

SEYLAN BANK PLC

FINANCIAL STATEMENTS

Year ended 31st December, 2020



INCOME STATEMENT

(In terms of Rule 7.4 of the Colombo Stock Exchange)	Amounts in Rupees Thousand											
	Bank			Bank			Group			Group		
	For the Year ended 31st December			For the Quarter ended 31st December			For the Year ended 31st December			For the Quarter ended 31st December		
	2020	2019	Growth %	2020	2019	Growth %	2020	2019	Growth %	2020	2019	Growth %
Interest Income	52,320,397	55,423,358	(5.60)	11,943,986	13,783,455	(13.35)	52,328,078	55,430,879	(5.60)	11,946,037	13,785,857	(13.35)
Less: Interest Expenses	32,822,642	36,790,839	(10.73)	7,318,372	8,924,606	(18.00)	32,517,295	36,488,082	(10.83)	7,242,496	8,848,864	(18.15)
Net Interest Income	19,497,755	18,632,519	4.64	4,625,614	4,858,849	(4.80)	19,810,783	18,942,797	4.58	4,703,541	4,936,993	(4.73)
Fee and Commission Income	3,331,545	4,457,325	(11.80)	1,149,876	1,217,022	(5.52)	3,331,327	4,457,109	(11.80)	1,149,744	1,217,011	(5.53)
Less: Fee and Commission Expenses	201,935	224,554	(10.07)	38,672	66,129	(41.52)	203,023	224,554	(9.59)	39,384	66,129	(40.44)
Net Fee and Commission Income	3,129,610	4,232,771	(11.89)	1,111,204	1,150,893	(3.45)	3,128,304	4,232,555	(11.91)	1,110,360	1,150,882	(3.52)
Net Gains/(Losses) from Trading	347,554	(497,595)	169.85	225,125	196,012	14.85	348,743	(496,010)	170.31	225,439	197,508	14.14
Net Gains from Derecognition of Financial Assets	782,565	320,472	144.19	73,548	140,085	(47.50)	782,565	320,472	144.19	73,548	140,085	(47.50)
Net Other Operating Income	1,057,777	1,666,094	(36.51)	84,406	8,735	866.30	1,052,679	1,643,799	(35.96)	140,792	23,472	499.83
Total Operating Income	25,415,261	24,354,261	4.36	6,119,897	6,354,574	(3.69)	25,723,074	24,643,613	4.38	6,253,690	6,448,940	(3.03)
Less: Impairment Charges	6,992,976	3,882,718	80.11	1,577,253	735,143	114.55	6,992,976	3,882,718	80.11	1,577,253	735,159	114.55
Net Operating Income	18,422,285	20,471,543	(10.01)	4,542,644	5,619,431	(19.16)	18,730,098	20,760,895	(9.78)	4,676,437	5,713,781	(18.16)
Less: Operating Expenses	6,890,768	6,573,808	4.82	1,752,223	1,738,445	0.79	6,924,693	6,608,038	4.79	1,758,100	1,744,033	0.81
Personnel Expenses	1,447,311	1,300,816	11.26	364,887	334,680	9.03	1,466,206	1,327,111	11.99	375,690	328,053	14.52
Depreciation and Amortisation Expenses	4,444,663	4,731,136	(6.06)	1,145,196	1,036,182	10.52	4,495,267	4,791,493	(6.18)	1,150,995	1,100,132	5.35
Total Operating Expenses	12,782,742	12,605,760	1.40	3,262,306	3,109,307	4.92	12,906,166	12,726,642	1.41	3,292,785	3,172,218	3.80
Operating Profit before Taxes	5,639,543	7,865,783	(28.30)	1,280,338	2,510,124	(48.99)	5,823,932	8,034,253	(27.51)	1,383,652	2,541,563	(45.56)
Less: Value Added Tax on Financial Services	1,528,296	1,621,116	(5.73)	342,712	422,942	(18.97)	1,528,296	1,621,116	(5.73)	342,712	422,942	(18.97)
Less: Nation Building Tax on Financial Services	-	193,281	(100.00)	-	33,524	(100.00)	-	193,281	(100.00)	-	33,524	(100.00)
Less: Debt Repayment Levy	-	952,746	(100.00)	-	250,573	(100.00)	-	952,746	(100.00)	-	250,573	(100.00)
Profit before Income Tax	4,111,247	5,098,640	(19.37)	937,626	1,803,085	(48.00)	4,295,636	5,267,110	(18.44)	1,040,940	1,834,524	(43.26)
Less: Income Tax Expense	1,099,947	1,418,378	(22.45)	147,861	646,638	(77.13)	1,197,578	1,468,858	(18.47)	178,110	646,739	(72.46)
Profit for the Year	3,011,300	3,680,262	(18.18)	789,765	1,156,447	(31.71)	3,098,058	3,798,252	(18.43)	862,830	1,187,785	(27.36)
Attributable to:												
Equity Holders of the Bank	3,011,300	3,680,262	(18.18)	789,765	1,156,447	(31.71)	3,038,629	3,732,691	(18.59)	841,283	1,178,545	(28.62)
Non-controlling Interest	-	-	-	-	-	-	59,429	65,561	(9.35)	21,547	9,240	133.19
Profit for the Year	3,011,300	3,680,262	(18.18)	789,765	1,156,447	(31.71)	3,098,058	3,798,252	(18.43)	862,830	1,187,785	(27.36)
Basic / Diluted Earnings per Ordinary Share (Rs.)	5.82	8.70	(33.10)	1.53	2.57	(40.47)	5.88	8.83	(33.41)	1.63	2.62	(37.79)

STATEMENT OF CASH FLOWS (AUDITED)

For the Year ended 31st December	Amounts in Rupees Thousand							
	BANK				GROUP			
	2020	2019	2020	2019	2020	2019	2020	2019
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Cash Flows from Operating Activities	49,947,784	53,327,880	49,955,465	53,335,401	(31,104,810)	(32,820,976)	(31,094,690)	(32,817,258)
Interest Receipts	3,729,610	4,232,771	3,729,610	4,232,771	3,729,610	4,232,771	3,729,610	4,232,771
Interest Payments	(16,587)	(6,249,124)	(16,587)	(6,249,124)	(16,587)	(6,249,124)	(16,587)	(6,249,124)
Net Commission Receipts	(6,611,995)	(2,694,167)	(6,611,995)	(2,694,167)	(6,611,995)	(2,694,167)	(6,611,995)	(2,694,167)
Trading Income	(6,611,995)	(2,694,167)	(6,611,995)	(2,694,167)	(6,611,995)	(2,694,167)	(6,611,995)	(2,694,167)
Payments to Employees	2,455,564	2,780,711	2,455,564	2,780,711	2,455,564	2,780,711	2,455,564	2,780,711
VAT and MBT on Financial Services and DRL	(4,412,335)	(5,067,052)	(4,412,335)	(5,067,052)	(4,412,335)	(5,067,052)	(4,412,335)	(5,067,052)
Receipts from Other Operating Activities	12,959,939	13,576,630	12,959,939	13,576,630	12,959,939	13,576,630	12,959,939	13,576,630
Payments on Other Operating Activities	7,087,767	4,013,305	7,087,767	4,013,305	7,087,767	4,013,305	7,087,767	4,013,305
Financial Assets at Amortised Cost - Loans & Advances	(18,421,886)	(54,623,855)	(18,421,886)	(54,623,855)	(18,421,886)	(54,623,855)	(18,421,886)	(54,623,855)
Other Assets	178,558	(2,784,945)	178,558	(2,784,945)	178,558	(2,784,945)	178,558	(2,784,945)
Financial Liabilities at Amortised Cost - Due to Depositors	40,673,176	42,076,603	40,673,176	42,076,603	40,673,176	42,076,603	40,673,176	42,076,603
Financial Liabilities at Amortised Cost - Due to Debt Securities Holders	(5,824,851)	(12,663,143)	(5,824,851)	(12,663,143)	(5,824,851)	(12,663,143)	(5,824,851)	(12,663,143)
Financial Liabilities at Amortised Cost - Due to Other Borrowers	(9,284)	(8,611)	(9,284)	(8,611)	(9,284)	(8,611)	(9,284)	(8,611)
Other Liabilities	(704,858)	1,061,377	(704,858)	1,061,377	(704,858)	1,061,377	(704,858)	1,061,377
Due to Banks	3,910,058	2,390,848	3,910,058	2,390,848	3,910,058	2,390,848	3,910,058	2,390,848
Cash (Used in) / Generated from Operating Activities before Income Tax	39,858,619	(6,862,104)	39,766,941	(6,862,104)	39,858,619	(6,862,104)	39,766,941	(6,862,104)
Income Tax Paid	(976,468)	(1,827,863)	(976,468)	(1,827,863)	(976,468)	(1,827,863)	(976,468)	(1,827,863)
Net Cash (Used in) / Generated from Operating Activities	38,882,151	(8,789,967)	38,790,473	(8,789,967)	38,882,151	(8,789,967)	38,790,473	(8,789,967)
Cash Flows from Investing Activities	(512,836)	(1,321,767)	(528,926)	(1,374,033)	(512,836)	(1,321,767)	(528,926)	(1,374,033)
Purchase of Property, Plant & Equipment	-	-	-	-	-	-	-	-
Improvements to Investment Properties	15,896	38,302	15,896	38,302	15,896	38,302	15,896	38,302
Proceeds from Sale of Property, Plant & Equipment	15,896	38,302	15,896	38,302	15,896	38,302	15,896	38,302
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka	(19,049,789)	4,826,187	(19,049,789)	4,826,187	(19,049,789)	4,826,187	(19,049,789)	4,826,187
Treasury Bills/Bonds and Development and Sovereign Bonds maturing after Three Months	38,381	(124,860)	38,381	(124,860)	38,381	(124,860)	38,381	(124,860)
Net Proceeds from Sale, Maturity and Purchase of Financial Investments - of Shares and Debentures	4,433	1,819	4,433	1,819	4,433	1,819	4,433	1,819
Reverse Repurchase Agreements maturing after Three Months	(177,129)	(185,862)	(177,129)	(185,862)	(177,129)	(185,862)	(177,129)	(185,862)
Net Purchase of Intangible Assets	-	-	-	-	-	-	-	-
Net Cashflow from Acquisition of Investment in Subsidiaries	-	-	-	-	-	-	-	-
Net Cashflow from Disposal of Subsidiaries	-	-	-	-	-	-	-	-
Dividend Received from Investment in Subsidiaries	114,765	89,726	114,765	89,726	114,765	89,726	114,765	89,726
Dividend Received from Other Investments	19,173	24,989	19,173	24,989	19,173	24,989	19,173	24,989
Net Cash (Used in) / Generated from Investing Activities	(19,549,116)	3,598,054	(19,703,286)	3,428,997	(19,549,116)	3,598,054	(19,703,286)	3,428,997
Cash Flows from Financing Activities	-	4,389,238	-	4,389,238	-	4,389,238	-	4,389,238
Net Proceeds from the Issue of Ordinary Share Capital	-	-	-	-	-	-	-	-
Net Proceeds from the Issue of Other Equity Instruments	-	5,000,000	-	4,971,000	-	5,000,000	-	4,971,000
Net Proceeds from the Issue of Subordinated Debt	(2,806,040)	(1,866,550)	(2,806,040)	(1,866,550)	(2,806,040)	(1,866,550)	(2,806,040)	(1,866,550)
Interest Paid on Subordinated Debt	(2,232,788)	(1,577,377)	(2,232,788)	(1,577,377)	(2,232,788)	(1,577,377)	(2,232,788)	(1,577,377)
Interest Paid on Un-subordinated Debt	(241,770)	(402,293)	(241,770)	(402,293)	(241,770)	(402,293)	(241,770)	(402,293)
Dividend Paid to Non-controlling Interest	-	(49,720)	-	(49,720)	-	(49,720)	-	(49,720)
Dividend Paid to Shareholders of the Bank	(502,788)	(287,567)	(502,788)	(287,567)	(502,788)	(287,567)	(502,788)	(287,567)
Dividend Paid to Holders of Other Equity Instruments	-	-	-	-	-	-	-	-
Payment of Principal Portion of Lease Liability	(750,540)	(748,544)	(750,540)	(748,544)	(750,540)	(748,544)	(750,540)	(748,544)
Net Cash (Used in) / Generated from Financing Activities	(6,533,838)	4,506,907	(6,287,988)	4,506,907	(6,533,838)	4,506,907	(6,287,988)	4,506,907
Net Increase/(Decrease) in Cash and Cash Equivalents	12,799,199	(685,006)	12,799,199	(685,006)	12,799,199	(685,006)	12,799,199	(685,006)
Cash and Cash Equivalents at Beginning of the Year	24,717,667	25,401,673	24,717,667	25,401,673	24,717,667	25,401,673	24,717,667	25,401,673
Cash and Cash Equivalents at End of the Year	37,516,866	24,716,667	37,516,866	24,716,667	37,516,866	24,716,667	37,516,866	24,716,667
Reconciliation of Cash and Cash Equivalents	10,044,937	11,775,495	10,044,937	11,775,495	10,044,937	11,775,495	10,044,937	11,775,495
Cash and Cash Equivalents	10,784,450	11,775,495	10,784,450	11,775,495	10,784,450	11,775,495	10,784,450	11,775,495

SEYLAN BANK PLC

FINANCIAL STATEMENTS

Year ended 31st December, 2020



EXPLANATORY NOTES

1. General
The Financial Statements of the Bank and Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka. There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report.

The Interim Financial Statements of the Bank and the Group have been prepared & presented in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and provided necessary disclosure to comply with LKAS 34, Interim Financial Reporting.

The group financial statements comprise a consolidation of the Financial Statements of the Company and its subsidiary Seylan Developments PLC (70.51%).

Covid 19 Impact

The socio-economic impact of Corona Virus Disease (Covid 19) pandemic situation has a direct and substantial impact on the Bank's normal business/operations to a certain extent. The Bank has strictly complied with the guidelines and directives issued with this regard by the Government, the Central Bank of Sri Lanka and other regulators, while closely monitoring its working capital to balance the cash inflow and outflow measurements. The Bank ensured health and safety protocols for its staff and the customers. Agile strategic planning and execution of strategic decisions were taken with Board members, senior management team and other connected staff members in order to promptly respond to the situation and its subsequent impact on Bank's Business. The Bank will continue to take necessary protocols and actions to support the pandemic situation.

2. Information on Ordinary Shares

Market Price (Rs.)	31/12/2020		31/12/2019	
	Voting	Non-Voting	Voting	Non-Voting
Market Price Per Share	46.00	34.00	52.50	33.80
Highest price per share during the quarter ended	48.40	34.40	60.00	37.50
Lowest price per share during the quarter ended	40.00	28.70	49.30	27.10

3. Shareholders' Information

3.1 Twenty Largest Ordinary Voting Shareholders as at December 31, 2020

	No. of Shares	%
1 Sri Lanka Insurance Corporation Ltd [Includes General Fund and Life Fund]	38,507,542	15.00
2 Brown & Company PLC/A/C No. 01	35,619,312	13.87
3 Mr. K.D.D. Perera	25,390,669	9.89
4 Employees Provident Fund	25,305,909	9.86
5 L.D.C. Investments Ltd.	24,520,351	9.55
6 National Development Bank PLC	22,238,200	8.72
7 Bank of Ceylon No. 1 Account	14,440,329	5.62
8 Seylan Bank PLC A/C No. 04 - Employees' Gratuity Trust Fund	13,317,202	5.19
9 People's Leasing & Finance PLC /Don and Don Holdings (Pvt) Ltd.	6,814,650	2.65
10 Employees' Trust Fund Board	5,458,926	2.13
11 Sial Investment Holdings (Pvt) Ltd.	2,763,796	1.08
12 NDB Capital Holdings Limited A/C No. 02	2,600,214	1.01
13 AIA Insurance Lanka Ltd. A/C No. 07	2,389,114	0.93
14 Mr. M.J. Fernando	1,296,330	0.50
15 Mr. R.R. Leon	1,214,825	0.47
16 Mr. K.R.B. Fernando	1,110,792	0.43
17 Sampath Bank PLC/Dr. T. Senthilvel	999,679	0.39
18 Dr. T. Senthilvel	730,336	0.28
19 Seshop (Pvt) Ltd.	687,611	0.27
20 Esots (Pvt) Ltd.	675,813	0.26

3.2 Twenty Largest Ordinary Non-Voting Shareholders as at December 31, 2020

	No. of Shares	%
1 LOLC Holdings PLC	119,758,426	46.01
2 Employees' Provident Fund	13,884,618	5.33
3 People's Leasing & Finance PLC /Don and Don Holdings (Pvt) Ltd.	8,466,079	3.25
4 Akbar Brothers Pvt Ltd A/C No. 01	5,590,459	2.15
5 Deutsche Bank AG as Trustee For JB Vantage Value Equity Fund	4,807,733	1.85
6 Mr. R.S. Caplan	4,305,165	1.65
7 Employees' Trust Fund Board	4,141,328	1.59
8 Acuity Partners (Pvt) Ltd/Mr. E. Thavagnanasooriyam & Mr. E. Thavagnanasundaram	3,800,000	1.46
9 Pershing LLC S/A Averbach Grauson & Co	3,676,464	1.41
10 People's Leasing & Finance PLC/Mrs. P. Thavarajah	3,606,977	1.39
11 Merrill J. Fernando & Sons (Pvt) Limited	2,891,466	1.11
12 First Capital Limited	2,628,985	1.01
13 Mr. R. R. Leon	2,387,974	0.92
14 LOLC Technology Services Limited	2,273,063	0.87
15 J.B. Cocoshell (Pvt) Ltd.	2,145,653	0.82
16 Mr. N. Balasingam	2,036,473	0.78
17 GF Capital Global Ltd.	1,557,271	0.60
18 Mr. M.J. Fernando	1,425,131	0.55
19 Mr. R. Gastam	1,397,119	0.54
20 Mr. D.N.N. Lokuge	1,387,958	0.53

3.3 Public Holdings as at December 31, 2020

The Bank is compliant under Option 3 of the Section 7.13.1 (Minimum Public Holding requirement) of the Rules of the Colombo Stock Exchange.
 Float adjusted market capitalization - Rs. 6,477 Bn.
 Public Holding Percentage - 54.85 %
 Number of Public Shareholders - 10,235

4. Directors' and Chief Executive Officer's Shareholdings as at December 31, 2020

Name of Director	No. of Shares (Ordinary Voting)	No. of Shares (Ordinary Non-voting)
Mr. W.M.R.S. Dias, Non-Executive Director / Chairman	Nil	Nil
Mr. W.D.K. Jayawardena, Non-Executive Director/Deputy Chairman	Nil	Nil
Ms. M.C. Pietersz, Independent Director/Senior Director	Nil	Nil
Mr. K.P. Ariyaratne, Director/Chief Executive Officer	64,502	214,150
Mr. P.L.S.K. Perera, Independent Director	Nil	Nil
Mr. S.V. Corea, Non-Executive Director	99	Nil
Mr. A.S. Wijesinha, Independent Director	Nil	Nil
Mrs. S.K. Salgado, Independent Director	Nil	Nil
Mr. D.M.D.K. Thilakarathne, Non-Executive Director	Nil	Nil
Mr. D.R. Abeyasinghe, Independent Director	Nil	Nil
Mrs. V.G.S.S. Kotakadanjaya, Alternate Director to Non-Executive Director, Mr. W.D.K. Jayawardena	Nil	Nil

5. Stated Capital as at December 31, 2020

	Rs. '000
33,560,000 Voting Ordinary Shares @ Rs. 10/- each	335,600
4,000,000 Voting Ordinary Shares @ Rs. 25/- each	100,000
92,440,000 Voting Ordinary Shares @ Rs. 35/- each	3,235,400
2,644,068 Voting Ordinary Shares @ Rs. 59/- each	156,000
43,333,333 Voting Ordinary Shares @ Rs. 75/- each	3,250,000
3,636,268 Voting Ordinary Shares @ Rs. 98/- each	356,354
4,490,341 Voting Ordinary Shares @ Rs. 99/- each	404,131
4,504,294 Voting Ordinary Shares @ Rs. 70/30 each	316,659
62,869,468 Voting Ordinary Shares @ Rs. 45/25 each	2,844,444
5,239,122 Voting Ordinary Shares @ Rs. 48/- each	251,477
83,560,000 Non-Voting Ordinary Shares @ Rs. 12/50 each	1,044,500
40,000,000 Non-Voting Ordinary Shares @ Rs. 25/- each	1,000,000
45,423,009 Non-Voting Ordinary Shares @ Rs. 35/- each	1,589,805
5,859,428 Non-Voting Ordinary Shares @ Rs. 58/40 each	342,919
7,152,645 Non-Voting Ordinary Shares @ Rs. 55/- each	393,395
7,114,354 Non-Voting Ordinary Shares @ Rs. 44/- each	313,031
63,036,478 Non-Voting Ordinary Shares @ Rs. 24/50 each	1,544,394
8,160,061 Non-Voting Ordinary Shares @ Rs. 30/90 each	252,146
Less: Issue Expenses	(181,580)
	17,548,347

6. Basic/Diluted Earnings per Share

Basic Earnings per share has been calculated by dividing profit after tax attributable to the equity holders of the Bank by the weighted average number of shares in issue (both Voting & Non-voting) during the year ended December 31, 2020. Diluted Earnings per Share and the Basic Earnings per Share is the same due to non-availability of potentially dilutive ordinary shares. Weighted average number of ordinary shares as at December 31, 2019 has been restated based on the no of shares issued for Scrip Dividend 2019.

7. Events after the Reporting Date

Proposed Final Dividend

The Board of Directors of the Bank recommended a first and final dividend of Rs. 1.50 per share on both voting and non-voting shares of the Bank for the financial year ended 31st December 2020, to be paid in the form of a scrip dividend of Rs. 1.50 per share (Rs. 2.00 per share was paid for the year ended 31st December 2019) by way of Rs. 1.00 per share cash dividend and Rs. 1.00 per share scrip dividend).

The said dividend is subject to the approval of the shareholders at the Annual General Meeting of the Bank to be held on 30th March 2021. This proposed final dividend has not been recognized as a liability as at 31st December 2020.

8. Other Matters

i. Redemption of Debentures 2014/2020

28,060,400 debentures of LKR 100/- each amounting to LKR 2,806,040,000/- which were allotted on 23rd December 2014 (6-year category) were redeemed on 23rd December 2020.

ii. Gratuity

The Bank has not recognized an additional gratuity liability in the financial statement for ex-employees who have not entered into the "Memorandum of settlement (MOS)" with the Bank, giving the right to settle the said liability by utilizing proceeds expected from disposal of shares held by share trust companies, as the liability is contingent upon the signing the "Memorandum of Settlement" and the prevailing Share Prices as at that date of signing. If the above uncertainties are resolved, the Bank estimates an additional cash outflow of Rs.122Mn. (net of tax) as of December 31, 2020.

iii. Corporate Income Tax rate

It has been proposed to reduce income tax rate on companies from 28% to 24% pending formal approval from the Parliament as an amendment to the Inland Revenue Act No. 24 of 2017. As it is not considered as substantially enacted as at the reporting date, the tax rate adapted for the computation of deferred tax remains at 28%.

iv. Expected Credit Loss Computation

The Bank's estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) as at December 31, 2020 and Economic Factor Adjustment (EFA) applying the recent forecasts and projections published by the Central Bank of Sri Lanka. Further, management overlay was computed based on the stress testing the exposures to risk elevated sectors, to address the potential implications of Covid - 19 pandemic and the moratorium schemes introduced to support the recovery of the economy and impairment provision was made accordingly.

v. Assessment of Impairment of Foreign Currency Denominated Government Securities

The accounting for impairment of FCY denominated Government Securities is based on the ratings published by Fitch and the Bank's internal policy. The Bank has however, incorporated an additional Expected Credit Loss in the financials due to the country's downgrading.

vi. Fair Value Hedge Accounting

The Bank has applied the fair value hedge accounting for part of foreign currency liabilities which include foreign borrowing using forward contracts effective from July 01, 2020. Accordingly, the gain or loss relating to derivative contracts that have been designated as hedge instrument and the foreign exchange gain or loss from foreign currency liabilities designated as hedge items have been reported on net basis.

vii. Proposed Debenture Issue

The Board of Directors of the Bank at the meeting held on July 29, 2020 decided that the Bank shall raise a maximum sum of Rs. 10 Billion by way of a public issue, Hundred Million fully paid Debentures at a par value of Rs. 100/- each, comprising the following debenture instruments:

- (i) Senior, Listed, Rated, Unsecured, Redeemable Debentures
- (ii) Basel III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a feature for Non-Viability Conversion to Ordinary Voting Shares by the Company - limited to qualified investors.

At the Extraordinary General Meeting of the Bank held on 4th November 2020, the shareholders approved the issue of BASEL III compliant Debentures described under (ii) above.

At the meeting of the Board of Directors ("the board") held on 26th November 2020, the Board taking into consideration the prevailing market conditions decided to postpone the debenture issue to the first half of 2021. The Board decided to review the market conditions during the first quarter in 2021 and consider the timing of proceeding with the issue subject to receiving the approval of the CSE on the listing of the Debentures. An announcement will be made to the CSE, accordingly.

9. Comparative Figures

Comparative figures have been re-classified where necessary, to conform to the current period presentation.

During the quarter there were no material changes in Contingent Liabilities, composition of Assets and Liabilities and use of funds raised by the Bank.

All known expenditure items have been provided in these Interim Accounts.

STATEMENT OF CHANGES IN EQUITY - BANK (AUDITED)

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Other Reserves		Total	
	Ordinary Shares Voting	Ordinary Shares Non-Voting			Revaluation Reserve	FVOCI Reserve **		Other Reserves
1 Balance as at 01st January 2019	7,723,207	4,302,588	1,768,944	19,798,647	866,290	(1,879,301)	2,029,424	34,609,799
Total Comprehensive Income for the Year	-	-	-	3,680,262	-	-	-	3,680,262
Profit for the Year	-	-	-	3,680,262	-	-	-	3,680,262
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-
- Actuarial Gains on Defined Benefit Obligations	-	-	-	177,461	-	-	-	177,461
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,828,712	-	1,828,712
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	289,432	-	289,432
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(62,073)	(62,073)
2 Total Comprehensive Income for the Year	-	-	-	3,857,723	-	2,118,144	(62,073)	5,913,794
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Cash/Scrip Dividend to Equity Holders	316,659	313,032	-	(915,248)	-	-	-	(285,557)
Rights Issue	2,844,844	1,544,394	-	-	-	-	-	4,389,238
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	7,987	(7,987)	-	-	-
Transferred to Statutory Reserve Fund*	-	-	184,013	(184,013)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	5,090	-	-	-	(5,090)
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	253,062	-	(253,062)	-	-
3 Total Transactions with Equity Holders	3,161,503	1,857,426	184,013	(833,131)	(7,987)	(253,062)	(5,090)	4,103,681
Balance as at 31st December 2019 (1 + 2 + 3)	10,884,710	6,160,014	1,952,957	22,823,239	858,312	(14,219)	1,962,261	44,627,274
1 Balance as at 01st January 2020	10,884,710	6,160,014	1,952,957	22,823,239	858,312	(14,219)	1,962,261	44,627,274
Total Comprehensive Income for the Year	-	-	-	3,011,300	-	-	-	3,011,300
Profit for the Year	-	-	-	3,011,300	-	-	-	3,011,300
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,480)	-	-	-	(495,480)
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,238,707	-	1,238,707
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,062,026	-	1,062,026
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772
2 Total Comprehensive Income for the Year	-	-	-	2,515,820	-	2,300,733	26,772	4,843,325
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Cash/Scrip Dividend to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)
Transferred to Statutory Reserve Fund*	-	-	150,565	(150,565)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	500,795	-	-	-	(500,795)
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	1,490	-	(1,490)	-	-
Net Losses on Reclassification of Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-
3 Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,624)
Balance as at 31st December 2020 (1 + 2 + 3)	11,136,187	6,412,160	2,103,522	24,883,224	858,312	2,285,332	1,488,238	49,966,975

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax).

** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve

STATEMENT OF CHANGES IN EQUITY - GROUP (AUDITED)

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Other Reserves		Total	Non-Controlling Interest	Total Equity	
	Ordinary Shares Voting	Ordinary Shares Non-Voting			Revaluation Reserve	FVOCI Reserve **				Other Reserves
1 Balance as at 01st January 2019	7,723,207	4,302,588	1,768,944	20,419,229	1,662,627	(1,914,326)	2,264,637	36,246,906	1,216,457	37,463,363
Total Comprehensive Income for the Year	-	-	-	3,732,691	-	-	-	3,732,691	65,561	3,798,252
Profit for the Year	-	-	-	3,732,691	-	-	-	3,732,691	65,561	3,798,252
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-
- Revaluation of Property, Plant and Equipment	-	-	-	-	60,088	-	-	60,088	25,131	85,219
- Actuarial Gains on Defined Benefit Obligations	-	-	-	175,841	-	-	-	175,841	(678)	175,163
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,832,262	-	1,832,262	1,485	1,833,747
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	290,067				