



Seylan Bank PLC

Interim Financial Statements
For the 09 Months Ended 30th September 2020

Seylan Bank records a Rs. 2.2Bn Profit after Tax (PAT) Q3 2020 - YoY reduction 12%

Seylan Bank recorded Profit after Tax of Rs. 2,222 Million for the 9 months ended 30th September 2020 against Rs. 2,524 Million reported in the corresponding period of 2019, a decrease of approximately 12%. The decline in profitability is attributed to adverse market conditions brought about largely by the impact of Covid-19 on the economy.

Although the Bank's Net Interest Income increased from Rs. 13,774 Million in 2019 to Rs. 14,872 Million, a 7.98% increase for the 9 months ended 30th September 2020 due to lower interest costs, the net fee-based income (including commission income) decreased by 15.04% from Rs. 3,082 Million in 2019 to Rs. 2,618 Million in 2020 mainly due to Covid-19 induced restrictions on Trade Finance and related activities, as well as lower volumes in bank guarantees. The fees from card related businesses too declined with numerous waivers granted to consumers under relief measures. Other income comprising of net gains from trading activities, fair value changes of financial assets, gains on foreign exchange transactions and other operating income increased by 57.78 % a net gain from Rs. 1,144 Million in 2019 to a net gain of Rs. 1,805 Million in 2020.

Total Expenses recorded a marginal increase of 0.25 % from Rs 9,496 Million in Q3 of the previous year to Rs 9,520 Million for the 9 months ended 30th September 2020. The slight increase in total expenses is mainly on account of personnel expenses and increased depreciation related to IT investments made for prioritized projects. However, this impact has been partly offset by the reduction of other operational expenses. Introduction of cost minimizing initiatives within the bank has helped to maintain a static cost line despite the increase in fixed operating expenses.

Net advances of Rs. 379,879 Million remained static during the period under review and almost in par with the December 2019 position. Trade finance related exposure moving to off-balance sheet products also contributed to the lack of on balance sheet asset growth. The overall deterioration in economic conditions impacted the quality of the portfolio driving the NPA ratio to 6.75% as at 30 September 2020.

Improvement in overall deposit base by Rs. 24,734 Million (6.17%) was derived largely from the growth of low cost deposit base, which enhanced the CASA ratio of the Bank to 30.66% as of 30 September 2020.

As a result of performance during the nine months and the increased number of shares with the Rights Issue in December 2019, the Bank's Earnings per Share (EPS) stood at Rs. 4.30. The Bank recorded a Return (profit before tax) on Average Assets (ROAA) of 0.80% and a Return on Equity (ROE) of 6.34%. The Bank's Net Asset Value per share as at 30th September 2020 was Rs. 95.30 (Group Rs. 98.64).

Seylan Bank remained soundly capitalized, with the key capital adequacy ratios well above the regulatory minimum requirements and recorded 11.50% as Total Tier 1 Capital Ratio and 14.54% as the Total Capital Ratio.

Seylan Bank PLC
Income Statement

(In terms of Rule 7.4 of the Colombo Stock Exchange)

(Amounts in Rupees Thousands)

	Bank			Bank		
	For the Nine Months Ended 30th September			For the Quarter Ended 30th September		
	2020	2019 (Restated)	Growth %	2020	2019 (Restated)	Growth %
Interest Income	40,376,411	41,639,903	(3.03)	13,402,523	14,262,383	(6.03)
Less : Interest Expenses	25,504,270	27,866,233	(8.48)	7,872,355	9,231,046	(14.72)
Net Interest Income	14,872,141	13,773,670	7.98	5,530,168	5,031,337	9.91
Fee and Commission Income	2,781,669	3,240,303	(14.15)	1,054,862	1,182,618	(10.80)
Less : Fee and Commission Expenses	163,263	158,425	3.05	62,559	54,157	15.51
Net Fee and Commission Income	2,618,406	3,081,878	(15.04)	992,303	1,128,461	(12.07)
Net Gains/(Losses) from Trading	122,429	(693,607)	117.65	(91,451)	(61,350)	(49.06)
Net Gains from Derecognition of Financial Assets	709,017	180,387	293.05	338,379	29,889	1,032.12
Net Operating Income	973,371	1,657,359	(41.27)	324,952	413,174	(21.35)
Total Operating Income	19,295,364	17,999,687	7.20	7,094,351	6,541,511	8.45
Less : Impairment Charges	5,415,723	3,147,575	72.06	2,755,386	1,419,440	94.12
Net Operating Income	13,879,641	14,852,112	(6.55)	4,338,965	5,122,071	(15.29)
Less : Operating Expenses						
Personnel Expenses	5,138,545	4,835,363	6.27	1,656,776	1,657,057	(0.02)
Depreciation and Amortization Expenses	1,082,424	966,136	12.04	360,348	332,955	8.23
Other Expenses	3,299,467	3,694,954	(10.70)	1,132,316	1,238,843	(8.60)
Total Operating Expenses	9,520,436	9,496,453	0.25	3,149,440	3,228,855	(2.46)
Operating Profit before Taxes	4,359,205	5,355,659	(18.61)	1,189,525	1,893,216	(37.17)
Less : Value Added Tax on Financial Services	1,185,584	1,198,174	(1.05)	348,274	413,367	(15.75)
Less : Nation Building Tax on Financial Services	-	159,757	(100.00)	-	55,116	(100.00)
Less : Debt Repayment Levy	-	702,173	(100.00)	-	242,297	(100.00)
Profit before Income Tax	3,173,621	3,295,555	(3.70)	841,251	1,182,436	(28.85)
Less : Income Tax Expense	952,086	771,740	23.37	271,031	181,462	49.36
Profit for the Period	2,221,535	2,523,815	(11.98)	570,220	1,000,974	(43.03)
Basic/Diluted Earnings per Ordinary Share (in Rupees)	4.30	6.10	(29.51)	1.10	2.42	(54.55)

Seylan Bank PLC

Statement of Profit or Loss and Other Comprehensive Income

(In terms of Rule 7.4 of the Colombo Stock Exchange)

	(Amounts in Rupees Thousands)					
	Bank			Bank		
	For the Nine Months Ended 30th September			For the Quarter Ended 30th September		
	2020	2019 (Restated)	Growth %	2020	2019 (Restated)	Growth %
Profit for the Period	2,221,535	2,523,815	(11.98)	570,220	1,000,974	(43.03)
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
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)
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)
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
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)
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
Total Comprehensive Income for the Period	5,147,156	4,207,711	22.33	2,049,490	1,114,557	83.88

Seylan Bank PLC
Income Statement

(In terms of Rule 7.4 of the Colombo Stock Exchange)

(Amounts in Rupees Thousands)

	Group			Group		
	For the Nine Months Ended 30th September			For the Quarter Ended 30th September		
	2020	2019 (Restated)	Growth %	2020	2019 (Restated)	Growth %
Interest Income	40,382,041	41,645,022	(3.03)	13,404,428	14,263,889	(6.03)
Less : Interest Expenses	25,274,809	27,639,218	(8.55)	7,796,521	9,155,836	(14.85)
Net Interest Income	15,107,232	14,005,804	7.86	5,607,907	5,108,053	9.79
Fee and Commission Income	2,781,583	3,240,098	(14.15)	1,054,803	1,182,595	(10.81)
Less : Fee and Commission Expenses	163,639	158,425	3.29	62,559	54,157	15.51
Net Fee and Commission Income	2,617,944	3,081,673	(15.05)	992,244	1,128,438	(12.07)
Net Gains/(Losses) from Trading	123,304	(693,518)	117.78	(89,466)	(60,780)	(47.20)
Net Gains from Derecognition of Financial Assets	709,017	180,387	293.05	338,379	29,889	1,032.12
Net Operating Income	911,887	1,620,327	(43.72)	347,138	431,803	(19.61)
Total Operating Income	19,469,384	18,194,673	7.01	7,196,202	6,637,403	8.42
Less : Impairment Charges	5,415,723	3,147,559	72.06	2,755,386	1,419,440	94.12
Net Operating Income	14,053,661	15,047,114	(6.60)	4,440,816	5,217,963	(14.89)
Less : Operating Expenses						
Personnel Expenses	5,166,593	4,864,005	6.22	1,666,021	1,667,508	(0.09)
Depreciation and Amortization Expenses	1,110,516	999,058	11.16	370,088	355,578	4.08
Other Expenses	3,336,272	3,691,361	(9.62)	1,143,632	1,212,005	(5.64)
Total Operating Expenses	9,613,381	9,554,424	0.62	3,179,741	3,235,091	(1.71)
Operating Profit before Taxes	4,440,280	5,492,690	(19.16)	1,261,075	1,982,872	(36.40)
Less : Value Added Tax on Financial Services	1,185,584	1,198,174	(1.05)	348,274	413,367	(15.75)
Less : Nation Building Tax on Financial Services	-	159,757	(100.00)	-	55,116	(100.00)
Less : Debt Repayment Levy	-	702,173	(100.00)	-	242,297	(100.00)
Profit before Income Tax	3,254,696	3,432,586	(5.18)	912,801	1,272,092	(28.24)
Less : Income Tax Expense	1,019,468	822,119	24.00	288,074	181,941	58.33
Profit for the Period	2,235,228	2,610,467	(14.37)	624,727	1,090,151	(42.69)
Profit Attributable to :						
Equity Holders of the Bank	2,197,346	2,554,146	(13.97)	608,653	1,063,853	(42.79)
Non-Controlling Interest	37,882	56,321	(32.74)	16,074	26,298	(38.88)
Profit for the period	2,235,228	2,610,467	(14.37)	624,727	1,090,151	(42.69)
Basic/Diluted Earnings per Ordinary Share (in Rupees)	4.25	6.17	(31.12)	1.18	2.57	(54.09)

Seylan Bank PLC

Statement of Profit or Loss and Other Comprehensive Income

(In terms of Rule 7.4 of the Colombo Stock Exchange)

	(Amounts in Rupees Thousands)					
	Group			Group		
	For the Nine Months Ended 30th September			For the Quarter Ended 30th September		
	2020	2019 (Restated)	Growth %	2020	2019 (Restated)	Growth %
Profit for the Period	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
Net Gains/(Losses) on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	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	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
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)
Other Comprehensive Income/(Loss) for the Period, Net of Taxes	2,929,111	1,688,507	73.47	1,479,436	113,536	1,203.05
Total Comprehensive Income for the Period	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	5,125,428	4,241,293	20.85	2,088,040	1,177,403	77.34
Non-Controlling Interest	38,911	57,681	(32.54)	16,123	26,284	(38.66)
Total Comprehensive Income for the Period	5,164,339	4,298,974	20.13	2,104,163	1,203,687	74.81

Seylan Bank PLC
Statement of Financial Position
(In terms of Rule 7.4 of the Colombo Stock Exchange)

(Amounts in Rupees Thousands)

	Bank			Group		
	As at 30.09.2020	As at 31.12.2019 (Audited)	Growth %	As at 30.09.2020	As at 31.12.2019 (Audited)	Growth %
Assets						
Cash and Cash Equivalents	11,202,656	11,758,729	(4.73)	11,202,696	11,758,769	(4.73)
Balances with Central Bank of Sri Lanka	7,167,420	14,458,970	(50.43)	7,167,420	14,458,970	(50.43)
Placements with Banks and Finance Companies	17,053,417	1,173,278	1,353.48	17,053,417	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	-	-	-	-	-	-
Financial Assets at Amortized Cost						
- Loans and Advances	379,879,290	379,259,064	0.16	379,879,290	379,259,064	0.16
- Debt and Other Instruments	48,551,258	27,038,743	79.56	48,551,258	27,038,743	79.56
Financial Assets measured at Fair Value through Other Comprehensive Income	61,733,362	55,591,526	11.05	61,789,389	55,645,538	11.04
Investment in Subsidiary	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	40,000	40,000	-	-	-	-
Property, Plant & Equipment	4,085,393	4,347,933	(6.04)	6,797,873	7,088,440	(4.10)
Leasehold Rights	35,075	36,534	(3.99)	555,619	562,635	(1.25)
Right-of-use Assets	4,259,089	4,457,472	(4.45)	1,500,176	1,667,714	(10.05)
Investment Properties	-	-	-	851,884	853,157	(0.15)
Intangible Assets	584,597	607,267	(3.73)	584,597	607,267	(3.73)
Other Assets	9,611,141	9,118,297	5.41	9,679,081	9,158,186	5.69
Total Assets	547,524,291	516,294,187	6.05	547,788,417	516,531,269	6.05
Liabilities						
Due to Banks	34,472,126	28,769,629	19.82	34,472,126	28,769,629	19.82
Derivative Financial Instruments	173,702	222,978	(22.10)	173,702	222,978	(22.10)
Financial Liabilities at Amortized Cost						
- Due to Depositors	425,465,201	400,731,358	6.17	425,465,201	400,731,358	6.17
- Due to Debt Securities Holders	2,890,793	8,425,884	(65.69)	2,890,793	8,425,884	(65.69)
- Due to Other Borrowers	15,803	23,407	(32.49)	15,803	23,407	(32.49)
Group Balances Payable	188,938	200,969	(5.99)	-	-	-
Debt Securities Issued	19,475,293	19,870,944	(1.99)	19,475,293	19,870,944	(1.99)
Current Tax Liabilities	648,000	525,389	23.34	621,819	490,699	26.72
Deferred Tax Liabilities	1,430,055	725,326	97.16	1,711,162	947,225	80.65
Lease Liabilities	4,297,473	4,351,632	(1.24)	1,448,596	1,507,618	(3.91)
Other Liabilities	9,196,101	7,819,397	17.61	9,257,151	7,897,473	17.22
Total Liabilities	498,253,485	471,666,913	5.64	495,531,646	468,887,215	5.68
Equity						
Stated Capital	17,548,347	17,044,724	2.95	17,548,347	17,044,724	2.95
Statutory Reserve Fund	1,952,957	1,952,957	-	1,952,957	1,952,957	-
Fair Value through Other Comprehensive Income Reserve	2,892,728	(14,219)	20,444.10	2,864,807	(44,601)	6,523.19
Retained Earnings	24,538,012	22,823,239	7.51	25,184,768	23,494,184	7.20
Other Reserves	2,338,762	2,820,573	(17.08)	3,450,391	3,932,202	(12.25)
Total Shareholders' Equity	49,270,806	44,627,274	10.41	51,001,270	46,379,466	9.97
Non - Controlling Interest	-	-	-	1,255,501	1,264,588	(0.72)
Total Equity	49,270,806	44,627,274	10.41	52,256,771	47,644,054	9.68
Total Equity & Liabilities	547,524,291	516,294,187	6.05	547,788,417	516,531,269	6.05
Contingent Liabilities and Commitments	182,413,053	150,147,271	21.49	182,432,765	150,189,462	21.47
Memorandum Information						
Number of Employees	3,267	3,360	(2.77)	3,288	3,381	(2.75)
Number of Banking Centres	172	173	(0.58)	172	173	(0.58)
Net Assets Value per Ordinary Share (Rs.)	95.30	88.61	7.55	98.64	92.09	7.11

Certification:

We the undersigned, being the Chairman, Director/ Chief Executive Officer and Chief Financial Officer of Seylan Bank PLC certify that,

a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka and where ever required provides additional disclosures to comply with Sri Lanka Accounting Standard - LKAS 34 - Interim Financial Reporting.

b) The information contained in these statements have been extracted from the un-audited financial statements of the Bank & its Subsidiary unless indicated as audited, which have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

Champika Dodanwela (Ms.)

Chief Financial Officer

(Sgd.)

W.M.R.S.Dias

Chairman

November 12, 2020

Colombo

(Sgd.)

Kapila Ariyaratne

Director/Chief Executive Officer

Seylan Bank PLC
Statement of Changes in Equity
For the Nine Months ended 30th September - Bank

(Amounts in Rupees Thousands)

	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 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 Instruments 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)								
- 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 Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,387,659	-	1,387,659
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	18,982	18,982
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	-	-	-	500,793	-	-	(500,793)	-
Net Loss on Reclassification of Debt Investments measured at Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-
3 Total Transactions with Equity Holders	251,477	252,146	-	(506,762)	-	308	(500,793)	(503,624)
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

* 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.

Seylan Bank PLC
Statement of Changes in Equity
For the Nine Months ended 30th September - Group

(Amounts in Rupees Thousands)

	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)	2,284,637	36,246,906	1,216,457	37,463,363
Total Comprehensive Income for the Period										
Profit for the Period (Restated)	-	-	-	2,554,146	-	-	-	2,554,146	56,321	2,610,467
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	1,578,882
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	170,768	-	170,768	-	170,768
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(61,143)	(61,143)	-	(61,143)
2 Total Comprehensive Income for the Period	-	-	-	2,554,146	-	1,748,290	(61,143)	4,241,293	57,681	4,298,974
Transactions with Equity Holders , Recognized Directly In Equity										
Cash/Scrip Dividends to Equity Holders	316,659	313,031	-	(915,248)	-	-	-	(285,558)	(43,635)	(329,193)
Reversal of Revaluation Reserve on Disposed Property, Plant and Equipment Transferred from Investment Fund Reserve	-	-	-	5,089	-	-	(5,089)	-	-	-
Net Gain on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	252,312	-	(252,312)	-	-	-	-
3 Total Transactions with Equity Holders	316,659	313,031	-	(657,847)	-	(252,312)	(5,089)	(285,558)	(43,635)	(329,193)
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	41,433,144
1 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	47,644,054
Total Comprehensive Income for the Period										
Profit for the Period	-	-	-	2,197,346	-	-	-	2,197,346	37,882	2,235,228
Other Comprehensive Income (net of tax)										
- Deferred Tax on Revaluation of Disposed Property, Plant and Equipment	-	-	-	-	-	1,521,441	-	1,521,441	1,029	1,522,470
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,387,659	-	1,387,659	-	1,387,659
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	18,982	18,982	-	18,982
- Net Movement of Cash Flow hedge Reserve	-	-	-	-	-	-	-	-	-	-
2 Total Comprehensive Income for the Period	-	-	-	2,197,346	-	2,909,100	18,982	5,125,428	38,911	5,164,339
Transactions with Equity Holders , Recognized Directly In Equity										
Cash/Scrip Dividends to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)	(47,998)	(551,622)
Transferred to Statutory Reserve Fund*	-	-	-	500,793	-	-	(500,793)	-	-	-
Reversal of Revaluation Reserve on Disposed Property, Plant and Equipment Transferred from Investment Fund Reserve	-	-	-	(308)	-	308	-	-	-	-
Net Loss on Reclassification of Debt Investments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
3 Total Transactions with Equity Holders	251,477	252,146	-	(506,762)	-	308	(500,793)	(503,624)	(47,998)	(551,622)
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	52,256,771

* 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.

SEYLAN BANK PLC

CASH FLOW STATEMENT

For the Nine Months ended 30th September

(Amounts in Rupees Thousands)

	Bank		Group	
	2020	2019 (Restated)	2020	2019 (Restated)
Cash Flows from Operating Activities				
Interest receipts	35,261,796	40,910,579	35,267,426	40,915,698
Interest payments	(23,955,857)	(25,608,498)	(23,743,596)	(25,393,072)
Net commission receipts	2,618,406	3,085,585	2,617,944	3,081,673
Trading income	162,532	58,979	163,407	59,068
Payments to employees	(4,850,951)	(4,680,955)	(4,872,887)	(4,709,597)
VAT and NBT on financial services and DRL	(1,051,842)	(1,950,155)	(1,051,842)	(1,950,155)
Receipts from other operating activities	1,100,649	2,285,965	1,153,929	2,338,658
Payments on other operating activities	(2,655,974)	(3,255,730)	(2,692,779)	(3,273,821)
Operating profit before changes in operating assets and liabilities	6,628,759	10,845,770	6,841,602	11,068,452
(Increase)/ decrease in operating assets :				
Balances with Central Bank of Sri Lanka	7,291,550	3,778,820	7,291,550	3,778,820
Financial assets at amortized cost - Loans and advances	(1,711,839)	(27,274,701)	(1,711,839)	(27,274,701)
Other assets	487,344	(2,396,441)	428,448	(2,388,580)
(Increase)/ decrease in operating liabilities :				
Financial liabilities at amortized cost - Due to Depositors	26,011,091	18,809,881	26,011,091	18,809,881
Financial liabilities at amortized cost - Due to Debt Securities Holders	(5,513,088)	(7,209,387)	(5,513,088)	(7,209,387)
Financial liabilities at amortized cost - Due to Other Borrowers	(7,604)	(7,188)	(7,604)	(7,188)
Other liabilities	219,255	1,278,886	25,614	1,068,443
Due to banks	5,702,497	98,876	5,702,497	98,876
Cash generated from operating activities before income tax	39,107,965	(2,075,484)	39,068,271	(2,055,384)
Income tax paid	(818,162)	(1,426,386)	(818,162)	(1,427,492)
Net cash (used in) / generated from operating activities	38,289,803	(3,501,870)	38,250,109	(3,482,876)
Cash flows from investing activities				
Purchase of property , plant & equipment	(358,676)	(374,858)	(372,926)	(413,293)
Improvements in Investment property	-	-	(9,829)	(12,022)
Proceeds from sale of property , plant & equipment	6,695	15,090	6,695	15,090
Net proceeds from Sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing after three months	(14,084,960)	(5,816,011)	(14,084,960)	(5,816,011)
Net proceeds from sale, maturity and purchase of financial investments of shares and debentures	(288,543)	1,459,910	(291,548)	1,459,971
Reverse repurchase agreements maturing after three months	28,208	4,961	28,208	4,961
Net purchase of intangible assets	(99,621)	(99,107)	(99,621)	(99,107)
Net cash flow from acquisition of investment in subsidiaries	-	-	-	-
Net cash flow from disposal of subsidiaries	-	-	-	-
Dividend received from investment in subsidiaries	114,765	89,725	-	-
Dividend received from other investments	17,496	20,467	17,496	20,467
Proceed from Sale of Assets Held-for-Sale	-	-	-	-
Net cash (used in) / generated from investing activities	(14,664,636)	(4,699,823)	(14,806,485)	(4,839,944)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital	-	-	-	-
Net proceeds from the issue of other equity instruments	-	-	-	-
Net proceeds from the issue of subordinated debt	-	5,000,000	-	4,971,000
Repayment of subordinated debt	-	-	-	-
Interest paid on subordinated debt	(2,143,860)	(1,488,205)	(2,126,660)	(1,476,616)
Interest paid on un-subordinated debt	(107,737)	(107,443)	(107,737)	(107,443)
Dividend paid to non-controlling interest	-	-	(49,717)	(58,290)
Dividend paid to shareholders of the bank	(502,240)	(287,516)	(502,240)	(287,516)
Dividend paid to holders of other equity instruments	-	-	-	-
Payment of lease liabilities	(562,140)	(496,874)	(348,578)	(300,046)
Net cash (used in) / generated from financing activities	(3,315,977)	2,619,963	(3,134,932)	2,741,090
Net increase / (decrease) in cash and cash equivalents	20,309,190	(5,581,731)	20,308,692	(5,581,731)
Cash and cash equivalents at beginning of the period	24,716,667	25,401,673	24,717,205	25,401,713
Cash and cash equivalents at end of the period	45,025,857	19,819,942	45,025,897	19,819,982
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	11,223,222	7,986,785	11,223,262	7,986,825
Placements with banks and finance companies	17,139,113	7,283,457	17,139,113	7,283,457
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing within three months	7,356,585	297,876	7,356,585	297,876
Securities purchased under resale agreements maturing within three months	9,306,937	4,251,824	9,306,937	4,251,824
	45,025,857	19,819,942	45,025,897	19,819,982

EXPLANATORY NOTES

1. General

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

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.)	30/09/2020		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

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

3.2 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 Public Holdings as at September 30, 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. 6.576 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

<u>Name of Director</u>	<u>No of Shares</u>	<u>No of Shares</u>
	(Ordinary Voting)	(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 Abey Suriya, 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
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)
	<u>17,548,347</u>

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.

7. 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

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 recognized 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 FCY 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.

9. Comparative Figures

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	Rs 000's			
	Bank		Group	
	Restated	Previously Reported	Restated	Previously 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 & 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 Accounts.

10. Seylan Bank PLC
Segment Reporting (Group)

(Amounts in Rupee Thousands)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019 (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

10. Seylan Bank PLC
Segment Reporting (Group)

(Amounts in Rupee Thousands)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019 (Restated)
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)

Seylan Bank PLC
11 Analysis of Financial Instruments by Measurement Basis - Bank

(Amounts in Rupees Thousands)

30.09.2020				
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	Financial Assets Measured at Amortised Cost	Total
Assets				
Cash and Cash Equivalents	-	-	11,202,656	11,202,656
Balances with Central Bank of Sri Lanka	-	-	7,167,420	7,167,420
Placements with Banks and Finance Companies	-	-	17,053,417	17,053,417
Derivative Financial Instruments	128,104	-	-	128,104
Securities Purchased under Resale Agreements	-	-	9,306,937	9,306,937
Customer Loans and Advances	-	-	379,879,290	379,879,290
Debt Instruments	-	77,422	749,161	826,583
Equity Instruments	-	3,554,521	-	3,554,521
Government Securities	2,039,887	58,101,419	38,495,160	98,636,466
Group Balances Receivable	-	-	40,000	40,000
Other Financial Assets	-	-	6,507,582	6,507,582
Total Financial Assets	2,167,991	61,733,362	470,401,623	534,302,976
Liabilities				
		Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL)	Financial Liabilities Measured at Amortised Cost	Total
Due to Banks	-	-	34,472,126	34,472,126
Derivative Financial Instruments	-	173,702	-	173,702
Due to Depositors	-	-	425,465,201	425,465,201
Securities Sold under Repurchase Agreements	-	-	2,890,793	2,890,793
Due to Other Borrowers	-	-	15,803	15,803
Group Balances Payable	-	-	188,938	188,938
Debt Securities Issued	-	-	19,475,293	19,475,293
Lease Liabilities	-	-	4,297,473	4,297,473
Other Financial Liabilities	-	-	6,844,429	6,844,429
Total Financial Liabilities		173,702	493,650,056	493,823,758
31.12.2019				
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	Financial Assets Measured at Amortised Cost	Total
Assets				
Cash and Cash Equivalents	-	-	11,758,729	11,758,729
Balances with Central Bank of Sri Lanka	-	-	14,458,970	14,458,970
Placements with Banks and Finance Companies	-	-	1,173,278	1,173,278
Derivative Financial Instruments	134,756	-	-	134,756
Securities Purchased under Resale Agreements	-	-	5,165,159	5,165,159
Customer Loans and Advances	-	-	379,259,064	379,259,064
Debt Instruments	-	74,055	669,204	743,259
Equity Instruments	-	1,689,691	-	1,689,691
Government Securities	7,118,016	53,827,780	21,204,380	82,150,176
Group Balances Receivable	-	-	40,000	40,000
Other Financial Assets	-	-	6,471,794	6,471,794
Total Financial Assets	7,252,772	55,591,526	440,200,578	503,044,876
Liabilities				
		Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL)	Financial Liabilities Measured at Amortised Cost	Total
Due to Banks	-	-	28,769,629	28,769,629
Derivative Financial Instruments	-	222,978	-	222,978
Due to Depositors	-	-	400,731,358	400,731,358
Securities Sold under Repurchase Agreements	-	-	8,425,884	8,425,884
Due to Other Borrowers	-	-	23,407	23,407
Group Balances Payable	-	-	200,969	200,969
Debt Securities Issued	-	-	19,870,944	19,870,944
Lease Liabilities	-	-	4,351,632	4,351,632
Other Financial Liabilities	-	-	6,025,050	6,025,050
Total Financial Liabilities		222,978	468,398,873	468,621,851

Seylan Bank PLC
11 Analysis of Financial Instruments by Measurement Basis - Group

(Amounts in Rupees Thousands)

30.09.2020			
Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	Financial Assets Measured at Amortised Cost	Total
Assets			
Cash and Cash Equivalents	-	11,202,696	11,202,696
Balances with Central Bank of Sri Lanka	-	7,167,420	7,167,420
Placements with Banks and Finance Companies	-	17,053,417	17,053,417
Derivative Financial Instruments	128,104	-	128,104
Securities Purchased under Resale Agreements	-	9,306,937	9,306,937
Customer Loans and Advances	-	379,879,290	379,879,290
Debt Instruments	-	749,161	882,610
Equity Instruments	7,726	3,554,521	3,562,247
Government Securities	2,039,887	58,101,419	98,636,466
Other Financial Assets	-	6,529,440	6,529,440
Total Financial Assets	2,175,717	470,383,521	534,348,627
Liabilities			
Due to Banks	-	34,472,126	34,472,126
Derivative Financial Instruments	173,702	-	173,702
Due to Depositors	-	425,465,201	425,465,201
Securities Sold under Repurchase Agreements	-	2,890,793	2,890,793
Due to Other Borrowers	-	15,803	15,803
Debt Securities Issued	-	19,475,293	19,475,293
Lease Liabilities	-	1,448,596	1,448,596
Other Financial Liabilities	-	6,886,894	6,886,894
Total Financial Liabilities	173,702	490,654,706	490,828,408
31.12.2019			
Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	Financial Assets Measured at Amortised Cost	Total
Assets			
Cash and Cash Equivalents	-	11,758,769	11,758,769
Balances with Central Bank of Sri Lanka	-	14,458,970	14,458,970
Placements with Banks and Finance Companies	-	1,173,278	1,173,278
Derivative Financial Instruments	134,756	-	134,756
Securities Purchased under Resale Agreements	-	5,165,159	5,165,159
Customer Loans and Advances	-	379,259,064	379,259,064
Debt Instruments	-	669,204	797,271
Equity Instruments	6,736	1,689,691	1,696,427
Government Securities	7,118,016	53,827,780	82,150,176
Other Financial Assets	-	6,497,010	6,497,010
Total Financial Assets	7,259,508	440,185,834	503,090,880
Liabilities			
Due to Banks	-	28,769,629	28,769,629
Derivative Financial Instruments	222,978	-	222,978
Due to Depositors	-	400,731,358	400,731,358
Securities Sold under Repurchase Agreements	-	8,425,884	8,425,884
Due to Other Borrowers	-	23,407	23,407
Debt Securities Issued	-	19,870,944	19,870,944
Lease Liabilities	-	1,507,618	1,507,618
Other Financial Liabilities	-	6,062,631	6,062,631
Total Financial Liabilities	222,978	465,391,471	465,614,449

Seylan Bank PLC

12 Analysis of Loans & Advances , Commitments, Contingencies and Impairment

(Amounts in Rupees Thousands)

	Bank		Group	
	As at 30.09.2020	As at 31.12.2019	As at 30.09.2020	As at 31.12.2019
12.1 Product-wise Gross Loans & Advances				
By product - Domestic Currency				
Export Bills	-	10,615	-	10,615
Import Bills	345,453	304,831	345,453	304,831
Local Bills	15,364	247,963	15,364	247,963
Lease Rentals Receivable	23,430,647	20,932,145	23,430,647	20,932,145
Overdrafts	53,345,117	60,306,083	53,345,117	60,306,083
Revolving Import Loans	10,467,407	17,958,104	10,467,407	17,958,104
Packing Credit Loans	3,123,561	1,947,964	3,123,561	1,947,964
Trust Receipt Loans	2,548,775	1,715,118	2,548,775	1,715,118
Staff Loans	6,823,546	6,671,261	6,823,546	6,671,261
Housing Loans	16,523,917	16,589,494	16,523,917	16,589,494
Pawning Receivables	14,090,486	12,282,669	14,090,486	12,282,669
Refinance Loans	15,974,267	7,640,631	15,974,267	7,640,631
Credit Cards	6,396,538	6,681,209	6,396,538	6,681,209
Margin Trading	3,357,347	2,879,599	3,357,347	2,879,599
Factoring	1,497,687	2,600,010	1,497,687	2,600,010
Term Loans	190,849,449	186,376,199	190,849,449	186,376,199
Total	348,789,561	345,143,895	348,789,561	345,143,895
By product - Foreign Currency				
Export Bills	3,395,242	2,924,324	3,395,242	2,924,324
Import Bills	366,017	589,960	366,017	589,960
Local Bills	31,008	19,571	31,008	19,571
Overdrafts	458,885	472,059	458,885	472,059
Revolving Import Loans	555,751	1,001,607	555,751	1,001,607
Packing Credit Loans	11,283,406	11,565,189	11,283,406	11,565,189
Housing Loans	177,776	175,201	177,776	175,201
Term Loans	29,717,622	28,099,669	29,717,622	28,099,669
Total	45,985,707	44,847,580	45,985,707	44,847,580
Gross Loans and Advances	394,775,268	389,991,475	394,775,268	389,991,475
12.2 Product-wise Commitments and Contingencies				
By product - Domestic Currency				
Commitments				
Undrawn Credit Lines	80,773,199	68,481,017	80,773,199	68,481,017
Capital Commitments	155,450	517,785	175,162	559,976
Contingencies				
Acceptances	376,169	292,465	376,169	292,465
Standby Letters of Credit	13,000	13,000	13,000	13,000
Guarantees	47,305,368	40,159,250	47,305,368	40,159,250
Documentary Credit	513,793	796,003	513,793	796,003
Bills for Collection	380,274	316,779	380,274	316,779
Forward Exchange Contracts (Net)	(13,381,793)	(13,965,832)	(13,381,793)	(13,965,832)
Total	116,135,460	96,610,467	116,155,172	96,652,658
By product - Foreign Currency				
Commitments				
Undrawn Credit Lines	14,875,245	11,798,260	14,875,245	11,798,260
Capital Commitments	213,759	288,455	213,759	288,455
Contingencies				
Acceptances	18,299,264	10,101,677	18,299,264	10,101,677
Standby Letters of Credit	636,940	509,262	636,940	509,262
Guarantees	3,915,410	3,086,845	3,915,410	3,086,845
Documentary Credit	11,115,242	10,849,105	11,115,242	10,849,105
Bills for Collection	3,899,647	3,250,213	3,899,647	3,250,213
Forward Exchange Contracts (Net)	13,322,086	13,652,987	13,322,086	13,652,987
Total	66,277,593	53,536,804	66,277,593	53,536,804
Total Commitments and Contingencies	182,413,053	150,147,271	182,432,765	150,189,462

Seylan Bank PLC

Analysis of Loans & Advances , Commitments, Contingencies and Impairment

(Amounts in Rupees Thousands)

	Bank		Group	
	As at 30.09.2020	As at 31.12.2019	As at 30.09.2020	As at 31.12.2019

12.3 Stage-wise Impairment on Loans & Advances, Commitments and Contingencies

	577,188,321	540,138,746	577,208,033	540,180,937
Gross Loans and Advances, Commitments and Contingencies				
Less : Accumulated Impairment under Stage 1	1,384,260	965,844	1,384,260	965,844
Accumulated Impairment under Stage 2	587,107	573,870	587,107	573,870
Accumulated Impairment under Stage 3	13,242,992	9,456,784	13,242,992	9,456,784
Net Loans & Advances, Commitments and Contingencies	561,973,962	529,142,248	561,993,674	529,184,439
Movement of Impairment during the Period	Fom 01.01.2020 to 30.09.2020	From 01.01.2019 to 31.12.2019	Fom 01.01.2020 to 30.09.2020	From 01.01.2019 to 31.12.2019
Stage 1				
Opening Balance as at 01st January	965,844	862,303	965,844	862,303
Charge/(Write back) to income statement	418,416	103,541	418,416	103,541
Closing Balance	1,384,260	965,844	1,384,260	965,844
Stage 2				
Opening Balance as at 01st January	573,870	820,746	573,870	820,746
Charge/(Write back) to income statement	13,237	(246,876)	13,237	(246,876)
Closing Balance	587,107	573,870	587,107	573,870
Stage 3				
Opening Balance as at 01st January	9,456,784	8,473,518	9,456,784	8,473,518
Charge/(Write back) to income statement	4,567,288	3,987,081	4,567,288	3,987,081
Reversal for Write-off during the period	(45,638)	(2,398,992)	(45,638)	(2,398,992)
Interest Accrued on Impaired Loans and Advances	(915,311)	(604,823)	(915,311)	(604,823)
Other Movement	179,869	-	179,869	-
Closing Balance	13,242,992	9,456,784	13,242,992	9,456,784
Total Impairment	15,214,359	10,996,498	15,214,359	10,996,498

13 Analysis of Deposits

(Amounts in Rupees Thousands)

Deposits - By product	Bank		Group	
	As at 30.09.2020	As at 31.12.2019	As at 30.09.2020	As at 31.12.2019
By product - Domestic Currency				
Demand Deposits	22,116,742	19,438,400	22,116,742	19,438,400
Savings Deposits	91,153,817	79,208,251	91,153,817	79,208,251
Fixed Deposits	258,873,590	251,643,284	258,873,590	251,643,284
Certificate of Deposits	2,681,020	2,833,926	2,681,020	2,833,926
Total	374,825,169	353,123,861	374,825,169	353,123,861
By product - Foreign Currency				
Demand Deposits	4,076,666	3,238,241	4,076,666	3,238,241
Savings Deposits	13,079,581	11,877,218	13,079,581	11,877,218
Fixed Deposits	33,483,785	32,492,038	33,483,785	32,492,038
Total	50,640,032	47,607,497	50,640,032	47,607,497
Total Deposits	425,465,201	400,731,358	425,465,201	400,731,358

	CURRENT PERIOD 01-Jul-20 to 30-Sep-20	COMPARATIVE PERIOD 01-Jul-19 to 30-Sep-19
Debt (Debentures) / Equity Ratio (Times)	0.40	0.56
Debt (Debentures plus Long term Debt) / Equity Ratio (Times)	0.57	0.85
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)	-	*
6 Year Fixed Semi Annual - 8.60% p.a.	*	*
6 Year Fixed Annual - 8.75% p.a.	*	*
Interest Yield as at Date of Last Trade	*	*
Yield to Maturity of Trade Done on	*	*
Interest Rate of Comparable Government Security		
- 5 Years (Debenture matured and redeemed on 22/12/2019)	-	7.81%
- 6 Years	4.69%	8.45%
2016 Issue		
Market Prices during July to September (Ex Interest)		
5 Year Fixed Semi Annual - 13.00% p.a		
- Highest Price	102.70	100.00
- Lowest Price	102.70	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%		
	*	*
7 Year Fixed Semi Annual - 13.75% p.a		
- Highest Price	*	100.00
- Lowest Price	*	100.00
- Last Traded Price *(24/09/2019)	*	100.00
Interest Yield as at Date of Last Trade		
5 Year Fixed Semi Annual - 13.00% p.a (13/08/2020)/(16/08/2019)	13.07%	13.42%
5 Year Floating Semi Annual - six months treasury bill rate + 1.5%	*	*
7 Year Fixed Semi Annual - 13.75% p.a *(24/09/2019)	*	14.22%
Yield to Maturity of Trade Done on		
5 Year Fixed Semi Annual - 13.00% p.a (13/08/2020)/(16/08/2019)	9.83%	12.98%
5 Year Floating Semi Annual - six months treasury bill rate + 1.5%	*	*
7 Year Fixed Semi Annual - 13.75% p.a *(24/09/2019)	*	13.73%
Interest Rate of Comparable Government Security		
- 5 Years	4.76%	8.69%
- 7 Years	6.00%	9.81%
2018 Issue		
Market Prices during July to September (Ex Interest)		
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		
- Highest Price	*	100.00
- Lowest Price	*	100.00
- Last Traded Price *(17/09/2019)	*	100.00
Interest 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.	*	*
10 Year Fixed Semi Annual - 13.50% p.a *(17/09/2019)	*	13.96%
Yield 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%
Interest Rate of Comparable Government Security		
- 5 Years	6.02%	9.90%
- 7 Years	6.79%	10.43%
- 10 Years	7.25%	10.59%
2019 Issue		
Market Prices during July to September (Ex Interest)		
5 Year Fixed Annual - 15.00% p.a		
- Highest Price	116.44	106.49
- Lowest Price	107.54	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	100.72	
- Last Traded Price (17/05/2019)	100.72	
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 15.00% p.a (28/07/2020)/(13/08/2019)	12.88%	14.09%
5 Year Fixed Semi Annual - 14.50% p.a.	*	*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 15.00% p.a (28/07/2020)/(13/08/2019)	9.50%	13.00%
5 Year Fixed Semi Annual - 14.50% p.a.	*	*
Interest Rate of Comparable Government Security		
- 5 Years	6.32%	10.20%

* No trading during the period.

Seylan Bank PLC

Selected Performance Indicators

Item	Bank		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	43,943
Total Capital Base	56,710	56,704	57,472	57,466
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 7.00%)	11.50	11.27	11.71	11.49
Total Tier I Capital Ratio (Minimum Requirement - 8.50%)	11.50	11.27	11.71	11.49
Total Capital Ratio (Minimum Requirement - 12.50%)	14.54	14.84	14.72	15.02
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 (%) (Minimum Requirement - 90% (2019 - 100%))	109.72	109.11		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio (%) (Net of Interest in Suspense)	6.75	5.76		
Net Non-Performing Advances Ratio (%) (Net of Interest in Suspense and Provision)	3.89	3.73		
Profitability				
Interest Margin (%)	3.98	4.20		
Return on Assets (before Tax) (%)	0.80	1.04		
Return on Equity (%)	6.34	9.29		