

# SEYLAN BANK PLC

## FINANCIAL STATEMENTS

### Year ended 31st December, 2019



### INCOME STATEMENT

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

	Bank			Bank			Group			Group		
	For the Year ended 31st December			For the Quarter ended 31st December			For the Year ended 31st December			For the Quarter ended 31st December		
	2019	2018	Growth %	2019	2018	Growth %	2019	2018	Growth %	2019	2018	Growth %
Interest Income	55,423,358	49,229,214	12.58	13,783,455	13,568,098	1.59	55,430,879	49,230,380	12.59	3,785,857	3,569,832	1.59
Less: Interest Expenses	36,790,839	31,482,218	16.86	8,924,606	8,868,347	0.63	36,488,082	31,440,293	16.06	8,848,864	8,863,682	(0.17)
<b>Net Interest Income</b>	<b>18,632,519</b>	<b>17,746,996</b>	<b>4.99</b>	<b>4,858,849</b>	<b>4,699,751</b>	<b>3.39</b>	<b>18,942,797</b>	<b>17,790,087</b>	<b>6.48</b>	<b>4,936,993</b>	<b>4,706,150</b>	<b>4.91</b>
Fee and Commission Income	4,457,325	4,252,240	4.82	1,217,022	1,161,871	4.75	4,457,109	4,251,808	4.83	1,217,011	1,161,682	4.76
Less: Fee and Commission Expenses	224,554	198,273	13.25	66,129	55,868	18.37	224,554	198,604	13.07	62,422	52,893	18.02
<b>Net Fee and Commission Income</b>	<b>4,232,771</b>	<b>4,053,967</b>	<b>4.41</b>	<b>1,150,893</b>	<b>1,106,003</b>	<b>4.06</b>	<b>4,232,555</b>	<b>4,053,204</b>	<b>4.42</b>	<b>1,154,589</b>	<b>1,108,789</b>	<b>4.13</b>
Net Gains/(Losses) from Trading	(497,595)	961,832	(151.73)	196,012	344,352	(43.08)	(496,010)	961,634	(151.58)	197,508	344,483	(42.67)
Net Gains/(Losses) from Derecognition of Financial Assets	320,472	51,936	517.05	140,085	(4,536)	3,188.29	320,472	51,936	517.05	140,085	(4,536)	3,188.29
Net Other Operating Income	1,666,094	377,308	341.57	8,735	42,733	(79.56)	1,643,799	348,835	371.23	23,472	34,061	(31.09)
<b>Total Operating Income</b>	<b>24,354,261</b>	<b>23,192,039</b>	<b>5.01</b>	<b>6,354,574</b>	<b>6,188,303</b>	<b>2.69</b>	<b>24,643,613</b>	<b>23,205,696</b>	<b>6.20</b>	<b>6,452,647</b>	<b>6,188,947</b>	<b>4.26</b>
Impairment Charges	3,882,718	3,475,186	11.73	735,143	453,737	62.02	3,882,718	3,475,195	11.73	735,159	453,746	62.02
<b>Net Operating Income</b>	<b>20,471,543</b>	<b>19,716,853</b>	<b>3.83</b>	<b>5,619,431</b>	<b>5,734,566</b>	<b>(2.01)</b>	<b>20,760,895</b>	<b>19,730,501</b>	<b>5.22</b>	<b>5,717,488</b>	<b>5,735,201</b>	<b>(0.31)</b>
Less: Operating Expenses	6,492,596	5,782,333	12.28	1,657,233	1,433,269	15.63	6,526,826	5,816,527	12.21	1,662,821	1,439,114	15.54
Personnel Expenses	81,212	1,134,771	(92.84)	81,212	1,134,771	(92.84)	81,212	1,134,771	(92.84)	81,212	1,134,771	(92.84)
Additional Gratuity Expense	842,447	745,823	12.96	223,912	194,943	14.86	909,869	809,868	12.35	242,508	211,190	14.83
Depreciation and Amortisation Expenses	473,310	704,207	(32.79)	110,768	152,421	(27.33)	432,183	477,301	(9.45)	100,486	95,694	5.01
Depreciation - Right-of-use Assets/Lease Expense	4,716,195	4,570,177	3.20	1,036,182	1,136,502	(8.83)	4,776,522	4,691,620	1.81	1,088,898	1,153,287	(5.58)
Other Expenses												
<b>Total Operating Expenses</b>	<b>12,605,760</b>	<b>12,937,311</b>	<b>(2.56)</b>	<b>3,109,307</b>	<b>4,051,906</b>	<b>(23.26)</b>	<b>12,726,642</b>	<b>12,930,087</b>	<b>(1.57)</b>	<b>3,175,925</b>	<b>4,034,056</b>	<b>(21.27)</b>
<b>Operating Profit before Taxes</b>	<b>7,865,783</b>	<b>6,779,542</b>	<b>16.02</b>	<b>2,510,124</b>	<b>1,682,660</b>	<b>49.18</b>	<b>8,034,253</b>	<b>6,800,414</b>	<b>18.14</b>	<b>2,541,563</b>	<b>1,701,145</b>	<b>49.40</b>
Less: Value Added Tax on Financial Services	1,621,116	1,675,346	(3.24)	422,942	501,277	(15.63)	1,621,116	1,675,346	(3.24)	422,942	513,556	(17.64)
Less: Nation Building Tax on Financial Services	193,281	223,380	(13.47)	33,524	66,837	(49.84)	193,281	223,380	(13.47)	33,524	66,837	(49.84)
Less: Debt Repayment Levy	952,746	214,564	344.04	250,573	214,564	16.78	952,746	214,564	344.04	250,573	214,564	16.78
<b>Profit before Income Tax</b>	<b>5,098,640</b>	<b>4,666,252</b>	<b>9.27</b>	<b>1,803,085</b>	<b>899,982</b>	<b>100.35</b>	<b>5,267,110</b>	<b>4,687,124</b>	<b>12.37</b>	<b>1,834,524</b>	<b>906,188</b>	<b>102.44</b>
Less: Income Tax Expense	1,418,378	1,477,046	(3.97)	646,638	244,077	164.93	1,468,858	1,536,268	(4.39)	646,739	250,796	157.87
<b>Profit for the Year</b>	<b>3,680,262</b>	<b>3,189,206</b>	<b>15.40</b>	<b>1,156,447</b>	<b>655,905</b>	<b>76.31</b>	<b>3,798,252</b>	<b>3,150,856</b>	<b>20.55</b>	<b>1,187,785</b>	<b>655,392</b>	<b>81.23</b>
Equity Holders of the Bank	3,680,262	3,189,206	15.40	1,156,447	655,905	76.31	3,798,252	3,150,856	20.55	1,187,785	655,392	81.23
Non-controlling interest	-	-	-	-	-	-	65,561	13,613	381.61	9,240	3,471	166.21
<b>Profit for the Year</b>	<b>3,680,262</b>	<b>3,189,206</b>	<b>15.40</b>	<b>1,156,447</b>	<b>655,905</b>	<b>76.31</b>	<b>3,798,252</b>	<b>3,150,856</b>	<b>20.55</b>	<b>1,187,785</b>	<b>655,392</b>	<b>81.23</b>
Basic/Diluted Earnings per Ordinary Share (Rs.)	8.99	7.97	12.80	2.65	1.64	61.59	9.12	7.84	16.33	2.70	1.63	65.64

### CASH FLOW STATEMENT (Audited)

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

	Bank			Bank			Group			Group		
	For the Year ended 31st December			For the Quarter ended 31st December			For the Year ended 31st December			For the Quarter ended 31st December		
	2019	2018	Growth %	2019	2018	Growth %	2019	2018	Growth %	2019	2018	Growth %
Cash Flows from Operating Activities	53,327,880	46,871,290	13.56	13,838,554	13,568,098	1.95	53,327,880	46,871,290	13.56	13,838,554	13,568,098	1.95
Interest receipts	(33,251,720)	(28,162,777)	18.06	(8,629,054)	(8,868,347)	(2.69)	(33,251,720)	(28,162,777)	18.06	(8,629,054)	(8,868,347)	(2.69)
Net commission receipts	4,232,771	4,053,967	4.41	1,150,893	1,106,003	4.06	4,232,771	4,053,967	4.41	1,150,893	1,106,003	4.06
Trading income	66,587	79,352	(16.19)	196,012	344,352	(43.08)	66,587	79,352	(16.19)	196,012	344,352	(43.08)
Payments to employees	(6,249,124)	(5,973,776)	4.53	(1,657,233)	(1,433,269)	15.63	(6,249,124)	(5,973,776)	4.53	(1,657,233)	(1,433,269)	15.63
VAT and NET on financial services and DRL	(2,694,167)	(2,258,810)	19.24	(81,212)	(1,134,771)	(92.84)	(2,694,167)	(2,258,810)	19.24	(81,212)	(1,134,771)	(92.84)
Receipts from other operating activities	2,780,711	1,598,098	74.41	320,472	(4,536)	3,188.29	2,780,711	1,598,098	74.41	320,472	(4,536)	3,188.29
Payments on other operating activities	(5,067,052)	(5,213,751)	(2.52)	(1,643,799)	(348,835)	371.23	(5,067,052)	(5,213,751)	(2.52)	(1,643,799)	(348,835)	371.23
<b>Operating profit before changes in operating assets and liabilities</b>	<b>13,145,886</b>	<b>10,952,215</b>	<b>20.00</b>	<b>4,858,849</b>	<b>4,699,751</b>	<b>3.39</b>	<b>13,145,886</b>	<b>10,952,215</b>	<b>20.00</b>	<b>4,858,849</b>	<b>4,699,751</b>	<b>3.39</b>
<b>(Increase)/Decrease in operating assets:</b>												
Balances with Central Bank of Sri Lanka	4,013,305	647,568	512.70	1,150,893	1,106,003	4.06	4,013,305	647,568	512.70	1,150,893	1,106,003	4.06
Financial assets at amortised cost - loans & advances	(54,623,855)	(48,243,676)	13.23	(15,818,062)	(15,818,062)	-	(54,623,855)	(48,243,676)	13.23	(15,818,062)	(15,818,062)	-
Other Assets	(2,784,945)	(1,745,640)	59.57	(1,156,447)	(655,905)	44.00	(2,784,945)	(1,745,640)	59.57	(1,156,447)	(655,905)	44.00
<b>(Increase)/Decrease in operating liabilities:</b>												
Financial liabilities at amortised cost - Due to depositors	42,076,603	48,740,109	(13.57)	(12,663,143)	(12,663,143)	-	42,076,603	48,740,109	(13.57)	(12,663,143)	(12,663,143)	-
Financial liabilities at amortised cost - Due to debt securities holders	(12,663,143)	(12,663,143)	-	(12,663,143)	(12,663,143)	-	(12,663,143)	(12,663,143)	-	(12,663,143)	(12,663,143)	-
Financial liabilities at amortised cost - Due to other borrowers	(8,611)	8,622	(99.99)	(8,611)	8,622	(99.99)	(8,611)	8,622	(99.99)	(8,611)	8,622	(99.99)
Other liabilities	1,491,808	(1,249,270)	131.23	(1,643,799)	(348,835)	371.23	1,491,808	(1,249,270)	131.23	(1,643,799)	(348,835)	371.23
Due to banks	2,390,848	(674,191)	354.51	(1,643,799)	(348,835)	371.23	2,390,848	(674,191)	354.51	(1,643,799)	(348,835)	371.23
<b>Cash (used in)/generated from operating activities before income tax</b>	<b>(6,962,104)</b>	<b>12,943,389</b>	<b>(235.07)</b>	<b>(1,827,863)</b>	<b>(1,690,523)</b>	<b>7.32</b>	<b>(6,962,104)</b>	<b>12,943,389</b>	<b>(235.07)</b>	<b>(1,827,863)</b>	<b>(1,690,523)</b>	<b>7.32</b>
Income tax paid	(1,827,863)	(1,827,863)	-	(646,638)	(244,077)	164.93	(1,827,863)	(1,827,863)	-	(646,638)	(244,077)	164.93
<b>Net cash (used in)/generated from operating activities</b>	<b>(8,789,967)</b>	<b>11,252,866</b>	<b>(176.13)</b>	<b>(2,474,501)</b>	<b>(1,934,600)</b>	<b>26.37</b>	<b>(8,789,967)</b>	<b>11,252,866</b>	<b>(176.13)</b>	<b>(2,474,501)</b>	<b>(1,934,600)</b>	<b>26.37</b>
Cash flows from investing activities	1,321,767	(870,778)	229.90	(1,374,033)	(887,614)	55.60	1,321,767	(870,778)	229.90	(1,374,033)	(887,614)	55.60
Purchase of property, plant & equipment	38,302	-	38,302	-	-	38,302	-	38,302	-	-	-	38,302
Improvements to investment properties	1,819	2,248	(22.50)	92,912	92,912	-	1,819	2,248	(22.50)	92,912	92,912	-
Proceeds from sale of property, plant & equipment	38,302	972,594	(95.02)	4,826,187	(3,733,611)	28.41	38,302	972,594	(95.02)	4,826,187	(3,733,611)	28.41
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	4,826,187	(3,733,611)	28.41	4,826,187	(3,733,611)	28.41	4,826,187	(3,733,611)	28.41	4,826,187	(3,733,611)	28.41
Net proceeds from sale, maturity and purchase of financial investments of shares and debentures	1,819	2,248	(22.50)	92,912	92,912	-	1,819	2,248	(22.50)	92,912	92,912	-
Reverse repurchase agreements maturing after three months	(185,862)	(332,855)	(43.53)	(185,862)	(332,855)	(43.53)	(185,862)	(332,855)	(43.53)	(185,862)	(332,855)	(43.53)
Net purchase of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flow from acquisition of investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flow from disposal of subsidiaries	89,726	84,509	6.18	24,989	24,989	-	89,726	84,509	6.18	24,989	24,989	-
Dividend received from investment in subsidiaries	24,989	41,641	(40.32)	24,989	41,641	(40.32)	24,989	41,641	(40.32)	24,989	41,641	(40.32)
Dividend received from other investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>3,598,504</b>	<b>(3,497,917)</b>	<b>28.84</b>	<b>3,428,997</b>	<b>(4,586,002)</b>	<b>(129.70)</b>	<b>3,598,504</b>	<b>(3,497,917)</b>	<b>28.84</b>	<b>3,428,997</b>	<b>(4,586,002)</b>	<b>(129.70)</b>
Cash flows from financing activities	4,389,238	-	4,389,238	-	-	4,389,238	-	4,389,238	-			



# SEYLAN BANK PLC FINANCIAL STATEMENTS Year ended 31st December, 2019



## EXPLANATORY NOTES

**1. General**  
The Financial Statements of the Bank and Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka.

There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report except for the initial adoption of SLFRS 16 - Leases on 1 January 2019.

The Bank adopted Sri Lanka Accounting Standard - SLFRS 16 (Leases) with effect from 1st January 2019. The Bank applied the modified retrospective method and therefore comparative figures are not restated.

The Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments) became effective from 1st January 2019. As permitted by the Statement of Alternative Treatment (SoAT) issued by CA Sri Lanka, the Bank presented the interim Financial Statements for the first three quarters of 2018 with the application of LKAS 39 (Financial Instruments: Recognition and Measurement). However, the Bank adopted SLFRS 9 in the preparation of its Annual Financial Statements for the year ended 31st December 2018 and recognised the total additional impact arising from the application of SLFRS 9 in its entirety in the 4th quarter of 2018.

However, in order to provide comparable figures, the Bank restated the quarterly results of 2018 in line with SLFRS 9 in its 2019 Interim Financial Statements. There is no impact on annual figures of 2018, Statement of Profit or Loss and the Statement of Comprehensive Income and only the 4th quarter 2018 was restated as mentioned below.

FOR THE QUARTER ENDED 31ST DECEMBER 2018	BANK		GROUP	
	AS PREVIOUSLY REPORTED	RESTATE	AS PREVIOUSLY REPORTED	RESTATE
Interest income	13,602,628	13,568,098	13,604,362	13,569,832
Net operating income	53,378	42,733	44,706	34,061
Impairment charges	1,551,712	453,737	1,551,721	453,746
Depreciation - Right-of-use Assets/Lease Expense	-	152,421	-	95,694
Other Expenses	1,288,923	1,136,502	1,244,775	1,153,287
Value added tax on financial services	366,302	501,277	374,093	513,556
Nation building tax on financial services	48,841	66,837	53,329	66,837
Profit before tax	153	899,882	8,359	896,188
Income tax expense	(50,707)	244,077	(43,988)	250,796
Profit for the period	50,860	655,905	50,347	653,392
Other comprehensive loss for the period, net of taxes	(104,505)	(611,439)	(8,036)	(514,970)
Total comprehensive income for the period	(53,645)	44,466	42,311	140,422

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%).

## 2. Information on Ordinary Shares

MARKET PRICE (Rs.)	31/12/2019		31/12/2018	
	Voting	Non-Voting	Voting	Non-Voting
Market Price Per Share	52.50	33.80	78.00	44.50
Highest price per share during the quarter ended	60.00	37.50	85.00	50.60
Lowest price per share during the quarter ended	49.30	27.10	64.10	37.00

## 3. Shareholders' Information

### 3.1 Twenty Largest Ordinary Voting Shareholders as at December 31, 2019

	No. of Shares	%
1 Sri Lanka Insurance Corporation Ltd. (Includes General Fund and Life Fund)	37,721,674	15.00
2 Brown & Company PLC A/C No. 1	34,892,388	13.87
3 Employees' Provident Fund	24,789,462	9.86
4 LOLC Investments Ltd.	24,019,936	9.55
5 National Development Bank PLC A/C No. 02	21,941,094	8.72
6 Mr. S.S. Captain	15,424,909	6.13
7 Bank of Ceylon No. 01 Account	14,145,629	5.62
8 Seylan Bank PLC A/C No. 04 Employees' Gratuity Trust Fund	12,684,300	5.04
9 Employee Trust Fund Board	5,347,520	2.13
10 Mr. S.E. Captain	5,084,105	2.02
11 People's Leasing & Finance PLC/Don and Don Holdings (Pvt) Ltd.	4,476,431	1.78
12 Mr. L.A. Captain	2,653,526	1.06
13 Sisi Investment Holdings (Pvt) Ltd.	2,616,186	1.04
14 NDB Capital Holdings Limited A/C No. 02	2,547,149	1.01
15 AIA Insurance Lanka Ltd. A/C No. 07	2,340,357	0.93
16 Mr. M.J. Fernando	1,226,585	0.49
17 Mr. R.R. Leon	1,190,033	0.47
18 Mr. K.R.B. Fernando	1,088,123	0.43
19 Ambeon Holdings PLC	887,051	0.35
20 Sampath Bank PLC/Capital Trust Holding Ltd.	755,195	0.30

### 3.2 Twenty Largest Ordinary Non-Voting Shareholders as at December 31, 2019

	No. of Shares	%
1 LOLC Holdings PLC	111,429,583	44.19
2 Employees' Provident Fund	13,449,364	5.33
3 People's Leasing & Finance PLC/Don and Don Holdings (Pvt) Ltd.	5,911,428	2.34
4 Aakar Brothers Pvt Ltd. A/C No. 1	5,415,210	2.15
5 Deutsche Bank AG As Trustee For JB Vantage Value Equity Fund	4,857,021	1.85
6 Mr. E. Thavagnanasooriyam & Mr. E. Thavagnanasundaram	4,282,391	1.70
7 Pershing LLC S/A Averbach Gausson & Co	4,273,884	1.70
8 Employee Trust Fund Board	4,011,506	1.59
9 People's Leasing & Finance PLC/Mrs. P. Thavarajah	3,420,424	1.36
10 First Capital Limited	3,187,073	1.26
11 J.B. Coocshell (Pvt) Ltd.	3,011,739	1.19
12 Merrill J. Fernando & Sons (Pvt) Limited	2,800,825	1.11
13 Mr. R.R. Leon	2,223,116	0.88
14 LOLC Technology Services Limited	2,201,808	0.87
15 Mr. N. Balasingam, Director/Chief Executive Officer	1,972,034	0.78
16 GF Capital Global Ltd.	1,475,758	0.59
17 Mr. D.N.N. Lokuge	1,344,449	0.53
18 Mr. R. Gautam	1,296,789	0.51
19 Mr. M.J. Fernando	1,268,314	0.50
20 Amalya Private Limited	1,193,309	0.47

### 3.3 Public Holdings as at December 31, 2019

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.  
Fiscal adjusted market capitalization LKR 7,240Bn  
Public Holding Percentage 54.84 %  
Number of Public Shareholders 10,021

### 4. Directors' and Chief Executive Officer's Shareholdings as at December 31, 2019

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	63,186	207,437
Mr. P.L.S.K. Perera, Independent Director	Nil	Nil
Mr. S.V. Corea, Non-Executive Director	97	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. Abeyurthy, Independent Director	Nil	Nil
Mr. R.D. Tissera, Alternate Director to Non-Executive Director Mr. W.D.K. Jayawardena	Nil	Nil

### 5. Stated Capital as at December 31, 2019

	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
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
45,423,000 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
Less: Issue Expenses	(181,580)
	17,044,72

### 6. Basic/Diluted Earnings per Share

Basic Earnings per share has been calculated by dividing profit after tax attributable to the equity holders of the Bank by the weighted average number of shares in issue (both Voting & Non-voting) during the year ended December 31, 2019. Diluted Earnings per Share is the same due to non-availability of potentially dilutive ordinary shares. Weighted average number of ordinary shares as at 31st December 2018 has been restated based on the no of shares issued for scrip dividend 2018, and the right issue in 2019 as per Sri Lanka Accounting Standard (LKAS 33) - "Earnings per Share".

### 7. Events after the Reporting Date

#### Proposed Final Dividend

The Board of Directors of the Bank recommended a first and final dividend of Rs. 2.00 per share on both voting and non-voting shares of the Bank for the financial year ended 31st December 2019, to be paid in the form of a cash dividend of Rs. 1.00 per share and a scrip dividend of Rs. 1.00 per share (Rs. 2.50 per share was paid for the year ended 31st December 2018 by way of Rs. 0.50 per share cash dividend and Rs. 2.00 per share scrip dividend).

The said dividend is subject to the approval of the shareholders at the Annual General Meeting of the Bank to be held on 30th March 2020. This proposed final dividend has not been recognized as a liability as at 31st December 2019.

### 8. Other Matters

#### i. Redemption of Debentures 2014/2019

18,665,500 debentures of LKR 100/- each amounting to LKR 1,866,550,000/- which were allotted on 23rd December 2014 were redeemed on 23rd December 2019.

#### ii. Gratuity Liability

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 for the conformant of the additional gratuity and giving the right to settle the said liability by utilizing proceeds expected from disposal of shares held by share trust companies, as the establishment of the liability is contingent upon the date of 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. 150 Mn. (net of tax).

#### iii. Corporate Income Tax Rate

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

#### iv. Sri Lanka Development Bonds as an exempt income for income tax computation

As instructed by the Ministry of Finance on 31st January 2020, and clarified by the Inland Revenue Department on 12th February 2020, the exemption granted to interest on sovereign bonds with effect from 01st of April 2018 includes interest on Sri Lanka Development bonds. Accordingly interest from Sri Lanka Development Bonds has been treated as exempt income in the provisional tax computation.

#### v. Rights Issue

The Bank's Rights Issue of Ordinary Voting Shares and Ordinary Non-voting shares during the quarter was fully subscribed. 62,869,468 new ordinary voting shares at Rs. 45.25 per share (proportion of one (01) new ordinary voting share for every existing three (03) ordinary voting shares) and 63,036,478 new ordinary non-voting shares at Rs. 24.50 per share (in the proportion of one (01) new ordinary non-voting share for every existing three (03) ordinary non-voting shares) were allotted to the respective subscribers on 10th December 2019. The shares were listed on the Colombo Stock Exchange on 20th December 2019.

Utilization of funds raised through the Rights Issue

Obj/Subjective Number	Objective as per Circular to Shareholders	Proposed date of utilization as per the Circular	Amount allocated as per the Issue Circular LKR	Amount allocated from proceeds LKR(A)	% of total proceeds	Amount utilized in LKR (B)	% of Utilized against allocation (B/A)	Details, if not fully utilized
1	To strengthen the Capital Adequacy	With effect from the Date of Allotment *	4,389 Bn	4,389 Bn	100	4,389 Bn	100	N/A
2	To support business growth, expansion and strengthen the Balance sheet	Within 6 months from the date of the allotment.						

\* Incorporated for the Capital Adequacy as at 31.12.2019.

### 9. Comparative Figures

Comparative figures have been re-stated/re-classified where necessary, to conform to the current period presentation. During the quarter there were no material changes in Contingent Liabilities, composition of Assets and Liabilities and use of funds raised by the Bank. All known expenditure items have been provided for in these Interim Accounts.

## STATEMENT OF CHANGES IN EQUITY - BANK (Audited)

Amount in Rupees Thousand

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Other Reserves		Total
	Ordinary Shares Voting	Ordinary Shares Non-Voting			FVOCI Reserve	Other Reserves	
<b>1 Balance as at 01st January 2018</b>	<b>7,319,076</b>	<b>3,909,193</b>	<b>1,609,484</b>	<b>17,178,024</b>	<b>1,242,493</b>	<b>945,408</b>	<b>34,205,923</b>
Adjustment on Initial Application of SLFRS 9, Net of Tax	-	-	-	(155,362)	-	(1,570,187)	(1,725,549)
<b>2 Restated Balance as at 01st January 2018</b>	<b>7,319,076</b>	<b>3,909,193</b>	<b>1,609,484</b>	<b>17,022,662</b>	<b>1,242,493</b>	<b>(624,779)</b>	<b>32,480,374</b>
<b>Total Comprehensive Income for the Year</b>							
Profit for the Year	-	-	-	3,189,206	-	-	3,189,206
Other Comprehensive Income (Net of Tax)	-	-	-	84,326	-	-	84,326
- Actuarial Gain on Defined Benefit Obligations	-	-	-	-	-	-	-
- Net Losses on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	(1,105,151)	(1,105,151)
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	368,208	368,208
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	35,906	35,906
<b>3 Total Comprehensive Income for the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,273,532</b>	<b>-</b>	<b>(736,943)</b>	<b>2,572,495</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>							
Cash/Scrip Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	(443,070)
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	376,203	(376,203)	-	-
Transferred to Statutory Reserve Fund*	-	-	159,460	(159,460)	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,727	-	-	(8,727)
Net Gain on Disposal Equity Investments measured at fair value through Other Comprehensive Income	-	-	-	517,579	-	(517,579)	-
<b>4 Total Transactions with Equity Holders</b>	<b>404,131</b>	<b>393,395</b>	<b>159,460</b>	<b>(497,547)</b>	<b>(376,203)</b>	<b>(517,579)</b>	<b>(443,070)</b>
<b>Balance as at 31st December 2018 (2 + 3 + 4)</b>	<b>7,723,207</b>	<b>4,302,588</b>	<b>1,768,944</b>	<b>19,798,647</b>	<b>866,290</b>	<b>(1,879,301)</b>	<b>34,609,799</b>

For the Year ended 31st December 2019	Stated Capital		Statutory Reserve Fund	Retained Earnings	Other Reserves		Total
	Ordinary Shares Voting	Ordinary Shares Non-Voting			FVOCI Reserve	Other Reserves	
<b>1 Balance as at 01st January 2019</b>	<b>7,723,207</b>	<b>4,302,588</b>	<b>1,768,944</b>	<b>19,798,647</b>	<b>866,290</b>	<b>(1,879,301)</b>	<b>34,609,799</b>
<b>Total Comprehensive Income for the Year</b>							
Profit for the Year	-	-	-	3,680,262	-	-	3,680,262
Other Comprehensive Income (Net of Tax)	-	-	-	177,461	-	-	177,461
- Actuarial Gain on Defined Benefit Obligations	-	-	-	-	-	-	-
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,828,712	1,828,712
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	289,432	289,432
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	(62,073)	(62,073)
<b>2 Total Comprehensive Income for the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,857,723</b>	<b>-</b>	<b>2,118,144</b>	<b>5,913,794</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>							
Cash/Scrip Dividends to Equity Holder	316,659	313,032	-	(915,248)	-	-	(285,557)
Rights Issue	2,844,844	1,544,394	-	-	-	-	4,389,238
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	7,978	(7,978)	-	-
Transferred to Statutory Reserve Fund*	-	-	184,013	(184,013)	-	-	-
Transferred from Investment Fund Reserve	-	-	-	5,090	-	-	(5,090)
Net Gain on Disposal Equity Investments measured at fair value through Other Comprehensive Income	-	-	-	253,062	-	(253,062)	-
<b>3 Total Transactions with Equity Holders</b>	<b>3,161,503</b>	<b>1,857,426</b>	<b>184,013</b>	<b>(833,131)</b>	<b>(7,978)</b>	<b>(253,062)</b>	<b>4,103,681</b>
<b>Balance as at 31st December 2019 (2 + 3 + 4)</b>	<b>10,884,710</b>	<b>6,160,014</b>	<b>1,952,957</b>				