



# Seylan Bank PLC

Interim Financial Statements

For the 09 Months Ended 30th September 2018

## **Seylan Bank Records Profit-After-Tax of Rs. 3.1 Billion in 3Q 2018**

The Bank closed the 9 months ending 30th September 2018 with a post-tax profit of Rs.3,138 Million, a moderate growth of 4.53 % over the corresponding period last year in the backdrop of challenging market conditions.

The Bank increased its Net Interest Income and recorded a commendable growth of 14.38% to reach Rs. 13,013 Million in spite of the mounting pressure on the margins due to rising cost of funds. Net interest Margin contracted from 4.24% in 2017 to 4.11% in 3Q 2018 due to Cost of deposits increased at a faster rate.

Net fee and commission income witnessed a moderate growth of 7% from Rs. 2,753 Million to Rs. 2,948 Million in 3Q 2018. This was mainly attributed from core banking related business.

Other operating income comprising of net gains from trading, gains on financial investments, gains on foreign exchange decreased by 18.65% from Rs. 1,227 Million reported in 3Q - 2017 to Rs.998 Million in 3Q- 2018.

The total impairment costs of the Bank increased by 33.57% from Rs.1,440 Million to Rs. 1,923 Million. Further, SLFRS 09, issued in July 2014, is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. It replaces LKAS 39 Financial Instruments: Recognition and Measurement. The Bank has assessed the impact on transition based on gap analysis and quantifications performed on its Financial Statements as at 31st December 2016 on adoption of SLFRS 9 with the assistance of an external consultant. Based on the preliminary assessments undertaken, the estimated additional impairment provision on the Financial Statements for the year ended December 31, 2017, on adoption of SLFRS 9 is expected to be in the range of 30% to 45% of the total impairment provision on different portfolios.

Total expenses increased by 8.35% from Rs. 8,200 Million to Rs. 8,885 Million and were fuelled by new investments in technology, branch expansion etc.

Cost efficiency and productivity has taken a predominant role in the Bank's day today operations. Bank continues to focus on cost initiatives coupled with

process reengineering and exploring ways of inculcating a culture of working smarter across all the functions by the employees.

The Bank reported a net credit growth of 11.70 % with net advances growing from Rs. 280,862 Million to Rs. 313,729 Million while the deposit base grew by 8.77% from Rs 307,099 Million to Rs. 334,046 Million during the nine months ended 30<sup>th</sup> September 2018. Bank CASA ratio stood at 29 %.

Overall as a result of the performance during the nine months, Bank's Earning per Share(EPS) improved from Rs. 8.20 to Rs. 8.57 . The Bank recorded a Return on Average Assets (ROAA) of 1.47% and Return on Equity (ROE) of 11.89%. The Bank's Net Asset value per share as at 30<sup>th</sup> September 2018 was Rs. 99.40 (Group Rs. 103.79).

The Bank's Common Equity Tier 1, Total Tier 1 and Total Capital Adequacy Ratio remained strong at 10.19%, 10.19% and 13.54% respectively as at 30<sup>th</sup> September 2018, as against the statutory minimum as per the BASEL III requirement applicable with effect from 1<sup>st</sup> July 2018.

As at 30<sup>th</sup> September 2018, the Bank network comprised of 170 Banking centers, 207 ATMs and 34 CDMs giving seamless accessibility to its customers across the country.

The Bank recognizes education as one of the building blocks of the nation and considers it as a priority area for its CSR activities. The Bank continued its CSR initiatives focusing on education and accelerated its libraries project for under privilege schools. During the nine months 12 school libraries were opened taking the overall number of libraries opened under the project to 165.

Seylan Bank won three ARC awards in 2018 International ARC Awards for 2017 annual report namely a Gold award for Non Traditional Annual Report - Banks: Local, a Bronze award for Interior Design and Honors for Financial Data.

# 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		
	2018	2017	Growth %	2018	2017	Growth %
Interest Income	35,626,586	32,031,549	11.22	12,359,504	11,323,866	9.15
Less: Interest Expenses	22,613,871	20,655,162	9.48	7,979,949	7,212,858	10.64
<b>Net Interest Income</b>	<b>13,012,715</b>	<b>11,376,387</b>	<b>14.38</b>	<b>4,379,555</b>	<b>4,111,008</b>	<b>6.53</b>
Fee and Commission Income	3,090,369	2,860,009	8.05	1,042,103	1,015,982	2.57
Less: Fee and Commission Expenses	142,405	106,889	33.23	49,810	36,357	37.00
<b>Net Fee and Commission Income</b>	<b>2,947,964</b>	<b>2,753,120</b>	<b>7.08</b>	<b>992,293</b>	<b>979,625</b>	<b>1.29</b>
Net Trading Income	617,480	(10,896)	5,767.03	501,440	(201,554)	348.79
Net Gains from Financial Investments	56,472	330,870	(82.93)	20,940	87,955	(76.19)
Net Exchange Income	76,984	756,615	(89.83)	(184,674)	401,905	(145.95)
Other Operating Income (Net)	246,946	150,010	64.62	57,793	45,816	26.14
	<b>997,882</b>	<b>1,226,599</b>	<b>(18.65)</b>	<b>395,499</b>	<b>334,122</b>	<b>18.37</b>
<b>Total Operating Income</b>	<b>16,958,561</b>	<b>15,356,106</b>	<b>10.44</b>	<b>5,767,347</b>	<b>5,424,755</b>	<b>6.32</b>
Less : Impairment for Loans and Other Losses - Charges / (Reversal)						
Individual Impairment	1,446,577	1,206,048	19.94	331,420	267,868	23.73
Collective Impairment	454,862	225,509	101.70	247,604	(4,827)	5,229.56
Others	22,035	8,483	159.75	2,881	20	14,305
	<b>1,923,474</b>	<b>1,440,040</b>	<b>33.57</b>	<b>581,905</b>	<b>263,061</b>	<b>121.21</b>
<b>Net Operating Income</b>	<b>15,035,087</b>	<b>13,916,066</b>	<b>8.04</b>	<b>5,185,442</b>	<b>5,161,694</b>	<b>0.46</b>
Personnel Expenses	4,349,064	3,953,313	10.01	1,418,095	1,339,393	5.88
Depreciation and Amortisation	550,880	513,775	7.22	191,292	179,771	6.41
Other Expenses	3,985,461	3,733,193	6.76	1,279,281	1,259,963	1.53
	<b>8,885,405</b>	<b>8,200,281</b>	<b>8.35</b>	<b>2,888,668</b>	<b>2,779,127</b>	<b>3.94</b>
<b>Operating Profit before Taxes</b>	<b>6,149,682</b>	<b>5,715,785</b>	<b>7.59</b>	<b>2,296,774</b>	<b>2,382,567</b>	<b>(3.60)</b>
Value Added Tax (VAT) and Nation Building Tax (NBT) on Financial Services	1,483,583	1,298,639	14.24	528,699	471,928	12.03
<b>Profit before Income Tax</b>	<b>4,666,099</b>	<b>4,417,146</b>	<b>5.64</b>	<b>1,768,075</b>	<b>1,910,639</b>	<b>(7.46)</b>
Income Tax Expense	1,527,753	1,414,872	7.98	639,325	713,730	(10.42)
<b>Profit for the Period</b>	<b>3,138,346</b>	<b>3,002,274</b>	<b>4.53</b>	<b>1,128,750</b>	<b>1,196,909</b>	<b>(5.69)</b>
<b>Basic / Diluted Earnings per Ordinary Share (in Rupees)</b>	<b>8.57</b>	<b>8.20</b>	<b>4.53</b>	<b>3.08</b>	<b>3.27</b>	<b>(5.69)</b>

**Seylan Bank PLC****Statement of Profit or Loss and Other Comprehensive Income***(In terms of Rule 7.4 of the Colombo Stock Exchange)*

	<i>(Amounts in Rupees Thousands)</i>					
	<b>Bank</b>			<b>Bank</b>		
	<i>For the Nine Months Ended 30th September</i>			<i>For the Quarter Ended 30th September</i>		
	2018	2017	<i>Growth</i>	2018	2017	<i>Growth</i>
			%			%
<b>Profit for the Period</b>	<b>3,138,346</b>	<b>3,002,274</b>	<b>4.53</b>	<b>1,128,750</b>	<b>1,196,909</b>	<b>(5.69)</b>
<b>Other Comprehensive Income/(Loss), Net of Tax</b>						
Net Gains/(Losses) on Re-measuring Available-for-Sale Financial Assets	(546,780)	2,504,312	<b>(121.83)</b>	(373,571)	1,388,232	<b>(126.91)</b>
Net Movement of Cash Flow hedge Reserve	34,574	(57,138)	<b>160.51</b>	24,839	(57,138)	<b>143.47</b>
<b>Other Comprehensive Income/(Loss) for the Period, Net of Taxes</b>	<b>(512,206)</b>	<b>2,447,174</b>	<b>(120.93)</b>	<b>(348,732)</b>	<b>1,331,094</b>	<b>(126.20)</b>
<b>Total Comprehensive Income for the Period</b>	<b>2,626,140</b>	<b>5,449,448</b>	<b>(51.81)</b>	<b>780,018</b>	<b>2,528,003</b>	<b>(69.14)</b>

# 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		
	2018	2017	Growth %	2018	2017	Growth %
Interest Income	35,626,018	32,036,648	11.20	12,359,538	11,324,403	9.14
Less: Interest Expenses	22,576,611	20,606,552	9.56	7,974,684	7,183,849	11.01
<b>Net Interest Income</b>	<b>13,049,407</b>	<b>11,430,096</b>	<b>14.17</b>	<b>4,384,854</b>	<b>4,140,554</b>	<b>5.90</b>
Fee and Commission Income	3,090,126	2,859,963	8.05	1,042,078	1,015,963	2.57
Less: Fee and Commission Expenses	145,711	111,750	30.39	51,098	37,857	34.98
<b>Net Fee and Commission Income</b>	<b>2,944,415</b>	<b>2,748,213</b>	<b>7.14</b>	<b>990,980</b>	<b>978,106</b>	<b>1.32</b>
Net Trading Income	617,151	(11,996)	5,244.64	502,106	(201,753)	348.87
Net Gains from Financial Investments	56,472	330,870	(82.93)	20,940	87,955	(76.19)
Net Exchange Income	76,984	756,615	(89.83)	(184,674)	401,905	(145.95)
Other Operating Income (Net)	227,145	658,635	(65.51)	77,737	65,597	18.51
	<b>977,752</b>	<b>1,734,124</b>	<b>(43.62)</b>	<b>416,109</b>	<b>353,704</b>	<b>17.64</b>
<b>Total Operating Income</b>	<b>16,971,574</b>	<b>15,912,433</b>	<b>6.66</b>	<b>5,791,943</b>	<b>5,472,364</b>	<b>5.84</b>
Less : Impairment for Loans and Other Losses - Charges / (Reversal)						
Individual Impairment	1,446,577	1,206,048	19.94	331,420	267,868	23.73
Collective Impairment	454,862	225,509	101.70	247,604	(4,827)	5,229.56
Others	22,035	8,483	159.75	2,881	20	14,305
	<b>1,923,474</b>	<b>1,440,040</b>	<b>33.57</b>	<b>581,905</b>	<b>263,061</b>	<b>121.21</b>
<b>Net Operating Income</b>	<b>15,048,100</b>	<b>14,472,393</b>	<b>3.98</b>	<b>5,210,038</b>	<b>5,209,303</b>	<b>0.01</b>
Personnel Expenses	4,377,413	3,979,934	9.99	1,426,448	1,348,035	5.82
Depreciation and Amortisation	598,678	548,868	9.08	207,351	192,073	7.95
Other Expenses	3,869,643	3,660,809	5.70	1,236,761	1,235,866	0.07
	<b>8,845,734</b>	<b>8,189,611</b>	<b>8.01</b>	<b>2,870,560</b>	<b>2,775,974</b>	<b>3.41</b>
<b>Operating Profit before Taxes</b>	<b>6,202,366</b>	<b>6,282,782</b>	<b>(1.28)</b>	<b>2,339,478</b>	<b>2,433,329</b>	<b>(3.86)</b>
Value Added Tax (VAT) and Nation Building Tax (NBT) on Financial Services	1,471,304	1,288,406	14.20	528,699	471,928	12.03
<b>Profit before Income Tax</b>	<b>4,731,062</b>	<b>4,994,376</b>	<b>(5.27)</b>	<b>1,810,779</b>	<b>1,961,401</b>	<b>(7.68)</b>
Income Tax Expense	1,580,256	1,453,072	8.75	656,396	730,079	(10.09)
<b>Profit for the Period</b>	<b>3,150,806</b>	<b>3,541,304</b>	<b>(11.03)</b>	<b>1,154,383</b>	<b>1,231,322</b>	<b>(6.25)</b>
<b>Attributable to :</b>						
Owners of the Parent	3,125,831	3,364,594	(7.10)	1,146,825	1,221,174	(6.09)
Non-Controlling Interest	24,975	176,710	(85.87)	7,558	10,148	(25.52)
<b>Profit for the Period</b>	<b>3,150,806</b>	<b>3,541,304</b>	<b>(11.03)</b>	<b>1,154,383</b>	<b>1,231,322</b>	<b>(6.25)</b>
<b>Basic / Diluted Earnings per Ordinary Share (in Rupees)</b>	<b>8.54</b>	<b>9.19</b>	<b>(7.10)</b>	<b>3.13</b>	<b>3.34</b>	<b>(6.09)</b>

**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 )*

	<b>Group</b>			<b>Group</b>		
	<i>For the Nine Months Ended 30th September</i>			<i>For the Quarter Ended 30th September</i>		
	<b>2018</b>	<b>2017</b>	<b>Growth %</b>	<b>2018</b>	<b>2017</b>	<b>Growth %</b>
<b>Profit for the Period</b>	<b>3,150,806</b>	<b>3,541,304</b>	<b>(11.03)</b>	<b>1,154,383</b>	<b>1,231,322</b>	<b>(6.25)</b>
<b>Other Comprehensive Income/(Loss), Net of Tax</b>						
Net Gains/(Losses) on Re-measuring Available-for-Sale Financial Assets	(546,780)	2,506,537	<b>(121.81)</b>	(373,571)	1,391,141	<b>(126.85)</b>
Net Movement of Cash Flow hedge Reserve	34,574	(57,138)	<b>160.51</b>	24,839	(57,138)	<b>143.47</b>
<b>Other Comprehensive Income/(Loss) for the Period, Net of Taxes</b>	<b>(512,206)</b>	<b>2,449,399</b>	<b>(120.91)</b>	<b>(348,732)</b>	<b>1,334,003</b>	<b>(126.14)</b>
<b>Total Comprehensive Income for the Period</b>	<b>2,638,600</b>	<b>5,990,703</b>	<b>(55.96)</b>	<b>805,651</b>	<b>2,565,325</b>	<b>(68.59)</b>
<b>Attributable to :</b>						
Owners of the Parent	2,613,625	5,813,337	<b>(55.04)</b>	798,093	2,554,319	<b>(68.76)</b>
Non-Controlling Interest	24,975	177,366	<b>(85.92)</b>	7,558	11,006	<b>(31.33)</b>
<b>Total Comprehensive Income for the Period</b>	<b>2,638,600</b>	<b>5,990,703</b>	<b>(55.96)</b>	<b>805,651</b>	<b>2,565,325</b>	<b>(68.59)</b>

**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 30.09.2018	As at 31.12.2017	Growth %	As at 30.09.2018	As at 31.12.2017	Growth %
<b>Assets</b>						
Cash and Cash Equivalents	7,023,878	8,319,384	(15.57)	7,023,918	8,319,424	(15.57)
Balances with Central Bank of Sri Lanka	20,197,377	19,119,843	5.64	20,197,377	19,119,843	5.64
Placements with Banks and Finance Companies	68,041	1,455,115	(95.32)	68,041	1,455,115	(95.32)
Derivative Financial Instruments	753,057	60,165	1,151.65	753,057	60,165	1,151.65
Other Financial Assets Held-for-Trading	5,982,146	7,939,213	(24.65)	5,987,495	7,944,562	(24.63)
Securities Purchased under Resale Agreements	1,141,497	1,750,855	(34.80)	1,141,497	1,750,855	(34.80)
Customer Loans and Receivables	313,728,964	280,861,907	11.70	313,728,964	280,861,907	11.70
Financial Investments - Available-for-Sale	55,135,965	53,507,037	3.04	55,187,197	53,507,037	3.14
Financial Investments - Held-to-Maturity	22,649,029	21,529,778	5.20	22,649,029	21,529,778	5.20
Investment in Subsidiary	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	67,298	30,000	124.33	-	-	-
Property, Plant & Equipment	3,611,517	3,495,140	3.33	6,132,335	6,001,586	2.18
Leasehold Rights	39,391	40,425	(2.56)	574,755	581,346	(1.13)
Investment Properties	-	-	-	847,630	851,667	(0.47)
Intangible Assets	480,510	363,451	32.21	480,510	363,451	32.21
Assets Held-for-Sale	-	900,543	(100.00)	-	-	-
Other Assets	7,559,436	7,599,381	(0.53)	7,567,989	7,637,019	(0.90)
<b>Total Assets</b>	<b>439,591,708</b>	<b>408,125,839</b>	<b>7.71</b>	<b>442,339,794</b>	<b>409,983,755</b>	<b>7.89</b>
<b>Liabilities</b>						
Due to Banks	29,673,878	27,052,972	9.69	29,673,878	27,052,972	9.69
Derivative Financial Instruments	78,598	571,557	(86.25)	78,598	571,557	(86.25)
Customer Deposits	334,046,463	307,098,902	8.77	334,046,463	307,098,902	8.77
Securities Sold under Repurchase Agreements	12,371,652	16,631,973	(25.62)	12,371,652	16,631,973	(25.62)
Other Borrowings	24,563	22,396	9.68	24,563	22,396	9.68
Group Balances Payable	220,055	1,145,110	(80.78)	-	-	-
Debentures	16,931,353	12,494,025	35.52	16,931,353	12,494,025	35.52
Current Tax Liabilities	1,539,320	1,022,378	50.56	1,522,691	1,046,249	45.54
Deferred Tax Liabilities	762,459	1,359,044	(43.90)	887,213	1,431,294	(38.01)
Other Liabilities	7,554,374	6,521,559	15.84	7,606,485	6,593,748	15.36
<b>Total Liabilities</b>	<b>403,202,715</b>	<b>373,919,916</b>	<b>7.83</b>	<b>403,142,896</b>	<b>372,943,116</b>	<b>8.10</b>
<b>Equity</b>						
Stated Capital	12,025,795	11,228,269	7.10	12,025,795	11,228,269	7.10
Statutory Reserve Fund	1,609,484	1,609,484	-	1,609,484	1,609,484	-
Retained Earnings	19,456,339	17,178,024	13.26	20,084,339	17,818,539	12.72
Other Reserves	3,297,375	4,190,146	(21.31)	4,277,910	5,170,681	(17.27)
<b>Total Shareholders' Equity</b>	<b>36,388,993</b>	<b>34,205,923</b>	<b>6.38</b>	<b>37,997,528</b>	<b>35,826,973</b>	<b>6.06</b>
<b>Non - Controlling Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,199,370</b>	<b>1,213,666</b>	<b>(1.18)</b>
<b>Total Equity</b>	<b>36,388,993</b>	<b>34,205,923</b>	<b>6.38</b>	<b>39,196,898</b>	<b>37,040,639</b>	<b>5.82</b>
<b>Total Equity &amp; Liabilities</b>	<b>439,591,708</b>	<b>408,125,839</b>	<b>7.71</b>	<b>442,339,794</b>	<b>409,983,755</b>	<b>7.89</b>
<b>Contingent Liabilities and Commitments</b>	<b>120,104,280</b>	<b>99,500,731</b>	<b>20.71</b>	<b>120,133,215</b>	<b>99,568,595</b>	<b>20.65</b>
<b>Memorandum Information</b>						
Number of Employees	3,365	3,199	5.19	3,387	3,225	5.02
Number of Banking Centres	170	166	2.41	170	166	2.41
Net Assets Value per Ordinary Share (Rs.)	99.40	96.50	3.01	103.79	101.08	2.68

**Certification;**

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

- 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.
- The information contained in these statements have been extracted from the un-audited financial statements of the Bank & Group, 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

October 25,2018

Colombo

(Sgd.)

**Coralie Pietersz (Ms.)**

Senior Director



**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	Reserves			Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
<b>1 Balance as at 01st January 2017</b>	<b>6,962,722</b>	<b>3,567,002</b>	<b>1,387,964</b>	<b>14,050,233</b>	<b>1,474,482</b>	<b>(1,691,584)</b>	<b>2,021,463</b>	<b>27,772,282</b>
<b>Total Comprehensive Income for the Period</b>								
Profit for the Period	-	-	-	3,002,274	-	-	-	3,002,274
Other Comprehensive Income (net of tax)								
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,504,312	-	2,504,312
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(57,138)	(57,138)
<b>2 Total Comprehensive Income for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,002,274</b>	<b>-</b>	<b>2,504,312</b>	<b>(57,138)</b>	<b>5,449,448</b>
<b>Transactions with Equity Holders , Recognised Directly In Equity</b>								
Cash/Script Dividends to Equity Holders	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)
Transferred from Investment Fund Reserve	-	-	-	9,671	-	-	(9,671)	-
<b>3 Total Transactions with Equity Holders</b>	<b>356,354</b>	<b>342,191</b>	<b>-</b>	<b>(1,111,450)</b>	<b>-</b>	<b>-</b>	<b>(9,671)</b>	<b>(422,576)</b>
<b>Balance as at 30th September 2017 (1 + 2 + 3)</b>	<b>7,319,076</b>	<b>3,909,193</b>	<b>1,387,964</b>	<b>15,941,057</b>	<b>1,474,482</b>	<b>812,728</b>	<b>1,954,654</b>	<b>32,799,154</b>
<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>2,002,245</b>	<b>34,205,923</b>
<b>Total Comprehensive Income for the Period</b>								
Profit for the Period	-	-	-	3,138,346	-	-	-	3,138,346
Other Comprehensive Income (net of tax)								
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	(546,780)	-	(546,780)
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	34,574	34,574
<b>2 Total Comprehensive Income for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,138,346</b>	<b>-</b>	<b>(546,780)</b>	<b>34,574</b>	<b>2,626,140</b>
<b>Transactions with Equity Holders , Recognised Directly In Equity</b>								
Cash/Script Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(443,070)
Reversal of Revaluation Reserve on Disposed Property, Plant and Equipment	-	-	-	376,202	(376,202)	-	-	-
Transferred from Investment Fund Reserve	-	-	-	4,363	-	-	(4,363)	-
<b>3 Total Transactions with Equity Holders</b>	<b>404,131</b>	<b>393,395</b>	<b>-</b>	<b>(860,031)</b>	<b>(376,202)</b>	<b>-</b>	<b>(4,363)</b>	<b>(443,070)</b>
<b>Balance as at 30th September 2018 (1 + 2 + 3)</b>	<b>7,723,207</b>	<b>4,302,588</b>	<b>1,609,484</b>	<b>19,456,339</b>	<b>866,291</b>	<b>398,628</b>	<b>2,032,456</b>	<b>36,388,993</b>

\* 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).

**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	Reserves			Total	Non Controlling Interest	Total Equity
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	Available for Sale Reserve	Other Reserves			
<b>1 Balance as at 01st January 2017</b>	<b>6,962,722</b>	<b>3,567,002</b>	<b>1,387,964</b>	<b>14,304,925</b>	<b>2,214,050</b>	<b>(1,693,065)</b>	<b>2,276,676</b>	<b>29,020,274</b>	<b>1,065,190</b>	<b>30,085,464</b>
<b>Total Comprehensive Income for the Period</b>										
Profit for the Period	-	-	-	3,364,594	-	-	-	3,364,594	176,710	3,541,304
Other Comprehensive Income (net of tax)										
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,505,881	-	2,505,881	656	2,506,537
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(57,138)	(57,138)	-	(57,138)
<b>2 Total Comprehensive Income for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,364,594</b>	<b>-</b>	<b>2,505,881</b>	<b>(57,138)</b>	<b>5,813,337</b>	<b>177,366</b>	<b>5,990,703</b>
<b>Transactions with Equity Holders , Recognised Directly In Equity</b>										
Cash/Script Dividends to Equity Holders	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)	(32,725)	(455,301)
Transferred from Investment Fund Reserve	-	-	-	9,671	-	-	(9,671)	-	-	-
<b>3 Total Transactions with Equity Holders</b>	<b>356,354</b>	<b>342,191</b>	<b>-</b>	<b>(1,111,450)</b>	<b>-</b>	<b>-</b>	<b>(9,671)</b>	<b>(422,576)</b>	<b>(32,725)</b>	<b>(455,301)</b>
<b>Balance as at 30th September 2017 (1 + 2 + 3)</b>	<b>7,319,076</b>	<b>3,909,193</b>	<b>1,387,964</b>	<b>16,558,069</b>	<b>2,214,050</b>	<b>812,816</b>	<b>2,209,867</b>	<b>34,411,035</b>	<b>1,209,831</b>	<b>35,620,866</b>
<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>17,818,539</b>	<b>1,967,727</b>	<b>945,496</b>	<b>2,257,458</b>	<b>35,826,973</b>	<b>1,213,666</b>	<b>37,040,639</b>
<b>Total Comprehensive Income for the Period</b>										
Profit for the Period	-	-	-	3,125,831	-	-	-	3,125,831	24,975	3,150,806
Other Comprehensive Income (net of tax)										
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	(546,780)	-	(546,780)	-	(546,780)
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	34,574	34,574	-	34,574
<b>2 Total Comprehensive Income for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,125,831</b>	<b>-</b>	<b>(546,780)</b>	<b>34,574</b>	<b>2,613,625</b>	<b>24,975</b>	<b>2,638,600</b>
<b>Transactions with Equity Holders , Recognised Directly In Equity</b>										
Cash/Script Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(443,070)	(39,271)	(482,341)
Reversal of Revaluation Reserve on Disposed Property, Plant and Equipment	-	-	-	376,202	(376,202)	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	4,363	-	-	(4,363)	-	-	-
<b>3 Total Transactions with Equity Holders</b>	<b>404,131</b>	<b>393,395</b>	<b>-</b>	<b>(860,031)</b>	<b>(376,202)</b>	<b>-</b>	<b>(4,363)</b>	<b>(443,070)</b>	<b>(39,271)</b>	<b>(482,341)</b>
<b>Balance as at 30th September 2018 (1 + 2 + 3)</b>	<b>7,723,207</b>	<b>4,302,588</b>	<b>1,609,484</b>	<b>20,084,339</b>	<b>1,591,525</b>	<b>398,716</b>	<b>2,287,669</b>	<b>37,997,528</b>	<b>1,199,370</b>	<b>39,196,898</b>

\* 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).

**SEYLAN BANK PLC****CASH FLOW STATEMENT**

(Amounts in Rupees Thousands )

	Bank		Group	
	2018	2017	2018	2017
<b>For the Nine Months ended 30th September</b>				
<b>Cash Flows from Operating Activities</b>				
Interest Receipts	35,017,838	31,779,376	35,017,270	31,784,475
Fees and Commission Receipts	3,090,369	2,860,009	3,090,126	2,859,963
Interest Payments	(22,101,223)	(19,774,119)	(22,063,963)	(19,725,509)
Trading Income	72,157	(4,942)	71,828	(6,042)
Receipts/Payments from Other Operating Activities	1,044,768	1,866,376	1,109,476	1,919,795
Cash Payments to Employees and Suppliers	(9,375,094)	(8,602,782)	(9,264,586)	(8,546,786)
Cash Payments to Other Operating Activities	(142,405)	(106,889)	(145,711)	(111,750)
<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>7,606,410</b>	<b>8,017,029</b>	<b>7,814,440</b>	<b>8,174,146</b>
<b>(Increase)/Decrease in Operating Assets :</b>				
Loans and Receivables to Customers	(34,012,722)	(20,591,317)	(34,012,722)	(20,591,317)
Deposits Held for Regulatory or Monetary Control Purposes	(1,077,534)	(1,942,909)	(1,077,534)	(1,942,909)
<b>Increase/(Decrease) in Operating Liabilities :</b>				
Deposits from Customers	27,419,785	22,465,159	27,419,785	22,465,159
Certificates of Deposit from Customers	(718,418)	(794,280)	(718,418)	(794,280)
<b>Cash (Used in)/ Generated from Operations</b>	<b>(782,479)</b>	<b>7,153,682</b>	<b>(574,449)</b>	<b>7,310,799</b>
Income Tax Paid	(1,123,120)	(717,621)	(1,147,904)	(726,580)
Contribution Paid into Employees Retirement Benefit Plan / to Employees	(35,151)	(64,938)	(35,151)	(64,938)
<b>Net Cash (Used in)/ Generated from Operating Activities</b>	<b>(1,940,750)</b>	<b>6,371,123</b>	<b>(1,757,504)</b>	<b>6,519,281</b>
<b>Cash Flows from Investing Activities</b>				
Dividend Income Received	126,555	109,300	42,046	38,875
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing after 03 months	(4,337,955)	(13,121,650)	(4,337,955)	(13,121,650)
Reverse Repurchase Agreements Maturing After 03 Months	7,209	(7,210)	7,209	(7,210)
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	244,700	479,029	193,468	570,620
Purchase of Property , Plant & Equipment and Intangible Assets	(780,310)	(630,435)	(780,434)	(646,994)
Proceeds from Sale of Property , Plant & Equipment	21,539	7,901	21,539	7,901
Proceeds from Sale of Assets Held-for-Sale	934,000	-	-	752,457
Improvements to Investment Properties	-	-	(3,954)	(6,373)
<b>Net Cash Used in Investing Activities</b>	<b>(3,784,262)</b>	<b>(13,163,065)</b>	<b>(4,858,081)</b>	<b>(12,412,374)</b>
<b>Cash Flows from Financing Activities</b>				
Debenture Redemption	(2,000,000)	-	(1,950,000)	-
Debenture Issued	6,234,000	-	6,134,000	-
Securities Sold under Repurchase Agreements	(4,268,215)	(8,077,246)	(4,268,215)	(8,077,246)
Increase / (Decrease) in Other Borrowings	1,746,075	4,876,504	2,735,402	4,018,189
Dividends Paid - Ordinary Shares	(1,237,843)	(1,124,264)	(1,286,597)	(1,164,808)
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>474,017</b>	<b>(4,325,006)</b>	<b>1,364,590</b>	<b>(5,223,865)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	(5,250,995)	(11,116,948)	(5,250,995)	(11,116,958)
Cash and Cash Equivalents at beginning of the Year	16,073,851	23,277,093	16,073,891	23,277,143
<b>Cash and Cash Equivalents at end of the Period</b>	<b>10,822,856</b>	<b>12,160,145</b>	<b>10,822,896</b>	<b>12,160,185</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash and Cash Equivalents	7,023,878	8,014,994	7,023,918	8,015,034
Placements with Banks and Finance Companies	68,041	1,672,425	68,041	1,672,425
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing within 03 Months	2,589,440	-	2,589,440	-
Securities Purchased under Resale Agreements Maturing within 03 Months	1,141,497	2,472,726	1,141,497	2,472,726
	<b>10,822,856</b>	<b>12,160,145</b>	<b>10,822,896</b>	<b>12,160,185</b>

## EXPLANATORY NOTES

### 1. 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) and provided necessary disclosure to comply with LKAS 34, Interim Financial Reporting. The Interim Financial Statements have been prepared in accordance with LKAS / SLFRS.

The Bank has prepared Interim Financial Statements based on “LKAS 39 – Financial Instruments: Recognition and Measurement” as permitted by the Statement of Alternative Treatment (SoAT) issued by CA Sri Lanka.

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.)	30/09/2018		30/09/2017	
	Voting	Non Voting	Voting	Non Voting
Market Price Per Share	70.00	39.50	90.10	57.80
Highest price per share during the quarter ended	85.00	50.00	96.80	61.00
Lowest price per share during the quarter ended	66.50	38.50	89.00	55.60

### 3. Shareholders Information

#### 3.1 Twenty Largest Ordinary Voting Shareholders as at September 30, 2018

	No. of Shares	%
1 Sri Lanka Insurance Corporation Ltd [includes Sri Lanka Insurance Corporation Ltd (General Fund) 18,410,399 and Sri Lanka Insurance Corporation Ltd (Life Fund) –9,205,199]	27,615,598	15.00
2 Brown & Company PLC A/C No. 1	25,544,310	13.87
3 Employees Provident Fund	18,148,076	9.86
4 LOLC Investments Ltd	17,584,715	9.55
5 National Development Bank PLC A/C No.02	16,062,819	8.72
6 Bank of Ceylon No.1 Account	13,807,800	7.50
7 Mr. R S Captain	11,160,213	6.06
8 Employees Trust Fund Board	3,914,857	2.13
9 Mr. S E Captain	3,722,015	2.02
10 Seyfest (Private) Limited	3,157,307	1.71
11 Ms. L A Captain	2,580,425	1.40
12 Sesot (Private) Limited	2,384,287	1.30
13 Seybest (Private) Limited	2,265,433	1.23
14 Seyshop (Private) Limited	2,265,433	1.23
15 Esots (Private) Limited	2,247,331	1.22
16 Ambeon Holdings PLC	2,175,175	1.18
17 Capital Development and Investment Company PLC A/C No. 02	1,864,739	1.01
18 AIA Insurance Lanka PLC A/C No. 07	1,693,458	0.92
19 N P Capital Ltd	1,063,168	0.58
20 Mr K R B Fernando	1,062,137	0.58

### 3.2 Twenty Largest Ordinary Non-Voting Shareholders as at September 30, 2018

	No. of Shares	%
1 Lanka Orix Leasing Company Plc	79,955,209	43.93
2 Employees Provident Fund	9,707,547	5.33
3 Akbar Brothers Pvt Ltd A/C No 1	3,772,827	2.07
4 J.B. Cocoshell (Pvt) Ltd	3,484,169	1.91
5 Deutsche Bank AG As Trustee For Jb Vantage Value Equity Fund	3,361,368	1.85
6 Pershing LLC S/A Averbach Grauson & Co.	3,277,769	1.80
7 Employees Trust Fund Board	2,895,445	1.59
8 Mr. E Thavagnanasooriyam & Mr. E Thawagnasundaram	2,804,991	1.54
9 Commercial Bank of Ceylon PLC/Dunamis Capital P L C	2,781,131	1.53
10 Merrill J Fernando & Sons (Pvt) Limited	2,021,594	1.11
11 Mr. N. Balasingam	1,898,423	1.04
12 Assetline Leasing Co Ltd/Don & Don Holdings Pvt ltd	1,828,053	1.00
13 Lanka Orix Information Technology Services Ltd	1,584,901	0.87
14 Deutsche Bank AG-National Equity Fund	1,349,768	0.74
15 Deutsche Bank AG As Trustee For Namal Acuity Value Fund	1,238,551	0.68
16 Dr. S Yaddehige	1,141,365	0.63
17 Mr. R.Gautam	1,014,488	0.56
18 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	924,693	0.51
19 Mr. M J. Fernando	915,451	0.50
20 Mr. A P Somasiri	903,877	0.50

### 3.3 Public Holdings as at September 30, 2018

	<u>Number of Share Holders</u>	<u>Percentage Holdings</u>
• Ordinary Voting Shares	9,008	54.28%
• Ordinary Non-Voting Shares	6,726	55.93%

### 4. Directors' and Chief Executive Officer's Shareholdings as at September 30, 2018

<u>Name of Director</u>	<u>No of Shares</u> (Ordinary Voting)	<u>No of Shares</u> (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	38,206	145,395
Mr S P S Ranatunga, Independent Director	Nil	Nil
Mr P L S K Perera, Independent Director	Nil	Nil
Mr S Viran Corea, Non-Executive Director	95	Nil
Mr A S Wijesinha, Independent Director	Nil	Nil
Mrs S K Salgado, Independent Director	Nil	Nil
Mr R D Tissera, Non-Executive/Alternate Director to Mr W D K Jayawardena	Nil	Nil

<b>5. Stated Capital as at September 30, 2018</b>	<b>Rs'000</b>
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
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
Less: Issue Expenses	(181,581)
	<b>12,025,795</b>

## **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, 2018. 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 and the earnings per share for the 9 months ended September 30, 2017 have been restated based on the no of shares issued for scrip dividend 2017.

## **7. Events after the Reporting Date**

There were no material events occurred after the reporting date that require adjustments to or disclosure in the financial statements.

## **8. Other Matters**

- i. The bank designated some of forward foreign currency SWAPs as hedging instruments to hedge foreign currency risk of liabilities denominated in foreign currencies. The fair value changes associated with these derivatives were initially recognized in Other Reserves through Other Comprehensive Income (OCI). The amount recognized in OCI is reclassified to profit or loss, and in the same line item in the Income Statement.
- ii. The Bank has signed a Memorandum of Settlement (MoS) with Ceylon Bank Employees Union (CBEU) who represents the majority of current employees to settle the payment of the enhanced gratuity by utilizing proceeds expected from disposal of shares held by Share Trust companies upon compliance of the following conditions;

- There being no orders from court which would prevent the share owning companies and trustees from disposing of the shares and crediting the proceeds there from to the gratuity fund of the bank for the payment of the enhanced gratuity; and
- The Bank being given a period of one year effective from 1st Jan 2018 to procure the disposal of the shares by the trustees and crediting the proceeds there from to the gratuity fund.

Further, the bank has extended the proposal to its ex- employees who are eligible for enhanced gratuity.

The bank has not recognized the enhanced gratuity liability in the financial statements as the settlement is contingent upon the completion of the above events and also making a reliable estimate of the financial impact is not practical as it would depend on number of uncertain variables that are attached to the above mentioned proposed settlement scheme

- iii.** SLFRS 09, issued in July 2014, is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. It replaces LKAS 39 Financial Instruments: Recognition and Measurement.

The Bank has assessed the impact on transition based on gap analysis and quantifications performed on its Financial Statements as at 31<sup>st</sup> December 2016 on adoption of SLFRS 9 with the assistance of an external consultant.

Based on the preliminary assessments undertaken, the estimated additional impairment provision on the Financial Statements for the year ended December 31, 2017, on adoption of SLFRS 9 is expected to be in the range of **30% to 45%** of the total impairment provision on different portfolios.

- iv.** Mr I C Nanayakkara, Deputy Chairman/Non-Executive Director resigned from the Board with Effect from 1<sup>st</sup> September 2018

Mr. D M D K Thilakaratne, ceased to be an Alternate Director of the Bank with effect from 1<sup>st</sup> September 2018 upon the resignation of Mr. I C Nanayakkara and was appointed to the Board as a Non-Executive Director with effect from 1st October 2018

Mr. W D K Jayawardena, Non-Executive Director was appointed as the Deputy Chairman of the Bank with effect from 10<sup>th</sup> September 2018.

Mr. D R Abeysuriya was appointed as an Independent Director with effect from 17<sup>th</sup> October 2018.

## **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.

**10 Seylan Bank PLC**  
**Segment Reporting (Group)**

(Amounts in Rupees Thousands)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Interest Income	29,509,578	27,578,112	4,411,843	2,876,860	38,492	53,801	1,666,105	1,527,875	35,626,018	32,036,648
Interest Expense	19,892,212	18,211,713	2,718,622	2,442,098	1,800	92	(36,023)	(47,351)	22,576,611	20,606,552
<b>Net Interest Income</b>	<b>9,617,366</b>	<b>9,366,399</b>	<b>1,693,221</b>	<b>434,762</b>	<b>36,692</b>	<b>53,709</b>	<b>1,702,128</b>	<b>1,575,226</b>	<b>13,049,407</b>	<b>11,430,096</b>
Fee and Commission Income	3,059,987	2,824,135	6,070	7,317	-	-	24,069	28,511	3,090,126	2,859,963
Fee and Commission Expense	120,279	77,612	22,126	29,180	3,306	4,861	-	97	145,711	111,750
<b>Net Fee And Commission Income</b>	<b>2,939,708</b>	<b>2,746,523</b>	<b>(16,056)</b>	<b>(21,863)</b>	<b>(3,306)</b>	<b>(4,861)</b>	<b>24,069</b>	<b>28,414</b>	<b>2,944,415</b>	<b>2,748,213</b>
Net Trading Income	-	-	617,480	(10,896)	(329)	(1,100)	-	-	617,151	(11,996)
Net Gain on Financial Investments	-	-	56,472	330,870	-	-	-	-	56,472	330,870
Net Exchange Income	629,407	115,531	(793,875)	607,029	-	-	241,452	34,055	76,984	756,615
Other Operating Income (Net)	62,661	34,194	9,621	6,339	210,429	208,598	(55,566)	409,504	227,145	658,635
Inter Segment Revenue	(179,001)	(161,260)	121,602	106,086	-	-	57,399	55,174	-	-
<b>Total Operating Income</b>	<b>13,070,141</b>	<b>12,101,387</b>	<b>1,688,465</b>	<b>1,452,327</b>	<b>243,486</b>	<b>256,346</b>	<b>1,969,482</b>	<b>2,102,373</b>	<b>16,971,574</b>	<b>15,912,433</b>
Depreciation and Amortisation	332,786	328,149	1,704	882	654	585	263,534	219,252	598,678	548,868
Impairment For Loans and Other Losses - Charges/ (Reversal)	1,935,097	1,467,365	(10,118)	-	-	-	(1,505)	(27,325)	1,923,474	1,440,040
Operating Expenses , VAT & NBT	7,957,626	6,961,425	(54,744)	279,286	58,495	59,005	1,756,983	1,629,433	9,718,360	8,929,149
<b>Reportable Segment Profit Before Income Tax</b>	<b>2,844,632</b>	<b>3,344,448</b>	<b>1,751,623</b>	<b>1,172,159</b>	<b>184,337</b>	<b>196,756</b>	<b>(49,530)</b>	<b>281,013</b>	<b>4,731,062</b>	<b>4,994,376</b>
<b>Other Information</b>										
Total Assets	310,521,396	252,161,389	105,232,104	104,380,215	5,548,753	5,411,389	21,037,541	21,071,100	442,339,794	383,024,093
Total Liabilities & Equity	368,012,024	316,428,061	41,512,702	33,928,328	5,548,753	5,411,389	27,266,315	27,256,315	442,339,794	383,024,093
Cash Flows From Operating Activities	(3,968,688)	4,069,584	1,753,327	2,243,581	123,692	93,050	334,165	113,066	(1,757,504)	6,519,281
Cash Flows From Investing Activities	233,261	(204,026)	(4,076,425)	(12,643,492)	(1,009,774)	8,042	(5,143)	427,102	(4,858,081)	(12,412,374)
Cash Flows From Financing Activities	-	-	1,711,860	(3,200,742)	(133,168)	(110,974)	(214,102)	(1,912,149)	1,364,590	(5,223,865)
Capital Expenditure	(649,673)	(203,535)	(2,074)	(491)	(4,078)	(22,932)	(128,563)	(426,409)	(784,388)	(653,367)



# Seylan Bank PLC

## 11 Analysis of Financial Instruments by Measurement Basis - Bank

(Amounts in Rupees Thousands )

	As at 30.09.2018				Total
	Held-for-Trading (HFT)	Held-to-Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	
<b>Assets</b>					
Cash and Cash Equivalents	-	-	7,023,878	-	7,023,878
Balances with Central Bank of Sri Lanka	-	-	20,197,377	-	20,197,377
Placements with Banks and Finance Companies	-	-	68,041	-	68,041
Derivative Financial Instruments	753,057	-	-	-	753,057
Other Financial Assets Held-for-Trading	5,982,146	-	-	-	5,982,146
Securities Purchased under Resale Agreements	-	-	1,141,497	-	1,141,497
Customer Loans and Receivables	-	-	313,728,964	-	313,728,964
Financial Investments - Available-for-Sale	-	-	-	55,135,965	55,135,965
Financial Investments - Held-to-Maturity	-	22,649,029	-	-	22,649,029
Group Balances Receivable	-	-	67,298	-	67,298
Other Financial Assets	-	-	4,973,882	-	4,973,882
<b>Total Financial Assets</b>	<b>6,735,203</b>	<b>22,649,029</b>	<b>347,200,937</b>	<b>55,135,965</b>	<b>431,721,134</b>

	Held-for-Trading (HFT)	Amortised Cost	Total
	<b>Liabilities</b>		
Due to Banks	-	29,673,878	29,673,878
Derivative Financial Instruments	78,598	-	78,598
Customer Deposits	-	334,046,463	334,046,463
Securities Sold under Repurchase Agreements	-	12,371,652	12,371,652
Other Borrowings	-	24,563	24,563
Debentures	-	16,931,353	16,931,353
Group Balances Payable	-	220,055	220,055
Other Financial Liabilities	-	5,495,633	5,495,633
<b>Total Financial Liabilities</b>	<b>78,598</b>	<b>398,763,597</b>	<b>398,842,195</b>

	As at 31.12.2017				Total
	Held-for-Trading (HFT)	Held-to-Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	
<b>Assets</b>					
Cash and Cash Equivalents	-	-	8,319,384	-	8,319,384
Balances with Central Bank of Sri Lanka	-	-	19,119,843	-	19,119,843
Placements with Banks and Finance Companies	-	-	1,455,115	-	1,455,115
Derivative Financial Instruments	60,165	-	-	-	60,165
Other Financial Assets Held-for-Trading	7,939,213	-	-	-	7,939,213
Securities Purchased under Resale Agreements	-	-	1,750,855	-	1,750,855
Customer Loans and Receivables	-	-	280,861,907	-	280,861,907
Financial Investments - Available-for-Sale	-	-	-	53,507,037	53,507,037
Financial Investments - Held-to-Maturity	-	21,529,778	-	-	21,529,778
Group Balances Receivable	-	-	30,000	-	30,000
Other Financial Assets	-	-	4,922,113	-	4,922,113
<b>Total Financial Assets</b>	<b>7,999,378</b>	<b>21,529,778</b>	<b>316,459,217</b>	<b>53,507,037</b>	<b>399,495,410</b>

	Held-for-Trading (HFT)	Amortised Cost	Total
	<b>Liabilities</b>		
Due to Banks	-	27,052,972	27,052,972
Derivative Financial Instruments	571,557	-	571,557
Customer Deposits	-	307,098,902	307,098,902
Securities Sold under Repurchase Agreements	-	16,631,973	16,631,973
Other Borrowings	-	22,396	22,396
Debentures	-	12,494,025	12,494,025
Group Balances Payable	-	1,145,110	1,145,110
Other Financial Liabilities	-	5,154,901	5,154,901
<b>Total Financial Liabilities</b>	<b>571,557</b>	<b>369,600,279</b>	<b>370,171,836</b>

(Amounts in Rupees Thousands )

As at 30.09.2018

	Held-for-Trading (HFT)	Held-to-Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	Total
<b>Assets</b>					
Cash and Cash Equivalents	-	-	7,023,918	-	7,023,918
Balances with Central Bank of Sri Lanka	-	-	20,197,377	-	20,197,377
Placements with Banks and Finance Companies	-	-	68,041	-	68,041
Derivative Financial Instruments	753,057	-	-	-	753,057
Other Financial Assets Held-for-Trading	5,987,495	-	-	-	5,987,495
Securities Purchased under Resale Agreements	-	-	1,141,497	-	1,141,497
Customer Loans and Receivables	-	-	313,728,964	-	313,728,964
Financial Investments - Available-for-Sale	-	-	-	55,187,197	55,187,197
Financial Investments - Held-to-Maturity	-	22,649,029	-	-	22,649,029
Other Financial Assets	-	-	5,001,099	-	5,001,099
<b>Total Financial Assets</b>	<b>6,740,552</b>	<b>22,649,029</b>	<b>347,160,896</b>	<b>55,187,197</b>	<b>431,737,674</b>

	Held-for-Trading (HFT)	Amortised Cost	Total
<b>Liabilities</b>			
Due to Banks	-	29,673,878	29,673,878
Derivative Financial Instruments	78,598	-	78,598
Customer Deposits	-	334,046,463	334,046,463
Securities Sold under Repurchase Agreements	-	12,371,652	12,371,652
Other Borrowings	-	24,563	24,563
Debentures	-	16,931,353	16,931,353
Other Financial Liabilities	-	5,498,746	5,498,746
<b>Total Financial Liabilities</b>	<b>78,598</b>	<b>398,546,655</b>	<b>398,625,253</b>

As at 31.12.2017

	Held-for-Trading (HFT)	Held-to-Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	Total
<b>Assets</b>					
Cash and Cash Equivalents	-	-	8,319,424	-	8,319,424
Balances with Central Bank of Sri Lanka	-	-	19,119,843	-	19,119,843
Placements with Banks and Finance Companies	-	-	1,455,115	-	1,455,115
Derivative Financial Instruments	60,165	-	-	-	60,165
Other Financial Assets Held-for-Trading	7,944,562	-	-	-	7,944,562
Securities Purchased under Resale Agreements	-	-	1,750,855	-	1,750,855
Customer Loans and Receivables	-	-	280,861,907	-	280,861,907
Financial Investments - Available-for-Sale	-	-	-	53,507,037	53,507,037
Financial Investments - Held-to-Maturity	-	21,529,778	-	-	21,529,778
Other Financial Assets	-	-	4,944,991	-	4,944,991
<b>Total Financial Assets</b>	<b>8,004,727</b>	<b>21,529,778</b>	<b>316,452,135</b>	<b>53,507,037</b>	<b>399,493,677</b>

	Held-for-Trading (HFT)	Amortised Cost	Total
<b>Liabilities</b>			
Due to Banks	-	27,052,972	27,052,972
Derivative Financial Instruments	571,557	-	571,557
Customer Deposits	-	307,098,902	307,098,902
Securities Sold under Repurchase Agreements	-	16,631,973	16,631,973
Other Borrowings	-	22,396	22,396
Debentures	-	12,494,025	12,494,025
Other Financial Liabilities	-	5,187,172	5,187,172
<b>Total Financial Liabilities</b>	<b>571,557</b>	<b>368,487,440</b>	<b>369,058,997</b>

# Seylan Bank PLC

## Additional Disclosures

(Amounts in Rupees Thousands )

	Bank		Group	
	As at 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
<b>12 Customer Loans and Receivables</b>				
Gross Loans and Receivables (Refer 12.1)	321,034,636	286,469,373	321,034,636	286,469,373
Less : Individual Impairment	(2,828,645)	(1,744,089)	(2,828,645)	(1,744,089)
Collective Impairment	(4,477,027)	(3,863,377)	(4,477,027)	(3,863,377)
<b>Net Loans and Receivables</b>	<b>313,728,964</b>	<b>280,861,907</b>	<b>313,728,964</b>	<b>280,861,907</b>

### 12.1 Customer Loans and Receivables - By product

#### By product - Domestic Currency

Export Bills	15,959	15,359	15,959	15,359
Import Bills	804,073	335,352	804,073	335,352
Local Bills	66,496	130,330	66,496	130,330
Lease Rentals Receivable	18,448,938	16,222,825	18,448,938	16,222,825
Overdrafts	59,450,292	61,901,243	59,450,292	61,901,243
Revolving Import Loans	13,028,909	10,531,334	13,028,909	10,531,334
Packing Credit Loans	1,684,298	1,191,070	1,684,298	1,191,070
Trust Receipts Loans	1,743,548	1,812,834	1,743,548	1,812,834
Staff Loans	6,277,624	6,108,917	6,277,624	6,108,917
Housing Loans	14,836,366	13,401,222	14,836,366	13,401,222
Pawning Receivables	11,323,657	10,046,055	11,323,657	10,046,055
Refinance Loans	2,835,819	2,479,247	2,835,819	2,479,247
Credit Cards	5,734,562	4,886,489	5,734,562	4,886,489
Margin Trading	2,438,780	2,588,413	2,438,780	2,588,413
Factoring	1,480,863	1,099,984	1,480,863	1,099,984
Term Loans	141,750,697	125,086,423	141,750,697	125,086,423
<b>Total</b>	<b>281,920,881</b>	<b>257,837,097</b>	<b>281,920,881</b>	<b>257,837,097</b>

#### By product - Foreign Currency

Export Bills	3,005,522	3,164,298	3,005,522	3,164,298
Import Bills	427,172	459,456	427,172	459,456
Local Bills	62,073	44,659	62,073	44,659
Overdrafts	1,428,816	886,908	1,428,816	886,908
Revolving Import Loans	764,024	442,327	764,024	442,327
Packing Credit Loans	11,449,841	9,555,196	11,449,841	9,555,196
Housing Loans	165,446	98,917	165,446	98,917
Term Loans	21,810,861	13,980,515	21,810,861	13,980,515
<b>Total</b>	<b>39,113,755</b>	<b>28,632,276</b>	<b>39,113,755</b>	<b>28,632,276</b>

<b>Gross Loans and Receivables</b>	<b>321,034,636</b>	<b>286,469,373</b>	<b>321,034,636</b>	<b>286,469,373</b>
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### 12.2 Movements in Individual and Collective Impairment during the period for Customer Loans and Receivables

	Bank		Group	
	2018 (For 09 Months)	2017 (For 12 Months)	2018 (For 09 Months)	2017 (For 12 Months)
<b>Individual Impairment</b>				
Opening Balance as at 01st January	1,744,089	2,420,888	1,744,089	2,420,888
Net Charge to Income Statement	1,446,577	1,069,797	1,446,577	1,069,797
Reversal for Write-Offs	(194,274)	(1,413,347)	(194,274)	(1,413,347)
Interest Accrued on Impaired Loans and Receivables	(181,319)	(326,532)	(181,319)	(326,532)
Transfer from / (to) Collective Impairment	13,572	(6,717)	13,572	(6,717)
<b>Closing Balance as at 30th September 2018</b>	<b>2,828,645</b>		<b>2,828,645</b>	
<b>as at 31st December 2017</b>		<b>1,744,089</b>		<b>1,744,089</b>
<b>Collective Impairment</b>				
Opening Balance as at 01st January	3,863,377	3,632,097	3,863,377	3,632,097
Net Charge to Income Statement	454,862	423,679	454,862	423,679
Reversal for Write-Offs	(379,117)	(199,116)	(379,117)	(199,116)
Transfer from / (to) Individual Impairment	(13,572)	6,717	(13,572)	6,717
Other Movement	551,477	-	551,477	-
<b>Closing Balance as at 30th September 2018</b>	<b>4,477,027</b>		<b>4,477,027</b>	
<b>as at 31st December 2017</b>		<b>3,863,377</b>		<b>3,863,377</b>
<b>Total Impairment</b>	<b>7,305,672</b>	<b>5,607,466</b>	<b>7,305,672</b>	<b>5,607,466</b>

# Seylan Bank PLC

## Additional Disclosures

(Amounts in Rupees Thousands )

13 Customer Deposits - By product	Bank		Group	
	As at 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
<b>By product - Domestic Currency</b>				
Demand Deposits	15,644,566	15,421,548	15,644,566	15,421,548
Savings Deposits	65,224,412	65,596,837	65,224,412	65,596,837
Fixed Deposits	215,143,170	188,861,741	215,143,170	188,861,741
Certificate of Deposits	2,720,201	3,438,619	2,720,201	3,438,619
<b>Total</b>	<b>298,732,349</b>	<b>273,318,745</b>	<b>298,732,349</b>	<b>273,318,745</b>
<b>By product - Foreign Currency</b>				
Demand Deposits	4,733,063	4,581,517	4,733,063	4,581,517
Savings Deposits	9,691,736	10,207,465	9,691,736	10,207,465
Fixed Deposits	20,889,315	18,991,175	20,889,315	18,991,175
<b>Total</b>	<b>35,314,114</b>	<b>33,780,157</b>	<b>35,314,114</b>	<b>33,780,157</b>
<b>Total Customer Deposits</b>	<b>334,046,463</b>	<b>307,098,902</b>	<b>334,046,463</b>	<b>307,098,902</b>

# SEYLAN BANK PLC

## Debenture Information

	CURRENT PERIOD 01-Jul-18 to 30-Sep-18	COMPARATIVE PERIOD 01-Jul-17 to 30-Sep-17
<b>Debt (Debentures) / Equity Ratio (Times)</b>	0.47	0.38
<b>Debt (Debentures plus Long term Debt) / Equity Ratio (Times)</b>	0.80	0.72
<b>Interest Cover (Times)</b>	4.62	5.14
<b>Quick Asset Ratio (Times)</b>	0.72	0.77
<b>2013/2018 Issue</b> (Debenture matured and redeemed on 22/02/2018)		
<b>Market Prices during July to September (EX Interest)</b>		
Annual Interest - 15.50% p.a.		*
Semi Annual Interest - 15.00% p.a.		*
Monthly Interest - 14.50% p.a.		*
<b>Interest Yield as at Date of Last Trade</b>		*
<b>Yield to Maturity of Trade Done on</b>		*
<b>Interest Rate of Comparable Government Security</b>		9.18%
<b>2014 Issue</b>		
<b>Market Prices during July to September (Ex Interest)</b>		
4 Year Fixed Semi Annual - 8.00% p.a.	*	*
5 Year Fixed Semi Annual - 8.35% p.a.	*	*
5 Year Fixed Annual - 8.60% p.a.	*	*
6 Year Fixed Semi Annual - 8.60% p.a.	*	*
6 Year Fixed Annual - 8.75% p.a.	*	*
<b>Interest Yield as at Date of Last Trade</b>	*	*
<b>Yield to Maturity of Trade Done on</b>	*	*
<b>Interest Rate of Comparable Government Security</b>		
- 4 Years	8.38%	9.28%
- 5 Years	9.55%	9.47%
- 6 Years	9.95%	9.80%
<b>2016 Issue</b>		
<b>Market Prices during July to September (Ex Interest)</b>		
5 Year Fixed Semi Annual - 13.00% p.a	*	*
5 Year Floating Semi Annual - six months treasury bill rate + 1.5%	*	*
7 Year Fixed Semi Annual - 13.75% p.a		
- Highest Price	106.20	*
- Lowest Price	106.20	*
- Last Traded Price (17/08/2018)/*	106.20	*
<b>Interest Yield as at Date of Last Trade</b>		
5 Year Fixed Semi Annual - 13.00% p.a	*	*
5 Year Floating Semi Annual - six months treasury bill rate + 1.5%	*	*
7 Year Fixed Semi Annual - 13.75% p.a (17/08/2018)/*	13.39%	*
<b>Yield to Maturity of Trade Done on</b>		
5 Year Fixed Semi Annual - 13.00% p.a	*	*
5 Year Floating Semi Annual - six months treasury bill rate + 1.5%	*	*
7 Year Fixed Semi Annual - 13.75% p.a (17/08/2018)/*	12.03%	*
<b>Interest Rate of Comparable Government Security</b>		
- 5 Years	10.30%	9.91%
- 7 Years	10.70%	10.06%
<b>2018 Issue</b>		
<b>Market Prices during July to September (Ex Interest)</b>		
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	*	
<b>Interest Yield as at Date of Last Trade</b>		
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	*	
<b>Yield to Maturity of Trade Done on</b>		
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	*	
<b>Interest Rate of Comparable Government Security</b>		
- 5 Years	10.81%	
- 7 Years	10.94%	
- 10 Years	10.98%	

\* No trading during the period.

## Seylan Bank PLC

### Selected Performance Indicators

	Bank		Group	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
<b>Regulatory Capital (LKR '000)</b>				
Common Equity Tier I	32,278,136	30,686,859	33,163,139	31,571,862
Total Tier I Capital	32,278,136	30,686,859	33,163,139	31,571,862
Total Capital	42,874,915	36,451,164	43,659,918	37,286,167
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier I Capital Ratio ( Minimum Requirement - 6.375% / 2017 - 5.75% )	10.19	11.16	10.38	11.39
Total Tier I Capital Ratio ( Minimum Requirement - 7.875% / 2017 - 7.25% )	10.19	11.16	10.38	11.39
Total Capital Ratio ( Minimum Requirement - 11.875% / 2017 - 11.25% )	13.54	13.25	13.67	13.46
<b>Assets Quality ( Quality of Loan Portfolio )</b>				
Gross Non-Performing Advances Ratio % ( Net of Interest in Suspense )	5.58	4.42		
Net Non-Performing Advances Ratio % ( Net of Interest in Suspense and Provision )	4.05	3.10		
<b>Profitability</b>				
Interest Margin %	4.11	4.24		
Return ( Net Profit before Tax ) on Average Assets %	1.47	1.74		
Return on Equity %	11.89	14.30		
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets				
Domestic Banking Unit Rs. '000	80,012,002	77,783,808		
Offshore Banking Unit USD '000	32,533	41,711		
Statutory Liquid Assets Ratio % ( Minimum Requirement 20 % )				
Domestic Banking Unit	22.66	23.57		
Offshore Banking Unit	25.51	37.08		
Liquidity Coverage Ratio %				
Rupee - ( Minimum Requirement - 90% / 2017 - 80% )	124.85	160.30		
All Currency - ( Minimum Requirement - 90% / 2017 - 80% )	104.08	121.94		