

**INTERIM FINANCIAL STATEMENTS**  
**For the nine months ended September 30, 2016**

# INCOME STATEMENT - GROUP

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	For the nine months ended			For the quarter ended		
	30.09.2016	30.09.2015	Change	30.09.2016	30.09.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>67,283,051</b>	<b>56,920,678</b>	<b>18.20</b>	<b>24,106,528</b>	<b>20,333,153</b>	<b>18.56</b>
Interest income	58,563,520	48,820,736	19.96	20,894,360	16,881,417	23.77
Less : Interest expenses	34,101,113	26,264,869	29.84	12,670,798	9,200,414	37.72
<b>Net interest income</b>	<b>24,462,407</b>	<b>22,555,867</b>	<b>8.45</b>	<b>8,223,562</b>	<b>7,681,003</b>	<b>7.06</b>
Fees and commission income	5,713,656	4,470,254	27.82	2,132,040	1,562,352	36.46
Less: Fees and commission expenses	929,613	657,263	41.44	326,561	226,927	43.91
<b>Net fees and commission income</b>	<b>4,784,043</b>	<b>3,812,991</b>	<b>25.47</b>	<b>1,805,479</b>	<b>1,335,425</b>	<b>35.20</b>
Net gains/(losses) from trading	(1,109,490)	526,694	(310.65)	(238,378)	926,316	(125.73)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	114,373	255,251	(55.19)	14,751	158,466	(90.69)
Other income (net)	4,000,992	2,847,743	40.50	1,303,755	804,602	62.04
<b>Total operating income</b>	<b>32,252,325</b>	<b>29,998,546</b>	<b>7.51</b>	<b>11,109,169</b>	<b>10,905,812</b>	<b>1.86</b>
Less :Impairment charges for loans and other losses	1,820,808	3,184,859	(42.83)	252,788	1,096,952	(76.96)
Individual impairment	2,791,218	398,774	599.95	(304,268)	(108,739)	(179.81)
Collective impairment	(973,965)	2,784,214	(134.98)	556,856	1,204,183	(53.76)
Others	3,555	1,871	90.01	200	1,508	(86.74)
<b>Net operating income</b>	<b>30,431,517</b>	<b>26,813,687</b>	<b>13.49</b>	<b>10,856,381</b>	<b>9,808,860</b>	<b>10.68</b>
<b>Less: Expenses</b>	<b>13,912,058</b>	<b>12,542,775</b>	<b>10.92</b>	<b>4,811,088</b>	<b>4,323,055</b>	<b>11.29</b>
Personnel expenses	8,115,310	7,354,368	10.35	2,782,905	2,498,924	11.36
Depreciation and amortisation	930,101	891,404	4.34	318,130	301,262	5.60
Other expenses	4,866,647	4,297,003	13.26	1,710,053	1,522,869	12.29
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>16,519,459</b>	<b>14,270,912</b>	<b>15.76</b>	<b>6,045,293</b>	<b>5,485,805</b>	<b>10.20</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	2,518,986	2,045,671	23.14	1,019,503	748,311	36.24
<b>Operating profit after Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>14,000,473</b>	<b>12,225,241</b>	<b>14.52</b>	<b>5,025,790</b>	<b>4,737,494</b>	<b>6.09</b>
Add: Share of profits/(losses) of associates, net of tax	5,753	9,900	(41.89)	3,776	4,775	(20.92)
<b>Profit before income tax</b>	<b>14,006,226</b>	<b>12,235,141</b>	<b>14.48</b>	<b>5,029,566</b>	<b>4,742,269</b>	<b>6.06</b>
Less : Income tax expense	3,811,251	3,800,415	0.29	1,351,500	1,491,379	(9.38)
<b>Profit for the period</b>	<b>10,194,975</b>	<b>8,434,726</b>	<b>20.87</b>	<b>3,678,066</b>	<b>3,250,890</b>	<b>13.14</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank	10,203,586	8,431,391	21.02	3,688,803	3,249,524	13.52
Non-controlling interest	(8,611)	3,335	(358.20)	(10,737)	1,366	(886.02)
<b>Profit for the period</b>	<b>10,194,975</b>	<b>8,434,726</b>	<b>20.87</b>	<b>3,678,066</b>	<b>3,250,890</b>	<b>13.14</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	11.46	9.63	19.00	4.13	3.71	11.32
Diluted earnings per ordinary share (Rs.)	11.44	9.60	19.17	4.13	3.70	11.62

	For the nine months ended			For the quarter ended		
	30.09.2016	30.09.2015	Change	30.09.2016	30.09.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the Period</b>	<b>10,194,975</b>	8,434,726	20.87	<b>3,678,066</b>	3,250,890	13.14
<b>Other comprehensive income, net of tax</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	233,475	689,804	(66.15)	(1,528)	472,870	(100.32)
Net fair value gains/(losses) on re-measuring financial investments - available-for-sale	(2,378,778)	(6,471,616)	63.24	1,930,550	(3,452,393)	155.92
Government Securities	(2,398,239)	(6,489,598)	63.04	1,902,386	(3,469,882)	154.83
Fair value gains/(losses) arose during the period, net of tax	(2,609,433)	(6,420,675)	59.36	1,814,751	(3,442,623)	152.71
Fair value gains/(losses) realised and recycled to the Income Statement on disposal and reclassification, net of tax	211,194	(68,923)	406.42	87,635	(27,259)	421.49
Equity Securities	19,461	17,982	8.22	28,164	17,489	61.04
Fair value gains/(losses) arose during the period	19,461	17,982	8.22	28,164	17,489	61.04
Fair value gains/(losses) realised and recycled to the Income Statement on disposal	-	-	-	-	-	-
Share of other comprehensive income/(expense) of associates, net of tax	593	(7,990)	107.42	1,348	(3,517)	138.33
Other comprehensive income/(expense) for the period, net of taxes	(2,144,710)	(5,789,802)	62.96	1,930,370	(2,983,040)	164.71
<b>Total comprehensive income for the period</b>	<b>8,050,265</b>	2,644,924	204.37	<b>5,608,436</b>	267,850	1,993.87
<b>Attributable to:</b>						
Equity holders of the Bank	8,055,889	2,641,589	204.96	5,616,186	266,484	2,007.51
Non-controlling interest	(5,624)	3,335	(268.64)	(7,750)	1,366	(667.35)
<b>Total comprehensive income for the period</b>	<b>8,050,265</b>	2,644,924	204.37	<b>5,608,436</b>	267,850	1,993.87

# INCOME STATEMENT - BANK

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	For the nine months ended			For the quarter ended		
	30.09.2016	30.09.2015	Change	30.09.2016	30.09.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>66,867,763</b>	56,694,133	17.94	<b>23,932,458</b>	20,265,539	18.09
Interest income	58,191,191	48,604,627	19.72	20,730,138	16,816,154	23.28
Less : Interest expenses	33,936,112	26,206,880	29.49	12,585,883	9,185,985	37.01
<b>Net interest income</b>	<b>24,255,079</b>	22,397,747	8.29	<b>8,144,255</b>	7,630,169	6.74
Fees and commission income	5,696,611	4,464,503	27.60	2,124,701	1,560,181	36.18
Less: Fees and commission expenses	929,613	657,263	41.44	326,561	226,927	43.91
<b>Net fees and commission income</b>	<b>4,766,998</b>	3,807,240	25.21	<b>1,798,140</b>	1,333,254	34.87
Net gains/(losses) from trading	(1,109,490)	526,694	(310.65)	(238,378)	926,316	(125.73)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	114,373	255,197	(55.18)	14,751	158,466	(90.69)
Other income (net)	3,975,078	2,843,112	39.81	1,301,246	804,422	61.76
<b>Total operating income</b>	<b>32,002,038</b>	29,829,990	7.28	<b>11,020,014</b>	10,852,627	1.54
Less :Impairment charges for loans and other losses	1,803,628	3,115,232	(42.10)	257,376	1,055,604	(75.62)
Individual impairment	2,791,218	398,774	599.95	(304,268)	(108,739)	(179.81)
Collective impairment	(1,007,554)	2,695,579	(137.38)	557,007	1,154,842	(51.77)
Others	19,964	20,879	(4.38)	4,637	9,501	(51.19)
<b>Net operating income</b>	<b>30,198,410</b>	26,714,758	13.04	<b>10,762,638</b>	9,797,023	9.86
<b>Less: Expenses</b>	<b>13,800,481</b>	12,479,569	10.58	<b>4,756,008</b>	4,300,936	10.58
Personnel expenses	8,035,847	7,295,308	10.15	2,753,178	2,480,116	11.01
Depreciation and amortisation	879,113	843,826	4.18	300,879	285,886	5.24
Other expenses	4,885,521	4,340,435	12.56	1,701,951	1,534,934	10.88
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>16,397,929</b>	14,235,189	15.19	<b>6,006,630</b>	5,496,087	9.29
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	2,510,823	2,044,802	22.79	1,014,909	748,799	35.54
<b>Profit before income tax</b>	<b>13,887,106</b>	12,190,387	13.92	<b>4,991,721</b>	4,747,288	5.15
Less : Income tax expense	3,735,753	3,764,533	(0.76)	1,328,487	1,489,411	(10.80)
<b>Profit for the period</b>	<b>10,151,353</b>	8,425,854	20.48	<b>3,663,234</b>	3,257,877	12.44
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	11.41	9.62	18.61	4.12	3.72	10.75
Diluted earnings per ordinary share (Rs.)	11.39	9.59	18.77	4.11	3.71	10.78

	For the nine months ended			For the quarter ended		
	30.09.2016	30.09.2015	Change	30.09.2016	30.09.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the period	10,151,353	8,425,854	20.48	3,663,234	3,257,877	12.44
Other comprehensive income, net of tax						
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of Foreign Operations	224,764	690,498	(67.45)	(8,497)	471,808	(101.80)
Net fair value gains/(losses) on re-measuring Financial investments - Available-for-sale	(2,378,778)	(6,471,616)	63.24	1,930,550	(3,452,393)	155.92
Government Securities	(2,398,239)	(6,489,598)	63.04	1,902,386	(3,469,882)	154.83
Fair value gains/(losses) arose during the period, net of tax	(2,609,433)	(6,420,675)	59.36	1,814,751	(3,442,623)	152.71
Fair value gains/(losses) realised and recycled to the Income Statement on disposal and reclassification, net of tax	211,194	(68,923)	406.42	87,635	(27,259)	421.49
Equity Securities	19,461	17,982	8.22	28,164	17,489	61.04
Fair value gains/(losses) arose during the period	19,461	17,982	8.22	28,164	17,489	61.04
Fair value gains/(losses) realised and recycled to the Income Statement on disposal	-	-	-	-	-	-
Other comprehensive income/(expense) for the period, net of taxes	(2,154,014)	(5,781,118)	62.74	1,922,053	(2,980,585)	164.49
Total comprehensive income for the period	7,997,339	2,644,736	202.39	5,585,287	277,292	1,914.23

## STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.09.2016	31.12.2015	Change	30.09.2016	31.12.2015	Change
	( Audited )	( Audited )		( Audited )	( Audited )	
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
<b>ASSETS</b>						
Cash and cash equivalents	26,332,751	20,107,076	30.96	24,647,874	20,043,512	22.97
Balances with Central Banks	35,976,294	28,221,017	27.48	35,921,403	28,221,017	27.29
Placements with banks	14,061,602	17,193,539	(18.22)	14,061,602	17,193,539	(18.22)
Securities purchased under re-sale agreements	350,101	8,002,100	(95.62)	350,101	8,002,100	(95.62)
Derivative financial assets	676,524	4,118,169	(83.57)	676,524	4,118,169	(83.57)
Other financial instruments - Held-for-trading	12,085,370	7,656,349	57.85	12,085,370	7,656,349	57.85
Loans and receivables to banks	610,905	601,106	1.63	610,905	601,106	1.63
Loans and receivables to other customers	578,031,518	509,923,128	13.36	574,470,646	508,115,127	13.06
Financial investments - Available-for-sale	171,516,261	204,261,934	(16.03)	171,446,015	204,244,289	(16.06)
Financial investments - Held-to-maturity	37,001,171	-	-	37,001,171	-	-
Financial investments - Loans and receivables	52,060,844	57,724,369	(9.81)	52,060,844	57,724,369	(9.81)
Investments in subsidiaries	-	-	-	2,414,828	1,237,146	95.19
Investments in associates	105,141	104,503	0.61	44,331	44,331	-
Property, plant & equipment	11,451,152	11,181,433	2.41	10,204,024	9,968,985	2.36
Intangible assets	1,032,809	884,034	16.83	587,802	465,960	26.15
Leasehold property	106,332	107,420	(1.01)	73,773	74,478	(0.95)
Deferred tax assets	655,681	-	-	933,602	-	-
Other assets	15,737,923	12,097,017	30.10	15,707,743	12,094,591	29.87
<b>Total Assets</b>	<b>957,792,379</b>	<b>882,183,194</b>	<b>8.57</b>	<b>953,298,558</b>	<b>879,805,068</b>	<b>8.35</b>
<b>LIABILITIES</b>						
Due to banks	33,417,773	31,789,396	5.12	30,419,151	30,319,119	0.33
Derivative financial liabilities	991,506	1,890,770	(47.56)	991,506	1,890,770	(47.56)
Securities sold under repurchase agreements	87,040,888	112,249,703	(22.46)	87,275,705	112,384,812	(22.34)
Due to other customers/deposits from customers	710,389,510	624,021,217	13.84	710,457,894	624,101,810	13.84
Other borrowings	9,578,524	9,985,637	(4.08)	9,578,524	9,985,637	(4.08)
Current tax liabilities	3,180,815	3,025,662	5.13	3,147,650	3,001,984	4.85
Deferred tax liabilities	-	467,632	-	-	230,615	-
Other provisions	1,874	1,874	-	1,874	1,874	-
Other liabilities	17,919,441	15,749,184	13.78	17,642,660	15,548,159	13.47
Due to subsidiaries	-	-	-	41,125	26,212	56.89
Subordinated liabilities	17,979,056	11,988,272	49.97	17,979,056	11,973,272	50.16
<b>Total Liabilities</b>	<b>880,499,387</b>	<b>811,169,347</b>	<b>8.55</b>	<b>877,535,145</b>	<b>809,464,264</b>	<b>8.41</b>

# STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.09.2016	31.12.2015	Change	30.09.2016	31.12.2015	Change
	Rs.'000	( Audited ) Rs.'000	%	Rs.'000	( Audited ) Rs.'000	%
<b>EQUITY</b>						
Stated capital	24,897,631	23,254,605	7.07	24,897,631	23,254,605	7.07
Statutory reserves	4,922,367	4,922,367	-	4,922,264	4,922,264	-
Retained earnings	10,287,001	4,467,807	130.25	10,155,235	4,388,867	131.39
Other reserves	36,337,799	38,318,860	(5.17)	35,788,283	37,775,068	(5.26)
<b>Total equity attributable to equity holders of the Group/Bank</b>	<b>76,444,798</b>	<b>70,963,639</b>	<b>7.72</b>	<b>75,763,413</b>	<b>70,340,804</b>	<b>7.71</b>
<b>Non-controlling Interest</b>	<b>848,194</b>	<b>50,208</b>	<b>1,589.36</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>77,292,992</b>	<b>71,013,847</b>	<b>8.84</b>	<b>75,763,413</b>	<b>70,340,804</b>	<b>7.71</b>
<b>Total Liabilities and Equity</b>	<b>957,792,379</b>	<b>882,183,194</b>	<b>8.57</b>	<b>953,298,558</b>	<b>879,805,068</b>	<b>8.35</b>
<b>Contingent Liabilities and Commitments</b>	<b>453,346,344</b>	<b>521,232,320</b>	<b>(13.02)</b>	<b>453,346,344</b>	<b>521,232,320</b>	<b>(13.02)</b>
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>85.88</b>	<b>80.93</b>	<b>6.12</b>	<b>85.11</b>	<b>80.22</b>	<b>6.10</b>
<b>Memorandum Information</b>						
Number of Employees				4,993	4,951	
Number of Customer Service Centers				271	264	

## CERTIFICATION :

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

(Sgd.) K.D.N. Buddhipala

Chief Financial Officer

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

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

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

Chairman

November 10, 2016

Colombo

(Sgd.) J.Durairatnam

Managing Director/Chief Executive Officer

## STATEMENT OF CHANGES IN EQUITY - GROUP

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	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves					Shareholders' Funds	Non-Controlling Interest	Total Equity
				Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	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
Balance as at 01.01.2015 - Audited	21,457,501	4,327,103	4,418,412	6,246,960	2,735,569	(454,188)	32,474,478	-	71,205,835	47,564	71,253,399
Super Gain Tax on profit of the year of assessment 2013/2014	-	-	(2,608,469)	-	-	-	-	-	(2,608,469)	(1,503)	(2,609,972)
Adjusted Balance as at 01.01.2015 -Audited	21,457,501	4,327,103	1,809,943	6,246,960	2,735,569	(454,188)	32,474,478	-	68,597,366	46,061	68,643,427
Total comprehensive income for the nine months ended 30.09.2015											
Profit for the nine months ended 30.09.2015	-	-	8,431,391	-	-	-	-	-	8,431,391	3,335	8,434,726
Other comprehensive income for the nine months ended 30.09.2015	-	-	(7,990)	-	(6,471,616)	689,804	-	-	(5,789,802)	-	(5,789,802)
Total comprehensive income for the nine months ended 30.09.2015	-	-	8,423,401	-	(6,471,616)	689,804	-	-	2,641,589	3,335	2,644,924
Transactions with owners recognized directly in equity, contributions by and distributions to owners											
Issue of Ordinary Shares under Employee Share Option Plans [ ESOP's ]	198,584	-	-	-	-	-	-	-	198,584	-	198,584
Dividends to equity holders											
Second interim dividend for 2014	-	-	(865,943)	-	-	-	-	-	(865,943)	-	(865,943)
Final dividend for 2014 satisfied in the form of issue and allotment of new shares	1,559,800	-	(1,733,110)	-	-	-	-	-	(173,310)	-	(173,310)
Final cash dividend for 2014	-	-	(1,733,110)	-	-	-	-	-	(1,733,110)	(1,962)	(1,735,072)
Transfers during the period	-	103	(103)	-	-	-	-	-	-	-	-
Total transactions with equity holders	1,758,384	103	(4,332,266)	-	-	-	-	-	(2,573,779)	(1,962)	(2,575,741)
Balance as at 30.09.2015	23,215,885	4,327,206	5,901,078	6,246,960	(3,736,047)	235,616	32,474,478	-	68,665,176	47,434	68,712,610
Total comprehensive income for the three months ended 31.12.2015											
Profit for the three months ended 31.12.2015	-	-	3,423,781	-	-	-	-	-	3,423,781	753	3,424,534
Other comprehensive income for the three months ended 31.12.2015	-	-	(63,340)	-	(219,329)	196,873	-	-	(85,796)	369	(85,427)
Total comprehensive income for the three months ended 31.12.2015	-	-	3,360,441	-	(219,329)	196,873	-	-	3,337,985	1,122	3,339,107
Transactions with owners recognized directly in equity, contributions by and distributions to owners											
Issue of Ordinary Shares under Employee Share Option Plans [ ESOP's ]	38,720	-	-	-	-	-	-	-	38,720	-	38,720
Dividends to equity holders											
First interim dividend for 2015	-	-	(1,315,251)	-	-	-	-	-	(1,315,251)	(1,308)	(1,316,559)
Share-based Payment transactions	-	-	-	-	-	-	-	223,330	223,330	-	223,330
Re-statement of deferred tax on revaluation gains on fixed assets	-	-	-	13,710	-	-	-	-	13,710	585	14,295
Profit due to change in ownership	-	-	2,344	-	-	-	-	-	2,344	-	2,344
Movement due to change in ownership	-	-	(644)	(1,731)	-	-	-	-	(2,375)	2,375	-
Transfers during the period	-	595,161	(3,480,161)	-	-	-	2,885,000	-	-	-	-
Total transactions with equity holders	38,720	595,161	(4,793,712)	11,979	-	-	2,885,000	223,330	(1,039,522)	1,652	(1,037,870)
Balance as at 31.12.2015 - Audited	23,254,605	4,922,367	4,467,807	6,258,939	(3,955,376)	432,489	35,359,478	223,330	70,963,639	50,208	71,013,847
Total comprehensive income for the nine months ended 30.09.2016											
Profit for the nine months ended 30.09.2016	-	-	10,203,586	-	-	-	-	-	10,203,586	(8,611)	10,194,975
Other comprehensive income for the nine months ended 30.09.2016	-	-	593	-	(2,378,778)	230,488	-	-	(2,147,697)	2,987	(2,144,710)
Total comprehensive income for the nine months ended 30.09.2016	-	-	10,204,179	-	(2,378,778)	230,488	-	-	8,055,889	(5,624)	8,050,265
Transactions with owners recognized directly in equity, contributions by and distributions to owners											
Issue of Ordinary Shares under Employee Share Option Plans [ ESOP's ]	64,432	-	-	-	-	-	-	-	64,432	-	64,432
Dividends to equity holders											
Final dividend for 2015 satisfied in the form of issue and allotment of new shares	1,578,594	-	(1,753,994)	-	-	-	-	-	(175,400)	-	(175,400)
Final cash dividend for 2015	-	-	(2,630,991)	-	-	-	-	-	(2,630,991)	(2,059)	(2,633,050)
Share-based Payment transactions	-	-	-	-	-	-	-	167,229	167,229	-	167,229
Acquisition of subsidiary with Non-Controlling Interest	-	-	-	-	-	-	-	-	-	805,669	805,669
Total transactions with equity holders	1,643,026	-	(4,384,985)	-	-	-	-	167,229	(2,574,730)	803,610	(1,771,120)
Balance as at 30.09.2016	24,897,631	4,922,367	10,287,001	6,258,939	(6,334,154)	662,977	35,359,478	390,559	76,444,798	848,194	77,292,992



## STATEMENT OF CHANGES IN EQUITY - BANK

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	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves					Total Equity
				Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation 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 01.01.2015 - Audited	21,457,501	4,327,103	4,258,287	5,722,859	2,735,578	(464,076)	32,474,478	-	70,511,730
Super Gain Tax on profit of the year of assessment 2013/2014			(2,576,355)						(2,576,355)
Balance as at 01.01.2015 - Audited	21,457,501	4,327,103	1,681,932	5,722,859	2,735,578	(464,076)	32,474,478	-	67,935,375
Total comprehensive income for the nine months ended 30.09.2015									
Profit for the nine months ended 30.09.2015	-	-	8,425,854	-	-	-	-	-	8,425,854
Other comprehensive income for the nine months ended 30.09.2015	-	-	-	-	(6,471,616)	690,498	-	-	(5,781,118)
Total comprehensive income for the nine months ended 30.09.2015	-	-	8,425,854	-	(6,471,616)	690,498	-	-	2,644,736
Transactions with owners recognized directly in equity, contributions by and distributions to owners									
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	198,584	-	-	-	-	-	-	-	198,584
Dividends to equity holders									
Second interim dividend for 2014	-	-	(865,943)	-	-	-	-	-	(865,943)
Final dividend for 2014 satisfied in the form of issue and allotment of new shares	1,559,800	-	(1,733,110)	-	-	-	-	-	(173,310)
Final cash dividend for 2014	-	-	(1,733,110)	-	-	-	-	-	(1,733,110)
Transfers during the period	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	1,758,384	-	(4,332,163)	-	-	-	-	-	(2,573,779)
Balance as at 30.09.2015	23,215,885	4,327,103	5,775,623	5,722,859	(3,736,038)	226,422	32,474,478	-	68,006,332
Total comprehensive income for the three months ended 31.12.2015									
Profit for the three months ended 31.12.2015	-	-	3,477,370	-	-	-	-	-	3,477,370
Other comprehensive income for the three months ended 31.12.2015	-	-	(68,714)	-	(219,329)	198,346	-	-	(89,697)
Total comprehensive income for the three months ended 31.12.2015	-	-	3,408,656	-	(219,329)	198,346	-	-	3,387,673
Transactions with owners recognized directly in equity, contributions by and distributions to owners									
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	38,720	-	-	-	-	-	-	-	38,720
Dividends to equity holders									
First interim dividend for 2015	-	-	(1,315,251)	-	-	-	-	-	(1,315,251)
Share-based Payment transactions	-	-	-	-	-	-	-	223,330	223,330
Transfers during the period	-	595,161	(3,480,161)	-	-	-	2,885,000	-	-
Total transactions with equity holders	38,720	595,161	(4,795,412)	-	-	-	2,885,000	223,330	(1,053,201)
Balance as at 31.12.2015 - Audited	23,254,605	4,922,264	4,388,867	5,722,859	(3,955,367)	424,768	35,359,478	223,330	70,340,804
Total comprehensive income for the nine months ended 30.09.2016									
Profit for the nine months ended 30.09.2016	-	-	10,151,353	-	-	-	-	-	10,151,353
Other comprehensive income for the nine months ended 30.09.2016	-	-	-	-	(2,378,778)	224,764	-	-	(2,154,014)
Total comprehensive income for the nine months ended 30.09.2016	-	-	10,151,353	-	(2,378,778)	224,764	-	-	7,997,339
Transactions with owners recognized directly in equity, contributions by and distributions to owners									
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	64,432	-	-	-	-	-	-	-	64,432
Dividends to equity holders									
Final dividend for 2015 satisfied in the form of issue and allotment of new shares	1,578,594	-	(1,753,994)	-	-	-	-	-	(175,400)
Final cash dividend for 2015	-	-	(2,630,991)	-	-	-	-	-	(2,630,991)
Share-based Payment transactions	-	-	-	-	-	-	-	167,229	167,229
Total transactions with equity holders	1,643,026	-	(4,384,985)	-	-	-	-	167,229	(2,574,730)
Balance as at 30.09.2016	24,897,631	4,922,264	10,155,235	5,722,859	(6,334,145)	649,532	35,359,478	390,559	75,763,413

## STATEMENT OF CASH FLOWS

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<i>For the nine months ended September 30,</i>	Group		Bank	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	14,006,226	12,235,141	13,887,106	12,190,387
Adjustment for:				
Non-cash items included in profits before tax	2,717,382	4,224,607	2,649,598	4,107,785
Change in operating assets	(72,603,489)	(87,573,614)	(70,682,792)	(86,667,486)
Change in operating liabilities	63,427,880	78,966,926	61,926,191	78,056,197
Net (gains)/losses from disposal of assets	(4,655)	7,912	1,327	12,290
Share of profits from associates, net of tax	(5,753)	(9,900)	-	-
Dividend income from subsidiaries and associates	-	-	(63,051)	(65,204)
Interest expense on subordinated liabilities	998,194	620,388	996,779	590,821
Benefits paid on defined benefit plans	(44,472)	(26,172)	(44,472)	(26,172)
Net unrealized gain from translation of Financial Statements of foreign operations	233,475	689,804	224,764	690,498
Income taxes paid	(3,256,835)	(2,411,683)	(3,231,728)	(2,316,299)
<b>Net cash from/(used in) operating activities</b>	<b>5,467,953</b>	<b>6,723,409</b>	<b>5,663,722</b>	<b>6,572,817</b>
<b>Cash Flows from Investing Activities</b>				
Net purchase of property, plant and equipment	(1,078,226)	(771,363)	(997,222)	(686,944)
Proceeds from the sale of property, plant and equipment	7,735	3,630	4,690	83
Purchase of financial investments	(1,731,094)	(5,044,858)	(1,731,094)	(5,044,858)
Proceeds from the sale and matured of financial investments	947,319	968,212	947,319	968,212
Net purchase of intangible assets	(271,977)	(169,947)	(244,084)	(168,215)
Net cash flow of investment in subsidiaries and associates	-	-	(1,192,817)	(7,907)
Dividends received from investments in subsidiaries and associates	-	-	63,051	65,204
<b>Net cash from/(used in) in investing activities</b>	<b>(2,126,243)</b>	<b>(5,014,326)</b>	<b>(3,150,157)</b>	<b>(4,874,425)</b>
<b>Cash Flows from Financing Activities</b>				
Net proceeds from the issue of ordinary voting shares under ESOP's	64,432	198,584	64,432	198,584
Capital contribution from non-controlling interest of a newly incorporated subsidiary	796,660	-	-	-
Net receipts from subordinated liabilities	5,674,430	-	5,674,430	-
Interest paid on subordinated liabilities	(843,108)	(443,215)	(841,675)	(429,761)
Dividend paid to shareholders of the Bank	(2,806,390)	(2,772,364)	(2,806,390)	(2,772,364)
Dividend paid to non-controlling interest	(2,059)	(1,962)	-	-
<b>Net cash from /(used in) financing activities</b>	<b>2,883,965</b>	<b>(3,018,957)</b>	<b>2,090,797</b>	<b>(3,003,541)</b>
Net increase/(decrease) in cash & cash equivalents	6,225,675	(1,309,874)	4,604,362	(1,305,149)
Cash and cash equivalents at beginning of the period	20,107,076	20,621,778	20,043,512	20,591,867
<b>Cash and cash equivalents at end of the period</b>	<b>26,332,751</b>	<b>19,311,904</b>	<b>24,647,874</b>	<b>19,286,718</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents			26,332,751			26,332,751
Balances with Central Banks			35,976,294			35,976,294
Placements with banks			14,061,602			14,061,602
Securities purchased under re-sale agreements			350,101			350,101
Derivative financial assets	676,524					676,524
Other financial instruments - Held-for-trading	12,085,370					12,085,370
Loans and receivables to banks			610,905			610,905
Loans and receivables to other customers			578,031,518			578,031,518
Financial investments - Available-for-sale				171,516,261		171,516,261
Financial investments - Held-to-maturity		37,001,171				37,001,171
Financial investments - Loans and receivables			52,060,844			52,060,844
<b>Total financial assets</b>	<b>12,761,894</b>	<b>37,001,171</b>	<b>707,424,015</b>	<b>171,516,261</b>	<b>-</b>	<b>928,703,341</b>
<b>FINANCIAL LIABILITIES</b>						
Due to banks					33,417,773	33,417,773
Derivative financial liabilities	991,506					991,506
Securities sold under repurchase agreements					87,040,888	87,040,888
Due to other customers/deposits from customers					710,389,510	710,389,510
Other borrowings					9,578,524	9,578,524
Subordinated liabilities					17,979,056	17,979,056
<b>Total financial liabilities</b>	<b>991,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>858,405,751</b>	<b>859,397,257</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents			20,107,076			20,107,076
Balances with Central Banks			28,221,017			28,221,017
Placements with banks			17,193,539			17,193,539
Securities purchased under re-sale agreements			8,002,100			8,002,100
Derivative financial assets	4,118,169					4,118,169
Other financial instruments - Held-for-trading	7,656,349					7,656,349
Loans and receivables to banks			601,106			601,106
Loans and receivables to other customers			509,923,128			509,923,128
Financial investments - Available-for-sale				204,261,934		204,261,934
Financial investments - Held-to-maturity			-			-
Financial investments - Loans and receivables			57,724,369			57,724,369
<b>Total financial assets</b>	<b>11,774,518</b>	<b>-</b>	<b>641,772,335</b>	<b>204,261,934</b>	<b>-</b>	<b>857,808,787</b>
<b>FINANCIAL LIABILITIES</b>						
Due to banks					31,789,396	31,789,396
Derivative financial liabilities	1,890,770					1,890,770
Securities sold under repurchase agreements					112,249,703	112,249,703
Due to other customers/deposits from customers					624,021,217	624,021,217
Other borrowings					9,985,637	9,985,637
Subordinated liabilities					11,988,272	11,988,272
<b>Total financial liabilities</b>	<b>1,890,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>790,034,225</b>	<b>791,924,995</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents			24,647,874			24,647,874
Balances with Central Banks			35,921,403			35,921,403
Placements with banks			14,061,602			14,061,602
Securities purchased under re-sale agreements			350,101			350,101
Derivative financial assets	676,524					676,524
Other financial instruments - Held-for-trading	12,085,370					12,085,370
Loans and receivables to banks			610,905			610,905
Loans and receivables to other customers			574,470,646			574,470,646
Financial investments - Available-for-sale				171,446,015		171,446,015
Financial investments - Held-to-maturity		37,001,171				37,001,171
Financial investments - Loans and receivables			52,060,844			52,060,844
<b>Total financial assets</b>	<b>12,761,894</b>	<b>37,001,171</b>	<b>702,123,375</b>	<b>171,446,015</b>	<b>-</b>	<b>923,332,455</b>
<b>FINANCIAL LIABILITIES</b>						
Due to banks					30,419,151	30,419,151
Derivative financial liabilities	991,506					991,506
Securities sold under repurchase agreements					87,275,705	87,275,705
Due to other customers/deposits from customers					710,457,894	710,457,894
Other borrowings					9,578,524	9,578,524
Subordinated liabilities					17,979,056	17,979,056
<b>Total financial liabilities</b>	<b>991,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855,710,330</b>	<b>856,701,836</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents			20,043,512			20,043,512
Balances with Central Banks			28,221,017			28,221,017
Placements with banks			17,193,539			17,193,539
Securities purchased under re-sale agreements			8,002,100			8,002,100
Derivative financial assets	4,118,169					4,118,169
Other financial instruments - Held-for-trading	7,656,349					7,656,349
Loans and receivables to banks			601,106			601,106
Loans and receivables to other customers			508,115,127			508,115,127
Financial investments - Available-for-sale				204,244,289		204,244,289
Financial investments - Held-to-maturity			-			-
Financial investments - Loans and receivables			57,724,369			57,724,369
<b>Total financial assets</b>	<b>11,774,518</b>	<b>-</b>	<b>639,900,770</b>	<b>204,244,289</b>	<b>-</b>	<b>855,919,577</b>
<b>FINANCIAL LIABILITIES</b>						
Due to banks					30,319,119	30,319,119
Derivative financial liabilities	1,890,770					1,890,770
Securities sold under repurchase agreements					112,384,812	112,384,812
Due to other customers/deposits from customers					624,101,810	624,101,810
Other borrowings					9,985,637	9,985,637
Subordinated liabilities					11,973,272	11,973,272
<b>Total financial liabilities</b>	<b>1,890,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>788,764,650</b>	<b>790,655,420</b>

	Bank		Group	
	As at 30.09.2016	As at 31.12.2015 (Audited)	As at 30.09.2016	As at 31.12.2015 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital ( Tier I Capital ) - Rs. '000	71,504,644	64,842,450	71,694,559	64,914,870
Total Capital Base - Rs. '000	92,828,296	79,687,973	93,576,234	80,218,416
Core Capital Adequacy Ratio - Core capital as a % of Risk Weighted Assets ( Minimum Requirement, 5% )	11.40%	11.60%	11.33%	11.55%
Total Capital Adequacy Ratio - Total capital as a % of Risk Weighted Assets ( Minimum Requirement, 10% )	14.80%	14.26%	14.79%	14.28%
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio ( Net of Interest in Suspense )	2.49%	2.74%		
Net Non-Performing Advances Ratio ( Net of Interest in Suspense and Provisions )	1.26%	1.41%		
<b>Profitability</b>				
Interest Margin	3.53%	3.62%		
Return on Assets ( before tax )	2.02%	2.05%		
Return on Equity	18.56%	16.90%		
<b>Debt Security Related Ratios</b>				
Debt Equity Ratio	26.69%	23.20%		
Interest Cover (Times)	15.67	22.78		
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	176,442,932	155,180,420		
Off-Shore Banking Unit	17,232,356	18,660,938		
Statutory Liquid Assets Ratio % ( Minimum Requirement 20% )				
Domestic Banking Unit	26.10%	26.24%		
Off-Shore Banking Unit	31.51%	49.13%		

**OPERATING SEGMENTS**

**16**

	Personal Banking		Corporate Banking		International Operations		Investment Banking		Dealing/Treasury		Total/Consolidated	
<i>For the nine months ended September 30,</i>	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
<b>External Operating income :</b>												
Net interest income	16,441,760	16,156,587	4,854,652	4,362,516	2,162,892	2,008,704	843,401	436,853	159,702	(408,793)	24,462,407	22,555,867
Foreign exchange profit	145,679	57,013	410,536	899,229	361,561	345,520	-	-	649,229	708,255	1,567,005	2,010,017
Net fees and commission income	3,286,227	2,300,498	1,080,523	1,084,842	402,620	411,134	11,109	13,350	3,564	3,167	4,784,043	3,812,991
Other income	656,689	687,220	295,583	188,996	166,042	49,955	4,378	40,539	55,711	393,951	1,178,403	1,360,661
<b>Eliminations/unallocated</b>											260,467	259,010
<b>Total Operating income</b>	20,530,355	19,201,318	6,641,294	6,535,583	3,093,115	2,815,313	858,888	490,742	868,206	696,580	32,252,325	29,998,546
Credit loss expenses	(1,508,757)	(2,870,105)	(469,462)	(95,403)	157,411	(219,351)	-	-	-	-	(1,820,808)	(3,184,859)
<b>Net Operating income</b>	19,021,598	16,331,213	6,171,832	6,440,180	3,250,526	2,595,962	858,888	490,742	868,206	696,580	30,431,517	26,813,687
<b>Segment result</b>	8,522,853	6,667,436	2,756,390	3,073,018	2,065,490	2,044,847	463,021	269,636	192,719	170,304	14,000,473	12,225,241
Profit from operations											14,000,473	12,225,241
Share of profit of Associates, net of tax											5,753	9,900
Income tax expense											(3,811,251)	(3,800,415)
Non Controlling Interest											8,611	(3,335)
<b>Net profit for the period, attributable to Equity holders of the Bank</b>											10,203,586	8,431,391
<i>As at September 30,</i>	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
<b>Other information</b>												
Segment assets	320,795,890	277,295,715	222,285,312	191,511,047	102,165,246	75,532,770	12,422,584	14,949,692	247,648,308	279,729,146	905,317,340	839,018,370
Investment in associates	-	-	-	-	-	-	105,141	101,676	-	-	105,141	101,676
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	52,369,898	36,311,063
<b>Total assets</b>	320,795,890	277,295,715	222,285,312	191,511,047	102,165,246	75,532,770	12,527,725	15,051,368	247,648,308	279,729,146	957,792,379	875,431,109
Segment liabilities	565,093,006	478,825,004	137,245,400	97,896,121	75,687,858	60,791,199	12,527,725	15,051,368	86,764,583	148,482,955	877,318,572	801,046,647
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	3,180,815	3,051,344
<b>Total liabilities</b>	565,093,006	478,825,004	137,245,400	97,896,121	75,687,858	60,791,199	12,527,725	15,051,368	86,764,583	148,482,955	880,499,387	804,097,991
<i>For the nine months ended September 30,</i>	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
<b>Information on cash flows</b>												
Cash flows from operating activities	14,696,670	49,682,553	8,919	(12,461,726)	1,849,422	(2,613,315)	1,844,005	(286,869)	(12,931,063)	(27,597,234)	5,467,953	6,723,409
Cash flows from investing activities	-	-	-	-	-	-	(783,775)	(4,076,646)	-	-	(783,775)	(4,076,646)
Cash flows from financing activities	-	-	-	-	796,660	-	-	-	4,831,322	(443,215)	5,627,982	(443,215)
Capital expenditure -												
Property, Plant & Equipment											(1,070,491)	(767,733)
Intangible assets											(271,977)	(169,947)
Eliminations/unallocated											(2,744,017)	(2,575,742)
<b>Net cash flow generated during the period</b>											6,225,675	(1,309,874)



## Twenty largest voting shareholders as at September 30, 2016

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	122,747,994	14.74
Mr.Y.S. H. I. Silva	82,560,993	9.91
Employees Provident Fund	80,741,135	9.69
Sri Lanka Insurance Corporation Ltd. - Life Fund	41,854,996	5.03
CB NY S/A International Finance Corporation	37,206,040	4.47
Sri Lanka Insurance Corporation Ltd. - General Fund	35,989,537	4.32
Melstacorp Limited	28,295,305	3.40
Mrs. L. E. M. Yaseen	16,603,339	1.99
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	15,841,866	1.90
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Institutional Fund, Inc. - Frontier Emerging Markets Portfolio	12,998,068	1.56
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	12,732,186	1.53
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global Asia Pacific Equity Fund	11,172,854	1.34
Employees Trust Fund Board	10,702,290	1.28
Mercantile Investments and Finance PLC	10,661,077	1.28
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Asian Smaller Companies Fund	10,468,066	1.26
HSBC Intl. Nominees Ltd. - SSBT-First State Investments ICVC - Stewart Investors Indian Subcontinent Fund	8,886,230	1.07
HSBC Intl. Nominees Ltd. - SSBT - BMO Investments 11 (Ireland) Public Limited Company	8,522,701	1.02
The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	8,399,814	1.01
HSBC Intl. Nominees Ltd. - SSBT - Aberdeen Institutional Commingled Funds,LLC	8,368,934	1.00
HSBC Intl. Nominees Ltd. - BP25 London-Aberdeen Asia Smaller Companies Investment Fund	6,944,006	0.83
Sub total	571,697,431	68.64
Other Shareholders	261,225,996	31.36
<b>Total</b>	<b>832,923,427</b>	<b>100.00</b>

Percentage of public holding as at September 30, 2016 - 99.74%

Number of shareholders representing public holding as at September 30, 2016 - 9,719

## Twenty largest non-voting shareholders as at September 30, 2016

Name of the Shareholder	No. of Shares	%
Employees Trust Fund Board	4,167,636	7.28
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	3,309,627	5.78
CITY Bank Newyork S/A Norges Bank Account No.02	3,228,072	5.64
CB NY S/A Salient International Dividend Signal Fund	1,802,572	3.15
GF Capital Global Limited	1,591,203	2.78
HINL - JPMCB - Butterfield Trust (Bermuda) Ltd.	1,419,594	2.48
Mr. J. D. Bandaranayake	1,102,959	1.93
M.J.F.Exports Ltd.	978,724	1.71
Mr. M. F. Hashim	800,417	1.40
Saboor Chatoor (Pvt) Ltd	781,100	1.37
Beta Holdings Limited	757,030	1.32
Union Assurance PLC/No - 01A/C	581,706	1.02
Akbar Brothers (Pvt) Ltd. A/C No.01	576,809	1.01
Mrs. L. V. C. Samarasinha	541,700	0.95
Dr. A. K. A. Jayawardena	505,035	0.88
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	479,764	0.84
Mr. J. G. de Mel	456,500	0.80
Mr. W.R.H. Perera	452,051	0.79
Alpex Marine (Pvt) Ltd	430,605	0.75
Mr. T.W.A. Wickramasinghe	425,000	0.74
Sub total	24,388,104	42.63
Other Shareholders	32,824,549	57.37
<b>Total</b>	<b>57,212,653</b>	<b>100.00</b>

Percentage of public holding as at September 30, 2016 - 99.79%

Number of shareholders representing public holding as at September 30, 2016 - 4,209

## Directors' holding in shares as at September 30, 2016

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.K.G.D.D. Dheerasinghe - Chairman	21,159	-
Mr.M.P. Jayawardena - Deputy Chairman	-	-
Mr.J. Durairatnam - Managing Director/Chief Executive Officer	444,379	-
Mr.S. Renganathan - Chief Operating Officer	217,647	10,488
Mr.S. Swarnajothi	-	8,738
Prof. A.K.W. Jayawardane	-	-
Mr. K. Dharmasiri	-	-
Mr. L.D. Niyangoda (Appointed as a Non-Executive Director with effect from August 26, 2016)	-	-
Ms. N.T.M.S. Cooray (Appointed as a Non-Executive Director with effect from September 19, 2016)	-	-
Mr. G.S. Jadeja (Appointed as a Non-Executive Director with effect from September 19, 2016)	-	-
Mr. H.J. Wilson (Resigned as a Non-Executive Director with effect from August 29, 2016)	-	-

	2016 Rs.	2015 Rs.
<b>Market price of an ordinary share of the Bank as at September 30,</b>		
Voting	144.00	159.00
Non-Voting	117.00	131.50
<b>Highest price during the quarter ended September 30,</b>		
Voting	144.50	175.50
Non-Voting	119.00	139.00
<b>Lowest price during the quarter ended September 30,</b>		
Voting	120.10	158.00
Non-Voting	108.60	130.00

  

	2016	2015
<b>Number of ordinary shares issued ended September 30,</b>		
Voting	832,923,427	820,245,714
Non-Voting	57,212,653	56,299,686

## EXPLANATORY NOTES

- 1 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2015. These Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
- 2 On September 26, 2016, the Bank set up a banking subsidiary, namely Commercial Bank of Maldives Private Limited (CBM), in the Republic of Maldives with a stake of 55%. The Bank obtained all relevant regulatory approvals prior to setting up of this subsidiary. The Statement of Comprehensive Income and Statement of Financial Position of the CBM is consolidated in the Group's Statement of Comprehensive Income and Statement of Financial Position.
- 3 During the quarter, there were no material changes in the composition of assets, liabilities, contingent liabilities.
- 4 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- 5 As per the press notice published by the Department of Inland Revenue dated November 01, 2016, the rate of Value Added Tax (VAT) on Financial Services was revised for the period 02.05.2016 to 11.07.2016 to 15% and the rate of VAT on Financial Services for the rest of the period under review as 11%. The Bank has paid /provided for the VAT on Financial Services accordingly.
- 6 The Bank raised Rs. 7.0 Bn. through the issuance of unsecured subordinated debentures in October 2016. These debentures are eligible to be treated under Tier II capital of the Bank. The funds mobilized through this debentures issue will be utilised to enhance the loan book of the Bank in certain identified areas.
- 7 There were no material events that took place since September 30, 2016, that require disclosure in these Interim Financial Statements other than those disclosed above.

**INFORMATION ON DEBENTURES - BANK**
**19**

Debenture categories	CSE Listing	Interest payable frequency	Balance as at September 30, 2016 Rs.'000	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 %
<b>Fixed rate</b>											
Dec 2006/Dec 2016 14.00% p.a.	Listed	Annually	467,260	Not traded during the current period			14.00	14.00	8.55	Not traded during the current period	
March 2016/March 2021 10.75% p.a.	Listed	Semi Annually	4,430,340	Not traded during the current period			10.75	11.04	10.95	Not traded during the current period	
March 2016/March 2026 11.25% p.a.	Listed	Semi Annually	1,749,090	Not traded during the current period			11.25	11.57	11.60	Not traded during the current period	
<b>Floating rate</b>											
Dec 2006/Dec 2016 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	400	Not traded during the current period			9.11	9.11	12.25	Not traded during the current period	
				Not traded during the current period			7.68	7.68	9.10	Not traded during the current period	
<b>Total Debentures</b>			<b>6,647,090</b>								

(Comparative information for 2015 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

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

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Group		Bank	
	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000
Gross loans and receivables	596,655,438	528,382,921	592,651,789	526,166,681
Less: Allowance for Individual impairment	7,888,703	5,369,960	7,888,703	5,369,960
Allowance for Collective impairment	10,735,217	13,089,833	10,292,440	12,681,594
<b>Net loans and receivables</b>	<b>578,031,518</b>	<b>509,923,128</b>	<b>574,470,646</b>	<b>508,115,127</b>

2 LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000
By product - Domestic Currency				
Loans and advances				
Overdrafts	87,468,653	72,893,176	87,720,241	73,366,133
Trade finance	31,502,239	33,765,914	31,502,239	33,765,914
Lease rental receivable	38,409,402	36,972,019	33,923,588	34,152,036
Credit cards	5,729,604	4,772,821	5,729,604	4,772,821
Pawning	1,250,069	1,870,881	1,250,069	1,870,881
Staff loans	6,878,963	6,017,275	6,877,391	6,015,236
Housing loans	43,824,097	38,911,297	43,824,097	38,911,297
Personal loans	25,397,529	26,011,339	25,397,529	25,991,701
Term loans				
Short-term	32,113,484	20,741,978	32,109,533	20,741,978
Long-term	208,249,871	183,261,262	208,485,971	183,413,725
Bills of Exchange	682,077	2,440,538	682,077	2,440,538
<b>Gross loans and receivables</b>	<b>481,505,988</b>	<b>427,658,500</b>	<b>477,502,339</b>	<b>425,442,260</b>

	Group		Bank	
	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000
By product - Foreign Currency				
Loans and advances				
Overdrafts	7,040,540	8,599,895	7,040,540	8,599,895
Trade finance	12,653,924	12,040,069	12,653,924	12,040,069
Lease rental receivable	326,029	320,617	326,029	320,617
Credit cards	61,483	57,608	61,483	57,608
Pawning	-	-	-	-
Staff loans	108,450	100,426	108,450	100,426
Housing loans	1,824,740	1,416,590	1,824,740	1,416,590
Personal loans	274,298	279,043	274,298	279,043
Term loans				
Short-term	26,369,649	23,302,277	26,369,649	23,302,277
Long-term	55,888,187	45,694,151	55,888,187	45,694,151
Bills of Exchange	10,602,150	8,913,745	10,602,150	8,913,745
<b>Gross loans and receivables</b>	<b>115,149,450</b>	<b>100,724,421</b>	<b>115,149,450</b>	<b>100,724,421</b>
<b>Total of gross loans and receivables</b>	<b>596,655,438</b>	<b>528,382,921</b>	<b>592,651,789</b>	<b>526,166,681</b>

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

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

	Group		Bank	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
<b>Movement in Allowance for Individual Impairment</b>				
Balance as at January 01,	5,369,960	4,334,587	5,369,960	4,334,587
Charge/(write back) to the Income statement	2,791,218	1,386,477	2,791,218	1,386,477
Net write-off/(recoveries) during the year	(341,719)	(490,046)	(341,719)	(490,046)
Exchange rate variance on foreign currency provisions	21,456	90,680	21,456	90,680
Interest accrued / (reversals) on impaired loans & advances	(288,634)	(265,344)	(288,634)	(265,344)
Other movements	336,422	313,606	336,422	313,606
<b>Balance as at September 30/December 31,</b>	<b>7,888,703</b>	<b>5,369,960</b>	<b>7,888,703</b>	<b>5,369,960</b>
<b>Movement in Allowance for Collective Impairment</b>				
Balance as at January 01,	13,089,833	12,835,436	12,681,594	12,621,987
Balance assumed on business combination	-	-	-	-
Charge/(write back) to the Income statement	(973,965)	2,710,834	(1,007,554)	2,516,044
Net write-off/(recoveries) during the year	(1,383,173)	(2,465,797)	(1,384,122)	(2,465,797)
Exchange rate variance on foreign currency provisions	2,522	9,360	2,522	9,360
Other movements	-	-	-	-
<b>Balance as at September 30/December 31,</b>	<b>10,735,217</b>	<b>13,089,833</b>	<b>10,292,440</b>	<b>12,681,594</b>
<b>Total of Individual and Collective Impairment September 30/ December 31,</b>	<b>18,623,920</b>	<b>18,459,793</b>	<b>18,181,143</b>	<b>18,051,554</b>

4 DUE TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000	As at 30.09.2016 Rs.'000	As at 31.12.2015 Rs.'000
<b>By product - Domestic Currency</b>				
Current account deposits	38,776,298	38,689,812	38,767,472	38,692,706
Savings deposits	197,218,440	196,605,341	197,248,674	196,631,547
Time deposits	300,120,699	219,882,652	300,120,699	219,934,145
Certificate of deposits	423,556	552,171	423,556	552,171
<b>Sub Total</b>	<b>536,538,993</b>	<b>455,729,976</b>	<b>536,560,401</b>	<b>455,810,569</b>
<b>By product - Foreign Currency</b>				
Current account deposits	17,660,593	14,699,065	17,667,728	14,699,065
Savings deposits	62,175,446	60,128,349	62,168,400	60,128,349
Time deposits	94,014,478	93,463,827	94,061,365	93,463,827
Certificate of deposits	-	-	-	-
<b>Sub Total</b>	<b>173,850,517</b>	<b>168,291,241</b>	<b>173,897,493</b>	<b>168,291,241</b>
<b>Total</b>	<b>710,389,510</b>	<b>624,021,217</b>	<b>710,457,894</b>	<b>624,101,810</b>

**NAME OF COMPANY**

Commercial Bank of Ceylon PLC

**TAX PAYER IDENTIFICATION NUMBER (TIN)**

124006007

**LEGAL FORM**

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

**CREDIT RATING****Sri Lanka Operation**

AA (lka) was re-affirmed by Fitch Ratings Lanka Ltd. in June 2016.

**Bangladesh Operation**

AAA was re-affirmed by Credit Rating Information & Services Limited. in June 2016.

**COMPANY REGISTRATION NUMBER**

PQ116

**COMPLIANCE OFFICER**

Mr. C.J.Wijetillake

Assistant General Manager - Compliance

**STOCK EXCHANGE LISTING**

The Ordinary Shares and the Unsecured Subordinated Redeemable Debentures December 2006/December 2016 series, March 2016/March 2021 series and March 2016/March 2026 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 ,2486000, 4792000

Tele-Banking :2336633-5

Telex :21520 COMEX CE

Facsimile : 941-112449889

SWIFT Code-Sri Lanka : CCEYLKX

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. J.R. Gamage

**HEAD OFFICE**

"Commercial House",

No. 21, Sir Razik Fareed Mw.

P.O. Box 856,

Colombo 1, Sri Lanka.

**BOARD OF DIRECTORS**

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

Mr.M.P. Jayawardena - Deputy Chairman

Mr.J. Durairatnam - Managing Director/Chief Executive Officer

Mr.S. Renganathan - Chief Operating Officer

Mr.S. Swarnajothi

Prof. A.K.W. Jayawardane

Mr.K. Dharmasiri

Mr. L.D. Niyangoda (Appointed as a Non-Executive Director w.e.f August 26, 2016)

Ms. N.T.M.S. Cooray (Appointed as a Non-Executive Director w.e.f September 19, 2016)

Mr. G.S. Jadeja (Appointed as a Non-Executive Director w.e.f September 19, 2016)

**ACCOUNTING YEAR**

December 31