

**INTERIM FINANCIAL STATEMENTS**  
**For the nine months ended September 30, 2018**

## INCOME STATEMENT - GROUP

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	For the nine months ended			For the quarter ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>104,135,381</b>	<b>85,476,633</b>	<b>21.83</b>	<b>37,353,994</b>	<b>29,538,540</b>	<b>26.46</b>
Interest income	89,634,180	76,424,541	17.28	30,892,845	26,958,180	14.60
Less : Interest expense	53,472,905	47,780,885	11.91	18,602,362	16,404,260	13.40
<b>Net interest income</b>	<b>36,161,275</b>	<b>28,643,656</b>	<b>26.25</b>	<b>12,290,483</b>	<b>10,553,920</b>	<b>16.45</b>
Fee and commission income	8,947,766	7,496,694	19.36	3,067,153	2,637,023	16.31
Less: Fee and commission expense	1,361,113	1,178,744	15.47	472,550	401,483	17.70
<b>Net fee and commission income</b>	<b>7,586,653</b>	<b>6,317,950</b>	<b>20.08</b>	<b>2,594,603</b>	<b>2,235,540</b>	<b>16.06</b>
Net gains/(losses) from trading	(1,442,314)	350,857	(511.08)	(218,732)	(920,257)	76.23
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	242,749	86,296	181.30	94,321	101,271	(6.86)
Other income (net)	6,753,000	1,118,245	503.89	3,518,407	762,323	361.54
<b>Total operating income</b>	<b>49,301,363</b>	<b>36,517,004</b>	<b>35.01</b>	<b>18,279,082</b>	<b>12,732,797</b>	<b>43.56</b>
Less :Impairment charges for loans and other losses	7,433,780	1,619,044	359.15	3,405,388	658,471	417.17
Individual impairment	4,970,582	257,554	1,829.92	3,327,431	97,288	3,320.19
Collective impairment	2,462,742	1,412,692	74.33	77,716	560,970	(86.15)
Others	456	(51,202)	100.89	241	213	13.15
<b>Net operating income</b>	<b>41,867,583</b>	<b>34,897,960</b>	<b>19.97</b>	<b>14,873,694</b>	<b>12,074,326</b>	<b>23.18</b>
<b>Less: Expenses</b>	<b>17,562,260</b>	<b>14,993,808</b>	<b>17.13</b>	<b>6,171,329</b>	<b>5,056,177</b>	<b>22.06</b>
Personnel expenses	9,835,028	8,380,408	17.36	3,431,136	2,892,216	18.63
Depreciation and amortisation	1,176,176	1,044,044	12.66	409,208	353,992	15.60
Other expenses	6,551,056	5,569,356	17.63	2,330,985	1,809,969	28.79
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>24,305,323</b>	<b>19,904,152</b>	<b>22.11</b>	<b>8,702,365</b>	<b>7,018,149</b>	<b>24.00</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	4,213,003	3,502,876	20.27	1,464,173	1,221,585	19.86
<b>Operating profit after Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>20,092,320</b>	<b>16,401,276</b>	<b>22.50</b>	<b>7,238,192</b>	<b>5,796,564</b>	<b>24.87</b>
Add: Share of profits/(losses) of associates, net of tax	5,843	4,806	21.58	663	415	59.76
<b>Profit before income tax</b>	<b>20,098,163</b>	<b>16,406,082</b>	<b>22.50</b>	<b>7,238,855</b>	<b>5,796,979</b>	<b>24.87</b>
Less : Income tax expense	6,331,259	4,632,201	36.68	2,077,286	1,677,366	23.84
<b>Profit for the period</b>	<b>13,766,904</b>	<b>11,773,881</b>	<b>16.93</b>	<b>5,161,569</b>	<b>4,119,613</b>	<b>25.29</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank	13,678,021	11,769,309	16.22	5,118,860	4,111,565	24.50
Non-controlling interest	88,883	4,572	1,844.07	42,709	8,048	430.68
<b>Profit for the period</b>	<b>13,766,904</b>	<b>11,773,881</b>	<b>16.93</b>	<b>5,161,569</b>	<b>4,119,613</b>	<b>25.29</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	13.63	12.41	9.83	5.11	4.34	17.74
Diluted earnings per ordinary share (Rs.)	13.62	12.39	9.93	5.11	4.34	17.74

	For the nine months ended			For the quarter ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the Period</b>	<b>13,766,904</b>	<b>11,773,881</b>	<b>16.93</b>	<b>5,161,569</b>	<b>4,119,613</b>	<b>25.29</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net change in revaluation surplus	(10,010)	12,897	(177.61)	-	-	-
Change in revaluation surplus	-	17,725	-	-	-	-
Less : Deferred tax charge on revaluation surplus	(10,010)	(4,828)	(107.33)	-	-	-
<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	1,415,075	(266,422)	631.14	1,066,878	(175,224)	708.87
Net fair value gains/(losses) on re-measuring financial investments - available-for-sale	328,691	5,103,285	(93.56)	93,952	2,440,674	(96.15)
Government Securities	190,454	5,024,682	(96.21)	12,438	2,427,434	(99.49)
Fair value gains/(losses) arose during the period, net of tax	17,980	5,059,020	(99.64)	(83,640)	2,483,005	(103.37)
Fair value gains/(losses) realised to the Income Statement on disposal, net of tax	(54,280)	(46,168)	(17.57)	(10,167)	(64,356)	84.20
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	226,754	11,830	1,816.77	106,245	8,785	1,109.39
Equity Securities	138,237	78,603	75.87	81,514	13,240	515.66
Fair value gains/(losses) arose during the period	138,237	78,603	75.87	81,514	13,240	515.66
Fair value gains/(losses) realised and recycled to the Income Statement on disposal	-	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	63,920	(23,865)	367.84	12,754	(215)	6,032.09
Share of other comprehensive income/(expense) of associates, net of tax	(9,786)	285	(3,533.68)	(4,290)	(22)	(19,400.00)
<b>Other comprehensive income/(expense) for the period, net of taxes</b>	<b>1,787,890</b>	<b>4,826,180</b>	<b>(62.95)</b>	<b>1,169,294</b>	<b>2,265,213</b>	<b>(48.38)</b>
<b>Total comprehensive income for the period</b>	<b>15,554,794</b>	<b>16,600,061</b>	<b>(6.30)</b>	<b>6,330,863</b>	<b>6,384,826</b>	<b>(0.85)</b>
<b>Attributable to:</b>						
Equity holders of the Bank	15,424,844	16,588,225	(7.01)	6,258,826	6,377,584	(1.86)
Non-controlling interest	129,950	11,836	997.92	72,037	7,242	894.71
<b>Total comprehensive income for the period</b>	<b>15,554,794</b>	<b>16,600,061</b>	<b>(6.30)</b>	<b>6,330,863</b>	<b>6,384,826</b>	<b>(0.85)</b>

## INCOME STATEMENT - BANK

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	For the nine months ended			For the quarter ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>102,841,429</b>	<b>84,567,599</b>	<b>21.61</b>	<b>36,848,954</b>	<b>29,248,942</b>	<b>25.98</b>
Interest income	88,825,465	75,668,870	17.39	30,618,365	26,709,976	14.63
Less : Interest expense	53,159,594	47,427,046	12.09	18,501,933	16,289,378	13.58
<b>Net interest income</b>	<b>35,665,871</b>	<b>28,241,824</b>	<b>26.29</b>	<b>12,116,432</b>	<b>10,420,598</b>	<b>16.27</b>
Fee and commission income	8,609,942	7,329,777	17.47	2,941,620	2,575,151	14.23
Less: Fee and commission expense	1,361,113	1,178,744	15.47	472,550	401,483	17.70
<b>Net fee and commission income</b>	<b>7,248,829</b>	<b>6,151,033</b>	<b>17.85</b>	<b>2,469,070</b>	<b>2,173,668</b>	<b>13.59</b>
Net gains/(losses) from trading	(1,442,314)	350,857	(511.08)	(218,732)	(920,257)	76.23
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	242,509	86,116	181.61	94,081	101,091	(6.93)
Other income (net)	6,605,827	1,131,979	483.56	3,413,620	782,981	335.98
<b>Total operating income</b>	<b>48,320,722</b>	<b>35,961,809</b>	<b>34.37</b>	<b>17,874,471</b>	<b>12,558,081</b>	<b>42.33</b>
Less :Impairment charges for loans and other losses	6,864,342	1,494,468	359.32	3,228,869	557,485	479.18
Individual impairment	4,955,926	257,554	1,824.23	3,312,775	97,288	3,305.12
Collective impairment	1,907,960	1,278,907	49.19	(84,147)	459,984	(118.29)
Others	456	(41,993)	101.09	241	213	13.15
<b>Net operating income</b>	<b>41,456,380</b>	<b>34,467,341</b>	<b>20.28</b>	<b>14,645,602</b>	<b>12,000,596</b>	<b>22.04</b>
<b>Less: Expenses</b>	<b>17,189,285</b>	<b>14,749,595</b>	<b>16.54</b>	<b>6,025,598</b>	<b>4,969,769</b>	<b>21.25</b>
Personnel expenses	9,675,216	8,246,819	17.32	3,364,306	2,843,511	18.32
Depreciation and amortisation	1,079,392	964,546	11.91	374,372	326,820	14.55
Other expenses	6,434,677	5,538,230	16.19	2,286,920	1,799,438	27.09
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>24,267,095</b>	<b>19,717,746</b>	<b>23.07</b>	<b>8,620,004</b>	<b>7,030,827</b>	<b>22.60</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	4,213,003	3,485,841	20.86	1,464,173	1,223,854	19.64
<b>Profit before income tax</b>	<b>20,054,092</b>	<b>16,231,905</b>	<b>23.55</b>	<b>7,155,831</b>	<b>5,806,973</b>	<b>23.23</b>
Less : Income tax expense	6,292,947	4,557,218	38.09	2,040,905	1,672,205	22.05
<b>Profit for the period</b>	<b>13,761,145</b>	<b>11,674,687</b>	<b>17.87</b>	<b>5,114,926</b>	<b>4,134,768</b>	<b>23.71</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	13.62	12.30	10.73	5.06	4.36	16.06
Diluted earnings per ordinary share (Rs.)	13.62	12.29	10.82	5.06	4.35	16.32

	For the nine months ended			For the quarter ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the period</b>	<b>13,761,145</b>	<b>11,674,687</b>	<b>17.87</b>	<b>5,114,926</b>	<b>4,134,768</b>	<b>23.71</b>
<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	1,364,623	(289,018)	572.16	1,041,739	(175,780)	692.64
Net fair value gains/(losses) on re-measuring Financial investments - Available-for-sale	328,691	5,103,285	(93.56)	93,952	2,440,674	(96.15)
Government Securities	190,454	5,024,682	(96.21)	12,438	2,427,434	(99.49)
Fair value gains/(losses) arose during the period, net of tax	17,980	5,059,020	(99.64)	(83,640)	2,483,005	(103.37)
Fair value gains/(losses) realised to the Income Statement on disposal , net of tax	(54,280)	(46,168)	(17.57)	(10,167)	(64,356)	84.20
Fair value gains/(losses) recycled to the Income Statement on reclassification, net of tax	226,754	11,830	1,816.77	106,245	8,785	1,109.39
Equity Securities	138,237	78,603	75.87	81,514	13,240	515.66
Fair value gains/(losses) arose during the period	138,237	78,603	75.87	81,514	13,240	515.66
Fair value gains/(losses) realised and recycled to the Income Statement on disposal	-	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	63,920	(23,865)	367.84	12,754	(215)	6,032.09
Other comprehensive income/(expense) for the period, net of taxes	1,757,234	4,790,402	(63.32)	1,148,445	2,264,679	(49.29)
<b>Total comprehensive income for the period</b>	<b>15,518,379</b>	<b>16,465,089</b>	<b>(5.75)</b>	<b>6,263,371</b>	<b>6,399,447</b>	<b>(2.13)</b>

## STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.09.2018	31.12.2017	Change	30.09.2018	31.12.2017	Change
	( Audited )	( Audited )		( Audited )	( Audited )	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>ASSETS</b>						
Cash and cash equivalents	30,983,162	34,673,424	(10.64)	28,361,740	33,224,619	(14.64)
Balances with Central Banks	55,917,066	45,546,349	22.77	54,988,756	44,801,446	22.74
Placements with banks	10,486,952	17,633,269	(40.53)	10,250,010	17,633,269	(41.87)
Securities purchased under re-sale agreements	3,002,093	-	-	3,002,093	-	-
Derivative financial assets	4,948,856	2,334,536	111.98	4,948,856	2,334,536	111.98
Other financial instruments - Held-for-trading	8,455,135	4,410,913	91.69	8,455,135	4,410,913	91.69
Loans and receivables to banks	705,773	640,512	10.19	705,773	640,512	10.19
Loans and receivables to other customers	840,068,096	742,444,130	13.15	834,289,997	737,446,567	13.13
Financial investments - Available-for-sale	117,833,039	154,913,643	(23.94)	117,593,922	154,714,132	(23.99)
Financial investments - Held-to-maturity	81,473,359	69,365,796	17.45	76,755,455	63,562,752	20.76
Financial investments - Loans and receivables	61,246,893	48,712,477	25.73	61,246,893	48,712,477	25.73
Investments in subsidiaries	-	-	-	3,650,198	3,065,935	19.06
Investments in associates	104,043	109,844	(5.28)	44,331	44,331	-
Property, plant & equipment	16,681,518	16,317,044	2.23	14,987,794	14,634,710	2.41
Intangible assets	1,410,755	1,251,226	12.75	883,621	776,810	13.75
Leasehold property	103,429	104,516	(1.04)	71,890	72,594	(0.97)
Other assets	21,866,481	17,362,977	25.94	21,394,473	17,298,162	23.68
<b>Total Assets</b>	<b>1,255,286,650</b>	<b>1,155,820,656</b>	<b>8.61</b>	<b>1,241,630,937</b>	<b>1,143,373,765</b>	<b>8.59</b>
<b>LIABILITIES</b>						
Due to banks	46,632,555	60,244,892	(22.60)	44,182,639	57,120,991	(22.65)
Derivative financial liabilities	4,914,552	3,678,494	33.60	4,914,552	3,678,494	33.60
Securities sold under repurchase agreements	35,031,678	49,532,385	(29.28)	35,178,841	49,676,767	(29.18)
Due to other customers/deposits from customers	952,331,708	857,269,981	11.09	943,615,158	850,127,511	11.00
Other borrowings	24,885,897	23,786,094	4.62	24,885,897	23,786,094	4.62
Current tax liabilities	5,915,150	4,202,850	40.74	5,781,089	4,143,911	39.51
Deferred tax liabilities	3,067,150	3,565,215	(13.97)	2,898,350	3,274,826	(11.50)
Other liabilities	24,055,688	19,508,115	23.31	23,471,502	19,225,364	22.09
Due to subsidiaries	-	-	-	51,867	74,523	(30.40)
Subordinated liabilities	36,949,882	25,165,924	46.83	36,949,882	25,165,924	46.83
<b>Total Liabilities</b>	<b>1,133,784,260</b>	<b>1,046,953,950</b>	<b>8.29</b>	<b>1,121,929,777</b>	<b>1,036,274,405</b>	<b>8.27</b>

## STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	30.09.2018	31.12.2017	Change	30.09.2018	31.12.2017	Change
	Rs.'000	( Audited ) Rs.'000	%	Rs.'000	( Audited ) Rs.'000	%
<b>EQUITY</b>						
Stated capital	39,147,882	37,143,541	5.40	39,147,882	37,143,541	5.40
Statutory reserves	6,492,778	6,492,552	0.00	6,476,952	6,476,952	-
Retained earnings	13,771,531	5,086,609	170.74	13,765,504	4,987,446	176.00
Other reserves	61,090,874	59,272,098	3.07	60,310,822	58,491,421	3.11
<b>Total equity attributable to equity holders of the Group/Bank</b>	<b>120,503,065</b>	<b>107,994,800</b>	<b>11.58</b>	<b>119,701,160</b>	<b>107,099,360</b>	<b>11.77</b>
<b>Non-controlling Interest</b>	<b>999,325</b>	<b>871,906</b>	<b>14.61</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>121,502,390</b>	<b>108,866,706</b>	<b>11.61</b>	<b>119,701,160</b>	<b>107,099,360</b>	<b>11.77</b>
<b>Total Liabilities and Equity</b>	<b>1,255,286,650</b>	<b>1,155,820,656</b>	<b>8.61</b>	<b>1,241,630,937</b>	<b>1,143,373,765</b>	<b>8.59</b>
<b>Contingent Liabilities and Commitments</b>	<b>656,790,941</b>	<b>565,277,821</b>	<b>16.19</b>	<b>656,592,358</b>	<b>564,794,885</b>	<b>16.25</b>
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>119.22</b>	<b>108.44</b>	<b>9.94</b>	<b>118.43</b>	<b>107.54</b>	<b>10.13</b>
<b>Memorandum Information</b>						
Number of Employees				4,979	4,982	
Number of Customer Service Centers				281	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 unaudited Financial Statements of the Group & the Bank, unless indicated as audited.

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

*Chairman*

*November 12, 2018*

*Colombo*

**(Sgd.) S. Renganathan**

*Managing Director/Chief Executive Officer*

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves						Shareholders' Funds	Non-Controlling Interest	Total Equity
				Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	Employee Share Option Reserve	General Reserve			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01.01.2017 - Audited	24,978,003	5,647,993	4,553,778	6,250,554	(7,208,805)	860,502	-	420,282	43,490,003	78,992,310	823,113	79,815,423
Total comprehensive income for the nine months ended 30.09.2017												
Profit for the nine months ended 30.09.2017	-	-	11,769,309	-	-	-	-	-	-	11,769,309	4,572	11,773,881
Other comprehensive income for the nine months ended 30.09.2017	-	-	285	12,897	5,103,285	(273,686)	(23,865)	-	-	4,818,916	7,264	4,826,180
Total comprehensive income for the nine months ended 30.09.2017	-	-	11,769,594	12,897	5,103,285	(273,686)	(23,865)	-	-	16,588,225	11,836	16,600,061
Transactions with owners recognized directly in equity, contributions by and distributions to owners												
Proceeds from Rights Issue of Ordinary shares	10,143,873	-	-	-	-	-	-	-	-	10,143,873	-	10,143,873
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	294,610	-	-	-	-	-	-	-	-	294,610	-	294,610
Transfer o/a Share-based Payment transactions	19,012	-	-	-	-	-	-	(19,012)	-	-	-	-
Dividends to equity holders												
Second interim dividend for 2016	-	-	(2,674,799)	-	-	-	-	-	-	(2,674,799)	(1,845)	(2,676,644)
Final dividend for 2016 satisfied in the form of issue and allotment of new shares	1,606,548	-	(1,785,054)	-	-	-	-	-	-	(178,506)	-	(178,506)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	(545)	-	-	-	-	-	-	(545)	-	(545)
Final cash dividend for 2016	-	-	-	-	-	-	-	-	-	-	(369)	(369)
Share-based Payment transactions	-	-	-	-	-	-	-	115,564	-	115,564	-	115,564
Revaluation gain on disposal of Freehold Land & Building	-	-	13,408	(13,408)	-	-	-	-	-	-	-	-
Transfers during the period	-	6,372	(6,372)	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	12,064,043	6,372	(4,453,362)	(13,408)	-	-	-	96,552	-	7,700,197	(2,214)	7,697,983
Balance as at 30.09.2017	37,042,046	5,654,365	11,870,010	6,250,043	(2,105,520)	586,816	(23,865)	516,834	43,490,003	103,280,732	832,735	104,113,467
Total comprehensive income for the three months ended 31.12.2017												
Profit for the three months ended 31.12.2017	-	-	4,836,654	-	-	-	-	-	-	4,836,654	15,972	4,852,626
Other comprehensive income for the three months ended 31.12.2017	-	-	(532,875)	1,609,670	398,034	(237,843)	20,653	-	-	1,257,639	14,691	1,272,330
Total comprehensive income for the three months ended 31.12.2017	-	-	4,303,779	1,609,670	398,034	(237,843)	20,653	-	-	6,094,293	30,663	6,124,956
Transactions with owners recognized directly in equity, contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	91,700	-	-	-	-	-	-	-	-	91,700	-	91,700
Transfer o/a Share-based Payment transactions	9,795	-	-	-	-	-	-	(9,795)	-	-	-	-
Dividends to equity holders												
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	(1,493,719)	(1,476)	(1,495,195)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	(1,734)	-	-	-	-	-	-	(1,734)	-	(1,734)
Share-based Payment transactions	-	-	-	-	-	-	-	22,778	-	22,778	-	22,778
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	-	-	23,532	(18,060)	-	-	-	-	-	5,472	-	5,472
Transfers during the period	-	838,187	(9,618,187)	-	-	-	-	-	8,780,000	-	-	-
Total transactions with equity holders	101,495	838,187	(11,087,180)	(25,710)	-	-	-	12,983	8,780,000	(1,380,225)	8,508	(1,371,717)
Balance as at 31.12.2017 - Audited	37,143,541	6,492,552	5,086,609	7,834,003	(1,707,486)	348,973	(3,212)	529,817	52,270,003	107,994,800	871,906	108,866,706
Total comprehensive income for the nine months ended 30.09.2018												
Profit for the nine months ended 30.09.2018	-	-	13,678,021	-	-	-	-	-	-	13,678,021	88,883	13,766,904
Other comprehensive income for the nine months ended 30.09.2018	-	-	(9,786)	(10,010)	328,691	1,374,008	63,920	-	-	1,746,823	41,067	1,787,890
Total comprehensive income for the nine months ended 30.09.2018	-	-	13,668,235	(10,010)	328,691	1,374,008	63,920	-	-	15,424,844	129,950	15,554,794
Transactions with owners recognized directly in equity, contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	203,083	-	-	-	-	-	-	-	-	203,083	-	203,083
Transfer o/a Share-based Payment transactions	6,414	-	-	-	-	-	-	(6,414)	-	-	-	-
Dividends to equity holders												
Second interim dividend for 2017	-	-	(2,989,996)	-	-	-	-	-	-	(2,989,996)	(2,531)	(2,992,527)
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	-	-	1,180	-	-	-	-	-	-	1,180	-	1,180
Share-based Payment transactions	-	-	-	-	-	-	-	68,581	-	68,581	-	68,581
Transfers during the period	-	226	(226)	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	2,004,341	226	(4,983,313)	-	-	-	-	62,167	-	(2,916,579)	(2,531)	(2,919,110)
Balance as at 30.09.2018	39,147,882	6,492,778	13,771,531	7,823,993	(1,378,795)	1,722,981	60,708	591,984	52,270,003	120,503,065	999,325	121,502,390



	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves						Total Equity
				Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Hedging Reserve	Employee Share Option Reserve	General Reserve	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01.01.2017 - Audited	24,978,003	5,647,890	4,464,077	5,722,859	(7,208,796)	839,346	-	420,282	43,490,003	78,353,664
Total comprehensive income for the nine months ended 30.09.2017										
Profit for the nine months ended 30.09.2017	-	-	11,674,687	-	-	-	-	-	-	11,674,687
Other comprehensive income for the nine months ended 30.09.2017	-	-	-	-	5,103,285	(289,018)	(23,865)	-	-	4,790,402
Total comprehensive income for the nine months ended 30.09.2017	-	-	11,674,687	-	5,103,285	(289,018)	(23,865)	-	-	16,465,089
Transactions with owners recognized directly in equity, contributions by and distributions to owners										
Proceeds from Rights Issue of Ordinary shares	10,143,873	-	-	-	-	-	-	-	-	10,143,873
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	294,610	-	-	-	-	-	-	-	-	294,610
Transfer o/a Share-based Payment transactions	19,012	-	-	-	-	-	-	(19,012)	-	-
Dividends to equity holders										
Second interim dividend for 2016	-	-	(2,674,799)	-	-	-	-	-	-	(2,674,799)
Final dividend for 2016 satisfied in the form of issue and allotment of new shares	1,606,548	-	(1,785,054)	-	-	-	-	-	-	(178,506)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	(545)	-	-	-	-	-	-	(545)
Share-based Payment transactions	-	-	-	-	-	-	-	115,564	-	115,564
Revaluation gain on disposal of Freehold Land & Building	-	-	13,408	(13,408)	-	-	-	-	-	-
Total transactions with equity holders	12,064,043	-	(4,446,990)	(13,408)	-	-	-	96,552	-	7,700,197
Balance as at 30.09.2017	37,042,046	5,647,890	11,691,774	5,709,451	(2,105,511)	550,328	(23,865)	516,834	43,490,003	102,518,950
Total comprehensive income for the three months ended 31.12.2017										
Profit for the three months ended 31.12.2017	-	-	4,906,557	-	-	-	-	-	-	4,906,557
Other comprehensive income for the three months ended 31.12.2017	-	-	(529,902)	1,396,663	398,017	(236,075)	20,653	-	-	1,049,356
Total comprehensive income for the three months ended 31.12.2017	-	-	4,376,655	1,396,663	398,017	(236,075)	20,653	-	-	5,955,913
Transactions with owners recognized directly in equity, contributions by and distributions to owners										
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	91,700	-	-	-	-	-	-	-	-	91,700
Transfer o/a Share-based Payment transactions	9,795	-	-	-	-	-	-	(9,795)	-	-
Dividends to equity holders										
First interim dividend for 2017	-	-	(1,493,719)	-	-	-	-	-	-	(1,493,719)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	(1,734)	-	-	-	-	-	-	(1,734)
Share-based Payment transactions	-	-	-	-	-	-	-	22,778	-	22,778
Revaluation gain on disposal of Freehold Land & Building	-	-	23,532	(18,060)	-	-	-	-	-	5,472
Transfers during the period	-	829,062	(9,609,062)	-	-	-	-	-	8,780,000	-
Total transactions with equity holders	101,495	829,062	(11,080,983)	(18,060)	-	-	-	12,983	8,780,000	(1,375,503)
Balance as at 31.12.2017 - Audited	37,143,541	6,476,952	4,987,446	7,088,054	(1,707,494)	314,253	(3,212)	529,817	52,270,003	107,099,360
Total comprehensive income for the nine months ended 30.09.2018										
Profit for the nine months ended 30.09.2018	-	-	13,761,145	-	-	-	-	-	-	13,761,145
Other comprehensive income for the nine months ended 30.09.2018	-	-	-	-	328,691	1,364,623	63,920	-	-	1,757,234
Total comprehensive income for the nine months ended 30.09.2018	-	-	13,761,145	-	328,691	1,364,623	63,920	-	-	15,518,379
Transactions with owners recognized directly in equity, contributions by and distributions to owners										
Issue of Ordinary Shares under Employee Share Option Plans [ ESOPs ]	203,083	-	-	-	-	-	-	-	-	203,083
Transfer o/a Share-based Payment transactions	6,414	-	-	-	-	-	-	(6,414)	-	-
Dividends to equity holders										
Second interim dividend for 2017	-	-	(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)
Unclaimed dividend absorbed / (dividend paid) in respect of previous years	-	-	1,180	-	-	-	-	-	-	1,180
Share-based Payment transactions	-	-	-	-	-	-	-	68,581	-	68,581
Total transactions with equity holders	2,004,341	-	(4,983,087)	-	-	-	-	62,167	-	(2,916,579)
Balance as at 30.09.2018	39,147,882	6,476,952	13,765,504	7,088,054	(1,378,803)	1,678,876	60,708	591,984	52,270,003	119,701,160

## STATEMENT OF CASH FLOWS

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	Group		Bank	
<i>For the nine months ended September 30,</i>	2018	2017	2018	2017
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	20,098,163	16,406,082	20,054,092	16,231,905
Adjustment for:				
Non-cash items included in profits before tax	9,842,687	2,260,677	9,048,308	2,034,269
Change in operating assets	(110,693,897)	(92,908,768)	(109,578,600)	(89,417,575)
Change in operating liabilities	73,560,818	63,042,654	72,339,413	60,758,922
Net (gains)/losses from disposal of assets	(14,118)	2,996	(1,112)	11,265
Share of profits from associates, net of tax	(5,843)	(4,806)	-	-
Dividend income from subsidiaries and associates	-	-	(58,391)	(78,130)
Interest expense on subordinated liabilities	2,124,998	1,758,833	2,124,998	1,758,833
Net (gains)/losses from disposal of financial investments	(6,153)	-	(6,153)	-
Benefits paid on defined benefit plans	(57,277)	(57,625)	(57,277)	(57,625)
Net unrealized gain from translation of Financial Statements of foreign operations	1,415,075	(266,422)	1,364,623	(289,018)
Income taxes paid	(4,587,494)	(3,460,975)	(4,477,800)	(3,406,931)
				-
<b>Net cash from/(used in) operating activities</b>	<b>(8,323,041)</b>	<b>(13,227,354)</b>	<b>(9,247,899)</b>	<b>(12,454,085)</b>
<b>Cash Flows from Investing Activities</b>				
Net purchase of property, plant and equipment	(1,385,928)	(1,269,588)	(1,292,110)	(1,165,081)
Proceeds from the sale of property, plant and equipment	34,878	38,742	15,210	30,473
Purchase of financial investments	(697,591)	(186,189)	(697,591)	(186,189)
Proceeds from the sale and matured financial investments	1,517,442	3,467,394	1,517,442	3,467,394
Net purchase of intangible assets	(333,541)	(102,477)	(260,572)	(99,508)
Cash outflow o/a investments made in subsidiaries	-	-	(455,800)	(64,290)
Dividends received from investments in subsidiaries and associates	-	-	58,391	78,130
<b>Net cash from/(used in) in investing activities</b>	<b>(864,740)</b>	<b>1,947,882</b>	<b>(1,115,030)</b>	<b>2,060,929</b>
<b>Cash Flows from Financing Activities</b>				
Net proceeds from the issue of ordinary voting shares under ESOPs	203,083	294,610	203,083	294,610
Proceeds from Right Issue of Ordinary shares	-	10,143,873	-	10,143,873
Proceeds from issue of subordinated liabilities	10,000,000	-	10,000,000	-
Interest paid on subordinated liabilities	(1,514,790)	(1,489,018)	(1,514,790)	(1,489,018)
Dividend paid to shareholders of the Bank	(3,188,243)	(2,853,849)	(3,188,243)	(2,853,849)
Dividend paid to non-controlling interest	(2,531)	(2,214)	-	-
<b>Net cash from /(used in) financing activities</b>	<b>5,497,519</b>	<b>6,093,402</b>	<b>5,500,050</b>	<b>6,095,616</b>
Net increase/(decrease) in cash & cash equivalents	(3,690,262)	(5,186,070)	(4,862,879)	(4,297,540)
Cash and cash equivalents at beginning of the period	34,673,424	32,924,227	33,224,619	30,193,589
<b>Cash and cash equivalents at end of the period</b>	<b>30,983,162</b>	<b>27,738,157</b>	<b>28,361,740</b>	<b>25,896,049</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents			30,983,162		30,983,162
Balances with Central Banks			55,917,066		55,917,066
Placements with banks			10,486,952		10,486,952
Securities purchased under re-sale agreements			3,002,093		3,002,093
Derivative financial assets	4,948,856				4,948,856
Other financial instruments - Held-for-trading	8,455,135				8,455,135
Loans and receivables to banks			705,773		705,773
Loans and receivables to other customers			840,068,096		840,068,096
Financial investments - Available-for-sale				117,833,039	117,833,039
Financial investments - Held-to-maturity		81,473,359			81,473,359
Financial investments - Loans and receivables			61,246,893		61,246,893
<b>Total financial assets</b>	<b>13,403,991</b>	<b>81,473,359</b>	<b>1,002,410,035</b>	<b>117,833,039</b>	<b>1,215,120,424</b>
			Held for Trading (HFT)	Other Amortised Cost	Total
			Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>					
Due to banks				46,632,555	46,632,555
Derivative financial liabilities			4,914,552		4,914,552
Securities sold under repurchase agreements				35,031,678	35,031,678
Due to other customers/deposits from customers				952,331,708	952,331,708
Other borrowings				24,885,897	24,885,897
Subordinated liabilities				36,949,882	36,949,882
<b>Total financial liabilities</b>			<b>4,914,552</b>	<b>1,095,831,720</b>	<b>1,100,746,272</b>

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

	Held for Trading (HFT)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>			
Due to banks		60,244,892	60,244,892
Derivative financial liabilities	3,678,494		3,678,494
Securities sold under repurchase agreements		49,532,385	49,532,385
Due to other customers/deposits from customers		857,269,981	857,269,981
Other borrowings		23,786,094	23,786,094
Subordinated liabilities		25,165,924	25,165,924
<b>Total financial liabilities</b>	<b>3,678,494</b>	<b>1,015,999,276</b>	<b>1,019,677,770</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents			28,361,740		28,361,740
Balances with Central Banks			54,988,756		54,988,756
Placements with banks			10,250,010		10,250,010
Securities purchased under re-sale agreements			3,002,093		3,002,093
Derivative financial assets	4,948,856				4,948,856
Other financial instruments - Held-for-trading	8,455,135				8,455,135
Loans and receivables to banks			705,773		705,773
Loans and receivables to other customers			834,289,997		834,289,997
Financial investments - Available-for-sale				117,593,922	117,593,922
Financial investments - Held-to-maturity		76,755,455			76,755,455
Financial investments - Loans and receivables			61,246,893		61,246,893
<b>Total financial assets</b>	<b>13,403,991</b>	<b>76,755,455</b>	<b>992,845,262</b>	<b>117,593,922</b>	<b>1,200,598,630</b>

	Held for Trading (HFT)	Other Amortised Cost	Total
	Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>			
Due to banks		44,182,639	44,182,639
Derivative financial liabilities	4,914,552		4,914,552
Securities sold under repurchase agreements		35,178,841	35,178,841
Due to other customers/deposits from customers		943,615,158	943,615,158
Other borrowings		24,885,897	24,885,897
Subordinated liabilities		36,949,882	36,949,882
<b>Total financial liabilities</b>	<b>4,914,552</b>	<b>1,084,812,417</b>	<b>1,089,726,969</b>

	Held for Trading (HFT)	Held to Maturity (HTM)	Loans & Receivables (L & R)	Available for Sale (AFS)	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents			33,224,619		33,224,619
Balances with Central Banks			44,801,446		44,801,446
Placements with banks			17,633,269		17,633,269
Securities purchased under re-sale agreements			-		-
Derivative financial assets	2,334,536				2,334,536
Other financial instruments - Held-for-trading	4,410,913				4,410,913
Loans and receivables to banks			640,512		640,512
Loans and receivables to other customers			737,446,567		737,446,567
Financial investments - Available-for-sale				154,714,132	154,714,132
Financial investments - Held-to-maturity		63,562,752			63,562,752
Financial investments - Loans and receivables			48,712,477		48,712,477
<b>Total financial assets</b>	<b>6,745,449</b>	<b>63,562,752</b>	<b>882,458,890</b>	<b>154,714,132</b>	<b>1,107,481,223</b>
			Held for Trading (HFT)	Other Amortised Cost	Total
			Rs. '000	Rs. '000	Rs. '000
<b>FINANCIAL LIABILITIES</b>					
Due to banks				57,120,991	57,120,991
Derivative financial liabilities			3,678,494		3,678,494
Securities sold under repurchase agreements				49,676,767	49,676,767
Due to other customers/deposits from customers				850,127,511	850,127,511
Other borrowings				23,786,094	23,786,094
Subordinated liabilities				25,165,924	25,165,924
<b>Total financial liabilities</b>			<b>3,678,494</b>	<b>1,005,877,287</b>	<b>1,009,555,781</b>

	Bank		Group	
	As at 30.09.2018	As at 31.12.2017 (Audited)	As at 30.09.2018	As at 31.12.2017 (Audited)
<b>Regulatory Capital - Rs. '000</b>				
Common Equity Tier I	103,024,270	94,151,253	105,114,366	95,725,306
Tier I Capital	103,024,270	94,151,253	105,114,366	95,725,306
Total Capital	143,100,394	122,415,882	145,190,490	123,989,935
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier I Capital Ratio ( Minimum Requirement - 2018 - 7.375%, 2017 - 6.250% )	11.390%	12.111%	11.452%	12.122%
Tier I Capital Ratio ( Minimum Requirement - 2018 - 8.875%, 2017 - 7.750% )	11.390%	12.111%	11.452%	12.122%
Total Capital Ratio ( Minimum Requirement - 2018 - 12.875%, 2017 - 11.750% )	15.820%	15.746%	15.818%	15.701%
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio ( Net of Interest in Suspense )	2.83%	1.88%		
Net Non-Performing Advances Ratio ( Net of Interest in Suspense and Provisions )	1.68%	0.92%		
<b>Profitability</b>				
Interest Margin	4.00%	3.62%		
Return on Assets ( before tax )	2.25%	2.15%		
Return on Equity	16.22%	17.88%		
<b>Debt Security Related Ratios</b>				
Debt Equity Ratio	44.62%	38.61%		
Interest Cover (Times)	10.58	11.56		
<b>Regulatory Liquidity</b>				
<b>Statutory Liquid Assets - Rs. '000</b>				
Domestic Banking Unit	227,369,217	225,430,587		
Off-Shore Banking Unit	18,449,266	18,105,907		
<b>Statutory Liquid Assets Ratio % ( Minimum Requirement 20% )</b>				
Domestic Banking Unit	24.25%	27.28%		
Off-Shore Banking Unit	28.84%	30.95%		
Liquidity Coverage Ratio (%) - Rupee ( Minimum Requirement - 2018 - 90%, 2017 - 80% )	218.25%	272.15%		
Liquidity Coverage Ratio (%) - All Currency ( Minimum Requirement - 2018- 90%, 2017 - 80% )	192.24%	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 nine months ended September 30,</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	24,046,047	18,341,918	5,168,108	4,738,472	3,731,308	2,997,058	271,876	275,285	1,012,539	813,202	1,931,397	1,477,721	36,161,275	28,643,656
Foreign exchange profit	140,557	151,404	2,144,329	580,480	1,191,432	673,088	-	-	824,615	(1,292,329)	-	-	4,300,933	112,643
Net fees and commission income	4,674,047	4,303,151	1,828,574	1,312,669	1,054,677	662,225	26,477	35,157	2,878	4,748	-	-	7,586,653	6,317,950
Other income	531,176	652,934	136,475	159,501	45,114	79,001	(37,297)	16,592	227,447	177,667	349,587	357,060	1,252,502	1,442,755
Total Operating income	29,391,827	23,449,407	9,277,486	6,791,122	6,022,531	4,411,372	261,056	327,034	2,067,479	(296,712)	2,280,984	1,834,781	49,301,363	36,517,004
Credit loss expenses	(4,105,998)	(1,827,839)	(2,945,607)	371,822	(382,175)	(163,027)	-	-	-	-	-	-	(7,433,780)	(1,619,044)
Net Operating income	25,285,829	21,621,568	6,331,879	7,162,944	5,640,356	4,248,345	261,056	327,034	2,067,479	(296,712)	2,280,984	1,834,781	41,867,583	34,897,960
Segment result	11,349,855	11,091,152	3,584,047	4,936,562	4,205,024	3,027,996	175,390	250,234	1,422,753	(583,666)	(644,749)	(2,321,002)	20,092,320	16,401,276
Profit from operations													20,092,320	16,401,276
Share of profit of Associates, net of tax													5,843	4,806
Income tax expense													(6,331,259)	(4,632,201)
Non Controlling Interest													(88,883)	(4,572)
Net profit for the period, attributable to Equity holders of the Bank													13,678,021	11,769,309
<i>As at September 30,</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	452,254,389	391,670,664	304,354,356	268,063,369	153,934,951	121,560,541	8,002,232	11,162,550	258,853,132	254,006,193	77,783,547	63,882,480	1,255,182,607	1,110,345,797
Investment in associates	-	-	-	-	-	-	-	-	-	-	104,043	108,150	104,043	108,150
Total assets	452,254,389	391,670,664	304,354,356	268,063,369	153,934,951	121,560,541	8,002,232	11,162,550	258,853,132	254,006,193	77,887,590	63,990,630	1,255,286,650	1,110,453,947
Segment liabilities	769,420,989	670,473,770	166,468,234	155,407,530	132,503,889	90,441,549	8,106,275	11,270,700	48,302,573	73,856,263	8,982,300	4,890,668	1,133,784,260	1,006,340,480
Total liabilities	769,420,989	670,473,770	166,468,234	155,407,530	132,503,889	90,441,549	8,106,275	11,270,700	48,302,573	73,856,263	8,982,300	4,890,668	1,133,784,260	1,006,340,480
<i>For the nine months ended September 30,</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	11,245,210	46,993,609	(47,382,446)	(37,508,637)	2,174,122	(1,082,539)	228,093	(1,967,689)	25,411,980	(19,662,098)	-	-	(8,323,041)	(13,227,354)
Cash flows from investing activities	-	-	-	-	-	-	819,851	3,281,205	-	-	-	-	819,851	3,281,205
Cash flows from financing activities	-	-	-	-	-	-	-	-	8,485,210	(1,489,018)	(2,987,691)	7,582,420	5,497,519	6,093,402
Capital expenditure -														
Property, Plant & Equipment													(1,351,050)	(1,230,846)
Intangible assets													(333,541)	(102,477)
Net cash flow generated during the period													(3,690,262)	(5,186,070)



## Twenty largest voting shareholders as at September 30, 2018

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	128,325,142	13.57
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 Ntasian Discovery Master Fund	53,948,136	5.70
Sri Lanka Insurance Corporation Ltd. - Life Fund	42,927,124	4.54
Melstacorp PLC	42,550,677	4.50
CB NY S/A International Finance Corporation	41,974,991	4.44
Sri Lanka Insurance Corporation Ltd. - General Fund	36,911,420	3.90
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	15,612,803	1.65
JPMCB - T Rowe New Asia Fund	15,183,362	1.61
BNYMSANV RE - First State Investments ICVC - Stewart Investors Indian Subcontinent Fund	12,243,878	1.29
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	11,682,464	1.24
Citi Bank Newyork S/A Norges Bank Account 2	11,182,636	1.18
SSBT - BMO Investments II (Ireland) Public Limited Company	9,989,558	1.06
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. - JPMLU-T Rowe Price Funds SICAV	8,967,210	0.95
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Institutional Fund, Inc. - Frontier Emerging Markets Portfolio	7,976,483	0.84
Sub total	658,951,535	69.68
Other Shareholders	286,757,868	30.32
<b>Total</b>	<b>945,709,403</b>	<b>100.00</b>

Percentage of public holding as at September 30, 2018 - 99.76%

Number of shareholders representing public holding as at September 30, 2018 - 10,321

## Twenty largest non-voting shareholders as at September 30, 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	2,313,613	3.56
GF Capital Global Limited	1,655,603	2.55
BNYMSANV RE-Butterfield Trust (Bermuda) Limited	1,466,494	2.26
M.J.F.Exports (Pvt) Ltd	1,112,164	1.71
Northern Trust Company S/A Polar Capital Funds PLC	952,376	1.46
Mr. M. F. Hashim	920,197	1.42
Saboor Chatoor (Pvt) Ltd	887,700	1.37
Mrs. L. V. C. Samarasingha	863,584	1.33
Union Assurance PLC/No - 01A/C	661,016	1.02
Mr. T.W.A. Wickramasinghe	625,000	0.96
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	570,750	0.88
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	545,175	0.84
Mr. K.S.M. De Silva	519,876	0.80
Mr. J.G. De Mel	471,519	0.73
Mr. A.P. Somasiri	455,000	0.70
Mr. A.L. Gooneratne	437,717	0.67
Sub total	30,740,034	47.28
Other Shareholders	34,273,140	52.72
<b>Total</b>	<b>65,013,174</b>	<b>100.00</b>

Percentage of public holding as at September 30, 2018 - 84.34%

Number of shareholders representing public holding as at September 30, 2018 - 4,425

## Directors' holding in shares as at September 30, 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.
<b>Market price of an ordinary share as at September 30,</b>		
Voting	113.00	138.50
Non-Voting	89.10	107.70
<b>Highest price during the quarter ended September 30,</b>		
Voting	130.70	141.00
Non-Voting	100.00	109.00
<b>Lowest price during the quarter ended September 30,</b>		
Voting	112.90	134.60
Non-Voting	88.10	103.90

  

	2018	2017
<b>Number of ordinary shares as at September 30,</b>		
Voting	945,709,403	931,206,321
Non-Voting	65,013,174	63,927,611

## EXPLANATORY NOTES

1 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2017. These Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

### 2 Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments"

The Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments", which replaces the existing guidance on LKAS 39 on "Financial Instruments: Recognition and Measurement" has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces 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, entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Bank has prepared the Interim Financial Statements for the nine months ended September 30, 2018 based on LKAS 39.

#### Impact on Statement of Comprehensive Income and Net Assets

Based on the assessments undertaken to date which is yet to be audited, the total estimated additional loan loss provision as at December 31, 2017 on adoption of SLFRS 9 is expected to be in the range of 30% to 35% compared to the total impairment provision determined as per LKAS 39. The impact of the new classification and measurement approach for financial assets is not expected to be material.

Accordingly, the increase in impairment provision based on ECL model under SLFRS 9, had it been effective as at December 31, 2017, would have reduced the Group's/ Bank's net assets by approximately 4.5% to 5.5% and the Total Capital Adequacy ratio by 60 to 75 basis points.

3 The Bank announced a debenture issue in January 2018 to issue 50,000,000 Basel III compliant - Tier II, listed, rated, unsecured, subordinated redeemable debentures of Rs. 100/- each, with a non-viability conversion feature amounting to Rs 5 Bn. with an option to issue up to a further 50,000,000 debentures amounting to Rs. 5 Bn. This debenture issue was opened for investors on July 16, 2018 and was oversubscribed on the the same day. The allotment and listing of debentures was also concluded in 23rd July 2018 & 30th July 2018 respectively.

The quantum of funds raised through the above Debenture Issue was utilised to achieve the following objectives as stipulated in the prospectus.

- Expansion of the lending portfolio.
- Increasing Tier II Capital base of the Bank thus strengthening its Total Eligible Capital as per BASEL III requirements.
- Reduce maturity gaps by matching medium to long-term liabilities with medium to long-term assets.

As stated in the prospectus following table indicates utilisation of funds raised through the above debentures.

Objective Number	Objective as per Prospectus	Amount Allocated as per Prospectus	Proposed Date of Utilisation as Per Prospectus	Amount Allocated from Proceeds (A)	% of Total Proceeds	Amounts Utilised (B)	% of Utilisation Against Allocation (B/A)	Clarification if not fully-utilised including where the funds are invested (eg: Whether lent to Related Party/s etc.)
1	Expansion of the lending portfolio	Rs. 10.0 Bn.	Within 3 months from date of receipt of cash flows	Rs. 10.0 Bn.	100	Rs. 10.0 Bn.	100	N/A
2	Improve the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR)		Subsequent to the allotment of Debentures					
3	Reduce Maturity gaps in the Assets and Liabilities of the Bank		Within 3 months from date of receipt of cash flows as and when funds are disbursed for lending.					

4 During the quarter, there were no material changes in the composition of assets, liabilities, contingent liabilities.

5 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.

6 There were no material events that took place since September 30, 2018, that require disclosure in these Interim Financial Statements other than those disclosed above.

INFORMATION ON DEBENTURES - BANK

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Debenture categories	CSE Listing	Interest payable frequency	Balance as at September 30, 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	10.25	Not traded during the current period	
March 2016/March 2026 11.25% p.a.*	Listed	Semi Annually	1,749,090	100.00	100.00	100.00	11.25	11.57	10.80	11.25	11.25
October 2016/October 2021 12.00% p.a.**	Listed	Semi Annually	5,071,800	102.66	99.96	102.66	12.00	12.36	10.45	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	10.90	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	10.75	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	10.95	Not traded during the current period	
Total Debentures			23,179,430								

\* Last traded date was August 10, 2018.

\*\* Last traded date was June 13, 2018.

(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 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000
Gross loans and receivables	864,317,144	760,453,937	857,219,224	754,707,977
Less: Allowance for Individual impairment	12,271,276	7,853,654	12,256,620	7,853,654
Allowance for Collective impairment	11,977,772	10,156,153	10,672,607	9,407,756
<b>Net loans and receivables</b>	<b>840,068,096</b>	<b>742,444,130</b>	<b>834,289,997</b>	<b>737,446,567</b>

2 LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000
By product - Domestic Currency				
Loans and advances				
Overdrafts	114,987,725	107,668,330	114,989,293	107,668,330
Trade finance	53,823,384	42,087,800	53,823,384	42,087,800
Lease rental receivable	41,814,342	40,205,415	38,922,270	37,304,183
Credit cards	12,088,816	9,579,986	12,088,816	9,579,986
Pawning	1,563,287	1,339,259	1,563,287	1,339,259
Staff loans	8,831,811	7,859,934	8,822,885	7,853,190
Housing loans	55,409,026	50,347,880	55,409,026	50,347,880
Personal loans	33,434,439	27,957,462	33,434,439	27,880,374
Term loans				
Short-term	72,719,213	51,711,809	72,719,213	50,665,521
Long-term	274,227,183	260,928,084	272,899,015	260,646,705
Bills of Exchange	1,014,616	372,090	1,014,616	372,090
<b>Gross loans and receivables</b>	<b>669,913,842</b>	<b>600,058,049</b>	<b>665,686,244</b>	<b>595,745,318</b>

	Group		Bank	
	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000
By product - Foreign Currency				
Loans and advances				
Overdrafts	13,582,522	10,403,986	12,902,768	9,693,700
Trade finance	20,836,658	16,203,388	20,744,984	16,188,165
Lease rental receivable	745,576	561,000	745,094	561,000
Credit cards	95,375	59,060	95,375	59,060
Staff loans	150,571	120,495	150,571	120,495
Housing loans	4,546,622	3,280,765	4,546,622	3,280,765
Personal loans	628,968	444,367	487,965	392,295
Term loans				
Short-term	47,209,938	36,956,807	47,209,938	36,935,287
Long-term	83,110,548	75,631,013	81,153,139	74,996,885
Bills of Exchange	23,496,524	16,735,007	23,496,524	16,735,007
<b>Gross loans and receivables</b>	<b>194,403,302</b>	<b>160,395,888</b>	<b>191,532,980</b>	<b>158,962,659</b>
<b>Total of gross loans and receivables</b>	<b>864,317,144</b>	<b>760,453,937</b>	<b>857,219,224</b>	<b>754,707,977</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	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
<b>Movement in Allowance for Individual Impairment</b>				
Balance as at January 01,	7,853,654	8,453,457	7,853,654	8,453,457
Charge/(write back) to the Income statement	4,970,582	401,716	4,955,926	401,716
Net write-off/(recoveries) during the period/year	(500,049)	(695,023)	(500,049)	(695,023)
Exchange rate variance on foreign currency provisions	152,794	30,057	152,794	30,057
Interest accrued / (reversals) on impaired loans & advances	(811,070)	(861,057)	(811,070)	(861,057)
Other movements	605,365	524,504	605,365	524,504
<b>Balance as at September 30/December 31,</b>	<b>12,271,276</b>	<b>7,853,654</b>	<b>12,256,620</b>	<b>7,853,654</b>
<b>Movement in Allowance for Collective Impairment</b>				
Balance as at January 01,	10,156,153	9,399,591	9,407,756	8,919,222
Charge/(write back) to the Income statement	2,462,742	1,823,522	1,907,960	1,554,333
Net write-off/(recoveries) during the period/year	(666,853)	(1,060,768)	(666,853)	(1,060,768)
Exchange rate variance on foreign currency provisions	25,730	(6,192)	23,744	(5,031)
Other movements	-	-	-	-
<b>Balance as at September 30/December 31,</b>	<b>11,977,772</b>	<b>10,156,153</b>	<b>10,672,607</b>	<b>9,407,756</b>
<b>Total of Individual and Collective Impairment September 30/ December 31,</b>	<b>24,249,048</b>	<b>18,009,807</b>	<b>22,929,227</b>	<b>17,261,410</b>

4 DUE TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000	As at 30.09.2018 Rs.'000	As at 31.12.2017 Rs.'000
<b>By product - Domestic Currency</b>				
Current account deposits	43,667,993	42,488,222	43,669,981	42,497,439
Savings deposits	224,227,184	212,687,511	224,267,445	213,055,712
Time deposits	461,876,258	394,357,770	461,876,258	394,431,924
Certificate of deposits	92,253	176,355	92,253	176,355
<b>Sub Total</b>	<b>729,863,688</b>	<b>649,709,858</b>	<b>729,905,937</b>	<b>650,161,430</b>
<b>By product - Foreign Currency</b>				
Current account deposits	31,154,523	23,401,770	26,923,461	18,954,618
Savings deposits	64,236,434	60,355,737	62,151,732	59,001,649
Time deposits	127,077,063	123,802,616	124,634,028	122,009,814
Certificate of deposits	-	-	-	-
<b>Sub Total</b>	<b>222,468,020</b>	<b>207,560,123</b>	<b>213,709,221</b>	<b>199,966,081</b>
<b>Total</b>	<b>952,331,708</b>	<b>857,269,981</b>	<b>943,615,158</b>	<b>850,127,511</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 March 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