		Ni	F		A N		\ L	S T	' A T	EN	PLC ENTS ember, 2020		The b.	SEYL BANK	
INCOME STATEMENT							(Amour	nts in Rup	ees Thou	sands)	CASH FLOW STATEMENT		(An	ounts in Rupee	e
In terms of Rule 7.4 of the Colombo Stock Exchange	For the Nine M 30th Sep 2020 2	tember 019 Growth	30th 2020	Bank Quarter End September 2019 (	Growth	or the Nine Mo 30th Septe 2020 2	mber 019 Growt	30 h 2020		r Growth	For the Nine Months ended 30th September Cash Flows from Operating Activities Interest receipts Interest receipts	BA 2020 LKR '000 35,261,796 (23,955,857)	NK 2019 LKR '000 (Restated) 40,910,579 (25,608,498)	GR( 2020 LKR '000 35,267,426 (23,743,596)	δU
nterest Income ess: Interest Expenses et Interest Income	(Rest: 40,376,411 41,639 25,504,270 27,866 14,872,141 13,773	,903 (3.03 ,233 (8.48)	13,402,523 1 7,872,355	9,231,046	(14.72) 25,	(Resta 382,041 41,645 274,809 27,639 107,232 14,005	022 (3.0 218 (8.5	% (3) 13,404,428 (5) 7,796,521 (6 5,607,907	9,155,836	(6.03) (14.85) <b>9.79</b>	Net commission receipts Trading income Payments to employees VAT and NBT on financial services and DRL Receipts from other operating activities Payments on other operating activities Operating profit before changes in operating assets and liabilities	2,618,406 162,532 (4,850,951) (1,051,842) 1,100,649 (2,655,974) 6,628,759	(2),006,486 ) 3,085,585 58,979 (4,680,955 ) (1,950,155 ) 2,285,965 (3,255,730 ) <b>10,845,770</b>	2,617,944 163,407 (4,872,887) (1,051,842) 1,153,929 (2,692,779) <b>6,841,602</b>	
e and Commission Income ss: Fee and Commission Expenses <b>t Fee and Commission Income</b>	2,781,669 3,240 163,263 158 <b>2,618,406 3,081</b>	,425 3.05	62,559	54,157	15.51	781,583 3,240 163,639 158 <b>617,944 3,081</b> ,	425 3.2		54,157	(10.81) 15.51 (12.07)	(Increase)/ decrease in operating assets: Balances with Central Bank of Sri Lanka Financial assets at amortized cost - Loans and advances Other assets (Increase)/ decrease in operating liabilities:	7,291,550 (1,711,839) 487,344	3,778,820 (27,274,701) (2,396,441)	7,291,550 (1,711,839) 428,448	
et Gains/(Losses) from Trading et Gains from Derecognition of Financial Assets et Operating Income <b>stal Operating Income</b>					(21.35)	123,304 (693, 709,017 180, 911,887 1,620, <b>469,384 18,19</b> 4	327 (43.7	· · · · · · ·	29,889 431,803	· · · /	Financial liabilities at amortized cost - Due to Depositors Financial liabilities at amortized cost - Due to Debt Securities Holders Financial liabilities at amortized cost - Due to Other Borrowers Other liabilities Due to banks <b>Cash generated from operating activities before income tax</b>	26,011,091 (5,513,088) (7,604) 219,255 5,702,497 <b>39,107,965</b>	18,809,881 (7,209,387) (7,188) 1,278,886 98,876 (2,075,484)	26,011,091 (5,513,088) (7,604) 25,614 5,702,497 <b>39,068,271</b>	
ess: Impairment Charges	5,415,723 3,147			1,419,440		415,723 3,147		6 2,755,386	.,,	94.12	Income tax paid Net cash (used in)/generated from operating activities	(818,162) 38,289,803	(1,426,386) (3,501,870)	(818,162) 38,250,109	F
Net Operating Income Less: Operating Expenses Personnel Expenses Depreciation and Amortization Expenses Dubre Expenses Total Operating Expenses	13,879,641         14,852           5,138,545         4,835           1,082,424         966           3,299,467         3,694           9,520,436         9,496	,363 6.27 ,136 12.04 ,954 (10.70)	360,348	1,657,057 332,955 1,238,843	(0.02) 5, 8.23 1, (8.60) 3,	053,661 15,047 166,593 4,864 110,516 999 336,272 3,691 613,381 9,554	005 6.2 058 11.1 361 (9.6	<ul> <li>4,440,816</li> <li>1,666,021</li> <li>370,088</li> <li>1,143,632</li> <li>3,179,741</li> </ul>	1,667,508 355,578 1,212,005	(14.89) (0.09) 4.08 (5.64) (1.71)	Cash flows from investing activities Purchase of property, plant & equipment Improvements in Investment property Proceeds from sale of property, plant & equipment Net proceeds from sale, maturity and purchase of financial investments of government of Sri Lank Treasury Bills Bonds and Development Bonds maturing after three months Net proceeds from sale, maturity and purchase of financial investments of shares and debentures Reverse repurchase agreements maturing after three months Net purchase of Intangible assets Net cash flow from acquisition of Investment in subsidiaries Net cash flow from degoed of subsidiaries	(358,676) 6,695 (14,084,960) (288,543) 28,208 (99,621)	(374,858) 15,090 (5,816,011) 1,459,910 4,961 (99,107)	(372,926) (9,829) 6,695 (14,084,960) (291,548) 28,208 (99,621)	
perating Profit before Taxes ess: Value Added Tax on Financial Services ess: Nation Building Tax on Financial Services ess: Debt Repayment Levy			348,274	413,367 55,116 (					413,367 55,116	(36.40) (15.75) (100.00) (100.00)	Dividend received from investment in subsidiaries Dividend received from other investments Proceed from Sale of Assets Heid-for-Sale Net cash (used in) / generated from investing activities Cash flows from financing activities Net proceeds from the issue of ordinary share capital Net proceeds from the issue of subscriptions of the subscription	114,765 17,496 (14,664,636)	89,725 20,467 (4,699,823)	17,496 (14,806,485)	F
rofit before Income Tax ess: Income Tax Expense	3,173,621         3,295           952,086         771	, <b>555 (3.70</b> ) ,740 23.37	<b>841,251</b> 271,031	<b>1,182,436</b> 181,462	<b>(28.85)</b> 3,2 49.36 1,0	<b>254,696 3,432</b> 019,468 822	<b>586 (5.1</b> 119 24.0		<b>1,272,092</b> 181,941	<b>(28.24)</b> 58.33	Repayment of subordinated debt Repayment of subordinated debt Interest paid on un-subordinated debt Dividend paid to non-controlling interest Dividend paid to shareholders of the bank	(2,143,860) (107,737) (502,240)	(1,488,205) (107,443) (287,516)	(2,126,660) (107,737) (49,717) (502,240)	
ofit for the Period	2,221,535 2,523	,815 (11.98)	570,220	1,000,974	(43.03) 2,2	235,228 2,610	467 (14.3	7) 624,727	1,090,151	(42.69)	Dividend paid to holders of other equity instruments Payment of lease liabilities Net cash (used in)/generated from financing activities	(562,140) (3,315,977)	(496,874) 2,619,963	(348,578) (3,134,932)	L
rofit Attributable to : quity Holders of the Bank on-Controlling Interest rofit for the period	2,221,535 2,523 - 2,221,535 2,523		-	-	-	197,346 2,554 37,882 56 235,228 2,610	321 (32.7	4) 16,074		(42.79) (38.88) (42.69)	Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents at end of the period	20,309,190 24,716,667 <b>45,025,857</b>	(5,581,731) 25,401,673 <b>19,819,942</b>	20,308,692 24,717,205 <b>45,025,897</b>	
Profit for the period Basic/Diluted Earnings per Ordinary Share (in Rupees)		.815 (11.98) 6.10 (29.51)			(54.55)		467 (14.3 5.17 (31.1		2.57	(42.69)	Reconciliation of cash and cash equivalents Cash and cash equivalents Placements with banks and finance companies Government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing within three months Securities purchased under resale agreements maturing within three months	11,223,222 17,139,113 7,356,585 9,306,937 <b>45,025,857</b>	7,986,785 7,283,457 297,876 4,251,824 <b>19,819,942</b>	11,223,262 17,139,113 7,356,585 9,306,937 <b>45,025,897</b>	L

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Amounts in Rupees Thousands)

(In terms of Rule 7.4 of the Colombo Stock Exchange)	Bank For the Nine Months Ended 30th September 2020 2019 Growth % (Restated)		For the Qua 2020	Bank rter Ended 30th 2019 (Restated)	9 Growth % 2020 2019 G			September Growth %	For the Qua 2020	(Restated)			
Profit for the Period	2,221,535	2,523,815	(11.98)	570,220	1,000,974	(43.03)	2,235,228	2,610,467	(14.37)	624,727	1,090,151	(42.69)	
Other Comprehensive Income/ (Loss), Net of Tax Items that will be Reclassified to Income Statement in Subsequent Periods													
Net Movement of Cash Flow Hedge Reserve	18,982	(61,143)	131.05	16,200	(12,946)	225.14	18,982	(61,143)	131.05	16,200	(12,946)	225.14	
Net Gains/(Losses) on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	2,109,694	2,186,487	(3.51)	(576,048)	98,295	(686.04)	2,113,572	2,191,098	(3.54)	(575,862)	98,248	(686.13)	
Less: Deferred Tax effect relating to items that will be Reclassified to Income Statement	590,714	612,216	(3.51)	(161,294)	27,522	(686.05)	591,102	612,216	(3.45)	(161,274)	27,522	(685.98)	
Items that will not be Reclassified to Income Statement in Subsequent Periods													
Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	1,864,829	177,734	949.22	1,877,824	62,722	2,893.88	1,864,829	177,734	949.22	1,877,824	62,722	2,893.88	
Less: Deferred Tax effect relating to items that will not be Reclassified to Income Statement	477,170	6,966	6,749.99	-	6,966	(100.00)	477,170	6,966	6,749.99	-	6,966	(100.00)	
Other comprehensive income/ (loss) for the period, net of taxes	2,925,621	1,683,896	73.74	1,479,270	113,583	1,202.37	2,929,111	1,688,507	73.47	1,479,436	113,536	1,203.05	
Total Comprehensive Income for the Period	5,147,156	4,207,711	22.33	2,049,490	1,114,557	83.88	5,164,339	4,298,974	20.13	2,104,163	1,203,687	74.81	
Total Comprehensive Attributable to : Equity Holders of the Bank Non-Controlling Interest	5,147,156	4,207,711	22.33	2,049,490	1,114,557	83.88	5,125,428 38.911	4,241,293 57.681	20.85 (32.54)	2,088,040 16,123	1,177,403 26,284	77.34 (38.66)	
Total Comprehensive Income for the Period	5,147,156	4,207,711	22.33	2,049,490	1,114,557	83.88	5,164,339	4,298,974	20.13	2,104,163	1,203,687	74.81	

#### STATEMENT OF FINANCIAL POSITION (Amounts in Rupees Thousands) (In terms of Rule 7.4 of the Colombo Stock Exchange) Bank Group As at 31.12.2019 Growth % As at 30.09.2020 As at 31.12.2019 Growth % As at 30.09.2020 (Audited) (Audited) Assets 11,758,729 11,202,656 11,202,696 Cash and Cash Equivalents (4.73) 11,758,769 (4.73) 7,167,420 7,167,420 14,458,970 14,458,970 Balances with Central Bank of Sri Lanka (50.43) (50.43) 17,053,417 Placements with Banks and Finance Companies 17,053,417 1,173,278 1,353.48 1,173,278 1,353.48 Derivative Financial Instruments 128,104 134,756 (4.94) 128,104 134,756 (4.94) Financial Assets recognized through Profit or Loss - Measured at Fair Value 2,039,887 7,118,016 (71.34) 2,047,613 7,124,752 (71.26) - Designated at Fair Value

**SEYLAN BANK PLC - DEBENTURES** 

	Current Period	Comparative Period
Debt (Debentures) / Equity Ratio (Times)	01-July-20 to 30-September-20 0.40	01-July-19 to 30-September-1 0.56
	0.57	0.30
Debt (Debentures plus Long term Debt) / Equity Ratio (Times)		
Interest Cover (Times)	2.71	2.87
Quick Asset Ratio (Times)	0.76	0.74
2014 Issue Market Prices during July to September (Ex Interest) 5 Year Fixed Semi Annual - 8.35% p.a. (Debenture matured and redeemed on 22/12/2019) 5 Year Fixed Annual - 8.60% p.a. (Debenture matured and redeemed on 22/12/2019) 5 Year Fixed Semi Annual - 8.60% p.a.		* *
6 Year Fixed Annual - 8.75% p.a.	*	*
nterest Yield as at Date of Last Trade	*	*
field to Maturity of Trade Done on	*	*
nterest Rate of Comparable Government Security - 5 Years (Debenture matured and redeemed on 22/12/2019) - 6 Years	4.69%	7.81% 8.45%
2016 Issue		
Market Prices during July to September (Ex Interest) 5 Year Fixed Semi Annual - 13.00% p.a	100 70	100.00
- Highest Price - Lowest Price	102.70 102.70	100.00 100.00
- Last Traded Price (13/08/2020)/ (16/08/2019)	102.70	100.00
5 Year Floating Semi Annual - six months treasury bill rate + 1.5%	*	*
' Year Fixed Semi Annual - 13.75% p.a - Highest Price	*	100.00
- Lowest Price - Last Traded Price */(24/09/2019)	*	100.00 100.00
nterest Yield as at Date of Last Trade		
i Year Fixed Semi Annual - 13.00% p.a (13/08/2020)/ (16/08/2019) i Year Floating Semi Annual - six months treasury bill rate + 1.5% ' Year Fixed Semi Annual - 13.75% p.a */(24/09/2019)	13.07%	13.42% * 14.22%
field to Maturity of Trade Done on	0.83%	10.08%
i Year Fixed Semi Annual - 13.00% p.a (13/08/2020)/ (16/08/2019) i Year Floating Semi Annual - six months treasury bill rate + 1.5% ' Year Fixed Semi Annual - 13.75% p.a */(24/09/2019)	9.83% * *	12.98% * 13.73%
nterest Rate of Comparable Government Security - 5 Years	4.76%	8.69%
- 7 Years	6.00%	9.81%
2 <b>018 Issue Market Prices during July to September (Ex Interest)</b> S Year Fixed Semi Annual - 12.85% p.a	*	*
7 Year Fixed Semi Annual - 13.20% p.a.	*	*
10 Year Fixed Semi Annual - 13.50% p.a		100.00
- Highest Price - Lowest Price	*	100.00 100.00
- Last Traded Price */ (17/09/2019)	~	100.00
nterest Yield as at Date of Last Trade 5 Year Fixed Semi Annual - 12.85% p.a.	*	*
7 Year Fixed Semi Annual - 13.20% p.a. IO Year Fixed Semi Annual - 13.50% p.a */ (17/09/2019)	*	* 13.96%
field to Maturity of Trade Done on		
5 Year Fixed Semi Annual - 12.85% p.a. 7 Year Fixed Semi Annual - 13.20% p.a.	*	*
10 Year Fixed Semi Annual - 13.50% p.a */ (17/09/2019)	*	13.50%
nterest Rate of Comparable Government Security - 5 Years	6.02%	9.90%
- 7 Years - 10 Years	6.79% 7.25%	10.43% 10.59%
2019 Issue		
<b>Varket Prices during July to September (Ex Interest)</b> 5 Year Fixed Annual - 15.00% p.a		
- Highest Price - Lowest Price	116.44 107.54	106.49 106.49
- Last Traded Price (28/07/2020)/(13/08/2019)	116.44	106.49
5 Year Fixed Semi Annual - 14.50% p.a. - Highest Price	* 100.73	
- Lowest Price - Last Traded Price (17/05/2019)	100.72 100.72	
nterest Yield as at Date of Last Trade 5 Year Fixed Annual - 15.00% p.a (28/07/2020)/(13/08/2019) 5 Year Fixed Semi Annual - 14.50% p.a.	12.88%	14.09%
Yield to Maturity of Trade Done on 5 Year Fixed Annual - 15.00% p.a. (28/07/2020)/(13/08/2019) 5 Year Fixed Semi Annual - 14.50% p.a.	9.50% *	13.00%
Interest Rate of Comparable Government Security - 5 Years	6.32%	10.20%
* No trading during the period		

379,879,290 48,551,258 61,733,362 1,153,602 40,000 4,085,393 35,075 4,259,089 - - 584,597 9,611,141 547,524,291	379,259,064 27,038,743 55,591,526 1,153,602 40,000 4,347,933 36,534 4,457,472 - 607,267 9,118,297	0.16 79.56 11.05 - (6.04) (3.99) (4.45) - (3.73) 5.41	379,879,290 48,551,258 61,789,389 - - 6,797,873 555,619 1,500,176 851,884 584,597 9,679,081	379,259,064 27,038,743 55,645,538 - 7,088,440 562,635 1,667,714 853,157 607,267	0.16 79.56 11.04 - (4.10) (1.25) (10.05) (0.15) (3.73)
48,551,258 61,733,362 1,153,602 40,000 4,085,393 35,075 4,259,089 - 584,597 9,611,141	27,038,743 55,591,526 1,153,602 40,000 4,347,933 36,534 4,457,472 - 607,267 9,118,297	79.56 11.05 - (6.04) (3.99) (4.45) - (3.73)	48,551,258 61,789,389 - - 6,797,873 555,619 1,500,176 851,884 584,597	27,038,743 55,645,538 - 7,088,440 562,635 1,667,714 853,157	79.56 11.04 - (4.10) (1.25) (10.05) (0.15)
61,733,362 1,153,602 40,000 4,085,393 35,075 4,259,089 - 584,597 9,611,141	55,591,526 1,153,602 40,000 4,347,933 36,534 4,457,472 - 607,267 9,118,297	11.05 - (6.04) (3.99) (4.45) - (3.73)	61,789,389 - - 6,797,873 555,619 1,500,176 851,884 584,597	55,645,538 - - 7,088,440 562,635 1,667,714 853,157	11.04 - (4.10) (1.25) (10.05) (0.15)
1,153,602 40,000 4,085,393 35,075 4,259,089 - 584,597 9,611,141	1,153,602 40,000 4,347,933 36,534 4,457,472 - 607,267 9,118,297	(6.04) (3.99) (4.45) - (3.73)	- 6,797,873 555,619 1,500,176 851,884 584,597	- 7,088,440 562,635 1,667,714 853,157	(4.10) (1.25) (10.05) (0.15)
40,000 4,085,393 35,075 4,259,089 - 584,597 9,611,141	40,000 4,347,933 36,534 4,457,472 - 607,267 9,118,297	(6.04) (3.99) (4.45) - (3.73)	555,619 1,500,176 851,884 584,597	7,088,440 562,635 1,667,714 853,157	(1.25) (10.05) (0.15)
4,085,393 35,075 4,259,089 - 584,597 9,611,141	4,347,933 36,534 4,457,472 - 607,267 9,118,297	(6.04) (3.99) (4.45) - (3.73)	555,619 1,500,176 851,884 584,597	7,088,440 562,635 1,667,714 853,157	(1.25) (10.05) (0.15)
35,075 4,259,089 - 584,597 9,611,141	36,534 4,457,472 - 607,267 9,118,297	(3.99) (4.45) (3.73)	555,619 1,500,176 851,884 584,597	562,635 1,667,714 853,157	(1.25) (10.05) (0.15)
4,259,089 - 584,597 9,611,141	4,457,472 - 607,267 9,118,297	(4.45) - (3.73)	1,500,176 851,884 584,597	1,667,714 853,157	(10.05) (0.15)
- 584,597 9,611,141	- 607,267 9,118,297	(4.45) - (3.73)	851,884 584,597	853,157	(0.15)
- 584,597 9,611,141	- 607,267 9,118,297	(3.73)	851,884 584,597	853,157	(0.15)
9,611,141	9,118,297		584,597		
9,611,141	9,118,297			,	(3./3)
547,524,291	516 294 187		-,	9,158,186	5.69
	010,207,107	6.05	547,788,417	516,531,269	6.05
34,472,126	28,769,629	19.82	34,472,126	28,769,629	19.82
173,702	222,978	(22.10)	173,702	222,978	(22.10)
425,465,201	400,731,358	6.17	425,465,201	400,731,358	6.17
2,890,793	8,425,884	(65.69)	2,890,793	8,425,884	(65.69)
15,803	23,407	(32.49)	15,803	23,407	(32.49)
188,938	200,969	(5.99)	-	-	-
19,475,293			19,475,293	19,870,944	(1.99)
					26.72
,					80.65
					(3.91)
9,190,101	7,819,397	17.01	9,207,151	1,891,413	17.22
498,253,485	471,666,913	5.64	495,531,646	468,887,215	5.68
17,548,347	17,044,724	2.95	17,548,347	17,044,724	2.95
1,952,957	1,952,957	-	1,952,957	1,952,957	-
2,892,728	(14,219)	20,444.10	2,864,807	(44,601)	6,523.19
24,538,012	22,823,239	7.51	25,184,768	23,494,184	7.20
2,338,762	2,820,573	(17.08)	3,450,391	3,932,202	(12.25)
49,270,806	44,627,274	10.41	51,001,270	46,379,466	9.97
	-	-	1,255,501	1,264,588	(0.72)
49,270,806	44,627,274	10.41	52,256,771	47,644,054	9.68
					C 0F
347,324,291	010,294,10/	0.00	347,768,417	010,001,209	6.05
182,413,053	150,147,271	21.49	182,432,765	150,189,462	21.47
3,267	3,360	(2.77)	3,288	3,381	(2.75)
172	173	(0.58)	172	173	(0.58)
95.30	88.61	7.55	98.64	92.09	7.11
	425,465,201 2,890,793 15,803 188,938 19,475,293 648,000 1,430,055 4,297,473 9,196,101 498,253,485 17,548,347 1,952,957 2,892,728 24,538,012 2,338,762 49,270,806 547,524,291 182,413,053 3,267 172	425,465,201       400,731,358         2,890,793       8,425,884         15,803       23,407         188,938       200,969         19,475,293       19,870,944         648,000       525,389         1,430,055       725,326         4,297,473       4,351,632         9,196,101       7,819,397         498,253,485       471,666,913         17,548,347       17,044,724         1,952,957       1,952,957         2,892,728       (14,219)         24,538,012       22,823,239         2,338,762       2,820,573         49,270,806       44,627,274         -       -         49,270,806       44,627,274         -       -         182,413,053       150,147,271         3,267       3,360         172       173	425,465,201         400,731,358         6.17           2,890,793         8,425,884         (65.69)           15,803         23,407         (32.49)           188,938         200,969         (5.99)           19,475,293         19,870,944         (1.99)           648,000         525,389         23.34           1,430,055         725,326         97.16           4,297,473         4,351,632         (1.24)           9,196,101         7,819,397         17.61           498,253,485         471,666,913         5.64           17,548,347         17,044,724         2.95           1,952,957         1,952,957         -           2,892,728         (14,219)         20,444.10           24,538,012         22,823,239         7.51           2,338,762         2,820,573         (17.08)           49,270,806         44,627,274         10.41           547,524,291         516,294,187         6.05           182,413,053         150,147,271         21.49           3,267         3,360         (2.77)           172         173         (0.58)	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	425,465,201         400,731,358         6.17         425,465,201         400,731,358           2,890,793         8,425,884         (65.69)         2,890,793         8,425,884           15,803         23,407         (32.49)         15,803         23,407           188,938         200,969         (5.99)         -         -           19,475,293         19,870,944         (1.99)         19,475,293         19,870,944           648,000         525,389         23.34         621,819         490,699           1,430,055         725,526         97.16         1,711,162         947,225           4,297,473         4,351,632         (1.24)         1,448,596         1,507,618           9,196,101         7,819,397         17.61         9,257,151         7,897,473           498,253,485         471,666,913         5.64         495,531,646         468,887,215           498,253,485         471,666,913         5.64         495,531,646         468,887,215           1,952,957         1,952,957         1,952,957         1,952,957         1,952,957           2,892,728         (14,219)         20,444,10         2,864,807         (44,601)           24,538,012         2,282,0,573         (17.08)         <

# SELECTED PERFORMANCE INDICATORS

Item	B	ANK	GROUP		
	30.09.2020	31.12.2019	30.09.2020	31.12.2019	
Regulatory Capital (LKR Mn.)					
Common Equity Tier I	44,845	43,052	45,737	43,943	
Total (Tier I) Capital	44,845	43,052	45,737	43,94	
Total Capital Base	56,710	56,704	57,472	57,46	
Regulatory Capital Ratios (%)					
Common Équity Tier I Capital Ratio	11.50	11.27	11.71	11.4	
(Minimum Requirement - 7.00%)					
Total Tier I Capital Ratio	11.50	11.27	11.71	11.4	
(Minimum Requirement - 8.50%)					
Total Capital Ratio	14.54	14.84	14.72	15.0	
(Minimum Requirement - 12.50%)					
Regulatory Liquidity					
Statutory Liquid Assets (LKR Mn.)	141,218	94,099			
Domestic Banking Unit (LKR Mn.)	135,999	90,380			
Offshore Banking Unit (USD '000)	35,265	29,493			
Statutory Liquid Assets Ratio (%)					
(Minimum Requirement 20 %)					
Domestic Banking Unit	30.08	21.40			
Offshore Banking Unit	22.94	21.81			
Total Stock of High-Quality Liquid Assets (LKR Mn.)	88,046	68,352			
Liquidity Coverage Ratio %					
Rupee - (Minimum Requirement - 90% (2019 - 100%))	172.85	169.60			
All Currency - (Minimum Requirement - 90% (2019 - 100%))	138.48	116.01			
Net Stable Funding Ratio (%)	109.72	109.11			
(Minimum Requirement - 90% (2019 - 100%))					
Assets Quality (Quality of Loan Portfolio)					
Gross Non-Performing Advances Ratio (%)	6.75	5.76			
(Net of Interest in Suspense)					
Net Non-Performing Advances Ratio (%)	3.89	3.73			
(Net of Interest in Suspense and Provision)					
Profitability					
Interest Margin (%)	3.98	4.20			
Return on Assets (before Tax) (%)	0.80	1.04			
Return on Equity (%)	6.34	9.29			
/					

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# SEYLAN BANK PLC FINANCIAL STATEMENTS



# Nine Months ended 30th September, 2020

	(Amounts in Rupees Thousa									
BANKING		TREAS	URY	<b>PROPERTY/IN</b>	VESTMENTS	UNALLOCATED	TOT	AL		
9.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30. (Re	

										(Restated)
Interest Income	31,645,623	34,126,572	6,693,941	5,530,180	21,860	20,519	2,020,617	1,967,751	40,382,041	41,645,022
Interest Expense	21,397,136	23,971,749	4,001,294	3,880,287	62	508	(123,683)	(213,326)	25,274,809	27,639,218
Net Interest Income	10,248,487	10,154,823	2,692,647	1,649,893	21,798	20,011	2,144,300	2,181,077	15,107,232	14,005,804
Fee and Commission Income	2,750,518	3,204,776	4,670	5,432	-	-	26,395	29,890	2,781,583	3,240,098
Fee and Commission Expense	145,284	140,555	17,979	17,870	376	-	-	-	163,639	158,425
Net Fee and Commission Income	2,605,234	3,064,221	(13,309)	(12,438)	(376)	-	26,395	29,890	2,617,944	3,081,673
Net Gains/(Losses) from Trading			122,429	(693,607)	875	89		-	123,304	(693,518)
Net Gains from Derecognition of Financial Assets			709,017	180,387		-		-	709,017	180,387
Net Other Operating Income	77,117	210,272	687,626	1,335,233	252,356	223,693	(105,212)	(148,871)	911,887	1,620,327
Inter Segment Revenue	(55,614)	(132,002)		71,574		-	55,614	60,428		-
Total Operating Income	12,875,224	13,297,314	4,198,410	2,531,042	274,653	243,793	2,121,097	2,122,524	19,469,384	18,194,673
Depreciation and Amortisation Expenses	697,711	625,017	4,216	8,136	541	683	408,048	365,222	1,110,516	999,058
Impairment Charge for the Period	5,002,958	3,116,273	412,765	31,302		(16)		-	5,415,723	3,147,559
Operating Expenses & VAT on Financial Services *	7,189,273	8,091,970	669,072	675,540	65,423	65,851	1,764,681	1,782,109	9,688,449	10,615,470
Reportable Segment Profit Before Income Tax	(14,718)	1,464,054	3,112,357	1,816,064	208,689	177,275	(51,632)	(24,807)	3,254,696	3,432,586
Income Tax Expense									1,019,468	822,119
Profit For The Period									2,235,228	2,610,467
Profit Attributable To:										
Equity Holders of The Bank									2,197,346	2,554,146
Non-Controlling Interests									37,882	56,321
Profit For The Period									2,235,228	2,610,467
Other Comprehensive Income, Net of Income Tax									2,929,111	1,688,507
* 2019 includes NBT & DRL										
Other Information										
Total Assets	372,609,276	346,940,256	141,267,201	116,971,777	5,829,123	5,686,884	28,082,817	22,766,597	547,788,417	492,365,514
Total Liabilities & Equity	438,619,972	398,403,326	55,414,071	61,215,278	5,829,123	5,686,884	47,925,251	27,060,026	547,788,417	492,365,514
Cash Flows from Operating Activities	34,319,553	(5,705,792)	3,513,771	1,855,502	151,650	144,909	265,135	222,505	38,250,109	(3,482,876)
Cash Flows from Investing Activities	(84,198)	(239,451)	(14,458,218)	(4,431,460)	(25,819)	(56,172)	(238,250)	(112,861)	(14,806,485)	(4,839,944)
Cash Flows from Financing Activities	(562,140)	(496,873)	(2,251,597)	3,404,352	(162,261)	(147,965)	(158,934)	(18,424)	(3,134,932)	2,741,090
Capital Expenditure	(221,154)	(340,136)	(158)	(6,362)	(24,079)	(50,457)	(236,985)	(127,467)	(482,376)	(524,422)

SEGMENT REPORTING - GROUP

30.09.2020

STATEMENT OF CHANGES IN EQUITY						(Amounto i	n Rupees Th	oucondo)
STATEMENT OF CHANGES IN EQUITY		10.11.1	-				ii nupees iii	lousaliusj
For the Nine Months ended 30th September	Ordinary	d Capital Ordinary	Statutory Reserve Fund	Retained Earnings	Revaluation	Other Reserves FVOCI	Other	Total
For the Nine Month's ended Sour September			*	Lannings	Reserve			TULAT
	Shares	Shares			neserve	Reserve	Reserves	
	-Voting	-Non-Voting				**		
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 Period								
Profit for the Period (Restated)	-	-	-	2,523,815	-	-	-	2,523,815
Other Comprehensive Income (net of tax)								
- Net Gains on Investments in Debt Instruments measured								
at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,574,271	-	1,574,271
- Change in Fair Value on Investments in Equity Intruments measured								
at Fair Value through Other Comprehensive Income	-	-	-	-	-	170,768	-	170,768
- Net Movement of Cash Flow Hedge Reserve		-	-	-	-	-	(61,143)	(61,143
2 Total Comprehensive Income for the Period				2,523,815		1,745,039	(61,143)	4,207,711
Transactions with Equity Holders , Recognized Directly In Equity								
Cash/Scrip Dividends to Equity Holders	316,659	313,031	-	(915,248)	-	-	-	(285,558
Transferred from Investment Fund Reserve	-	-	-	5,089	-	-	(5,089)	-
Net Gain on Disposal of Equity Investments measured								
at Fair Value through Other Comprehensive Income	-	-	-	253,062	-	(253,062)	-	-
3 Total Transactions with Equity Holders	316,659	313,031	-	(657,097)	-	(253,062)	(5,089)	(285,558
Balance as at 30th September 2019 (1 + 2 + 3)	8,039,866	4,615,619	1,768,944	21,665,365	866,290	(387,324)	1,963,192	38,531,952
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 Period								
Profit for the Period	-	_	-	2.221.535	_	_	-	2.221.535
Other Comprehensive Income (net of tax)				2,221,000				2,221,000
- Net Gains on Investments in Debt Instruments measured								
at Fair Value through Other Comprehensive Income	-	_	-	-	_	1,518,980	-	1,518,980
- Change in Fair Value on Investments in Equity Intruments measured						1,010,000		1,010,000
at Fair Value through Other Comprehensive Income						1,387,659	_	1,387,659
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	1,307,039	18,982	1,367,659
- Net Movement of Gash Flow neuge Reserve	-	-	-	-	-	-	10,902	10,902
2 Total Comprehensive Income for the Period		-	-	2,221,535	-	2,906,639	18,982	5,147,156
Transactions with Equity Holders , Recognized Directly In Equity								
Cash/Scrip Dividends to Equity Holders	251,477	252,146	-	(1,007,247)	_	-	-	(503,624
Transferred from Investment Fund Reserve	201,777	202,140	_	500,793	_	_	(500,793)	(000,024
	-	-	-	500,755	-	-	(000,700)	-

# **EXPLANATORY NOTES**

General 1. The Financial Statements of the Bank and Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) 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

Interim Financial Statements for the quarter ended September 30, 2019 has been restated by incorporating the impact on adopting SLFRS 16 effective from January 01, 2019.

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

usands)

30.09.2019

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 nessurements. The Bank ensured health and safety protocols for its staff and the customers. Aglie 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.

#### Information on Ordinary Shares

Market Price (Rs.)	30/0	9/2020	30/09/2019			
	Voting	Non-Voting	Voting	Non-Voting		
Market Price Per Share	46.70	33.00	51.30	29.60		
Highest price per share during the quarter ended	49.50	35.70	78.00	42.90		
Lowest price per share during the quarter ended	40.00	26.50	49.50	28.20		

#### Shareholders' Info

3.	Shareholders' Information		
3.1	Twenty Largest Ordinary Voting Shareholders as at September 30, 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	Employees' Provident Fund	25,305,909	9.86
4	LOLC Investments Ltd	24,520,351	9.55
5	National Development Bank of Sri Lanka Ltd A/C No.02	22,398,200	8.72
6	Mr. K.D.D. Perera	15,922,421	6.20
7	Bank of Ceylon No. 1 Account	14,440,329	5.62
8	Seylan Bank PLC A/C No. 04 – Employees' Gratuity Trust Fund	12,948,556	5.04
9	People's Leasing & Finance PLC /Don and Don Holdings (Pvt) Ltd	5,782,597	2.25
10	Employees' Trust Fund Board	5,458,926	2.13
11	Mr. S.E. Captain	5,190,023	2.02
12	Sisil Investment Holdings(Pvt) Ltd	2,763,796	1.08
13	NDB Capital Holdings Limited A/C No. 02	2,600,214	1.01
14	AIA Insurance Lanka Ltd A/c No. 07	2,389,114	0.93
15	Chemanex PLC A/C No.01	1,944,780	0.76
16	Ms. L.A. Captain	1,519,092	0.59
17	Mr. M.J. Fernando	1,287,427	0.50
18	Mr. R.R. Leon	1,214,825	0.47
19	Mr. K.R.B. Fernando	1,110,792	0.43
20	Seyshop (Pvt) Ltd	749,886	0.29
	Twenty Largest Ordinary Non-Voting Shareholders as at September 30, 2020	No. of Shares	%
1	LOLC Holdings PLC	116,084,028	44.60
2	Employees' Provident Fund	13,884,618	5.33
3	People's Leasing & Finance PLC /Don and Don Holdings (Pvt) Ltd	7,639,335	2.93
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	Employees' Trust Fund Board	4,141,328	1.59
7	Acuity Partners (Pvt) Ltd/Mr. E. Thavagnanasooriyam & Mr. E. Thavagnanasundaram	3,800,000	1.46
8	Pershing LLC S/A Averbach Grauson & Co	3,796,464	1.46
9	People's Leasing & Finance PLC /Mrs. P Thavarajah	3,606,977	1.39
10	Mr. R.S. Captain	3,159,125	1.21
11	Merrill J Fernando & Sons (Pvt) Limited	2,891,466	1.11
12	First Capital Limited	2,628,985	1.01
13	J.B. Cocoshell (Pvt) Ltd	2,505,970	0.96
14	Mr. R R Leon	2,387,974	0.92
15	LOLC Technology Services Limited	2,273,063	0.87
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. D.N.N. Lokuge	1,387,958	0.53
20	Mr. R. Gautam	1,381,119	0.53
3.3			
	The Bank is compliant under Option 3 of the Section 7.13.1 (Minimum Public Holding requirement) of the Bules of the Colon	100 STOCK EXCHANCE.	

## 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. 6.576 Bn
Public Holding Percentage	- 54.85 %
Number of Public Shareholders	- 10,291

4. Directors' and Chief Executive Officer's Shareholdings as at September 30, 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. Thilakaratne, Non-Executive Director	Nil	Nil
	Mr. D,R. Abeysuriya, Independent Director	Nil	Nil
	Mrs. V.G.S.S. Kotakadeniya, Alternate Director to Non-Executive Director, Mr. W.D.K. Jayawardena	Nil	Nil
5.	Stated Capital as at September 30, 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	

Balance as at 30th September 2020 (1 + 2 + 3)	11,136,187	6,412,160	1,952,957	24,538,012	858,312	2,892,728	1,480,450	49,270,806
3 Total Transactions with Equity Holders	251,477	252,146	•	(506,762)	-	308	(500,793)	(503,624)
	051 477	050 146		. ,		200	(500 702)	(500.004)
at Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-
Net Loss on Reclassification of Debt Investments measured								

\* 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.

	Stated	Capital	Statutory	Retained		Other Reserves				
or the Nine Months ended 30th September	Ordinary	Ordinary F	Reserve Fund	Earnings	Revaluation	FVOCI	Other	Total	Non-	To
	Shares	Shares	*		Reserve	Reserve	Reserves		Controlling	Equ
	-Voting	-Non-Voting				* *			Interest	
Balance as at 01st January 2019	7,723,207	4,302,588	1,768,944	20,419,229	1,662,627	(1,914,326)	2,284,637	36,246,906	1,216,457	37,463,3
Total Comprehensive Income for the Period										
Profit for the Period (Restated)	-	-	-	2,554,146	-	-	-	2,554,146	56,321	2,610,
Other Comprehensive Income (net of tax)										
- Net Gains on Investments in Debt Instruments measured										
at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,577,522	-	1,577,522	1,360	1,578,
- Change in Fair Value on Investments in Equity Intruments measured										
at Fair Value through Other Comprehensive Income	-	-	-	-	-	170,768	-	170,768	-	170,
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(61,143)	(61,143)	-	(61,
Total Comprehensive Income for the Period	-	-	-	2,554,146	-	1,748,290	(61,143)		57,681	4,298,
Transactions with Equity Holders , Recognized Directly In Equity										
Cash/Scrip Dividends to Equity Holders	316,659	313,031	-	(915,248)	-	-	-	(285,558)	(43,635)	(329
Reversal of Revaluation Reserve on Disposed Property, Plant and Equipment	010,000	010,001		(010,210)				(200,000)	(10,000)	(020
Transferred from Investment Fund Reserve	-	_	_	5,089	-	-	(5,089)		-	
Net Gain on Disposal of Equity Investments measured				3,003			(3,003)			
at Fair Value through Other Comprehensive Income		_		252,312		(252,312)			-	
Total Transactions with Equity Holders	316,659	313,031		(657,847)		(252,312)	(5,089)	(285,558)	(43,635)	(329
וסנמו וומושמטנוסוש אונו בעווגי ווסוטבוש	010,005	010,001		(007,047)		(202,012)	(0,003)	(200,000)	(40,000)	(023
Balance as at 30th September 2019 (1 + 2 + 3)	8,039,866	4,615,619	1,768,944	22,315,528	1,662,627	(418,348)	2,218,405	40,202,641	1,230,503	41,433
Balance as at 01st January 2020	10,884,710	6,160,014	1,952,957	23,494,184	1,714,728	(44,601)	2,217,474	46,379,466	1,264,588	47,644
Total Comprehensive Income for the Period										
Profit for the Period	-	-	-	2,197,346	-	-	-	2,197,346	37,882	2,235
Other Comprehensive Income (net of tax)										
- Differred Tax on Revaluation of Disposed Property, Plant and Equipment										
- Net Gains on Investments in Debt Instruments measured										
at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,521,441	-	1,521,441	1,029	1,522
- Change in Fair Value on Investments in Equity Instruments measured										
at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,387,659	-	1,387,659	-	1,387
- Net Movement of Cash Flow hedge Reserve	-	-	-	-	-	-	18,982	18,982	-	18
Total Comprehensive Income for the Period			-	2,197,346		2,909,100	18,982	5,125,428	38,911	5,164
Transactions with Equity Holders , Recognized Directly In Equity			-	2,137,040	-	2,303,100	10,302	3,123,420	50,511	0,104
Cash/Scrip Dividends to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)	(47,998)	(551
Transferred to Statutory Reserve Fund*	201,777	202,140	-	(1,007,247)	-	-	-	(000,024)	(-1,350)	(001
Reversal of Revaluation Reserve on Disposed Property, Plant and Equipment Transferred from Investment Fund Reserve	_			500,793			(500,793)			
Net Loss on Reclassification of Debt Investments measured	-	-	-	000,793	-	-	(000,793)	-	-	
				(200)		000				
at Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-	-	
Others Total Transactions with Equity Holders	- 251,477	- 252,146	-	(506,762)	-	- 308	- (500,793)	- (503,624)	(47,998)	(551
Balance as at 30th September 2020 (1 + 2 + 3)	11,136,187	6,412,160	1 952 957	25,184,768	1,714,728	2,864,807	1 735 663	51,001,270	1,255,501	52,256

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

4,490,341 Voting Ordinary Shares @ Rs. 90/- each	404,131
4,504,394 Voting Ordinary shares @ Rs.70.30 each	316,659
62,869,468 Voting Ordinary shares @ Rs. 45.25 each	2,844,844
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	342,191
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 nine months ended September 30, 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 September 30, 2019 has been restated based on the no of shares issued for Rights Issue in 2019 and Scrip Dividend 2019.

#### Events after the Reporting Date

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.

#### 8. Other Matters i. Gratuity

7.

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.131Mn. (net of tax) as of September 30, 2020.

#### ii. 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%

#### iii. "Day one" Impact due to Deferment of Recovery of Loans

The Bank has coeqonized a loss of Rs. 587 Mn as an initial provisional impact ("day one" impact) arising from the deferment of recovery of loans in accordance with the moratorium introduced by the Central Bank of Sri Lanka.

#### iv. Impairment Provision

The Bank's estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) as at 30th September 2020 and Economic Factor Adjustment (EFA) applying the recent forecasts and projections published by the Central Bank of Sri Lanka.

#### v. 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 during the period ended September 30, 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.

#### vi. Assessment of Impairment of Foreign Currency Denominated Government Securities

The accounting for impairment of FCV denominated Government Securities is based on the ratings published by Fitch and the Bank's internal policy. The Bank has however, incorporated a specific percentage of impairment in the financial statements for the nine months ended 30th September 2020 based on the impact due to Moody's downgrading in September 2020, in a proactive manner applying the concept of Expected Credit Loss.

A detailed assessment of the same will be carried out at year end and required adjustments (if any) will be made accordingly.

#### **Comparative Figures** 9.

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

The following line items of the Interim Financial Statements for the nine months ended September 30, 2019 were restated due to the adoption of SLFRS 16 effective from January 01 2019.

For the Nine Months Ended September 30, 2019	Ban	k	Group		
		Previously		Previously	
	Restated	Reported	Restated	Reported	
Interest Expenses	27,866,233	27,652,700	27,639,218	27,637,808	
Net Interest Income	13,773,670	13,987,203	14,005,804	14,007,214	
Total Operating Income	17,999,687	18,213,220	18,194,673	18,192,376	
Depreciation and Amortization Expenses	966,136	618,535	999,058	667,361	
Other Expenses	3,694,954	4,202,810	3,691,361	4,065,108	
Operating Profit Before Taxes	5,355,659	5,408,937	5,492,690	5,448,343	
Tax Expenses (Income Tax, VAT, NBT and DRL)	2,831,844	2,854,945	2,882,223	2,920,510	
Profit For the Period	2,523,815	2,553,992	2,610,467	2,527,833	
Total Comprehensive Income for the Period	4,207,711	4,237,888	4,298,974	4,216,340	

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 Account

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