

**INTERIM FINANCIAL STATEMENTS**  
**For the year ended December 31, 2017**

## INCOME STATEMENT - GROUP

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	For the year ended			For the quarter ended		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	( Audited) Rs.'000	( Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>116,841,755</b>	<b>93,725,535</b>	<b>24.66</b>	<b>31,365,122</b>	<b>26,442,484</b>	<b>18.62</b>
Interest income	104,049,102	81,314,607	27.96	27,624,561	22,751,087	21.42
Less : Interest expense	64,481,804	48,186,331	33.82	16,700,919	14,085,218	18.57
<b>Net interest income</b>	<b>39,567,298</b>	<b>33,128,276</b>	<b>19.44</b>	<b>10,923,642</b>	<b>8,665,869</b>	<b>26.05</b>
Fee and commission income	10,510,800	8,230,131	27.71	3,014,106	2,516,475	19.77
Less: Fee and commission expense	1,586,334	1,140,954	39.04	407,590	211,341	92.86
<b>Net fee and commission income</b>	<b>8,924,466</b>	<b>7,089,177</b>	<b>25.89</b>	<b>2,606,516</b>	<b>2,305,134</b>	<b>13.07</b>
Net gains/(losses) from trading	233,956	(1,466,711)	115.95	(116,901)	(357,221)	67.27
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	129,210	110,759	16.66	42,914	(3,614)	1,287.44
Other income (net)	1,918,687	5,536,749	(65.35)	800,442	1,535,757	(47.88)
<b>Total operating income</b>	<b>50,773,617</b>	<b>44,398,250</b>	<b>14.36</b>	<b>14,256,613</b>	<b>12,145,925</b>	<b>17.38</b>
Less :Impairment charges for loans and other losses	2,225,914	1,583,326	40.58	606,870	(237,482)	355.54
Individual impairment	401,716	3,439,879	(88.32)	144,162	648,661	(77.78)
Collective impairment	1,823,522	(1,859,806)	198.05	410,830	(885,841)	146.38
Others	676	3,253	(79.22)	51,878	(302)	17,278.15
<b>Net operating income</b>	<b>48,547,703</b>	<b>42,814,924</b>	<b>13.39</b>	<b>13,649,743</b>	<b>12,383,407</b>	<b>10.23</b>
<b>Less: Expenses</b>	<b>20,374,437</b>	<b>18,990,853</b>	<b>7.29</b>	<b>5,380,629</b>	<b>5,078,795</b>	<b>5.94</b>
Personnel expenses	11,338,517	10,913,088	3.90	2,958,109	2,797,778	5.73
Depreciation and amortisation	1,416,927	1,268,330	11.72	372,883	338,229	10.25
Other expenses	7,618,993	6,809,435	11.89	2,049,637	1,942,788	5.50
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>28,173,266</b>	<b>23,824,071</b>	<b>18.26</b>	<b>8,269,114</b>	<b>7,304,612</b>	<b>13.20</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	4,896,620	3,715,941	31.77	1,393,744	1,196,955	16.44
<b>Operating profit after Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>23,276,646</b>	<b>20,108,130</b>	<b>15.76</b>	<b>6,875,370</b>	<b>6,107,657</b>	<b>12.57</b>
Add: Share of profits/(losses) of associates, net of tax	3,678	6,454	(43.01)	(1,128)	701	(260.91)
<b>Profit before income tax</b>	<b>23,280,324</b>	<b>20,114,584</b>	<b>15.74</b>	<b>6,874,242</b>	<b>6,108,358</b>	<b>12.54</b>
Less : Income tax expense	6,653,817	5,648,160	17.81	2,021,616	1,836,909	10.06
<b>Profit for the period</b>	<b>16,626,507</b>	<b>14,466,424</b>	<b>14.93</b>	<b>4,852,626</b>	<b>4,271,449</b>	<b>13.61</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank	16,605,963	14,510,333	14.44	4,836,654	4,306,747	12.30
Non-controlling interest	20,544	(43,909)	146.79	15,972	(35,298)	145.25
<b>Profit for the period</b>	<b>16,626,507</b>	<b>14,466,424</b>	<b>14.93</b>	<b>4,852,626</b>	<b>4,271,449</b>	<b>13.61</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	17.28	15.80	9.37	5.05	4.71	7.22
Diluted earnings per ordinary share (Rs.)	17.27	15.77	9.51	5.05	4.70	7.45

	For the year ended			For the quarter ended		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	( Audited) Rs.'000	( Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the Period</b>	<b>16,626,507</b>	<b>14,466,424</b>	<b>14.93</b>	<b>4,852,626</b>	<b>4,271,449</b>	<b>13.61</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net actuarial gains/(losses) on defined benefit plans	(536,508)	140,826	(480.97)	(536,508)	140,826	(480.97)
Remeasurement of defined benefit liability/(asset)	(718,572)	164,225	(537.55)	(718,572)	164,225	(537.55)
Less : Deferred tax charge/(reversal) on actuarial gains/(losses)	(182,064)	23,399	(878.08)	(182,064)	23,399	(878.08)
Net change in revaluation surplus	1,636,524	-	-	1,623,627	-	-
Changes in revaluation surplus/(deficit)	3,845,981	-	-	3,828,256	-	-
Less : Deferred tax charge/(reversal) on revaluation surplus	2,209,457	-	-	2,204,629	-	-
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of the foreign operations	(503,140)	438,565	(214.72)	(236,718)	205,090	(215.42)
Net fair value gains/(losses) on remeasuring financial investments - available-for-sale	5,501,319	(3,253,429)	269.09	398,034	(874,651)	145.51
Government Securities	5,407,140	(3,263,598)	265.68	382,458	(865,359)	144.20
Fair value gains/(losses) that arose during the year, net of tax	5,434,372	(3,479,504)	256.18	375,352	(870,071)	143.14
Fair value gains/(losses) realised to the Income Statement on disposal , net of tax	(65,413)	(27,425)	(138.52)	(19,245)	(13,360)	(44.05)
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	38,181	243,331	(84.31)	26,351	18,072	45.81
Equity Securities	94,179	10,169	826.14	15,576	(9,292)	267.63
Fair value gains/(losses) arose during the year, net of tax	94,179	10,169	826.14	15,576	(9,292)	267.63
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	(3,212)	-	-	20,653	-	-
Share of other comprehensive income of associates, net of tax	3,526	3,807	(7.38)	3,241	3,214	0.84
Other comprehensive income for the year, net of tax	6,098,509	(2,670,231)	328.39	1,272,329	(525,521)	342.11
<b>Total comprehensive income for the year</b>	<b>22,725,016</b>	<b>11,796,193</b>	<b>92.65</b>	<b>6,124,955</b>	<b>3,745,928</b>	<b>63.51</b>
<b>Attributable to:</b>						
Equity holders of the Bank	22,682,515	11,829,508	91.75	6,094,290	3,773,619	61.50
Non-controlling interest	42,501	(33,315)	227.57	30,665	(27,691)	210.74
<b>Total comprehensive income for the year</b>	<b>22,725,016</b>	<b>11,796,193</b>	<b>92.65</b>	<b>6,124,955</b>	<b>3,745,928</b>	<b>63.51</b>

# INCOME STATEMENT - BANK

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	For the year ended			For the quarter ended		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	( Audited) Rs.'000	( Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>115,593,948</b>	<b>93,142,610</b>	<b>24.10</b>	<b>31,026,349</b>	<b>26,274,847</b>	<b>18.08</b>
Interest income	103,034,386	80,738,176	27.62	27,365,516	22,546,985	21.37
Less : Interest expense	64,010,991	47,914,573	33.59	16,583,945	13,978,461	18.64
<b>Net interest income</b>	<b>39,023,395</b>	<b>32,823,603</b>	<b>18.89</b>	<b>10,781,571</b>	<b>8,568,524</b>	<b>25.83</b>
Fee and commission income	10,169,211	8,143,041	24.88	2,839,434	2,446,430	16.06
Less: Fee and commission expense	1,566,851	1,127,536	38.96	388,107	197,923	96.09
<b>Net fee and commission income</b>	<b>8,602,360</b>	<b>7,015,505</b>	<b>22.62</b>	<b>2,451,327</b>	<b>2,248,507</b>	<b>9.02</b>
Net gains/(losses) from trading	233,956	(1,466,711)	115.95	(116,901)	(357,221)	67.27
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	129,030	110,701	16.56	42,914	(3,672)	1,268.68
Other income (net)	2,027,365	5,617,403	(63.91)	895,386	1,642,325	(45.48)
<b>Total operating income</b>	<b>50,016,106</b>	<b>44,100,501</b>	<b>13.41</b>	<b>14,054,297</b>	<b>12,098,463</b>	<b>16.17</b>
Less :Impairment charges for loans and other losses	1,914,241	1,529,814	25.13	419,773	(273,814)	253.31
Individual impairment	401,716	3,439,879	(88.32)	144,162	648,661	(77.78)
Collective impairment	1,554,333	(1,931,932)	180.45	275,426	(924,378)	129.80
Others	(41,808)	21,867	(291.19)	185	1,903	(90.28)
<b>Net operating income</b>	<b>48,101,865</b>	<b>42,570,687</b>	<b>12.99</b>	<b>13,634,524</b>	<b>12,372,277</b>	<b>10.20</b>
<b>Less: Expenses</b>	<b>20,037,784</b>	<b>18,816,145</b>	<b>6.49</b>	<b>5,288,189</b>	<b>5,015,664</b>	<b>5.43</b>
Personnel expenses	11,268,016	10,794,307	4.39	3,021,197	2,758,460	9.52
Depreciation and amortisation	1,307,804	1,189,493	9.95	343,258	310,380	10.59
Other expenses	7,461,964	6,832,345	9.22	1,923,734	1,946,824	(1.19)
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>28,064,081</b>	<b>23,754,542</b>	<b>18.14</b>	<b>8,346,335</b>	<b>7,356,613</b>	<b>13.45</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	4,881,137	3,703,359	31.80	1,395,296	1,192,536	17.00
<b>Profit before income tax</b>	<b>23,182,944</b>	<b>20,051,183</b>	<b>15.62</b>	<b>6,951,039</b>	<b>6,164,077</b>	<b>12.77</b>
Less : Income tax expense	6,601,700	5,538,672	19.19	2,044,482	1,802,919	13.40
<b>Profit for the period</b>	<b>16,581,244</b>	<b>14,512,511</b>	<b>14.25</b>	<b>4,906,557</b>	<b>4,361,158</b>	<b>12.51</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	17.26	15.81	9.17	5.11	4.81	6.24
Diluted earnings per ordinary share (Rs.)	17.24	15.77	9.32	5.10	4.80	6.25

	For the year ended			For the quarter ended		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	( Audited) Rs.'000	( Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the period</b>	<b>16,581,244</b>	<b>14,512,511</b>	<b>14.25</b>	<b>4,906,557</b>	<b>4,361,158</b>	<b>12.51</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net actuarial gains/(losses) on defined benefit plans	(529,902)	139,763	(479.14)	(529,902)	139,763	(479.14)
Remeasurement of defined benefit liability/(asset)	(709,396)	162,748	(535.89)	(709,396)	162,748	(535.89)
Less : Deferred tax charge/(reversal) on actuarial gains/(losses)	(179,494)	22,985	(880.92)	(179,494)	22,985	(880.92)
Net change in revaluation surplus	1,396,663	-	-	1,396,663	-	-
Changes in revaluation surplus/(deficit)	3,542,214	-	-	3,542,214	-	-
Less : Deferred tax charge/(reversal) on revaluation surplus	2,145,551	-	-	2,145,551	-	-
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of the foreign operations	(525,093)	414,578	(226.66)	(236,075)	189,814	(224.37)
Net fair value gains/(losses) on remeasuring financial investments - available-for-sale	5,501,302	(3,253,429)	269.09	398,017	(874,651)	145.51
Government Securities	5,407,123	(3,263,598)	265.68	382,441	(865,359)	144.19
Fair value gains/(losses) that arose during the year, net of tax	5,434,355	(3,479,504)	256.18	375,335	(870,071)	143.14
Fair value gains/(losses) realised to the Income Statement on disposal , net of tax	(65,413)	(27,425)	(138.52)	(19,245)	(13,360)	(44.05)
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	38,181	243,331	(84.31)	26,351	18,072	45.81
Equity Securities	94,179	10,169	826.14	15,576	(9,292)	267.63
Fair value gains/(losses) arose during the year, net of tax	94,179	10,169	826.14	15,576	(9,292)	267.63
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	(3,212)	-	-	20,653	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>5,839,758</b>	<b>(2,699,088)</b>	<b>316.36</b>	<b>1,049,356</b>	<b>(545,074)</b>	<b>292.52</b>
<b>Total comprehensive income for the year</b>	<b>22,421,002</b>	<b>11,813,423</b>	<b>89.79</b>	<b>5,955,913</b>	<b>3,816,084</b>	<b>56.07</b>

# STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	( Audited )	( Audited )		( Audited )	( Audited )	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>ASSETS</b>						
Cash and cash equivalents	34,673,424	32,924,227	5.31	33,224,619	30,193,589	10.04
Balances with Central Banks	45,546,349	43,935,258	3.67	44,801,446	43,873,205	2.12
Placements with banks	17,633,269	11,718,499	50.47	17,633,269	11,718,499	50.47
Securities purchased under resale agreements	-	-	-	-	-	-
Derivative financial assets	2,334,536	1,052,829	121.74	2,334,536	1,052,829	121.74
Other financial instruments - Held-for-trading	4,410,913	4,987,798	(11.57)	4,410,913	4,987,798	(11.57)
Loans and receivables to banks	640,512	624,458	2.57	640,512	624,458	2.57
Loans and receivables to other customers	742,444,130	620,129,488	19.72	737,446,567	616,018,228	19.71
Financial investments - Available-for-sale	154,913,643	160,092,522	(3.23)	154,714,132	160,023,471	(3.32)
Financial investments - Held-to-maturity	69,365,796	63,626,598	9.02	63,562,752	60,981,298	4.23
Financial investments - Loans and receivables	48,712,477	51,824,026	(6.00)	48,712,477	51,824,026	(6.00)
Investments in subsidiaries	-	-	-	3,065,935	2,435,392	25.89
Investments in associates	109,844	108,859	0.90	44,331	44,331	-
Property, plant & equipment	16,317,044	11,569,666	41.03	14,634,710	10,307,825	41.98
Intangible assets	1,251,226	1,132,669	10.47	776,810	640,645	21.25
Leasehold property	104,516	105,968	(1.37)	72,594	73,536	(1.28)
Deferred tax assets	-	668,150	-	-	963,935	-
Other assets	17,362,977	16,482,559	5.34	17,298,162	16,438,166	5.23
<b>Total Assets</b>	<b>1,155,820,656</b>	<b>1,020,983,574</b>	<b>13.21</b>	<b>1,143,373,765</b>	<b>1,012,201,231</b>	<b>12.96</b>
<b>LIABILITIES</b>						
Due to banks	60,244,892	71,098,391	(15.27)	57,120,991	67,608,811	(15.51)
Derivative financial liabilities	3,678,494	1,515,035	142.80	3,678,494	1,515,035	142.80
Securities sold under repurchase agreements	49,532,385	69,628,961	(28.86)	49,676,767	69,867,469	(28.90)
Other financial liabilities - Held-for-trading	-	-	-	-	-	-
Due to other customers/deposits from customers	857,269,981	743,310,613	15.33	850,127,511	739,563,494	14.95
Other borrowings	23,786,094	9,270,154	156.59	23,786,094	9,270,154	156.59
Current tax liabilities	4,202,850	3,464,682	21.31	4,143,911	3,440,736	20.44
Deferred tax liabilities	3,565,215	-	-	3,274,826	-	-
Other provisions	-	1,874	-	-	1,874	-
Other liabilities	19,508,115	18,028,902	8.20	19,225,364	17,710,394	8.55
Due to subsidiaries	-	-	-	74,523	20,061	271.48
Subordinated liabilities	25,165,924	24,849,539	1.27	25,165,924	24,849,539	1.27
<b>Total Liabilities</b>	<b>1,046,953,950</b>	<b>941,168,151</b>	<b>11.24</b>	<b>1,036,274,405</b>	<b>933,847,567</b>	<b>10.97</b>

# STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	( Audited ) Rs.'000	( Audited ) Rs.'000	%	( Audited ) Rs.'000	( Audited ) Rs.'000	%
<b>EQUITY</b>						
Stated capital	37,143,541	24,978,003	48.71	37,143,541	24,978,003	48.71
Statutory reserves	6,492,552	5,647,993	14.95	6,476,952	5,647,890	14.68
Retained earnings	5,086,609	4,553,778	11.70	4,987,446	4,464,077	11.72
Other reserves	59,272,098	43,812,536	35.29	58,491,421	43,263,694	35.20
<b>Total equity attributable to equity holders of the Group/Bank</b>	<b>107,994,800</b>	<b>78,992,310</b>	<b>36.72</b>	<b>107,099,360</b>	<b>78,353,664</b>	<b>36.69</b>
<b>Non-controlling Interest</b>	<b>871,906</b>	<b>823,113</b>	<b>5.93</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>108,866,706</b>	<b>79,815,423</b>	<b>36.40</b>	<b>107,099,360</b>	<b>78,353,664</b>	<b>36.69</b>
<b>Total Liabilities and Equity</b>	<b>1,155,820,656</b>	<b>1,020,983,574</b>	<b>13.21</b>	<b>1,143,373,765</b>	<b>1,012,201,231</b>	<b>12.96</b>
<b>Contingent liabilities and commitments</b>	<b>565,277,821</b>	<b>498,568,500</b>	<b>13.38</b>	<b>564,794,885</b>	<b>498,304,527</b>	<b>13.34</b>
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>108.44</b>	<b>88.68</b>	<b>22.28</b>	<b>107.54</b>	<b>87.97</b>	<b>22.25</b>
<b>Memorandum Information</b>						
Number of Employees				4,982	4,987	
Number of Customer Service Centers				280	274	

## 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 audited Financial Statements of the Group & the Bank.

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

*Chairman*

*February 23, 2018*

*Colombo*

**(Sgd.) J. Durairatnam**

*Managing Director/Chief Executive Officer*

## STATEMENT OF CHANGES IN EQUITY - GROUP

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	Stated Capital	Statutory Reserve	Retained Earnings	Other Reserves						Shareholders' Funds	Non-Controlling Interest	Total Equity
		Statutory Reserve Fund		Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	General Reserve	Employee Share Option Reserve			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at January 01, 2016	23,254,605	4,922,367	4,467,807	6,258,939	(3,955,376)	432,489	-	35,359,478	223,330	70,963,639	50,208	71,013,847
Total comprehensive income for the year 2016												
Profit for the year	-	-	14,510,333	-	-	-	-	-	-	14,510,333	(43,909)	14,466,424
Other comprehensive income, net of tax	-	-	144,591	-	(3,253,429)	428,013	-	-	-	(2,680,825)	10,594	(2,670,231)
Net actuarial gains/(losses) on defined benefit plans			140,784							140,784	42	140,826
Share of other comprehensive income of associates, net of tax			3,807							3,807		3,807
Net fair value gains/(losses) on remeasuring financial investments Available-for-sale					(3,253,429)					(3,253,429)		(3,253,429)
Net gains/(losses) arising from translating the Financial Statements of foreign operations						428,013				428,013	10,552	438,565
Total comprehensive income for the year 2016	-	-	14,654,924	-	(3,253,429)	428,013	-	-	-	11,829,508	(33,315)	11,796,193
Transactions with owners, recognised directly in equity, contributions and distributions to owners												
Issue of Ordinary shares under Employee Share Option Plans	144,804	-	-	-	-	-	-	-	-	144,804	-	144,804
Dividends to equity holders	1,578,594		(5,720,913)							(4,142,319)	(3,432)	(4,145,751)
Final cash dividend for 2015	-	-	(2,630,991)	-	-	-	-	-	-	(2,630,991)	(2,059)	(2,633,050)
Final dividend for 2015 satisfied in the form of issue and allotment of new shares	1,578,594	-	(1,753,994)	-	-	-	-	-	-	(175,400)	-	(175,400)
First interim dividend for 2016	-	-	(1,335,928)	-	-	-	-	-	-	(1,335,928)	(1,373)	(1,337,301)
Share-based Payment transactions	-	-	-	-	-	-	-	-	196,952	196,952	-	196,952
Write back of dividend payable	-	-	624	-	-	-	-	-	-	624	38	662
Derecognition of revaluation reserve to the retained earnings	-	-	5,628	(5,628)	-	-	-	-	-	-	-	-
Profit due to change in ownership	-	-	3,047	-	-	-	-	-	-	3,047	-	3,047
Movement due to change in ownership	-	-	(1,188)	(2,757)	-	-	-	-	-	(3,945)	3,945	-
Incorporation of a subsidiary with Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	805,669	805,669
Transfers during the year	-	725,626	(8,856,151)	-	-	-	-	8,130,525	-	-	-	-
Total transactions with equity holders	1,723,398	725,626	(14,568,953)	(8,385)	-	-	-	8,130,525	196,952	(3,800,837)	806,220	(2,994,617)
Balance as at January 01, 2017	24,978,003	5,647,993	4,553,778	6,250,554	(7,208,805)	860,502	-	43,490,003	420,282	78,992,310	823,113	79,815,423



## STATEMENT OF CHANGES IN EQUITY - GROUP

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	Stated Capital	Statutory Reserve	Retained Earnings	Other Reserves						Shareholders' Funds	Non-Controlling Interest	Total Equity
		Statutory Reserve Fund		Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	General Reserve	Employee Share Option Reserve			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total comprehensive income for the year 2017												
Profit for the year	-	-	16,605,963	-	-	-	-	-	-	16,605,963	20,544	16,626,507
Other comprehensive income, net of tax	-	-	(532,590)	1,622,567	5,501,319	(511,529)	(3,212)	-	-	6,076,555	21,955	6,098,510
Net actuarial gains/(losses) on defined benefit plans			(536,116)							(536,116)	(392)	(536,508)
Share of other comprehensive income of associates, net of tax			3,526							3,526	-	3,526
Net change in revaluation surplus				1,622,567						1,622,567	13,958	1,636,525
Net fair value gains/(losses) on remeasuring financial invetments Available-for-sale					5,501,319					5,501,319		5,501,319
Net gains/(losses) arising from translating the Financial Statements of foreign operations						(511,529)				(511,529)	8,389	(503,140)
Cash flow hedges - effective portion of changes in fair value, net of tax							(3,212)			(3,212)		(3,212)
Total comprehensive income for the year 2017	-	-	16,073,373	1,622,567	5,501,319	(511,529)	(3,212)	-	-	22,682,518	42,499	22,725,017
Transactions with owners, recognised directly in equity, contributions and distributions to owners												
Proceeds from Right issue of Orinary shares	10,143,872	-	-	-	-	-	-	-	-	10,143,872	-	10,143,872
Issue of Ordinary shares under Employee Share Option Plans	415,117	-	-	-	-	-	-	-	-	415,117	-	415,117
Dividends to equity holders	1,606,549		(5,955,851)							(4,349,302)	(3,690)	(4,352,992)
Second interim dividend for 2016	-	-	(2,674,799)	-	-	-	-	-	-	(2,674,799)	(1,845)	(2,676,644)
Final cash dividend for 2016	-	-	-	-	-	-	-	-	-	-	(369)	(369)
Final dividend for 2016 satisfied in the form of issue and allotment of new shares	1,606,549	-	(1,785,054)	-	-	-	-	-	-	(178,505)	-	(178,505)
Dividend paid in respect of previous years			(2,279)							(2,279)	-	(2,279)
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	(1,493,719)	(1,476)	(1,495,195)
Share-based Payment transactions (net)	-	-	-	-	-	-	-	-	109,535	109,535	-	109,535
Derecognition of revaluation reserve to the reatined earnings	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	36,940	(31,468)	-	-	-	-	-	5,472	-	5,472
Transfers during the year	-	844,559	(9,624,559)	-	-	-	-	8,780,000	-	-	-	-
Total transactions with equity holders	12,165,538	844,559	(15,540,542)	(39,118)	-	-	-	8,780,000	109,535	6,319,972	6,294	6,326,266
Balance as at December 31, 2017	37,143,541	6,492,552	5,086,609	7,834,003	(1,707,486)	348,973	(3,212)	52,270,003	529,817	107,994,800	871,906	108,866,706

## STATEMENT OF CHANGES IN EQUITY - BANK

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	Stated Capital	Statutory Reserve	Retained Earnings	Other Reserves						Total Equity
		Statutory Reserve Fund		Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	General Reserve	Employee Share Option Reserve	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at January 01, 2016	23,254,605	4,922,264	4,388,867	5,722,859	(3,955,367)	424,768	-	35,359,478	223,330	70,340,804
Total comprehensive income for the year 2016										
Profit for the year	-	-	14,512,511	-	-	-	-	-	-	14,512,511
Other comprehensive income, net of tax	-	-	139,763	-	(3,253,429)	414,578	-	-	-	(2,699,088)
Net actuarial gains/(losses) on defined benefit plans			139,763							139,763
Net fair value gains/(losses) on remeasuring financial invetments Available-for-sale					(3,253,429)					(3,253,429)
Net gains/(losses) arising from translating the Financial Statements of the foreign operation						414,578				414,578
Total comprehensive income for the year 2016	-	-	14,652,274	-	(3,253,429)	414,578	-	-	-	11,813,423
Transactions with owners, recognised directly in equity, contributions and distributions to owners										
Issue of Ordinary shares under Employee Share Option Plans	144,804	-	-	-	-	-	-	-	-	144,804
Dividends to equity holders	1,578,594		(5,720,913)							(4,142,319)
Final cash dividend for 2015	-	-	(2,630,991)	-	-	-	-	-	-	(2,630,991)
Final dividend for 2016 satisfied in the form of issue and allotment of new shares	1,578,594	-	(1,753,994)	-	-	-	-	-	-	(175,400)
First interim dividend for 2016	-	-	(1,335,928)	-	-	-	-	-	-	(1,335,928)
Share-based Payment transactions	-	-	-	-	-	-	-	-	196,952	196,952
Transfers during the year	-	725,626	(8,856,151)	-				8,130,525	-	-
Total transactions with equity holders	1,723,398	725,626	(14,577,064)	-	-	-	-	8,130,525	196,952	(3,800,563)
Balance as at January 01, 2017	24,978,003	5,647,890	4,464,077	5,722,859	(7,208,796)	839,346	-	43,490,003	420,282	78,353,664

## STATEMENT OF CHANGES IN EQUITY - BANK

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	Stated Capital	Statutory Reserve	Retained Earnings	Other Reserves						Total Equity
		Statutory Reserve Fund		Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	General Reserve	Employee Share Option Reserve	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total comprehensive income for the year 2017										
Profit for the year	-	-	16,581,244	-	-	-	-	-	-	16,581,244
Other comprehensive income, net of tax	-	-	(529,902)	1,396,663	5,501,302	(525,093)	(3,212)	-	-	5,839,758
Net actuarial gains/(losses) on defined benefit plans			(529,902)							(529,902)
Net change in revaluation surplus				1,396,663						1,396,663
Net fair value gains/(losses) on remeasuring financial invetments Available-for-sale					5,501,302					5,501,302
Net gains/(losses) arising from translating the Financial Statements of foreign operations						(525,093)				(525,093)
Cash flow hedges - effective portion of changes in fair value, net of tax							(3,212)			(3,212)
Total comprehensive income for the year 2017	-	-	16,051,342	1,396,663	5,501,302	(525,093)	(3,212)	-	-	22,421,002
Transactions with owners, recognised directly in equity, contributions and distributions to owners										
Proceeds from Right issue of Orinary shares	10,143,872	-	-	-	-	-	-	-	-	10,143,872
Issue of Ordinary shares under Employee Share Option Plans	415,117	-	-	-	-	-	-	-	-	415,117
Dividends to equity holders	1,606,549		(5,955,851)							(4,349,302)
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	1,606,549	-	(1,785,054)	-	-	-	-	-	-	(178,505)
Dividend paid in respect of previous years			(2,279)							(2,279)
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	(1,493,719)
Share-based Payment transactions (net)	-	-	-	-	-	-	-	-	109,535	109,535
Revaluation gain on disposal of Freehold Land & Building	-	-	36,940	(31,468)	-	-	-	-	-	5,472
Transfers during the year	-	829,062	(9,609,062)	-	-	-	-	8,780,000	-	-
Total transactions with equity holders	12,165,538	829,062	(15,527,973)	(31,468)	-	-	-	8,780,000	109,535	6,324,694
Balance as at December 31, 2017	37,143,541	6,476,952	4,987,446	7,088,054	(1,707,494)	314,253	(3,212)	52,270,003	529,817	107,099,360

	Group		Bank	
For the year ended December 31,	2017	2016	2017	2016
	( Audited )	( Audited )	( Audited )	( Audited )
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	23,280,350	20,114,584	23,182,944	20,051,183
Adjustments for:				
Non-cash items included in profits before tax	2,315,139	2,754,851	1,882,763	2,588,922
Change in operating assets	(126,726,469)	(131,928,935)	(121,579,535)	(126,756,110)
Change in operating liabilities	100,265,879	117,122,450	97,246,867	111,259,187
(Gains)/losses on sale of property, plant and equipment	18,774	(10,395)	35,018	(1,705)
Share of profits in associates, net of tax	(3,678)	(6,454)	-	-
Dividend income from subsidiaries and associates	-	-	(100,443)	(85,579)
Interest expense on subordinated liabilities	2,377,694	1,535,349	2,377,694	1,533,934
Net unrealized gains/(losses) arising from translating the financial statements of foreign operations	(503,166)	438,565	(525,093)	414,578
Profit due to change in ownership	-	-	(5,262)	(3,047)
Benefits paid on defined benefit plans	(184,464)	(110,800)	(179,855)	(109,329)
Income tax paid	(3,810,701)	(4,014,741)	(3,753,679)	(3,966,831)
<b>Net cash from operating activities</b>	<b>(2,970,642)</b>	<b>5,894,474</b>	<b>(1,418,581)</b>	<b>4,925,203</b>
<b>Cash Flows from Investing Activities</b>				
Net purchase of property, plant & equipment	(2,163,733)	(1,501,070)	(1,959,075)	(1,369,729)
Proceeds from sale of property, plant & equipment	58,032	32,168	41,408	11,958
Purchase of financial investments	(179,751)	(514,043)	(179,751)	(514,043)
Proceeds from sale and maturity of financial investments	3,530,785	1,628,487	3,530,785	1,628,487
Net purchase of intangible assets	(352,329)	(422,175)	(346,360)	(340,351)
Proceeds due to change in ownership	7,803	4,294	7,803	4,294
Net cash flow from investment in subsidiaries and associates	-	-	(564,253)	(1,184,707)
Dividends received from investments in subsidiaries and associates	4,111	5,808	100,443	85,579
<b>Net cash (used in) investing activities</b>	<b>904,918</b>	<b>(766,531)</b>	<b>631,000</b>	<b>(1,678,512)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from Right issue of Ordinary shares	10,143,872	-	10,143,872	-
Net proceeds from issue of ordinary voting shares	386,311	135,582	386,311	135,582
Proceeds from issue of subordinated liabilities	-	13,179,430	-	13,179,430
Redemption of subordinated liabilities	-	(987,660)	-	(972,660)
Interest paid on subordinated liabilities	(2,362,270)	(1,298,062)	(2,362,270)	(1,296,647)
Dividend paid to non-controlling interest	(3,690)	(3,432)	-	-
Capital contribution from non-controlling interest of a newly incorporated subsidiary	-	805,669	-	-
Dividend paid to shareholders of the Bank	(4,349,302)	(4,142,319)	(4,349,302)	(4,142,319)
<b>Net cash from / (used in) financing activities</b>	<b>3,814,921</b>	<b>7,689,208</b>	<b>3,818,611</b>	<b>6,903,386</b>
Net increase/(decrease) in cash and cash equivalents	1,749,197	12,817,151	3,031,030	10,150,077
Cash and cash equivalents as at January 01,	32,924,227	20,107,076	30,193,589	20,043,512
<b>Cash and cash equivalents as at December 31,</b>	<b>34,673,424</b>	<b>32,924,227</b>	<b>33,224,619</b>	<b>30,193,589</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
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 resale 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
<b>Total financial assets</b>	<b>6,745,449</b>	<b>69,365,796</b>	<b>889,650,161</b>	<b>154,913,643</b>	<b>-</b>	<b>1,120,675,049</b>
	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>						
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
<b>Total financial liabilities</b>	<b>3,678,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,015,999,276</b>	<b>1,019,677,770</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents			32,924,227			32,924,227
Balances with Central Banks			43,935,258			43,935,258
Placements with banks			11,718,499			11,718,499
Securities purchased under resale agreements			-			-
Derivative financial assets	1,052,829					1,052,829
Other financial instruments - Held-for-trading	4,987,798					4,987,798
Loans and receivables to banks			624,458			624,458
Loans and receivables to other customers			620,129,488			620,129,488
Financial investments - Available-for-sale				160,092,522		160,092,522
Financial investments - Held-to-maturity		63,626,598				63,626,598
Financial investments - Loans and receivables			51,824,026			51,824,026
<b>Total financial assets</b>	<b>6,040,627</b>	<b>63,626,598</b>	<b>761,155,956</b>	<b>160,092,522</b>	<b>-</b>	<b>990,915,703</b>
	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>						
Due to banks					71,098,391	71,098,391
Derivative financial liabilities	1,515,035					1,515,035
Securities sold under repurchase agreements					69,628,961	69,628,961
Due to other customers/deposits from customers					743,310,613	743,310,613
Other borrowings					9,270,154	9,270,154
Subordinated liabilities					24,849,539	24,849,539
<b>Total financial liabilities</b>	<b>1,515,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>918,157,658</b>	<b>919,672,693</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
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 resale 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
<b>Total financial assets</b>	<b>6,745,449</b>	<b>63,562,752</b>	<b>882,458,890</b>	<b>154,714,132</b>	<b>-</b>	<b>1,107,481,223</b>
<b>FINANCIAL LIABILITIES</b>						
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
<b>Total financial liabilities</b>	<b>3,678,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,005,877,287</b>	<b>1,009,555,781</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents			30,193,589			30,193,589
Balances with Central Banks			43,873,205			43,873,205
Placements with banks			11,718,499			11,718,499
Securities purchased under resale agreements			-			-
Derivative financial assets	1,052,829					1,052,829
Other financial instruments - Held-for-trading	4,987,798					4,987,798
Loans and receivables to banks			624,458			624,458
Loans and receivables to other customers			616,018,228			616,018,228
Financial investments - Available-for-sale				160,023,471		160,023,471
Financial investments - Held-to-maturity		60,981,298				60,981,298
Financial investments - Loans and receivables			51,824,026			51,824,026
<b>Total financial assets</b>	<b>6,040,627</b>	<b>60,981,298</b>	<b>754,252,005</b>	<b>160,023,471</b>	<b>-</b>	<b>981,297,401</b>
<b>FINANCIAL LIABILITIES</b>						
Due to banks					67,608,811	67,608,811
Derivative financial liabilities	1,515,035					1,515,035
Securities sold under repurchase agreements					69,867,469	69,867,469
Due to other customers/deposits from customers					739,563,494	739,563,494
Other borrowings					9,270,154	9,270,154
Subordinated liabilities					24,849,539	24,849,539
<b>Total financial liabilities</b>	<b>1,515,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>911,159,467</b>	<b>912,674,502</b>



	Bank			Group
	As at 31.12.2017 (Audited)	As at 31.12.2016 (Audited)	As at 31.12.2017 (Audited)	As at 31.12.2016 (Audited)
<b>Regulatory Capital - Rs. '000</b>				
Common Equity Tier I (Basel III)	94,151,253	N/A	95,725,306	N/A
Tier I Capital / Core Capital (Basel III / Basel II )	94,151,253	75,206,867	95,725,306	76,605,502
Total Capital / Total Capital Base (Basel III / Basel II )	122,415,882	103,373,535	123,989,935	105,837,614
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier I Capital Ratio ( Minimum Requirement as per Basel III - 6.25% )	12.11%	N/A	12.12%	N/A
Tier I Capital Ratio ( Minimum Requirement as per Basel III - 7.75% )	12.11%	N/A	12.12%	N/A
( Minimum Requirement as per Basel II - 5% )	N/A	11.56%	N/A	11.59%
Total Capital Ratio ( Minimum Requirement as per Basel III - 11.75% )	15.75%	N/A	15.70%	N/A
( Minimum Requirement as per Basel II - 10% )	N/A	15.90%	N/A	16.01%
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio	1.88%	2.18%		
( Net of Interest in Suspense )				
Net Non-Performing Advances Ratio	0.92%	1.09%		
( Net of Interest in Suspense and Provisions )				
<b>Profitability</b>	3.62%	3.47%		
Interest Margin	2.15%	2.12%		
Return on Assets ( before tax )	17.88%	19.52%		
Return on Equity				
<b>Debt Security Related Ratios</b>	38.61%	33.33%		
Debt Equity Ratio	11.56	14.83		
Interest Cover (Times)				
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets - Rs. '000	225,430,587	194,654,662		
Domestic Banking Unit	18,105,907	17,885,242		
Off-Shore Banking Unit				
Statutory Liquid Assets Ratio % ( Minimum Requirement 20% )				
Domestic Banking Unit	27.28%	27.19%		
Off-Shore Banking Unit	30.95%	30.19%		
Liquidity Coverage Ratio (%) - Rupee ( Minimum Requirement - 2017- 80%, 2016 - 70% )	272.15%	196.34%*		
Liquidity Coverage Ratio (%) - All Currency ( Minimum Requirement - 2017- 80%, 2016 - 70% )	209.17%	150.45%*		

\* Unaudited

OPERATING SEGMENTS

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	Personal Banking		Corporate Banking		International Operations		Investment Banking		Dealing/Treasury		Unallocated/Eliminations		Total/Consolidated	
For the year ended December 31,	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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
External Operating income :														
Net interest income	27,068,268	23,255,124	4,639,252	4,528,344	4,044,558	3,214,891	381,502	1,026,278	1,375,506	(125,417)	2,058,212	1,229,056	39,567,298	33,128,276
Foreign exchange profit	217,330	198,679	699,565	822,894	1,015,851	509,081	-	-	(1,335,721)	795,504	-	-	597,025	2,326,158
Net fees and commission income	6,135,191	4,857,448	1,803,963	1,594,813	934,398	609,430	45,242	23,505	5,672	3,981	-	-	8,924,466	7,089,177
Other income	454,232	779,594	334,100	353,668	125,674	190,003	42,303	8,984	213,662	64,252	514,857	458,138	1,684,828	1,854,639
Total Operating income	33,875,021	29,090,845	7,476,880	7,299,719	6,120,481	4,523,405	469,047	1,058,767	259,119	738,320	2,573,069	1,687,194	50,773,617	44,398,250
Credit loss expenses	(1,371,757)	202,442	(534,801)	(1,726,375)	(319,356)	(59,393)	-	-	-	-	-	-	(2,225,914)	(1,583,326)
Net Operating income	32,503,264	29,293,287	6,942,079	5,573,344	5,801,125	4,464,012	469,047	1,058,767	259,119	738,320	2,573,069	1,687,194	48,547,703	42,814,924
Segment result	16,281,986	14,328,813	5,414,227	4,874,706	4,086,117	3,148,044	287,326	625,923	126,225	(4,086)	(2,919,235)	(2,865,270)	23,276,646	20,108,130
Profit from operations													23,276,646	20,108,130
Share of profit of Associates, net of tax													3,678	6,454
Income tax expense													(6,653,817)	(5,648,160)
Non Controlling Interest													(20,544)	43,909
Net profit for the year, attributable to Equity holders of the parent													16,605,963	14,510,333
As at December 31,	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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
Other information														
Segment assets	451,906,174	348,163,433	240,649,838	229,759,156	128,456,896	112,387,766	9,007,603	12,335,263	262,780,975	257,143,130	62,909,326	61,085,967	1,155,710,812	1,020,874,715
Investment in associates	-	-	-	-	-	-	-	-	-	-	109,844	108,859	109,844	108,859
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	451,906,174	348,163,433	240,649,838	229,759,156	128,456,896	112,387,766	9,007,603	12,335,263	262,780,975	257,143,130	63,019,170	61,194,826	1,155,820,656	1,020,983,574
Segment liabilities	699,123,580	601,064,166	151,728,410	145,104,008	103,813,211	86,181,038	9,117,447	12,444,122	75,403,237	92,910,135	7,768,065	3,464,682	1,046,953,950	941,168,151
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	699,123,580	601,064,166	151,728,410	145,104,008	103,813,211	86,181,038	9,117,447	12,444,122	75,403,237	92,910,135	7,768,065	3,464,682	1,046,953,950	941,168,151
For the year ended December 31,	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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
Information on cash flows														
Cash flows from operating activities	3,977,097	48,260,328	(7,219,784)	(20,442,140)	322,609	(491,909)	140,802	(40,710)	(191,366)	(21,391,095)	-	-	(2,970,642)	5,894,474
Cash flows from investing activities	-	-	-	-	-	-	3,362,948	1,124,546	-	-	-	-	3,362,948	1,124,546
Cash flows from financing activities	(2,274,217)	(1,298,062)	-	-	-	-	-	-	(88,053)	12,191,770	6,177,191	(3,204,500)	3,814,921	7,689,208
Capital expenditure -													-	-
Property, Plant & Equipment													(2,105,701)	(1,468,902)
Intangible assets													(352,329)	(422,175)
Eliminations/unallocated													-	-
Net cash flow generated during the year													1,749,197	12,817,151

## Twenty largest voting shareholders as at December 31, 2017

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	126,930,224	13.62
Employees Provident Fund	89,933,984	9.65
Mr.Y.S. H. I. Silva	70,742,605	7.59
Deutsche Bank AG Singapore - DSS A/C Ntasian Discovery Master Fund	53,263,322	5.72
Sri Lanka Insurance Corporation Ltd. - Life Fund	46,620,431	5.00
Melstacorp PLC	41,516,889	4.45
CB NY S/A International Finance Corporation	41,442,164	4.45
Sri Lanka Insurance Corporation Ltd. - General Fund	40,087,155	4.30
Mrs. L. E. M. Yaseen	17,008,550	1.83
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	16,599,478	1.78
BNYMSANV RE-CF Ruffer Absolute Return Fund	16,414,352	1.76
Employees Trust Fund Board	15,579,452	1.67
HSBC Intl. Nominees Ltd. - JPMCB - T Rowe New Asia Fund	14,990,626	1.61
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	14,181,819	1.52
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Institutional Fund, Inc. - Frontier Emerging Markets Portfolio	13,605,543	1.46
BNYMSANV RE - First State Investments ICVC - Stewart Investors Indian Subcontinent Fund	9,897,978	1.06
HSBC Intl. Nominees Ltd. - SSBT - BMO Investments II (Ireland) Public Limited Company	9,862,752	1.06
HSBC Intl. Nominees Ltd. - JPMLU-T Rowe Price Funds SICAV	9,503,641	1.02
HSBC Intl. Nominees Ltd. - BPSS LUX - Aberdeen Global Asia Pacific Equity Fund	9,444,947	1.01
HSBC Intl. Nominees Ltd. - BP25 London-Aberdeen Asia Smaller Companies Investment Trust	7,734,621	0.83
Sub total	665,360,533	71.39
Other Shareholders	266,611,158	28.61
<b>Total</b>	<b>931,971,691</b>	<b>100.00</b>

Percentage of public holding as at December 31, 2017 - 99.71%

Number of shareholders representing public holding as at December 31, 2017 - 9,780

## Twenty largest non-voting shareholders as at December 31, 2017

Name of the Shareholder	No. of Shares	%
CITY Bank Newyork S/A Norges Bank Account No.02	6,428,323	10.06
Employees Trust Fund Board	4,656,784	7.28
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	3,866,166	6.05
GF Capital Global Limited	1,627,959	2.55
BNYMSANV RE-Butterfield Trust (Bermuda) Limited	1,442,008	2.26
CB NY S/A Salient International Dividend Signal Fund	1,323,138	2.07
Mr. J. D. Bandaranayake	1,232,411	1.93
M.J.F.Exports (Pvt) Ltd	1,093,594	1.71
Mr. M. F. Hashim	904,832	1.42
Saboor Chatoor (Pvt) Ltd	872,800	1.37
Mrs. L. V. C. Samarasinha	750,000	1.17
Northern Trust Company S/A Polar Capital Funds PLC	718,286	1.12
Akbar Brothers (Pvt) Ltd. A/C No.01	689,509	1.08
Union Assurance PLC/No - 01A/C	649,979	1.02
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	536,072	0.84
Mr. T.W.A. Wickramasinghe	522,000	0.82
Mr. R. Gautam	495,200	0.77
Mr. K.S.M. De Silva	442,974	0.69
Mr. A.L. Gooneratne	430,409	0.67
Bank of Ceylon A/C Ceybank Century Growth Fund	416,931	0.65
Sub total	29,099,375	45.52
Other Shareholders	34,828,236	54.48
<b>Total</b>	<b>63,927,611</b>	<b>100.00</b>

Percentage of public holding as at December 31, 2017 - 89.66%

Number of shareholders representing public holding as at December 31, 2017 - 4,309

## Directors' holding in shares as at December 31, 2017

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.K.G.D.D. Dheerasinghe - Chairman	23,567	-
Mr.M.P. Jayawardane - Deputy Chairman	-	-
Mr.J. Durairatnam - Managing Director/Chief Executive Officer	616,800	-
Mr.S. Renganathan - Chief Operating Officer	319,792	11,718
Mr.S. Swarnajothi	-	10,762
Prof. A.K.W. Jayawardane	-	-
Mr. K. Dharmasiri	-	-
Mr. L.D. Niyangoda	-	-
Ms. N.T.M.S. Cooray	-	49,731
Mr. G.S. Jadeja	-	-
Mr. T.L.B. Hurulle	-	-
Justice K. Sripavan	-	-

	2017 Rs.	2016 Rs.
<b>Market price of an ordinary share of the Bank as at December 31,</b>		
Voting	135.80	145.00
Non-Voting	105.00	115.00
<b>Highest price during the quarter ended December 31,</b>		
Voting	150.00	151.90
Non-Voting	114.50	120.00
<b>Lowest price during the quarter ended December 31,</b>		
Voting	133.00	138.50
Non-Voting	104.90	113.50

	2017	2016
<b>Number of ordinary shares as at December 31,</b>		
Voting	931,971,691	833,521,887
Non-Voting	63,927,611	57,212,653

## EXPLANATORY NOTES

- There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2016, except application of hedge accounting principles for an Interest Rate Swap entered by the Bank in March 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.
- The Bank raised Rs. 10.144 Bn via Right Issue of ordinary shares in June 2017 and these funds were utilised to finance the lending portfolio of the Bank. The position of the funds raised through the aforesaid Right Issue of ordinary shares is as follows:

Objective Number	Objective as per Circular	Amount allocated as per Circular (Rs.Bn.)	Proposed date of utilisation as per Circular	Amount allocated from proceeds (Rs.Bn.) A	% of total proceeds	Amount utilised (Rs.Bn.) B	% utilised against allocation (B/A)	Clarification, if not fully utilised
1	Funding the expansion of the loan portfolio	10.144	Before June 19, 2018	10.144	100%	10.144	100%	-
2	Strengthening the Common Equity Tier I Capital	10.144	Immediate	10.144	100%	10.144	100%	-
- The Bank has announced a debenture issue in January 2018 to issue 50,000,000 listed unsecured rated redeemable subordinated Basel III compliant 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. in the event of oversubscription, subject to obtaining all necessary approvals and other conditions acceptable to the Bank.
- During the quarter, there were no material changes in the composition of assets, liabilities, contingent liabilities.
- All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since December 31, 2017, that require disclosure in these Interim Financial Statements other than those disclosed above.

INFORMATION ON DEBENTURES - BANK

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Debenture categories	CSE Listing	Interest payable frequency	Balance as at December 31, 2017 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 %
<b>Fixed rate</b>											
March 2016/March 2021 10.75% p.a.*	Listed	Semi Annually	4,430,340	85.33	81.40	81.40	10.75	11.04	9.70	17.96	17.52%
March 2016/March 2026 11.25% p.a.	Listed	Semi Annually	1,749,090	Not traded during the current period			11.25	11.57	10.10	Not traded during the current period	
October 2016/October 2021 12.00% p.a.**	Listed	Semi Annually	5,071,800	96.00	87.17	87.17	12.00	12.36	9.80	15.98	15.74%
October 2016/October 2026 12.25% p.a.	Listed	Semi Annually	1,928,200	Not traded during the current period			12.25	12.63	10.10	Not traded during the current period	
<b>Total Debentures</b>			<b>13,179,430</b>								

\* Last traded date was July 27, 2017

\*\* Last traded date was February 16, 2017

(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 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000
Gross loans and receivables	760,453,937	637,982,536	754,707,977	633,390,907
Less: Allowance for Individual impairment	7,853,654	8,453,457	7,853,654	8,453,457
Allowance for Collective impairment	10,156,153	9,399,591	9,407,756	8,919,222
<b>Net loans and receivables</b>	<b>742,444,130</b>	<b>620,129,488</b>	<b>737,446,567</b>	<b>616,018,228</b>

2 LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000
By product - Domestic Currency				
Loans and advances				
Overdrafts	107,668,330	92,303,270	107,668,330	92,302,859
Trade finance	42,087,800	30,586,333	42,087,800	30,586,333
Lease rental receivable	40,205,415	38,716,234	37,304,183	35,669,232
Credit cards	9,579,986	6,609,683	9,579,986	6,609,683
Pawning	1,339,259	1,239,785	1,339,259	1,239,785
Staff loans	7,859,934	7,168,444	7,853,190	7,166,313
Housing loans	50,347,880	45,305,127	50,347,880	45,305,127
Personal loans	27,957,462	25,715,061	27,880,374	25,624,920
Term loans				
Short-term	51,711,809	39,233,352	50,665,521	37,862,568
Long-term	260,928,084	219,025,740	260,646,705	219,026,377
Bills of Exchange	372,090	215,932	372,090	215,932
<b>Gross loans and receivables</b>	<b>600,058,049</b>	<b>506,118,961</b>	<b>595,745,318</b>	<b>501,609,129</b>

	Group		Bank	
	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000
By product - Foreign Currency				
Loans and advances				
Overdrafts	10,403,986	8,681,962	9,693,700	8,600,165
Trade finance	16,203,388	12,501,764	16,188,165	12,501,764
Lease rental receivable	561,000	324,732	561,000	324,732
Credit cards	59,060	69,376	59,060	69,376
Pawning	-	-	-	-
Staff loans	120,495	107,841	120,495	107,841
Housing loans	3,280,765	1,970,335	3,280,765	1,970,335
Personal loans	444,367	281,135	392,295	281,135
Term loans				
Short-term	36,956,807	33,356,732	36,935,287	33,356,732
Long-term	75,631,013	62,302,664	74,996,885	62,302,664
Bills of Exchange	16,735,007	12,267,034	16,735,007	12,267,034
<b>Gross loans and receivables</b>	<b>160,395,888</b>	<b>131,863,575</b>	<b>158,962,659</b>	<b>131,781,778</b>
<b>Total of gross loans and receivables</b>	<b>760,453,937</b>	<b>637,982,536</b>	<b>754,707,977</b>	<b>633,390,907</b>

(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	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
<b>Movement in Allowance for Individual Impairment</b>				
Balance as at January 01,	8,453,457	5,369,960	8,453,457	5,369,960
Charge/(write back) to the Income Statement	401,716	3,439,879	401,716	3,439,879
Net write-off/(recoveries) during the year	(695,023)	(287,226)	(695,023)	(287,226)
Exchange rate variance on foreign currency provisions	30,057	51,080	30,057	51,080
Interest accrued / (reversals) on impaired loans and advances	(861,057)	(533,528)	(861,057)	(533,528)
Other movements	524,504	413,292	524,504	413,292
<b>Balance as at December 31,</b>	<b>7,853,654</b>	<b>8,453,457</b>	<b>7,853,654</b>	<b>8,453,457</b>
<b>Movement in Allowance for Collective Impairment</b>				
Balance as at January 01,	9,399,591	13,089,833	8,919,222	12,681,594
Balance assumed on business combination	-	-	-	-
Charge/(write back) to the Income Statement	1,823,522	(1,859,806)	1,554,333	(1,931,932)
Net write-off/(recoveries) during the year	(1,060,768)	(1,835,798)	(1,060,768)	(1,835,798)
Exchange rate variance on foreign currency provisions	(6,192)	5,362	(5,031)	5,358
Other movements	-	-	-	-
<b>Balance as at December 31,</b>	<b>10,156,153</b>	<b>9,399,591</b>	<b>9,407,756</b>	<b>8,919,222</b>
<b>Total of Individual and Collective Impairment December 31,</b>	<b>18,009,807</b>	<b>17,853,048</b>	<b>17,261,410</b>	<b>17,372,679</b>

4 DUE TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000
<b>By product - Domestic Currency</b>				
Current account deposits	42,488,222	38,151,058	42,497,439	38,152,646
Savings deposits	212,687,511	197,136,502	213,055,712	197,244,642
Time deposits	394,357,770	328,382,343	394,431,924	328,430,210
Certificate of deposits	176,355	366,945	176,355	366,945
<b>Sub Total</b>	<b>649,709,858</b>	<b>564,036,848</b>	<b>650,161,430</b>	<b>564,194,443</b>
<b>By product - Foreign Currency</b>				
Current account deposits	23,401,770	19,516,806	18,954,618	17,908,311
Savings deposits	60,355,737	56,388,046	59,001,649	54,845,666
Time deposits	123,802,616	103,368,913	122,009,814	102,615,074
Certificate of deposits	-	-	-	-
<b>Sub Total</b>	<b>207,560,123</b>	<b>179,273,765</b>	<b>199,966,081</b>	<b>175,369,051</b>
<b>Total</b>	<b>857,269,981</b>	<b>743,310,613</b>	<b>850,127,511</b>	<b>739,563,494</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 re-affirmed by Fitch Ratings Lanka Ltd. in August 2017.

**Bangladesh Operation**

AAA was re-affirmed by Credit Rating Information & Services Limited in June 2017.

**COMPANY REGISTRATION NUMBER**

PQ116

**COMPLIANCE OFFICER**

Mr. Selva Rajassoriyar  
Assistant General Manager - Compliance

**STOCK EXCHANGE LISTING**

The Ordinary Shares and the Unsecured Subordinated Redeemable fixed interest rate Debentures March 2016/March 2021 series, March 2016/March 2026 series, October 2016/October 2021 series and October 2016/october 2026 series of the Company 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 : CCEYLKXLX  
SWIFT Code-Bangladesh : CCEYBDDH  
E-mail : email@combank.net  
Website : www.combank.net

**AUDITORS**

KPMG,  
Chartered Accountants,  
32A, Sir Mohamed Macan Markar Mawatha,  
Colombo 3, 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. Jayawardane - Deputy Chairman  
Mr. J. Durairatnam - Managing Director/Chief Executive Officer  
Mr. S. Renganathan - 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. G.S. Jadeja  
Mr. T.L.B. Hurulle  
Justice K. Sripavan

**ACCOUNTING YEAR**

December 31