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May 11, 2020

Mr Renuke Wijayawardhane
Chief Regulatory Officer
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Dear Sir

DISCLOSURE REGARDING THE IMPACT OF COVID-19 ON THE BUSINESS AND OPERATIONS OF SEYLAN BANK PLC (SEYB)

In compliance with the Colombo Stock Exchange's Circular instruction dated 20 April 2020, we hereby provide an insight on impact of the crisis on the Bank's operations, our response to this impact and our expectation of its future impact.

The impact of COVID-19 pandemic on the business/operations of Seylan Bank PLC ("the Bank") and the Bank's response to the impact

The onset of the pandemic had a significant impact on all aspects of the Bank's daily operations affecting branch openings, staff movements and interactions with customers as well as service providers. Prioritizing the health and safety of its staff members as well as its customers and other stakeholders whom it interacts with, the Bank took steps to ensure that all health safety measures advised by the Government and Health Authorities were followed. Arrangements were made to;

- appoint and activate a cross functional task force to coordinate activities across the network and to ensure that the Bank's Business Continuity Plan, suitably adapted to meet the specific challenges posed by this crisis was implemented;
- issue sanitizers, masks, foot baths in adequate quantities and ensure that they were placed appropriately to allow easy and constant access while putting in place the practice of social distancing amongst staff as well as customers when they visit branches;
- ensure that branch as well as Head Office staff worked in rosters and with the physical presence of a minimal staff cadre;
- ensure that arrangements were made to enable a maximum possible number of staff to work from home (WFH) providing them safe access to IT systems where necessary;
- provide transport facilities along several key routes to enable staff members to attend their workplaces safely and in comfort;

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- ensure that all key branch, executive and corporate management were provided facilities to conduct meetings virtually amongst themselves and with customers when necessary;
- ensure that contact was maintained with all key customers to ensure that the impact on their businesses and activities were understood, documented and the necessary facilitation was provided
- arrangements were made to help customers who had pressing needs be it to process import documents to clear consignments from the port to a simple need for delivery of cash to a pensioners' home. The relevant branch staff worked in close coordination with the head office departments to fulfill these needs.

The Bank paid particular attention to strictly comply with the guidelines and directives issued by the Government and Central Bank of Sri Lanka and provide maximum relief to affected customers. Accordingly, the Bank continued to open maximum possible number of its branches operations during the lockdown period. Necessary facilities were provided for key staff to attend to critical work such as clearing from other branches when certain branches were not accessible due to lockdown regulations.

Attention was also paid to ensure that our entire network of automated teller machines (ATMs), cash deposit machines (CDMs) and Cheque Deposit Kiosks were fully operational and available to users. The mobile ATM was deployed on press elected routes and another mobile ATM vehicle was pressed into service to ensure a maximum number of users were served close to their homes in areas affected by the curfew.

Remote on-boarding to digital banking Channels was also facilitated during this period generating an enthusiastic response from customers.

All staff and particularly credit officers and relationship managers were fully briefed on the relief measures announced by the Central Bank of Sri Lanka and they proactively contacted the clients to ensure that the benefits of the package was communicated, and the necessary formal requests expedited. The Bank further opened a dedicated web portal to facilitate communication in this regard and instructed customers by different ways of communication channels about the loan moratoriums.

The Bank has also focused on quantifying the impact of the debt moratorium as well as restricted business activity due to the lockdown on its cash flows and taken necessary measures to ensure they remain robust. Steps have also been taken to keep our key correspondents and funding agencies fully briefed of the situation and measures that were being put in place to counter the impact of the crisis while working with funding agencies on measures that will further bolster our foreign currency cash flows in the short to medium term.

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Going beyond the official duties our staff stepped up to help national initiatives launched to combat Covid-19 by donating a day's pay to a fund set up for this purpose. The Bank matched the donations by staff and the collection of LKR 20.4 Million was used towards:

1. Improvement of the Intensive Care and Critical Care facilities at Colombo East Base Hospital by the addition of a new wing;
2. To provide Face Shields for Police Officers in the Western Province (5000 nos.), 100 Police stations outside the Western province (1000 nos.) and Public Health Inspectors in the country (3000) costing approximately LKR 6.0 Million and;
3. A donation to the President's Fund set up to battle the Covid-19 pandemic.

Bank's expectation of future impact of Covid-19 on future operations and the financial condition

The Bank is in the process of evaluating and monitoring the financial impact due to the pandemic. The situation is an unprecedented phenomenon and constantly evolving and it must be appreciated that it is too early to accurately quantify the impact on the Bank. This impact is also closely tied with multiple factors such as developments in the global and local economy, and the resilience, resourcefulness and strength of our own business community in meeting the challenges presented. The Bank remains fully geared and committed to give its maximum contribution to this effort and will also be constantly reviewing its credit policies and guidelines to this end.

The Bank remains alert to the risks associated with IT network infrastructure and WFH activities and have placed special emphasis on this during this time. The digital and IT investments made in the recent past will support our ability to operate and serve customers conveniently and securely in this constrained environment.

The Bank will continue to monitor the developments and act with agility as conditions evolve. We will also continue to fully comply with the regulations and directions given by the government and the Central Bank of Sri Lanka while closely working with all the stakeholders of the Bank to ensure that all their interests, which we believe are closely intermingled, are best served through our actions.

Yours faithfully



(Mrs) N N Najumudeen
Company Secretary