

**INTERIM FINANCIAL STATEMENT**  
**For the six months ended June 30, 2014**

	For the six months ended			For the quarter ended		
	30.06.2014	30.06.2013	Change	30.06.2014	30.06.2013	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>35,404,818</b>	<b>34,730,057</b>	<b>1.94</b>	<b>17,626,522</b>	<b>17,942,252</b>	<b>(1.76)</b>
Interest income	30,433,037	30,162,650	0.90	15,186,677	15,679,296	(3.14)
Less : Interest expenses	17,291,613	18,224,988	(5.12)	8,620,695	9,357,042	(7.87)
<b>Net interest income</b>	<b>13,141,424</b>	<b>11,937,662</b>	<b>10.08</b>	<b>6,565,982</b>	<b>6,322,254</b>	<b>3.86</b>
Fees and commission income	2,570,887	2,227,239	15.43	1,334,303	1,166,829	14.35
Less: Fees and commission expenses	375,227	305,330	22.89	186,302	153,960	21.01
<b>Net fees and commission income</b>	<b>2,195,660</b>	<b>1,921,909</b>	<b>14.24</b>	<b>1,148,001</b>	<b>1,012,869</b>	<b>13.34</b>
Net gains/(losses) from trading	818,049	(735,590)	211.21	342,943	(833,609)	141.14
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	178,650	979	18,148.21	55,193	938	5,784.12
Other income (net)	1,404,195	3,074,779	(54.33)	707,406	1,928,798	(63.32)
<b>Total operating income</b>	<b>17,737,978</b>	<b>16,199,739</b>	<b>9.50</b>	<b>8,819,525</b>	<b>8,431,250</b>	<b>4.61</b>
Less :Impairment charges for loans and other losses	2,458,728	1,731,312	42.02	1,314,392	1,220,292	7.71
Individual impairment	1,452,402	730,122	98.93	511,977	830,776	(38.37)
Collective impairment	982,936	999,536	(1.66)	786,408	388,897	102.21
Others	23,390	1,654	1,314.15	16,007	619	2,485.95
<b>Net operating income</b>	<b>15,279,250</b>	<b>14,468,427</b>	<b>5.60</b>	<b>7,505,133</b>	<b>7,210,958</b>	<b>4.08</b>
<b>Less: Expenses</b>	<b>7,631,837</b>	<b>6,986,947</b>	<b>9.23</b>	<b>3,787,691</b>	<b>3,473,680</b>	<b>9.04</b>
Personnel expenses	4,321,576	3,961,383	9.09	2,153,039	1,923,688	11.92
Depreciation and amortisation	606,953	489,244	24.06	311,748	247,667	25.87
Other expenses	2,703,308	2,536,320	6.58	1,322,904	1,302,325	1.58
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>7,647,413</b>	<b>7,481,480</b>	<b>2.22</b>	<b>3,717,442</b>	<b>3,737,278</b>	<b>(0.53)</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	1,112,783	936,068	18.88	506,436	445,200	13.75
<b>Operating profit after Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>6,534,630</b>	<b>6,545,412</b>	<b>(0.16)</b>	<b>3,211,006</b>	<b>3,292,078</b>	<b>(2.46)</b>
Add: Share of profits/(losses) of associates	7,133	2,933	143.20	6,242	1,098	468.49
<b>Profit before income tax</b>	<b>6,541,763</b>	<b>6,548,345</b>	<b>(0.10)</b>	<b>3,217,248</b>	<b>3,293,176</b>	<b>(2.31)</b>
Less : Income tax expense	2,022,048	2,058,408	(1.77)	999,481	1,060,003	(5.71)
<b>Profit for the period</b>	<b>4,519,715</b>	<b>4,489,937</b>	<b>0.66</b>	<b>2,217,767</b>	<b>2,233,173</b>	<b>(0.69)</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank	4,517,483	4,488,106	0.65	2,216,414	2,232,052	(0.70)
Non-controlling interest	2,232	1,831	21.90	1,353	1,121	20.70
<b>Profit for the period</b>	<b>4,519,715</b>	<b>4,489,937</b>	<b>0.66</b>	<b>2,217,767</b>	<b>2,233,173</b>	<b>(0.69)</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	5.28	5.29	(0.19)	2.59	2.63	(1.52)
Diluted earnings per ordinary share (Rs.)	5.26	5.29	(0.57)	2.58	2.63	(1.90)

	For the six months ended			For the quarter ended		
	30.06.2014	30.06.2013	Change	30.06.2014	30.06.2013	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Gross income</b>	<b>35,374,128</b>	<b>34,719,576</b>	<b>1.89</b>	<b>17,614,384</b>	<b>17,948,636</b>	<b>(1.86)</b>
Interest income	30,433,962	30,168,325	0.88	15,186,994	15,681,350	(3.15)
Less : Interest expenses	17,301,237	18,236,451	(5.13)	8,625,228	9,362,261	(7.87)
<b>Net interest income</b>	<b>13,132,725</b>	<b>11,931,874</b>	<b>10.06</b>	<b>6,561,766</b>	<b>6,319,089</b>	<b>3.84</b>
Fees and commission income	2,568,645	2,225,760	15.41	1,333,156	1,166,239	14.31
Less: Fees and commission expenses	375,227	305,330	22.89	186,302	153,960	21.01
<b>Net fees and commission income</b>	<b>2,193,418</b>	<b>1,920,430</b>	<b>14.21</b>	<b>1,146,854</b>	<b>1,012,279</b>	<b>13.29</b>
Net gains/(losses) from trading	818,049	(735,590)	211.21	342,943	(833,609)	141.14
Net gains/(losses) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gains/(losses) from financial investments	178,650	979	18,148.21	55,193	938	5,784.12
Other income (net)	1,374,822	3,060,102	(55.07)	696,098	1,933,718	(64.00)
<b>Total operating income</b>	<b>17,697,664</b>	<b>16,177,795</b>	<b>9.39</b>	<b>8,802,854</b>	<b>8,432,415</b>	<b>4.39</b>
Less :Impairment charges for loans and other losses	2,485,198	1,743,639	42.53	1,334,447	1,226,714	8.78
Individual impairment	1,452,402	730,122	98.93	511,977	830,776	(38.37)
Collective impairment	982,936	999,536	(1.66)	786,408	388,897	102.21
Others	49,860	13,981	256.63	36,062	7,041	412.17
<b>Net operating income</b>	<b>15,212,466</b>	<b>14,434,156</b>	<b>5.39</b>	<b>7,468,407</b>	<b>7,205,701</b>	<b>3.65</b>
<b>Less: Expenses</b>	<b>7,625,533</b>	<b>6,990,325</b>	<b>9.09</b>	<b>3,778,342</b>	<b>3,482,621</b>	<b>8.49</b>
Personnel expenses	4,285,366	3,923,907	9.21	2,135,689	1,903,467	12.20
Depreciation and amortisation	571,673	455,904	25.39	288,151	231,545	24.45
Other expenses	2,768,494	2,610,514	6.05	1,354,502	1,347,609	0.51
<b>Operating profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT) on Financial Services</b>	<b>7,586,933</b>	<b>7,443,831</b>	<b>1.92</b>	<b>3,690,065</b>	<b>3,723,080</b>	<b>(0.89)</b>
Less: Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	1,112,783	936,068	18.88	506,436	445,200	13.75
<b>Profit before income tax</b>	<b>6,474,150</b>	<b>6,507,763</b>	<b>(0.52)</b>	<b>3,183,629</b>	<b>3,277,880</b>	<b>(2.88)</b>
Less : Income tax expense	1,994,996	2,036,104	(2.02)	983,064	1,047,101	(6.12)
<b>Profit for the period</b>	<b>4,479,154</b>	<b>4,471,659</b>	<b>0.17</b>	<b>2,200,565</b>	<b>2,230,779</b>	<b>(1.35)</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank	4,479,154	4,471,659	0.17	2,200,565	2,230,779	(1.35)
Non-controlling interest	-	-	-	-	-	-
<b>Profit for the period</b>	<b>4,479,154</b>	<b>4,471,659</b>	<b>0.17</b>	<b>2,200,565</b>	<b>2,230,779</b>	<b>(1.35)</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	5.23	5.27	(0.76)	2.57	2.63	(2.28)
Diluted earnings per ordinary share (Rs.)	5.21	5.27	(1.14)	2.56	2.63	(2.66)

	For the six months ended			For the quarter ended		
	30.06.2014	30.06.2013	Change	30.06.2014	30.06.2013	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the period</b>	<b>4,519,715</b>	<b>4,489,937</b>	<b>0.66</b>	<b>2,217,767</b>	<b>2,233,173</b>	<b>(0.69)</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-
Net change in revaluation surplus	-	-	-	-	-	-
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of the Foreign Operations	(26,445)	329,225	(108.03)	(25,377)	177,458	(114.30)
Net gains/(losses) on re-measuring Available-For-Sale financial assets	421,562	294,928	42.94	301,905	73,612	310.13
Sri Lanka Government Securities	425,337	294,517	44.42	301,396	73,742	308.72
Equity Securities	(3,775)	411	(1,018.49)	509	(130)	491.54
Add/(Less): Share of other comprehensive income of associates	(587)	(382)	(53.66)	(599)	9,252	(106.47)
Other comprehensive income for the period, net of taxes	394,530	623,771	(36.75)	275,929	260,322	6.00
<b>Total comprehensive income for the period</b>	<b>4,914,245</b>	<b>5,113,708</b>	<b>(3.90)</b>	<b>2,493,696</b>	<b>2,493,495</b>	<b>0.01</b>
<b>Attributable to:</b>						
Equity holders of the Bank	4,912,013	5,111,877	(3.91)	2,492,343	2,492,374	(0.00)
Non-controlling interest	2,232	1,831	21.90	1,353	1,121	20.70
<b>Total comprehensive income for the period</b>	<b>4,914,245</b>	<b>5,113,708</b>	<b>(3.90)</b>	<b>2,493,696</b>	<b>2,493,495</b>	<b>0.01</b>

	For the six months ended			For the quarter ended		
	30.06.2014	30.06.2013	Change	30.06.2014	30.06.2013	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the period</b>	<b>4,479,154</b>	4,471,659	0.17	<b>2,200,565</b>	2,230,779	(1.35)
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-
Net change in revaluation surplus	-	-	-	-	-	-
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of the Foreign Operations	(24,666)	320,773	(107.69)	(23,904)	175,727	(113.60)
Net gains/(losses) on re-measuring Available-For-Sale financial assets	421,562	294,928	42.94	301,905	73,612	310.13
Sri Lanka Government Securities	425,337	294,517	44.42	301,396	73,742	308.72
Equity Securities	(3,775)	411	(1,018.49)	509	(130)	491.54
<b>Other comprehensive income for the period, net of taxes</b>	<b>396,896</b>	615,701	(35.54)	<b>278,001</b>	249,339	11.50
<b>Total comprehensive income for the period</b>	<b>4,876,050</b>	5,087,360	(4.15)	<b>2,478,566</b>	2,480,118	(0.06)
<b>Attributable to:</b>						
Equity holders of the Bank	4,876,050	5,087,360	(4.15)	2,478,566	2,480,118	(0.06)
Non-controlling interest	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>4,876,050</b>	5,087,360	(4.15)	<b>2,478,566</b>	2,480,118	(0.06)

## STATEMENT OF FINANCIAL POSITION

6

As at	Group			Bank		
	30.06.2014	31.12.2013	Change	30.06.2014	31.12.2013	Change
	(Audited)	(Audited)		(Audited)	(Audited)	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>ASSETS</b>						
Cash and cash equivalents	15,332,158	14,263,533	7.49	15,316,831	14,261,549	7.40
Balances with central banks	19,001,180	18,431,936	3.09	19,001,180	18,431,936	3.09
Placements with banks	4,981,455	4,131,814	20.56	4,981,455	4,131,814	20.56
Derivative financial instruments	648,531	837,694	(22.58)	648,531	837,694	(22.58)
Other financial assets held for trading	14,941,174	6,379,058	134.22	14,941,174	6,379,058	134.22
Loans and receivables to banks	543,560	546,270	(0.50)	543,560	546,270	(0.50)
Loans and receivables to other customers	437,660,602	418,944,215	4.47	437,665,828	418,959,675	4.46
Financial investments - Available for sale	167,359,002	123,748,290	35.24	167,359,002	123,748,290	35.24
Financial investments - Held-to-maturity	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	285,613	288,946	(1.15)
Investments in Associates	99,142	94,173	5.28	44,331	44,331	-
Property, plant & equipment	9,115,280	9,175,225	(0.65)	8,341,060	8,387,344	(0.55)
Intangible assets	462,461	477,728	(3.20)	452,569	467,593	(3.21)
Leasehold property	109,602	110,324	(0.65)	75,895	76,362	(0.61)
Deferred tax assets	548,440	515,323	6.43	547,568	507,078	7.98
Other assets	13,365,622	9,536,683	40.15	13,375,333	9,539,165	40.21
<b>Total Assets</b>	<b>684,168,209</b>	<b>607,192,266</b>	<b>12.68</b>	<b>683,579,930</b>	<b>606,607,105</b>	<b>12.69</b>
<b>LIABILITIES</b>						
Due to Banks	15,964,117	14,194,219	12.47	15,964,117	14,194,219	12.47
Derivative financial instruments	864,910	1,411,916	(38.74)	864,910	1,411,916	(38.74)
Other financial liabilities held for trading	-	-	-	-	-	-
Due to other customers	487,506,198	451,098,946	8.07	487,598,777	451,152,923	8.08
Other borrowings	85,329,279	53,997,503	58.02	85,507,316	54,173,175	57.84
Debt securities issued	-	-	-	-	-	-
Current tax liabilities	1,581,513	1,780,867	(11.19)	1,547,424	1,758,574	(12.01)
Deferred tax liabilities	2,810,273	2,814,673	(0.16)	2,607,485	2,606,084	0.05
Other provisions	1,874	2,409	(22.21)	1,874	2,409	(22.21)
Other liabilities	15,881,750	9,885,816	60.65	15,824,327	9,827,209	61.03
Due to Subsidiaries	-	-	-	13,299	15,686	(15.22)
Subordinated liabilities	10,937,779	11,056,847	(1.08)	10,937,779	11,056,847	(1.08)
<b>Total Liabilities</b>	<b>620,877,693</b>	<b>546,243,196</b>	<b>13.66</b>	<b>620,867,308</b>	<b>546,199,042</b>	<b>13.67</b>

## STATEMENT OF FINANCIAL POSITION

7

As at	Group			Bank		
	30.06.2014	31.12.2013	Change	30.06.2014	31.12.2013	Change
	(Audited)	(Audited)		(Audited)	(Audited)	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>EQUITY</b>						
Stated capital	21,264,305	19,586,813	8.56	21,264,305	19,586,813	8.56
Statutory reserves	3,768,094	4,034,614	(6.61)	3,768,094	4,034,614	(6.61)
Retained earnings	4,239,686	4,359,632	(2.75)	4,075,089	4,233,364	(3.74)
Other reserves	33,978,729	32,929,233	3.19	33,605,134	32,553,272	3.23
<b>Total equity attributable to equity holders of the Bank</b>	<b>63,250,814</b>	<b>60,910,292</b>	<b>3.84</b>	<b>62,712,622</b>	<b>60,408,063</b>	<b>3.81</b>
Non-controlling Interest	39,702	38,778	2.38	-	-	-
<b>Total Equity</b>	<b>63,290,516</b>	<b>60,949,070</b>	<b>3.84</b>	<b>62,712,622</b>	<b>60,408,063</b>	<b>3.81</b>
<b>Total Liabilities and Equity</b>	<b>684,168,209</b>	<b>607,192,266</b>	<b>12.68</b>	<b>683,579,930</b>	<b>606,607,105</b>	<b>12.69</b>
<b>Contingent Liabilities and Commitments</b>	<b>304,599,982</b>	<b>295,451,955</b>	<b>3.10</b>	<b>304,599,982</b>	<b>295,451,955</b>	<b>3.10</b>
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>73.19</b>	<b>72.37</b>	<b>1.13</b>	<b>72.57</b>	<b>71.78</b>	<b>1.10</b>

## Memorandum Information

Number of Employees  
Number of Customer Service Centers

4,774  
253

4,730  
253

## 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 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 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  
August 14, 2014  
Colombo

(Sgd.) J.Durairatnam  
Managing Director/Chief Executive Officer

	Stated Capital	Statutory Reserves		Retained Earnings	Other Reserves					Shareholders' Funds	Non-Controlling Interest	Total Equity
		Statutory Reserve Fund	Primary Dealer Special Risk Reserve		Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Investment Fund Account	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 01.01.2013 - Audited	18,008,796	3,245,818	187,577	4,172,814	4,737,125	343,157	(755,101)	2,846,935	20,048,989	52,836,110	32,141	52,868,251
Total comprehensive income for the six months ended 30.06.2013												
Profit for the six months ended 30.06.2013	-	-	-	4,488,106	-	-	-	-	-	4,488,106	1,831	4,489,937
Other comprehensive income for the six months ended 30.06.2013	-	-	-	(382)	-	294,928	329,225	-	-	623,771	-	623,771
Total comprehensive income for the six months ended 30.06.2013	-	-	-	4,487,724	-	294,928	329,225	-	-	5,111,877	1,831	5,113,708
Transactions with owners, recorded directly in equity contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans	46,649	-	-	-	-	-	-	-	-	46,649	-	46,649
Dividends to equity holders												
Second interim dividend for 2012	-	-	-	(833,609)	-	-	-	-	-	(833,609)	-	(833,609)
Final dividend for 2012 satisfied in the form of issue and allotment of new shares	1,501,943	-	-	(1,668,826)	-	-	-	-	-	(166,883)	-	(166,883)
Final cash dividend for 2012	-	-	-	(1,668,826)	-	-	-	-	-	(1,668,826)	(1,308)	(1,670,134)
Transfers during the period	-	-	-	(830,929)	-	-	-	830,929	-	-	-	-
Total transactions with equity holders	1,548,592	-	-	(5,002,190)	-	-	-	830,929	-	(2,622,669)	(1,308)	(2,623,977)
Balance as at 30.06.2013	19,557,388	3,245,818	187,577	3,658,348	4,737,125	638,085	(425,876)	3,677,864	20,048,989	55,325,318	32,664	55,357,982
Total comprehensive income for the six months ended 31.12.2013												
Profit for the six months ended 31.12.2013	-	-	-	6,075,272	-	-	-	-	-	6,075,272	8,248	6,083,520
Other comprehensive income for the six months ended 31.12.2013	-	-	-	(21,039)	(121,178)	878,412	32,120	-	-	768,315	12	768,327
Total comprehensive income for the six months ended 31.12.2013	-	-	-	6,054,233	(121,178)	878,412	32,120	-	-	6,843,587	8,260	6,851,847
Transactions with owners, recorded directly in equity contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans	29,425	-	-	-	-	-	-	-	-	29,425	-	29,425
Dividends to equity holders												
First interim dividend for 2013	-	-	-	(1,273,491)	-	-	-	-	-	(1,273,491)	(1,308)	(1,274,799)
Deferred tax effect on pre-acquisition reserves	-	-	-	(14,547)	-	-	-	-	-	(14,547)	(838)	(15,385)
Re-classification of retained earnings to Available -For-Sale reserve	-	-	-	28,967	-	(28,967)	-	-	-	-	-	-
Transfers during the period	-	522,276	78,943	(4,093,878)	-	-	-	1,160,829	2,331,830	-	-	-
Total transactions with equity holders	29,425	522,276	78,943	(5,352,949)	-	(28,967)	-	1,160,829	2,331,830	(1,258,613)	(2,146)	(1,260,759)
Balance as at 31.12.2013 - Audited	19,586,813	3,768,094	266,520	4,359,632	4,615,947	1,487,530	(393,756)	4,838,693	22,380,819	60,910,292	38,778	60,949,070
Total comprehensive income for the six months ended 30.06.2014												
Profit for the six months ended 30.06.2014	-	-	-	4,517,483	-	-	-	-	-	4,517,483	2,232	4,519,715
Other comprehensive income for the six months ended 30.06.2014	-	-	-	-	-	420,975	(26,445)	-	-	394,530	-	394,530
Total comprehensive income for the six months ended 30.06.2014	-	-	-	4,517,483	-	420,975	(26,445)	-	-	4,912,013	2,232	4,914,245
Transactions with owners, recorded directly in equity contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans	147,567	-	-	-	-	-	-	-	-	147,567	-	147,567
Dividends to equity holders												
Second interim dividend for 2013	-	-	-	(849,149)	-	-	-	-	-	(849,149)	-	(849,149)
Final dividend for 2013 satisfied in the form of issue and allotment of new shares	1,529,925	-	-	(1,699,917)	-	-	-	-	-	(169,992)	-	(169,992)
Final cash dividend for 2013	-	-	-	(1,699,917)	-	-	-	-	-	(1,699,917)	(1,308)	(1,701,225)
Transfers during the period	-	-	(266,520)	(388,446)	-	-	-	388,446	266,520	-	-	-
Total transactions with equity holders	1,677,492	-	(266,520)	(4,637,429)	-	-	-	388,446	266,520	(2,571,491)	(1,308)	(2,572,799)
Balance as at 30.06.2014	21,264,305	3,768,094	-	4,239,686	4,615,947	1,908,505	(420,201)	5,227,139	22,647,339	63,250,814	39,702	63,290,516



	Stated Capital	Statutory Reserves		Retained Earnings	Other Reserves					Shareholders' Funds	Non-Controlling Interest	Total Equity
		Statutory Reserve Fund	Primary Dealer Special Risk Reserve		Revaluation Reserve	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Investment Fund Account	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 01.01.2013 - Audited	18,008,796	3,245,818	187,577	4,178,080	4,343,232	343,157	(757,894)	2,846,935	20,048,989	52,444,690	-	52,444,690
Total comprehensive income for the six months ended 30.06.2013												
Profit for the six months ended 30.06.2013	-	-	-	4,471,659	-	-	-	-	-	4,471,659	-	4,471,659
Other comprehensive income for the six months ended 30.06.2013	-	-	-	-	-	294,928	320,773	-	-	615,701	-	615,701
Total comprehensive income for the six months ended 30.06.2013	-	-	-	4,471,659	-	294,928	320,773	-	-	5,087,360	-	5,087,360
Transactions with owners, recorded directly in equity contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans	46,649	-	-	-	-	-	-	-	-	46,649	-	46,649
Dividends to equity holders												
Second interim dividend for 2012	-	-	-	(833,609)	-	-	-	-	-	(833,609)	-	(833,609)
Final dividend for 2012 satisfied in the form of issue and allotment of new shares	1,501,943	-	-	(1,668,826)	-	-	-	-	-	(166,883)	-	(166,883)
Final cash dividend for 2012	-	-	-	(1,668,826)	-	-	-	-	-	(1,668,826)	-	(1,668,826)
Transfers during the period	-	-	-	(830,929)	-	-	-	830,929	-	-	-	-
Total transactions with equity holders	1,548,592	-	-	(5,002,190)	-	-	-	830,929	-	(2,622,669)	-	(2,622,669)
Balance as at 30.06.2013 - Audited	19,557,388	3,245,818	187,577	3,647,549	4,343,232	638,085	(437,121)	3,677,864	20,048,989	54,909,381	-	54,909,381
Total comprehensive income for the six months ended 31.12.2013												
Profit for the six months ended 31.12.2013	-	-	-	5,973,852	-	-	-	-	-	5,973,852	-	5,973,852
Other comprehensive income for the six months ended 31.12.2013	-	-	-	(20,668)	(121,178)	880,544	30,198	-	-	768,896	-	768,896
Total comprehensive income for the six months ended 31.12.2013	-	-	-	5,953,184	(121,178)	880,544	30,198	-	-	6,742,748	-	6,742,748
Transactions with owners, recorded directly in equity contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans	29,425	-	-	-	-	-	-	-	-	29,425	-	29,425
Dividends to equity holders												
First interim dividend for 2013	-	-	-	(1,273,491)	-	-	-	-	-	(1,273,491)	-	(1,273,491)
Transfers during the period	-	522,276	78,943	(4,093,878)	-	-	-	1,160,829	2,331,830	-	-	-
Total transactions with equity holders	29,425	522,276	78,943	(5,367,369)	-	-	-	1,160,829	2,331,830	(1,244,066)	-	(1,244,066)
Balance as at 31.12.2013 - Audited	19,586,813	3,768,094	266,520	4,233,364	4,222,054	1,518,629	(406,923)	4,838,693	22,380,819	60,408,063	-	60,408,063
Total comprehensive income for the six months ended 30.06.2014												
Profit for the six months ended 30.06.2014	-	-	-	4,479,154	-	-	-	-	-	4,479,154	-	4,479,154
Other comprehensive income for the six months ended 30.06.2014	-	-	-	-	-	421,562	(24,666)	-	-	396,896	-	396,896
Total comprehensive income for the six months ended 30.06.2014	-	-	-	4,479,154	-	421,562	(24,666)	-	-	4,876,050	-	4,876,050
Transactions with owners, recorded directly in equity contributions by and distributions to owners												
Issue of Ordinary Shares under Employee Share Option Plans	147,567	-	-	-	-	-	-	-	-	147,567	-	147,567
Dividends to equity holders												
Second interim dividend for 2013	-	-	-	(849,149)	-	-	-	-	-	(849,149)	-	(849,149)
Final dividend for 2013 satisfied in the form of issue and allotment of new shares	1,529,925	-	-	(1,699,917)	-	-	-	-	-	(169,992)	-	(169,992)
Final cash dividend for 2013	-	-	-	(1,699,917)	-	-	-	-	-	(1,699,917)	-	(1,699,917)
Transfers during the period	-	-	(266,520)	(388,446)	-	-	-	388,446	266,520	-	-	-
Total transactions with equity holders	1,677,492	-	(266,520)	(4,637,429)	-	-	-	388,446	266,520	(2,571,491)	-	(2,571,491)
Balance as at 30.06.2014 - Audited	21,264,305	3,768,094	-	4,075,089	4,222,054	1,940,191	(431,589)	5,227,139	22,647,339	62,712,622	-	62,712,622

For the six months ended June 30,	Group		Bank	
	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	6,541,763	6,548,345	6,474,150	6,507,763
Adjustment for:				
Non-cash items included in profits before tax	3,376,186	2,505,948	3,365,797	2,485,239
Change in operating assets	(77,037,310)	(49,652,478)	(77,039,346)	(49,637,989)
Change in operating liabilities	74,957,319	33,816,085	74,997,083	33,874,894
Net (gains)/losses from disposal of assets	(8,267)	(9,731)	(824)	(145)
Share of profit from associates	(7,133)	(2,933)	-	-
Dividend income from subsidiaries and associates	-	-	(22,691)	(24,565)
Interest expense on subordinated liabilities	366,133	191,279	366,133	191,279
Benefits paid on defined benefit plans	(308,927)	(281,997)	(308,927)	(281,997)
Net unrealized gain from translation of Financial Statements of Foreign Operations	(26,445)	329,225	(24,666)	320,773
Tax paid	(2,258,919)	(1,753,419)	(2,245,235)	(1,748,510)
<b>Net cash from/(used in) operating activities</b>	<b>5,594,400</b>	<b>(8,309,676)</b>	<b>5,561,474</b>	<b>(8,313,258)</b>
<b>Cash Flows from Investing Activities</b>				
Net additions to property, plant and equipment	(531,263)	(437,863)	(513,384)	(451,519)
Proceeds from the sale of property, plant and equipment	7,899	1,369	3,859	1,369
Purchase of financial investments	(1,553,707)	(1,927,745)	(1,553,707)	(1,927,745)
Proceeds from the sale and maturity of financial investments	608,685	1,169,297	608,685	1,169,297
Net additions to intangible assets	611	(18,497)	451	(18,449)
Net cash flow from acquisition of investment in subsidiaries and associates	-	-	(18,095)	-
Dividends received from investments in subsidiaries and associates	-	-	22,691	24,565
<b>Net cash from/(used in) investing activities</b>	<b>(1,467,775)</b>	<b>(1,213,439)</b>	<b>(1,449,500)</b>	<b>(1,202,482)</b>
<b>Cash Flows from Financing Activities</b>				
Net proceeds from the issue of ordinary shares	147,567	46,649	147,567	46,649
Net receipts from subordinated liabilities	-	9,768,750	-	9,768,750
Interest paid on subordinated liabilities	(485,201)	(131,557)	(485,201)	(131,557)
Dividend paid to shareholders of the parent company	(2,719,058)	(2,669,318)	(2,719,058)	(2,669,318)
Dividend paid to non-controlling interest	(1,308)	(1,308)	-	-
<b>Net cash from /(used in) financing activities</b>	<b>(3,058,000)</b>	<b>7,013,216</b>	<b>(3,056,692)</b>	<b>7,014,524</b>
Net increase/(decrease) in cash & cash equivalents	1,068,625	(2,509,899)	1,055,282	(2,501,216)
Cash and cash equivalents at beginning of the year	14,263,533	19,752,205	14,261,549	19,732,834
<b>Cash and cash equivalents at end of the period</b>	<b>15,332,158</b>	<b>17,242,306</b>	<b>15,316,831</b>	<b>17,231,618</b>

	Held for Trading (HFT)	Loans & Receivables (L & R)	Available for Sale (AFS)	Others	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
Cash and cash equivalents		15,332,158			15,332,158
Balances with central banks		19,001,180			19,001,180
Placements with banks		4,981,455			4,981,455
Derivative financial instruments	648,531				648,531
Other financial assets held for trading	14,941,174				14,941,174
Loans and receivables to banks		543,560			543,560
Loans and receivables to other customers		437,660,602			437,660,602
Financial investments - Available for sale			167,359,002		167,359,002
Total financial assets	15,589,705	477,518,955	167,359,002	-	660,467,662
Investments in subsidiaries					
				-	-
Investments in associates				99,142	99,142
Property, plant & equipment				9,115,280	9,115,280
Intangible assets				462,461	462,461
Leasehold property				109,602	109,602
Deferred tax assets				548,440	548,440
Other assets				13,365,622	13,365,622
	-	-	-	23,700,547	23,700,547
Total assets	15,589,705	477,518,955	167,359,002	23,700,547	684,168,209
Held for Trading (HFT)					
	Rs.'000	Rs.'000	Amortised Cost	Others	Total
			Rs.'000	Rs.'000	Rs.'000
LIABILITIES					
Due to banks			15,964,117		15,964,117
Derivative financial instruments		864,910	-		864,910
Other financial liabilities held for trading			-		-
Due to other customers			487,506,198		487,506,198
Other borrowings			85,329,279		85,329,279
Debt securities issued			-		-
Other liabilities			-		-
Subordinated liabilities			10,937,779		10,937,779
Total financial liabilities	-	864,910	599,737,373	-	600,602,283
Current tax liabilities					
				1,581,513	1,581,513
Deferred tax liabilities				2,810,273	2,810,273
Other provisions				1,874	1,874
Other liabilities				15,881,750	15,881,750
Due to Subsidiaries				-	-
Total non-financial liabilities	-	-	-	20,275,410	20,275,410
Total liabilities	-	864,910	599,737,373	20,275,410	620,877,693

	Held for Trading (HFT)	Loans & Receivables (L & R)	Available for Sale (AFS)	Others	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>					
Cash and cash equivalents		14,263,533			14,263,533
Balances with central banks		18,431,936			18,431,936
Placements with banks		4,131,814			4,131,814
Derivative financial instruments	837,694				837,694
Other financial assets held for trading	6,379,058				6,379,058
Loans and receivables to banks		546,270			546,270
Loans and receivables to other customers		418,944,215			418,944,215
Financial investments - Available for sale			123,748,290		123,748,290
<b>Total financial assets</b>	<b>7,216,752</b>	<b>456,317,768</b>	<b>123,748,290</b>	<b>-</b>	<b>587,282,810</b>
Investments in subsidiaries				-	-
Investments in associates				94,173	94,173
Property, plant & equipment				9,175,225	9,175,225
Intangible assets				477,728	477,728
Leasehold property				110,324	110,324
Deferred tax assets				515,323	515,323
Other assets				9,536,683	9,536,683
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,909,456</b>	<b>19,909,456</b>
<b>Total assets</b>	<b>7,216,752</b>	<b>456,317,768</b>	<b>123,748,290</b>	<b>19,909,456</b>	<b>607,192,266</b>
		Held for Trading (HFT)	Amortised Cost	Others	Total
		Rs.'000	Rs.'000	Rs.'000	
<b>LIABILITIES</b>					
Due to banks			14,194,219		14,194,219
Derivative financial instruments		1,411,916	-		1,411,916
Other financial liabilities held for trading			-		-
Due to other customers			451,098,946		451,098,946
Other borrowings			53,997,503		53,997,503
Debt securities issued			-		-
Other liabilities			-		-
Subordinated liabilities			11,056,847		11,056,847
<b>Total financial liabilities</b>	<b>-</b>	<b>1,411,916</b>	<b>530,347,515</b>	<b>-</b>	<b>531,759,431</b>
Current tax liabilities				1,780,867	1,780,867
Deferred tax liabilities				2,814,673	2,814,673
Other provisions				2,409	2,409
Other liabilities				9,885,816	9,885,816
Due to Subsidiaries				-	-
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,483,765</b>	<b>14,483,765</b>
<b>Total liabilities</b>	<b>-</b>	<b>1,411,916</b>	<b>530,347,515</b>	<b>14,483,765</b>	<b>546,243,196</b>

	Held for Trading (HFT) Rs.'000	Loans & Receivables (L & R) Rs.'000	Available for Sale (AFS) Rs.'000	Others Rs.'000	Total Rs.'000
ASSETS					
Cash and cash equivalents		15,316,831			15,316,831
Balances with central banks		19,001,180			19,001,180
Placements with banks		4,981,455			4,981,455
Derivative financial instruments	648,531				648,531
Other financial assets held for trading	14,941,174				14,941,174
Loans and receivables to banks		543,560			543,560
Loans and receivables to other customers		437,665,828			437,665,828
Financial investments - Available for sale			167,359,002		167,359,002
Total financial assets	15,589,705	477,508,854	167,359,002	-	660,457,561
Investments in subsidiaries				285,613	285,613
Investments in associates				44,331	44,331
Property, plant & equipment				8,341,060	8,341,060
Intangible assets				452,569	452,569
Leasehold property				75,895	75,895
Deferred tax assets				547,568	547,568
Other assets				13,375,333	13,375,333
	-	-	-	23,122,369	23,122,369
Total assets	15,589,705	477,508,854	167,359,002	23,122,369	683,579,930
		Held for Trading (HFT) Rs.'000	Amortised Cost Rs.'000	Others Rs.'000	Total Rs.'000
LIABILITIES					
Due to banks			15,964,117		15,964,117
Derivative financial instruments		864,910	-		864,910
Other financial liabilities held for trading			-		-
Due to other customers			487,598,777		487,598,777
Other borrowings			85,507,316		85,507,316
Debt securities issued			-		-
Other liabilities			-		-
Subordinated liabilities			10,937,779		10,937,779
Total financial liabilities	-	864,910	600,007,989	-	600,872,899
Current tax liabilities				1,547,424	1,547,424
Deferred tax liabilities				2,607,485	2,607,485
Other provisions				1,874	1,874
Other liabilities				15,824,327	15,824,327
Due to Subsidiaries				13,299	13,299
Total non-financial liabilities	-	-	-	19,994,409	19,994,409
Total liabilities	-	864,910	600,007,989	19,994,409	620,867,308

	Held for Trading (HFT)	Loans & Receivables (L & R)	Available for Sale (AFS)	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>					
Cash and cash equivalents		14,261,549			14,261,549
Balances with central banks		18,431,936			18,431,936
Placements with banks		4,131,814			4,131,814
Derivative financial instruments	837,694				837,694
Other financial assets held for trading	6,379,058				6,379,058
Loans and receivables to banks		546,270			546,270
Loans and receivables to other customers		418,959,675			418,959,675
Financial investments - Available for sale			123,748,290		123,748,290
<b>Total financial assets</b>	<b>7,216,752</b>	<b>456,331,244</b>	<b>123,748,290</b>	<b>-</b>	<b>587,296,286</b>
Investments in subsidiaries				288,946	288,946
Investments in associates				44,331	44,331
Property, plant & equipment				8,387,344	8,387,344
Intangible assets				467,593	467,593
Leasehold property				76,362	76,362
Deferred tax assets				507,078	507,078
Other assets				9,539,165	9,539,165
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,310,819</b>	<b>19,310,819</b>
<b>Total assets</b>	<b>7,216,752</b>	<b>456,331,244</b>	<b>123,748,290</b>	<b>19,310,819</b>	<b>606,607,105</b>
<b>LIABILITIES</b>					
		Held for Trading (HFT)	Amortised Cost	Others	Total
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks			14,194,219		14,194,219
Derivative financial instruments		1,411,916	-		1,411,916
Other financial liabilities held for trading			-		-
Due to other customers			451,152,923		451,152,923
Other borrowings			54,173,175		54,173,175
Debt securities issued			-		-
Other liabilities			-		-
Subordinated liabilities			11,056,847		11,056,847
<b>Total financial liabilities</b>	<b>-</b>	<b>1,411,916</b>	<b>530,577,164</b>	<b>-</b>	<b>531,989,080</b>
Current tax liabilities				1,758,574	1,758,574
Deferred tax liabilities				2,606,084	2,606,084
Other provisions				2,409	2,409
Other liabilities				9,827,209	9,827,209
Due to Subsidiaries				15,686	15,686
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,209,962</b>	<b>14,209,962</b>
<b>Total liabilities</b>	<b>-</b>	<b>1,411,916</b>	<b>530,577,164</b>	<b>14,209,962</b>	<b>546,199,042</b>

	Bank		Group	
	As at 30.06.2014 (Audited)	As at 31.12.2013 (Audited)	As at 30.06.2014	As at 31.12.2013 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital ( Tier I Capital ) - Rs. '000	56,096,467	51,480,986	56,264,787	51,649,064
Total Capital Base - Rs. '000	70,094,475	65,579,876	70,262,795	65,747,955
Core Capital Adequacy Ratio - Core capital as a % of Risk Weighted Assets ( Minimum Requirement, 5% )	13.39%	13.27%	13.42%	13.30%
Total Capital Adequacy Ratio - Total capital as a % of Risk Weighted Assets ( Minimum Requirement, 10% )	16.73%	16.91%	16.75%	16.93%
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio ( Net of Interest in Suspense )	4.32%	3.88%		
Net Non-Performing Advances Ratio ( Net of Interest in Suspense and Provisions )	2.48%	2.12%		
<b>Profitability</b>				
Interest Margin	4.11%	4.53%		
Return on Assets ( before tax )	2.02%	2.59%		
Return on Equity	14.67%	18.40%		
<b>Debt Security Related Ratios</b>				
Debt Equity Ratio	29.91%	32.51%		
Interest Cover (Times)	17.69	21.71		
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	175,332,763	146,690,969		
Off-Shore Banking Unit	7,443,500	8,092,612		
Statutory Liquid Assets Ratio % ( Minimum Requirement 20% )				
Domestic Banking Unit	36.93%	33.66%		
Off-Shore Banking Unit	29.65%	29.38%		

**SEGMENTAL ANALYSIS - GROUP**
**16**

	Banking		Leasing		Dealing / Treasury		Investments		Total/Consolidated	
<i>For the six months ended June 30,</i>	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000
<b>External Operating income :</b>										
Net interest income	12,303,991	11,366,590	448,171	499,486	121,192	(144,331)	268,070	215,917	13,141,424	11,937,662
Foreign exchange profit	27,795	312,039	-	-	513,342	1,030,629	-	-	541,137	1,342,668
Net fees and commission income	2,191,932	1,917,574	-	-	3,728	4,335	-	-	2,195,660	1,921,909
Other income	1,084,830	602,422	157,528	112,548	216,375	77,105	191,874	39,239	1,650,607	831,314
(Unallocated)	-	-	-	-	-	-	-	-	209,150	166,185
<b>Total operating income</b>	<b>15,608,548</b>	<b>14,198,626</b>	<b>605,699</b>	<b>612,034</b>	<b>854,637</b>	<b>967,738</b>	<b>459,944</b>	<b>255,156</b>	<b>17,737,978</b>	<b>16,199,739</b>
Impairment charges for loans and other losses	(2,210,990)	(1,460,813)	(247,738)	(270,499)	-	-	-	-	(2,458,728)	(1,731,312)
<b>Net Operating income</b>	<b>13,397,558</b>	<b>12,737,813</b>	<b>357,961</b>	<b>341,535</b>	<b>854,637</b>	<b>967,738</b>	<b>459,944</b>	<b>255,156</b>	<b>15,279,250</b>	<b>14,468,427</b>
<b>Segment result</b>	<b>8,362,065</b>	<b>8,209,892</b>	<b>314,000</b>	<b>304,942</b>	<b>(140,262)</b>	<b>(130,731)</b>	<b>403,460</b>	<b>227,818</b>	<b>8,939,263</b>	<b>8,611,921</b>
Unallocated operating expenses									(2,404,633)	(2,066,509)
Profit from operations									6,534,630	6,545,412
Share of profit of Associates									7,133	2,933
Income tax expense									(2,022,048)	(2,058,408)
Non-controlling interest									(2,232)	(1,831)
<b>Net profit attributable to Equity holders of the parent company</b>									<b>4,517,483</b>	<b>4,488,106</b>

<i>As at June 30,</i>	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000
<b>Other information</b>										
Segment assets	386,126,750	338,398,131	18,852,598	22,255,010	249,615,012	173,877,112	5,873,302	5,064,733	660,467,662	539,594,986
							99,142	92,869	99,142	92,869
Unallocated Assets									23,601,405	18,875,487
<b>Total assets</b>									<b>684,168,209</b>	<b>558,563,342</b>
Segment liabilities	342,045,853	296,862,954	18,852,598	22,255,010	249,615,012	173,877,112	5,972,444	5,157,602	616,485,907	498,152,678
Unallocated liabilities									4,391,786	4,805,838
<b>Total liabilities</b>									<b>620,877,693</b>	<b>502,958,516</b>

<i>For the six months ended June 30,</i>	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000
<b>Information on cash flows</b>										
Cash flows from operating activities	13,991,330	(15,971,760)	2,082,176	1,607,346	(1,916,990)	10,488,538	(8,562,116)	(4,433,800)	5,594,400	(8,309,676)
Cash flows from investing activities	-	-	-	-	-	-	(937,123)	(757,079)	(937,123)	(757,079)
Cash flows from financing activities	-	9,768,750	-	-	(485,201)	(131,557)	-	-	(485,201)	9,637,193
Capital expenditure										
Property, Plant & Equipment									(531,263)	(437,863)
Intangible assets									611	(18,497)
(Unallocated)/Eliminations									(2,572,799)	(2,623,977)
<b>Net Cash Flow generated</b>									<b>1,068,625</b>	<b>(2,509,899)</b>



## Twenty largest voting shareholders as at June 30, 2014

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	119,806,122	14.82
Employees Provident Fund	78,806,032	9.75
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	52,349,247	6.47
Mr.Y.S. H. I. Silva	44,692,522	5.53
Sri Lanka Insurance Corporation Ltd. - Life Fund	40,851,867	5.05
CB NY S/A International Finance Corporation	40,381,198	4.99
Sri Lanka Insurance Corporation Ltd. - General Fund	35,126,985	4.34
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Asian Smaller Companies Fund	18,065,799	2.23
Distilleries Company of Sri Lanka PLC	17,621,541	2.18
HSBC Intl. Nominees Ltd. - SSBT -Wasatch Frontier Emerging Small Countries Fund	15,374,430	1.90
Mrs. L. E. M. Yaseen	12,700,623	1.57
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global Asia Pacific Equity Fund	10,905,077	1.35
Mercantile Investments and Finance PLC	10,405,566	1.29
Northern Trust Company S/A Harding Loevner Emerging Markets Portfolio	9,130,000	1.13
The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	8,198,498	1.01
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Emerging Markets Smaller Companies Fund	8,173,451	1.01
HSBC Intl. Nominees Ltd. - SSBT - Aberdeen Institutional Commingled Funds, LLC	7,807,156	0.97
HSBC Intl. Nominees Ltd. - JPMLU - Schroder International Selection Fund	7,731,166	0.96
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Institutional Fund, Inc. - Frontier Emerging Markets Portfolio	7,663,891	0.95
HSBC Intl. Nominees Ltd. - SSBT-Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	7,603,307	0.94
Sub total	553,394,478	68.44
Other Shareholders	255,207,231	31.56
Total	808,601,709	100.00

Percentage of public holding as at June 30, 2014 - 99.53%

## Twenty largest non-voting shareholders as at June 30, 2014

Name of the Shareholder	No. of Shares	%
HSBC Intl. Nominees Ltd. - JPMLU- Franklin Templeton Investment Funds	3,215,179	5.77
CITY Bank NY S/A Forward International Dividend Fund	1,916,549	3.45
Northern Trust Global Services Luxembourg S/A Ashmore Sicav Indian Small - Cap Equity Fund	1,849,111	3.33
CITY Bank NY S/A Forward Select EM Dividend Fund	1,651,446	2.97
GF Capital Global Limited	1,545,795	2.78
HINL - JPMCB - Butterfield Trust (Bermuda) Ltd.	1,379,083	2.48
Mr. J. D. Bandaranayake	1,098,285	1.98
Waldock Mackenzie Ltd / Mr. S.N.P. Palihena and Mrs. A.S. Palihena	1,000,000	1.80
M.J.F.Exports Ltd.	950,795	1.71
Mr. M. F. Hashim	746,733	1.34
Saboor Chatoor (Pvt) Ltd	724,000	1.30
Beta Holdings Limited	678,000	1.22
Northern Trust Company S/A Polar Capital Funds PLC	630,031	1.13
Employees Provident Fund	619,522	1.11
Asian Alliance Insurance PLC - A/C 02 (Life Fund)	504,482	0.91
Akbar Brothers (Pvt) Ltd. A/C No.01	497,214	0.89
Dr. A. K. A. Jayawardene	490,623	0.88
Mr. J. G. De Mel	490,000	0.88
Mrs. L. V. C. Samarasinha	465,833	0.84
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	442,126	0.80
Sub total	20,894,807	37.58
Other Shareholders	34,685,139	62.42
Total	55,579,946	100.00

Percentage of public holding as at June 30, 2014 - 99.82%

## Directors' holding in shares as at June 30, 2014

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.K.G.D.D Dheerasinghe - Chairman (Appointed as Chairman with effect from July 29, 2014)	20,653	-
Mr.D.S.Weerakkody - Former Chairman (Relinquished office as a Director/Chairman with effect from July 28, 2014)	26,867	12,452
Mr.M.P Jayawardena - Deputy Chairman (Appointed as Deputy Chairman with effect from July 29, 2014)	-	-
Mr.J.Durairatnam - Managing Director/Chief Executive Officer (Appointed as MD/CEO with effect from July 17, 2014)	379,087	-
Mr.W.M.R.S.Dias - Former Managing Director/Chief Executive Officer (Retired with effect from July 16, 2014)	740,708	-
Prof.U.P.Liyanage	-	-
Mr.L.Hulugalle	-	-
Mr.S.Swarnajothi	-	8,490
Mr.H.J Wilson (Appointed as a Non-Executive Director with effect from July 03, 2014)	-	-
Mr.S.Renganathan - (Appointed as an Executive Director/Chief Operating Officer with effect from July 17, 2014)	190,034	10,190

	2014 Rs.	2013 Rs.
<b>Market price of an ordinary share of the Bank as at June 30,</b>		
Voting	140.60	115.30
Non-Voting	105.40	94.80
<b>Highest price during the quarter ended June 30,</b>		
Voting	141.00	126.00
Non-Voting	107.00	102.00
<b>Lowest price during the quarter ended June 30,</b>		
Voting	118.00	108.30
Non-Voting	91.30	92.30
<b>Number of ordinary shares issued as at June 30,</b>		
Voting	808,601,709	794,084,866
Non-Voting	55,579,946	54,543,222

## EXPLANATORY NOTES

- 1 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2013. Further, these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting'. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
- 2 During the quarter there were no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through Debentures.
- 3 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- 4 The Board of Directors of the Bank has determined in principle, by duly passed resolution subsequent to the Reporting Period, to acquire the entirety of the issued and fully paid stated capital of Indra Finance Ltd, a Licensed Finance company for a total price of Rs.870 Mn, subject to completion of a detailed due diligence and obtaining all relevant regulatory approvals.
- 5 There were no material events that took place since June 30, 2014, that require disclosure in these Interim Financial Statements, other than those disclosed above.

### Auditors Opinion on the Financial Statements of the Bank as at June 30, 2014

The figures relating to the Bank have been extracted from the Financial Statements that had been audited by the External Auditors.

The Auditors expressed an unqualified opinion on the said Financial Statements prepared as at June 30, 2014 and for the period then ended.

INFORMATION ON DEBENTURES - BANK

19

Debenture categories	CSE Listing	Interest payable frequency	Balance as at June 30, 2014 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 %
Fixed rate											
May 2006/May 2016 13.25% p.a.	Not listed	Annually	505,000	-	-	-	13.25	13.25	7.25	Not traded during the current period	
Dec 2006/Dec 2016 14.00% p.a.	Listed	Annually	467,260	-	-	-	13.25	13.25	11.10	Not traded during the current period	
				Not traded during the current period			14.00	14.00	7.50	Not traded during the current period	
				Not traded during the current period			14.00	14.00	11.20	Not traded during the current period	
Floating rate											
Dec 2006/Dec 2016 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	400	Not traded during the current period			10.21	10.21	8.75	Not traded during the current period	
				Not traded during the current period			13.99	13.99	12.85	Not traded during the current period	
Total Debentures			972,660								

(Comparative information for 2013 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 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross loans and receivables	454,613,218	434,731,383	454,618,444	434,746,843
Less: Allowance for Individual impairment	4,387,425	4,204,654	4,387,425	4,204,654
Allowance for Collective impairment	12,565,191	11,582,514	12,565,191	11,582,514
<b>Net loans and receivables</b>	<b>437,660,602</b>	<b>418,944,215</b>	<b>437,665,828</b>	<b>418,959,675</b>

2 LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>By product - Domestic Currency</b>				
Loans and advances				
Overdrafts	62,922,363	64,263,957	62,922,533	64,263,957
Trade finance	33,760,930	32,341,285	33,760,930	32,341,285
Lease rental receivable	19,925,066	21,561,529	19,931,416	21,578,494
Credit cards	4,142,277	3,956,214	4,142,277	3,956,214
Pawning	3,157,252	6,995,603	3,157,252	6,995,603
Staff loans	4,162,699	3,773,611	4,161,405	3,772,106
Housing loans	28,334,812	27,248,649	28,334,812	27,248,649
Personal loans	17,181,427	16,237,144	17,181,427	16,237,144
Term loans				
Short-term	19,517,886	21,749,968	19,517,886	21,749,968
Long-term	115,688,188	102,726,045	115,688,188	102,726,045
Bills of Exchange	3,579,411	2,187,828	3,579,411	2,187,828
Securities purchased under resale agreements	20,538,825	6,618,100	20,538,825	6,618,100
<b>Sub total</b>	<b>332,911,136</b>	<b>309,659,933</b>	<b>332,916,362</b>	<b>309,675,393</b>
<b>Others</b>				
Government Securities	661,065	645,610	661,065	645,610
Investments	4,627,639	4,302,475	4,627,639	4,302,475
<b>Sub total</b>	<b>5,288,704</b>	<b>4,948,085</b>	<b>5,288,704</b>	<b>4,948,085</b>
<b>Gross loans and receivables</b>	<b>338,199,840</b>	<b>314,608,018</b>	<b>338,205,066</b>	<b>314,623,478</b>

	Group		Bank	
	As at 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>By product - Foreign Currency</b>				
Loans and advances				
Overdrafts	8,537,706	8,156,718	8,537,706	8,156,718
Trade finance	11,327,675	15,615,852	11,327,675	15,615,852
Lease rental receivable	224,436	217,216	224,436	217,216
Credit cards	45,758	43,405	45,758	43,405
Pawning	-	-	-	-
Staff loans	96,960	113,805	96,960	113,805
Housing loans	748,101	481,304	748,101	481,304
Personal loans	233,915	280,199	233,915	280,199
Term loans				
Short-term	7,977,775	8,886,299	7,977,775	8,886,299
Long-term	34,459,816	30,598,473	34,459,816	30,598,473
Bills of Exchange	4,116,482	2,855,831	4,116,482	2,855,831
Securities purchased under resale agreements	455,963	2,328,399	455,963	2,328,399
<b>Sub total</b>	<b>68,224,587</b>	<b>69,577,501</b>	<b>68,224,587</b>	<b>69,577,501</b>
<b>Others</b>				
Government Securities	48,187,421	50,471,323	48,187,421	50,471,323
Investments	1,370	74,541	1,370	74,541
<b>Sub total</b>	<b>48,188,791</b>	<b>50,545,864</b>	<b>48,188,791</b>	<b>50,545,864</b>
<b>Gross loans and receivables</b>	<b>116,413,378</b>	<b>120,123,365</b>	<b>116,413,378</b>	<b>120,123,365</b>
<b>Total of gross loans and receivables</b>	<b>454,613,218</b>	<b>434,731,383</b>	<b>454,618,444</b>	<b>434,746,843</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	
	As at 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Movement in Allowance for Individual Impairment</b>				
Opening balance	4,204,654	3,402,168	4,204,654	3,402,168
Charge/(Write back) to the Income Statement	1,452,403	3,021,394	1,452,403	3,021,394
Net write-off/(Recoveries) during the period	(1,353,366)	(2,320,881)	(1,353,366)	(2,320,881)
Exchange rate variance on foreign currency provisions	(5,109)	18,792	(5,109)	18,792
Interest accrued on impaired loans & advances	(142,131)	(304,712)	(142,131)	(304,712)
Other movements	230,974	387,893	230,974	387,893
<b>Closing balance</b>	<b>4,387,425</b>	<b>4,204,654</b>	<b>4,387,425</b>	<b>4,204,654</b>
<b>Movement in Allowance for Collective Impairment</b>				
Opening balance	11,582,514	10,099,059	11,582,514	10,099,059
Charge/(Write back) to the Income Statement	982,936	1,479,914	982,936	1,479,914
Exchange rate variance on foreign currency provisions	(259)	3,541	(259)	3,541
Other movements	-	-	-	-
<b>Closing balance</b>	<b>12,565,191</b>	<b>11,582,514</b>	<b>12,565,191</b>	<b>11,582,514</b>
<b>Total of Individual and Collective Impairment</b>	<b>16,952,616</b>	<b>15,787,168</b>	<b>16,952,616</b>	<b>15,787,168</b>

4 DUE TO OTHER CUSTOMERS - BY PRODUCT

	Group		Bank	
	As at 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>By product - Domestic Currency</b>				
Current account deposits	31,145,790	27,775,664	31,145,830	27,775,704
Savings deposits	139,868,965	119,827,302	139,933,187	119,827,302
Time deposits	203,159,977	191,597,280	203,188,294	191,651,217
Certificates of deposits	1,098,420	3,566,003	1,098,420	3,566,003
<b>Sub Total</b>	<b>375,273,152</b>	<b>342,766,249</b>	<b>375,365,731</b>	<b>342,820,226</b>
<b>By product - Foreign Currency</b>				
Current account deposits	9,090,218	9,111,749	9,090,218	9,111,749
Savings deposits	40,207,193	39,594,656	40,207,193	39,594,656
Time deposits	62,935,635	59,626,292	62,935,635	59,626,292
Certificates of deposits	-	-	-	-
<b>Sub Total</b>	<b>112,233,046</b>	<b>108,332,697</b>	<b>112,233,046</b>	<b>108,332,697</b>
<b>Total</b>	<b>487,506,198</b>	<b>451,098,946</b>	<b>487,598,777</b>	<b>451,152,923</b>

**NAME OF COMPANY**

Commercial Bank of Ceylon PLC

**TAX PAYER IDENTIFICATION NUMBER (TIN)**

124006007

**LEGAL FORM**

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

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

- AA (lka) was re-affirmed by Fitch Ratings Lanka Ltd. in August 2013.
- AA+ was re-affirmed by Ram Ratings Lanka Ltd. in August 2013.

**Bangladesh Operation**

- AAA was re-affirmed by Credit Rating Information Services Ltd. in 2013.

**COMPANY REGISTRATION NUMBER**

PQ116

**COMPLIANCE OFFICER**

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

**STOCK EXCHANGE LISTING**

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

**LAWYERS**

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

**REGISTERED OFFICE**

"Commercial House",  
No. 21, Sir Razik Fareed Mw.  
P.O. Box 856,  
Colombo 1, Sri Lanka.  
Telephone : 2430420, 2336700  
2445010-15 ,2486000, 4792000  
Tele-Banking :2336633-5  
Telex :21520 COMEX CE  
Facsimile : 941-112449889  
SWIFT Code-Sri Lanka : CCEYLK LX  
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  
(Appointed as Chairman with effect from July 29, 2014)  
Mr.M.P Jayawardena - Deputy Chairman  
(Appointed as Deputy Chairman with effect from July 29, 2014)  
Mr.J.Durairatnam - Managing Director/Chief Executive Officer  
(Appointed as MD/CEO with effect from July 17, 2014)  
Prof.U.P.Liyanage  
Mr.L.Hulugalle  
Mr.S.Swarnajothi  
Mr.H.J Wilson  
(Appointed as a Non-Executive Director with effect from July 03, 2014)  
Mr.S.Renganathan  
(Appointed as an Executive Director/Chief Operating Officer with effect from July 17, 2014)

**ACCOUNTING YEAR**

December 31