

SEYLAN BANK PLC FINANCIAL STATEMENTS

Nine months ended 30th September, 2013



INCOME STATEMENT

(In terms of Rule 7.4 of the Colombo Stock Exchange)	Rs. '000											
	Bank			Bank			Group			Group		
	For the 09 months Ended 30th September			For the Quarter Ended 30th September			For the 09 months Ended 30th September			For the Quarter Ended 30th September		
	2013	2012	Growth %	2013	2012	Growth %	2013	2012	Growth %	2013	2012	Growth %
Interest Income	18,259,479	15,300,479	19.34	6,314,206	5,526,638	14.25	18,263,591	15,297,006	19.39	6,316,948	5,521,749	14.40
Less: Interest Expense	11,412,274	8,499,894	34.26	3,800,744	3,195,733	18.93	11,393,678	8,484,272	34.29	3,795,600	3,185,320	19.16
Net Interest Income	6,847,234	6,800,585	0.69	2,513,462	2,330,905	7.83	6,869,913	6,812,734	0.84	2,521,348	2,336,429	7.91
Fee and Commission Income	1,602,641	1,291,539	24.09	587,256	495,358	18.55	1,602,641	1,334,091	20.13	587,256	537,910	9.17
Less: Fee and Commission Expense	61,041	48,465	25.95	19,059	15,110	26.14	65,874	52,541	25.38	20,704	16,464	25.75
Net Fee and Commission Income	1,541,600	1,243,074	24.02	568,197	480,248	18.31	1,536,767	1,281,550	19.91	566,552	521,446	8.65
Net Gain / (Loss) from Financial Instruments	(59,167)	11,568	(611.47)	(41,314)	(29,727)	(38.98)	(58,862)	11,568	(608.83)	(41,725)	(25,547)	(63.33)
Designated at Fair Value through Profit or Loss	30,566	1,887	1,519.82	7,741	62	12,385.48	30,566	1,887	1,519.82	7,741	62	12,385.48
Net gain from Financial Investments	331,395	448,428	(26.10)	114,571	96,340	18.92	331,395	448,428	(26.10)	114,571	96,340	18.92
Net Exchange Income	87,046	76,410	13.92	17,761	(6,290)	382.37	124,623	118,962	4.76	28,811	9,514	202.83
Other Operating Income (Net)	389,840	538,293	(27.58)	98,759	60,385	63.55	427,722	580,845	(26.36)	109,398	80,369	36.12
Total Operating Income	8,778,674	8,581,952	2.29	3,180,418	2,871,538	10.76	8,834,402	8,675,129	1.84	3,197,298	2,938,244	8.82
Less: Impairment for Loans and Other Losses - Charges / (Reversal)	255,437	150,962	(69.21)	221,634	20,351	(989.06)	255,437	150,962	(69.21)	221,634	20,351	(989.06)
Individual Impairment	208,760	82,731	(152.34)	197,485	167,111	(18.18)	208,760	82,731	(152.34)	197,485	167,111	(18.18)
Collective Impairment	102,557	161,560	36.52	89,780	25,101	(257.67)	102,557	161,560	36.52	89,780	25,101	(257.67)
Others	566,754	395,253	(43.39)	508,899	212,563	(139.41)	566,754	395,253	(43.39)	508,899	212,563	(139.41)
Net Operating Income	8,211,920	8,186,699	0.31	2,671,519	2,658,975	0.47	8,267,648	8,279,876	(0.15)	2,688,399	2,725,681	(1.37)
Personnel Expenses	2,647,092	2,411,186	9.78	762,189	614,388	24.06	2,667,166	2,429,092	9.80	768,389	620,372	23.86
Depreciation and Amortisation	427,453	389,695	9.69	140,413	106,285	32.11	470,318	433,116	8.59	154,705	120,845	28.02
Other Expenses	2,358,713	2,342,073	0.71	807,834	822,765	(1.81)	2,330,634	2,343,899	(0.57)	798,213	850,310	(6.13)
5,433,258	5,142,954	5.64	1,710,436	1,543,438	10.82	5,468,118	5,206,107	5.03	1,721,307	1,591,527	8.15	
Operating Profit before Taxes	2,778,662	3,043,745	(8.71)	961,083	1,115,537	(13.85)	2,799,530	3,073,769	(8.92)	967,092	1,134,154	(14.73)
Value Added Tax (VAT) on Financial Services	509,828	612,871	(16.81)	175,677	228,707	(23.19)	509,828	612,871	(16.81)	175,677	228,707	(23.19)
Profit before Taxes	2,268,834	2,430,874	(6.67)	785,406	886,830	(11.44)	2,289,702	2,460,898	(6.96)	791,415	905,447	(12.59)
Tax Expenses	732,878	832,321	(11.95)	251,066	248,329	1.08	751,138	836,752	(10.23)	255,383	250,254	2.05
Profit for the period	1,535,956	1,598,553	(3.92)	534,400	638,501	(16.30)	1,538,564	1,624,146	(5.27)	536,032	655,193	(18.19)
Attributable to:												
Owners of the Parent							1,528,996	1,608,494	(4.94)	535,246	647,154	(17.29)
Non-Controlling Interest							9,568	15,652	(38.87)	786	8,039	(90.22)
Profit for the period	1,535,956	1,598,553	(3.92)	534,400	638,501	(16.30)	1,538,564	1,624,146	(5.27)	536,032	655,193	(18.19)
Basic / Diluted Earnings per Ordinary Share (in Rupees)	4.48	4.73	(5.29)	1.55	1.89	(17.99)	4.46	4.76	(6.30)	1.55	1.91	(18.85)

CASH FLOW STATEMENT

For the nine months ended 30th September	Rs. '000			
	BANK		GROUP	
	2013	2012	2013	2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash Flows from Operating Activities				
Interest Receipts	17,625,253	13,382,820	17,629,336	13,379,256
Fees and Commission Receipts	1,602,641	1,245,548	1,602,641	1,245,548
Interest Payments	(10,726,555)	(7,990,361)	(10,707,959)	(7,974,676)
Exchange Income	331,395	448,428	331,395	448,428
Receipts from Other Operating Activities	235,900	388,785	272,219	431,337
Cash Payments to Employees and Suppliers	(5,434,995)	(4,679,890)	(5,392,972)	(4,657,024)
Cash Payments to Other Operating Activities	(61,041)	(48,464)	(65,874)	(52,540)
Operating Profit before Changes in Operating Assets & Liabilities	3,572,598	2,746,866	3,668,786	2,820,329
(Increase)/Decrease in Operating Assets :				
Loans & Receivables (Advanced to) / Repaid by Customers	(6,453,612)	(14,467,919)	(6,453,612)	(14,467,919)
Deposits Held for Regulatory or Monetary Control Purposes	941,530	(1,077,304)	941,530	(1,077,304)
(Increase)/Decrease in Operating Liabilities :				
Deposits from / (Withdrawals by) Customers	11,490,835	14,126,389	11,490,835	14,126,389
Negotiable Certificates of Deposit	810,135	550,446	810,135	550,446
Cash (Used in) / Generated from Operations	10,361,486	1,878,478	10,457,674	1,951,941
Income Tax Paid	(95,229)	(62,310)	(95,229)	(62,310)
Contribution Paid into Employee Retirement Benefit Plan / Employees	(86,753)	(105,744)	(86,753)	(105,847)
Net Cash (Used in) / Generated from Operating Activities	10,179,504	1,710,424	10,275,692	1,783,784
Cash Flows from Investing Activities				
Dividend Income	36,671	21,365	19,416	14,463
Net Proceeds from Sale, Maturity & Purchase of Financial Instruments of Government of Sri Lanka Maturing after 03 months	(16,915,685)	1,914,391	(16,915,685)	1,914,391
Reverse Repurchase Agreements Maturing After 03 Months	413	7,951	413	7,951
Net Proceeds from Sale, Maturity & Purchase of Financial Instruments of Shares & Debentures	(288,205)	(181,151)	(350,278)	(186,972)
Purchase of Property, Plant & Equipment, Leasehold Rights & Intangible Assets	(533,642)	(225,607)	(533,914)	(233,501)
Proceeds from Sale of Property, Plant & Equipment, Leasehold Rights & Intangible Assets	53,284	56,347	53,380	56,347
Proceeds from Sale of Investment Property	-	-	29,275	-
Improvements to Investment Property	-	-	(180)	(1,409)
Net Cash (Used in) / Generated from Investing Activities	(17,647,164)	1,593,296	(17,697,571)	1,571,270
Cash Flows from Financing Activities				
Increase / (Decrease) in Debtures	2,124,944	(787,806)	2,074,944	(787,806)
Repayment of Preference Shares	-	(42,376)	-	(42,376)
Securities Sold under Repurchase Agreements	3,230,210	(3,897,280)	3,230,210	(3,897,280)
Increase / (Decrease) in Other Borrowings	3,163,239	(71,079)	3,167,459	(122,864)
Dividends Paid - Ordinary Shares	(334,896)	(334,793)	(334,896)	(334,793)
Dividends Paid - Preference Shares	53,288	(4)	(28)	(4)
Net Cash (Used in) / Generated from Financing Activities	8,183,469	(5,133,338)	8,137,689	(5,185,123)
Net Increase / (Decrease) in Cash & Cash Equivalents	715,809	(1,829,618)	715,810	(1,830,069)
Cash & Cash Equivalents at beginning of the Period	9,481,017	9,398,139	9,481,119	9,398,700
Cash & Cash Equivalents at end of the Period	10,196,827	7,568,521	10,196,929	7,568,631
Reconciliation of Cash & Cash Equivalents				
Cash and Cash Equivalents	6,939,424	6,593,843	6,939,526	6,593,953
Government of Sri Lanka Treasury Bills/Bonds Maturing within 03 Months	722,414	921,880	722,414	921,880
Securities Purchased under Resale Agreements maturing within 03 Months	2,534,989	52,798	2,534,989	52,798
10,196,827	7,568,521	10,196,929	7,568,631	

STATEMENT OF COMPREHENSIVE INCOME

(In terms of Rule 7.4 of the Colombo Stock Exchange)	Rs. '000											
	Bank			Bank			Group			Group		
	For the 09 months Ended 30th September			For the Quarter Ended 30th September			For the 09 months Ended 30th September			For the Quarter Ended 30th September		
	2013	2012	Growth %	2013	2012	Growth %	2013	2012	Growth %	2013	2012	Growth %
Profit for the period	1,535,956	1,598,553	(3.92)	534,400	638,501	(16.30)	1,538,564	1,624,146	(5.27)	536,032	655,193	(18.19)
Other Comprehensive Income, Net of Tax												
Revaluation of Property, Plant and Equipment	-	52,800	-	-	-	-	-	-	-	-	-	-
Net Change of Financial Assets Measured at Fair Value	-	-	-	-	-	-	-	-	-	-	-	-
Through Other Comprehensive Income:												
Net Change in Fair Value on Available-for-Sale Financial Assets	179,083	(189,872)	194.32	(70,967)	459,819	(115.43)	179,083	(192,872)	192.85	(70,967)	456,819	(115.54)
Net Amount Transferred to Profit or Loss on Available-for-Sale Financial Assets	(30,566)	(1,887)	1,519.82	(7,741)	(62)	12,385.48	(30,566)	(1,887)	1,519.82	(7,741)	(62)	12,385.48
Less: Tax Expense/(Income) Relating to Components of Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income for the Period, Net of Taxes	148,517	(138,959)	206.88	(78,708)	459,757	(117.12)	148,517	(141,959)	204.62	(78,708)	456,757	(117.23)
Total Comprehensive Income for the Period	1,684,473	1,459,594	15.41	455,692	1,098,258	(58.51)	1,687,081	1,482,187	13.82	457,324	1,111,950	(58.87)
Attributable to:												
Owners of the Parents							1,677,513	1,467,979	14.27	456,538	1,105,355	(58.70)
Non-Controlling Interest							9,568	14,208	(32.66)	786	6,595	(88.08)
Total Comprehensive Income for the Period	1,684,473	1,459,594	15.41	455,692	1,098,258	(58.51)	1,687,081	1,482,187	13.82	457,324	1,111,950	(58.87)

STATEMENT OF FINANCIAL POSITION

(In terms of Rule 7.4 of the Colombo Stock Exchange)	Rs. '000						
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SEYLAN BANK PLC FINANCIAL STATEMENTS

Nine months ended 30th September, 2013



MEASUREMENT OF FINANCIAL INSTRUMENTS

Rs. '000

	Bank - As at 30.09.2013					Bank - As at 31.12.2012					
	Designated at FVTPL / HFT	HTM	Loans & Receivables/ Amortized Cost	AFS	Others	Designated at FVTPL / HFT	HTM	Loans & Receivables/ Amortized Cost	AFS	Others	Total
ASSETS											
Cash and cash equivalents			5,949,769					6,554,381			6,554,381
Balances with Central Bank of Sri Lanka			7,087,131					8,028,661			8,028,661
Placements with banks			989,655								
Derivative financial instruments	132,567		132,567			51,281					51,281
Investments designated at fair value through profit & loss	9,659,404		9,659,404			2,468,272					2,468,272
Loans and receivables		23,199,971	130,717,786				19,822,966	124,728,371			124,728,371
Held to Maturity Investment Securities			23,199,971								19,822,966
Available for Sale Investment Securities			16,041,549						11,358,103		11,358,103
Investment in Subsidiary		793,254	793,254				793,254				793,254
Securities purchased under Resale Agreements			2,534,989							173,441	173,441
Total Financial Assets	9,791,971	23,993,225	147,279,330	16,041,549	-	197,186,075	2,511,553	139,484,854	11,358,103	-	173,970,730
Other Assets											9,690,946
Total Assets	9,791,971	23,993,225	147,279,330	16,041,549	-	197,186,075	2,511,553	139,484,854	11,358,103	-	183,661,676
	Designated at FVTPL / HFT	Amortized Cost	Others	Total	Designated at FVTPL / HFT	Amortized Cost	Others	Total			
LIABILITIES											
Due to banks			10,307,164					6,147,593			6,147,593
Derivative financial instruments	64,592		64,592		278,826			146,727,199			146,727,199
Deposits			159,027,061					3,674,840			3,674,840
Other borrowings			6,905,050					1,211,659			1,211,659
Debtentures			3,336,503								
Total Financial Liabilities	64,592	179,575,878	179,640,470	278,826	278,826	157,761,291	11,358,103	158,040,117	25,621,559	25,621,559	158,040,117
Equity & Other Liabilities	64,592	179,575,878	179,575,878	278,826	278,826	157,761,291	11,358,103	157,761,291	27,256,535	27,256,535	183,661,676

11. SEGMENT REPORTING - GROUP

In Rs. '000

	BANKING		TREASURY		PROPERTY/INVESTMENTS		UNALLOCATED/ELIMINATIONS		TOTAL	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012	30.09.2013	30.09.2012	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Interest Income	15,003,608	13,286,183	3,013,083	1,860,686	23,016	12,121	223,884	138,016	18,263,591	15,297,006
Interest Expense	10,670,498	7,653,838	741,631	845,869	337	-	(18,788)	(15,435)	11,393,678	8,484,272
Net Interest Income	4,333,110	5,632,345	2,271,452	1,014,817	22,679	12,121	242,672	153,451	6,869,913	6,812,734
Fee and Commission Income	1,596,824	1,286,695	-	-	-	-	5,817	47,396	1,602,641	1,334,091
Fee & Commission Expense	37,517	33,999	23,524	14,466	4,833	4,076	-	65,874	52,541	
Net Fee and Commission Income	1,559,307	1,252,696	(23,524)	(14,466)	(4,833)	(4,076)	5,817	47,396	1,536,767	1,281,500
Net Gain/(Loss) from Financial Instruments Designated at Fair Value Through Profit or Loss	-	-	(59,167)	11,568	305	705	-	-	(58,862)	11,568
Net Gain from Financial Investments	-	-	30,566	1,887	-	-	-	-	30,566	1,887
Net Exchange Income	86,032	104,987	242,839	297,051	-	-	2,524	46,390	331,395	448,428
Other Operating Income (Net)	10,934	21,290	(4,631)	11,384	139,164	121,266	(20,844)	(34,978)	124,623	118,962
Inter Segment Revenue	547,613	(110,955)	(1,706,575)	(957,975)	-	-	1,158,962	1,068,930	-	-
Total Operating Income	6,536,966	6,900,363	750,960	364,266	157,315	129,311	1,389,131	1,281,189	8,834,402	8,675,129
Depreciation and Amortisation	211,551	179,880	915	1,466	438	868	257,414	250,902	470,318	433,116
Impairment for Loans and Other Losses - Charges / (Reversal)	547,459	373,705	19,520	57,548	-	-	(225)	(36,000)	566,754	395,253
Operating Expenses & VAT	4,072,243	4,015,992	105,538	188,780	76,327	48,946	1,253,520	1,132,144	5,507,628	5,385,862
Reportable Segment Profit Before Income Tax	1,705,743	2,330,786	624,987	116,472	80,550	79,497	(121,578)	(65,857)	2,289,702	2,460,898

STATEMENT OF CHANGES IN EQUITY - BANK

Rs. '000

	Stated Capital		Statutory Reserve	Retained Earnings	Reserves			Total			
	Ordinary Shares	Preference Shares			Special Reserve	Revaluation Reserve	Other Reserves				
For the nine months ended 30th September											
1. Balance as at 01.01.2012	6,711,000	2,677,133	33,901	837,319	618,567	5,198,157	98,741	461,998	130,608	724,794	17,492,218
Total Comprehensive Income for the period						1,598,553					1,598,553
Other Comprehensive Income (net of tax)											52,800
2. Total Comprehensive Income for the period	-	-	-	-	-	1,598,553	-	-	-	-	1,598,553
Transactions with Equity Holders											
Recognised Directly in Equity											
Redemption of Preference Shares****			(33,901)			(8,474)					(42,375)
Dividends to Equity Holders						(338,080)					(338,080)
Transfers from / to Retained Profits						(424,171)					424,171
3. Total Transactions with Equity Holders	-	-	(33,901)	-	-	(770,725)	-	-	-	-	(424,171)
Balance as at 30.09.2012 (1 + 2 + 3)	6,711,000	2,677,133	-	837,319	618,567	6,025,985	98,741	514,798	(61,151)	1,148,965	16,571,357
1. Balance as at 01.01.2013	6,711,000	2,677,133	-	837,319	724,905	6,245,706	112,922	510,049	(125,070)	1,264,048	18,958,012
Total Comprehensive Income for the period						1,535,956					1,535,956
Other Comprehensive Income (net of tax)											148,517
2. Total Comprehensive Income for the period	-	-	-	-	-	1,535,956	-	-	-	-	1,684,473
Transactions with Equity Holders											
Recognised Directly in Equity											
Cash / Scrip Dividends to Equity Holders	156,000	148,272	-	-	(676,160)						(371,888)
Transfers from / to Retained Profits					(391,581)	(112,922)					504,503
Others					(1,067,741)	(112,922)					(1,180,663)
3. Total Transactions with Equity Holders	156,000	148,272	-	-	(1,067,741)	(112,922)	-	-	-	-	(504,503)
Balance as at 30.09.2013 (1 + 2 + 3)	6,867,000	2,825,405	-	837,319	724,905	6,713,921	-	510,049	23,447	1,768,551	20,270,597

STATEMENT OF CHANGES IN EQUITY - GROUP

Rs. '000

	Stated Capital		Statutory Reserve	Retained Earnings	Reserves			Total	Non Controlling Interest	Total Equity	
	Ordinary Shares	Preference Shares			Special Reserve	Revaluation Reserve	Other Reserves				
For the nine months ended 30th September											
1. Balance as at 01.01.2012	6,711,000	2,677,133	33,901	837,319	618,567	5,109,557	98,741	820,877	130,923	980,007	18,018,025
Total Comprehensive Income for the period						1,608,494					1,608,494
Other Comprehensive Income (net of tax)											1,652
2. Total Comprehensive Income for the period	-	-	-	-	-	1,608,494	-	-	-	-	1,652
Transactions with Equity Holders											
Recognised Directly in Equity											
Redemption of Preference Shares****			(33,901)			(8,474)					(42,375)
Dividends to Equity Holders						(338,080)					(338,080)
Transfers from / to Retained Profits						(424,171)					424,171
Others						(767)					(7,894)
3. Total Transactions with Equity Holders	-	-	(33,901)	-	-	(770,725)	-	-	-	-	(424,171)
Balance as at 30.09.2012 (1 + 2 + 3)	6,711,000	2,677,133	-	837,319	618,567	5,945,559	98,741	873,677	(62,392)	1,404,178	19,104,782
1. Balance as at 01.01.2013	6,711,000	2,677,133	-	837,319	724,905	6,170,268	112,922	868,928	(126,310)	1,519,261	19,495,426
Total Comprehensive Income for the period						1,528,996					1,528,996
Other Comprehensive Income (net of tax)											148,517
2. Total Comprehensive Income for the period	-	-	-	-	-	1,528,996	-	-	-	-	1,677,513
Transactions with Equity Holders											
Recognised Directly in Equity											
Cash / Scrip Dividends to Equity Holders	156,000	148,272	-	-	(676,160)						(371,888)
Transfers from / to Retained Profits					(391,581)	(112,922)					504,503
Others					(1,918)						(1,918)
3. Total Transactions with Equity Holders	156,000	148,272	-	-	(1,069,659)	(112,922)	-	-	-	-	(504,503)
Balance as at 30.09.2013 (1 + 2 + 3)	6,867,000	2,825,405	-	837,319	724,905	6,829,605	-	868,928	22,207	2,023,764	20,799,133

* Share Premium consists of the premium booked prior to issuance of New Companies Act No. 7 of 2007
 ** 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)
 *** According to the circular Ref. No. 08/24/002/005/003 issued by the Central Bank of Sri Lanka, Primary Dealer Unit is required to appropriate 25% of the profit after tax for the year towards the Special Risk Reserve. However, with effect from 14/02/2013 Licensed Commercial Banks appointed as Primary Dealers were exempted from the requirement of maintaining such Special Reserve as per Direction No. 08/11/01/0019/001 dated 18/03/2013.
 **** As provided in section 64(1) of the Companies Act No.07 of 2007, the Bank redeemed its Preference Shares (which the Article 6 of the Company enables to effect such purchases) with the approval of the Board of Directors.

EXPLANATORY NOTES

- General
 - There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report. The Interim Financial Statements of the Bank and the Group have been prepared & presented in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) immediately effective from January 01, 2012 and provided necessary disclosure to comply with LKAS 34, Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2012 which have been prepared in accordance with LKAS/SLFRS. The group financial statements comprise a consolidation of the Financial Statements of the Company and its subsidiary Seylan Developments PLC (51.83%).