

INTERIM FINANCIAL STATEMENTS
For the nine months ended September 30, 2012

	For the nine months ended			For the quarter ended		
	30.09.2012 Rs. Mn.	30.09.2011 Rs. Mn.	Growth %	30.09.2012 Rs. Mn.	30.09.2011 Rs. Mn.	Growth %
Income	45,609.6	32,903.8	38.61	15,215.9	11,422.9	33.21
Interest Income	37,215.7	27,548.6	35.09	13,364.7	9,554.1	39.88
Interest Income on Loans and Advances	29,932.7	20,588.9	45.38	10,809.5	7,331.8	47.43
Interest Income on Other Interest Earning Assets	7,283.0	6,959.7	4.65	2,555.2	2,222.3	14.98
Less : Interest Expenses	21,202.7	14,129.1	50.06	7,811.5	4,970.1	57.17
Interest Expenses on Deposits	17,848.8	10,996.1	62.32	6,709.6	3,990.9	68.12
Interest Expenses on Other Interest Bearing Liabilities	3,353.9	3,133.0	7.05	1,101.9	979.2	12.53
Net Interest Income	16,013.0	13,419.5	19.33	5,553.2	4,584.0	21.14
Non-Interest Income	7,677.3	4,501.0	70.57	1,586.4	1,538.9	3.09
Foreign Exchange Income	4,096.6	1,460.0	180.59	276.7	570.3	(51.48)
Other Income	3,580.7	3,041.0	17.75	1,309.7	968.6	35.22
Net Income	23,690.3	17,920.5	32.20	7,139.6	6,122.9	16.60
Less : Non-Interest Expenses	10,004.8	8,486.3	17.89	3,221.2	2,916.4	10.45
Personnel Costs	4,863.2	4,062.3	19.72	1,650.8	1,380.9	19.55
Provision for Staff Retirement Benefits	423.0	394.0	7.36	142.7	130.9	9.01
Premises, Equipment & Establishment Expenses	2,416.2	2,036.3	18.66	781.8	660.9	18.29
Loss on Trading/Investment Securities	43.2	6.7	544.78	1.8	4.2	(57.14)
Amortization of Intangible Assets	128.7	57.9	122.28	28.5	20.9	36.36
Other Operating Expenses	2,130.5	1,929.1	10.44	615.6	718.6	(14.33)
Less : Provision for Bad and Doubtful Debts and Loans Written Off	1,250.5	(480.7)	360.14	242.1	(180.1)	234.43
Provisions - General	171.4	(361.9)	147.36	52.8	(77.0)	168.57
Provisions - Specific	1,834.6	722.8	153.82	454.2	213.5	112.74
Recoveries (-)	(759.8)	(860.9)	11.74	(266.6)	(334.1)	20.20
Loans Written Off	4.3	19.3	(77.72)	1.7	17.5	(90.29)
Operating Profit on Ordinary Activities Before Taxes	12,435.0	9,914.9	25.42	3,676.3	3,386.6	8.55
Less : Value Added Tax on Financial Services	1,496.7	1,198.0	24.93	446.2	419.3	6.42
Operating Profit on Ordinary Activities Before Corporate Tax	10,938.3	8,716.9	25.48	3,230.1	2,967.3	8.86
Less : Tax on Profits on Ordinary Activities	3,292.2	2,620.1	25.65	905.2	904.6	0.07
Operating Profit for the Period	7,646.1	6,096.8	25.41	2,324.9	2,062.7	12.71
Attributable to:						
Equity holders of the parent	7,646.1	6,096.8	25.41	2,324.9	2,062.7	12.71
Minority interest	-	-	-	-	-	-
	7,646.1	6,096.8	25.41	2,324.9	2,062.7	12.71
Basic Earnings per Ordinary Share - (Rs.)	9.19	7.64	20.29	2.79	2.59	7.72
Diluted Earnings per Ordinary Share - (Rs.)	9.17	7.63	20.18	2.79	2.58	8.14

	For the nine months ended			For the quarter ended		
	30.09.2012	30.09.2011	Growth	30.09.2012	30.09.2011	Growth
	Rs. Mn.	Rs. Mn.	%	Rs. Mn.	Rs. Mn.	%
Income	45,611.2	32,901.1	38.63	15,210.0	11,423.0	33.15
Interest Income	37,199.5	27,517.6	35.18	13,361.1	9,543.6	40.00
Interest Income on Loans and Advances	29,915.8	20,557.8	45.52	10,805.2	7,322.1	47.57
Interest Income on Other Interest Earning Assets	7,283.7	6,959.8	4.65	2,555.9	2,221.5	15.05
Less : Interest Expenses	21,190.6	14,119.2	50.08	7,807.3	4,965.3	57.24
Interest Expenses on Deposits	17,844.7	10,993.3	62.32	6,708.7	3,989.2	68.17
Interest Expenses on Other Interest Bearing Liabilities	3,345.9	3,125.9	7.04	1,098.6	976.1	12.55
Net Interest Income	16,008.9	13,398.4	19.48	5,553.8	4,578.3	21.31
Non-Interest Income	7,695.1	4,529.3	69.90	1,584.1	1,549.5	2.23
Foreign Exchange Income	4,096.6	1,460.0	180.59	276.7	570.3	(51.48)
Other Income	3,598.5	3,069.3	17.24	1,307.4	979.2	33.52
Net Income	23,704.0	17,927.7	32.22	7,137.9	6,127.8	16.48
Less : Non-Interest Expenses	10,027.3	8,465.1	18.45	3,234.0	2,909.3	11.16
Personnel Costs	4,911.9	4,101.3	19.76	1,593.5	1,394.9	14.24
Provision for Staff Retirement Benefits	423.8	394.6	7.40	217.8	130.9	66.39
Premises, Equipment & Establishment Expenses	2,449.7	2,052.5	19.35	790.3	663.8	19.06
Loss on Trading/Investment Securities	43.2	6.7	544.78	1.8	4.2	(57.14)
Amortization of Intangible Assets	128.7	57.9	122.28	28.5	20.9	36.36
Other Operating Expenses	2,070.0	1,852.1	11.77	602.1	694.6	(13.32)
Less : Provision for Bad and Doubtful Debts and						
Loans Written Off	1,250.5	(480.7)	360.14	242.1	(180.1)	234.43
Provisions - General	171.4	(361.9)	147.36	52.8	(77.0)	168.57
Provisions - Specific	1,834.6	722.8	153.82	454.2	213.5	112.74
Recoveries (-)	(759.8)	(860.9)	11.74	(266.6)	(334.1)	20.20
Loans Written Off	4.3	19.3	(77.72)	1.7	17.5	(90.29)
Operating Profit on Ordinary Activities Before Taxes	12,426.2	9,943.3	24.97	3,661.8	3,398.6	7.74
Less : Value Added Tax on Financial Services	1,496.7	1,198.0	24.93	446.2	419.3	6.42
Operating Profit on Ordinary Activities						
Before Corporate Taxes	10,929.5	8,745.3	24.98	3,215.6	2,979.3	7.93
Add/(Less) : Share of Profit/(Loss)						
before tax of Associate Companies	12.8	9.4	36.17	1.6	1.1	45.45
Operating Profit Before Corporate Tax	10,942.3	8,754.7	24.99	3,217.2	2,980.4	7.95
Less : Tax on Profits on Ordinary Activities	3,318.2	2,647.3	25.34	913.5	915.1	(0.17)
Operating Profit for the Period	7,624.1	6,107.4	24.83	2,303.7	2,065.3	11.54
Attributable to:						
Equity holders of the parent	7,622.8	6,105.7	24.85	2,303.2	2,064.8	11.55
Minority interest	1.3	1.7	(23.53)	0.5	0.5	-
	7,624.1	6,107.4	24.83	2,303.7	2,065.3	11.54
Basic Earnings per Ordinary Share - (Rs.)	9.16	7.66	19.58	2.77	2.59	6.95
Diluted Earnings per Ordinary Share - (Rs.)	9.14	7.64	19.63	2.76	2.59	6.56

As at	Bank			Group		
	30.09.2012	31.12.2011	Growth	30.09.2012	31.12.2011	Growth
	Rs. Mn.	Audited Rs. Mn.	%	Rs. Mn.	Audited Rs. Mn.	%
On-Balance Sheet Assets						
Cash on Hand	9,702.8	8,514.8	13.95	9,710.3	8,538.9	13.72
Balances with Central Bank of Sri Lanka / Other Central Banks	21,221.3	17,343.0	22.36	21,221.3	17,343.0	22.36
Due from Banks and Other Financial Institutions	23,328.7	18,038.4	29.33	23,328.7	18,038.4	29.33
Investments - Trading Account	11,972.6	11,997.1	(0.20)	11,972.6	11,997.1	(0.20)
Government Securities	11,580.2	11,675.8	(0.82)	11,580.2	11,675.8	(0.82)
Other Securities	392.4	321.3	22.13	392.4	321.3	22.13
Investments - Held-to-Maturity	95,703.0	91,945.8	4.09	95,703.0	91,945.8	4.09
Government Securities	93,032.3	88,438.7	5.19	93,032.3	88,438.7	5.19
Other Securities	2,670.7	3,507.1	(23.85)	2,670.7	3,507.1	(23.85)
Investments in Associates and Subsidiaries	337.0	337.0	-	92.5	85.1	8.70
Investments in Associates	44.3	44.3	-	92.5	85.1	8.70
Investments in Subsidiaries	292.7	292.7	-	-	-	-
Total Loans and Advances						
Total Performing Loans and Advances	310,257.1	272,134.8	14.01	310,181.9	271,975.4	14.05
Bills of Exchange	5,882.3	7,587.8	(22.48)	5,882.3	7,587.8	(22.48)
Overdrafts	63,111.7	57,171.6	10.39	63,107.9	57,168.7	10.39
Lease Rentals Receivable	24,897.8	20,965.9	18.75	24,826.4	20,809.4	19.30
Other Loans	216,365.3	186,409.5	16.07	216,365.3	186,409.5	16.07
Total Non-Performing Loans and Advances	18,814.6	15,828.6	18.86	18,814.6	15,828.6	18.86
Bills of Exchange	60.8	56.8	7.04	60.8	56.8	7.04
Overdrafts	2,750.5	2,314.6	18.83	2,750.5	2,314.6	18.83
Lease Rentals Receivable	575.5	383.4	50.10	575.5	383.4	50.10
Other Loans	10,335.6	8,453.9	22.26	10,335.6	8,453.9	22.26
Interest Receivable	5,092.2	4,619.9	10.22	5,092.2	4,619.9	10.22
Total Gross Loans and Advances	329,071.7	287,963.4	14.28	328,996.5	287,804.0	14.31
Less :						
Interest in Suspense	7,106.3	6,548.3	8.52	7,106.3	6,548.3	8.52
Specific Loan Loss Provisions	4,935.0	3,818.7	29.23	4,935.0	3,818.7	29.23
General Loan Loss Provisions	1,377.9	1,202.0	14.63	1,377.9	1,202.0	14.63
Net Loans and Advances	315,652.5	276,394.4	14.20	315,577.3	276,235.0	14.24
Other Assets	11,576.3	8,076.6	43.33	11,518.5	8,059.3	42.92
Property, Plant & Equipment	8,237.1	7,907.0	4.17	8,791.5	8,503.2	3.39
Lease Hold Property	77.5	78.2	(0.90)	112.1	113.2	(0.97)
Intangible Assets	491.1	467.0	5.16	500.1	475.0	5.28
Total On-Balance Sheet Assets	498,299.9	441,099.3	12.97	498,527.9	441,334.0	12.96

BALANCE SHEET

5

As at	Bank			Group		
	30.09.2012	31.12.2011	Growth	30.09.2012	31.12.2011	Growth
	Rs. Mn.	Audited Rs. Mn.	%	Rs. Mn.	Audited Rs. Mn.	%
On-Balance Sheet Liabilities						
Total Deposits	371,903.9	318,461.3	16.78	371,867.2	318,404.2	16.79
Demand Deposits	29,634.8	26,866.1	10.31	29,633.5	26,866.1	10.30
Savings Deposits	141,223.6	135,997.8	3.84	141,201.2	135,988.7	3.83
Time Deposits	197,887.2	151,544.5	30.58	197,874.2	151,496.5	30.61
Margin Deposits	1,720.0	2,183.8	(21.24)	1,720.0	2,183.8	(21.24)
Other Deposits	1,438.3	1,869.1	(23.05)	1,438.3	1,869.1	(23.05)
Total Borrowings	55,363.9	62,105.7	(10.86)	55,195.7	61,961.8	(10.92)
Borrowings from Central Bank of Sri Lanka	155.0	219.4	(29.35)	155.0	219.4	(29.35)
Borrowings from Banks and Financial Institutions in Sri Lanka	9,136.9	10,886.7	(16.07)	9,136.9	10,886.7	(16.07)
Borrowings from Banks and Financial Institutions Abroad	11,369.4	8,791.0	29.33	11,369.4	8,791.0	29.33
Securities Sold Under Re-Purchase Agreements	33,729.4	41,235.4	(18.20)	33,561.2	41,091.5	(18.33)
Subordinated Term Debt	973.2	973.2	-	973.2	973.2	-
Other Liabilities	16,039.8	13,840.5	15.89	16,063.3	13,861.9	15.88
Current Taxation	2,641.1	1,137.5	132.18	2,653.3	1,139.2	132.91
Deferred Taxation	1,411.1	1,327.6	6.29	1,538.3	1,369.6	12.32
Total On-Balance Sheet Liabilities	447,359.8	396,872.6	12.72	447,317.8	396,736.7	12.75
Shareholders' Funds and Minority Interest						
Shareholders' Funds	50,940.1	44,226.7	15.18	51,184.7	44,567.7	14.85
Stated Capital	17,986.3	16,473.9	9.18	17,986.3	16,473.9	9.18
Statutory Reserve Fund	2,740.9	2,740.9	-	2,740.9	2,740.9	-
Total Other Reserves	30,212.9	25,011.9	20.79	30,457.5	25,352.9	20.13
Minority Interest				25.4	29.6	(14.19)
Total Shareholders' Funds and Minority Interest	50,940.1	44,226.7	15.18	51,210.1	44,597.3	14.83
Total On-Balance Sheet Liabilities, Shareholders' Funds and Minority Interest	498,299.9	441,099.3	12.97	498,527.9	441,334.0	12.96
Off-Balance Sheet Items and Contra Accounts	242,714.5	234,551.2	3.48	242,714.5	234,551.2	3.48
Contingencies	181,104.5	172,925.8	4.73	181,104.5	172,925.8	4.73
Commitments and Contra Accounts	61,610.0	61,625.4	(0.02)	61,610.0	61,625.4	(0.02)
Net Assets Value per Ordinary Share (Rs.)	61.18	54.10	13.09	61.47	54.52	12.75
Memorandum Information						
Number of Employees	4,605	4,524				
Number of Customer Service Centers	241	230				

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 of the Commercial Bank of Ceylon PLC, certify jointly that:-

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

(Sgd.) D.S.Weerakkody
Chairman
Colombo.

November 7, 2012

(Sgd.) W.M.R.S Dias
Managing Director
Colombo.

November 7, 2012

	Stated Capital	Statutory Reserve Fund	Other Reserves						Total	Minority Interest	Total Equity
			Primary Dealer	Revaluation	Foreign Currency	Investment	General	Unappropriated			
			Special Risk Reserve	Reserve	Translation Reserve	Fund Account	Reserve	Profit/(Loss) carried forward			
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
BANK											
Balance as at 31.12.2010 - Audited	10,811.2	2,338.5	133.3	2,696.2	(554.3)	-	16,361.2	1,515.9	33,302.0	-	33,302.0
Final Cash Dividend for 2010	-	-	-	-	-	-	-	(756.8)	(756.8)	-	(756.8)
Scrip Dividend for 2010	681.1	-	-	-	-	-	-	(756.8)	(75.7)	-	(75.7)
Issue of Ordinary Shares under Employee Share Option Plans	121.9	-	-	-	-	-	-	-	121.9	-	121.9
Proceeds on Right Issue of Ordinary shares	4,859.7	-	-	-	-	-	-	-	4,859.7	-	4,859.7
Net unrealised loss from translation of Financial Statements of Foreign operation	-	-	-	-	(351.1)	-	-	-	(351.1)	-	(351.1)
Net Profit for the nine months ended 30.09.2011	-	-	-	-	-	-	-	6,096.8	6,096.8	-	6,096.8
Transfers during the period	-	201.7	15.9	-	-	903.8	-	(1,121.4)	-	-	-
Balance as at 30.09.2011	16,473.9	2,540.2	149.2	2,696.2	(905.4)	903.8	16,361.2	4,977.7	43,196.8	-	43,196.8
Net unrealised loss from translation of Financial Statements of Foreign operation	-	-	-	-	(403.4)	-	-	-	(403.4)	-	(403.4)
Surplus on Revaluation of Freehold Land & Buildings	-	-	-	1,654.3	-	-	-	-	1,654.3	-	1,654.3
Deferred Tax Effect on Revaluation Surplus on Freehold Buildings	-	-	-	(128.4)	-	-	-	-	(128.4)	-	(128.4)
Interim Dividends for 2011	-	-	-	-	-	-	-	(2,043.6)	(2,043.6)	-	(2,043.6)
Net profit for the three months ended 31.12.2011	-	-	-	-	-	-	-	1,951.0	1,951.0	-	1,951.0
Transfers during the period	-	200.7	0.2	-	-	290.5	1,528.3	(2,019.7)	-	-	-
Balance as at 31.12.2011 - Audited	16,473.9	2,740.9	149.4	4,222.1	(1,308.8)	1,194.3	17,889.5	2,865.4	44,226.7	-	44,226.7
Issue of Ordinary Shares under Employee Share Option Plans	25.9	-	-	-	-	-	-	-	25.9	-	25.9
Net unrealised Gain from translation of Financial Statements of Foreign operation	-	-	-	-	417.1	-	-	-	417.1	-	417.1
Final Cash Dividend for 2011	-	-	-	-	-	-	-	(1,226.7)	(1,226.7)	-	(1,226.7)
Scrip Dividend for 2011	1,486.5	-	-	-	-	-	-	(1,635.5)	(149.0)	-	(149.0)
Net Profit for the nine months ended 30.09.2012	-	-	-	-	-	-	-	7,646.1	7,646.1	-	7,646.1
Transfers during the Period	-	-	-	-	-	1,231.7	-	(1,231.7)	-	-	-
Balance as at 30.09.2012	17,986.3	2,740.9	149.4	4,222.1	(891.7)	2,426.0	17,889.5	6,417.6	50,940.1	-	50,940.1
GROUP											
Balance as at 31.12.2010 - Audited	10,811.2	2,338.5	133.3	2,943.2	(549.7)	-	16,361.2	1,474.8	33,512.5	26.6	33,539.1
Final Cash Dividend for 2010	-	-	-	-	-	-	-	(756.8)	(756.8)	(0.7)	(757.5)
Scrip Dividend for 2010	681.1	-	-	-	-	-	-	(756.8)	(75.7)	-	(75.7)
Issue of Ordinary Shares under Employee Share Option Plans	121.9	-	-	-	-	-	-	-	121.9	-	121.9
Proceeds on Right Issue of Ordinary shares	4,859.7	-	-	-	-	-	-	-	4,859.7	-	4,859.7
Net unrealised loss from translation of Financial Statements of Foreign operations	-	-	-	-	(350.4)	-	-	-	(350.4)	-	(350.4)
Net Profit for the nine months ended 30.09.2011	-	-	-	-	-	-	-	6,105.7	6,105.7	1.7	6,107.4
Transfers during the period	-	201.7	15.9	-	-	903.8	-	(1,121.4)	-	-	-
Balance as at 30.09.2011	16,473.9	2,540.2	149.2	2,943.2	(900.1)	903.8	16,361.2	4,945.5	43,416.9	27.6	43,444.5
Net unrealised loss from translation of Financial Statements of Foreign operations	-	-	-	-	(402.5)	-	-	-	(402.5)	-	(402.5)
Surplus on Revaluation of Freehold Land & Buildings	-	-	-	1,668.4	-	-	-	-	1,668.4	0.8	1,669.2
Deferred Tax Effect on Revaluation Surplus on Freehold Buildings	-	-	-	(60.7)	-	-	-	-	(60.7)	3.9	(56.8)
Interim Dividends for 2011	-	-	-	-	-	-	-	(2,043.6)	(2,043.6)	(1.3)	(2,044.9)
Net profit for the three months ended 31.12.2011	-	-	-	-	-	-	-	1,989.2	1,989.2	(1.4)	1,987.8
Transfers during the period	-	200.7	0.2	-	-	290.5	1,528.3	(2,019.7)	-	-	-
Balance as at 31.12.2011 - Audited	16,473.9	2,740.9	149.4	4,550.9	(1,302.6)	1,194.3	17,889.5	2,871.4	44,567.7	29.6	44,597.3
Issue of Ordinary Shares under Employee Share Option Plans	25.9	-	-	-	-	-	-	-	25.9	-	25.9
Net unrealised Gain from translation of Financial Statements of Foreign operations	-	-	-	-	419.1	-	-	-	419.1	-	419.1
Deferred Tax Effect on Revaluation Surplus on Freehold Buildings	-	-	-	(75.1)	-	-	-	-	(75.1)	(4.2)	(79.3)
Final Cash Dividend for 2011	-	-	-	-	-	-	-	(1,226.7)	(1,226.7)	(1.3)	(1,228.0)
Scrip Dividend for 2011	1,486.5	-	-	-	-	-	-	(1,635.5)	(149.0)	-	(149.0)
Net Profit for the nine months ended 30.09.2012	-	-	-	-	-	-	-	7,622.8	7,622.8	1.3	7,624.1
Transfers during the Period	-	-	-	-	-	1,231.7	-	(1,231.7)	-	-	-
Balance as at 30.09.2012	17,986.3	2,740.9	149.4	4,475.8	(883.5)	2,426.0	17,889.5	6,400.3	51,184.7	25.4	51,210.1

	Bank		Group	
	2012 Rs. Mn.	2011 Rs. Mn.	2012 Rs. Mn.	2011 Rs. Mn.
<i>For the nine months ended September 30,</i>				
Cash Flows from Operating Activities				
Interest and commission receipts	38,635.3	29,525.7	38,619.2	29,494.6
Interest payments	(22,024.5)	(13,282.6)	(22,012.4)	(13,272.7)
Recoveries on loans previously provided/written-off	759.8	860.9	759.8	860.9
Foreign exchange profit and other income	4,197.1	1,608.6	4,246.0	1,645.5
Cash payments to employees and suppliers	(10,660.3)	(9,150.1)	(10,690.3)	(9,121.7)
Operating profit before changes in operating assets and Liabilities	10,907.4	9,562.5	10,922.3	9,606.6
(Increase)/Decrease in Operating Assets				
Balances with Central Banks	(3,878.3)	(5,119.9)	(3,878.3)	(5,119.9)
Funds advanced to customers	(41,268.4)	(40,501.9)	(41,352.6)	(40,547.1)
Other operating assets	(3,499.7)	(1,414.1)	(3,459.2)	(1,403.0)
Increase/(Decrease) in Operating Liabilities				
Deposits from customers	53,442.6	42,704.1	53,463.0	42,656.9
Net cash from operating activities before income tax	15,703.6	5,230.7	15,695.2	5,193.5
Income tax paid	(1,477.8)	(2,792.6)	(1,486.9)	(2,816.3)
Net cash inflow/(outflow) from operating activities	14,225.8	2,438.1	14,208.3	2,377.2
Cash Flows from Investing Activities				
Dividends and interest received	373.2	253.1	327.8	238.2
Net change in Government Treasury Bills & Bonds	(4,429.9)	2,593.0	(4,429.9)	2,593.0
Net change in Due from Banks and Other Financial Institutions	(5,290.3)	(4,717.6)	(5,290.3)	(4,745.4)
Net change in Securities sold under re-purchase agreements	(7,506.0)	(332.6)	(7,530.3)	(360.7)
Proceeds from sale of /matured investments /(Additions to investments)	786.1	(550.7)	791.5	(546.1)
Proceeds from sale of Property, Plant & Equipment/(Additions to Property, Plant & Equipment)	(1,146.5)	(866.7)	(1,083.7)	(814.2)
Net cash inflow/(outflow) from investing activities	(17,213.4)	(3,621.5)	(17,214.9)	(3,635.2)
Cash Flows from Financing Activities				
Dividends paid to minority shareholders	-	-	(1.3)	(0.7)
Proceeds from issue of ordinary shares under ESOPs	25.9	121.8	25.9	121.8
Redemption of Debentures	-	(495.0)	-	(495.0)
Proceeds from Right issue	-	4,859.7	-	4,859.7
Interest paid on Debentures	(99.4)	(177.1)	(99.4)	(177.1)
Net change in other borrowings	5,624.8	(636.0)	5,628.5	(607.8)
Dividends paid to shareholders	(1,375.7)	(832.5)	(1,375.7)	(832.5)
Net cash inflow/(outflow) from financing activities	4,175.6	2,840.9	4,178.0	2,868.4
Net increase in cash and cash equivalents	1,188.0	1,657.5	1,171.4	1,610.4
Cash and cash equivalents at beginning of the period	8,514.8	6,136.8	8,538.9	6,184.0
Cash and cash equivalents at end of the period	9,702.8	7,794.3	9,710.3	7,794.4

- 1) The Interim Financial Statement of the Bank/Group have been prepared on the basis of same accounting policies and methods applied for the year ended December 31, 2011 and are in compliance with Sri Lanka Accounting Standard 35 - 'Interim Financial Reporting'. Previous year figures and Phrases have been re-arranged wherever necessary to conform to the current Presentation.

The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after January 01, 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

The Bank is required to prepare its Interim Financial Statements in accordance with LKAS 34 - 'Interim Financial Reporting'. However, The Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare Interim Financial Statements during the first financial year commencing on or after January 01, 2012 in accordance with the Sri Lanka Accounting Standards existed immediately prior to the said date (SLASs) with disclosures on impact to the Statement of Comprehensive Income for the period and to the Net assets based on SLFRS/LKAS. If determination of that impact is impracticable, the Companies are required to disclose such fact.

The Bank has quantified the impact to the Statement of Comprehensive Income for the period (before taxes) and to the Net Assets based on the new/revised Sri Lanka Accounting Standards and such impact is shown below.

Impact (before taxes) on Application of New/Revised Sri Lanka Accounting Standards (SLFRS/LKAS)

Area of impact	Description	Profit for the period as per the Statement of comprehensive income for the nine months ended September 30, 2012 (Rs Mn.)	Statement of other Comprehensive Income for the nine months ended September 30, 2012 (Rs Mn.)	Net Assets as at September 30, 2012 (Rs Mn.)	Net Assets as at December 31, 2011 (Rs Mn.)
Impairment of financial assets					
Loans and Advances	Time-based CBSL provision is replaced with collective and individual impairment. All individually significant loans and advances with objective evidences are individually tested while other loans and advances are tested collectively for impairment. For the purpose of SLFRS Reporting, suspension of interest is no longer applicable and the interest is continued to recognise on the impaired loan balances based on the Effective Interest Rate method (EIR method).	Increase by 550.497	No Impact	Increase by 669.443	Increase by 118.946
Other financial assets	Other financial assets with objective evidences are tested for impairment and impairment loss, if any is recognised in Profit or Loss.	No significant impact	No Impact	No significant impact	No significant impact
Measurement of staff loans at fair value (Day 1 Difference)	All staff loans are recognised initially at fair value. Subsequent interest recognition is based on EIR method. Day 1 difference (ie. the difference between the transaction amount and the fair value is determined based on market interest rate) is treated as pre-paid staff cost and is amortised.	No impact	No Impact	No Impact	No Impact
Measurement of investments					
Available for Sale Financial Assets	Subsequent measurement of Investments classified as Available for Sale (AFS) is at fair value and the corresponding changes in fair value is recognised in Equity through the Statement of Other Comprehensive Income.	No impact	Increase by 224.404	Increase by 80.434	Decrease by 143.970
Loans and receivable	Subsequent measurement of Investments classified as Loans and Receivable (L&R) is at amortised cost based on EIR method.	No significant impact	No Impact	No significant impact	No significant impact
Financial Assets at Fair Value through Profit or Loss	Subsequent measurement of Investments classified as Fair Value through Profit or Loss (FVTPL) is at fair value and the corresponding changes in fair value is recognised in Profit or Loss.	No significant impact	No Impact	No significant impact	No significant impact
Measurement of deposits at Effective Interest Rate	Interest expense is recognised based on EIR method and not based on straight line method as done under previously applicable SLASs.	Decrease by 104.727	No Impact	Increase by 135.979	Increase by 240.706
Fair valuation of derivative assets and liabilities	All derivatives are fair valued and brought on to the Balance Sheet.	No significant impact	No Impact	No significant impact	No significant impact

- 2) There were no material events that took place since September 30, 2012, that require disclosure in these financial statements.
- 3) During the quarter there were no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through Debentures.
- 4) All known expenses including management fees and similar expenses have been provided for in these financial statements.
- 5) The Bank's External Auditors, M/s KPMG carried out an interim audit for the six months period ended June 30, 2012 and expressed an unqualified opinion on the financial statements of the Bank as at June 30, 2012.

	Bank		Group	
	As at 30.09.2012	As at 31.12.2011 Audited	As at 30.09.2012	As at 31.12.2011 Audited
Regulatory Capital Adequacy				
Core Capital (Tier I Capital) - Rs. Mn.	43,484.0	38,145.5	43,476.1	38,138.5
Total Capital Base - Rs. Mn.	47,788.9	40,971.0	47,781.0	40,964.0
Core Capital Adequacy Ratio - Core capital as a % of Risk Weighted Assets (Minimum Requirement, 5%)	12.30%	12.11%	12.29%	12.11%
Total Capital Adequacy Ratio - Total capital as a % of Risk Weighted Assets (Minimum Requirement, 10%)	13.51%	13.01%	13.51%	13.01%
Asset Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio (Net of Interest in Suspense)	3.72%	3.43%		
Net Non-Performing Advances Ratio (Net of Interest in Suspense and Provisions)	2.18%	2.08%		
Profitability				
Interest Margin	4.54%	4.44%		
Return on Assets (before tax)	3.10%	2.71%		
Return on Equity	21.41%	20.76%		
Debt Security Related Ratios				
Debt Equity Ratio	18.43%	2.35%		
Interest Cover (Times)	51.40	49.07		
Regulatory Liquidity				
Statutory Liquid Assets - Rs. Mn.				
Domestic Banking Unit	90,607.4	77,532.8		
Off-Shore Banking Unit	6,478.6	5,522.5		
Statutory Liquid Assets Ratio % (Minimum Requirement 20%)				
Domestic Banking Unit	25.03%	25.70%		
Off-Shore Banking Unit	31.77%	27.77%		

INFORMATION ON ORDINARY SHARES OF THE BANK

	2012 Rs.	2011 Rs.
Market price of an ordinary share of the Bank as at September 30,		
Voting	116.00	115.00
Non-Voting	94.00	79.90
Highest price during the quarter ended September 30,		
Voting	119.50	264.40 *
Non-Voting	99.50	200.00 *
Lowest price during the quarter ended September 30,		
Voting	96.80	110.20
Non-Voting	73.00	77.10
Number of Ordinary Shares Issued as at September 30,		
Voting	779,225,073	765,085,320
Non-Voting	53,473,748	52,364,846

* The Bank made a rights issue of ordinary shares on the basis of 1:14 (for both voting and non-voting) during the month of August 2011, which was followed by a sub-division of shares on the basis of 1:1 (for both Voting and Non-voting) immediately after the conclusion of the aforesaid rights issue of ordinary shares. The prices mentioned above (*) were before the right issue and sub-division of ordinary shares.

INFORMATION ON DEBENTURES - BANK
11

Debenture categories	CSE Listing	Interest payable frequency	Balance as at September 30, 2012 Rs. Mn.	Market values			Interest Rates		Interest rate of comparable Govt. Security %	Other ratios as at date of last trade	
				Highest Rs.	Lowest Rs.	Year End Rs.	Coupon Rate %	Eff. Ann. Yield %		Int. Yield %	YTM %
Fixed rate											
May 2006/May 2016 13.25% p.a.	Not listed	Annually	505.0	-	-	-	13.25	13.25	13.35		
				-	-	-	13.25	13.25	8.40	-	-
Dec 2006/Dec 2013 13.75% p.a.	Listed	Annually	0.3	Not traded during the current period			13.75	13.75	12.60	Not traded during the current period	
				Not traded during the current period			13.75	13.75	8.00	Not traded during the current pe	
Dec 2006/Dec 2016 14.00% p.a.	Listed	Annually	467.3	Not traded during the current period			14.00	14.00	13.30	Not traded during the current period	
				Not traded during the current period			14.00	14.00	8.50	Not traded during the current pe	
Floating rate											
Dec 2006/Dec 2013 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	0.3	Not traded during the current period			11.34	11.66	15.40	Not traded during the current period	
				Not traded during the current period			9.39	9.61	9.15	Not traded during the current pe	
Dec 2006/Dec 2016 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	0.4	Not traded during the current period			11.34	11.66	15.40	Not traded during the current period	
				Not traded during the current period			9.39	9.61	9.15	Not traded during the current pe	
Total Debentures			973.2								

(Comparative information for 2011 have been Highlighted)

12 Months TB rate (Gross) - Twelve months Treasury Bill rate before deducting 10% Withholding Tax as published by the Central Bank of Sri Lanka immediately prior to the commencement of each interest period

Twenty largest voting shareholders as at September 30,2012

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	116,009,375	14.89
Employees Provident Fund	74,641,168	9.58
CB NY S/A International Finance Corporation	47,615,299	6.11
Sri Lanka Insurance Corporation Ltd. - Life Fund	39,557,241	5.08
Sri Lanka Insurance Corporation Ltd. - General Fund	34,013,785	4.37
HSBC Intl. Nominees Ltd. - SSBT -Janus Overseas Fund	33,074,826	4.24
SBI Ven Holdings PTE Ltd	28,900,925	3.71
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Asian Smaller Companies Fund	17,493,281	2.24
Mr.Y. S. H. I. K. Silva	17,385,644	2.23
Distilleries Company of Sri Lanka PLC	17,063,102	2.19
HSBC Intl. Nominees Ltd. - SSBT -Janus Aspen Series Overseas Portfolio	14,995,619	1.92
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Emerging Markets Smaller Companies Fund	14,291,150	1.83
HSBC Intl. Nominees Ltd. - SSBT - Aberdeen Institutional Commingled Funds,LLC	12,213,004	1.57
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global Asia Pacific Equity Fund	10,559,487	1.36
Mrs. L. E. M. Yaseen	10,202,750	1.31
Mercantile Investments and Finance Plc	10,075,806	1.29
Goldman Sachs & Co S/A Artha Master Fund Ltd	9,943,837	1.28
The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	7,938,683	1.02
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	7,729,057	0.99
HSBC Intl. Nominees Ltd. - BP2S London-Aberdeen Asia Smaller Companies Investment Trust	6,562,795	0.84
Sub total	530,266,834	68.05
Other Shareholders	248,958,239	31.95
Total	779,225,073	100.00

Percentage of public holding as at September 30,2012 - 84.97%

Twenty largest non-voting shareholders as at September 30,2012

Name of the Shareholder	No. of Shares	%
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	3,222,260	6.03
GF Capital Global Limited	1,363,199	2.55
HINL - JPMCB - Butterfield Trust (Bermuda) Ltd.	1,326,824	2.48
Mr. J. D. Bandaranayake	1,054,215	1.97
HSBC Intl. Nominees Ltd. - SSBT - The Ashmoreemm Umbrella	1,053,274	1.97
Waldock Mackenzie Lts / Mr. S.N.P. Palihena and Mrs. A.S. Palihena	1,000,000	1.87
M.J.F.Exports Ltd.	914,765	1.71
Union Assurance PLC/NO-01A/C	842,313	1.58
Deutsche Bank AG - National Equity Fund	787,456	1.47
Northern Trust Company S/A Polar Capital Funds Plc	715,676	1.34
MAS Capital (Pvt) Ltd	703,807	1.32
Mr. M. F. Hashim	653,749	1.22
Employees Trust Fund Board	634,010	1.19
Saboor Chatoor (Pvt) Ltd	620,000	1.16
Mr. M.A. Yaseen	612,761	1.15
HSBC Intl. Nominees Ltd. - BBH Forward International Dividend Fund	578,732	1.08
Mr J. G. De Mel	556,000	1.04
Mr.M.J.C. Amarasuriya	528,151	0.99
Asian Alliance Insurance Plc - A/C 02 (Life Fund)	485,365	0.91
Dr. A. K. A. Jayawardene	472,032	0.88
Sub total	18,124,589	33.89
Other Shareholders	35,349,159	66.11
Total	53,473,748	100.00

Percentage of public holding as at September 30,2012 - 99.96%

Directors' holding in shares as at September 30,2012

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.D.S.Weerakkody - Chairman	26,017	11,981
Mr.K.G.D.D Dheerasinghe - Deputy Chairman	10,000	-
Mr.W.M.R.S.Dias - MD/CEO	685,123	-
Prof.U.P.Liyanage	-	-
Mr.L.Hulugalle	-	-
Mr.M.P Jayawardena	-	-
Mr.S.Swarnajothi (Appointed with effect from August 20,2012)	-	8,169
Mr.J.Durairatnam	309,782	-

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 (Ika) was re-affirmed by Fitch Ratings Lanka Ltd. In 2012.
- AA+ was re-affirmed by Ram Ratings Lanka Ltd. In 2012.

Bangladesh Operation

- Upgraded to AAA from AA+ by Credit Rating Information Services Ltd. In 2011.

COMPANY REGISTRATION NUMBER

PQ116

COMPLIANCE OFFICER

Mr. S.M.R.J.Rodrigo
Assistant General Manager - Plan Implimentation

STOCK EXCHANGE LISTING

The Ordinary Shares and the Unsecured Subordinated Redeemable Debentures of December 2006/December 2013 and December 2006/December 2016 series, both fixed and floating interest rates of the Company are listed on the Colombo Stock Exchange.

LAWYERS

Julius & Creasy,
No. 41, Janadhipathi Mawatha,
Colombo 1.

REGISTERED OFFICE

"Commercial House",
No. 21, Sir Razik Fareed Mw.
P.O. Box 856,
Colombo 1, Sri Lanka.
Telephone : 2430420, 2336700
2445010-15 ,24860000, 4792000
Tele-Banking :2336633-5
Telex :21520 COMEX CE
Facsimile : 941-112449889
SWIFT Code-Sri Lanka : CCEYLKLX
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.

REGISTRARS

S S P Corporate Services (Private) Limited,
No. 101, Inner Flower Road,
Colombo 3, Sri Lanka.
Telephone: 2573894, 2576871
Facsimile: 9411-2573609
E-mail: sspsec@sltnet.lk

COMPANY SECRETARY

Mrs. R.R. Dunuwille

HEAD OFFICE

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

ACCOUNTING YEAR

December 31

BOARD OF DIRECTORS

Mr.D.S.Weerakkody - Chairman
Mr.K.G.D.D.Dheerasinghe - Deputy Chairman
Mr.W.M.R.S.Dias - MD/CEO
Prof.U.P.Liyanage
Mr.L.Hulugalle
Mr.M.P.Jayawardena
Mr.S.Swarnajothi (Appointed with effect from August 20,2012)
Mr.J. Durairatnam

Vision

To be the most technologically advanced, Innovative and Customer Friendly Financial Services Organisation In Sri Lanka,
Poised for further expansion in South Asia

Mission

Providing reliable, Innovative, Customer Friendly Financial Services, Utilising cutting edge technology and Focusing
Continuously on productivity improvement whilst developing Our staff and Acquiring necessary expertise to Expand locally
and Regionally

REVIEW

The Commercial Bank recorded an impressive growth of 25.48% and 25.41% in both **pre & post tax** profit for the nine month period ended September 30, 2012 compared to the corresponding period in 2011. The pre & post tax profit of the Bank reached Rs. 10.938 Bn., and 7.646 Bn., respectively for the period under review. This growth was mainly facilitated by an increase in net interest income and non-interest income.

The net interest income reached Rs. 16.013 Bn., recording a growth of Rs. 2.593 Bn., or 19.33 % compared to the corresponding period last year. The increase in the interest income on loans and advances portfolio of the Bank by Rs. 9.344 Bn., or 45.38% was the main contributory factor for this growth and it was mainly attributable to the increase in the performing loans and advances portfolio of the Bank by Rs. 38.122 Bn., or 14.01%. The high interest rate regime which prevailed during the period under review also contributed towards the growth in interest income. The interest income on other interest earning assets which mainly consist of treasury bills and bonds too recorded a growth of Rs. 323.3 Mn. or 4.65%. Positive contributions from both the net interest income and interest on other interest earning assets helped the total interest income of the Bank to improve by 35.09%. The total interest expenses of the Bank too recorded an increase of Rs. 7.074 Bn., or 50.06% during the period under review and this was mainly due to the increase in total deposits of the Bank by Rs. 53.443 Bn., or 16.78% and also due to the continued increase in the market interest rates.

The non-interest income of the Bank increased by Rs. 3.176 Bn., or 70.57% and the key contributory factor for this noteworthy increase was the increase in the foreign exchange income of the Bank by Rs. 2.637 Bn., or 180.59% compared to the corresponding period in 2011. The increase in foreign exchange income was mainly due to the relatively high volume of foreign currency operations carried out of the Bank and also due to the translation gains recognized consequent to the depreciation of the Sri Lanka Rupee against the US Dollar by 13.60% during the nine month period under review. In addition, the other income of the Bank, which mainly comprise of commission income and investment income too recorded an increase of Rs. 539.7 Mn., or 17.75%.

Provisions on account of Bad and Doubtful Debts (net of recoveries) increased by Rs. 1.731 Bn., during the period under review compared to the corresponding period in 2011 mainly as a result of the more stringent provision policy adopted by the Bank. The non-interest expenses of the Bank too increased by Rs. 1.518 Bn., or 17.89% mainly due to the expansion of the Bank's operations.

The gross loans and advances portfolio of the Bank increased to Rs. 329.071 Bn., reflecting a growth of Rs. 41.108 Bn., or 14.28% from Rs. 287.963 Bn. as at December 31, 2011, while the total deposits of the Bank too increased to Rs. 371.904 Bn. as at September 30, 2012, reflecting a growth of Rs. 53.442 Bn., or 16.78% from Rs. 318.461 Bn. as at December 31, 2011. Total assets of the Bank stood at Rs. 498.299 Bn., as at September 30, 2012, recording a growth of 12.97% when compared with Rs. 441.099 Bn., as at December 31, 2011.

The Commercial Bank **Group** which comprise of Commercial Bank, its subsidiaries and associates, recorded a **Pre-tax profit** of Rs. 10.942 Bn. for the nine month period ended September 30, 2012, compared to Rs. 8.755 Bn., reported for the corresponding period in 2011. This reflected a growth of Rs. 2.187 Bn., or 24.99%. Similarly, the Group recorded a post tax profit of Rs. 7.624 Bn., during the nine month period ended September 30, 2012 in comparison to the post tax profit of Rs. 6.107 Bn. recorded in the corresponding period in 2012. This represented a growth of Rs. 1.517 Mn. or 24.83%.