>1,422,119,251</b>	<b>1,272,927,883</b>	<b>11.72</b>	<b>1,402,500,883</b>	<b>1,254,183,021</b>	<b>11.83</b>

## STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.06.2020	31.12.2019	Change	30.06.2020	31.12.2019	Change
	Rs.'000	( Audited ) Rs.'000	%	( Audited ) Rs.'000	( Audited ) Rs.'000	%
<b>EQUITY</b>						
Stated capital	42,971,971	40,916,958	5.02	42,971,971	40,916,958	5.02
Statutory reserves	8,391,150	8,387,701	0.04	8,205,391	8,205,391	-
Retained earnings	7,414,964	5,182,185	43.09	6,968,011	5,144,433	35.45
Other reserves	84,077,287	79,937,405	5.18	82,954,116	78,895,603	5.14
<b>Total equity attributable to equity holders of the Group/Bank</b>	<b>142,855,372</b>	<b>134,424,249</b>	<b>6.27</b>	<b>141,099,489</b>	<b>133,162,385</b>	<b>5.96</b>
<b>Non-controlling Interest</b>	<b>1,680,397</b>	<b>1,589,234</b>	<b>5.74</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>144,535,769</b>	<b>136,013,483</b>	<b>6.27</b>	<b>141,099,489</b>	<b>133,162,385</b>	<b>5.96</b>
<b>Total Liabilities and Equity</b>	<b>1,566,655,020</b>	<b>1,408,941,366</b>	<b>11.19</b>	<b>1,543,600,372</b>	<b>1,387,345,406</b>	<b>11.26</b>
<b>Contingent Liabilities and Commitments</b>	<b>602,842,021</b>	<b>580,961,807</b>	<b>3.77</b>	<b>600,818,662</b>	<b>579,999,273</b>	<b>3.59</b>
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>135.83</b>	<b>130.83</b>	<b>3.82</b>	<b>134.16</b>	<b>129.60</b>	<b>3.52</b>
<b>Memorandum Information</b>						
Number of Employees				5,061	5,062	
Number of Customer Service Centers				287	287	

**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 17, 2020*

*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	Fair Value 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			
<b>Balance as at 31.12.2018 - Audited</b>	39,147,882	7,444,178	4,949,955	7,819,131	(1,386,355)	3,157,052	24,019	591,984	57,650,003	119,397,849	1,198,981	120,596,830
Impact of adoption of SLFRS 16	-	-	(57,627)	-	-	-	-	-	-	(57,627)	-	(57,627)
Reversal of deferred tax asset created on liability o/a straight lining of lease rentals	-	-	(57,627)	-	-	-	-	-	-	(57,627)	-	(57,627)
<b>Balance as at 01.01.2019 - Audited</b>	39,147,882	7,444,178	4,892,328	7,819,131	(1,386,355)	3,157,052	24,019	591,984	57,650,003	119,340,222	1,198,981	120,539,203
<b>Total comprehensive income for the six months ended 30.06.2019</b>												
Profit for the six months ended 30.06.2019	-	-	6,580,562	-	-	-	-	-	-	6,580,562	92,039	6,672,601
Other comprehensive income for the six months ended 30.06.2019	-	-	-	-	3,446,997	(852,405)	(58,059)	-	-	2,536,533	(39,152)	2,497,381
<b>Total comprehensive income for the six months ended 30.06.2019</b>	-	-	6,580,562	-	3,446,997	(852,405)	(58,059)	-	-	9,117,095	52,887	9,169,982
<b>Transactions with owners, recognized directly in equity, contributions by and distributions to owners</b>												
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	30,128	-	-	-	-	-	-	-	-	30,128	-	30,128
Dividends to equity holders												
Second interim dividend for 2018	-	-	(3,032,869)	-	-	-	-	-	-	(3,032,869)	-	(3,032,869)
Final dividend for 2018 satisfied in the form of issue and allotment of new shares	1,738,948	-	(2,022,032)	-	-	-	-	-	-	(283,084)	-	(283,084)
Final cash dividend for 2018	-	-	-	-	-	-	-	-	-	-	(3,188)	(3,188)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years	-	-	(547)	-	-	-	-	-	-	(547)	-	(547)
Transfers during the period	-	985	(985)	-	-	-	-	-	-	-	-	-
<b>Total transactions with equity holders</b>	1,769,076	985	(5,056,433)	-	-	-	-	-	-	(3,286,372)	(3,188)	(3,289,560)
<b>Balance as at 30.06.2019</b>	40,916,958	7,445,163	6,416,457	7,819,131	2,060,642	2,304,647	(34,040)	591,984	57,650,003	125,170,945	1,248,680	126,419,625
<b>Total comprehensive income for the six months ended 31.12.2019</b>												
Profit for the six months ended 31.12.2019	-	-	10,682,697	-	-	-	-	-	-	10,682,697	65,098	10,747,795
Other comprehensive income for the six months ended 31.12.2019	-	-	(57,400)	39,575	(277,139)	461,345	(4,332)	-	-	162,049	34,075	196,124
<b>Total comprehensive income for the six months ended 31.12.2019</b>	-	-	10,625,297	39,575	(277,139)	461,345	(4,332)	-	-	10,844,746	99,173	10,943,919
<b>Transactions with owners, recognized directly in equity, contributions by and distributions to owners</b>												
Transfer of value of expired ESOP	-	-	88,913	-	-	-	-	(123,490)	-	(34,577)	-	(34,577)
Dividends to equity holders												
First interim dividend for 2019	-	-	(1,541,260)	-	-	-	-	-	-	(1,541,260)	(1,822)	(1,543,082)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years	-	-	197	-	-	-	-	-	-	197	22	219
Profit due to change in ownership	-	-	14,498	-	-	-	-	-	-	14,498	-	14,498
Movement due to change in ownership	-	-	(9,379)	(20,921)	-	-	-	-	-	(30,300)	30,300	-
Acquisition of a subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	-	-	212,881	212,881
Transfers during the period	-	942,538	(10,412,538)	-	-	-	-	-	9,470,000	-	-	-
<b>Total transactions with equity holders</b>	-	942,538	(11,859,569)	(20,921)	-	-	-	(123,490)	9,470,000	(1,591,442)	241,381	(1,350,061)
<b>Balance as at 31.12.2019 - Audited</b>	40,916,958	8,387,701	5,182,185	7,837,785	1,783,503	2,765,992	(38,372)	468,494	67,120,003	134,424,249	1,589,234	136,013,483
<b>Total comprehensive income for the six months ended 30.06.2020</b>												
Profit for the six months ended 30.06.2020	-	-	7,373,761	-	-	-	-	-	-	7,373,761	73,816	7,447,577
Other comprehensive income for the six months ended 30.06.2020	-	-	-	-	3,791,938	419,429	(71,485)	-	-	4,139,882	30,967	4,170,849
<b>Total comprehensive income for the six months ended 30.06.2020</b>	-	-	7,373,761	-	3,791,938	419,429	(71,485)	-	-	11,513,643	104,783	11,618,426
<b>Transactions with owners, recognized directly in equity, contributions by and distributions to owners</b>												
Dividends to equity holders												
Second interim dividend for 2019	-	-	(3,082,520)	-	-	-	-	-	-	(3,082,520)	-	(3,082,520)
Final dividend for 2019 satisfied in the form of issue and allotment of new shares	2,055,013	-	(2,055,013)	-	-	-	-	-	-	-	-	-
Final cash dividend for 2019	-	-	-	-	-	-	-	-	-	-	(13,620)	(13,620)
Transfers during the period	-	3,449	(3,449)	-	-	-	-	-	-	-	-	-
<b>Total transactions with equity holders</b>	2,055,013	3,449	(5,140,982)	-	-	-	-	-	-	(3,082,520)	(13,620)	(3,096,140)
<b>Balance as at 30.06.2020</b>	42,971,971	8,391,150	7,414,964	7,837,785	5,575,441	3,185,421	(109,857)	468,494	67,120,003	142,855,372	1,680,397	144,535,769

## STATEMENT OF CHANGES IN EQUITY - BANK

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	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves						Total Equity
				Revaluation Reserve	Fair Value 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 31.12.2018 - Audited	39,147,882	7,354,143	5,063,076	7,088,054	(1,384,982)	2,871,770	24,019	591,984	57,650,003	118,405,949
Impact of adoption of SLFRS 16										
Reversal of deferred tax asset created on liability o/a straight lining of lease rentals	-	-	(57,627)	-	-	-	-	-	-	(57,627)
<b>Balance as at 01.01.2019 - Audited</b>	<b>39,147,882</b>	<b>7,354,143</b>	<b>5,005,449</b>	<b>7,088,054</b>	<b>(1,384,982)</b>	<b>2,871,770</b>	<b>24,019</b>	<b>591,984</b>	<b>57,650,003</b>	<b>118,348,322</b>
<b>Total comprehensive income for the six months ended 30.06.2019</b>										
Profit for the six months ended 30.06.2019	-	-	6,466,383	-	-	-	-	-	-	6,466,383
Other comprehensive income for the six months ended 30.06.2019	-	-	-	-	3,450,029	(798,546)	(58,059)	-	-	2,593,424
<b>Total comprehensive income for the six months ended 30.06.2019</b>	<b>-</b>	<b>-</b>	<b>6,466,383</b>	<b>-</b>	<b>3,450,029</b>	<b>(798,546)</b>	<b>(58,059)</b>	<b>-</b>	<b>-</b>	<b>9,059,807</b>
<b>Transactions with owners, recognized directly in equity, contributions by and distributions to owners</b>										
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	30,128	-	-	-	-	-	-	-	-	30,128
Dividends to equity holders										
Second interim dividend for 2018	-	-	(3,032,869)	-	-	-	-	-	-	(3,032,869)
Final dividend for 2018 satisfied in the form of issue and allotment of new shares	1,738,948	-	(2,022,032)	-	-	-	-	-	-	(283,084)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years	-	-	(547)	-	-	-	-	-	-	(547)
<b>Total transactions with equity holders</b>	<b>1,769,076</b>	<b>-</b>	<b>(5,055,448)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,286,372)</b>
<b>Balance as at 30.06.2019 - Audited</b>	<b>40,916,958</b>	<b>7,354,143</b>	<b>6,416,384</b>	<b>7,088,054</b>	<b>2,065,047</b>	<b>2,073,224</b>	<b>(34,040)</b>	<b>591,984</b>	<b>57,650,003</b>	<b>124,121,757</b>
<b>Total comprehensive income for the six months ended 31.12.2019</b>										
Profit for the six months ended 31.12.2019	-	-	10,558,584	-	-	-	-	-	-	10,558,584
Other comprehensive income for the six months ended 31.12.2019	-	-	(56,940)	-	(279,606)	398,759	(4,332)	-	-	57,881
<b>Total comprehensive income for the six months ended 31.12.2019</b>	<b>-</b>	<b>-</b>	<b>10,501,644</b>	<b>-</b>	<b>(279,606)</b>	<b>398,759</b>	<b>(4,332)</b>	<b>-</b>	<b>-</b>	<b>10,616,465</b>
<b>Transactions with owners, recognized directly in equity, contributions by and distributions to owners</b>										
Transfer of value of expired ESOP	-	-	88,913	-	-	-	-	(123,490)	-	(34,577)
Dividends to equity holders										
First interim dividend for 2019	-	-	(1,541,260)	-	-	-	-	-	-	(1,541,260)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years	-	-	-	-	-	-	-	-	-	-
Transfers during the period	-	851,248	(10,321,248)	-	-	-	-	-	9,470,000	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>851,248</b>	<b>(11,773,595)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123,490)</b>	<b>9,470,000</b>	<b>(1,575,837)</b>
<b>Balance as at 31.12.2019 - Audited</b>	<b>40,916,958</b>	<b>8,205,391</b>	<b>5,144,433</b>	<b>7,088,054</b>	<b>1,785,441</b>	<b>2,471,983</b>	<b>(38,372)</b>	<b>468,494</b>	<b>67,120,003</b>	<b>133,162,385</b>
<b>Total comprehensive income for the six months ended 30.06.2020</b>										
Profit for the six months ended 30.06.2020	-	-	6,961,111	-	-	-	-	-	-	6,961,111
Other comprehensive income for the six months ended 30.06.2020	-	-	-	-	3,794,333	335,665	(71,485)	-	-	4,058,513
<b>Total comprehensive income for the six months ended 30.06.2020</b>	<b>-</b>	<b>-</b>	<b>6,961,111</b>	<b>-</b>	<b>3,794,333</b>	<b>335,665</b>	<b>(71,485)</b>	<b>-</b>	<b>-</b>	<b>11,019,624</b>
<b>Transactions with owners, recognized directly in equity, contributions by and distributions to owners</b>										
Dividends to equity holders										
Second interim dividend for 2019	-	-	(3,082,520)	-	-	-	-	-	-	(3,082,520)
Final dividend for 2019 satisfied in the form of issue and allotment of new shares	2,055,013	-	(2,055,013)	-	-	-	-	-	-	-
<b>Total transactions with equity holders</b>	<b>2,055,013</b>	<b>-</b>	<b>(5,137,533)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,082,520)</b>
<b>Balance as at 30.06.2020 - Audited</b>	<b>42,971,971</b>	<b>8,205,391</b>	<b>6,968,011</b>	<b>7,088,054</b>	<b>5,579,774</b>	<b>2,807,648</b>	<b>(109,857)</b>	<b>468,494</b>	<b>67,120,003</b>	<b>141,099,489</b>

## STATEMENT OF CASH FLOWS

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For the six months ended June 30,	Group			Bank
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	11,116,562	10,350,432	10,446,083	10,046,308
Adjustment for:				
Non-cash items included in profit before tax	11,114,490	6,925,402	11,244,366	6,687,307
Change in operating assets	(164,793,115)	(34,817,793)	(163,921,264)	(33,191,130)
Change in operating liabilities	149,266,354	34,696,012	148,510,631	29,834,414
Net (gains)/losses from disposal of assets	(73)	(2,223)	(9)	(2,251)
Share of profits from associates, net of tax	737	(5,872)	-	-
Dividend income from subsidiaries and associates	-	-	(51,600)	(38,796)
Interest expense on subordinated liabilities	1,908,597	1,903,027	1,908,597	1,903,027
Net (gains)/losses from disposal of financial investments	-	(555)	-	(555)
Benefits paid on defined benefit plans	(502,494)	(38,346)	(501,575)	(38,346)
Net unrealized gain from translation of Financial Statements of foreign operations	450,396	(891,557)	335,665	(798,546)
Income taxes paid	(4,323,073)	(3,861,898)	(4,264,057)	(3,833,495)
<b>Net cash from/(used in) operating activities</b>	<b>4,238,381</b>	<b>14,256,629</b>	<b>3,706,837</b>	<b>10,567,937</b>
<b>Cash Flows from Investing Activities</b>				
Net purchase of property, plant and equipment	(527,192)	(609,679)	(479,837)	(565,703)
Proceeds from the sale of property, plant and equipment	24	3,125	9	3,125
Purchase of financial investments	(300,000)	-	(300,000)	-
Proceeds from sale and maturity of financial investments	1,134,790	1,232,023	1,134,790	1,232,023
Net purchase of intangible assets	(215,356)	(204,945)	(196,174)	(208,850)
Net cash flow from investment in subsidiaries and associates	-	-	-	(40,450)
Dividends received from investments in subsidiaries and associates	-	-	51,600	38,796
<b>Net cash from/(used in) in investing activities</b>	<b>92,266</b>	<b>420,524</b>	<b>210,388</b>	<b>458,941</b>
<b>Cash Flows from Financing Activities</b>				
Net proceeds from the issue of ordinary voting shares under ESOPs	-	30,128	-	30,128
Interest paid on subordinated liabilities	(1,933,258)	(1,920,975)	(1,933,258)	(1,920,975)
Repayment of principal portion of lease liabilities	(557,805)	(637,741)	(606,624)	(637,741)
Dividend paid to shareholders of the Bank	(3,082,520)	(3,316,501)	(3,082,520)	(3,316,501)
Dividend paid to non-controlling interest	(13,620)	(3,188)	-	-
<b>Net cash from /(used in) financing activities</b>	<b>(5,587,203)</b>	<b>(5,848,277)</b>	<b>(5,622,402)</b>	<b>(5,845,089)</b>
Net increase/(decrease) in cash & cash equivalents	(1,256,556)	8,828,876	(1,705,177)	5,181,789
Gross cash and cash equivalents as at December 31,	53,686,825	44,360,375	52,540,437	39,538,889
<b>Cash and cash equivalents at end of the period</b>	<b>52,430,269</b>	<b>53,189,251</b>	<b>50,835,260</b>	<b>44,720,678</b>
Less: Impairment charges	(5,107)	(924)	(5,107)	(924)
<b>Cash and cash equivalents as per Statement of Financial Position</b>	<b>52,425,162</b>	<b>53,188,327</b>	<b>50,830,153</b>	<b>44,719,754</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents		52,425,162		52,425,162
Balances with Central Banks		57,547,194		57,547,194
Placements with banks		26,860,049		26,860,049
Securities purchased under resale agreements		7,209,397		7,209,397
Derivative financial assets	1,898,100			1,898,100
Financial assets recognised through profit or loss - measured at fair value	32,898,907			32,898,907
Financial assets at amortised cost - Loans and advances to banks		776,550		776,550
Financial assets at amortised cost - Loans and advances to other customers		897,297,570		897,297,570
Financial assets at amortised cost - Debt and other financial instruments		195,822,341		195,822,341
Financial assets measured at fair value through other comprehensive income			245,777,765	245,777,765
<b>Total financial assets</b>	<b>34,797,007</b>	<b>1,237,938,263</b>	<b>245,777,765</b>	<b>1,518,513,035</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Total
	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>			
Due to banks		73,955,005	73,955,005
Derivative financial liabilities	1,915,067		1,915,067
Securities sold under repurchase agreements		64,224,587	64,224,587
Financial liabilities at amortised cost - due to depositors		1,155,219,967	1,155,219,967
Financial liabilities at amortised cost - other borrowings		31,578,599	31,578,599
Subordinated liabilities		38,199,628	38,199,628
<b>Total financial liabilities</b>	<b>1,915,067</b>	<b>1,363,177,786</b>	<b>1,365,092,853</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents		53,681,118		53,681,118
Balances with Central Banks		46,101,232		46,101,232
Placements with banks		24,903,809		24,903,809
Securities purchased under resale agreements		13,147,534		13,147,534
Derivative financial assets	1,830,927			1,830,927
Financial assets recognised through profit or loss - measured at fair value	21,468,033			21,468,033
Financial assets at amortised cost - Loans and advances to banks		757,787		757,787
Financial assets at amortised cost - Loans and advances to other customers		893,919,311		893,919,311
Financial assets at amortised cost - Debt and other financial instruments		107,059,021		107,059,021
Financial assets measured at fair value through other comprehensive income			197,825,017	197,825,017
<b>Total financial assets</b>	<b>23,298,960</b>	<b>1,139,569,812</b>	<b>197,825,017</b>	<b>1,360,693,789</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Total
	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>			
Due to banks		53,807,425	53,807,425
Derivative financial liabilities	1,495,317		1,495,317
Securities sold under repurchase agreements		51,117,342	51,117,342
Financial liabilities at amortised cost - due to depositors		1,068,982,587	1,068,982,587
Financial liabilities at amortised cost - other borrowings		23,248,893	23,248,893
Subordinated liabilities		37,886,789	37,886,789
<b>Total financial liabilities</b>	<b>1,495,317</b>	<b>1,235,043,036</b>	<b>1,236,538,353</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents		50,830,153		50,830,153
Balances with Central Banks		53,453,467		53,453,467
Placements with banks		26,427,430		26,427,430
Securities purchased under resale agreements		7,209,397		7,209,397
Derivative financial assets	1,898,100			1,898,100
Financial assets recognised through profit or loss - measured at fair value	32,898,907			32,898,907
Financial assets at amortised cost - Loans and advances to banks		776,550		776,550
Financial assets at amortised cost - Loans and advances to other customers		887,251,878		887,251,878
Financial assets at amortised cost - Debt and other financial instruments		187,528,301		187,528,301
Financial assets measured at fair value through other comprehensive income			245,533,383	245,533,383
<b>Total financial assets</b>	<b>34,797,007</b>	<b>1,213,477,176</b>	<b>245,533,383</b>	<b>1,493,807,566</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Total
	Rs. '000	Rs. '000	Rs. '000
<b>FINANCIAL LIABILITIES</b>			
Due to banks		72,163,605	72,163,605
Derivative financial liabilities	1,915,067		1,915,067
Securities sold under repurchase agreements		64,448,218	64,448,218
Financial liabilities at amortised cost - due to depositors		1,138,170,145	1,138,170,145
Financial liabilities at amortised cost - other borrowings		31,578,599	31,578,599
Subordinated liabilities		38,199,628	38,199,628
<b>Total financial liabilities</b>	<b>1,915,067</b>	<b>1,344,560,195</b>	<b>1,346,475,262</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents		52,534,730		52,534,730
Balances with Central Banks		39,461,127		39,461,127
Placements with banks		24,527,241		24,527,241
Securities purchased under resale agreements		13,147,534		13,147,534
Derivative financial assets	1,830,927			1,830,927
Financial assets recognised through profit or loss - measured at fair value	21,468,033			21,468,033
Financial assets at amortised cost - Loans and advances to banks		757,787		757,787
Financial assets at amortised cost - Loans and advances to other customers		884,645,744		884,645,744
Financial assets at amortised cost - Debt and other financial instruments		101,144,819		101,144,819
Financial assets measured at fair value through other comprehensive income			197,568,330	197,568,330
<b>Total financial assets</b>	<b>23,298,960</b>	<b>1,116,218,982</b>	<b>197,568,330</b>	<b>1,337,086,272</b>

	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Total
	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>			
Due to banks		51,505,694	51,505,694
Derivative financial liabilities	1,495,317		1,495,317
Securities sold under repurchase agreements		51,220,023	51,220,023
Financial liabilities at amortised cost - due to depositors		1,053,307,660	1,053,307,660
Financial liabilities at amortised cost - other borrowings		23,248,893	23,248,893
Subordinated liabilities		37,886,789	37,886,789
<b>Total financial liabilities</b>	<b>1,495,317</b>	<b>1,217,169,059</b>	<b>1,218,664,376</b>

	Bank		Group	
	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
<b>Regulatory Capital - Rs. '000</b>				
Common Equity Tier I	128,652,965	119,622,141	131,921,412	123,239,984
Tier I Capital	128,652,965	119,622,141	131,921,412	123,239,984
Total Capital	166,655,418	157,045,547	170,103,284	160,842,808
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier I Capital Ratio ( Minimum Requirement - 2020 - 7.500%, 2019 - 8.500% )	13.020%	12.298%	13.054%	12.399%
Tier I Capital Ratio ( Minimum Requirement - 2020 - 9.000%, 2019 - 10.000% )	13.020%	12.298%	13.054%	12.399%
Total Capital Ratio ( Minimum Requirement - 2020 - 13.000%, 2019 - 14.000% )	16.866%	16.146%	16.832%	16.182%
Leverage Ratio ( Minimum Requirement - 3% )	6.22%	6.45%	6.29%	6.55%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	429,118,938	312,024,836		
Off-Shore Banking Unit	21,242,558	18,706,801		
Statutory Liquid Assets Ratio % ( Minimum Requirement 20% )				
Domestic Banking Unit	37.69%	30.42%		
Off-Shore Banking Unit	25.79%	25.25%		
Total Stock of High Quality Liquid Assets - Rs. '000	335,832,711	193,108,535		
Liquidity Coverage Ratio (%) ( Minimum Requirement - 2020 - 90%, 2019 - 100% )				
Liquidity Coverage Ratio (%) - Rupee	243.79%	158.79%		
Liquidity Coverage Ratio (%) - All Currency	224.49%	224.74%		
Net Stable Funding Ratio (%) ( Minimum Requirement - 2020 - 90%, 2019 - 100% )	138.23%	137.05%		
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio ( Net of Interest in Suspense )	5.37%	4.95%		
Net Non-Performing Advances Ratio ( Net of Interest in Suspense and Provisions )	3.19%	3.00%		
<b>Profitability</b>				
Interest Margin	3.04%	3.51%		
Return on Assets ( before tax )	1.43%	1.66%		
Return on Equity	10.21%	13.54%		
<b>Debt Security Related Ratios</b>				
Debt Equity Ratio	42.14%	38.97%		
Interest Cover (Times)	9.63	8.54		

**OPERATING SEGMENTS - GROUP**

For the six months ended June 30,	Personal Banking		Corporate Banking		International Operations		Dealing/Treasury		NBFI, Real Estate & Services		Unallocated/Eliminations		Total/Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>External Operating income :</b>														
Net interest income	12,074,883	13,667,613	3,883,699	5,343,044	3,152,610	2,609,190	754,794	265,498	252,671	249,768	2,648,103	2,010,423	22,766,760	24,145,536
Foreign exchange profit	74,353	161,457	14,250	(287,813)	692,220	995,845	3,938,497	2,137,414	-	-	963,338	(510,638)	5,682,658	2,496,265
Net fees and commission income	2,158,296	2,887,814	993,614	1,071,526	624,678	576,376	(89)	(2,007)	116,725	2,007	194,475	302,734	4,087,699	4,838,450
Other income	67,532	42,487	(39,698)	(36,541)	50,632	20,396	2,758,490	385,788	315,577	297,937	(252,568)	(72,765)	2,899,965	637,302
<b>Total Operating income</b>	<b>14,375,064</b>	<b>16,759,371</b>	<b>4,851,865</b>	<b>6,090,216</b>	<b>4,520,140</b>	<b>4,201,807</b>	<b>7,451,692</b>	<b>2,786,693</b>	<b>684,973</b>	<b>549,712</b>	<b>3,553,348</b>	<b>1,729,754</b>	<b>35,437,082</b>	<b>32,117,553</b>
Credit loss expenses	(6,531,452)	(3,145,516)	(1,865,136)	(2,146,311)	(95,489)	96,333	(647,045)	(178,344)	(121,699)	(152,889)	(3)	(87)	(9,260,824)	(5,526,814)
Net Operating income	7,843,612	13,613,855	2,986,729	3,943,905	4,424,651	4,298,140	6,804,647	2,608,349	563,274	396,823	3,553,345	1,729,667	26,176,258	26,590,739
<b>Segment result</b>	<b>289,639</b>	<b>4,901,400</b>	<b>2,073,269</b>	<b>2,240,274</b>	<b>2,617,528</b>	<b>3,013,396</b>	<b>5,732,323</b>	<b>1,931,601</b>	<b>207,773</b>	<b>124,435</b>	<b>196,767</b>	<b>(1,866,546)</b>	<b>11,117,299</b>	<b>10,344,560</b>
Profit from operations													11,117,299	10,344,560
Share of profit of Associates, net of tax													(737)	5,872
Income tax expense													(3,668,985)	(3,677,831)
Non Controlling Interest													(73,816)	(92,039)
<b>Net profit for the period, attributable to Equity holders of the Bank</b>													<b>7,373,761</b>	<b>6,580,562</b>

As at June 30,	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000							
<b>Other information</b>														
Segment assets	516,618,129	545,578,754	353,760,530	330,844,472	181,730,634	151,148,024	525,495,810	349,161,398	10,489,097	8,591,939	(21,492,370)	(19,343,269)	1,566,601,830	1,365,981,318
Investment in associates	-	-	-	-	-	-	-	-	-	-	53,190	105,388	53,190	105,388
<b>Total assets</b>	<b>516,618,129</b>	<b>545,578,754</b>	<b>353,760,530</b>	<b>330,844,472</b>	<b>181,730,634</b>	<b>151,148,024</b>	<b>525,495,810</b>	<b>349,161,398</b>	<b>10,489,097</b>	<b>8,591,939</b>	<b>(21,439,180)</b>	<b>(19,237,881)</b>	<b>1,566,655,020</b>	<b>1,366,086,706</b>
Segment liabilities	813,653,060	748,726,233	216,784,361	205,361,539	147,814,376	129,688,157	133,329,156	70,867,440	6,398,602	5,348,273	104,139,696	79,675,440	1,422,119,251	1,239,667,082
<b>Total liabilities</b>	<b>813,653,060</b>	<b>748,726,233</b>	<b>216,784,361</b>	<b>205,361,539</b>	<b>147,814,376</b>	<b>129,688,157</b>	<b>133,329,156</b>	<b>70,867,440</b>	<b>6,398,602</b>	<b>5,348,273</b>	<b>104,139,696</b>	<b>79,675,440</b>	<b>1,422,119,251</b>	<b>1,239,667,082</b>

For the six months ended June 30,	2020	2019
	Rs.'000	Rs.'000
<b>Information on cash flows</b>		
Cash flows from operating activities	4,238,381	14,256,629
Cash flows from investing activities	834,790	1,232,023
Cash flows from financing activities	(5,587,203)	(5,848,277)
Capital expenditure -		
Property, Plant & Equipment	(527,168)	(606,554)
Intangible assets	(215,356)	(204,945)
<b>Net cash flow generated during the period</b>	<b>(1,256,556)</b>	<b>8,828,876</b>

## Twenty largest voting shareholders as at June 30, 2020

Name of the Shareholder	No. of Shares	%
Employees Provident Fund	92,558,649	9.63
DFCC Bank PLC A/C 1	82,560,377	8.59
Mr.Y. S. H. I. Silva	82,404,815	8.57
Sri Lanka Insurance Corporation Ltd. - Life Fund	56,058,879	5.83
DFCC Bank PLC A/C No.02	47,628,006	4.95
Melstacorp PLC	44,444,324	4.62
CB NY S/A International Finance Corporation	42,651,626	4.44
Sri Lanka Insurance Corporation Ltd. - General Fund	37,271,751	3.88
Citibank Newyork S/A Norges Bank Account 2	27,772,149	2.89
Mr. D.P. Pieris	20,522,985	2.14
Employees Trust Fund Board	18,145,355	1.89
Mrs. L. E. M. Yaseen	16,687,664	1.74
BNYMSANV RE - First State Investments ICVC - Stewart Investors Indian Subcontinent Sustainability Fund	13,205,754	1.37
Mr. M. J. Fernando	9,727,593	1.01
Renuka Hotels PLC	9,666,942	1.01
Renuka Consultants & Services Limited	8,414,742	0.88
Hallsville Trading Group INC.	7,416,942	0.77
BNYMSANV RE - LF Ruffer Investment Funds : LF Ruffer Pacific and Emerging Markets Fund	7,054,298	0.73
SSBT - BMO Investments II (Ireland) Public Limited Company	6,205,042	0.65
JPMCB - Pacific Assets Trust PLC	5,878,711	0.61
Sub total	636,276,604	66.19
Other Shareholders	324,975,713	33.81
<b>Total</b>	<b>961,252,317</b>	<b>100.00</b>

Percentage of public holding as at June 30, 2020 - 99.73% (99.76% as at June 30, 2019)

Number of shareholders representing public holding as at June 30, 2020 - 15,668 (11,186 as at June 30, 2019)

## Twenty largest non-voting shareholders as at June 30, 2020

Name of the Shareholder	No. of Shares	%
Employees Trust Fund Board	5,154,149	7.78
Akbar Brothers (Pvt) Ltd. A/C No 1	2,796,193	4.22
Citibank Newyork S/A Norges Bank Account 2	1,987,628	3.00
GF Capital Global Limited	1,712,928	2.59
Mr. A.H. Munasinghe	1,609,448	2.43
Serendip Investments Limited	1,494,489	2.26
Seylan Bank PLC/ARRC Capital (Pvt) Ltd	1,211,796	1.83
Mr. M. F. Hashim	1,152,415	1.74
M.J.F.Exports (Pvt) Ltd	1,133,395	1.71
Mrs. L. V. C. Samarasingha	1,000,000	1.51
Saboor Chatoor (Pvt) Ltd	922,146	1.39
Mr. E. Chatoor	783,948	1.18
Mr. T.W.A. Wickramasinghe	750,000	1.13
Mr. M. J. Fernando	730,734	1.10
Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint)	671,153	1.01
Mr. R. Gautam	656,419	0.99
Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint)	650,619	0.98
Mr. K.S.M. De Silva	595,327	0.90
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	555,582	0.84
Mr. J.G. De Mel	554,121	0.84
Sub total	26,122,490	39.43
Other Shareholders	40,131,779	60.57
<b>Total</b>	<b>66,254,269</b>	<b>100.00</b>

Percentage of public holding as at June 30, 2020 - 99.79% (84.41% as at June 30, 2019)

Number of shareholders representing public holding as at June 30, 2020 - 5,418 (4,448 as at June 30, 2019)

## Directors' holding in shares as at June 30, 2020

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.K.G.D.D. Dheerasinghe - Chairman	24,254	-
Mr.M.P. Jayawardena - Deputy Chairman	-	-
Mr.S. Renganathan - Managing Director/Chief Executive Officer	353,736	12,143
Mr.S.C.U. Manatunge - Chief Operating Officer	69,778	-
Mr.S. Swarnajothi	-	11,152
Prof. A.K.W. Jayawardane	12,500	-
Mr. K. Dharmasiri	-	-
Mr. L.D. Niyangoda	-	-
Ms. N.T.M.S. Cooray	334,638	51,540
Mr. T.L.B. Hurulle	-	-
Justice K. Sripavan	-	-
Ms. Judy Lee (Appointed as a Non-Executive/Independent Director with effect from August 13, 2020)	-	-

(\*) Shareholders' information as at June 30, 2020 is prior to the allotment of final scrip dividend for the year ended December 31, 2019. The scrip dividend shares were listed with effect from July 06, 2020.

	2020 Rs.	2019 Rs.
<b>Market price of an ordinary share as at June 30,</b>		
Voting	78.80	91.90
Non-Voting	67.60	82.00
<b>Highest price during the quarter ended June 30,</b>		
Voting	79.90	103.00
Non-Voting	70.00	90.00
<b>Lowest price during the quarter ended June 30,</b>		
Voting	50.00	88.60
Non-Voting	48.00	74.00
	2020 (*) Rs.000	2019 Rs.000
Float adjusted market capitalization - Compliant under Option 1	80,011,550	92,712,943
	2020 (*)	2019
<b>Number of ordinary shares as at June 30, (*)</b>		
Voting	961,252,317	961,252,317
Non-Voting	66,254,269	66,254,269

(\*) Prior to the allotment of final scrip dividend for the year ended December 31, 2019. The scrip dividend shares were listed with effect from July 06, 2020.

- 1 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended December 31, 2019 other than those disclosed under items 4 to 7.
- 2 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.
- 3 **Amendments to the Income Tax Law Announced by the Government**  
As per notice dated April 08, 2020 issued by the Inland Revenue Department on "Implementation of Proposed Changes to the Inland Revenue Act No. 24 of 2017", effective from January 01, 2020;
- Corporate Income Tax rate was revised from 28% to 24%. However, such revisions were not considered in computing the income tax liabilities, pending legal enactment and formal amendments to the Inland Revenue Act.
- If the above proposal was considered, the impact to the Income Statement for the period ended June 30, 2020 would be an Income Tax expense of Rs. 34.032 Mn. (reversal of Rs. 417.871 Mn from Income Tax payable and a Deferred Tax expense of Rs. 451.903 Mn)  
Further, the impact to the Statement of Profit or Loss and Other Comprehensive Income would be a Deferred tax reversal of Rs. 560.981 Mn.
- Exemption announced as per the aforementioned notice on interest income from Sri Lanka Development Bonds, effective from April 01, 2018 was availed by the Bank. However, other exemptions eligible to be claimed effective from January 01, 2020, were not considered in computing the income tax liability as at June 30, 2020, pending legal enactment and formal amendments to the Inland Revenue Act.
- 4 **Impact due to the COVID - 19**  
The outbreak of COVID 19 has caused disruption to business and economic activities, and uncertainty to the global and local economy. Subsequent to the outbreak of COVID 19 in Sri Lanka, the Bank has strictly adhered to the guidelines and directions issued by both Government and Central Bank of Sri Lanka (CBSL) when conducting its business operations. Further, the Bank has provided reliefs for the affected businesses and individuals in line with the directions issued by the CBSL. These relief measures include deferment of repayment terms of credit facilities, offering concessionary rates of interest to eligible loan products (debt moratorium) and waiving off certain fees and charges.
- The impact of the COVID 19 on the loans and advances portfolio of the Bank has been assessed and adjusted in these Interim Financial Statements as at June 30, 2020 based on the available information and assumptions made as at reporting date in line with the guidelines issued by CBSL and CA Sri Lanka. However, the actual losses may differ from the assessment due to the uncertainty.
- 5 **Fair Valuation of Foreign Currency Denominated Government Bonds**  
The Bank carries foreign currency denominated government bonds (Sri Lanka Development and Sovereign Bonds) amounting to Rs. 92.56 Bn (after reclassification) which are classified under fair value through OCI. However, due to the volatility in the financial markets and significant decrease in the value and level of activities since March 2020, the Bank is of the view that the prices observed as at June 30, 2020, do not reflect the fair value as at June 30, 2020. Accordingly, the Bank has considered the active market yields prevailed as at end February 2020 and purchase yields for the fair valuation of Sri Lanka Sovereigns Bonds which were purchased prior to that date and after to February 28, 2020 respectively. The last auction rates of floating rate bonds from the auctions held during January 2020 were considered in determining the fair value of the Sri Lanka Development Bonds as the Bank's Sri Lanka Development Bonds portfolio consists of only floating rate bonds.
- 6 **Reclassification of Sri Lanka Sovereign Bonds**  
The Bank reclassified part of its Sri Lanka Sovereign Bond (SLSB) Portfolio amounting to Rs. 28.44 Bn. from Fair Value Through Other Comprehensive Income (FVOCI) to Amortized Cost, as a result of changes to the business model of managing the assets with effect from June 30, 2020, in line with the guidelines issued by the CA Sri Lanka on Accounting Consideration with the Covid 19 Outbreak. There was no change to the effective interest rate used and interest income recognized o/a reclassified SLSB Portfolio for the for the period under review
- 7 **Impairment Provision**  
The Bank considered the Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA) computed as at December 31, 2019, in order to estimate the Expected Credit Loss (ECL) as at June 30, 2020, as the Bank is of the view that the information available as at June 30, 2020 are not sufficient enough to compute the ECL as at June 30, 2020. However, the Bank decided to increase the weightages assigned for worst case scenario by 20% while reducing the weightages assigned for base case scenario and best case scenario by 10% each respectively. when assessing the probability weighted forward looking macro-economic indicators and stressed the LGDs with a management overlay with the objective of capturing the impact of COVID 19 on the ECL computation as at June 30, 2020.
- 8 **Private Placement of Shares**  
The Board of Directors of the Bank has resolved to issue upto One Hundred and Twenty Five Million (125,000,000) ordinary voting shares of the Bank by way of a private placement to International Finance Corporation, IFC Financial Institutions Growth Fund LP and IFC Emerging Asia Fund LP together being the IFC parties at a consideration of Sri Lanka Rupees 80/- per share for a total consideration not exceeding the Sri Lanka Rupee equivalent of upto USD 50 Mn.
- The proceeds of the issue of the private placement shares will be utilised to raise the Tier 1 Capital of the Bank to support business growth envisaged in the future of the Bank.  
The issue of the private placement was approved by the shareholders of the Bank at an Extraordinary General Meeting held on August 12, 2020.
- 9 During the quarter, there were no material changes in the composition of assets, liabilities, contingent liabilities.
- 10 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- 11 There were no material events that took place since June 30, 2020, 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, 2020 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, 2020 and for the six months period then ended.

## INFORMATION ON DEBENTURES - BANK

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Type of Issue	Public	Public	Public	Public	Public	Public
Debenture Type	Type "A"	Type "B"	Type "A"	Type "B"	Type "A"	Type "B"
CSE Listing	Listed	Listed	Listed	Listed	Listed	Listed
Issue Date	March 9, 2016	March 9, 2016	Oct 28, 2016	Oct 28, 2016	Jul 23, 2018	Jul 23, 2018
Maturity Date	March 8, 2021	March 8, 2026	Oct 27, 2021	Oct 27, 2026	July 22, 2023	July 22, 2028
Interest Payable Frequency (Fixed Interest Rate)	Bi-Annually	Bi-Annually	Bi-Annually	Bi-Annually	Bi-Annually	Bi-Annually
Offered Interest Rate	10.75% p.a.	11.25% p.a.	12.00% p.a.	12.25% p.a.	12.00% p.a.	12.50% p.a.
Amount (Rs.'000)	4,430,340	1,749,090	5,071,800	1,928,200	8,393,840	1,606,160

### Market Values

- Highest (Rs.)	100.00	100.00	Not traded during the period	Not traded during the period	Not traded during the period	100.00
- Lowest (Rs.)	100.00	95.00				100.00
- Period end (Rs.)	* 100.00	** 95.00				*** 100.00

### Interest Rates

- Coupon Rate (%)	10.75	11.25	12.00	12.25	12.00	12.50
- Effective Annual Yield (%)	11.04	11.57	12.36	12.63	12.36	12.89
Interest rate of comparable Government Security	5.35	6.80	5.55	6.75	6.10	7.15

### Other Ratios as at date of last trade

- Interest Yield (%)	10.74	12.43	- N/A -	- N/A -	- N/A -	12.49
- Yield to Maturity (%)	10.75	12.37	- N/A -	- N/A -	- N/A -	12.50

\* Last traded date was February 17, 2020.

\*\* Last traded date was January 21, 2020.

\*\*\* Last traded date was June 10, 2020.

## ANALYSIS OF LOANS AND ADVANCES TO OTHER CUSTOMERS AND IMPAIRMENT

20

	Group		Bank	
	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Gross loans and advances to other customers</b>	<b>941,566,516</b>	930,737,391	<b>930,366,803</b>	920,457,235
Less: Accumulated impairment under stage 1	3,536,061	2,702,070	3,505,263	2,613,480
: Accumulated impairment under stage 2	9,947,089	8,494,001	9,875,543	8,318,831
: Accumulated impairment under stage 3	30,785,796	25,622,009	29,734,119	24,879,180
<b>Net value of loans and advances to other customers</b>	<b>897,297,570</b>	893,919,311	<b>887,251,878</b>	884,645,744
<b>Gross loans and advances to other customers</b>				
<b>By product - Domestic Currency</b>				
Overdrafts	109,971,276	119,085,803	109,971,276	119,190,591
Trade finance	59,509,436	49,353,315	59,509,436	49,353,316
Lease rental receivable	34,922,861	35,228,945	33,106,619	33,250,399
Credit cards	14,240,973	14,826,447	14,240,973	14,826,447
Pawning	4,218,545	2,973,662	4,218,545	2,973,662
Staff loans	10,958,666	10,445,210	10,943,527	10,429,734
Housing loans	57,579,671	57,546,164	57,579,671	57,546,164
Personal loans	41,108,309	38,857,645	40,821,219	38,799,381
Term loans	371,341,710	365,491,282	368,083,650	362,799,866
Bills of Exchange	423,393	579,198	423,393	579,198
<b>Sub total</b>	<b>704,274,840</b>	694,387,671	<b>698,898,309</b>	689,748,758
<b>By product - Foreign Currency</b>				
Overdrafts	18,129,115	18,558,014	16,500,947	16,527,204
Trade finance	26,335,651	22,840,984	25,821,656	22,376,296
Lease rental receivable	957,424	918,884	957,424	918,884
Credit cards	133,103	149,455	133,103	149,455
Staff loans	170,818	178,989	164,065	172,906
Housing loans	6,096,750	6,022,930	6,096,750	6,022,930
Personal loans	1,010,207	884,403	530,132	596,362
Term loans	154,387,318	155,897,536	151,193,127	153,045,915
Bills of Exchange	30,071,290	30,898,525	30,071,290	30,898,525
<b>Sub total</b>	<b>237,291,676</b>	236,349,720	<b>231,468,494</b>	230,708,477
<b>Gross loans and advances to other customers</b>	<b>941,566,516</b>	930,737,391	<b>930,366,803</b>	920,457,235

	Group		Bank	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
<b>Movement of impairment during the period</b>				
<b>Under Stage 1</b>				
Balance as at January 1,	2,702,070	2,814,943	2,613,480	2,659,185
Charge/(write back) to the Income Statement	832,215	(108,915)	890,669	(41,669)
Net write-off during the period	(15)	(2,396)	(15)	(2,396)
Exchange rate variance on foreign currency provisions	1,791	(1,562)	1,129	(1,640)
<b>Balance as at June 30/December 31,</b>	<b>3,536,061</b>	<b>2,702,070</b>	<b>3,505,263</b>	<b>2,613,480</b>
<b>Under Stage 2</b>				
Balance as at January 1,	8,494,001	5,984,306	8,318,831	5,873,226
Charge/(write back) to the Income Statement	1,452,188	2,511,088	1,556,343	2,447,313
Net write-off during the period	(682)	(1,150)	(682)	(1,118)
Exchange rate variance on foreign currency provisions	1,582	(243)	1,051	(590)
<b>Balance as at June 30/December 31,</b>	<b>9,947,089</b>	<b>8,494,001</b>	<b>9,875,543</b>	<b>8,318,831</b>
<b>Under Stage 3</b>				
Balance as at January 1,	25,622,009	21,544,571	24,879,180	20,596,642
Charge/(write back) to the Income Statement	6,195,906	7,907,684	5,887,204	7,637,999
Net write-off during the period	(75,996)	(2,596,520)	(75,970)	(2,121,615)
Exchange rate variance on foreign currency provisions	864	6,035	692	5,915
Interest accrued / (reversals) on impaired loans and advances	(1,072,656)	(1,258,339)	(1,072,656)	(1,258,339)
Other movements	115,669	18,578	115,669	18,578
<b>Balance as at June 30/December 31,</b>	<b>30,785,796</b>	<b>25,622,009</b>	<b>29,734,119</b>	<b>24,879,180</b>
<b>Total Impairment</b>				
Balance as at January 1,	36,818,080	30,343,820	35,811,491	29,129,053
Charge/(write back) to the Income Statement	8,480,309	10,309,857	8,334,216	10,043,643
Net write-off during the period	(76,693)	(2,600,066)	(76,667)	(2,125,129)
Exchange rate variance on foreign currency provisions	4,237	4,230	2,872	3,685
Interest accrued / (reversals) on impaired loans and advances	(1,072,656)	(1,258,339)	(1,072,656)	(1,258,339)
Other movements	115,669	18,578	115,669	18,578
<b>Balance as at June 30/December 31,</b>	<b>44,268,946</b>	<b>36,818,080</b>	<b>43,114,925</b>	<b>35,811,491</b>

	Group		Bank	
	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Gross commitments and contingencies</b>	<b>602,842,021</b>	<b>580,961,807</b>	<b>600,818,662</b>	<b>579,999,273</b>
<b>Impairment on commitments and contingencies</b>				
Accumulated impairment under stage 1	987,612	768,100	983,201	764,857
Accumulated impairment under stage 2	222,338	187,237	222,338	187,237
Accumulated impairment under stage 3	182,178	364,743	182,178	364,743
<b>Total Impairment</b>	<b>1,392,128</b>	<b>1,320,080</b>	<b>1,387,717</b>	<b>1,316,837</b>
<b>Gross commitments and contingencies</b>				
<b>By product - Domestic currency</b>				
<b>Contingencies</b>	<b>53,876,687</b>	<b>53,819,582</b>	<b>53,876,687</b>	<b>53,819,582</b>
Guarantees	37,133,914	35,965,149	37,133,914	35,965,149
Bonds	14,251,130	14,982,010	14,251,130	14,982,010
Documentary Credits	1,643,369	1,450,184	1,643,369	1,450,184
Acceptances	175,421	505,130	175,421	505,130
Bills for collection	672,853	917,109	672,853	917,109
<b>Commitments</b>	<b>94,458,088</b>	<b>84,367,895</b>	<b>94,458,088</b>	<b>84,367,895</b>
Undrawn commitments	94,130,020	84,039,827	94,130,020	84,039,827
Capital commitments	328,068	328,068	328,068	328,068
<b>Sub Total</b>	<b>148,334,775</b>	<b>138,187,477</b>	<b>148,334,775</b>	<b>138,187,477</b>
<b>By product - Foreign Currency</b>				
<b>Contingencies</b>	<b>431,728,505</b>	<b>417,116,282</b>	<b>430,725,358</b>	<b>416,805,102</b>
Guarantees	24,476,579	22,654,559	24,345,192	22,498,571
Bonds	23,060,500	23,722,626	22,883,700	23,624,877
Documentary Credits	45,562,528	50,911,486	44,940,956	50,867,623
Forward exchange and Currency Swaps	269,819,029	246,399,958	269,819,029	246,399,958
Acceptances	40,066,262	43,513,040	40,045,346	43,502,686
Bills for collection	27,144,308	28,355,879	27,091,836	28,352,653
Bullion on consignment	13,596	11,344	13,596	11,344
Other Contingencies	1,585,703	1,547,390	1,585,703	1,547,390
<b>Commitments</b>	<b>22,778,741</b>	<b>25,658,048</b>	<b>21,758,529</b>	<b>25,006,694</b>
Undrawn commitments	22,279,184	25,636,281	21,758,529	25,006,694
Capital commitments	499,557	21,767	-	-
<b>Sub Total</b>	<b>454,507,246</b>	<b>442,774,330</b>	<b>452,483,887</b>	<b>441,811,796</b>
<b>Total</b>	<b>602,842,021</b>	<b>580,961,807</b>	<b>600,818,662</b>	<b>579,999,273</b>

## ANALYSIS OF COMMITMENT AND CONTINGENCIES AND IMPAIRMENT

23

	Group			Bank
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Movement of impairment during the period</b>				
<b>Under Stage 1</b>				
Balance as at January 1,	768,100	528,932	764,857	528,932
Charge/(write back) to the Income Statement	218,943	239,399	217,854	236,209
Exchange rate variance on foreign currency provisions	569	(231)	490	(284)
<b>Balance as at June 30/December 31,</b>	<b>987,612</b>	<b>768,100</b>	<b>983,201</b>	<b>764,857</b>
<b>Under Stage 2</b>				
Balance as at January 1,	187,237	89,177	187,237	89,177
Charge/(write back) to the Income Statement	35,101	98,060	35,101	98,060
<b>Balance as at June 30/December 31,</b>	<b>222,338</b>	<b>187,237</b>	<b>222,338</b>	<b>187,237</b>
<b>Under Stage 3</b>				
Balance as at January 1,	364,743	108,531	364,743	108,531
Charge/(write back) to the Income Statement	(182,565)	256,212	(182,565)	256,212
<b>Balance as at June 30/December 31,</b>	<b>182,178</b>	<b>364,743</b>	<b>182,178</b>	<b>364,743</b>
<b>Total Impairment</b>				
Balance as at January 1,	1,320,080	726,640	1,316,837	726,640
Charge/(write back) to the Income Statement	71,479	593,671	70,390	590,481
Exchange rate variance on foreign currency provisions	569	(231)	490	(284)
<b>Balance as at June 30/December 31,</b>	<b>1,392,128</b>	<b>1,320,080</b>	<b>1,387,717</b>	<b>1,316,837</b>

## ANALYSIS OF DEPOSITS

	Group			Bank
	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>By product - Domestic Currency</b>				
Current account deposits	49,930,227	43,981,795	49,931,552	44,009,507
Savings deposits	290,808,273	248,903,630	291,023,552	249,181,306
Time deposits	527,658,302	507,284,805	526,782,467	507,443,380
Certificate of deposits	32,145	54,047	32,145	54,047
<b>Sub Total</b>	<b>868,428,947</b>	<b>800,224,277</b>	<b>867,769,716</b>	<b>800,688,240</b>
<b>By product - Foreign Currency</b>				
Current account deposits	48,565,145	31,851,740	41,340,848	23,694,078
Savings deposits	85,426,836	77,548,427	81,985,179	73,941,830
Time deposits	152,799,039	159,358,143	147,074,402	154,983,512
<b>Sub Total</b>	<b>286,791,020</b>	<b>268,758,310</b>	<b>270,400,429</b>	<b>252,619,420</b>
<b>Total</b>	<b>1,155,219,967</b>	<b>1,068,982,587</b>	<b>1,138,170,145</b>	<b>1,053,307,660</b>

**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 revised upward to AA+(lka) by Fitch Ratings Lanka Ltd. in June 2020 whilst keeping outlook negative.

**Bangladesh Operation**

AAA was re-affirmed by Credit Rating Information & Services Limited in June 2020.

**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. 371, R. A. de Mel Mawatha,  
Colombo 3, 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  
Telex :21520 COMEX CE  
Facsimile : 2449889  
SWIFT Code-Sri Lanka : CCEYLKXL  
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

**HEAD OFFICE**

"Commercial House",  
No. 21, Sir Razik Fareed Mawatha,  
P.O. Box 856,  
Colombo 1, Sri Lanka.

**COMPANY SECRETARY**

Mr. R.A.P. Rajapaksha

**BOARD OF DIRECTORS**

Mr. K.G.D.D. Dheerasinghe - Chairman  
Mr. M.P. Jayawardena - Deputy Chairman  
Mr.S. Renganathan - Managing Director/Chief Executive Officer  
Mr.S.C.U. Manatunge - Chief Operating Officer  
Mr. S. Swarnajothi  
Prof. A.K.W. Jayawardane  
Mr. K. Dharmasiri  
Mr. L.D. Niyangoda  
Ms. N.T.M.S. Cooray  
Mr. T.L.B. Hurulle  
Justice K. Sripavan  
Ms. Judy Lee (Appointed as a Non-Executive/Independent Director with effect from August 13, 2020)

**ACCOUNTING YEAR**

December 31