

INTERIM FINANCIAL STATEMENTS
For the year ended December 31, 2018

INCOME STATEMENT - GROUP

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	For the year ended			For the quarter ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Gross income	139,657,195	115,605,156	20.81	35,521,814	30,128,523	17.90
Interest income	118,551,239	104,049,102	13.94	28,917,059	27,624,561	4.68
Less : Interest expense	72,933,030	64,481,804	13.11	19,460,125	16,700,919	16.52
Net interest income	45,618,209	39,567,298	15.29	9,456,934	10,923,642	(13.43)
Fee and commission income	12,494,090	10,510,800	18.87	3,546,324	3,014,106	17.66
Less: Fee and commission expense	1,859,698	1,586,334	17.23	498,585	407,590	22.33
Net fee and commission income	10,634,392	8,924,466	19.16	3,047,739	2,606,516	16.93
Net gains/(losses) from trading	(3,033,236)	233,956	(1,396.50)	(1,590,922)	(116,901)	(1,260.91)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments/derecognition of financial assets	272,004	91,272	198.01	29,255	4,976	487.92
Other income (net)	11,373,098	720,026	1,479.54	4,620,098	(398,219)	1,260.19
Total operating income	64,864,467	49,537,018	30.94	15,563,104	13,020,014	19.53
Less :Impairment charges for loans and other losses	8,833,362	989,315	792.88	1,399,582	(629,729)	322.25
Loans & advances to other customers	8,379,540	988,639	747.58	946,216	(681,607)	238.82
Other financial assets	452,856	-	-	452,856	-	-
Others	966	676	42.90	510	51,878	(99.02)
Net operating income	56,031,105	48,547,703	15.41	14,163,522	13,649,743	3.76
Less: Expenses	23,886,744	20,374,437	17.24	6,324,484	5,380,629	17.54
Personnel expenses	13,289,668	11,338,517	17.21	3,454,640	2,958,109	16.79
Depreciation and amortisation	1,603,118	1,416,927	13.14	426,942	372,883	14.50
Other expenses	8,993,958	7,618,993	18.05	2,442,902	2,049,637	19.19
Operating profit before Taxes on financial services	32,144,361	28,173,266	14.10	7,839,038	8,269,114	(5.20)
Less: Taxes on financial services	6,051,861	4,896,620	23.59	1,838,858	1,393,744	31.94
Operating profit after Taxes on financial services	26,092,500	23,276,646	12.10	6,000,180	6,875,370	(12.73)
Share of profits of associates, net of tax	6,048	3,678	64.44	205	(1,128)	118.17
Profit before income tax	26,098,548	23,280,324	12.11	6,000,385	6,874,242	(12.71)
Less : Income tax expense	8,235,717	6,653,817	23.77	1,904,458	2,021,616	(5.80)
Profit for the period	17,862,831	16,626,507	7.44	4,095,927	4,852,626	(15.59)
Profit attributable to:						
Equity holders of the Bank	17,734,706	16,605,963	6.80	4,056,685	4,836,654	(16.13)
Non-controlling interest	128,125	20,544	523.66	39,242	15,972	145.69
Profit for the period	17,862,831	16,626,507	7.44	4,095,927	4,852,626	(15.59)
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	17.55	17.05	2.93	4.05	4.98	(18.67)
Diluted earnings per ordinary share (Rs.)	17.55	17.03	3.05	4.05	4.98	(18.67)

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

** The additional impairment provision that arose from application of SLFRS 9 on Financial Instruments relevant to the financial year 2018 has been charged to the quarter ended December 31, 2018.

	For the year ended			For the quarter ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the Period	17,862,831	16,626,507	7.44	4,095,927	4,852,626	(15.59)
Other comprehensive income, net of tax						
Items that will never be reclassified to profit or loss						
Net actuarial gains/(losses) on defined benefit plans	104,581	(536,508)	119.49	104,581	(536,508)	119.49
Remeasurement of defined benefit liability/(asset)	149,721	(718,572)	120.84	149,721	(718,572)	120.84
Deferred tax charge/(reversal) on actuarial gains/(losses)	(45,140)	182,064	(124.79)	(45,140)	182,064	(124.79)
Net change in revaluation surplus	(10,010)	1,636,524	(100.61)	-	1,623,627	-
Change in revaluation surplus	-	3,845,981	-	-	3,828,256	-
Less : Deferred tax charge on revaluation surplus	(10,010)	(2,209,457)	99.55	-	(2,204,629)	-
Net Change in fair value on investments in equity	(17,314)	-	-	(17,314)	-	-
Change in fair value on investments in equity at fair value through other comprehensive income	(17,314)	-	-	(17,314)	-	-
Less : Deferred tax charge/(reversal) on change in fair value on investments in equity	-	-	-	-	-	-
Realised gain/(loss) from disposal of investment in equity	2,909	-	-	2,909	-	-
Share of profits/(losses) of associates	(61)	-	-	(61)	-	-
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	3,003,952	(503,140)	697.04	1,588,877	(236,718)	771.21
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income /financial Investments - Available for sale	(1,043,629)	5,501,319	(118.97)	(1,372,320)	398,034	(444.77)
Government Securities	(1,043,629)	5,407,140	(119.30)	(1,234,083)	382,458	(422.67)
Fair value gains/(losses) that arose during the year, net of tax	(1,203,677)	5,434,372	(122.15)	(1,221,657)	375,352	(425.47)
Fair value gains/(losses) realised to the Income Statement on disposal , net of tax	(169,275)	(65,413)	(158.78)	(114,995)	(19,245)	(497.53)
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	-	38,181	-	(226,754)	26,351	(960.51)
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	329,323	-	-	329,323	-	-
Equity Securities	-	94,179	-	(138,237)	15,576	(987.50)
Fair value gains/(losses) arose during the year, net of tax	-	94,179	-	(138,237)	15,576	(987.50)
Fair value gains/(losses) realised and recycled to the Income Statement on disposal, net of tax	-	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	27,231	(3,212)	947.79	(36,689)	20,653	(277.64)
Share of other comprehensive income/(expense) of associates, net of tax	(8,371)	3,526	(337.41)	1,415	3,241	(56.34)
Other comprehensive income/(expense) for the period, net of taxes	2,059,288	6,098,509	(66.23)	271,398	1,272,329	(78.67)
Total comprehensive income for the period	19,922,119	22,725,016	(12.33)	4,367,325	6,124,955	(28.70)
Attributable to:						
Equity holders of the Bank	19,598,286	22,682,515	(13.60)	4,173,442	6,094,290	(31.52)
Non-controlling interest	323,833	42,501	661.94	193,883	30,665	532.26
Total comprehensive income for the period	19,922,119	22,725,016	(12.33)	4,367,325	6,124,955	(28.70)

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** The additional impairment provision that arose from application of SLFRS 9 on Financial Instruments relevant to the financial year 2018 has been charged to the quarter ended December 31, 2018.

INCOME STATEMENT - BANK

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	For the year ended			For the quarter ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Gross income	138,049,307	114,357,349	20.72	35,207,878	29,789,750	18.19
Interest income	117,465,670	103,034,386	14.01	28,640,205	27,365,516	4.66
Less : Interest expense	72,523,912	64,010,991	13.30	19,364,318	16,583,945	16.77
Net interest income	44,941,758	39,023,395	15.17	9,275,887	10,781,571	(13.97)
Fee and commission income	11,988,070	10,169,211	17.89	3,378,128	2,839,434	18.97
Less: Fee and commission expense	1,837,900	1,566,851	17.30	476,787	388,107	22.85
Net fee and commission income	10,150,170	8,602,360	17.99	2,901,341	2,451,327	18.36
Net gains/(losses) from trading	(3,033,236)	233,956	(1,396.50)	(1,590,922)	(116,901)	(1,260.91)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments/derecognition of financial assets	272,004	91,272	198.01	29,495	5,156	472.05
Other income (net)	11,356,799	828,524	1,270.73	4,750,972	(303,455)	1,665.63
Total operating income	63,687,495	48,779,507	30.56	15,366,773	12,817,698	19.89
Less :Impairment charges for loans and other losses	8,575,199	677,642	1,165.45	1,710,857	(816,826)	309.45
Loans & advances to other customers	8,123,248	719,450	1,029.09	1,259,362	(817,011)	254.14
Other financial assets	450,985	-	-	450,985	-	-
Others	966	(41,808)	102.31	510	185	175.68
Net operating income	55,112,296	48,101,865	14.57	13,655,916	13,634,524	0.16
Less: Expenses	23,469,227	20,037,784	17.12	6,279,942	5,288,189	18.75
Personnel expenses	13,070,939	11,268,016	16.00	3,395,723	3,021,197	12.40
Depreciation and amortisation	1,469,109	1,307,804	12.33	389,717	343,258	13.53
Other expenses	8,929,179	7,461,964	19.66	2,494,502	1,923,734	29.67
Operating profit before Taxes on financial services	31,643,069	28,064,081	12.75	7,375,974	8,346,335	(11.63)
Less: Taxes on financial services	6,051,861	4,881,137	23.98	1,838,858	1,395,296	31.79
Profit before income tax	25,591,208	23,182,944	10.39	5,537,116	6,951,039	(20.34)
Less : Income tax expense	8,047,380	6,601,700	21.90	1,754,433	2,044,482	(14.19)
Profit for the period	17,543,828	16,581,244	5.81	3,782,683	4,906,557	(22.91)
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	17.36	17.03	1.94	3.74	5.04	(25.79)
Diluted earnings per ordinary share (Rs.)	17.36	17.01	2.06	3.74	5.03	(25.65)

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	For the year ended			For the quarter ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the period	17,543,828	16,581,244	5.81	3,782,683	4,906,557	(22.91)
Other comprehensive income, net of tax						
Items that will never be reclassified to profit or loss						
Net actuarial gains/(losses) on defined benefit plans	107,376	(529,902)	120.26	107,376	(529,902)	120.26
Remeasurement of defined benefit liability/(asset)	153,602	(709,396)	121.65	153,602	(709,396)	121.65
Deferred tax charge/(reversal) on actuarial gains/(losses)	(46,226)	179,494	(125.75)	(46,226)	179,494	(125.75)
Net change in revaluation surplus	-	1,396,663	-	-	1,396,663	-
Changes in revaluation surplus/(deficit)	-	3,542,214	-	-	3,542,214	-
Deferred tax charge/(reversal) on revaluation surplus	-	(2,145,551)	-	-	(2,145,551)	-
Net Change in fair value on investments in equity	(17,314)	-	-	(17,314)	-	-
Change in fair value on investments in equity at fair value through other comprehensive income	(17,314)	-	-	(17,314)	-	-
Less : Deferred tax charge/(reversal) on change in fair value on investments in equity	-	-	-	-	-	-
Realised gain/(loss) from disposal of investment in equity	2,909	-	-	2,909	-	-
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of Foreign Operations	2,557,517	(525,093)	587.06	1,192,894	(236,075)	605.30
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income /financial Investments - Available for sale	(1,042,248)	5,501,302	(118.95)	(1,370,939)	398,017	(444.44)
Government Securities	(1,042,248)	5,407,123	(119.28)	(1,232,702)	382,441	(422.32)
Fair value gains/(losses) that arose during the year, net of tax	(1,202,296)	5,434,355	(122.12)	(1,220,276)	375,335	(425.12)
Fair value gains/(losses) realised to the Income Statement on disposal , net of tax	(169,275)	(65,413)	(158.78)	(114,995)	(19,245)	(497.53)
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	-	38,181	-	(226,754)	26,351	(960.51)
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	329,323	-	-	329,323	-	-
Equity Securities	-	94,179	-	(138,237)	15,576	(987.50)
Fair value gains/(losses) arose during the year, net of tax	-	94,179	-	(138,237)	15,576	(987.50)
Fair value gains/(losses) realised and recycled to the Income Statement on disposal, net of tax	-	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	27,231	(3,212)	947.79	(36,689)	20,653	(277.64)
Other comprehensive income/(expense) for the period, net of taxes	1,635,471	5,839,758	(71.99)	(121,763)	1,049,356	(111.60)
Total comprehensive income for the period	19,179,299	22,421,002	(14.46)	3,660,920	5,955,913	(38.53)

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STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
ASSETS						
Cash and cash equivalents	44,355,962	34,673,424	27.92	39,534,476	33,224,619	18.99
Balances with Central Banks	55,406,535	45,546,349	21.65	54,384,590	44,801,446	21.39
Placements with banks	19,898,515	17,633,269	12.85	19,898,515	17,633,269	12.85
Securities purchased under re-sale agreements	9,513,512	-	-	9,513,512	-	-
Derivative financial assets	7,909,962	2,334,536	238.82	7,909,962	2,334,536	238.82
Financial assets recognized through profit or loss/ Held for trading - measured at fair value	5,520,167	4,410,913	25.15	5,520,167	4,410,913	25.15
Financial assets at amortised cost - Loans and advances to banks	763,074	640,512	19.14	763,074	640,512	19.14
Financial assets at amortised cost - Loans and advances to other customers	867,611,976	742,444,130	16.86	861,100,315	737,446,567	16.77
Financial assets at amortised cost - Debt and other financial instruments/ Financial Investments - Held to maturity and Loans and receivables	89,274,413	118,078,273	(24.39)	83,855,436	112,275,229	(25.31)
Financial assets measured at fair value through other comprehensive income/ Financial Investments - Available for sale	176,760,611	154,913,643	14.10	176,506,729	154,714,132	14.09
Investments in subsidiaries	-	-	-	4,263,631	3,065,935	39.06
Investments in associates	105,320	109,844	(4.12)	44,331	44,331	-
Property, plant & equipment	17,015,236	16,317,044	4.28	15,301,246	14,634,710	4.55
Intangible assets	1,433,931	1,251,226	14.60	906,112	776,810	16.65
Leasehold property	103,064	104,516	(1.39)	71,652	72,594	(1.30)
Deferred tax assets	188,487	-	-	-	-	-
Other assets	24,051,472	17,362,977	38.52	23,911,122	17,298,162	38.23
Total Assets	1,319,912,237	1,155,820,656	14.20	1,303,484,870	1,143,373,765	14.00
LIABILITIES						
Due to banks	52,362,052	60,244,892	(13.08)	50,101,081	57,120,991	(12.29)
Derivative financial liabilities	8,021,783	3,678,494	118.07	8,021,783	3,678,494	118.07
Securities sold under repurchase agreements	48,951,394	49,532,385	(1.17)	49,104,462	49,676,767	(1.15)
Financial liabilities at amortised cost - due to depositors	994,370,875	857,269,981	15.99	983,037,314	850,127,511	15.63
Financial liabilities at amortised cost - other borrowings	25,361,912	23,786,094	6.62	25,361,912	23,786,094	6.62
Current tax liabilities	6,735,997	4,202,850	60.27	6,566,358	4,143,911	58.46
Deferred tax liabilities	971,424	3,565,215	(72.75)	646,248	3,274,826	(80.27)
Other liabilities	24,547,513	19,508,115	25.83	24,206,351	19,225,364	25.91
Due to subsidiaries	-	-	-	40,955	74,523	(45.04)
Subordinated liabilities	37,992,457	25,165,924	50.97	37,992,457	25,165,924	50.97
Total Liabilities	1,199,315,407	1,046,953,950	14.55	1,185,078,921	1,036,274,405	14.36

STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
EQUITY						
Stated capital	39,147,882	37,143,541	5.40	39,147,882	37,143,541	5.40
Statutory reserves	7,444,178	6,492,552	14.66	7,354,143	6,476,952	13.54
Retained earnings	4,949,955	5,086,609	(2.69)	5,063,076	4,987,446	1.52
Other reserves	67,855,834	59,272,098	14.48	66,840,848	58,491,421	14.27
Total equity attributable to equity holders of the Group/Bank	119,397,849	107,994,800	10.56	118,405,949	107,099,360	10.56
Non-controlling Interest	1,198,981	871,906	37.51	-	-	-
Total Equity	120,596,830	108,866,706	10.77	118,405,949	107,099,360	10.56
Total Liabilities and Equity	1,319,912,237	1,155,820,656	14.20	1,303,484,870	1,143,373,765	14.00
Contingent Liabilities and Commitments	658,860,264	565,277,821	16.56	658,721,983	564,794,885	16.63
Net Assets Value per Ordinary Share (Rs.)	118.13	108.44	8.94	117.15	107.54	8.94

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Memorandum Information

Number of Employees	5,027	4,982
Number of Customer Service Centers	285	280

CERTIFICATION :

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

(Sgd.) K.D.N. Buddhipala

Chief Financial Officer

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

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

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

Chairman

February 22, 2019

Colombo

(Sgd.) S. Renganathan

Managing Director/Chief Executive Officer

	Stated Capital	Statutory Reserve	Retained Earnings	Other Reserves						Shareholders' Funds	Non-Controlling Interest	Total Equity	
	Statutory Reserve Fund	Revaluation Reserve	Available-for-Sale Reserve	Fair Value 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				
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
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 investments 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 Rights issue of Ordinary shares	10,143,872	-	-	-	-	-	-	-	-	-	10,143,872	-	10,143,872
Issue of Ordinary shares under Employee Share Option Plans	386,311	-	-	-	-	-	-	-	-	-	386,311	-	386,311
Transfer o/a Share-based Payment transactions	28,806	-	-	-	-	-	-	-	-	(28,806)	-	-	-
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)
Unclaimed dividend absorbed / (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	-	-	-	-	-	-	-	-	-	138,341	138,341	-	138,341
Derecognition of revaluation reserve to the retained 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
Impact of adoption of SLFRS 09	-	-	(5,140,993)	-	1,707,486	(325,412)	-	-	-	-	(3,758,919)		(3,758,919)
Recognition of SLFRS 9 ECLs including those measured at FVOCI			(5,749,369)			194,256					(5,555,113)	-	(5,555,113)
Deferred tax on Transitional adjustments			1,855,263			(47,775)					1,807,488	-	1,807,488
Transfer of AFS reserve build o/a reclassification of AFS portfolio to HTM portfolio (net of tax)			(1,587,069)		1,587,069	-					-	-	-
Re-measurement impact of reclassifying financial investment from AFS to FVTPL			340,182		(340,182)	-					-	-	-
Re-measurement impact of reclassifying financial investment from L&R to FVOCI						(11,294)					(11,294)	-	(11,294)
Reclassification of AFS reserve to fair value reserve					460,599	(460,599)					-	-	-
Balance as at January 01, 2018	37,143,541	6,492,552	(54,384)	7,834,003	-	(325,412)	348,973	(3,212)	52,270,003	529,817	104,235,881	871,906	105,107,787
Total comprehensive income for the year 2018													
Profit for the year	-	-	17,734,706	-	-	-	-	-	-	-	17,734,706	128,125	17,862,831
Other comprehensive income, net of tax	-	-	99,246	(10,010)	-	(1,060,943)	2,808,079	27,231	-	-	1,863,603	195,685	2,059,288
Net actuarial gains/(losses) on defined benefit plans			104,769								104,769	(188)	104,581
Realised gain/(loss) from disposal of investment in equity			2,909								2,909	-	2,909
Share of other comprehensive income of associates, net of tax			(8,432)								(8,432)	-	(8,432)
Deferred tax charge reversal on revaluation surplus				(10,010)							(10,010)	-	(10,010)
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income						(1,060,943)					(1,060,943)		(1,060,943)
Net gains/(losses) arising from translating the Financial Statements of foreign operations							2,808,079				2,808,079	195,873	3,003,952
Cash flow hedges - effective portion of changes in fair value, net of tax								27,231			27,231		27,231
Total comprehensive income for the year 2018	-	-	17,833,952	(10,010)	-	(1,060,943)	2,808,079	27,231	-	-	19,598,310	323,810	19,922,119

Transactions with owners, recognised directly in equity, contributions and distributions to owners													
Issue of Ordinary shares under Employee Share Option Plans	203,083	-	-	-	-	-	-	-	-	-	203,083	-	203,083
Transfer o/a Share-based Payment transactions	6,414	-	-	-	-	-	-	-	-	(6,414)	-	-	-
Dividends to equity holders	1,794,844		(6,498,747)								(4,703,903)	(4,181)	(4,708,084)
Second interim dividend for 2017	-	-	(2,989,996)	-	-	-	-	-	-	-	(2,989,996)	-	(2,989,996)
Final cash dividend for 2017	-	-	-	-	-	-	-	-	-	-	-	(2,531)	(2,531)
Final dividend for 2017 satisfied in the form of issue and allotment of new shares	1,794,844	-	(1,994,271)	-	-	-	-	-	-	-	(199,427)	-	(199,427)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years			1,604								1,604	37	1,641
First interim dividend for 2018	-	-	(1,516,084)	-	-	-	-	-	-	-	(1,516,084)	(1,687)	(1,517,771)
Share-based Payment transactions	-	-	-	-	-	-	-	-	-	68,581	68,581	-	68,581
Profit due to change in ownership	-	-	3,344	-	-	-	-	-	-	-	3,344	-	3,344
Movement due to change in ownership	-	-	(2,584)	(4,862)	-	-	-	-	-	-	(7,446)	7,446	-
Transfers during the year	-	951,626	(6,331,626)	-	-	-	-	-	5,380,000	-	-	-	-
Total transactions with equity holders	2,004,341	951,626	(12,829,613)	(4,862)	-	-	-	-	5,380,000	62,167	(4,436,341)	3,265	(4,433,076)
Balance as at December 31, 2018	39,147,882	7,444,178	4,949,956	7,819,131	-	(1,386,355)	3,157,052	24,019	57,650,003	591,984	119,397,850	1,198,981	120,596,830

STATEMENT OF CHANGES IN EQUITY - BANK

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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	Fair Value 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	Rs. '000
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	-	78,353,664
Total comprehensive income for the year 2017													
Profit for the year	-	-	16,581,244	-	-	-	-	-	-	-	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	-	5,839,758
Net actuarial gains/(losses) on defined benefit plans			(529,902)								(529,902)		(529,902)
Net change in revaluation surplus				1,396,663							1,396,663		1,396,663
Net fair value gains/(losses) on remeasuring financial investments Available-for-sale					5,501,302						5,501,302		5,501,302
Net gains/(losses) arising from translating the Financial Statements of the foreign operation							(525,093)				(525,093)		(525,093)
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	-	-	16,051,342	1,396,663	5,501,302	-	(525,093)	(3,212)	-	-	22,421,002	-	22,421,002
Transactions with owners, recognised directly in equity, contributions and distributions to owners													
Proceeds from Right issue of Ordinary shares	10,143,872	-	-	-	-	-	-	-	-	-	10,143,872	-	10,143,872
Issue of Ordinary shares under Employee Share Option Plans	386,311	-	-	-	-	-	-	-	-	-	386,311	-	386,311
Transfer o/a Share-based Payment transactions	28,806	-	-	-	-	-	-	-	-	(28,806)	-	-	-
Dividends to equity holders	1,606,549		(5,955,851)								(4,349,302)	-	(4,349,302)
Second interim dividend for 2016	-	-	(2,674,799)	-	-	-	-	-	-	-	(2,674,799)		(2,674,799)
Final cash dividend for 2016	-	-	-	-	-	-	-	-	-	-	-	-	-
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)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years			(2,279)								(2,279)		(2,279)
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	-	(1,493,719)	-	(1,493,719)
Share-based Payment transactions	-	-	-	-	-	-	-	-	-	138,341	138,341	-	138,341
Revaluation gain on disposal of Freehold Land & Building	-	-	36,940	(31,468)	-	-	-	-	-	-	5,472	-	5,472
Transfers during the year	-	829,062	(9,609,062)	-					8,780,000	-	-	-	-
Total transactions with equity holders	12,165,338	829,062	(15,527,973)	(31,468)	-	-	-	-	8,780,000	109,535	6,324,694	-	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	-	107,099,360
Impact of adoption of SLFRS 09	-	-	(4,822,089)	-	1,707,494	(325,420)	-	-	-	-	(3,440,015)		(3,440,015)
Recognition of SLFRS 9 ECLs including those measured at FVOCI			(5,305,558)			194,256					(5,111,302)	-	(5,111,302)
Deferred tax on Transitional adjustments			1,730,356			(47,775)					1,682,581	-	1,682,581
Transfer of AFS reserve build o/a reclassification of AFS portfolio to HTM portfolio (net of tax)			(1,587,069)		1,587,069						-	-	-
Re-measurement impact of reclassifying financial investment from AFS to FVTPL			340,182		(340,182)						-	-	-
Re-measurement impact of reclassifying financial investment from L&R to FVOCI						(11,294)					(11,294)	-	(11,294)
Reclassification of AFS reserve to fair value reserve					460,607	(460,607)					-	-	-
Balance as at January 01, 2018	37,143,541	6,476,952	165,357	7,088,054	-	(325,420)	314,253	(3,212)	52,270,003	529,817	103,659,345	-	103,659,345
Total comprehensive income for the year 2018													
Profit for the year	-	-	17,543,828	-	-	-	-	-	-	-	17,543,828	-	17,543,828
Other comprehensive income, net of tax	-	-	110,285	-	-	(1,059,562)	2,557,517	27,231	-	-	1,635,471	-	1,635,471
Net actuarial gains/(losses) on defined benefit plans			107,376								107,376		107,376
Realised gain/(loss) from disposal of Investment in equity			2,909								2,909		2,909
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income						(1,059,562)					(1,059,562)		(1,059,562)
Net gains/(losses) arising from translating the Financial Statements of the foreign operations							2,557,517				2,557,517		2,557,517
Cash flow hedges - effective portion of changes in fair value, net of tax								27,231			27,231		27,231
Total comprehensive income for the year 2018	-	-	17,654,113	-	-	(1,059,562)	2,557,517	27,231	-	-	19,179,299	-	19,179,299

Transactions with owners, recognised directly in equity, contributions and distributions to owners													
Issue of Ordinary shares under Employee Share Option Plans	203,083	-	-	-	-	-	-	-	-	-	203,083	-	203,083
Transfer o/a Share-based Payment transactions	6,414	-	-	-	-	-	-	-	-	(6,414)	-	-	-
Dividends to equity holders	1,794,844		(6,499,203)								(4,704,359)	-	(4,704,359)
Second interim dividend for 2017	-	-	(2,989,996)	-	-	-	-	-	-	-	(2,989,996)	-	(2,989,996)
Final dividend for 2017 satisfied in the form of issue and allotment of new shares	1,794,844	-	(1,994,271)	-	-	-	-	-	-	-	(199,427)	-	(199,427)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years			1,148								1,148		1,148
First interim dividend for 2018	-	-	(1,516,084)	-	-	-	-	-	-	-	(1,516,084)	-	(1,516,084)
Share-based Payment transactions	-	-	-	-	-	-	-	-	-	68,581	68,581	-	68,581
Transfers during the year	-	877,191	(6,257,191)	-	-	-	-	-	5,380,000	-	-	-	-
Total transactions with equity holders	2,004,341	877,191	(12,756,394)	-	-	-	-	-	5,380,000	62,167	(4,432,695)	-	(4,432,695)
Balance as at December 31, 2018	39,147,882	7,354,143	5,063,076	7,088,054	-	(1,384,982)	2,871,770	24,019	57,650,003	591,984	118,405,949	-	118,405,949

STATEMENT OF CASH FLOWS

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For the year ended December 31,	Group		Bank	
	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities				
Profit before taxation	26,098,548	23,280,324	25,591,208	23,182,944
Adjustment for:				
Non-cash items included in profits before tax	12,380,684	1,078,540	12,056,208	646,164
Change in operating assets	(169,390,399)	(125,489,870)	(167,149,219)	(120,342,936)
Change in operating liabilities	138,896,972	100,265,879	135,480,765	97,246,867
(Gains)/losses on sale of property, plant and equipment	(9,311)	18,774	3,633	35,018
Share of profits in associates, net of tax	(6,048)	(3,678)	-	-
Dividend income from subsidiaries and associates	-	-	(80,575)	(100,443)
Interest expense on subordinated liabilities	3,105,553	2,377,694	3,105,553	2,377,694
Net unrealized gains/(losses) arising from translating the financial statements of foreign operations	3,003,952	(503,140)	2,557,517	(525,093)
Profit due to change in ownership	-	-	(3,344)	(5,262)
Benefits paid on defined benefit plans	(382,409)	(184,464)	(376,995)	(179,855)
Income tax paid	(5,971,026)	(3,810,701)	(5,856,270)	(3,753,679)
				-
Net cash from/(used in) operating activities	7,726,516	(2,970,642)	5,328,481	(1,418,581)
Cash Flows from Investing Activities				
Net purchase of property, plant & equipment	(2,079,875)	(2,163,733)	(1,936,205)	(1,959,075)
Proceeds from sale of property, plant & equipment	39,723	58,032	18,954	41,408
Purchase of financial investments	(697,591)	(179,751)	(697,591)	(179,751)
Proceeds from sale and maturity of financial investments	2,096,712	3,530,785	2,096,712	3,530,785
Net purchase of intangible assets	(406,641)	(352,329)	(333,181)	(346,360)
Proceeds due to change in ownership	4,962	7,803	4,962	7,803
Net cash flow from investment in subsidiaries and associates	-	-	(1,255,800)	(564,253)
Dividends received from investments in subsidiaries and associates	-	4,111	80,575	100,443
Net cash from/(used in) in investing activities	(1,042,710)	904,918	(2,021,574)	631,000
Cash Flows from Financing Activities				
Proceeds from Right issue of ordinary shares	-	10,143,872	-	10,143,872
Net proceeds from issue of ordinary voting shares	203,083	386,311	203,083	386,311
Proceeds from issue of subordinated liabilities	10,000,000	-	10,000,000	-
Interest paid on subordinated liabilities	(2,496,230)	(2,362,270)	(2,496,230)	(2,362,270)
Dividend paid to non-controlling interest	(4,703,903)	(4,349,302)	(4,703,903)	(4,349,302)
Dividend paid to shareholders of the Bank	(4,218)	(3,690)	-	-
Net cash from /(used in) financing activities	2,998,732	3,814,921	3,002,950	3,818,611
Net increase/(decrease) in cash & cash equivalents	9,682,538	1,749,197	6,309,857	3,031,030
Cash and cash equivalents as at January 01,	34,673,424	32,924,227	33,224,619	30,193,589
Cash and cash equivalents as at December 31,	44,355,962	34,673,424	39,534,476	33,224,619

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

	Financial assets at amortised cost (AC)	Financial assets recognised through profit or loss (FVTPL)	Financial assets at fair value through other comprehensive income (FVOCI)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets				
Cash and cash equivalents	44,355,962	-	-	44,355,962
Balances with Central Banks	55,406,535	-	-	55,406,535
Placements with banks	19,898,515	-	-	19,898,515
Securities purchased under resale agreements	9,513,512	-	-	9,513,512
Derivative financial assets	-	7,909,962	-	7,909,962
Financial assets recognized through profit or loss - measured at fair value		5,520,167		5,520,167
Financial assets at amortised cost - Loans and advances to banks	763,074	-	-	763,074
Financial assets at amortised cost - Loans and advances to other customers	867,611,976	-	-	867,611,976
Financial assets at amortised cost - Debt and other financial instruments	89,274,413	-	-	89,274,413
Financial assets measured at fair value through other comprehensive income	-	-	176,760,611	176,760,611
Total financial assets	1,086,823,987	13,430,129	176,760,611	1,277,014,727

	Financial liabilities at amortised cost (AC)	Financial liabilities recognised through profit or loss (FVTPL)	Total
	Rs.'000	Rs.'000	Rs.'000
Financial liabilities			
Due to banks	52,362,052	-	52,362,052
Derivative financial liabilities	-	8,021,783	8,021,783
Securities sold under repurchase agreements	48,951,394	-	48,951,394
Financial liabilities at amortised cost - due to depositors	994,370,875	-	994,370,875
Financial liabilities at amortised cost - other borrowings	25,361,912	-	25,361,912
Subordinated liabilities	37,992,457	-	37,992,457
			-
Total financial liabilities	1,159,038,690	8,021,783	1,167,060,473

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

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

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

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

	Financial assets at amortised cost (AC)	Financial assets recognised through profit or loss (FVTPL)	Financial assets at fair value through other comprehensive income (FVOCI)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets				
Cash and cash equivalents	39,534,476	-	-	39,534,476
Balances with Central Banks	54,384,590	-	-	54,384,590
Placements with banks	19,898,515	-	-	19,898,515
Securities purchased under resale agreements	9,513,512	-	-	9,513,512
Derivative financial assets	-	7,909,962	-	7,909,962
Financial assets recognised through profit or loss - measured at fair value	-	5,520,167	-	5,520,167
Financial assets at amortised cost - Loans and advances to banks	763,074	-	-	763,074
Financial assets at amortised cost - Loans and advances to other customers	861,100,315	-	-	861,100,315
Financial assets at amortised cost - Debt and other financial instruments	83,855,436	-	-	83,855,436
Financial assets measured at fair value through other comprehensive income	-	-	176,506,729	176,506,729
Total Financial Assets	1,069,049,918	13,430,129	176,506,729	1,258,986,776

	Financial liabilities at amortised cost (AC)	Financial liabilities recognised through profit or loss (FVTPL)	Total
	Rs.'000	Rs.'000	Rs.'000
Financial liabilities			
Due to banks	-	50,101,081	50,101,081
Derivative financial liabilities	8,021,783	-	8,021,783
Securities sold under repurchase agreements	-	49,104,462	49,104,462
Financial liabilities at amortised cost - due to depositors	-	983,037,314	983,037,314
Financial liabilities at amortised cost - other borrowings	-	25,361,912	25,361,912
Subordinated liabilities	-	37,992,457	37,992,457
Total financial liabilities	8,021,783	1,145,597,226	1,153,619,009

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

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

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

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

	Bank		Group	
	As at 31.12.2018	As at 31.12.2017	As at 31.12.2018	As at 31.12.2017
Regulatory Capital - Rs. '000				
Common Equity Tier I	107,110,518	94,151,253	109,879,697	95,725,306
Tier I Capital	107,110,518	94,151,253	109,879,697	95,725,306
Total Capital	147,398,341	122,415,882	150,167,520	123,989,935
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 2018 - 7.375%, 2017 - 6.250%)	11.338%	12.111%	11.434%	12.122%
Tier I Capital Ratio (Minimum Requirement - 2018 - 8.875%, 2017 - 7.750%)	11.338%	12.111%	11.434%	12.122%
Total Capital Ratio (Minimum Requirement - 2018 - 12.875%, 2017 - 11.750%)	15.603%	15.746%	15.626%	15.701%
Asset Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio (Net of Interest in Suspense)	3.24%	1.88%		
Net Non-Performing Advances Ratio (Net of Interest in Suspense and Provisions)	1.71%	0.92%		
Profitability				
Interest Margin	3.67%	3.62%		
Return on Assets (before tax)	2.09%	2.15%		
Return on Equity	15.56%	17.88%		
Debt Security Related Ratios				
Debt Equity Ratio	45.39%	38.61%		
Interest Cover (Times)	10.00	11.56		
Regulatory Liquidity				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	235,866,816	225,430,587		
Off-Shore Banking Unit	21,463,887	18,105,907		
Statutory Liquid Assets Ratio % (Minimum Requirement 20%)				
Domestic Banking Unit	24.47%	27.28%		
Off-Shore Banking Unit	30.20%	30.95%		
Total Stock of High Quality Liquid Assets - Rs. '000	153,018,792	167,583,281		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2018 - 90%, 2017 - 80%)	236.20%	272.15%		
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 2018- 90%, 2017 - 80%)	238.69%	209.17%		

OPERATING SEGMENTS - GROUP

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	Personal Banking		Corporate Banking		International Operations		Investment Banking		Dealing/Treasury		Unallocated/Eliminations		Total/Consolidated	
<i>For the year ended December 31,</i>	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	28,624,818	26,884,392	7,479,360	4,639,252	5,247,406	4,044,558	301,149	381,502	774,243	1,559,382	3,191,233	2,058,212	45,618,209	39,567,298
Foreign exchange profit	340,879	217,330	4,148,814	699,565	1,697,686	1,015,851	-	-	1,876,109	(1,335,721)	-	-	8,063,488	597,025
Net fees and commission income	6,953,641	6,135,191	2,140,757	1,803,963	1,500,537	934,398	35,718	45,242	3,739	5,672	-	-	10,634,392	8,924,466
Other income	74,282	130,584	20,088	96,048	-	-	127,671	12,161	267,165	61,424	59,172	148,012	548,378	448,229
Total Operating income	35,993,620	33,367,497	13,789,019	7,238,828	8,445,629	5,994,807	464,538	438,905	2,921,256	290,757	3,250,405	2,206,224	64,864,467	49,537,018
Credit loss expenses	(4,672,494)	(1,628,321)	(4,166,874)	832,688	6,006	(193,682)	-	-	-	-	-	-	(8,833,362)	(989,315)
Net Operating income	31,321,126	31,739,176	9,622,145	8,071,516	8,451,635	5,801,125	464,538	438,905	2,921,256	290,757	3,250,405	2,206,224	56,031,105	48,547,703
Segment result	13,224,972	16,281,986	7,377,397	5,414,227	6,330,706	4,086,117	157,760	287,326	2,418,299	126,225	(3,416,634)	(2,919,235)	26,092,500	23,276,646
Profit from operations													26,092,500	23,276,646
Share of profit of Associates, net of tax													6,048	3,678
Income tax expense													(8,235,717)	(6,653,817)
Non Controlling Interest													(128,125)	(20,544)
Net profit for the period, attributable to Equity holders of the Bank													17,734,706	16,605,963

<i>As at December 31,</i>	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	480,487,645	443,643,154	309,650,862	240,649,838	151,089,897	128,456,896	15,910,636	17,270,623	283,021,383	262,780,975	79,646,494	62,909,326	1,319,806,917	1,155,710,812
Investment in associates	-	-	-	-	-	-	-	-	-	-	105,320	109,844	105,320	109,844
Total assets	480,487,645	443,643,154	309,650,862	240,649,838	151,089,897	128,456,896	15,910,636	17,270,623	283,021,383	262,780,975	79,751,814	63,019,170	1,319,912,237	1,155,820,656
Segment liabilities	781,278,803	690,860,560	179,345,394	151,728,410	140,284,158	103,813,211	16,015,956	17,380,467	74,683,675	75,403,237	7,707,421	7,768,065	1,199,315,407	1,046,953,950
Total liabilities	781,278,803	690,860,560	179,345,394	151,728,410	140,284,158	103,813,211	16,015,956	17,380,467	74,683,675	75,403,237	7,707,421	7,768,065	1,199,315,407	1,046,953,950

<i>For the year ended December 31,</i>	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	79,608,991	3,977,097	(44,494,188)	(7,219,784)	6,033,177	322,609	(1,352,797)	140,802	(32,068,667)	(191,366)	-	-	7,726,516	(2,970,642)
Cash flows from investing activities	-	-	-	-	-	-	1,404,083	3,362,948	-	-	-	-	1,404,083	3,362,948
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	2,998,732	3,814,921	2,998,732	3,814,921
Capital expenditure -														
Property, Plant & Equipment													(2,040,152)	(2,105,701)
Intangible assets													(406,641)	(352,329)
													-	-
Net cash flow generated during the period													9,682,538	1,749,197

Twenty largest voting shareholders as at December 31, 2018

Name of the Shareholder	No. of Shares	%
DFCC Bank PLC A/C 1	128,215,649	13.56
Employees Provident Fund	91,090,278	9.63
Mr. Y. S. H. I. Silva	76,373,675	8.08
Deutsche Bank AG Singapore - DSS A/C Ntasia Discovery Master Fund	53,948,136	5.70
Melstacorp PLC	43,550,677	4.61
Sri Lanka Insurance Corporation Ltd. - Life Fund	42,927,124	4.54
CB NY S/A International Finance Corporation	41,974,991	4.44
Sri Lanka Insurance Corporation Ltd. - General Fund	36,911,420	3.90
Citi Bank Newyork S/A Norges Bank A/C 2	18,395,709	1.95
Employees Trust Fund Board	16,783,623	1.77
BNYMSANV RE-LF Ruffer Absolute Return Fund	16,625,393	1.76
Mrs. L. E. M. Yaseen	15,765,606	1.67
HSBC Intl. Nominees Ltd -JPMCB T Rowe New Asia Fund	14,922,939	1.58
BNYMSANV RE - First State Investments ICVC - Stewart Investors Indian Subcontinent Fund	12,243,878	1.29
HSBC Intl. Nominees Ltd - SSBT - BMO Investments II (Ireland) Public Limited Company	9,989,558	1.06
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global Asia Pacific Equity Fund	9,566,382	1.01
Mr. M. J. Fernando	9,036,300	0.96
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA -Galaxy Fund	8,904,006	0.94
Renuka Hotels Limited	8,513,584	0.90
HSBC Intl. Nominees Ltd. - JPMLU-T rowe price SICAV	8,465,919	0.90
Sub total	664,204,847	70.23
Other Shareholders	281,504,556	29.77
Total	945,709,403	100.00

Percentage of public holding as at December 31, 2018 - 99.77% (99.71% as at December 31, 2017)

Number of shareholders representing public holding as at December 31, 2018 - 10,580 (9,780 as at December 31, 2017)

Twenty largest non-voting shareholders as at December 31, 2018

Name of the Shareholder	No. of Shares	%
Citi Bank Newyork S/A Norges Bank Account 2	9,990,652	15.37
Employees Trust Fund Board	5,057,600	7.78
Akbar Brothers (Pvt) Ltd. A/C No 1	2,411,894	3.71
GF Capital Global Limited	1,680,841	2.59
BNYMSANV RE-Butterfield Trust (Bermuda) Limited	1,466,494	2.26
M.J.F.Exports (Pvt) Ltd	1,112,164	1.71
Mr. M. F. Hashim	920,197	1.42
Saboor Chatoor (Pvt) Ltd	887,700	1.37
Mrs. L. V. C. Samarasingha	874,514	1.35
Union Assurance PLC/No - 01A/C	661,016	1.02
Mr. T.W.A. Wickramasinghe	645,000	0.99
Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint)	618,135	0.95
Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint)	615,863	0.95
Mr. R. Gautam	574,560	0.88
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	545,175	0.84
Northern Trust Company S/A Polar Capital Funds PLC	527,557	0.81
Mr. K.S.M. De Silva	520,176	0.80
Mr. J.G. De Mel	473,519	0.73
Mr. A.P. Somasiri	455,000	0.70
Mr. A.L. Gooneratne	437,717	0.67
Sub total	30,475,774	46.88
Other Shareholders	34,537,400	53.12
Total	65,013,174	100.00

Percentage of public holding as at December 31, 2018 - 84.41% (89.66% as at December 31, 2017)

Number of shareholders representing public holding as at December 31, 2018 - 4,427 (4,309 as at December 31, 2017)

Directors' holding in shares as at December 31, 2018

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.K.G.D.D. Dheerasinghe - Chairman	23,870	-
Mr.M.P. Jayawardena - Deputy Chairman	-	-
Mr.S. Renganathan - Managing Director/Chief Executive Officer	323,903	11,916
Mr.S.C.U. Manatunge - Chief Operating Officer	57,553	-
Mr.S. Swarnajothi	-	10,944
Prof. A.K.W. Jayawardane	-	-
Mr. K. Dharmasiri	-	-
Mr. L.D. Niyangoda	-	-
Ms. N.T.M.S. Cooray	190,000	50,575
Mr. G.S. Jadeja	-	-
Mr. T.L.B. Hurulle	-	-
Justice K. Sripavan	-	-

	2018 Rs.	2017 Rs.
Market price of an ordinary share as at December 31,		
Voting	115.00	135.80
Non-Voting	95.00	105.00
Highest price during the quarter ended December 31,		
Voting	125.40	150.00
Non-Voting	101.00	114.50
Lowest price during the quarter ended December 31,		
Voting	107.50	133.00
Non-Voting	88.00	104.90

	2018	2017
Number of ordinary shares as at December 31,		
Voting	945,709,403	931,971,691
Non-Voting	65,013,174	63,927,611

EXPLANATORY NOTES

- These Financial Statements had been audited by M/S Ernst & Young the External Auditors of the Bank. The Auditors expressed an unqualified opinion on the said Financial Statements prepared as at December 31, 2018 and for the period then ended.
- Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments"**

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

Based on the "Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka, the Bank continued to prepare the interim financial statements for the first three quarters of the year 2018 with the application of LKAS 39 (Financial Instruments: Recognition and Measurement), along with relevant disclosures on the impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied.

The Bank prepared the Annual Financial Statements for the year ended December 31, 2018 based on SLFRS 9. The comparative information for 2017 is reported under LKAS 39 and is not comparable to the information presented for 2018. The total additional impairment provision arising from SLFRS 9 for the year 2018 has been recognised in its entirety in the 4th quarter of 2018.

The impact of adopting SLFRS 9 at transition date, January 01, 2018, on the Statement of Financial Position, and equity are given in the Note 8 under Transisition Disclosures.
- There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2017, except for financial assets and liabilities within the scope of Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments" (SLFRS 9) for which comparative information for 2017 is reported under Sri Lanka Accounting Standard - LKAS 39 on "Financial Instruments: Recognition and Measurement" (LKAS 39) in accordance with the option given in paragraph 7.2.15 SLFRS 9 not to restate the comparatives. 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 declared and paid a second interim dividend of Rs. 3.00 per share on February 15, 2019 to both the voting and non-voting ordinary shareholders of the Bank for the year ended December 31, 2018.

In accordance with the Sri Lanka Accounting Standard - LKAS 10 on 'Events After the Reporting Period', this second interim dividend has not been recognised as a liability as at December 31, 2018. Under the Inland Revenue Act No 10 of 2006, a withholding tax of 14% has been imposed on dividends declared.
- The Bank has announced a debenture issue in December 2018 to issue 75,000,000 listed, unsecured, rated, redeemable subordinated, Basel III compliant debentures of Rs. 100/- each with a non-viability conversion feature amounting to Rs 7.5 Bn. with an option to issue up to a further 75,000,000 debentures amounting to Rs. 7.5 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 expect for changes that arose from adoption of SLFRS 9.
- 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, 2018, that require disclosure in these Interim Financial Statements other than those disclosed above.

9 Transition disclosures

9.1 Reconciliation between the carrying amounts under LKAS 39 to the balances reported under SLFRS 9 as at January 1, 2018

9.1 (a) Group

Description	Note	LKAS 39 measurement as at December 31, 2017		Reclassification	Remeasurement		SLFRS 9 measurement as at January 1, 2018	
		category	Rs '000		ECL	Other	Rs '000	Category
Financial Assets								
Cash and cash equivalents		Loans and receivables	34,673,424	-	(5,286)	-	34,668,138	Financial assets at amortised cost
Balances with Central Banks		Loans and receivables	45,546,349	-	-	-	45,546,349	Financial assets at amortised cost
Placements with banks		Loans and receivables	17,633,269	-	(31,533)	-	17,601,736	Financial assets at amortised cost
Securities purchased under resale agreements		Loans and receivables	-	-	-	-	-	Financial assets at amortised cost
Financial assets at amortised cost - Loans and advances to banks		Loans and receivables	640,512	-	(139)	-	640,373	Financial assets at amortised cost
Financial assets at amortised cost - Loans and advances to other customers		Loans and receivables	742,444,130	-	(4,600,817)	-	737,843,313	Financial assets at amortised cost
Financial assets at amortised cost - Debt and other financial instruments		N/A	-	77,511,571	(69,680)	-	77,441,891	Financial assets at amortised cost
From : Financial Investment- Loans and Receivables	I			8,145,775	(3,523)	-		
From : Financial Investment - Held-to-maturity	II			69,365,796	(66,156)	-		
Financial investments - Loans and Receivables		Loans and receivables	48,712,477	(48,712,477)	-	-	-	N/A
To : Financial assets at amortised cost	I			(8,145,775)	-	-		
To : Financial assets measured at fair value through other comprehensive income	III			(40,566,702)	-	-		
Total Loans and receivables								Total Financial assets at amortised cost
			889,650,161	28,799,094	(4,707,454)	-	913,741,801	
Financial investments - Available-for-sale		Available for sale	154,913,643	(154,913,643)	-	-	-	N/A
To : Financial assets measured at fair value through other comprehensive income	IV			(154,573,461)				
To : Financial assets recognised through profit or loss	V			(340,182)				
Total Available for Sale								N/A
			154,913,643	(154,913,643)	-	-	-	
Financial investments - Held-to-maturity		Held-to-maturity	69,365,796	(69,365,796)	-	-	-	N/A
To : Financial assets at amortised cost - Debt and other financial instruments	II			(69,365,796)				
Total Held-to-maturity								N/A
			69,365,796	(69,365,796)	-	-	-	
Financial assets measured at fair value through other comprehensive income		N/A	-	195,140,163	-	(11,294)	195,128,869	Financial assets measured at fair value through other comprehensive income
From : Financial Investment - Available-for-sale	IV			154,573,461	-	-		
From : Financial Investment - Loans and receivables	III			40,566,702	-	(11,294)		
Total Financial assets measured at fair value through other comprehensive income								Total Financial assets measured at fair value through other comprehensive income
		N/A	-	195,140,163	-	(11,294)	195,128,869	

Description	Note	LKAS 39 measurement as at December 31, 2017		Reclassification	Remeasurement		SLFRS 9 measurement as at January 1, 2018	
		category	Rs '000		ECL	Other	Rs '000	Category
Derivative financial assets		Fair value through profit or loss	2,334,536	-	-	-	2,334,536	Fair value through profit or loss
Financial assets recognised through profit or loss/ Held for trading		Fair value through profit or loss	4,410,913	340,182	-	-	4,751,095	Fair value through profit or loss
From : Financial Investment - Available-for-sale	V			340,182				
		Total Fair value through profit or loss	6,745,449	340,182	-	-	7,085,631	Total Fair value through profit or loss
Total financial assets			1,120,675,049	-	(4,707,454)	(11,294)	1,115,956,301	
Total assets			1,120,675,049	-	(4,707,454)	(11,294)	1,115,956,301	
Financial Liabilities								
Due to banks		Financial liabilities at amortised cost	60,244,892	-	-	-	60,244,892	Financial liabilities at amortised cost
Securities sold under repurchase agreements		Financial liabilities at amortised cost	49,532,385	-	-	-	49,532,385	Financial liabilities at amortised cost
Financial liabilities at amortised cost - due to depositors		Financial liabilities at amortised cost	857,269,981	-	-	-	857,269,981	Financial liabilities at amortised cost
Financial liabilities at amortised cost - other borrowings		Financial liabilities at amortised cost	23,786,094	-	-	-	23,786,094	Financial liabilities at amortised cost
Subordinated liabilities		Financial liabilities at amortised cost	25,165,924	-	-	-	25,165,924	Financial liabilities at amortised cost
		Total Amortised cost	1,015,999,276	-	-	-	1,015,999,276	Total Amortised cost
Derivative financial liabilities		Fair value through profit or loss	3,678,494	-	-	-	3,678,494	Fair value through profit or loss
Financial liabilities recognized through profit or loss - measured at fair value		Fair value through profit or loss	-	-	-	-	-	Fair value through profit or loss
		Total Fair value through profit or loss	3,678,494	-	-	-	3,678,494	Total Fair value through profit or loss
Total financial liabilities			1,019,677,770	-	-	-	1,019,677,770	

Description	Note	LKAS 39 measurement as at December 31, 2017		Reclassification	Remeasurement		SLFRS 9 measurement as at January 1, 2018	
		category	Rs '000		ECL	Other	Rs '000	Category
Non financial liabilities								
Deferred tax liabilities	VI	N/A	3,565,215	-	-	(1,807,488)	1,757,727	N/A
Other liabilities	VII	N/A	19,508,115	-	847,659	-	20,355,774	N/A
Total non financial liabilities			23,073,330	-	847,659	(1,807,488)	22,113,501	
Total Liabilities			1,042,751,100	-	847,659	(1,807,488)	1,041,791,271	

Notes

- I As at January 1, 2018, the Group has classified financial investments- loans and receivables (other than those described in Note C) into amortised cost since these assets are managed within a business model of collecting contractual cash flows.
- II As at January 1, 2018, the Group did not have any debt instruments that did not meet the SPPI criterion within its held-to-maturity portfolio. Therefore, it elected to classify all of these instruments as debt instruments measured at amortised cost.
- III As at January 1, 2018, the Group has classified Sri Lanka Development Bonds (SLDBs) Investments as FVOCI Investments, as these instruments are managed within a business model of collecting contractual cash flows and selling. These investments were previously classified under loans and receivables as per LKAS 39. The remeasurement impact/(loss) of these SLDBs at fair value amounted to Rs 11.294Mn.
- IV As at January 1, 2018, the Group has assessed its liquidity portfolio classified under AFS Government securities amounting to Rs 154,366.556 Mn into debt instruments measured at FVOCI as these are managed within a business model of collecting contractual cash flows and selling. In addition the Group has elected the option to irrevocably designate its previous AFS equity instruments amounting to Rs 206.905 Mn as Equity instruments at FVOCI.
- V As at January 1, 2018, the Group has classified its "VISA Inc" Shares to FVTPL from AFS, as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.
- VI The net decrease in deferred tax liabilities was due to impact that arose from expected credit loss and remeasurement of SLDB investments at fair value.
- VII The increase in other liabilities was due to the inclusion of expected credit loss related to contingent liabilities and commitments.

9.1 (b) Bank

Description	Note	LKAS 39 measurement as at December 31,2017		Reclassification	Remeasurement		SLFRS 9 measurement as at January 1, 2018	
		category	Rs '000		ECL	Other	Rs '000	Category
Financial Assets								
Cash and cash equivalents		Loans and receivables	33,224,619	-	(5,286)	-	33,219,333	Financial assets at amortised cost
Balances with Central Banks		Loans and receivables	44,801,446	-	-	-	44,801,446	Financial assets at amortised cost
Placements with banks		Loans and receivables	17,633,269	-	(31,533)	-	17,601,736	Financial assets at amortised cost
Securities purchased under resale agreements		Loans and receivables	-	-	-	-	-	Financial assets at amortised cost
Financial assets at amortised cost - Loans and advances to banks		Loans and receivables	640,512	-	(139)	-	640,373	Financial assets at amortised cost
Financial assets at amortised cost - Loans and advances to other customers		Loans and receivables	737,446,567	-	(4,157,006)	-	733,289,561	Financial assets at amortised cost
Financial assets at amortised cost - Debt and other financial instruments		N/A	-	71,708,527	(69,680)	-	71,638,847	Financial assets at amortised cost
From : Financial Investment- Loans and Receivables	I			8,145,775	(3,523)	-		
From : Financial Investment - Held-to-maturity	II			63,562,752	(66,156)	-		
Financial investments - Loans and Receivables		Loans and receivables	48,712,477	(48,712,477)	-	-	-	N/A
To : Financial assets at amortised cost	I			(8,145,775)	-	-		
To : Financial assets measured at fair value through other comprehensive income	III			(40,566,702)	-	-		
		Total Loans and receivables	882,458,890	22,996,050	(4,263,643)	-	901,191,297	Total Financial assets at amortised cost
Financial investments - Available-for-sale		Available for sale	154,714,132	(154,714,132)	-	-	-	N/A
To : Financial assets measured at fair value through other comprehensive income	IV			(154,373,950)				
To: Financial assets recognised through profit or loss	V			(340,182)				
		Total Available for Sale	154,714,132	(154,714,132)	-	-	-	N/A
Financial investments - Held-to-maturity		Held-to-maturity	63,562,752	(63,562,752)	-	-	-	N/A
To : Financial assets at amortised cost - Debt and other financial instruments	II			(63,562,752)				
		Total Held-to-maturity	63,562,752	(63,562,752)	-	-	-	N/A
Financial assets measured at fair value through other comprehensive income		N/A	-	194,940,652	-	(11,294)	194,929,358	Financial assets measured at fair value through other comprehensive income
From : Financial Investment - Available-for-sale	IV			154,373,950	-	-		
From : Financial Investment - Loans and receivables	III			40,566,702	-	(11,294)		
								Total Financial assets measured at fair value through other comprehensive income
		N/A	-	194,940,652	-	(11,294)	194,929,358	income

Description	Note	LKAS 39 measurement as at December 31, 2017		Reclassification	Remeasurement		SLFRS 9 measurement as at January 1, 2018	
		category	Rs '000		ECL	Other	Rs '000	Category
Derivative financial assets		Fair value through profit or loss	2,334,536	-	-	-	2,334,536	Fair value through profit or loss
Financial assets recognised through profit or loss/ Held for trading		Fair value through profit or loss	4,410,913	340,182	-	-	4,751,095	Fair value through profit or loss
From : Financial Investment - Available-for-sale	V			340,182				
		Total Fair value through profit or loss	6,745,449	340,182	-	-	7,085,631	Total Fair value through profit or loss
Total financial assets			1,107,481,223	-	(4,263,643)	(11,294)	1,103,206,286	
Total assets			1,107,481,223	-	(4,263,643)	(11,294)	1,103,206,286	
Financial Liabilities								
Due to banks		Financial liabilities at amortised cost	57,120,991	-	-	-	57,120,991	Financial liabilities at amortised cost
Securities sold under repurchase agreements		Financial liabilities at amortised cost	49,676,767	-	-	-	49,676,767	Financial liabilities at amortised cost
Financial liabilities at amortised cost - due to depositors		Financial liabilities at amortised cost	850,127,511	-	-	-	850,127,511	Financial liabilities at amortised cost
Financial liabilities at amortised cost - other borrowings		Financial liabilities at amortised cost	23,786,094	-	-	-	23,786,094	Financial liabilities at amortised cost
Subordinated liabilities		Financial liabilities at amortised cost	25,165,924	-	-	-	25,165,924	Financial liabilities at amortised cost
		Total Amortised cost	1,005,877,287	-	-	-	1,005,877,287	Total Amortised cost
Derivative financial liabilities		Fair value through profit or loss	3,678,494	-	-	-	3,678,494	Fair value through profit or loss
Financial liabilities recognized through profit or loss - measured at fair value		Fair value through profit or loss	-	-	-	-	-	Fair value through profit or loss
		Total Fair value through profit or loss	3,678,494	-	-	-	3,678,494	Total Fair value through profit or loss

Description	Note	LKAS 39 measurement as at December 31, 2017		Reclassification	Remeasurement		SLFRS 9 measurement as at January 1, 2018	
		category	Rs '000		ECL	Other	Rs '000	Category
Total financial liabilities			1,009,555,781	-	-	-	1,009,555,781	
Non financial liabilities								
Deferred tax liabilities	VI	N/A	3,274,826	-	-	(1,682,581)	1,592,245	N/A
Other liabilities	VII	N/A	19,225,364	-	847,659	-	20,073,023	N/A
Total non financial liabilities			22,500,190	-	847,659	(1,682,581)	21,665,268	
Total Liabilities			1,032,055,971	-	847,659	(1,682,581)	1,031,221,049	

Notes

- I As at January 1, 2018, the Bank has classified financial investments- loans and receivables (other than those described in Note C) into amortised cost since these assets are managed within a business model of collecting contractual cash flows.
- II As at January 1, 2018, the Bank did not have any debt instruments that did not meet the SPPI criterion within its held-to-maturity portfolio. Therefore, it elected to classify all of these instruments as debt instruments measured at amortised cost.
- III As at January 1, 2018, the Bank has classified Sri Lanka Development Bond (SLDB) Investments as FVOCI Investments, as these instruments are managed within a business model of collecting contractual cash flows and selling. These investments were previously classified under loans and receivables as per LKAS 39. The remeasurement impact/(loss) of these SLDBs at fair value amounted to Rs 11.294Mn.
- IV As at January 1, 2018, the Bank has assessed its liquidity portfolio classified under AFS Government securities amounting to Rs 154,167.169Mn into debt instruments measured at FVOCI as these are managed within a business model of collecting contractual cash flows and selling. In addition the Bank has elected the option to irrevocably designate its previous AFS equity instruments amounting to Rs 206.781 Mn as Equity instruments at FVOCI.
- V As of January 1, 2018, the Bank has classified its "VISA Inc" Shares to FVTPL from AFS, as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.
- VI The net decrease in deferred tax liabilities was due to impact that arose from expected credit loss and remeasurement of SLDB investments at fair value.
- VII The increase in other liabilities was due to the inclusion of expected credit loss related to contingent liabilities and commitments.

9.2 Impact of transition to SLFRS 9 on reserves and retained earnings

Fair value reserve

Closing balance under LKAS 39 as at December 31, 2017 (A)	-
Recognition of Expected Credit Loss (ECL) under SLFRS 9 for debt financial assets at FVOCI	194,256
Re-measurement impact of reclassifying financial investment from L&R to FVOCI	(11,294)
Deferred tax on Transitional adjustments	(47,775)
Reclassification of AFS reserve to fair value reserve	(460,599)
Opening balance under SLFRS 9 as at January 1, 2018 (B)	(325,412)

Impact of adoption of SLFRS 09 on fair value reserve (C=B-A)

(325,412) (325,420)

Available-for-sale reserve

Closing balance under LKAS 39 as at December 31, 2017 (D)	(1,707,486)
Transfer of AFS reserve build o/a reclassification of AFS portfolio to HTM portfolio	1,587,069
Re-measurement impact of reclassifying financial investment from AFS to FVTPL	(340,182)
Reclassification of AFS reserve to fair value reserve	460,599
Opening balance under SLFRS 9 as at January 1, 2018 (E)	-

(1,707,486) (1,707,494)

1,587,069 1,587,069

(340,182) (340,182)

460,599 460,607

- -

Impact of adoption of SLFRS 09 on Available-for-reserve (F=E-D)

1,707,486 1,707,494

Retained earnings

Closing balance under LKAS 39 as at December 31, 2017 (G)	5,086,609
Recognition of SLFRS 9 ECLs including those measured at FVOCI [Refer Note 9.3]	(5,749,369)
Deferred tax in relation to ECL	1,855,263
Transfer of AFS reserve build o/a reclassification of AFS portfolio to HTM portfolio	(1,587,069)
Re-measurement impact of reclassifying financial investment from AFS to FVTPL	340,182
Opening balance under SLFRS 9 as at January 1, 2018 (H)	(54,384)

5,086,609 4,987,446

(5,749,369) (5,305,558)

1,855,263 1,730,356

(1,587,069) (1,587,069)

340,182 340,182

(54,384) 165,357

Impact of adoption of SLFRS 09 on retained earnings (I=H-G)

(5,140,993) (4,822,089)

Total change in equity due to adopting SLFRS 9 (C+F+I)

(3,758,919) (3,440,015)

Reserves and retained earnings	
Group Rs'000	Bank Rs'000
-	-
194,256	194,256
(11,294)	(11,294)
(47,775)	(47,775)
(460,599)	(460,607)
(325,412)	(325,420)
(325,412)	(325,420)
(1,707,486)	(1,707,494)
1,587,069	1,587,069
(340,182)	(340,182)
460,599	460,607
-	-
1,707,486	1,707,494
5,086,609	4,987,446
(5,749,369)	(5,305,558)
1,855,263	1,730,356
(1,587,069)	(1,587,069)
340,182	340,182
(54,384)	165,357
(5,140,993)	(4,822,089)
(3,758,919)	(3,440,015)

9.3 Impact of transition to SLFRS 9 on Impairment

The following table reconciles the aggregate opening Provision for impairment under Sri Lanka Accounting Standard - LKAS 39 and provision for loan commitments and financial guarantee contracts in accordance with Sri Lanka Accounting Standard - LKAS 37 on "Provisions Contingent Liabilities and Contingent Assets" (LKAS 37) to the ECL allowances under SLFRS 9.

9.3 (a) Group

	Impairment under LKAS 39/ LKAS 37 as at December 31, 2017 Rs'000	Remeasurement Rs'000	ECLs under SLFRS 9 as at January 1, 2018 Rs'000
Impairment allowance for Loans and receivables and Held to maturity Investments as per LKAS 39/ financial assets at amortised cost under SLFRS 9	18,009,807	4,707,454	22,717,261
Available-for-sale debt investment securities per LKAS 39/ Debt financial assets at FVOCI under SLFRS 9	-	12,339	12,339
Financial Investments Loans and receivables per LKAS 39/ Debt financial assets at FVOCI under SLFRS 9	-	181,917	181,917
	<u>18,009,807</u>	<u>4,901,711</u>	<u>22,911,518</u>
Letters of credit for customers	-	723,482	723,482
Loans and other commitments	-	124,177	124,177
	<u>-</u>	<u>847,659</u>	<u>847,659</u>
Total Impairment	<u>18,009,807</u>	<u>5,749,369</u>	<u>23,759,176</u>

9.3 (b) Bank

	Impairment under LKAS 39/ LKAS 37 as at December 31, 2017 Rs'000	Remeasurement Rs'000	ECLs under SLFRS 9 as at January 1, 2018 Rs'000
Impairment allowance for Loans and receivables and Held to maturity Investments as per LKAS 39/ financial assets at amortised cost under SLFRS 9	17,261,410	4,263,643	21,525,053
Available-for-sale debt investment securities per LKAS 39/ Debt financial assets at FVOCI under SLFRS 9	-	12,339	12,339
Financial Investments Loans and receivables per LKAS 39/ Debt financial assets at FVOCI under SLFRS 9	-	181,917	181,917
	<u>17,261,410</u>	<u>4,457,900</u>	<u>21,719,310</u>
Letters of credit for customers	-	723,482	723,482
Loans and other commitments	-	124,177	124,177
	<u>-</u>	<u>847,659</u>	<u>847,659</u>
Total Impairment	<u>17,261,410</u>	<u>5,305,558</u>	<u>22,566,968</u>

INFORMATION ON DEBENTURES - BANK

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Debenture categories	CSE Listing	Interest payable frequency	Balance as at December 31, 2018 Rs.'000	Market values			Interest Rates		Interest rate of comparable Govt. Security %	Other ratios as at date of last trade	
				Highest Rs.	Lowest Rs.	Period End Rs.	Coupon Rate %	Eff. Ann. Yield %		Int. Yield %	YTM %
Fixed rate											
March 2016/March 2021 10.75% p.a.	Listed	Semi Annually	4,430,340	Not traded during the current period			10.75	11.04	11.30	Not traded during the current period	
March 2016/March 2026 11.25% p.a.*	Listed	Semi Annually	1,749,090	100.00	90.00	100.00	11.25	11.57	11.65	11.25	13.30
October 2016/October 2021 12.00% p.a.**	Listed	Semi Annually	5,071,800	102.66	99.96	102.66	12.00	12.36	11.50	11.02	11.06
October 2016/October 2026 12.25% p.a.	Listed	Semi Annually	1,928,200	Not traded during the current period			12.25	12.63	11.80	Not traded during the current period	
July 2018/July 2023 12.00% p.a.	Listed	Semi Annually	8,393,840	Not traded during the current period			12.00	12.36	11.65	Not traded during the current period	
July 2018/July 2028 12.50% p.a.	Listed	Semi Annually	1,606,160	Not traded during the current period			12.50	12.89	11.85	Not traded during the current period	
Total Debentures			23,179,430								

* Last traded date - December 24, 2018.

** Last traded date - June 13, 2018.

ADDITIONAL QUARTERLY DISCLOSURES

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(AS PER THE CIRCULAR NO.02 OF 2019 DATED JANUARY 18, 2019 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Group		Bank	
	As at 31.12.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2018 Rs.'000	As at 31.12.2017 Rs.'000
Gross loans and receivables	897,955,796	760,453,937	890,229,368	754,707,977
Stage 1	750,597,176	-	745,651,075	-
Stage 2	93,286,742	-	92,569,735	-
Stage 3	54,071,878	-	52,008,558	-
Less: Allowance for Individual impairment	30,343,820	18,009,807	29,129,053	17,261,410
Stage 1	2,814,943	-	2,659,185	-
Stage 2	5,984,306	-	5,873,226	-
Stage 3	21,544,571	-	20,596,642	-
Allowance for Individual impairment	-	7,853,654	-	7,853,654
Allowance for Collective impairment	-	10,156,153	-	9,407,756
Net loans and receivables	867,611,976	742,444,130	861,100,315	737,446,567

2 LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 31.12.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2018 Rs.'000	As at 31.12.2017 Rs.'000
By product - Domestic Currency				
Loans and advances				
Overdrafts	125,677,313	107,668,330	125,677,313	107,668,330
Trade finance	56,988,061	42,087,800	56,988,061	42,087,800
Lease rental receivable	40,337,357	40,205,415	37,738,492	37,304,183
Credit cards	12,873,330	9,579,986	12,873,330	9,579,986
Pawning	1,577,472	1,339,259	1,577,472	1,339,259
Staff loans	9,137,898	7,859,934	9,129,559	7,853,190
Housing loans	57,319,740	50,347,880	57,319,740	50,347,880
Personal loans	36,199,627	27,957,462	34,289,878	27,880,374
Term loans	-			
Short-term	77,684,844	51,711,809	77,684,844	50,665,521
Long-term	273,809,856	260,928,084	273,649,116	260,646,705
Bills of Exchange	585,115	372,090	585,115	372,090
Gross loans and receivables	692,190,613	600,058,049	687,512,920	595,745,318

ADDITIONAL QUARTERLY DISCLOSURES

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(AS PER THE CIRCULAR NO.02 OF 2019 DATED JANUARY 18, 2019 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

	Group			Bank
	As at 31.12.2018	As at 31.12.2017	As at 31.12.2018	As at 31.12.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
By product - Foreign Currency				
Loans and advances				
Overdrafts	16,295,323	10,403,986	15,267,860	9,693,700
Trade finance	20,692,527	16,203,388	20,611,079	16,188,165
Lease rental receivable	897,835	561,000	897,835	561,000
Credit cards	109,063	59,060	109,063	59,060
Staff loans	173,136	120,495	171,191	120,495
Housing loans	5,215,642	3,280,765	5,068,940	3,280,765
Personal loans	769,201	444,367	543,105	392,295
Term loans	-	-	-	-
Short-term	46,741,129	36,956,807	46,442,812	36,935,287
Long-term	90,711,933	75,631,013	89,470,836	74,996,885
Bills of Exchange	24,159,394	16,735,007	24,133,727	16,735,007
Gross loans and receivables	205,765,183	160,395,888	202,716,448	158,962,659
Total of gross loans and receivables	897,955,796	760,453,937	890,229,368	754,707,977

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

	Group			Bank		
	Individual Impairment Rs.'000	Collective Impairment Rs.'000	Total Impairment Rs.'000	Individual Impairment Rs.'000	Collective Impairment Rs.'000	Total Impairment Rs.'000
Balance as at January 01, 2017	8,453,457	9,399,591	17,853,048	8,453,457	8,919,222	17,372,679
Charge/(write back) to the Income statement	401,716	-	401,716	401,716	-	401,716
Net write-off/(recoveries) during the period/year	(695,023)	1,823,522	1,128,499	(695,023)	1,554,333	859,310
Exchange rate variance on foreign currency provisions	30,057	(1,060,768)	(1,030,711)	30,057	(1,060,768)	(1,030,711)
Interest accrued / (reversals) on impaired loans & advances	(861,057)	(6,192)	(867,249)	(861,057)	(5,031)	(866,088)
Other movements	524,504	-	524,504	524,504	-	524,504
Balance as at December 31, 2017	7,853,654	10,156,153	18,009,807	7,853,654	9,407,756	17,261,410

(AS PER THE CIRCULAR NO.02 OF 2019 DATED JANUARY 18, 2019 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

4 MOVEMENT IN PROVISION FOR IMPAIRMENT FOR EXPECTED CREDIT LOSSES DURING THE PERIOD FOR LOANS AND RECEIVABLES TO OTHER CUSTOMERS.

Description	Group			
	Stage 1 Rs.'000	Stage 2 Rs.'000	Stage 3 Rs.'000	Total Rs.'000
Balance as at January 01, 2018	3,126,167	4,348,188	15,136,256	22,610,611
Charge/(write back) to the Income statement	(324,074)	1,632,467	7,071,147	8,379,540
Net write-off/(recoveries) during the period/year	(800)	(819)	(590,601)	(592,220)
Exchange rate variance on foreign currency provisions	13,650	4,470	278,179	296,299
Interest accrued / (reversals) on impaired loans & advances	-	-	(360,876)	(360,876)
Other movements	-	-	10,466	10,466
Balance as at December 31, 2018	2,814,943	5,984,306	21,544,571	30,343,820

Description	Bank			
	Stage 1 Rs.'000	Stage 2 Rs.'000	Stage 3 Rs.'000	Total Rs.'000
Balance as at January 01, 2018	3,041,886	4,165,027	14,211,504	21,418,417
Charge/(write back) to the Income statement	(393,953)	1,704,548	6,812,653	8,123,248
Net write-off/(recoveries) during the period/year	(800)	(819)	(355,284)	(356,903)
Exchange rate variance on foreign currency provisions	12,052	4,470	278,179	294,701
Interest accrued / (reversals) on impaired loans & advances	-	-	(360,876)	(360,876)
Other movements	-	-	10,466	10,466
Balance as at December 31, 2018	2,659,185	5,873,226	20,596,642	29,129,053

5 DUE TO OTHER DEPOSITORS - BY PRODUCT

	Group			Bank
	As at 31.12.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2018 Rs.'000	As at 31.12.2017 Rs.'000
By product - Domestic Currency				
Current account deposits	45,166,224	42,488,222	45,177,113	42,497,439
Savings deposits	227,412,160	212,687,511	227,493,335	213,055,712
Time deposits	475,290,328	394,357,770	475,389,390	394,431,924
Certificate of deposits	83,053	176,355	83,053	176,355
Sub Total	747,951,765	649,709,858	748,142,891	650,161,430
By product - Foreign Currency				
Current account deposits	32,286,978	23,401,770	26,476,915	18,954,618
Savings deposits	72,501,383	60,355,737	69,972,029	59,001,649
Time deposits	141,630,749	123,802,616	138,445,479	122,009,814
Certificate of deposits	-	-	-	-
Sub Total	246,419,110	207,560,123	234,894,423	199,966,081
Total	994,370,875	857,269,981	983,037,314	850,127,511

*The amounts reported for the year ended December 31, 2018 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 on Financial Instruments, whereas amounts for 2017 have not been restated.

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 September 2018

Bangladesh Operation

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

COMPANY REGISTRATION NUMBER

PQ116

COMPLIANCE OFFICER

Mr. V.S. Rajasooriyar

Assistant General Manager - Compliance

STOCK EXCHANGE LISTING

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

LAWYERS

Julius & Creasy,

No. 41, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

REGISTERED OFFICE

"Commercial House",

No. 21, Sir Razik Fareed Mawatha,

P.O. Box 856,

Colombo 1, Sri Lanka.

Telephone : 2430420, 2336700

2445010-15 ,2486000, 4792000

Telex :21520 COMEX CE

Facsimile : 2449889

SWIFT Code-Sri Lanka : CCEYLKLX

SWIFT Code-Bangladesh : CCEYBDDH

E-mail : email@combank.net

Website : www.combank.net

AUDITORS

Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10, Sri Lanka.

REGISTRARS

S S P Corporate Services (Private) Limited,

No. 101, Inner Flower Road,

Colombo 3, Sri Lanka.

Telephone: 2573894, 2576871

Facsimile: 2573609

E-mail: sspsec@sltnet.lk

HEAD OFFICE

"Commercial House",

No. 21, Sir Razik Fareed Mawatha,

P.O. Box 856,

Colombo 1, Sri Lanka.

COMPANY SECRETARY

Mrs. J.R. Gamage

BOARD OF DIRECTORS

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

Mr. M.P. Jayawardena - Deputy Chairman

Mr.S. Renganathan - Managing Director/Chief Executive Officer

Mr.S.C.U. Manatunge - Chief Operating Officer

Mr. S. Swarnajothi

Prof. A.K.W. Jayawardane

Mr. K. Dharmasiri

Mr. L.D. Niyangoda

Ms. N.T.M.S. Cooray

Mr. G.S. Jadeja

Mr. T.L.B. Hurulle

Justice K. Sripavan

ACCOUNTING YEAR

December 31