



SEYLAN BANK PLC
Annual Report 2024

Contents

3-15

Overview

Surveying our setting and it's prospects

About This Report	
About Us	
Financial Highlights	
Key Historical Milestones	
Chairman's Message	
Chief Executive Officer's Review	

16-99

Management Discussion and Analysis

Building on our score, in word and action

Value Creation	16
Leveraging Synergies with Stakeholder Engagement	18
Material Topics for Better Engagement	22
Strategic Progress and Outlook	25
Operating Environment	32
Business Unit Performance	35
Financial Capital	40
Manufactured Capital	48
Human Capital	52
Social and Relationship Capital	64
Intellectual Capital	82
Natural Capital	86
Sustainability Performance Indicators (SPI)	95
Independent Assurance Report - Sustainability	97

100-187

Governance and Risk Management

Keeping the right score

Board of Directors	100
Senior Management Team	106
Corporate Governance	111
Risks and Opportunities	136
Report of the Senior Independent Director	161
Report of the Board Audit Committee	162
Report of the Board Human Resources and Remuneration Committee	164
Report of the Board Nomination and Governance Committee	166
Report of the Related Party Transactions Review Committee	169
Report of the Board Integrated Risk Management Committee	170
Report of the Board of Directors on the State of Affairs of the Company	172
Annexure to The Report of the Board of Directors on the State of Affairs of the Company	180
Directors' Statement on Internal Control	183
Assurance Report on the Directors' Statement on Internal Control	185

188-302

Financial Statements

Making the right connections to maximise profitability

Statement of Directors' Responsibility for Financial Reporting	188
Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	189
Independent Auditor's Report	190
Income Statement	195
Statement of Profit or Loss and Other Comprehensive Income	196
Statement of Financial Position	197
Statement of Changes in Equity	198
Statement of Cash Flows	202
Notes to the Financial Statements	204

303-327

Supplementary Information

Banking on efficient moves

Statement of Comprehensive Income in US Dollars	303
Statement of Financial Position in US Dollars	304
Investor Information	305
Branch and ATM Network	311
Ten Years at A Glance	312
Summary of Performance Indicators	313
Geographical Analysis	314
Global Reporting Initiative (GRI) Content Index	315
Alphabetical Index	322
Glossary	323
Sinhala Translation of Chairman's Message (සභාපතිතුමාගේ පණිවිඩය)	326
Tamil Translation of Chairman's Message (தலைவரின் செய்தி)	327
Corporate Information	Inner Back Cover



10

Chairman's
Message



12

Chief Executive
Officer's Review



Seylan Bank PLC | Annual Report 2024

At Seylan Bank, the year under review was much like a game of Scrabble: strategic, intentional, and all about building momentum letter by letter. We started with a foundation—G for gains, R for resilience, O for opportunity, and so on—carefully assembling the elements of growth that matter most to our clients, partners, and communities. Each letter represented a choice, a direction that brought us closer to the high-scoring goals we set for ourselves.

Our achievements this year spell out a clear story of advancement. Just as words expand across the board to create new connections and combinations, our growth extends beyond individual successes. Through strategic investments, innovative digital solutions, and a commitment to sustainability, we are adding value and building a legacy that reaches new heights.

As we look forward, the letters of 'GROWING' remind us that every move counts, every letter matters, and every connection is a step closer to creating a future filled with promise. Together, we are not just spelling out success—we are building it, letter by letter.



Courage

A growth mindset that fuels resilience
and innovation

About This Report

Seylan Bank PLC is pleased to present its 12th Integrated Annual Report for the fiscal year ended 31 December 2024

This comprehensive document provides a thorough overview of both the financial and non-financial performance of the Bank for the period from 1 January 2024 to 31 December 2024 (FY2024). The report highlights significant developments up to the date of Board approval of the financial statements and report content is guided by materiality. Materiality assessment as described in the ensuing pages follows a stakeholder engagement process.

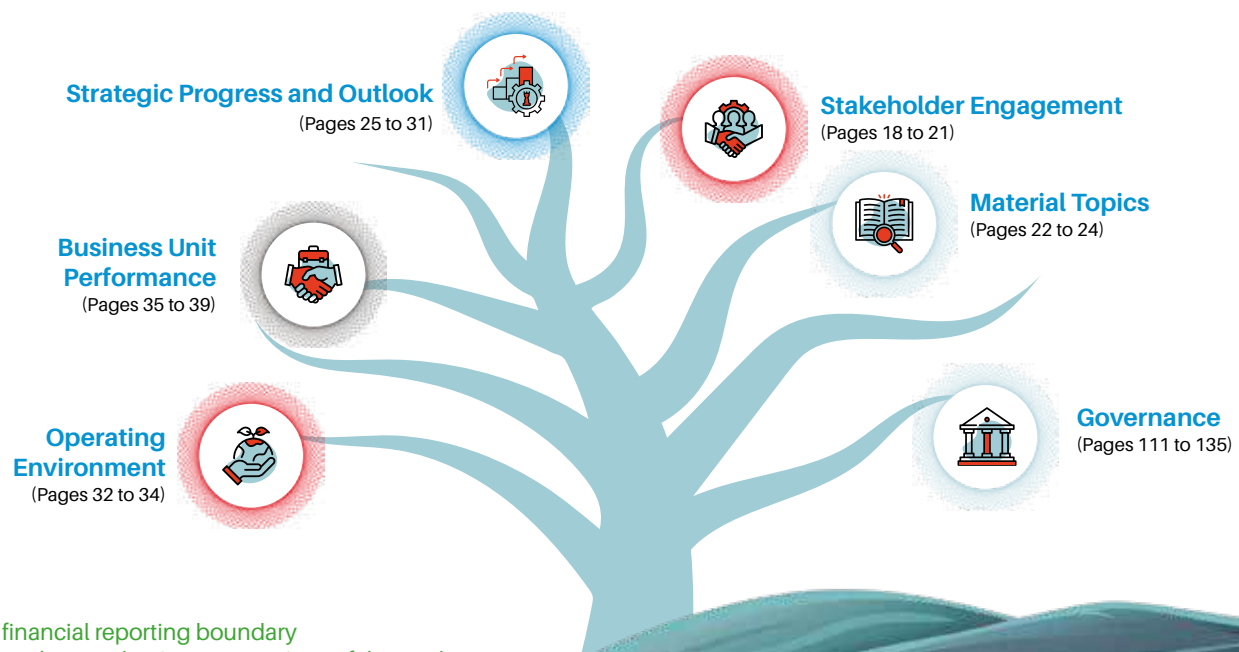


This integrated report can be accessed through the Bank's website
<https://www.seylan.lk/about-us/investor-relation>

Reporting Scope and Boundary

The scope and boundaries of this report remain consistent with previous periods, with any reclassified or restated financial information clearly disclosed and explained. Please note, the activities of the bank's subsidiary, Seylan Developments PLC, are not included in this report as it produces its own separate Annual Report.

Our integrated annual reporting boundary covers opportunities, risks and outcomes arising from:

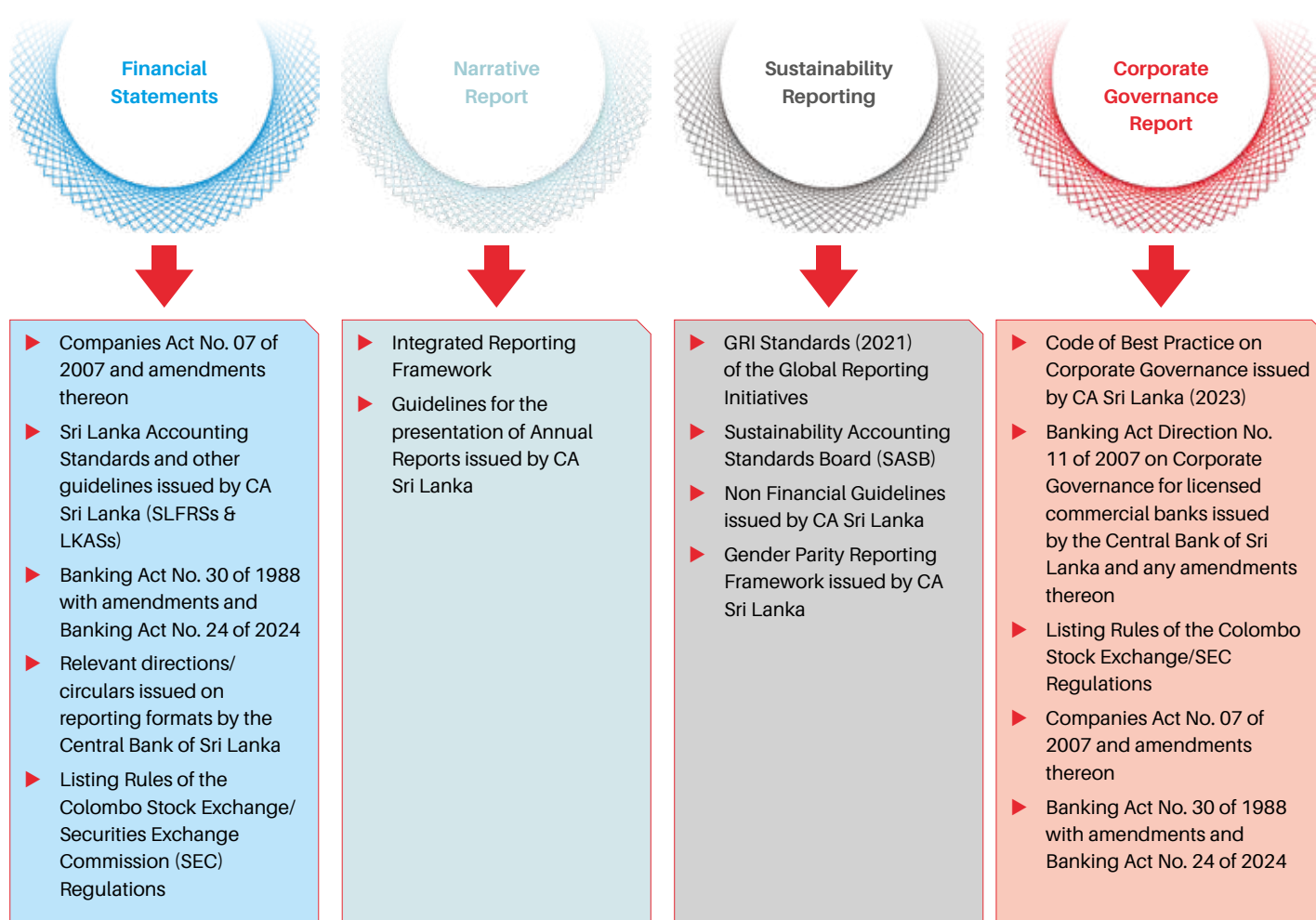


Our financial reporting boundary covers the core business operations of the Bank

About This Report

Reporting Frameworks & Assurance

In preparing this report, the Bank adheres to a variety of accounting standards, regulations, and principles to ensure compliance and transparency. These include



Materiality

The contents of this Annual Report were processed centric to material information of which we assessed as inevitable to have omitted, as it goes hand in hand with the bank's strategic direction and every stakeholder expectation, while supporting their well-informed and balanced financial decision making connected to respective engagement with them. It is indeed a pivotal factor of our inclusive and sustainable value creation process where collective and collaborative relationships help to identify potential opportunities and prudently manage risks to remain resilient in our business equation. Through transparent and comprehensive communication, we foster trust, respect, and collaboration with our stakeholders. By leveraging their synergies, we integrate them into our overall strategies and tactical goals, ensuring a sustainable and mutually beneficial relationship.

Combined Assurance

Internal Assurance of the Directors' Statement on Internal Control, and an external Independent Auditor's Report of our Financial statements, we have also obtained an Independent External Limited Assurance of our Sustainability Reporting by Messrs KPMG. In addition, we obtained an Independent External Reasonable Level of Assurance of our Greenhouse Gas (GHG) Emissions from Sri Lanka Climate Fund (SLCF).

Intended Audience

This report is intended to serve a wide range of stakeholders, including shareholders, investors, customers, regulators, and the broader public. The detailed disclosures in this report are designed to provide these audiences with a comprehensive understanding of the Bank's activities, financial health, risk management strategies, and its role in contributing to sustainable development. By adhering to international reporting standards and providing clear, accessible information, Seylan Bank's focus is to foster transparency, trust, and accountability in its operations.

Integrated Thinking

The methodology for presenting the information in this report is grounded in sound financial analysis, environmental, social, and governance (ESG) assessments, and risk analysis. The financial performance and position of the Bank are presented in accordance with SLFRs and LKAs and other relevant regulatory requirements, while ESG factors are assessed using the GRI Standards. This approach enables the Bank to offer a balanced view of both its financial success and its efforts toward social responsibility and environmental stewardship. Risk analysis and internal controls are thoroughly examined to provide stakeholders with insights into the Bank's approach to mitigating financial and operational risks, while ensuring that governance practices are robust and align with global best practices.

Forward-Looking Statements

This Report contains forward-looking statements, which discuss the Bank's future orientation including strategic aspirations, opportunities, risks and potential impacts on the business model, performance and financial stability.

Statement of Responsibility

Seylan Bank's Board of Directors are ultimately responsible for ensuring the integrity of this report. We hereby confirm that the 2024 Report addresses all relevant material matters and fairly represents the Group's integrated performance. The Board also confirms that the report has been prepared in accordance with the requirements of the Integrated Report (IR) framework. The report is approved and authorised for publication.

Steering This Report

The Capital



Financial Capital



Manufactured Capital



Human Capital



Social and Relationship Capital



Intellectual Capital



Natural Capital

Our Stakeholders



Investors



Customers



Employees



Business Partners



Government Institutions and Regulators



Society & Environment

Strategic Pillars



Low Cost Funding CASA



Loan Growth



Augment Fee Income



Recoveries Drive



Evolve Digital Banking



Rationalisation of Costs



Automation and AI



Harnessing of Human Capital



We welcome your suggestions and comments on further improving the readability and relevance of our Report. Kindly direct your feedback to:

Ms. Champika Dodanwela

Chief Financial Officer

Seylan Bank PLC

Tel: +94 112 456 358

About Us



VISION

To be Sri Lanka's leading financial services provider as recognised by all our stakeholders.



MISSION

We provide our Customers with financial services that meet their needs in terms of value, pricing, delivery and service.

We will do so through a team of Seylan bankers who are recognised and rewarded for results orientation.

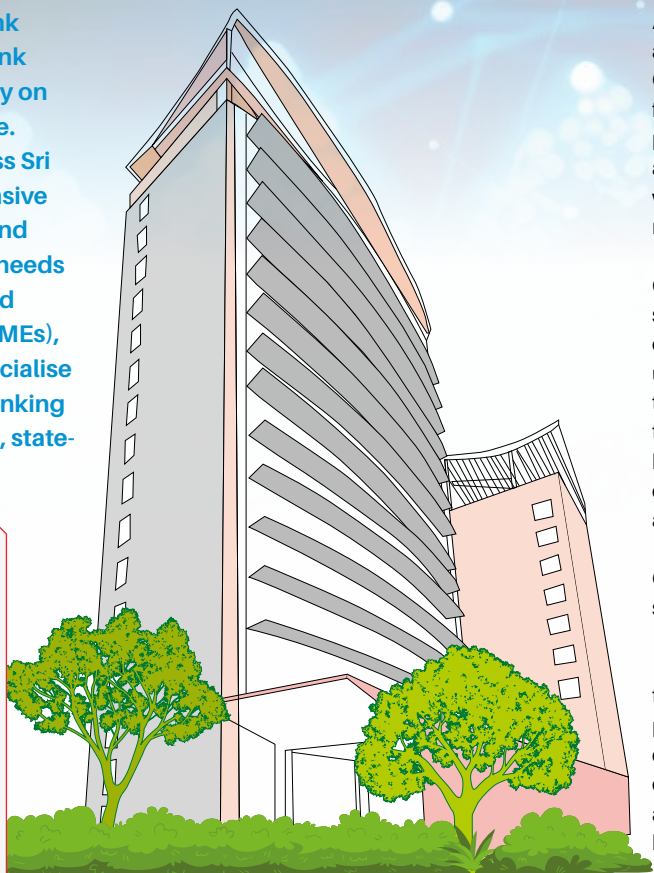
We will ensure that our efforts translate to meeting the expectations of our shareholders, whilst always acting as responsible corporate citizens.



Founded in 1987, Seylan Bank is a Licensed Commercial Bank and a publicly listed company on the Colombo Stock Exchange. With a strong presence across Sri Lanka, we offer a comprehensive range of financial products and services to meet the diverse needs of corporate clients, small and medium-sized enterprises (SMEs), and retail customers. We specialise in providing conventional banking solutions through innovative, state-of-the-art delivery channels.

Our Nationwide Network Includes:

Banking Centers	170
ATMs	210
Cash Deposit Machines (CDMs)	70
Cash Deposit Kiosks (CDKs)	101
Cash Recycling Machines (CRMs)	102



At Seylan Bank, customer aspirations are at the heart of everything we do. Our long-term success is built on a solid foundation of corporate governance, prudent risk management, accountability, and integrity. Known for our industry firsts, we design our product portfolio to create real value for our customers.

Our growth is driven by an ambitious strategy focused on customer centricity, digitalization, and operational excellence, underpinned by our commitment to the Triple Bottom Line. With a forward-thinking mindset, we empower businesses to thrive, contribute to economic progress, and help individuals achieve their personal goals.

Our value creation extends to all stakeholders, embodied in our motto: *"The Bank with a Heart: Just, Fair, and Consistent."* This reflects our dedication to inclusivity, both through our financial products and our active engagement with communities. Moving forward, we will continue to prioritise sustainable growth and enhance shareholder value, guided by our Triple Bottom Line focus.

Financial Highlights

	Bank			Group		
	2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
For the Year						
Gross Income	91,670,605	116,773,303	(21.50)	91,718,361	116,835,833	(21.50)
Profit before Income Tax	16,043,413	10,080,086	59.16	16,235,034	10,269,451	58.09
Income Tax Expense	5,992,136	3,823,872	56.70	6,082,296	3,868,829	57.21
Profit Attributable to Equity Holders of the Bank	10,051,277	6,256,214	60.66	10,113,406	6,321,116	59.99
Other Comprehensive Income for the Year, net of Tax	684,540	(26,598)	2,673.65	793,610	56,454	1,305.76
Total Comprehensive Income Attributable to Equity Holders of the Bank	10,735,817	6,229,616	72.34	10,879,410	6,353,078	71.25
Revenue to Government	11,371,138	7,759,191	46.55	11,461,298	7,804,148	46.86
Gross Dividend*	2,224,766	1,538,623	44.59	2,224,766	1,538,623	44.59
At the Year End						
Total Equity Attributable to Equity Holders of the Bank	70,488,472	60,506,581	16.50	72,604,918	62,381,806	16.39
Retained Earnings	41,525,916	34,846,140	19.17	42,360,589	35,540,973	19.19
Customer Deposits	646,817,333	591,622,729	9.33	646,817,333	591,622,729	9.33
Customer Loans and Advances	462,950,751	437,532,470	5.81	462,950,751	437,532,470	5.81
Total Assets	779,689,839	717,985,435	8.59	780,067,177	717,993,290	8.65
Information per Ordinary Share						
Basic/Diluted Earnings per Share (LKR)**	15.81	9.84	60.67	15.91	9.94	60.06
Dividend per Share (LKR)*	3.50	2.50	40.00	3.50	2.50	40.00
Net Assets Value per Share (LKR)	110.89	98.31	12.80	114.22	101.36	12.69
Market Value (LKR) - As at End of the Year						
Voting Shares	77.90	43.90	77.45			
Non - Voting Shares	57.00	35.50	60.56			
Regulatory Capital Adequacy (LKR Mn.)						
Common Equity Tier 1 Capital	66,565	55,448	20.05	67,793	56,998	18.94
Total Tier 1	66,565	55,448	20.05	67,793	56,998	18.94
Total Capital	86,837	70,147	23.79	88,064	71,698	22.83
Regulatory Capital Ratios (%)						
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement - 7.00%)	14.25	12.52	13.82	14.50	12.86	12.75
Total Tier 1 Capital Ratio (%) (Minimum Requirement - 8.50%)	14.25	12.52	13.82	14.50	12.86	12.75
Total Capital Ratio (%) (Minimum Requirement - 12.50%)	18.59	15.84	17.36	18.84	16.18	16.44
Basel III Leverage Ratio (Minimum Requirement - 3%)	8.16	7.30	11.78	8.30	7.50	10.67
Regulatory Liquidity Requirement						
Liquidity Coverage Ratio (%) (Minimum Requirement - (100%))						
- Rupee	415.75	355.16	17.06			
- All Currency	491.37	338.42	45.20			
Net Stable Funding Ratio (Minimum Requirement - (100%))	144.76	129.67	11.64			
Assets Quality						
Impaired Loans (Stage 3) to Total Loans, Ratio (%)	2.10	3.85	(45.60)			
Impaired (Stage 3) to Stage 3 Loans, Ratio (%)	80.90	68.29	18.48			
Income & Profitability						
Net Interest Margin	4.90	5.76	(14.93)			
Return on Assets(before Tax) (%)	2.14	1.45	47.59			
Return on Equity (%)	15.35	10.88	41.08			
Cost to Income Ratio (%)	47.05	37.30	26.14			
Other Ratios						
Price Earnings Ratio - Voting (Times)	4.93	4.46				
- Non-Voting (Times)	3.61	3.61				
Dividend Cover (Times)*	4.52	3.94				
Memorandum Information						
Credit Rating - Fitch	A+(lka)	A-(lka)				
Number of Employees	3,211	3,077				
Number of Branches	170	171				

* Dividends are accounted for as per the Sri Lanka Accounting Standard - LKAS 10.

** Earnings per share has been restated as per Sri Lanka Accounting Standard - LKAS 33.

Key Historical Milestones

- ▶ Added 6 branches to the network reaching a total of 157
- ▶ Introduced the first ever "Visa Multi Currency Travel Card"
- ▶ Ranked among the top 25 corporate entities in Sri Lanka
- ▶ Silver award - Turn Around Brand of the Year (Seylan Tikiri) - SLIM Brand excellence awards
- ▶ Marketing Campaign of the Year (Seylan Sure) (Gold Award), Best Loyalty Programme (Seylan Sure) (Gold Award), Revitalised Brand of the Year (Seylan Tikiri) (Gold Award), Best Use of Social Media in Marketing (Seylan Bank Facebook page and Digital Efforts) (Gold Award) - World Marketing Congress - Global Marketing Excellence Awards
- ▶ Bank surpassed its LKR 4 Bn PAT milestone
- ▶ Bank's asset base reached LKR 356 Bn
- ▶ Added 8 new branches to the network across the island
- ▶ 7 branches were converted to 365-day banking centres
- ▶ Total number of ATMs surpassed 200
- ▶ Innovative Launch Campaign of the Year (Seylan Website Launch) (Gold Award) and Best Use of Social Media in Marketing (Seylan Social Media) (Gold Award) - Global Marketing Excellence Awards
- ▶ Upgraded ATMs in line with global standards (the first Bank to have a fully EMV compliant ATM network in Sri Lanka)
- ▶ Ranked 17th among 30 Best Performing Corporates - Business Today Magazine
- ▶ 30 years of service
- ▶ SME HUBs were increased to 12 covering different regions
- ▶ Implemented the Environmental and Social Management System (ESMS) policy and procedures
- ▶ Ranked as 11th among 30 Best Performing Corporates - Business Today Magazine
- ▶ Excellence in Branding and Marketing (The Winner), Best Campaign Innovation (The Winner), Campaign of the Year (The Winner), Excellence in Digital Marketing (The Winner) and Excellence in Cards and E-Payments (The Winner) - Golden Globe Tigers Awards

2014

2015

2016

2017

2018

- ▶ The Bank's deposit base exceeded LKR 200 Bn
- ▶ Opened 25 Seylan "Pahasara Libraries" across the country to reach a total count of 80
- ▶ Achieved the 20th Position in the Best 25 Corporate Entities in Sri Lanka (Overall Bank) - Business Today Magazine
- ▶ The Global Banking and Finance Review 2015 - Awards of "Best SME Bank in Sri Lanka" and "Best Retail Bank in Sri Lanka"
- ▶ Bronze Award (Banking Sector) - CA Sri Lanka Annual Report awards 2014
- ▶ Future of Digital Payment Forum 2015 - Award for Pioneering in Innovation for Seylan Pre-paid Multi-Currency Travel Card
- ▶ Opened 3 SME Hubs to expand SME lending
- ▶ Total assets surpassed the LKR 400 Bn milestone and total deposit base crossed LKR 300 Bn
- ▶ Successfully raised a long-term funding facility of USD 75 Mn from five globally recognised Development Finance Institutions (DFIs)
- ▶ "Pahasara Library" project surpassed the 150 milestone
- ▶ Ranked 20th among 30 Best Performing Corporates - Business Today Magazine
- ▶ Bronze award (Banking Sector) - CA Sri Lanka Annual Report Awards 2016
- ▶ Bank of the Year Excellence in Customer Convenience - Category B (Gold Award), Best Bank for Seamless Backend Operations (Gold Award), Bank of the Year for Financial Inclusivity Category B (Gold Award) and Overall Winner for Excellence in Interbank Transactions (Silver Award) - Lanka Clear Techno Vision Awards 2017

- ▶ Bank's asset base reached LKR 500 Bn
- ▶ Bank raised equity capital through a rights issue of LKR 4.3 Bn
- ▶ "Pahasara Libraries" reached 200 covering all districts
- ▶ 1st Place - Customer Service Excellence by LMD
- ▶ 17th among the Top 30 companies in Sri Lanka by "Business Today"
- ▶ Best digital campaign in the Banking (Gold Award), Finance and Insurance category (Gold Award) - SLIM Digis 2018
- ▶ Bank's equity base surpassed LKR 50 Bn
- ▶ Considered as the No.1 in Customer Service Excellence in the Banking sector for the third consecutive year by LMD
- ▶ National Sales Congress (NASCO) - 8 NASCO Awards
- ▶ Focus on digital solutions so that staff Work from Home (WFH) is smooth and also facilitates providing our valued customers with good service remotely
- ▶ Enabled online and mobile app utility bill payment options
- ▶ Introduced Seylan Pay mobile application to facilitate card-less, touch-less QR based payments
- ▶ Marked the Bank's 35th Anniversary
- ▶ Seylan Bank recorded a strong Performance despite a challenging environment with Profit before Income Tax of LKR 10,080 Bn with 52.06% growth and Profit after Income Tax of LKR 6,256 Bn with 33% growth
- ▶ Branch Banking recorded highest ever profitability
- ▶ The Bank's asset base surpassed LKR 700 billion, and the deposit base reached LKR 590 billion
- ▶ The Bank has been recognised by World Economic Magazine as the best customer care bank in Sri Lanka for 2023
- ▶ The Bank won the Digis and Dragons awards during the year, demonstrating supreme customer service
- ▶ Seven wins were awarded at the SLIM National Sales Awards
- ▶ Seylan Bank introduced Sri Lanka's first 'Signfluencer' with the aim of advocating recognition for sign language and supporting the user community by creating opportunities to unlock their potential on social media platforms
- ▶ 1 million followers on FB, creating yet another benchmark in Sri Lanka's financial sector as the first bank to achieve this milestone
- ▶ "Seylan Pahasara" - 225th library by the end of 2023

2019

2020

2021

2022

2023

- ▶ Launch of Seylan RED - Priority Banking Proposition
- ▶ The Bank's continuous focus on technology advancement and digitalisation strategy enabled us to overcome the many challenges posed by COVID-19
- ▶ Launch of Palmtop Banking across 50 branches
- ▶ Ranked No. 01 in Customer Service by LMD for the second consecutive year in 2020
- ▶ Ranked 2nd among public listed companies for transparency, in corporate reporting by Transparency Global
- ▶ The Bank's Islamic Banking was able to secure the joint Gold Award for Deal of the Year 2019 at subsequently concluded Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards 2019 and Bronze for the same deal at the regional Islamic Finance Forum of South Asia (IFFSA) Awards 2020
- ▶ The Bank's deposit base surpassed LKR 500 Bn and the asset base reached LKR 673 Bn
- ▶ Automation of the customer onboarding process using robotic process automation (RPA)
- ▶ Emerged as the only Sri Lankan bank to receive the Silver award at the Dragon Asia Awards under the category of social responsibility for its '#ResponsibleMe' campaign which was carried out during the COVID-19 outbreak since March 2020
- ▶ Considered as the No.1 in Customer Service Excellence in the Banking sector for the fourth consecutive year by LMD
- ▶ Awarded Bronze at SLIM DIGIS 2.2 (2022) for National Day Initiative took place in 2021, awarded Silver at SLIM DIGIS 2.2 (2022) for '#ResponsibleMe' in the Best Digital Marketing Campaign in the CSR category and awarded Bronze at SLIM DIGIS 2.2 (2022) for '#ResponsibleMe' in the category of Best Use of Branded Content



"Seylan Bank concluded the financial year 2024 on a strong note, reporting an impressive performance including highest ever Profit After Tax in Seylan Bank's 36 years history. This achievement is particularly remarkable given the challenging investment climate, shaped by the lingering effects of the 2022 economic downturn."

Chairman's Message

Dear Stakeholders,

It gives me great pleasure to share with you the Annual Report and Audited Financial statements of Seylan Bank PLC for the year ended 31st December 2024.

Seylan Bank concluded the financial year 2024 on a strong note, reporting an impressive performance including highest ever Profit After Tax in Seylan Bank's 36 years history. This achievement is particularly remarkable given the challenging investment climate, shaped by the lingering effects of the 2022 economic downturn. The country's gradual economic stabilisation, supported by sound monetary policies and assistance from the International Monetary Fund, laid a solid foundation for recovery. Despite challenges such as reduced disposable income, muted domestic consumption, and cautious investor sentiment, Seylan Bank's proactive strategies and resilience fuelled exceptional achievement.

With the economy showing signs of resurgence, a gradual pick-up in credit demand is expected, which bodes well for a positive business outlook for future growth.

Transformation of the Banking Ecosystem

The global pandemic acted as a major catalyst for the accelerated adoption of technology in banking, leading to significant improvements in banking operations. Recognising the potential of Information Technology (IT) and Artificial Intelligence (AI), Seylan Bank has made substantial strides in leveraging these technologies to enhance customer experience and to streamline banking processes. The Bank has focused on making banking operations more user-friendly while ensuring robust security measures are in place. By keeping pace with rapidly evolving technological advancements, the Bank is actively integrating state of the art digital solutions to improve efficiency and enhance service quality. It met the challenge of identifying diverse customer needs, responding admirably by leveraging its extensive experience and expertise.

Governance & Best Practices

Over the years, the Bank has remained steadfast in upholding the highest ethical standards in corporate governance, and 2024 was no exception. I am pleased to report that, during the period under review, the Bank was in full compliance with all regulatory requirements, with no breaches found—a testament to the Bank's strong financial fundamentals.

To stay aligned with the evolving regulatory landscape, the Bank took proactive steps to update several key governance policies. A revised Anti-Bribery and Corruption Policy was introduced, and the Whistleblower Policy was further strengthened. Additionally, the Bank streamlined its compliance framework to combat Money Laundering and the Financing of Terrorism, ensuring it meets international standards.

Commitment to Sustainability

Over the years, Seylan Bank has actively championed meaningful initiatives which extends beyond the financial services, making a positive impact on the community and fostering a sustainable future. One of the Bank's key initiatives has been the establishment of libraries in deserving schools, equipped with modern infrastructure, including computers and virtual resources. In 2024, the Bank expanded this initiative by setting up 40 new "Seylan Pahasara Libraries," bringing the total number of libraries established to 265. This effort continues to positively impact the educational journey of countless children across the country.

Appreciation

It is with deep gratitude that we at Seylan Bank extend our sincere appreciation to Mr. Ravi Dias, my predecessor who concluded his tenure as Chairman, after serving in this role for nine years. His exceptional banking expertise was instrumental in steering the Bank through challenging times, including the COVID-19 pandemic and the country's economic crisis, ensuring its resilience and stability. His contributions to the Bank have been truly unparalleled.

I would also like to express my heartfelt thanks to Mr. Viran Corea, PC, for his invaluable service. After nine years of dedicated service as a Director, he relinquished his position last year. His efforts and commitment to the Bank are greatly appreciated.

The remarkable growth achieved by the Bank would not have been possible without the dedication and commitment of the corporate management, led by Director/ CEO Mr. Ramesh Jayasekara. I extend my special commendation to them for their outstanding leadership. The unwavering commitment of the exceptionally talented team at Seylan Bank, who accomplished this feat amidst numerous challenges, is truly commendable. I wish to express my heartfelt appreciation to every member of the Seylan Bank staff for their hard work and determination.

I am also deeply grateful for the invaluable guidance and steadfast support provided by my colleagues on the Board. Their advice and insights have been instrumental in navigating the Bank through challenging situations.

I would also like to convey my sincere appreciation to the Governor of the Central Bank of Sri Lanka and acknowledge with appreciation the support extended by its officials, for which we are truly grateful.

Furthermore, I wish to extend my sincere gratitude to our shareholders, customers, and all other stakeholders for their continued trust and confidence in Seylan Bank.



Justice Buwaneka Aluwihare PC
Chairman

25 February 2025

A man with short dark hair and glasses, wearing a dark blue suit, white shirt, and a yellow tie with a small dark pattern, is seated in a black leather office chair. He is positioned behind a dark, polished wooden desk, with his hands clasped together in front of him. The background features a light-colored wall with horizontal blinds and a dark wooden cabinet. On the cabinet, there is a large, circular, gold-colored award or plaque. The overall lighting is bright and professional.

"The Bank was able to achieve a PAT of LKR 10 Bn, witnessing a year-on-year growth of 60.7%. This outstanding achievement marks the highest performance in our 36-year history."

Chief Executive Officer's Review

Dear Stakeholders,

I'm pleased to share that Seylan Bank achieved its best ever performance to date, maintaining a robust growth trajectory, with more than 30% increase in net Profit After Tax (PAT) for the second consecutive year, despite a challenging operating environment. While the year began with high interest rates and inflationary pressures, these trends reversed in the second half. Through strategic and timely refinements to our offerings, we ensured that the Bank's products and services remained relevant, attractive and competitive, strengthening our resilience and driving performance.

Performance

The Bank was able to achieve a PAT of LKR 10 Bn, witnessing a year-on-year growth of 60.7%. This outstanding achievement marks the highest performance in our 36-year history. Seylan Bank reported net interest income of LKR 36.71Bn compared to LKR 40.05 Bn in 2023. A sharp drop in market interest rates during 2024 affected both Loans and Advance yields and Investment portfolio yields, exerting downward pressure on interest margins. Net Fee and Commission income grew by 7.14% in 2024, resulting from increased trade, remittances and card related income.

Our Loans and Advances portfolio grew by 5.61%, reaching LKR 525.12 Bn by end 2024, while our Deposit base increased to LKR 646.82 Bn, reflecting a growth of 9.33% (Y-O-Y). Of this, our CASA base reached LKR 187.20 Bn, marking a (Y-O-Y) growth of 5.31%.

Liquidity Coverage Ratio, All Currency and Rupee, stood at 491.37% and 415.75% respectively reflecting our commitment to strengthen and optimise liquidity, whilst the Net Stable Funding Ratio was 144.76%, well above the regulatory requirement. The Bank's Shareholders' equity increased by 16.50% whilst capitalisation levels remained healthy with Tier 1 and Total Capital Adequacy ratios at 14.25% and 18.59% respectively, as of 31, December 2024.

It is particularly noteworthy that the Bank's Return on Assets (ROA) was 1.34% in 2024 while the Return on Equity (ROE) stood at 15.35%, demonstrating the strength of the Bank compared with 0.90% ROA and 10.88% ROE in 2023.

Additionally, Fitch Rating upgraded our National long-term rating by 2 notches to A+ (lka), with a stable outlook, on 21st January 2025.

Key Strategic Advancements

Our strategic imperatives were successfully integrated to strengthen customer satisfaction, develop banking relationships, and ensure sustainable growth and deeper connections.

By prioritising the expansion of our Trade Finance business as a key source of fee income, the Bank achieved 80% growth in trade volumes in 2024. Additionally, we established a 'Trade Hub' in Pettah, focusing on trade related services. The Hub provides a dedicated space for walk-in clients, extended cut-off times, to facilitate USD payments, and other convenient features. We plan to expand this concept to other regions which have significant trade potential, to reinforce our plans to be a leading player in Trade Finance.

A key driver behind the growth of our CASA this year was the promotion of Internet Payment Gateways (IPGs), deployment of Point of Sale (POS) terminals, and the expansion of our network presence through Cash Recycle Machines (CRMs), all of which empowered both merchants and customers. Over the course of the year, the number of Seylan IPGs and POS terminals in use across various enterprises and institutions grew considerably.

Recoveries was another key strategic pillar, and several targeted initiatives have proven highly effective in strengthening focus on this area. As a result, the Bank successfully reduced its impaired loans achieving a reduced Net Impaired Loan ratio of 2.10% by end 2024 from 3.85% in 2023. Key measures implemented include the expansion of dedicated teams of Recovery Officers, as well as the segregation of the Retail Recovery Unit from the main Recoveries Unit.

During the year, the Bank made significant strides in increasing digital penetration. The number of users of our Internet Banking and Mobile Apps has gone up by 43% (Y-O-Y), raising the penetration rate to 33% in 2024 from 22% in 2023. We further enhanced the app's functionality by introducing new features and making the user interface available in all three languages, thereby enriching the overall customer experience. The Bank also installed 99 Cash Recycle Machines (CRMs) during the year, making

banking significantly more convenient and available 24x7 for basic but vital, transactions.

Moreover, aligned with our Automation strategy, digital onboarding was launched during the year as a pilot project with Electronic Know Your Customer (eKYC). The rollout of eKYC is scheduled for 2025. Digital onboarding yields Triple Bottom Line benefits by reducing paper usage and eliminating the need for customers to visit a branch to open an account; while increasing efficiency and accuracy through real-time online authentication of the applicant's identity.

Our People

Our success has been driven by the talents, passion, and commitment of our people. At Seylan, every team member fully understands their role and takes ownership, consistently delivering their best to contribute to our collective achievements.

We continued to enhance and diversify our employee engagement strategies. Key initiatives include the quarterly Staff Town Hall meetings, which foster two-way communication and provide all employees, regardless of rank or designation, with the opportunity to seek answers, information, or clarifications directly from senior leadership on any concerns. In addition, the recently concluded novel initiative - "Lose to Win" helped to encourage better health and wellbeing and work-life balance; and reflects the Bank's holistic approach in the development of its Human capital.

Additionally, the Bank placed a strong emphasis on employer branding to attract Generation Z as fresh talent to the organisation. A key component of this initiative was a robust social media presence, which led the Bank being recognised as one of the top 100 banks globally and the highest amongst Sri Lankan banks, for social media engagement, according to financialbrand.com.

The average tenure of employees at Seylan, which is more than 14 years, is a testament to their satisfaction and loyalty. It reflects that their connection with Seylan goes beyond just a workplace—it's a place where they are truly engaged and invested. The Bank will continue to strive to help employees harness their potential by placing them in roles that align with their strengths and expertise, fostering personal growth and professional development.

Chief Executive Officer's Review

Building a Sustainable Model

In 2023, the Bank launched its Sustainability Strategy, setting ambitious goals in key priority areas where we believe we can make the greatest impact. The Strategic plan which takes a 360 degree view has provided the foundation for the Bank's transition from an approach of Corporate Social Responsibility (CSR) to a more holistic one, encompassing Environmental, Social and Governance (ESG) sustainability. Accordingly, our efforts to impact ESG have been integrated into our business plan. We are also in the process of ensuring that all our employees are not just aware but in sync with the Bank's sustainability objectives and strategies, recognising that each individual's efforts and successes play a crucial role in driving our collective achievement towards a more sustainable future.

Our flagship social responsibility project "Seylan Pahasara" continued, bringing the total number of libraries established to 265 and benefitting approximately 350,000 school children across all districts in the country.

In terms of Green Sustainability, the Bank has built a large green lending portfolio. We will further intensify our efforts to promote green lending and secure green funding from Development Finance Institutions (DFIs). Secondly, we make concerted efforts to reduce our Carbon footprint, driven by the fact that every little footstep takes us forward towards an urgent imperative.

The Bank's commitment to reducing its Carbon footprint is seamlessly integrated into our business strategy, particularly through our Digital Drive and Automation initiatives. These efforts lead to significant reductions in paper usage and transportation emissions. Additionally, we continually strive to minimise energy and water consumption, enhance waste management, and collaborate with external stakeholders who are leading the charge in environmental sustainability.

Strategic Outlook

As we aim to build on this year's achievements and foster sustained growth in the year ahead, we will continue to drive our key strategies that create value for all stakeholders; namely, in areas of Low Cost Funding (CASA), Loan Book growth, augment Fee Income, Strengthened Recoveries, Rationalisation of Costs, Digital Banking, Automation & AI driven culture and harnessing Human Resources.

Sri Lanka's SME sector which plays a crucial role in the country's economic growth, represents a significant customer base of the Bank. Staying true to our strength, Seylan has been committed to actively supporting and empowering this sector not only through financial support but also by offering valuable knowledge and market linkages. Moving forward, we will continue to support smaller-value loans, with the goal of nurturing their growth into larger players, creating a win-win scenario for economic sustainability.

We will also focus on offshore lending, which presents us opportunities for growth and diversification by expanding our lending activities beyond borders.

The Bank will centralise its automation efforts, streamlining key processes, and leverage AI to enhance customer engagement, create new revenue streams, and drive improvements in operational efficiency.

On the Digital front, we will look to increase collaboration with external parties and form new partnerships to develop and introduce new products. We will also focus on actively promoting the Seylan IPG and Payroll solutions and on deploying POS devices to drive greater CASA growth and enhance efficiency for customers.

Moreover, the Bank's exclusive offering for high-value customers, branded as 'Seylan Red,' currently available at selected locations, will be expanded to several additional branches in the coming year.

Looking Ahead

Sri Lanka's economy which has now regained stability, stands well poised to grow in 2025, led by a much higher level of economic activity, thereby spurring a demand for credit and other banking services. We are thus, buoyant on the myriad possibilities that Seylan is well positioned to capture and enhance value for all our stakeholders, in the year ahead.

One cannot overstate the importance of consistency and stability of economic and fiscal policies in order to build investor confidence and encourage the flow of Foreign Direct Investments (FDIs). Whilst looking to harness the opportunities in a high growth environment, I would also like to reiterate the need for policy consistency and stability in all areas of the country.

Appreciation

I would like to warmly welcome Justice Buwaneka Aluwihare, PC, who was appointed to the Board as an Independent Non-Executive Director in February 2024, subsequently in May 2024, assumed the role of Chairman of the Bank. His extensive experience in Sri Lanka's judiciary and his profound legal acumen will be a tremendous asset in further strengthening and continuously enhancing Seylan Bank's standing, ensuring the Bank remains aligned with the highest standards.

I extend my appreciation to the Chairman and the Board of Directors for their valued contribution and unwavering support in steering the Bank to achieve another outstanding result, which bettered last year. I want to extend my appreciation to the entire team of loyal staff whose talents, unreserved effort and commitment, ensure we keep "Growing" each year, surpassing targets we set out to achieve at the start of each year.

As we look to the year ahead with much vigor, I would like to convey my sincere appreciation to our immediate past Chairman Mr. Ravi Dias who completed his tenure at Seylan Bank in May 2024, for his exceptional leadership in directing the bank in the right direction through wins and challenges. I am grateful to Mr. Viran Corea, PC, Non-executive director who also completed his tenure at Seylan Bank as a Non-Executive Director in May 2024.

Further, I would like to extend my sincere appreciation to the Governor and officials of the Central Bank of Sri Lanka for the invaluable role they play as regulator and for their continued support.

I am deeply grateful to our customers and all our stakeholders for their unwavering trust and confidence in us. It is through your support that we are empowered to build a future brimming with promise and possibilities.



Ramesh Jayasekara
Director/Chief Executive Officer

25 February 2025



Plans

Strategy is what helps us make our next move, towards progress

Value Creation

Compliance, Transparency & Disclosures commensurate with Standards, Statutory and Regulatory Frameworks and Industry Best Practices

Accomplishing Progressive Growth Momentum besides long-term resilience

Inputs



Financial Capital

- ▶ Total Equity: LKR 70.5Bn
- ▶ Deposits: LKR 647 Bn
- ▶ Borrowings: LKR - (from Banks, debenture and Repo) 35 Bn



Manufactured Capital

- ▶ Branches: 170
- ▶ CRM's 102, CDM 70, CDK 101
- ▶ ATM's: 210



Human Capital

- ▶ Employees 3,211
- ▶ 37.5% Females in leadership rolls
- ▶ Employee composition Female and Male 48%, 52%



Social and Relationship Capital

- ▶ Compliance with applicable standards and practices
- ▶ Governance and resource allocation on community projects



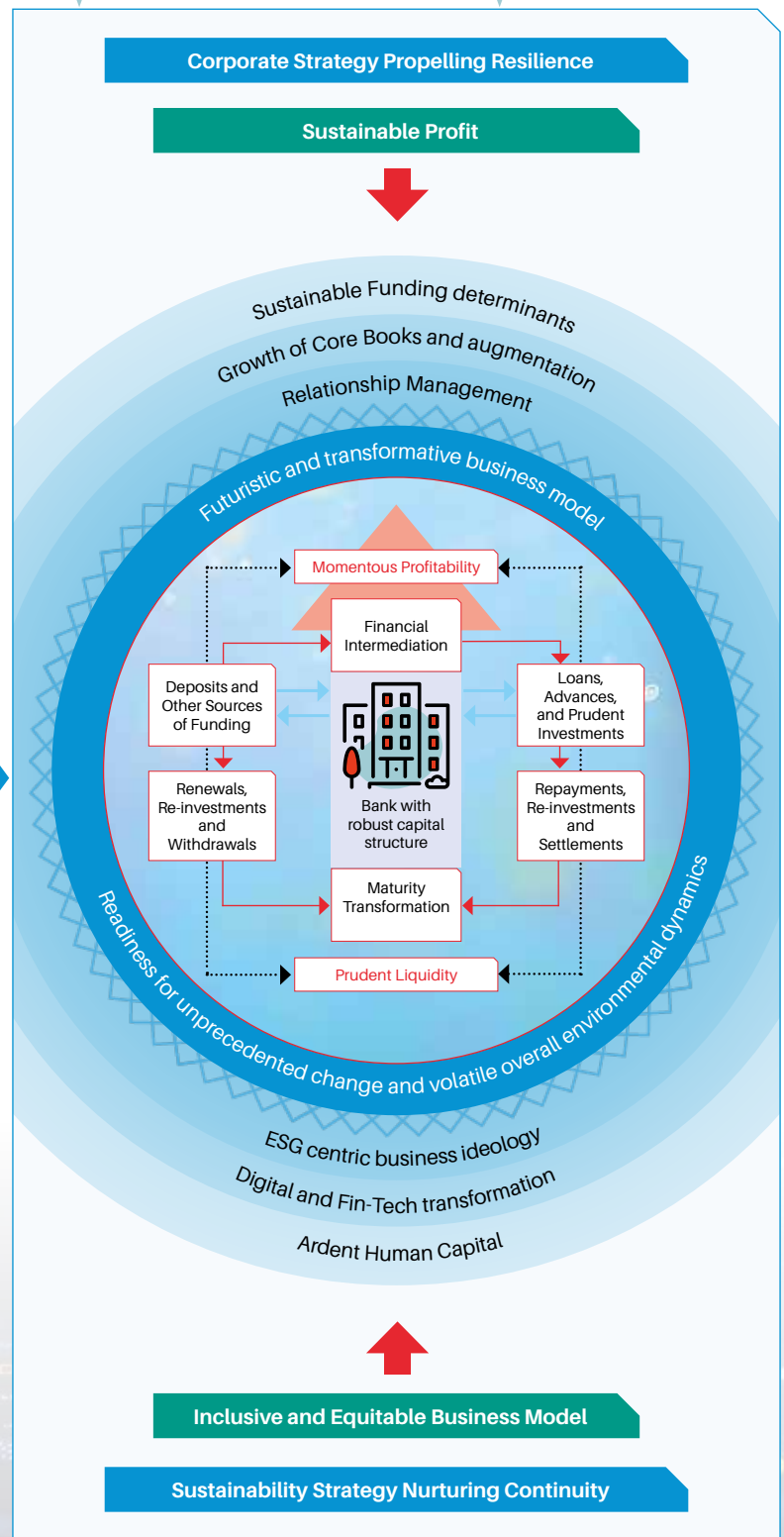
Intellectual Capital

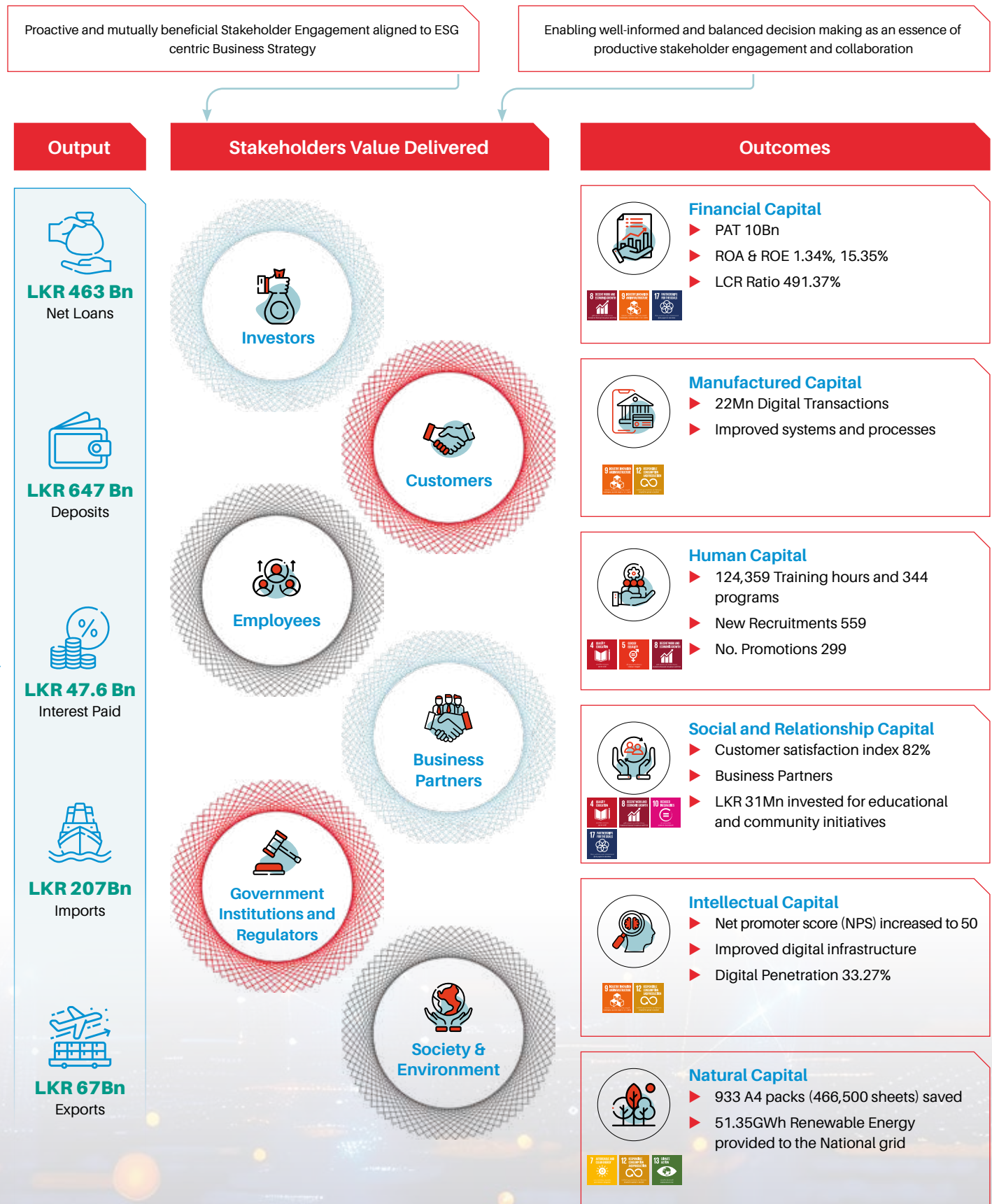
- ▶ Strong Brand Loyalty
- ▶ Innovative thinking and readiness for change
- ▶ Automation & Digitalization



Natural Capital

- ▶ Electricity consumed (MWh): 8,154
- ▶ Packs of A4's used: 9,376 pkts (500 sheets per pack)
- ▶ Water Usage: 76,618 m³





Leveraging Synergies with Stakeholder Engagement

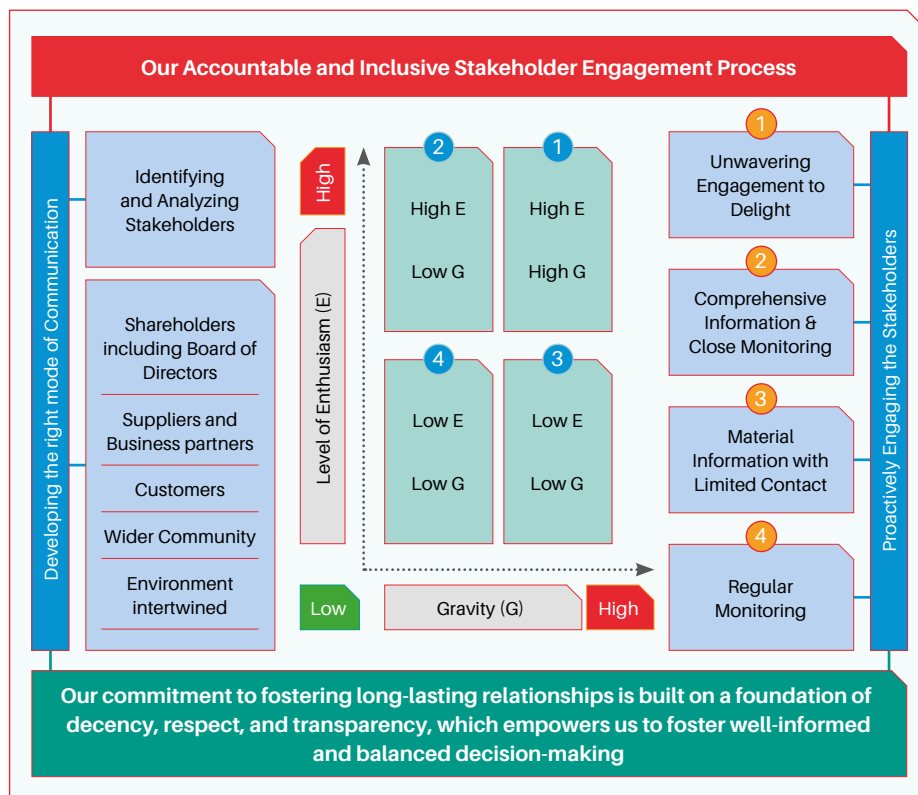
Our forward-thinking stakeholder engagement is an ongoing and strategic process, designed to align with the transformation of our business model into a sustainable one in scale and pace. This approach aims to create meaningful Environmental, Social, and Governance (ESG) impacts by fostering transparent and open dialogue about related challenges, while continuing to work closely with stakeholders to address their diverse needs in mutual cooperation. In a rapidly evolving sustainability landscape, we anticipate future collaboration opportunities, leveraging synergies with stakeholders to promote inclusive, unbiased growth for all.

As we move forward on a shared path of continuous growth and development, we recognize the importance of integrating our core business strategies with stakeholder goals and expectations. This ensures that our efforts yield mutual benefits, fostering a sustainable suite of collective initiatives and shared value. Indeed, tackling the Triple Bottom-Line approach and achieving sustainable development goals while addressing climate change impacts requires collaboration. Solving these complex challenges will depend on effective partnerships, where ongoing stakeholder engagement is critical in navigating evolving trends and unprecedented change.

By building trust every day, we remain committed to maintaining meaningful, multi-directional engagement, rather than treating it as a one-time feedback-driven silo activity.

The accompanying pictograph illustrates our careful approach of assessing, identifying, and engaging with stakeholders to create mutually beneficial and advantageous business case.

The following grid outlines our approach to ensuring meaningful engagement with our stakeholders.



Investors

Matters Relevant to Stakeholder

- ▶ Maintenance of Basel III compliant adequate capital structure with buffers and surcharges
- ▶ Growing an ESG and climate resilient business model
- ▶ Development of a sustainable corporate culture aligning Sustainability Strategy alongside the Business Strategy
- ▶ Accomplishing stakeholder expectations factored with inclusive and sustainable business equations
- ▶ Seizing emerging opportunities for future potential business transformation with robust risk management framework

Matters Relevant to Stakeholder

Mechanism	Frequency
Annual Reports and AGMs	A
Interim Financial Statements	Q
Extraordinary General Meetings	WR
Investor forums, CSE notices, Press articles, surveys and other	WR
One-to-one meetings	WR
Corporate website and feedback	R



Financial
Capital
Pages 40 to 47



Intellectual
Capital
Pages 82 to 85

Our Response

- ▶ Strengthening the capital structure simultaneous to growth of the core books and non-funded facilities adapting to volatilities
- ▶ Providing Digital and Fintech solutions to meet evolving customer needs while transitioning into a low carbon business model
- ▶ Operationalizing ESG resilient ecosystem with an effective implementation of Environmental and Social (E & S) management system while educating customer on E & S risk management closing gaps and gray areas if any
- ▶ Initiating effective dialogue and engagement with best practices together with E & S due diligence across value chains via supply chain screening process and related procedures

Quality of Relationship

ROA and ROE gathered momentum at 2.14% and 15.35% respectively recording a net profit of LKR 10.05Bn. Digital transformation was held at the forefront with the Corporate Sustainability equation

**Customers****Matters Relevant to Stakeholder**

- ▶ Well-informed and balanced financial decision making
- ▶ Inclusive Finance with the best monetary and non-monetary value propositions
- ▶ Enhanced Financial Literacy with reduced information asymmetry as an essence of Inclusive Finance
- ▶ Novel products and services which go alongside evolving trends, emerging opportunities and volatile buyer behaviour adjusted by unprecedented change
- ▶ Create space for growth and optimal customer engagement
- ▶ Optimal level of data and cyber security with possible buffer protections and preventive measures to conquer evolving cyber attacks
- ▶ Greater convenience result in Cost effective delivery attributes
- ▶ Amicable grievance handling procedures with delightful conclusions

Our Response

- ▶ Deliver delightful and ethical service with 100% transparency and in compliance with legitimate frameworks, regulatory requirements and Customer Charter avoiding financial miss-selling
- ▶ Factor novelty and sustainability elements into products and service propositions, availing access to finance for all while eliminating complexities and educating customers on financial literacy with industry best practices
- ▶ Develop an ESG resilient customer service ecosystem together with effective implementation of ESMS backed by an unwavering advocacy and training mechanism via capacitated internal staff
- ▶ Heighten data security levels with sophisticated buffer protections
- ▶ Offer more user-friendly digital and fin-tech solutions with continuous advocacy and support
- ▶ Understand changing buyer behaviour with science and evidence-based market researches
- ▶ Town storming sessions to take appropriate remedial measures on grievances occurred at diverse customer engagement circles
- ▶ Dedicated unit to address customer grievance with the use of advanced technology
- ▶ Strengthening internal control measures and due diligence as proactive first level defense

Matters Relevant to Stakeholder

Mechanism	Frequency
Enhanced virtual media and safe day-to-day dialogue at the branches	R
Email	R
Customer surveys and other interactions	A
Customer gatherings across branch network	R
Feedback via Annual reports	A
Media advertisements and other forms of communiqué	WR



Social and
Relationship Capital
Pages 64 to 81



Manufactured
Capital
Pages 48 to 51

Quality of Relationship

Bank was recognized with number of accolades during the year on its customer service attribute. Customer satisfaction survey results overall reached 85% reflecting the close link between internal and external customer circles. Social media responses gather momentum and proves our team spirit, how business strategy forestalls overall sustainability

Leveraging Synergies with Stakeholder Engagement



Employees

Matters Relevant to Stakeholder

- ▶ Work-life balance and flexible working hours
- ▶ Exceptional healthcare and welfare
- ▶ Progressive learning culture
- ▶ Better coordination and engagement
- ▶ Diversity and gender equality including fair pay
- ▶ Freedom of association and collective bargaining power
- ▶ Sense of ownership and belongingness
- ▶ Capacity building and continuous development to face challenging environmental dynamics including unprecedented change

Matters Relevant to Stakeholder

Mechanism	Frequency
Internal and external training programmes and e-learning opportunities	R
Performance and appraisal review discussions	A BA
Treatment of all employees impartially and equally	R
Trade union discussions	WR
Communication of values through leading by example	WR
Communication with employees including satisfaction surveys, newsletter, and the intranet Town Hall meetings	R



Human Capital
Pages 52 to 63

Our Response

- ▶ Methodically deploy staff on training based on the needs analyzed through audit trails, performance evaluations, and various staff engagement platforms and communicate with a view to take them to the next level, also winning generational gaps, if any
- ▶ Conducting Town storming sessions as means of active listening and follow up with call to action
- ▶ Regional recruitment and equal pay irrespective to gender
- ▶ Create space for staff to on board proactively and constructively raise their voices for better management call
- ▶ Developing a close rapport with employees and encouraging them to share their views and ideas with the management and report back with the outcome and impact
- ▶ Strengthened Grievance handling mechanism with better follow-up mechanism

Quality of Relationship

With overall staff satisfaction rate having reached to 75%, reflects a 3% increase. Every second Tuesday is dedicated to identify staff and thank them in public



Suppliers, Business Partners and Community

Matters Relevant to Stakeholder

- ▶ Continuous relationship building
- ▶ Public and private partnerships for better collaboration
- ▶ Best and favourable procurement practices
- ▶ ESG compliant business operations
- ▶ Assurance by reputed third parties
- ▶ Access to finance with better terms and conditions
- ▶ Social health and welfare as factors of business equation

Our Response

- ▶ Foster standards and industry best practices in the procurement process
- ▶ Continued education provided to stakeholders on the ESG aspects of the value chain as entry points for access to markets and finance
- ▶ Explore possible collaboration with like-minded key stakeholders
- ▶ Affiliation with ADB to promote SME sectors and avail access to finance including exporters
- ▶ Help academia in their higher studies and research efforts
- ▶ Bank's participation in various sustainability related dialogues to explore opportunities for developing industrywide ESG compliant ecosystem
- ▶ Bank's 'Education' centric sustainability project namely 'Seylan Pahasara' fostering students of needy schools
- ▶ Purpose driven Sponsorships aligned to multi-disciplinary life needs
- ▶ Staff volunteerism in community health and well-being
- ▶ Helping voiceless communities in their dire needs
- ▶ Independent and external verifications obtained on Financial and other including sustainability and carbon footprint

Engagement Channels

Mechanism	Frequency
Onsite visits and meetings, advertisements, and press releases	R
Tender invitations	WR
Registration of suitable suppliers and delivery of quality products and services	WR
Bank product development and approval process	WR



Social and
Relationship Capital
Pages 64 to 81

Quality of Relationship

99% of our suppliers are locals with a sustainable relationship. "Seylan Pahasara" could institute 40 libraries during the year taking the total number to 265. Our community related investment and Education related investment recorded LKR 15.80Mn and LKR 37.52Mn respectively

Annually

A

Bi-annually

BA

Quarterly

Q

As and when required

WR

Regularly

R

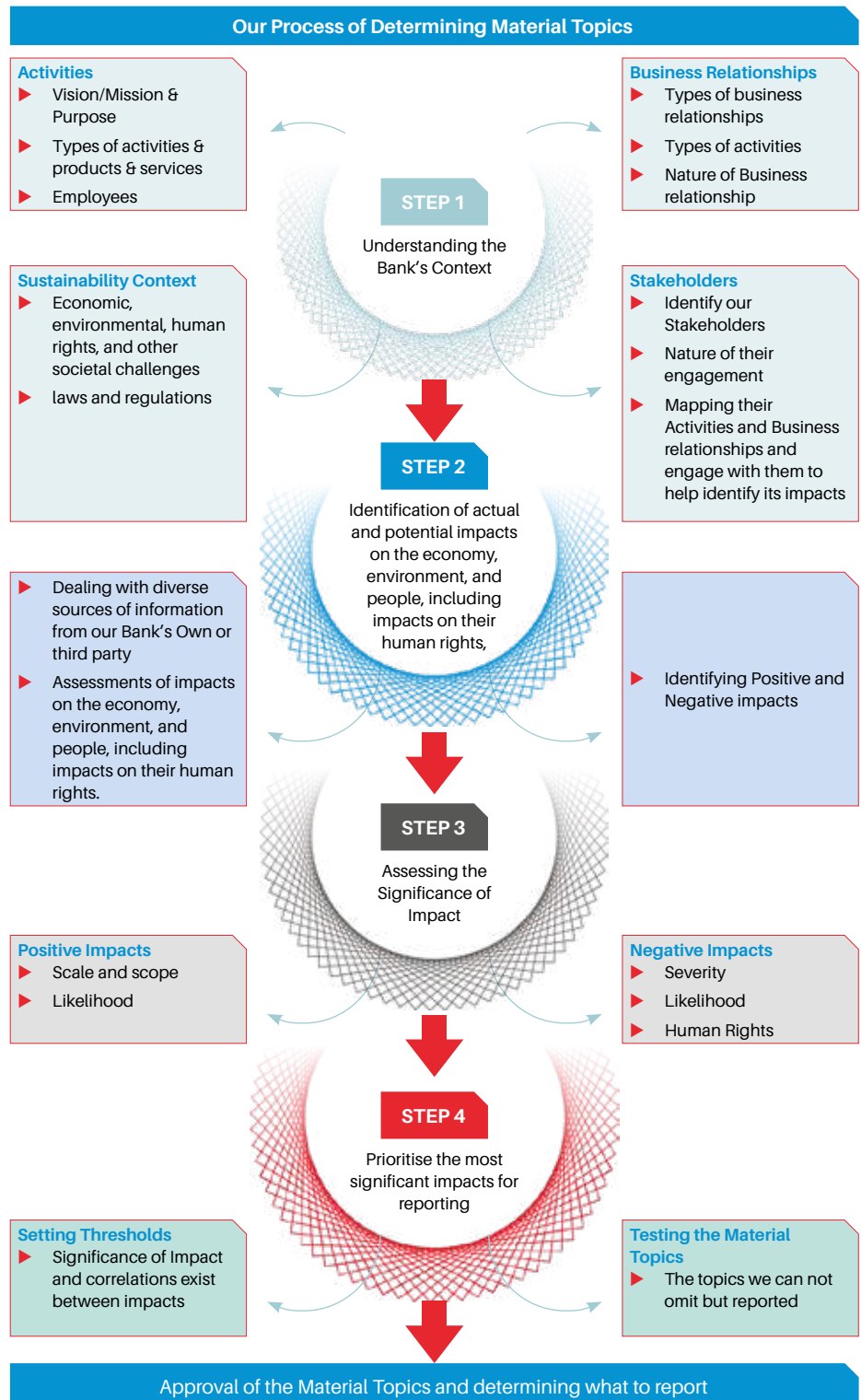
Material Topics for Better Engagement

As the diagram enunciates, Bank's Material topics encompass Environmental, Social, and Governance (ESG) issues, recognising their direct and indirect impact on its banking operations and stakeholders. A core responsibility of ours is to identify our stakeholders, together with their diverse business engagements with us, understand their interests, and align them with our business strategies. As outlined in our stakeholder engagement mapping, we gather information from a variety of sources to guide our management decisions, carrying forward the mandates of our stakeholders. We then analyse these, including other data using some prudently defined thresholds to assess the significance and likelihood of potential impacts which trigger from each topic identified. This is based on "double materiality" which signifies the linkage between the Bank's environmental, social and governance impacts having leveraged into the financial performance, substantially probing how both aspects affect the external ecosystem termed as impact materiality, while external factors in return can affect the Bank's financial resilience, which entails financial materiality, producing an all-encompassing approach for sustainability reporting.

Our Board-approved management approach on "Impact Materiality" covers the following depictions:

1. Understanding the Bank's context
 - a. Activities of branches, business units and support services connected with purpose, mission/values, business model, strategies and employees
 - b. Business relationships with suppliers and other entities in value chain, nature and geographic location
 - c. Sustainability context of activities and business relationships, challenges in terms of triple bottom line and other performance together with the regulatory compliance
 - d. Identification of stakeholders across its activities, business relationships and engage with them to recognise impacts
2. Identify actual and potential impacts on the economy, environment, and people and their human rights

3. Assess the significance of the impacts quantitatively and qualitatively, which is specific to the Bank and how it is influenced by the sectors in which it operates
4. Prioritise the most significant impacts for reporting by way of arranging its impacts and define a threshold of the impacts to be reported



Thresholds Besides “Impact Materiality” and “Financial Materiality”

Material issue	Impact		SDG No.	Section/Title	Page No(s)	Relevant GRI
	Stakeholder	Bank				
Economic						
Economic performance	H	H	 	Financial Capital	40 - 47	201-1,3,4
Market presence	H	H	 	Our Nationwide Network	6	202-1,2
Indirect economic impact	H	M		Value Added Statement	46	203-1,2
Social						
Employment	H	H		Human Capital	52 - 63	401-1,2,3
Labour/management relations	H	H		Human Capital	52 - 63	402-1
Occupational health and safety	H	H	 	Employee Occupational Health & Safety (OHS)	60	403-1
Training & Education	H	H		Training & Development	56	404-1,2
Diversity and equal opportunity	H	H	 	Diversity and Inclusion	57	405-1,2
Non-discrimination	H	H	 	Seylan Bank’s HR Management policies, Diversity and Inclusion, Anti-corruption	53,57, 63	406-1
Freedom of association & collective bargaining power	H	H	 	Freedom of Association & Collective Bargaining	63	407-1
Child labour	H	H		Anti-corruption	63	408-1
Customer health and safety	H	H		Treating Non-Employees as Important Stakeholders, Measures to Strengthen Customers’ Online Safety and Data Privacy	62, 69	416-1
Marketing & labelling	H	H		Product Labelling and Marketing Communication	73	417-3
Customer privacy	H	H		Measures to Strengthen Customers’ Online Safety and Data Privacy	69	418-1
Anti-corruption	H	H		Anti-corruption	63	205-1,2
Compliance with Laws and Regulations	H	H		Our Robustness in Compliance	69	2-27
Local communities	H	M		Community as Origin of Stakeholders	78 - 81	413-1
Procurement practices	H	M		Environmental and Social Impact Assessments of Our Supply Chain	88	204-1

Material Topics for Better Engagement

Material issue	Impact		SDG No.	Section/Title	Page No(s)	Relevant GRI
	Stakeholder	Bank				
Anti-competitive behaviour	H	M		Our Robustness in Compliance	69	206-1
Forced or compulsory labour	M	M		Anti-corruption	63	409-1
Security practices	M	M		Treating Non-Employees as Important Stakeholders	62	410-1
Rights of indigenous people	L	L		(Not reported)	-	411
Human rights assessments	L	L		Anti-corruption	63	2 - 23
Supplier social assessment	L	L		Environmental and Social Impact Assessments of Our Supply Chain	88	414
Public policy	L	L		Our Robustness in Compliance	69	415
Environmental						
Energy	H	M	 	Energy consumption	92	302-1, 3 and 4
Water	M	M	 	Water Management	92	303-1
Environmental compliance	M	M	 	Integrating Environmental Dimension into Lending Activities	87	2 - 27
Effluent and waste	M	L	 	Waste Management	92	306-2
Materials	M	L		Environment	96	301-1 to 5
Bio-diversity	M	L	 	Nurturing Biodiversity	93	304
Emissions	M	M	 	Carbon footprint Assessment	90 to 91	305
Supplier environment assessment	M	L	 	Supplier Evaluation and Procurement Process	76	308

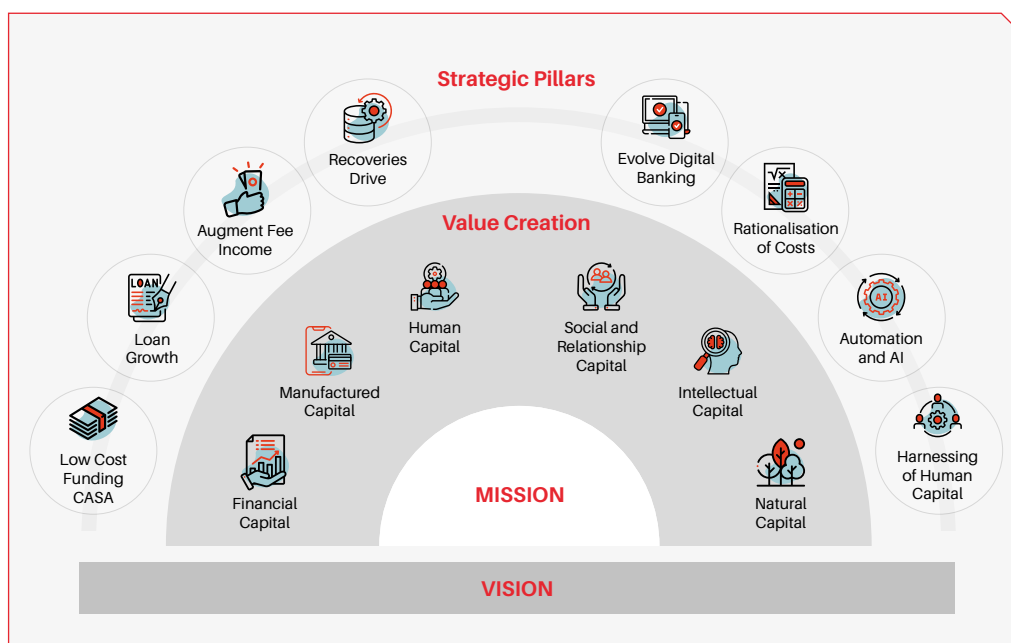
The following thresholds in materiality were changed based on the impact interrelated to respective stakeholder, year on year.

Triple Bottom-Line	Substance	Gravity of Impact 2024		Gravity of Impact 2023		Reason
		Stakeholder	Bank	Stakeholder	Bank	
Environment	Emissions	M	M	M	L	Bank embarks on a carbon footprint reduction journey
	Supplier environment assessment	M	M	M	L	We begin dialogue with suppliers on sustainable practices with procurement policy revisited
Social	Human rights assessments	M	M	L	L	Bank applies precautionary principle

Strategic Progress and Outlook

The Bank's strategic direction, rooted in its Vision and Mission, remains guided by six core strategic pillars carried forward from the previous year. Recognising the need to adapt to a dynamic operating environment, we have identified two additional strategic priorities for 2024: enhancing Fee Income and leveraging Automation as key enablers to achieve our objectives more efficiently and effectively.

Aligned with the Bank's Triple Bottom Line approach, our strategic initiatives have begun delivering tangible impacts across multiple dimensions of value creation—not only on Financial Capital but also on Human, Social, Natural, Manufactured, and Intellectual Capital. These outcomes are presented in summary below and detailed in the ensuing Capitals Reports and Business Reviews.



Strategy Driver	Progress in 2024	Way Forward	Direct/Indirect Impact on SDG
 Low Cost Funding - CASA	▶ CASA book of LKR 187 Bn ▶ Expanded the network presence through CRM deployment and relocated selected branches to serve customers better ▶ Multiple product bundling model supported CASA acquisitions ▶ Achieved CASA growth through digital touchpoints such as IPG, Pay Direct, Payroll and POS terminals ▶ Took a segmented approach through product strategy for canvassing of individual savings accounts with "Harasara", "Accelerate" and the newly introduced Teen Account ▶ Established a dedicated sales force	▶ Stimulate Life Cycle Banking amongst the customer base through appropriate product strategy ▶ Establish a Transactional Banking Unit to drive growth in Dollar Deposits and CASA for Corporate business ▶ Focus more on Seylan Internet Payment Gateway and Payroll proposition to enable more CASA ▶ Deploy more Point of Sale (POS) devices	 
 Loan Growth	▶ Expansion in Advances base to LKR 525 Bn ▶ Grew FCBU portfolio ▶ Key focus on SME sector with a special business drive for New to Bank SMEs ▶ Sustainable lending - Introduced 'Dinana Aya', 'ADB Working Capital' and SOLAR loan schemes	▶ Focus on offshore lending and identify opportunities for growth and diversification by expanding lending activities across borders ▶ New structure within Corporate Banking Unit to support foreign currency banking operations ▶ Continue emphasis on SME lending ▶ Promote green lending and source green funding from foreign Development Finance Institutions	    

Strategic Progress and Outlook

Strategy Driver	Progress in 2024	Way Forward	Direct/Indirect Impact on SDG
 Augment Fee Income	▶ Growth in trade volumes (in Dollar terms) ▶ Special tariff schemes for selected regions targeting importers ▶ Pricing strategies and credit card spending contributed to fee income growth ▶ Introduced "Ethera Kasi" - a product targeting beneficiaries of remittances ▶ Established dedicated teams of business development specialists	▶ Greater emphasis on becoming a key player in the Trade business and opening new "Trade Hubs" in selected areas ▶ Expand banking offerings and services, going beyond conventional banking ▶ Explicit pricing strategy to drive volumes	 
 Recoveries Drive	▶ Implemented a comprehensive bank-wide recovery strategy, ensuring alignment across all SBUs ▶ Dedicated team of Recovery Officers for effective recovery management ▶ Proactive approach such as regular monitoring and analysis, data driven insights, early interventions, regular communication and collaboration with teams; to identify, assess, and address potential risks before they escalate	▶ Continue with early intervention through proactive monitoring and customer engagement ▶ Expand dedicated collection teams with tailor-made solutions ▶ Improve data driven insights for recovery actions	 
 Evolve Digital Banking	▶ Exponential growth in Mobile and Online Banking penetration levels ▶ Guided new and existing clients toward automated solutions to enhance efficiency ▶ Dedicated solution-focused teams supporting business canvassing efforts ▶ Enhanced the features of the Mobile Banking app by integrating trilingual capabilities to support a broader customer base ▶ Connected to large eco systems via collaborations and partnerships	▶ Enhancing market penetration through collaborative partnerships created by innovative open API banking service for Fintechs, Financial and other service providers ▶ Provide need based digital services by matching customer lifecycle and milestones ▶ Enhance and facilitate convenient digital customer journeys with a focus on being Fast, Secure and Relevant ▶ Expedite product and service development deliverables	  
 Rationalisation of Costs	▶ Cost optimisation ensured expenses remained within the established budgetary limits ▶ Reduction of headcount through automation and outsourcing in identified areas/operations of the Bank ▶ Launch of e-KYC and digitalizing and centralizing of internal processes	▶ Centralisation and automation of processes. ▶ New IT infrastructure that would help reduce costs ▶ Continue with sustainable banking practices ▶ Inculcate a Digital Banking Culture and promote digital products among customers	 
 Automation and AI	▶ Launched Phase I of e-KYC platform ▶ Web based pawing system offering online interest payments ▶ Automated the legal work flow management ▶ Deployed 99 Cash Recycler Machines (CRMs)	▶ Centralise the automation drive spearheaded by the Corporate management ▶ AI for business generation and new revenue streams via improved customer engagement ▶ Operational efficiency improvements through Artificial Intelligence (AI)	  

Strategy Driver	Progress in 2024	Way Forward	Direct/Indirect Impact on SDG
 Harnessing of Human Capital	▶ Leveraged technology such as automation and data analytics for better management of Human Resources ▶ Focused more on employee engagement and Well-Being programmes ▶ Continued with creating learning opportunities, upskilling staff and invested in leadership development ▶ Cultivated a workplace culture where employees feel secure, respected and appreciated	▶ Maximise employee potential by strategically placing individuals in roles that leverage their strengths and expertise, fostering both personal and professional growth ▶ Cultivate a motivating and engaging environment that drives employee enthusiasm and commitment ▶ Attract and retain top talent by offering competitive opportunities and fostering a supportive culture ▶ Optimise a performance-driven culture that rewards excellence and encourages continuous improvement	   

Strategic Plan Dashboard 2024

Driver	Measurement	Achievement
CASA	CASA Ratio	✓
Advances	Total Advances	✓
Recoveries	P&L Contribution	✓
	Stage 3 Ratio	✓
	Impairment (Stage 3) to Stage 3 Loans Ratio	✓
Fee Income	Fee Income to Total Income Ratio	✓
	Net Fee & Commission Income	✓
Profit	Profit After Tax (PAT)	✓
	Net Interest Margin (NIM)	✓
Cost	Cost to Income Ratio	✓
Digital	Penetration Ratio	✓
	Transaction value	✓
Staff	Staff Headcount	✓
	Profit per employee	✓
	Staff Satisfaction Index	✓

Glossary:

Achievement from the Target

=> 100%

95% - 99.99%

< 95%

Strategic Progress and Outlook

Sustainability of Planet, People and Profit

Inspired by our Sustainability vision “To be a Responsible and Transformative Corporate Citizen”, the Bank adopts a prudent approach to Sustainability by identifying and prioritising key macro-level challenges that are both critical to business and areas where it can drive meaningful impact to stakeholders. The diagram below illustrates the process through which the Bank formulates, refines, and implements its sustainability strategy and integrates it with the Bank’s business strategy as Environmental, Social and Governance policy sheds light therein.

Formulating and Implementing Our Sustainability Strategy Y2022 - Y2027

Legend/Key				
Achieved more than 100%	Achieved 100%	Achieved 75% - 100%	Achieved below 75%	In Progress
				
SDG No. and Depiction	Pillar of the Business Strategy	Business Units/ Support Services Linked	KPI(s) Set/Planned	Achievement/Actions taken as at 31 Dec 24
	Loan Growth 	Corporate Banking and Project Finance	Infrastructure development to connect with Foreign Funding Lines	
	Loan Growth 	Branch Credit	Refinance and Subsidy loan schemes to drive the way forward with a market identity	
	Loan Growth 	Retail Banking	Loans for Higher Education	
	Cost Rationalization 	Human Resources	Composition of the Human Capital and Recruitment Strategies are to be revisited appropriately	
	Cost Rationalization 	Premises Maintenance	Reduction in Electricity consumption at SHO	One floor selected for the piloting
			Reduction in Electricity consumption at Branches	Eight branches already in the transition
			Installation of Solar Panels for Branches	
			Replace AC plants that are 15 years or older	
		Services	E-waste initiative	
			Recycling of paper	
			5% reduction in total Paper usage	
		Retail Banking	Green Funding - Hybrid Vehicles	
			Solar Loans	
	Digital Penetration 	Digital Banking	Digital Channels as transformative way forward	

SDG No. and Depiction	Pillar of the Business Strategy	Business Units/ Support Services Linked	KPI(s) Set/Planned	Achievement/Actions taken as at 31 Dec 24
	Loan Growth 	Retail Banking	Leasing facilities for Passenger and Freight vehicles	
		Corporate Banking	Loans on Water Recycling/Purification, Tourism, Transportation or Manufacturing Projects	
			Loans on Renewable Energy Projects & Research & Development focusing on Industrial Innovation	
		Corporate Credit (Branches)	Loan Facilities to Renewable Energy Projects including Solar, Broader form of Research and Development focusing Industrial Innovation	
			Loan Facilities to Water recycling and/or Purification Plants, Tourism, Transportation including Mass transportation, Manufacturing Projects	
	Loan/Loan & Deposit Growth 	Sustainability Unit	Awareness programme on Sustainability Reporting	
			Infrastructure development to connect with Foreign Funding Lines related to Sustainability	
	Loan Growth 	Corporate Banking and Project Finance	We explore upstream opportunities while infrastructure is made ready with the downstream project pipelines as appropriate	
	Loan Growth 	Sustainability Unit	Infrastructure development to connect with Foreign Funding Lines related to Sustainability	

Our approaches are tailored based on an assessment of the interconnectivity between People, Profit, and Planet, taking into account the nature of our business, stakeholder engagement, and diverse financial and other expectations. We focus on developing an inclusive and sustainable framework supported by a time-bound, pragmatic action plan to go hand in hand with the corporate strategy, leveraging synergies as opposed to reinventing the wheel. However, this aligns well with an ESG ecosystem, where sustainability strategy documented on paper needs to be transmitted into a ground reality with a collective, cooperative and collaborative approach. Additionally, our

sustainable initiatives, aimed at creating win-win value within this framework, are outlined in the Capital Reports appended below.

The Bank has in place a formal Sustainability Policy since 2017, and it undergoes reviews every two years to leverage due diligence related to policy level intervention, based on the feedback obtained from stakeholder engagements and materiality. This ensures that our approach to sustainability management remains aligned with our business objectives and adapts effectively to evolving and emerging dynamics of the business environment.

The Sustainability Policy, is a key component of our overarching Environmental, Social, and Governance (ESG) strategy, and functions as a primary tool to advance our ESG commitments. Serving as an extension of the broader ESG Policy established in recent years, it ensures alignment with related frameworks, fostering a cohesive approach to sustainability across all areas of operation. We actively engage stakeholders through various channels, embedding ESG principles into our business performance and decision-making processes, reinforcing our dedication to sustainable growth and responsible governance.

Strategic Progress and Outlook

True to the identity with which the Bank was created in 1987, Seylan Bank's Economic resilience is centered around creating inclusive and sustainable financing and thus, value addition to the economy through Sri Lanka's SME sector.

Our ESG Policy commitments are elaborated below, shedding light holistically to explore our inclusive and sustainable business case in all our engagements with people and the planet.

The ESG Policy Commitment Includes

Environmental Commitment

- ▶ Promotes responsible financing, decarbonization, climate risk management, energy efficiency efforts leveraging digital penetration into business processes and waste management
- ▶ Aims to minimize the bank's carbon footprint through sustainable practices
- ▶ For the first time, Bank quantified GHG emissions in accordance with ISO 14064-1:2018 and obtained verification opinion from Sri Lanka Climate Fund as means of knowing the current situation
- ▶ Due diligence on lending activities through Environmental and Social Management System (ESMS), Sri Lanka Banks Association Sustainable Banking Initiative (SLBA SBI), Bank's Sustainability Strategy

Social Commitment

- ▶ Focuses on human rights, diversity, inclusion, employee engagement, health, well-being, and community involvement
- ▶ Champions equality, non-discrimination, and safe labour conditions while fostering financial inclusion and community development through various engagements
- ▶ Education centric engagement with island-wide schools instituting libraries and enhancing e-learning via "Seylan Pahasara" running across a time period of 11 years
- ▶ Engagement with SME sector fostering entrepreneurial ability placing more focus on women and youth

Governance Framework

- ▶ Enforcement of ESMS across the business, merging lending guidelines accordingly while giving due consideration of climate impact together with a capacity building programme
- ▶ Adherence to SLBA SBI 11 principles via e-learning enablement
- ▶ Amalgamation of corporate strategy with the Sustainability strategy
- ▶ Establishes robust governance practices with clear accountability
- ▶ The Board of Directors oversees ESG risk appetite and objectives, ensuring integration into strategic and operational decisions accordingly
- ▶ Enforces ethical standards, anti-bribery and corruption measures, and a whistleblowing policy

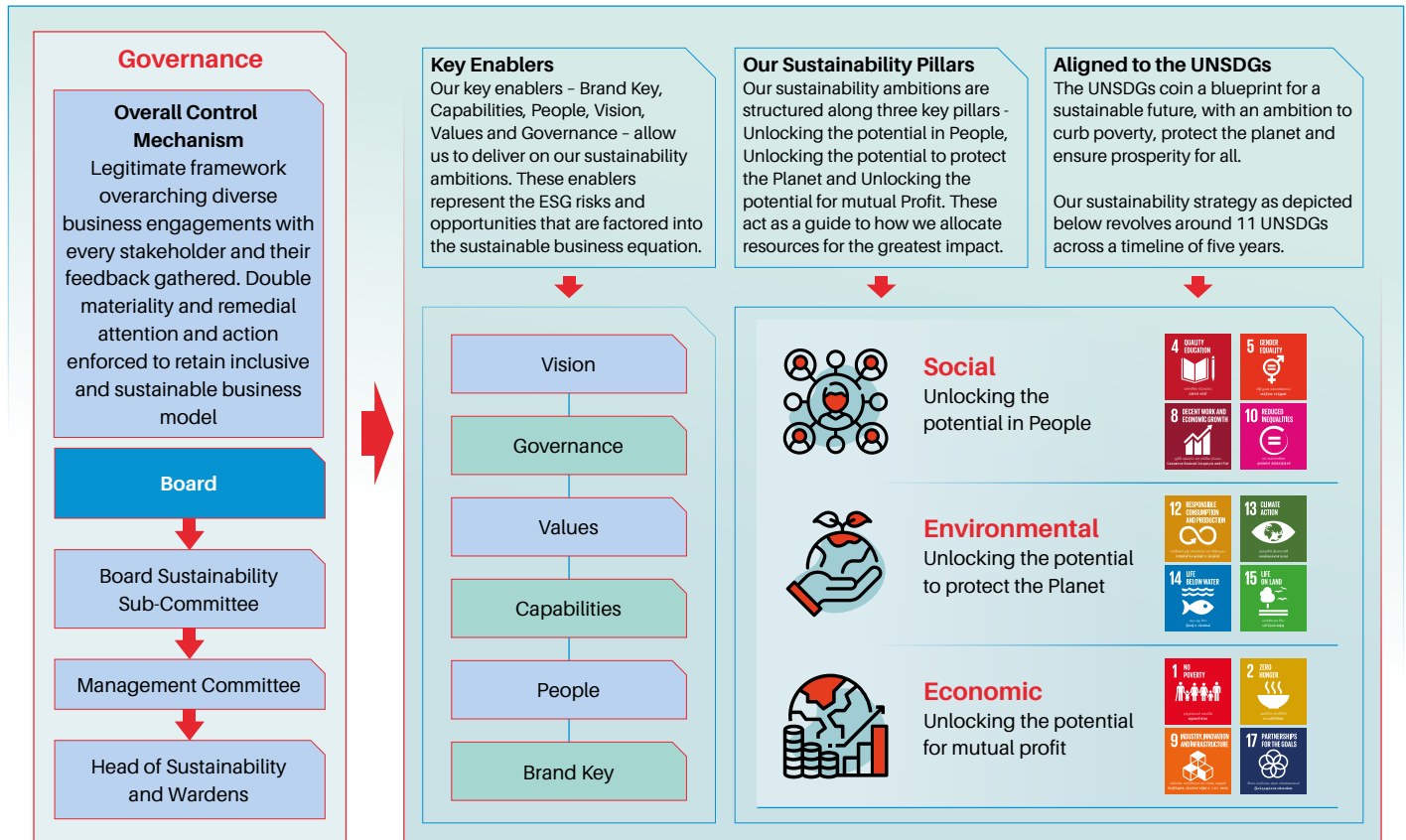
Disclosures and Transparency

- ▶ Adheres to local and international ESG disclosure standards, ensuring consistent, standardized, and comparable reporting
- ▶ Provides detailed insights into tax matters, and whistleblowing mechanisms

Monitoring, Review, and Updates

- ▶ The ESG policy undergoes annual reviews to remain aligned with regulatory and industry standards
- ▶ Significant updates are subject to Board approval and reinforcing governance frameworks

Oversight of our Sustainability governance and its implementation is vested with the Board of Directors, supported by the Board Sustainability Sub-Committee. A dedicated Management Committee, comprising senior leadership, actively monitors and evaluates the performance of our Sustainability initiatives and projects, which are spearheaded by the Head of Sustainability and dedicated wardens, as depicted below.



Furthermore, the Bank's Environmental and Social Management System (ESMS) plays a pivotal role in assessing the societal and environmental impact of our Lending activities, providing a robust framework to ensure rigorous due diligence to mitigate or eliminate potential negative effects, while exploring potential opportunities to generate positive impact to the environment and the society. The ESMS is seamlessly integrated with the Bank's related policies aligned to globally recognised standards:

- ▶ International Labour Organisation (ILO) Fundamental Principles and Rights at Work
- ▶ International Finance Corporation (IFC) Performance Standards
- ▶ World Bank Group's General and Sector-Specific Environment, Health, and Safety Standards

More details on ESMS can be found on the pages 86 to 94 under the "Natural Capital" section.

The Bank's formal reviews of its Sustainability performance includes the following in-built mechanisms:

- ▶ Credit policy manual, lending guidelines include Environmental, Social and Climate impact assessments and exclusion lists and other due diligence are amalgamated together with other relevant policies of the Bank, leveraging synergies accordingly to negate or mitigate related risks if any through an integrated risk management approach where environmental, social and governance risk assessments are coupled with climate and overall business risk
- ▶ Continuous customer dialogue at the time of credit discussion, review of facilities provided, enhancement of facilities and review of Environmental and Social Borrower Action Plan (ESAP) as means of gauging environmental and social due diligence alongside realm of credit operations
- ▶ Post monitoring of Environmental and Social due diligence
- ▶ Site Visits of projects of borrowers as relevant
- ▶ Reporting of progress to the Board Sustainability Committee at regular intervals and as needed
- ▶ Common Stakeholder feedback avenues such as the Integrated Annual Report and Sustainability Report published in the public domain as per the GRI guidelines, SASB and IR framework
- ▶ Quarterly reporting to the regulator under Sustainable Finance Activities of Licensed Commercial Banks (Banking Act Direction No 05 of 22) while exploring avenues for green finance as per the taxonomy stipulated by the CBSL
- ▶ Any other reporting to Investor(s)/Lender(s), their Agent(s)/Servicer(s)/Assurance provider(s)/Rating agencies/Internal and External Auditors as per the mandate accordingly
- ▶ Assurance Reports are benchmarked with GRI Standards and ISO 14064-1:2018
- ▶ The Bank's Internal Audit and Compliance Reports align with prudential requirements, ensuring adherence to strict internal controls that serve as effective buffers and lines of defense

Operating Environment

Global Economy

As per the IMF's World Economic Outlook (WEO), Global GDP Growth in 2024 was 3.2% and expected to remain stable as predicted in October 2024 WEO. Major economies have shown mixed trends.

In the United States, growth expectations for 2024 was 2.8% and unchanged compared to earlier projection as the economy showed robust momentum driven by strong consumption. Nevertheless, growth is still expected to be lower than 2023 levels. Easing inflation and signs of a cooling labour market, prompted the U.S. Federal Reserve to lower its policy interest rate three times during 2024, starting in September 2024.

The Euro area on the other hand, has seen a steady recovery, with growth for 2024 expected to be same as earlier projection of 0.8%, largely driven by the Services sector. However, Manufacturing remains sluggish, with subdued investment and export growth limiting broader economic momentum.

In emerging market and developing economies (EMDEs), overall economic activity appears to remain steady with GDP growth at 4.2% compared well with the previous projection of IMF. 2024 GDP estimate for China was 4.8% which is same as the update in October 2024. The Chinese government has responded by reducing interest rates and implementing measures to boost consumption, such as easing lending conditions for small loans and mortgages. Russia's economy gained momentum compared to previous expectations and GDP is estimated to grow at 3.8%. However, India's growth decelerated compared to the October WEO estimate of IMF and deviation is considerable, driven by a sharper-than-expected slowdown in industrial activity. As per the latest WEO projections, India's GDP is expected to grow by 6.5%.

Global inflation, according to IMF, continues to decelerate but remains above pre-pandemic averages, supported by broadly stable commodity prices. This easing inflation trend has allowed central banks in some EMDEs to reduce interest rates which led to monetary easing in major advanced economies towards late 2024.

Outlook

As per the IMF's World Economic Outlook, Global growth is expected to remain stable, although somewhat lackluster, with projections of 3.3% for both 2025 and 2026. These forecasts are below the historical average growth rate of 3.7% (2000-2019). However, this overall stability masks divergent growth patterns across different economies, "indicating a precarious global growth outlook". Possible threats to global growth could come from larger and more rapid U.S. policy shifts than assumed in the baseline scenario.

In advanced economies, IMF's growth forecasts show varied trends. For the United States, growth is expected to remain relatively strong, with expectations of a 2.7% expansion in 2025. This is an upward revision of 0.5% point from the IMF's October forecast, and is expected to be driven by robust underlying demand, supported by strong wealth effects, a more accommodative monetary policy, and favorable financial conditions. These factors, along with resilient labour markets and accelerating investment, are expected to maintain growth momentum, confidence and positive sentiment in the United States, partly driven by deregulation, could boost both the demand and the supply side of the economy. While relaxation of unduly tight regulations and reduced red tape for businesses may spur near-term growth in the U.S. through higher investment. Dollar appreciation could fuel risks of capital outflows from EMDEs and drive risk premiums upward. Moreover, an excessive rollback of regulations designed to set limits on risk-taking and debt accumulation may generate boom-bust dynamics for the United States in the longer term, with repercussions for the rest of the world. IMF anticipates that growth would slow to potential levels in 2026 to 2.1%.

In contrast, the IMF's outlook for the Euro area has been revised downward, with growth now expected to be 1% in 2025; a decrease of 0.2% point from the October forecast. This revision reflects weaker-than-expected performance in manufacturing and ongoing geopolitical tensions, which have dampened sentiment. However, growth is projected to pick up slightly in 2026, rising to 1.4%, as "domestic demand strengthens, financial conditions ease, and political uncertainty diminishes".

In EMDEs, growth in 2025 and 2026 is expected to remain largely consistent with 2024 performance. For China, the IMF has slightly revised the growth forecast for 2025 upward by 0.1% point to 4.6%. This adjustment reflects carryover effects from 2024 and the positive impact of a fiscal stimulus package announced in November 2024. These factors are expected to help offset the negative pressures on investment caused by escalating trade policy uncertainty and the ongoing challenges in the property market. In 2026, growth is projected mostly to remain stable at 4.5%.

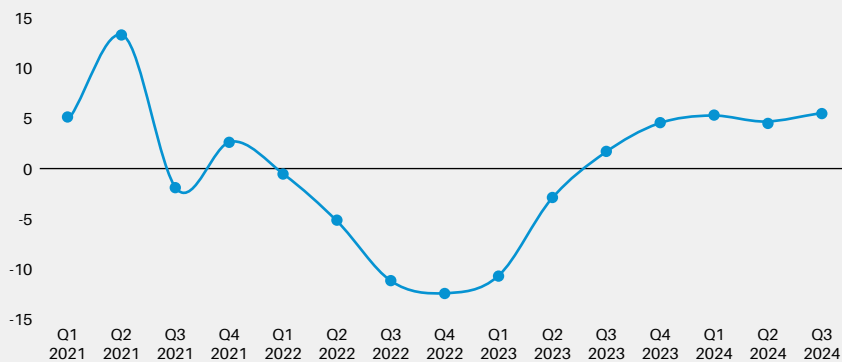
IMF expects that economic growth in Emerging & Developing Asia would remain steady, albeit subject to possible impacts of the U.S. policy changes under the new Trump administration. Changes to U.S. trade, fiscal, and immigration policies could dent growth and boost inflation in developing Asia. However, as these significant policy changes are expected to take time and be rolled out gradually, the effects on the region are not expected to materialise in the near future. Growth expectation for the region is 5.1% for both 2025 and 2026.

In India, growth is projected to be solid at 6.5% in 2025 and 2026, as projected in October 2024, and in line with the country's potential.

Sri Lankan Economy

Sri Lanka's economy is on a path to recovery after facing a challenging period of contraction in 2023. Following a 2.3% decline in 2023, and six consecutive quarters of negative growth up until Q3 2023, the economy has regained stability and is now showing growth momentum. For the first nine months of the year, the country's GDP grew by 5.2% in Q3 2024, marking the fastest expansion since 2017. This marks a significant turnaround, reflecting the country's ongoing recovery efforts. All three main sectors of the economy contributed to growth, with Agriculture sector growing by 3%, the Industry Sector by 10.8% and Services by 2.6% during Q3 2024. The successful implementation of key structural and policy reforms have likely played a crucial role in steering the country toward a more stable and growth-oriented economic path.

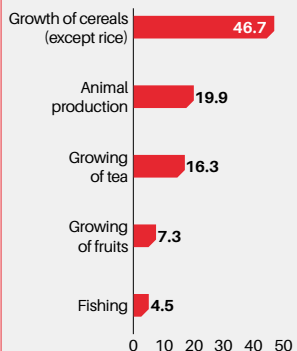
Quarterly Real GDP Growth (%)



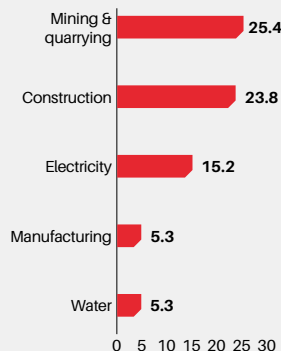
Source: Department of Census and Statistics

This decline was primarily driven by downward revisions to electricity tariffs and domestic fuel prices, as well as the easing of volatile food prices amid subdued demand pressures. According to the latest projections from the Central Bank of Sri Lanka (CBSL), headline inflation is expected to stay negative in the coming months, deeper than previously anticipated, due to continued adjustments in fuel prices, transport costs, and reductions in volatile food prices. However, inflation is expected to turn positive from mid-2025 and gradually converge towards the targeted level of 5% over the medium term, supported by appropriate policy adjustments. While core inflation is projected to slow further over the next few months, a reversal of this trend is expected with core inflation stabilising over the medium term.

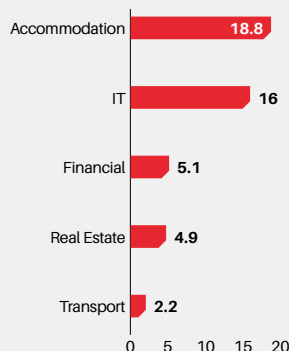
Growth Rates of Key Agriculture Activities in Q3 2024



Growth Rates of Key Industry Activities in Q3 2024



Growth Rates of Key Services Activities in Q3 2024



Exchange Rate

After recording a sharp depreciation in 2022, the exchange rate appreciated in both 2023 and year-to-date, December 2024. The middle rate stood at 292.58 per U.S. Dollar on 31st December 2024. The Rupee's appreciation against the U.S. Dollar during the first eight months of 2024 was supported by enhanced inflows, particularly in the form of higher worker remittances, tourist earnings and export earnings and export conversions. However, the rate of appreciation moderated after the first four months of 2024 amidst an increased demand for foreign exchange. The suspension of debt repayments and the stoppage of vehicle imports have helped to keep the exchange rate under control. However, if debt repayments and vehicle imports recommence, that could exert downward pressure on the Rupee.

Outlook

Faster than expected macroeconomic stabilisation of Sri Lanka's economy has improved the short-term growth outlook to an average of 4% (Y-O-Y) over 2024-25. Growth is expected to recover from a low base in the short-term, and return to a modest path over the medium-term, reflecting the scarring effects of the crisis. A significant and continued reform effort is key to raising medium- to long-term growth potential. Poverty (measured by a \$3.65 per person per day poverty line, 2017 purchasing power parity, PPP) is expected to decline gradually.

Source: Department of Census and Statistics

Interest Rates

The Central Bank moved to a single policy interest rate mechanism from its dual policy interest rate mechanism with effect from 27th November 2024. Accordingly, the Overnight Policy Rate (OPR), presently set at 8.00%, is to serve as the primary monetary policy tool of the Central Bank to signal and operationalize its monetary policy stance from now on.

CBSL continued with its accommodative monetary policy stand leading to a continuing decline in interest rates since the second quarter of the year which have now largely stabilised.

Supported by lower market lending interest rates, credit extended to the private sector by Licensed Commercial Banks (LCBs) has

continued to grow steadily since May 2024. The expansionary momentum of credit to the private sector is expected to continue, underpinned by favourable market lending interest rates, the anticipated expansion of domestic economic activity and improving sentiments. Meanwhile, the pressure observed in yields on government securities has also eased to some extent owing to improved fiscal performance, benign inflation outlook, and overall stable economic conditions.

Inflation

Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI), remained in negative territory in December 2024, continuing the downward trend that began in September.

Operating Environment

The CBSL's continued easing of monetary policy is expected to stimulate demand, support domestic economic activity and help retrace inflation towards its target over the medium term. The decision to ease the monetary policy stance further is also supported by improving external sector resilience, while the Board also took comfort in the continuation of fiscal consolidation. CBSL has stated that "The Monetary Policy Board will continue to closely monitor the macroeconomic developments and adopt a data-driven approach to ensure that it stays on course to achieve the inflation target of 5% over the medium term, while supporting the economy to reach its potential".

In its recent policy statement, the newly elected Government has identified some key areas where the country can achieve rapid growth in the short-term. These areas include Tourism and Information Technology. Additionally, leveraging the country's strategic location to transform the country to a maritime hub, modernising agriculture and focusing on agricultural exports, fishing industry, harnessing the value of Sri Lanka's mineral resources with support from the private sector, making a significant leap in the field of scientific research and technology, digitalization, and building a digital economy are amongst the other priority areas identified. Thus, attracting foreign direct investments (FDIs) will be crucial in achieving these objectives. Accordingly, expediting the implementation of much delayed structural reforms with a view to creating a conducive business and investment environment would be important to boost confidence and attract fresh, non-debt-creating capital inflows.

CBSL Board has expressed satisfaction with the outcomes of accommodative monetary policy measures adopted thus far. A macroeconomic environment characterised by an easing of monetary policy and a stable exchange rate creates an ideal foundation for an economic recovery.

Credit ratings agency Moody's raised Sri Lanka's long-term foreign currency issuer rating to 'Caa1' from 'Ca' with a stable outlook, after the country's creditors approved a \$12.55 billion debt overhaul in December 2024. Moody's, in its rating commentary said the decision to upgrade the issuer rating to Caa1 is driven by the conclusion of

the restructure of Sri Lanka's international bonds held by private sector creditors, which reduces the default risk on new and future issuances. Further Fitch Ratings upgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC+', from 'RD' (Restricted Default).

Banking Sector

The resilience of financial institutions gradually improved during the first half of 2024 amidst easing macroeconomic conditions as reflected by key financial soundness indicators of the Banking sector. Amidst declining market interest rates and the gradual uptick in domestic demand, credit growth of the Banking sector witnessed a resurgence particularly in terms of the private sector while the dependence of State Owned Enterprises declined mainly due to the Central Government absorbing certain credit facilities of a major State Owned Enterprise. However, overall sovereign exposure of the sector continued to increase with investments in Government securities induced by elevated yields compared to other market interest rates. This in turn supported the buildup of high-quality liquid assets in the Banking sector, which contributed towards the improvement in Rupee liquidity. In addition, a considerable amount of funds maintained by the sector with financial institutions abroad indicated prudent foreign currency liquidity management by banks.

Profitability of the Banking sector also improved, significantly supported by the increase in Net Interest Income (NII). The Capital Adequacy Ratio (CAR) of the banking sector improved in 2024, reflecting stronger growth in regulatory capital due to organic profit growth and infusion of debt capital. Most Sri Lankan banks issued Basel III compliant Debt Securities in 2024. The increased profitability, along with a notable shift of banking sector funds towards government securities and the raising of Tier-2 capital through debenture issuances, contributed to enhanced capital levels. As outlined in the Central Bank's Policy Agenda for 2025 and beyond, CBSL developed a Bank Recapitalisation Strategy aligned with the roadmap for restructuring and recapitalising nine major domestic banks, aiming to bolster financial system stability through a well-capitalised banking sector.

The adoption of artificial intelligence (AI) in Sri Lanka's financial sector is still in its early stages, but its impact is already noticeable. AI is already playing a crucial role in promoting fintech innovations, enhancing fraud detection, and improving customer service in the Banking Sector. It is driving financial inclusion, increasing operational efficiency, and elevating customer experiences. As part of Sri Lanka's National Digital Strategy 2030, both the Government and CBSL holds a broader approach to promote sustainable and inclusive economic growth through digitalization. A wider positive impact is anticipated to unfold this year and in the years ahead.

With the economy showing signs of resurgence, buoyed by a forecasted GDP growth of 5% and a monetary policy focused on maintaining inflation at around 5%, a gradual pick-up in credit demand is expected, which bodes well for a positive business outlook for the Banking sector in 2025.

Business Unit Performance

The Bank’s key business drivers are the Business Units and the Supporting Functions facilitate smooth functioning of the business. The Bank’s main business units are Branch Banking, Retail Banking, Corporate Banking, International and Trade Services, and Treasury Operations. At Seylan Bank, both Business Units and Support Functions work jointly to reach the strategic objectives while ensuring value creation to all stakeholders.



Branch Banking

Seylan Bank’s Branch Banking comprises Branch banking, mid-sized corporates and SME’s

Highlights

Year	KPI Achievement - YoY Growth (%)				
	Net Interest Income	Other Income	Profits	Deposits	Loans & Advances
2024	-23.22%	9.45%	6.81%	9.46%	5.66%
2023	17.35%	25.13%	172.55%	5.58%	-1.84%

Achieved the highest-ever Profits after Tax by branch banking, significantly contributing the Bank’s overall profitability while maintaining asset quality

Branch network optimisation and re-location of branches contributed for operational efficiency and reduced the number of loss making branches during the year

Digital Penetration was enhanced by additional Cash Recycling Machines (CRMs), Cash Depositing Machine (CDM) and this initiative has significantly enhanced customer accessibility and digital engagement through user-friendly online platforms and mobile applications

To drive Current Accounts and Savings Accounts (CASA) growth, the Bank intensified its deployment of POS machines (Point of Sale Machines) throughout the year

The branch network made significant progress in rolling out the electronic Know Your Customer (eKYC) system, which enhances client onboarding and regulatory compliance, positioning the Bank for seamless future growth

Customer engagement initiatives led by Senior Management have bolstered business acquisition and regular performance reviews with Regional and Branch Managers have fostered a performance-driven culture focused on accountability and operational excellence

A continued focus on operational enhancements and customer service improvements across the branch network underscored the Bank’s commitment to excellence

Focused approach was taken to grow fee based income by increasing trade related transactions

Implemented a centralized Covenant monitoring mechanism to ensure quality of the credit portfolio

Special lending products were launched by SME such as a special working Capital loan Scheme at low interest rate targeting selected industry sectors, and a Solar Loan scheme under Seylan Eco-Solar brand was launched targeting the commercial industries to promote the renewable energy sector in parallel to the National Green Financing Taxonomy driven by CBSL

Launched Asian Development Bank Credit Line for enhancing SMEs through Working Capital Financing for Agriculture, Tourism, Manufacturing, Technology, Export-oriented sectors

In collaboration with the Government of Sri Lanka, Seylan Bank launched a new loan scheme aimed at re-energizing Micro, Small, and Medium Enterprises (MSMEs). This scheme provides financial support for business expansion, asset acquisition, and technology upgrades for Manufacturing, export oriented, tourism, apparel, agriculture and agro based industries

Uses the 'Export Expert' service, equipping SMEs with the necessary tools and financial literacy to excel in the global market

The respective units integrated sustainability into their operations, supporting businesses engaged in environmentally friendly practices

The units have been involved in community upliftment programs, contributing to the well-being of society and promoting social justice through organising seminars and workshops

Seylan SME banking has been considered for nominations by Asian Banker under the Best SME Bank for its innovative approaches and contributions to the growth and development of SMEs

Improved operational efficiency through streamlined processes helped to reduce costs and enhance service delivery

A strong focus on customer needs and satisfaction led to increased customer loyalty and retention. The introduction of new financial products and services tailored to SMEs' needs contributed to revenue growth

Business Unit Performance

Future Outlook

- ▶ The industry is expected to undergo further digital transformation driven by customer demand for online services and regulatory support for financial technology. Seylan Bank's branches are well-positioned to leverage these trends through ongoing digital enhancements
- ▶ The Branches will remain aligned with Seylan Bank's strategic goals, focusing on digital expansion, operational efficiency, and customer-centric services. Cost reduction and streamlining operations will continue as priorities
- ▶ The Bank is committed to integrating social and environmental sustainability into its operations, by adopting energy-efficient practices across branches to promote financial literacy, supporting environmentally responsible investments, and green lending
- ▶ Key macro factors, such as demographic shifts, changing customer preferences, and the growing influence of social media, will shape Seylan Bank's strategy. The Bank remains vigilant, monitoring these trends to mitigate risks and capitalize on growth opportunities



Retail Banking

This division encompasses, Housing, Pawning, Cards, Leasing, Personal Loans, Loans against property and Bancassurance.

Highlights

Year	KPI Achievement - YoY Growth (%)					
	Credit Cards	Personal Loans	Housing Loans	Pawning	Leasing	Bancassurance
2024	9.59%	6.06%	6.11%	12.62%	8.21%	32.09%
2023	8.90%	4.09%	7.55%	3.47%	-5.15%	16.50%

- ▶ The Retail Banking Unit significantly contributed to the Bank's asset base, profitability and CASA growth through Housing loans, Personal loans and Pawning, where the divisions performed well in 2024, amidst economic and political challenges
- ▶ In a period marked by lingering effects of the challenges from previous years, the key retail products such as Personal loans, Housing Loans, Pawning and Bancassurance were profitable in 2024, and the growth was mainly driven by significant contributions from both fund based and fee-based products
- ▶ It is noteworthy that the growth in asset base was achieved without compromising the quality of the portfolios. The Personal loan product considered as a 'more risky retail product', since the majority of the loans continued to be granted on a 'clean basis' managed to maintain a single digit non-performing ratio throughout the year which is exceptionally commendable
- ▶ Progress in personal and housing loans attributed to granting facilities to identified high salaried, employed client segments and facilitated taking over of other bank loans enjoyed by these prospective new clients. Branches and Sales teams also continued to aggressively on board new clients and increase cross selling opportunities
- ▶ Through the introduction of a requirement for a pawning transaction above LKR 500,000/- to be routed through an account, expected to assist CASA growth with KYC compliance
- ▶ The long-term Bancassurance partnerships entered into with reputed insurance companies continued to broaden our revenue sources YoY by contributing to fee income through life and general insurance. This segment poised to deliver growth while maximised on cross selling opportunities. Maintaining a reduced lapse ratio and building trusted relationships with clients remained a challenge
- ▶ The Card Centre had the best year in its history by achieving the highest ever profitability during the year 2024. Continuing the success from 2023, all its KPIs were achieved in 2024 as well. The Card Centre continued to be the highest contributing single SBU in terms of 'Other Income' for the Bank in year 2024. Stage 3 advances were maintained below the budgeted figure, resulting in negative impairment charges, which augmented the profitability
- ▶ The Card Centre Merchant Acquiring team has managed to convert more than 90% of the base to Seylan accountholders that has contributed towards the growth of CASA, and prompt servicing of facilities. Further, Card Centre has been working with an external consultant to review operational and scheme costs. This project has yielded in cost savings during 2024
- ▶ Card Centre has focused on Profit & CASA growth, Recoveries, Digital, AI and Cost rationalization as key future strategic imperatives of the Bank. With regard to CASA growth, Card Sales team is actively promoting Cash-backed Credit Cards especially with Solar EPP plans, which has led to canvass fixed deposits to the Bank and onboarding merchants from the acquiring side for CASA
- ▶ On the Recoveries end, new strategies such as early intervention for potential defaulters and reshuffling of outsourced recovery agencies were adopted during 2024. This has resulted in keeping the Stage 3 advances portfolio under control
- ▶ Further, various strategies have been implemented to increase POS and Online usage among Debit Cardholders. These actions resulted in the progress of the POS active base of Debit Cards thus improving Digital adoption among the Card base
- ▶ Implementation of an AI based predictive analysis defaulter identification platform for recovery activities is also in progress to further control the flow of advances into Stage 2 and Stage 3
- ▶ Further, the dynamic mix of experience and youth within the unit, coupled with team spirit that drives towards achieving a common goal have contributed towards the success of Card Centre
- ▶ The Card Centre has been aggressively promoting solar 0% EPP plans and has currently managed to develop a healthy merchant base that offers solar units to customers
- ▶ Leasing unit contributed significantly to the Bank's key strategic objectives, through the fast-track approval process and the Leasing Transformation Program, which included educating branch staff and encouraging them to use the leasing channel to achieve their advanced KPIs. This resulted in improved Turnaround Time and customer experience, as well as enhanced operational efficiency

- ▶ Leasing unit established a strategic recovery team with face-to-face customer negotiations Island wide, enabling faster recoveries. This approach was complemented by rapid legal actions in parallel, supporting our commitment to effective and efficient recovery processes
- ▶ Through Green Leasing, the Bank integrates social and environmental sustainability. We promote electric vehicles (EVs) and energy-efficient equipment in our leasing portfolio. We also offer leasing options for sustainable technologies, in order to contribute in reducing the carbon footprint, while also meeting the demand for eco-friendly solutions
- ▶ Retail banking offers a portfolio of products and services catering to every stage of life and a range of lifestyles. It provides a vital link between businesses and consumers and promote economic growth

Future Outlook

- ▶ The retail banking products market in the country is expected to improve in the forthcoming years due to country's economic recovery, lower interest rates and moderating inflation
- ▶ With the advancement of digitalization and introduction of AI to banking, the following is expected:
 - Digital Lending is a remote and automated lending process, largely by use of seamless digital technologies for customer acquisition, credit assessment, loan approval, disbursement, recovery, and associated customer service
 - Instead of visiting a bank, a client can apply for loans online. The process is streamlined, bypasses traditional methods of loan processing, and often eliminates excessive paperwork
 - At the moment, there is a growing trend in the industry of a cashless society and we see ourselves driving the trend
 - Enhancing customer's awareness to adopt digitalization
 - Looking at early detection methods and the use of AI to control Cards NPA
 - Implementing internal processes that enhances adoption of Digital internally
- ▶ Retail banking products will continue catering to every stage of life and a range of lifestyles. The substantially contributes to Bank's funding base, fee income and low cost funds
- ▶ Continuation of the revenue optimization project by Seylan Card Centre to control cost and improve revenue to achieve Profitability and Cost rationalization
- ▶ Increase cross selling between other SBU's to enhance the relationships with existing bank customers to improve sales, profitability, and CASA and customer loyalty
- ▶ Introduce new, competitive leasing products, especially those catering to emerging market demands like electric vehicles (EVs) or green financing options. This will help the bank to enter growing market segments that prioritize sustainability
- ▶ Leasing Unit will Invest in technology to automate the dunning letters process through the Affinity DMS system which will enable us to enhance process efficiency in our recovery process



Corporate Banking

This Division encompasses Corporate Banking, Project Financing, and Foreign Currency Banking Unit.

Highlights

Year	KPI Achievement - YoY Growth (%)				
	Net Interest Income	Other Income	Profits	Deposits	Loans & Advances
2024	-34.71%	-24.09%	-150.76	11.94%	4.16%
2023	-14.78%	-15.10%	-42.23%	12.91%	6.22%

- ▶ Aggressively onboarding new clients on focused industry areas and identified growth areas such as Exporters, Manufacturing, Telecommunication, IT, Offshore Lending on Loan Sell Down etc
- ▶ Corporate Banking Unit has focused on off shore lending capitalizing on loan sell downs from foreign banks and penetrated to neighboring territories such as India
- ▶ Focus on improving client interactions and strengthening business relationships. We focused on one to one client entertainments with high yielding clientele / high business potential clientele in order to secure/enhance our share of wallet of the business
- ▶ Closely monitor accounts and accommodate provisioning on a prudent basis in order to maintain the high asset quality at Corporate Banking
- ▶ Increase the use of Seylan Digital Banking Platforms and APIs (Application Programming Interfaces) to improve cash collections
- ▶ Corporate Banking Unit has successfully achieved targets set for CASA and Fixed Deposits in 2024

Business Unit Performance

Future Outlook

- ▶ The Division will look to adopt a more structured approach to promoting cross-sell opportunities, with a particular emphasis on digital banking solutions, APIs, payroll services, and collections. These initiatives have significantly contributed to the Bank's overall profitability by driving growth through these key channels
- ▶ We have taken initiative to establish a dedicated transactional banking unit and its supporting operational counterpart at the Port City Colombo, to strategically drive the growth of dollar deposits and CASA (Current and Savings Accounts) through targeted and aggressive marketing efforts. We are currently engaged in recruiting the required cadre for this unit
- ▶ Growing our CASA, Fixed Deposits and new-to bank clientele will remain key imperatives for the next year
- ▶ We will foster a proactive business culture within Corporate Banking Unit by implementing and continuing a performance-based incentive scheme. This initiative aims to instill a strong internal culture of risk and reward while effectively motivating and engaging staff



International and Trade Services

This Division encompasses Trade and Remittances including International Financial Services.

Highlights

Year	KPI Achievement - YoY Growth (%)	
	Trade Turnover	Non Fund based Income
2024	21.35%	-8.74%
2023	-13.62%	-4.96%

- ▶ A "Trade Hub" was established in Metro II Region, predominantly focusing on Trade and Remittance Business. A dedicated area for walk-in clients and extended banking hours are some of the features offered by the Hub. A few Marketing Officers were deployed in the area to canvass new Trade clients and business whilst the clients could directly communicate with the bank officers for clarification on business matters via dedicated hotlines
- ▶ Re-establishment of Trade Lines with some foreign Banks despite the prevalent country rating in 2024 and the Bank recorded a Trade volume growth of approximately 80% over 2023 figures

- ▶ All possible instances of Trade and Guarantee handling were automated to ensure that there are no income leakages
- ▶ Trade tariff was made very flexible in order to retain the wallet, rates and commissions were slashed to keep up with the market
- ▶ Emphasis was given to improve foreign currency inflows by growing the exports book. Branches were instructed to onboard more export clients with the objective of improving the foreign currency inflows
- ▶ The Bank was awarded the "Elite Quality Recognition Award" for Best in Class in straight-through processing of cross border remittances with 99.4% accuracy on Trade and Non-payments by JP Morgan Chase, which is the largest bank in USA

- ▶ In order to service the Trade Customers, the Bank successfully integrated the systems with Sri Lanka CUSTOMS and launched the submission of the CUSTOMS Link online real time, thus enabling the customer convenience
- ▶ The Bank has officially launched the EtheraKaasi Savings Account, a specialized savings account designed to benefit the families of expatriate workers and recipients of worker remittances. This new offering aims to encourage the inflow of foreign exchange to the Bank and the country as a whole, while savings among those who rely on remittances as a crucial source of income

Future Outlook

- ▶ Trade digitalization is given very high prominence. Plans are underway to automate processes as much as possible to minimize human intervention and to improve efficiency
- ▶ As the market dynamics have changed, import clients now prefer Advance Payment terms as a natural hedge for the exchange rate volatility. Therefore, more focus is being given for Remittance business as a part of Trade operations
- ▶ With the objective of further diversifying the trade portfolio, steps will be taken to canvass trade clients from diversified fields, enabling us to have a diversified portfolio of clients so that reliance on few sectors will be minimized
- ▶ It is planned to obtain ISO 9001 Certification for Trade processing to ensure that the Bank meets all the required standards in processing



Treasury Operations

Highlights

Year	KPI Achievement - YoY Growth (%)			
	Net Interest Income	Forex Income	Capital Gain	Profits
2024	30.81%	-57.56%	45.83%	76.63%
2023	-17.97%	-65.40%	588.49%	-4.64%

- ▶ 2024 proved to be yet another year that the Bank's Treasury Division continued its journey as one of the Bank's premier profit centers, successfully managing all its product portfolios amidst volatile local and international market conditions to maximize contribution to the Bank's bottom-line
- ▶ Focus on maximizing profitability on volatile market interest rate and USD/LKR exchange rate scenario by efficiently managing government security and other fixed income security portfolios, trade and remittance transactions and Net Open Position to enhance interest income, capital gains and exchange income
- ▶ Prudent and efficient management of all LKR and foreign currency denominated collections and payments (Nostro cash flow management)
- ▶ To ensure adequate liquidity is built-up to meet repayment of maturing liabilities as and when they fall due
- ▶ Maintaining liquidity cover ratio, statutory reserve requirement etc., to ensure the Bank meets all its regulatory requirements.
- ▶ Maintained a continuous dialogue with the Bank's Board of Directors, Corporate Management and the Regulator to update on market conditions and developments impacting the Bank and the situations at hand, for guidance and to create awareness
- ▶ As required by the regulator, the Bank signed the "Statement of Commitment to the BIS FX Global Code" – A benchmark for best practices
- ▶ All Front Office Staff successfully passed the FX Global Code Exam – a first in the local banking industry

Future Outlook

- ▶ To maximize profitability, scarce financial resources will continue to be allocated to products yielding highest revenue and margins
- ▶ Plans are underway to revamp the Integrated Treasury Management System to facilitate current requirements and to take the Bank's Treasury to the next growth phase
- ▶ The Bank will also implement a robust treasury risk management framework and limit structure as per regulatory requirements to stay abreast of volatile current market conditions
- ▶ To increase foreign currency cash flows to enhance related operations, the Bank is engaged in negotiations with several overseas counterparties and lending agencies to source funding lines
- ▶ The Bank is also in negotiations with overseas counterparties for increased forex trading limits to facilitate arbitrage trading in majors and position covering
- ▶ Diversification of the Bank's liquid asset portfolio to overcome the current overdependence on investments in government securities shall continue
- ▶ The succession plan for Treasury shall be strengthened. New junior level staff will be recruited to Treasury and will be deployed to handle various Treasury functions on acquiring the mandatory qualifications and intensive on the job training
- ▶ The Treasury staff will be provided with on the job training and external training programs to ensure continuous training is given to all Treasury staff to keep them abreast of the market requirements

Support Functions Overview

Refer pages 52 to 63 for **Human Resources**, pages 64 to 81 for **Marketing**, pages 48 to 51 for **Operations**, pages 136 to 160 for **Risk Management**, and pages 82 to 85 for **Digital Banking and Information Technology** related highlights and future outlook. In addition, there are other support functions such as **Legal, Recoveries, Credit Administration, Finance, Internal Audit and Compliance** etc. to support the Business to improve growth efficiency.

Bank's Subsidiary

The Bank held a 74.69% stake in its subsidiary, Seylan Developments PLC as at 31 December 2024. Seylan Developments PLC reported Profit after Tax of LKR 351 Mn for the year ended 31 December 2024 and total assets of LKR 6.59 Bn as at 31 December 2024. Refer notes 28 and 49 to the financials and sections 4 and 29 of "Report of the Board of Directors on the State of Affairs of the Company" of this Annual Report for more details.

Financial Capital

LKR 10.05 Bn

Profit after Tax

LKR 70.49 Bn

Total Equity

LKR 780 Bn

Total Assets

Other Capitals Impacted



Manufactured Capital



Human Capital



Intellectual Capital



Social and Relationship Capital



Natural Capital

Sustainable Development Goals (SDGs) Nurtured



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Growing the Financial Stability and Investor Security

The Bank, in year 2024, through its business strategies including high scoring goals, innovative digital solutions, and a commitment to sustainability etc. aimed at growing financial and non-financial performance while adding value to all the stakeholders and building a legacy that reaches new heights.

The financial and non-financial disclosures provided herewith narrate our story on remarkable Growth in 2024 despite challenging market and economic conditions that prevailed during the year and the future strategies we hope to embark on, thus keeping our investors well-informed for better decision making.

Financial Growth in 2024

- ▶ Profit after Tax was reported with a 61% growth to LKR 10.05 Bn
- ▶ Total Assets grew by 9% to LKR 780 Bn milestone
- ▶ Total Equity enhanced to LKR 70.49 Bn with a 16.5% growth
- ▶ Total Net Loans and Advances increased by 6% to LKR 463 Bn
- ▶ Total Deposits increased by 9.3% to LKR 647 Bn
- ▶ Capital Adequacy Ratios were above well above regulatory requirement reporting Common Equity Tier 1 Capital Ratio & Total Tier 1 Capital Ratio at 14.25% and Total Capital Ratio at 18.59%
- ▶ Liquidity was managed with sufficient buffers reporting Liquidity Coverage Ratios (LCR) well above regulatory requirement of 100% - All Currency LCR at 491.37 % and Rupee LCR at 415.75%
- ▶ Return on Average assets (after tax) 1.34% (2023 - 0.90%)
- ▶ Return on Equity 15.35% (2023 - 10.88%)
- ▶ Earnings per Share (LKR) 15.81 (2023 - LKR 9.84 restated)
- ▶ Net Assets Value per Share (LKR) 110.89 (2023 - LKR 98.31)
- ▶ Improved the Assets Quality with greater efforts recording the Impaired Loans (Stage 3) Ratio at 2.10% (2023 - 3.85%) and Impairment (Stage 3) to Stage 3 Loans Ratio at 80.90% (2023 - 68.29%)

Bank's Approach Towards Sustained Financial Growth and Investor Security

The Bank strategically aims at a high scoring Business Growth, focusing on Profitability, Book growth, Capital Adequacy, Liquidity, and Asset Quality while managing a series of risks the Bank faces in the current context and constructing value to its stakeholders through enhanced performance.

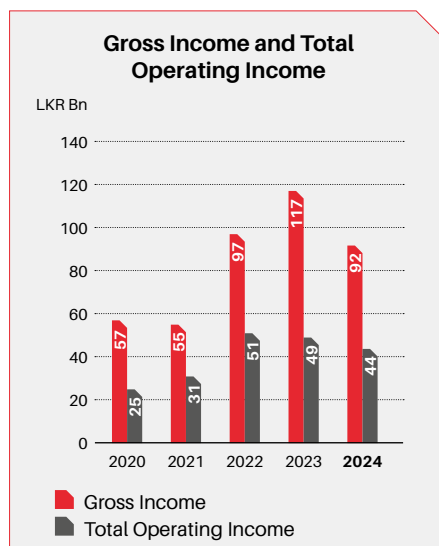
Maintaining transparency with regard to the Bank's financial and non-financial performance makes the stakeholders more reliable and comfortable in their investor and business decisions.

The Bank always prioritises meeting the statutory and regulatory requirements, and ensures to review and revise the policies, procedures, guidelines and codes of conduct to be in line with local and global standards and industry best practices while adding an enduring value to all stakeholders including investors.

Income Statement Analysis

Gross Income

Interest Income, Fee and Commission Income and Other Operating Income are the sources of gross income. The Bank's Gross Income for the year reduced by 21.5% to LKR 92 Bn during the year 2024 compared to LKR 117 Bn reported in the previous year. Interest income has shrunk during the year by LKR 23 Bn mainly due to the rate reductions that happened over the period.



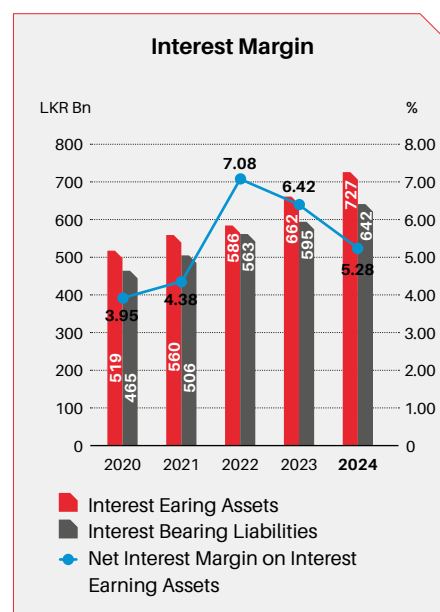
Net Interest Income and Net Interest Margin

The Net Interest Income of the Bank reported as LKR 37 Bn in 2024 compared to LKR 40 Bn reported in 2023 with a decline of 8% corresponding to reduction in Net Interest Margin in 2024, which is common in the industry, due to the behavior in interest rates throughout the year 2024.

There was a declining trend in market rates in 2023, and the rates further declined in 2024 as well. As a result, Interest Income and Interest Expenses reflected a decline of 21% and 29% respectively in year 2024 compared to the growth of 24% and 47% reported in 2023 for Interest Income and Interest Expenses respectively.

The overall interest income for the year recorded as LKR 84 Bn, a decrease of LKR 23 Bn compared to LKR 107 Bn recorded in 2023 and overall interest expenses for the year recorded as LKR 48 Bn, a decrease of LKR 19 Bn compared to LKR 67 Bn recorded in 2023.

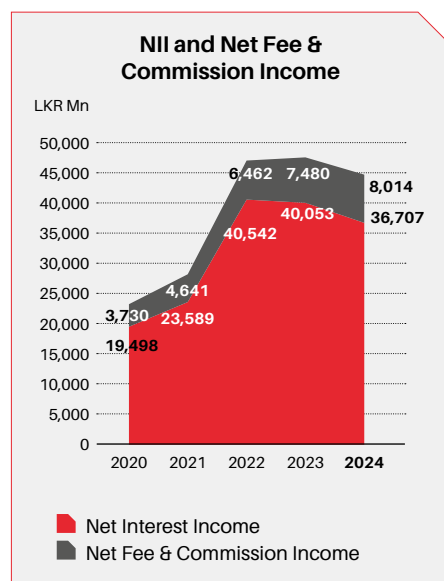
The Net Interest Margin (on average total assets) stood at 4.90% in 2024 compared to 5.76% recorded in 2023 and was mainly driven by the policy rate changes and re-pricing of assets and liabilities accordingly. The Net Interest Margin (on average interest earning assets) stood at 5.28% in 2024 compared to 6.42% recorded in 2023.



Financial Capital

Net Fee and Commission Income

Net fee and commission income of the Bank reported a growth of 7% to LKR 8 Bn compared to LKR 7 Bn reported in the previous year. The growth in 2024 is mainly due to increase in income from Cards, Remittances and other services relating to Lending.



Other Income and Total Operating Income

Net Gains from Trading

The Bank's net gains from trading reported a gain of LKR 0.46 Bn, a decrease of 44% over the gain of LKR 0.82 Bn reported in previous year due to rate and volume changes. There was an increase in the gain reported under net mark to market gains/losses on government securities in 2024 compared to the gain reported in 2023. The net gains/losses on derivative financial instruments from Banks reflected a loss in 2024 compared to the gain reported in 2023. Net capital gains on government securities have also decreased during the year under review compared to the previous year.

Net Gains / (Losses) from De-Recognition of Financial Assets

Net gains / (losses) from de-recognition of financial assets at fair value through other comprehensive income (Government Securities) reported a gain of LKR 0.26 Bn in 2024, compared to the gain of LKR 0.15 Bn reported in the previous year. The impact

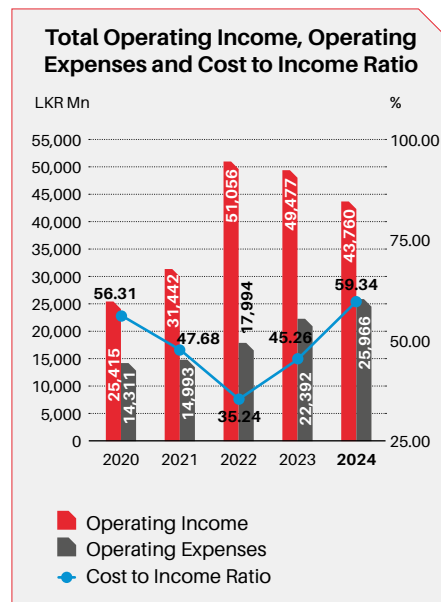
of LKR 2.71 Bn was recorded on initial recognition of restructured bonds issued under the Debt Restructuring Program.

Other Operating Income

Other Operating Income of the Bank was reported as LKR 1 Bn in 2024, a growth of 5% over the previous year. This increase is mainly from foreign exchange income, which represents both revaluation gain/ (loss) on the Bank's net open position and realised exchange gain/ (loss) on foreign currency transactions.

Total Operating Income

The Bank's Total Operating Income decreased by 11.6% to LKR 44 Bn in 2024 compared to LKR 49 Bn in the previous year mainly due to decrease in net interest income and recognising the day one loss on initial recognition of restructured bonds issued under restructuring of Sri Lanka International Sovereign Bonds.



Impairment Charges

The Bank made impairment provision to capture the changes in the macro economy, credit risk profile of customers and the credit quality of the Bank's loan portfolio in order to ensure adequacy of provisions recognised in the financial statements.

The Bank recorded an impairment charge of LKR 1.75 Bn during 2024 against LKR 17 Bn reported in corresponding period of 2023 with a reduction of 90%. During the year 2024, the impairment charge on Loans and Advances amounts to LKR 6.2 Bn (2023 - LKR 15 Bn) and impairment reversal on Sri Lanka International Sovereign Bonds amounts to LKR 4.9 Bn (2023 - LKR 1.5 Bn charge).

In the year under review, the credit quality of the Individually Significant Loans was critically evaluated and appropriate provisions were made. Moreover, adequate provisions were also made under the Collective Impairment category to capture the impact of the prevailed economic conditions during the year. The Bank's estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) as at December 31, 2024 and Economic Factor Adjustment (EFA) applying the recent forecasts and projections. The Bank maintains provisions made as management overlay based on the assessment of significant increases in credit risk, and by stress testing the exposures to risk elevated sectors.

Further, the Bank has accounted for an additional Expected Credit Loss (ECL) on Foreign Currency Denominated Bonds in the financial statements considering the impact on Interim policy regarding the servicing of Sri Lanka's external public debts issued by Ministry of Finance of the Government of Sri Lanka.

Impairment charge on Loans and Advances recorded LKR 6 Bn with a reduction of 59% over the previous year mainly due to factors described above and the same being seriously considered in the impairment assessment. Stage wise impairment charge on loans and advances reflects LKR 0.790 Bn (reversal), LKR 3.2 Bn (reversal) and LKR 10.2 Bn for Stage 1, Stage 2 and Stage 3 respectively. Impairment on Individually Significant Loans, Collective Portfolios, and Management Overlay were separately assessed during the year under review.

Impairment charge on Financial Assets Measured at Amortised Cost - Debt and Other Instruments have been recorded as LKR 4.9 Bn reversal against the impairment charge of LKR 1.5 Bn recorded in the previous year mainly due to the reversal of ECL (Expected

Credit Loss) on Sri Lanka International Sovereign Bonds with the Bond exchange exercised under Debt Restructuring Program in 2024.

Personnel Expenses, Establishment & Other Expenses, Total Operating Expenses and Cost to Income Ratio

Personnel Expenses

The Bank's Personnel Expenses increased by 11% to LKR 10 Bn in 2024 mainly due to increase in the staff benefits based on the collective agreement and the special payment made to staff in order to recognise the contribution made for the enhanced performance.

Establishment and Other Expenses

Other Operating expenses including depreciation and amortisation expenses too increased by 12% to LKR 10.4 Bn during 2024 compared to LKR 9 Bn reported in 2023 mainly due to increase in prices of consumables and services over the period. The Bank continues to take relevant measures to curtail costs through cost reduction initiatives.

Total Operating Expenses and Cost to Income Ratio

The Bank's total operating expenses increased by 12% to LKR 21 Bn during the period under review compared to LKR 19 Bn recorded in previous year.

Further, both the Bank's cost to income ratio including taxes and cost to income ratio excluding taxes recorded an increase and stood at 59.34% and 47.05% respectively in 2024 compared to 45.26% and 37.30% respectively in the previous financial year. This increase is mainly due to increase in expenses with prevailing inflationary condition.

Taxation

All the taxes reported an increase in 2024 compared to the taxes reported in 2023 mainly due to the increase in liable income.

The Bank's Value Added Tax on Financial Services increased by 37% to LKR 4.72 Bn compared to LKR 3.45 Bn recorded in the previous year.

Further, Social Security Contribution Levy (SSCL) increased by 37% to LKR 0.66 Bn compared to LKR 0.48 Bn recorded in the previous year.

The Bank's Income Tax Expense reported a growth of 57% to LKR 5.99 Bn in 2024 compared to LKR 3.82 Bn reported in 2023. The Bank's effective income tax rate was 37% in 2024 where as in 2023 it was 38%.

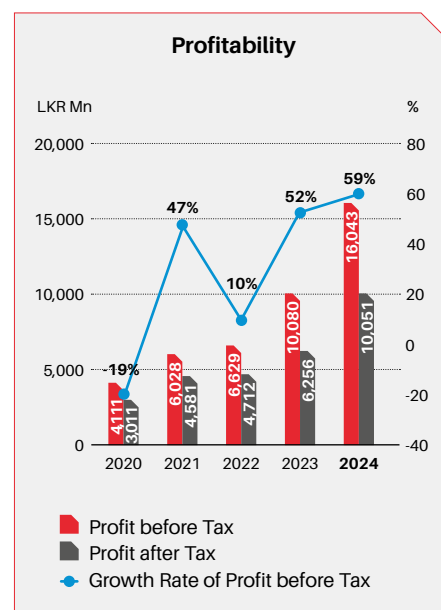
Profitability

The Bank recorded a Profit before Income Tax (PBT) of LKR 16.04 Bn for the period under review with a 59% growth over the previous year while recording a Profit after Tax (PAT) of LKR 10.05 Bn for the year with a 61% growth over the previous year, despite challenging market and economic conditions that prevailed during the period.

The Bank's Net Interest Income (LKR 37 Bn), Net Fee and Commission Income (LKR 8 Bn) and Other Operating Income (a net loss of LKR 1 Bn) contributed to maintain its total operating income at LKR 44 Bn with a net drawback of 11.6% compared to previous year. The Bank prudentially recorded LKR 1.8 Bn as impairment charges for the year. The impairment charge for the year reflected a reduction of 90% over the previous year charge and mainly contributed to the higher profitability. The requirement of lesser provision for impairment in 2024 was due to relaxation of the stressed conditions in the economy as well as a healthy provision accounted in 2022 and 2023 considering all aspects prevailed during that period. The Personnel Expenses (LKR 10 Bn) and the Other Expenses (LKR 10.4Bn) as a total recorded a LKR 2 Bn increase over the previous year and accordingly affected the profitability. Total tax expenses (LKR 11.37 Bn) has increased by LKR 3.6 Bn compared to previous year total tax expenses (LKR 7.76) due to higher profitability and increase in liable income.

Other Comprehensive Income (OCI)

The Bank's OCI recorded a gain of LKR 0.685 Bn in 2024 against the OCI loss of LKR 0.027 Bn reported in 2023.



The Bank gained from Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income (after tax LKR 0.551), due to the reducing interest rates during the year. Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income (after tax LKR 0.199 Bn) also recorded a gain due to increase in market value of Equity Investments. The Bank revalued its properties in 2024 and a gain after tax of LKR 0.697 Bn was reported under Revaluation of Property, Plant and Equipment. The Actuarial Losses on Defined Benefit Obligations (LKR 0.762 Bn) has decreased by 24% over the previous year mainly due to the financial assumptions used, such as discount factor to be in line with the market rates and the average salary increment rates.

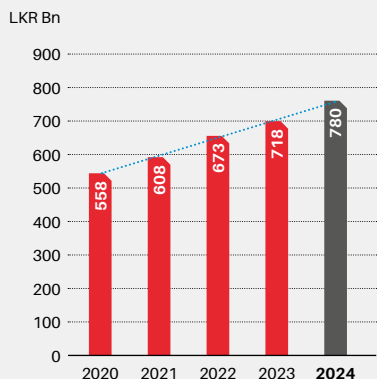
Financial Capital

Statement of Financial Position

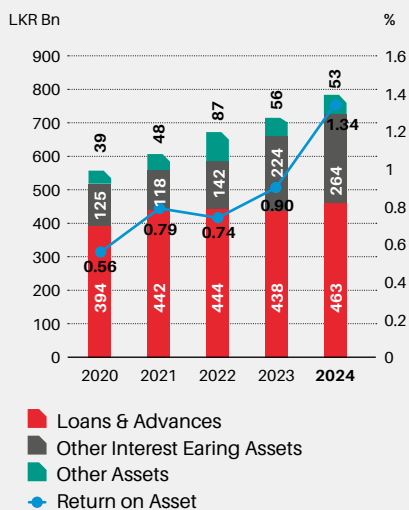
Total Assets

The Bank's total assets reached to LKR 780 Bn as at 31 December 2024 with a 9% growth during the year under review compared to LKR 718 Bn recorded in the previous year demonstrating the sustainable growth of the Bank over the years. Placements with Banks and Finance Companies, Loans and Advances, Debt and Other Instruments under Amortised Cost, Financial Assets measured at Fair Value through Other Comprehensive Income etc. mainly contributed to the growth in total assets. There was a decrease recorded under Cash and Cash Equivalents due to redeployment of Funds in Placements with Banks and Finance Companies.

Total Assets



Composition of Total Assets

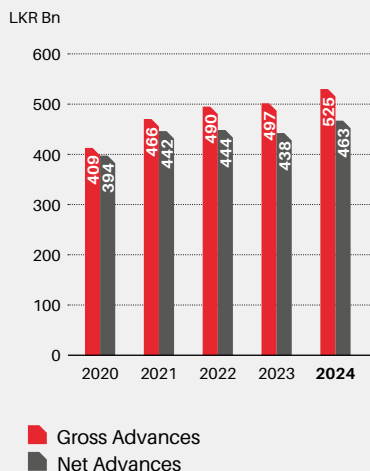


Loans and Advances

The Bank focused on book growth and made maximum efforts to enhance Loans and Advances in the challenging economic and market condition prevailed during the year, where there were rate volatilities and lesser demand for Lending.

The Bank recorded net Loans and Advances at LKR 463 Bn as at 31 December 2024 with a growth of 6% compared to LKR 438 Bn recorded in 2023. The Bank's gross Loans and Advances increased by LKR 28 Bn to LKR 525 Bn as at 31 December 2024 from LKR 497 Bn recorded as at 31 December 2023. Rupee Loans and Advances increased by LKR 20 Bn and LKR equivalent of Foreign Currency Loans and Advances increased by LKR 8 Bn during the year. The impairment allowance on Loans and Advances increased from LKR 60 Bn in 2023 to LKR 62 Bn in 2024.

Advances



Asset Quality and Provision Cover

The Banks's Asset Quality Ratios of Impaired Loan (Stage 3) Ratio and the Impairment (Stage 3) to Stage 3 Loans Ratio stood at 2.10% (2023 - 3.85%) and 80.90% (2023 - 68.29%) respectively, which reflects an improvement in both ratios from the previous year. This is mainly due to the appropriate provisions made by the Bank, close monitoring of impaired loans and aggressive recovery actions made during the year.

Deposits and CASA

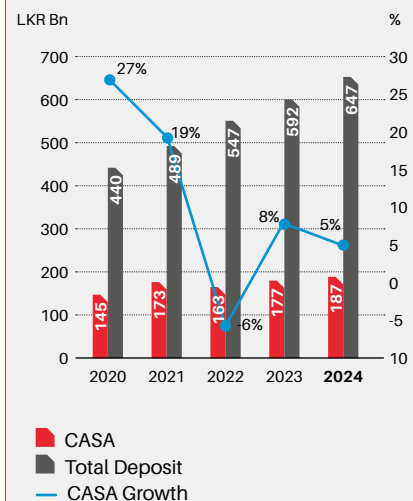
The Bank aimed at business growth through high scoring goals and made necessary arrangements to canvass new to Bank Deposits while retaining the existing customer base.

The Bank's total Deposit Base grew by 9.33% (LKR 55 Bn) during the year 2024 to reach LKR 647 Bn compared to total Deposits of LKR 592 Bn reported in the previous year as of 31 December.

The Bank's LKR Deposits reported a growth of LKR 59 Bn and LKR equivalent of FCY Deposits reported a contraction of LKR 4 Bn.

The Bank's CASA base grew from LKR 177 Bn in 2023 to LKR 187 Bn in 2024 as of 31 December, which is a 5% growth from the previous year. CASA ratio stood at 28.94% in 2024 compared to 30.01% of the previous year.

Deposits



Financial Indicators and Ratios

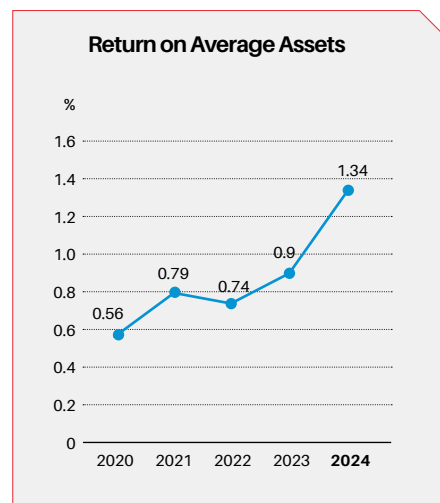
Capital Adequacy Ratio

The capital adequacy ratios were well above the regulatory minimum requirements and recorded 14.25% as Common Equity Tier 1 Capital Ratio & Total Tier 1 Capital Ratio and 18.59% as the Total Capital Ratio.

The Capital Adequacy Ratios have improved compared to previous year mainly due to consideration of profits and reserves for the year ended 31 December 2024, which improved capital by LKR 11 Bn and the Debenture issue of LKR 10 Bn in 2024, despite debenture discount considered (LKR 4 Bn) and increase in Risk Weighted Assets by LKR 24 Bn (Please refer section "Risks and Opportunities" of this Annual Report for details)

	CBSL Requirement	2024	2023
Total Risk Weighted Assets (LKR Mn)	N/A	467,186	442,786
Common Equity Tier I Capital Ratio (%)	7.00	14.25	12.52
Total Tier I Capital Ratio (%)	8.50	14.25	12.52
Total Capital Ratio (%)	12.50	18.59	15.84

The Return on Average Assets (after tax) recorded as 1.34% for the year under review compared to 0.90% recorded in 2023.



Liquidity Coverage Ratio (LCR)

The Bank maintained the LCR above the statutory requirement and the All Currency LCR and the Rupee LCR were recorded as 491.37 % and 415.75% respectively.

	CBSL Requirement	2024	2023
Liquidity Coverage Ratio (LCR)			
All Currency (%)	100%	491.37	338.42
Rupee (%)	100%	415.75	355.16

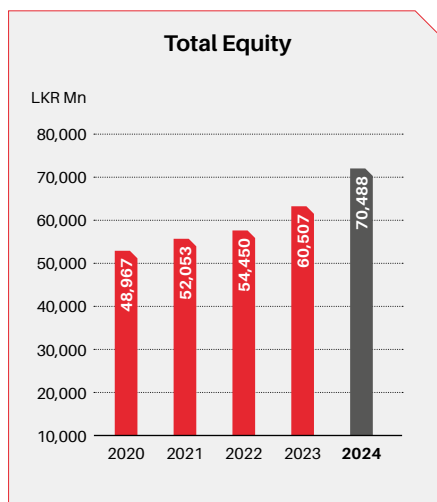
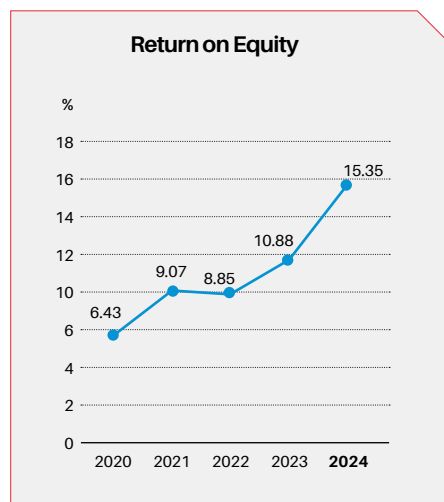
Earnings per Share (EPS) and Net Assets Value Per Share

The Bank's Earnings per Share stood at LKR 15.81 as at end of 2024 compared to LKR 9.84 (restated) as at the end of the previous year.



Return on Equity (ROE) and Return on Average Assets (ROAA)

The Return on Equity (ROE) stood at 15.35% for the year under review compared to 10.88% recorded in 2023.



Financial Capital

The Bank's Net Assets Value per Share stood at LKR 110.89 as at the end of 2024 (Group LKR 114.22) compared to LKR 98.31 reported as at the previous year end (Group 101.36).

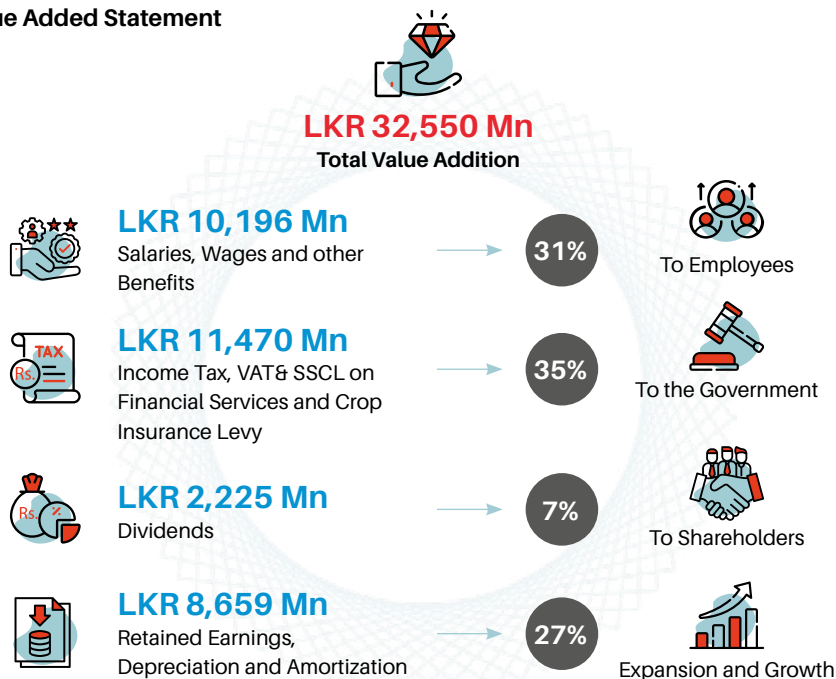
Net Assets Value per Share



Returns to Shareholders and Investors

The Bank aims at Business Growth and always adding an enduring value to all stakeholders including investors through enhanced performance over the year. The Bank is committed to reward our shareholders and other investors at its best while constructing sustained value.

Value Added Statement



Distribution of Shareholding

Year	Classification	Description	No of Shares	%
2024	Type	Voting	305,236,937	48.02
		Non-Voting	330,410,398	51.98
	Geographic	Resident	618,030,034	97.23
		Non-Resident	17,617,301	2.77
	Demographic	Institutional	525,075,208	82.60
		Individual	110,572,127	17.40
2023	Type	Voting	296,716,366	48.21
		Non-Voting	318,732,692	51.79
	Geographic	Resident	596,375,635	96.90
		Non-Resident	19,073,423	3.10
	Demographic	Institutional	495,375,511	80.49
		Individual	120,073,547	19.51

Value Creation for Our Shareholders

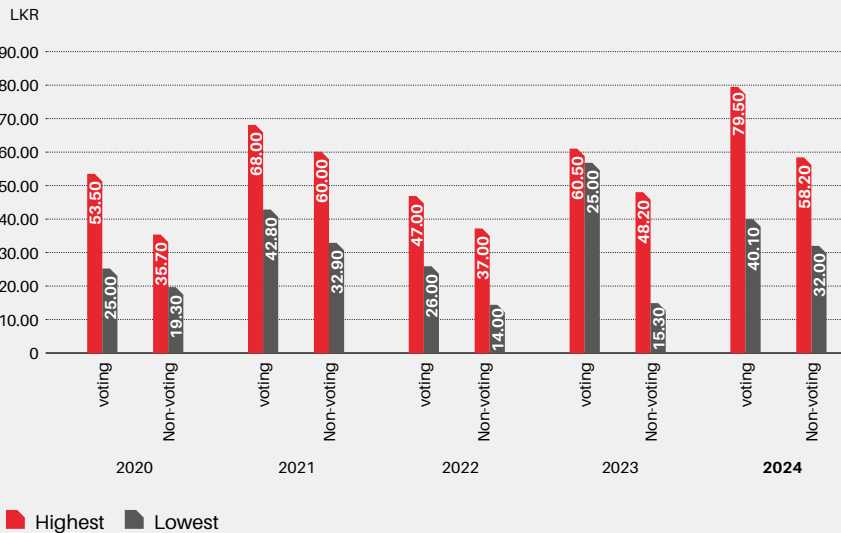
In	Description	Year				
		2024	2023	2022	2021	2020
LKR. Mn.	Turnover	91,671	116,773	96,818	54,767	57,224
	Profit before Income Tax	16,043	10,080	6,629	6,028	4,111
	Profit After Income Tax	10,051	6,256	4,712	4,581	3,011
	Total Assets	779,690	717,985	672,806	607,577	557,707
LKR.	Net Assets Value Per Share	110.89	98.31	94.24	97.44	94.71
	Earnings per share	15.81	9.84	7.41	7.21	4.74
	Dividend Per Share	3.50	2.50	2.00	3.00	1.50

Dividend Payout

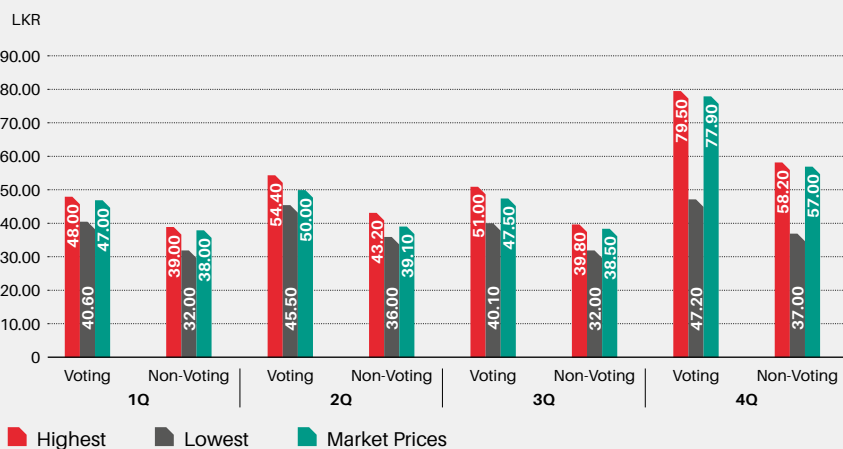
The Bank creates a maximum value for its shareholders through its Dividend Policy. In certain years in order to improve market capitalisation while taking into consideration the requirement of profit retention the Bank also aims to build the organic Capital, which in return safeguards shareholders' interests in the long run.



Share Price Movement for Last 5 Years



Share Price Movement Across Quarters - Financial Year 2024



Future Outlook

- ▶ The Bank will continue to grow while adding value to all the stakeholders and building a legacy that reaches new heights
- ▶ The Bank remains focused on sustained financial and non-financial performance while focusing on Profitability, Book growth, Capital Adequacy, Liquidity, Asset Quality and managing series of risks the Bank faces
- ▶ The Bank always prioritises meeting the statutory and regulatory requirements, and ensures to review and revise the policies, procedures, guidelines and codes of conduct to be in line with local and global standards and industry best practices
- ▶ The Bank will continue to adopt more prudent strategies aiming at business growth, operational efficiency and service quality
- ▶ More focus on strategic initiatives under CASA, Loan, Fee Income, Recoveries, Digital Channels, Rationalisation of Costs, Automation and Artificial Intelligence (AI) and Human Resources
- ▶ More information on the Bank's Strategies, Key Initiatives etc. are discussed under "Strategic Progress and Outlook" (page 25) and "Bank's Performance" (page 35) of this Annual Report

Financial Reporting and Compliance

The Bank through its Annual Report and Interim Financial Reports primarily keeps its stakeholders and the general public informed on the Bank's performance and financial position. Publishing of our Annual Report and Interim reports before the stipulated dates respectively as required by the Colombo Stock Exchange (CSE) is complied with and same would assist the investment decisions of stakeholders.

The Interim Financial Statements for 2024 were published in advance in this regard.

Refer Capital sections for respective Awards and Recognitions.

Manufactured Capital

During the year, the Bank established 99 Cash Recycler Machines (CRM) across the island

Other Capitals Impacted



Financial Capital



Social and Relationship Capital

Sustainable Development Goals (SDGs) Nurtured

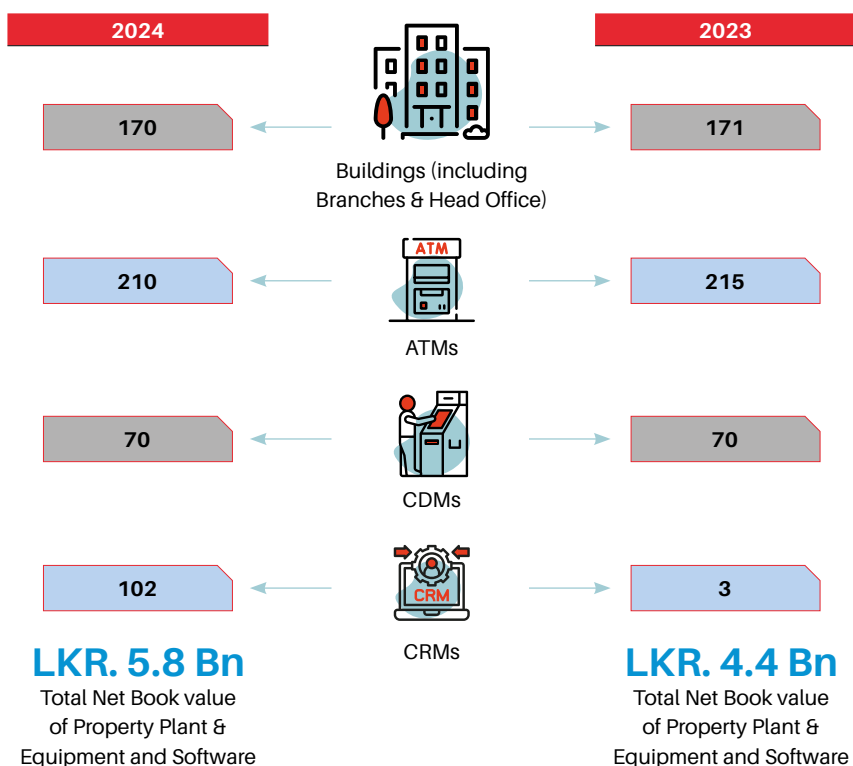


Our physical presence, with 170 customer touchpoints strategically located across the country, has been a significant competitive advantage and a cornerstone of our growth over the past three decades. However, in response to evolving lifestyles, customer needs, and expectations, the Bank has increasingly embraced multiple banking channels, focusing on enhancing convenience and efficiency through technology-driven solutions.

As the market shifts towards digital banking at a rapid pace, the reliance on physical branches for banking services continues to decline. Customer visits are becoming less frequent as more services are seamlessly accessed through online platforms, with customers increasingly expecting the convenience of banking at their fingertips. Thus, in response to these market dynamics and in alignment with our strategic imperatives, the Bank makes changes to its Manufactured Capital. Specifically, five key strategic imperatives—Digital Banking Drive, Increasing CASA, Cost Rationalisation, Automation and Raising Fee Income—have been the driving force behind our efforts to change, modernise, and enhance

our infrastructure. For instance, during the year our Branch count has been changed due to amalgamation of two branches whilst we increased the number of Cash Recycle Machines (CRM's) with the addition of 99 new machines at our ATM locations island wide.

The Bank's Manufactured Capital as at 31, December



The diagram below summarise our strategy with regard to Manufactured Capital where investment in infrastructure has grown during the year

Additions to Our Infrastructure & value enhancement of our Manufactured Capital in 2024

Infrastructure Addition	Values of Additions LKR	Objectives
Property Plant & Equipment and Software	1.19 Bn	- To facilitate and enhance the branch / head office operations - Growth accommodation, easier service expansion
Software	324 Mn	Customise service standards with Fin-Tech and Digital solutions while ensuring customer privacy and data security
Process Automation		New, competitive offerings, market adaptability
- Balance confirmation / offer letter issuance process - Credit card easy payment plan - Manual processes in international division		Streamline banking processes, reduce manual effort, and minimise operational costs
99 numbers of Cash Recycle Machines (CRM's)	439 Mn	Provide a seamless, more convenient, and user-friendly banking experience for customers by enabling 24x7 cash deposits at location cash can be withdrawn.
Relocation of two branches (Paid)	23 Mn	Customer convenience
Refurbishment of Hatton Branch and two floors of the Head Office Building (Paid)	26 Mn	To enhance employee and customer experience, productivity and ambience

Manufactured Capital

Information Technology (IT) Infrastructure

The robust digital platforms are a vital component of our digital drive and customer centric innovation. They include:

- ▶ **Data Centers:** Facilities that house servers and data storage used to manage banking transactions, customer data, and other business-critical systems
- ▶ **Software Systems:** Includes assets such as the core banking software that facilitates day-to-day operations like loan processing, deposit management, transaction tracking, risk assessment, customer relationship management (CRM) amongst others. The Net book value of software systems as at 31st December 2024 was at LKR 670 Mn
- ▶ **Cybersecurity Systems:** Technologies implemented to protect data and financial transactions (firewalls, encryption systems, anti-fraud technology)
- ▶ **Payment and Settlement Systems:** Electronic systems that facilitate transactions such as payments, fund transfers, SWIFT for international wire transfers, and Real-time Gross Settlement (RTGS) systems
- ▶ **Banking Platforms:** Mobile and online banking applications, as well as self-service kiosks

Progress Towards Our Strategic Imperatives Driven by the Growth of Manufactured Capital

- ▶ **Enhancing Operational Efficiency**
Automation and cutting-edge infrastructure have significantly optimised banking operations, reducing manual interventions, errors, and inefficiencies. For example, the centralisation of manual processes has bolstered control mechanisms, minimised income leakages, and allowed branch staff to devote more time to customer service and revenue-generating activities
- ▶ **Strategic progress on multiple fronts**
The newly implemented web-based front-end teller system introduced architectural shifts from the distributed systems to centralised technology, eliminating branch servers, providing better controls, reducing maintenance effort, saving costs and improving security

Elevated Customer Service and Experience

Through strategic investments in technology and infrastructure, the Bank has enhanced its ability to deliver faster, more convenient, and personalised services. The launch of mobile banking apps, self-service kiosks, and advanced ATMs has enabled customers to access banking services around the clock, offering features like instant money transfers and real-time loan applications. This shift has greatly improved customer accessibility and boosted digital engagement

POS Machine Deployment

To accelerate CASA (Current Account, Savings Account) growth, the Bank has significantly expanded its deployment of POS machines throughout the year, enabling greater customer transaction convenience and broader merchant adoption

Stronger Risk Management and Security

The Bank's commitment to robust cybersecurity systems and advanced risk management tools ensures the protection of customer data and financial transactions, reducing the risk of fraud and financial crises. During the year we established a Security Operations Centre in accordance with CBSL guidelines. The dedicated centre has bolstered our ability to foresee and analyse security threats and events

Reduced Operational Costs

By investing in modern, efficient systems, the Bank has achieved substantial long-term cost savings, eliminating redundancies and streamlining workflows. This shift has also reduced the need for manual interventions, leading to further savings

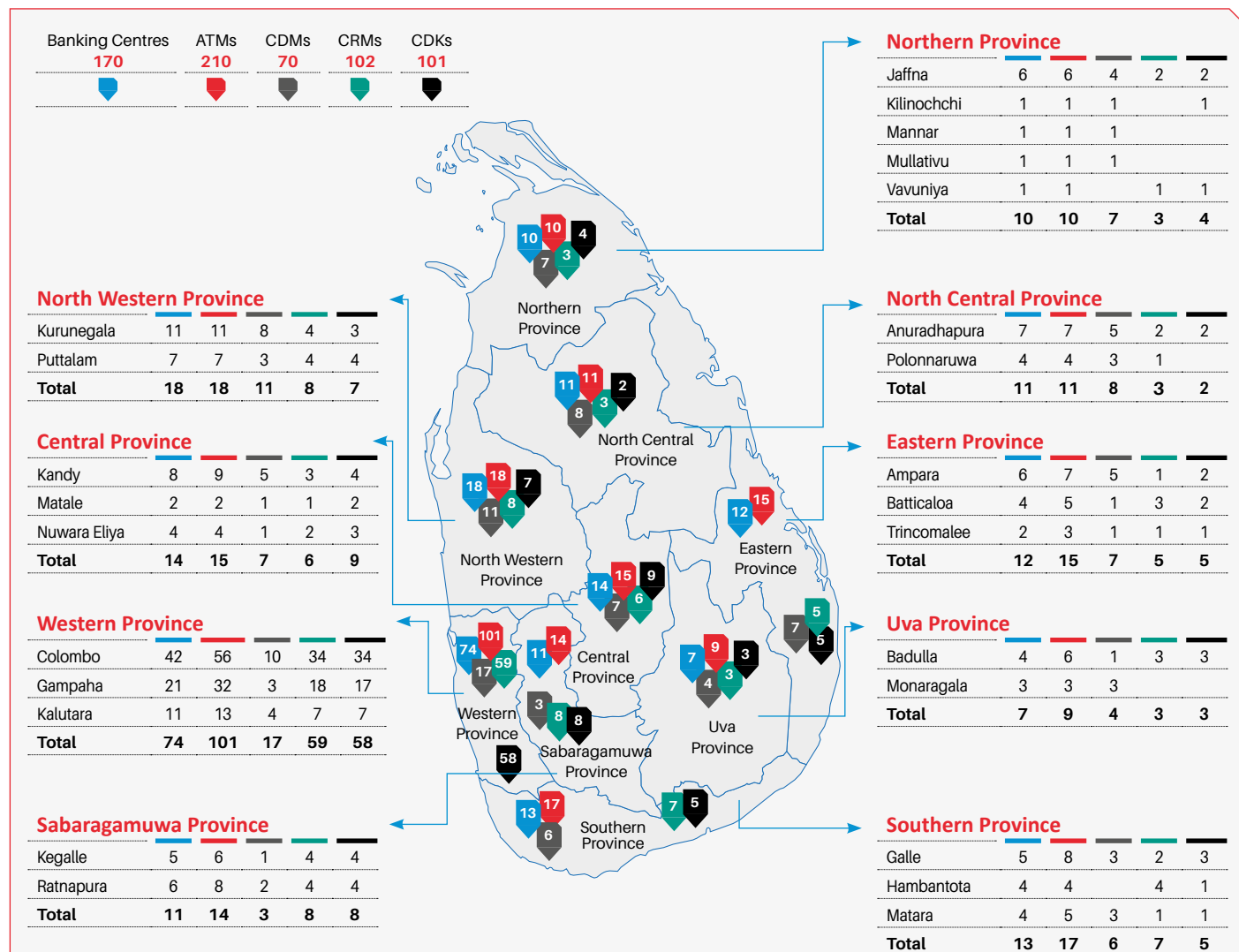
Enhanced Regulatory Compliance

With the support of advanced systems, the Bank is better equipped to track regulatory changes and manage compliance efficiently, mitigating the risk of legal penalties and ensuring adherence to industry standards. For instance: The forthcoming **E-KCY project**, currently being piloted at eight branches, represents a key automation initiative. This system will empower bank agents to onboard customers remotely,

eliminating the need for in-branch visits and extending the Bank's reach to areas without physical branches. Additionally, digital workflows will streamline the account opening process, significantly reducing turnaround times

- ▶ The VSAN Hyper-Converged Cluster was optimised to achieve nearly 200% resource utilisation, significantly supporting application deployment at the lowest possible cost with the highest level of scalability and performance
- ▶ Established a robust, fully-fledged Data Warehouse solution, equipped with a comprehensive ETL (Extract, Transform and Load) process to ensure seamless and efficient data integration and data visualisation tools
- ▶ Manage Engine applications helped enhance IT service productivity, efficiency, and visibility within Seylan IT

Our Branch Footprint



Future Outlook

- ▶ Further strengthening branch performance and operational efficiency
- ▶ In-house Workflow Development: Accelerating the development and implementation of workflow solutions across the Bank's operational areas for enhanced efficiency
- ▶ Digitalization of Manual Processes: Prioritizing the automation of manual processes to reduce human intervention and improve operational efficiency
- ▶ New Branch Opening: Launching a new branch in the Western Province area to expand our reach and better serve customers
- ▶ Branch Relocations: Relocating several branches to more densely populated areas to optimize accessibility and service delivery
- ▶ Head Office Refurbishment: Renovating select floors of the head office building to create a more modern and productive working environment
- ▶ Capital Investment in Fixed Assets & IT Infrastructure: Allocating funds for CAPEX and IT infrastructure enhancements in line with the 2025 budget to support future growth and technological advancement

Human Capital

4%

Growth in Number of Employees

559

New Recruitment



52%



48%

Gender Equity

Other Capitals
Impacted



Financial
Capital



Social and
Relationship
Capital



Intellectual
Capital

Sustainable Development
Goals (SDGs) Nurtured



The expertise, commitment, dedication, and passion of our team have been pivotal to the Bank's resilience and the sustainable growth. In turn the Bank remains steadfast in our commitment to supporting our people with a holistic value proposition aligned with both personal and organisational goals. Our Human Capital strategy is aligned to support the Bank's Business strategies and is centered on providing diverse learning opportunities and fostering rewarding and engaging careers. We are dedicated to cultivating an inclusive environment where every individual feels valued, respected, and truly part of the team.

Our Management Approach

At Seylan Bank, the management of Human Capital is guided by a comprehensive suite of HR policies, carefully benchmarked against global best practices. All employees are expected to adhere to the Bank's Code of Conduct, which outlines the professional and ethical standards required in our workplace. The HR policies are fully aligned with the core labour standards of the International Labour Organisation (ILO) and the International Finance Corporation (IFC) Performance Standards. These policies ensure the abolition of child labour, uphold the right to freedom of association, promote equal pay for equal work, and foster a supportive and safe working environment. They also prioritise gender equality, health and safety safeguards, comprehensive insurance and compensation packages, adherence to minimum wage standards, and emphasise performance management and career growth through continuous training and capacity building.

Throughout the year, our HR initiatives were aligned with key strategic imperatives, which were shaped by several critical environmental factors, as outlined in the Strategic Progress and Outlook section of this report. And in turn, the Bank's strategic imperatives were also influenced by key challenges and successes in driving value from its Human Capital.



Seylan Bank's HR Management policies:

- ▶ Staff Promotion Policy,
- ▶ Staff recognition Policy
- ▶ Staff retention Policy
- ▶ Policy on Performance management
- ▶ Remuneration Policy
- ▶ Training & Development Policy
- ▶ Policy on Succession Planning
- ▶ HR Planning, Selection & Retention
- ▶ Recruitment Policy
- ▶ Management Trainee Policy
- ▶ Internship Policy
- ▶ Staff Rotation Policy
- ▶ Secondment Policy
- ▶ Grievance Handling policy
- ▶ Discrimination & Harassment policy
- ▶ Disciplinary Code
- ▶ Employment Manual
- ▶ Employee Transfer policy
- ▶ Attendance & Leave Policy
- ▶ Work from Home Policy

Our Key Priorities in 2024 in Driving Value and Deriving Value from, Our Human Capital



Employee Retention & Sourcing

- ▶ New recruitment strategies
- ▶ Employer branding
- ▶ Enhancing employee loyalty and motivation
- ▶ Strengthen employee engagement



Cost Effective Staff Composition

- ▶ Ensuring uninterrupted resourcing at junior levels



Competency Driven Learning Culture

- ▶ Strengthening Competency Index and driving certification based learning experience
- ▶ Structured training experience in meeting strategic goals



Automation & AI empowered workforce

- ▶ Knowledge upgrade interventions on digital and AI savviness
- ▶ Encouraging and inculcating an AI based working environment



Employer Branding

- ▶ Expanding the leveraging of Social media
- ▶ Enhanced engagement with schools, universities to strengthen talent pipeline



Succession Planning & Leadership Development

- ▶ Strengthening succession arrangements for critical job roles
- ▶ Development interventions to bridge the competency gaps
- ▶ Periodic assessment of development required and tailor made leadership programs



Employee Engagement & Wellbeing

- ▶ A plethora of formal & informal mechanisms
- ▶ Our HR policies
- ▶ New ways of engagement that incorporates employee wellbeing

Human Capital

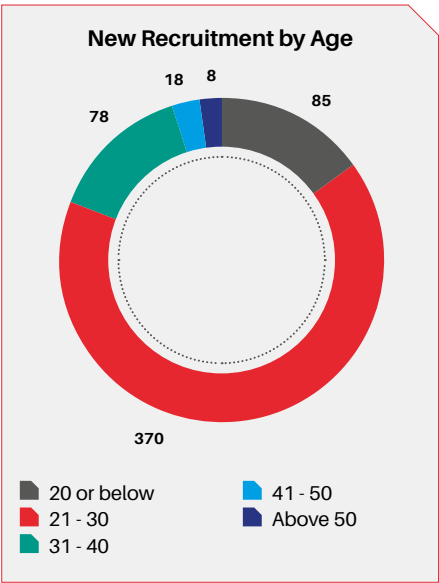
Employee Retention & Sourcing

Our HR priorities have been shaped by several key dynamics in the Banking industry's labour market. A key factor contributing to the high employee turnover in Sri Lanka's banking sector is the significant immigration of banking professionals. This trend is primarily driven by strong demand for skilled and qualified staff abroad, with many opting to settle permanently in those countries, further exacerbating turnover rates. Seylan Bank experienced an increase in its Turnover ratio, which spiked to 16.91% in 2023 before declining to 13.52% in 2024. Despite this improvement, retaining and sourcing skilled, talented individuals remains a major challenge and continues to be a top priority for the Bank's long-term sustainability, as it is for the entire industry.

We adopted several measures to meet this challenge including adopting appropriate recruitment strategies, to changing the employee composition and enhancing employee engagement.

Total New Recruitment

	2024	2023
Male	229	184
Female	330	258
Total	559	442



New Recruitment by Province

Province	2024	2023
Central	7	52
Eastern	19	21
Northern	24	10
North Central	16	11
North Western	30	27
Sabaragamuwa	12	14
Southern	10	19
Uva	14	13
Western	427	275
Total	559	442

New Recruitment by Hierarchy

	2024			2023		
	Male	Female	Total	Male	Female	Total
Corporate Management	-	-	-	1	1	2
Middle Management	12	5	17	12	11	23
Operational Management	31	31	62	25	16	41
Others	186	294	480	146	230	376
Total			559			442

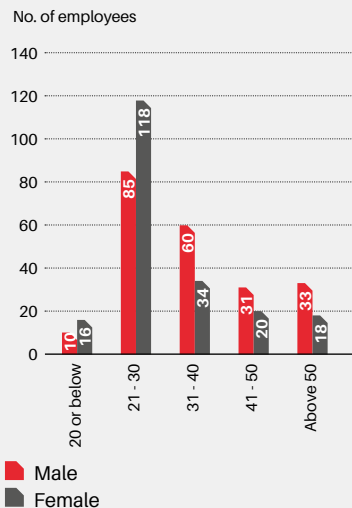
Employee Turnover

It is encouraging that employee turnover at Bank decreased in 2024 from 2023 levels and this decrease was representative of all provinces, gender and age.

Employee Turnover by Hierarchy

	2024			2023		
	Male	Female	Total	Male	Female	Total
Corporate Management	1	-	1	2	1	3
Middle Management	19	8	27	23	18	41
Operational Management	63	41	104	93	73	166
Others	136	157	293	165	152	317
Total	219	206	425	283	244	527

Employee Turnover by Age & Gender



Employee Turnover by Province

Province	2024	2023
Central	15	61
Eastern	15	11
Northern	15	14
North Central	1	7
North Western	23	31
Sabaragamuwa	4	10
Southern	9	37
Uva	6	5
Western	337	351
Total	425	527

Employer Branding

Given the critical need to attract and retain top talent, employer branding emerged as a key strategic priority for the Bank. A strong brand not only helps us recruit the right people for the right roles but also positions us as an employer of choice. One of the key challenges we faced in managing headcount and sourcing new talent was the perception of the banking sector as uninteresting, particularly among Generation Z (those born between 1997 and 2012). The highly regulated nature of the industry is often viewed as limiting creativity and innovation, making it less attractive to this demographic group.

To address this challenge, the Bank actively strengthened its visibility on the internet and presence on social media. Our engagement on platforms like TikTok—favored by Generation Z—helped boost our visibility, with over 800,000 views on our content. Additionally, we ranked first in Facebook followers and third in TikTok viewership, significantly enhancing our brand appeal within this target group. Moreover, our LinkedIn following grew by 26% throughout the year, further establishing our presence in the digital space.

To meet our recruitment needs, we introduced several initiatives, including offering Internships, Banking Trainee positions, and short-term contract roles. The Bank also forged stronger connections with educational institutions by participating in career fairs, conducting university and school visits and establishing memoranda of understanding (MOUs) to offer scholarships to undergraduate students. During the year, we sponsored 7 scholarships to students of higher education institutions.

Cost Effective Staff Composition - Contract Employment as a Win-Win for All

In a challenging operating environment marked by high inflation and pressure on net interest margins, managing employee costs became a key priority. One effective strategy adopted by the Bank was to increase the proportion of contract-based employment, which has proven to be a cost effective solution. As a result, the number of contract staff grew in 2024.

This approach has turned out to be a win-win for both the Bank and its employees. For employees, contract positions offer greater flexibility with short-term commitments, appealing to younger professionals who may be less inclined to pursue long-term careers. For the Bank, this strategy provides access to a pool of young, tech-savvy individuals who bring fresh ideas and energy to the workplace.

While internships focus primarily on learning and development, contract staff bring specific skills and experience, allowing them to seamlessly step into roles and replace

outgoing employees when needed. This model supports both operational efficiency and the recruitment of a dynamic, adaptable workforce.

Competency Driven Learning Culture

Seylan Bank is a pioneer in implementing a comprehensive Competency Index system, which is structured around three key pillars of competencies: Behavioral, Business and Functional. Behavioral competencies are essential for successful interaction and engagement with both external and internal customers in the workplace. These competencies encompass the interpersonal skills and attributes that facilitate effective communication, problem-solving, and relationship-building.

Business competencies, on the other hand, are critical for understanding and navigating business situations in ways that drive favorable outcomes. They involve strategic thinking, decision-making, and an understanding of the broader business environment, all of which contribute to the Bank's success.

Functional competencies are the specific knowledge and skills required to perform core job functions effectively. In the context of banking, these competencies include expertise in financial processes, regulatory compliance, customer service, and other specialized tasks within the industry.

To assess employee performance and potential, individual competencies are mapped against established benchmark competencies and their associated behavioral indicators. This process allows the Bank to calculate a Competency Index for each employee, providing a measurable tool to evaluate and develop talent within the Bank.

Throughout the year, the Bank has refined and enhanced its Performance Management, Recognition and Remuneration, and Training and Development policies.

Human Capital

Performance Management

The Bank has a comprehensive and fully automated Performance Management system which has been developed to incorporate an enlightened approach to goal based performance appraisal across executive and non-executive grades in the Bank. All employees across the different localities have an opportunity for a two way appraisal process conducted annually, where performance is measured against KPI's agreed on at the beginning of the year. The KPI's are derived from the strategic plan of the Bank.

Rewards & Recognition

Annual salary increments for management staff are linked to their individual performance. The salary increment rate is dependent on the appraisal marks received at the annual performance review.

Just as recognition and reward of high performers is an important part of performance management, helping the underperformers to find out the root causes of their underperformance and ways to address those shortcomings is also part of the performance management, as per the Bank's strategic imperatives.

Recognition and appreciation play a crucial role in sustaining and enhancing employee motivation.

This culture of recognition and sincere appreciation not only highlights outstanding efforts but also inspires continued excellence across the Seylan team. By communicating genuine gratitude, the Bank encourages a spirit of achievement and motivates employees to consistently deliver their best.

Promotions by Gender

	2024			2023		
	Male	Female	Total	Male	Female	Total
Promotion Granted	133	166	299	183	129	312
Promotion Granted %	44%	56%		59%	41%	

Promotions by Hierarchy

	2024		
	Male	Female	Total
Corporate Management	3	2	5
Middle Management	18	12	30
Operational Management	57	84	141
Others	55	68	123
Total	133	166	299

Training & Development

Our training and development initiatives include continuous training as well as need based training. Continuous training involves providing training programmes regularly to motivate individuals, create the appropriate culture, build leadership skills and enhance knowledge. Our financial investment into training increased during the year in line with our strategic drivers for a competency based culture and due to the new recruitments that were necessitated by vacancies. It is also commendable that we were able to increase the total number of training hours, the number of training programmes as well as the per head hours of training during the year.

Details of Training Programmes Conducted in 2024

	2024		
	No. of Programmes	Total Hours	No. of Participants
Internal - Classroom	147	55,595	4,530
Internal - Online	20	6,544	858
External - Local	105	4,488	489
Foreign	26	1,128	36
E-Learning	36	56,604	12,035
Total	334	124,359	17,948

Details of Certifications

	No of Exams	No of Certifications Completed in 2024	No of staff who completed all required Job Certifications as at 31st December 2024
E-Certifications	16	5,518	2,568

Training Programs by Type

Internal / External - Local / Foreign	2024		
	No. of Programmes	Total Hours	No. of Participants
General Banking Practice	193	45,859	3,655
Professional Development & Service Quality	15	5,748	501
Communication and Negotiation Skills	11	4,656	304
Marketing and Marketing Communication	7	972	89
HR Management, Staff/Personnel Development	27	2,530	239
Compliance and Specialized areas	45	7,990	1,125
E-Learning (refer table 03)	36	56,604	12,035
Total	334	124,359	17,948

Automation and an AI-Driven Workforce

As automation and Artificial Intelligence (AI) play a pivotal role in shaping the future sustainability of the Bank, as they do across most industries, our training initiatives have focused on expanding knowledge and awareness of AI among all employees. To support this, the Bank engaged an industry expert to lead bi-monthly online sessions, where employees could deepen their understanding of AI, its potential impact, and the expectations from staff in an AI-driven environment.

Looking ahead, the Bank is committed to further expanding automation across functions and integrating AI into various aspects of operations. One notable development this year was the adoption of an AI tool on LinkedIn to enhance our recruitment capabilities, and streamlining the hiring process.

Diversity and Inclusion

As an equal Opportunity Employer, our workforce represents ethnic, religious and gender diversity and the Bank does not discriminate against people on age, gender, marital status, religion or caste. Only considerations for employment are whether if they meet the described job criteria and satisfy the Company's employment requirements.

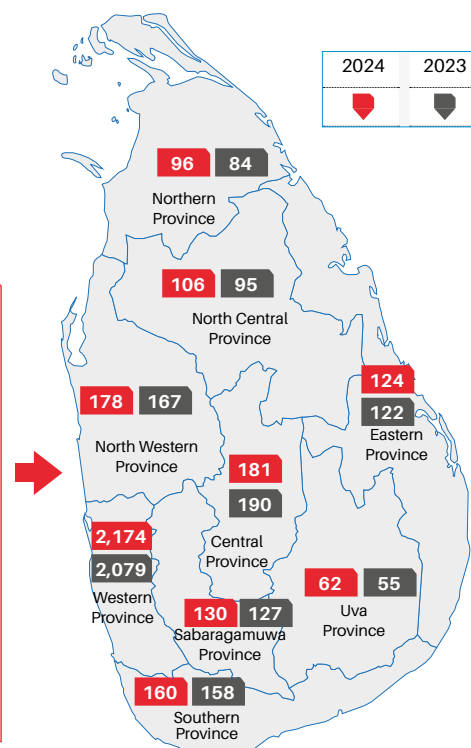
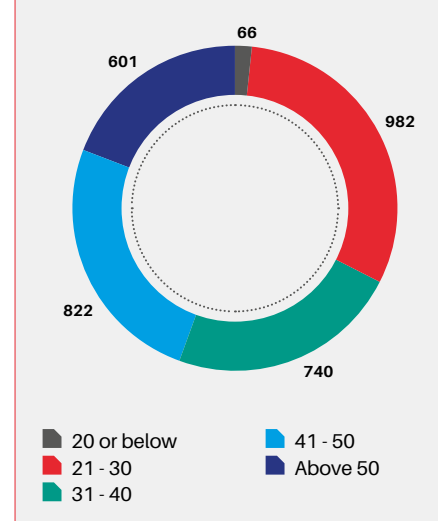
Workforce by Province

Province	2024				2023			
	Permanent	Contract	Trainee	Total	Permanent	Contract	Trainee	Total
Central	165	6	10	181	175	2	13	190
Eastern	97	8	19	124	98	11	13	122
Northern	80	15	1	96	76	2	6	84
North Central	90	12	4	106	89	4	2	95
North Western	147	15	16	178	140	11	16	167
Sabaragamuwa	115	6	9	130	114	3	10	127
Southern	146	5	9	160	143	1	14	158
Uva	48	6	8	62	46	4	5	55
Western	1,803	269	102	2,174	1,757	212	110	2,079
Total				3,211				3,077

Workforce by Terms of Employment

	2024	2023
Permanent Staff	2,691	2,638
Contract Staff	342	250
Trainees	178	189
Total	3,211	3,077

Workforce by Age



Human Capital

Employee Composition by Ethnicity and Gender

Ethnicity	2024			2023		
	Male	Female	Total	Male	Female	Total
Sinhala	1,457	1,338	2,795	1,454	1,230	2,684
Tamil	152	181	333	143	163	306
Muslim	22	17	39	27	20	47
Burger	12	11	23	12	9	21
Others	15	6	21	12	7	19
Total	1,658	1,553	3,211	1,648	1,429	3,077

Employee Engagement

The Bank continued to implement a range of both formal and informal employee engagement initiatives to foster motivation, strengthen the sense of belonging, and improve retention and productivity. Some of the initiatives include;

Town Hall Meetings

Town Hall meetings were launched to strengthen two-way communication between the front-line/operational staff and the Bank’s management. These meetings are held at regional locations, encouraging active participation from staff members across the regions. They serve as a platform for open dialogue and direct interaction with leadership, helping to align the team with the Bank’s goals and priorities.

Cross Functional Meetings

Cross-functional meetings bring together operational experts from various departments to address day-to-day operational challenges. These sessions focus on identifying roadblocks in service delivery and brainstorming innovative solutions to improve efficiency. As the key implementers of processes, the staff members offer valuable insights that drive improvements. Cross-functional meetings have been instrumental in creating a sense of ownership and enhancing inter-departmental collaboration. Each meeting is moderated by a senior management representative to ensure alignment and facilitate productive discussions.

“Skip-Level” Meetings

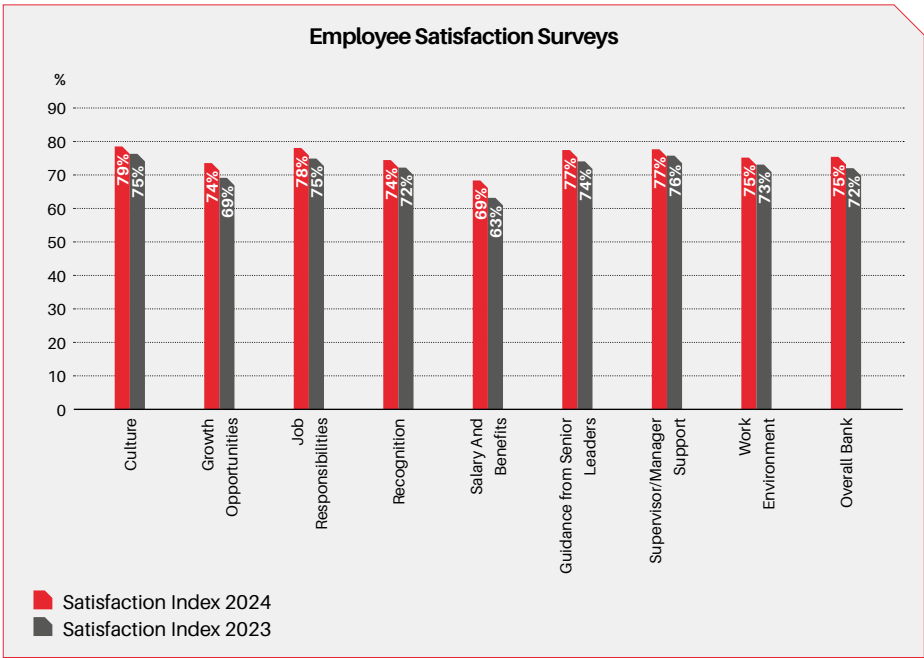
Skip-level meetings were introduced to enhance bottom-up communication between junior staff members and the Management. These meetings provide an opportunity for junior staff to engage directly with senior management, bypassing their immediate supervisors. During these sessions, employees can discuss work-related or personal challenges they may be facing. Skip-level meetings have proven to be highly effective in fostering understanding, improving collaboration, and strengthening communication across all levels of the organisation.

“Thanking Days”

The Bank has designated the second working day of every month as ‘Seylan Thanking Day.’ On this day, exceptional performers across all departments and regions are publicly recognised and appreciated by the senior management. The achievers are presented hand-written Thank You cards, acknowledging their outstanding contributions. This initiative helps celebrate accomplishments, fosters a culture of recognition, and to motivate employees to continue excelling in their roles.

Employee Satisfaction Surveys

The annual employee Satisfaction Surveys are a key tool by which we hear the voice of our people and obtain key inputs on how we are doing and where and how we need to improve. The surveys measure employee considerations across a wide range of topics including engagement, organisational culture, mindsets and values, working practices and tools, inclusion and wellbeing.



Some of the informal platforms through which we fostered a spirit of camaraderie, motivation, and togetherness include;

- ▶ **Seylan Night:** Seylan Night is a special event designed to foster goodwill, strengthen engagement, and build camaraderie among our staff members. This gathering provides an opportunity for our team to connect, celebrate achievements, and enjoy each other's company in a relaxed and enjoyable setting. The event in 2024 held at Monarch Imperial were met with great enthusiasm and were highly appreciated by our staff, further enhancing the sense of community within the Bank
- ▶ **Christmas Carol:** This event was graced by the presence of the Chairman, Board of Directors, Senior Management, customers, and staff members, creating a festive atmosphere and strengthening bonds across the Bank
- ▶ **Kids Party:** Event that is dedicated to the children of our staff members, offering a fun-filled day that brings families together and fosters a sense of community, and the event held in December at Waters Edge
- ▶ **Bakthi Gee:** Held to celebrate Vesak Poya, where employees united in spiritual harmony through Bakthi Geetha, promoting unity, peace, and positive energy among the team
- ▶ **Ice Cream Dansela:** Organised at the Bank, where employees came together to share a refreshing treat, spreading joy and a sense of togetherness while celebrating goodwill and community spirit



Christmas Carols



Bakthee Geetha 2024



Kids Carnival



Seylan Night



Human Capital

Employee Wellbeing

We believe that our employees are our greatest asset, and their wellbeing is essential to the success and sustainability of our business. Recognising that a happy and healthy workforce leads to higher productivity, engagement, and overall job satisfaction, we prioritise various initiatives that address the physical, mental, and emotional wellbeing of our team members. From ensuring a safe and secure workplace to providing programs that promote work-life balance and personal development, we strive to create an environment where our employees can thrive both professionally and personally.

► **Lose-To-Win**

In August 2024, the Bank introduced the ‘Lose-to-Win’ competition, aimed at fostering a culture of well-being and promoting a dynamic, energetic workplace environment. Employees participated in teams, with the goal of achieving the greatest reduction in average weight in line with their Body Mass Index (BMI). The competition lasted for three months, during which various sessions on exercise, diet and nutrition, yoga, and weight loss strategies were offered. By the time the program concluded in November 2024, the Lose-to-Win initiative had significantly contributed to improving the emotional and physical health of our staff, reinforcing the Bank’s commitment to employee well-being

► **Work-Life Fit Concept**

We evolved our approach to employee well-being by transitioning from a "Work-Life Balance" to a "Work-Life Fit" model. This new approach enables employees to work closer to home, minimising commute times and with greater flexibility. To enable this, the Bank is focusing on recruiting talent from local communities for each branch, further enhancing convenience and work-life integration for our employees

► **Employee Counselling**

To help employees navigate work-life and personal challenges, the Bank introduced the Employee Counseling service in October 2024. This initiative allows staff members to access

professional support for issues such as interpersonal relationships, work-related pressures, physical health concerns, and managing stress. Partnering with renowned psychologists and hospitals, staff members can schedule confidential counseling sessions, either in-person or virtually. The service is designed to improve emotional resilience, boost confidence, and help employees effectively manage stress, ultimately enhancing their psychological well-being

► **Stress Management**

Understanding the impact of stress on both personal and professional lives, Bank launched Stress Management sessions to assist employees in identifying the root causes of their stress and understanding practical tools to manage them effectively. These sessions, conducted by leading experts, emphasise the importance of stress reduction in fostering a healthier, happier life. By promoting better stress management, the Bank aims to reduce absenteeism, prevent burnout, and increase overall productivity among staff members

► **Breast Cancer Awareness Session**

In observance of Breast Cancer Awareness Month in October, the Bank organised educational sessions to raise awareness about breast Cancer. Conducted by prominent Oncologists in collaboration with renowned hospitals. The sessions focused on early identification, symptoms, and treatment options, empowering employees with knowledge about this important health issue

► **Diabetes Awareness Session**

In recognition of world Diabetes day on November 14th, Seylan Bank organised Diabetes Awareness Sessions throughout the month of November. These sessions, led by a renowned endocrinologist, were offered through both physical and virtual media to ensure maximum participation. The focus was on prevention, early detection, and the importance of managing diabetes, contributing to a culture of well-being and encouraging employees to take proactive steps in managing their health



Lose to Win-2024

Employee Occupational Health & Safety (OHS)

In addition to fostering team building, fun, and camaraderie, Bank places the highest priority on the health, safety, and well-being of our employees. Our Occupational Health and Safety (OHS) processes and systems are fully integrated into the Bank’s sustainability framework, ensuring they meet the highest standards across all operations. Essential OHS measures include mandatory fire safety protocols, such as the installation of fire-fighting equipment, annual fire drills, and preventive safety measures at all our locations. The maintenance and oversight of our fire safety equipment are managed by the Bank’s Internal Security Department.

Employees also have access to the services of a Medical officer and a Nurse upon request at Bank’s Head Office premises.

There were zero fatalities or work-related injuries reported during the year under review.

Introduced a Wellness Check

During the year the Bank enhanced its offering for employees to safeguard their health with the offer of a bank sponsored annual medical health check for all employees over the age of Fifty years. This facility has been utilised by 208 staff members during the year.

Parental Leave

	2024	2023
Employees who went on parental leave	39	38

Sports Achievements by the Employees

Active participation in sports is a vital channel for promoting physical and mental well-being, while fostering unity, camaraderie, and teamwork within the Bank. The Bank actively encourages its staff to engage in sports where a large number of our employees engage with passion and commitment, which drives impressive results. The achievements throughout the year in many sports, were both numerous and impactful.

Sport	Tournament	Placement
Hockey	Mercantile Hockey Mens' 9-A side 2024	B Division Champions
	Mercantile Hockey Mens' 7-A side 2024	B Division Champions
	Mercantile Hockey Mens' League Championship 2024	B Division Champions
	Mercantile Hockey Mens' Knockout tournament	B Division Runners Up
Basketball	Mercantile League Basketball tournament Women	A Division Champions
Badminton	40th Mercantile inter-firm Championship	3rd Overall amongst 56 Companies and 2nd amongst Banks
	NCPBA All island Open Badminton Championship 2024(national ranking 1)	4 Gold Medal winners
	12th Mercantile Inter-firm Championship	Runners up
Athletics	Mercantile Athletics Championship	2nd amongst banks, overall 6th amongst 47 companies
	10th Sri Lanka Athletics Masters Championship	One Gold, One Silver & One Bronze
Table Tennis	69th Inter-firm TT Open Championship 2024	Open Masters Singles Champion, Open Men's Doubles Runner up, Open Men's Singles 2nd Runner up
	Mercantile TT Association Knockout Team	Runner Up -A Division
	Mercantile TT Association League Championship	Runner Up -A Division
	Mercantile TT Association Open Championship	Men's Singles Champion, Men's Doubles Champion, Masters Singles Champion
Cricket	Mercantile Cricket Association Inaugural T 10 Tournament	Runners Up
Netball	Mercantile Netball Knockout Tournament 2024	"A" Division 1st Runners up Mix Division Champions; Veterans Division- 1st Runners up; Veterans Division 1st Runners up
		Best Centre Court Player -A Division Best Male Player Mix Division
	Mercantile Netball League Tournament 2024	A Division 1st Runners up



Human Capital

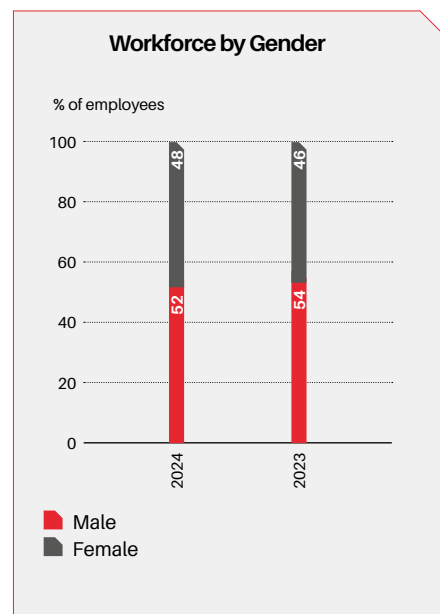
Gender Equity

We are committed to promoting gender equality across all levels of our organisation. By fostering an inclusive workplace where every individual, regardless of gender, has equal opportunities for growth, development, and leadership, we aim to create a diverse and dynamic environment that drives innovation and performance. Our policies and practices are designed to ensure fairness, equity, and respect for all employees, contributing to a more inclusive and sustainable future for our business and communities.

We are proud to report a significant increase in the representation of women within our workforce. Our continued efforts to promote gender diversity and inclusion have led to a notable rise in female composition across various levels of the organisation. We remain dedicated to creating a workplace that champions gender equality, supports the growth of female talent, and inspires future generations of women leaders.

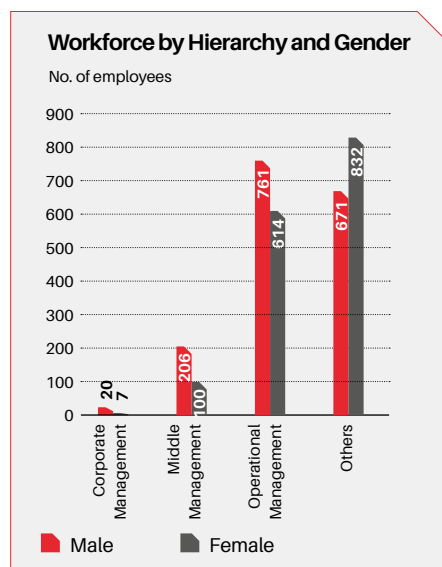
Workforce by Gender

Gender	2024	2023
Male	1,658	1,648
Female	1,553	1,429
Total	3,211	3,077



Employee Remuneration by Gender and Hierarchy

	2024								2023							
	Monthly Basic Salary		No of Staff		Average Basic Salary		Salary Ratio		Monthly Basic Salary		No of Staff		Average Basic Salary		Salary Ratio	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	LKR Mn.	LKR Mn.			LKR Mn.	LKR Mn.			LKR Mn.	LKR Mn.			LKR Mn.	LKR Mn.		
Corporate Management	17.70	4.70	20	7	0.89	0.67	1.32	1	13.48	2.96	18	5	0.75	0.59	1.27	1
Middle Management	67.92	32.22	206	100	0.33	0.32	1.02	1	54.72	25.5	189	88	0.29	0.29	1.00	1
Operational Management	129.42	102.22	761	614	0.17	0.17	1.02	1	109.21	81.47	737	544	0.15	0.15	0.99	1
Others	55.10	55.74	671	832	0.08	0.07	1.23	1	53.99	52.31	704	792	0.08	0.07	1.16	1



Grievance Handling and Whistle Blowing

The Bank has in place a strong and efficient mechanism for resolving grievances, which is built on a well-defined path for escalation. The Bank has established a "Log your Concern" secure online portal on the Bank's intranet for employees to report a grievance that they may have. The portal enables an employee to reach the designated person who holds responsibility to find out about and resolve such grievances. The Bank is committed to responding to logged complaints within 48 hours of receiving them. In addition, the skip level Meetings which lets junior staff to engage directly with senior management, bypassing their immediate supervisors also provides opportunities to bring to notice any grievance or harassment which they may concerning their immediate supervisor.

Bank also has a Whistleblower policy in place to enable stakeholders to report any concerns anonymously which can be about fraud, illegal or unethical conduct violations of the Bank's policies including the Code of Conduct and any other inappropriate behavior. The Bank in such cases is firmly committed to not retaliating against anyone providing such information in good faith.

Treating Non-Employees as Important Stakeholders

Our outsourced personnel are important role models of the business equation. We ensure that specific training to security personnel and armed guards are provided with a view to engage them well in the business model, greeting and treating customers politely and ethically while adhering to related safety

standards. Our Intern Staff are also provided necessary guidelines on their exemplary behavioral role to be an essence in terms of business interests in a mutually beneficial way.

Freedom of Association & Collective Bargaining

Bank is fully supportive of our employees right to freedom of association. The Unionised employees represent more than 75% of the Bank's total cadre.

To demonstrate our commitment towards this principle, we continue to maintain cordial relations with the unions that represent majority of the employees of the Bank. In fact, the agreeability with which we reached a Collective Agreement in January 2024, for a salary increment and the Bank extending itself to offer this increment from the month of January itself that reflects the healthy relationship we have with the employee union.

Minimum Notice Period

The Bank requires senior-level employees to provide a minimum notice period of three months, while all other employees must give one month's notice when resigning. This policy ensures the smooth continuation of operations, maintains service continuity for our customers, and helps mitigate any potential disruptions that may arise from a resignation.

Anti-corruption

Bank's Code of Conduct spells out the standards of professional conduct and ethics expected of every employee. It also guides them to adopt ethical practices such as those that promote bribery and corruption free business and prevent and voice against money laundering. There were zero incidents of corruption identified during the year.

Our Human Rights (HR) policy is incorporated within our Code of Conduct which is shared with every employee at time of recruitment. The HR policy captures a comprehensive array such as the treatment of people fairly, equally and as per his or her rights as a human being. The code is also a guide to all employee action when engaging in work on behalf of the Bank and interacting with all its stakeholders. Moreover, the

Bank's Governance framework and work practices include a zero tolerance policy on discrimination, sexual harassment, child labour, and forced labour; and stringent policies with regard to employees' human rights. The Banks Human Resource management ensures compliance with all laws and regulations related to employment and labour practices of the country.

There were no incidents of discrimination or of non-compliance with labour laws in 2024.



Future Outlook

- ▶ Attracting and retaining skilled talent employees by enhancing and optimizing performance-based incentive programs and culture to foster more proactive attitudes and contributions
- ▶ Inculcating an internal culture of risk/rewards amongst employees whilst motivating them
- ▶ Managing employee headcount and costs
- ▶ Knowledge upgrade on digital and AI savviness
- ▶ Transition the screening of the basic criteria of employment applications to AI
- ▶ Upgrade Human Resource Information System (HRIS) and include the development of a digitalized idea generation portal on the HRIS
- ▶ Expanding the eligibility for a performance based bonus scheme for other staff grades
- ▶ Incorporate talent pools, shadow recruitment, job enhancements and additional resource pools and strengthen mid-career recruitment
- ▶ Strengthening the talent management and retention as a HR key strategy

Social and Relationship Capital

Bank has consistently maintained a strong brand presence, navigating various market conditions. Recently, its strategic brand communication and customer engagement efforts earned it a ranking among the top 100 banks globally for social media presence, securing 76th place-the highest ranking among Sri Lankan banks.

Other Capitals Impacted



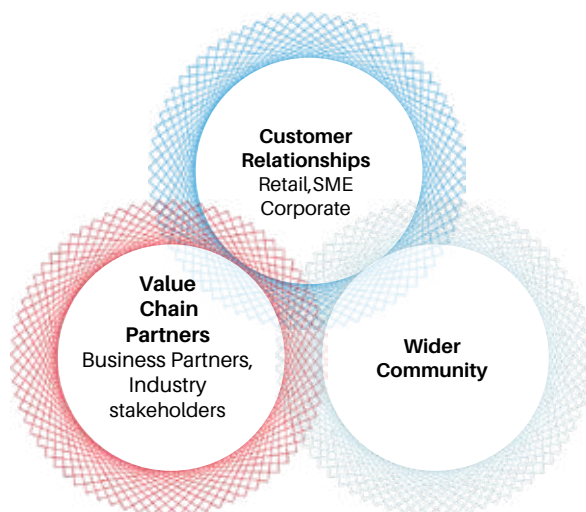
Financial Capital



Human Capital

Sustainable Development Goals (SDGs) Nurtured





Customers

At Seylan Bank, we serve a diverse customer base that includes individuals, corporates, and SMEs, leveraging both our digital platforms and our extensive island-wide branch network. Understanding and addressing our customers' needs while staying ahead of evolving demands is at the heart of our strategy to maintain a competitive edge.

The year began with high interest rates and inflationary pressures, but this trend reversed in the second half. In response, the Bank made strategic and timely decisions to adjust interest rates and refine product features, ensuring that our retail products remain attractive and competitive in the market.

Our focus on digital transformation and automation has delivered value for both our customers and the bank. These initiatives have allowed us to successfully link customer satisfaction with profitability, ensuring sustainable growth and stronger customer relationships.

Enhancing our Value Creation for Customers Through a Range of Initiatives

- ▶ The 'Export Expert' initiative supports established SME exporters and businesses transitioning to direct exporting by providing market information, business linkages, export documentation assistance, and competitive interest and exchange rates to foster their retention and growth

- ▶ In line with our strategic imperative of boosting foreign currency inflows, (i.e. which was in line to support the nation's requirement of growing foreign currency funds), our branch network was directed to onboard and support more export clients to enhance foreign currency inflows. Concurrently, we streamlined internal documentation processes to expedite document handling, ensuring a smoother and more efficient experience for our clients
- ▶ To align with our green objectives and meet our customers' lifestyle needs, we have introduced a special repayment scheme for cardholders purchasing solar panels. This initiative reinforces our commitment to sustainability while addressing the current economic pressures and supporting our customers. We offer a wide range of options, special pricing, preferential interest rates, and tailored personal loan options with monthly installments lower than current electricity bills, making renewable energy more affordable
- ▶ Our Home Loan Specialists provide significant value to housing loan customers by managing the entire loan process. These specialists handle complex documentation and approvals from government agencies, ensuring all necessary steps are completed for construction to begin. This comprehensive assistance greatly eases the burden on customers and has become a highly sought-after service
- ▶ We also enhanced our offering for residents overseas who seek to remit money to Sri Lanka by expanding our Business Promoting Representative network beyond the Middle East to key markets such as Canada and the United Kingdom to further strengthen global reach
- ▶ The introduction of a Fast Track Leasing approval process this year provided customers with a hassle-free and convenient way to obtain leases. This streamlined approach not only enhanced the customer experience but also benefited the bank by allowing us to process a higher volume of applications efficiently



Social and Relationship Capital

- ▶ In a backdrop of their significance to the Country's economy and the Bank; our International Finance team continued to focus on providing an unparalleled service to inward remittance clients and their beneficiaries back home
- ▶ The Bank launched the **Ethera Kaasi Savings Account**, a tailored savings solution designed to support the families of expatriate workers and recipients of worker remittances. This initiative aims to foster the inflow of foreign exchange to both the Bank and the country, while encouraging savings among those who rely on remittances as a vital source of income. Customers benefitted from having this account, as there were no debit card issuance fees and they were provided with free internet banking access for the first year. In addition, early settlement fees on Seylan Pawning and Gold Loan products were waived. Account holders also gained exclusive access to the Seylan Mega Rewards program, offering cash grants and gifts to help achieve personal milestones during significant life events. Other perks included a 50% waiver on processing fees for Leasing products and attractive retirement plans. By eliminating fees and offering additional rewards, the Bank sought to create an ecosystem that fosters financial growth and stability for its customers
- ▶ In its efforts to enhance the inflow of foreign worker remittances the Bank established a strategic tie-up with *VOOO INC - Canada*, a leading Fintech partner, to offer convenient real-time money transfer services via *Cash Express PTY*. This partnership provided Sri Lankans in Canada and Australia with affordable and efficient options to send money to their loved ones back home and is a significant step towards ensuring safe and seamless remittance services
- ▶ To better serve Trade Customers, the Bank has successfully integrated its systems with Sri Lanka Customs and launched the *CUSTOMS Link* online submission feature in real-time.
- ▶ Our Internet and Mobile Banking platforms were enhanced with trilingual user interfaces, improving accessibility and encouraging greater adoption among native Sinhala and Tamil-speaking customers

- ▶ 99 cash recycler machines were installed across the country, enabling customers to make both cash deposits and withdrawals at a single machine, thus making banking significantly more convenient and available 24/7 for basic but vital transactions
- ▶ A win-win approach to meet a challenge: The lifting of import restrictions for all, except vehicles, saw all the banks in the country shift their focus to facilitating imports, resulting in intense competition for import business. Whilst most banks began slashing commissions and rates to retain clients, Seylan explored a new approach offering clients special rates, provided they committed to a specific volume of business over a set period of time (a 'Volume-Based Pricing' model). Thus, whilst the client benefits from lower prices the Bank also sustains profitability of its import business through higher volumes



"Elite Quality Recognition" Award

We are most heartened and honored to have been awarded the "Elite Quality Recognition Award" by J.P. Morgan Chase for being "Best in Class in Processing" of cross border remittances with 99.4% accuracy, an award that highlights our exceptional commitment to accuracy and efficiency in handling telegraphic transactions.



Colombo Motor Show 2024



Wedding show-BMICH 2024

Value Addition to a Key Value-Creator Segment: Empowering SMEs

The Bank's largest customer base represent the SME sector and plays a pivotal role in the country's economic value creation. Bank remains committed to actively engaging with and empowering this sector, not only through financial support but also by offering valuable knowledge and market linkages. The initiatives outlined below reflect our continued efforts to provide comprehensive solutions for the growth and sustainability of SMEs.

In collaboration with key industry partners such as the Export Development Board, National Chamber of Exporters, Industrial Development Board and Ceylon Chamber of Commerce, the Bank has facilitated various programs designed to equip SME clients with the tools and insights needed for growth. These initiatives provide valuable expertise, helping SMEs navigate challenges, access new markets, and enhance their competitiveness.

Below is a summary of the key programs conducted in partnership with these organisations:

Funding, Educating and Inspiring SME Entrepreneurship

For the fourth consecutive year, the success stories of our SME customers were showcased through the TV program "Oba Pa Nagana Maga Apa Inne." 20 entrepreneurs shared their journeys, inspiring others and providing valuable visibility for the brand across both ATL and digital channels during the year.

The extensive reach and engagement of the Bank's digital channels, on which this program has been cross promoted, it has become a powerful platform for clients to share their stories through digital media. This not only highlights their achievements but also deepens their connection with the public, fostering stronger relationships and enhancing visibility.

Inspiring and empowering women entrepreneurship

The Bank's "Dinana Aya" proposition, an initiative which highlights Women-Led Businesses and Women SME Owners,

actively promotes women entrepreneurs. The programme has significantly enhanced the Bank's brand visibility and has been positioned as a catalyst in driving engagement within this sector. To celebrate Women's Day, we collaborated with the Gampaha Chamber of Commerce to host a workshop in Nittambuwa. The workshop focused on financial solutions and was attended by 70 women entrepreneurs. Through "Dinana Aya" the Bank aims to empower women with knowledge and the financial resources to create new horizons for themselves, their families and ultimately for the nation.

We also invited motivational speakers from our client portfolio, providing them with a platform to share their achievements and success stories. This initiative not only boosts brand equity within the SME sector but also fosters business conversions across various product lines.



Women's Day Program for Women Entrepreneurs 'Dinana Aya' 2024

Encouraging Trailblazers - Seylan's Platinum Sponsorship of a Novel Initiative that Resonates with Its Values of Inclusivity, Equity, and Empowerment

Seylan Bank's Platinum sponsorship of the Shine 50 initiative, launched by Echelon and Neon with support from USAID, highlights its commitment to inclusivity, equity, and empowerment. The Shine 50 honors 50 remarkable young women, aged 18-35, who are leading change and innovation across Sri Lanka. These trailblazers span diverse fields such as business, technology, education, social enterprises, environment, and arts.

The initiative, "The Girls Who Run the World", focuses on recognising women from both Sinhala and Tamil communities across the country. Many honorees come from outside the Western Province, emphasising Seylan's goal of empowering women nationwide. From Jaffna to Galle, Batticaloa, Colombo, and the Central Hills, these women exemplify leadership and opportunity.

Among this year's honorees are pioneers like a young entrepreneur from Jaffna who transforms fish waste into poultry feed, the Co-founder of Ocean Theory from Batticaloa who is revolutionizing education with creative board games and comic book-style textbooks, and a visionary who launched a business that provides sustainable livelihoods for rural women by meeting the growing demand for dehydrated natural foods. Another honoree, who has overcome hearing impairment, uses her Instagram series, Insight into the Deaf World, to challenge stereotypes and foster greater inclusivity.

By partnering with Echelon's Shine 50 and spotlighting these trailblazing women, Seylan is not just supporting an initiative—it is actively shaping a future-ready generation, where inclusivity, innovation, and empowerment lay the foundation for Sri Lanka's progress.

Social and Relationship Capital

Collaborative Efforts for SME Support

- ▶ Seylan Bank is renowned for its strong support of SMEs, collaborating with organisations like the National Chamber of Exporters, Industrial Development Board, and the Chamber of Commerce to promote growth and development in the sector
- ▶ As the Silver Sponsor of Industry Expo 2024, held at the BMICH from June 19th to 23rd, Seylan Bank played a key role in this significant event organised by the Industrial Development Board under the Ministry of Industries. The expo brought together numerous exhibitors from a wide range of industries, showcasing a diverse array of products to both local and international stakeholders
- ▶ In addition, Seylan Bank is a strategic partner of the National Chamber of Exporters (NCE), a leading organisation supporting Sri Lanka's export sector. We proudly served as a Platinum Event Partner for the NCE Exporter Awards 2024, which honors the excellence of Sri Lankan exporters
- ▶ "Diyunuwe Arunella" is the theme we adopted for the refinancing scheme funded by the Asian Development bank (ADB)



Seylan Bank Participated as a silver sponsor for Industry Expo Organised by Industrial Development Board



Seylan Bank Partnered with National Chamber of Exporters 32nd Exporters Awards as a Platinum sponsor

- ▶ Moreover, discussions are currently underway with the Market Development Facility (MDF), a multi-country initiative funded by the Australian Government and operating in five Indo-Pacific countries, including Sri Lanka. We are exploring potential collaboration with MDF to provide both financial and non-financial support, including business consultations and grant funding, with a focus on the agriculture and tourism sectors. The collaboration prioritises social impact over equity returns.

Other Measures in 2024 to Enhance the Value We Create for Customers

Key Customer Group	Initiative
Retail	New Lead Management path was introduced under the QR feedback management systems available at branch counters. This enables walk-in clients to get a call back from staff members on products, in a preferred language. A pilot project was carried out in 2024 to convert the QR feedback management portals into tablets, where any client (even without a smartphone) can input feedback or make product inquiries in their preferred language. As a first step towards cross-utilisation of resources and to create staff and customer awareness of financial products and services, the bank transformed the existing TVs in branch lobbies into dynamic communication and knowledge-sharing platforms. These screens now display contents customised to selected branches/regions and are centrally controlled/monitored at Head Office. One of the key ways we assess our customer service levels is by engaging directly with our CASA customers who open accounts above a nominated threshold. These conversations provide valuable insights that help us enhance our strengths, address any gaps, and implement solutions with minimal delay. This approach has also been extended to promote digital banking and SMS alert services, further enhancing our customer experience and engagement.
Retail & Corporate	To further strengthen Financial Consumer Protection, with improved transparency and accessibility for our clients a new process was introduced at our 24/7 Contact Center to help protect the funds of customers who may have fallen prey to financial scams. Essential areas of the website were translated from English to both Sinhala/ Tamil, in order for better understanding of our customers (i.e. Products, Services, Tariff, Rates and Complaint Management procedure)
All- (Retail, MSME, SME Corporate)	The Financial Consumer Protection (FCP) Unit was formed with the appointment of key management personnel, in line with FCP Regulation 1 of 2023 (Gazette 2344/17 of August 2023). Five policies and procedures were introduced, including the Accessibility Policy, which is published on the website.

Measures to Strengthen Customers' Online Safety and Data Privacy

With the rapid advancement of technology, the collection and processing of customer data has become increasingly vital. At the same time, the growing risks to the security of online transactions have made safeguarding data and maintaining customer privacy more critical and challenging than ever. In response, the bank invests significant resources, including Financial, Intellectual, and Technological capital, to ensure that data is handled with the utmost care and confidentiality.

Some of the measures we have in place to protect customers from financial scams include:

- ▶ Sending regular precautionary SMS alerts in three languages to our Cards and CASA (Current and Savings Accounts) customers
- ▶ Recorded messages are played on the 24x7 Contact Center Interactive voice response for mandatory listening
- ▶ CBSL advisory videos are featured on the bank's YouTube channel and displayed on TVs in branch lobbies.
- ▶ Warnings and important notices are prominently flagged on the Bank's website
- ▶ The 24/7 contact center is equipped with immediate options to block card usage, as well as access to internet and mobile banking apps or CASA accounts

We also prioritise continuous education for both our customers and employees to help secure their finances and protect their personal information. Key topics covered in our training programs include data privacy protection, anti-money laundering, and anti-bribery and corruption. The related topics on which training was held are listed in table below.

Training Needs on Specific Areas

	2024	
	No of Programmes	No of Participants
Total -Internal/External/Foreign	306	17,948
General Banking Practices	193	3,655
Anti-money Laundering/KYC	2	804
System security	1	1,090
Accounting/Auditing/Compliance & Other Specialized Areas	41	1,125

The bank upholds a zero-tolerance policy on bribery and corruption, ensuring that we maintain the highest standards of integrity and security in all our operations.

Our Robustness in Compliance

Compliance	Level/status of Compliance and Action Taken
Percentage and the total number of business units analysed for risk concerning corruption and the Percentage of employees trained in the Bank's anti corruption policies & procedures	Training and development needs are identified through audit trails to address any prevailing gaps. The bank offers training programs that promote and reinforce good corporate governance internally. All employees sign the code of conduct, acknowledging and taking responsibility for upholding its principles.
Actions taken in response to incidents of corruption	Stringent internal controls and protocols, audit procedures and staff disciplinary codes enforced across every operation and stakeholder engagement activity.
Participation in public policy development	At the invitation of the Government, the bank actively presents proposals and participates in formulating new policies for consideration and inclusion in the Government's budget and tax laws. This includes contributing to the Sustainable Banking Initiative of the Sri Lanka Banks' Association (SLBA), the development of the Sustainable Financing Roadmap by the Central Bank of Sri Lanka (CBSL), and the implementation of new accounting standards.
The total value of financial and in-kind contributions to political parties and politicians	The Bank made no contributions to political parties or politicians. All business is conducted at arm's length, ensuring impartiality. Additionally, the Bank has a clear policy regarding politically exposed persons (PEPs) and strictly adheres to it.
Number of legal action taken on anti-competitive behaviours	The Bank consistently adheres to the country's laws and regulations in all its marketing campaigns. We prioritise truth and transparency in advertising, whether through banners, sales campaigns, roadshows, or the use of public address systems. Throughout the year, no legal action was taken against the bank for anti-competitive behavior.
The monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with laws & regulations	The Bank complied with all applicable laws and regulations. To further enhance monitoring, a monthly compliance report is presented at Board meetings. Insignificant penalty related to a few VAT assessments was paid to the Inland Revenue Department

Social and Relationship Capital

Marketing Communication and Brand Presence

► Seylan Card rewarding cardholders with exclusive promotions

Seylan Card defines its attributes to enhance loyalty through its value development process and card-based experiences. Seylan Cards are committed to being an essential card by upholding core values, providing Easy Payment Plan options (EPP), and enhancing card-based experiences to foster customer loyalty. The value development process has been strengthened through partnerships with key merchants, including Solar and various EPP facilities, as well as experiences at Cinnamon Hotels and Nature Trails. All these efforts aim to enrich the user experience

► Creating brand visibility and product awareness amongst potential clients:

The Bank also partnered with several leading expositions to enhance brand visibility and grow its Loan base and CASA by connecting with potential clients. Notably, the bank collaborated with the Kedella Construction Expo in March 2024 as the official banking partner and was the Title Partner for Kedella Art of Living in November 2024. Official Banking Partner at the Wedding shows with the accreditations as "Official banker" in all its media promotions in February and July 2024

► The Bank also partnered the Colombo Motor show as the Official Banker, all three events are held annually and are significant for young individuals aspiring to plan their wedding, build a home or purchase their dream vehicle; providing an excellent opportunity to offer tailored financial solutions

► Special Promotional activities for the "Seylan Tikiri" Minor Savings Accounts:

Through special activations and promotions held throughout the year, with a focused brand presence during World Children's Month in October

We believe that teaching children the importance of "SAVING"—whether it be money, water, food, or other natural resources—is a vital lesson for their future. Through a series of engaging activations held in collaboration with Wild Kids, the junior arm of Wild Life & Nature Protection Society of Sri Lanka (WNPSSL), we aimed to instill this message in young minds. These events, held in various locations, provided a fun and educational platform where children could actively learn about the value of saving and the importance of preserving our planet's resources. Through interactive activities and creative workshops, we helped children connect the dots between financial habits and environmental consciousness, fostering a generation that not only saves but also cares for the world around them.



Seylan Teens Internal Launch - 2024

The Tikiri Pola: The Tikiri Pola continued into its third year in 2024, featuring four large-scale trade fairs (Polas) focused on groceries and other produce, along with several smaller-scale events throughout the year. Through the activities of a "pola" run by kids taught the first lessons in money management to children below the age of 12 years through hands-on activities. It exposed them to their first steps towards empowerment through financial literacy, and sought to teach areas such as market dynamics to exchange of goods and services.

Brand Communication with Potential and Existing Markets

In line with both global trends and the local operating environment, Seylan Bank's primary tool for creating brand and product awareness has been digital media. Three areas which we prioritised for digital communicate during the year were creating public awareness on online financial scams; positioning the Bank as a thought leader in this vital area; and building financial literacy and driving engagement across diverse segments, using meaningful and memorable activities and content.

Combining Branding with Building Social Harmony

Utilising hallmark days to foster national unity has been one of the Bank's stand out communication initiatives through our last 3 years. On National Day, the Bank aired an instrumental version of the National Anthem, which was widely appreciated by the public. This effort aimed to promote ethnic and social harmony and a sense of "One Sri Lanka" by harnessing the universal language of music.

This initiative followed the broadcast of the National Anthem sung in both Sinhala and Tamil, which was aired in 2023. Many were unaware that a Tamil version of the National Anthem had been available since the 1950s, and sharing this version helped cultivate feelings of inclusivity and patriotism across all communities, reinforcing a sense of unity within the country. Broadcasting this for the first time on National Day was both timely and well-received by the public.

These initiatives were recognised locally and overseas for its uniqueness, and both the 2023 / 2024 initiatives were awarded in the past year by the Sri Lanka Institute of Marketing (SLIM) Digi Awards with the following accolades.



- ▶ The Bank won the award of “Best performance on Asset Quality – Sri Lanka” from ICC Emerging Asia Banking Conclave & Awards, 2024 organised by the Indian Chamber of Commerce, in August 2024



The Four A's Awards

- ▶ **Film/ TV Special Category – Silver**
National Anthem Instrumental Version (from Feb 2024)
- ▶ **Film/ TV Single – upto 180sec- Bronze**
National Anthem Instrumental Version (from Feb 2024)
- ▶ **Film/ TV Special- Bronze**
National Anthem as a means to National harmony (from Feb 2023)

Asia Pacific Tambuli Awards 2024 (Sustainability and Purpose that works)

National Anthem as a means to National harmony (from Feb 2023)



- ▶ **The National Anthem as a Means to Social Harmony**
The Silver DIGIS 2024 - Best Digital Marketing Campaign in Banking and Finance - Sinhala and Tamil version
- ▶ **The National Anthem as a Means to National Harmony**
The Bronze DIGIS 2024 - CSR, Purpose-Driven Digital Marketing Campaign - Sinhala and Tamil version

Promoting Inclusivity through the “Signfluencer” Campaign

Seylan Bank’s Signfluencer campaign was a powerful initiative designed to empower the hearing and visually impaired communities. Launched with the aim of raising awareness about the challenges faced by the hearing-impaired, the campaign’s first phase created significant impact in 2023.

As part of its ongoing efforts, the next phase of the campaign will support the Ceylon School for the Deaf and Blind in Ratmalana, focusing on enhancing the computer literacy skills of visually impaired students.

Through this initiative, Seylan Bank will fund instructors and educators, providing essential resources to help the students build skills that will empower them in the digital age.

As the “Bank with a Heart,” inclusivity is at the core of Seylan Bank’s values. This campaign serves as a reaffirmation of the Bank’s commitment to ensuring that all customers, regardless of their abilities, feel valued. It highlights the potential of all communities, including the deaf and blind, to achieve greatness, emphasising that barriers should not limit aspirations.

The Signfluencer campaign also brought attention to the importance of recognising the country’s hearing-impaired community and the need to embrace Sri Lanka’s distinct variant of sign language. Despite being drafted in 2021, a Cabinet-approved bill to officially recognise Sri Lankan Sign Language has yet to be passed. In celebration of Sign Language Day 2023, Seylan Bank raised awareness and support for the language’s users, encouraging greater societal

recognition and understanding of their needs. The campaign emphasised that sign language is a vital tool for communication and connection, especially given the challenges faced by the deaf community in engaging with the broader society.

The Bank was awarded a Bronze for this campaign for original content in the Social Category at the 4As Awards in 2024.

Seylan Bank operates under the belief that everyone has the potential for greatness. By promoting equity and inclusion, this campaign seeks to further elevate the visibility and empowerment of both the hearing and visually impaired communities. Through these efforts, Seylan Bank strives to create equal opportunities for all, ensuring that every individual is given the chance to shine.

Social and Relationship Capital

Harnessing and Growing our Social Media Presence

In alignment with our business strategies, the Bank's marketing communication and engagement initiatives have increasingly focused on the youth demographic. This shift has led us to prioritise social media platforms such as TikTok, Instagram, YouTube and Facebook enabling us to connect more effectively with younger audiences and enhance our digital presence. By leveraging these platforms, we aim to engage with the youth in a way that resonates with their interests and communication preferences. Thus, it augurs well for the Bank that its social media channels were amongst the highest visited /viewed as reflected in the market research findings below.

Our Social Media Presence

	Ranking on No of followers	Follower Base	Growth %
Facebook	1 st	1,046,522	4.65
Instagram	4 th	23,700	12.87
LinkedIn	7 th	65,916	25.69
TikTok	3 rd	27,100	238.83
YouTube	4 th	18,905	65.80

Statistics provided as at 31 December 2024

It is noteworthy that Seylan Bank was ranked 76th globally for its use of social media, as indicated in the table below and ranked no 1 amongst Sri Lankan banks

Global Ranking	Local Bank	Facebook Likes	X Followers	YouTube Views	Instagram Followers
76	Seylan Bank	1,000,000	6,944	1,674,628	26,700
83	Commercial Bank of Ceylon	665,000	5,569	6,638,601	35,400
93	NDB	476,000	2,250	4,942,952	16,500

Source: www.thefinancialbrand.com Feb 2025

Customer Satisfaction

Listening to our customers is a core element of our business strategy, enabling us to meet their needs, anticipate future demands, and continuously improve our product design and services. Seylan Bank employs multiple channels to gather customer suggestions and feedback, ensuring we remain responsive to their preferences and concerns. These channels include surveys, social media interactions, customer support lines, and email communication. By prioritising customer input, we are able to drive meaningful changes that enhance our offerings.

Key channels for collecting customer feedback include:

- **Customer Satisfaction Surveys (carried out internally):** These are conducted for newly opened Current and Savings Accounts with an opening balance exceeding a certain value to gauge Seylan's Net Promoter Score (NPS)
- **Annual Mystery Shopper Survey:** For the 13th consecutive year, we conducted this survey across our branch network in partnership with leading independent research agencies. This year, the bank achieved a score of 77%, the highest among the three competitors included in the study. Branches and regions with the highest scores are recognised and rewarded for their outstanding performance
- **Mystery Caller and True Caller Satisfaction Survey:** This survey was conducted by a reputed independent research agency, and the bank improved its Mystery Caller Satisfaction score to 81%, reflecting a significant increase compared to the 2022 survey

(73%). Additionally, the research assessed overall customer satisfaction, which stood at 85%. These studies evaluate the performance of our 24/7 Contact Centre, helping us ensure consistent and high levels of customer satisfaction

- **Customer Complaint Resolution Satisfaction Survey:** We maintain an outstanding average Customer Satisfaction (CSAT) ratio of 82%, reflecting our commitment to resolving customer issues efficiently and effectively
- **Surprise Branch Visits:** These visits are part of our ongoing efforts to ensure high service standards across all branches, enabling real-time feedback on customer experiences and customer care workshops.
- The Call center has consistently achieved 90% Service levels (92.1% of the calls had been responded to within 30 Seconds) throughout the year 2024

Indicator	Achievement (as of 31st of Dec 2024)
Service Level	92.1%
Abandoned Rate	0.95%

18,324 Credit Card transactions were converted to Easy Payment Plans (EPP) through the Call Centre. By continuously collecting and acting on feedback, we strive to adapt and improve, ensuring our products and services meet the evolving needs of our customers.

Customer Grievance Handling

The Bank has a Customer Experience Management Unit as well as a policy in place which defines the process to be followed with regard to handling a Grievance from point of receiving complaint to escalation of it across different authority levels; until an amicable settlement is reached. The contact information for a customer to notify a grievance is published in the Bank's web site and displayed at all our branches. A customer can register a complaint in a preferred language through a branch visit, a phone call, an e mail or reach out to our 24x7 call center or the QR based feedback management system. During 2024, the Customer Experience Management Unit handled 581,216 Interactions.

Round the Clock Support

Amidst today's dynamic business environment and fast paced life styles, providing round-the clock support with speedy access to banking services and the ability to provide prompt resolutions to customer needs, at their convenience and queries are essential. Seylan was incidentally the pioneer in introducing the concept of holiday banking as well as pioneer in introducing the 24x7 Live Chat service, and today maintains 24x7 availability to respond to customer requests.

Product Labelling and Marketing Communication

The Bank's Product Development Committee has responsibility for the review of design and features of a product and for final approval of a new product or a launch of a re-hashed version of a product.

All our customer communicate whether written or spoken is in all three languages to ensure they are understandable by our diverse customer base. Our communicate including advertisements are bound by business ethics and fair-trade policies and we ensure that they do not contain any information that is not true or is misleading or ambiguous.

Sale of Banned or Disputed Products

The Bank has stringent procedures in place to ensure that its products and service are aligned with regulatory standards. We operate in compliance with the Central Bank of Sri Lanka Customer Charter which outlines guidelines for fair and transparent practices.

Rigorous scrutiny ensures that our products and processes adhere to regulatory requirements and ethical conduct. Accuracy of information is hence a key priority and our products are duly registered and devoid of any misleading information. These practices and commitments have helped us earn and sustain the trust of our customers.

Deposit Products		Description	Value Delivered	Markets Served
	Seylan Mega Rewards	Offers definite benefits for personal savings, current accounts, personal foreign currency savings and foreign currency fixed deposits	Interest and reward benefits	Individuals aged above 18 years
	Seylan Tikiri	Accounts for children	Interest, rewards, and bonus interest benefits	Children below 15 years of age
	Seylan Harasara	Financial solutions for senior citizens	Interest, reward, benefits, merchant discounts and pension loans	Senior citizens aged above 55 years
	Money Market Savings Account	Short-term savings account with higher interest rate	Interest benefits	Corporate, individual clients and collection accounts of institutions
	Millennium 30	30-day fixed deposit	Interest benefits	Corporate, SME, retail and individual clients
	Seylan Flexi Deposit	Allows depositor to select the time period of the fixed deposit	Interest benefits, flexibility	Corporate, SME, retail and individual clients
	Seylan Shakthi	4-year fixed deposit	Interest and reward benefits (in addition to interest, eligible for utility payment vouchers)	Retail clients
	Seylan 5 Star	5-year fixed deposit	Interest and reward benefits (in addition to interest, customers are eligible for utility payment vouchers)	Retail clients
	Seylfie	Youth account	Rupee interest, digital interest and reward benefits	Youth aged between 18-26 years

Social and Relationship Capital

Deposit Products		Description	Value Delivered	Markets Served
	Seylan myplan	Savings account with monthly fixed saving commitment	Interest benefits	SMEs, business clients and individuals
	Seylan RED	Priority Banking Membership	A dedicated Relationship Manager along with concierge service and an array of dynamic benefits	High net worth individuals
	Seylan Accelerate	Savings account for monthly regular income earners	Interest and reward benefits	Individuals who earn a regular monthly income
	Seylan Teens	Savings account with ATM card	Interest and offers	Teens aged 13 to 17

Lending Products		Description	Value Delivered	Markets Served
	Seylan Home Loans	Home loans up to LKR 100 Mn to purchase a bare land, purchase, construct or renovate a house or to purchase a condominium apartment	Fixed interest rates, documentation support and advisory with doorstep service	Primarily salaried individuals, professionals and businessmen
	Seylan Loan Against Property	Loans made available against your residential property to upgrade your lifestyle, grow your business or for investments	Fixed interest rates and doorstep service	Salaried Individuals drawing a monthly fixed income over LKR 50,000 with residential property under their name
	Seylan Leasing	Finance leases for vehicles, motorcycles, machinery, plant and equipment	Fixed interest rates with a flexible repayment structure and approval within a day	Corporate, SME, retail and individual clients
	Seylan Personal Loans	Personal loan for any related purpose	Fixed interest rates, doorstep service	Salaried individuals employed at reputed companies, professionals, government servants and armed forces
	Seylan SME	Specialised loan scheme for SME sector	Interest benefits	SME clients
	Scholar Loans	Unique higher education loan scheme	Fixed interest with a longer repayment tenure	Individual clients
	Seylan Credit Cards	Visa, Master credit cards	Interest benefits, rewards and merchant discounts	Individual clients
	Trade Finance	Imports and exports	Commission and interest benefits	Corporate, SME, retail and individual clients
	Seylan Factoring	Provides working capital requirements against trade receivables	Generates working capital	Corporate, SME, retail and individual clients

Lending Products		Description	Value Delivered	Markets Served
	Seylan Gold Loans	Instant short-term loan facility against gold articles	Interest benefits	Proprietors of business concerns and individuals
	Seylan Solar Loans	Loans to purchase a roof top Solar	2 day approval, Fixed interest rates, Discounts and offers from reputed solar vendors	Salaried individuals employed at reputed companies, professionals, government servants and armed forces

Other Offerings		Description	Value Delivered	Markets Served
	Seylan Internet & Mobile Banking	Able to carry out a variety of banking functions at their convenience by the click of a button	Low charges and 24x7x365 accessibility	Corporate, SME, retail and individual clients and credit cardholders
	SEY Cash	Bank's remittances platform	Commission benefits	Commission benefits
	SMS Banking	Opportunity to carry out selected banking functions via SMS	Free up to a number of SMSs and convenience	Corporate, SME, retail and individual clients and credit cardholders
	Overdrafts	Overdraft facilities for personal and corporate current account holders	Interest benefits	Corporate, SME, retail and individual clients
	SeylanPay	SeylanPay is a mobile application that offers customers a seamless and secure transactional experience	All your Accounts and Cards in one place, Instant and Contactless	Customers, merchants
	Pay Direct	Seylan Pay Direct enables organisations to complete their financial transactions	Ease and convenience through an efficient, hassle-free manner without stepping into a Bank	Corporates
	Loan Scheme for Pensioners	Specialised banking service for pensioners up to a maximum loan amount of LKR 2.5 Mn	Fixed interest rates	Government pensioners
	Safety Lockers	Allows customers to keep their valuable assets safely	Safety of assets	Corporate, SME, retail and individual clients
	Merchant portal	Seylan payment portal is an all in one and multipurpose payment portal that brings you all your online payment acceptance needs to your doorstep	Facilitates on line transactions	Merchants without a website or shopping cart
	Internet Payment Gateway (IPG)	A payment gateway is a technology merchants use to accept card payments (debit or credit) to collect funds from customers online	Dedicated On line payment 24x7x365	Merchants

Social and Relationship Capital

Value Chain Partners

Our partners are a crucial component of our value chain, serving as key connectors in our operations. They are integral to the success of our sustainability strategy, and the Bank is committed to fostering long-term, mutually beneficial relationships with them.

Our Suppliers

The Bank's diverse supplier base includes those directly critical to our value chain, such as IT equipment and software suppliers, as well as those that indirectly support and sustain our operations, like suppliers of stationery, equipment, drinking water, maintenance services of equipment and janitorial services. All of these partners play a significant role in maintaining the efficiency and resilience of our business.

Supplier Evaluation and Procurement Process

Our procurement processes are designed to create high value for our partners over the long term. These processes are regularly reviewed and enhanced to ensure continuous improvement and alignment with our sustainability goals. We prioritise clear communication, with regular meetings and collaborative efforts forming the cornerstone of our relationship management strategy. By adopting a collaborative and transparent approach to supplier management, we strengthen the supply chain, ensuring it is both resilient and responsive, which ultimately benefits both the Bank and its suppliers.

Uplifting Local Economies Through Our Supplier Sourcing

In alignment with our social sustainability objectives to promote the growth of Sri Lanka's SME sector and bridge regional economic disparities, the Bank prioritises suppliers from the localities of our branches whenever possible, provided they meet the necessary criteria. This approach helps foster regional economic development and strengthens the local business ecosystem.

Sourced Item/Service	2024 LKR Mn.	2023 LKR Mn.
Tea & Coffee	59.7	58.7
Subsidized lunch for staff	43.1	32.3
Suppliers of foliage/ maintenance of fish tanks	2.4	3.2
Janitorial and Courier Services	115.9	121.5
Repair & Maintenance	56.9	62.5
Drinking Water	19.7	17.4
News Papers	1.7	1.9
Security	445.6	391.8
Total	745.3	689.3

Global Partners

In an increasingly interconnected global landscape, our international partners play a vital role in our value creation journey. In Sri Lanka, where inward remittances and export trade are key priorities for both the Bank and the nation, our extensive network of global partner banks is a critical element in driving growth and fostering economic development.

The accolade we received during the year from J.P. Morgan Chase for being "Best in Class in Processing" of cross border remittances with 99.4% accuracy, reflects our commitment to the quality of our relationships with our Global Partners they are marked in world map.

Membership in Associations and Other Relationship

The Bank holds memberships and other relationships in a wide number of industry associations to harness strength and partner for the mutual benefit of the industry as mentioned below.



Professional Bodies

- ▶ The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- ▶ Chartered Institute of Management Accountants (CIMA)
- ▶ Association of Chartered Certified Accountants (ACCA)
- ▶ Certified Management Accountants (CMA)
- ▶ The Institute of Bankers of Sri Lanka (IBSL)
- ▶ Chartered Institute of Taxation of Sri Lanka
- ▶ Association of Banking Sector Risk Professionals



Regulators

- ▶ Central Bank of Sri Lanka (CBSL)
- ▶ Securities and Exchange Commission of Sri Lanka
- ▶ Colombo Stock Exchange
- ▶ Inland Revenue Department



Business Collaborations and Other

- ▶ The Ceylon Chamber of Commerce
- ▶ The National Chamber of Commerce Sri Lanka
- ▶ Lanka SWIFT User Group (LSUG)
- ▶ LankaPay (Pvt) Ltd
- ▶ Trade Finance Association of Bankers
- ▶ International Chamber of Commerce
- ▶ National Chamber of Exporters
- ▶ Association of Professional Banks Sri Lanka (APBSL)
- ▶ Lanka Financial Services Bureau Ltd



Industry Associations

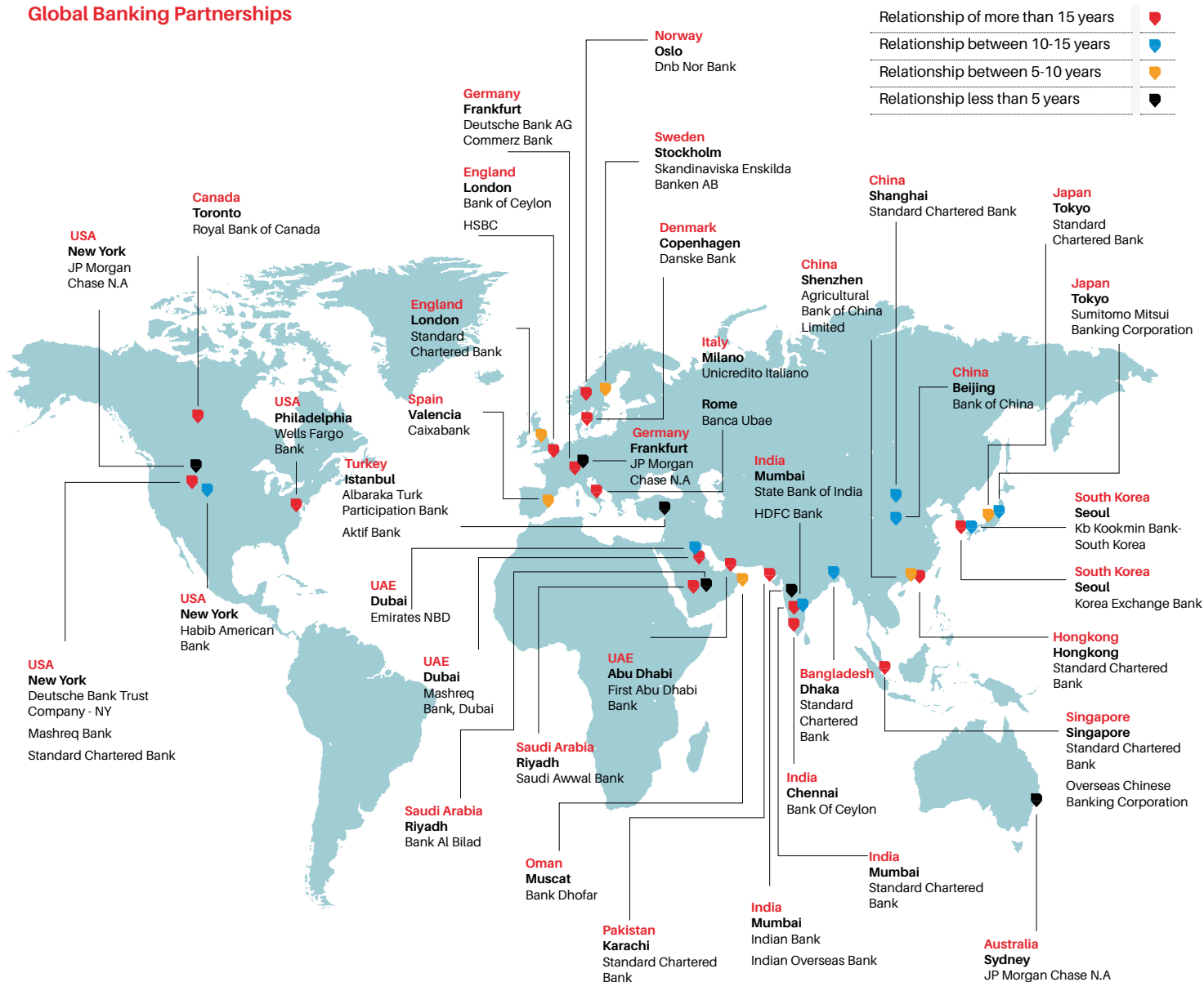
- ▶ Financial Ombudsman Sri Lanka (Guarantee) Limited
- ▶ Association of Compliance Officers of Banks, Sri Lanka
- ▶ Sri Lanka Forex Association
- ▶ The Sri Lanka Banks' Association (Guarantee) Limited
- ▶ Credit Information Bureau (CRIB)
- ▶ The Clearing Association of Bankers
- ▶ The Employers' Federation of Ceylon



Environmental Conservation Institutes

- ▶ Biodiversity Sri Lanka
- ▶ Global Sustainable Finance Network

Global Banking Partnerships



Social and Relationship Capital

Community as Origin of Stakeholders

We treat community as a very important stakeholder. It is also an intertwined element factored into our inclusive and sustainable business equation. Our prime role here is to empower them with a collective, cooperative and collaborative approach for a momentous growth. Fostering 'Education' has been our key impetus while exploring algorithm of people and their proactive voice and action for a sustainable future.

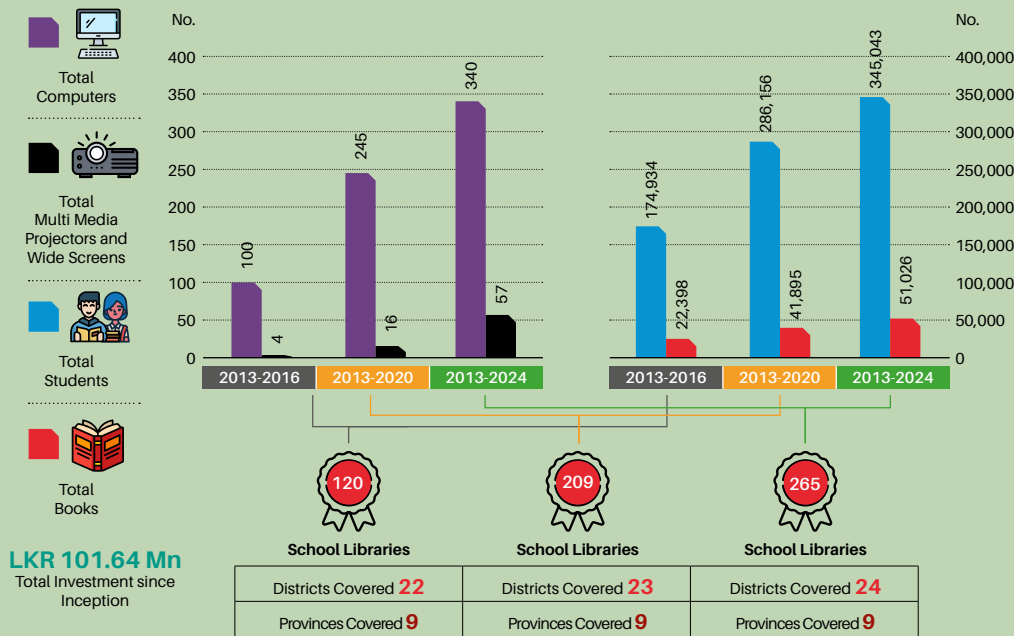


'Seylan Pahasara' - Empowering for and through Education

Launched on March 1, 2013, coinciding with the Bank's 25th anniversary, 'Seylan Pahasara' has been the Bank's flagship community project aimed at fostering education across Sri Lanka. The project began with the establishment of four libraries centered around religious hubs, with an ambitious goal to reach the landmark of 100 libraries. The momentum, fueled by positive feedback received from school authorities, parents, and students, encouraged

the Board's Sustainability Subcommittee to further scale up the initiative, enriching the deliverables it provided to students. As part of this commitment, computers and multimedia projectors were incorporated alongside the books, bringing an e-learning experience. The 'Seylan Pahasara' initiative empowers future generations, enabling them to unlock their potential in aspect of fruitful life ahead. Annual progression of the 'Seylan Pahasara' library project is depicted below where geographic coverage and value distribution has been mapped out with respective milestones.

Growth Momentum of 'Seylan Pahasara'



We also promote planting a tree during the library opening day of each school as a symbol of their growth and becoming productive and fruitful citizens tomorrow, while inculcating the habit of preserving the nature around them



The Bank's Approach

The Bank works closely with the local education officials and carry out a background study in collaboration with Sustainability Wardens, Branch Managers, and Assistants across our branch network together with the endorsement of respective Area Managers. Principals, librarians, and teachers ensure each library meets specific educational needs and the deliverables are matched with the teaching resources and mechanisms available in the school. This affirms that every student is catered and provided with an optimal space for a productive development attribute.

Considering the library as an appealing knowledge repository, we aim to face-lift the appearance of the library and enhance infrastructure facilities to make it a full-fledged shelter for learning. List of books is obtained based on the need of respective school, alongside the curriculum of respective grades and various other disciplines such as personnel development, leadership, financial, computer and digital literacy, sports, and soft skills development etc., paying adequate attention and action for total quality education.

Ongoing Support and Continuity

To ensure the long-term success of the project, our team revisits each library every three years to replenish books and refurbish the facilities, as needed which is operationalized as a monitoring and evaluation mechanism.

Our Way Forward

The Bank is committed to continuing the impact of 'Seylan Pahasara' and advancing education for children across Sri Lanka. As such, we have set a target to increase the total number of libraries to 300 by year 2026. Our focus will also expand to include digital content and gradually transitioning into an e-library facilitation while exploring the 'use case' and implications if any for appropriate remedial action to be taken.

We believe that 'Seylan Pahasara' will continue to create lasting value and brighten the future for Sri Lanka's children through education. We are committed to fostering positive and responsible citizens who may contribute to the development of their communities and the nation at last.

Bank also coins the idea of availing employment opportunity as suitable for students of these schools setting up the ecosystem more inclusive and sustainable.

We received following testimonials on "Seylan Pahasara" Library openings completed and we read between lines, the voice of Principles and Teachers also representing Parents, carrying the positive sentiments of Students.



Testimonial of 246th "Seylan Pahasara" library opening completed at Lourdes College, Nattandiya



Testimonial of 260th "Seylan Pahasara" library opening completed at Mayurawathi Maha Vidyalyaya, Narammala

Staff Volunteerism

Our social circles extend beyond the ordinary, as our staff are driven by a strong spirit of volunteerism, dedicated to pay benevolent attention and couple empathetic action towards community. We believe these traits help cultivate a passionate culture that motivates each staff member to walk the extra mile prudently in delighting customers and others who seek financial or other assistance from the bank.

This year, our commitment to volunteerism culminated in a remarkable collective effort. Staff from Seylan Bank came together to donate the most needed and costly medicine and equipment, which are short in supply, as advocated by the doctors in charge of the ward, at a total cost of LKR 7.7 million to the children's ward of 'Apeksha' Hospital.



Donation for Apeksha Hospital Children's Ward

Social and Relationship Capital

Purpose-driven sponsorships as signs Purpose-driven sponsorships as signs of goodwill

The Bank fosters strong community relationships through numerous purpose driven sponsorships which are aligned to many aspects and expectations of day today life of our stakeholders or as correlated with their diverse engagements and keep the equations equitable, inclusive and sustainable.

The following table presents projects we leant our support to:

Description	Focus	Amount LKR(Mn)	Major Category	Probono/ Commercial
Deeds on social welfare, recreation, and health	Communal CSR for potential relationships and collective efforts	11.02	Community	P
Help grooming students in total quality education	Commitment to foster responsible citizens with positive attitudes	3.53	Education	P
Infrastructural assistance on religious and cultural observations	Peace and prosperity	2.85	Community	P
Programmes to promote exports and entrepreneurship	Nurturing common mandates of entrepreneurship and exploring potential export opportunities	1.93	Community	P,C
Sports and outbound activities in schools and working professionals	Collaboration with professional, academia and other potential entities	2.87	Education	P,C
Total		22.20		

Responsibly Materializing Shareholder Resolutions

As the resolutions passed to utilise sales proceeds of fractional scrip dividend funds on charity related to education, Bank successfully carried out a feasibility study and signed a Memorandum of Understanding (MOU) with the School for the Blind - Ratmalana to deploy a coach for teaching computer literacy to blind students as a dire need to empower them for the future.

We intend to continue the engagement for three consecutive years herein and also plan ahead to support the other wing, School for the Deaf - Ratmalana by way of fostering their learning.

Our Reach with Inclusive and Sustainable Financing Attribute

We recognise our finance arm needs to stretch out to every segment of the economy in order to keep the equation inclusive and sustainable.

Following table shows the loan schemes that support respective stakeholder in their diverse financial needs alongside livelihood and socio-economic well-being.

Refinance & Subsidy Schemes as a mode of Blended Finance and Inclusivity

Refinance Scheme	Donor	Eligible Sectors	Loans Granted in 2024		Loans Granted in 2023	
			No.	Amount LKR Mn.	No.	Amount LKR Mn.
Asian Development Bank SME Line of Credit	Asian Development Bank	Small and Medium Entrepreneurs	110	1,655.06	81	1,508.64
Asian Development Bank Credit Line for Covid 19 Emergency Response Working Capital Scheme	Asian Development Bank	Businesses / entrepreneurs affected by Covid-19 pandemic	79	625.10	65	515.47
Environment Friendly Solution (Revolving Fund) II	Japan Bank for International Corporation	Any industry which intends to reduce pollutants / waste	4	83.01	1	0.95
Kapruka Refinance Loans	Coconut Cultivation Board	Coconut cultivation	7	11.06	14	20.82
Asian Development Bank tea loan	Asian Development Bank	Tea small holders	9	7.83	149	261.58
Asian Development Bank Rooftop Solar Power Generation Project	Asian Development Bank	Solar power Generation	1	10	2	1.16
Saubagya Loan Scheme	Government of Sri Lanka	Small and Medium Entrepreneurs	-	-	29	129.67

Refinance Scheme	Donor	Eligible Sectors	Loans Granted in 2024		Loans Granted in 2023	
			No.	Amount LKR Mn.	No.	Amount LKR Mn.
Small & Micro Industries Leader & Entrepreneur Promotion Project III - (SMILE III Revolving Fund)	Japan Bank for International Corporation	Small and Medium Entrepreneurs	16	196.87	76	907.35
MSME Re-energize scheme	Government of Sri Lanka	Small and Medium Entrepreneurs	65	668.21	-	-

Interest Subsidy Scheme	Donor	Eligible Sectors	Loans Granted in 2024		Loans Granted in 2023	
			No.	Amount LKR Mn.	No.	Amount LKR Mn.
New Comprehensive Rural Credit Scheme	Government of Sri Lanka	Agriculture / Cultivation	4,822	1,590.41	3,896	1,308.81
Paddy purchase loan scheme	Government of Sri Lanka	Paddy millers	33	1,081.90	-	-

Fostering Micro and SME Sectors

	Year		
	2024	2023	2022
Details of SME Loans			
Total no of clients	18,545	20,818	22,522
Loan portfolio(LKR Mn.)	118,945	98,349	82,996
Details of Micro Finance Loans			
Total no of clients	7,654	8,514	5,226
Loan portfolio(LKR Mn.)	5,736	1,992	587

We treat above Refinance, Subsidy, Micro and SME loan schemes as means of developing our capacity and infrastructure to further explore opportunities prudently to cater to captioned market segments with appropriate funding options such as blended finance, social and sustainable bonds, while developing project pipelines accordingly.



Future Outlook

- ▶ **Seylan Pahasara Library Project:** Aim to establish 285 out of 300 libraries, expanding our outreach and impact
- ▶ **Re-visits on Completed Libraries:** Conduct 20 follow-up visits to libraries previously established under the Seylan Pahasara initiative to ensure their continued success in ultimate value delivered to students
- ▶ **Financial Literacy Program:** Launch a nationwide initiative to enhance financial literacy among students across Sri Lanka
- ▶ **Scholarships for Top Performers:** Provide scholarships to high-achieving students in O/L and A/L exams to support their educational journey
- ▶ **Affiliation with ADB on Trade Finance Program:** Strengthen our partnership with the Asian Development Bank (ADB) on the Trade Finance Programme to boost trade and commerce exploring opportunity to link SMEs and others as potential socio-economic game changers

Intellectual Capital

Digital penetration has been a key strategic priority for the Bank, underscoring the critical role of digital delivery for future sustainability

Other Capitals Impacted



Financial Capital



Social and Relationship Capital

Sustainable Development Goals (SDGs) Nurtured



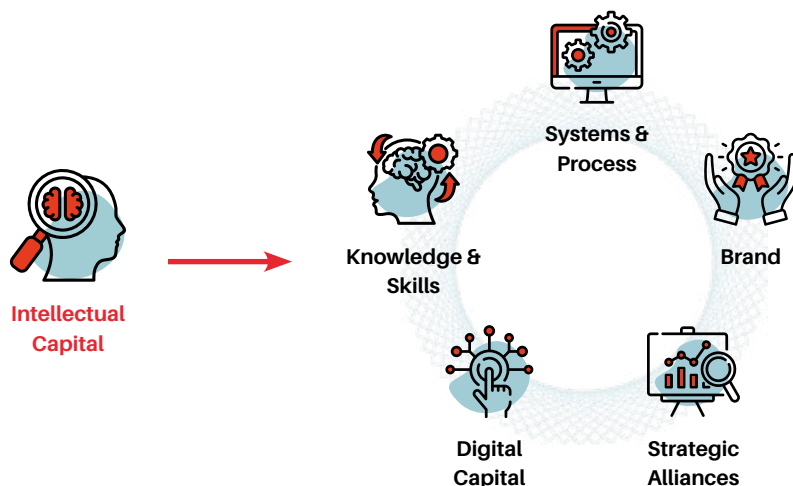
7 AFFORDABLE AND CLEAN ENERGY
Increase access to affordable, reliable, sustainable and modern energy for all



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

“2024 Brand Health Study conducted by PepperCube Research, as part of the bank’s annual Brand Health study with independent research agencies; revealed a significant increase in Net Promoter Scores (NPS), which measures customer loyalty by asking how likely customers are to recommend the company to friends or colleagues. Seylan Bank achieved an impressive NPS of 50 in 2024, up from 27 in 2023, showcasing a remarkable improvement and underscoring the growing strength of its brand equity.”

Bolstering and Harnessing the Value of our Intellectual Capital in 2024



As operating landscapes evolve rapidly, the significance of intangible assets in fostering competitiveness and sustainability has surged across industries. And in the increasingly competitive market of Banking, particularly in the context of technology-driven banking, Intellectual Capital (IC) has emerged as a critical asset for financial institutions such as Seylan Bank. IC is not just a source of differentiation; it also serves as a vital enabler of long-term growth, innovation, and customer loyalty.

Seylan Bank views its IC as comprising five key elements: Brand Equity, the repository of Knowledge and Skills, established Processes and Systems, the strategic Alliances and Partnerships and the Digital Capital comprising software, in house processes and expertise developed and acquired specifically required to sustain competitiveness in the Digital age of Banking.

Ongoing efforts to nurture our IC as described in this segment, enhances our ability to understand changing customer preferences and respond with innovative solutions, fostering trust and confidence of key stakeholders and

strengthening our foundation for sustainable growth. Seylan Bank’s IC plays a critical role in our success in this evolving digital environment.

Brand Equity

The Seylan brand is a home-grown one which has risen in a short span to establish itself as household name within the three decades since inception. However, the Bank’s identity and reputation have been shaped by its role as a “challenger” brand from the very beginning. And furthermore, its brand ethos remains firmly rooted in its value in “developing/unlocking the potential of Sri Lankans” through superior, unmatched customer service and providing simplified financial solutions, supported by initiatives to improve financial literacy across the country, which is integrated into our strategic action today.

Over the past three decades, Seylan Bank has remained committed to these founding principles. Our brand has become synonymous with being the “Bank with a heart,” a concept that we began reinterpreting in 2023/2024. Traditionally, “heart” has been associated with empathy, kindness, and customer service.

However, we sought to broaden the definition of courage to encompass qualities such as the bravery to tackle challenges, make decisions that positively impact society, and the courage to stand firm in doing what is right. We also emphasised the importance of innovation, which remains directly relevant to our customers—core elements that truly reflect our challenger mentality. The Bank’s interpretation of courage highlights the “courage to do things differently,” to take bold steps, and to drive the nation forward. These brand values are consistently demonstrated and communicated through various initiatives, projects, and brand campaigns. Some of the initiatives in 2024 reflect Seylan’s deep commitment to social and economic progress, reinforcing our identity as a bank that not only understands the heart of Sri Lanka but also has the courage to drive meaningful change, narrowing the ethnic/religious/ language divide, bringing communities together, whilst others were platforms created to support/ empower communities/ individuals to explore and optimise their potential in their relevant fields of business.

One of the standout campaigns that showcases Seylan Bank’s commitment to driving change in mindsets is its National Day campaign, which the Bank has proudly championed for the past four years. In 2021, the campaign aimed to reshape the perception of 4th February as “National Day” — a celebration of unity — rather than simply “Independence Day,” which commemorates a significant historic event from 1948. To further this sentiment, the Bank emphasised the importance of learning both national languages by sharing an inspiring short story across its social media platforms.

In 2022, when negative sentiments were prevalent about Sri Lanka, Seylan Bank launched a heartfelt campaign on social and print media encouraging citizens to write letters to ‘Mother Lanka,’ listing reasons they were thankful for their country. This initiative received overwhelming positive feedback, sparking a sense of appreciation among the public.

In 2023, the Bank took a bold step by introducing the Tamil version of the Sri Lankan national anthem, which had been constitutionally recognised shortly after independence. In a groundbreaking move, Sinhala children sang the Tamil version of the anthem, while Tamil children sang the Sinhala version. This was a courageous and thoughtful initiative, especially given the sensitivity surrounding the use of two national anthems. It allowed the Bank to educate the public about the official status of the Tamil version, while also

Intellectual Capital

promoting unity and diversity. The campaign sparked conversations about other countries that incorporate multiple languages in their anthems, resonating deeply with customers who publicly supported the Bank's stance.

In 2024, Seylan Bank unveiled an instrumental version of the National Anthem, featuring traditional Sinhala and Tamil instruments, marking a first for the country. This innovative rendition of the anthem, traditionally performed with Western instruments, sought to unite communities through the power of music, using the anthem—the most important piece of music for any Sri Lankan—as a 'bridge.'

These impactful efforts have earned Seylan Bank significant recognition, both locally and internationally, with the brand being lauded for its contributions to social integration. Additionally, the Bank's ongoing initiatives to highlight the success stories of SME clients have further strengthened its position as a champion of community growth. Through the collaborative platform "Oba Pa Nagana Maga Apa Inne" with Ada Derana 24, the Bank showcases the achievements of customers from various industries, emphasising the role Seylan Bank played in their success.

Another notable initiative is the 'Dinana Aya' program, designed to support, educate, and empower women entrepreneurs and SME owners. From providing financial solutions to offering digital channel guidance and insights on expanding into export markets, this program has made a meaningful impact on the growth of numerous businesses over the past year.

The Bank's 'Signfluencer' campaign is another initiative that embodies our brand ethos. Launched to advocate for the recognition of sign language as an official language, the campaign emphasised the importance of inclusion for the hearing impaired. Beyond serving this community, the Bank is committed to breaking down barriers to financial access and participation, bringing about positive change and empowering the lives of the hearing-impaired.

Seylan Bank has consistently upheld a strong brand presence, navigating through various market conditions. Recently, its strategic brand communication and customer engagement efforts saw it ranked amongst the top 100 banks globally for its presence in social media, securing the 76th highest and highest ranking among Sri Lankan banks.

Source: <https://thefinancialbrand.com/top-100-social-media-banking/top-100-banks-using-social-media>

Seylan has consistently maintained strong brand equity. And our communication platforms and engagement strategies are designed with an 'edu-tainment' approach—blending education and entertainment. Beyond direct tactical messaging, we always incorporate thought-provoking ideas that resonate with customers and leave a lasting impression. Our digital platforms are highly engaging and proactive, often setting a benchmark even outside the banking sector.

For instance, the Bank was the Platinum Sponsor for the event by media brands Echelon and Neon, and supported by USAID programme "The Shine50"; which shines the spotlight on remarkable young women between the age of 18 and 35 who have been making a real difference and celebrate them for their leadership, innovation, impact and commitment to sustainability, for showing "what's possible when you follow your passion".

Protecting Assets & Customer Trust in an Era of Vulnerability

In today's digital banking environment, customers are becoming increasingly focused on the security of their personal data, the protection of their privacy, and the overall trustworthiness of the financial institutions they interact with. As digital transformation reshapes the financial sector, building and maintaining trust has become more critical than ever. Thus, Customer relationships and brand reputation are key drivers of trust and confidence in a Bank's ability to safeguard sensitive information and provide secure financial services. In the era of fintech, consumers have more options than ever before. A Bank's ability to establish long-term, trust-based relationships through personalised service, transparency, and consistent excellence is essential for customer retention—and Seylan Bank has long been known for delivering exceptional customer service.

During the year we implemented:

- ▶ A Security Operations Centre (SOC) as per the guidelines established by the Central Bank of Sri Lanka
- ▶ Privileged Access Management (PAM) which provides greater security to meet threats from within the system
- ▶ The IT division reinforced its commitment to operational resilience by incorporating disaster recovery (DR) testing across all applications. This proactive approach ensured business continuity by validating system reliability and recovery capabilities under various scenarios, safeguarding the bank's operations against potential disruptions

Enhancing the Value of our Knowledge and Skill Capital

Just as IT, digital infrastructure and AI are prerequisites for today's technology enabled banking solutions, the Bank's ability to utilise that infrastructure and automation for value creation; and to design future strategies, depends on the knowledge—both tacit and explicit; as well as skills and experience of our people. Just as technology is a *sine qua non* in banking, the pace of adoption of technology varies across customer segments. Hence being able to identify the pace at which it should be introduced across segments; and envision and anticipate future markets and customer behaviour are also critical attributes in our inclusive business model. This tacit knowledge and market insights are all key elements of our knowledge capital and we continuously strive to sustain and enrich this capital through training and retention. Accordingly, the Bank's Human Capital development initiatives during the year included:

- ▶ Digital Skills and Expertise Development: we made significant investments in training programs designed to enhance digital skills, financial technology (fintech) proficiency, and cybersecurity expertise within our workforce. These initiatives ensure that our team remains adaptable and well-equipped to navigate technological advancements and evolving market dynamics
- ▶ The Bank's Training Division organised a series of sessions focused on AI applications and awareness, aimed at familiarising employees with artificial intelligence and its practical use in daily operations

In today's digital-first banking environment, customer expectations have shifted dramatically. The ability to deliver seamless, personalised banking experiences across all channels is a customer expectation and an important ingredient for the future sustainability of banking. Seylan Bank's IC plays a critical role in meeting these expectations and in the Bank's responsiveness and agility in meeting changing customer and market environs.

Strategic Alliances and Partnerships

Seylan Bank has formed strategic partnerships with a variety of organisations. These include organisations such as the National Chamber of Exporters, the Chamber of Commerce, the Industrial Development Board, the Export Development Board, and other key industry bodies. These collaborations enable the Bank to leverage valuable networks, offering both our employees and customers opportunities for knowledge development and professional networking. Through these partnerships, we

are able to deliver timely financial solutions and educational content that directly align with the evolving needs of our customers.

The Bank's partnerships also include Regulatory and Compliance Partnerships which enable us to stay ahead of regulatory requirements. We have strengthened ties with financial regulators and compliance technology providers. This ensures that the Bank's digital services are compliant with evolving regulations, particularly in areas of data privacy, anti-money laundering (AML), and know-your-customer (KYC) processes.

Systems and Processes

At the heart of digital transformation is agility—the ability to quickly adapt to evolving customer expectations, technological advancements, and fast evolving market conditions. Our processes and systems must not only support innovation but also enable rapid responses to change. Thus, our processes and systems are a key element of our IC and hence, the bank focuses on the Continuous improvement of them to ensure their efficiency, scalability, and flexibility.

The Bank's commitment to foster a Lean Six Sigma culture, enabling it to boast of 9 Lean Six Sigma Yellow Belts and 7 Lean Six Sigma Green Belts amongst its staff, underscores the Bank's dedication to Continuous process Improvement as a core component of its organisational culture. Seylan Bank began a Lean Six Sigma certification process to cultivate a culture of Continuous Improvement throughout the organisation in 2019. Equipping our staff with Lean Six Sigma Yellow and Green Belt certifications empowers them as catalysts for change, enabling the implementation of Operational Excellence projects and knowledge sharing within the Bank. Since initiating Lean Six Sigma training at the Yellow Belt level in 2019, the Bank has championed projects targeting key operational enhancements. These certifications enable employees to spearhead Operational Excellence projects, share knowledge across the organisation, and contribute to process enhancements that drive efficiency and customer satisfaction. Building on the success of Yellow Belt training, the Bank introduced Green Belt training, with ceremony held this marking the inaugural batch of Green Belts certified under the Operational Excellence Programme.

Ensuring Digital Penetration

Digital penetration has been a key strategic priority for the Bank, underscoring the critical role of digital delivery in ensuring its future sustainability. As such, the digital software, in-house expertise, and the systems and processes we have developed, regulatory compliance



Figure 1: Trilingual Mobile Banking App Launch

and data driven insights to leverage digital capital are integral components of the Bank's core Intellectual capital and its customer centric innovations.

Upgrades to Our Digital Offering

- ▶ During the year, the Bank established 99 Cash Recycler (CRM) machines across the island, increasing the total CRMs to 102 as at 31st of December 2024. These state of the art machines are equipped with cutting edge software technology features such as user interface for bill mixers (User can customise the mix of the cash notes), being one of the first of its kind in Sri Lanka
- ▶ The Internet and Mobile Banking platforms were upgraded with trilingual user interfaces to improve accessibility for wider adoption by getting native Sinhala and Tamil speaking customers to adopt digital banking whilst their architecture was improved to handle higher transactional volumes
- ▶ The newly implemented web-based front-end teller system introduced architectural shifts from the distributed systems to centralised technology, eliminating branch servers and providing better controls, reduced maintenance effort, cost savings and better security
- ▶ The Seylan Merchant Portal is a unique solution in the market, specifically designed to enable SOHO (Small Office/Home Office), SME (small and medium-sized enterprise), and non-technical customers to start processing CNP (Card Not Present) transactions within just two days of onboarding. This white-label product empowers online sellers to quickly set up a fully functional e-commerce operation without the need to develop or manage their own infrastructure. It offers a seamless, easy-to-use platform for businesses to begin accepting payments and growing their online presence instantly



Future Outlook

To leverage IC effectively, the Bank will focus on a strategic blend of People and Product Development. Our customers possess unique needs and preferences that can be distinctly met by Seylan Bank. By combining the expertise of experienced bankers with the innovative mindset of young, digitally-driven professionals, we can craft solutions that are both rooted in traditional banking knowledge and aligned with the demands of the digital age. This diversity and dynamic mix will not only drive the development of tailored financial products but also enhance Seylan Bank's ability to adapt and thrive in an increasingly digital future.

While digital innovation and unique offerings are essential, we will also be focused on the processes and systems that will truly drive digital banking into the next frontier. These foundational pillars are crucial for Seylan Bank to remain competitive and thrive in an increasingly digital landscape. We will continuously refine and enhance our processes, combined with robust systems, to grow and sustain our competitive edge into the future of banking. By leveraging our physical, human, structural, relational, and cultural capital, we will continue to innovate, enhance customer experiences, and build long-lasting trust.

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Reduced our annual usage of A4 papers by 466,500 sheets

Began our Carbon footprint reduction journey

Other Capitals Impacted



Financial Capital



Social and Relationship Capital

Sustainable Development Goals (SDGs) Nurtured



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

Given the nature of our industry of financial services, the direct impact we have on the environment is comparatively low and limited to a relatively lower consumption of natural resources. However, we recognise the indirect impact that may arise from lending to businesses with significant interactions with the natural environment. It is therefore essential to assess these risks thoroughly, ensuring the appropriate level of due diligence is applied not only to mitigate any potential negative effects but also to foster an ecosystem that promotes sustainability. Seylan Bank firmly supports a Triple Bottom Line approach, acknowledging that environmental sustainability is a shared responsibility and a long-term necessity for the well-being of both society and the economy, ensuring socio-economic resilience and harmony for future generations.

Our environmental strategies and actions, aimed at achieving meaningful environmental impact are governed by three key policies: the Environmental, Social, and Governance (ESG) Policy, Sustainability Policy and the Environmental and Social Management System (ESMS) Policy.

Our ESG Policy, as outlined in the strategy section above, establishes the framework for turning our sustainability objectives into actionable reality. While the sustainability strategy focuses on stakeholder engagement within the financial ecosystem, the Environmental and Social Management System (ESMS) provides specific guidelines for identifying environmental and social (E&S) risks associated with each industry we finance, as well as their potential consequences.

In managing the environmental and social impacts of our financing activities, we are guided by policies that aim to create positive and lasting environmental changes, while integrating social considerations. These policies and procedures are regularly reviewed to ensure their effectiveness, with necessary amendments made to related policies and guidelines as needed. Compliance audits are conducted to assess implementation effectiveness, identify any gaps or challenges, and serve as the basis for capacity-building programs to address those needs.

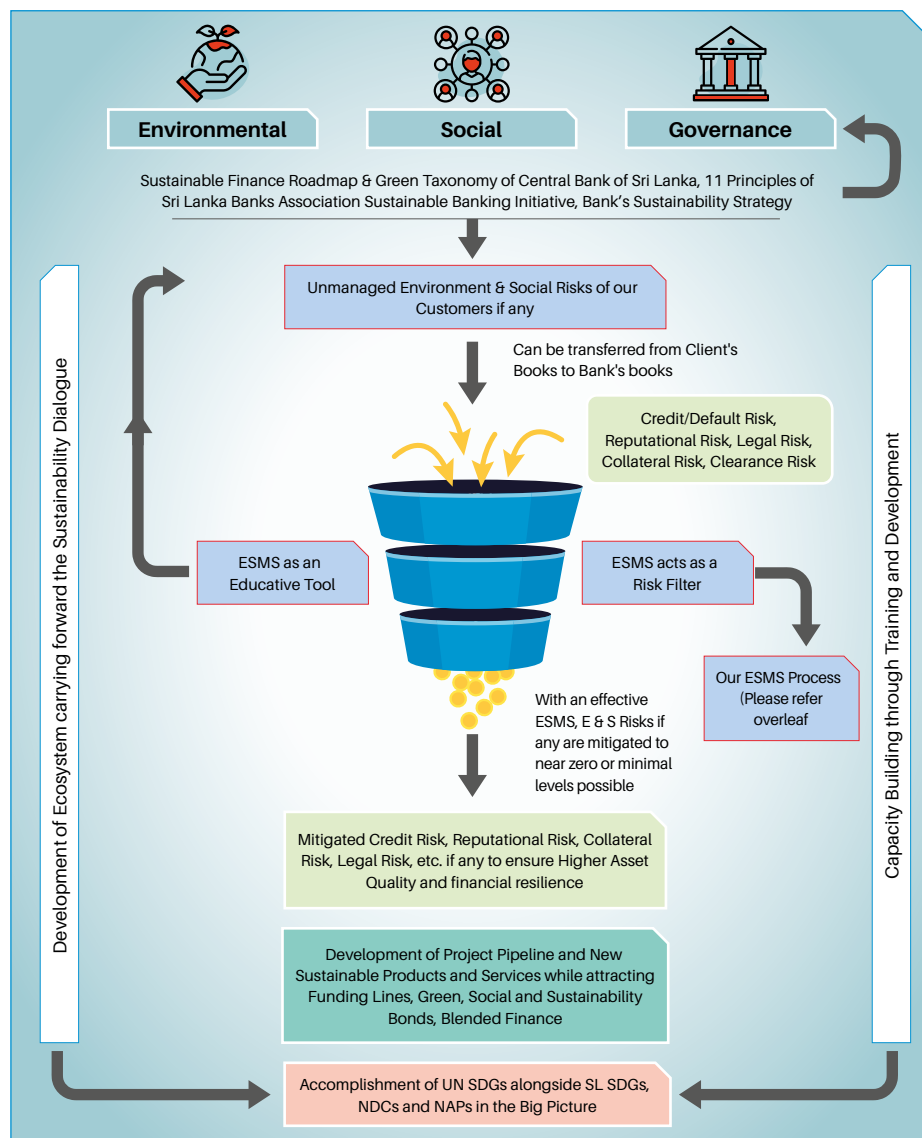
Integrating Environmental Dimension into Lending Activities

The ESMS which is aligned with international standards is applied to assess all our Corporate and SME lending activities for their Social and Environmental impact. The Bank's approach to implementing the policy goes beyond a mere ticking of boxes but includes customised solutions as a win-win for both

client and the environment where necessary and capacity building of staff at three hubs covering 53 staff members comprise of Hub heads, Credit Managers, Credit Analysts and Credit department to ensure that the policy requirements are duly met. Following the application of the Environmental and Social Management System (ESMS), the Bank will conduct a gap analysis based on the terms and conditions stipulated in the Central Environmental Authority license, local authority license, and various other clearances obtained in accordance with national laws, international standards, conventions, frameworks, ILO core labour standards, IFC performance standards, and local as well as international industry best practices. This process aims to identify, address, or mitigate any environmental and social risks associated with each Corporate and

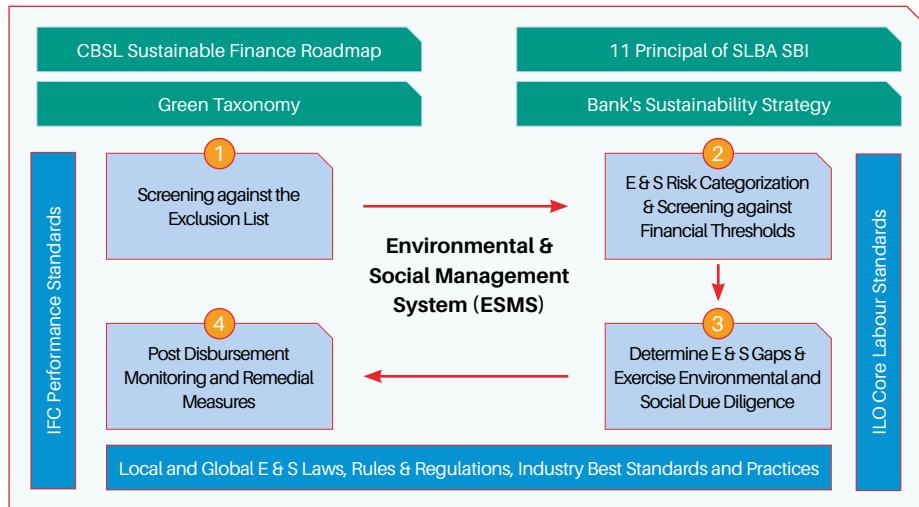
SME lending proposition, particularly those that may be unmanaged by the borrower. If and once any of the gaps are identified, we work collaboratively with borrowers to develop appropriate Environmental and Social (E&S) action plans to address these gaps, establishing clear KPIs and timelines. These plans align with both pre- and post-disbursement terms and conditions, ensuring tangible actions are initiated on the ground. This process is referred to as E&S due diligence. The agreed-upon covenants are documented and included in the offer letter as formal covenant and acceptance.

We have re-visited the ESMS Policy and Procedures together with Bank's lending guidelines to incorporate climate impact where risks and opportunities if any are factored into the due diligence exercise.



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Our ESMS Process



Environmental and Social Impact Assessments of Our Supply Chain

Our procurement policy ensures that the Bank's sustainability criteria are included in the specifications we send to suppliers and that the criteria are met and the suppliers' environmental credentials are evaluated at the time of deciding to award any contract accordingly. We follow a comprehensive process of engagement towards this end with suppliers which also promoted as an educative impetus for maintaining a sustainable value chain.

Encouraging Projects that Promote Environmental Sustainability

In addition to ensuring that the activities we lend do not harm the environment we also proactively increased lending to renewable energy projects. The lending availed by our Corporate and Project Finance Division during the year therein is summarised below:

Our Financing on Renewable Energy Projects (REP)

Type of REP	Amount granted before Y2024 (Mn)	Amount granted during Y2024 (Mn)	O/S as at 31 Dec 2024 (Mn)	Location	Production Capacity (MW)	Energy produced during Y2024 (GWh)	No of Employment generated	Contribution made to the National Grid (GWh)
	LKR 198.98	LKR 100.00	LKR 49.33	Badulla/Lemasthota	4.80	15.70	-	-
				Aranayake	2.00	4.75	12	4.75
				Theldeniya	2.00	3.52	16	3.52
				Meegahakivula	1.35	1.08	10	1.08
	USD 2.15		USD 2.15	Uganda	6.50	41.98	20	-
	LKR 44.04	-	LKR 29.04	Ratmalana	1.26	250.27	-	-
	LKR 249.15		LKR 203.94	Nugegoda / Pannipitiya & Panadura	1.00	1.39	4	1.39
				Thambuttagama	0.30	0.38	1	0.38
				Trincomalee	0.13	0.62	1	0.62
				Kalpitiya	0.11	0.01	1	0.01
				Athurugiriya	0.45	0.71	2	0.71
				Athurugiriya	0.20	0.32	2	0.32
				Hokandara	0.75	0.82	3	0.82
				Kotugoda, Seeduwa	0.40	0.51	2	0.51
				Jaffna/Puttalam	25.10	9.30	-	-
Wind	LKR 1,094.00	LKR 436.00	LKR 880.00					
	LKR 2,187.32	LKR 948.99	LKR 2,691.37	Vavunathivu (Batticaloa)	10.00	18.72	6	18.72
				Monaragala	1.00	1.44	2	1.44
				Mamaduwa (Vavuniya)	1.00	1.77	4	1.77
				Mamaduwa (Vavuniya)	1.00	1.75	4	1.75
				Akmeemana in Galle	2.00	3.58	8	3.58
				Walallawita in Kaluthara	2.00	3.45	7	3.45
				Siyambalanduwa	1.00	3.32	5	3.32
				Maho & Pannala	2.00	3.21	3	3.21
	-	*LKR 440.00	LKR 440.00	Anuradhapura/ kuliyaipitiya/ Nachchaduwa	6.00	85.10	-	-

*Non-funded facility

Additional Rooftop Solar Energy Projects (REP)

Type of REP	Project Location	Amount Granted during Y2024 (LKR Mn)	O/S as at 31 Dec (LKR Mn)	Production Capacity (KW)	Energy produced during 2024 (GWh)
 Solar	Pannala	117.00	117.00	600.60	1.30
	Dambulla	0.80	0.70	5.00	0.01
	Iyakkachchi	50.00	47.40	400.00	0.86
	Karaveddy	25.00	25.00	250.00	0.54
	Kurunegala	35.00	33.40	264.00	0.57
	Sarikkamulla	3.80	3.60	40.00	0.09
	Hambanthota/Ambalantota	120.00	118.00	1,001.80	2.16
	Puwakpitiya	3.70	3.50	30.00	0.06
	Kaluthara	3.00	2.90	40.00	0.09
	Hingurakgoda	0.70	0.68	5.00	0.01
	Jaffna	15.00	15.00	110.00	0.24
	Butthala	5.00	5.00	50.00	0.11
	Beruwala	1.80	1.80	20.00	0.04
	Homagama	17.50	17.50	367.38	0.79
	Kuliyapitiya	4.50	4.50	100.00	0.22

In 2024, the bank financed LKR 565.59 Mn for 493 customers to support the purchase of solar panels through a credit card installment payment scheme.

Our Leasing arm on Hybrid Vehicles are as follows

No of New Facilities granted during Y2024	Total Amount of New Facilities granted during Y2024 (LKR Bn)	Total No of facilities O/S as at 31 Dec 2024	Total Amount O/S as at 31 Dec 2024 (LKR Bn)
875	3.47	2,025	5.04

Reducing Our Carbon Footprint

Climate change or global warming is recognised as the world's biggest environmental challenge of the 21st century and a continuous effort to reduce our Carbon footprint is thus a priority for the Bank; driven by the fact that every little footstep takes us forward towards an urgent imperative. The Bank's initiatives to progressively reduce its Carbon footprint have been primarily integrated into Bank's business strategy and KPIs set therein speak about the Digital Drive and Automation both of which contribute to significant reductions in paper use as well as transportation. We took steps to obtain our first ISO 14064-1:2018 certification through third party independent verification and validation of our carbon footprint calculation where our current status quo would propose next steps to be taken in this bold exercise.

The verification process was carried out by Sri Lanka Climate Fund (SLCF). The details are as presented below; This is our base year taking steps in GHG inventory management encompassing both the Head Office and all 169 branches. Our exercise shed light to enhance the Bank's GHG performance over the years while laying steppingstones for gradual reduction of carbon footprint.

Carbon Footprint Calculation and Verification

Carbon footprint calculation and reporting were conducted in accordance with ISO 14064-1:2018, incorporating the concepts and principles of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (WRI/WBCSD) and conversion factors published by the United Kingdom's Department for Business, Energy

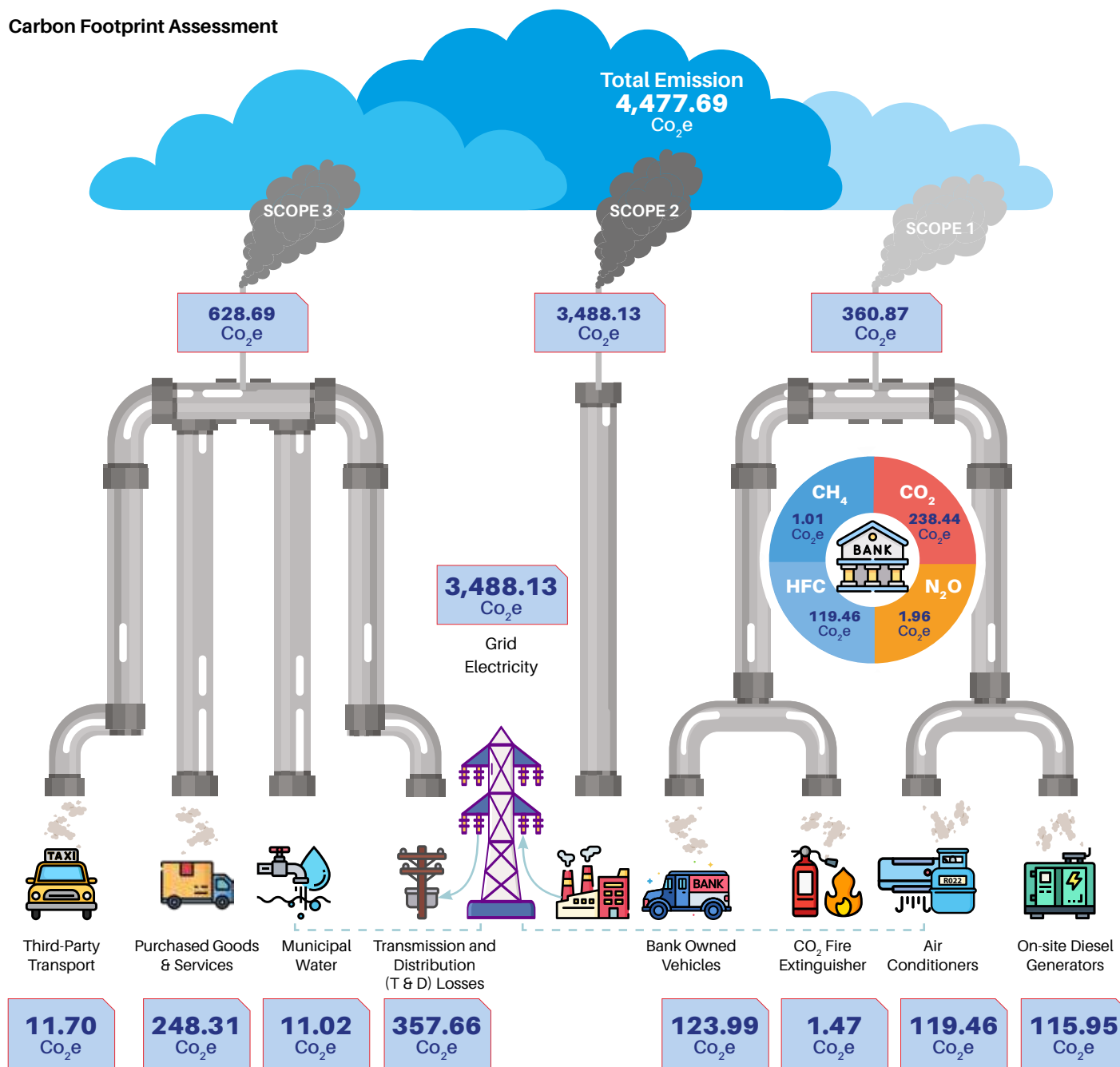
& Industrial Strategy, 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IPCC Sixth Assessment Report (AR6) 2023. It was subsequently verified by Sri Lanka Climate Fund (SLCF) in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance.



460.79GWh
Total Renewable Energy produced during the year through projects financed by us

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Carbon Footprint Assessment



Carbon Footprint Calculation

Assessment Level	:	Organization-level GHG Inventories
Standards Followed	:	ISO 14064-1:2018
Concepts & Principles Applied	:	GHG Protocol: A Corporate Accounting and Reporting Standard (WRI/WBCSD)
Conversion Factors Used	:	United Kingdom's Department for Business, Energy & Industrial Strategy, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Sixth Assessment Report (AR6) 2023
Reporting Period	:	1st Jan 2024 – 31st Dec 2024
Base Year	:	2024

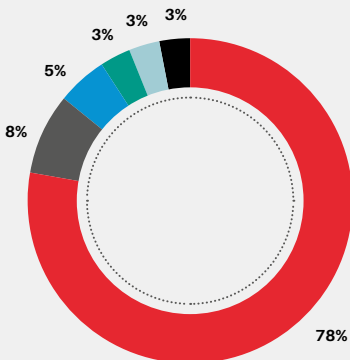


Carbon Footprint Calculation Results

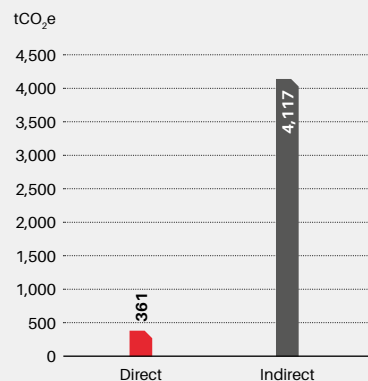
Emission Scope	Emission Source	Total Emission (tCO ₂ e)	CO ₂	CH ₄	N ₂ O	HFC
Direct (Scope 1) GHG emissions	On-site Diesel Generators	115.946	115.228	0.463	0.255	-
	Company Owned Vehicles	123.985	121.741	0.543	1.700	-
	Refrigerants Leakages from Air Conditioners	119.461	-	-	-	119.461
	CO ₂ Fire Extinguishers Leakages	1.474	1.474	-	-	-
	Total Direct GHG Emissions in tonnes CO₂e	360.87	238.44	1.01	1.96	119.46
Energy indirect (Scope 2) GHG emissions	Electricity Consumption	3,488.133	-	-	-	-
Other indirect (Scope 3) GHG emissions	Third-party Transport	11.703	-	-	-	-
	Purchased Goods and Services	248.307	-	-	-	-
	Municipal Water	11.019	-	-	-	-
	T & D Losses	357.659	-	-	-	-
	Total Indirect Emissions in tonnes CO₂e	4,116.82	-	-	-	-
Total GHG Emissions in tonnes CO₂e (Direct + Indirect)		4,477.69				
Emissions per Employee		1.39				

Above figures were verified by Sri Lanka Climate Fund (SLCF)

Significant GHG Emission Sources



- Electricity
- T & D Loss
- Purchased Goods & Services
- Company Owned Vehicles
- On-site Diesel Generators
- Refrigerants Leakage

Emission Categories (tCO₂e)

- Direct (Scope 1): Emissions from sources directly owned or controlled by Bank
- Indirect (Scope 2 and *Scope 3): Emissions from sources not owned or controlled by Bank but linked to its activities

** Excluding Employee commuting, Waste, Investments & financial activities, Capital goods, and Business air travel*



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by

Seylan Bank PLC

No.90, Galle Road, Colombo 03, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0299

Date of Issue : 14.02.2025

Period of Assessment : 01.01.2024 – 31.12.2024

Selected Boundary : Operationally controlled business operations of Seylan Bank PLC (including Head Office and 169 Branches Island wide)

Direct GHG Emissions : 361 tonnes of CO₂ equivalent

Indirect GHG Emissions : 4,117 tonnes of CO₂ equivalent

Total GHG Emissions : 4,478 tonnes of CO₂ equivalent



ISO 14065
GHG 001-01

[Signature]

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

[Signature]

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 14.02.2025 – 31.03.2026

Exclusions: GHG emissions from capital goods, Business air travel, Employee commuting, waste disposal and investments

*Materiality threshold is below 5%

We give below a snapshot of our debut Carbon Footprint quantification process completed and how we plan to reduce our Carbon Footprint journey:

Aspect	Objectives/Learning/Our Approach
GHG Quantification	▶ To identify emission sources, patterns, and potential areas to set informed emission reduction and removal targets as per bank's ESG Policy ▶ To improve bank's response to climate- risks and opportunities ▶ Carrying out GHG quantification in-house enhanced employee engagement while creating awareness and developing capacity building
GHG Verification	▶ Third Party independent verification and validation of GHG quantification to ensure compliance with the International Standards and frameworks
Next steps	▶ Close data gaps and gray areas confronted in the process and report on uncovered emission sources ▶ Paving pathway towards achieving carbon neutrality with a gradual carbon reduction strategy

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Energy Consumption

Total Energy Consumption	Year		
	2024	2023	2022
Electricity (MWh)	8,154	7,538	6,851
Diesel for Generators (L)	43,049	70,998	206,633
Petrol (L)	17,054	10,536	16,515
Diesel (L)	34,767	27,665	29,235

The Bank is dependent on electricity and fuel for its energy needs. It thus continuously strives to minimise energy consumption and to invest in energy efficient technologies. We were mostly relying on generator power for our Electricity requirements due to frequent power outages experienced during the year 2023. However, during the year 2024, our reliance herein was mostly on the grid electricity. Also, the work force was increased by 134 together with expansion taken place in our ATMs, CDMs, CRMs and CDKs. As a result, there is an increase of 616 MWh of electricity YoY. However, we will further assess the energy consumption patterns of the Bank herein for remedial measures to be taken if any while our trajectory for transitioning into Solar panels adaptation as our next best alternative continues. Generator diesel consumption reduced gradually as the power outages became less frequent and reliance on grid electricity increased. Diesel and petrol consumption by vehicles increased as a result of business growth momentum.

Water Management

The Bank's water usage is primarily for purposes of personal hygiene and cleaning of business premises, vehicles and related equipment, which has a minimal detrimental effect on the environment in terms of effluents. There is an increase of 10,613 m³ in water usage YoY due to the increased business operations and we are on track for adapting behavioral measures and other to reduce water consumption.

Source of Water	2024
Municipal (m ³)	74,746
Ground* (m ³)	1,872

*Groundwater data is reported for the first time. The reporting year does not account for 24 branches, as their consumption has to not yet been monitored. However, we plan to install water meters in the future accordingly.

Quantification of Water Footprint	2024	2023	2022
Municipal and groundwater (m ³)	76,618	66,005	69,063
Usage per employee (m ³ /Total number of employees)	24	21	22

Managing Paper Usage

The main driver of achieving reductions in our paper usage to target a paperless environment continues to be the Bank's Digital drive and its process automation targeting operational excellence.

During the year, the implementation of maker-checker processes has successfully eliminated the need to print end-of-day audit reports. On average, this has reduced paper usage of sheets of continuous paper.



466,500

Reduced A4 Papers



73,596 kg

Recycled Waste Paper

Saved

- ▶ 1,251 fully grown Trees
- ▶ 129,161 liters of Oil
- ▶ 294,384 kwh of Electricity
- ▶ 2,338,881 liters of Water
- ▶ 221 cubic meter of Land fill
- ▶ Reduced Greenhouse Gas Emission by 14,718.81 kg of Carbon equivalent

Waste Management

The Bank's waste consists of Used Paper, E-waste, and other solid waste.

We have implemented a comprehensive waste management strategy aligned with the International Basel Convention; focused on reducing, reusing, and recycling materials. This includes fostering a culture of waste reduction among employees, establishing recycling programs, and collaborating with suppliers who share our commitment to sustainable practices. Additionally, by educating our customers and promoting digital literacy, we are encouraging the transitioning into paperless banking, significantly reducing paper waste as it becomes widely adopted across the population.

Ongoing practices to reduce our E-Waste

- ▶ Reuse computers where possible to manage accumulation
- ▶ Donation to needy schools and educational institutes based on respective IT literacy and practical know-how gaps and infrastructure availability

Solid and Other Waste

- ▶ Solid waste includes food waste, paper wrapping, and polythene. We dispose the same according to the rules and regulations of the Government and of the Basel convention.
- ▶ Food waste is disposed via garbage collectors

Progress During the Year Towards Greening Our Footprint

- ▶ The Bank took the first step in quantifying its greenhouse gas (GHG) emissions by securing Board approval to initiate the process of calculating its Carbon footprint. Subsequently, the carbon footprint calculation was verified and validated by the SLCF
- ▶ Switching to renewable from grid electricity, we installed solar panels to two branches namely Grandpass and Nugegoda
- ▶ We also integrated a tree planting initiative as part of our flagship project – the "Seylan Pahasara" library project by encouraging the planting of trees and promoting environmental awareness amongst students

Nurturing Bio-diversity

We do not have any of our properties located in close proximity to an area of high bio diversity and the direct business operations do not impact any area designated as a biodiversity-rich area.

As part of our commitment to bio-diversity conservation, Seylan Tikiri hosted a Turtle Conservation Awareness Program at the Coral Wall Diving & Research Center, Port City, and inspiring young minds to become future advocates for marine conservation. This initiative provided children with hands-on opportunities to engage with marine life, fostering a deep connection with our oceans and ecosystems. By empowering the next generation with knowledge and experience, we aim to drive meaningful change and redefine what it means to "save for the future."



Empowering and Engaging Our People for Environmental Goals

Managing the Bank's environmental footprint requires individual commitment and action. To support this, the Bank engages employees through initiatives that inspire sustainable practices both at work and beyond:

- ▶ Internal Communication on Natural Capital: Regularly reinforcing the Bank's commitment to natural capital through internal channels to ensure employees align with its environmental vision and mission
- ▶ Grooming Sustainability Champions: Identifying and empowering employee volunteers as "Sustainability Wardens" to promote awareness and inspire peers to adopt sustainable practices
- ▶ Defined Roles for Policy Implementation: Assigning clear responsibilities for implementing key policies such as ESMS, Sustainability, and ESG policies to ensure accountability
- ▶ Encouraging Conservation Practices: Promoting water and energy conservation among employees to reduce the Bank's environmental footprint

- ▶ Empowering Staff as Change Agents: Equipping employees with knowledge of natural capital to drive environmental awareness and influence societal perceptions
- ▶ ESMS Training for Staff: Providing comprehensive training to equip employees with the knowledge and tools to support environmental management and sustainability initiatives
- ▶ Incentivizing Sustainability Efforts: Two days of paid leave per annum has been approved to every staff member to deploy sweat capital on sustainability related activities collectively in their branch locality, which will be treated as a performance indicator
- ▶ Competency Index and E-Learning: Strengthening employee expertise through five e-learning modules of SLBA SBI, offering foundational knowledge in environmental and sustainability practices

Partnering for Environmental Sustainability

- ▶ Our patron membership with Biodiversity Sri Lanka has been an indirect contribution to advance environmental sustainability
- ▶ We engage in the Sri Lanka Banks Association (SLBA) Sustainable Banking Initiative (SBI) platform, working to develop financing solutions that address environmental concerns
- ▶ We actively participated in dialogues and workshops organised by the Central Bank of Sri Lanka (CBSL), focusing on policy interventions to promote environmental stewardship in the financial sector
- ▶ We collaborate with NGOs and environmental frameworks to advance sustainability and support global and local environmental goals
- ▶ The Bank is also a member of the Global Sustainable Finance Network (GSFN),
- ▶ Engaging External Stakeholders: Expanding the Bank's environmental outreach to borrowers, undergraduates, and school students, sharing knowledge on sustainability and natural capital
- ▶ Collaboration with Academia: Supporting academic institutions by contributing to research and fostering collaboration on environmental studies to advance knowledge of Natural Capital

Natural Capital

The Bank aligns its efforts with SDGs #7 (Affordable and clean energy), #12 (Responsible consumption and production), #13 (Climate action), and #17 (Partnerships for the Goals), focusing on environmental initiatives. Key performance indicators (KPIs) and timelines have been set with Business Units and Support Services. It will be monitored via a dashboard. For more details, refer to pages 28 to 29.

Digitalization as a Guardian of Environment

Following developments led the way forward gifting a safe planet for everyone through energy saving, transportation curbing thus emission reducing and behaviour shifting attributes.

- ▶ 99 Cash Recycling Machines (CRMs) were deployed during the year
- ▶ eKYC Implementation
- ▶ Automation of cash backed loans using internet banking platform

- ▶ Automation of Offer letters and other security documents
- ▶ Seylan Bank's advanced Application Programming Interface (API) catalog seamlessly integrates with numerous corporate businesses and FinTech companies
- ▶ 102 Cash Recycler Machines (CRMs) have been upgraded with a cutting-edge user interface, such as ATM bill mix features. First of such an implementation in SL
- ▶ The Internet and Mobile Banking platforms were updated with trilingual user interfaces to improve accessibility for wider adoption by getting native Sinhala and Tamil speaking customers into digital banking. Also, the architecture was improved to handle higher transactional volumes
- ▶ The newly implemented web-based front-end teller system introduces architectural shifts from the distributed systems to centralised technology, eliminating branch servers and providing better controls, reduced maintenance effort and cost savings with better security

- ▶ IT has adopted advanced data mining strategies to empower business users with data-driven insights
- ▶ ACM initiative enables customers to perform secure cardless transactions, paving the way forward for implementing innovative banking technologies such as transaction staging and cardless bill payments
- ▶ An agent-assisted, paperless customer onboarding process has been implemented
- ▶ The vSAN Hyper-Converged Cluster has been optimised to achieve nearly 200% resource utilisation, significantly supporting application deployment at the lowest possible cost with the highest level of scalability and performance
- ▶ Green finance efforts as detailed above
- ▶ Offsite ATM reconciliation and IB CEFT suspense account reconciliation processes were automated
- ▶ A Lean Six Sigma Green Belt project to convert paper statements to e-statements
- ▶ 850 Payroll activations automating salary payments
- ▶ Implementation of maker-checker processes



Future Outlook

- ▶ Continue with quantification of our Carbon footprint and verification based on ISO 14064
- ▶ Transition to Solar Energy and Insulation: Several branches have been identified for a transition to solar power, with layouts designed to accommodate solar installations
- ▶ Energy Conservation Efforts – Transportation and Behavioral Models: Plans are in place to introduce energy-saving measures in transportation and employee behavior
- ▶ Paper Recycling and E-Waste Management: Initiatives are being developed for paper recycling and responsible management of electronic waste (e-waste)
- ▶ A number of initiatives to reduce paper use across our operations:
 - Digital Penetration/Process improvement through Intelligent Automation, Artificial Intelligence and the Internet
 - VKYC – Video Know Your Customer which will eliminate the need for filling of paper forms and customer having to visit a branch
 - An additional 16 maker-checker processes, which is currently under development will further eliminate the need for printing day-end Audit reports at branches, contributing to even greater paper savings
 - Collaborate with FinTech solution providers – API – Application Programming Interface where allowed trusted parties to connect to bank's transactional service securely
 - E-on-boarding which will eliminate the need for applications and supporting documentation to be on paper
 - Better automation for Loan Origination (LOS)
 - Continuously improving IT security to meet global IT threat
 - The plan to improve 20+ business applications across key areas like Payment Cards, Digital & CASA, Operations, Trade/INL, Retail, Treasury, and Finance represents a significant step in enhancing operational efficiency
 - We are in the count of automating the process of responding to Inland Revenue Department (IRD) queries and Court cases
 - Branch inquiry activities handled to be automated via AI tool (Conversational AI)
 - In-house workflow development

Sustainability Performance Indicators (SPI)

Stakeholder Group	Indicator of Performance	Achievement					GRI Indicator
		2024	2023	2022	2021	2020	
Investors							
	Economic value added (LKR Mn)	32,550	24,063	18,311	15,892	13,867	G2
	Profit after tax (LKR Mn)	10,051	6,256	4,712	4,581	3,011	
	Earnings per share (LKR)	15.81	10.17	7.66	7.44	4.89	
	Return on equity (%)	15.35	10.88	8.85	9.07	6.43	
	Return on average assets (%)	1.34	0.90	0.74	0.79	0.56	
	Dividend per share (LKR)	3.50	2.50	2.00	3.00	1.50	
	Customer deposits (LKR Mn)	646,817	590,698	547,316	488,653	440,303	G1
	Number of KYC anti-money laundering programmes [No of participants]	804	1,043	239	218	512	G2
	Penalties arising from non-compliance of laws (LKR Mn)	**0.05	1	Nil	*	Nil	
Customers							
	Number of banking centres	170	171	171	171	172	G1
	Number of ATMs	210	215	215	214	215	
	Total customer advances (Gross)(LKR Mn)	525,115	497,205	490,432	465,905	409,301	
	Number of housing loans	4,109	4,391	5,276	5,765	5,254	
	Value of housing loans (LKR Mn)	16,482	15,828	17,833	17,899	16,731	
	Housing loans to total loans (%)	3.14	3.18	3.64	3.84	4.09	G2
	Number of 'Tikiri' kids events held	18	2	4	15	27	GRI 413-1
	Number of student saving centres	100	98	98	98	98	G1
	Number of customer complaints	5,456	6,394	4,865	5,786	4,534	GRI 418-1
Employees							
	Turnover rate (%) (Including sales staff)	13.52	17.12	12.23	7.56	5.88	GRI 401-1
	Permanent employees (%)	97	86	90	95	94	G1
	Average benefits per employee (LKR '000)	3,175	2,974	2,540	2,203	2,235	GRI 405-2
	Staff covered by health plan (%)	100	100	100	100	100	GRI 403-1
	Women employees (%)	48	46	45	43	43	GRI 405-1
	Women in corporate and middle management (%)	33	31	32	31	29	GRI 405-1
	Union membership (%)	75	83	88	92	91	G1
	Number of pending human rights cases against the Bank	Nil	Nil	Nil	Nil	Nil	NA
	Number of participants on external and foreign training	525	81	139	210	94	GRI 404-2
	Ratio of standard entry level wage	Above minimum	Above minimum	Above minimum	Above minimum	Above minimum	G2
	Proportion of Senior Management from local community (%)	100	100	100	100	100	
Community							
	Contribution on the community projects (LKR Mn)	15.80	16.48	7.52	3.32	26.75	GRI 413-1
	Contribution on education-related pursuits (LKR Mn)	37.52	5.19	5.47	0.14	5.42	GRI 413-1
	Number of loans granted under 'Seylan Scholar'	3	2	Nil	6	14	GRI 413-1
	Number of SME loans	18,545	20,818	22,522	19,510	18,872	GRI 413-1
	Value of SME loans (LKR Mn)	118,945	98,349	82,996	92,628	100,650	GRI 413-1
	Number of micro finance loans	7,654	8,514	5,226	3237	8,668	-
	Value of micro finance loans (LKR Mn)	5,736	1992	587	740	1,537	-

* Please refer page no. 57 in Annual Report 2021

** Insignificant VAT settlement amount paid to Inland Revenue Department

Sustainability Performance Indicators (SPI)

Stakeholder Group	Indicator of Performance	Achievement					GRI Indicator
		2024	2023	2022	2021	2020	
Suppliers							
	Purchases from locally based suppliers (LKR Mn)	745.28	689.3	546.31	469.60	525.56	G2
Environment							
	Electricity consumed (MWh)	8,154	7,538	6,851	7,449	7,651	GRI 302-1
	Electricity consumption per employee (kWh)	2,539	2,450	2,171	2,366	2,353	GRI 302-1
	Water consumption (m³)	76,618	66,005	69,063	93,370	85,830	G3
	Water consumption per employee (m³)	24	21	22	30	26	
	Generator diesel consumption (litres)	43,049	70,998	206,633	48,093	65,460	
	Vehicle petrol consumption (litres)	17,054	10,536	16,515	8,128	8,238	
	Vehicle diesel consumption (litres)	34,767	27,865	29,235	47,860	43,157	
	Lubricant consumption (litres)	1,759	1636	437	499	595	
	Total business travels (km)	392,081	373,451	296,434	497,754	486,523	
	Direct (Scope 1) GHG emissions (tCO ₂ e)	360.87	-	-	-	-	GRI 305-1
	Energy indirect (Scope 2) GHG emissions (tCO ₂ e)	3,488.13	-	-	-	-	GRI 305-2
	Other indirect (Scope 3) GHG emissions (tCO ₂ e)	628.69	-	-	-	-	GRI 305-3
	Emissions per employee (tCO ₂ e)	1.39	-	-	-	-	GRI 305-4
	Packets of A4 paper used	9,376	10,309	12,963	16,909	18,878	NA
	Weight of A4 paper (kg)	112,512	123,708	159,445	202,908	226,536	NA
	A4 packets usage per business unit	50	55	69	90	100	NA
	Waste paper recycled (kg)	73,596	69,020	100,035	96,755	76,387	G3
	Savings from recycled papers Trees (No.)	1,251	1,173	1,701	1,645	1,299	
	Water (litres)	2,338,881	2,193,456	3,179,112	3,074,874	2,427,579	
	Electricity (kWh)	294,384	276,080	400,140	387,020	305,548	
Oil (litres)	129,161	121,130	175,561	169,805	134,059		
Land fill (cubic meters)	221	207	300	290	229		
Reduced Carbon footprint (kg of carbon equivalent)	14,719	13,804	20,006	19,351	15,277		
The Government and the Government Institution							
	Corporate Income Tax (CIT) (LKR Mn)	5,992	3,824	1,917	1,447	1,100	G2
	Value Added Tax (VAT) on financial services (LKR Mn)	4,723	3,455	2,647	1,935	1,528	
	Social Security Contribution Levy (SSCL) (LKR Mn)	656	481	127	NA	NA	
	Total Taxes (CIT, VAT and SSCL as a % of Profit before Taxes) (LKR Mn)	53	55	50	42	47	

Independent Assurance Report - Sustainability



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INDEPENDENT ASSURANCE REPORT TO SEYLAN BANK PLC

We have been engaged by the Directors of Seylan Bank PLC ("the Bank") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 December 2024. The Sustainability Indicators are included in the Seylan Bank PLC Integrated Annual Report for the year ended 31 December 2024 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

As per the Audited Financial Statements for the Year ended 31 December 2024, dated 25 February 2025 and the Audit report dated 25 February 2025 thereon	Integrated Annual Report Page
Financial Highlights	7

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Sustainability Performance Indicators	95 to 96
Information provided on following	
Financial Capital	40 to 47
Manufactured Capital	48 to 51
Human Capital	52 to 63
Social & Relationship Capital	64 to 81
Intellectual Capital	82 to 85
Natural Capital	86 to 94

Our Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 December 2024, in all material respects, has been prepared and presented by the management of Seylan Bank PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 December 2024, have not in all material respects, been prepared and presented by the management of Seylan Bank PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapaksa FCA
M.N.M. Shmieshi FCA
Ms. P.M.K. Sumanasekera FCA

T.J.S. Rajasekera FCA
W.K.D.C. Abeyaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnayakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LL.B., Attorney-at-Law, H.S. Gnanawardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dhermaratne

Independent Assurance Report - Sustainability



Our Responsibility

Our responsibility is to express a reasonable assurance conclusion on the Bank's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion

as to the effectiveness of the Bank's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards, used by the Bank in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Bank, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- ▶ interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- ▶ enquiries of management to gain an understanding of the Bank's processes for determining material issues for the Bank's key stakeholder groups;
- ▶ enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- ▶ enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- ▶ comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;

- ▶ reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Bank;
- ▶ reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our Report

In accordance with the terms of our engagement, this assurance report has been prepared for the Bank for the purpose of assisting the Directors in determining whether the Bank's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards and for no other purpose or in any other context.

Restriction of Use of Our Report

This report has been prepared for the Directors of Seylan Bank PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Seylan Bank PLC Integrated Annual Report for the year ended 31 December 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Seylan Bank PLC, or for any other purpose than that for which it was prepared.

CHARTERED ACCOUNTANTS
Colombo

25 February 2025



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R E V I T A L I S E

Revitalise

Revitalising our approach to create
sustainable, impactful growth

Board of Directors



Mr L H A Lakshman Silva
Independent Director

**Mrs Averil A
Ludowyke**
Independent Director

**Justice Buwaneka
Aluwihare PC**
*Chairman/ Independent
Director*

**Mr D M
Rupasinghe**
Independent Director



**Mrs V G S Sunjeevani
Kotakadeniya**
Non-Executive Director

**Mr Ramesh
Jayasekara**
*Director/Chief Executive
Officer*

**Mrs Sandya K
Salgado**
*Senior Independent
Director*

**Mr D M D Krishan
Thilakaratne**
Non-Executive Director

Board of Directors

Justice Buwaneka Aluwihare PC

Chairman/ Independent Director

Qualifications:

Attorney-at-Law, Solicitor (England & Wales), Masters of Laws (LL.M) University of London (Queen Mary College).

Appointed to the Board:

26 February 2024 as an Independent Director and was appointed as the Chairman w.e.f. 29 May 2024

Areas of Expertise:

- ▶ Law, Litigation and Judicial Service, Governance and Regulatory

Membership in Board Subcommittees:

Board Integrated Risk Management Committee, Board Credit Committee, Related Party Transactions Review Committee and Board Audit Committee.

Skills and Experience:

Upon being called to the Bar in 1982, Justice Buwaneka Aluwihare PC joined the Attorney General's Department in 1983 as a State Counsel and served the Attorney General's Department for thirty-years and rose to the position of Additional Solicitor General in 2013 and he was conferred 'silk' and appointed as a President's Counsel in the same year.

He worked for the United Nations as a Prosecutor in East Timor (in war related crimes) in 2001.

Justice Aluwihare PC was sworn in as a Judge of the Supreme Court of Fiji Islands in 2015 and presided in the Supreme Court of Fiji as a non-resident judge.

He functioned both as an examiner and lecturer in Law of Evidence at the Sri Lanka Law College from 2005 up until he was appointed as a judge of the Supreme Court in 2013 and also functioned as a visiting

lecturer/examiner at the Kothalawela Defence University in International Humanitarian Law. He was also a member of the Incorporated Council of Legal Education.

Whilst at the Attorney General's Department, he served as a legal consultant to both, the Securities and Exchange Commission of Sri Lanka as well as the Central Bank of Sri Lanka (Financial Intelligence Unit).

During his tenure, in addition to performing the duties as a judge of the Supreme Court, he functioned as a member of the Judicial Service Commission, and was a Member of the Board of Management of the Judges Training Institute.

Appointed by the Cabinet, since January 2024, Justice Aluwihare PC functions as the Chairman of the Anti- Money Laundering and Countering of Terrorism Task Force for monitoring and reporting on the progress of the implementation of stakeholder- specific Action Plans.

Mr Ramesh Jayasekara

Director/Chief Executive Officer

Qualifications:

B.Com (First Class-Honours) [University of Colombo]; ACA (Sri Lanka); ACCA (UK); ACMA (Sri Lanka); Post Graduate Diploma in Marketing CIM (UK)

Appointed to the Board:

01 May 2023 as an Executive Director

Areas of Expertise:

- ▶ Banking
- ▶ Finance
- ▶ Risk Management and Audit

Membership in Board Subcommittees:

Board Integrated Risk Management Committee, Board Credit Committee, Board Marketing, Product Development and Sustainability Committee, Board Strategic Plan Committee and Board Information Technology Committee.

Skills and Experience:

Mr Jayasekara was appointed as the Director/ Chief Executive Officer of Seylan Bank PLC on 01 May 2023. He was the Deputy Chief Executive Officer of the Bank prior to his appointment as the Director/ Chief Executive Officer.

Mr Jayasekara joined Seylan Bank in 2011 as the Chief Financial Officer and was appointed as the Chief Risk Officer in 2016. He was the Deputy General Manager – Corporate Banking of the Bank from 2018 to 2019. In January 2020, he was promoted to the grade of Senior Deputy General Manager, and in January 2021, he was made the Chief Operating Officer of the Bank. Subsequently, in terms of succession, he was appointed as the Deputy Chief Executive Officer in September 2022.

Mr Jayasekara serves as the Chairman of Seylan Developments PLC and Chairman of Lanka Financial Services Bureau Ltd. Additionally, he serves on the Boards of Sri Lanka Banks' Association and Credit Information Bureau of Sri Lanka.

Prior to joining Seylan Bank PLC, he was the Deputy Regional Financial Controller of the French Banking giant BNP Paribas, Middle East Region – (Bahrain, Saudi Arabia, Kuwait, Qatar, Dubai, Abu Dhabi & Cyprus) based in Bahrain. He also held senior roles at HSBC Sri Lanka as Resident Manager – Finance & Planning and at KPMG Sri Lanka as an Audit Manager.

He has over 25 years of experience in Banking, Strategic Planning, Financial Management, Risk and Audit both locally and internationally.

Mrs Sandya K Salgado*Senior Independent Director***Qualifications:**

MBA (International) Edith Cowan University, Perth, Australia; BA (English, French, Linguistics) University of Kelaniya Sri Lanka; MCIM, Chartered Institute of Marketing, UK – 1999

Appointed to the Board:

01 December 2016 as an Independent Director and was appointed as the Senior Independent Director w.e.f. 06 November 2023.

Areas of Expertise:

- ▶ Marketing
- ▶ Strategic Communications & Sustainable Business Management

Membership in Board Subcommittees:

Board Marketing, Product Development and Sustainability Committee (Chairperson), Board Strategic Plan Committee (Chairperson), Board Human Resources and Remuneration Committee and Board Nomination and Governance Committee.

Skills and Experience:

Mrs Sandya Salgado is a Strategic Communications and Sustainable Business Management specialist with over three decades of experience across the financial and banking sectors. She has been trained at Johns Hopkins University in Baltimore, USA in Strategic Communications and was the CEO of Ogilvy Action for twelve years, was the Senior Communications Specialist at the World Bank for the World Bank funded projects in Sri Lanka and Maldives until 2015. Mrs Salgado was an awardee of

the title “Marketer of the Year” in 2001 and “Zonta Woman of Achievement” in 2006. She was also selected as “the Woman of Inspiration” by Women in Management and IFC. She is an honorary member of the Board of Management of the 1990 Suwaseriya Ambulance Service. Mrs Salgado was appointed as a member of the Presidential Task Team for 'Clean Sri Lanka'.

Mr D M D Krishan Thilakaratne*Non-Executive Director***Qualifications:**

AIB (Sri Lanka)
CIMA (UK) - Passed Finalist

Appointed to the Board:

01 October 2018 as a Non-Executive Director

Areas of Expertise:

- ▶ Banking
- ▶ Finance

Membership in Board Subcommittees:

Board Credit Committee (Chairman), Board Human Resources and Remuneration Committee and Board Marketing, Product Development and Sustainability Committee.

Skills and Experience:

Mr Krishan Thilakaratne is the Director/CEO of LOLC Finance PLC and a Member of the Senior Management Team of LOLC Holdings PLC.

Mr Thilakaratne is a Director of LOLC South East Asia covering Philippines, Indonesia and Pakistan. Further, Mr Thilakaratne is a Director of LOLC Central Asia covering Kyrgyzstan, Kazakhstan, Tajikistan and Uzbekistan. He serves on the Boards of LOLC Moliya in Tajikistan and OJSC Micro Finance Company “ABN” in Kyrgyzstan.

Mr Thilakaratne is also a Board Member of Commercial Insurance Brokers (Pvt) Ltd in Sri Lanka. He was a board member of Credit Information Bureau of Sri Lanka (CRIB), Prasac Micro Finance Institution Ltd, Cambodia and the past Chairman of the Finance Houses

Association of Sri Lanka (FHASL), the Apex body for Non-Bank Financial Institutions (NBFIs) in Sri Lanka.

He is a Passed Finalist of the Chartered Institute of Management Accountants (CIMA) UK and Associate member of the Institute of Bankers of Sri Lanka (AIB). He has followed the Strategic Leadership Training Programme in Micro Finance at Harvard Business School, USA and counts over 28 years of experience in Management, Credit, Channel Management, Marketing, Factoring, Portfolio Management and Islamic Finance. He conceptualised and introduced Islamic Finance to LOLC Group in 2007 and is a Guest Speaker at International Islamic Finance Forums.

Board of Directors

Mr D M Rupasinghe

Independent Director

Qualifications:

BA (Honours) Economics [University of Kelaniya]; MA Economics [Colorado State University-Fort Collins, USA]; Post-graduate trainings/ assignments at Harvard University, Western Australia University and National University of Singapore.

Appointed to the Board:

01 October 2021 as an Independent Director

Areas of Expertise:

- ▶ Finance
- ▶ Economics
- ▶ Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

Membership in Board Subcommittees:

Board Integrated Risk Management Committee (Chairman), Board Nomination and Governance Committee (Chairman), Board Audit Committee and Board Credit Committee.

Skills and Experience:

Mr Rupasinghe was the former Assistant Governor of the Central Bank of Sri Lanka and has also held the positions of Head/ Director of the Financial Intelligence Unit of Sri Lanka and Controller of Exchange among other key positions in the Central Bank. He has completed several Post-graduate assignments/trainings at Harvard University, Western Australia University and National University of Singapore.

He is a recognised expert in finance/ economics and in particular, in the areas of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).

He has also held many important positions at various important committees and institutions in Sri Lanka during his career as a member / working group member/Advisor of different committees and forums and also as a member of the Special Presidential Task Force on Recovery of State Assets of Government of Sri Lanka.

Mr Rupasinghe was the Country Researcher for Research Projects on "Socio-economic Impacts of Hydro-Metrological Disasters", UN-ESCAP- Thailand and "The impact and Policy Response of Oil Price Shocks in Sri Lanka" SEACEN Centre, Malaysia. He also worked closely with the Financial Action Task Force (FATF) and the regional FATF Secretariats, in particular with Asia Pacific Group of Money Laundering (APG) for over a decade, and served as a Co-chair of Asia Pacific Group on Money Laundering (APG) and its Governing Committee Member thereafter. He also served as Egmont Group (of Financial Intelligence Units) Governance Committee Member and Asia Pacific Regional Representative until his retirement from the Central Bank in 2020.

Mr L H A Lakshman Silva

Independent Director

Qualifications:

B.Com (Special) [University of Kelaniya]; MBA [Postgraduate Institute of Management of the University of Sri Jayewardenepura]; Licentiate (Institute of Chartered Accountants of Sri Lanka); Associate in Development Bank Management (Association of Development Financing Institutions in Asia and the Pacific, Philippines)

Appointed to the Board:

18 July 2022 as an Independent Director

Areas of Expertise:

- ▶ Banking
- ▶ Finance

Membership in Board Subcommittees:

Board Human Resources and Remuneration Committee (Chairman), Related Party Transactions Review Committee (Chairman), Board Integrated Risk Management Committee, Board Nomination and Governance Committee and Board Information Technology Committee.

Skills and Experience:

Mr Lakshman Silva was the Director/Chief Executive Officer of DFCC Bank PLC from August 2017 to December 2021 until his retirement.

Mr Silva commenced his professional career with the Department of Inland Revenue of Sri Lanka and joined the DFCC Banking Group in 1987. He was seconded to the service of DFCC Vardhana Bank in 2003 and functioned as the Chief Operating Officer until appointment as the Chief Executive Officer/ Executive Director in January 2010. He held the position of Deputy Chief Executive Officer/ Director of DFCC Bank PLC from October 2015 until August 2017.

Until his retirement from DFCC Bank PLC in December 2021, he held the position of Chairman of DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited (subsidiary companies of DFCC Bank PLC) and the Chairman of Lanka Financial Services Bureau Limited as well as Sri Lanka Banks' Association (Guarantee) Limited. He held the positions of Chairman of Acuity Partners (Pvt) Limited and Chairman of Lanka Ventures Limited and LVL Energy Fund

PLC. He also served as a Director of Lanka Clear (Pvt) Ltd.

Mr Silva was a member of the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific and Board of Management of the Sri Lanka Sustainable Energy Authority, and Ceylon Chamber of Commerce. Mr Silva is a Past President of Association of Professional Bankers of Sri Lanka.

At present, he holds the position of the Chairman/ Independent, Non-Executive Director at PanAsian Power PLC and its Subsidiary Companies and the Chairman of LankaPay (Pvt) Ltd. Mr Silva is also an Independent, Non-Executive Director of HNB Assurance PLC, Distilleries Company of Sri Lanka PLC, Melstacorp PLC and Finetech Consultancy (Pvt) Ltd. He also serves as a member of the Stakeholder Engagement Committee of Central Bank of Sri Lanka.

Mrs V G S Sunjeevani Kotakadeniya*Non-Executive Director***Qualifications:**

FCMA (UK); CGMA(USA); MBA (University of Colombo)

Appointed to the Board:

17 August 2022 as a Non-Executive Director

Areas of Expertise:

- ▶ Finance
- ▶ Financial Management

Membership in Board Subcommittees:

Board Information Technology Committee (Chairperson), Board Audit Committee, Board Nomination and Governance Committee, Board Strategic Plan Committee, and Board Marketing, Product Development and Sustainability Committee.

Skills and Experience:

She is a senior finance professional with three decades of experience in financial management and has extensive experience in strategic development, investment portfolio management, project management, mergers and acquisitions, IT and administration disciplines holding senior positions in Financial Services, Insurance, Leisure, Construction, Trading, Renewable Energy, Plantations and Manufacturing sectors.

Mrs Sunjeevani Kotakadeniya is the Chief Financial Officer of the LOLC Group, overseeing the Group's local and international businesses' finance functions.

Mrs Kotakadeniya serves as a Director in several LOLC Group companies including listed entities; Sierra Cables PLC, Udapusellawa Plantations PLC, Hapugastenna Plantations PLC, LOLC General Insurance PLC and Agstar PLC and plays a strategic role in these entities. Mrs Kotakadeniya has been a catalyst in corporate restructuring and change management, mergers and acquisitions, and project management.

Mrs Averil A Ludowyke*Independent Director***Qualifications:**

FCA (CA Sri Lanka); FCMA (UK)

Appointed to the Board:

17 August 2022 as an Independent Director

Areas of Expertise:

- ▶ Auditing
- ▶ Accounting & Finance

Membership in Board Subcommittees:

Board Audit Committee (Chairperson), Board Integrated Risk Management Committee, Board Human Resources and Remuneration Committee, Board Nomination and Governance Committee, and Related Party Transactions Review Committee.

Skills and Experience:

Mrs Averil Ludowyke counts over 26 years of experience at Messrs. Ernst & Young and has served as a Partner from 2011 to 2022.

Mrs Ludowyke was lead Audit Partner at Messrs. Ernst & Young, of several groups of companies, and she launched and led forensics and integrity services of the firm. Her clients included banks and finance companies, and companies engaged in retail, manufacturing, telecommunications, construction, real estate, shipping and logistics, insurance, leisure, plantations and development.

She also counts 13 years of senior level experience in finance and accounting in the manufacturing sector, and in a relief and development organisation.

Mrs Ludowyke has been a resource person for public seminars and workshops of CA Sri Lanka, Sri Lanka Institute of Directors, CIMA, Transparency International Sri Lanka, the Ministry of Public Enterprise Development, ACAMS Regional Conference of the Indian subcontinent, National Chamber of Commerce, University of Kelaniya, ACCA, AAT, CMA, and the Institute of Internal Auditors.

Mrs Ludowyke serves as an Independent Non-Executive Director on the boards of Ceylinco Life Insurance Ltd, Bogala Graphite PLC and Tokyo Cement Company (Lanka) PLC.

Senior Management Team



Ramesh Jayasekara

Director/ Chief Executive Officer

Qualifications:

- ▶ Associate Member of Institute of Chartered Accountants of Sri Lanka
- ▶ Bachelor of Commerce Degree (First Class) - University of Colombo
- ▶ Associate Member of Chartered Institute of Marketing - UK
- ▶ Associate Member of Institute of Certified Management Accountants
- ▶ Associate Member of Association of Chartered Certified Accountants - UK
- ▶ Post Graduate Diploma in Marketing from CIM - UK

Experience:

27 years



Ms. Champika Dodanwela

Chief Financial Officer

Qualifications:

- ▶ Master of Business Administration - University of Colombo
- ▶ Fellow member of Association of Chartered Certified Accountants - UK
- ▶ Associate Member of Institute of Chartered Accountants of Sri Lanka
- ▶ Associate member of Certified Management Accountants
- ▶ Fellow member of Institute of Bankers Sri Lanka
- ▶ B.Sc. Management - University of Sri Jayewardenepura
- ▶ B.Sc. Applied Accounting Oxford Brooke - UK

Experience:

35 years in Banking (Finance)



Harsha Wanigatunga

Chief Information Officer

Qualifications:

- ▶ B.Sc. Computer System Design - University of Houston - Clear Lake
- ▶ M.Sc. Computer Engineering - University of Houston - Clear Lake

Experience:

31 years



Malik Wickramanayake

Deputy General Manager - Operations

Qualifications:

- ▶ BA in Business & Administration Studies - Lewis & Clark College, Portland, Oregon, USA.

Experience:

30 years



Shanaka Perera

Deputy General Manager - Treasury

Qualifications:

- ▶ Master of Business Administration - PIM - University of Sri Jayewardenepura
- ▶ Senior Fellow of Institute of Bankers of Sri Lanka
- ▶ PG. Ex. Diploma in Bank Management- Institute of Bankers' of Sri Lanka
- ▶ CMA - ICMA, Australia
- ▶ ACI DC - ACIFMA
- ▶ Diploma in Treasury and Risk Management - Institute of Bankers of Sri Lanka
- ▶ ACI FX Global Code Certificate

Experience:

34 years



Aruna Fernando

Deputy General Manager/ Chief Risk Officer

Qualifications:

- ▶ Master of Financial Economics - University of Colombo
- ▶ Master of Business Administration - PIM, University of Sri Jayewardenepura
- ▶ Senior Fellow of Institute of Bankers of Sri Lanka
- ▶ Postgraduate level Certificate Course in Modern Commercial Banking - PIM, University of Sri Jayewardenepura
- ▶ Special Course Credited by GARP on Bank Risk Management - Euromoney Learning Solutions

Experience:

37 years

**Varuna Koggalage**

*Deputy General Manager -
Internal Audit*

Qualifications:

- ▶ Fellow member of Institute of Chartered Accountants of Sri Lanka

Experience:

30 years

**Ms. Sharon Fonseka**

*Deputy General Manager -
Corporate Credit Branches*

Qualifications:

- ▶ Associate member of Institute of Bankers of Sri Lanka

Experience:

36 years

**Ranil Dissanayake**

Deputy General Manager - Branch Credit

Qualifications:

- ▶ Associate member of Institute of Bankers of Sri Lanka

Experience:

34 years

**Eranga Lankatilaka**

Deputy General Manager - Recoveries

Qualifications:

- ▶ Associate Member of Institute of Bankers of Sri Lanka
- ▶ Master of Business Administration - Rajarata University of Sri Lanka

Experience:

34 years

**Eugene Seneviratne**

Deputy General Manager - Retail Banking

Qualifications:

- ▶ Master of Business Administration- Sikkim Manipal University
- ▶ Certificate IV in Business Frontline Management - TAFE
- ▶ Certificate in Credit - College of Banking & Finance
- ▶ Intermediate Banking Diploma - Institute of Bankers of Sri Lanka

Experience:

33 years

Senior Management Team



Wasantha Karunaratne

Assistant General Manager – Services

Qualifications:

- ▶ Diploma in Purchasing and Materials Management

Experience:

34 years



Kapila Rathnayake

Assistant General Manager – Premises Maintenance

Qualifications:

- ▶ B.Sc. Engineering Honours (Peradeniya)
- ▶ Master of Business Administration – PIM University of Sri Jayewardenepura
- ▶ Chartered Engineer
- ▶ Corporate Member of Institution of Engineers (IESL)
- ▶ Associate Professional – Green Building Council of Sri Lanka

Experience:

23 years



Sampath Fernando

Assistant General Manager – Information Technology

Qualifications:

- ▶ Master of Business Administration- University of Manipal

Experience:

35 years



Ruwan Fernando

Assistant General Manager – Branches II

Qualifications:

- ▶ Master of Business Administration – UK
- ▶ Associate Member of Chartered Institute of Management Accountants – UK
- ▶ Chartered Global Management Accountant
- ▶ Associate member of Institute of Bankers of Sri Lanka

Experience:

32 years



Ms. Vayoma Paranagama

Assistant General Manager – Legal

Qualifications:

- ▶ Attorney at Law & Notary Public
- ▶ Associate member of Institute of Bankers of Sri Lanka
- ▶ Master of Business Administration - University of Sri Jayewardenepura

Experience:

32 years



Dilan Wijegoonawardena

Assistant General Manager – International

Qualifications:

- ▶ Master of Business Administration – PIM, University of Sri Jayewardenepura
- ▶ Fellow Member of Chartered Institute of Management Accountants - UK
- ▶ Fellow Member of Certified Management Accountants of Sri Lanka
- ▶ Fellow member of Institute of Bankers of Sri Lanka
- ▶ Diploma in International Trade – Institute of Bankers of Sri Lanka

Experience:

30 years

**Ms. Nilanthie De Meral**

*Assistant General Manager -
Corporate Banking*

Qualifications:

- ▶ Associate member of Institute of Bankers of Sri Lanka

Experience:

33 years

**Dimuth Sigera**

Assistant General Manager - Branches I

Qualifications:

- ▶ Chartered Financial Analyst - Chartered Financial Analyst (CFA) Institute
- ▶ Master in Economics - University of Colombo
- ▶ Master of Business Administration - PIM, University of Sri Jayewardenepura
- ▶ B.Sc. Management (Public) Special degree- University of Sri Jayewardenepura

Experience:

23 years

**Shanuka Jayarathna**

Assistant General Manager - Finance

Qualifications:

- ▶ B.Sc. Accountancy (Special) Degree - University of Sri Jayewardenepura
- ▶ Master of Business Administration (Finance) - University of Colombo
- ▶ Associate Member of Institute of Chartered Accountants of Sri Lanka
- ▶ Certified Practicing Accountant (CPA) with CPA-Australia

Experience:

22 years

**Ms. Chaya Gunarathne**

Assistant General Manager - Compliance

Qualifications:

- ▶ Attorney-at-Law
- ▶ Master of Law - University of Colombo
- ▶ BA (History Honors) - University of Colombo
- ▶ International Compliance Diploma - International Compliance Association
- ▶ Post Graduate Diploma in Banking & Finance - Institute of Bankers of Sri Lanka

Experience:

26 years

**Asiri Abhayaratne**

*Assistant General Manager - Marketing &
Sales*

Qualifications:

- ▶ BSc. Management - University of London
- ▶ Diploma in Economics - London School of Economics
- ▶ Postgraduate Diploma in Marketing - Chartered Institute of Marketing - UK

Experience:

22 years

**Nissanka Rajapaksha**

Assistant General Manager - Internal Audit

Qualifications:

- ▶ Fellow member of Institute of Chartered Accountants of Sri Lanka
- ▶ Certified Information Systems Auditor (CISA) - ISACA

Experience:

25 years

Senior Management Team



Ms. Amanthi Motha

*Assistant General Manager -
Human Resources*

Qualifications:

- ▶ Master of Business Administration in Human Resource Management - University of Colombo
- ▶ Bachelor of Science Human Resources Management - University of Sri Jaywardenepura
- ▶ Chartered Member of the Chartered Institute of Personnel Management - The Chartered Institute of Personnel Management
- ▶ Professional Part I - Chartered Accountants of Sri Lanka

Experience:

25 years



Chaminda Senewiratne

*Assistant General Manager -
Digital Banking / Head of Digital Banking*

Qualifications:

- ▶ Master of Business Administration - University of Honolulu
- ▶ Certificate course on Financial Technology (Fintech) Innovations - University of Michigan
- ▶ Certificate course on Future Commerce - Massachusetts Institute of Technology
- ▶ Diploma in LTE & Advanced Communications - Informa Telecoms & Media
- ▶ Certified Information Systems Security Professional - ISC2
- ▶ Chartered Professional Marketer - Asia Pacific Marketing Federation
- ▶ Diploma in Marketing - Sri Lanka Institute of Marketing
- ▶ Diploma in Computer Studies - IDM Computer Studies

Experience:

30 years



Cecilton Philip

Assistant General Manager - Branch Credit

Qualifications:

- ▶ Associate member of Institute of Bankers of Sri Lanka

Experience:

34 years



Ms. Astrid Iddamalagoda

Assistant General Manager - Operations

Qualifications:

- ▶ Master of Business Administration - Edith Cowen University
- ▶ AIB (Intermediate) - Institute of Bankers of Sri Lanka

Experience:

34 years

Corporate Governance

Dear Shareholder(s),

In 2024, the Bank maintained its growth momentum, demonstrating resilience and adaptability in the face of the macroeconomic challenges that our country has encountered over the past few years. The Board closely monitored the implementation of prudent strategies, encompassing both long-term and short-term initiatives, to ensure consistent financial growth.

As you may be aware, significant changes occurred within the Bank's directorate during 2024, following the retirements of Mr W M R S Dias, our former Board Chairman, and Mr Viran Corea PC, Non-Executive Director, who completed nine years of dedicated service on the Board. I was appointed Chairman of the Board, effective 29 May 2024. On behalf of the Board, I would like to express our sincere appreciation to Mr Dias and Mr Corea for their invaluable contributions and exemplary service.

Throughout the year, Mrs Sandya Salgado served as the Senior Independent Director (SID) of the Bank. It is important to highlight that the presence of the SID has reinforced the overall role of Independent Directors, particularly during this leadership transition and with the Board's reduced size of eight (08) Directors. Notably, the Board composition remained robust, with five (05) Independent Directors as of 31 December 2024.

The Board Nomination and Governance Committee (BNGC) reviewed our succession planning in light of the changes to the directorate. Additionally, the BNGC assessed the Succession Plan for Key Management Personnel (KMPs) and the Senior Management Team. First and second-level successors were identified for KMPs, along with recommended learning and development needs. The Board remains confident that it possesses the necessary exposure, skill set, and competency to oversee the Bank's affairs effectively,

supported by our dynamic management team, which is committed to ensuring long-term value creation for shareholders. Any new appointments to fill vacant Board positions, in line with applicable corporate governance requirements, will be communicated as necessary.

To enhance our corporate governance framework, the Board has undertaken a review and revision of the Bank's key policies. This includes the Policies on Corporate Governance, Nominations and Re-Elections, Board Subcommittees, Communications to Shareholders and Investors, Anti-Bribery and Corruption, as well as Directors' Appointments and related matters. These policies were published on the Bank's website in compliance with Section 9.2.1 of the Colombo Stock Exchange (CSE) Listing Rules on October 1, 2024. In our review, we considered all relevant requirements under Banking Act Direction No. 05 of 2024 on 'Corporate Governance for Licensed Banks,' as well as applicable CSE regulations.

Furthermore, to enhance the efficiency of our Board responsibilities amid a changing business and governance landscape, we consolidated four (04) Board Subcommittees into two: the 'Board Nomination and Governance Committee' and the 'Board Marketing, Product Development and Sustainability Committee'.

Following the Bank's recent upgrade to 'A+(lka)' National Long-Term Rating (Outlook Stable) by Fitch Ratings Lanka Limited, we reaffirm our commitment to upholding high standards of corporate governance, ensuring financial stability, and promoting sustainable growth for all stakeholders.

I confirm that I am unaware of any material violations by the Bank of applicable laws and regulations.

I would like to extend my gratitude to the members of the Board, corporate management, and employees for their tireless efforts in navigating the challenges of the economic and market environment, seizing opportunities for growth and value creation.

Yours sincerely,



Justice Buwaneka Aluwihare PC
Chairman

25 February 2025

Corporate Governance

Seylan Bank PLC ('the Bank') has always recognized that a robust Corporate Governance framework established and maintained throughout, supports the financial stability and sustainable growth of the Bank. The Bank remains steadfast in its commitment to high standards of Corporate Governance; ensuring accountability, transparency, and ethical conduct are upheld. The Bank's Board of Directors ('The Board') and the management work towards fostering a culture of responsibility, where strategic decisions are driven by a deep sense of duty to stakeholders, the community and the broader economy.

The Bank's comprehensive governance framework combines regulatory requirements, voluntary codes and best practices all encapsulated within its internal structures. This framework provides a solid foundation for building trust with stakeholders and reinforcing the Bank's standing in the banking industry. The Bank places great importance on ethical and professional conduct across all levels of its organization, from the Board of Directors to the senior management and the staff at every level. This collective commitment to good governance is essential to maintain accountability, transparency, and a sound governance culture across the Bank.

With an objective for creating long-term value, fostering trust, and maintaining a sustainable business model the Bank monitors due compliance with regulatory and statutory requirements and sound governance practices into the operations by way of clear processes and procedures adopted.

Diligent risk management, clear internal policies, processes and continued commitment of the management have been integral for the Bank to thrive as a responsible financial institution.

The Bank's governance related policies, charters and codes of conduct and ethics which were formulated and adopted by the Bank taking into consideration the regulations, rules, directions, guidelines and principles, etc. of the relevant statutes and regulatory bodies in addition to its' own Articles of Association.

External Framework

Includes (but not limited to) the following Regulations and Guidelines

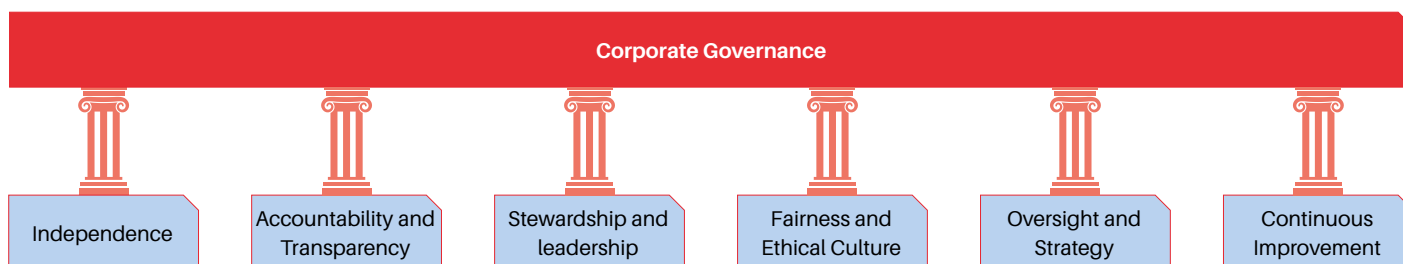
- ▶ Banking Act No.30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024)
- ▶ Companies Act No.07 of 2007
- ▶ Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks of Sri Lanka (as amended)
- ▶ Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks of Sri Lanka
- ▶ Banking Act Determination No. 04 of 2024 on Approved Securities for Accommodation Granted to Related Parties of a Licensed Bank
- ▶ Banking Act Directions, Determinations, Guidelines, Circulars issued by the Central Bank of Sri Lanka from time to time
- ▶ Rules of the Colombo Stock Exchange (as amended)
- ▶ Guidelines of the Securities and Exchange Commission of Sri Lanka in pursuance of its regulations
- ▶ Acts, Gazettes and regulations issued by the Tax Authorities
- ▶ Sri Lanka Accounting and Auditing Standards Monitoring Board
- ▶ Guidelines issued by the Institute of Chartered Accountants of Sri Lanka
- ▶ Other applicable regulations, directions and recommended best practices on Corporate Governance, Financial Disclosures, Related Party Transactions etc

Internal Framework

Includes (but not limited to) the following Policies and Guidelines

- ▶ Articles of Association
- ▶ Corporate Governance Policies
- ▶ Terms of Reference for the Senior Independent Director
- ▶ Terms of Reference of the Board Subcommittees
- ▶ Terms of Reference of Management Committees
- ▶ Integrated Risk Management Framework and Risk Management Policies
- ▶ Compliance Reference Guide covering Compliance related policies, internal guidelines, regulatory directions, regulatory reporting requirements etc.
- ▶ All policies approved by the Board including policies on all operational areas, human resources/ employee related policies
- ▶ Employee Manual including Code of Ethics and Code of Conduct for Employees
- ▶ Code of Business Conduct and Ethics for Directors
- ▶ Operations Manual
- ▶ Lending Guidelines
- ▶ Credit Standards and Procedure Manual

Core Pillars of Bank's Corporate Governance Framework



The Corporate Governance statements in compliance with the principles and directions set out in the Banking Act Direction No.11 of 2007 [as amended] for Licensed Commercial Banks) that are reported in this Corporate Governance Report as well as in the Reports of the regulatory Board Subcommittees published in the Annual Report describe the Bank's key Corporate Governance approach and practices for the financial year ended 31 December 2024 ('FY 2024').

Further, the disclosures on financials and notes thereof on Internal Controls, on Environmental, Social Governance (ESG), on Risk Management are also published in the Annual Report evidencing the Bank's commitment to transparency and accountability, the Board's oversight on Bank's Strategy and the management's commitment to application of good governance practices.

The Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks ('Banking Act Directions 2024') was introduced in September 2024 to be effective from 01 January 2025. The Bank carried out a detailed review of the requirements set out therein in order to ascertain the status of compliance of the Bank. Following the said review, the management has taken necessary measures to address any identified gaps to ensure adherence to the stipulated provisions within the prescribed timelines.

The Board Nomination and Governance Committee and the Board of Directors reviewed the statements in this Corporate Governance Report and were satisfied with the disclosures and confirmations on the level of compliance in respect of FY 2024 in terms of Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks (hereinafter referred as Banking Act Direction, 2007) and governance codes and principles.

The findings of the External Auditors' Factual Findings Report carried out based on the Agreed upon Procedure in terms of Sri Lanka Related Services Practice Statement 4750 were reported to be consistent with the matters disclosed in this Corporate Governance Report.

STATEMENT OF COMPLIANCE IN ACCORDANCE WITH BANKING ACT DIRECTION NO. 11 OF 2007 ON CORPORATE GOVERNANCE (AS AMENDED)

In accordance with Section 3(1) (xvi) of the Banking Act Direction 2007, the Bank is required to disclose the level of compliance of matters as set out in Direction No. 03 of the said Banking Act Direction 2007 on Corporate Governance with pertinent disclosures in the 'Corporate Governance Report' of the Annual report.

Relevant disclosures made cover the eight sub-sections, Section 3(1) to Section 3(8) of the above Banking Act Direction 2007.

Section 3(9) of the Direction on 'Transitional and Other General Provisions' is not applicable to the Bank and therefore not mentioned herein.

The aforementioned Direction and Banking Act regulations, other directions, determinations and circulars issued by the Governing Board of the Central Bank of Sri Lanka (Previously known as 'Monetary Board') under the Banking Act No.30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024) can be perused by accessing the website of the Central Bank of Sri Lanka www.cbsl.gov.lk

Directions/Compliance Status - complied ✓; not complied ✗; partially complied Ⓟ

[The numbers against the captions indicate the respective section of the Banking Act Direction 2007]

3(1) RESPONSIBILITIES OF THE BOARD

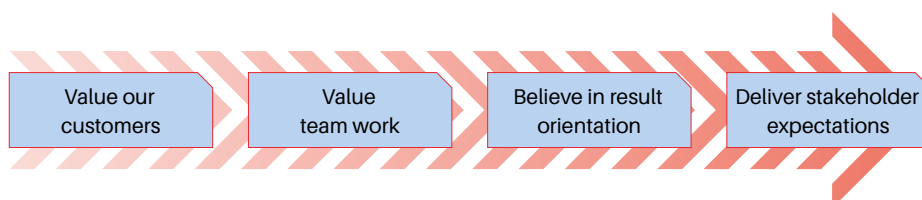
3(1)(i) ✓ - Ensuring the Safety and Soundness of the Bank

The Board has taken relevant measures to ensure safety and soundness of the Bank by ensuring compliance with the regulations and policy measures, directions, determinations and circulars released by the regulators time to time and various governance related frameworks and policies adopted by the Bank. Such measures were taken with responsibility and accountability of the Board. Management strengthened the safety and soundness of the Bank whilst promoting public confidence mainly of its depositors, investors and borrowers.

3(1)(i)(a) ✓ - Strategic Objectives and Corporate Values

Upon the expiry of the Strategic Plan for 2021-2023, with the guidance of the Board Strategic Plan Committee, the corporate management developed the Strategic Plan 2024-2026 based on modified strategy drivers/strategy pillars for the Bank with the approval of the Board. The Bank's strategic objectives and corporate values are embedded in its Vision and Mission statements. The Board has ensured that appropriate steps are taken to communicate these throughout the Bank by means of the Bank's Employment Manual, the Codes of Conduct and Ethics, the Bank's Intranet as well as supporting policies. The Director/CEO communicated the strategic plan and corporate objectives to the staff upon the launch of 'Town Hall meetings attended by Director/CEO, vide a series of communications planned through first working day messages to all staff, meetings and communications to the senior corporate management, branch management and to all staff of head office and branches vide circulars.

Values embedded in Seylan Bank PLC's Vision and Mission



Corporate Governance

The corporate values and the importance of achieving the objectives were emphasized to staff at orientation programs, training and development forums and the intranet. Different management forums and performance review forums were held from time to time to review the progress against the set strategic objectives and goals as well as against the financial targets as per the annual budget.

Codes of Conduct and Ethics

Two separate Board approved Codes are in place for the Directors and for the employees of the Bank, namely;

- ▶ The Code of Business Conduct and Ethics for Directors
- ▶ The Code of Conduct as well as the Code of Ethics for the Bank's Employees including the Key Management Personnel (KMP)

These Codes clearly state that Directors and employees are expected to conduct themselves ethically in addition to complying with laws, regulations and company policies. These Codes emphasize the following principles and guidelines (but not limited to) to be abided by the Directors and the employees:

- ▶ to protect the business interests of the Bank;
- ▶ to maintain the Bank's reputation;
- ▶ to foster compliance with applicable legal and regulatory obligations

The annual declaration to the effect that the Directors are aware and will abide by the Code of Business Conduct and Ethics for Directors was signed by all the Directors during the year. The Code of Conduct and the Code of Ethics for the Bank's employees are available on the Bank's intranet for perusal and due adherence by all staff.

Whistleblowing Policy

The Bank has established an effective Whistleblower program to protect the integrity and reputation of the Bank, augment its framework of internal controls and provide a channel for employees to report inappropriate activity and ethical concerns of which they may be aware. Matters reported are diligently investigated and appropriate action taken. The Bank is committed to

Whistleblower protection and maintain confidentiality and foster employee trust in the Whistleblower mechanism. Employees are educated and encouraged to raise any concerns affecting compliance culture of the Bank through the Whistleblowing mechanism.

Anti-Bribery and Corruption Policy

The Bank is committed to conduct its business in accordance with the highest ethical standards. In line with this commitment, the Bank adopts a "zero tolerance" approach for bribery and corruption breaches including deviations from ethical standards.

Board Governance and Compliance Committee, which was a Board Subcommittee that had been in existence, assisted the Board in adopting appropriate governance standards to fulfill Board's responsibility for oversight on the overall Corporate Governance Framework of the Bank.

Beyond its regular compliance obligations, this Subcommittee performed specific tasks such as overseeing the regular monitoring and periodic assessment of the Bank's Conduct Risk Management Framework and the Anti-Bribery and Corruption Framework both at policy and procedural levels. After the merger of two Subcommittees namely the Board Nomination Committee and the Board Governance and Compliance Committee effective 10 September 2024 as "Board Nomination and Governance Committee" the aforesaid responsibilities have been fulfilled by the said Board Nomination and Governance Committee post the merger.

In order to ensure that risks arising from those within the Bank's business are appropriately identified, mitigated and managed, the Anti-Bribery and Corruption Policy clearly defines unacceptable behavior and activity relating to bribery and corruption. The Anti-Bribery and Corruption Policy clearly demarcates the policy boundaries and the related procedures on gifts and hospitality related expenses.

The approach is applicable across the Bank from the Board of Directors and the top management to the bottom level employees including temporary recruits. It is also applicable to agents and representatives

of the Bank. To achieve these objectives, continuous awareness raising initiatives are available at staff induction sessions. Procedures for monitoring are in place to guarantee that all stakeholders abide by the highest ethical standards of integrity and accountability obligations. The Bank's Compliance Department is vested with the responsibility of ensuring the implementation of the recommendations of the Board and its Subcommittees in this regard.

3(1)(i)(b)&(c) ✓ - Approval of the Overall Business Strategy and Risk Policies and Prudent Risk Management with Measurable Goals

Strategic Plan

The Board approved Strategic Plan for 2024-2026 included measurable goals and targets (KPIs) which were assigned to KMPs and are monitored on a regular basis and linked to respective performance appraisals. Strategic drivers/strategy pillars have been modified and two new pillars, namely, "Fee Income" and "Automation and Artificial Intelligence (AI)" have been added to the Strategic Plan for 2024-2026 and Recoveries pillar has been brought in as a separate driver which was earlier identified under "Quality Assets Growth and Recoveries". Hence, the Bank has identified CASA, Advances, Recoveries, Fee Income, Cost Optimization, Digital Channels, Automation and AI and Human Capital leading to sustainable profit in deciding the way forward on the new corporate strategy formulation with a review of the progress of qualitative and quantitative key strategic drivers as per the 2024-2026 plan. The Sustainability Strategy is embedded in the overall business strategy of the Bank.

The risk policies, process and procedures and risk management framework are regularly monitored by the Risk Management Unit and reported to the Board Integrated Risk Management Committee and the Board which strengthen the business strategy. The policies are reviewed periodically or when the need arises in order to dynamically manage risk appetite of the Bank.

The Project Management Office in collaboration with the management focused on driving the results of the selected priorities of the corporate strategy as per an agreed operational plan.

Risk Management

The Board has delegated the responsibility for formulating and implementing prudent risk management policies, to its Subcommittee, the Board Integrated Risk Management Committee (BIRMC). The BIRMC ensures/monitors the Bank's Risk Management Unit headed by the Chief Risk Officer, identifies principal risks and puts in place policies and guidelines to be reviewed and approved by the Committee. Systems put in place were being tested by the Risk Unit. Minutes and reports of BIRMC meetings are submitted to the Board regularly.

During the year, the Board ensured that the implementation of overall business strategy and the goals and targets are aligned with the Bank's overall risk assessment and risk appetite. The Board approved the Integrated Risk Management Policy and other risk management policies and procedures in place to constitute the overall risk management framework of the Bank which were constantly tested and reviewed by the Risk Management Unit and the status was reviewed by the BIRMC.

3(1)(i)(d) ✓ Communication Policy with All Stakeholders

The Board believes that collaboration and regular interaction with all Stakeholder groups is essential to the Bank's long-term resilience and to the effectiveness of its integrated sustainability approach.

The Board has adopted the following policies in this regard:

- ▶ **Stakeholder Engagement Policy:** an internal document which sets out the method of engagement with stakeholders who impact and influence the Bank's long-term resilience, specifying the lines of authority for communication with them in the ordinary course of business. This Policy is reviewed by the Board Nomination and Governance Committee and the Board periodically
- ▶ **Complaint Management and Redress Mechanism (Customers include depositors and borrowers):** This document which is published in all three languages on the Bank's website, www.seylan.lk outlines the Bank's policy on dealing with customers, handling customer complaints, contact information for making complaints to the Bank and/or to the Financial Ombudsman

- ▶ **The Policy on relations with Shareholders and investors:** Accessible on the Bank's website, www.seylan.lk. This was set out with the objective of enhancing long-term shareholder value. The Policy strives to ensure that shareholders have ready and timely access to publicly available information of the Bank. The Board Nomination and Governance Committee and the Board review the said Policy periodically
- ▶ **Communication Policy:** This Policy provides guiding principles to the staff on both internal and external communication, mainly the dissemination of corporate information to the media. This Policy is reviewed by the Board Nomination and Governance Committee and the Board, periodically
- ▶ **Information Disclosure Policy:** The Policy which is reviewed by the Board periodically is an internal document which sets out guidelines for a governance framework in disclosing information by the Bank such as financial information, governance information, risk information and any other relevant information that requires to be disclosed to shareholders, employees, existing and potential investors, customers, creditors and other stakeholders (including public) in a timely manner and in an accurate, fair, comprehensive and efficient way
- ▶ **Policy for Financial Consumer Education and Awareness:** This Policy which was reviewed and approved by the Board, was implemented in accordance with the requirements set forth in the Financial Consumer Protection Regulation No. 01 of 2023 (Extraordinary Gazette No. 2344/17, dated 09 August 2023). The Policy provides insights for the development of a financially literate community by offering education and raising awareness among the customers
- ▶ **Policy on Complaint Handling for Financial Consumers:** This Policy provides a structured framework for addressing and resolving customer grievances. The Policy was developed in line with the requirements of the Financial Consumer Protection Regulation No. 01 of 2023 (Extraordinary Gazette No. 2344/17, dated 09 August 2023), ensuring effective and timely management of complaints

3(1)(i)(e) ✓ - Internal Control Systems and Management Information Systems

Internal control systems can only be adjudged to be effective if its components are present and function effectively for operations, financial reporting and compliance. These responsibilities come under the purview of the Board Audit Committee (BAC) and are dealt with by the BAC. The BAC ensures that the internal control systems within the organization is adequate. This responsibility includes determining the extent to which internal controls are evaluated by the internal and external auditors. The confirmed Minutes of the BAC are submitted to the Board periodically for perusal of the proceedings of the BAC and also for the concurrence of the decision/actions taken by the BAC.

3(1)(i)(f) ✓ - Identification of Key Management Personnel (KMPs)

As per the Sri Lanka Accounting Standards, KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity. All members of the Board of Directors and members of the senior management in the grade of Assistant General Manager and above and other officers performing executive functions as per the Banking Act Determination No. 01 of 2019 are deemed as KMPs by the Bank. Their appointments were recommended by the Board Nomination and Governance Committee and approved by the Board.

Having identified those KMPs who are in a position to influence and exercise control and are deemed as "related parties", the Bank took necessary steps to comply with Section 3(7) of the Banking Act Direction 2007 and the Rules of the Colombo Stock Exchange ('CSE') on related party transactions. The Bank's Policy and Process document on Related Party Transactions and Avoidance of Conflicts of Interests and the Codes of Ethics provide necessary principles, guidelines and processes to be followed by the KMPs.

Corporate Governance

3(1)(i)(g) ✓ - Defining of Areas of Authority and Key Responsibilities

The areas of authority and key responsibilities of the Board of Directors and the KMPs have been defined. The duties and responsibilities of the Board of Directors stipulated in the statutes and governance codes/guidelines have been incorporated in the Bank's policies applicable for Directors. The areas of authority of the KMPs are defined in their respective Job Descriptions.

3(1)(i)(h) ✓ - Oversight of the Affairs of the Bank by Key Management Personnel (KMPs)

The objective of effective management oversight is to ensure that management is involved in and clearly committed to the delivery of the results. The Board was satisfied that there was appropriate oversight of the affairs of the Bank by the KMPs. Communication of Board approved Policies and decisions are conveyed through Board minute extracts to KMPs for their follow up actions. The Board also exercises appropriate oversight on the affairs of the KMPs who attend regular Board and Board Subcommittee Meetings. The Board Subcommittees exercise their powers as delegated by the Board *vide* Board approved Terms of Reference.

The monthly management reports presented to the Board by the Chief Financial Officer (CFO) provide an overall account of the performance of the Bank and of the business units and support units, against the agreed strategic objectives and targets. Progress of Capital Adequacy Ratio, Liquidity position and utilization of Capital Expenditure are also submitted to the Board. The Board reviews and deliberates the same in detail at meetings at which the CFO and/or the Director/ CEO attend and answer queries and provide clarifications.

Reports, Board papers and/or proposals submitted by KMPs to the Board and Board Subcommittees for information, review and concurrence or decision were pursuant to due diligence, identification of key risks and solutions for mitigating of such risks, highlighting the benefits and impacts and placing their recommendations with reasoning and justifications. The proposals include those aligned to the instructions of

the Board and/or its Subcommittees, Board policies and those arising from management level strategic decisions at meetings headed by the Director/CEO. KMPs make presentations to the Board on matters under their purview and are also called in by the Board to explain matters relating to their areas.

3(1)(i)(i) ✓ - Effectiveness of the Board's Own Governance Practices/Board Assessments

The benefits of regular board assessments/ evaluations encourage collaborative decision-making and enhanced performance of individual directors and further encourage directors to work together effectively. It can contribute significantly in terms of improved leadership, greater clarity of roles and responsibilities, reduce conflict in the boardroom, embed a culture of good governance, greater accountability, better decision-making, improved communication and more efficient board operations.

The Board reviews and discusses the Board's effectiveness including those of the Board appointed Committees on an annual basis. Self-evaluation Reports submitted by the Board Subcommittees and responses of the directors to a standard questionnaire/ checklist issued to them annually are reviewed during this process. The Directors also carried out an Evaluation of Board Chairman's performance for the year under review.

Evaluations done by the Directors were submitted to the Board Nomination and Governance Committee and the Board.

The Board has put in place a formal process for reviewing the effectiveness of its own performance and that of its Committees annually. Each Director completed a detailed questionnaire in respect of 2024, which sought their responses on the governance practices adopted by the Board/Bank, which included the following:

- ▶ Structure of the Board and its Committees;
- ▶ Board culture and relationships with stakeholders;
- ▶ Effectiveness of Board proceedings;
- ▶ Implementation of strategy; internal control processes and robust risk management;

- ▶ Capitalization of the Bank;
- ▶ Response to problems and crisis that have emerged
- ▶ Succession planning;
- ▶ Knowledge and skills update by Board members;
- ▶ Effectiveness of the Independent Directors of the Board

The results of Board Performance evaluation were collated by the Company Secretary and a synopsis was submitted for review and comments and/or recommendations of the Board Nomination and Governance Committee and thereafter submitted to the Board for an overall assessment of the Board effectiveness.

The results reflected that the Board and Board Subcommittees have continued to be effective and have made valuable contributions towards the Board's responsibilities.

Meetings of the Independent Directors, which is headed by the Senior Independent Director ('SID') of the Bank, are forums which discuss on methodology and process for Board Evaluation among other governance related matters being discussed thereat. Mrs Sandya K Salgado is the SID of the Bank who chairs such meetings. Meeting of the Independent Directors held in December 2024 discussed the framework for the meetings of the Independent Directors, the role of the SID as the Chairperson of the Independent Directors' Meetings, regular evaluation of Board performance including the evaluation of Chairman's performance, the necessity to revise SID's Terms of Reference in light of the Banking Act Direction, 2024 which stipulated the requirements to appoint a SID, in the event the Board Chairman who is an Independent Director ceases to be independent after his/her initial appointment.

3(1)(i)(j) ✓ - Succession Plan for Key Management Personnel (KMPs)

This responsibility is vested with the Board Nomination and Governance Committee to consider and recommend requirements of additional/new expertise and the succession arrangements for Directors and KMPs. Succession Plan of KMPs with the first and second level succession arrangements of said KMPs was reviewed. The Committee

deliberated on medium term and long-term succession and planned and unplanned succession taking into account the organizational or functional needs arising time to time and the need to review the said Succession Plan annually. It was noted the importance of providing trainings for first and second line successors identified for specific roles and their regular evaluations to be made by the management.

3(1)(i)(k) ✓ - Regular Meetings with Key Management Personnel (KMPs)

KMPs heading different areas of authority and the Director/CEO were met at management meetings. KMPs also attended the Board and Board Subcommittee meetings by invitation where the Directors discussed the progress and the extent to which policies, corporate strategies and objectives of the Bank were implemented and achieved whilst advising and providing relevant directions to the management.

3(1)(i)(l) ✓ - Understanding of the Regulatory Environment

The Board members by their own professional virtues keep abreast of the changes in the regulatory environment and were updated by the Head of Compliance and the other KMPs such as the CFO and the Company Secretary.

Monthly Compliance Reports are submitted by the Compliance Officer to the Board reporting the extent of compliance by the responsible officers. Status reports on compliance are also periodically forwarded to the Central Bank as per its Directions and Guidelines. The Company Secretary is responsible for liaising and maintaining relationship with the Colombo Stock Exchange and the Department of Registrar of Companies and ensures to comply with the provisions of the Companies Act and Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka. The Board has ensured that the Bank maintains an effective dialogue and relationship with the regulators.

3(1)(i)(m) ✓ - Hiring of External Auditors

The Board Audit Committee is vested with the responsibility of exercising due diligence and oversight in making necessary recommendations for the concurrence of the Board. The appointment of the External

Auditor is however, approved by the shareholders at the Annual General Meeting.

The Committee reviews and ensures the change of the Audit Engagement Partner every five years in compliance with applicable regulatory requirements and appropriate disclosures are made in confirmation of such a change as and when due. Accordingly, the previous Audit Partner stepped down during the first quarter 2024, after completion of five (05) years and a new Audit Partner was appointed for the Bank.

3(1)(ii) ✓ - Appointment of Chairman and Chief Executive Officer

Independent Director, Justice Buwaneka Aluwihare PC was appointed as the Chairman of the Bank w.e.f. 29 May 2024 upon the retirement of Mr W M R S Dias, the former Chairman, on 28 May 2024.

Mr Ramesh Jayasekara was appointed as the Director/CEO w.e.f. 01 May 2023.

The functions and responsibilities of the Chairman are as defined in section 3(5) of the Banking Act Direction 2007 which are distinct from the role and responsibilities of the Director/CEO who reports to the Board, and his functions and responsibilities are defined in his Job Description as approved by the Board.

3(1)(iii) ✓ - Frequency of Board Meetings and Participation of Directors

Twelve regular meetings were held monthly during the year 2024 with the active participation of Directors. No additional meetings were held during the year.

Quorum - The quorum for the Board Meetings is minimum 05 members or above 50% of the number on the Board whichever is higher with the presence of a majority Non-Executive Directors. The quorum required in this manner was maintained from the commencement to the conclusion of proceedings of Board Meetings held during the year.

Directors actively participated, shared their views and made valuable contributions at Board proceedings. Resolutions by circulation were restricted to matters of routine nature and/or for urgent business requirements with the prior clearance received from

the Chairman of the Board. A summarized report of all such resolutions passed, were confirmed/ratified at the immediate regular monthly Board meeting. The Directors' attendance at Board meetings are disclosed in the table under 3(1)(vi) below.

3(1)(iv) ✓ - Agenda

Board meetings are scheduled monthly and Directors are notified of the date of the next meeting well in advance providing the opportunity for the Directors to include matters and proposals (if any to be taken up at such meetings). Since adequate notice of the Board meetings were issued, Directors had the opportunity to include matters and/or proposals relating to business of the Bank and other relevant matters to be considered at the regular monthly Board Meetings. Directors proposed and collectively agreed on any additional matters to be included in the agendas of future Board Meetings and/or Board Subcommittee meetings.

3(1)(v) ✓ - Notice of Meeting

Notices for the regular monthly meetings of the Board of Directors were emailed by the Company Secretary to the Directors as well as to the Management at least three weeks prior to the date of the meeting. The agenda along with the connected papers/reports were circulated to the Directors by uploading them to the Board Papers Application System, "Seylan BoardPAC" and accessed by the Directors from their application devices at least 7 days prior to the regular Board Meetings during the year.

3(1)(vi) ✓ Attendance

The Board members' record of attendance at Board meetings at the preceding twelve-month period was apprised by the Company Secretary at regular Board Meetings. During the year, each Director has attended more than two-thirds of the meetings he/she was eligible to attend and further, no Director was absent from three consecutive meetings. The following table provides the total number of meetings attended by each Director during the year.

Corporate Governance

Director	Status*	Meetings eligible to attend	Meetings Attended	As a Percentage (%)
Mr W M R S Dias **	Non-IND NED/ Chairman	5	5	100.00
Justice Buwaneka Aluwihare PC***	IND NED/ Chairman****	10	10	100.00
Mr S Viran Corea PC	Non-IND NED	4	4	100.00
Mrs Sandya K Salgado	Senior Independent Director	12	10	83.33
Mr D M D Krishan Thilakaratne	Non-IND NED	12	11	91.66
Mr D M Rupasinghe	IND NED	12	12	100.00
Mr L H A Lakshman Silva	IND NED	12	12	100.00
Mrs V G S Sunjeevani Kotakadeniya	Non-IND NED	12	10	83.33
Mrs Averil A Ludowyke	IND NED	12	12	100.00
Mr Ramesh Jayasekara	EXD/CEO	12	12	100.00

* Status of Directorship, NED - Non-Executive Director; IND - Independent; EXD - Executive Director

** Retired on 28 May 2024

*** Appointed to the Board on 26 February 2024

**** Appointed as the Chairman of the Board w.e.f. 29 May 2024

3(1)(vii) ✓ - Company Secretary

Mrs Saraswathie Poulraj who is an Attorney-at-Law is the Company Secretary of the Bank appointed by the Board with effect from 08 May 2022. She is also registered as a Secretary in accordance with the Companies (Secretaries) Regulations No. 1 of 2023 made under Section 527 read with Section 222 of the Companies Act No. 07 of 2007. In conformity with Section 43 of the Banking Act No.30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024), she is not an employee of any other organization or institution. The Board approved Job Description of the Company Secretary includes the responsibilities to be performed in compliance with the relevant laws, regulations and the Articles of Association of the Bank.

The Company Secretary's primary responsibilities include, but not limited to assisting the Chairman and the Chairpersons of the Subcommittees to make the arrangements to convene meetings, preparing meeting agendas, convening and conducting shareholders' meetings in line with the regulations and Articles of Association of the Bank. Among other functions, she oversees the administration and day to day operations of the Company Secretariat of the Bank including the coordination with the registrars appointed, communications with shareholders, and communication with regulatory authorities, mainly the CSE, the Registrar of Companies and the Central Bank of Sri Lanka.

3(1)(viii) ✓ - Access to the Advice and Services of the Company Secretary

The Company Secretary reports to the Board and to the relevant Board Subcommittees and supports the members on matters relevant to the functioning of the Board and the Board Subcommittees in line with good Corporate Governance. Advice and services sought by the Board members from time to time in respect of Board responsibilities, procedures and applicable rules and regulations that are required to be followed, were offered by the Company Secretary. Directors have direct access to the Company Secretary.

3(1)(ix)&(x) ✓ - Minutes of Board Meetings

Minutes of Board Meetings are prepared and circulated to the Directors to enable them to peruse the same and confirm or rectify and record any discrepancy at the subsequent Board meeting. Minutes are maintained by the Company Secretary for inspection or apprising them of any past decisions as may be required by any director on reasonable notice. Minutes of Board meetings are recorded by the Company Secretary to enable a proper assessment to be made of the extent of deliberations at the meetings.

Every paper submitted to the Board seeking approval of the Board contains recommendations from the executive management and also discloses a reasonable basis for making such recommendations.

3(1)(xi) ✓ - Independent Professional Advice

The Directors are permitted to seek independent professional advice on any matters at the expense of the Bank in furtherance of their duties and contribution at Board and Board Subcommittee meetings in the interest of the Bank whenever required. The Board approved 'Policy on Seeking Independent Professional Advice by Directors' included a provision (among other) to seek professional advice from an individual/firm/ party outside Sri Lanka, subject to proper evaluation and securing approvals therefore, if and when needed.

3(1)(xii) ✓ - Avoidance of Conflicts of Interest

If a Director has a conflict of interest in a matter to be considered by the Board or by a Board Subcommittee, which has been determined to be material, the Company Secretary and/ or the Chairman or the Director/s concerned draws attention of the Board to such interest (Directors' interest in contract or related party interest), prior to such proposal or matter is to be discussed and decided upon at the meeting. Directors generally refrain from participating in the discussions, voicing their opinion or approving in situations where there is a conflict of interest. Directors abstain from voting on any resolution in which the Directors

have related party interests or are interested by virtue of their directorships. Declarations on Directors' Interests are called for by the Company Secretary from the Directors and carry updated information which enables to ascertain any interests when transactions of interest are discussed by the Board.

The Code of Business Conduct and Ethics for Directors and the Policy on Related Party Transactions and Conflicts of Interest has laid down principles and procedures in this regard which the Directors are familiar of. The Directors confirm their adherence to the Code of Business Conduct and Ethics annually.

3(1) (xiii) ✓ - Schedule of Matters Reserved for the Board's Decision

There is a formal schedule of matters included in the agenda, specifically reserved for Board's decisions to ensure Board's contribution in the decision making process and to make the ultimate decisions. They are taken up at the regular Board meetings. They also include matters which require the approval of the Board which are not within the delegated authority of the management and/or the Board Subcommittees. The scope of such matters are described in the Bank's policies relating to Corporate Governance which include but not limited to business strategy and management, capital structure, financial reporting and controls, remuneration of KMPs and delegation of authority.

3(1) (xiv) ✓ - Bank's Ability/Inability to Meet its Obligations on Payments

The Board has readopted the reviewed and revised Contingency Funding Plan (CFP) which was approved by the Board till May 2026. This Policy document covers the procedures to be followed in a liquidity crisis situation and the stage when Central Bank is to be kept informed on the measures taken to keep up solvency. Such a situation has not arisen during the period under review.

3(1) (xv) ✓ - Capitalization of the Bank

The Bank complied with regulatory and prudential requirements relating to capital adequacy as required by the Governing Board of Central Bank of Sri Lanka, under Banking Act Direction No.1 of 2016 (as amended) on Capital Requirements under BASEL III for Licensed Commercial Banks and Licensed Specialized Banks.

The Capital Adequacy Position based on the Capital Augmentation Plan (CAP) was reviewed during the year. CFO submitted the position of capital adequacy monthly to update the status to the Board. The Board approved Capital Augmentation Plan was submitted to the Central Bank of Sri Lanka in compliance with the regulatory requirements. Based on the findings of Assets Quality Review, the Bank revisited the Capital Augmentation Plan in December 2024. The Board has ensured to take appropriate steps to stay capitalized as required by the Governing Board of Central Bank of Sri Lanka. The total Capital Ratio as at 31 December 2024 based on certified audited financials was 18.59%, (above the minimum regulatory requirement of 12.50%).

3(1) (xvi) ✓ - Annual Corporate Governance Report

This Corporate Governance Report published in the Annual Report serves to meet the requirement of this provision in compliance with the Banking Act Directions on Corporate Governance.

3(1) (xvii) ✓ - Scheme of Self-assessment

Each member of the Board submitted his/her own self-assessment reporting on the extent of their respective contributions to the Board and to the Board Subcommittees they were attached to. The self-assessment reports submitted by the Directors are tabled at Board Meetings and are filed for records by the Company Secretary.

These facilitated the Board members to assess the extent to which they have fulfilled their duties and responsibilities and further it ensured that appropriate processes are in place to ensure due diligence to planning and oversight. The process and approach for evaluations have been reviewed and the improvements have been adopted.

3(2) THE BOARD'S COMPOSITION

3(2) (i) ✓ - Board's Composition

The Bank is in compliance with this section of the Banking Act Directions, i.e. that the composition of the Board to be not less than seven directors and not more than thirteen directors at any one time as described in the table below.

No.	Director	Status*	Date of Appointment	Period served as at 31 December 2024
1.	Mr W M R S Dias	Non-IND NED / Chairman	29 May 2015	9 years (retired on 28 May 2024 after the completion of a tenure of 9 years)
2.	Mr S Viran Corea PC	Non-IND NED	14 May 2015	9 years (retired on 13 May 2024 after the completion of a tenure of 9 years)
3.	Mrs Sandya K Salgado	IND NED	1 December 2016	8 years, 1 month
4.	Mr D M D Krishan Thilakaratne	Non-IND NED	1 October 2018	6 years, 3 months
5.	Mr D M Rupasinghe	IND NED	1 October 2021	3 years, 3 months
6.	Mr L H A Lakshman Silva	IND NED	18 July 2022	2 years, 5 months
7.	Mrs V G S Sunjeevani Kotakadeniya	Non-IND NED	17 August 2022	2 years, 4 months
8.	Mrs Averil A Ludowyke	IND NED	17 August 2022	2 years, 4 months
9.	Mr Ramesh Jayasekara	EXD/Chief Executive Officer	01 May 2023	1 year, 8 months
10.	Justice Buwaneka Aluwihare PC	IND NED/ Chairman	26 February 2024	10 months (appointed as the Chairman of the Board w.e.f. 29 May 2024)

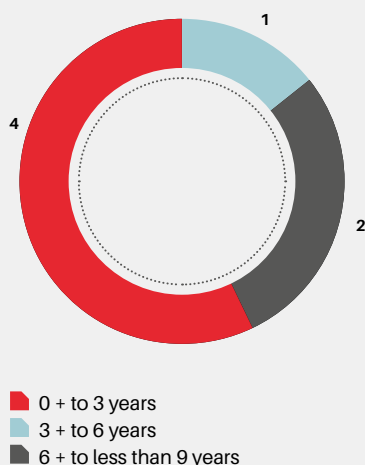
Status of Directorship: NED - Non-Executive Director; IND- Independent Director; EXD- Executive Director

Corporate Governance

3(2) (ii) ✓ - Period of Service of Directors other than a Director who holds the position of CEO

The service period of the Non-Executive Directors on the Board during the year, did not exceed nine years as noted in the above table.

Number of Non-Executive Directors who have completed the following tenures of directorships as at 31 December 2024



3(2) (iii) ✓ - Appointment of Executive Directors

The Board comprised only one Executive Director throughout (Director/CEO, Mr Ramesh Jayasekara) and all others were Non-Executive Directors, including the Chairman of the Board. Accordingly, the Bank complied with this direction which states that executive directors on the Board shall not exceed one third of the total number.

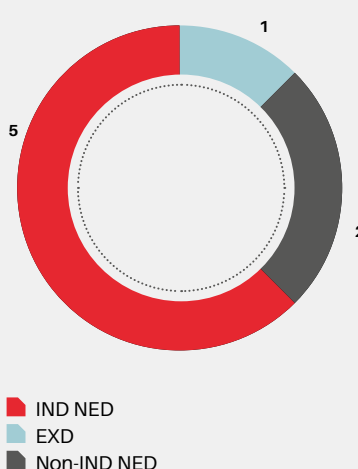
3(2) (iv) ✓ - Independent Directors

This Direction states that the minimum requirement of Independent Non-Executive Directors shall be three or one-third of the total number of directors on the Board, whichever is higher. The Board comprised 05 Independent, Non-Executive Directors out of the total 08 Directors of the Board as at 31 December 2024. The Board comprised the minimum number of Independent, Non-Executive Directors throughout the year 2024. The criteria stated herein are reviewed *vide* declarations submitted by the Directors.

Determination of Independence

The Board determined the independent and non-independent status of the Non-Executive Directors based on the declarations submitted by respective Directors in accordance with the criteria defined in sections 3(2)(iv) and 3(5)(iii) of the Banking Act Direction No. 11 of 2007 issued by Central Bank of Sri Lanka, and also in terms of applicable sections of the Rules of the CSE (revised).

Status of Directors on Board



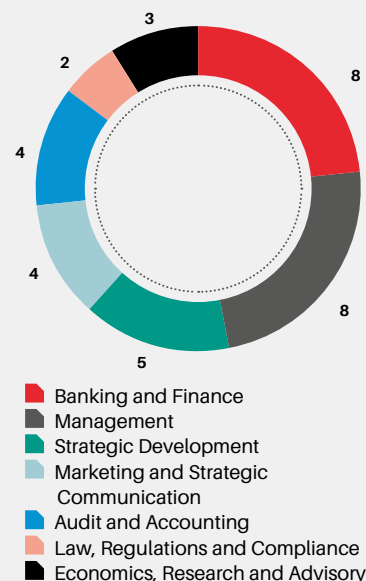
3(2) (v) ✓ - Alternate Directors

There were no alternate Directors appointed to represent any director during the year.

3(2) (vi) ✓ - Profiles of the Non-Executive Directors

The Directors on the Board were professionals with extensive experience, skills and proven track records, in the fields of banking, finance, management, accounting, auditing, law, economics, research, marketing, strategic communications etc. Their profiles are published in the Annual Report. Their knowledge and expertise brought comprehensive oversight and independent judgment on issues of strategy, operations of the Bank with a broader focus on financial, compliance and reputational risks, thus supporting a greater supervision on the Board and in the evaluation and decision-making process.

Areas of Expertise of the Board Members



Gender Diversity was another aspect that the Board takes into consideration when nominees were considered for Board appointments. The Board of Directors comprised 37.5% female Directors and 62.50% male Directors as at 31 December 2024.

3(2) (vii) ✓ - Non-Executive Directors composition at Board Meetings

Meetings of the Board held during the year were duly constituted with the required quorum and the presence of majority of the Non-Executive Directors.

The quorum for Board Meetings is fixed at minimum five members or 50% of the number on the Board whichever is higher. Since the Bank has only one Executive Director, this requirement was complied.

3(2) (viii) ✓ - Identification of status of Directors in corporate communications

The status of directorships has been expressly identified in all corporate communications including in the Annual Reports. Designations of Directors who were designated with identified positions such as, Chairman, SID and CEO have also been duly stated in such communications.

3(2)(ix) ✓ - Procedure for Appointment of Directors

The Board approved Policy Governing Directors' Appointments and Matters relating to Directors is a guideline to the Board when appointments to the Board are considered. The Board Nomination and Governance Committee is vested with the responsibility of identifying new directors and/or considering the suitability of directors nominated.

Upon the retirement of Mr W M R S Dias; the former Chairman, Justice Buwaneka Aluwihare PC was appointed as the Chairman of the Board w.e.f. 29 May 2024. Requirements as stipulated in relevant Central Bank Regulations have been complied with in formalizing the said Board change.

3(2)(x) ✓ - Election of Directors Appointed to Fill Casual Vacancy on the Board

In terms of Article 89 of the Articles of Association, a director who is appointed after an Annual General Meeting (AGM) of the Bank is subject to election by the shareholders at the AGM that follows his or her appointment. Independent Director, Justice Buwaneka Aluwihare PC who was appointed to the Board w.e.f. 26 February 2024 was elected by the Shareholders at the Annual General Meeting held on 28 March 2024.

3(2)(xi) ✓ - Resignation/Removal/ Cessation of Directorship

Upon the Board accepting and/or recording the resignation or removal or cessation/retirement of office as a Director, relevant regulatory authorities are informed of such changes where required.

3(2)(xii) ✓ - Appointments in Any Other Bank

No Director and no employee of the Bank has been appointed, elected or nominated as a director of another Bank. The Bank has stipulated this requirement in applicable Corporate Governance policies of the Bank. Profiles of persons proposed/nominated to the Board are first reviewed by the Board Nomination and Governance Committee. The letters of appointment issued to employees stipulate that they are not permitted to take up employment or appointments in other corporates which includes banks.

3(3) CRITERIA TO ASSESS THE FITNESS AND PROPRIETY OF DIRECTORS

All appointments to the Board were made after obtaining approval of the Director, Bank Supervision, Central Bank of Sri Lanka (CBSL) in terms of Section 42 of the Banking Act No.30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024) whilst Affidavits of the continuing Directors were forwarded to the Director, Bank Supervision, CBSL prior to the Annual General Meeting of the Bank, for perusal and approval and the said approvals were received by the Bank.

3(3)(i) ✓ - Retirement Age of Directors

No Director of the Bank who was over 70 years of age served on the Board during the year 2024.

3(3)(ii) (amended by Direction No. 03 of 2013) ✓ -- Directorships in Other Companies/Institutions

No Director held directorships in more than 20 companies/entities/institutions inclusive of the Subsidiary of the Bank during the year.

3(3)(iii) (amended by Direction No. 09 of 2019) ✓ - Appointment of Directors or a Chief Executive Officer Who has Held Office in another Licensed Commercial Bank

The Bank ensured that a Director or a CEO of another Licensed Bank operating in Sri Lanka was not considered for appointment before the expiry of a period of 6 months (cooling-off period) from the date of cessation of his/her office in such Licensed Bank in Sri Lanka.

3(4) MANAGEMENT FUNCTIONS DELEGATED BY THE BOARD OF DIRECTORS

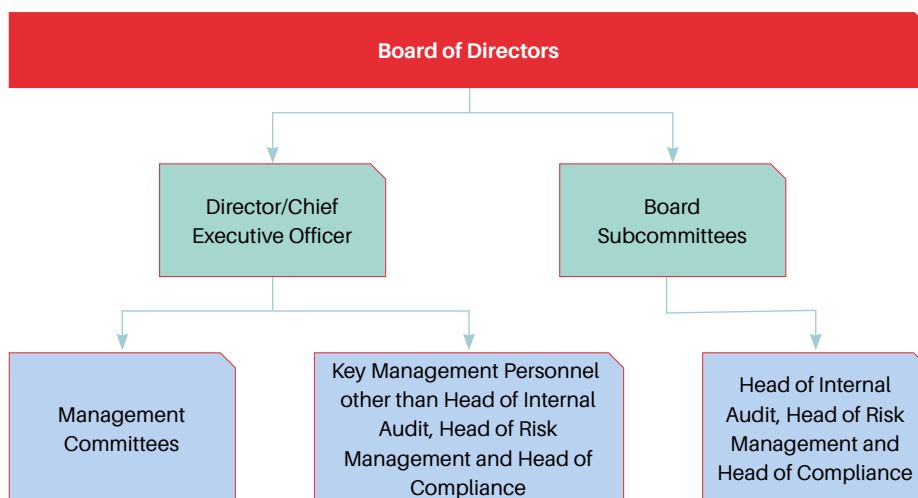
3(4)(i)-(iii) ✓ - Board Delegation Arrangements in Place

The Board is empowered by the Articles of Association to delegate any of its powers to the Board Subcommittees consisting of such member/s as the Board thinks fit or to the CEO and/or to the KMPs as appropriate.

The Board has delegated matters pertaining to the affairs of the Bank to the Board Subcommittees within the scope of respective Terms of Reference. Job Descriptions and delegated authority of KMPs are reviewed by the Board time to time.

However, such delegation arrangements made did not hinder or reduce the ability of the Board as a whole to discharge its functions.

The Delegation Process of the Bank



Corporate Governance

3(5) CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

3(5) (i) ✓ - Roles of the Chairman and the Chief Executive Officer (CEO)

The role and responsibilities of the Bank's Chairman and that of the CEO are separate and distinct and the Board has outlined them in respective Corporate Governance policies of the Bank. The Chairman and the CEO execute their respective roles in coordination with each other and/or with the Board to reach high-level decisions.

The Chairman provides leadership to the Board while the CEO manages the day-to-day operations of the Bank giving effect to the strategies and policies approved by the Board. Mr W M R S Dias, Non-Executive Director was the Chairman of the Bank (till 28 May 2024), whilst Justice Buwaneka Aluwihare PC functioned as the Chairman of the Board from 29 May 2024 onwards. Mr Ramesh Jayasekara functioned as the Director/CEO throughout the year.

3(5) (ii) ✓ - Independent Status of the Chairman

Chairman, Justice Buwaneka Aluwihare PC is an Independent Director.

3(5) (iii) ✓ - Disclosure of the Identity and Relationship of the Chairman and the CEO and other Board Members

The declarations submitted by the Directors upon appointment and annually by the continuing Directors as well as the declaration submitted by the Director/CEO confirm that no relationship of any nature (including financial, business, family or other material/ relevant relationships) existed between the Chairman and the Director/CEO and also did not exist amongst the members on the Board, during the year 2024. However, it should be noted that Directors, Mr D M D Krishan Thilakaratne and Mrs V G S Sunjeevani Kotakadeniya were nominated to the Board by the Bank's material shareholders, Brown & Company PLC and LOLC Investments Ltd and represent common interests.

3(5) (iv)-(x) ✓ - Chairman's Role

The role played by the Chairman was aligned to the requirements set out in this Banking Act Direction, which included:

- ▶ Providing leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness; it is ensured that all key and appropriate issues are discussed by the Board in a timely manner
- ▶ The responsibility for preparation of the formal agenda to the Board Meetings is delegated to the Company Secretary who takes into consideration any matters advised by the Chairman and/or the Director/CEO subject to the consensus of the Chairman and/or the Director/CEO
- ▶ Ensuring that Board papers covering adequate information of matters to be taken up for discussions are circulated well in advance prior to the meeting in order to ensure that the Directors, especially new Directors on the Board are duly briefed on issues arising at Board meetings
- ▶ The Board has a self evaluation process to review the effectiveness of their contribution to the Board's affairs with the Chairman taking the lead role
- ▶ Promoting effective relationships and open communication to create an environment that allows constructive debates and challenges between Non-Executive Directors and the management
- ▶ Encouraging all Directors to make an active contribution and ensures that the deliberations and decisions of the Board are in the best interest of the Bank
- ▶ Not engaging in direct supervision of the KMPs or in any other executive duties and was only engaged in the oversight capacity along with the other Non-Executive Directors

- ▶ Ensuring that effective communication with shareholders was maintained and that an understanding of the stakeholder views was in place. The general meetings of the Bank were the main forums utilized by the Board as well as the shareholders of the Bank for an effective dialogue with one another while other channels of communication were also being used to ensure that shareholders and all interested parties have equal access to corporate information (interim financial statements and Annual Reports) in the public domain. Corporate announcements and information will be disseminated in accordance with the legal and regulatory requirements applicable to the Bank.

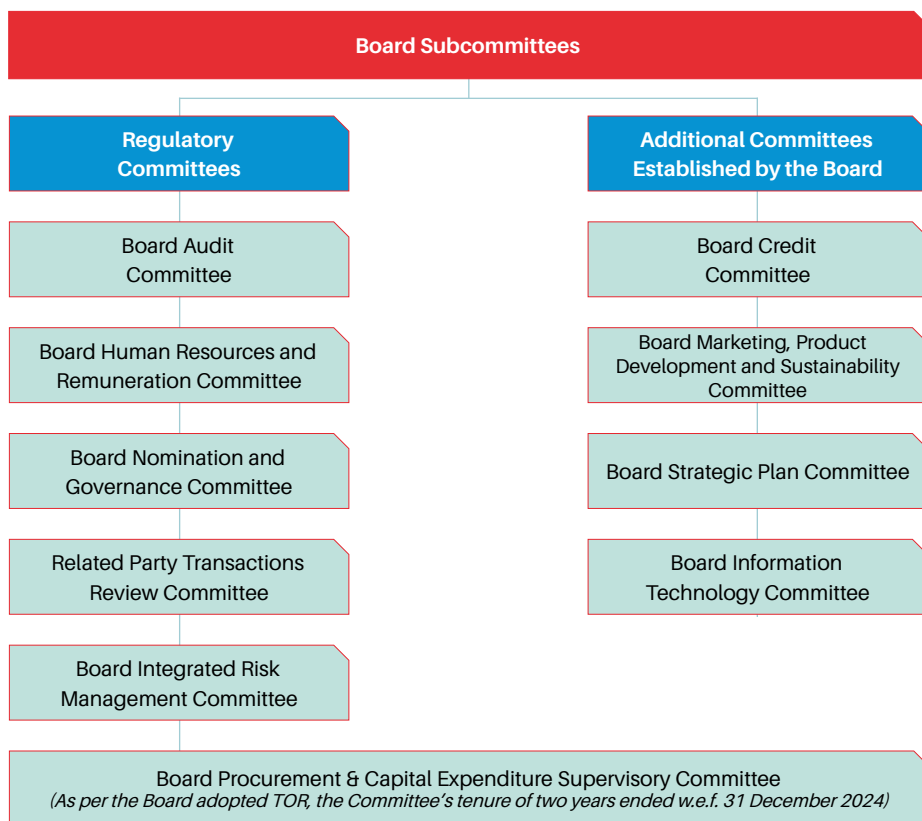
3 (5) (xi) ✓ Chief Executive Officer

Mr Ramesh Jayasekara is the Director/CEO of the Bank. Mr Ramesh Jayasekara functions as the key executive, who is in charge of the day-to-day management of the Bank's operations and business handled by the KMPs responsible for the different functions reporting to him. He reports directly to the Board of Directors and is accountable to the Board on the performance of the Bank.

3(6) BOARD APPOINTED COMMITTEES

3(6) (i) ✓ - Subcommittees appointed by the Board

The Board established Board Subcommittees (as listed below), which included Regulatory Committees and other Board Subcommittees:



Aligning with the revised Listing Rules (Rule 9.11) of the CSE on Corporate Governance, as well as the provisions of the applicable Banking Act Directions on Corporate Governance, the

two Board Subcommittees namely the Board Nomination Committee and Board Governance and Compliance Committee were merged as one Board Subcommittee as the "Board Nomination and Governance Committee" during the year.

The Board Marketing and Product Development Committee and the Board Sustainability Committee were merged into one Board Subcommittee as 'Board Marketing, Product Development and Sustainability Committee' during the year.

All Committees are chaired by Independent Directors except for Board Credit Committee and Board Information Technology Committee which were chaired by Non-Independent, Non-Executive Directors.

The following table provides a summary of the scope and objectives, compositions, memberships of Directors and key activities carried out by the Subcommittees as at 31 December 2024. Individual reports of the respective Subcommittees as mandated by the Banking Act Directions and the Rules of the Colombo Stock Exchange have also been published in the Annual Report as pertinent to the disclosure requirements applicable for 2024.

Scope and Objectives of the Committee	Composition / Membership / Quorum		Highlights of activities during the year
(1) Board Audit Committee Providing Insights to the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Bank’s process for monitoring compliance with laws and regulations and the code of conduct. [Please also refer section 3(6)(ii) in this Corporate Governance Report and also the Report of the Committee on pages 162 to 163 for more disclosure]	Chairperson	Mrs Averil A Ludowyke, Independent Director	▶ Thirteen meetings were held during the year 2024 ▶ Approval of the Internal Audit Charter ▶ Reviewed, discussed and exercised oversight in the appointment of External Auditors and recommending their re-appointment, evaluating their fees and the independence of External Auditors ▶ Reviewed the engagement of Messrs. KPMG to conduct a special review of AML System and related processes ▶ Discussed the Proposed amendments to 2024 Internal Audit Plan ▶ Discussed the External Audit Scope and the Plan for 2024 ▶ Presentation by the External Auditors on Findings and Observations on the Audit/ Review for the year ended 31 December 2023
	Independent, Non – Executive Directors	Mrs Averil A Ludowyke, Mr D M Rupasinghe and Justice Buwaneka Aluwihare PC*	
	Non – Independent Non- Executive Directors	Mrs Sunjeevani Kotakadeniya	
	Executive Directors	Nil	
	Quorum	Two Members	
	*Justice Buwaneka Aluwihare PC was appointed as a member of the Committee w.e.f. 07 March 2024.		
	The Head of Internal Audit reports directly to the Committee		

Corporate Governance

Scope and Objectives of the Committee	Composition / Membership / Quorum		Highlights of activities during the year
(2) Board Human Resources and Remuneration Committee Assisting the Board of Directors in fulfilling their role and responsibilities involving human resources and remuneration of the directors, key management personnel and all employees of the Bank as described. [Please also refer section 3(6)(iii) in this Corporate Governance Report and also the Report of the Committee on pages 164 to 165 for more disclosure]	Chairman	Mr L H A Lakshman Silva, Independent Director	▶ Four meetings were held during 2024 ▶ Reviewed and recommended the execution of Collective Agreements ▶ Reviewed and recommended the revised Terms of Reference of the Committee ▶ Reviewed and recommended the changes to the Policy on Staff Promotion ▶ KMPs' Performance Evaluations for 2023 and KPIs for 2024 were reviewed ▶ Deliberated on Employee well-being and Employee Engagement ▶ Reviewed the Work From Home Policy and the Recruitment Policy ▶ Recommended the Annual Increments and Bonuses payable to the staff
	Independent, Non – Executive Directors	Mr L H A Lakshman Silva, Mrs S K Salgado and Mrs Averil A Ludowyke	
	Non – Independent, Non- Executive Directors	Mr D M D Krishan Thilakaratne	
	Executive Directors	Nil	
	Quorum	Two Members	
	Director/CEO and Head of Human Resources were present on invitation		
(3) Board Nomination and Governance Committee [Please also refer section 3(6)(iv) in this Corporate Governance Report and also the Report of the Committee on pages 166 to 168 for more disclosure]	Chairman	Mr D M Rupasinghe, Independent Director	▶ Five meetings were held during 2024 ▶ Reviewed and Recommended the Re-election of retiring Directors by shareholders at the next Annual General Meeting of the Bank ▶ Reviewed and recommended the Succession arrangements of Directors and Key Management Personnel of the Bank ▶ Reviewed the Affidavits of Directors and KMPs in relation to their fitness and Propriety which were submitted to CBSL ▶ Deliberated on Governance framework of the Bank and carried out a high level internal policy review
	Independent Non – Executive Directors	Mr D M Rupasinghe, Mr L H A Lakshman Silva, Mrs Sandya K Salgado and Mrs Averil A Ludowyke	
	Non – Independent Non- Executive Directors	Mrs Sunjeevani Kotakadeniya	
	Executive Directors	Nil	
	Quorum*	Three members	
	Board Nomination Committee and the Board Governance and Compliance Committee were merged as a single committee named Board Nomination and Governance Committee, w.e.f. 10 September 2024.		
Director/CEO was present on invitation.			

Scope and Objectives of the Committee	Composition / Membership / Quorum		Highlights of activities during the year
(4) Related Party Transactions Review Committee To review Related Party Transactions (RPTs) as required by applicable regulations. [Please also refer section 3(7) in this Corporate Governance Report and also the Report of the Committee on page 169 for more disclosure]	Chairman Independent, Non – Executive Directors Non – Independent Non- Executive Directors Executive Directors Quorum *Justice Buwaneka Aluwihare PC was appointed as a member of the Committee w.e.f. 07 March 2024	Mr L H A Lakshman Silva, Independent Director Mr L H A Lakshman Silva, Mrs Averil A Ludowyke and Justice Buwaneka Aluwihare PC* Nil Nil Two Members	▶ Five meetings were held during the year 2024 ▶ Reviewed the revision of Terms of Reference ▶ Reviewed and recommended the credit facilities granted to related parties which were recommended by Board Credit Committee ▶ Reviewed the recurrent business transactions carried out by the Bank on a quarterly basis ▶ Carried out the Self-Evaluation of the Committee's performance during the period under review as part of the process of the evaluation of the Board performance
(5) Board Integrated Risk Management Committee Assess all risks faced by the Bank and its associate and Subsidiaries. i.e, Credit, Market, Liquidity, Operational, Technology and Strategic Risks on a regular basis through appropriate risk indicators and management information. [Please also refer section 3(6)(v) in this Corporate Governance Report and also the Report of the Committee on pages 170 to 171 for more disclosure]	Chairman Independent, Non – Executive Directors Non – Independent Non- Executive Directors Executive Directors Quorum Non-Board Members *Justice Buwaneka Aluwihare PC was appointed as a member of the Committee w.e.f. 07 March 2024	Mr D M Rupasinghe, Independent Director Mr D M Rupasinghe, Mr L H A Lakshman Silva, Mrs Averil A Ludowyke and Justice Buwaneka Aluwihare PC* Nil Mr Ramesh Jayasekara Three Members Mr Aruna Fernando	▶ Nine meetings were held during 2024 ▶ Assessed the Credit, Market, Liquidity, Operational, Information Security/ Technology and Strategic Risks across the Bank against KRIs using target/ threshold limits ▶ Reviewed the Compliance function of the Bank ▶ Reviewed the Recovery Plan of the Bank ▶ Carried out Annual Review of Risk Policies and Procedures ▶ Reviewed the Activity Plan of RMU
(6) Board Procurement and Capital Expenditure Supervisory Committee* To evaluate and to approve/recommend non-essential and/or non-urgent expenditure and/or capital expenditure to be incurred by the Bank (if any) as required in compliance with the Banking Act Direction No.01 of 2023 dated 02/02/2023 (and any amendments thereto time to time). (As per the Board adopted TOR, the Committee's tenure of two years ended w.e.f. 31 December 2024)	Chairman Independent, Non – Executive Directors Non – Independent Non- Executive Directors Executive Directors Quorum *Justice Buwaneka Aluwihare PC was appointed as a member of the Committee w.e.f. 07 March 2024	Mr L H A Lakshman Silva, Independent Director Mr L H A Lakshman Silva, Mrs Sandya K Salgado and Justice Buwaneka Aluwihare PC* Nil Mr Ramesh Jayasekara Two Members	▶ Three meetings were held during 2024 ▶ Reviewed the purchase of cash recycler machines and brand related expenses ▶ Reviewed the key staff events related budgets

Corporate Governance

Scope and Objectives of the Committee	Composition / Membership / Quorum		Highlights of activities during the year
(7) Board Credit Committee To improve the business and soundness of the Bank; promoting and reinforcing a robust and pervasive credit risk acceptance and management culture by reviewing and guiding /recommending/approving (as appropriate); ▶ Credit facilities; ▶ Improving credit policies, procedures and lending guidelines; ▶ Processes for recoveries, empowerment and accountability for credit decision making	Chairman	Mr D M D Krishan Thilakaratne, Non-Executive Director	▶ Twenty Three meetings were held during 2024 ▶ Approved/recommended the credit facility requests submitted by the credit units where the group exposures and or individual exposures were exceeding as specified in the revised Delegated Authority Limits ▶ Reviewed and recommended the Single Borrower Limits ▶ Reviewed Credit Facilities Granted to Politically Exposed Persons (PEPs) and Exposure to Government Receivables by Bank Customers ▶ Approved the write-down of facilities within the Delegated Authority limits of the Committee
	Independent, Non – Executive Directors	Justice Buwaneka Aluwihare PC* Mr D M Rupasinghe	
	Non – Independent Non- Executive Directors	Mr D M D Krishan Thilakaratne	
	Executive Directors	Mr Ramesh Jayasekara	
	Quorum	Two members	
	*Justice Buwaneka Aluwihare PC was appointed as a member of the Committee w.e.f. 07 March 2024.		
	Heads of Business Units attended the meetings on invitation.		
(8) Board Marketing, Product Development and Sustainability Committee	Chairperson	Mrs Sandya K Salgado, Senior Independent Director	▶ Four meetings were held during 2024. ▶ Reviewed and approved the Process of implementing the Sustainability Strategy having amalgamated with the Corporate Business Strategy ▶ Reviewed and recommended the revised Terms of Reference of the Committee (Merger of Board Sustainability Committee and Board Marketing and Product Development Committee) ▶ Reviewed Marketing initiatives planned for 2024 and Brand related matters
	Independent, Non – Executive Directors	Mrs Sandya K Salgado	
	Non – Independent, Non- Executive Directors	Mr D M D Krishan Thilakaratne and Mrs Sunjeevani Kotakadeniya	
	Executive Directors	Mr Ramesh Jayasekara	
	Quorum	Two Members	
	Board Marketing and Product Development Committee and the Board Sustainability Committee were merged as a single committee named Board Marketing, Product Development and Sustainability Committee, which came into effect from 27 August 2024.		
	Head of Marketing and Chief Financial Officer attended the meetings on invitation.		

Scope and Objectives of the Committee	Composition / Membership / Quorum		Highlights of activities during the year
(9) Board Strategic Plan Committee To oversee, to monitor and to provide necessary guidance to the management to drive and achieve the Strategic Plan objective within agreed timelines.	Chairman	Mrs Sandya K Salgado, Senior Independent Director	▶ Three meetings were held during the year 2024 ▶ Reviewed the updates on the implementation and progress of initiatives outlined in the Strategic Plan 2023/2024, assessing progress and alignment with the Bank's strategic objectives ▶ Reviewed the intended Communication Plan and Review Process for the Strategic Plan 2024-2026 ▶ Reviewed the Strategic Plan Dashboard as of 30 June 2024 and 30 September 2024 highlighting month-on-month and year-to-date improvements across key strategic drivers
	Independent Non - Executive Directors	Mrs Sandya K Salgado	
	Non - Independent, Non- Executive Directors	Mrs Sunjeevani Kotakadeniya	
	Executive Directors	Mr Ramesh Jayasekara	
	Quorum	Two Members	
	Senior Management and Heads of Strategic business units attended the meetings on invitation.		
(10) Board Information Technology Committee To assist the Board in overseeing the implementation of Strategies of Information Technology and Digitalization activities including digital Banking Initiatives of the Bank and significant investments in support of such strategies.	Chairperson	Mrs Sunjeevani Kotakadeniya, Non- Executive Director	▶ Two meetings were held during 2024 ▶ Reviewed the IT Strategy of the Bank for 2024/2025 ▶ Reviewed automation projects and enhancing Internet banking and mobile banking for CASA Growth ▶ Introduced new API Creations for digital business growth ▶ Implemented various Manage Engine Tools through Multiple Governance Programs initiatives ▶ Reviewed the progress on the Digital Banking Strategy - 2024 ▶ Reviewed the IT Governance and Information security
	Independent Non - Executive Directors	Mr L H A Lakshman Silva	
	Non - Independent Non- Executive Directors	Mrs Sunjeevani Kotakadeniya	
	Executive Directors	Mr Ramesh Jayasekara	
	Quorum	Two Members	
	Chief Information Officer, Head of Digital Channels, Chief Financial Officer and other senior management members attended the meetings on invitation.		

Corporate Governance

Directors' Attendance at Board Subcommittee Meetings during 2024

Director	Audit	Human Resources and Remuneration	Nomination	Integrated Risk Management	Related Party Transactions Review	Credit	Marketing and Product Development	Sustainability	Strategic Plan	Information Technology	Procurement	Nomination and Governance	Marketing, Product Development and Sustainability
C - Chairperson of Committee ; M - Member of the Committee													
Mr W M R S Dias* Non-Executive Director/Chairman	-	-	(M) 3 of 3	(M) 2 of 2	-	-	-	-	-	-	-	-	-
Mr Ramesh Jayasekara Director/Chief Executive Officer	-	-	-	(M) 8 of 8	-	(M) 23 of 23	(M) 1 of 1	(M) 1 of 1	(M) 3 of 3	(M) 2 of 2	(M) 3 of 3	-	(M) 2 of 2
Mr S Viran Corea PC** Non-Executive Director	-	(M) 2 of 2	-	-	(M) 1 of 1	(M) 8 of 8	-	(M) 1 of 1	-	-	-	-	-
Mrs Sandya K Salgado Senior Independent Director	-	(M) 3 of 4	(M) 3 of 3	-	-	-	(C) 1 of 1	(C) 1 of 1	(C) 3 of 3	-	(M) 3 of 3	(M) 1 of 2	(C) 2 of 2
Mr D M D Krishan Thilakaratne Non-Executive Director	-	(M) 4 of 4	-	-	-	(C) 21 of 23	(M) 1 of 1	(M) 1 of 1	-	-	-	-	(M) 0 of 2
Mr D M Rupasinghe Independent Director	(M) 13 of 13	-	(C) 3 of 3	(C) 9 of 9	-	(M) 7 of 7	-	-	-	-	-	(C) 2 of 2	-
Mr L H A Lakshman Silva Independent Director	-	(C) 4 of 4	(M) 3 of 3	(M) 9 of 9	(C) 5 of 5	-	-	-	-	(M) 2 of 2	(C) 3 of 3	(M) 2 of 2	-
Mrs V G S Sunjeevani Kotakadeniya Non-Executive Director	(M) 12 of 13	-	(M) 3 of 3	-	-	-	(M) 1 of 1	-	(M) 3 of 3	(C) 2 of 2	-	(M) 1 of 2	(M) 2 of 2
Mrs Averil A Ludowyke Independent Director	(C) 13 of 13	(M) 4 of 4	-	(M) 9 of 9	(M) 5 of 5	-	-	-	-	-	-	(M) 1 of 2	-
Justice Buwaneka Aluwihare PC (w.e.f 07 March 2024)***	(M) 11 of 11	-	-	(M) 9 of 9	(M) 5 of 5	(M) 19 of 19	-	-	-	-	(M) 3 of 3	-	-
* Retirement of Mr W M R S Dias, Non-Executive Director/Chairman of Seylan Bank PLC, on 28 May 2024.													
** Retirement of Mr S Viran Corea, Non-Executive Director of Seylan Bank PLC, on 13 May 2024.													
*** Appointed to the Board w.e.f. 26 February 2024													
Minimum Number / Frequency of meetings to be held by the Subcommittees	Six meetings per annum	Thrice per annum	Thrice per annum	Four times per annum	Once every calendar quarter	Five times in a quarter	Thrice per annum	Thrice per annum	Thrice per annum	Twice per annum	Four times per annum	Four times per annum	Thrice per annum

3(6)(ii) Board Audit Committee (BAC)

3(6)(ii)(a) - (ii)(b) ✓ - Members and Chairperson of the Board Audit Committee

Mrs Averil A Ludowyke, Independent Director [FCA (CA Sri Lanka), FCMA (UK)], was the Chairperson of the Committee. She counts over 38 years of experience in auditing, accounting and finance. All Committee members are Non-Executive Directors.

The BAC comprised three Non-Executive Directors till March 2024 and consequent to the appointment of Justice Buwaneka Aluwihare PC w.e.f. 7 March 2024, the

composition of the Board Audit Committee included Mrs Averil A Ludowyke (Chairperson, Independent Director), Mrs Sunjeevani Kotakadeniya (Non-Executive Director), Mr D M Rupasinghe (Independent Director) and Justice Buwaneka Aluwihare PC Independent Director.

The Company Secretary of the Bank functioned as the Secretary to the Committee during the year.

3(6)(ii)(c) - (ii)(d) ✓ - External Auditors

The BAC reviewed and/or provided relevant recommendations on the following matters:

- ▶ The Board at its Meeting held on 20 February 2024 concurred with the Board Audit Committee's recommendation for the re-appointment/engagement of Messrs. KPMG, as Auditors for the year 2024 which was approved by the Shareholders at the Annual General Meeting held on 28 March 2024
- ▶ The Senior Audit partner of the External Auditors Messrs KPMG, who has been engaged in the Bank's Audit from the 2019 financial year ceased to be the Engagement Partner, upon completion of 05 years and a new Engagement Partner took over the role since the financial year 2024

- ▶ The implementation of guidelines issued by the Central Bank of Sri Lanka, the application of relevant accounting standards, including the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS) complying with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) in all material respects
- ▶ Representations made by the External Auditors stating their independence, the objectivity and effectiveness of the audit processes in accordance with applicable standards and best practices in respect of the audit for the financial year 2024

The Committee determined the independence of the External Auditors, Messrs. KPMG, Chartered Accountants as per the provisions of the Companies Act No. 07 of 2007 and the ICASL's Code of Professional Conduct and recommended their reappointment as the Auditors of the Bank for the financial year 2025 subject to the concurrence of its recommendation by the Board and approval of the Shareholders at the forthcoming Annual General Meeting.

3(6)(ii)(e) ✓ - Non-Audit Services

The BAC reviewed the non-audit services provided by the External Auditors and was of the view that such services were not within the category of services identified as restricted under the guidelines issued by the Central Bank of Sri Lanka for External Auditors relating to their statutory duties. The Policy on the engagement of an External Auditor to provide non-audit services is in place and was recommended by the Board Audit Committee and approved by the Board during the year.

Fees payable to External Auditors in respect of Audit and Non audit services provided were reviewed and recommended by the Committee and approved by the Board.

3(6)(ii)(f) ✓ - Scope of External Audit

The nature, scope and approach of audit in respect of the financial year, 2024, was presented by the External Auditors, discussed and agreed upon at a meeting held with the Auditors. The scope covered the assessment of Bank's compliance with the Banking Act Directions on Corporate Governance and the management's internal controls over financial reporting; the preparation of

financial statements in accordance with the relevant accounting principles and reporting obligations and compliance with Banking Act guidelines and directions.

The audit of the Bank's Subsidiary was also carried out by the same External Auditor. Audit Partner engages with regular discussions with the CFO and the Committee in view of Audit work that are in progress.

3(6)(ii)(g) ✓ - Review of the Bank's Financial Information

Internal Auditors performed certain audit procedures with regard to interim unaudited financial statements for the 3 months ended 31 March 2024, 6 months ended 30 June 2024 and 9 months ended 30 September 2024. The External Auditors carried out an interim review of the Financial Statements for the period ended 30 June 2024 and the year end audit as at 31 December 2024, in accordance with the Accounting Standards and relevant legal and statutory guidelines.

Meetings of the Committee are convened to review/discuss/comment and make recommendations on the reports and information presented by the CFO in order to ensure the relevance of the financial statements prepared for disclosure and published in the Bank's Annual Report and Accounts and quarterly unaudited financial statements and reports. The Committee also reviews the draft audited interim financial statements before they are submitted for Board's review. Observations/comments and appropriate changes recommended by the Auditors were taken into consideration and incorporated to the financial statements and submitted to the BAC by the CFO. The Committee reviewed and discussed the contents of the financial statements, focusing on applicable accounting principles, reasonableness of significant adjustments and estimates, major judgmental areas etc., which helped the Board in its oversight and decision on the Financial Statements to evidence a true and fair view on the financial position and performance of the Bank being disclosed.

3(6)(ii)(h) ✓ - Meeting with the External Auditors

The BAC met with the External Auditors without the presence of the management

and the Director/CEO twice during the year and discussed important issues and areas of concerns arising from the interim and final audits to ensure that there was no limitation of scope in relation to the audit and to allow for full disclosure of any incidents which could have had a negative impact on the effectiveness of the external audit. The Committee noted to follow up with management, areas of concerns/findings of the external audit.

3(6)(ii)(i) ✓ - Management Letter of the External Auditors

The Committee having reviewed the Management letter during the year recommended the same for approval of the Board and submitted to the Central Bank of Sri Lanka within required timelines. Relevant management actions were taken to close/rectify any findings on lapses/breaches that were arising from the Management Report and progress on same was reported periodically.

3(6)(ii)(j) I ✓ - Internal Audit Scope and Functions

The BAC reviewed the adequacy of the internal audit function and ensured that it conformed to the principles of the Internal Audit Charter which defines the scope, functions, authority, responsibility, adjudication, external relationship management and ethics that assist and direct/guide the Internal Audit Department (IAD) to discharge its functions effectively. The Internal Audit Charter was reviewed and recommended by the Committee and approved by the Board. The Committee also reviewed the adequacy of the scope and resources of the IAD. The Committee ensures that the Internal Audit function complies with the terms and guidelines set in the Internal Audit Charter.

3(6)(ii)(j) II ✓ - Internal Audit Plan

The Internal Audit Department carried out its responsibilities in line with the approved Audit Plan of 2024. The IAD reported on the audits carried out as per the Audit Plan and also updated the Committee on the status and extent of addressing/resolving the findings of audits carried out by the management concerned. The Bank has adopted a risk-based audit approach towards assessing the effectiveness of the internal

Corporate Governance

control procedures in place to identify and manage all significant risks. Reports on the same were submitted to the Committee, discussed and issued advice/ instructions to the management calling assurances on the remedial action in respect of identified risks from the audit findings which ensured the effectiveness of internal control procedures.

3(6)(ii)(j) III ✓ - Appraisals/Assessments of Performance of Senior Staff of the Internal Audit

Appraisals/assessments of performance of the senior staff of the Internal Audit Department were carried out annually by the Head of Internal Audit and reported to the Committee. Evaluation of the Head of Audit's performance was carried out by the Committee.

3(6)(ii)(j) IV and V ✓ - Adequacy of Human Resources for Internal Audit Function

The Committee reviewed the adequacy of the human resources for the internal audit functions and recommends appointments/successions planning and outsourcing of services where deemed appropriate. The Committee is usually kept informed of senior staff resignations of the Internal Audit Department.

3(6)(ii)(j) VI ✓ - Independence of the Internal Audit Function

Internal Audit department directly reports to Head of Internal Audit Department who directly reports to BAC for independence. The audits are performed with impartiality, proficiency and due professional care.

3(6)(ii)(k) ✓ - Findings of the Internal Audit

Reports on investigations carried out by the Internal Audit including major findings and management responses thereto are submitted to and discussed with suitable action points agreed upon at the Board Audit Committee.

3(6)(ii)(l) ✓ - Invitees to the Meetings of the BAC

The Head of Internal Audit and the CFO attended the regular meetings of the BAC during the year. The CEO, and heads of operational and business units, Information Technology, Risk, Compliance, and

Recoveries were invited to the Meetings when the Committee required their presence to report and/or respond to queries on related audit findings. The BAC also invited the External Auditors to present their findings, observations and the external audit scope and plan.

3(6)(ii)(m) ✓ - Authority to Investigate

The Terms of Reference of the BAC provides the BAC the authority to investigate into any matter within the scope of its Terms of Reference; obtain the resources which it needs to carry out the investigation; full access to information; authority to obtain external professional advice; and to invite outsiders with relevant experience to be involved, if necessary.

3(6)(ii)(n) and 3(6)(ii)(p) ✓ - Meetings of the BAC

The Committee met thirteen times during the year, including two meetings with the External Auditors.

Regular meetings included separate meetings for reviewing internal audit reports and financial updates; meetings for the financial statements; and meetings with the External Auditors. Head of Internal Audit and the Chief Financial Officer discussed their areas of functions and concerns, and BAC provided appropriate advice at the meetings held.

The Agenda and the papers for discussions and consideration/approval were circulated prior to the Meeting.

3(6)(ii)(o) ✓ - Report of the BAC

A Report of the BAC signed by the Chairperson is included on pages 162 to 163 of this Annual Report outlining the scope and responsibilities as well as activities of the BAC. The number of meetings and appropriate reference to the attendance of the members at the meetings held during the year is given under Section 3(6)(i) of this Report.

3(6)(ii)(p) ✓

The Company Secretary functions as the Secretary of the Board Audit Committee. The minutes of the proceedings of the Meetings were recorded in sufficient detail and maintained by the Company Secretary.

3(6)(ii)(q) ✓ - Reporting of Concerns about Possible Improprieties / Whistleblowing

The Committee continuously emphasized on the requirement that ethical values are upheld by the staff members. In this regard, in addition to the Employees' Code of Ethics and Code of Conduct, the Bank has put in place a Policy on Whistleblowing and a Policy on Anti-Bribery and Corruption. Relevant line management has been advised to ensure that highest standards of Corporate Governance and adherence to the Bank's Code of Ethics is maintained.

The BAC ensured that all employees are duly informed and duly advised of the effective use of the whistleblowing process if they suspect wrongdoings or other improprieties. The Whistleblowing Policy encompass defined and specific provisions for whistleblower protection which includes the maintenance of strict confidentiality of the identity of the Whistleblowers and right to anonymity. Secure and multi-channel escalation paths are made available for Whistleblowers.

Annual review of Whistleblowing Policy was completed during the year. The Internal Audit Department (IAD) conducted an assessment of the effectiveness of the whistleblowing mechanism, and the findings were incorporated into the ongoing review of the Whistleblowing Policy, resulting in necessary revisions.

The investigations undertaken by the IAD on whistleblower complaints are reported to the Committee and follow up actions are taken.

All appropriate procedures have been put in place to conduct independent investigations by the IAD on complaints/incidents reported directly through whistleblowers or other identified means. The consequent disciplinary process and procedures are operated by Human Resource Department. The investigations carried out on such complaints/incidents were reported to the BAC by the Head of Internal Audit including appropriate recommendations/ follow up action.

3(6)(iii) Board Human Resources and Remuneration Committee (BHRRC)

3(6)(iii)(a) ✓ - Determination of the Remuneration Policy

This is a key responsibility of the Board Human Resources and Remuneration Committee (BHRRC). The BHRRC on behalf of the Board aims to establish a transparent procedure for determining the remuneration, salaries, allowances and other financial or non-financial benefits, perquisites, special incentives, etc., to Directors, the Chief Executive Officer (CEO), the Key Management Personnel (KMPs) as well as other employees of the Bank. A Board approved Remuneration Policy is in place.

Based on the recommendation of the Committee, Directors collectively decide on the remuneration and benefits for the CEO as well as professional fees and benefits (if any) to the Non-Executive Directors. The Committee seeks independent advice to determine revisions and compensation packages when deemed necessary to discharge these responsibilities. No Director or KMP is involved in deciding his or her remuneration.

3(6)(iii)(b) ✓ - Goals and Targets

The Key Performance Indicators (KPIs/goals and targets) of CEO for the year 2024 were reviewed and approved along with the KPIs for the KMPs.

CFO together with HR department submit the same for the review of the Committee.

3(6)(iii)(c) ✓ - Evaluations of the performance of the CEO and the KMPs

The Committee reviewed/evaluated the achievement of KPIs of the Bank/ CEO for 2023 in the first quarter 2024. Evaluation of KPIs of CEO against the actual was submitted for the review of BHRRC. Achievement of KPIs of Key Management Personnel (who directly report to Director/CEO) for 2023 were reviewed and recommended by the Committee and approved by the Board.

3(6)(iii)(d) ✓ - Proceedings at Meetings of the BHRRC

The BHRRC comprised of Independent Directors and Non-Executive Directors during the year and was chaired by an Independent Director. Four meetings of the Committee were held during the year. Director/CEO and Head of Human Resources and the CFO attended the meetings of the Committee when invited. They were not present at meetings of the Committee, when matters relating to them were being discussed.

Proceedings conducted met requirements in terms of the Terms of Reference of the Committee.

3(6)(iv) Board Nomination and Governance Committee (BNGC)

3(6)(iv)(a) ✓ - Procedure Selection/ Appointment of Directors, Chief Executive Officer (CEO) and Key Management Personnel (KMPs)

Appointment of KMPs and the CEO comes under the scope and responsibilities of the Board Nomination and Governance Committee as set out in its Terms of Reference. The procedure to select and appoint new directors is set out in the Board approved Policy Governing Appointment of Directors and Matters relating to Directors.

3(6)(iv)(b) ✓ - Re-election of current Directors

The Committee recommends the re-election of the Directors in accordance with the Bank's Articles of Association taking into account their contributions to the Board. With the concurrence of the Board they were included in the Agenda of the Annual General Meeting seeking shareholders' approval for the re-election. Directors, Mr D M D Krishan Thilakarathne and Mrs Sandya Salgado were re-elected in terms of Section 82 of the Articles of Association of the Bank at the AGM held on 28 March 2024 subsequent to being recommended by the Committee and the Board respectively.

Re-election of Directors at the next AGM

The BNGC and the Board, having taken into account the number of directorships held in other entities and other principal commitments, knowledge, experience, performance and overall contribution made

to meet the strategic demands of the Bank and the discharge of the Board's overall responsibilities, recommended the re-election of Mr L H A Lakshman Silva (Independent, Director) and Mr D M Rupasinghe (Independent Director) who are due to retire by rotation in terms of Article 82 and 83 of the Articles of Association for obtaining shareholder approval at the AGM scheduled to be held in March 2025.

The proposals for their re-election have been included in the Notice of the AGM to seek shareholders' approval.

3(6)(iv)(c) ✓ - Criteria for eligibility - CEO and KMPs

The Bank is guided by the required job descriptions and responsibilities of the CEO and KMPs in appointments and promotions to those positions. The Committee reviews the profiles and or interviews the proposed recruits to the key management positions and recommends their appointment if satisfied.

3(6)(iv)(d) ✓ - Fitness and Propriety of Directors, CEO and KMPs

Affidavits and Declarations to assess the fitness and propriety of Directors, CEO and KMPs in terms of the Banking Act and its Directions were obtained prior to the appointment of Directors and at the time of appointing KMPs or promoting to the KMP positions. Prior to the date of the AGM of the Bank in 2024, declarations submitted by the continuing Directors were forwarded to the Director, Bank Supervision, Central Bank of Sri Lanka (CBSL) for approval and the said approval was received. The Directors also submitted Affidavits as required in terms of Guidelines of the Securities and Exchange Commission of Sri Lanka (SEC) and such Affidavits were submitted to the SEC as and when required.

Directors submitted the declarations on fit and proper assessment as required in terms of the revised Listing Rules of the CSE and same were submitted for review and assessment by the Committee and the Board.

Corporate Governance

3(6)(iv)(e) ✓ - Succession Plan

Taking into consideration the Board changes that took place during the year, the Committee reviewed the requirement of the Board /Board Subcommittee structure and made appropriate recommendations to the Board to carry out reconstitutions in terms of respective Terms of Reference of Board Subcommittees and applicable regulations.

The Committee reviewed and made decisions based on the succession planning relating to relevant key management positions which became vacant/going to be vacant due to retirement/s which were due/will be due. The Succession Plan for the first and second level successors identified for Key Management positions was reviewed with an emphasis on the training and development needs of such identified successor/s and recommended by the Committee during the year.

3(6)(iv)(f) ✓ - Composition and Chairman of BNGC

The Bank had two separate Subcommittees namely, Board Governance and Compliance Committee ('BGCC') and Board Nomination Committee ('BNC') until the merger of the said two Subcommittees as 'Board Nomination and Governance Committee' effective 10 September 2024 ('BNGC' or 'the Committee').

The composition of the Board Nomination and Governance Committee effective 10 September 2024 was as follows:

1. Mr D M Rupasinghe (Independent Director/ Chairman of the Committee)
2. Mrs Sandya Salgado (Senior Independent Director)
3. Mr L H A Lakshman Silva (Independent Director)
4. Mrs V G S Sunjeevani Kotakadeniya (Non-Executive Director)
5. Mrs A A Ludowyke (Independent Director)

The merged Committee comprised the Directors who were either Members of the Board Nomination Committee and or the Members of the Board Governance and Compliance Committee up to September 10, 2024. The above Committee composition remained unchanged as at December 31, 2024. The Committee comprised Four (04)

Independent Directors out of the five (05) Non-Executive Directors.

3(6)(v) Board Integrated Risk Management Committee (BIRMC)

3(6)(v)(a) ✓ - Composition of the Committee

The Board Integrated Risk Management Committee (BIRMC) comprised six members as at 01 January 2024; The Committee was chaired by Independent Director, Mr D M Rupasinghe and the Committee consisted of following members:

Mr D M Rupasinghe
(Chairman) (Independent Director)

Mr L H A Lakshman Silva
(Independent Director)

Mr W M R S Dias
(Non-Executive Director - retired on 28 May 2024)

Justice Buwaneka Aluwihare PC
(Independent Director)

Mrs Averil A Ludowyke
(Independent Director)

Mr Ramesh Jayasekara
(Director/CEO)

*Mr A S Fernando
(DGM/CRO) (Non-Board Member)

CEO who is an Executive Director on the Board serves as a Member of the Committee. The Chief Risk Officer who serves as a Member of the Committee is the Key Management Personnel in charge of supervising broad risk categories, i.e., credit, market, liquidity, operational, reputational, technology, information security and strategic risks and reports directly to the Committee. The Head of Compliance and Chief Financial Officer were co-opted to the Committee and they attend the meetings regularly. Other Key Management personnel and management attended the Meetings when invited by the Committee.

3(6)(v)(b) ✓ - Assessment of Risks

The Risk Management Unit (RMU) is responsible to create, to manage and to implement a pervasive bank-wide risk culture. Towards meeting this requirement, the four Subcommittees of the BIRMC, namely the Assets and Liability Management

Committee (ALCO), the Executive Credit Risk Management Committee (ECRMC), the Executive Market and Operational Risk Management Committee (EMORMC) and Information Security Committee (ISC) assessed and reviewed the respective categories of risks, namely, credit, market, liquidity, operational, technology and information security risks. Key matters and issues arising from discussions thereat, were reported to the BIRMC at its quarterly meetings. The BIRMC reviewed such reports and gave appropriate advice and guidance to the management. The Integrated Risk Management Policy and other risk management policies were reviewed and recommended by the BIRMC and approved by the Board provide a framework for assessment and management of the overall risks to the Bank.

The BIRMC also reviewed at its quarterly meetings the risk assessments of the Bank's only Subsidiary, Seylan Developments PLC, the principal activities of which are property development and management.

3(6)(v)(c) ✓ - Effectiveness of Management Level Committees

The reports submitted by the Chief Risk Officer to the BIRMC pursuant to the proceedings of ALCO, ECRMC, EMORMC and ISC as well as the minutes of the said Committees were reviewed and the effectiveness of these Committees were assessed by the BIRMC at its regular quarterly meetings.

3(6)(v)(d) ✓ - Actions to mitigate specific risks

The BIRMC advises on corrective action by the management to mitigate the effects of specific risks where such risks are beyond the prudent levels approved by the Committee or where they are not in line with the Bank's policies and/or regulatory requirements.

3(6)(v)(e) ✓ - Frequency of Meetings

In accordance with the Terms of Reference, the Committee met quarterly. Eight regular meetings and one special meeting without the management were held during the year.

3(6)(v)(f) ✓ - Action against those who fail to identify specific risks

Officers and/or branches/departments failing to identify specific risks and consequent impact to the bank were identified during the internal audit reviews and internal audit investigation and were revealed in the audit/investigation reports. Depending on the nature of the offence they were reported to the line management and/or to the Head of Human Resources and/or to the Chief Executive Officer for disciplinary or other appropriate action.

Reports on high-risk offences including line management's action taken to prevent such lapses in the future, were submitted to the BIRMC if deemed appropriate for information and advice or instructions.

3(6)(v)(g) ✓ - Risk Assessment Report to the Board

Risk Assessment Reports were submitted to the Board meetings that were held after the quarterly BIRMC meetings.

3(6)(v)(h) ✓ - Compliance Function

The Bank has in place an independent compliance function headed by the Head of Compliance, who is a key management personnel and reporting directly to the BIRMC. The Head of Compliance submitted status reports and risk reports on compliance, quarterly to the BIRMC and monthly updates to the Board.

3(7) Related Party Transactions

3(7)(i) ✓ - Avoidance of Conflicts of Interest

A Board approved Policy and Process on Related Party Transactions and Avoidance of Conflicts of Interest (hereinafter referred to as 'the Policy' or 'Policy on RPTs') of the Bank is in place. The Board takes necessary steps to avoid any conflicts of interest that may arise from any transactions which were considered at Board and Board Subcommittee meetings in which they had an interest, particularly with related parties of the Bank as defined in Direction No.3(7)(i), which includes:

- ▶ Bank's Subsidiary (Seylan Developments PLC);
- ▶ Bank's associate companies;
- ▶ Directors of the Bank;

- ▶ Key management personnel (KMPs);
- ▶ a close relation of any of the Bank's Directors or of the KMPs;
- ▶ a shareholder owning a material interest in the Bank;
- ▶ a concern in which any of the Bank's Directors or a close relation of any of the Bank's directors or any of its material shareholders had a substantial interest

3(7)(ii) ✓ - Types of Transactions with related parties

Transactions defined under this direction as well as those defined under Sri Lanka Accounting Standards - LKAS 24, are included in the Bank's Policy on RPTs and any such transactions carried out by the Bank in the normal course of business were closely monitored to assess whether they have deviated from the rules set out in the Policy on RPTs.

Audited Financial Statements published in the Annual Report carries a separate Note on 'Related Party Transactions'.

3(7)(iii) ✓ - Favorable Treatment

In engaging in transactions with related parties it was reviewed that such parties do not receive a "more favorable treatment" than that accorded to other constituents of the Bank carrying on the same business such as; charging of a lower rate of interest than the Bank's lending rate charged to non-related party customers or paying more than the Bank's deposit rate for a comparable transaction with an unrelated comparable counterparty and; providing services to or receiving services from a related party without an evaluation procedure.

The Board has set a prudent percentage of the Bank's regulatory capital to limit total net accommodation to related parties which said limit is monitored by the Risk Management Unit and the Executive Credit Risk Management Committee, a Subcommittee of the Board Integrated Risk Management Committee (BIRMC). The percentage of total accommodation granted to related parties was reported by the Chief Risk Officer to the BIRMC on a quarterly basis.

The Board approved Policy on RPTs emphasizes that all employees are aware of the policy and guidelines set out therein. Heads of Divisions/relevant officers follow the Policy guidelines in their evaluations of related party transactions and provide a confirmation when submitting the return of such transactions to the Compliance Unit on a quarterly basis. The Compliance unit has adopted a mechanism to monitor and ensure that the policy guidelines are complied.

3(7)(iv) ✓ - Accommodation to a Director or to a close relation of a Director

Credit facility accommodations to Directors were granted with the approval of the Board with not less than two-thirds of the number of Directors (with covering approval/s where pertinent) other than the Director concerned. The Board ensured that such accommodations were secured by such security as may from time to time be determined by the Monetary Board of the Central Bank of Sri Lanka (presently known as the Governing Board).

3(7)(v) ✓ - Obtaining of required security for accommodation granted to a related party of a Director being appointed or to a Director individually prior to such Director being appointed

Mr Ramesh Jayasekara was appointed as the Director/CEO since 01 May 2023 and loans obtained by him were granted under the relevant schemes applicable to employees of the Bank.

3(7)(vi) ✓ - Accommodation to employees or related parties connected to the employees

No accommodation has been granted on "more favourable" terms such as waiver of fees and/or commissions to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than in respect of accommodations to employees based on the scheme/s applicable to the employees of the Bank or where such accommodation is secured by such security as may be approved by the Governing Board in respect of accommodation granted, in a similar manner as described in Direction 3(7)(v).

Corporate Governance

Accommodation granted to employees or related parties connected to the employees are reviewed by the Staff Loan Committee.

3(7)(vii) ✓ - Prior approval of Governing Board for Remittance of Accommodation

There was no requirement to comply with the requirement of this section during 2024, based on the comments made under Direction 3(7)(v) and 3(7)(vi) above.

3(8) Disclosures

3(8)(i) ✓ - Annual Audited Financial Statements and Quarterly Financial Statements

The Annual Audited Financial Statements and Quarterly Financial Statements were prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and the Accounting Standards.

The above Reports were released to the Colombo Stock Exchange (CSE) and uploaded on its website www.cse.lk for the information of the shareholders and the general public. The reports were also made available on the Bank's corporate website www.seylan.lk

3(8)(ii)(a) ✓ - Statement of Directors' Responsibility for Financial Reporting and Statements of the Chief Executive Officer's and Chief Financial Officer's Responsibility for Financial Reporting

These two reports which have been published in the Annual Report confirm that the Financial Statements for the year ended 31 December 2024 have been prepared in line with applicable standards and regulatory requirements (Reference: pages 188 to 189).

3(8)(ii)(b) ✓ - Directors' Statement on Internal Control

The Statement on Internal Control published in the Annual Report confirms that the financial reporting system provides reasonable assurance regarding the financial report and that the preparation of the financial statements for external purposes has been done in accordance with all relevant accounting principles and regulatory requirements (Reference: pages 183 to 184).

3(8)(ii)(c) ✓ - External Auditors' Certification on the Effectiveness of Internal Control

The Bank has obtained an Assurance Report on the internal controls over financial reporting from the External Auditors in accordance with the "Sri Lanka Standard on Assurance Engagements SLSAE 3050 - Assurance Reports for Banks on Directors' Statements on Internal Control" and the same is published in this Annual Report (Reference: page 185).

3(8)(ii)(d) ✓ - Details of the Directors

Please refer the pages of the Annual Report for the respective information as mentioned in the table below:

Disclosed in the Report of the Board of Directors, the Profile of the Directors while transactions with the bank, fees/remuneration etc are disclosed in the notes to the financials.

Details	Section of the Annual Report	Page/s
Names, qualifications, expertise	Profile of the Directors	102-105
Fitness and Propriety	Report of the Board of Directors and Section 3(6)(iv)(d) of the Corporate Governance Report	175, 131
Details on Directors interest in other entities	Annexure to the Report of the Board of Directors	180-182
Transactions with the Bank/ Related Party Transactions	Note 55 to the Financial Statements	294
Fees/Remuneration paid to Directors	Disclosure under Direction 3(8)(ii)(f) of this report.	135

3(8)(ii)(e) ✓ - Total Net Accommodations to Related Parties

Disclosure on accommodations granted to related parties is given in Note 55.1 and 55.2 to the Financial Statements.

The net accommodation as at 31 December 2024, granted to each category of related parties as defined in Direction 3(7)(i) and as per LKAS 24 is given below as a percentage of the Bank's regulatory capital.

Category of Related Party Transactions	Amount (LKR 'Million')	% of regulatory capital
Directors, Key Management Personnel and their close relations (Transactions including credit card accommodations)	470.20	0.54
Subsidiary, Seylan Developments PLC	175.00	0.20
Material shareholders of the Bank and concerns in which a Director of the Bank or material shareholder has a substantial interest *	*** 20,415.66	23.51
Other entities including common Directorship Entities **	** 2,547.30	2.93
* Includes accommodations non-funded, undrawn facilities - LKR 5,334.17 Mn		
** Includes accommodation non-funded, undrawn facilities - LKR 2,329.00 Mn		
*** Includes LKR 5.7 Bn Cash back facility		

3(8)(ii)(f) ✓ - Remuneration to Key Management Personnel (KMPs) and Transactions with KMPs and aggregate values of the transactions of the Bank with its KMPs

The aggregate remuneration paid to Key Management Personnel and transactions of the Bank with Key Management personnel during the year 2024 were as follows:

Remuneration / Transaction	Amount (LKR 'Million')
Remuneration to Executive Directors and KMPs (as per CBSL definition)*	540.03
Directors' Fees for Non-Executive Directors	34.60
Loans and Advances (including Securities purchased under Re-sale Agreements and Credit Card accommodations to KMPs and Non-Executive Directors)	470.20
Deposits of KMPs and Non-Executive Directors	518.18
Investments by KMPs and Non-Executive Directors - Other Investments (Liability)	1.61
* Includes cash/non cash benefits and post-employment benefits to Directors and KMPs.	

3(8)(ii)(g) ✓ - External Auditors Certification of the Compliance with Direction No.11 of 2007 on Corporate Governance

The External Auditors were engaged to perform an agreed-upon procedure in accordance with the principles set out in the Sri Lanka Related Services Practice Statement 4750 and they provided a Factual Findings Report to the Board in respect of 2023 on the Bank's extent of compliance with the Directions as disclosed in the Corporate Governance Report for 2023 and the same was submitted to the Central Bank within required timelines.

External Auditors will issue their Factual Findings Report in respect of 2024 in due course on the extent of compliance with the Directions as disclosed in this Corporate Governance Report. Please refer confirmation stated at the end of this report.

3(8)(ii)(h) ✓ - Compliance with prudential requirements, regulations, laws and internal controls

Statement of Directors' Responsibility for Financial Reporting and Directors' Statement on Internal Controls published in this Annual Report provide the extent of Bank's compliance in this regard. There was no material non-compliance of prudential requirements, regulations, laws and internal controls which affected the Bank during the year.

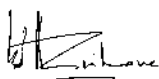
The screening mechanism and the process is already in place within the Bank and instructions have been issued to staff on name screening. Bank has issued further strict guidelines to staff on name screening and also further strengthen the post screening automated mechanism.

3(8)(ii)(i) ✓ - Supervisory Concerns

There were no significant supervisory concerns on lapses in the Bank's risk management system or non-compliance with these Directions that have been pointed out by the Director, Bank Supervision, Central Bank of Sri Lanka and directed to be disclosed to the public.

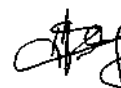
Confirmation

In terms of Direction 3(8)(ii)(g) of the Banking Act Direction No. 11 of 2007, on behalf of the Board of Directors, we confirm that the findings of the "Factual Findings Report" dated 25 February 2025 issued by the Auditors, Messrs. KPMG, Chartered Accountants to the Board of Directors pursuant to the agreed-upon procedure carried out by them in accordance with "Sri Lanka Related Services Practice Statement 4750" are consistent with the matters disclosed in the above Annual Corporate Governance Report on the mandatory compliance with the Banking Act Direction No.11 of 2007 (as amended).



Justice Buwaneka Aluwihare PC
Chairman

25 February 2025
Colombo



(Mrs) Saraswathie Poulraj
Company Secretary

Rules of the Colombo Stock Exchange (CSE) relating to Disclosure on Corporate Governance

The Bank being a listed entity is bound by and at all times has taken steps to comply with the applicable Rules and Circulars of the CSE, in particular the Corporate Governance requirements as more fully set out under the Section 9 of the Listing Rules of the CSE, in addition to the Rules and Circulars applicable for Central Depository Systems (Pvt) Limited (as amended or replaced from time to time).

Risks and Opportunities

Managing the risk universe

Seylan Bank undertakes risk management with a clear focus on adopting an enterprise-wide approach to risk management. By taking a comprehensive and integrated stance, the Bank effectively balances the pursuit of business objectives with the fulfillment of stakeholder expectations. This approach allows Seylan Bank to navigate evolving external challenges while maintaining operational efficiency and effectiveness.

The risk management process offers a cohesive structure and framework to identify, assess, prioritise and manage the current and inherent risks associated with business activities. This process is designed to integrate risk management practices into every facet of the Bank's operations, aligning with the organisation's complexity and scale while supporting sustainable growth. Furthermore, the Bank has established a Risk Governance Framework that reinforces its risk culture, creating a robust environment where effective risk management can thrive and evolve.

The Three Lines of Defence

Seylan Bank manages its business risk using the 'Three Lines of Defence' model. This approach ensures that every employee, regardless of whether they are in commercial, policy-making, or control roles, clearly understands their responsibilities in the management of risk. The Three Lines of Defence approach also ensures that risk management responsibilities are properly aligned to strategic plans and corporate objectives, thereby directing the actions of all employees who must perform an important role in the risk management process.

This approach of the Bank has enabled its risk management function to strengthen and evolve over time while complying with local and global best practices in risk management. The Bank has supported the development of risk management policies and procedures which are adaptable to emerging trends in the operating environment while taking into consideration business needs as well as regulatory requirements and recommendations.

1st

line of defence

Comprises of branches, business units and departments, which are responsible for managing the risks related to day-to-day operations. The Director/Chief Executive Officer and the Corporate Management team are responsible for managing and steering the relevant business units that ensures proper risk management and controls are adhered to and complied with.

2nd

line of defence

Comprises of the Risk Management Unit and the Compliance Department, with responsibilities to create and maintain the corporate risk governance framework, risk management systems and the policies and procedures which provide the boundaries within which business activities will be carried out. It ensures that risks are appropriately identified, monitored, assessed and managed. The second line is established mainly at the Head Office but works hand-in-hand with the business units to ensure business operations are carried out with due diligence and in a risk mitigated environment.

3rd

line of defence

Internal and External Audit functions which provide an independent and objective assurance of the Bank's corporate governance and internal control systems and processes. This includes the effectiveness and efficiency of the internal controls in the first and second lines of defence.

Risk Culture

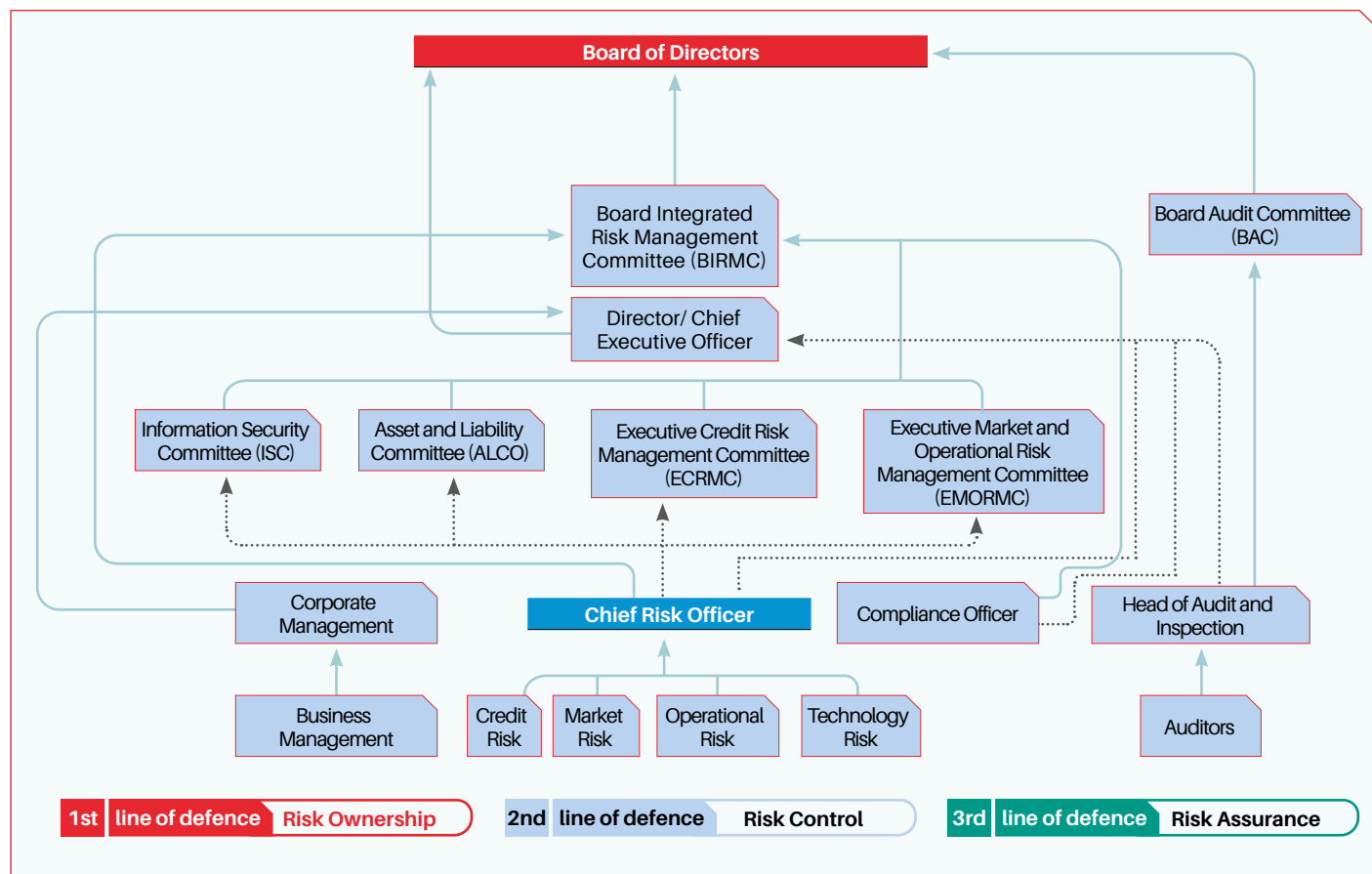
Risk management is deeply integrated into Seylan Bank's broader organisational culture. Our mission and business model are designed not only to mitigate risks but also to identify opportunities that drive growth. This enables the bank to build a resilient business, capable of adapting to an evolving banking landscape. By embracing a more diverse, sustainable, and transparent approach, we ensure that Seylan Bank can contribute meaningfully to the industry while safeguarding its long-term success.

Furthermore, our internal governance structure establishes a strong foundation that fosters an effective and resilient risk culture. The Three Lines of Defence in particular, ensures merging of responsibilities across the organisation in terms of Business, Risk, Compliance and Internal Audit ensuring each employee understands the boundaries of their responsibilities and how their position fits into the organisation's internal control and risk management framework. This also relates to the aspect of segregation of duties, which is an important element of the internal governance and organisational structure.

The Board Integrated Risk Management Committee (BIRMC) performs its 'oversight' role by setting the 'Tone at the Top'. They give leadership to shaping the development of the internal control and risk management framework. This includes defining the risk appetite, setting strategic objectives, establishing targets, promoting core values, and fostering a company culture. Additionally, they are responsible for approving the risk and compliance frameworks, as well as overarching risk-related policies, including internal controls for both financial and non-financial risks.

The Risk Management Structure

The Risk Management Structure clearly defines the roles and responsibilities of the management and the Executive Committees who play a key role in managing and monitoring risk exposure, and risk appetite in alignment with the Bank's strategic goals.



The Executive Credit Risk Management Committee (ECRMC) is responsible for overseeing and managing credit risk across the Bank. It also formulates clear credit policies and makes recommendations for Board approval. The ECRMC ensures that the Board of Directors and the BIRMC have all necessary risk related information for informed decision making. However, it is the Board Credit Committee (BCC) that holds the authority to review and where appropriate, approve credit facilities and recommend them to the Board of Directors (BoD) which serves as the final approving authority for high value lending.

► The Asset and Liability Committee (ALCO) is responsible for managing market, interest rate and liquidity risks. The BIRMC is kept informed with relevant information for decision making, and when required the final approval rests with the BoD

► The Executive Market and Operational Risk Management Committee (EMORMC) holds the authority to oversee all Operational Risk, Technology Risk, Market Risk, Liquidity Risk and Compliance Risk matters related to the Bank's business activities. The Committee is responsible for the coordination and implementation of the effectiveness of Operational Risk Management Policies, Information Security Risk Management Policies and Market Risk Management Policies which are reviewed by BIRMC and approved by the BoD

► The Information Security Committee (ISC) is responsible for both strategic and operational aspects of information security and technology risk management

The Risk Appetite Statement

The risk appetite defines the level of risk the Bank is willing to accept in pursuit of its objectives. The Bank has established comprehensive and robust risk tolerance limits aligned with its risk appetite. While BIRMC reviews the Risk Appetite Statement of the Bank, the final approval lies with the BoD. The Board is responsible for the structure of risk appetite limits, which are reviewed annually to ensure alignment with the Bank's business growth and strategy. The Bank sets risk tolerance limits for its key risk indicators including credit risk, market risk, liquidity risk, operational risk and technology risk.

Risks and Opportunities

Credit Risk	Market Risk	Liquidity Risk	Operational Risk	Technology Risk
Stage 3 ratio	Negative Maturity Gap less than one year to total liabilities	Liquidity Coverage Ratio - Overall & Foreign Currency	Pawning - Operational Losses	Hacking Attacks & Password Compromises
Performing Overdrafts without limits	Investments in Government securities to total Interest Bearing Assets	Advances to Deposit Ratio	Non-rectified high risk audit findings	Data Leakages
Impairment to Stage 3 loans ratio	Market value of Equity investments to total Interest Bearing Assets	Advances to Stable Funds	Cheque returns	Patch Management
Related-party lending to core capital	Foreign Currency Net Open Position	Advances to Deposits + Debentures	Fraudulent transactions relating to credit cards	End-point Security
Geographical and industry concentration	Interest Rate Risk in the Banking Book - Economic Value of Equity (EVE)	Statutory Liquid Asset Ratio -Overall	Customer Complaints	System Vulnerabilities
Regulatory limits - Single borrower limit - Exposure on related parties		Funding Risk	Staff Turnover	System Downtime
		Net Stable Funding Ratio	Labour Tribunal Cases	ATM Downtime
			Cash Shortages/ Excesses	

The Bank implements a comprehensive risk appetite framework to effectively manage all risks arising from its banking operations. The risk appetite statement takes a holistic approach to how risks are identified, managed and mitigated.

		Limit for 2024	2024	2023
1	Impaired Loans (Stage 3) Ratio%	4.9%	2.10%	3.85%
2	Impairment (Stage 3) to Stage 3 Loans Ratio %	Min of 64.57%	80.90%	68.29%
3	Performing Overdrafts without limits (LKR Mn)	500	123	127
4	Exposures on the Related parties/Common Equity Tier 1 Capital	Max of 55%	27.49%	38%
5	Total Government Security Investments to Total Assets (Interest Earning)	Less than 30%	28.01%	26.77%
6	Equity Investment Value (Quoted) to Total Assets (Interest Earning)	Less than 1%	0.35%	0.47%
7	Net Open Position (USD Mn)	+10/-16	-5.77	+1.99
8	Liquidity Coverage Ratio - Overall	120%	491.37%	338.42%
9	Net Stable Funding Ratio	120%	144.76%	129.67%
10	Statutory Liquid Asset Ratio - Overall	Greater than 24.00%	41.65%	38.04%
11	Advances to Deposits Ratio - Bank	Less than 97.50%	81.18%	84.17%
12	Advances to Deposits + Debentures	Less than 95.00%	78.15%	81.42%
13	Advances to Stable Funds	Less than 100.00%	83.10%	85.90%
14	Swaps (USD Mn)	175	7.00	7.50
15	External Borrowings (LKR Bn)	50	0.00	4.90

Banking Act Direction No.13 of 2021 - Classification, Recognition and Measurement of Credit Facilities in Licensed Banks

The Central Bank of Sri Lanka issued the Direction on Classification, Recognition and Measurement of Credit Facilities in Licensed Banks dated 14/09/2021 with an aim to further strengthen and harmonise the regulatory framework on Classification, Recognition and Measurement of Credit Facilities in Licensed Banks with the Sri Lanka Accounting Standard, SLFRS 9: Financial Instruments and establishing consistent and prudent practices in the Banking industry.

To be in compliance with the Banking Act Direction No. 13 of 2021, the Bank has developed and implemented the following Policies, Procedures and Guidelines with the approval of the Board of Directors.

- ▶ Procedure and Guidelines on Estimating Impairment Allowance under SLFRS 9
- ▶ Model Validation Policy Document for Expected Credit Loss Model in line with the SLFRS 9 "Financial Instruments"
- ▶ Policy on Upgrading/ Downgrading of Re-scheduled/ Restructured Facilities
- ▶ Policy on Staging of Credit Facilities under Stage 2 & Stage 3 due to Significant Increase in Credit Risk (SICR) and the Rebuttals
- ▶ Policy on Write off/ Write down of Non-performing Advances

Additionally, the Risk Management Unit ensures accurate downgrading of credit exposures based on the Significant Increase in Credit Risk (SICR) or Objective Evidence(OE) and Independent Validation of expected cash flows/assumptions of individually significant impaired facilities.

Monitoring of Credit Facilities

Once credit facilities are granted to worthy clients after following thorough credit evaluation, the Lending Officers must recognise the importance of closely monitoring the relevant credit exposure throughout the entire term of the facilities. This ensures that such credit facilities remain in the Performing Category allowing the Bank to derive the expected financial benefits.

Improper monitoring increases the likelihood that a credit facility may later be classified as 'Under Performing Credit Facilities (UPCFs - Stage 2)' or 'Non-Performing Credit Facilities (NPCFs - Stage 3)', and such deterioration in credit exposure can result in significant adverse impacts.

Recognising the importance of closely monitoring the credit facilities and taking timely corrective action to prevent slippage of such facilities to the "Under Performing" or "Non Performing" categories, the Bank has implemented internal guidelines. These guidelines establish a robust mechanism to effectively monitor Early Warning Indicators [EWIs], covenants and significant increases in Credit Risk (SICR) factors across the Bank's network ensuring that appropriate remedial measures are taken promptly.

Early Warning Indicators (EWI)

As part of the Bank's efforts in identifying the distressed credit exposure early and taking necessary corrective action; the Bank is in the process of implementing an AI enabled robust EWI system as a key component of its Delinquency Management System.

Managing Credit Risk

Credit risk refers to the potential for financial loss to the Bank when a counterparty fails to fulfill its obligations as agreed, or when its ability to meet these obligations is compromised, leading to a loss for the Bank. Effectively managing credit risk is crucial for ensuring the Bank's financial stability, long-term growth, and profitability.

Seylan Bank has developed a well structured credit risk management process in order to maintain the quality of the Bank's credit portfolio at an optimal level. Accordingly, credit risk is managed through:

- ▶ A comprehensive framework that includes well-defined policies and procedures comprising clearly structured approval hierarchies and different committees to oversee different facets of the credit risk management process
- ▶ Diversification strategies across products, geographical areas, industries and customer segments

The Bank's Credit Standards and Policy Manual outlines the fundamental standards and disciplines that must be followed to actively manage credit risk across our lending book. In contrast, the Lending Guidelines define the Bank's operational guidelines in the light of evolving business strategies. These guidelines clearly identify the preferred industries and lending practices targeted for growth during each calendar year.

These standards, policies and guidelines lay down key roles and responsibilities of those required to originate, identify, analyse, review, report, diversify, control/mitigate and manage credit risk and are applicable to all lending activities undertaken by the Bank.

In addition to establishing exposure limits for individual customers, the Bank manages counter-party credit exposure, using the 'one obligor principle', so that all facilities to a group of borrowers wholly or substantially owned or controlled by common parties, are aggregated and evaluated together.

The monitoring of credit concentration is an integral part of the credit risk monitoring process at Seylan Bank. Accordingly, the Bank constantly reviews its credit concentration across various factors such as geography, product type and industry sectors. Additionally the Bank closely tracks ratios/ internal thresholds on an ongoing basis while conducting stress tests on the credit portfolio to effectively measure and manage concentration risk of the Bank's loan portfolio.

Additionally, the Bank's credit risk management strategy includes identifying emerging customer/industry risks which can impact business activities, well in advance. This early detection helps ensure that credit facilities and relationships generate the expected returns and proactively identify default risk.

Assessment of Credit Risk

In order to grow the Bank's loan book through high quality loans and advances, there is a clear segregation of duties between transaction originators in business areas and approving authorities within the risk function. The Bank has defined delegated approving authority limits to approve the credit exposures. Credit risk evaluation and approval is carried out by experienced credit

Risks and Opportunities

risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. All high value credit propositions above a certain threshold are approved by the Internal Credit Committee, Board Credit Committee, or the BoD as appropriate.

The Bank has delegated credit approval authority to individual lending officers based on a consistent set of standards such as experience, judgement and ability. These authority levels are subject to review annually.

Credit Risk Mitigation

In mitigating credit risk, the Bank primarily relies on,

- ▶ a rigorous assessment of credit applicants,
- ▶ the strength of their business model,
- ▶ sustainable financial conditions and
- ▶ its ability to meet its current and future financial requirements

Further, the lending proposals typically require to show more than one independent credible source of repayment. The primary source is established through a conservative evaluation of whether the borrower's realistic projected cash flows will be sufficient to repay their debts. The Bank usually requires this to be supported by at least one alternative method of debt repayment in the event of unforeseen adverse circumstances. However, the mere availability of collateral does not by itself, make an otherwise unacceptable lending proposition acceptable.

In instances where the Bank accommodates highly reputable and financially strong corporate borrowers whose performance is regularly and rigorously reassessed on the basis of reliable financial information; we grant facilities on an unsecured basis on the strength of their operational cash flows.

The Bank uses various techniques and controls to limit and mitigate credit risk exposure and reduce potential credit losses. These include documenting credit transactions with adequate terms, conditions and covenants in a comprehensive and legally enforceable manner and obtaining

guarantees and financial or other collateral to provide a secondary recourse to minimise credit losses. Such guarantees serve to mitigate the inherent risk due to credit default and minimise any related losses by either substituting the borrower default risk or improving recoveries.

The Bank offsets collateralized cash deposits against on-balance sheet non-performing advances, provided that the relevant documentation is legally binding on all parties and enforceable across all jurisdictions.

Under the standardized approach, collateral recognition is limited to eligible financial collateral. However, this approach offers a lower risk weight for 'SME exposures secured by immovable property' and 'claims secured by residential property.' While the Bank relies on individual and corporate guarantees when granting credit facilities, it does not use credit derivative instruments to transfer the credit risk assumed on customers.

The Retail/SME and Corporate customers within the specific threshold as at assessment date, is considered as Individually significant and selected for individual assessments.

Further, all individually insignificant credit facilities and individually significant non impaired facilities are selected for Collective assessment. Impairment provisions of Individually significant impaired facilities are measured by estimating future cash flows on an individual basis.

RMU is involved in validating all the Individually significant facilities prior to finalization of the quarterly financials on an ongoing basis. Accordingly, individually significant impairments are done with the concurrence of the Risk Management Unit.

The Bank has developed an Expected Credit Loss (ECL) Model in line with the requirements of SLFRS 9 Financial Instruments for the Collective impairment assessment. The Bank engaged an external consultant to validate the ECL models and assist with capacity building, enabling the Bank to conduct SLFRS 9 model validations internally in the future.

The Risk Management Unit is also involved in identifying and recommending the Risk Elevated Industries for Management overlay under SLFRS9 Impairment Provisioning with the concurrence of the corporate management and Board Sub Committees.

Monitoring, Reporting and Disclosure of Credit Risk

Respective Business Unit Heads are primarily responsible for monitoring the performance of their lending to ensure that the profitability and lending quality objectives of the Bank's credit portfolio are achieved. Credit risk management uses a comprehensive range of quantitative tools and Bank-wide credit limits to monitor lending, contingent commitments and other off-balance sheet exposures, profitability, quality trends and concentrations and identifies whether the Bank is growing undue exposure concentrations and whether credit risks are adequately remunerated. The Risk Management Unit makes recommendations for suitable amendments if required, after reviewing the existing credit policy framework.

The Chief Risk Officer (CRO) regularly reports these concentrations together with his recommendations for corrective actions to the ECRMC and escalates the significantly important matters to the attention of the BIRMC. This rigorous process enables the Board of Directors to oversee the Bank's credit risk exposure, ensuring prompt identification of emerging risks and those not aligned with the Board-approved credit risk appetite, while facilitating timely corrective measures.

Loan Review Mechanism (LRM)

Seylan Bank has implemented a comprehensive Loan Review Mechanism (LRM) in line with the Banking Act Direction No. 07 of 2011 under the "Integrated Risk Management Framework." The LRM is an effective tool for the continuous evaluation of the quality of the loan book and for qualitative improvements in credit evaluation process. It operates under the oversight of the Chief Risk Officer (CRO) and is executed by the independent Credit Risk Review (CRR) Unit, which is part of the Risk Management Unit (RMU).

Core Responsibilities of the CRR Unit

The CRR Unit plays a pivotal role in Seylan Bank's credit risk management framework by executing key responsibilities that strengthen credit quality, enhance portfolio oversight, and support sustainable banking practices. These responsibilities are systematically structured to ensure comprehensive risk assessment, policy alignment, and staff preparedness, as outlined below:

1. Facility Reviews:
 - ▶ Conducting independent reviews of high-value credit facilities above a defined threshold covering a substantial portion of the portfolio annually
2. Portfolio and Industry Analysis:
 - ▶ Conducting targeted reviews for deteriorating credit quality or high-risk industries
 - ▶ Delivering quarterly industry benchmarking reports with actionable insights
3. Policy Development and Training:
 - ▶ Updating lending guidelines to reflect emerging regulatory and market dynamics
 - ▶ Implementing ESG frameworks to align with sustainable banking goals
 - ▶ Conducting training programs to enhance staff awareness and preparedness
4. Risk Identification and Recommendations:
 - ▶ Identifying potential risks and recommending mitigation measures
 - ▶ Ensuring timely implementation of recommendations by relevant stakeholders

Overview of the Loan Review Mechanism

LRM is a critical tool for maintaining and enhancing the quality of Seylan Bank's loan portfolio. It focuses on evaluating credit processes comprehensively, with an emphasis on both pre-approval and post-approval stages.

Key Focus Areas of the LRM:

1. Loan Approval Process: Ensuring consistency and depth in the evaluation and approval of loans.

2. Credit Ratings: Assessing the accuracy and timeliness of ratings assigned by loan officers.
3. Policy Adherence: Monitoring compliance with internal guidelines, legal requirements, and industry regulations.
4. Loan Covenants: Verifying adherence to agreed loan terms and conditions.
5. Post-Sanction Monitoring: Conducting detailed follow-ups on sanctioned facilities.
6. Documentation: Reviewing the completeness and adequacy of loan documentation.
7. Portfolio Quality: Analyzing the overall portfolio and recommending improvements.

The primary objectives of the LRM include ensuring portfolio quality, achieving compliance with internal and regulatory standards, and delivering actionable insights to support strategic decision-making.

Enhancements by the Credit Risk Review (CRR) Unit

The CRR Unit, integral to the Risk Management Unit, enhances credit risk management through targeted interventions across pre-approval and post-approval phases of the credit operations in the Bank:

1. **Pre-Credit Approval Interventions:**
 - ▶ Integrating macroeconomic and microeconomic analyses to align credit decisions with prevailing external conditions
 - ▶ Conducting industry evaluations to gauge sector health and trends
 - ▶ Assessing ESG (Environmental, Social, and Governance) and climatic risks for sustainable lending practices
 - ▶ Providing regular policy updates to reflect emerging risks and best practices
2. **Post-Credit Approval Interventions:**
 - ▶ Performing in-depth credit reviews to identify risk exposures and compliance gaps
 - ▶ Strengthening portfolio monitoring to address credit quality concerns proactively
 - ▶ Enhancing IT-based monitoring systems for streamlined compliance and reporting

Planned Expansion of the Team and Strategic Initiatives

To address the increasing complexity of the Bank's credit portfolio, the CRR Unit will undertake the following strategic initiatives:

- ▶ Team Expansion: Recruitment of additional skilled professionals to strengthen the unit
- ▶ Advanced Systems Implementation: Deployment of state-of-the-art tools to enhance monitoring and reporting

These initiatives aim to strengthen Seylan Bank's capacity to monitor and manage credit risk effectively, ensuring financial stability, informed decision-making, a high-quality loan portfolio, and sustainable growth.

Definition of Past due and Impaired Based on CBSL Guidelines

A Non-Performing Loan is any loan that is for more than 90 days past due or is otherwise individually impaired (which represents those loans against which individual impairment provisions have been raised) and excludes:

- ▶ Loans renegotiated before 91 days past due and on which no default in interest payments or loss of principal is expected
- ▶ Loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments during the watch period since renegotiation and against which no loss of principal is expected

Impaired Loans comprise both individually and collectively identified loans for the assessment of impairment allowances. These loans also include collateralized loans or loans where indebtedness has already been written down to the expected realizable value. The impaired loan category may include loans, which, while impaired, are still performing.

Approach on Individually Significant and Collective Loan Loss Provisioning

The Bank's loan loss provisions are established to recognise impairment losses, either on specific loan assets or within a portfolio of loans and receivables.

Risks and Opportunities

Impairment allowances may be assessed and created either for individually significant accounts or on a collective basis for groups of accounts for which no evidence of impairment has been individually identified, or for high volume groups of homogeneous loans that are not considered individually significant. Individually impaired loans are those loans against which individual impairment provisions have been raised.

Estimating the amount and timing of future recoveries involves significant judgement and considers factors such as the level of arrears, future economic conditions and the value of collateral, which may not have a readily accessible market.

Loan losses that have been incurred but not separately identified as of date of the Statement of Financial Position, is determined on a portfolio basis and assigned an Expected Credit Loss (ECL) experienced as a result of uncertainties arising from the economic environment and defaults based on portfolio trends. Under SLFRS/LKAS, impairment allowances are recognised when there is objective evidence of impairment due to one or more loss events that occurred after initial recognition and impacted the estimated future cash flows of the financial asset or portfolio. Impairment of loans and receivables is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the carrying amount is less than the discounted cash flows, no further allowance is necessary. Impairment allowances are measured individually for assets that are individually significant and collectively for portfolios of homogeneous assets, using appropriate statistical techniques.

As per SLFRS 9, calculation of the impairment has been assessed and disclosed based on Stages 1, 2 and 3 of the portfolios and such disclosures are explained in Note 25 of Financial Statements.

Credit Concentration Risk

Credit concentration risk can arise when multiple counterparties engage in similar activities and share similar characteristics, potentially leading to an increased risk of default due to changes in economic

or environmental conditions. This risk is mitigated by setting prudent credit risk limits on various parameters. The Central Bank of Sri Lanka (CBSL) has also established guidelines on maximum exposures, including limits for single/related party borrowers and large exposures.

Related Party Lending

Related parties include the Major Shareholders, Subsidiaries, Directors and Key Management Personnel of the Bank and their close family members (CFM). The Bank has set an internal limit on overall exposure to related parties and ensures that credit decisions are made on a rational basis, as per the relevant legislation, approved policies and procedures and is based on market terms, with no preferential treatment.

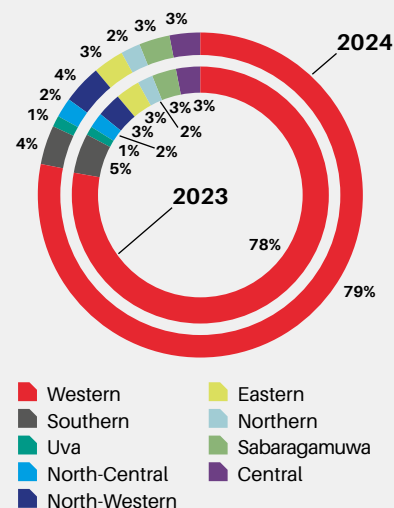
Exposure to Geographical Areas, Economic Sectors and Lending Products

Exposure to a single sector of the economy or lending product or to a narrow geographical region is another dimension of risk concentration. Borrowers may be vulnerable in the event of an economic or market downturn affecting their economic sector, which in turn can affect their ability to service the loans. In order to mitigate this risk, the Bank sets individual concentration limits for exposure to various sectors. The Bank closely monitors the quantum and quality of lending by geographical areas.

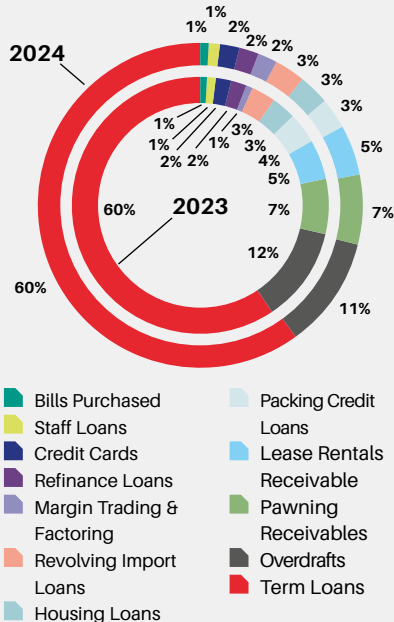
Credit Risk Management Outlook for 2025

- ▶ The Bank obtained professional expertise in validating the Internal customer rating models/scorecards and the models were developed incorporating the proposed changes last year. In 2025, the Bank will finalize the back testing exercise of the newly developed models, which will stand up to date with the recent market conditions
- ▶ The Bank had already procured Delinquency Management System (DMS) with an in-built Machine Learning Capability and Early Warning Indicators (EWIs) as well. This robust EWI system will help the Bank to proactively identify the problematic customers to initiate action plan to nurse the customers

Loans & Advances by Geographical Areas



Loans & Advances by Product



- ▶ The Bank will develop Risk Adjusted Return on Capital (RAROC) model to assess customer profitability of the Corporate Loan Portfolio. This will also assist the Lending Units to strategize their asset growth into profitable segment of borrowers and industries
- ▶ The Bank will also implement Behavioral Scorecard Model in 2025 for an ongoing review of the Credit Scores of the Retail Portfolio during the tenure of the credit facilities, which will benefit the Bank to progressively monitor the risk profile of the portfolio
- ▶ The Bank will commence the initial steps in adopting Risk Based Pricing methodology, which will facilitate the Bank to propose pricing for the credit facilities according to the risk profile of the relationships
- ▶ The Credit Risk Review unit will incorporate an automation mechanism within the Loan Origination System for the following; identification of high value exposures for timely reviews & approval process (already implemented) and comprehensive data capturing

Managing Market Risk

Market Risk refers to the potential adverse impact on the Bank's trading exposures, foreign exchange, Net Open Exposure, and both on- and off-balance sheet risks, stemming from fluctuations in financial market prices. It arises when the value of portfolios, instruments, or investments changes due to volatility or unpredictable movements in market factors such as exchange rates, interest rates, and asset prices. Various types of risks can emerge from market volatility, including those related to price fluctuations and interest rate movements. The Bank actively manages and diligently monitors these risks.

Policy and Responsibility

The BoD defines the overall policies / limits for the market risk exposure. Market risk limits are defined with careful consideration of the associated risks and alignment with the Bank's strategic plan. On behalf of the Board, the Risk Committees—EMORMC and ALCO—are responsible for managing market risk in the Bank's major business areas, particularly in Treasury. As the first line of defense, the Treasury is responsible for

monitoring and managing the Bank's market risk and trading exposures. Business units' market risk operations are closely monitored but fall under the management and oversight of Treasury exposures. The Risk Management Unit (RMU) submits regular reports on market risk to ALCO, EMORMC and to BIRMC. Timely reporting to Corporate Management enables quick, informed decision-making and ensures that necessary actions are taken to manage market risk proactively.

Treasury Middle Office

The Treasury Middle Office (TMO) is the arm of the Market Risk Unit, which oversees and monitors the controls established by the Board, for Market Risk Management in treasury operations on a daily basis.

Some of the monitoring tools set by the Management and Board which enables TMO to adopt a stringent monitoring mechanism includes but is not limited to:

- ▶ A set of limits to ensure that risk takers do not exceed the aggregate risk and concentration parameters set by the Board. Limits are proposed for business units and risk sources by the Management and approved by the Board
- ▶ Online and real time monitoring of Treasury dealing and trading through the dynamic Treasury Risk Management System
- ▶ Independent mark-to-market valuation, reconciliation of positions and tracking of stop losses for trading positions, on a timely basis
- ▶ Accountability for the support and maintenance of the Treasury Management System reports and the design and delivery of value adding new reports
- ▶ A process for assessing the risk of new products
- ▶ Independent Monitoring of Call Records in Treasury Operations

Interest Rate Risk

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book (IRRBB) primarily arises from mismatches between assets and their funding costs (deposit liabilities) due to interest rate changes. The goal in managing IRRBB is to mitigate the impact of potential interest rate movements that could reduce future net interest income, while balancing the cost of hedging activities on the net revenue stream. In many cases, the contractual terms of products vary due to customer behaviors. For these products, behavioral analysis is used to make assumptions, allowing for more accurate and feasible risk management strategies.

With monetary policy decisions, the market saw an easing in interest rates, which settled down to a level of 9% - 10% at the close of the financial year. In the same manner inflationary pressure also eased to a greater extent over the year and turned into a deflation towards end 2024 which contributed towards a downward push in interest rates.

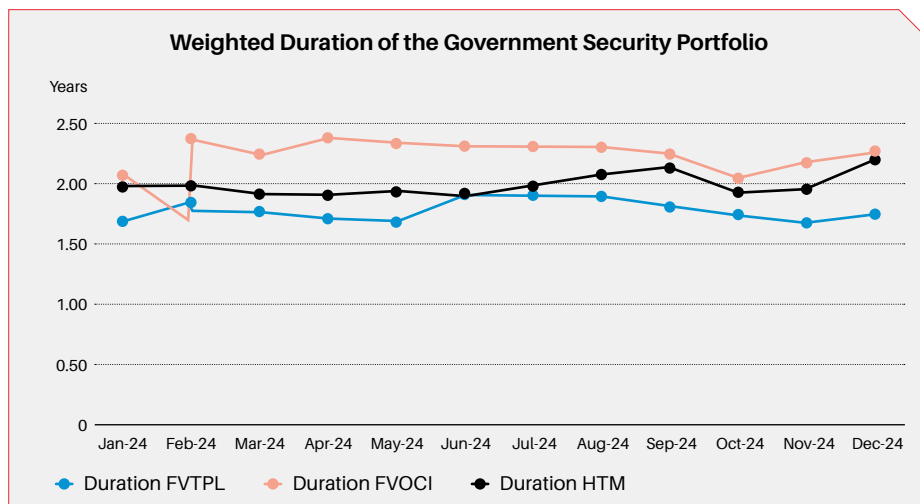
At Seylan Bank PLC, these challenges were approached with a positive outlook, ensuring that the interest rate risk did not hinder sustainable growth prospects. The Bank effectively managed re-pricing risk by leveraging the behavioral patterns of its asset and liability portfolios.

Portfolio Interest Rate Risk

The Bank's policy is to predominantly invest in Government Securities such as Treasury Bills and Treasury Bonds, to meet its liquidity requirements and for trading purposes. Therefore, the Bank holds a substantial portion of Government Securities, including Treasury Bills and Bonds, along with a smaller portion of International Sovereign Bonds (ISBs). As a result, the Bank is exposed to the Interest Rate Risk in these portfolios which is strategically managed through close monitoring to avoid adverse impact on capital and earnings.

Risks and Opportunities

The following graph represents the weighted average duration of the Government Security Treasury Bond portfolios during 2024:



The Bank adopts a monthly Earnings at Risk (EaR) methodology that estimates with a certain level of confidence, the Bank's interest rate risk of the balance sheet, over a one-year horizon. The EaR considers all pertinent risk factors and covers all financial instruments which expose the Bank to interest rate risk across nearly all product groups. The interest rate risk is mainly measured as the effects of a percentage point parallel shift of the yield curve.

Restructuring of International Sovereign Bonds

Following two years of intense negotiations, Sri Lanka successfully concluded its international bond restructuring. The defaulted international sovereign bonds (ISBs) were successfully exchanged for new securities. The offer, launched in November 2024, invited ISB holders to swap their bonds for new debt instruments. The conclusion of the offer saw an "extremely high" level of participation. As reports stated; at the close of the offer period, Sri Lanka reported an exceptionally high level of participation across all bond series, with nearly 98% of the total outstanding ISBs being exchanged for new securities.

The Bank which carried an ISB exposure also opted for the exchange of ISBs for the swap that was offered. Due to the exposure the Bank held in its books the exchange took

place smoothly with no adverse impact on the holding. The impact of the 30% exchange which took place in exchange for rupee bonds had an impact on the Net Open Position of the Bank which was easily absorbed by the Bank and was managed within the prevailing Net Open Position (NOP) limit.

Exchange Rate Risk

The Bank considers that assets and liabilities in other currencies denote an exchange rate risk as they may vary in value, over time relative to LKR. The Bank's core business as a commercial bank makes it necessary to have access to foreign currencies and to hold positions in major currencies.

Currency exposures are managed by applying individual currency limits, with the overall exposure controlled within the NOP limit set by the regulator. The Treasury operates within defined individual and cumulative intra-day, daylight, and overnight limits to mitigate risks arising from these exposures. Foreign exchange risk limits are agreed upon and approved by the BoD.

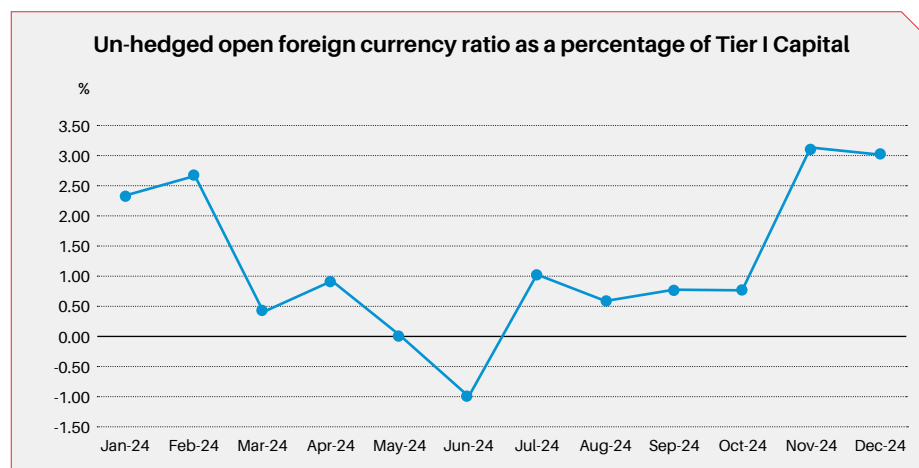
The Bank's exchange rate risk primarily arises from:

- ▶ Customer loans/deposits in foreign currency and
- ▶ Treasury's positions in foreign currency

The foreign exchange risk is monitored and reported daily, to the Management, and is discussed at the monthly ALCO or more frequently, should the need arise due to the prevailing volatile market conditions.

The Net Open Position on 31st December 2024 stood at a level of USD 5.77 Mn (Short). This exposure is measured and managed against the Bank's Tier I Capital and has been at very negligible levels.

The following graph presents the NOP as a percentage of the Tier 1 Capital during the year 2024:

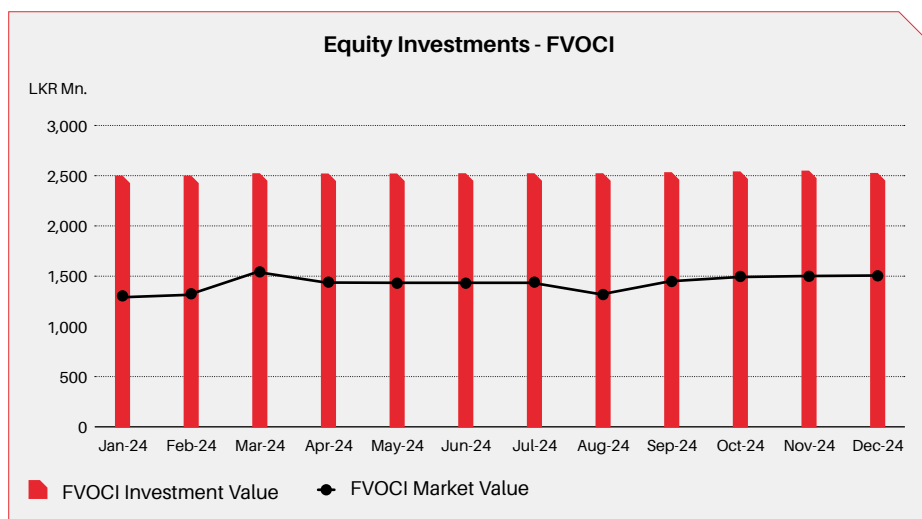


Share Investment Risk

The Bank's investment policy and the risk policy restricts equity positions to listed shares; invested for trading purposes and invested for strategic reasons. The Bank also holds a few unlisted shares made for reasons such as investments in unlisted banking related companies. These investments are predominantly in companies which offer financial infrastructure and financial services to the Bank. For some of these investments, the holding is revalued yearly according to the net worth of the companies.

The management of the price risk of equity investments is the responsibility of the Treasury Unit with oversight by the Treasury Investment Committee. The Market Risk Management Unit acts independently in monitoring and reporting the share Investment Risk and is responsible for reporting the impact on earnings on a daily basis to the Treasury Investment Committee and the impact on earnings and regulatory capital on a monthly basis to ALCO and EMORMC and subsequently to BIRMC.

The graph represents the investments in shares and the behaviour of market values of the share investments in the FVOCI portfolio during the year 2024:



Managing Liquidity Risk

Liquidity risk is the risk that the Bank either lacks sufficient financial resources to meet its obligations as they fall due or can only access these financial resources at an excessive cost.

The Bank has a policy to maintain adequate liquidity at all times to meet local currency requirements, as well as the requirements for all major foreign currencies, ensuring the ability to meet obligations as they fall due. The Bank manages liquidity risk on both a short-term and medium-term basis. In the short term, the focus is on ensuring that cash flow demands are met when required. In the medium term, the emphasis is on maintaining a structurally sound balance sheet that aligns with the Bank's long-term strategy.

ALCO is the governing body that is responsible for overseeing the Bank's liquidity management policies. The Treasury receives authority from ALCO, which is responsible for managing the liquidity positions of the Bank. Liquidity is managed within the pre-defined liquidity limits approved by the Board and in compliance with internal liquidity policies and practices as well as external regulatory requirements. The Treasury proposes strategies in managing liquidity risk, while RMU is instrumental in setting up and overseeing the implementation of policies and other controls relating to liquidity risk.

During the current financial year, the Bank successfully managed liquidity at sound levels, primarily due to its ability to invest in ample stocks of government securities. This allowed the Bank to hold high-quality liquid assets and maintain healthy liquidity indicators.

The Bank also maintained strong liquidity buffers throughout the year, ensuring it could meet both banking needs and regulatory requirements.

Control and Management

The Bank prioritizes tapping available sources of liquidity, preserving necessary funding capacity, and continuous contingency planning as key elements in managing liquidity risk. Liquidity targets are set to ensure that, even under adverse conditions, funds are available to meet customer needs, maturing liabilities, and other funding requirements.

Deposits represent the Bank's principal source of funding. Our well-diversified retail deposit portfolio represents a large portion of our funding concentration while a portion of hot money has been raised from corporate and institutional customers. The Bank raises funds, locally or globally, through repurchase agreements and money market instruments.

To mitigate uncertainties that characterises customer behavioural patterns, the Bank ensures that its deposit base is diversified by type and maturity periods. In addition, the Bank has in place a contingency funding plan including a portfolio of liquid assets that can be realized in case of a liquidity stress, as well as ready access to wholesale funds under normal market conditions.

Measurement and Management of Liquidity Risk

The Bank's liquidity strategy, including policies and procedures for measuring, managing and controlling liquidity; helps it to meet the objectives of maintaining sufficient sources of liquid funds to meet funding obligations as and when they are due. The strategy, policies and processes are designed to ensure that the Bank is in a position to fund all obligations across planned time horizons, during both normal and under stress situations.

Risks and Opportunities

The policies and procedures outline appropriate early warning indicators to alert the Bank to a potential liquidity issue through a range of prudential ratios and funding concentration levels. Measuring liquidity risk is crucial to ensuring liquidity issues are identified in a timely manner.

In terms of measuring liquidity, Basel III introduced two minimum standards for measuring adequate funding and liquidity in stressed situations. The Bank measures and manages liquidity risk as per these Basel III standards and requirements.

The Liquidity Coverage Ratio (LCR), given in table on page 138, under Basel III computation of Liquidity Coverage Ratio enables the Bank to measure the short-term

resilience of the Bank's liquidity risk profile. The ratio ensures that the Bank has sufficient High-Quality Liquid Assets (HQLA) to survive a stress scenario lasting 30 days. The Net Stable Funding Ratio (NSFR), shown in table on page 138 under Key Regulatory Ratios, also enables to reduce the funding risk over a one year time horizon by requiring the Bank to fund activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

As envisaged in the Assets and Liability Management (ALM) policy, the Liquidity Risk is managed through the stock approach. It is also managed through the traditional flow approach better known as the 'Gap Analysis' based on the residual maturity/behavioural pattern of assets and liabilities as prescribed by the CBSL, and against prudential (tolerance) limits set for different

residual maturity time buckets. In addition to the contractual maturity mismatches the Bank mostly concentrates on the behavioural patterns of the assets and liabilities which give a more realistic scenario to the asset and liability mismatches.

Market Risk and Liquidity Risk Outlook for 2025

- ▶ The Bank is currently making preliminary arrangements to replace the existing Treasury Management System with a new updated version which is a fully fledged Treasury Management System, to further strengthen the Treasury Front Office activities which will also enhance the Market Risk management and controls of the Treasury Middle Office.
- ▶ Enhance Managing Interest Rate Risk through efficient measurement tools

Maturity Gap Based on Behavioural Analysis

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2024 LKR '000
Interest Earning Assets						
Loans & Advances	115,446,046	158,451,218	106,687,018	42,413,921	39,952,548	462,950,751
Placements with Banks and Finance Companies	50,156,002	-	-	-	-	50,156,002
Government of Sri Lanka Treasury Bills/ Bonds, Restructured SLISBs and US Treasury Bills	49,456,772	46,933,688	59,277,359	39,935,434	11,747,418	207,350,671
Investments in Debentures	17,638	33,250	66,417	262,193	336,745	716,243
Securities Purchased under Resale Agreements	3,684,374	-	-	-	-	3,684,374
Balances with Banks	2,344,229	-	-	-	-	2,344,229
	221,105,061	205,418,156	166,030,794	82,611,548	52,036,711	727,202,270
Non Interest Earning Assets						
Cash In Hand	14,019,626	-	-	-	-	14,019,626
Balances with Central Bank of Sri Lanka	1,904,562	2,430,493	1,285,684	1,050,241	2,048,135	8,719,115
Balances with Banks	1,020,541	-	-	-	-	1,020,541
Investments in Equities	-	2,176,270	-	-	1,153,602	3,329,872
Group Balances Receivable	-	300	-	-	40,000	40,300
Property, Plant & Equipment/Intangible Assets/Right of Use Assets	-	-	-	-	10,959,821	10,959,821
Assets Held-for-Sale	-	-	-	-	-	-
Deferred Tax Assets	-	205,963	-	-	-	205,963
Derivative Financial Instruments	17,398	-	-	-	-	17,398
Other Assets	14,173,461	49	2	146	1,275	14,174,933
	31,135,588	4,813,075	1,285,686	1,050,387	14,202,833	52,487,569
Total Assets	252,240,649	210,231,231	167,316,480	83,661,935	66,239,544	779,689,839

Liabilities & Equity

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2024 LKR '000
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost due to Depositors	136,270,364	168,594,624	87,669,272	71,598,689	137,752,172	601,885,121
Financial Liabilities at Amortised Cost due to Debt Securities Holders	1,433,812	28,132	-	-	-	1,461,944
Due to Banks and Other Borrowings	1,310,104	-	6,855,422	-	-	8,165,526
Debt Securities Issued	931,808	1,587,575	6,000,000	15,539,450	1,069,550	25,128,383
Group Balances Payable	30,408	3,528	64,731	-	-	98,667
Lease Liabilities	79,710	218,227	640,855	601,060	4,073,255	5,613,107
	140,056,206	170,432,086	101,230,280	87,739,199	142,894,977	642,352,748
Non Interest Bearing Liabilities						
Demand Deposits & Margin Accounts	20,829,554	6,628,755	3,797,895	3,749,095	9,926,913	44,932,212
Other Liabilities	20,398,068	-	-	-	-	20,398,068
Derivative Financial Instruments	809	-	-	-	-	809
Current Tax Liabilities	1,489,697	-	-	-	-	1,489,697
Dividend Payable	27,558	-	-	-	-	27,558
Group Balances Payable	275	-	-	-	-	275
Equity	-	-	-	-	70,488,472	70,488,472
	42,745,961	6,628,755	3,797,895	3,749,095	80,415,385	137,337,091
Total Liabilities and Equity	182,802,167	177,060,841	105,028,175	91,488,294	223,310,362	779,689,839

Stress Testing

Stress testing is an integral component of our risk and capital management framework. It allows the Bank to assess potential vulnerabilities of the business, models or portfolios. It also helps to understand the sensitivities of the core assumptions in our strategic and capital plans and improve decision making by balancing risk and return.

In addition to the comprehensive internal stress tests scenarios which reflect the outcome in the annual ICAAP risk assessment, the Bank also performs regular/quarterly stress test exercises taking into consideration external and internal stress test scenarios for management insight and timely decision making. Stress tests are generally carried out applying static balance sheet assumptions either at a close of a month, quarter or the end of a financial year.

The results of the stress test reaffirm the resilience of our business model and the strength of the Bank's capital base. We remain committed to maintaining a robust Capital Adequacy Ratio (CAR) that exceeds prevailing requirements, while minimising Earnings at Risk. The stress test results are reported to the relevant management committees, such as ALCO, ECRMC, and EMORMC, for decision-making, and are subsequently presented to the BIRMC on a quarterly basis.

The Bank possesses a comprehensive Stress Testing Policy which outlines various scenarios to measure the stress levels of exposures of Credit Risk, Credit Concentration Risk, Operational Risk, Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk.

The Bank carried out stress tests using multiple scenarios measuring the impact on capital, profitability and liquidity to ensure the stress levels did not have any implications on these indicators.

Risks and Opportunities

No	Particulars	Stress Scenarios
1	Credit Risk	
	Increase in NPL	NPL is forecasted based on a macro-economic model and a crisis factor is applied to factor in the economic downturn.
	Increase in NPL of top 5 Industries	Deals with an increase in the NPL based on a industry wise classification of facilities and resultant increase in respective provisioning
	Large Borrower Default	Default of the largest borrowers by classifying the credit granted as non-performing
2	Credit Concentration Risk	% increase in Herfindahl-Hirschman Index (HHI) under stress
3	Interest Rate Risk in the Banking Book (IRRBB) EAR and EVE	To assess the long-term impact of changes in interest rates on Bank's Economic Value of Equity (EVE) through changes in the economic value of its Assets and Liabilities and to assess the immediate impact of changes in interest rates on Bank's earnings through changes in its Net Interest Income (NII)
4	Forex Risk	Change in the value of foreign currency in adverse direction
5	Equity Investment Risk (FVOCI)	Fall in the value of Equity in Available For Sale book
6	Liquidity Risk - Systemic & Bank specific	1 - Withdrawal of x% of the deposits from the bank within a period 2 - Rollover of loans to a period greater than three months 3- Decrease in rollover of interbank borrowings
7	Operational Risk	% increase in loss incidents

Counterparty Credit Risk

Counterparty credit risk would arise from a possible default on amounts owned on a transaction by a counterparty. Financial transactions that derive their value from the performance of assets, interest rates or currency exchange rates are included in structuring obligations where debt obligations and deposits, swaps, futures and forward contracts are considered for the combination.

Counterparty credit risk, which is managed and monitored by the Treasury Middle Office (TMO), primarily arises from transactions entered into by the Treasury Unit, as well as trade transactions. Treasury-related transactions include foreign currency contracts, money market transactions, and outright treasury transactions with local and foreign counterparts. A limit framework is in place to manage counterparty credit risk. The TMO monitors the utilisation of each counterparty in real-time against the stipulated limits, and a daily report is provided to Senior Management to highlight any irregularities in the limits.

Country Risk Concentration

The Bank manages the exposure to country risk through a framework of limits, specifically limiting and monitoring its exposures to countries with trade barriers and embargoes. Limits are reviewed annually at a minimum, in conjunction with the review of country risk ratings. Country risk limits are approved by the Board and are monitored daily by the TMO.

Recovery Plan

The Bank has established a policy framework to implement the Recovery Planning (RCP) for financial institutions, in line with the CBSL Banking Act Direction No. 09 of 2021 on the Recovery Plans for Licensed Commercial Banks and Licensed Specialised Banks.

The RCP framework aims to establish an effective and efficient process to enhance supervisability, recoverability and resolvability of the Bank, by incorporating essential elements and key attributes outlined in the regulatory framework.

The RCP framework aims to –

- ▶ facilitate the preparation and maintenance of a robust recovery plan by the Bank which serves as a strategic planning tool that;
- ▶ integrate with the risk appetite framework and reinforces risk management functions and
- ▶ strengthen the Bank to establish arrangements to recover from a wide range of stress events

The RCP is developed in harmony with the ICAAP, Contingency Funding Plan (CFP) and the BCP of the Bank.

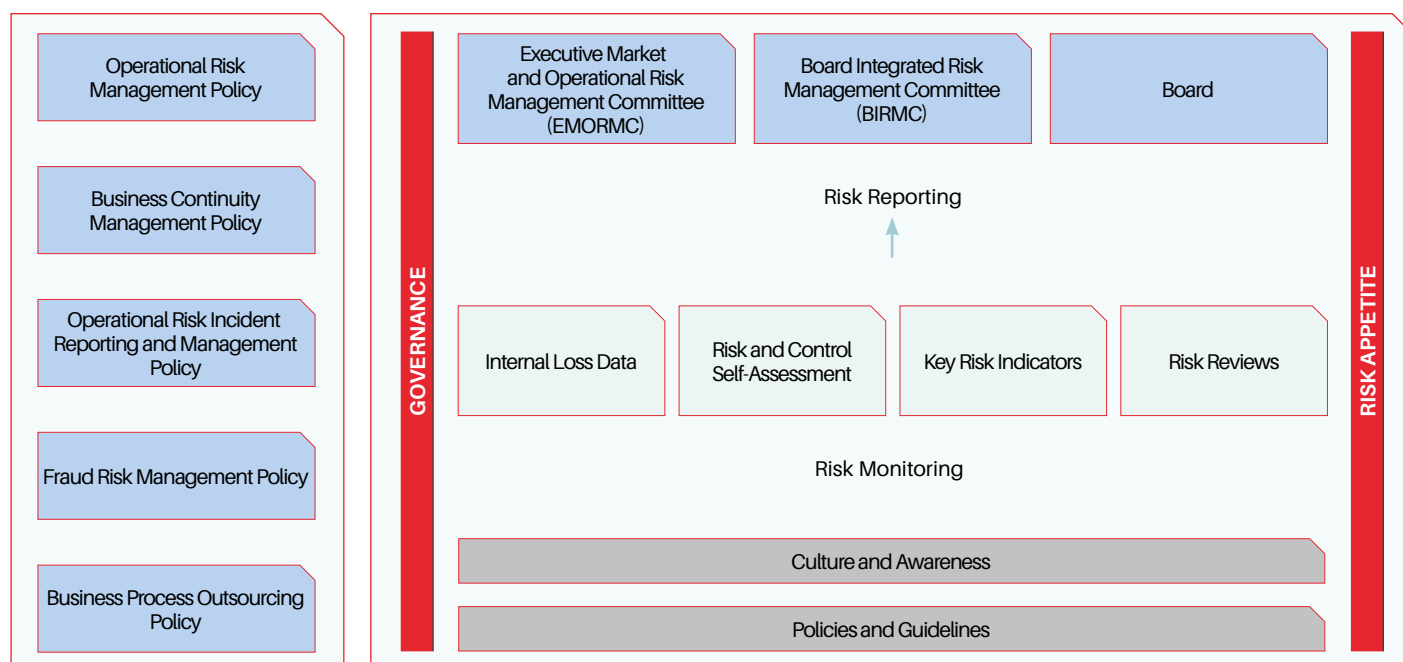
Managing Operational Risk

Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events such as natural disasters, social or political events that may impact the Bank. Operational risk includes legal risk but excludes strategic and reputational risks.



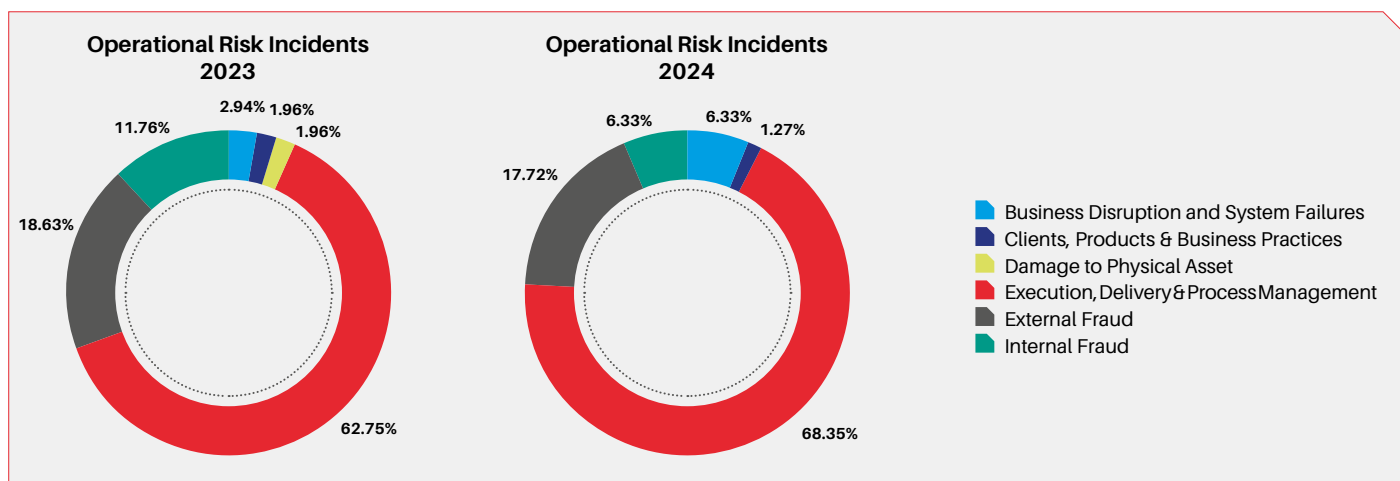
The Bank has a well-established Operational Risk Management Policy developed in line with CBSL and Basel guidelines. Under the comprehensive Operational Risk Management Policy, the roles and responsibilities for operational risk have been defined from Board level to business unit levels. The BoD oversees the major aspects of the Bank's Operational Risk as a distinct risk category and approves periodic reviews of this framework.

Being the second line of defence, the Risk Management Unit (RMU) has established the Operational Risk Management Unit (ORMU) with the objective of implementing and enforcing an appropriate framework for identification, assessment, monitoring and reporting of operational risks. The policies and guidelines listed here in are established within the Bank to manage operational risk effectively. The Operational Risk Management function is enabled through the day-to-day processes within a predefined framework.



Technique	Management/Mitigation
Risk and Control Self-Assessment (RCSA)	RCSA is defined for key business units of the Bank and is reviewed annually to proactively identify the inherent risks. RCSA is a process through which operational risks and the effectiveness of controls are assessed and examined. Findings from the RCSA exercise are used to manage the residual risks through implementation of proper action plans and control improvements.
Key Risk Indicators (KRIs)	Key risk indicators are metrics used in risk management to provide an early warning signal of increasing risk exposure in various areas of the Bank. KRIs are reported to EMORMC and BIRMC by way of a dashboard and monitored against the corresponding thresholds. The appropriate action plans are directed to mitigate the risks based on those thresholds.
Collecting, Analysing and Reporting Operational Risk Incidents	Incident reporting is encouraged within the Bank and ORMU has developed internal guidelines on incident reporting which is made available on the Intranet for staff members. Furthermore, monthly reminders to report incidents are circulated among the Unit Operational Risk Coordinators (UORC) and branches. Regular trainings are conducted to UORCs and branch staff in order to enhance the awareness on incident reporting. All incidents reported by respective departments and branches are recorded in a database and a root-cause analysis is performed in order to provide recommendations to ensure non-recurrence of the same incidents in the future. Incidents reported are presented to EMORMC and BIRMC periodically to obtain further guidance/advise and to enforce implementation of further controls where necessary. As per CBSL guidelines, loss events exceeding LKR 500,000 are reported on a quarterly basis to the CBSL.

Risks and Opportunities



Technique

Appointment of Unit Operational Risk Coordinators (UORC)

Insurance Arrangements

Reviewing New Products/Services/Processes

Review of existing Products/Services/Processes

Reviewing Information risk, integrity and availability

Effectiveness Business Continuity Plan (BCP) and Disaster Recovery (DR)

Managing Outsourcing activities

Management/Mitigation

The ORMU has appointed UORCs for all departments and units of the Bank, outlining their roles and responsibilities. The UORCs are required to report incidents as and when incidents occur, provide information for Key Risk Indicators, and complete the RCSA annually.

The Bank has taken insurance covers as one form of risk mitigation for high severity, low probability and uncontrollable operational risk events such as natural disasters or fire, as well as internal and external frauds, errors, omissions, hold-ups, employee infidelity. However, insurance has not been considered as a reason to take risks that would otherwise not be undertaken, thereby avoiding moral hazards. These insurance policies are reviewed at regular intervals and enhanced on an ongoing basis to ensure adequate coverage for any plausible losses.

The Bank provides risk assurance for newly implemented products through the New Products and Services Policy. This procedure includes proactive risk identification, assessment and introduction of risk mitigation controls for inherent risks of new products, processes, systems and their amended versions as well as for projects that have a material impact on the Bank's operations.

ORMU carries out reviews of existing business Products/ Services/Processes and recommends further improvements/ controls where necessary to EMORMC and BIRMC for ratification/advise and implementation. This contributes towards closing possible gaps in the existing business processes and mitigating potential operational losses.

The Bank is positioned to identify and respond to suspicious information flows and intruder attacks while observing system readiness through its information risk management practices which use tools and techniques such as firewall technologies, intruder detection and hacking prevention systems. The Bank has introduced a sound Data Leakage Prevention (DLP) solution, Data classification software, Security Information and Event Management (SIEM), Web Application Firewall system and Internal Firewall system.

The BCP ensures the resilience to business disruption that may arise from internal or external events and focuses on reducing any adverse impact on human safety, business operations as well as profitability and reputation of the Bank. The Bank's well-established Disaster Recovery Site and separate Disaster Recovery Operating Centres (DROC) carry out DR drills for critical systems including the core banking system in order to verify the readiness of business continuity related issues. The relevant Executive Committees and regulators are updated on outcomes of the BCP and DR drills with the appropriate actions.

The Bank has developed and implemented a comprehensive policy on outsourcing in line with CBSL Direction No. 02 of 2012. This covers all aspects of due diligence controls such as comprehensive assessment, complaint handling, service quality, monitoring and review of information security and business continuity plans of service providers.

Operational Risk Outlook for 2024

The Risk Management Unit is making arrangements to automate the incident reporting mechanism and Risk & Control Self-Assessment (RCSA) exercise during the year 2025.

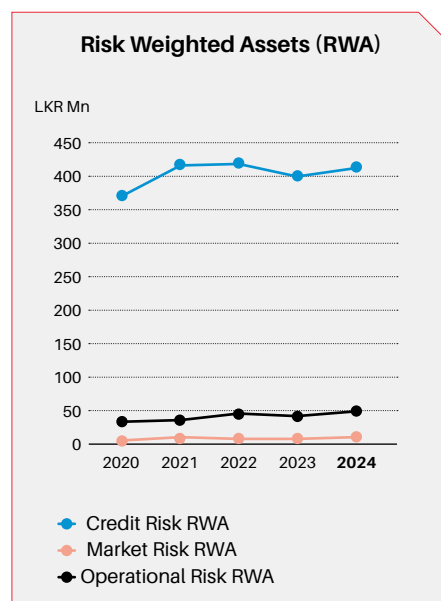
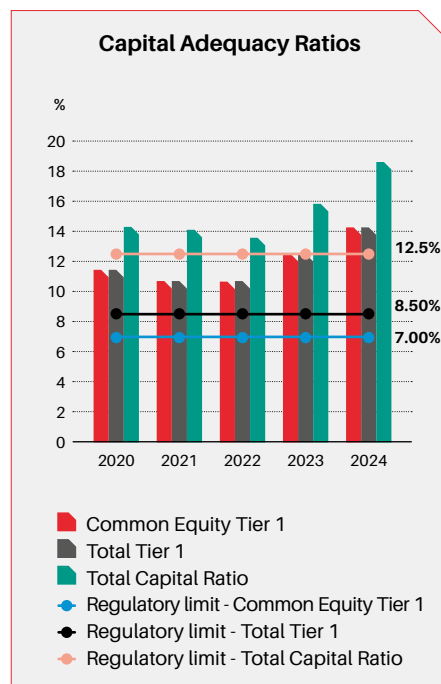
Information Security Management System

The well-established Information Security Management System (ISMS), based on the Baseline Security Standard, provides a methodical approach to managing the Bank's information security risk. It ensures compliance with regulatory requirements and alignment with business objectives. Continuous risk assessments are carried out on all critical information assets, and Information Security Risk-related KRIs are regularly monitored and reported. Vulnerability assessments are conducted, and comprehensive information security awareness programs, including E-Certification, are implemented. The Bank is in the process of implementing CBSL Direction No. 16 of 2021 on the Regulatory Framework for Technology Risk Management and Resilience for Licensed Banks, within the specified timelines. As part of this, the Technology Risk Management Unit was established to implement the provisions outlined in the direction regarding the Risk Management Unit. The Bank has initiated action to obtain ISO 27001: Information security management systems (ISMS) and ISO 22301: Business Continuity Management (BCM) Certificates as required by the above-mentioned CBSL Direction.

Managing Capital Risk

Seylan Bank is compliant with the minimum Capital Adequacy requirements stated in the Banking Act Directions No 01 of 2016 on Capital Requirements under Basel III for licensed banks. Total Capital Ratio of the Bank amounts to 18.59% as at 31st December 2024. The Bank is making significant progress in strengthening its capital base and continuously evaluating its medium and long-term strategies to enhance Capital Adequacy Ratios in accordance with CBSL's minimum

regulatory requirements. Additionally, appropriate measures will be identified to optimise the risk-weighted assets, aiming to enhance the Bank's capital allocation.



The Internal Capital Adequacy Assessment Process (ICAAP) of the Bank has been established based on the CBSL regulations in order to determine the level of capital to be maintained against all risks and to ensure that banks have adequate capital to support all risks. In order to assess the future capital requirements, the Bank additionally prepares the Capital Augmentation Plan by considering the budget and financial forecast.

The Bank has adopted the Standardised Approach (SA) for credit risk capital calculation under Pillar 1. By nature of Bank's operations the capital charge for the credit risk remains high.

The Bank has adopted the Standardised Measurement Approach (SMA) for calculation of the market risk capital charge. The capital charge for market risk continues to remain low, considering the limited market operations of the Bank and due to the exposure to interest rate risk, equity risk and foreign exchange risk to a lesser extent.

The Bank has implemented the Alternate Standardized Approach (ASA) for quantifying the capital charge under operational risk with the approval of CBSL.

Under Pillar II, Credit concentration in the corporate loan portfolio has been analysed using the Normalised Herfindahl-Hirschman Index (HHI). The capital charge for interest rate risk in the banking book is calculated using the Economic Value of Equity (EVE) approach and the Earnings at Risk (EAR) approach. Overall, the ALM process in the Bank is well-managed and monitored using various indicators of liquidity and interest rate risks. For reputational and strategic risk, detailed scorecards have been developed and the scorecard results have been calibrated to the capital charge.

The Board and Senior Management critically review the strategic direction of the Bank in line with the Strategic Plan. Risk management is an integral part of the strategic planning process.

Risks and Opportunities

Quantitative and Qualitative Disclosures

The Pillar III disclosures are published in line with disclosure dates that commensurate with the Financial Reporting disclosure timelines.

Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 31.12.2024	Previous Reporting Period 31.12.2023
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		66,565,265	55,447,660
Tier 1 Capital		66,565,265	55,447,660
Total Capital		86,836,617	70,147,267
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.00%	14.25%	12.52%
Tier 1 Capital Ratio	8.50%	14.25%	12.52%
Total Capital Ratio	12.50%	18.59%	15.84%
Leverage Ratio	3.00%	8.16%	7.30%
Net Stable Funding Ratio	100.00%	144.76%	129.67%
Regulatory Liquidity			
Statutory Liquid Assets*			
Statutory Liquid Assets Overall (LKR 000)			235,624,142
Domestic Banking Unit (LKR 000)			233,637,929
Off-Shore Banking Unit (USD 000)			23,584
Statutory Liquid Assets Ratio*			
Statutory Liquid Assets Overall	20.00%		38.04%
Domestic Banking Unit	20.00%		38.51%
Off-Shore Banking Unit	20.00%		23.28%
Liquidity Coverage Ratio			
Liquidity Coverage Ratio - Rupee	100.00%	415.75%	355.16%
Liquidity Coverage Ratio - All Currency	100.00%	491.37%	338.42%
* Discontinued as per Banking Act Determination No 01 of 2024			

Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 31.12.2024	Previous Reporting Period 31.12.2023
Common Equity Tier I (CETI) Capital after Adjustments	66,565,265	55,447,660
Common Equity Tier I (CET1) Capital	67,540,308	59,239,357
Equity capital (Stated Capital)/Assigned Capital	21,693,370	20,908,673
Reserve fund	3,383,537	2,880,973
Published Retained Earnings/(Accumulated Retained Losses)	41,026,970	34,361,921
Published Accumulated Other Comprehensive Income (OCI)	735,856	387,215
General and Other Disclosed Reserves	700,575	700,575
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	975,043	3,791,697
Goodwill (net)		
Intangible Assets (net)	669,783	536,989
Others	305,260	3,254,708
Additional Tier 1 (AT1) Capital after Adjustments		
Total Additional Tier 1 (AT1) Capital		
Qualifying Additional Tier 1 Capital Instruments		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to AT1 Capital		
Investment in Own Shares		
Others (Specify)		
Tier 2 Capital after Adjustments	20,271,352	14,699,607
Total Tier 2 Capital	20,271,352	14,699,607
Qualifying Tier 2 Capital Instruments	14,862,159	8,996,400
Revaluation gains	698,403	698,403
Loan Loss Provisions (General Provision)	4,710,790	5,004,804
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to Tier 2	-	-
Investment in own shares		
Others (Specify)	-	-
Total Tier 1 Capital	66,565,265	55,447,660
Total Capital	86,836,617	70,147,267
Total Risk Weighted Assets (RWA)	467,186,255	442,785,741
RWAs for Credit Risk	413,638,750	400,384,298
RWAs for Market Risk	7,384,753	4,033,608
RWAs for Operational Risk	46,162,752	38,367,835
CET1 Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.25%	12.52%
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Counter cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	14.25%	12.52%
Total Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	18.59%	15.84%
of which: Capital Conservation Buffer (%)	2.50%	2.50%

Risks and Opportunities

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories - Bank Only

Item	Amount (LKR'000) as at 31st December 2024				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	779,689,839	779,689,839	783,524,883	22,760,018	875,746
Cash and Cash Equivalents	17,384,396	17,384,396	17,384,396		
Balances with Central Bank	8,719,115	8,719,115	8,719,115		
Placements with Banks	50,156,002	50,156,002	50,156,002		
Derivative Financial Instruments	17,398	17,398	17,398		
Other Financial Assets Held-For-Trading	21,454,098	21,454,098	21,454,098	21,454,098	
Securities Purchased under Resale Agreements	3,684,374	3,684,374	3,684,374		
Loans and Receivables to Banks	-	1,501,010	1,501,010		
Loans and Receivables to Other Customers *	462,950,751	461,449,741	466,160,531		
Financial Investments - Available-For-Sale	56,248,530	56,248,530	56,248,530	1,305,920	
Financial Investments - Held-To-Maturity	132,540,556	132,540,556	132,540,556		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	5,100,594	5,100,594	5,100,594		
Investment Properties	-	-			
Intangible Assets	669,783	669,783			669,783
Deferred Tax Assets	205,963	205,963			205,963
Other Assets	19,404,677	19,404,677	19,404,677		
Liabilities	709,201,367	709,201,367	-	-	-
Due to Banks	8,141,795	8,141,795			
Derivative Financial Instruments	809	809			
Other Financial Assets Held-For-Trading		-			
Financial Liabilities Designated at Fair Value Through Profit or Loss		-			
Due to Other Customers	646,817,333	646,817,333			
Other Borrowings	23,731	23,731			
Debt Securities Issued	1,461,944	1,461,944			
Current Tax Liabilities	1,489,697	1,489,697			
Deferred Tax Liabilities	-	-			
Other Provisions	-	-			
Other Liabilities	22,438,092	22,438,092			
Due to Subsidiaries	98,942	98,942			
Subordinated Term Debts	28,729,024	28,729,024			
Off-Balance Sheet Liabilities	180,816,364	185,399,534	-	-	-
Guarantees	57,381,283	57,381,283			
Performance Bonds					
Letters of Credit	10,620,611	10,620,611			
Foreign Exchange Contracts	4,598,239	4,598,239			
Other Contingent Items	16,248,723	16,248,723			
Undrawn Loan Commitments	95,846,040	95,846,040			
Other Commitments	704,638	704,638			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	21,693,370	21,693,370			
of which Amount Eligible for AT1		-			
Retained Earnings	41,525,916	42,109,413			
Accumulated Other Comprehensive Income	530,760	530,760			
Other Reserves	6,738,426	6,154,929			
Total Shareholders' Equity	70,488,472	70,488,472	-	-	-

* Loans and Receivables to Other Customers in subject to Credit Risk Framework (C) is reported as the gross of Stage 1 and 2 ECL Provision (LKR 4.7 Bn).

The following regulatory risk measurement approaches are applied for purposes of capital adequacy:

1. Credit risk: The Standardised Approach (SA)
2. Operational risk: The alternative Standardised Approach (ASA)
3. Market risk: The Standardised Measurement Approach (SMA)

Credit Risk Under Standardised Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Description	Amount (LKR'000) as at 31st December 2024						
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM			RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	Total	RWA	RWA Density (ii)
Claims on Central Government and Central Bank of Sri Lanka	217,261,926	-	217,261,926	-	217,261,926	927,627	0.43%
Claims on Foreign Sovereigns and their Central Banks	7,295,068	-	7,295,068	-	7,295,068	-	0.00%
Claims on Public Sector Entities	4,674,823	-	4,674,823	-	4,674,823	4,674,823	100.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-
Claims on Banks Exposures	45,983,895	-	45,983,895	-	45,983,895	10,775,653	23.43%
Claims on Financial Institutions	21,259,718	1,897,174	21,259,718	379,435	21,639,153	13,877,013	64.13%
Claims on Corporates	232,124,433	166,230,833	222,369,143	35,913,196	258,282,339	245,060,465	94.88%
Retail Claims	177,120,614	3,454,750	142,128,841	1,688,489	143,817,330	84,487,984	58.75%
Claims Secured by Residential Property	17,985,821	-	17,985,821	-	17,985,821	7,766,619	43.18%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) (i)	12,991,578	-	12,991,578	-	12,991,578	13,263,272	102.09%
Higher-Risk Categories	-	-	-	-	-	-	-
Cash Items and Other Assets	46,827,006	-	46,827,006	-	46,827,006	32,805,294	70.06%
Total	783,524,882	171,582,757	738,777,819	37,981,120	776,758,939	413,638,750	53.25%

Risks and Opportunities

Credit Risk under Standardized Approach

Credit Risk under Standardized Approach: Exposures by Asset Classes and Risk Weights

Description	Amount (LKR'000) as at 31st December 2024 (Post CCF& CRM)										Total Credit Exposures Amount
	Risk Weight	0%	20%	35%	50%	60%	75%	100%	150%	>150%	
Asset Classes											
Claims on Central Government and Central Bank of Sri Lanka		212,623,792	4,638,134								217,261,926
Claims on Foreign Sovereigns and their Central Banks		7,295,068									7,295,068
Claims on Public Sector Entities								4,674,823			4,674,823
Claims on Official Entities and Multilateral Development Banks											
Claims on Banks Exposures			43,856,833		255,061			1,862,491	9,510		45,983,895
Claims on Financial Institutions					15,524,280			6,114,873			21,639,153
Claims on Corporates			9,720,975		10,938,207			237,575,134	48,023		258,282,339
Retail Claims						10,371,926	91,204,762	5,895,713			107,472,401
Claims Secured by Gold		16,517,210	19,827,719								36,344,929
Claims Secured by Residential Property				15,721,850				2,263,971			17,985,821
Claims Secured by Commercial Real Estate											
Non-Performing Assets (NPAs) (i)					364,463			11,719,265	907,850		12,991,578
Higher-Risk Categories											
Cash Items and Other Assets		14,021,712						32,805,294			46,827,006
Total		250,457,782	78,043,661	15,721,850	27,082,011	10,371,926	91,204,762	302,911,564	965,383		776,758,939

Operational Risk Under The Alternative Standardized Approach

Business Lines	Capital Charge Factor	Fixed Factor	Lending Portfolio (LKR'000)	Gross Income (LKR'000) as at 31st December 2024		
				1st Year	2nd Year	3rd Year
The Alternative Standardized Approach						
Trading and Sales	18%			2,012,892	6,486,783	8,586,899
Payment and Settlement	18%			8,356,332	8,959,605	10,510,217
Retail Banking	12%	0.035	251,257,135			
Commercial Banking	15%	0.035	384,819,100			
Capital Charges for Operational Risk (LKR'000)						
The Alternative Standardized Approach	5,770,344					
Risk-Weighted Amount for operational Risk (LKR'000)						
The Alternative Standardized Approach	46,162,752					

Market Risk under Standardized Measurement Method

Item	Amount as at 31st December 2024 (LKR'000)
Capital Charge for Market Risk	923,094
(a) Capital Charge Interest Rate Risk	327,616
General Interest Rate Risk	327,616
(i) Net Long or Short Position	327,616
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	378,419
(i) General Equity Risk	191,886
(ii) Specific Equity Risk	186,534
(c) Capital Charge for Foreign Exchange & Gold	217,059
Total Risk Weighted Assets on Market Risk [(a)+(b)+(c)]*CAR	7,384,753

Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 31.12.2024	Previous Reporting Period 31.12.2023
Tier 1 Capital	66,565,265	55,447,660
Total Exposures	816,211,801	759,275,565
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	775,112,320	721,389,372
Derivative Exposures	128,413	437,246
Securities Financing Transaction Exposures	3,684,374	817,150
Other Off-Balance Sheet Exposures	37,286,694	36,631,796
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	8.16%	7.30%

Risks and Opportunities

Computation of Liquidity Coverage Ratio (LCR)

The objective of the Liquidity Coverage Ratio (LCR) is to promote the short term resilience of the liquidity risk profile of banks by ensuring that sufficient high quality liquid assets are available to survive a significant stress scenario lasting 30 calendar days.

Item	Amount (LKR'000)					
	Reporting Period - 31.12.2024			Previous Reporting Period - 31.12.2023		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			223,826,704			174,012,142
Total Adjusted Level 1A Assets	206,615,131	100%	206,615,131	161,568,029	100%	161,568,029
Total Adjusted Level 2A Assets	19,995,546	85%	16,996,215	14,329,118	85%	12,179,750
Total Adjusted Level 2B Assets	229,167	50%	114,583	168,362	50%	84,181
Total Cash Outflows			144,582,490			124,505,114
Deposits	486,955,845	10%	48,695,584	438,412,337	10%	43,841,234
Unsecured Wholesale Funding	160,362,864	25% -100%	79,995,794	132,933,478	25% -100%	62,661,680
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	176,061,660	0% -100%	11,601,387	160,329,986	0% -100%	9,885,507
Additional Requirements	4,289,724	100%	4,289,724	8,116,694	100%	8,116,694
Total Cash Inflows			99,030,851			73,086,374
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	146,891,114	50%-100%	97,772,630	112,842,328	50%-100%	72,109,665
Operational Deposits	2,574,786	0%	-	36,032,439	0%	-
Other Cash Inflows	2,504,208	50% -100%	1,258,222	1,879,815	50% -100%	976,709
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100			491.37			338.42

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non- Voting Shares	Debenture Issue - 2018 (7 years & 10 years)	Debenture Issue - 2021 (5 years)	Debenture Issue - 2023 (5 years)	Debenture Issue - 2024(5 years)
Issuer	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC
Unique Identifier (e, ISIN or Bloomberg Identifier for Private Placement)	LK0182N00002	LK0182X00001	LK0182D23963	LK0182D24722	LK0182D25133	LK0182D25380
			LK0182D23971	LK0182D24730	LK0182D25125	LK0182D25398
						LK0182D25406
						LK0182D25414
Governing Law (s) of the Instrument	Provisions of the Banking Act, Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007 and the Articles of Association of the Bank	Provisions of the Banking Act, Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007 and the Articles of Association of the Bank	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed
Original Date of Issuance	April 1988	September 2003	29th March 2018	12th April 2021	02nd May 2023	17th July 2024
Par Value of Instrument	N/A	N/A	LKR 100/- each	LKR 100/- each	LKR 100/- each	LKR 100/- each
Perpetual or Dated	N/A	N/A	dated	dated	dated	dated
Original Maturity Date, If Applicable	N/A	N/A	29th March 2025 and 29th March 2028	12th April 2026	01st May 2028	16th July 2029 and 16th July 2031
Amount Recognized in Regulatory Capital (in LKR '000 as at the Reporting Date)	13,172,977	8,520,393	1,081,600	1,500,000	3,250,000	9,030,559
Accounting Classification (Equity /Liability)	Equity	Equity	Liability	Liability	Liability	Liability
Issuer call subject to prior Supervisory Approval						
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A	N/A	N/A	N/A	N/A
Subsequent Call Dates, If Applicable	N/A	N/A	N/A	N/A	N/A	N/A
Coupons/Dividends						
Fixed or Floating Dividend / Coupon	Dividend as decided by the Board annually	Dividend as decided by the Board annually	Fixed interest rate	Fixed interest rate	Fixed interest rate	Fixed interest rate
Coupon Rate and any Related Index	As decided by the Board	As decided by the Board	Semi-Annual Interest - 13.20% (for 7 years), Semi-Annual Interest - 13.50% p.a. (for 10 years)	Annual Interest - 9.75% p.a., Quarterly Interest - 9.25% p.a.	Annual Interest - 28.00% p.a., Quarterly Interest - 25.00% p.a.	Annual Interest - 13.25% p.a., Quarterly Interest - 12.60% p.a., Annual Interest - 13.50% p.a., Bi Annual Interest - 13.05% p.a.
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or Non-Convertible	Non-Convertible	Non-Convertible	Convertible	Convertible	Convertible	Convertible
If Convertible, Conversion Trigger (s)			Convertible in the event of a "Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a "Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a "Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a "Trigger Event" in terms of the Banking Act Direction No.1 of 2016
If Convertible, Fully or Partially			when determined a "Trigger Event" at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a "Trigger Event" at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a "Trigger Event" at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a "Trigger Event" at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka
If Convertible, Mandatory or Optional			Mandatory in the event of a "Trigger Event"	Mandatory in the event of a "Trigger Event"	Mandatory in the event of a "Trigger Event"	Mandatory in the event of a "Trigger Event"
If Convertible, Conversion Rate			Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.

Risks and Opportunities

Managing other Risks

Legal Risk

Legal risk is the risk of financial or reputational loss that could arise from failure to comply with statutory and regulatory requirements, internal policies, prescribed best practices, lack of awareness, uncertainty of the outcome of all litigation and probable adverse consequences resulting from deficient documentation.

The Bank manages these legal risks effectively having proper monitoring and controls in all business and supporting areas. Further, through the Legal Department all contracts and security documentation are legally vetted taking into consideration the applicable laws and regulations. Interpretation of provisions of statutes that may be applicable is referred to the Legal Department by the business lines, thus minimising the risk of non-compliance with laws and regulations.

Compliance Risk

The Compliance Department is entrusted with the responsibility of safeguarding the Bank from potential losses, financial or otherwise, that may arise due to the Bank's failure to comply with laws, regulations, rules, or self-regulated organisational standards applicable to the Bank's operations. Accordingly, the key focus areas of the compliance function are:

- ▶ Legal and Regulatory Compliance
- ▶ Anti-Money Laundering/ Financial Crime Compliance
- ▶ Corporate Governance

The Compliance Department functions as a key working committee focusing and ensuring long-term success and sustainability of the Bank via an improved compliance culture. The Compliance Department closely liaises with the BIRMC, its direct reporting line, while performing its responsibilities. Periodic communication to the Board of Directors is also undertaken for necessary updates and obtaining additional advice.

The Bank's corporate culture and ethics related matters are specifically dealt by two dedicated Board sub-committees:

- ▶ Board Governance and Compliance Committee
- ▶ Related Party Transactions Review Committee

Strategic Risk

Strategic risk is the possibility of current and prospective impact on earnings or capital arising from adverse strategic decisions, improper and incomplete implementation of strategic initiatives or lack of agility to the changes in the external environment.

The Corporate Management and the BoD hold responsibility for leading the Bank on the right strategic direction while selecting the most suitable strategic choices, aligned with the Bank's vision and mission. Minimising possible adverse impacts that could arise from specious strategic directions and strategic choices is an integral part of the Strategic Risk Management of the Bank.

In pursuing the Bank's strategic goals and business objectives, the Bank has established a solid governance structure to ensure the effectiveness of the strategies subsequent to implementation. KPI's are developed to measure the effectiveness and efficiency of strategic initiatives. The Bank has established clear communication channels at all levels of the organisation, allocated systems for efficient operations of business lines / banking activities and enhanced employee capabilities through training and development and recognition programmes to ensure better accountability in achieving strategic objectives.

Reputational Risk

Reputational risk arises from losses due to negative perception of Seylan Bank PLC by the public, shareholders, investors, customers, regulators, and other internal and external stakeholders. This can adversely affect earnings, the value of assets and liabilities, capital position, and brand value.

As risk mitigating actions, the Bank has established sound policies and procedures such as customer complaint management and a whistle-blowing policy to maintain the goodwill in a positive manner. The Bank has established a well-structured customer complaint management process to provide solutions to customers on a 24x7 basis.

The Bank also recognises the importance of making a positive contribution to society by promoting Corporate Social Responsibility (CSR) through ethical banking practices, environmental awareness and contribution to the community. Accordingly, the Bank has in place a Board Sustainability Committee which guides and monitors the progress of CSR contribution and its effectiveness.

Environmental and Social Risk (E & S Risk)

E & S Risks entail as a result of unmanaged E & S Risks if any prevalent in the corporate and SME entities or bodies to which the Bank has availed finance without carrying out proper environmental and social impact assessment and exercising appropriate E & S due diligence whereby such E & S risks may trigger impact to the bank by way of credit, collateral, reputational, legal and other related risks which can adversely impact earnings, quality of assets, capital position and brand equity. The Bank has developed an Environmental and Social Management System (ESMS) Policy and Procedures together with checklists amalgamated with the Credit Policy and other relevant policies of the Bank in line with the lending guidelines all of which are reviewed from time-to time as means of ensuring transparency, compliance and Environmental and Social Governance frameworks.

Report of the Senior Independent Director

Consequent to the appointment of the former Chairman Mr W M R S Dias, who was, a Non-Independent Director, the requirement to appoint a Senior Independent Director ('SID') arose pursuant to Section 3(5)(ii) of the Banking Act Direction No. 11 of 2007 on Corporate Governance (as amended). Said regulation required that the Chairman of a Licensed Commercial Bank to be a Non-Executive and preferably an Independent Director. In instances where the Chairman was not an Independent Director, the Board was required to designate an Independent Director as the 'Senior Director' with suitably documented Terms of Reference to ensure greater independence.

Accordingly, the Senior Director position was in existence since then and I was appointed as the SID of the Bank with effect from 06 November 2023 pursuant to the resignation of my predecessor, the former Senior Director, Mr Anushka Wijesinha.

Mr W M R S Dias, the former Chairman/ Non-Independent Director of the Bank on the completion of a term of nine years as a Director retired on 28 May 2024 and Justice Buwaneka Aluwihare PC, an Independent Director was appointed as the Chairman of the Bank, with effect from 29 May 2024.

It is also to be noted that two separate individuals held the positions of the Chairman and the Chief Executive Officer of the Bank during the year under review were neither close family members nor related parties, and as such the said appointments were in conformity with the requirements of the Listing Rules of the CSE.

The Banking Act Directions No. 05 of 2024 on Corporate Governance came into effect from 01 January 2025 stipulated that the Chairperson of a Licensed Bank shall be an Independent Director. In the event such Chairperson becomes Non-Independent after the initial appointment as an interim arrangement, the Board shall designate an Independent Director, for a period not exceeding six months.

Even though the current regulatory requirements as applicable do not mandate the appointment of a SID given the Bank's current Chairman is an Independent Director, the Board, based on the recommendations of the Board Nomination and Governance Committee decided that the present SID will continue in the role until decided otherwise by the Board.

The meetings of the Independent Directors are held at least once annually. The last meeting of the Independent Directors was held in December 2024 and among other matters, the Independent Directors discussed key governance matters, including the Board Evaluation process and the review of the current Terms of Reference for the Senior Independent Director.

I believe that the SID carried out the role it is expected to perform, satisfactorily, during the year under review.



(Mrs) Sandya K Salgado
Senior Independent Director

25 February 2025
Colombo

Report of the Board Audit Committee

The Board Audit Committee of Seylan Bank PLC presents its report for the year ended 31 December 2024 which was approved by the Board of Directors ('the Board').

The Board Audit Committee

The Board of Directors ('the Board') of Seylan Bank PLC ('the Bank') in order to fulfil its mandate of establishing effective systems to secure integrity of information and sound internal controls has established the Board Audit Committee ('BAC' or 'the Committee') to assist the Board in fulfilling its mandate. The BAC has independent oversight to assess the integrity of the Bank's financial reporting and internal control systems, the adequacy of the internal and external audits, the process for monitoring compliance with laws, regulations and codes of conduct and best practices.

The authority, composition, and the scope and responsibilities of the BAC are clearly set out in the Terms of Reference of the BAC which was reviewed (annually) and approved by the Board.

Reconstitution of the Committee during 2024 and its Composition as at 31 December 2024

- (i) The Committee comprised Ms Averil A Ludowyke (Independent Director/ Chairperson of the Committee), Ms V G S Sunjeevani Kotakadeniya (Non-Executive Director), and Mr D M Rupasinghe (Independent Director) until the appointment of Justice Buwaneka Aluwihare PC, Independent Director on 07 March 2024.
- (ii) Subsequent to the aforesaid appointment of Justice Buwaneka Aluwihare PC, the Committee comprised Ms Averil A Ludowyke (Independent Director/ Chairperson of the Committee), Ms V G S Sunjeevani Kotakadeniya (Non-Executive Director), Mr D M Rupasinghe (Independent Director) and Justice Buwaneka Aluwihare PC, Independent Director, and remained unchanged as at 31 December 2024.

The Chairperson of the Committee, Ms Averil Ludowyke who has over 39 years' experience in auditing, accounting and finance is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK. The profiles of the current members are given on pages 102 to 105 of the Annual Report.

The Company Secretary of the Bank functioned as the Secretary to the Committee during the year.

Meetings

The Committee held thirteen meetings during the year. The attendance of the members during the year was satisfactory and a summary of the attendance is presented in the table titled, 'Directors' Attendance at Subcommittee Meetings' in the Corporate Governance Report of the Annual Report.

Activities and Responsibilities Discharged by the Committee during 2024

- ▶ Discussed the Audit Scope and the Plan presented by the External Auditors for the year 2024 and matters addressed in the presentation by the External Auditors on the year end Audit carried out for 2023
- ▶ Reviewed and discussed the Management Letter of the External Auditors, in respect of the Audit for the financial year, 2023 and further action required to address the matters raised
- ▶ Reviewed and discussed the External Auditors presentation relating to the Limited Review carried out on Interim Financial Statements for the six months ended 30 June 2024 with greater emphasis on the basis and calculation of the impairment of Financial Assets as at 30 June 2024
- ▶ Reviewed the terms of engagement of the External Auditors, and the effectiveness, performance and objectivity of the External Auditor
- ▶ Obtained and reviewed a statement of independence by the External Auditors confirming independence throughout the period of conducting the audits
- ▶ Reviewed the interim quarterly financial statements and the annual financial statements including disclosures with the Chief Financial Officer ('CFO') and recommended the financial statements to the Board for approval and publication
- ▶ Conducted two meetings with the External Auditors, M/s KPMG, without the presence of the management
- ▶ Reviewed and discussed the Internal Audit Plan for 2024, providing direction and monitored its progressive achievement

- ▶ Conducted regular meetings with Internal Audit and reviewed, discussed and recommended actions reported in the internal audit reports and related updates
- ▶ Reviewed and evaluated the performance of the Deputy General Manager - Internal Audit who reports directly to the BAC, and the Key Performance Indicators ('KPIs') of the Internal Audit Department in respect of the year 2023. Reviewed and discussed the KPIs agreed by Internal Audit Department for 2024
- ▶ Reviewed the effectiveness of the whistleblowing mechanism and follow up action by Internal Audit
- ▶ Reviewed the Internal Audit Charter

The Deputy General Manager - Internal Audit and the CFO attended the regular meetings of the BAC. The Director/Chief Executive Officer, other members of the management and the External Auditors were invited to the meetings as and when the Committee required their presence to report and/or respond to queries related to financial reporting, audit findings and related matters.

The BAC obtained and reviewed a statement of assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances; and a statement of assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Bank's internal control systems.

In accordance with its mandate, the Committee focused on the following areas, among others.

Internal Controls

The Committee;

- ▶ Assessed the adequacy and effectiveness of the Bank's internal control systems over financial reporting, and banking operational aspects based on the reports of the internal audits conducted in line with the scope of the Internal Audit Plan approved by the Committee. The Committee further reviewed the controls and procedures in place to provide reasonable assurance that the Bank's assets are safeguarded and policies, controls and procedures are in place to prevent the unauthorised leakage of information

- ▶ Reviewed the effectiveness of controls over information technology security and systems;
- ▶ The Internal Audit Division ('IAD') conducted control testing on all key controls related to financial reporting, in addition to the regular control testing performed as part of the annual IAD plan. The findings and observations from these control tests were presented for review to and addressed by the Board Audit Committee with appropriate action;
- ▶ Agreed on the scope of External Auditors' review of internal controls over financial reporting and reviewed their observations, findings and recommendations together with management responses. The External Auditors have issued an Assurance Report on the Directors' Statement on Internal Controls over Financial Reporting which is published on page 185 of the Annual Report

Internal Audit

The Committee reviewed the independence, objectivity and performance of the internal audit function; the findings of the internal audit reviews and investigations and internal audit's evaluation of the Bank's internal control system.

The Internal Audit Plan for the year was based on the risk assessment carried out on each component of the audit universe of the Bank which included but not limited to 'Branch Network', 'Centre Operations' and 'Information Systems and Infrastructure'. The progress of audits in relation to the plan was reviewed regularly by the Committee.

IAD executed its responsibilities in accordance with the approved Audit Plan for 2024. The Deputy General Manager - Internal Audit regularly reported to the Committee on the audits conducted and provided updates on the status and progress of resolving audit findings. The Committee reviewed these reports, issued appropriate recommendations where necessary, and tasked the IAD with following up to ensure that the relevant line management addressed and resolved the identified issues.

Effective Internal Control over Financial Reporting

The Management is primarily responsible for the preparation of financial statements and maintaining effective internal controls over financial reporting and assessing the

effectiveness of such control systems. The Committee reviewed the assessment of the effectiveness of these controls, and the risk management process.

Interim Financial Statements and the Annual Report

The Committee exercised its oversight role in respect of financial reporting, with focus on adoption of the accounting standards, assessment of the reasonableness of the underlying assumptions leading to significant estimates and judgements made by the management in the preparation of the financial statements and adequacy of disclosures. The Committee reviewed financial information, in order to monitor the integrity of the Financial Statements of the Bank, its statutory financial statements, and quarterly interim financial statements prepared together with disclosures.

The Committee also assessed the reasonableness and appropriateness of the judgment and estimates applied in the preparation of the financial statements. The assessment took into consideration the uncertainties relating to the current economic conditions prevailing in the country and its resultant implications on expected credit loss including the related post model adjustment.

External Audit

The meetings of the Committee with the External Auditors focused on the scope of the external audit plan for the year 2024, discussions on the findings and recommendations arising from the half-year and annual audits carried out and, the requirements of the new regulatory circulars and relevant accounting standards and Banking Act Directions.

Two meetings were held by the Committee during the year with the External Auditors without the presence of executive management and the Committee ensured that there was no limitation of scope or incidents that could have a negative impact on the effectiveness of the external audit during the year.

Non-Audit Services

The Committee reviewed the non-audit services provided by the External Auditors and was of the view that such services were not within the category of services identified as restricted under the guidelines issued by the Central Bank of Sri Lanka for External Auditors relating to their statutory duties. The

Bank's Policy on Non-Audit Services by the Independent External Auditors was reviewed and recommended by the Committee and approved by the Board during the year.

The Committee determined the independence of the External Auditors, M/s KPMG, as per the provisions of the Companies Act and the Code of Professional Conduct issued by the Institute of Chartered Accountants of Sri Lanka and recommended their reappointment as the Auditors of the Bank for the financial year 2024 subject to the concurrence of its recommendation by the Board and approval of such appointment by the Shareholders at the forthcoming Annual General Meeting.

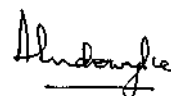
M/S KPMG have provided external audit services to the Bank for the past 30 years. The Senior Audit partner of the External Auditors M/s KPMG, who has been engaged in the Bank's audit from the 2019 financial year ceased to be the Engagement Partner, upon completion of 05 years and a new Engagement Partner took over the role since financial year 2024.

Compliance with the Banking Act Direction on Corporate Governance

Responsibilities executed by the Committee and the extent of compliance with the Directions of the Banking Act Direction No.11 of 2007 on Corporate Governance are described under Section 3(6)(ii) of the Corporate Governance Report published in the Annual Report.

Evaluation of the Committee

The Committee undertook a self-evaluation of the Committee and appraisal of the effectiveness of executing the responsibilities within the scope of authority of its Terms of Reference and was satisfied that the Committee had carried out its responsibilities effectively during the year, 2024.



(Ms) Averil A Ludowyke
(Independent Director)
Chairperson - Board Audit Committee

25 February 2025
Colombo

Report of the Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee of Seylan Bank PLC presents its report for the year ended 31 December 2024 which was approved by the Board.

Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee ('the BHRRC' or 'the Committee') of Seylan Bank PLC ('the Bank') is vested with the power to review, evaluate and make recommendations to the Board of Directors ('the Board') on matters that impact or relate to Human Resources ('HR') of the Bank, HR strategies and Policies and determining the remuneration, fees, allowances, special payments or benefits made at the termination or retirement and other financial and non-financial benefits made to Directors, CEO and the Key Management Personnel (KMPs). In doing so, the Committee assists the Board in exercising its oversight role and responsibilities in that regard.

Scope and Terms of Reference of the Committee

The annual review of the Terms of Reference of the Committee (TOR) carried a detailed consideration of the requirements set out in the Listing Rules of the Colombo Stock Exchange ('CSE') and the Banking Act Directions No.05 of 2024 on 'Corporate Governance for Licensed Banks', which is effective 01 January 2025. The scope and objectives of the Committee were revised in accordance with the said regulations and the Board approved the revised TOR during the fourth quarter 2024.

Composition of the Committee during the year under review was as follows:

The composition of the Committee was changed pursuant to the retirement of Mr Viran Corea PC as a Director of the Bank on 13 May 2024 as follows.

- (i) Mr L H A L Silva (Independent Director/ Chairman of the Committee)
- (ii) Mrs S K Salgado (Senior Independent Director)
- (iii) Mr D M D K Thilakaratne (Non-Executive Director)
- (iv) Mrs A A Ludowyke (Independent Director)

The above composition of the Committee remained unchanged as at 31 December 2024.

The Director/Chief Executive Officer (CEO), Assistant General Manager/Head of Human Resources, Chief Financial Officer (CFO) and other Members of the Management attended the meetings of the Committee on invitation and participated in the deliberations except when matters of their own interest, performance and compensation were discussed.

The Committee's composition remained a majority of Independent, Non-Executive Directors during the year under review.

The Company Secretary functioned as the Secretary to the Committee during the year.

Meetings of the Committee

The BHRRC held four (04) Meetings (with management) during the year. Recommendations made by the Committee were submitted to the Board of Directors for decision.

Details of attendance of the Members at the meetings are presented in the table providing Directors' attendance at Subcommittee meetings in the Corporate Governance Report published in the Annual Report.

Highlights of Activities during 2024

The key activities carried out by the BHRRC during the year included the following:

- ▶ Reviewed and recommended Bank's/ CEO's proposed KPIs for 2024 and Performance Evaluation of KPIs agreed for 2023
- ▶ Reviewed the Performance Evaluations of KMPs.
- ▶ Reviewed and approved the KPIs of KMPs directly reporting to Director/CEO for 2024
- ▶ Recommended the salary revisions to all staff members and the bonus pot distribution
- ▶ Reviewed temporary relief incentive to staff in all grades

- ▶ Reviewed and recommended the reintroduction of Leave Encashment scheme with effect from 2025, considering the leave utilisation in 2024
- ▶ Reviewed and recommended changes to 07 KPIs in the Performance Bonus Schemes
- ▶ Reviewed and recommended the Policies relating to Human Resources
- ▶ Reviewed and recommended the proposals for Collective Agreement with Staff Unions on revision of staff salaries and benefits for 2025-2026

Remuneration Policy

The Remuneration Policy of the Bank ('Policy') aims to establish a formal and transparent procedure for determining the remuneration, salaries, fees, allowances, special payments and or benefits and perquisites to Directors, CEO, KMPs and all other employees of the Bank. The Policy and Practices are linked to the achievement of the short term and long term strategic goals and operational objectives of the Bank.

Directors' Remuneration and Benefits

The Board as a whole determines the remuneration and/or allowances and fees for both Executive and Non-Executive Directors based on the recommendations of the BHRRC. The TOR of the BHRRC provides that granting of any special payments and/or financial and non-financial benefits to Directors, CEO and KMPs upon their resignation or retirement in addition to normal fees and/or remuneration shall be subject to the recommendation of the Committee and approval of the shareholders. There were no such circumstances arisen during the year that required disclosure.

Directors' fees paid to Non-Executive Directors which is disclosed in the Corporate Governance Report published hereof, was made on a non-discriminatory basis.

Aggregate remuneration to Directors, CEO and the KMPs

Aggregate remuneration paid to the Directors, CEO and the KMPs are disclosed under the table reporting compliance with the Banking Act Directions on Corporate Governance as published in the Annual Report.

Responsibilities of the BHRRC

The responsibilities of the Committee and the extent of compliance with applicable Banking Act Directions on Corporate Governance have been disclosed in the relevant sections of the Corporate Governance Report published in the Annual Report.

Self-Evaluation of the Committee

The BHRRC carried out a Self-Evaluation of its performance during the year and was satisfied that it had carried out its responsibilities in a satisfactory manner.

**L H A Lakshman Silva**

*Independent Director,
Chairman, Board Human Resources and
Remuneration Committee*

25 February 2025
Colombo

Report of the Board Nomination and Governance Committee

The Board Nomination and Governance Committee of Seylan Bank PLC presents its Report for the year ended 31 December 2024 which was approved by the Board of Directors.

Board Nomination and Governance Committee

The Seylan Bank PLC ('the Bank') had two separate Board Subcommittees namely, Board Governance and Compliance Committee and Board Nomination Committee until the merger of the said two Subcommittees as 'Board Nomination and Governance Committee' with effect from 10 September 2024 ('BNGC' or 'the Committee').

The BNGC is a Subcommittee of the Bank vested with the authority to assist the Board of Directors relating to the evaluations, nominations/selections, appointments and re-appointments of Directors in addition to the nominations and appointments of Key Management Personnel ('KMPs'), through a formal and transparent procedure. The Committee is also vested with the authority to

review the overall governance framework of the Bank, Corporate Governance standards and practices upheld by the Bank and to review that the Bank ensures compliance with the requirements arising from the revised Banking Act Directions and the Listing Rules of the Colombo Stock Exchange ('CSE') and other relevant regulations.

The Terms of Reference of the Committee ('TOR'), which was revised during the year, sets out the authority, composition, scope and responsibilities of the BNGC taking into consideration the Corporate Governance requirements set out in the Listing Rules of the CSE and the Banking Act Directions on 'Corporate Governance for Licensed Banks', No. 05 of 2024 that came into effect from 01 January 2025. The Bank has a Policy Governing Directors' Appointments and Matters Relating to Directors and a Policy on Succession Planning, Selection and Recruitment of Key Positions as adopted by the Board. Both these Policies set out the principles and procedures to be followed in selecting and appointing new directors to the

Board and KMPs of the Bank, emphasising on the requirements relating to qualifications, competencies, experience etc. and that such appointees should be fit and proper persons to hold office.

Re-election of Directors in terms of Article 82 and 83 of the Articles of Association

The Board, having taken into account the number of directorships held in other entities and other principal commitments, knowledge, experience, performance and overall contribution made to meet the strategic demands of the Bank and the discharge of the Board's overall responsibilities, recommended the re-election of Mr L H A Lakshman Silva (Independent, Non- Executive Director) and Mr D M Rupasinghe (Independent, Non- Executive Director) who are due to retire by rotation in terms of Article 82 and 83 of the Articles of Association, subject to obtaining shareholder approval at the forthcoming Annual General Meeting ('AGM').

Information pertaining to Directors who have been proposed for re-election in terms of Article 82 and 83 of the Articles of Association

Description	Mr D M Rupasinghe	Mr L H A Lakshman Silva
Date of first appointment as a Director	01 October 2021	18 July 2022
Date of last re-election as a Director at an AGM	Nil	Nil
Board Committees served on	▶ Board Integrated Risk Management Committee (Chairman) ▶ Board Nomination and Governance Committee (Chairman) (He was also the Chairman of Board Nomination Committee and Board Governance and Compliance Committee which were merged as one Subcommittee w.e.f. 10 September 2024) ▶ Board Credit Committee (Member) ▶ Board Audit Committee (Member)	▶ Related Party Transactions Review Committee (Chairman) ▶ Board Human Resources and Remuneration Committee (Chairman) ▶ Board Information Technology Committee (Member) ▶ Board Integrated Risk Management Committee (Member) ▶ Board Nomination and Governance Committee (Member) (He was a Member of Board Nomination Committee and Board Governance and Compliance Committee which were merged as one Subcommittee w.e.f. 10 September 2024) ▶ (Mr Silva also held the position of the Chairman of Board Procurement and Capital Expenditure Supervisory Committee which ended its two year term as per the TOR w.e.f. 31 December 2024)
Present Directorships/ Chairpersonships in listed and unlisted entities	Please refer Annexure to the "Report of the Board of Directors on the State of Affairs of the Company" on pages 181 to 182.	
Any relationships including close family relationships between the Director proposed for re-election and the directors, the Bank or its shareholders holding more than ten per-centum (10%) of the shares of the Bank	Nil	Nil

Merger of the Committee during 2024 and its Composition as at 31 December 2024

The composition of the Board Nomination and Governance Committee consequent to the merger of the two Board Subcommittees namely, Board Nomination Committee and Board Governance and Compliance Committee effective 10 September 2024 was as follows:

1. Mr D M Rupasinghe (Independent Director/ Chairman of the Committee)
2. Mrs Sandya Salgado (Senior Independent Director)
3. Mr L H A Lakshman Silva (Independent Director)
4. Mrs V G S Sunjeevani Kotakadeniya (Non-Executive Director)
5. Mrs A A Ludowyke (Independent Director)

The merged Committee comprised the Directors who were either Members of the Board Nomination Committee and or the Members of the Board Governance and Compliance Committee up to 10 September 2024. The above Committee composition remained unchanged as at 31 December 2024. There were four (04) Independent Directors out of the five (05) Non-Executive Directors who comprised the Committee.

The Company Secretary functioned as the Secretary to the Committee during the year.

Meetings

The Board Nomination Committee had three meetings up to the date of the merger of Subcommittees effective 10 September 2024. After the merger, the Committee held two meetings during the year. Recommendations of the Committee/s were submitted to the Board for review and decision as and when needed.

Director/CEO, Chief Financial Officer (CFO), Assistant General Manager- Human Resources and Assistant General Manager – Compliance were among the regular invitees to the Meetings of the Committee/s.

Attendance of the Members for respective meetings is presented in the table titled, 'Directors Attendance at Subcommittee Meetings' of the Corporate Governance Report published in the Annual Report.

Key Activities during 2024 of the Committee (including the activities carried out by respective Committees prior to the merger)

- ▶ Reviewed and recommended the Promotions of five (05) Chief Managers to the grade of Assistant General Manager. Reviewed their Affidavits for the assessment of fitness and propriety in terms of applicable Banking Act Directions/ Determinations and recommended for approval of the Board prior to the submission of same to the Director, Bank Supervision, Central Bank of Sri Lanka;
- ▶ Reviewed and recommended the 'Report of the Board Nomination Committee', and the Corporate Governance Report to be published in the Annual Report 2023;
- ▶ Reviewed and recommended the Affidavits obtained from Directors of the Board for the year 2024 to be submitted to the Director, Bank Supervision Central Bank in terms of Section 42 of the Banking Act No 30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024) for the assessment of fitness and propriety;
- ▶ Reviewed the Directors' declarations on the status of independence in terms of revised Rules of the CSE and the Banking Act Directions on Corporate Governance;
- ▶ Reviewed the overall Evaluation of the Board and the Evaluation of the Board Chairman carried out by the Directors;
- ▶ Pursuant to the retirement of Mr W M R S Dias (former Chairman of the Board) on 28 May 2024, the Committee recommended the appointment of Independent Director, Justice Buwaneka Aluwihare PC as the Chairman of the Board;
- ▶ Reviewed and recommended the Directors to be re-elected at the Annual General Meeting held on 28 March 2024;
- ▶ Noted the re-constitution of Board Subcommittees pursuant to the changes to the directorate during the year;
- ▶ Discussed and concurred with the merger of two separate Subcommittees namely 'Board Nomination Committee' and 'Board Governance and Compliance Committee' as the 'Board Nomination and Governance Committee';
- ▶ Reviewed and recommended the Succession Plan for the Key Management Personnel (KMPs) and direct reportees to the Board Subcommittees;
- ▶ Reviewed the Organisation Structure and the Succession Planning of the KMPs, in light of the Bank's Succession Plan, which was reviewed annually;
- ▶ Reviewed and approved the Policies to be published in the Bank's Website in terms of the requirements of the revised CSE Listing Rules. The Committee reviewed and recommended the following key Policies concerning the Directors and Shareholder relations:
 - Policy on Board Subcommittees
 - Policy on Corporate Governance, Nominations and Re-election
 - Policy on Relations with Shareholders and Investors
 - Anti-Bribery and Corruption Policy
 - Policy Governing Appointments and Matters Relating to Directors
- ▶ Evaluated the adequacy of the Internal Policy Framework of the Bank and reviewed the high-level summary on the overall status of compliance and the Status of Compliance of the Bank's Subsidiary;
- ▶ Pursued discussions on the Board Succession and matters relating to Directors during the meetings as and when deemed relevant;
- ▶ Carried out the revision of the Terms of Reference of the Committee to ensure it meets the requirements of applicable regulations governing the Committee's affairs.

Independence of the Directors

The Board determined the Independent and Non-Independent status of the Non-Executive Directors based on the declarations submitted by respective Directors in accordance with the requirements of the revised Listing Rules of the CSE and the Banking Act Directions on Corporate Governance as applicable. There were five (05) out of eight (08) Directors who comprised the Board remained independent throughout.

Report of the Board Nomination and Governance Committee

The Board of Directors performed an annual Self-Evaluation of its own individual performance, Evaluation of the Chairman of the Board as well as an assessment of the overall performance of the Board as a whole.

Independent Directors' Meeting

Independent Directors had a meeting during the year, which was chaired by the Senior Independent Director. Said meeting provided a platform for them to discuss any important regulatory or business concerns that required attention in light of the revised Listing Rules of the CSE or the amendments to the Banking Act or Banking Act Directions on Corporate Governance.

Board Diversity

During the year 2024, the Bank remained committed to fostering a diverse and inclusive Board. Having reviewed the present composition of the Board, the Committee remains confident that by embracing a variety of experiences, ages, skills and genders the Bank is better positioned to perform effectively.

The Board of Directors were apprised via regular updates/submissions to the Board and Board Subcommittee meetings of the changes/amendments to Corporate Governance regulations applicable for licensed commercial Banks and listed entities along with updates on other applicable rules and regulations relating to the Bank. Directors including newly appointed Directors are familiarised through the high-level compliance and governance submissions along with the familiarisation on the key focus areas of the Bank.

The Committee reviews and monitors the Bank's compliance in terms of stipulated requirements under applicable regulations on corporate governance and the implementation of any required actions to fill in any gaps in meeting governance standards.

The extent of the Committee's compliance with Banking Act Directions on Corporate Governance has been disclosed in the Corporate Governance Report published in the Annual Report.

Performance Evaluation of the Committee

The Board Nomination and Governance Committee carried out a Self-Evaluation of its own performance during the year under review and was satisfied that the Committee had carried out its responsibilities in a satisfactory manner.



D M Rupasinghe
(Independent Director)
Chairman - Board Nomination and Governance Committee

25 February 2025
Colombo

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee ('the Committee' or 'RPTRC') of Seylan Bank PLC ('the Bank') presents its report for the year ended 31 December 2024. This Report was approved by the Board of Directors.

Scope and Terms of Reference of the Committee

The Terms of Reference (TOR) of the Committee, which was revised during the year, set out the scope and objective of the Committee in accordance with the Listing Rules of the Colombo Stock Exchange (CSE) and the Banking Act Directions on Corporate Governance for Licensed Banks, No. 05 of 2024 that is effective 01 January 2025 mainly.

The annual review of the TOR of the Committee carried a detailed consideration of the recent regulatory developments applicable for making relevant amendments thereto and the Board approved the revised version of same during the fourth quarter 2024.

Composition of the Committee during the year under review was as following:

- ▶ The Committee was re-constituted w.e.f. 07 March 2024 and Justice Buwaneka Aluwihare PC Independent Director was appointed as a Member of the Committee;
- ▶ Pursuant to the retirement of Mr Viran Corea PC as a Director of the Bank on 13 May 2024, the Committee's composition was changed as follows:
 - (i) Mr L H A Lakshman Silva (Chairman of the Committee/ Independent Director)
 - (ii) Mrs Averil A Ludowyke (Independent Director)
 - (iii) Justice Buwaneka Aluwihare PC (Chairman of the Board and Independent Director)

Above composition of the Committee remained unchanged as at 31 December 2024.

Mr L H A Lakshman Silva, an Independent Director held the position of the Chairman of the Committee and the Committee comprised a majority of Independent Directors during the year under review.

The Company Secretary of the Bank functioned as the Secretary to the Committee during the year.

Director/CEO, AGM Compliance and relevant Members of the management who submitted papers to the Committee attended the Meetings by invitation as and when required.

Meetings of the Committee

The Committee held five (05) meetings during the year with one additional meeting, which was held in addition to the four (04) quarterly meetings during the year. Copies of confirmed minutes of the meetings held and the recommendations made by the Committee were submitted for approval of the Board in due course.

Details of attendance of the Members at the meetings are presented in the table providing 'Directors' attendance at Subcommittee meetings' in the Corporate Governance Report published in the Annual Report.

Functions of the Committee

Review of Related Party Transactions (having taken into account the requirements set out in applicable regulations of the Listing Rules of the CSE and the Banking Act Directions) is a key scope and responsibility of the Committee as set out in its TOR. The Committee during such reviews, gave due cognizance to the interests of the shareholders and the commercial substance of such transactions.

Summarised lists of recurrent related party transactions which were approved by the Board of Directors were presented to the Committee. The aggregate value of the recurrent related party transactions entered into with the same related party did not exceed 10% of the gross revenue/income of the Bank during the year requiring disclosure in the Annual Report in terms of Section 9.14.8 (2) of the Listing Rules of the CSE.

Further, there were no occurrence of events as required in terms of Section 9.14.7 (1) and 9.14.8(1) of the Listing Rules of the CSE that required disclosures to be made as specified therein.

The Bank's Related Party Transactions and Avoidance of Conflict of Interest Policy and the Process was reviewed and revised in light of Banking Act Direction No 05 of 2024 on Corporate Governance for Licensed Banks, Banking Act Determination No 04 of 2024 on Approved Securities for Accommodation granted to Related Parties of Licensed Banks and the Gazette No. 2404/33 on Limits for Accommodation Granted to Related Parties of Licensed Banks. This Policy set out the

procedure and process for the identification, clarification and reporting of the related party transactions for the review of the Committee and the Board for approval. Revisions made to the said Policy included the definitions in terms of 'Related Parties' and 'Related Party Transactions' carried in the said regulations issued under the Banking Act.

Further, the Delegated Authority Limits for Granting of Facilities to the Related Parties were reviewed and approved by the Board during the year under review. The Committee reviewed the mechanism/process for recording, monitoring and reporting related party transactions of the Bank and provided necessary guidance and advice to ensure the effectiveness of such process. The Committee in particular when reviewing relevant related party transactions considered that the Bank has not engaged in such transactions by way of providing 'more favourable treatment' which was not available for an unaffiliated third party under similar circumstances.

A Director concerned who had any material interest over a related party transaction which concerned him/her in person or his/her close relation or a concern in which such Director had a substantial interest, which was reviewed by the Committee, or by the Board, was not present when such matter/s were considered and refrained from voting.

The Compliance Unit conducted regular assessments of related party transactions carried out by the Bank and reported its observations and findings to the Committee. It was observed that there were no preferential treatments offered to related parties or deviations from the set processes that involved in transactions with related parties.

Evaluation of the Committee

The Committee carried out a Self-Evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner.



L H A Lakshman Silva
(Independent Director)
Chairman - Related Party Transactions Review Committee

25 February 2025
Colombo

Report of the Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee ("BIRMC" or "the Committee") presents its Report for the year ended 31st December 2024. The Report was approved by the Board of Directors.

Scope and Objective of the Committee

The scope and objective of the BIRMC is to assess on a regular basis through appropriate risk indicators and management information, all risk categories including credit, market, liquidity, operational, technology, information security and strategic risks faced by the Bank and its reputation and to assess the risks faced by its associates and subsidiary companies. The mandate of the BIRMC as defined in its Terms of Reference is to ensure that the Bank implements an approved policy framework with defined procedures and systems for identifying, measuring, monitoring and controlling such risks. A comprehensive set of risk management policies approved by the Board provides a strong administrative framework towards meeting the objectives of the Committee.

Composition of the BIRMC

During the year 2024, the Committee comprised of the following members:

Mr. D M Rupasinghe, Independent Director - Chairman of the Committee

Mr W M R S Dias, Non-Executive Director/ Chairman of the Board (retired on 28/05/2024)

Justice Buwaneka Aluwihare PC, Independent Non-Executive Director/ Chairman of the Board (w.e.f. 29/05/2024)

Mr R J Jayasekara, Director/Chief Executive Officer

Mr L H A Lakshman Silva, Independent Director

Mrs Averil A Ludowyke, Independent Director
Mr L A S Fernando, Deputy General Manager/ Chief Risk Officer

Profiles of the Directors holding membership in the Committee are provided in pages 102 to 105 of the Annual Report.

The Deputy General Manager/Chief Risk Officer (CRO), Mr L A S Fernando as the Head of the Risk Management Unit functioned as the Secretary to the Committee during

the year whilst the Company Secretary was in attendance at the special meeting held without the Management. The Key Performance Indicators of CRO were reviewed by the Committee during the first quarter.

Meetings of the BIRMC

Eight regular meetings on a quarterly basis and one special meeting without the management were held during the year. Copies of the confirmed Minutes of meetings were made available to the Board of Directors for information whilst recommendations of the Committee were submitted to the Board for review and appropriate decisions.

Details of attendance of the members at the meetings are presented in the table providing "Directors' attendance at Subcommittee meetings" in the Corporate Governance Report published in the Annual Report. The Head of Compliance who reports directly to the BIRMC as well as the Chief Financial Officer attended the regular meetings of the Committee whilst other management members were present when invited by the Committee.

Compliance with the Corporate Governance Directions

The execution of responsibilities of the Committee and the extent of the Committee's compliance with the Banking Act Directions on Corporate Governance No.11 of 2007 have been briefed under sections 3(6)(v)(a) to 3(6)(v)(h) of the Corporate Governance Report published in the Annual Report. The Bank is aligning to the new CBSL Direction No.5 of 2024 on Corporate Governance for Licensed Commercial Banks and the details are available in the Corporate Governance section of the Annual Report.

Risk Management Unit

The Risk Management Unit (RMU) is an independent unit headed by the CRO. The Unit is responsible for creating, managing and implementing a pervasive bank-wide risk culture. The BIRMC reviewed the adequacy of the activities of the RMU and focused on improving communication and implementation of risk management responsibilities at all levels within the Bank. Towards meeting this requirement, the four subcommittees of the BIRMC, namely, the Executive Credit Risk Management

Committee, the Executive Market and Operational Risk Management Committee, the Assets and Liability Management Committee and Information Security Committee continued to function during the year. Minutes of the meetings of these Committees were tabled to the BIRMC whilst recommendations/decisions of these Committees were also submitted by the CRO to the BIRMC's regular quarterly meetings for review and discussion.

A comprehensive Risk Management Report presented by the RMU, disclosing the Bank's level of risk management and assessment including the levels of risk under different risk categories is presented in the Annual Report.

Compliance Function

The Head of Compliance, Ms. Chaya Gunarathne reports directly to the BIRMC. She is responsible for ensuring due compliance of the Bank with laws, regulations, internal controls, policies and industry best practices. Periodic updates to the BIRMC were provided by the Head of Compliance on the regulatory developments and their impact to the Bank; outcome of compliance assessments, corrective measures and precautionary measures taken where required; compliance risk dash boards, findings of internal audit, external audit and regulatory audits on compliance function etc. The BIRMC provided advice and recommendations on the compliance risks identified, proposed policies and new developments to the compliance function.

Integrated Risk Management Framework and Implementation

Some of the key and supplementary activities carried out and/or endorsed by the Committee during the year included (but not limited to);

- ▶ Assessment of credit, market, liquidity, operational, information security/ technology and strategic risks
- ▶ Review and recommend policies related to risk management and compliance
- ▶ Review and assessment of the extent of independent credit risk reviews, business continuity planning, disaster recovery testing, information security risk controls, outsourced activities, Risk and Control Self-Assessment (RCSA) exercise

- ▶ Review the key risk indicators for credit risk, market risk, operational risk and technology risk on a monthly/quarterly basis and to inquire on any deviations from the Board approved limits
- ▶ Ensure conducting of stress testing exercise considering various adverse scenarios to assess materiality and probability of potential losses and their impact on profitability and capital adequacy
- ▶ Review of various reports submitted on assessment of compliance risks
- ▶ Review and assessment of status updates on the implementation of activities as per the Compliance Activity Calendar
- ▶ Review of the risk assessments and controls of the Bank's subsidiary, Seylan Developments PLC
- ▶ Assessment and impact of the Macroeconomic downturn in the country
- ▶ Evaluation and review of the Bank's Internal Capital Adequacy Assessment Process (ICAAP)
- ▶ Provide guidance on the implementation of important regulatory Directions across the Bank
- ▶ Review of the Bank's credit risk management framework and set in place an Action Plan to implement an effective Early Warning Indicator monitoring mechanism across the Bank, validate the Bank's SLFRS9 Impairment Models/ Internal Risk Rating Models, further development and improvement of the said Models, arranging to introduce a Risk Based Pricing Methodology and to use Internal Risk Rating Models for the computation of SLFRS9 Impairment amounts
- ▶ Evaluation of the Board Integrated Risk Management Committee

The Members of the BIRMC carried out a self-assessment of the Committee's performance. The Committee was satisfied that it had carried out its responsibilities in an effective manner during the year.



D M Rupasinghe
(Independent Director)

Chairman – Board Integrated Risk Management Committee

25 February 2025
Colombo

Report of the Board of Directors on the State of Affairs of the Company

The Board of Directors of Seylan Bank PLC ('the Board' or 'the Directors') presents its Report on the State of Affairs of Seylan Bank PLC ('the Bank' or 'the Company') together with the audited financial statements of the Bank, the consolidated financial statements of the Group and the Auditors' Report on those financial statements for the financial year ended 31 December 2024. This Report hereinafter will also be referred to as 'the Report' or 'Report of the Directors' or 'Report of the Board of Directors'.

This Report together with the Financial Statements (as aforementioned) which are published in the Annual Report of the Bank for the year ended 31 December 2024 (hereinafter referred to as 'the Annual Report') were reviewed and approved by the Board of Directors on 25 February 2025. A softcopy of this Annual Report of the Bank will be hosted/published on the website of the Bank, www.seylan.lk and also on the website of the Colombo Stock Exchange ('CSE'), www.cse.lk

The disclosures in this Report conform to the requirements of the Companies Act No. 07 of 2007, the Banking Act No. 30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024), the Directions issued under the Banking Act, the Listing Rules of the CSE and the recommended best practices on Corporate Governance.

In compliance with the requirements under Section 168 of the Companies Act No. 07 of 2007, information and disclosures in respect of the financial year ended 31 December 2024 have been published on the pages/ sections of this Report and/or the pages/ sections of the Annual Report where relevant.

1. About the Bank/ the Company

Seylan Bank PLC is a public limited liability company incorporated in Sri Lanka on 28 August 1987 under the Companies Act No. 17 of 1982 and is a licensed commercial bank registered and operating under the Banking Act No. 30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024). The Company was re-registered under the provisions of the Companies Act No. 07 of 2007 on 30 May 2007 (Company Registration No. PQ 9). The Registered Office and the Head Office of the Bank is "Seylan Towers", 90, Galle Road, Colombo 03.

The Bank was listed on the CSE on 05 January 1989. The Bank's ordinary shares (both voting and non-voting) and its BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures issued in the years 2018, 2021, 2023 and 2024 were listed in the CSE.

Fitch Ratings upgraded the National Long-Term Ratings of Ten (10) Sri Lankan Banks following the recent sovereign upgrade and recalibration of the agency's Sri Lankan National Rating Scale. Accordingly, the National Long-Term rating of the Bank was upgraded to 'A+' (lka), from 'A-(lka)' on 21 January 2025. The Outlook remained stable.

The rating of the outstanding Sri Lankan Rupee denominated, BASEL III compliant Subordinated Debt of the Bank was upgraded to A-(lka) from BBB(lka).

2. Principal Activities

The principal activities of the Bank are commercial banking and provision of related financial services, which mainly include acceptance of deposits, personal banking, trade financing, off-shore banking, resident and non-resident foreign currency operations, corporate and retail credit, margin trading, pawn broking, project financing, lease financing, credit card facilities, money remittance services, factoring, dealing in government securities and treasury related products etc. There were no significant changes in the nature of the principal activities of the Bank and its Subsidiary during the financial year under review.

3. Vision and Mission and Corporate Conduct

3.1 Vision and Mission

Vision:

"To be Sri Lanka's leading financial services provider – as recognised by all its stakeholders."

Mission:

- ▶ We provide our Customers with financial services that meet their needs in terms of value, pricing, delivery and service
- ▶ We will do so through a team of Seylan Bankers who are recognised and rewarded for results orientation

- ▶ We will ensure that our efforts translate to meeting the expectations of our shareholders, whilst always acting as responsible corporate citizens.

3.2 Corporate Conduct

The Bank conducts its business activities at a high level of ethical standard in achieving its vision and mission. The Board of Directors of the Bank as well as its employees have pledged to abide by and comply with the Codes of Conduct and Ethics of the Bank.

4. Group Structure

The only Subsidiary of the Bank is Seylan Developments PLC ('SDP'). SDP is a public limited liability company incorporated in 1992 and listed on the CSE. The principal activities of SDP are property development and management. The Bank held a 74.69% stake in SDP as at 31 December 2024. Please refer Section 29 of this Report for information on the Board of Directors of SDP.

The Bank received a dividend of LKR 104,332,112.00 (Gross Dividend) paid by the Subsidiary during the year under review.

5. Branch Network

As at 31 December 2024, the Bank's branch network comprised of 170 banking centres and 100 Student Savings Centres, island-wide. Locations and details of the banking centres as at the date of this Report as well as locations of off-site ATMs are given in the Annual Report.

6. Review of Performance in 2024 and Future Development Plans

The Chairman's Message, the Chief Executive Officer's Review and the reports that are published in this Annual Report provide an overall assessment and review of the operations and financial performance of the Bank during the year 2024 aligned to the information in the Audited Financial Statements of the Bank for the year ended 31 December 2024. Said reviews and reports set out the Bank's future development plans and such development proposals have been laid out in the Bank's Strategic Plan for 2024-2026 as approved by the Board. Implementation of the Strategic Plan was being monitored by the Board Strategic Plan Committee.

7. Financial Statements and Financial Reporting

The Financial Statements of the Bank and the Group have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS) and the Sri Lanka Financial Reporting Standards (SLFRS). The necessary quantifications and disclosures have also been made based on LKAS/SLFRS. The Financial Statements which are published in the Annual Report are followed by the related notes to the Financial Statements and Significant Accounting Policies adopted in the preparation of the Financial Statements.

The Audited Financial Statements for the year ended 31 December 2024 were certified by the Chief Financial Officer and signed by two Directors in terms of Section 151, 152 and 168(1)(b) of the Companies Act No. 07 of 2007 ('Companies Act'). They are published in this Annual Report and form an integral part of this Report. Some of the salient financial information have been disclosed under the relevant headings in this Report.

8. Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Bank to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements and the Notes thereto have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Banking Act No. 30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024) and relevant Directions and Determinations thereof and the Listing Rules of the CSE.

The Statement of Directors' Responsibility for Financial Reporting which appears in the Annual Report forms an integral part of this Report of the Directors.

9. Auditors' Report

The Auditors' of the Company, Messrs. KPMG, Chartered Accountants carried out the audit of the consolidated Financial Statements for the financial year ended 31 December 2024 and the Auditors' Report is published in the Annual Report.

10. Financial Results

The income and profit of the Bank and those of the Group for the year ended 31 December 2024 are given in the table below. An analysis of the income is given in the Notes to the Financial Statements published in the Annual Report:

	2024		2023	
	Bank LKR '000	Group LKR '000	Bank LKR '000	Group LKR '000
Gross Income	91,670,605	91,718,361	116,773,303	116,835,833
Operating Income	43,760,369	44,131,520	49,477,021	49,845,047
Profit before Income Tax	16,043,413	16,235,034	10,080,086	10,269,451
Less: Income Tax	5,992,136	6,082,296	3,823,872	3,868,829
Profit after Income Tax	10,051,277	10,152,738	6,256,214	6,400,622
Other Comprehensive Income Net of Tax	684,540	793,610	(26,598)	56,454
Total Comprehensive Income for the year	10,735,817	10,946,348	6,229,616	6,457,076

11. Taxation

Provision for taxation has been computed as indicated in Note 16 to the Financial Statements.

12. Capital Expenditure

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment of the Bank and the Group is given below and further described in Notes 30 and 33 to the Financial Statements.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Property, Plant and Equipment and Intangible Assets	1,189,651	966,121	1,193,422	969,165
Net book value of freehold properties	3,195,843	2,213,635	5,996,078	4,927,146

All freehold land and buildings of the Bank were valued in 2024 by professionally qualified independent valuers (Chartered Valuers/ Licensed Surveyors) engaged by the Bank to its Panel of Valuers and brought into the Financial Statements. Details of freehold properties owned by the Bank are given in Note 30.4 to the Financial Statements.

Capital Expenditure approved and contracted for after the year ended 31 December 2024 is given in Note 53 to the Financial Statements.

13. Donations

During the year, the Bank made donations amounting to LKR 560,000.00 (Donations made in 2023 amounted to LKR 5,560,000.00).

Report of the Board of Directors on the State of Affairs of the Company

14. Dividend and Solvency Certification

The Directors have recommended a First and Final Ordinary Dividend, in the form of a Cash Dividend of LKR 3.50 per share (both ordinary voting and ordinary non-voting) for the year ended 31 December 2024. This recommendation is subject to the approval of the shareholders at the Annual General Meeting of the Bank scheduled to be held on 28 March 2025.

The Board of Directors was satisfied that the Bank would meet the solvency test in terms of the provisions of Section 57 of the Companies Act No. 07 of 2007 immediately after the payment of the proposed dividend. A Certificate of Solvency was also obtained by the Bank from the External Auditors in compliance with Section 56(2) of the Companies Act, confirming the Board's declaration of solvency.

The Bank paid a First and Final ordinary dividend of LKR 2.50 per share for the financial year ended 31 December 2023 which comprised of LKR 1.00 in the form of a cash dividend on each ordinary share (voting and non-voting) and LKR 1.50 in the form of a scrip dividend on each ordinary share (voting and non-voting) by way of the allotment of one new fully paid ordinary voting share for every 34.8235307235 existing ordinary voting shares held and one new fully paid ordinary Non-voting share for every 27.2941185538 existing ordinary Non-voting shares.

15. Reserves

Total reserves (including Statutory Reserve Fund) as at the end of the financial year of the Bank and the Group, were as follows:

Bank		Group	
2024	2023	2024	2023
LKR '000	LKR '000	LKR '000	LKR '000
48,795,102	39,597,908	50,911,548	41,473,133

16. Stated Capital

The Stated Capital of the Bank as at 31 December 2024 was LKR 21,693,370,000.00 (Stated Capital as at 31 December 2023 was LKR 20,908,672,750.61). The number of shares issued by the Bank during the year increased due to the issue of scrip dividends (which resulted in the increase in the Stated Capital) were as follows:

As at 31 December	2024	2023	2024	2023
Class of Shares	Number of Shares		Number of Shareholders	
Ordinary voting shares	305,236,937	296,716,366	10,146	10,175
Ordinary non-voting shares	330,410,398	318,732,692	7,036	7,131

17. Investor Information

Information including earnings, profitability, dividend, net assets and market value per share is given in the Financial Highlights page in the Annual Report. Information pertaining to share prices and debenture prices is given on pages 305 to 309 in the Annual Report.

17.1. Minimum Public Holding Requirement (Voting & Non-Voting)

The Bank was compliant with Section 7.13.1 of the Listing Rules of the CSE in respect of the above as at 31 December 2024 as described below.

Criteria	31 December 2024	
	Voting	Non-Voting
Float adjusted market capitalisation	LKR 13.047 Bn	LKR 8.780 Bn
Public Holding Percentage	54.87%	46.62%
Number of Public Shareholders	10,127	7,028
Option	Option 1	Option 2

17.2. Analysis of the Shareholding Distribution and Major Shareholders

An analysis of the distribution of shareholdings and lists of twenty largest ordinary voting and ordinary non-voting shareholders of the Bank as per the requirement of the Listing Rules of the CSE have been published under Investor Information section of this Annual Report.

18. Debentures

18.1. Debentures in Issue

Value of Debentures as at 01 January 2024	LKR 18,324,000,000.00
Allotment of new Debentures during 2024	LKR 10,000,000,000.00
Redemption of Debentures during 2024	LKR 5,000,000,000.00
Total value of Debentures as at 31 December 2024	LKR 23,324,000,000.00

Further information on the debentures issued are provided under Investor Information section of this Annual Report.

18.2 Debenture Issue in 2024

The Board of Directors declared the issuance of a maximum of One Hundred Million (100,000,000) BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion of Rupees One Hundred (LKR 100.00) each, to raise a maximum sum of Rupees Ten Billion (LKR 10,000,000,000.00) in one or more issuances until 31 December 2024 and obtained the approval of the Shareholders at an Extraordinary General Meeting held on 28 March 2024 on same.

Based on Shareholder approvals received, One Hundred Million (100,000,000) BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion of Rupees One Hundred (LKR 100.00) each, were allotted to Qualified Investors on 17 July 2024, following the basis of Preferential Allotments, maximum up to 74.956% of said One Hundred Million (100,000,000) Debentures in accordance with the provisions of the Prospectus issued. Said Debentures were listed on 25 July 2024.

19. Equitable Treatment of Shareholders and Effective Shareholder Communication

The Bank has at all times ensured that Shareholders are treated equitably. The General Meetings of the Bank are the main forums adopted by the Board as well as the Shareholders of the Bank for an effective dialogue with one another while other channels of communication were also being used to ensure that Shareholders and all interested parties have equal access to corporate information in the public domain. Policy on relations with Shareholders and Investors as adopted by the Board is published on its corporate website, the objective of which is to enhance long-term Shareholder value through regular communication with Shareholders.

20. Directorate

20.1 Directors who held office as at 31 December 2024

Name of Director	Status of Directorship
Justice Buwaneka Aluwihare PC	Chairman/ Independent Director
Mr Ramesh Jayasekara	Director/ Chief Executive Officer
Mrs Sandya K Salgado	Senior Independent Director
Mr D M D Krishan Thilakaratne	Non-Executive Director
Mr D M Rupasinghe	Independent Director
Mr L H A Lakshman Silva	Independent Director
Mrs V G S Sunjeevani Kotakadeniya	Non-Executive Director
Mrs Averil A Ludowyke	Independent Director

The profiles of the Board of Directors as at the date of this Report including their membership/s in Board Subcommittees are given on pages 102 to 105 of the Annual Report. None of the Directors on the Board exceeded 70 years of age, during the period under review and until this report is published.

20.2 Change of Directorate

- ▶ Appointment of Justice Buwaneka Aluwihare PC as an Independent Director w.e.f. 26 February 2024
- ▶ Retirement of the Chairman/ Non-Executive Director, Mr. W M R S Dias on 28 May 2024
- ▶ Appointment of Independent Director, Justice Buwaneka Aluwihare PC as the Chairman of the Board w.e.f. 29 May 2024.
- ▶ Retirement of Non-Executive Director, Mr. S V Corea, PC from the Board on 13 May 2024

20.3 Declarations by Directors - Independent/Non-Independent Status and Declaration of Relevant Relationships

All Independent Directors have submitted signed declarations confirming their independent status in compliance with the CSE Rules on Corporate Governance (revised in October 2023). All Non-Executive Directors have submitted their declarations in terms of Banking Act Directions on Corporate Governance. Director/CEO submitted relevant declaration in terms of Banking Act Directions on Corporate Governance.

20.4 Declarations by Directors - 'Fit and Proper' Status of Continuing Directors

Signed Affidavits in terms of Section 42 of the Banking Act (as amended) issued by the Directors declaring their 'fit and proper' status, prior to the Annual General Meeting held in 2024 were submitted to the Director, Bank Supervision, Central Bank of Sri Lanka. The Central Bank approved the continuation of office of those Directors.

Report of the Board of Directors on the State of Affairs of the Company

Affidavits in terms of applicable guidelines issued by the Securities and Exchange Commission of Sri Lanka on Fitness and Propriety are obtained from the Directors, as and when required.

In addition, declarations in relation to the assessment of fitness and propriety of Directors as set out under Section 9.7.4 of the Listing Rules of the CSE (revised) were obtained from all Directors and having reviewed the same the Board noted that those Directors were fit and proper persons to hold said positions.

20.5 List of Directorships of the Directors in other Entities

Directorships held by the Directors in other entities and their substantial/material shareholdings if any, as at 31 December 2024 are provided in the Annexure that follows this Report of the Directors. The list has also identified the status of directorships (Executive/ Non-Executive/ Independent status) and the status where an entity is a listed entity.

20.6 Board Evaluation

A performance evaluation designed to improve the Board's effectiveness and that of its Committees was conducted in line with good Corporate Governance practices during the year along with an Evaluation of Performance of the Chairman of the Board.

Further, each member of the Board carried out a self-assessment of his/her own effectiveness and the effectiveness as members/chairpersons of the Board and the Board Subcommittees.

21. Re-election of Directors

In terms of Article 82 of the Articles of Association, Independent Non-Executive Directors, Mr. D M Rupasinghe and Mr. L H A L Silva retire by rotation at the forthcoming Annual General Meeting ('AGM') of the Bank and offer themselves for re-election. The Board Nomination and Governance Committee and the Board having evaluated and satisfied that said Directors were fit and proper persons for re-election, recommended the said re-election for shareholder approval.

22. Meetings of the Board Of Directors

Twelve regular monthly meetings of the Board of Directors were held during the year.

A schedule of Directors' attendance at Board meetings and a schedule of Directors' attendance at Board Subcommittee meetings have been disclosed in the Corporate Governance Report published in this Annual Report.

23. Directors' Interest in Contracts and Directors' Interest Register

The Bank maintains a Directors' Interest Register as required under Section 168(1)(e) of the Companies Act No. 07 of 2007.

The Directors submitted their declarations to the Board through the Company Secretary disclosing their interests from time to time in accordance with Section 192(2) of the Companies Act No. 07 of 2007 for purposes of identification of their interest in contracts/ transactions that the Bank enters into. Such disclosures are reported to the Board and minuted by the Company Secretary and thereafter recorded in the Directors' Interest Register. The Directors' Interest Register is available for inspection by the Shareholders or their authorised representatives as required under Section 119(1) (d) of the Companies Act No.07 of 2007.

Where relevant, in Board and Board Subcommittee meetings, which dealt with matters concerning related party interest or directorship interest, respective Directors abstained and did not vote on such matters.

The Bank maintained a Register of Directors and Secretaries as required under Section 223(1) of the Companies Act during the period of review.

24. Directors' Interest In Shares and Debentures of the Bank

Directors' holdings in Shares and Debentures of the Bank as at 31 December 2024 and the comparative figures of the previous year are given below:

Name of Director	31.12.2024	31.12.2023	Shares/ Debentures
*Justice Buwaneka Aluwihare PC	Nil	N/A	
Mr Ramesh Jayasekara	728	708	Ordinary Voting shares
	35,174	33,931	Ordinary Non-voting shares
Mrs Sandya K Salgado	Nil	Nil	
Mr D M D Krishan Thilakarathne	Nil	Nil	
Mr D M Rupasinghe	Nil	Nil	
Mr L H A Lakshman Silva	50,000	50,000	Debenture Issue 2021
	200,000		Debenture Issue 2024
Mrs V G S Sunjeevani Kotakadeniya	Nil	Nil	
Mrs Averil A Ludowyke	Nil	Nil	

* Was not a Board Member as at 31 December 2023

Percentage Shareholdings of Directors:

Type of shares	% as at 31.12.2024	% as at 31.12.2023
Ordinary voting shares	0.0002%	0.0002%
Ordinary non-voting shares	0.0106%	0.0106%

There were no changes to the above information on Directors' interest in Shares and Debentures from 01 January 2025 and until the date of this Report of the Board of Directors.

25. Directors' Remuneration

Details of Directors' emoluments paid in respect of the Bank and the Group for the year 2024 are given as a note to the Financial Statements in the Annual Report.

26. Insurance and Indemnity

As authorised by the Articles of Association of the Bank and as approved by the Board of Directors, the Bank obtained a Directors' and Officers' Liability Insurance Cover in respect of the year 2024/2025.

27. Board Subcommittees

The Board is empowered by the Articles of Association to delegate any of its powers to the Board appointed Subcommittees within the scope of the respective Board approved Terms of Reference. The Subcommittees consist of members appointed as the Board thinks fit subject to meeting the criteria specified in the respective Terms of Reference.

The following Board Subcommittees were functional as at 31 December 2024. The respective scope, objective and composition of these Subcommittees have been provided in the Corporate Governance Report published in the Annual Report.

- 1) Board Audit Committee
- 2) Board Human Resources and Remuneration Committee
- 3) Board Nomination and Governance Committee
- 4) Board Integrated Risk Management Committee
- 5) Related Party Transactions Review Committee
- 6) Board Credit Committee
- 7) Board Strategic Plan Committee
- 8) Board Information Technology Committee
- 9) Board Marketing, Product Development and Sustainability Committee
- 10) Board Procurement and Capital Expenditure Supervisory Committee (*ceased to be in effect with effect from 31 December 2024, at the end of the term of two years in accordance with the Terms of Reference)

Further information relating to the above Board Subcommittees operated during the year under review, is provided in the Corporate Governance Report published in pages 111 to 135.

28. Related Party Transactions

During the year, the Bank did not carry out any recurrent or non-recurrent related party transactions, which required disclosures as described in sections 9.14.7 and 9.14.8 of the revised CSE Rules.

29. Directorate of the Subsidiary, Seylan Developments PLC

The Board of the Bank's Subsidiary, Seylan Developments PLC comprised the following Directors during the year under review:

- ▶ Mr Ramesh Jayasekara - Chairman/Non-Executive Director
- ▶ Mr Somadasa Paliawadana - Deputy Chairman / Independent Director (Resigned w.e.f. 31 December 2024)
- ▶ Mr Piyal Hennayake - Independent Director (Resigned w.e.f. 10 January 2025)
- ▶ Mr Sunil De Silva - Senior Independent Director (Resigned w.e.f. 31 December 2024)
- ▶ Mrs Champika Dodanwela - Non-Executive Director
- ▶ Mrs. Gillian A M Edwards - Independent Director (Appointed w.e.f. 18 October 2024)
- ▶ Mr Tilan Suranjith Wijeyesekera - Independent Director (Appointed w.e.f. 29 November 2024)
- ▶ Mr Mohamed Najill Ibrahim Farouk - Independent Director (Appointed w.e.f. 29 November 2024)

30. Human Resources

The Board of Directors and the Board Human Resources and Remuneration Committee ('BHRRC') were involved in providing direction and guidance to craft and formulate the Human Resources Strategic Plan for the next three years. It comprised of many key initiatives, such as, Succession Planning and Leadership Development, Talent Management, Employer Branding, Employee Engagement and Well-being etc.

The BHRRC provided guidance on creating a robust Succession Plan for the Bank to ensure smooth transition of successors to Key Management Personnel (KMPs) and critical job positions of the Bank. It involved deep analysis into identification of potential talent, identification of first and the second level successors to KMPs, assessment of readiness levels and identification of areas for development with Training and Development Initiatives.

The BHRRC provided direction in strengthening the leadership structure by enriching and upgrading a selected key positions, empowering with additional responsibilities and accountabilities, creating Leadership/Talent pipelines, identification of Top-talent, developing Talent Pools, management of Top-talent with attractive and customised value propositions.

Further, with a view to enhance Employee Engagement and strengthen Employee Stickiness the Board encouraged taking sustainable initiatives. Employee Well-being has also been an area of focus whilst formulating meaningful Employee Value proposition initiatives, and boosting Employer Branding of the Bank.

31. Corporate Governance

During the year under review, the Board of Directors played an active role in ensuring that the interests of its various Stakeholders, namely Shareholders, Customers, Employees, Regulators, General Public, etc., were handled in a manner that was consistent with its obligations to these groups focusing on long-term growth and sustainability of the Bank. The Board ensured that the systems and procedures established by the Bank were adequately and practically adopted and followed by the management to achieve the strategic goals and initiatives by the business.

The extent of compliance with applicable regulatory directions, rules and guidelines on Corporate Governance have been disclosed in the Corporate Governance Report published in the Annual Report.

Report of the Board of Directors on the State of Affairs of the Company

The External Auditors carried out an agreed upon procedure in accordance with the Sri Lanka Related Services Practice Statement (SLRSPS 4750) with regard to the Bank's compliance with the Banking Act Direction No. 11 of 2007 on Corporate Governance and confirmed that the findings were consistent with the matters reported in the Corporate Governance Report in the Annual Report.

32. Risk Management and System of Internal Controls

32.1 Risk Management

The Board Integrated Risk Management Committee ('BIRMC') was vested with this responsibility by the Board, and ensured the implementation of a sound Risk Management Framework by means of an ongoing process to identify, evaluate and manage the risks that are faced by the Bank. The Chief Risk Officer reported and updated the status of the Bank's overall risks to the Committee at its regular quarterly meetings. The Report of the BIRMC and a detailed report on Risk Management of the Bank are published in the Annual Report.

Capital Management

The Bank has an ongoing process to evaluate the adequacy of capital in line with strategic aspirations and to comply with the BASEL III guidelines. The detailed review on Capital Management is discussed in the Risk Management Report published in the Annual Report.

32.2 System of Internal Control

The Board recognises that upholding of a robust and effective Internal Control Framework is indispensable due to the resultant positive impact on the Bank's performance and good governance. Internal control is a process, carried out at various levels in the Bank, aiming to provide a reasonable certainty of achievement of the objectives; safeguarding of assets; efficiency and effectiveness of operating activities; reliability of accounting information and compliance with laws and regulations. The Internal Control Framework of the Bank consists of organisational structures; policies; effectively designed, documented and periodically reviewed business processes with inbuilt control mechanisms, instructions and guidelines and duly approved delegated authority levels. An effective Internal Control Framework is a key decisive factor for the

sustainability of the Bank in the long run in terms of market share, service quality, profitability and stakeholder confidence.

The Board confirms the existence of an effective system of Internal Controls for managing the risks faced by the Bank by taking timely risk mitigation actions and ensuring operational effectiveness of such Internal Controls, which had been in place throughout the year under review up to the date of approval of this Annual Report and have been consistently reviewed. The Directors' Statement on Internal Control over Financial Reporting is given on pages 183 to 184 of this Annual Report.

33. Compliance with Laws and Regulations

The Bank has not engaged in any activities contravening any laws and regulations currently in force. Key Management Personnel confirm compliance with various laws and regulations and their confirmations were reported to the Board on a monthly basis by the Compliance Officer during the year.

The following Policies in conformity with Rule 9.2.1 of the Listing Rules of the CSE were made available in the Bank's website on 01 October 2024, via the link <https://www.seylan.lk/bank-policies> for reference:

- i) Anti-Bribery and Corruption Policy
- ii) Asset/Liability Management Policy
- iii) Policy on Board Subcommittees
- iv) Environmental, Social and Governance (ESG) Policy
- v) Policy on Corporate Governance, Nomination and Re-Election
- vi) Policy Governing Directors' Appointments and Matters Relating to Directors
- vii) Policy on Relations with Shareholders and Investors
- viii) Policy on Internal Code of Business Conduct and Ethics - Directors and Employees
- ix) Remuneration Policy
- x) Whistleblowing Policy
- xi) Information Disclosure Policy
- xii) Policy on Integrated Risk Management Framework

34. Outstanding Litigations

In the opinion of the Directors and external legal counsels retained by the Bank, litigations currently pending against the Bank as disclosed in Note 51 to the Financial Statements will not have a material impact on the financial position of the Bank or its future operations.

35. Environmental Protection

The Bank has not engaged in any activity that is harmful or hazardous to the environment and has always taken measures on environmental protection and its sustainability.

36. Statutory Payments

The Directors are satisfied that all statutory payments including all taxes, duties and levies payable by the Bank and its Subsidiary, to the Government, Regulatory Institutions and related to the employees have been made or where relevant provided for.

37. Events After the Reporting Date

No events have occurred after the reporting date which would require adjustments to or disclosure in the Accounts, other than those given in Note 54 to the Financial Statements.

38. Going Concern

The Directors having made appropriate enquiries on the business plans, review of corporate strategy and budget for the ensuing year, stable regulatory and profitability ratios, future prospects and cash flows, potential implications of uncertainties associated with the prevailing economic conditions and any other matters which are required to be addressed in terms of applicable Corporate Governance regulations and standards, is of the view that the Bank and its Subsidiary have adequate resources to continue their operations in the foreseeable future, hence Financial Statements of the Bank and the Subsidiary are prepared based on going concern basis.

39. Auditors

The Bank's Auditors during the period under review were Messrs. KPMG, Chartered Accountants. The audit fees and consolidated audit fees for the accounting period are given in Note 14 to the Financial Statements.

Based on the declaration made by Messrs. KPMG and as far as the Directors are aware, the Auditors do not have any relationship with or interest in the Company or its Subsidiary other than the provision of audit and non-audit and related services as given in the said Note 14.

The retiring Auditors, Messrs. KPMG have expressed their willingness to continue in office and a resolution to re-appoint them as Auditors and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

40. Independence of the Auditors

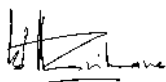
Based on an assessment carried out by the Board Audit Committee, the Board concluded that the External Auditors, Messrs. KPMG can be deemed to be independent for all intents and purposes considering the following factors:

- ▶ No partner from the Firm is on the Board of Seylan Bank or on the Board of its Subsidiary
- ▶ The audit and non-audit fees paid/ payable to the Auditors are negotiated and are not above industry norms and they do not receive fees from other assignments except as stated in Note 14 to the Financial Statements
- ▶ Messrs. KPMG is a firm of high repute and the firm had the necessary skills to competently carry out the non-audit related assignments entrusted to them.
- ▶ Partner and Audit-team rotation was complied within the financial year 2024

41. Notice of Annual General Meeting

Notice of Meeting relating to the Thirty Eighth (38th) Annual General Meeting of the Bank scheduled to be held on Friday, 28 March 2025 at 10.00 a.m. at "The Balmoral", The Kingsbury, 48, Janadhipathi Mawatha, Colombo 01, together with the relevant circulars/ forms will be dispatched to the Shareholders which will be uploaded on the websites of the CSE (www.cse.lk) and that of the Bank (www.seylan.lk) together with the Annual Report of the Bank. Hard copies of the Annual Report will be issued by the Company Secretary to any securities holder on receiving a formal request, in accordance with the Listing Rules of the CSE.

We, the undersigned acknowledge the contents of this Report and its Annexure and have placed our signatures for and on behalf of the Board of Directors of Seylan Bank PLC, at Colombo, this 25 day of February 2025.



Justice Buwaneka Aluwihare PC
Chairman



Ramesh Jayasekara
Director/ Chief Executive Officer



(Mrs) Saraswathie Poulraj
Company Secretary

25 February 2025
Colombo

Annexure to The Report of the Board of Directors on the State of Affairs of the Company

Directors' Interest Register and Directors' Interest in transactions as at 31 December 2024.

The Bank carried out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Bank is the Chairman or a Director of such entities. Please refer Note 55 to the Financial Statements for information on related party transactions.

The entities in which the Directors of the Bank held directorships and substantial shareholdings as at 31 December 2024 are disclosed below.

Justice Buwaneka Aluwihare PC (Chairman/ Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
-		-
Unlisted Entities		
The Cabinet Appointed Task Force, Monitoring Stakeholder wise Action Plans relating to Money Laundering and Financing of Terrorism	Chairman	-

Mr Ramesh Jayasekara (Director/Chief Executive Officer)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. Seylan Developments PLC	Non-Executive Chairman	-
Unlisted Entities		
2. Esots (Pvt) Ltd	Non-Executive Chairman	-
3. Sesot (Pvt) Ltd	Non-Executive Chairman	-
4. Seyshop (Pvt) Ltd	Non-Executive Chairman	-
5. Seybest (Pvt) Ltd	Non-Executive Chairman	-
6. Seyfest (Pvt) Ltd	Non-Executive Chairman	-
7. Sotse (Pvt) Ltd	Non-Executive Chairman	-
8. Lanka Financial Services Bureau Ltd	Non-Executive Chairman	-
9. Sri Lanka Banks' Association	Director	-
10. Credit Information Bureau of Sri Lanka	Director	-

Mrs Sandya K Salgado (Senior Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
-	-	-
Unlisted Entities		
1. WAD International (Pvt) Ltd	Non-Executive Director	25% (indirect)
2. Film Island (Pvt) Ltd	Non-Executive Director	55%
3. Jigsaw International (Pvt) Ltd	Executive Director	50%
4. Carnival Movies Lanka Ltd	Executive Director	-
5. The Drug Shop	Partner	50% partnership
6. Presidential Task Team for Clean Sri Lanka	Member	-

Mr D M D Krishan Thilakaratne (Non-Executive Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. LOLC Finance PLC	Director/ CEO	-
2. Commercial Factors PLC	Non-Executive Director	-
Unlisted Entities		
3. Commercial Insurance Brokers (Pvt) Ltd	Non-Executive Director	-
4. LOLC Myanmar Micro Finance Company Limited	Non-Executive Director	-
5. LOLC Moliya - Tajikistan	Non-Executive Director	-
6. OJSC Micro finance Company "ABN" Kyrgyzstan	Non-Executive Director	-
7. LOLC Philippines Bank	Independent, Non-Executive Director	-
8. LOLC Micro Finance Bank Pakistan	Non-Executive Director	-
9. LOLC Ventura - Indonesia	Non-Executive Director	-

Mr L H A Lakshman Silva (Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. Panasian Power PLC	Independent, Non-Executive Chairman	-
2. HNB Assurance PLC	Independent, Non-Executive Director	-
3. Melstacorp PLC	Independent, Non-Executive Director	-
4. Distilleries Company of Sri Lanka PLC	Independent, Non-Executive Director	-
Unlisted Entities		
5. Panasian Investments (Pvt) Ltd	Non-Executive Chairman	-
6. Powergen One (Pvt) Ltd	Non-Executive Chairman	-
7. Padiyapelella Hydro Power (Pvt) Ltd	Non-Executive Chairman	-
8. Manelwala Hydropower (Pvt) Ltd	Non-Executive Chairman	-
9. Panthree Solaro Energy (Pvt) Ltd	Non-Executive Chairman	-
10. Lower Kothmale Oya Power Two (Pvt) Ltd	Non-Executive Chairman	-
11. Eco Green Solar Solution (Pvt) Ltd	Non-Executive Chairman	-
12. Solar Power Generation Matara (Pvt) Ltd	Non-Executive Chairman	-
13. Panasian Power Zambia Limited	Non-Executive Chairman	-
14. Winsol Renewables (Pvt) Ltd	Non-Executive Chairman	-
15. LankaPay (Pvt) Ltd	Non-Executive Chairman	-
16. Finetech Consultancy (Pvt) Ltd	Independent, Non-Executive Director	-

Annexure to The Report of the Board of Directors on the State of Affairs of the Company

Mrs V G S Sunjeevani Kotakadeniya (Non-Executive Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. LOLC General Insurance PLC	Non-Executive Director	-
2. Sierra Cables PLC	Non-Executive Director	-
3. Udapussellawa Plantations PLC	Non-Executive Director	-
4. Hapugastenna Plantations PLC	Non-Executive Director	-
5. Agstar PLC	Non-Executive Director	-
Unlisted Entities		
6. Browns Hotels & Resorts Ltd	Non-Executive Director	-
7. NPH Investment (Pvt) Ltd, Maldives	Non-Executive Director	-
8. Browns Metal & Sands (Pvt) Ltd	Non-Executive Director	-
9. Browns Engineering & Construction (Pvt) Ltd	Non-Executive Director	-
10. BI Commodities and Logistics (Pvt) Ltd	Non-Executive Director	-
11. Gurind Accor (Pvt) Ltd	Non-Executive Director	-
12. Samudra Beach Resorts (Pvt) Ltd	Non-Executive Director	-
13. Iconic Trust (Pvt) Ltd	Non-Executive Director	-
14. Tropical Island Commodities (Pvt) Ltd	Non-Executive Director	-
15. LOLC Microfinance Bank Ltd (Formally known as Pak Oman Microfinance Bank Ltd, Pakistan)	Non-Executive Director	-
16. LOLC Life Insurance Limited, Zambia	Non-Executive Director	-
17. Serendib Microinsurance Plc - Cambodia	Non-Executive Director	-
18. Maturata Plantations Ltd	Executive Director	-

Mrs Averil A Ludowyke (Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. Bogala Graphite PLC	Independent, Non-Executive Director	-
2. Tokyo Cement Company (Lanka) PLC	Independent, Non-Executive Director	-
Unlisted Entities		
3. Ceylinco Life Insurance Ltd	Independent, Non-Executive Director	-
4. Incorporated Trustee of the Church Ceylon	Member of the Board of Trustees	-

* Mr D M Rupasinghe (Independent Director) did not hold any Directorships/ Substantial shareholdings in other entities as at 31 December 2024

Directors' Statement on Internal Control

Responsibility

This report on internal control mechanism of the Bank is presented by the Board of Directors in compliance with the Section 3 (8) (ii) (b) of the Banking Act Direction No. 11 of 2007.

The Board of Directors ("Board") is responsible for the Bank's system of internal controls and for reviewing its design and operating effectiveness. However, such a system will mitigate but may not completely eliminate the risk of failure in achieving the business objectives of the Bank. Hence, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatement of financial information and records.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Bank and this process provides for modifying the system of internal controls in response to changes in business and regulatory environment. The process is reviewed regularly by the Board, taking into account principles for the assessment of the internal control system as given in the Guidance for Directors of Banks on the Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka. The process is in compliance with the requirements set out in this document.

The Management assists the Board in implementation of its policies and procedures on risk and controls by identifying and assessing the relevant risks faced by the Bank and in designing, implementing, operating and monitoring of appropriate internal controls to mitigate and control such risks. The Board is of the view that the system of internal controls over financial reporting is sound and adequate to provide a reasonable assurance on reliability of financial reporting and that the preparation of Financial Statements for external purposes is in accordance with the relevant accounting principles and regulatory requirements.

Key features of the process in place for reviewing the design and effectiveness of the internal controls system over financial reporting.

Key processes that are presently in place for reviewing the design, operating effectiveness and the integrity of the system of internal controls relevant to financial reporting are set out below:

- ▶ The Board is assisted by Board Sub Committees established by the Board in ensuring the effectiveness of the Bank's daily operations in terms of alignment with the corporate strategies, objectives and the annual budget and in approving the policies and business directions as required
- ▶ The Board Audit Committee (BAC) of the Bank evaluates the adequacy and effectiveness of the risk management and internal control systems and monitors the internal control issues identified by the Regulatory Authorities, Internal Audit Department, External Auditors and the Management. They also review the internal audit function with emphasis on the coverage, scope and the quality of internal audits. Minutes of the BAC meetings are tabled at Board meetings of the Bank on a periodic basis. Activities undertaken by the BAC are set out in the Audit Committee Report on pages 162 to 163
- ▶ The Board Integrated Risk Management Committee (BIRMC) is established to assist the Board to oversee the overall management of principal risk areas of the Bank. Executive Risk Management Committees assist the Board through BIRMC on implementation of policies approved by the Board
- ▶ Management/ operational committees have also been established with an appropriate level of empowerment to ensure effective management and supervision of the core areas of the Bank's business operations
- ▶ The Internal Audit Department of the Bank reviews the effectiveness of the internal control systems and the design of and compliance with the policies and procedures on an on-going basis. Audits are carried out on all business units, functions and branches based on a risk based annual planning mechanism. Frequency and the scope of audits are determined by the level of risk assessed. The key objective of such audits are to provide an independent and objective assessment on operational and management activities of the business units, functions and branches. The annual internal audit plan is reviewed and approved by the Audit Committee and all the findings of the audits are escalated to the Audit Committee
- ▶ Policies and procedures for ensuring compliance with internal controls and the relevant laws and regulations are set out in operation manuals, guidelines and the directives issued by the Bank which are reviewed and updated from time to time
- ▶ The existing models were further refined this year to validate the appropriateness of the underlying assumptions based on the developments in macroeconomic conditions in the country in 2024. Considering the complexity involved in the computation of Expected Credit Loss from Loans and Advances, the Bank will continue to strengthen the process with system-supported procedures in order to minimise the manual intervention
- ▶ All controls, including the IT General Controls and the branch level application controls, were documented by respective departments, on relevant formats prescribed in the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" in the Sri Lanka Standard on Assurance Engagements 3050, issued by The Institute of Chartered Accountants of Sri Lanka
- ▶ In assessing the internal control system over financial reporting, the Management of the Bank captured all procedures and controls that are connected with significant accounts and disclosures in the Financial Statements of the Bank. These are reviewed by the Internal Audit Department for adequacy of design and operating effectiveness on an on-going basis based on a risk based approach

Directors' Statement on Internal Control

Recommendations made by the External Auditors with regard to the internal control system in the financial year ended 31st December 2023 were taken into consideration and appropriate measures were taken to incorporate the recommendations in to the internal controls. Recommendations by the External Auditors with regard to the internal control system made during the financial year ended 31st December 2024 will be addressed in the ensuing year.

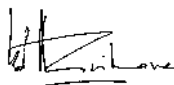
Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance on the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) and regulatory requirements of the Central Bank of Sri Lanka. This confirmation excludes the subsidiary of the Bank.

Review of the Statement by External Auditors

The External Auditors have reviewed the above Directors' Statement on Internal Control of the Bank for the year ended 31st December 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the above Statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Bank. Their report to the Board is disclosed on page 185 of this Annual Report.

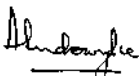
By order of the Board of Directors of Seylan Bank PLC.



Justice Buwaneka Aluwihare PC
Chairman



Ramesh Jayasekara
Director/ Chief Executive Officer



(Ms) Averil Ludowyke
Chairperson-Board Audit Committee

25 February 2025
Colombo

Assurance Report on the Directors' Statement on Internal Control



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(Chartered Accountants)
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THE BOARD OF DIRECTORS OF SEYLAN BANK PLC

Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Seylan Bank PLC ("the Bank") to provide assurance on the Directors' Statement on Internal Control ("Statement") included in the annual report for the year ended 31st December 2024.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued in compliance with the section 3 (8) (ii) (b) of the Banking Act Direction No. 11 of 2007, by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3050 (revised), Assurance

Report for Banks on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

Summary of Work Performed

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the system of internal control for the Bank.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

- Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the annual report.
- Reviewed the documentation prepared by the Directors to support their Statement made.
- Related the Statement made by the Directors to our knowledge of the Bank obtained during the audit of the financial statements.
- Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.
- Attended meetings of the Audit Committee at which the annual report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

(f) Considered whether the Directors' Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3050 (revised) does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (revised) also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 183 to 184 of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Bank.

Chartered Accountants
Colombo

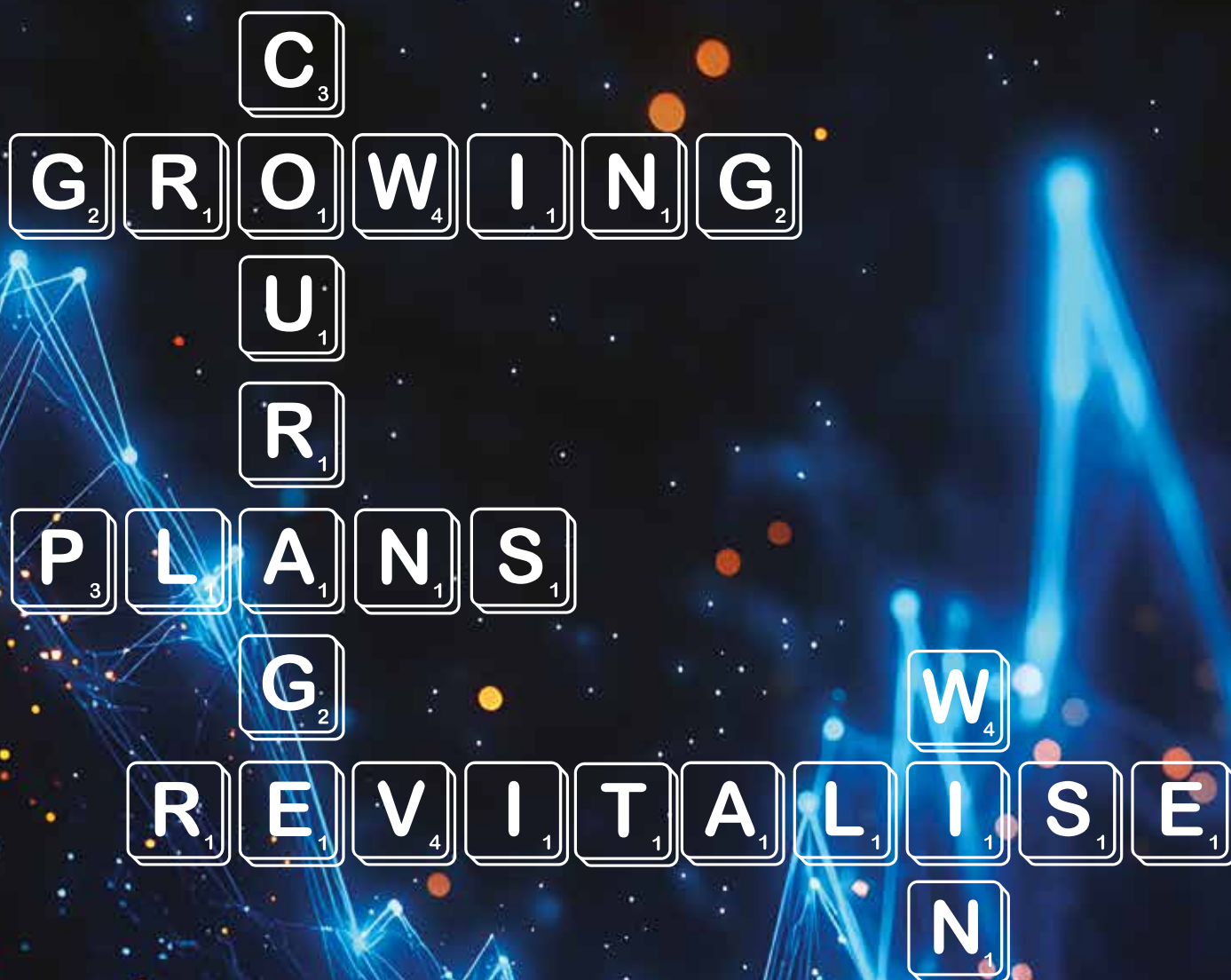
25 February 2025

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapaksa FCA
M.N.M. Shanmug FCA
Ms. P.M.K. Sumanasekera FCA
T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. S.K.D. Th. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnayakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LL.B. Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Padellera ACA, Ms. D. Corea Dharmaratne



Win

Celebrating our victories amid
challenge and change

Financial Reports

Statement of Directors' Responsibility for Financial Reporting	188
Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	189
Independent Auditor's Report	190
Income Statement	195
Statement of Profit or Loss and Other Comprehensive Income	196
Statement of Financial Position	197
Statement of Changes in Equity	198
Statement of Cash Flows	202
Notes to the Financial Statements	204

FINANCIAL CALENDAR - 2024

	Released to the Colombo Stock Exchange (CSE)
Interim Financial Statements (Audited) for the 4th Quarter/ Year ended 31 December 2023	21 February 2024
Final Audited Financial Statements for the Year ended 31 December 2023 and Annual Report - 2023	29 February 2024
1st Quarter/Three months ended 31 March 2024	02 May 2024
2nd Quarter/Six months ended 30 June 2024	31 July 2024
3rd Quarter/Nine months ended 30 September 2024	29 October 2024
37th Annual General Meeting (AGM)	Held on Thursday, 28 March 2024 at 11.00 a.m. at "Samudra Ballroom" of Taj Samudra Hotel, No.25, Galle Face Center Road, Colombo 03, Sri Lanka.
First and Final Ordinary Dividend for the year ended 31 December 2023	LKR 2.50 per share (LKR 1.00 in the form of cash and LKR 1.50 in the form of scrip)

The Interim Financial Statements were also published in the newspapers as per the requirements of the Central Bank of Sri Lanka.

PROPOSED FINANCIAL CALENDAR - 2025

		Proposed Date
Interim Financial Statements (Audited) for the 4th Quarter/Year ended 31 December 2024	To be released to the Colombo Stock Exchange (CSE)	In February 2025
Final Audited Financial Statements for the Year ended 31 December 2024 and Annual Report 2024	To be released to the CSE	On or before 5 March 2025
38th Annual General Meeting (AGM)	Scheduled to be held at 'The Balmoral' of The Kingsbury Hotel, 48, Janadhipathi Mawatha, Colombo 01.	On Friday, 28 March 2025 at 10.00 a.m.
First and Final Ordinary Dividend for the year ended 31 December 2024	Subject to the approval of the shareholders at the AGM	In April 2025 (as per the Listing Rules of the CSE)
Interim (unaudited or audited) Financial Statements	Statements in respect of the four quarters of 2025 will be released as per the Listing Rules of the CSE and will be published in the newspapers as per the requirements of the Central Bank of Sri Lanka.	

Statement of Directors' Responsibility for Financial Reporting

The Statement of Responsibility of the Directors of Seylan Bank PLC ('Bank') in relation to the Financial Statements of the Bank and the Consolidated Financial Statements of the Group is set out in this Report in terms of the provisions of the Companies Act No. 07 of 2007, Banking Act Direction No.11 of 2007 (as amended).

Directors' Statement on Internal Controls, Independent Assurance Report and Report of the Board of Directors on the State of Affairs of the Company are provided on pages 183 to 184, page 185 and pages 172 to 179 respectively.

The responsibilities of the External Auditors, Messrs. KPMG, Chartered Accountants in relation to the Financial Statements are set out in the "Independent Auditor's Report" given on pages 190 to 194.

Confirmation of Directors' Responsibility

The Directors of Seylan Bank PLC confirm that to the best of their knowledge:

- ▶ The Financial Statements prepared and published on pages 195 to 301 of this Annual Report in terms of Sections 150 (1), 151, 152 (1) and 153 (1) of the Companies Act, give a true and fair view of the state of affairs of the Bank and the Group and the profit for the year ended 31 December 2024;
- ▶ The Bank maintains proper books of account of all its transactions so as to enable the financial position of the Bank to be determined with reasonable accuracy at any time, to enable the preparation of Financial Statements of the Bank in accordance with applicable regulations and enable the Financial Statements of the Bank to be readily and properly audited. The Financial Statements for the year ended 31 December 2024 presented in this Annual Report are consistent with the underlying books of account of the Bank and are in conformity with the Sri Lanka Accounting Standards (SLFRS/ LKAS), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Banking Act No. 30 of 1988 (last amended via Banking (Amendment) Act, No. 24 of 2024), Directions and Guidelines of the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance published by the Institute of Chartered Accountants of Sri Lanka and other relevant financial reporting related regulations and requirements;
- ▶ In preparing the Financial Statements for the year ended 31 December 2024, appropriate accounting policies, major judgmental areas, adjustments and estimates required to be made, review of related party transactions, compliance with relevant accounting standards and legal requirements have been considered and applied on a consistent basis with material departures if any, disclosed in the Financial Statements together with the rationale for same; The Directors have also taken into consideration

the Bank's solvency position, risk management and internal controls, long-term sustainability, profitability and potential risks to the business and macro-economic factors such as stabilising financial market, activities on continuation of debt re-structuring program by the government to address prevailing economic concerns. The accounting policies/systems and the internal control framework have been reviewed with a view to ensure greater transparency and integrity of the Bank's financial reporting process and the adequacy of accounting and other internal controls;

- ▶ The financial information of the bank have been reviewed in order to monitor the integrity of the financial statements of the Bank, its Annual Report, accounts and quarterly reports prepared for disclosure and the significant financial reporting judgements contained therein.

Statement of Compliance

The Directors further confirm that:

- ▶ The Bank's Interim and Audited Financial Statements were also reviewed by the Board Audit Committee and the Board prior to the said statements being released and published. The financial reporting system was reviewed by the Board through the management accounts submitted monthly at Board Meetings.
- ▶ The assurance from the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) that the financial records of the Bank have been properly maintained and that the financial statements provide a true and fair view of the Bank's operations and financial status was obtained and reviewed by the Board Audit Committee.
- ▶ The Financial Statements of the Bank and the Group have been certified by the Bank's CFO being the person responsible for their preparation and signed on behalf of the Board of Directors, by two Directors of the Bank on 25 February 2025.

External Auditors' reviews and opinions

The Bank's Auditors, Messrs. KPMG, Chartered Accountants was engaged to carry out reviews and sample checks on the effectiveness of the systems of internal control as they consider appropriate and necessary in providing their opinion on the Financial Statements. Messrs. KPMG, Chartered Accountants have examined the Financial Statements made available together with all other financial records, Minutes of Meetings of the Board and the Board Subcommittees and related information and have expressed their opinion which appears on pages 190 to 194 of this Annual Report.

Internal Control Mechanism Over Financial Reporting

The Board is also responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Bank's assets and ensure continuity of operations. To this end, the Board has identified principal risks and implemented

a system to continually assess such risks and established an appropriate control environment for ensuring proper monitoring of effectiveness of internal controls and correction of deficiencies.

The Board's Statement on the effectiveness of the Bank's internal control mechanism over financial reporting, prepared in accordance with the Guidelines issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with Section 3(8) (ii) (b) of the Banking Act Direction No.11 of 2007 (as amended) is published on pages 183 to 184 and Bank's Independent Auditor's Report on the assessment of Bank's internal controls over financial reporting is published on page 185 of this Annual Report.

Solvency

The Board of Directors confirm that they have authorised the distribution of the proposed dividend having been satisfied that the Bank would meet the solvency test in terms of the provisions of Section 56(2) of the Companies Act No.07 of 2007 immediately after the proposed dividend payment. The Board has obtained a statement of solvency from the External Auditors which confirm that the Bank satisfies the Solvency as per Section 57 of the Companies Act.

The Directors confirm that to the best of their knowledge and belief, all statutory payments due and payable to all statutory and regulatory authorities as at the reporting date, have been paid by the Bank and its Subsidiary or where relevant provided for.

Going Concern

The Directors having made appropriate enquiries on the business plans, review of corporate strategy and budget for ensuing year, stable regulatory and profitability ratios, future prospects and cash flows and any other matters which required to be addressed in terms of applicable corporate governance regulations and standards, is of the view that the Bank and its Subsidiary have adequate resources to continue their operations in the foreseeable future, hence financial statements of the Bank and the Subsidiary are prepared based on going concern basis.

The Directors are of the view that they have discharged their obligations as set out in this statement.

By Order of the Board of Directors



(Mrs) Saraswathie Poulraj
Company Secretary

25 February 2025
Colombo

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements of Seylan Bank and the Group for the year ended 31 December 2024 are prepared in compliance with the below requirements.

- ▶ Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- ▶ Companies Act No. 07 of 2007 and amendments thereto
- ▶ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- ▶ Banking Act No. 30 of 1988 and amendments thereto and Banking (Amendment) Act No. 24 of 2024.
- ▶ Directions, Determinations and Guidelines issued by the Central Bank of Sri Lanka (CBSL)
- ▶ The Listing Rules of the Colombo Stock Exchange
- ▶ The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

The formats used in the Financial Statements and disclosures are in conformity with the specified formats prescribed by the CBSL, which are also in compliance with the disclosure requirements of the Sri Lanka Accounting Standard - LKAS 1 (Presentation of Financial Statements).

The Material Accounting Policies and Estimates that involved a high degree of judgment and complexity were discussed with the External Auditors and the Board Audit Committee.

The Board of Directors and Management of the Bank accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Bank's state of affairs. To ensure this, the Bank has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting

frauds as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting. We continue to adopt the 'Going Concern' basis in preparing the Financial Statements, based on the assessment carried out taking into consideration the changes in the economic conditions prevail in the country, the associated uncertainties and the potential implication on the business environment and are of the view that there are reasonable grounds to believe that the Group has adequate resources to continue in operation.

The Financial Statements of the Bank and the Group were audited by Messrs. KPMG, Chartered Accountants, and their report is given on pages 190 to 194 of this Annual Report. The Audit Committee of the Bank meets periodically with the Internal Auditors and the External Auditors to review the manner in which these Auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Audit Committee pre-approves the audit and non-audit services provided by Messrs. KPMG in order to ensure that the provision of such services does not impair Messrs. KPMG's independence.

It is also declared and confirmed that the Bank has complied with and ensured compliance by the Auditors with the guidelines for the audit of listed companies, where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

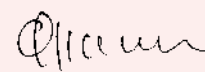
We confirm that the Bank and its Subsidiary have complied with all applicable laws, regulations and guidelines and there are

no material litigations against the Group, other than those disclosed in Note 51 of the Financial Statements in this Annual Report.

Taxes, duties, levies and all statutory payments payable by the Bank and its Subsidiary as at 31 December 2024 have been paid, or where relevant provided for.



Mr Ramesh Jayasekara
Director/ Chief Executive Officer



Ms Champika Dodanwela
Chief Financial Officer

25 February 2025

Colombo

Independent Auditor's Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF SEYLAN BANK PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seylan Bank PLC ("the Bank") and the consolidated financial statements of the Bank and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st December 2024, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 195 to 301 of this Annual Report.

In our opinion, the accompanying financial statements of the Bank and the Group give a true and fair view of the financial position of the Bank and the Group as at 31st December 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri

Lanka ("Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Bank's financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Bank's financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowances for Expected Credit Losses

Refer to Note 3 (Use of Estimates and judgements), Note 13 (Impairment charges/(reversals) and Note 25 Financial assets at amortized cost - loans and advances), to these financial statements

Risk Description

As disclosed in Note 25 to these financial statements, the Bank has recorded loans and advances to customers measured at amortised cost, of Rs. 462,950 Mn as at 31 December 2024.

High degree of complexity and judgments are involved in estimating the Expected Credit Loss of Rs. 62,164 Mn as at the reporting date.

Our Responses

Our audit procedures to assess the allowances for ECL included the following:

Testing key controls of the Bank in relation to:

- ▶ The ECL model governance and validation processes which involved the assessment of model performance.
- ▶ The assessment and approval of the forward-looking macro-economic assumptions and scenario weightings applied through internal governance processes.
- ▶ Reconciliation of data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems.
- ▶ IT system controls which calculate days past due (DPDs) of loans, and classification of non-performing loans.
- ▶ SICR assessment including the review and approval of the identified customer concentrations.

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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dhammaratne



Allowances for Expected Credit Losses

Refer to Note 3 (Use of Estimates and Judgements), Note 13 (Impairment charges/(reversals) and Note 25 Financial assets at amortized cost - loans and advances), to these financial statements

Risk Description	Our Responses
Allowance for expected credit losses (ECL) is a key audit matter due to the significance of the loans and receivables balance to the financial statements and the inherent complexity of the ECL models used by the Bank to measure ECL allowances. These models are reliant on data and estimates including multiple economic scenarios and key assumptions such as defining a significant increase in credit risk (SICR). SICR identification is a key judgement within the ECL methodology, as this criterion determines if a forward-looking 12 month or lifetime allowance is recorded. SLFRS 9 Financial Instruments requires the Bank to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are considered to address known ECL model limitations or emerging trends in the loan portfolios. Additional subjectivity and judgement are required due to the heightened uncertainty associated with the impact of the economic outlook and its impact on customers, increasing our audit effort thereon. Additionally, allowances for loans exceeding specific thresholds are individually assessed. The assessment of allowances for these specific customers based on the expected future cash repayments and estimated proceeds from the value of the collateral held in respect of these loans require exercising judgement over the nature and knowledge on the borrowers and facilities granted. Disclosures regarding the Bank's application of SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.	<i>Assessing adequacy of impairment for individually significant customers (ISL)</i> This included the following procedures: ▶ Evaluating management's assessment of the recoverability of forecasted cash flows by comparing them to the historical performance of the customers, their financial position and the expected future performance where applicable; ▶ Assessing external collateral valuer's credentials and comparing external valuations to values used in management's impairment assessments. ▶ Exercising our judgment using our understanding of relevant industries and the macroeconomic environment and comparing with the data and assumptions used by the Bank in recoverability assessment. Where relevant, we assessed the forecasted timing of future cash flows in the context of underlying valuations, business plans and evaluating the key assumptions in the valuations. ▶ Testing the implementation of the Bank's SICR methodology by re-performing the staging calculation for a sample of loans. ▶ Comparing a sample of forecasted timing of future cash flows in the context of underlying valuations and business plans against the Bank's internally approved methodology. ▶ For a sample of customer loans which were not identified as displaying indicators of impairment by management, we reassessed the conclusions made by the management by reviewing the historical performance of the customers and formed our own view whether any impairment indicators were present. <i>Assessing the adequacy of collectively assessed impairment</i> This included the following procedures: ▶ Obtaining an understanding of the processes to determine collectively assessed impairment allowances of the Bank, evaluating the model and methodologies of the Bank and comparing against established market practices and criteria in the accounting standards by engaging our Financial Risk Management (FRM) Specialists. ▶ Recomputing the probability of default (PDs) and loss given default (LGD) for a sample of product categories and comparing with the Bank's computed PDs and LGDs used in the collectively assessed impairment calculation. ▶ Challenging the Bank's forward-looking macro-economic assumptions and scenarios incorporated in the ECL models by comparing the economic factors used with relevant publicly available macro-economic information by engaging our Financial Risk Management (FRM) specialists. ▶ Assessing the ongoing effectiveness of the use of SICR criteria in the collectively assessed portfolio and independently checking the staging of loans to determine whether a SICR criteria has been applied accurately. ▶ Evaluating the approach taken by the management in identifying the risk elevated sectors and assessing the current market conditions and specific risks in the loan portfolios of the Bank due to exposure to risk elevated sectors.

Independent Auditor's Report



Allowances for Expected Credit Losses

Refer to Note 3 (Use of Estimates and judgements), Note 13 (Impairment charges/(reversals) and Note 25 Financial assets at amortized cost - loans and advances), to these financial statements

Risk Description	Our Responses
	<i>Assessing the adequacy of post model adjustments</i> This included the following procedures; ▶ Assessing the reasonableness of post-model adjustments against the ECL model of the Bank and data deficiencies identified in the ECL model validation processes, particularly in light of the significant volatility in economic scenarios by engaging our Financial Risk Management (FRM) specialists. ▶ Comparing data used in the underlying loan portfolio characteristics of recent loss experience, current market conditions and specific risks (including exposure to risk elevated sectors) in the loan portfolios of the Bank. ▶ Assessing certain post-model adjustments identified by the Bank against internal and external information. We also assessed the appropriateness of the related disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.

IT systems and controls over financial reporting

Risk Description	Our Responses
The Group's businesses utilise many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. The controls over access, changes to and operation of IT systems are key to the recording of financial information and the preparation of financial statements which provide a true and fair view of the Group's financial position and performance. The IT systems and controls, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Group's IT controls.	We worked with our internal IT specialists to perform audit procedures to test the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included: <i>General IT controls design, observation and operation</i> ▶ Assessing the governance and high-level controls in place across the IT Environment, including those regarding policy design, policy review and awareness, and IT Risk Management practices ▶ Obtaining an understanding and testing operating effectiveness of the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, monitor system integrity, program development and computer operations. ▶ Testing the data integrity of critical system reporting used by us in our audit to select samples and analyse data used by management to generate financial statements. <i>Application controls</i> ▶ Testing design and operating effectiveness of key automated business process controls including those relating to enforcing segregation of duties to avoid conflicts from inappropriate role combinations within IT applications. ▶ On sample basis, re-performed selected automated computations and compared our results with those from the system and the general Ledger. <i>User access controls operation</i> ▶ Assessing the management's evaluation of access rights granted to applications relevant to financial accounting and reporting systems. ▶ Evaluating the design and operating effectiveness of IT controls, including those related to user access and change management. ▶ Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights. Where our testing identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative audit procedures, including consideration of mitigating controls.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions to eliminate threats or safeguards applied.

Independent Auditor's Report



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Bank.

The Bank's financial position is in compliance with the provisions of the Banking Act No.30 of 1988 and the Banking (Amendment) Act No.24 of 2024 relating to the issuance of financial statements and disclosure provisions and, we have not noted any instance to call for an explanation or any information from any officer or agent of the bank in relation to Section 39 (1A).

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.


Chartered Accountants
Colombo, Sri Lanka

25 February 2025

Income Statement

For the Year ended 31 December	Note	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Gross Income	7	91,670,605	116,773,303	(21.50)	91,718,361	116,835,833	(21.50)
Interest Income		84,304,050	107,078,561	(21.27)	84,362,808	107,168,402	(21.28)
Less : Interest Expense		47,597,119	67,025,296	(28.99)	47,273,174	66,716,549	(29.14)
Net Interest Income	8	36,706,931	40,053,265	(8.35)	37,089,634	40,451,853	(8.31)
Fee and Commission Income		8,327,513	7,751,163	7.44	8,327,205	7,751,002	7.43
Less : Fee and Commission Expense		313,117	270,986	15.55	313,667	274,237	14.38
Net Fee and Commission Income	9	8,014,396	7,480,177	7.14	8,013,538	7,476,765	7.18
Net Gains from Trading	10	461,390	818,206	(43.61)	461,390	818,206	(43.61)
Net Gains/(Losses) from Derecognition of Financial Assets	11						
- at Fair Value through Other Comprehensive Income		265,181	150,289	76.45	265,181	150,289	76.45
- Loss on Restructuring of SLISBs		(2,712,020)	-	-	(2,712,020)	-	-
Other Operating Income	12	1,024,491	975,084	5.07	1,013,797	947,934	6.95
Total Operating Income		43,760,369	49,477,021	(11.55)	44,131,520	49,845,047	(11.46)
Less : Impairment Charges / (Reversals)	13						
- Loans and Advances and Other Financial Assets and Credit related Commitments		6,612,234	15,485,494	(57.30)	6,611,123	15,485,485	(57.31)
- Sri Lanka International Sovereign Bonds (SLISBs)		(4,861,753)	1,519,452	(419.97)	(4,861,753)	1,519,452	(419.97)
Net Operating Income		42,009,888	32,472,075	29.37	42,382,150	32,840,110	29.06
Less : Operating Expenses	14						
Personnel Expenses	15	10,195,645	9,149,800	11.43	10,241,581	9,194,317	11.39
Depreciation and Amortisation		1,310,877	1,285,284	1.99	1,365,646	1,348,040	1.31
Other Expenses		9,080,951	8,021,586	13.21	9,160,887	8,092,983	13.20
Total Operating Expenses		20,587,473	18,456,670	11.54	20,768,114	18,635,340	11.44
Operating Profit before Taxes		21,422,415	14,015,405	52.85	21,614,036	14,204,770	52.16
Less : Value Added Tax on Financial Services		4,723,033	3,454,762	36.71	4,723,033	3,454,762	36.71
Less : Social Security Contribution Levy		655,969	480,557	36.50	655,969	480,557	36.50
Profit before Income Tax		16,043,413	10,080,086	59.16	16,235,034	10,269,451	58.09
Less : Income Tax Expense	16	5,992,136	3,823,872	56.70	6,082,296	3,868,829	57.21
Profit for the Year		10,051,277	6,256,214	60.66	10,152,738	6,400,622	58.62
Profit Attributable to:							
Equity Holders of the Bank		10,051,277	6,256,214	60.66	10,113,406	6,321,116	59.99
Non-controlling Interest		-	-	-	39,332	79,506	(50.53)
Profit for the Year		10,051,277	6,256,214	60.66	10,152,738	6,400,622	58.62
Basic/Diluted Earnings per Share (LKR)	17	15.81	9.84	60.67	15.91	9.94	60.06

Notes on pages 204 to 301 form an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December	Note	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Profit for the Year		10,051,277	6,256,214	60.66	10,152,738	6,400,622	58.62
Other Comprehensive Income, net of Tax							
Items that are or may be reclassified to Income Statement in Subsequent Periods							
Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	48.4	786,665	987,554	(20.34)	813,415	993,479	(18.12)
Deferred Tax effect Relating to Items that are or may be reclassified to Income Statement	34	(236,000)	(296,267)	20.34	(244,025)	(298,047)	18.13
Items that will never be reclassified to Income Statement in Subsequent Periods							
Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	48.4	219,276	302,235	(27.45)	219,276	302,235	(27.45)
Revaluation of Property, Plant and Equipment	48.2	995,140	-	-	1,122,364	120,850	828.72
Actuarial Losses on Defined Benefit Obligations	42.1.8	(761,544)	(1,005,704)	24.28	(760,264)	(1,011,392)	24.83
Deferred Tax Effect Relating to Items that will never be reclassified to Income Statement	34	(318,997)	(14,416)	(2,112.80)	(357,156)	(50,671)	(604.85)
Other Comprehensive Income for the Year, net of Tax		684,540	(26,598)	2,673.65	793,610	56,454	1,305.76
Total Comprehensive Income for the Year		10,735,817	6,229,616	72.34	10,946,348	6,457,076	69.52
Total Comprehensive Income Attributable to:							
Equity Holders of the Bank		10,735,817	6,229,616	72.34	10,879,411	6,353,078	71.25
Non-controlling Interest		-	-	-	66,937	103,998	(35.64)
Total Comprehensive Income for the Year		10,735,817	6,229,616	72.34	10,946,348	6,457,076	69.52

Notes on pages 204 to 301 form an integral part of these Financial Statements.

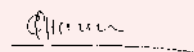
Statement of Financial Position

As at 31 December	Note	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Assets							
Cash and Cash Equivalents	20	17,384,396	48,321,654	(64.02)	17,384,436	48,321,694	(64.02)
Balances with Central Bank of Sri Lanka	21	8,719,115	7,028,281	24.06	8,719,115	7,028,281	24.06
Placements with Banks and Finance Companies	22	50,156,002	22,594,161	121.99	50,156,002	22,594,161	121.99
Derivative Financial Instruments	23	17,398	88,022	(80.23)	17,398	88,022	(80.23)
Financial Assets recognised through Profit or Loss							
- Measured at Fair Value	24	21,454,098	27,753,867	(22.70)	21,454,098	27,753,867	(22.70)
- Designated at Fair Value		-	-	-	-	-	-
Financial Assets at Amortised Cost							
- Loans and Advances	25	462,950,751	437,532,470	5.81	462,950,751	437,532,470	5.81
- Debt and Other Instruments	26	136,224,930	104,354,510	30.54	136,314,858	104,625,662	30.29
Financial Assets measured at Fair Value through Other							
Comprehensive Income	27	56,248,530	40,048,711	40.45	56,615,939	40,286,865	40.53
Investment in Subsidiary	28	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	29	40,300	40,500	(0.49)	-	-	-
Property, Plant and Equipment	30	5,100,594	3,874,650	31.64	7,923,121	6,627,167	19.56
Right-of-use Assets	31	5,189,444	5,114,518	1.46	2,784,310	2,735,963	1.77
Investment Properties	32	-	-	-	857,391	884,219	(3.03)
Intangible Assets	33	669,783	536,989	24.73	669,783	536,989	24.73
Deferred Tax Assets	34	205,963	3,171,806	(93.51)	-	2,571,168	(100.00)
Other Assets	35	14,174,933	16,371,694	(13.42)	14,219,975	16,406,762	(13.33)
Total Assets		779,689,839	717,985,435	8.59	780,067,177	717,993,290	8.65
Liabilities							
Due to Banks	36	8,141,795	12,096,756	(32.69)	8,141,795	12,096,756	(32.69)
Derivative Financial Instruments	23	809	32,269	(97.49)	809	32,269	(97.49)
Financial Liabilities at Amortised Cost							
- Due to Depositors	37	646,817,333	591,622,729	9.33	646,817,333	591,622,729	9.33
- Due to Debt Securities Holders	38	1,461,944	6,862,998	(78.70)	1,461,944	6,862,998	(78.70)
- Due to Other Borrowers	39	23,731	16,151	46.93	23,731	16,151	46.93
Group Balances Payable	40	98,942	115,823	(14.57)	-	-	-
Debt Securities Issued	41	25,128,383	19,967,701	25.85	25,128,383	19,967,701	25.85
Retirement Benefit Obligations	42	3,600,641	2,513,333	43.26	3,596,003	2,509,574	43.29
Current Tax Liabilities	43	1,489,697	2,688,253	(44.58)	1,523,304	2,719,843	(43.99)
Deferred Tax Liabilities	34	-	-	-	456,468	-	-
Lease Liabilities	31	5,613,107	5,409,418	3.77	2,430,915	2,245,420	8.26
Other Liabilities	44	16,824,985	16,153,423	4.16	16,810,680	16,221,999	3.63
Total Liabilities		709,201,367	657,478,854	7.87	706,391,365	654,295,440	7.96
Equity							
Stated Capital	45	21,693,370	20,908,673	3.75	21,693,370	20,908,673	3.75
Statutory Reserve Fund	46	3,383,537	2,880,973	17.44	3,383,537	2,880,973	17.44
Retained Earnings	47	41,525,916	34,846,140	19.17	42,360,589	35,540,973	19.19
Other Reserves	48	3,885,649	1,870,795	107.70	5,167,422	3,051,187	69.36
Total Equity Attributable to Equity Holders of the Bank		70,488,472	60,506,581	16.50	72,604,918	62,381,806	16.39
Non-controlling Interest	49	-	-	-	1,070,894	1,316,044	(18.63)
Total Equity		70,488,472	60,506,581	16.50	73,675,812	63,697,850	15.66
Total Equity and Liabilities		779,689,839	717,985,435	8.59	780,067,177	717,993,290	8.65
Contingent Liabilities and Commitments	50	180,816,364	165,840,804	9.03	180,821,071	165,859,420	9.02
Net Asset Value per Share (LKR)		110.89	98.31	12.80	114.22	101.36	12.69
Memorandum Information							
No. of Employees		3,211	3,077	4.35	3,227	3,095	4.26
No. of Banking Centres		170	171	(0.58)	170	171	(0.58)

Notes on pages 204 to 301 form an integral part of these Financial Statements.

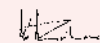
Certification

The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Champika Dodanwela (Ms.)
Chief Financial Officer

Approved and signed for and on behalf of the Board.



Justice Buwaneka Aluwihare PC
Chairman



Ramesh Jayasekara
Director/Chief Executive Officer

Statement of Changes in Equity

Bank		Stated Capital	
	Note	Ordinary Shares - Voting LKR '000	Ordinary Shares - Non Voting LKR '000
1 Balance as at 01 January 2023		12,314,065	7,612,388
Total Comprehensive Income for the Year			
Profit for the Year		-	-
Other Comprehensive Income (net of tax)			
- Actuarial Losses on Defined Benefit Obligations	42.1.8	-	-
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
2 Total Comprehensive Income for the Year		-	-
Transactions with Equity Holders, Recognised Directly in Equity			
Scrip Dividend to Equity Holders	18	480,599	501,621
Transferred to Statutory Reserve Fund*	46	-	-
3 Total Transactions with Equity Holders		480,599	501,621
Balance as at 31 December 2023 (1+2+3)		12,794,664	8,114,009
1 Balance as at 01 January 2024		12,794,664	8,114,009
Total Comprehensive Income for the Year			
Profit for the Year		-	-
Other Comprehensive Income (net of tax)			
- Actuarial Losses on Defined Benefit Obligations	42.1.8	-	-
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
- Revaluation of Property, Plant and Equipment	48.2	-	-
2 Total Comprehensive Income for the Year		-	-
Transactions with Equity Holders, Recognised Directly in Equity			
Cash / Scrip Dividends	18	378,313	406,384
Transferred to Statutory Reserve Fund*	46	-	-
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	48.4	-	-
Transferred to Special Reserve	48.5	-	-
3 Total Transactions with Equity Holders		378,313	406,384
Balance as at 31 December 2024 (1+ 2 + 3)		13,172,977	8,520,393

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve

*** Special Reserve was created for Restructured International Sovereign Bonds as per CBSL instructions (02/17/500/0819/016) dated 13 Feb 2025 and included in the other reserves.

Notes on pages 204 to 301 form an integral part of these Financial Statements.

	Statutory Reserve Fund *	Retained Earnings	Other Reserves				Total
			Revaluation Reserve	FVOCI Reserve **	Special Reserve ***	Other Reserves	
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
	2,568,162	31,063,994	1,374,219	(1,183,105)	-	700,575	54,450,298
	-	6,256,214	-	-	-	-	6,256,214
	-	(1,005,704)	-	-	-	-	(1,005,704)
	-	-	-	691,287	-	-	691,287
	-	-	-	287,819	-	-	287,819
	-	5,250,510	-	979,106	-	-	6,229,616
	-	(1,155,553)	-	-	-	-	(173,333)
	312,811	(312,811)	-	-	-	-	-
	312,811	(1,468,364)	-	-	-	-	(173,333)
	2,880,973	34,846,140	1,374,219	(203,999)	-	700,575	60,506,581
	2,880,973	34,846,140	1,374,219	(203,999)	-	700,575	60,506,581
	-	10,051,277	-	-	-	-	10,051,277
	-	(761,544)	-	-	-	-	(761,544)
	-	-	-	550,665	-	-	550,665
	-	-	-	198,821	-	-	198,821
	-	-	696,598	-	-	-	696,598
	-	9,289,733	696,598	749,486	-	-	10,735,817
	-	(1,538,623)	-	-	-	-	(753,926)
	502,564	(502,564)	-	-	-	-	-
	-	14,727	-	(14,727)	-	-	-
	-	(583,497)	-	-	583,497	-	-
	502,564	(2,609,957)	-	(14,727)	583,497	-	(753,926)
	3,383,537	41,525,916	2,070,817	530,760	583,497	700,575	70,488,472

Statement of Changes in Equity

Group		Note	Stated Capital	
			Ordinary Shares - Voting LKR '000	Ordinary Shares - Non Voting LKR '000
1	Balance as at 01 January 2023		12,314,065	7,612,388
	Total Comprehensive Income for the Year			
	Profit for the Year		-	-
	Other Comprehensive Income (net of tax)			
	- Revaluation of Property, Plant and Equipment	48.2	-	-
	- Actuarial Losses on Defined Benefit Obligations	42.1.8	-	-
	- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
	- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
2	Total Comprehensive Income for the Year		-	-
	Transactions with Equity Holders, Recognised Directly in Equity			
	Cash/Scrip Dividend	18	480,599	501,621
	Transferred to Statutory Reserve Fund*	46	-	-
3	Total Transactions with Equity Holders		480,599	501,621
	Balance as at 31 December 2023 (1+2+3)		12,794,664	8,114,009
1	Balance as at 01 January 2024		12,794,664	8,114,009
	Total Comprehensive Income for the Year			
	Profit for the Year		-	-
	Other Comprehensive Income (net of tax)			
	- Actuarial Losses on Defined Benefit Obligations	42.1.8	-	-
	- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
	- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	48.4	-	-
	- Revaluation of Property, Plant and Equipment	48.2	-	-
2	Total Comprehensive Income for the Year		-	-
	Transactions with Equity Holders, Recognised Directly in Equity			
	Cash/Scrip Dividend	18	378,313	406,384
	Transferred to Statutory Reserve Fund*	46	-	-
	Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	48.4	-	-
	Transferred to Special Reserve	48.5	-	-
	Changes in Ownership Interests in Subsidiaries			
	Acquisition of Non-Controlling Interest		-	-
3	Total Transactions with Equity Holders		378,313	406,384
	Balance as at 31 December 2024 (1+2+3)		13,172,977	8,520,393

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve

*** Special Reserve was created for Restructured International Sovereign Bonds as per CBSL instructions (02/17/500/0819/016) dated 13 Feb 2025 and included in the other reserves.

Notes on pages 204 to 301 form an integral part of these Financial Statements.

	Statutory Reserve Fund	Retained Earnings	Other Reserves				Total	Non-Controlling Interest	Total Equity
	*		Revaluation Reserve	FVOCI Reserve	Special Reserve	Other Reserves			
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000			
	2,568,162	31,697,936	2,269,369	(1,215,647)	-	955,788	56,202,061	1,264,408	57,466,469
	-	6,321,116	-	-	-	-	6,321,116	79,506	6,400,622
	-	-	59,648	-	-	-	59,648	24,947	84,595
	-	(1,009,715)	-	-	-	-	(1,009,715)	(1,677)	(1,011,392)
	-	-	-	694,210	-	-	694,210	1,222	695,432
	-	-	-	287,819	-	-	287,819	-	287,819
	-	5,311,401	59,648	982,029	-	-	6,353,078	103,998	6,457,076
	-	(1,155,553)	-	-	-	-	(173,333)	(52,362)	(225,695)
	312,811	(312,811)	-	-	-	-	-	-	-
	312,811	(1,468,364)	-	-	-	-	(173,333)	(52,362)	(225,695)
	2,880,973	35,540,973	2,329,017	(233,618)	-	955,788	62,381,806	1,316,044	63,697,850
	2,880,973	35,540,973	2,329,017	(233,618)	-	955,788	62,381,806	1,316,044	63,697,850
	-	10,113,406	-	-	-	-	10,113,406	39,332	10,152,738
	-	(760,582)	-	-	-	-	(760,582)	326	(760,256)
	-	-	-	564,651	-	-	564,651	4,739	569,390
	-	-	-	198,821	-	-	198,821	-	198,821
	-	-	763,115	-	-	-	763,115	22,540	785,655
	-	9,352,824	763,115	763,472	-	-	10,879,411	66,937	10,946,348
	-	(1,538,623)	-	-	-	-	(753,926)	(35,355)	(789,281)
	502,564	(502,564)	-	-	-	-	-	-	-
	-	14,727	-	(14,727)	-	-	-	-	-
	-	(583,497)	-	-	583,497	-	-	-	-
	-	76,749	151	(1,227)	-	21,954	97,627	(276,732)	(179,105)
	502,564	(2,533,208)	151	(15,954)	583,497	21,954	(656,299)	(312,087)	(968,386)
	3,383,537	42,360,589	3,092,283	513,900	583,497	977,742	72,604,918	1,070,894	73,675,812

Statement of Cash Flows

For the Year ended 31 December	Note	Bank		Group	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Cash Flows from Operating Activities					
Interest Receipts		88,929,014	110,559,524	88,987,772	110,649,365
Interest Payments		(47,519,626)	(61,187,798)	(47,514,176)	(61,175,851)
Net Fee and Commission Receipts	9	8,014,396	7,480,177	8,013,538	7,476,765
Trading Income		47,272	243,836	47,272	243,836
Payments to Employees		(8,796,090)	(7,582,118)	(8,842,905)	(7,621,765)
VAT and SSCL on Financial Services Paid		(4,896,689)	(3,829,697)	(4,896,689)	(3,829,697)
Receipts/ (Payments) from Other Operating Activities		964,057	1,186,759	1,057,696	1,284,808
Payments on Other Operating Activities		(9,079,901)	(6,983,425)	(9,160,887)	(7,044,218)
Operating Profit before Changes in Operating Assets and Liabilities [Note (a)]					
		27,662,433	39,887,258	27,691,621	39,983,243
(Increase)/Decrease in Operating Assets :					
Balances with Central Bank of Sri Lanka		(1,690,834)	9,755,891	(1,690,834)	9,755,891
Financial Assets at Amortised Cost - Loans and Advances		(33,946,730)	(10,693,387)	(33,946,730)	(10,693,648)
Other Assets		(524,450)	(1,658,330)	(508,045)	(1,432,965)
Increase/(Decrease) in Operating Liabilities :					
Financial Liabilities at Amortised Cost - Due to Depositors		58,664,594	40,755,818	58,664,594	40,755,818
Financial Liabilities at Amortised Cost - Due to Debt Securities Holders		(5,407,094)	(5,045,727)	(5,407,094)	(5,045,727)
Financial Liabilities at Amortised Cost - Due to Other Borrowers		7,580	8,668	7,580	8,668
Other Liabilities		(3,440,471)	1,443,681	(3,695,317)	1,138,781
Due to Banks		(3,954,961)	(61,274)	(3,954,961)	(61,274)
Cash Generated from Operating Activities before Income Tax		37,370,067	74,392,598	37,160,814	74,408,787
Income Tax Paid	43	(4,771,981)	(6,493,992)	(4,811,694)	(6,520,672)
Net Cash Generated from Operating Activities		32,598,086	67,898,606	32,349,120	67,888,115
Cash Flows from Investing Activities					
Purchase of Property , Plant and Equipment	30	(865,718)	(755,207)	(869,489)	(758,251)
Improvements in Investment Properties	32	-	-	(4,496)	(31,213)
Proceeds from Sale of Property , Plant and Equipment		3,563	7,681	3,563	7,681
Net Cash Flow from Financial Assets - FVTPL		6,784,624	(9,841,008)	6,784,624	(9,841,008)
Net Cash Flow from Debt Instruments at Amortised Cost		(24,464,173)	(3,931,500)	(24,282,949)	(3,931,787)
Net Cash Flow from Financial Assets - FVOCI		(15,210,706)	(21,652,735)	(15,339,961)	(21,840,992)
Reverse Repurchase Agreements		(2,867,224)	2,811,399	(2,867,224)	2,811,399
Net Purchase of Intangible Assets	33	(323,933)	(210,914)	(323,933)	(210,914)
Net Cash Flow from Acquisition of Investment in Subsidiaries		-	-	-	-
Net Cash Flow from Disposal of Subsidiaries		-	-	-	-
Dividend Received from Investment in Subsidiaries		88,682	106,419	-	-
Dividend Received from Other Investments		29,134	16,296	29,134	16,296
Net Cash Used in Investing Activities		(36,825,751)	(33,449,569)	(36,870,731)	(33,778,789)
Cash Flows from Financing Activities					
Net Proceeds from the Issue of Ordinary Share Capital		-	-	-	-
Net Proceeds from the Issue of Other Equity Instruments		-	-	-	-
Net Proceeds from the Issue of Subordinated Debt		10,000,000	5,000,000	10,000,000	5,000,000
Repayment of Subordinated Debt		(5,000,000)	(7,182,280)	(4,971,000)	(7,082,280)
Interest Paid on Subordinated Debt		(2,956,671)	(2,494,469)	(2,955,395)	(2,490,131)
Interest Paid on Un-Subordinated Debt		-	-	-	-
Dividend Paid to Non-Controlling Interest		-	-	(35,355)	(49,744)
Dividend Paid to Shareholders of the Bank		(544,768)	(8)	(544,768)	(8)
Dividend Paid to Holders of Other Equity Instruments		-	-	-	-
Repayment of Principal Portion of Lease Liabilities	31.1.1	(839,358)	(792,238)	(540,333)	(507,121)
Net Cash Generated from/ (Used in) Financing Activities		659,203	(5,468,995)	953,149	(5,129,284)
Net Increase / (Decrease) in Cash and Cash Equivalents		(3,568,462)	28,980,043	(3,568,462)	28,980,043
Cash and Cash Equivalents at Beginning of the Year		71,210,384	42,230,341	71,210,922	42,230,879
Cash and Cash Equivalents at End of the Year (Note b)		67,641,922	71,210,384	67,642,460	71,210,922

Note (a) Reconciliation of Operating Profit before Changes in Operating Assets and Liabilities

For the Year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Profit before Income Tax		16,043,413	10,080,086	16,235,034	10,269,451
Accrual for Interest Income		4,624,964	3,480,963	4,624,964	3,480,963
Accrual for Interest Expenses		(2,879,179)	3,343,028	(3,196,397)	3,050,567
Fair Value Adjustment on Derivative Financial Instruments		39,230	(443,376)	39,230	(443,376)
Gain/(Loss) on Revaluation of Foreign Exchange		(183,445)	213,439	(183,445)	213,439
Dividend Income		(138,607)	(144,371)	(34,275)	(19,172)
Fair Value (Gains)/Losses on Financial Assets recognised at Fair Value Through Profit/Loss	10	(453,348)	(130,994)	(453,348)	(130,994)
Loss from Restructuring of SLISBs		2,712,020	-	2,712,020	-
Profit from Sale of Property, Plant and Equipment	12	(3,563)	(7,681)	(3,563)	(7,681)
Depreciation of Property, Plant and Equipment	14	641,642	651,098	702,628	714,843
Depreciation of Right-of-Use Assets	14	478,096	450,115	439,445	415,452
Depreciation of Investment Properties		-	-	32,435	33,674
Amortisation of Intangible Assets	14	191,139	184,071	191,139	184,071
Impairment charges on Loans and Receivable	13	6,241,089	15,342,429	6,241,089	15,342,429
Amortisation of Pre Paid Staff Cost	15	312,247	371,267	312,247	371,528
Accrual for VAT and SSCL on Financial Services		482,313	105,622	482,313	105,622
Accrual for Employee Retirement Benefits Liability		1,087,308	1,196,415	1,086,429	1,201,026
Impairment Charges/ (Reversal) - other than Loans and Advances		(4,490,609)	1,662,517	(4,491,720)	1,662,508
Accrual for Leave Encashment Provision	44.1	135,500	114,037	135,500	114,037
Accrual for Other Expenses		(134,448)	924,124	(135,499)	934,725
Interest Paid to Debt Security Holders		2,956,671	2,494,469	2,955,395	2,490,131
Operating Profit before Changes in Operating Assets and Liabilities		27,662,433	39,887,258	27,691,621	39,983,243

Note (b) Reconciliation of Cash and Cash Equivalents

For the Year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash in Hand - Local Currency	20	13,565,013	11,733,074	13,565,053	11,733,114
Cash in Hand - Foreign Currency	20	454,613	563,643	454,613	563,643
Balances with Local Banks	20	694	14,239	694	14,239
Balances with Foreign Banks	20	3,461,975	36,191,728	3,461,975	36,191,728
Placements with Banks and Finance Companies	22	50,159,627	22,707,700	50,160,125	22,708,198
		67,641,922	71,210,384	67,642,460	71,210,922

Notes on pages 204 to 301 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. Reporting Entity

Seylan Bank is a Licensed Commercial Bank (LCB) regulated under the Banking Act No. 30 of 1988 with amendments, Banking Act No. 24 of 2024 and listed on Colombo Stock Exchange as a public limited liability company. The Bank was incorporated on 28 August 1987 and domiciled in Sri Lanka. The registered office of the Bank is situated at No. 90, Galle Road, Colombo 03. The shares of the Bank have a primary listing on the Colombo Stock Exchange (CSE).

The consolidated Financial Statements comprises the Bank and its subsidiary (together referred to the Group).

The Bank does not have an identifiable parent of its own. The Bank is the ultimate parent of the Group.

The total number of employees of the Bank as at 31 December 2024 is 3,211 (2023 - 3,077). The total number of employees of the Group as at 31 December 2024 is 3,227 (2023 - 3,095).

1.1 Principal Activities and Nature of the Business

The Bank

The principal activities of the Bank are banking and related activities such as accepting deposits, personal banking, trade financing, off-shore banking, resident and non-resident foreign currency operations, travel related services, corporate and retail credit, project financing, lease financing, rural credit, issuing of local and international debit and credit cards, internet banking, mobile banking, money remittance facilities, salary remittance packages, pawning, margin trading, factoring, digital banking services, bancassurance, Islamic banking products and services, dealing in Government Securities, etc.

Subsidiary

The Subsidiary, Seylan Developments PLC, situated at No. 90, Galle Road, Colombo 03, is in the business of development, administration and maintenance of property.

2. Basis of Presentation of Financial Statements

2.1 Statement of Compliance

The Financial Statements of the Bank and Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by The Institute of Chartered Accountants of Sri Lanka.

2.2 Approval of Financial Statements by Directors

The Financial Statements as at 31 December 2024 were authorised for issue by the Board of Directors on 25 February 2025.

2.3 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items, which are measured on the following alternative basis on each reporting date.

- ▶ Derivative financial instruments and non-derivative financial instruments held at Fair Value through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value.
- ▶ Land and buildings are measured at cost at the time of acquisition and subsequently at revalued amounts less accumulated depreciation and impairment losses.
- ▶ Investment properties measured at cost at the time of acquisition and subsequently at fair value.
- ▶ Liability for defined benefit obligations is measured as the present value of the defined benefit obligation less the fair value of the plan assets.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Bank's/Group's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

There was no change in the Bank's/Group's presentation and functional currency during the year under review.

2.5 Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in order that reflect their relative liquidity and maturity pattern. The Financial Statements of the bank and group have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007 Banking Act No. 30 of 1988 with amendments and Banking Act No.24 of 2024, CBSL circular No. 05 of 2024 and listing rules of Colombo Stock Exchange (CSE). The details of material accounting policies are disclosed in Note 5.

2.6 Materiality and Aggregation

Each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.7 Comparative Information

The comparative information is reclassified whenever necessary to conform with the current year's presentation and to be in compliance with the Circular No. 5 of 2024 issued by Central

Bank of Sri Lanka on publication of Annual and Quarterly Financial Statements and other disclosures by licensed banks in order to provide a better presentation (Refer Note 59)

As explained in Note 17.1 weighted average number of ordinary shares as at 31 December 2023 has been restated in arriving at Earnings per Share (EPS) for 2023.

3. Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs / LKASs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the following notes.

Economic Environment

Despite the improvements in the economic indicators, uncertainties remain in the local economic environment impacting the creditworthiness of the corporates and individuals resulting in non-performing loans and recognition of impairment losses by the Bank.

The Bank's total exposure to Sri Lanka Government Securities denominated in foreign currency is detailed in Note 26 to these financial statements. In 2024, the Government of Sri Lanka successfully launched the Domestic Debt Exchange Programme, through which registered bondholders exchanged their SLISBs for newly issued bonds as of the date of restructuring.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement and the assessment of the recoverable amount of non-financial assets. The impact of the economic conditions on each of these estimates is discussed further in the relevant notes of these financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(I) Judgements**(a) Classification of Financial Assets**

The Group used judgements when assessing of the business model within which the assets are held and assessment whether the contractual terms of the financial assets are solely payments of principal and interest (SPPI) on the principal amount of the outstanding.

(b) Determination of Fair Value of Financial Instruments when there is no Observable Market Data.

As explained in Note 6.2

(c) Assessment of Credit Risk

The Group also used judgements when establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of Expected Credit Losses (ECL) and selection and approval of models to measure ECL.

(d) Determination of Control over Employee Share Option Scheme and Share Trusts

The judgement applied by management over determination of control over Employee Share Option Scheme and Share Trusts is set out in Note 5.1.5.

(e) Determination of Control Over Investee

As explained in Note 28.

(f) Classification of investment properties

As explained in Note 32.

(II) Assumptions and Estimation Uncertainties**Going Concern**

The Directors have made an assessment of the Bank's/Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future.

The Assessment took into consideration the current economic developments in order to make projections for the future based on uncertainties associated with the economic conditions and its potential impact on the economic and business environment in which the Group operates. The main factors that cause uncertainties regarding the application of this principle relate to uncertainties in the local economic environment, despite the improvements in the economic indicators, which in turn impact the creditworthiness

of the corporates and individuals resulting in non-performing loans and recognition of impairment losses by the Bank. Based on the above and taking into consideration the Group's capital adequacy and the ability of the Bank to access liquidity mechanism, the Board of Directors are confident that the conditions for the application of the going concern principle for the preparation of the financial statements are met (Refer Note 6 for going concern to liquidity risk and capital management section).

The Board is not aware of any material uncertainties that may cast significant doubt on the Bank's/Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Fair Value of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

The Bank uses estimates when determining impairment of financial instruments:

determination of inputs into the Expected Credit Loss (ECL) measurement model including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

Measurement of the Fair Value of Financial Instruments with Significant Unobservable Inputs

This includes an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the change of which can result in different levels of allowances.

Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

Measurement of Defined Benefit Obligations

The costs of the defined benefit plans are

determined using an actuarial valuation. The actuarial valuation involves making assumptions about mortality rates, staff turnover, disability rate, retirement age, rate of discount, salary increments, etc.

Useful life time

Useful life time of property, plant and equipment, intangible assets and right-of use assets - As described In Notes 5.11.6, 5.9.3 and 5.12 respectively.

Contingencies

The management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

4. New and Amended Standards and Interpretations of Accounting Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

Lack of exchangeability (Amendments to LKAS 21)

The amendments will require Companies to provide new disclosures to help users to the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- ▶ the nature and financial impacts of the currency not being exchangeable;
- ▶ the spot exchange rate used;
- ▶ the estimation process; and
- ▶ risks to the company because the currency is not exchangeable.

Amendments to LKAS 21 is not expected to have a significant impact on the Group's consolidated financial statements.

Further, The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods

Notes to the Financial Statements

beginning on 01 January 2025. Accordingly, the Group has not applied these standards in preparing these Financial Statements.

- 1) SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- 2) SLFRS S2 – Climate Related Disclosure

5. Material Accounting Policies

The Accounting Policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

The Accounting Policies have been applied consistently by Group entities.

5.1 Basis of Consolidation

5.1.1 Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other

contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

5.1.2 Subsidiaries

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of the Subsidiary are included in the Financial Statements from the date that control effectively commences until the date that control effectively ceases.

The accounting policies of the Subsidiary have been changed when necessary to align them with the policies adopted by the Group. The Group Financial Statements comprise a consolidation of the Financial Statements of the Bank and its subsidiary incorporated in Sri Lanka, Seylan Developments PLC (74.69%).

The total profit/loss of the Subsidiary is included in the Consolidated Income Statement, and the proportion of the profit or loss after taxation applicable to outside shareholders is shown under the heading 'Non-Controlling Interest'. All assets and liabilities of the Bank and its subsidiary are included in the Consolidated Statement of Financial Position. The interest of the outside shareholders in the net assets of the Group is stated separately in the Consolidated Statement of Financial Position within Equity under the heading 'Non-Controlling Interest'.

There are no significant restrictions on the ability of the Subsidiary to transfer funds to the Bank in the form of cash dividends or repayment of loans and advances.

5.1.3 Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the Subsidiary, any non-controlling interest and the other components of equity related to the Subsidiary. Any surplus or deficit arising on the loss of

control is recognised in profit or loss. If the Group retains any interest in the previous Subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

5.1.4 Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

5.1.5 Employee Share Option Schemes and Share Trusts

The Trusts are treated as external entities due to the uncertainties relating to the formation of the trusts and beneficial ownership.

5.1.6 Non-Controlling Interest

Non-controlling interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

5.1.7 Non-Uniform Accounting Policies

The impact of non-uniform accounting policies adopted by the Subsidiary has been adjusted in the Consolidated Financial Statements and disclosed in Note 58.

5.2 Foreign Currency Translations and Balances

Transactions in foreign currencies are translated to Sri Lankan Rupees at the middle rate of exchange prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees at the middle rate of exchange prevailing at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Sri Lankan Rupees at

the exchange rates prevailing at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The following are the middle rate of exchange as at 31 December 2024.

Currency	LKR Value (per 1 Unit of Each Currency)
Great Britain Pound	367.9787
United States Dollar	293.0000
Euro	305.1302
Japanese Yen	1.8726
Australian Dollar	182.2167

5.3 Statutory Deposit with Central Bank

The Monetary Law Act requires that all commercial banks operating in Sri Lanka to maintain reserves against all deposit liabilities denominated in Sri Lankan Rupees.

5.4 Financial Assets and Financial Liabilities

5.4.1 Recognition and Initial Measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

5.4.2 Classification

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- ▶ the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- ▶ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL

- ▶ the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ▶ the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- ▶ the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- ▶ how the performance of the portfolio is evaluated and reported to the Group's management;
- ▶ the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- ▶ how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- ▶ the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

- ▶ contingent events that would change the amount and timing of cash flows;
- ▶ leverage features;
- ▶ prepayment and extension terms;
- ▶ terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- ▶ features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Notes to the Financial Statements

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-Recourse Loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement;

- ▶ whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- ▶ the fair value of the collateral relative to the amount of the secured financial asset;
- ▶ the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- ▶ whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- ▶ the Group's risk of loss on the asset relative to a full-recourse loan;
- ▶ the extent to which the collateral represents all or a substantial portion of the borrower's assets and;
- ▶ whether the Group will benefit from any upside from the underlying assets;

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

5.4.3 Derecognition

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks

and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- ▶ The Group has transferred its contractual rights to receive cash flows from the financial asset or,

- ▶ It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.
- ▶ A transfer only qualifies for derecognition if either:
 - ▶ The Group has transferred substantially all the risks and rewards of the asset or,
 - ▶ The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modification of Financial Assets and Liabilities

Financial Assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- ▶ fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset and
- ▶ other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (refer write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

5.4.4 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

5.4.5 Impairment

Recognition of ECL

The Bank recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL;

- ▶ financial assets that are debt instruments
- ▶ lease receivables
- ▶ financial guarantee contracts issued and
- ▶ undrawn credit commitments

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL

- ▶ debt investment securities that are determined to have low credit risk at the reporting date and
- ▶ other financial instruments on which credit risk has not increased significantly since their initial recognition

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Financial Instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Notes to the Financial Statements

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- ▶ financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive)
- ▶ financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows
- ▶ undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive and
- ▶ financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover

Restructured Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- ▶ If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- ▶ If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-Impaired Financial Assets

Definition of Default

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- ▶ significant financial difficulty of the borrower or issuer;
- ▶ a breach of contract such as a default or past due event;
- ▶ the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- ▶ it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- ▶ the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is past due for a period more than 90 days

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- ▶ financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- ▶ loan commitments and financial guarantee contracts: as a provision under other liabilities;
- ▶ debt instruments measured at FVOCI: no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the FVOCI reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'Other Income' in the Income Statement.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Recognition of expected credit loss provision on government securities

Bank does not recognise impairment provision in respect of rupee denominated government securities while recognition of impairment or foreign currency denominated government securities are generally determined based on applicable exposure of default. Probability of default and loss given default.

5.5 Securities Purchased Under Resale Agreements

These are loans collateralised by the purchase of Treasury Bills and/or Guaranteed Commercial Papers from the counterparty to whom the loans are granted. The sale by the counterparty is subject to a commitment by the Bank to sell back the underlying debt securities to the borrower at a predetermined price.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

5.6 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins in hand and highly liquid financial assets with original maturities of three months or less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

5.7 Derivatives Held for Risk Management Purposes and Hedge Accounting

Derivatives are categorised as FVTPL unless they are designated as hedging instruments.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

All derivatives are initially recognised and subsequently measured at fair value, with all fair value changes recognised in profit and loss. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships.

Policy Applicable Generally to Hedging Relationships

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%.

The Group normally designates a portion of the cash flows of a financial instrument for cash flow or fair value changes attributable to a benchmark interest rate risk, if the portion is separately identifiable and reliably measurable.

The Group did not designate any derivative as a hedging instrument during the years ended 31 December 2023 and 2024.

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affected profit or loss, and in the same line item in the Statement of Profit or Loss and Other Comprehensive Income.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is novated to a central counterparty by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated. If the hedged cash flows are no longer expected to occur, then the Group immediately reclassifies the amount in the hedging reserve from OCI to profit or loss. For

terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group reclassifies the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

The Bank's Risk Management Division closely monitors the hedging activities that are been carried out by the Treasury Front Office for their compliance and effectiveness, as a Risk Management Strategy. The Bank enters into hedging transactions for exposures that pose a material risk to the Bank's financial health or threaten the strategic decisions. These hedging transactions are entered within the Bank's approved limits such as Per Transaction Limits, Counter Party Limits, Currency Exposure Limits and Gap Limits, and always study the Market Outlook prior to entering into such transactions.

Fair Value Hedge of Foreign Exchange Risk

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is novated to a central counterparty by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which

amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

5.8 Non-Current Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

5.9 Intangible Assets

5.9.1 Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

5.9.2 Subsequent Expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

5.9.3 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is as follows;

	Useful Life (years)
Seylan Bank PLC (Banking Software)	6
Seylan Developments PLC (Accounting Software)	5

Notes to the Financial Statements

5.10 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is completed. The Group applies the cost model for investment properties in accordance with LKAS 40 - 'Investment Property'. Accordingly, land classified as investment properties are stated at cost and buildings classified as investment properties are stated at cost, less any accumulated depreciation and any accumulated impairment losses. Fair values of these properties are disclosed in Note 32 to the Financial Statements. Seylan Developments PLC, the Subsidiary of the Bank, applies the fair value model in accordance with the above standard. Accordingly, investment properties are stated at fair value and an external independent valuation company having an appropriate recognised professional qualification values the portfolio annually. Any gain or loss arising from a change in fair value is recognised in profit or loss. Adjustment for non-uniform accounting policy is reported in Note 58.

When an item of Property, Plant and Equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised in profit or loss immediately.

If an investment property becomes owner-occupied, it is reclassified as Property, Plant and Equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the Company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured, based on fair value model, and is not reclassified

as Property, Plant and Equipment during the redevelopment.

A leasehold property under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Company holds it to earn rentals or for capital appreciation or both.

5.10.1 Derecognition

Investment properties are derecognised when disposed of, or permanently withdrawn from use because no future economic benefits are expected. Transfers are made to and from investment properties only when there is a change in use.

5.10.2 Investment Property Leased within the Group

Any property leased out to parent or subsidiary is considered as owner-occupied from the perspective of the Group and adjustments are made for consolidation purposes and changes are disclosed in Note 58 to the Financial Statements.

5.11 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

5.11.1 Recognition and Measurement

Items of Property and Equipment are measured at cost or revaluation, less accumulated depreciation and accumulated impairment losses except for land. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

5.11.2 Cost Model

The Bank applies cost model to Property, Plant and Equipment except for Land and Buildings and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

5.11.3 Revaluation Model

The Bank applies the revaluation model for the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings of the Bank are revalued within five years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in Equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Income Statement. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Income Statement or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to Retained Earnings on retirement or disposal of the asset.

Reclassification to Investment Property

When the use of property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

5.11.4 Subsequent Costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

5.11.5 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Income Statement when the item is derecognised.

5.11.6 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term or their useful lives. Land is not depreciated.

Depreciation is provided on a straight line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal.

	Useful Life (Years)	Depreciation Rate
Freehold Buildings	40	2.5%
Motor Vehicles	5	20%
Computer Equipment	6	16.67%
Office Machine, Equipment, Furniture and Fittings	3 - 10	33 1/3% - 10%
Freehold Buildings on Lease hold Lands	Remaining leased period or 40 years whichever is shorter	

Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted appropriately.

The Bank does not require to reinstate fully depreciated assets as per the guidelines issued by The Institute of Chartered Accountants of Sri Lanka on Reinstatement of Fully Depreciated Assets in the Statement of Financial Position, as those are neither critical nor a main revenue generating source.

Seylan Developments PLC

Property, Plant and Equipment are recorded at cost of purchase or valuation together with any incidental expenses thereon. The assets are stated at cost or valuation less accumulated depreciation which is provided for on the basis specified below.

Depreciation of common types of assets within the Group is in line with the Group policy disclosed above. Freehold land is not depreciated. The depreciation of other assets that are unique to Seylan Developments PLC is provided on the straight-line method at varying rates per annum based on their useful lives as follows:

	Useful Life (Years)	Depreciation Rate
furniture and fittings	10	10%
Office Machine, Equipment	05	20%
Tools	03	33.3%

5.11.7 Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation.

5.11.8 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalised as part of the cost of the asset in accordance with Sri Lanka Accounting Standard (LKAS) 23 "Borrowing Costs". Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Other borrowing costs are recognised as an expense.

5.12 Leases

This policy is applied to contracts entered into (or changed) on or after 01 January 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

(a) Group Acting as a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- ▶ fixed payments, including in-substance fixed payments;
- ▶ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ▶ amounts expected to be payable under a residual value guarantee; and
- ▶ the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Notes to the Financial Statements

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the Statement of Financial Position.

Short-Term Leases and Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) Group Acting as a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

5.13 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property and

deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU, subject to an operating segment ceiling test.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

5.14 Inventories

Inventory mainly consists of stationery, consumables, pre-printed material, Tikiri gifts and electronic cards. Bank accounts the inventory of stationery, consumables, pre-printed material and Tikiri gifts at first in first out method, and the electronic plastic cards at cost.

5.15 Liabilities and Provisions

5.15.1 Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of funding.

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("Repo"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's Financial Statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

5.15.2 Dividend Payable

Provision for final dividend is recognised at the time the dividend is recommended and declared by the Board of Directors and is approved by the shareholders. Interim dividend payable is recognised when the Board approves such dividend in accordance with the Companies Act No. 7 of 2007.

5.16 Employee Retirement Benefits

5.16.1 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank operates an approved Gratuity Fund to facilitate the payments for permanent staff of the Bank.

The Bank's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on Government Bonds that have maturity dates approximating to the terms of the Bank's obligations. The calculation is performed by a qualified actuary using the Projected Unit Credit Method - Sri Lanka Accounting Standard (LKAS 19) - 'Employee Benefits'.

Actuarial gains and losses occur when the actual plan experience differs from the assumed. The Bank recognises the total actuarial gains and losses that arise in calculating the Bank's obligation in respect of the Plan in Other Comprehensive Income during the period in which it occurs.

When the calculations above result in a benefit to the Bank, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic

benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Bank if it is realisable during the life of the plan or on settlement of the plan liabilities.

Monthly provision is made by the Bank for the Gratuity Fund, based on a percentage of the basic salary of employees. The percentage of contributions is determined by the same actuary and retirement benefits are provided to all permanent staff. The Bank carries out an actuarial valuation of the Gratuity Fund in December each year to ascertain the full liability of the Fund. The valuation method used by the actuary to value the Fund is the 'Projected Unit Credit Method', the method recommended by LKAS 19. The demographic assumptions underlying the valuation are mortality, staff turnover, disability, retirement age specified by the Bank, etc.

As per the Parliament Act 28 of 2021 Minimum Retirement Age of Workers, the retirement age has been changed to a range of 57 years to 60 years from 55 years. Earlier the Bank's retirement age of employees was increased to 57 years in 2017 from 55 years. These revisions in retirement age has been considered in estimating the provision for defined benefit obligations and leave encashment provision as changes in estimates.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

Changes to Gratuity Policy

The Board has resolved to pay an additional half a month basic salary (last drawn) over and above the statutory gratuity entitlement for each year of service for eligible existing employees and ex-employees who joined before 5 March 2009 and retired/resigned after 5 March 2009 having completed uninterrupted and unblemished service period of ten years in the Bank, subject to the entering into a Memorandum of Settlement which confers on them the said entitlement to the additional payment and giving the right to the Bank to settle the said liability by disposal of the shares in the Share Trust companies.

All employees who joined on or after 5 March 2009 are entitled to receive a Gratuity of half a month basic salary (last drawn) for each completed year of service in terms of Gratuity Act No. 12 of 1983.

The Subsidiary has performed the calculation using the Projected Unit Credit Method based on Sri Lanka Accounting Standard (LKAS) 19 - "Employee Benefits", and the provisions have been made accordingly.

The gratuity liabilities are externally funded through plan assets of the Gratuity Trust Fund.

Other Long-Term Employee Benefits - (Termination Benefit - Leave Encashment)

The Bank's net obligation in respect of long-term employee benefits other than gratuity funds is the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Government Bonds that have maturity dates approximating to the terms of the Bank's obligations. The calculation is performed using the Projected Unit Credit Method.

Any actuarial gains and losses are recognised in profit or loss in the period in which they arise. The Bank's liability towards the portion of the accumulated leave which is expected to be utilised beyond one year from the end of the reporting period is treated as other long-term employee benefits.

Past Service Cost and Gain/Loss on Settlement

Before determining past service cost or gain or loss on settlements, the Bank re-measures the net defined benefit liability/(asset) using the current fair value of plan assets and current actuarial assumptions reflecting the benefits offered under the plan before the plan amendment, curtailment or settlement.

A plan amendment occurs when an entity introduces, or withdraws a defined benefit plan or changes the benefits payable under an existing defined benefit plan. The past service cost or gain or loss on settlement is calculated net of any related asset transferred and recognised in profit or loss.

Termination Benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.16.2 Defined Contribution Plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the Income Statement as and when they are due.

5.16.2(a) Employees' Provident Fund

The Bank and employees contribute 12% and a minimum of 8% respectively on the salary of each employee to the approved private Provident Fund while the Subsidiary and their employees contribute the same percentages to the Employees' Provident Fund.

5.16.2(b) Employees' Trust Fund

The Bank contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense to the Bank for contribution to ETF is disclosed in the Note 15 to Financial Statements.

5.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

5.18 Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because

Notes to the Financial Statements

a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable.

5.19 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Bank's share of any contingencies and capital commitments of a Subsidiary, for which the Bank is also liable severally or otherwise are also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

Income Statement

5.20 Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

When a financial asset becomes credit impaired and regarded as "Stage 3", the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit impaired, the group reverts to calculate interest income on gross basis.

Interest income and expense presented in the Income Statement include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;

Fair value changes on other derivatives held for risk management purposes, and all other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments at fair value through profit or loss in the Income Statement.

Interest income on FVOCI investment securities calculated on an effective interest basis is also included in interest income.

Fee, Commission and Other Income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received. Fee and commission expenses are recognised on a cash basis.

Net Gains from Trading

This income comprises gains less losses related to trading / FVTPL assets and includes all realised and unrealised fair value changes.

Dividend Income

Dividend income is recognised in the Income Statement when the Bank's right to receive the dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in other operating income.

Accounting for Finance Lease Income

Assets leased to customers to whom the Bank transfers substantially all the risks and rewards associated with ownership other than the legal title are classified as finance leases. Amounts receivable under finance leases are included under 'Lease Rental Receivable'. Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received.

The excess of aggregate rentals receivable over the cost of the leased assets constitutes the total unearned income. The unearned income is taken into revenue over the term of the lease, commencing from the month in which the lease is executed in proportion to the remaining receivable balance of the lease.

Profits / Losses from Sale of Property, Plant and Equipment

Any profits or losses from sale of property, plant and equipment are recognised in the period in which the sale occurs and is classified as other operating income.

Profits / Losses from Sale of Investment Properties

Any profits or losses on retirement or disposal of investment properties are recognised in the month of retirement or disposal.

Rental Income

Rental income is recognised on an accrual basis.

5.21 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income. According to Inland Revenue (Amendment) Act No. 45 of 2022, income tax rate applicable for companies is 30%.

5.21.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years. The details of the Income Tax expenses are given in the Note 16 pages 243 to 245.

5.21.2 Deferred Tax

Deferred taxation is a methodology identifying the temporary differences of income tax computation and accounting for the same to bring out true and fair view of an organisation. It accounts for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities which is the amount attributed for those assets and liabilities for tax purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the rates enacted or substantively enacted by the reporting date.

Deferred tax is not recognised for:

- ▶ Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss
- ▶ Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.
- ▶ Any permanent differences which are strictly prescribed by the tax statutes or any procedural guidelines.
- ▶ Any temporary difference not specifically recognised by an Act or an Act substantively enacted.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax asset is created on foreseen futuristic realisation of a tax deduction, which is taxed in the current period, and vice versa, a deferred tax liability shall be created for a foreseen futuristic realisation of a tax payment, which is not taxed in the current period. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced or increased in accordance with the existence of taxing probabilities in the future.

Details of the deferred tax assets and liabilities as at the reporting date are given in Note 16.3 and in Note 34 including the sub notes.

Bank has already recognised the deferred tax liability for the revaluation surplus of land in accordance with the related tax provisions introduced by the Inland Revenue Act No 24 of 2017 by considering all the lands as business assets. The total related deferred tax charge was recognised in the Other Comprehensive Income from the year 2017 onwards.

5.21.3 Advance Income Tax (AIT) on Dividends

Dividends distributed out of profits after 01 January 2023 shall be subject to 15% AIT where shareholders shall receive dividends net of AIT. AIT deducted on dividends shall be final tax and will attract no further tax in the hands of the shareholders.

With the introduction of the Inland Revenue Amendment Acts No 10 of 2021 and No. 45 of 2022, any dividends paid out of the dividends received, shall be exempted from income tax net of the cost of funds. In addition, if a resident company pays the dividend to a non-resident person (including a company) such would be totally exempt from income tax.

5.21.4 Value Added Tax on Financial Services

The value base for Value Added Tax (VAT) for the Bank is the adjusted accounting profit before tax, emoluments of employees and economic depreciation computed for the owned fixed assets. The total value addition arrived for the entire bank has to be apportioned in accordance to the applicable turnover; turnover has to be quantified in line with the turnover applicable for general VAT and VAT on Financial Services. The Value Addition Attributable for Financial Services" shall be derived with the application of the turnover ratio distinguishing general VAT

and VAT on Financial Services. In order to derive the total VAT on Financial Services liability for a particular period, the tax fraction is 18/120.5.

5.21.5 Social Security Contribution Levy (SSCL)

Refer to the Social Security Contribution Levy (SSCL) Act. No 25 of 2022, the bank is liable to pay SSCL on Financial Services at the rate of 2.5% and the tax fraction is 2.5/120.5

In addition, turnover, liable for General VAT too shall be chargeable with SSCL. Bank is required to pay SSCL on the General VAT liable turnover at the rate of 2.5%.

5.21.6 Crop Insurance Levy

Section 14 of the Finance Act No. 12 of 2013 impose a crop insurance levy on institutions under the purview of:

- ▶ Banking Act No. 30 of 1988 and amendments thereon (Including Banking Act No.24 of 2024)
- ▶ Finance Companies Act No. 78 of 1988
- ▶ Regulation of Insurance Industry Act No. 43 of 2000

Accordingly, Bank is required to pay 1% of the profit after tax for a year of assessment to the National Insurance Trust Fund with effect from 1 April 2013.

5.21.7 Advance Income Tax (AIT)/ Withholding Tax (WHT)

According to the prevailing Advance Income Tax (AIT) Act of Inland Revenue (Amendment) Act No. 45 of 2022 effecting from 01 of January 2023. AIT shall be charged on the interest paid or credited from all interest bearing deposit accounts denominated in Sri Lankan Rupees at the rate of 5% on such interest payments or credits. Interest received on interest bearing foreign currency accounts, "Special Deposit Accounts" and Diplomatic accounts are exempted from AIT.

The Services Fees paid to Individuals and the Rent paid any person under the Inland Revenue (Amendment) Act No. 45 of 2022 are liable for AIT. If any individual including a sole proprietorship is paid with a service related fees as provided under the Section 85 - (1C) of the Inland Revenue (Amendment) Act No. 45 of 2022, the Withholding Tax agent or the service recipient has to deduct Withholding Tax at the rate of 5% on the total gross amount if such payment exceeds LKR 100,000.00 per calendar month.

Withholding Tax on Rent expenses paid to any person if such aggregate gross rent income surpasses or equal to LKR 100,000.00 for a calendar month at the rate of 10%.

5.22 Earnings per Share

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Weighted average number of ordinary shares has been calculated as per LKAS 33 considering the theoretical ex-rights value per share and the adjustment factor applicable for Rights Issue.

5.23 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group comprises the following major operating segments - Banking, Treasury and Property/Investments.

5.24 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the LKAS 7 "Statement of Cash Flows".

For the purpose of the Statement of Cash Flows, cash and cash equivalents include notes and coins on hand and highly liquid financial assets which are subject to insignificant risk of changes in their value, and are used by the Bank in the management of its short-term commitments.

5.25 Deposit Insurance Scheme

In terms of the Banking (Special Provisions) Act Direction No. 1 of 2023, issued on 15th November 2023, all Licensed Commercial Banks are required to insure their deposit liabilities in Sri Lanka. Deposit Insurance Scheme operated by the Central Bank of Sri Lanka. Deposits to be insured include demand deposits, time deposits including certificate of deposits and savings deposit other than following.

- ▶ Deposit liabilities to member institutions
- ▶ Deposit liabilities to Directors, Key Management Personnel and other related parties as defined in Banking Act Direction No 11 of 2007 on Corporate Governance of Licensed Commercial Banks

Notes to the Financial Statements

- ▶ Deposit liabilities falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka
- ▶ Vostro accounts of entities in the member institutions
- ▶ Deposit liabilities of overseas branches
- ▶ Promissory notes

Each Member Institutions shall pay a premium calculated on the total amount of deposits inclusive of any interest accrued, excluding the deposit liabilities stated above, as at the end of the quarter/month as may be determined by the Central Bank of Sri Lanka, from time to time.

Banks are required to pay a premium of 0.10% on eligible deposit liabilities if the Bank maintains a capital adequacy ratio of 14% or above as at the end of the immediately preceding financial year or a premium of 0.125% on eligible deposit liabilities for all other Licensed Commercial Banks calculated on the total amount of eligible deposits as at the end of the quarter within a period of 15 days from the end of the quarter.

5.26 Reserves

5.26.1 Statutory Reserve Fund

The Statutory Reserve Fund is maintained as required in terms of the section 20 (1) and (2) of the Banking Act No. 30 of 1988. Accordingly, the Bank should transfer a sum equivalent not less than 5% out of net profit after taxation but before any dividend is declared to the Statutory Reserve Fund until the Statutory Reserve Fund is equal to 50% of the paid-up capital.

5.26.2 Capital Reserve

This reserve has been created in 1991 and the Debenture Redemption Reserve Fund was transferred to Capital Reserve in 2004.

5.26.3 Revaluation Reserve

This reserve has been created on revaluation of Land and Buildings of the Bank.

5.26.4 General Reserve

Consist of LKR 25 Mn. transferred in 1995 to General Reserve, LKR 2.7 Mn. transferred from Bad Debts Reserve and LKR 6 Mn. transferred from Contingency Reserve in 2002 to General Reserve.

5.26.5 Investment Fund Reserve

As per the Value Added Tax (Amendment) Act No. 09 of 2011 and Inland Revenue (Amendment) Act No. 22 of 2011, Bank transferred 8% on Value Addition attributable to Financial Services and 5% of taxable profits, from retained profits to Investment Fund Reserve with effect from 01 January 2011.

Operations of the investment fund account ceased with effect from 1 October 2014. With effect from 1 July 2014 guidelines on the operations of investment fund account shall not be applicable for the utilisation of capital funds recovered through loan repayments and maturity proceeds of long term Government Securities. Hence the Bank is required to reduce the value of the fund by an amount equivalent to capital funds recovered from loans and proceeds received from Government Securities at maturity with effect from 1 July 2014.

5.26.6 Fair Value Through Other Comprehensive Income Reserve

This represent the fair value changes of Available for Sale Investments prior to 01 January 2018 and fair value changes of Financial assets measured at fair value through other comprehensive income (FVOCI) since 01 January 2018.

Considering the unprecedented changes in the macro-economic conditions, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" which provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVTOCI) to Amortised cost.

The Bank has adopted the above SoAT and re-classified its Debt Portfolio from Fair Value Through Other Comprehensive Income (FVOCI) to Amortised Cost (AC) with effect from 01 April 2022.

5.26.7 Special Reserve

The Special Reserve was created as per CBSL instructions (02/17/500/0819/016) dated February 13, 2025. The reserve is equal to 15% of the amortised value of the USD Step-up Bonds received as part of the settlement for the restructured SLISBs. This reserve is excluded from regulatory capital requirements.

5.27 Events after the Reporting Period

Events occurring after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

All material and important events which occur after the reporting date have been considered and disclosed in Note 54 to the Financial Statements or adjusted as applicable.

6. Financial Risk Management

Introduction and Overview

The Bank has exposure to the following risks from financial instruments:

- ▶ Credit risk
- ▶ Liquidity risk
- ▶ Market risk
- ▶ Operational risk

6.1 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Banks' risk management framework. The Board discharges its governance responsibility through the Board Integrated Risk Management Committee, the Board Audit Committee and the Board Credit Committee. Board Integrated Risk Management Committee consists of non-executive members who report regularly to the Board of Directors on their activities. There are several executive management sub committees such as the Executive Market and Operational Committee, Asset and Liability Committee (ALCO), Executive Credit Management Committee and IT Steering Committee, which focus on specialised risk areas that support the Board Integrated Risk Management Committee.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and the Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures. The Board Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on financial assets measured at fair value through profit or loss is managed independently and information thereon is disclosed below. The market risk in respect of changes in fair value in financial assets measured at fair value through profit or loss arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk, further details are provided in market risk section.

Management of Credit Risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Board Credit Committee. Bank Credit Risk Monitoring Unit reporting to the Executive Credit Risk Management Committee through the Chief Risk Officer is responsible for management of the Bank's credit risk, including:

- ▶ Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- ▶ Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit Committee or the Board of Directors as appropriate.
- ▶ Reviewing and assessing credit risk. Heads of Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- ▶ Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer.
- ▶ Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Heads of Credit who may require appropriate corrective action to be taken.
- ▶ Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.
- ▶ Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

Notes to the Financial Statements

Exposure to Credit Risk

The table below set out information about credit quality of financial assets and allowance for impairment / expected credit losses held by the Group against those assets. This table does not include off-balance sheet commitments (undrawn balances) and contingent facilities.

Credit Quality Analysis	2024				2023
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Financial Assets at Amortised Cost : Loans and Advances					
Gross Loans and Advances	433,258,574	23,759,517	68,097,187	525,115,278	497,205,209
Expected Credit Loss Allowance	(2,362,674)	(4,696,232)	(55,105,621)	(62,164,527)	(59,672,739)
Total Net Loans and Advances	430,895,900	19,063,285	12,991,566	462,950,751	437,532,470
Financial Assets at Amortised Cost : Debt and Other instruments					
Government Securities - Treasury Bills	35,580,934	-	-	35,580,934	14,986,760
Government Securities - Treasury Bonds	84,394,956	-	-	84,394,956	72,594,101
USD Step up Bonds / PDI Bonds	3,889,980	860,073	-	4,750,053	-
Sri Lanka International Sovereign Bonds	-	-	-	-	12,094,919
United States - Treasury Bills	7,295,068	-	-	7,295,068	9,670,956
Quoted Debentures	213,269	-	-	213,269	213,321
Unquoted Debentures	503,119	-	-	503,119	538,188
Securities Purchased under Resale Agreements	3,684,374	-	-	3,684,374	817,150
Total Financial Investments Measured at Amortised Cost	135,561,700	860,073	-	136,421,773	110,915,395
Expected Credit Loss Allowance	(145)	(106,770)	-	(106,915)	(6,289,733)
Net Financial Investments Measured at Amortised Cost	135,561,555	753,303	-	136,314,858	104,625,662
Cash and Cash Equivalents (Balances with Banks)					
Balances with Local Banks	694	-	-	694	14,239
Balances with Foreign Banks	3,461,975	-	-	3,461,975	36,191,728
Total Balances with Banks	3,462,669	-	-	3,462,669	36,205,967
Expected Credit Loss Allowance	(97,899)	-	-	(97,899)	(181,030)
Net Balances with Banks	3,364,770	-	-	3,364,770	36,024,937
Other Assets					
Other Assets	13,763,729	857,020	-	14,620,749	16,406,762
Total Other Assets	13,763,729	857,020	-	14,620,749	16,406,762
Expected Credit Loss Allowance	-	(400,774)	-	(400,774)	-
Net Other Assets	13,763,729	456,246	-	14,219,975	16,406,762
Placements Banks and Finance Companies					
Term Deposits with Banks	50,160,125	-	-	50,160,125	22,708,198
Total Placements with Banks and Finance Companies	50,160,125	-	-	50,160,125	22,708,198
Expected Credit Loss Allowance	(4,123)	-	-	(4,123)	(114,037)
Net Placements with Banks and Finance Companies	50,156,002	-	-	50,156,002	22,594,161

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in expected credit loss allowance.

	2024		
	Impact: Increase/ (Decrease)		
	Stage 1	Stage 2	Stage 3
	LKR '000	LKR '000	LKR '000
Financial Assets at Amortised Cost : Loans and Advances - Expected credit loss			
Increase in Lending Portfolio (Including Rescheduled/Restructured/Stress Tested Facilities)	2,946,285	856,929	10,064,280
Loans and Advances Recoveries	(1,152,249)	(465,401)	(3,197,560)
Bucket Net Movements and Changes in Loss Rates	(2,584,060)	(3,576,066)	3,051,419
Increase due to Interest Accrued on Impaired Loans and Advances			297,512
Financial Assets at Amortised Cost : Debt and Other instruments			
Net adjustment due to participate in Debt Exchange Program	(230)	(4,861,753)	-
Cash and Cash Equivalents (Balances with Banks)			
Decrease in Carrying Amount of Balances	(83,131)	-	-
Placements with Banks and Finance Companies			
Increase in Investments in Placements with Banks and Finance Companies	(109,914)	-	-
Undrawn Credit Commitments and Financial Guarantees			
Increase in Undrawn Commitments and Financial Guarantees and Increase in Loss Rates	211,893	(7,658)	(33,861)
Other Receivables			
Carrying Balances was Fully Settled Reward	-	227,781	172,993

Measurement of Expected Credit Losses (ECL)

Inputs, assumptions and techniques used for estimating impairment under SLFRS 9 is disclosed under Accounting Policies Note 5.4.5.

Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information.

When assessment of significant increase in credit risk (SICR), the bank a backstop of 30days past due and other various measures of the customers' current financial position, future earning capacity and the sector in which the customer operate from which the facilities are categorised into risk categories.

The Bank continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or Lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

Modified risk elevated sectors are construction and sub sectors of whole sale and retail trade such as vehicles, parts and accessories and building materials and subsector of manufacturing such as textile and apparel.

Incorporation of Forward-Looking Information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk GDP growth, unemployment rates, inflation, exchange rates and interest rates.

The bank estimates each key drive for credit risk over the active forecast period of five years. This is followed by a period of mean revision of between two and four years, depending on the product and geographical market.

Notes to the Financial Statements

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the five-year forecast period. The assumptions represent the absolute percentage for interest rates and unemployment rates and year-on-year percentage change for GDP and inflation.

As at 31 December	GDP Change	Inflation (YoY) (NCPI)	Interest Rate (RF)	Exchange Rate - Dep (YOY)	Unemployment
Base Case					
5 Year Average	3.00%	5.30%	10.60%	3.62%	4.40%
Peak*	3.10%	5.80%	11.44%	5.52%	4.40%
Best Case					
5 Year Average	3.50%	4.80%	10.10%	3.12%	3.90%
Peak*	3.60%	5.30%	10.94%	5.02%	3.90%
Worst Case					
5 Year Average	1.00%	7.30%	11.60%	5.62%	5.40%
Trough*	0.70%	7.00%	10.18%	2.60%	5.40%

* The peak (for upside scenarios) and trough (for downside scenarios) Represent the cumulative change from the reporting date for GDP and inflation. For interest rates and unemployment rate, the peak and trough represent the highest or lowest rate after the reporting date.

To ensure completeness and accuracy, the Group obtains the above data primarily from the Central Bank of Sri Lanka (CBSL). Other third party sources such as World Bank and International Monetary Fund etc.

The Bank formulates multiple economic scenarios to reflect base case, best case and worst case.

To reflect the economic uncertainties in the calculation of expected credit losses, the Group also revisited the weightages assigned for multiple economic scenarios during the year. Weightages assigned for each scenario is given below.

	2024	2023
Base Case	15%	15%
Best Case	5%	5%
Worst Case	80%	80%

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- ▶ probability of default (PD);
- ▶ loss given default (LGD); and
- ▶ exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees,

the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Key Judgements and Estimates used in ECL Computation

In estimating collectively assessed Expected Credit Loss (ECL), the Bank makes judgements and assumptions in relation to:

- ▶ the selection of an estimation technique or modelling methodology, noting that the modelling of the Bank's ECL estimates are complex; and
- ▶ the selection of inputs for those models, and the interdependencies between those inputs.

The following table summarises the key judgements and assumptions used by the Bank in relation to the ECL model inputs, the interdependencies between those inputs, and highlights the significant changes during the current year.

The judgements and associated assumptions have been made within the context of the impact of prevailing economic conditions and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. In relation to the impact of prevailing economic conditions, judgements and assumptions include the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy. Accordingly, the Bank's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Judgement/Assumption	Description	Considerations for the year ended 31 December 2024
Determining when a Significant Increase in Credit Risk (SICR) has occurred	In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from 'Stage 1' to 'Stage 2'. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses.	The Bank has assessed the impact of the economic conditions on its customer portfolio and assessments have been carried out based on the discussions with the customers on the future business cashflows, financial position, the sectors in which the businesses operate, and ability to recommence loan repayments to conclude whether there is SICR. The Bank also takes into consideration the current economic developments in order to assess cashflow projections for future recoveries. The main factors that cause uncertainties regarding this application relate to the economic environment prevailing in the country and the resultant implications on the creditworthiness of the borrowers.
Measuring both 12-month and lifetime credit losses	The probability of default (PD), loss given default (LGD) and exposure at default (EAD) credit risk parameters used in determining ECL are point-in time measures reflecting the relevant forward looking information determined by management. Judgement is involved in determining which forward-looking information variables are relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity.	The PD, EAD and LGD models are subject to the Bank's policy on impairment model that stipulates periodic Model monitoring, periodic revalidation and the approval procedures and authorities according to model materiality. There were no material changes to the policies during the year ended 31 December 2024. PDs and LGDs have been computed based on the actual stage movements and historic patterns to better reflect the adequacy of ECL.
	In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility to be used in measuring ECL.	There were no material changes to behavioural lifetime estimates during the year ended 31 December 2024.
Base case economic forecast	The Bank derives a forward-looking "base case" economic scenario which reflects the it's view of the most likely future macro-economic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs in the current year. As at 31 December 2024, the base case assumptions have been updated to reflect the rapidly evolving situation with respect to the emerging economic conditions prevailing in the country, the economic factor adjustments were incorporated into the model by using the historical economic factor provided by Central Bank of Sri Lanka (CBSL) and the economic forecast provided by the International Monetary Fund (IMF) and based on forecast model techniques.
Probability weighting of each economic scenario (base case, best and worst scenarios)	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date.	The key consideration for probability weightings in the current period is the continuing impact of the prevailing emerging economic conditions. Due to the emerging economic condition of the country, and the improvements in the macro economic factors the Bank has reassess the weightages given to the multiple economic scenarios as above.
Post model adjustments (Management overlay)	post model adjustments to the ECL allowance are used in circumstances where it is judged that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to Bank's lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of post model adjustments may impact the amount of ECL recognised.	Management have applied a number of adjustments to the modeled ECL on post model adjustment which are explained below. The bank's post-model adjustments considered evaluating management overlays by assessing stressed customers and risk evaluated industries sectors. the post model adjustment as at 31 December 2024 increased the loss-allowance by LKR 5,264.6Mn (2023- LKR 8,639.6Mn)

Notes to the Financial Statements

The Group has internal governance frameworks and controls in place to assess the appropriateness of all judgmental adjustments. The aim of the bank is to incorporate these adjustments into the ECL model, where possible, as part of the periodic recalibration and model assessment procedures.

Collateral Held and other Credit Enhancement

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are updated regularly. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities.

An estimate made at the time of borrowing of the fair value of collateral and other security enhancements held against loans and advances to customers is given below and the value of collateral has been restricted to the value of the loans outstanding balances.

Stage - wise Analysis of collateral held against Loan and Advances

The following table sets out the principal types of collateral held by the Bank/Group against loan and advances. For each loan, the value of the collateral is capped at the amortised cost of the loan.

Collateral Type	2024 LKR '000	2023 LKR '000
Stage 1		
Cash and Cash Equivalents	44,197,812	56,603,047
Gold	36,075,450	32,189,618
Mortgages	95,275,789	102,180,313
Motor Vehicles	22,252,705	18,793,006
Others*	134,114,123	123,027,587
Unsecured	101,342,695	69,017,103
	433,258,574	401,810,674
Stage 2		
Cash and Cash Equivalents	557,011	971,356
Gold	349,048	856,679
Mortgages	6,128,944	5,727,971
Motor Vehicles	1,235,757	2,563,768
Others*	12,012,435	12,777,856
Unsecured	3,476,322	1,329,092
	23,759,517	24,226,722
Stage 3		
Cash and Cash Equivalents	307,062	941,653
Gold	33,885	84,913
Mortgages	32,690,841	42,722,415
Motor Vehicles	1,609,793	2,272,118
Others*	15,624,133	12,664,984
Unsecured	17,831,473	12,481,730
	68,097,187	71,167,813

* Other securities include quoted and unquoted shares, factoring agreements, personal guarantees and corporate guarantees.

The table below sets out Principal types of collateral and their approximate collateral percentages that are held against different types of financial assets.

Type of Credit Exposure	Principal type of Collateral Held for Secured Lending	Percentage of Exposure that is subject to an Arrangement that Requires Collateralisation	
		2024	2023
Derivative Financial Instruments	None	-	-
Loans and Advances to Banks			
Securities Purchased under Resale Agreements	Marketable Securities	100%	100%
Placements with Banks and Finance Companies	None	-	-
Loans and Advances to Retail Customers			
Mortgage Lending	Residential Property	100%	100%
Credit Cards	None	-	-
Personal Loans	None/Guarantors	-	-
Loans and Advances to Other Customers			
Finance Leases	Motor Vehicles And Equipment	100%	100%
Other Lending to Other Customers*	Commercial Property, Floating Charges Over Other Loans and Advances	77%	83%
Securities Purchased under Resale Agreements	Marketable Securities	100%	100%

* Based on the exposure covered with collateral.

Details of financial and non-financial assets obtained by the Bank as at 31 December 2024 by taking possession of collateral held as security (foreclosed) against loans and advances as well as calls made on credit enhancements and held as at the year-end are shown below.

Foreclosed Properties	2024		2023	
	Loans and Advances LKR '000	Forced Sale Value of Foreclosed Collateral LKR '000	Loans and Advances LKR '000	Forced Sale Value of Foreclosed Collateral LKR '000
Balance as at 01 January	7,778,280	11,131,658	5,506,285	8,141,482
Additions During the Year	2,218,118	5,901,953	3,505,722	3,318,281
Disposal During the Year	(664,761)	(2,828,025)	(1,233,727)	(533,201)
Valuation Changes	-	1,612,498	-	205,096
Balance as at 31 December	9,331,637	15,818,084	7,778,280	11,131,658

The Bank's policy is to pursue timely realisation of the collateral in an orderly manner.

Concentrations of Credit Risk

The Bank monitors concentrations of credit risk by industry and by geographic location.

An analysis of concentrations of credit risk of loans and advances by industry at the reporting date is shown in Note 25.1.3 to the Financial Statements. Credit related off-balance sheet commitments are disclosed in Note 50 to the Financial Statements.

Concentration by location for loans and advances, contingent liabilities and commitments are measured based on the location of the Branch entity holding the asset, which has a high correlation with the location of the borrower. These are given in Geographical Analysis (Refer Page 314).

Notes to the Financial Statements

The table below shows the carrying amounts of the Bank's exposures to other financial instruments.

	2024 LKR '000	2023 LKR '000
Financial Assets measured at Fair Value through Profit or Loss – Measured at Fair Value	21,454,098	27,753,867
Derivative Financial Instruments	17,398	88,022
Investment Securities :		
Financial Assets measured at Fair Value through Other Comprehensive Income	56,248,530	40,048,711
Financial Assets at Amortised Cost - Debt and Other instruments	136,224,930	104,354,510

Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of Liquidity Risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses to the Bank.

Bank Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Bank Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of business units and subsidiary are met through short-term loans from Bank and Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Bank relies on deposits from customers and banks, and debt securities and subordinated liabilities as its primary sources of funding. While the Bank's debt securities and subordinated liabilities have maturities of five years, deposits from customers and banks generally have shorter maturities and a large proportion of them are repayable on demand. The short-term nature of these deposits increases the Bank's liquidity risk and the Bank actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

Exposure to Liquidity Risk

The key measure used by the Bank for managing liquidity risk is the ratio of liquid assets to deposits from customers and other liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market. A similar calculation is used to measure the Bank's compliance with the liquidity limit established by the, Central Bank of Sri Lanka.

Maturity analysis for the financial liabilities is shown below with their undiscounted contractual cash flows over the future periods.

To manage the liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents and Government Securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements.

Financial Liabilities - 2024 Bank						
	Carrying Amount	Undiscounted Contractual Cash Flows	Less than 3 month	3 Months to 1 Year	1 -5 Years	More than 5 Years
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Non - Derivative Liabilities						
Due to Banks and Other Borrowers	8,165,526	9,858,824	1,319,025	-	8,539,799	-
Financial Liabilities at Amortised Cost due to Depositors	646,817,333	683,832,919	289,972,852	330,280,058	49,049,230	14,530,779
Debt Securities Issued	25,128,383	33,553,070	950,887	1,717,597	29,377,055	1,507,531
Financial Liabilities at Amortised Cost due to Debt Securities Holders	1,461,944	1,482,161	1,452,533	29,628	-	-
Lease Liabilities	5,613,107	7,704,202	81,342	236,100	1,645,507	5,741,253
Derivative Liabilities						
Derivative Financial Instruments	809	809	809	-	-	-
Financial Liabilities - 2023 Bank						
	Carrying Amount	Undiscounted Contractual Cash Flows	Less than 3 month	3 Months to 1 Year	1 -5 Years	More than 5 Years
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Non - Derivative Liabilities						
Due to Banks and Other Borrowers	12,112,907	14,428,266	1,172,022	5,385,793	7,870,451	-
Financial Liabilities at Amortised Cost due to Depositors	591,622,729	634,869,563	255,173,481	319,491,568	44,971,351	15,233,163
Debt Securities Issued	19,967,701	25,693,839	581,036	6,469,803	18,643,000	-
Financial Liabilities at Amortised Cost due to Debt Securities Holders	6,862,998	6,921,913	6,899,604	22,309	-	-
Lease Liabilities	5,409,418	7,888,114	81,146	226,989	1,510,920	6,069,059
Derivative Liabilities						
Derivative Financial Instruments	32,269	32,269	32,269	-	-	-

Liquidity Reserve

The table below sets out the components of Bank's liquid assets that are held for the liquidity purpose.

	2024 Carrying value	2024 Fair value
	LKR '000	LKR '000
Cash and Cash Equivalents *	17,384,396	17,384,396
Placements with Banks and Finance Companies *	50,156,002	50,156,002
Balances with Central Bank of Sri Lanka *	8,719,115	8,719,115
Treasury Bills/ Bonds net of Repots	209,679,871	217,449,743
Bills Purchased *	3,580,722	3,580,722
Total Liquidity Reserve	289,520,106	297,289,978

* The carrying amounts approximate their fair values as they are short term in nature (less than twelve months).

Liquidity Coverage Ratio

The Bank has a Liquidity Coverage Ratio (LCR) as defined by the regulator. The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30-day period. The ratio is defined as the amount of High Quality Liquid Assets (HQLA) that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both actual and contingent exposures, in a stressed scenario.

The LCR complements the Bank's stress testing framework. By maintaining a ratio in excess of minimum regulatory requirements, the LCR seeks to ensure that the Bank holds adequate liquidity resources to mitigate a short-term liquidity stress.

Notes to the Financial Statements

Commencing from 1 April 2015, all commercial banks maintained Liquidity Coverage Ratios (LCR) as prescribed by CBSL in respect of Rupee Liquidity Minimum Requirement for local currency operations and All Currency Liquidity Minimum Requirement for the overall operations effective from 01 January 2019 onwards 100%.

The following were the Liquidity Coverage Ratios (%) of the Bank as at 31 December:

	2024 %	2023 %
Rupee Liquidity Requirement for Local Currency Operations	415.75	355.16
All Currency Liquidity Requirement for the Overall Operations	491.37	338.42

The table below sets out the availability of financial and non-financial assets held by the Bank on the basis of being encumbered or unencumbered as of 31 December:

	2024				2023			
	Encumbered		Unencumbered		Encumbered		Unencumbered	
	Pledged as Collateral LKR '000	Other LKR '000	Other LKR '000	Total LKR '000	Pledged as Collateral LKR '000	Other LKR '000	Other LKR '000	Total LKR '000
Cash and Cash Equivalents	-	-	17,384,396	17,384,396	-	-	48,321,654	48,321,654
Placements with Banks and Finance Companies	-	-	50,156,002	50,156,002	-	-	22,594,161	22,594,161
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value	70,666*	-	21,383,432	21,454,098	897,383*	-	26,856,484	27,753,867
Financial Assets at Amortised Cost - Loans and Advances	-	-	462,950,751	462,950,751	-	-	437,532,470	437,532,470
Financial Assets measured at Fair Value through Other Comprehensive Income / Financial Assets at Amortised Cost	2,041,226*	-	190,432,234	192,473,460	5,842,235*	-	138,560,986	144,403,221
Other Assets	-	-	35,271,132	35,271,132	-	-	37,380,062	37,380,062
Total Assets	2,111,892	-	777,577,947	779,689,839	6,739,618	-	711,245,817	717,985,435

* Financial asset values pledged against Repos.

Contingency Funding Plan

The Bank has put in place a comprehensive Contingency Funding Plan (CFP) to be used during a liquidity crisis to endure adverse situations.

The CFP helps to monitor liquidity risk, ensure that an appropriate amount of liquid assets are maintained and ensure funding requirements can be met at various scenarios, and manage access to funding sources.

In a stress situation, management has little time to plan its strategy, and as such the management understands importance to have a well-developed contingency liquidity funding plan prior to a stress occurring.

Market risk

Market risk is the risk that changes in market Factors, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

	2024			2023		
	Carrying Amount LKR '000	Trading Portfolios LKR '000	Non-Trading Portfolios LKR '000	Carrying Amount LKR '000	Trading Portfolios LKR '000	Non-Trading Portfolios LKR '000
Assets Subject to Market Risk						
Financial Assets recognised through Profit or Loss - Measured at Fair Value	21,454,098	21,454,098	-	27,753,867	27,753,867	-
Derivative Financial Instruments	17,398	17,398	-	88,022	88,022	-
Placements with Banks and Finance Companies	50,156,002	-	50,156,002	22,594,161	-	22,594,161
Financial Assets at Amortised Cost - Loans and Advances	462,950,751	-	462,950,751	437,532,470	-	437,532,470
Financial Assets measured at Fair Value through Other Comprehensive Income	56,248,530	-	56,248,530	40,048,711	-	40,048,711
Securities Purchased under Resale Agreements	3,684,374	-	3,684,374	817,150	-	817,150
	594,511,153	21,471,496	573,039,657	528,834,381	27,841,889	500,992,492
Liabilities Subject to Market Risk						
Derivative Financial Instruments	809	809	-	32,269	32,269	-
Due to Depositors	646,817,333	-	646,817,333	591,622,729	-	591,622,729
Debt Securities Issued	25,128,383	-	25,128,383	19,967,701	-	19,967,701
Due to Banks	8,141,795	-	8,141,795	12,096,756	-	12,096,756
Due to Other Borrowers	23,731	-	23,731	16,151	-	16,151
Due to Debt Securities Holders	1,461,944	-	1,461,944	6,862,998	-	6,862,998
	681,573,995	809	681,573,186	630,598,604	32,269	630,566,335

Management of Market Risk

Market Risk Management reporting creates transparency on the risk profile and facilitates understanding of core market risk drivers to all levels in the Bank. The Management and Board Committees receives regular reporting, as well as ad hoc reporting on market risk and liquidity risk and the impact on capital and Earnings through stress testing. The Risk Committees Executive Market and Operation Risk Management Committee (EMORMC) and Asset and Liability Committee (ALCO) receive risk information at a number of frequencies, besides the monthly and quarterly reporting.

Additionally, Market Risk Management produces daily and weekly Market Risk specific reports and daily limit utilisation reports for the risk exposures generated through Treasury and other business Units.

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are held by the Bank's Treasury Department, and include positions arising from market making and also held with a view to earn a profit of financial assets and liabilities that are managed on a fair value basis.

The overall authority for market risk is vested in ALCO. The Bank's Market Risk Management Unit is responsible for the development of detailed market risk management policies which is overseen by the EMORMC or ALCO and is subject to review by BIRMC and approved by the Board.

Managing Market Risk

The effects of various policies and regulations, which were put into place from time to time to mitigate the adverseness of the economic conditions continued through 2024. Monetary Policy decisions were taken in order to maintain price stability and liquidity flows. Thus the Central Bank, during the year, took a number of measures to support and sustain domestic economic activities in the context of maintaining inflationary targets and a stable interest rate regime.

As a result, the Bank prudently managed the portfolios' exposed to interest rate and price risk stemmed due to inflationary pressure and other economic conditions. As a result, the Bank having employed a range of tools to manage market risk, looks in to the following when monitoring and managing market risk.

Non-trading Market Risk

Non trading market risk arises primarily from outside activities of trading units, in the banking book and from certain off-balance sheet items. Significant market risk factors the Bank is exposed to and are overseen by risk management committees are:

- ▶ Interest rate risk (including risk embedded in behavioural patterns for certain product types)
- ▶ Market risks from off-balance sheet items such as foreign exchange risk of the hedging instruments such as SWAPs.

Interest Rate Risk

Typically, interest rate risk is split into two components: traded interest rate risk and non-traded interest rate risk. While the traded interest rate risk is relevant to trading activities and its affects, the latter is often referred to as interest rate risk on the balance sheet or to the banking book and arises from the Banks core banking activities.

Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book is the risk to both the Bank's capital and earnings, arising from movements in interest rates, which affect

Notes to the Financial Statements

the banking book exposures. This includes maturity mis-matches of the interest bearing assets and liabilities, which describes the impact of relative changes in interest rates for financial instruments that are priced using different interest rate curves.

IRRBB is considered as an essential tool to monitor the risk of product repricing and the impact it has on Earnings as well as Equity. In this sense the Bank manages the Interest Rate Risk in the Banking Book (IRRBB) exposures using both Earnings at Risk (EAR) and Economic Value of Equity (EVE) measures. Economic value based measures look at the change in economic value of assets, liabilities and off-balance sheet exposures in the banking book resulting from interest rate movements, independent of the accounting treatment. Thereby the Bank measures the change in Economic Value of Equity (EVE) of the banking book under standard scenarios as defined by Basel Committee on Banking Supervision. The Bank's primary focus is to achieve the desired overall interest rate profile which may change over time based on management's short and longer term view of interest rates and economic conditions.

The interest rate position of the Bank is that the duration of the liabilities to some extent is lesser than the duration of the assets in the shorter tenors of the repricing profile. Given this mismatch, under normal circumstances increasing interest rates will have a negative impact on the interest income of the Bank. On the other hand, as liabilities re-price more quickly than assets, this would then support the Banks' net interest income.

The Bank manages the interest rate risk primarily through interest sensitive assets and liability repricing gap analysis, which distributes rate sensitive assets and liabilities into the relevant repricing maturity buckets. Board defined limits are in place for interest rate gaps and positions, which are monitored on a periodic basis to ensure compliance to the prescribed limits. The interest rate risk is also managed using the re-pricing maturity mis-match gaps by using Funds Transfer Pricing (FTP) techniques to take advantage in optimal gains. Through the FTP; portfolios are hedged; and the Bank ensures that interest rate risk between lending and funding in each time bucket remains low. The majority of the Bank's interest rate risk, therefore, stems from the unhedged portion of assets and liabilities.

The Treasury division is delegated to manage the interest rate risk centrally on an ongoing basis, where Risk Management Unit acts as the second line of defence on an independent oversight function.

Earnings-based measures look at the expected change in Net Interest Income (NII), compared to some defined benchmark scenarios, over a defined time horizon resulting from interest rate movements. Thereby the Bank measures the sensitivity of the Bank's interest sensitive assets and liabilities to a parallel shift to various interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) and a 200 bp parallel fall or rise in all yield curves over a period of 12 months' horizon.

Interest Rate Benchmark Reforms Interest rate benchmarks such as Inter-Bank Offered Rates (IBORs) play an important role in global as well as local financial markets. A fundamental reform of major interest rate benchmarks was undertaken globally, replacing some IBORs with alternative nearly risk-free rates (referred to as 'IBOR reform').

For several decades, London Inter-Bank Offered Rates (LIBOR) was the widely used benchmark for global interest rates, underpinning derivatives, loans, bonds and other financial products. However, LIBOR had notable deficiencies as a benchmark, and markets demanded transition to more robust and reliable market-determined interest rate benchmarks. The Bank too had exposures to certain LIBOR based financial instruments that were effected due to these market-wide initiatives globally. The main risk to which the Bank has been exposed as a result of LIBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use LIBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to this interest rate risk. The Bank through ALCO managed its transition to the alternative rate of Secured Overnight Financing Rate (SOFR) from the use of LIBOR. The contracts which have fallen due since end 2021 is repriced at these alternate rates mostly based on fixed pricing. The five US dollar LIBOR settings which continued to be calculated using panel bank submissions until mid 2023, was used when required to reprice longer tenor advances which had frequent repricing dates. However, using these LIBOR's for new business was curtailed from end 2021.

The Projected Impact Analysis on EAR as at 31 December 2024 is depicted in the table below:

	100 bp Parallel Increase LKR 'Mn	100 bp Parallel Decrease LKR 'Mn	200 bp Parallel Increase LKR 'Mn	200 bp Parallel Decrease LKR 'Mn
Sensitivity of Projected Net Interest Income 2025 (EAR)				
As at 31 December 2024	1,151	(1,151)	2,298	(2,298)
Impact on NII (%)	3.14	(3.14)	6.26	(6.26)

Maturity Gaps

The Management and Board defines the liquidity and funding risk strategy for the Bank, as well as the risk appetite, based on recommendations made by the Risk Committee. At least annually the Board Risk Management Committee reviews and approves the limits which are applied to the Bank to measure and control liquidity risk as well as the long-term funding plan.

While such risk monitoring is mainly based on the stock approach through ratios and risk levels approved as per the risk appetite of the Bank, another method of managing and monitoring liquidity risk is using the flow approach tools which is the popular maturity mis-match or Maturity Gap analysis.

A summary of the Bank's total assets and liabilities, based on the respective Cash flow/ Maturity dates together with the maturity gaps as at 31 December 2024 are given below.

Maturity Gaps

31 December 2024	Carrying Amount LKR'000	Less than 3 months LKR'000	3-12 months LKR'000	1-5 Years LKR'000	More than 5 years LKR'000
Interest Earning Assets					
Placements with Banks and Finance Companies	50,156,002	50,156,002	-	-	-
Loans and Advances	462,950,751	218,199,549	118,499,270	109,901,985	16,349,947
Financial Assets recognised through Profit or Loss / Financial Assets at Amortised Cost - Debt and Other Instruments / Financial Assets measured at Fair Value through Other Comprehensive Income excluding Equities	208,066,914	49,474,410	46,966,938	99,541,403	12,084,163
Securities Purchased under Resale Agreements	3,684,374	3,684,374	-	-	-
Balances with Banks	2,344,229	2,344,229	-	-	-
Non-Interest Earning Assets	52,487,569	37,950,141	2,382,582	148	12,154,698
Total Assets	779,689,839	361,808,705	167,848,790	209,443,536	40,588,808
Interest Bearing Liabilities					
Due to Depositors	601,885,121	241,914,625	311,202,744	38,458,579	10,309,173
Due to Banks and Other Borrowers	8,165,526	1,310,104	-	6,855,422	-
Due to Debt Securities Holders	1,461,944	1,433,812	28,132	-	-
Debt Securities Issued	25,128,383	931,808	1,587,575	21,539,450	1,069,550
Group Balances Payable	98,667	30,408	3,528	64,731	-
Lease Liabilities	5,613,107	79,710	218,227	1,241,915	4,073,255
Non-Interest Bearing Liabilities	137,337,091	66,848,619	-	-	70,488,472
Total Liabilities	779,689,839	312,549,086	313,040,206	68,160,097	85,940,450
Gaps	-	49,259,619	(145,191,416)	141,283,439	(45,351,642)

31 December 2023	Carrying Amount LKR'000	Less than 3 months LKR'000	3 - 12 months LKR'000	1 - 5 Years LKR'000	More than 5 years LKR'000
Interest Earning Assets					
Placements with Banks and Finance Companies	21,535,183	21,535,183	-	-	-
Loans and Advances	437,532,470	216,367,004	95,245,373	107,005,057	18,915,036
Financial Assets recognised through Profit or Loss / Financial Assets at Amortised Cost - Debt and Other Instruments / Financial Assets measured at Fair Value through Other Comprehensive Income excluding Equities	169,537,083	71,248,274	39,810,607	48,418,397	10,059,805
Securities Purchased under Resale Agreements	817,150	817,150	-	-	-
Balances with Banks	32,396,638	31,815,850	580,788	-	-
Non-Interest Earning Assets	56,166,911	40,470,454	4,975,221	206	10,721,030
Total Assets	717,985,435	382,253,915	140,611,989	155,423,660	39,695,871
Interest Bearing Liabilities					
Due to Depositors	550,452,107	211,819,392	296,685,899	31,791,172	10,155,644
Due to Banks and Other Borrowers	12,112,907	1,162,539	4,896,175	6,054,193	-
Due to Debt Securities Holders	6,862,998	6,841,827	21,171	-	-
Debt Securities Issued	19,967,701	563,789	6,079,912	13,324,000	-
Group Balances Payable	115,548	86,548	29,000	-	-
Lease Liabilities	5,409,418	79,167	206,354	1,077,858	4,046,039
Non-Interest Bearing Liabilities	123,064,756	62,547,099	11,076	-	60,506,581
Total Liabilities	717,985,435	283,100,361	307,929,587	52,247,223	74,708,264
Gaps	-	99,153,554	(167,317,598)	103,176,437	(35,012,393)

Notes to the Financial Statements

Exposure to Other Market Risks

Share Investment and Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of share indices and the value of individual stocks. These losses could arise because of changes in the value of listed shares held directly by the Bank under each investment category.

Based on the Bank's policies, Risk Management Unit ensures monitoring and reporting the risk in respect of share investments and its valuation methodologies are appropriate and consistent, and assesses the potential impact on earnings and capital.

Market risk limits for share investments are the framework to guide the share investments and for stop-losses. These limits are binding and monitored on a daily basis. Timely and accurate reporting helps the Treasury Investment Committee (TIC) to exercise exit strategies within the stop-loss limits and the Management Action Trigger limits (MAT limits).

The sensitivity analysis of the share investments helps the TIC to understand and mitigate the risk the Bank is exposed to due to the vulnerability of price risk.

An impact analysis of the Share Investments applying shock levels of 20%, 35% and 50%, for a drop in prices on the current share prices and the impact on Income Statement and Capital is shown in the table below.

Sensitivity of the Equity Trading (FVOCI) Exposures as of 31 December 2024						
	Invested Value LKR'000	Equity Carrying Value LKR'000	Specific Capital Charge LKR'000	General Capital Charge LKR'000	Total Capital Required LKR'000	Current CAR
Equity Position (Prior to stress)	2,532,177	1,535,087	186,708	191,886	378,594	16.86%
Equity Position After Stress Test						
Scenario	Equity Net Position LKR'000	Impact on P&L LKR'000	Specific Capital charge LKR'000	General Market Capital Charge LKR'000	Total Capital Charge LKR'000	Net Impact on CAR
Minor -20%	1,228,070	307,017	149,366	153,509	302,875	-0.02%
Moderate -35%	997,807	537,280	121,360	124,726	246,086	-0.03%
Major -50%	767,544	767,543	93,354	95,943	189,297	-0.04%

Foreign Currency Risk

Foreign exchange rate risk arises from the movement of the rate of exchange of one currency against another, leading to an adverse impact on the Bank's earnings or equity. The Bank is exposed to foreign exchange rate risk that the value of a financial instrument or the investment in its foreign assets, may fluctuate due to changes in foreign exchange rates.

The Bank ensures all market risk measures are adhered as laid down in the latest directions published by the Central Bank as well as according to best market practices followed locally and globally.

Given below are the foreign currency exposures and their rupee equivalent in the major currencies, in which the Bank trades in.

	In Original Foreign Currency		Functional Currency of the Bank	
	2024 '000	2023 '000	2024 LKR'000	2023 LKR'000
Net Foreign Currency Exposure				
Great Britain Pound	0.23	2.22	85.54	915.48
United States Dollar	(5,925.68)	1,721.34	(1,736,224.24)	558,145.96
Euro	(1.12)	4.98	(342.90)	1,788.64
Japanese Yen	594.46	66.50	1,113.17	152.43
Australian Dollar	2.00	1.54	365.23	340.97

An impact analysis of the foreign currency Net Open Position (NOP) was carried out applying shock levels of 5%, 10% and 15%, for depreciation on the current exchange rate and the impact on the overall foreign currency NOP (in USD) and the impact on Income Statement is shown in the table below.

NOP as on 31 December 2024			NOP as on 31 December 2023		
	USD '000	LKR '000		USD '000	LKR '000
NOP	(5,773)	(1,691,528)	NOP	1,993	646,289
At Shock Levels of	Revised Rupee Position LKR '000	Effect on Income Statement LKR '000	At Shock Levels of	Revised Rupee Position LKR '000	Effect on Income Statement LKR '000
5%	(1,776,104)	84,576	5%	678,603	32,314
10%	(1,860,681)	169,153	10%	710,918	64,629
15%	(1,945,264)	253,736	15%	743,232	96,943

Policy on Repurchase Agreements (Repo) and Reverse Repurchase Agreements (Reverse Repo)

The Bank enters in to Repo and Reverse Repo agreements which are often short term money market instruments. Repurchase agreements are designed to minimise counterparty credit risk during their term. Changes in the market value of these positions can give rise to a "margin deficit" or a "margin excess". Treasury Back Office does a daily Mark to Market of the Securities received and the Securities allocated under Repo and Reverse Repo facilities. This in turn is crossed checked by the Treasury Middle Office and if a short fall is observed Treasury is alerted on the required Margin Calls.

Outstanding Repurchase and Reverse Repurchase Facilities as at 31 December are given below:

	2024	
	Financial Assets measured at Fair Value LKR '000	Outstanding Balance LKR '000
Securities sold under Repo	1,583,593	1,461,944
	Market Value of Securities Received LKR '000	Outstanding Balance LKR '000
Securities purchased under Reverse Repo	4,199,237	3,684,376

The Bank possess a haircut policy which is used to manage and monitor all Repo and Reverse Repo facilities against these haircut policies. The said policy specifies that all transactions should be covered by Government Securities with specified haircuts to cover price variations.

Reverse Repurchase Facilities

To cover the market risk in accepting Government Securities as collateral for Reverse Repo transactions the undernoted haircut policy is adopted:

Treasury Bonds and Bills	Reverse Repo	
	Up to 1 week	More than 1 week
Maturing within 5 years	10.00 %	17.50 %
Maturing between 5 - 10 years	12.50 %	20.00 %
Maturing between 10 - 15 years	17.50 %	22.50 %
Maturing between 15 - 20 years	22.50 %	25.00 %
Maturing between 20 - 30 years	27.50 %	30.00 %

Notes to the Financial Statements

Repurchase Facilities

Repo Facilities are accepted against collateral of Government Securities. To cover the market risk in allocating Government Securities as collateral for Repo transactions, the undernoted haircut policy is adopted:

Remaining Term to Maturity of the Eligible Security	Minimum Haircut
Up to 1 year	6%
More than 1 year and up to 3 years	8%
More than 3 years and up to 5 years	10%
More than 5 years and up to 8 years	10%
More than 8 years	12%

In case of interbank Repo and Reverse Repo transactions; Based on the Direction, No. 1 of 2019 issued under Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance on "Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills" the following minimum haircut policy will be adopted:

Remaining Term to Maturity of the Eligible Security	Minimum Haircut
Up to 1 year	4%
More than 1 year and up to 3 years	6%
More than 3 years and up to 5 years	8%
More than 5 years and up to 8 years	10%
More than 8 years	12%

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- ▶ Requirements for appropriate segregation of duties, including the independent authorisation of transactions; or
- ▶ Requirements for the reconciliation and monitoring of transactions;
- ▶ Compliance with regulatory and other legal requirements;

- ▶ Documentation of controls and procedures;
- ▶ Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ▶ Requirements for the reporting of operational losses and proposed remedial action;
- ▶ Development of contingency plans;
- ▶ Training and professional development;
- ▶ Ethical and business standards; and
- ▶ Risk mitigation, including insurance where this is effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board Audit Committee.

Capital Management

Capital Adequacy is a measure of a commercial bank's ability to withstand the associated risks of its business. Regulators find it necessary that every bank holds adequate capital to absorb unexpected losses as a going concern, while they price their products and services to take care of expected risks. Capital Adequacy Ratio (CAR) is measured under Basel II till 30 June 2017 and thereafter Basel-III and

takes into account the Credit, Market and Operations risks. Keeping with the international standards of Basel Committee on Banking Regulations and Supervisory Practices, Sri Lanka has been following Basel III CAR calculation from 1 July 2017.

Available Capital

Basel III accord recognises three capital elements, namely CET 1 Capital, Additional Tier 1 Capital and Tier 2 capital.

CET 1 capital includes equity capital, reserve fund, published retained earnings (accumulated retained losses), general and other reserves, and unpublished current year's profit/ (losses) and gains reflected in OCI. Goodwill (net), other intangible assets, revaluation losses of PPE, deferred tax assets, cash flow hedge reserve, shortfall of the cumulative impairment to specific provisions, defined benefit pension fund assets, investments in own shares, investments in the capital of banking and financial institutions and other adjustments as per the regulatory directions are deducted as applicable in arriving at CET 1 capital.

Additional Tier 1 capital includes qualifying instruments as per the regulatory directions. Investments in own shares, investments in the capital of banking and financial institutions and other adjustments as per the regulatory directions are deducted as applicable in arriving at Additional Tier I capital.

Tier 2 capital includes qualifying tier 2 capital instruments, revaluation gains, and general provisions etc. Investments in own shares, investments in the capital of banking and financial institutions and other adjustments as per the regulatory directions are deducted as applicable in arriving at Tier 2 capital.

As per the Banking Act Direction No 01 of 2016 dated 29 December 2016 on Capital Requirements under BASEL III which was effective from 1 July 2017 and the amendments thereto under Directions No 11 of 2019 dated 20 December 2019, the minimum required capital ratios to be maintained by the Bank are as follows.

- ▶ Every licensed bank shall maintain, at all times, the minimum capital ratios prescribed in the table below and shall ensure compliance with Schedule I to the Banking Act Directions No 01 of 2016 on Capital Requirements under Basel III for licensed banks.

- Licensed banks which are determined as Domestic Systemically Important Banks (D-SIBs) from time to time shall maintain Higher Loss Absorbency (HLA) requirements as specified by the Monetary Board in the form of Common Equity Tier 1 (CET1), as given in the table below.

Components of Capital	Capital Adequacy Ratio to be maintained by Licensed Banks	Capital Adequacy Ratio to be maintained by Licensed Banks determined as D-SIBs
Common Equity Tier 1 including Capital Conservation Buffer	7.00%	7.00% + HLA
Total Tier 1 including Capital Conservation Buffer	8.50%	8.50% + HLA
Total Capital Ratio including Capital Conservation Buffer	12.50%	12.50% + HLA

HLA requirements as the minimum capital surcharge on D-SIBs are given below.

Bucket	HLA Requirement (CET1 as a % of risk-weighted assets)
3	2.0
2	1.5
1	1.0

As per the extraordinary regulatory measures implemented by the Central Bank of Sri Lanka in March 2020, due to the COVID-19 pandemic situation Domestic Systemically Important Banks (D-SIBs) and non D-SIBs are permitted to draw down their Capital Conservation Buffers by 100bps and 50bps out of the total of 250bps, respectively.

The Bank and the Group Capital Adequacy (Basel III) details as at 31 December are given below.

	Basel III 2024		Basel III 2023	
	Bank LKR Mn	Group LKR Mn	Bank LKR Mn	Group LKR Mn
Assets				
Total Risk Weighted Amount (including Off-Balance Sheet Items)	467,186	467,554	442,786	443,102
Risk Weighted Amount of Off-Balance Sheet Exposure	37,981	37,981	36,632	36,632
Capital				
Common Equity Tier 1 Capital	66,565	67,793	55,448	56,998
Total Tier 1 Capital	66,565	67,793	55,448	56,998
Total Capital	86,837	88,064	70,147	71,698
Capital Adequacy Ratios				
Common Equity Tier 1 Capital Ratio (%)	14.25%	14.50%	12.52%	12.86%
Tier 1 Capital Ratio (%)	14.25%	14.50%	12.52%	12.86%
Total Capital Ratio (%)	18.59%	18.84%	15.84%	16.18%

6.2 Fair Value of Financial Instruments

Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy Note No 5.4.4. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The fair value hierarchy of financial instruments is given below:

- **Level 1** – fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** – fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation Models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other risk premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates and equity.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as foreign exchange forward contracts that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is sensitive to the specific events and general conditions in the financial markets.

Notes to the Financial Statements

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity and the counterparty risk.

Valuation Framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes an oversight by the Market Risk function, which is independent of front office management. Market Risk has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- ▶ Verification of observable pricing;
- ▶ Re-performance of model valuations;
- ▶ A review and approval process for new models and changes to models involving both product control and group market risk;
- ▶ Quarterly calibration and back-testing of models against observed market transactions;
- ▶ Analysis and investigation of significant daily valuation movements; and
- ▶ Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of level 3 instruments compared with the previous period.

When third party information, such as broker quotes or pricing services, is used to measure fair value, market risk assesses and documents

the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRSs/LKASs. This includes:

- ▶ Verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of Financial Instrument;
- ▶ Understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- ▶ When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- ▶ If a number of quotes for the same Financial Instrument have been obtained, then how fair value has been determined using those quotes.

Financial Instruments Measured at Fair Value – Fair Value Hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

	2024			2023		
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets measured at Fair Value through Profit or Loss and Fair Value through Other Comprehensive Income						
Financial Assets recognised through Profit or Loss - measured at Fair Value	21,454,098	-	-	27,753,867	-	-
Derivative Financial Instruments	-	17,398	-	-	88,022	-
Financial Assets measured at Fair Value through Other Comprehensive Income	55,607,347	-	641,183	39,626,858	-	421,853
Financial Liabilities measured at Fair Value through Profit or Loss						
Derivative Financial Instruments	-	809	-	-	32,269	-

i. Level 3 Fair Value Measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2024 LKR '000	2023 LKR '000
Financial Assets measured at Fair Value through Other Comprehensive Income (Level 3)		
Balance as at 01 January	421,853	373,802
Additions during the year	151,145	-
Total Fair Value Gain/(Loss) in Other Comprehensive Income	68,185	48,051
Balance as at 31 December	641,183	421,853

ii. Unobservable Inputs used in measuring Fair Value

The table below sets out information about significant unobservable inputs used as at 31 December 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair Values as at 31 December 2024 LKR '000	Valuation Technique / Significant Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Investment in Unquoted Equities	641,183	Net Assets Value (NAV) Per Share	10% increase of NAV would increase the fair value by 10%

Financial Instruments not measured at Fair Value

The table below show a comparison of the carrying amounts, as reported on the Statement of Financial Position, and fair values of all financial assets and liabilities carried at amortised cost.

	31 December 2024		31 December 2023	
	Carrying Value LKR'000	Fair Value LKR'000	Carrying Value LKR'000	Fair Value LKR'000
Financial Assets				
Cash and Cash Equivalents	17,384,396	17,384,396	48,321,654	48,321,654
Balances with Central Bank of Sri Lanka	8,719,115	8,719,115	7,028,281	7,028,281
Placements with Banks and Finance Companies	50,156,002	50,156,002	22,594,161	22,594,161
Financial Assets at Amortised Cost - Loans and Advances	462,950,751	459,842,467	437,532,470	436,647,991
Financial Assets at Amortised Cost - Debt and Other instruments	136,224,930	144,603,697	104,354,510	104,113,614
Other Financial Assets	9,450,678	9,450,678	11,896,790	11,896,790
Financial Liabilities				
Due to Banks	8,141,795	8,141,795	12,096,756	12,096,756
Due to Depositors	646,817,333	646,817,333	591,622,729	591,622,729
Due to Debt Securities Holders	1,461,944	1,583,593	6,862,998	6,862,998
Due to Other Borrowers	23,731	23,731	16,151	16,151
Debt Securities Issued	25,128,383	25,097,278	19,967,701	18,139,173
Lease Liabilities	5,613,107	5,613,107	5,409,418	5,409,418
Other Financial Liabilities	8,101,357	8,101,357	8,515,651	8,515,651

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all of the Bank's financial instruments can be exchanged in an active trading market. The Bank obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted market prices are not available, the Bank obtains the fair value by means of discounted cash flows and other valuation techniques that are commonly used by market participants. These techniques address factors such as interest rates, credit risk and liquidity.

Notes to the Financial Statements

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2024	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets				
Cash and Cash Equivalents	-	17,384,396	-	17,384,396
Balances with Central Bank of Sri Lanka	-	8,719,115	-	8,719,115
Placements with Banks and Finance Companies	-	50,156,002	-	50,156,002
Financial Assets at Amortised Cost - Loans and Advances	-	-	459,842,467	459,842,467
Financial Assets at Amortised Cost - Debt and Other instruments	131,304,007	12,283,852	500,976	144,088,835
Other Financial Assets	-	-	9,450,678	9,450,678
Financial Liabilities				
Due to Banks	-	-	8,141,795	8,141,795
Due to Depositors	-	-	646,817,333	646,817,333
Due to Debt Securities Holders	-	1,461,944	-	1,461,944
Due to Other Borrowers	-	-	23,731	23,731
Debt Securities Issued	-	25,097,278	-	25,097,278
Lease Liabilities	-	-	5,613,107	5,613,107
Other Financial Liabilities	-	-	8,101,357	8,101,357

Given below are the methodologies and assumptions used in fair value estimates.

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents, approximate their fair value as those are short-term in nature and are receivable on demand.

Securities Purchased under Resale Agreements

These are short term reverse repurchase contracts which will be matured within twelve months from the reporting date and thus the carrying amounts of such contracts approximate to their fair values.

Loans and Advances

Approximately 73% of the total portfolio of loans and advances to customers has a remaining contractual maturity of less than one year.

The fair value of loans and advances with a maturity of more than one year is the present value of future cash flows expected to be received from such loans and advances calculated based on interest rates at the reporting date for similar types of loans and advances. Such loans include both fixed and floating rate loans. Majority of the floating rate loans can be re priced while for fixed rate loans, the loan contract allows the Bank to change the

contracted rate if there is a material difference between the contracted rate and the market interest rate.

The Bank calculated the fair value of the leasing advances with a fixed interest rate and that will have a maturity of more than 12 months from the reporting date. Fair value of such leases as at 31 December 2024 was LKR 23,384 Mn as against the carrying value which amounted to LKR 24,799 Mn.

Debt Securities at Amortised Cost

For the disclosure purpose the Bank has calculated the fair value of debt securities measured at amortised cost based on price formula applicable to such instruments at the reporting date. For the debentures measured at amortised cost fair value has been calculated using the market rate applicable for each instrument based on the remaining maturity period.

Liabilities

Bank and Other Borrowings

Approximately 16% of the amounts due to banks and others as at the reporting date have a remaining contractual maturity of less than one year. Majority of the balance amount comprised of floating rate instruments. Therefore, fair value of amounts due to banks approximate to the carrying value as at the reporting date.

Deposits

More than 92.46% of the customer deposits are either repayable on demand or have a remaining contractual maturity of less than one year. Customer deposits with a contractual maturity of more than one year are subject to pre mature upliftment. Amounts paid to customers in the event of pre mature upliftment would not be materially different to its carrying value as at date. Therefore, fair value of customer deposits approximates to their carrying value as at the reporting date.

Securities Sold under Repurchase Agreement

Securities sold under repurchase agreements have a remaining contractual maturity of less than twelve months. Accordingly, carrying value of these borrowings would not be materially different to their fair values as at the reporting date.

Debentures

Debentures include fixed rate debentures. Fair value has been determined by discounting the future cash flows by the interest rates prevailing as at the reporting date for similar instruments. Accordingly, the total debentures had a fair value of LKR 25,097 Mn as at 31 December 2024 as against its carrying value which amounted to LKR 25,128 Mn.

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
7 Gross Income				
Interest Income (Note 8.1)	84,304,050	107,078,561	84,362,808	107,168,402
Fee and Commission Income (Note 9.1)	8,327,513	7,751,163	8,327,205	7,751,002
Net Gains from Trading (Note 10)	461,390	818,206	461,390	818,206
Net Gains/ (Losses) from Derecognition of Financial Assets (Note 11)	(2,446,839)	150,289	(2,446,839)	150,289
Other Operating Income (Note 12)	1,024,491	975,084	1,013,797	947,934
Total Gross Income	91,670,605	116,773,303	91,718,361	116,835,833
For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
8 Net Interest Income				
8.1 Interest Income				
Placements with Banks	3,231,604	2,120,182	3,231,604	2,120,182
Financial Assets recognised through Profit or Loss				
- Measured at Fair Value				
Government Securities	1,680,269	4,601,673	1,680,269	4,601,673
Financial Assets at Amortised Cost				
- Loans and Advances*	56,546,862	78,508,725	56,546,778	78,507,405
- Interest Accrued on Impaired Loans and Advances** (Note 25.3)	297,511	1,041,465	297,511	1,041,465
- Debt and Other instruments				
Government Securities***	14,960,122	13,647,063	15,018,338	13,731,486
Debt Instruments	72,617	122,758	72,617	122,758
Financial Assets measured at Fair Value through Other Comprehensive Income				
- Government Securities***	7,515,065	7,036,695	7,515,065	7,039,014
- Debt Instruments	-	-	-	4,283
Other	-	-	626	136
Total Interest Income	84,304,050	107,078,561	84,362,808	107,168,402
For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
8.2 Interest Expenses				
Due to Banks	963,445	1,045,694	963,995	1,046,316
Financial Liabilities at Amortised Cost				
- Due to Depositors	42,871,631	61,882,136	42,866,131	61,872,642
- Due to Debt Securities Holders (Note 8.3)	134,793	689,394	134,292	689,394
- Due to Other Borrowers	599	322	599	322
Debt Securities Issued	3,085,278	2,923,685	3,084,003	2,916,272
Lease Liabilities	541,373	484,065	224,154	191,603
Total Interest Expenses	47,597,119	67,025,296	47,273,174	66,716,549
Net Interest Income	36,706,931	40,053,265	37,089,634	40,451,853

* Interest Income adjustment of LKR 283,643,633.00 in 2024 (LKR 348,724,503.00 for 2023) on staff loans at preferential interest rates included in interest income has been recognised as a staff benefit under personnel expenses.

** Interest Income on Loans and Advances includes interest accrued on impaired loans of LKR 297,511,444.00 in 2024 (LKR 1,041,464,970.00 for 2023) and corresponding debit entry has been recorded under impairment charges (Note 25.3).

*** Includes Interest Income from United States - Treasury Bills.

Notes to the Financial Statements

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
8.3 Net Interest Income from Sri Lanka Government Securities				
Interest Income	23,760,659	25,241,420	23,818,875	25,328,162
Less : Interest Expenses	134,793	689,394	134,292	689,394
Net Interest Income from Sri Lanka Government Securities	23,625,866	24,552,026	23,684,583	24,638,768

For the Year ended 31 December	Banking		Treasury		Property/Investment		Unallocated/ Eliminations		Total	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
9 Net Fee and Commission Income										
9.1 Fee and Commission Income										
Comprising;										
Loans	1,315,654	1,148,931	-	-	-	-	-	-	1,315,654	1,148,931
Cards	2,498,534	2,182,980	-	-	-	-	-	-	2,498,534	2,182,980
Trade and Remittances	2,028,823	2,131,011	-	-	-	-	-	-	2,028,823	2,131,011
Deposits	419,919	473,900	-	-	-	-	-	-	419,919	473,900
Guarantees	772,087	728,659	-	-	-	-	-	-	772,087	728,659
Other Financial Services	1,276,081	1,063,015	1,885	10,653	-	-	14,530	12,014	1,292,496	1,085,682
Total Fee and Commission Income-Bank	8,311,098	7,728,496	1,885	10,653	-	-	14,530	12,014	8,327,513	7,751,163
Subsidiary										
Deposits	-	-	-	-	-	-	(308)	(161)	(308)	(161)
Total Fee and Commission Income - Group	8,311,098	7,728,496	1,885	10,653	-	-	14,222	11,853	8,327,205	7,751,002
9.2 Fee and Commission Expenses										
Comprising;										
Brokerage Fees	18,892	6,068	136	251	-	-	-	-	19,028	6,319
Loans/Cards	156,046	139,370	-	-	-	-	-	-	156,046	139,370
Other Financial Services	119,316	92,081	18,727	33,216	-	-	-	-	138,043	125,297
Total Fee and Commission Expenses-Bank	294,254	237,519	18,863	33,467	-	-	-	-	313,117	270,986
Subsidiary										
Brokerage Fees	-	-	-	-	550	3,251	-	-	550	3,251
Total Fee and Commission Expenses - Group	294,254	237,519	18,863	33,467	550	3,251	-	-	313,667	274,237
Total Net Fee and Commission Income - Bank	8,016,844	7,490,977	(16,978)	(22,814)	-	-	14,530	12,014	8,014,396	7,480,177
Total Net Fee and Commission Income - Group	8,016,844	7,490,977	(16,978)	(22,814)	(550)	(3,251)	14,222	11,853	8,013,538	7,476,765

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
10 Net Gains from Trading				
Derivative Financial Instruments (Note 12.1)				
From Banks	(50,587)	451,839	(50,587)	451,839
From Other Customers	11,357	(8,463)	11,357	(8,463)
Financial Assets recognised through Profit or Loss - Measured at Fair Value	-	-	-	-
Government Securities				
Net Fair Value Gains	453,348	130,994	453,348	130,994
Net Capital Gains	47,272	243,836	47,272	243,836
Total Net Gains from Trading	461,390	818,206	461,390	818,206
For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
11 Net Gains/ (Losses) from Derecognition of Financial Assets				
Financial Assets measured at Fair Value through Other Comprehensive Income				
Government Securities - Treasury Bills and Bonds	265,181	150,289	265,181	150,289
Loss on Restructuring of SLISBs (Note 26.1)	(2,712,020)	-	(2,712,020)	-
Total Net Gains/ (Losses) from Derecognition of Financial Assets	(2,446,839)	150,289	(2,446,839)	150,289
For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
12 Other Operating Income				
Dividend Income				
Equity Investments measured at Fair Value through Other Comprehensive Income - Quoted	6,345	1,673	6,345	1,673
Equity Investments measured at Fair Value through Other Comprehensive Income - Unquoted	27,930	17,499	27,930	17,499
Subsidiary - Seylan Developments PLC	104,332	125,199	-	-
Profit on Sale of Property, Plant and Equipment	3,563	7,681	3,563	7,681
Foreign Exchange Income (Note 12.1)	558,324	517,448	551,546	510,157
Recovery of Loans Written-Off	323,997	305,584	323,997	305,584
Rent and Other Income	-	-	100,416	105,340
Total Other Operating Income - Net	1,024,491	975,084	1,013,797	947,934

12.1 Foreign Exchange Income

Foreign exchange income represents both revaluation gain/(loss) on the Bank's net open position and realised exchange gain/(loss) on foreign currency transactions. Mark to market loss on derivative financial instruments amounting to LKR 39 Mn. (2023: Gain LKR 443 Mn.) is reported under Note 10, 'Net Gains from Trading' as required by the Sri Lanka Accounting Standard SLFRS 9 (Financial Instruments) and foreign exchange income amounting to LKR 558 Mn. (2023: LKR 517 Mn.) is reported under Note 12, 'Other Operating Income'. Accordingly, the corresponding gains on derivative financial instruments is included in the foreign exchange income, total foreign exchange income of the Bank for the year ended 31 December 2024 amounted to LKR 519 Mn. (2023: LKR 961 Mn.).

Notes to the Financial Statements

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
13 Impairment Charges/ (Reversals)				
Loans and Advances (Note 13.1)	6,241,089	15,342,429	6,241,089	15,342,429
Financial Investments Measured at Amortised Cost - Debt and Other instruments (Note 26.6)				
- Sri Lanka International Sovereign Bonds	(4,861,753)	1,519,452	(4,861,753)	1,519,452
- Other	(230)	257	(230)	257
Financial Assets Measured at FVOCI (Note 27.5)	-	-	-	(9)
Cash and Cash Equivalents (Note 20.1)	(83,131)	33,380	(83,131)	33,380
Placements with Banks and Finance Companies (Note 22.1)	(109,914)	104,398	(109,914)	104,398
Undrawn Credit Commitments and Financial Guarantees (Note 44.2)	170,374	352,276	170,374	352,276
Other Assets (Note 35.1)	400,774	(347,246)	400,774	(347,246)
Property, Plant and Equipment	(6,728)	-	(7,839)	-
Total Impairment Charge	1,750,481	17,004,946	1,749,370	17,004,937
For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
13.1 Loans and Advances				
Impairment Charges - Stage 1 (Note 25.3.1)	(790,024)	(3,011,561)	(790,024)	(3,011,561)
Impairment Charges - Stage 2 (Note 25.3.1)	(3,184,538)	1,468,474	(3,184,538)	1,468,474
Impairment Charges - Stage 3 (Note 25.3.1)	10,215,651	16,885,516	10,215,651	16,885,516
Total Impairment Charges - Loans and Advances	6,241,089	15,342,429	6,241,089	15,342,429

Impairment charges recognised against loans and advances include the post model adjustments made outside the ECL model using various stress testing techniques in order to address the potential implications of prevailing adverse economic conditions on risk elevated sectors and customer portfolios with indication of stress in excess of the impairment computed based on the ISL assessment/ ECL of the Bank.

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
14 Operating Expenses				
Operating Expenses include the following :-				
Directors' Emoluments *	117,728	115,701	122,778	119,886
Auditors' Remunerations				
Audit Fees and Expenses	19,508	17,076	21,116	18,565
Audit-Related Fees and Expenses	8,260	8,458	8,384	8,591
Non-Audit Services	9,437	1,587	9,437	1,872
Depreciation - Freehold Property, Plant and Equipment (Note 30)	641,642	651,098	702,627	714,843
Depreciation - Right-of-use Assets (Note 31)	478,096	450,115	439,445	415,452
Depreciation - Investment Properties (Note 32)	-	-	32,435	33,674
Amortisation of Intangible Assets (Note 33)	191,139	184,071	191,139	184,071
Donations	560	5,560	1,740	6,660
Legal Expenses	238,314	198,212	240,029	198,649
Sri Lanka Deposit Insurance Fund Contribution	595,211	696,749	595,211	696,749
Crop Insurance Levy	99,027	62,873	99,027	62,873

* Directors' Emoluments include the salaries, fees and benefits paid to Executive and Non-Executive Director of the Bank and the Group.

For the Year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
15 Personnel Expenses				
Personnel Expenses include the Following:				
Salaries and Bonuses	8,145,844	6,457,267	8,174,677	6,482,831
Contribution to Employees' Provident Fund	668,317	582,529	671,411	585,469
Contribution to Employees' Trust Fund	167,098	145,632	167,872	146,367
Provision for Defined Benefit Obligations (Note 42.1.6)	624,781	434,682	625,180	433,605
Enhanced Gratuity Expense and Fair Value Change in Shares Held (Note 42.1.6)	(1,264,583)	(279,283)	(1,264,583)	(279,283)
Amortisation of Prepaid Staff Cost *	312,247	371,267	312,449	371,528
Other Staff Related Expenses	1,541,941	1,437,706	1,554,575	1,453,800
Total Personnel Expenses	10,195,645	9,149,800	10,241,581	9,194,317

* Includes prepaid staff cost on both staff loans and staff deposits.

For the Year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
16. Income Tax Expense				
16.1 Income Tax Expense recognised in Income Statement				
16.1.1 Current Tax Expense				
- Tax on Current Year's Profits (Note 16.2)	3,581,406	4,063,720	3,657,087	4,110,333
- (Over Provision) / Under Provision	-	-	(1,129)	(6,156)
	3,581,406	4,063,720	3,655,958	4,104,177
For the Year ended 31 December	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
16.1.2 Deferred Taxation				
- Charge/(Reversal) on temporary differences (Note 16.3)	2,410,730	(239,848)	2,426,338	(235,348)
	2,410,730	(239,848)	2,426,338	(235,348)
Total Income Tax Expense	5,992,136	3,823,872	6,082,296	3,868,829

- i The Inland Revenue (Amended) Act No.45 of 2022, the standard rate of income tax is 30%. The Bank and Group have computed the current and deferred tax at the rate of 30%.
- ii As per Section 66(2) and 66(3) of the Inland Revenue Act No. 24 of 2017 the Commissioner General of Inland Revenue has specified the amount of impairment charges that can be deducted in accordance with the directives of Central Bank of Sri Lanka. Accordingly, the Gazette Notification issued under the reference of 2303/05 dated 2022.10.25 specifies that impairment charges for stage 3 credit facilities prepared in accordance with the Sri Lanka Accounting Standards (SLFRS 9) considered as allowable subject to the conditions laid out therein.
- iii Based on the current legislative provision applicable for the income tax payments of Sri Lanka, the bank considered the loss on derecognition of SLISBs as a permanent difference. Therefore, no Deferred tax was recognised on the same.
- iv Interest income received from instruments denominated in FCY, have been considered as exempt income subject to attributable cost. In addition, profits from offshore banking business have been considered tax free as per the provisions of the Inland Revenue Act No. 24 of 2017 and its subsequent amendments.

Notes to the Financial Statements

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
16.2 Reconciliation of the Accounting Profit to Income Tax Expense				
Profit before Income Tax	16,043,413	10,080,086	16,235,034	10,269,451
Add : Disallowable Expenses				
- Impairment on Loans and Advances	6,241,089	15,342,429	6,241,089	15,342,429
- Impairment other than Loans and Advances	371,145	1,662,517	371,145	1,662,517
- Other Disallowable Expenses	10,649,158	7,245,402	10,896,210	7,212,340
Less : Allowable Expenses				
- Impairment on Loans and Advances (Stage 03)	10,546,878	16,625,106	10,546,878	16,625,106
- Other Allowable Expenses	8,447,064	2,876,438	8,632,416	2,876,438
Less : Exempt Income	2,440,044	1,341,889	2,440,044	1,341,889
Assessable Income from Business	11,870,819	13,487,001	12,124,140	13,643,304
Assessable Income from Investments (Dividend Receipts)	134,402	127,465	134,402	127,465
Total Assessable Income	12,005,221	13,614,466	12,258,542	13,770,769
Less: Qualifying payments - Donation to government	-	5,000	1,050	5,927
Taxable Income from Business	11,870,819	13,482,001	12,123,090	13,637,377
Taxable Income from Investments (Dividend Receipts)	134,402	127,465	134,402	127,465
Total Taxable Income	12,005,221	13,609,466	12,257,492	13,764,842
Tax on Business Income at 30%	3,561,246	4,044,600	3,636,927	4,091,213
Tax on Investment Income (Dividend Receipts) at 15%	20,160	19,120	20,160	19,120
Tax on Total Taxable Income (Note 16.1)	3,581,406	4,063,720	3,657,087	4,110,333
(Over)/under provision in respect of previous years	-	-	(1,129)	(6,156)
Charge/(Reversal) to Deferred Taxation (Note 16.3)	2,410,730	(239,848)	2,426,338	(235,348)
Total Income Tax Expense	5,992,136	3,823,872	6,082,296	3,868,829
Effective income tax rate (%)	37	38	37	38
Effective current tax rate-(Excluding Deferred tax) (%) *	22	40	23	40

* The difference of effective income tax rate and effective current tax rate arise due to the temporary differences between the tax base and the accounting base (i.e. impairment charges, depreciable assets, expense provisioning etc.)

	2024		2023	
	Taxable Income LKR '000	Tax Expense LKR '000	Taxable Income LKR '000	Tax Expense LKR '000
Bank				
Bank's Domestic Banking Unit and On-Shore Profits	12,005,221	3,581,406	13,609,466	4,063,720
Off-Shore Profits	308,510	-	163,075	-
Group				
Bank's Domestic Banking Unit and On-Shore Profits	12,257,492	3,657,087	13,764,842	4,110,333
Off-Shore Profits	308,510	-	163,075	-

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
16.3 Deferred Tax Charge/ (Reversal)				
Deferred Tax - Liabilities				
Property , Plant and Equipment	(22,016)	(9,080)	(22,216)	(9,231)
Lease Receivables	(27,882)	(153,178)	(27,882)	(153,178)
Revaluation Gain on Property, Plant and Equipment	-	-	22,863	24,916
Right-to-use Assets	22,478	78,869	22,478	78,869
Fair value changes recognised through OCI	-	-	(7,055)	-
	(27,420)	(83,389)	(11,812)	(58,624)
Deferred tax - Assets				
Leave Encashment Provision	(40,650)	31,459	(40,650)	31,459
Other Provisions	1,232	6,228	1,232	6,228
Enhanced Gratuity	(107,200)	177,047	(107,200)	177,047
Lease Liabilities	(61,110)	92,451	(61,110)	112,716
Expected Credit Loss Allowances	2,645,878	(150,726)	2,645,878	(150,726)
	2,438,150	156,459	2,438,150	176,724
Transfer to Deferred Taxation	2,410,730	(239,848)	2,426,338	(235,348)

	Bank				Group			
	2024 Total		2023 Total		2024 Total		2023 Total	
	%	LKR '000	%	LKR '000	%	LKR '000	%	LKR '000
16.4 Reconciliation of Effective Tax Rate								
Profit Before Income Tax		16,043,413		10,080,086		16,235,034		10,269,451
Income Tax in Standard Rate	30	4,813,024	30	3,024,026	30	4,870,510	30	3,080,835
Tax effect of expenses that are not deductible for tax purposes	32	5,178,417	72	7,275,104	32	5,252,533	71	7,265,186
Tax effect of expenses that are deductible for tax purposes	(36)	(5,698,182)	(58)	(5,850,463)	(35)	(5,753,788)	(57)	(5,850,463)
Exempt Income	(5)	(732,013)	(4)	(402,567)	(5)	(732,013)	(4)	(402,567)
Qualifying Payments (Donation to the Government)	-	-	-	(1,500)	-	(1,129)	-	(1,778)
(Over)/under Provision in Respect of Previous Years	-	-	-	-	-	(315)	-	(6,156)
Dividend - 15% tax rate	-	20,160	-	19,120	-	20,160	-	19,120
Deferred Taxation	15	2,410,730	(2)	(239,848)	15	2,426,338	(2)	(235,348)
Total Income Tax Expense (Note 16.2)	37	5,992,136	38	3,823,872	37	6,082,296	38	3,868,829

Notes to the Financial Statements

17 Basic/Diluted Earnings per Share

Basic Earnings per Share has been calculated by dividing Profit after tax attributable to Equity Holders of the Bank by the weighted average number of Ordinary Shares in issue (Both Voting and Non-Voting) during the year ended 31 December 2024 and 2023.

Diluted Earnings per Share and the Basic Earnings per Share is the same due to non-availability of potentially dilutive Ordinary Shares.

	Bank		Group	
	2024	2023 Restated	2024	2023 Restated
Total Profit after Tax Attributable to Equity Holders of the Bank (LKR '000)	10,051,277	6,256,214	10,113,406	6,321,116
Weighted Average Number of Ordinary Shares as at 31 December ('000) (Note 17.1)	635,647	635,647	635,647	635,647
Basic/Diluted Earnings Per Share (LKR)	15.81	9.84	15.91	9.94

	2024		2023	
	Outstanding	Weighted Average	Outstanding	Weighted Average Restated
17.1 Weighted Average Number of Ordinary Shares for Earnings per Share				
Number of Shares held as at 01 January	615,449,058	615,449,058	577,776,073	577,776,073
Add: Number of Shares issued - Scrip Dividend - 2023	-	-	37,672,985	37,672,985
Add: Number of Shares issued - Scrip Dividend - 2024	20,198,277	20,198,277	-	-
Number of Shares held as at 31 December	635,647,335	635,647,335	615,449,058	615,449,058
Restatement due to subsequent scrip issue *	-	-	-	20,198,277
Weighted Average Number of Ordinary Shares as at 31 December	-	635,647,335	-	635,647,335

* Weighted average number of ordinary shares as at 31 December 2023 has been restated based on the no of shares issued for scrip dividend 2023 as per Sri Lanka Accounting Standard (LKAS 33) - "Earnings per Share".

Ordinary Share Dividends	Bank / Group	
	2024 LKR '000	2023 LKR '000
18 Dividends		
Net Dividend Paid		
Cash Dividends	544,768	-
Scrip Dividends	784,697	982,220
Tax Deducted at Source	209,158	173,333
Gross Dividend	1,538,623	1,155,553

Proposed Dividend

The Board of Directors of the Bank has recommended the payment of a final dividend of LKR 3.50 per share for both voting and non-voting ordinary shareholders of the Bank to be paid by way of LKR 3.50 cash dividend per share for the year ended December 31, 2024 (Bank declared a final dividend of LKR 2.50 per share for 2023 by way of LKR 1.00 cash dividend per share and LKR 1.50 scrip dividend per share).

The total dividend recommended by the Board of Directors is to be approved at the forthcoming Annual General Meeting to be held on 28 March 2025. Final dividend proposed for the year 2024 amounts to LKR 2,224,765,672.50 (LKR 1,538,622,645.00 for 2023).

In accordance with provisions of the Sri Lanka Accounting Standard (LKAS 10) - Events after the Reporting Period, the proposed final dividend has not been recognised as a liability as at year end.

As required by Section 56 of the Companies Act No 07 of 2007, the Board of Directors of the Bank satisfied the solvency test in accordance with the section 57, prior to recommending the final dividend.

As at 31 December

2024

	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000

19 Analysis of Financial Instruments by Measurement Basis**19.1 Bank****Assets**

Cash and Cash Equivalents	-	-	17,384,396	17,384,396
Balances with Central Bank of Sri Lanka	-	-	8,719,115	8,719,115
Placements with Banks and Finance Companies	-	-	50,156,002	50,156,002
Derivative Financial Instruments	17,398	-	-	17,398
Securities Purchased under Resale Agreements	-	-	3,684,374	3,684,374
Customer Loans and Advances	-	-	462,950,751	462,950,751
Debt Instruments	-	-	716,243	716,243
Equity Instruments	-	2,176,270	-	2,176,270
Government Securities	21,454,098	54,072,260	131,824,313	207,350,671
Group Balances Receivable	-	-	40,300	40,300
Other Financial Assets	-	-	9,450,678	9,450,678
Total Financial Assets	21,471,496	56,248,530	684,926,172	762,646,198

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000

Liabilities

Due to Banks	-	8,141,795	8,141,795
Derivative Financial Instruments	809	-	809
Due to Depositors	-	646,817,333	646,817,333
Securities Sold under Repurchase Agreements	-	1,461,944	1,461,944
Due to Other Borrowers	-	23,731	23,731
Group Balances Payable	-	98,942	98,942
Debt Securities Issued	-	25,128,383	25,128,383
Lease Liabilities	-	5,613,107	5,613,107
Other Financial Liabilities	-	8,101,357	8,101,357
Total Financial Liabilities	809	695,386,592	695,387,401

Notes to the Financial Statements

As at 31 December

2023

	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Assets				
Cash and Cash Equivalents	-	-	48,321,654	48,321,654
Balances with Central Bank of Sri Lanka	-	-	7,028,281	7,028,281
Placements with Banks and Finance Companies	-	-	22,594,161	22,594,161
Derivative Financial Instruments	88,022	-	-	88,022
Securities Purchased under Resale Agreements	-	-	817,150	817,150
Customer Loans and Advances	-	-	437,532,470	437,532,470
Debt Instruments	-	-	751,134	751,134
Equity Instruments	-	1,802,855	-	1,802,855
Government Securities	27,753,867	38,245,856	102,786,226	168,785,949
Group Balances Receivable	-	-	40,500	40,500
Other Financial Assets	-	-	11,896,790	11,896,790
Total Financial Assets	27,841,889	40,048,711	631,768,366	699,658,966

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Liabilities			
Due to Banks	-	12,096,756	12,096,756
Derivative Financial Instruments	32,269	-	32,269
Due to Depositors	-	591,622,729	591,622,729
Securities Sold under Repurchase Agreements	-	6,862,998	6,862,998
Due to Other Borrowers	-	16,151	16,151
Group Balances Payable	-	115,823	115,823
Debt Securities Issued	-	19,967,701	19,967,701
Lease Liabilities	-	5,409,418	5,409,418
Other Financial Liabilities	-	8,515,651	8,515,651
Total Financial Liabilities	32,269	644,607,227	644,639,496

As at 31 December

2024

	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000

19 Analysis of Financial Instruments by Measurement Basis

19.2 Group

Assets

Cash and Cash Equivalents	-	-	17,384,436	17,384,436
Balances with Central Bank of Sri Lanka	-	-	8,719,115	8,719,115
Placements with Banks and Finance Companies	-	-	50,156,002	50,156,002
Derivative Financial Instruments	17,398	-	-	17,398
Securities Purchased under Resale Agreements	-	-	3,684,374	3,684,374
Customer Loans and Advances	-	-	462,950,751	462,950,751
Debt Instruments	-	-	716,243	716,243
Equity Instruments	-	2,176,270	-	2,176,270
Government Securities	21,454,098	54,439,669	131,914,241	207,808,008
Other Financial Assets	-	-	9,485,230	9,485,230
Total Financial Assets	21,471,496	56,615,939	685,010,392	763,097,827

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000

Liabilities

Due to Banks	-	8,141,795	8,141,795
Derivative Financial Instruments	809	-	809
Due to Depositors	-	646,817,333	646,817,333
Securities Sold under Repurchase Agreements	-	1,461,944	1,461,944
Due to Other Borrowers	-	23,731	23,731
Debt Securities Issued	-	25,128,383	25,128,383
Lease Liabilities	-	2,430,915	2,430,915
Other Financial Liabilities	-	8,148,829	8,148,829
Total Financial Liabilities	809	692,152,930	692,153,739

Notes to the Financial Statements

As at 31 December

2023

	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Assets				
Cash and Cash Equivalents	-	-	48,321,694	48,321,694
Balances with Central Bank of Sri Lanka	-	-	7,028,281	7,028,281
Placements with Banks and Finance Companies	-	-	22,594,161	22,594,161
Derivative Financial Instruments	88,022	-	-	88,022
Securities Purchased under Resale Agreements	-	-	817,150	817,150
Customer Loans and Advances	-	-	437,532,470	437,532,470
Debt Instruments	-	-	751,134	751,134
Equity Instruments	-	1,802,855	-	1,802,855
Government Securities	27,753,867	38,484,010	103,057,378	169,295,255
Other Financial Assets	-	-	11,918,708	11,918,708
Total Financial Assets	27,841,889	40,286,865	632,020,976	700,149,730

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Liabilities			
Due to Banks	-	12,096,756	12,096,756
Derivative Financial Instruments	32,269	-	32,269
Due to Depositors	-	591,622,729	591,622,729
Securities Sold under Repurchase Agreements	-	6,862,998	6,862,998
Due to Other Borrowers	-	16,151	16,151
Debt Securities Issued	-	19,967,701	19,967,701
Lease Liabilities	-	2,245,420	2,245,420
Other Financial Liabilities	-	8,581,640	8,581,640
Total Financial Liabilities	32,269	641,393,395	641,425,664

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
20 Cash and Cash Equivalents				
Cash in Hand - Local Currency	13,565,013	11,733,074	13,565,053	11,733,114
Cash in Hand - Foreign Currency	454,613	563,643	454,613	563,643
Balances with Local Banks	694	14,239	694	14,239
Balances with Foreign Banks	3,461,975	36,191,728	3,461,975	36,191,728
Total Cash and Cash Equivalents	17,482,295	48,502,684	17,482,335	48,502,724
Expected Credit Loss Allowance (Note 20.1)	(97,899)	(181,030)	(97,899)	(181,030)
Total Cash and Cash Equivalents - Net	17,384,396	48,321,654	17,384,436	48,321,694
	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
20.1 Movement in Expected Credit Loss Allowance During the year				
Stage 1				
Balance as at 01 January	181,030	147,650	181,030	147,650
Charge / (Write back) to Income statement (Note 13)	(83,131)	33,380	(83,131)	33,380
Balance as at 31 December	97,899	181,030	97,899	181,030

21 Balances with Central Bank of Sri Lanka

As required by Section 93 of the Monetary Law Act, a cash balance to fulfil the statutory reserve requirement of 2% (2% for the period 16 August 2023 to 31 December 2024, 4% for the period 1 September 2021 to 15 August 2023) of the rupee deposit liabilities to be maintained with Central Bank of Sri Lanka.

As at 31 December	Bank / Group	
	2024 LKR '000	2023 LKR '000
Statutory balances with the Central Bank of Sri Lanka*	8,719,115	7,028,281
Non Statutory balances with the Central Bank of Sri Lanka	-	-
Total Balances with Central Bank of Sri Lanka	8,719,115	7,028,281

* Amount required to maintain the statutory reserve requirement on average over the reserve maintenance period.

Notes to the Financial Statements

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
22 Placements with Banks and Finance Companies				
Term Deposits with Banks				
Doha Bank Doha, Qatar	10,270,039	6,574,574	10,270,039	6,574,574
Standard Chartered Bank, London	9,696,566	4,141,138	9,696,566	4,141,138
Emirates NBD Bank PJSC, Singapore	4,414,997	11,459,838	4,414,997	11,459,838
Central Bank of Sri Lanka	9,086,867	-	9,086,867	-
DZ Bank AG, Singapore Branch	7,932,277	-	7,932,277	-
The Commercial Bank (PSQC) Doha, Qatar	5,882,789	-	5,882,789	-
Nations Trust Bank PLC	2,000,438	-	2,000,438	-
Commercial Bank of Ceylon PLC	646,036	532,150	646,036	532,150
United Overseas Bank Limited, Singapore	108,478	-	108,478	-
Commerzbank Aktiengesellschaft	106,490	-	106,490	-
Bank of China (Hong Kong) Limited	14,650	-	14,650	-
Total Term Deposits with Banks	50,159,627	22,707,700	50,159,627	22,707,700
Term Deposits with Finance Companies	-	-	498	498
Total Placements with Banks and Finance Companies	50,159,627	22,707,700	50,160,125	22,708,198
Expected Credit Loss Allowance (Note 22.1)	(3,625)	(113,539)	(4,123)	(114,037)
Total Placements with Banks and Finance Companies - Net	50,156,002	22,594,161	50,156,002	22,594,161

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
22.1 Movement in Expected Credit Loss Allowance During the year				
Stage 1				
Balance as at 01 January	113,539	9,141	114,037	9,639
Charge / (Write back) to Income statement (Note 13)	(109,914)	104,398	(109,914)	104,398
Balance as at 31 December	3,625	113,539	4,123	114,037

	Bank / Group	
	2024 LKR '000	2023 LKR '000

23 Derivative Financial Instruments**23.1 Derivative Assets****Foreign Currency Derivatives**

Forward Foreign Exchange Contracts	17,398	88,022
	17,398	88,022

	Bank / Group	
	2024 LKR '000	2023 LKR '000

23.2 Derivative Liabilities**Foreign Currency Derivatives**

Forward Foreign Exchange Contracts	809	32,269
	809	32,269

The Bank uses derivatives not designated in a qualifying hedge relationship such as forward foreign exchange contracts to manage its exposure to foreign currency.

	Bank / Group	
	2024 LKR '000	2023 LKR '000
24. Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)		
Government Securities - Treasury Bills	12,193,662	26,177,114
Government Securities - Treasury Bonds	9,260,436	1,576,753
Total Financial Assets Measured at FVTPL	21,454,098	27,753,867
24.1 Analysis of Financial Assets Measured at FVTPL		
<i>24.1.1 By Currency</i>		
Sri Lankan Rupee	21,454,098	27,753,867
Total Financial Assets Measured at FVTPL	21,454,098	27,753,867
<i>24.1.2 By Collateralisation</i>		
Pledged as Collateral	70,666	897,383
Unencumbered	21,383,432	26,856,484
Total Financial Assets Measured at FVTPL	21,454,098	27,753,867
24.3 Financial Assets Measured at FVTPL Consists of		
Total Cost/Amortised Cost	21,065,948	27,819,065
Net Fair Value Gains/(Losses)*	388,150	(65,198)
Total Fair Value	21,454,098	27,753,867

* Net Fair Value gains/(losses) of financial assets measured at fair value through profit or loss is included in Net Gains from Trading (Note 10).

	Bank / Group	
	2024 LKR '000	2023 LKR '000
25 Financial Assets at Amortised Cost - Loans and Advances		
Gross Loans and Advances under;		
Stage 1	433,258,574	401,810,674
Stage 2	23,759,517	24,226,722
Stage 3	68,097,187	71,167,813
Gross Loans and Advances	525,115,278	497,205,209
Less: Expected Credit Loss Allowance under; (Note 25.3)		
Stage 1	2,362,674	3,170,520
Stage 2	4,696,232	7,884,411
Stage 3	55,105,621	48,617,808
Total Expected Credit Loss Allowance for Loans and Advances	62,164,527	59,672,739
Total Loans and Advances - Net	462,950,751	437,532,470

Notes to the Financial Statements

	Bank / Group	
	2024 LKR '000	2023 LKR '000
25.1 Analysis of Gross Loans and Advances		
<i>25.1.1 by Product</i>		
<i>Local Currency</i>		
Export Bills	17,098	210,614
Import Bills	103,767	209,672
Local Bills	16,620	9,597
Lease Rentals Receivable (Note 25.2)	24,799,910	23,037,804
Overdrafts	56,121,344	60,821,111
Revolving Import Loans	15,998,123	12,296,069
Packing Credit Loans	4,370,262	6,971,268
Staff Loans	7,516,072	7,097,794
Housing Loans	16,390,682	15,717,780
Pawning Receivables	36,448,577	33,111,793
Refinance Loans	9,285,543	8,632,690
Credit Cards	8,571,125	7,797,586
Margin Trading	9,643,481	2,999,107
Factoring	1,667,480	1,850,487
Term Loans	271,231,656	261,486,656
Total Gross Loans and Advances - Local Currency	462,181,740	442,250,028
<i>Foreign Currency</i>		
Export Bills	2,925,962	3,013,553
Import Bills	517,275	495,370
Local Bills	-	5,035
Overdrafts	792,844	679,910
Revolving Import Loans	415,427	621,332
Packing Credit Loans	12,908,580	11,790,930
Housing Loans	91,511	110,496
Term Loans	45,281,939	38,238,555
Total Gross Loans and Advances - Foreign Currency	62,933,538	54,955,181
Total Gross Loans and Advances	525,115,278	497,205,209
	Bank / Group	
	2024 LKR '000	2023 LKR '000
<i>25.1.2 by Currency</i>		
Sri Lankan Rupee	462,181,740	442,250,028
United States Dollar	61,981,089	54,583,523
Australian Dollar	634,914	12,127
Great Britain Pound	284,265	329,377
Euro	33,270	11,289
Japanese Yen	-	18,865
Total Gross Loans and Advances	525,115,278	497,205,209

	Bank / Group	
	2024 LKR '000	2023 LKR '000
25.1.3 by Industry		
Agriculture, Forestry and Fishing	52,759,390	51,741,694
Manufacturing	80,072,101	75,717,705
Tourism	15,959,728	17,323,745
Transportation and Storage	20,723,547	14,248,937
Construction	64,494,776	60,419,339
Infrastructure Development	16,737,398	16,076,242
Wholesale and Retail Trade	65,662,519	64,173,116
Information Technology and Communication Services	6,147,474	6,028,933
Financial Services	41,217,324	41,419,808
Professional, Scientific and Technical Activities	4,174,660	8,216,146
Arts, Entertainment and Recreation	1,017,270	442,293
Education	704,676	931,488
Healthcare, Social Services and Support Services	10,752,101	10,887,730
Consumption	124,663,788	119,196,950
Lending to Overseas Entities	20,028,526	10,381,083
Total Gross Loans and Advances	525,115,278	497,205,209

	Bank / Group					
	2024			2023		
	Gross Lease Rentals Receivables LKR '000	Unearned Income LKR '000	Total LKR '000	Gross Lease Rentals Receivables LKR '000	Unearned Income LKR '000	Total LKR '000
25.2 Lease Rentals Receivable						
Lease Rentals Receivable within One Year	13,130,977	(2,998,458)	10,132,519	12,112,416	(3,212,396)	8,900,020
Lease Rentals Receivable Later than One Year and Not Later than Five Years	17,335,361	(2,668,472)	14,666,889	16,891,858	(2,755,308)	14,136,550
Lease Rentals Receivable Later than Five Years	536	(34)	502	1,400	(166)	1,234
Total Lease Rentals Receivable	30,466,874	(5,666,964)	24,799,910	29,005,674	(5,967,870)	23,037,804

	Bank / Group	
	2024 LKR '000	2023 LKR '000
25.3 Movements in Expected Credit Loss Allowance on Loans and Advances		
Balance as at 01 January	59,672,739	46,212,376
Charge/(Write back) to Income Statement (Note 13.1)	6,241,089	15,342,429
Reversal for Write-Off during the Year	(2,568,451)	(72,484)
Interest Accrued on Impaired Loans and Advances (Note 8.1)	(297,511)	(1,041,465)
Exchange Rate Movements	(883,339)	(768,117)
Balance as at 31 December	62,164,527	59,672,739

Notes to the Financial Statements

	Bank / Group			
	2024 LKR '000	2023 LKR '000		
25.3.1 Stage wise Movements in Expected Credit Loss Allowance during the year				
Stage 1				
Balance as at 01 January	3,170,520	6,207,450		
Charge/(Write back) to Income Statement (Note 13.1)	(790,024)	(3,011,561)		
Exchange Rate Movements	(17,822)	(25,369)		
Balance as at 31 December	2,362,674	3,170,520		
Stage 2				
Balance as at 01 January	7,884,411	6,450,019		
Charge/(Write back) to Income Statement (Note 13.1)	(3,184,538)	1,468,474		
Exchange Rate Movements	(3,641)	(34,082)		
Balance as at 31 December	4,696,232	7,884,411		
Stage 3				
Balance as at 01 January	48,617,808	33,554,907		
Charge/(Write back) to Income Statement (Note 13.1)	10,215,651	16,885,516		
Reversal for Write-Off during the Year	(2,568,451)	(72,484)		
Interest Accrued on Impaired Loans and Advances (Note 8.1)	(297,511)	(1,041,465)		
Exchange Rate Movements	(861,876)	(708,666)		
Balance as at 31 December	55,105,621	48,617,808		
	Bank	Group		
	2024 LKR '000	2023 LKR '000		
	2024 LKR '000	2023 LKR '000		
26. Financial Assets Measured at Amortised Cost - Debt and Other instruments				
Government Securities - Treasury Bills	35,491,006	14,715,608	35,580,934	14,986,760
Government Securities - Treasury Bonds	81,279,746	72,594,101	81,279,746	72,594,101
SLISBs Restructured Bonds (Note 26.1)	7,865,263	-	7,865,263	-
Sri Lanka International Sovereign Bonds (SLISBs) (Note 26.1)	-	12,094,919	-	12,094,919
United States - Treasury Bills	7,295,068	9,670,956	7,295,068	9,670,956
Quoted Debentures (Note 26.2)	213,269	213,321	213,269	213,321
Unquoted Debentures (Note 26.3)	503,119	538,188	503,119	538,188
Securities Purchased under Resale Agreements	3,684,374	817,150	3,684,374	817,150
Total Financial Assets Measured at Amortised Cost	136,331,845	110,644,243	136,421,773	110,915,395
Expected Credit Loss Allowance (Note 26.6)	(106,915)	(6,289,733)	(106,915)	(6,289,733)
Net Financial Assets Measured at Amortised Cost	136,224,930	104,354,510	136,314,858	104,625,662

26.1 Restructuring of Sri Lanka International Sovereign Bonds (SLISBs) under Debt Restructuring Programme

Sri Lanka's economy experienced a downturn in 2022, which led the country to seek support from the IMF to restore the country's macroeconomic stability. However, the execution of this support program was contingent on the implementation of a debt-restructuring plan. On 26 November 2024, the Government of Sri Lanka successfully launched the Domestic Debt Exchange Program through which registered bondholders exchanged their SLISBs as at the date of restructuring for newly issued bonds.

The debt exchange program launched two options for the exchange of existing bonds (i.e., global bonds option and local bonds option) out of which the Bank elected to participate in the Local bond Option, which was offered to local bondholders by the Government. As part of this option, 30% of the face value of the SLISBs originally held by the Bank was converted into rupee-denominated Treasury Bonds. The remaining 70% of the face value was settled through a USD-denominated Step-Up Bond, with a capital haircut of 10%. Additionally, the accrued coupon (Past Due Interest) on the original SLISBs up to 31st March 2024 was settled through a USD-denominated bond (PDI Bond) at a haircut of 11%.

These new bonds issued under the exchange program were recognised as new financial assets and initially measured at its fair value. The fair value of new bonds was estimated using the discounted cash flow technique. The discount rate used was estimated by building up from a risk-free rate and adding premiums for risks associated with the bond as explained in Note 26.1.1 below.

The difference between the fair value of the new bonds and the carrying amount of the original bonds as at 20 December 2024 was recognised in profit or loss for the period. Accordingly, a loss of LKR 2,712,020 ('000) was recognised in the Income Statement, which is explained in Note 11 – “Net Gains/(Losses) from De-recognition of Financial Assets”. Exchange fee bonds with a face value of LKR 187,271 ('000) received by the Bank which matured on 27 December 2024 was considered in determining the above de-recognition loss reported in Note 11.

The breakdown of the new instruments received in settlement of SLISBs held as at the date of the exchange are as follows

Type of Bond	Face value	Coupon Rate	Fair value as at the date of Restructuring	Amortised cost as at 31st December 2024
	LKR ' 000		LKR ' 000	LKR'000
Rupee Denominated Treasury Bonds	3,034,403	SLFR+0.5% p.a	3,034,403	3,115,210
USD Denominated Step - up Bond	6,431,300	1%-3.5% p.a	3,877,348	3,889,980
USD Denominated PDI Bond	1,290,251	4% p.a	935,996	753,303

Further, the Bank has received LKR 213,015 ('000) as accrued consideration on the debt exchange program explained above. This amount is recognised as interest income which is reported in note 8.1.

26.1.1 Discount Rate used in Determination of Fair Value

A discount rate of 10% was estimated in determining the fair value of PDI bonds, which was calculated by adding a risk premium to the US treasury rate prevailing as at the date of restructuring. The Government of Sri Lanka has reserved the right to settle the step-up bond in Sri Lanka Rupees if it is unable to settle in US Dollars. As a result, a lower discount rate of 8.5% considering a lower risk premium was applied to discount USD step up bond. LKR Bonds are issued at the SLFR+0.5%, with interest to be reset every six months and the Bank determined that there is no material difference between the face value and the fair value of the bonds at the initial recognition.

Sensitivity of the Fair Value of the Bonds to Discount Rate

A 1% increase/decrease in the discount rate of both the Step-Up Bond and the PDI Bond would decrease/increase the fair value by approximately LKR 308,381 ('000). Consequently, the loss recognised in the profit or loss would have increased/decreased by LKR 308,381 ('000).

26.1.2 Classification and the ECL of New Bonds

The Bank has classified the new bonds under Amortised Cost and continue to categorise the new USD denominated PDI bonds under stage 2. Accordingly, a lifetime ECL of LKR 106,770 ('000) recognised as at 31 December 2024 (Note 26.6.1). No ECL provision has been recognised on the step-up bond since the Government has the option of settling in local currency (LKR), in an unforeseen event of the Government's inability to settle the bonds in USD. Both Step up Bond and LKR Treasury bonds received in settlement of exchanged SLISBs have been considered under Stage 1 and no impairment provisions recognised on such bonds. Both USD and LKR Bonds have been classified under Level 2 of the fair value hierarchy.

26.1.3 Deferred Tax Treatment on SLISBs Provision Reversal

As per the current legislative provision applicable for income tax in the country, the Bank considered losses on derecognition of SLISBs as permanent difference. Therefore, no deferred tax was recognised on the same. Also based on the reversal of impairment of SLISBs the bank has reversed the Deferred tax asset which was recognised on the same.

Notes to the Financial Statements

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
26.2 Quoted Debentures				
Ceylon Electricity Board (2,000,000 Debentures of LKR 100/- each)	213,269	213,321	213,269	213,321
Total Quoted Debentures Measured at Amortised Cost	213,269	213,321	213,269	213,321
	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
26.3 Unquoted Debentures				
HNB Finance PLC	503,119	538,188	503,119	538,188
Total Unquoted Debentures Measured at Amortised Cost	503,119	538,188	503,119	538,188
	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
26.4 Analysis of Financial Assets Measured at Amortise Cost - Debt and Other instruments				
<i>26.4.1 By Currency</i>				
Sri Lankan Rupee	121,171,514	88,878,368	121,261,442	89,149,520
United States Dollar	15,160,331	21,765,875	15,160,331	21,765,875
Total Financial Assets Measured at Amortised Cost	136,331,845	110,644,243	136,421,773	110,915,395
	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<i>26.4.2 By Collateralisation</i>				
Pledged as Collateral	1,120,804	5,842,235	1,120,804	5,842,235
Unencumbered	135,211,041	104,802,008	135,300,969	105,073,160
Total Financial Assets Measured at Amortised Cost	136,331,845	110,644,243	136,421,773	110,915,395
	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
26.5 Reconciliation for Financial Assets Measured at Amortised Cost - Debt and Other instruments				
Balance as at 01 January	104,354,510	106,158,878	104,625,662	106,429,752
Net acquisitions and maturities during the year	27,008,437	(284,659)	26,827,213	(284,381)
Expected Credit Loss Allowance (Charge)/ Reversal during the year (Note 26.6)	4,861,983	(1,519,709)	4,861,983	(1,519,709)
Balance as at 31 December	136,224,930	104,354,510	136,314,858	104,625,662

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
26.6 Movements in Expected Credit Loss During the year				
Balance as at 01 January	6,289,733	5,399,228	6,289,733	5,399,228
Charge / (Write back) to Income statement (Note 13)	(4,861,983)	1,519,709	(4,861,983)	1,519,709
Exchange Rate Movement	(1,320,835)	(629,204)	(1,320,835)	(629,204)
Balance as at 31 December	106,915	6,289,733	106,915	6,289,733

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
26.6.1 Stage wise Movements in Expected Credit Loss During the year				
Stage 1				
Balance as at 01 January	375	118	375	118
Charge / (Write back) to Income statement	(230)	257	(230)	257
Balance as at 31 December	145	375	145	375
Stage 2				
Balance as at 01 January	6,289,358	5,399,110	6,289,358	5,399,110
Charge / (Write back) to Income statement (Note 26.8)	(4,861,753)	1,519,452	(4,861,753)	1,519,452
Exchange Rate Movement	(1,320,835)	(629,204)	(1,320,835)	(629,204)
Balance as at 31 December	106,770	6,289,358	106,770	6,289,358

26.7 Reclassification of Debt Portfolio

Considering the unprecedented changes in the macro-economic conditions, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" which provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVOCI) to Amortised cost.

The Bank has adopted the above SoAT and re-classified its Debt Portfolio from Fair Value Through Other Comprehensive Income (FVOCI) to Amortised Cost (AC) with effect from 01 April 2022. No reclassifications were made during the year.

	Bank / Group
	2022
	LKR '000
Fair value of financial assets as at reclassification date	22,832,303
Accumulated fair value as at reclassification date	2,056,941
Total Financial Assets reclassified to Financial Assets Measured at Amortised Cost - Debt and Other instruments	24,889,244

If the assets lying in the current portfolio had continued to be measured as Fair Value through Other Comprehensive Income, the fair value and the cumulative mark to market loss as at 31 December 2024 would have been LKR 1,722,633,791.49 (LKR 9,495,929,244.00 for 2023) and LKR 58,052,548.60 (LKR 411,684,299.00 for 2023) respectively.

26.8 Reversal of ECL on SLISBs.

The Bank has participated in the Sri Lanka Government's debt exchange program on explained in Note 26.1. As a result, the ECL provision of LKR 4,968,524 ('000) recognised on the old bond portfolio was reversed during the year ended 31 December 2024. Additionally, an ECL provision on LKR 106,770 ('000) is recognised on PDI bonds as explained on Note 26.1.2

Notes to the Financial Statements

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
27. Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)				
Quoted Equities (Note 27.1)	1,535,087	1,381,002	1,535,087	1,381,002
Unquoted Equities (Note 27.2)	641,183	421,853	641,183	421,853
Government Securities - Treasury Bills	14,851,358	26,893,819	14,851,358	26,893,819
Government Securities - Treasury Bonds	34,982,305	11,352,037	35,349,714	11,590,191
United States - Treasury Bills	4,238,597	-	4,238,597	-
Total Financial Assets Measured at FVOCI	56,248,530	40,048,711	56,615,939	40,286,865

27.1 Quoted Equities

The Bank designated certain investments shown in the following table as Equity Investments at FVOCI. The FVOCI designation was made as the investments are expected to be held for long term Strategic purposes.

	2024			2023		
	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000
Bank, Finance and Insurance						
The Finance Company PLC	1,003,163	29,393	-	1,003,163	29,393	-
Cooperative Insurance CO PLC	50,000	155	155	-	-	-
Commercial of Bank Ceylon PLC	40,000	5,400	5,790	-	-	-
Sampath Bank	25,000	2,688	2,956	-	-	-
Diversified Holdings						
John Keells Holdings PLC	4,150,000	74,149	93,790	527,135	95,168	100,683
Hemas Holdings PLC	74,187	5,641	7,660	-	-	-
CIC Holdings PLC	79,550	6,558	7,478	-	-	-
Financial Services						
HNB Finance PLC	233,200,000	2,332,000	1,305,920	233,200,000	2,332,000	1,212,640
Hotels and Travels						
John Keells Hotels PLC	1,317,311	16,203	27,137	1,317,311	16,203	24,765
Jetwing Symphony PLC	3,328,749	49,931	40,611	3,328,749	49,931	27,961
Manufacturing						
Chevron Lubricants Lanka PLC	120,407	19,329	19,265	120,407	19,329	10,873
Dipped Products PLC	98,468	5,301	5,366	-	-	-
Royal Ceramics Lanka PLC	100,000	3,840	4,350	-	-	-
Haycarb PLC	25,000	2,125	2,132	-	-	-
Power and Energy						
Lanka IOC PLC	-	-	-	40,000	1,825	4,080
Vallibel Power Erathna PLC	935,000	7,587	10,752	-	-	-
Construction						
Access Engineering PLC	50,000	1,270	1,725	-	-	-
Total Quoted Equity Investments Measured at FVOCI - Bank/Group		2,561,570	1,535,087		2,543,849	1,381,002

	2024			2023		
	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000
27.2 Unquoted Equities						
Bank						
Credit Information Bureau of Sri Lanka	2,900	290	68,382	2,900	290	63,366
Lanka Pay (Private) Limited	1,006,601	11,163	336,914	1,006,601	11,163	284,533
Lanka Financial Services Bureau Limited	500,000	5,000	102	500,000	5,000	-
Transnational Lanka Records Solutions (Private) Limited	1,000,000	10,000	84,640	1,000,000	10,000	73,954
National Credit Guarantee Institution Ltd	15,114,475	151,145	151,145	-	-	-
Total Unquoted Equity Investments Measured at FVOCI - Bank		177,598	641,183		26,453	421,853
Subsidiary						
Standard Credit Finance Limited	8,040,969	44,041	-	8,040,969	44,041	-
Total Unquoted Equity Investments Measured at FVOCI - Subsidiary		44,041	-		44,041	-
Total Unquoted Equity Investments Measured at FVOCI - Group		221,639	641,183		70,494	421,853

Fair value is based on Net Assets per Share Basis as per the Audited Financial Statements of these Companies as at following dates:

- ▶ Credit Information Bureau of Sri Lanka - 31 December 2023
- ▶ Lanka Pay (Pvt) Limited - 31 March 2024
- ▶ Lanka Financial Services Bureau Limited - 31 March 2024
- ▶ Transnational Lanka Records Solutions (Pvt) Limited - 30th June 2024

Dividend received from Quoted and Unquoted Equities Investments measured at FVOCI disclosed in Note 12.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
27.3 Analysis of Financial Assets Measured at FVOCI				
27.3.1 By Currency				
Sri Lankan Rupee	52,009,933	40,048,711	52,377,342	40,286,865
United States Dollar	4,238,597	-	4,238,597	-
Total Financial Assets Measured at FVOCI	56,248,530	40,048,711	56,615,939	40,286,865
27.3.2 By Collateralisation				
Pledged as Collateral	920,422	-	920,422	-
Unencumbered	55,328,108	40,048,711	55,695,517	40,286,865
Total Financial Assets Measured at FVOCI	56,248,530	40,048,711	56,615,939	40,286,865

Notes to the Financial Statements

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
27.4 Financial Assets Measured at FVOCI Consists of				
Total Cost/Amortised Cost	55,050,381	39,841,776	55,437,820	40,126,710
Accumulated Fair Value Change recognised through				
- Other comprehensive income	1,198,149	206,935	1,178,119	160,155
- Income statement (Note 27.5)	-	-	-	-
Total Accumulated Fair value Change (Note 27.6)	1,198,149	206,935	1,178,119	160,155
Total Financial Assets Measured at FVOCI	56,248,530	40,048,711	56,615,939	40,286,865
27.5 Movements in Expected Credit Loss Allowance During the year				
Stage 1				
Balance as at 01 January	-	-	-	9
Charge / (Write back) to Income statement (Note 13)	-	-	-	(9)
Balance as at 31 December	-	-	-	-
27.6 Accumulated Fair Value Change				
Balance as at 01 January	206,935	(1,082,853)	160,155	(1,130,080)
Fair value change during the year	991,214	1,289,788	1,017,964	1,290,235
Balance as at 31 December	1,198,149	206,935	1,178,119	160,155
	2024		2023	
	Fair value as at Disposal Date LKR '000	Cumulative Gain or (Loss) on Disposal LKR '000	Fair value as at Disposal Date LKR '000	Cumulative Gain or (Loss) on Disposal LKR '000
27.7 Derecognition of Equity Investments Measured at FVOCI				
Bank				
Access Engineering PLC	9,005	2,398	-	-
John Keells Holdings PLC	35,351	5,898	-	-
Lanka IOC PLC	4,723	2,898	-	-
Lanka Milk Foods PLC	1,628	142	-	-
Sunshine Holdings PLC	7,425	1,062	-	-
Vallibel Power Erathna PLC	8,942	2,329	-	-
Total Derecognition of Equity Investments Measured at FVOCI-Bank/Group	67,074	14,727	-	-

		2024				2023			
Primary Activity	No of Ordinary Equities	Holding %	Cost LKR '000	Market Value LKR '000	No of Ordinary Equities	Holding %	Cost LKR '000	Market Value LKR '000	
28. Investment in Subsidiary									
Seylan Developments PLC	Property Development/ Management	104,332,112	74.69	1,153,602	2,608,303	104,332,112	70.51	1,153,602	1,502,382
				1,153,602	2,608,303			1,153,602	1,502,382

		Bank	
		2024 LKR '000	2023 LKR '000
29 Group Balances Receivable			
Seylan Developments PLC		40,300	40,500
Balance as at 31 December		40,300	40,500

	Freehold Land	Freehold Buildings	Computer Equipment	Office Machines and Equipment	Fixtures, Fittings and Furniture	Motor Vehicles	Leased Assets	2024 Total	2023 Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000

30 Property, Plant and Equipment

30.1 Bank

Cost / Valuation

Balance as at 01 January	1,912,805	340,149	5,422,740	1,465,672	2,300,579	148,971	48,065	11,638,981	10,896,190
Additions and Improvements	-	-	619,552	81,952	164,214	-	-	865,718	755,207
Net Surplus on Revaluation	788,923	153,966	-	-	-	-	-	942,889	-
Disposals / Write-Offs	-	-	(94,144)	(4,082)	(21,193)	-	-	(119,419)	(12,416)
Balance as at 31 December	2,701,728	494,115	5,948,148	1,543,542	2,443,600	148,971	48,065	13,328,169	11,638,981

Accumulated Depreciation

Balance as at 01 January	-	39,319	4,001,315	1,374,947	2,158,404	142,281	48,065	7,764,331	7,125,649
Charge for the Year	-	19,660	507,140	35,352	73,632	5,858	-	641,642	651,098
Revaluation Adjustment on Accumulated Depreciation	-	(58,979)	-	-	-	-	-	(58,979)	-
Disposals / Write-Offs	-	-	(94,144)	(4,082)	(21,193)	-	-	(119,419)	(12,416)
Balance as at 31 December	-	-	4,414,311	1,406,217	2,210,843	148,139	48,065	8,227,575	7,764,331

As at 31 December 2024

Net Carrying Amount	2,701,728	494,115	1,533,837	137,325	232,757	832	-	5,100,594	
Market Value *	2,701,728	494,115							

As at 31 December 2023

Net Carrying Amount	1,912,805	300,830	1,421,425	90,725	142,175	6,690	-		3,874,650

* Market value of freehold land and buildings was estimated as a revalued amount less subsequent depreciation, the details of which has been provided in Note 30.4.

Notes to the Financial Statements

There were no capitalised borrowing costs pertaining to the acquisition of Property, Plant and Equipment of the Bank during the year 2024 (2023- Nil).

There is a pending case against the Bank in the District Court of Bandarawela related to property at Bandarawela.

Other than the property mentioned above, there are no restrictions on the title of the Property, Plant and Equipment of the Bank as at the reporting date. Further, there were no items pledged as securities for liabilities.

	Freehold Land	Freehold Buildings	Computer Equipment	Office Machines and Equipment	Fixtures, Fittings and Furniture	Motor Vehicles	Leased Assets	2024 Total	2023 Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
30.2 Group									
Cost / Valuation									
Balance as at 01 January	1,912,805	3,053,660	5,431,336	1,678,310	2,318,421	148,971	48,065	14,591,568	13,763,579
Additions and improvements	-	-	619,701	85,574	164,214	-	-	869,489	758,251
Net Surplus on Revaluation	788,923	240,690	-	-	-	-	-	1,029,613	82,154
Disposals / Write-Offs	-	-	(94,144)	(4,082)	(21,193)	-	-	(119,419)	(12,416)
Balance as at 31 December	2,701,728	3,294,350	5,956,893	1,759,802	2,461,442	148,971	48,065	16,371,251	14,591,568
Accumulated Depreciation									
Balance as at 01 January	-	39,319	4,007,797	1,554,883	2,172,058	142,279	48,065	7,964,401	7,300,670
Charge for the Year	-	60,160	508,170	53,596	74,843	5,858	-	702,627	714,843
Revaluation Adjustment on Accumulated Depreciation	-	(99,479)	-	-	-	-	-	(99,479)	(38,696)
Disposals / Write-Offs	-	-	(94,144)	(4,082)	(21,193)	-	-	(119,419)	(12,416)
Balance as at 31 December	-	-	4,421,823	1,604,397	2,225,708	148,137	48,065	8,448,130	7,964,401
As at 31 December 2024									
Net Carrying Amount	2,701,728	3,294,350	1,535,070	155,405	235,734	834	-	7,923,121	
Market value *	2,701,728	3,294,350							
As at 31 December 2023									
Net Carrying Amount	1,912,805	3,014,341	1,423,539	123,427	146,363	6,692	-	6,627,167	

* Market value of freehold land and buildings were estimated as a revalued amount less subsequent depreciation, the details of which has been provided in Note 30.4.

Investment property rented to Seylan Bank PLC by its subsidiary, Seylan Developments PLC has been classified as Property, Plant and Equipment in the Group Financial Statements.

30.3 Fully Depreciated/ Amortised Assets

The initial cost of Fully Depreciated Property, Plant and Equipment and Fully Amortised Intangible Assets (software and software related) as at 31 December which are still in use as follows;

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Computer Equipment	2,902,434	2,506,970	2,904,606	2,507,752
Office Machines and Equipment	1,324,991	1,198,398	1,395,995	1,252,920
Fixtures, Fittings and Furniture	2,036,253	1,849,862	2,046,732	1,860,254
Motor Vehicles	120,491	119,521	120,491	119,521
Leased Assets	48,065	48,065	48,065	48,065
Total Fully Depreciated Property, Plant and Equipment	6,432,234	5,722,816	6,515,889	5,788,512
Total Fully Amortised Intangible Assets	2,267,837	1,932,690	2,267,837	1,932,690
Total Fully Depreciated/ Amortised Assets	8,700,071	7,655,506	8,783,726	7,721,202

30.4 Freehold Land and Buildings

The Bank has revalued its land and buildings and the valuations were made on the basis of market values for existing use. Such valuations were carried out by an independent professionally qualified valuer, Mr. T H D W Hewage (AIV Sri Lanka). The effective date of the revaluation is 31 December 2024 and subsidiary has revalued its land and building annually.

The book values of the properties were adjusted to the revalued amount and the resultant surplus or deficit was transferred to the revaluation reserve or Income Statement respectively.

	Address	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent	Cost/ Valuation		
					Land LKR'000	Building LKR'000	Net Book Value LKR'000
1	Mt. Lavinia 198, Galle Road, Dehiwala-Mount Lavinia	Market Comparable Method Price per perch for land Price per square foot for building	LKR 5,000,000 p.p LKR 2,000 p.sq.ft to LKR 6,500 p.sq.ft	36.30 P	181,000	25,000	206,000
2	Badulla 10, Cocowatte Road, Badulla	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 7,140,000 p.p LKR 7,000 p.sq.ft 20%	1 R 5.50 P	325,000	41,000	366,000
3	Kochchikade 66, Chilaw Road, Kochchikade	Market Comparable Method Price per perch for land Price per square foot for building	LKR 4,000,000 p.p LKR 6,500 p.sq.ft	8.00 P	32,000	22,000	54,000
4	Avissawella 71, Rathnapura Road, Avisawella	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 6,000,000 p.p LKR 7,000 p.sq.ft to LKR 7,500 p.sq.ft 15%	18.92 P	113,000	33,000	146,000
5	Grandpass 401, Prince of Wales Avenue, Colombo 14	Market Comparable Method Price per perch for land Price per square foot for building	LKR 5,750,000 p.p LKR 4,000 p sq. ft to LKR 4,900 p.sq.ft	1R 6.00 P	264,000	47,000	311,000

Notes to the Financial Statements

	Address	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent	Cost/ Valuation		
					Land	Building	Net Book Value
					LKR'000	LKR'000	LKR'000
6	Bandarawela 240, Bandarawela Bypass Road, Bandarawela	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 6,000,000 p.p LKR 2,500 p.sq.ft to LKR 4,000 p.sq.ft 10%	27.01 P	162,000	25,000	187,000
7	Sarikkamulla 97, Old Galle Road, Sarikkamulla	Market Comparable Method Price per perch for land Price per square foot for building	LKR 5,000,000 p.p LKR 4,905 p.sq.ft	19.50 P	97,500	17,000	114,500
8	Raddolugama 171, National Housing Scheme, Raddolugama	Market Comparable Method Price per perch for land Price per square foot for building	LKR 1,750,000 p.p LKR 4,500 p.sq.ft	12.80 P	22,500	14,500	37,000
9	Nuwara-Eliya 61, Haddon Hill Road, Nuwara-Eliya	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 1,000,000 p.p LKR 4,000 p.sq.ft 20%	1 R 36.00 P	76,000	14,000	90,000
10	Maradagahamula 150, Divulapitiya Road, Maradagahamula	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 1,000,000 p.p to LKR 1,500,000 p.p LKR 6,500 p.sq.ft 25%	35.00 P	45,000	38,000	83,000
11	Anuradhapura 23-A1, Anuradhapura	Market Comparable Method Price per perch for land	LKR 2,000,000 p.p	1 R 3.65 P	87,000	-	87,000
12	Embilipitiya 73, New Town Cinema Hall Road, Embilipitiya.	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 4,000,000 p.p LKR 5,000 p.sq.ft to LKR 7,000 p.sq.ft 15% - 25%	22.10 P	88,000	48,000	136,000
13	Nugegoda 211, High Level Road, Nugegoda	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 10,000,000 p.p LKR 2,500 p.sq.ft to LKR 6,500 p.sq.ft 20%	16.00 P	160,000	42,000	202,000
14	Ratnapura 6, Goods Shed Road, Ratnapura	Market Comparable Method Price per perch for land Price per square foot for building Depreciation Rate	LKR 6,000,000 p.p LKR 6,500 p.sq.ft 20%	11.312 P	68,000	23,000	91,000
15	Balangoda Pettigala Road, Balangoda	Market Comparable Method Price per perch for land	LKR 250,000 p.p to LKR 650,000 p.p	3 R 30.44 P	54,000	-	54,000
16	Deal Place 2, Deal Place - A, Colombo 3	Market Comparable Method Price per perch for land	LKR 20,000,000 p.p	19.56 P	391,000	-	391,000
17	Gampola 44, Kandy Road, Gampola	Market Comparable Method Price per perch for land Price per square foot for building	LKR 2,450,000 p.p LKR 4,900 p.sq.ft	13.50 P	33,000	22,000	55,000
18	Koggala 9, Export Processing Zone, Koggala	Market Comparable Method Price per square foot for building Depreciation Rate	LKR 5,500 p.sq.ft 30%	20.00 P	-	11,500	11,500

	Address	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent	Cost/ Valuation		
					Land	Building	Net Book Value
					LKR'000	LKR'000	LKR'000
19	Negombo 141, Rajapaksa Broadway, Negombo.	Market Comparable Method Price per perch for land Price per square foot for building	LKR 5,000,000 p.p LKR 3,450 p.sq.ft	29.15 P	146,000	34,000	180,000
20	Kandana 99, Station Road, Kandana	Market Comparable Method Price per perch for land Price per square foot for building	LKR 800,000 p.p to LKR 2,500,000 p.p LKR 3,000 p.sq.ft to LKR 3,500 p.sq.ft	1A 1 R 9.84 P	356,728	37,115	393,843
Total Freehold Land and Buildings-Bank					2,701,728	494,115	3,195,843
21	Seylan Towers - East Tower 90, Galle Road, Colombo 3	Investment Method Estimated rent income per month per square foot for building	LKR 215 p.sq.ft		-	2,800,235	2,800,235
Total Freehold Buildings-Subsidiary					-	2,800,235	2,800,235
Total Freehold Land and Buildings-Group					2,701,728	3,294,350	5,996,078

Descriptions of the above valuation techniques together with a narrative description on the sensitivity of the fair value measurement to changes in significant unobservable inputs are given below:

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land Price per square foot for building Depreciation rate for building	Estimated fair value would get increased / (decreased) if; Price per perch would get higher / (lower) Price per square foot would get higher / (lower) Depreciation rate for building would get lower / (higher)
Investment Method This method involves the capitalisation of the expected rental income at an appropriate rate of years purchased currently characterised by the real estate market.	Gross annual rentals Years of purchase	Estimated fair value would get increased / (decreased) if Gross annual rentals would get higher / (lower) Years of purchase would get higher / (lower)
Depreciated Replacement Cost Method This method involves the capitalisation of the expected cost of construction at an appropriate remaining life of the building.	Cost of construction Full life of building Remaining life of building	Estimated fair value would get increased (decreased) if; Cost of construction would get higher / (lower)

Notes to the Financial Statements

30.5 Revaluation - Freehold Land and Buildings

The fair value measurements for all of the freehold land and buildings have been categorised as Level 3 fair value measurements.

If freehold land and buildings were stated at historical cost, the amounts would have been as follows:

	Bank					
	2024			2023		
	Land LKR '000	Building LKR '000	Total LKR '000	Land LKR '000	Building LKR '000	Total LKR '000
Properties Revalued						
Cost	462,558	126,197	588,755	462,558	126,197	588,755
Accumulated Depreciation	-	(64,599)	(64,599)	-	(61,467)	(61,467)
Carrying Value	462,558	61,598	524,156	462,558	64,730	527,288

31 Right-of-use Assets

SLFRS 16 - "Leases", requires lessee to recognise all leases on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets.

31.1 Lease Payable as Lessee

Group has obtained certain branches and office premises under Lease. The leases generally run for a period of 10 years, with an option to renew the lease after that date. The Bank's subsidiary, Seylan Developments PLC had entered in to a 99-year lease with the Urban Development Authority (UDA) with the view of set up/conduct and operate a business for the construction of an office and an apartment complex on the year of 1992. The Company pays a nominal rent to the UDA for occupying the land.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 01 January	5,114,518	4,882,318	2,735,963	2,722,569
Additions for the Year	560,238	757,866	495,008	757,866
Depreciation Charge for the Year	(478,096)	(450,115)	(439,445)	(415,452)
Reversal on Early Termination / Others	(7,216)	(75,551)	(7,216)	(329,020)
Balance as at 31 December	5,189,444	5,114,518	2,784,310	2,735,963
31.1.1 Lease Liabilities				
Balance as at 01 January	5,409,418	5,101,247	2,245,420	2,254,558
Additions for the Year	519,711	680,543	519,711	680,543
Accretion of Interest	541,373	484,065	224,154	191,603
Payments	(839,358)	(792,238)	(540,333)	(507,121)
Reversal on Early Termination / Others	(18,037)	(64,199)	(18,037)	(374,163)
Balance as at 31 December	5,613,107	5,409,418	2,430,915	2,245,420
31.1.2 Amounts Recognised in Income Statement				
Interest on Lease Liabilities	541,373	484,065	224,154	191,603
Recognised in Interest Expenses	541,373	484,065	224,154	191,603
Expenses relating to Short - Term and Low- Value Assets	11,324	11,577	11,324	11,577
Depreciation - Right-of-use-Assets	478,096	450,115	439,445	415,452
Recognised in Operating Expenses	489,420	461,692	450,769	427,029
Total Amount recognised in Income Statement	1,030,793	945,757	674,923	618,632
31.1.3 Amounts recognised in Statement of Cash Flows				
Repayment of Principal Portion of Lease Liability	839,358	792,238	540,333	507,121

31.2 Lease Receivable as Lessor

The Group rents its own properties through its subsidiary. Seylan Developments PLC leases out its investment property held under operating leases to its tenants.

Maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date as follows;

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Maturity Analysis - Contractual Undiscounted Cash Flows				
Less than one year	-	-	34,859	61,684
Between one and five years	-	-	12,673	15,499
	-	-	47,532	77,183

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
32 Investment Properties				
Cost				
Balance as at 01 January	-	-	1,287,252	1,256,039
Additions during the Year	-	-	4,496	31,213
Cost as at 31 December (Note 32.1)	-	-	1,291,748	1,287,252
Provision for Impairment	-	-	(70,351)	(71,462)
Cost less Impairment as at 31 December	-	-	1,221,397	1,215,790
Accumulated Depreciation				
Balance as at 01 January	-	-	331,571	297,897
Charge for the Year	-	-	32,435	33,674
Balance as at 31 December	-	-	364,006	331,571
Carrying Value as at 31 December	-	-	857,391	884,219

Address	Extent	Group		
		Date of Valuation	Cost LKR '000	Market Value LKR '000
32.1 Investment Properties (Group) - 2024				
Seylan Towers -West Tower 90, Galle Road, Colombo 3	111,191sq.ft	31/12/2024	1,218,036	1,529,350
Moratuwa Lake Villas, St.Peter's Road, Moratuwa	0A 1R 05P	31/12/2024	3,361	51,000
Ja-Ela Commercial Complex*			70,351	-
			1,291,748	

* Full provision for impairment has been made.

Group has recorded LKR 87,906,528.57 (2023: LKR 104,154,805.00) as rental income for the year ended 31 December 2024.

Group has incurred LKR 29,238,883.00 (2023: LKR 29,238,092.00) as direct operating expenses and LKR 7,543,632.00 (2023: LKR 8,858,400.00) as repair and maintenance for the year ended 31 December 2024.

There were no direct expenses incurred for the properties which do not generate rental income.

Notes to the Financial Statements

Methods and Assumptions used in the Fair Valuation of Investment Properties

Subsidiary-Seylan Developments PLC

Property	Name and Qualifications of the Valuer	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between key Unobservable Inputs and Fair Value Measurement
Seylan Towers -West Tower 90, Galle Road, Colombo 3	Sunil Fernando and Associates (Pvt) Ltd. Chartered Valuation Surveyors	Investment basis of valuation and Depreciated Replacement Value basis of valuation have been adopted. As the subject property is of two mix uses, Commercial and Residential, a prudent investor is expected to make his bid to purchase on two different yields based on two different risks attached to the commercial and residential uses of the property.	Rentals of two similar residential apartment buildings have been taken as comparable residential market rents (LKR 560,000 and LKR 600,000). All risk rates for residential segment of the subject property has been taken at 4% and 6%. Current replacement cost of construction is estimated as LKR 33,900 per sq. ft. Full life of the building is taken as 100 years and the remaining life is taken as 64 years limiting them to the conditions in lease agreement. Land Value is taken at LKR 19,700,000 per perch.	There is a direct relationship between the estimated fair value and market rents. There is an inverse relationship between the estimated fair value and all risk rates. Estimated fair value of Building would increase if replacement cost gets higher. Increase in lifetime of the building will result in to increase in the estimated fair value. Estimated fair value of Land would increase if the market value of the land get higher.
Moratuwa Lake Villas, St.Peter's Road, Moratuwa.	Sunil Fernando and Associates (Pvt) Ltd. Chartered Valuation Surveyors	Market comparison method that considers the value of similar lands located in the area.	The available evidence of land values in the locality was considered. (LKR1,000,000 to LKR 1,200,000)	Estimated fair value would increase if the market value of the land gets higher.

	Bank/Group	
	2024	2023
	LKR '000	LKR '000
33 Intangible Assets		
Software and Software Related Cost		
Balance as at 01 January	3,091,985	2,881,071
Additions for the Year	323,933	210,914
Write-Offs	(410)	-
Balance as at 31 December	3,415,508	3,091,985
Accumulated Amortisation		
Balance as at 01 January	2,554,996	2,370,925
Amortisation for the Year	191,139	184,071
Write-Offs	(410)	-
Balance as at 31 December	2,745,725	2,554,996
Net Carrying Amount	669,783	536,989

There were no restrictions on the title of the Intangible Assets of the Bank as at the reporting date. Further, there were no items pledged as securities for liabilities.

For the Year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
34 Deferred Tax Liabilities / (Assets)				
Balance as at 01 January	(3,171,806)	(3,242,641)	(2,571,168)	(2,684,538)
Recognised in the Profit or Loss				
Charge / (Reversal) for the Year	2,410,730	(239,848)	2,426,338	(235,348)
	2,410,730	(239,848)	2,426,338	(235,348)
Recognised in Other Comprehensive Income				
Effect on Revaluation of Property, Plant and Equipment	298,542	-	336,709	36,255
Effect on Net Fair Value Losses/(Gains) on Financial Investment measured at FVOCI	256,571	310,683	264,589	312,463
	555,113	310,683	601,298	348,718
Balance as at 31 December (Notes 34.1)	(205,963)	(3,171,806)	456,468	(2,571,168)

The Group has considered the Tax rate at 30% for Deferred Tax.

Notes to the Financial Statements

	Bank				Group			
	2024	2024	2023	2023	2024	2024	2023	2023
	Temporary	TAX	Temporary	TAX	Temporary	TAX	Temporary	TAX
	Difference		Difference		Difference		Difference	
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
34.1 Analysis of Deferred Tax Assets and Liabilities								
Deferred Tax - Liabilities								
Property, Plant and Equipment	874,504	262,351	947,890	284,367	998,668	299,601	1,096,239	328,872
Lease Receivables	345,568	103,670	438,506	131,552	345,565	103,669	438,502	131,551
Revaluation Gain Brought Forward	-	-	-	-	1,595,001	478,500	1,595,001	478,500
Reserve on Land Revaluation	1,429,211	428,763	640,288	192,086	1,494,432	448,330	640,288	192,086
Reserve on Building Revaluation	314,111	94,233	107,894	32,368	325,102	97,530	107,894	32,368
Revaluation Surplus on Non-Depreciable Assets	828,531	248,559	828,531	248,559	828,531	248,559	828,531	248,559
Right-of-use Assets	5,189,444	1,556,833	5,114,518	1,534,355	1,099,166	329,750	1,024,241	307,271
Fair value changes recognised through OCI	2,224,631	667,389	1,369,394	410,818	2,400,053	720,016	1,390,867	417,260
	11,206,000	3,361,798	9,447,021	2,834,105	9,086,518	2,725,955	7,121,563	2,136,467
Deferred Tax - Assets								
Leave Encashment Provision (Note 44.1)	492,814	147,844	357,314	107,194	492,814	147,843	357,314	107,193
Other Provisions	-	-	4,105	1,232	-	-	4,107	1,232
Enhanced Gratuity	2,515,912	754,774	2,158,579	647,574	2,515,914	754,774	2,158,581	647,574
Lease Liabilities	5,613,115	1,683,934	5,409,418	1,622,824	1,158,554	347,566	954,857	286,454
Expected Credit Loss Allowances	3,270,696	981,209	12,090,289	3,627,087	3,270,698	981,209	12,090,291	3,627,087
Reversal of Revaluation Loss on Property, Plant and Equipment	-	-	-	-	126,980	38,095	126,980	38,095
	11,892,537	3,567,761	20,019,705	6,005,911	7,564,960	2,269,487	15,692,130	4,707,635
Net (Taxable) / Deductible Temporary Differences	(686,537)	(205,963)	(10,572,684)	(3,171,806)	1,521,558	456,468	(8,570,567)	(2,571,168)

	2024				2023			
	Balance as at 01 January	Recognised in profit or loss	Recognised in Other Comprehensive Income	Balance as at 31 December	Balance as at 01 January	Recognised in profit or loss	Recognised in Other Comprehensive Income	Balance as at 31 December
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Bank								
<i>34.1.1 Movement in Temporary Difference</i>								
Taxable Temporary Differences								
Property, Plant and Equipment	947,890	(73,386)	-	874,504	978,154	(30,264)	-	947,890
Lease Receivables	438,506	(92,938)	-	345,568	949,098	(510,592)	-	438,506
Reserve on Land Revaluation	640,288	-	788,923	1,429,211	640,288	-	-	640,288
Reserve on Building Revaluation	107,894	-	206,217	314,111	107,894	-	-	107,894
Revaluation Surplus on Non-Depreciable Assets	828,531	-	-	828,531	828,531	-	-	828,531
Other Provisions	-	-	-	-	16,654	(16,654)	-	-
Right-of-use Assets	5,114,518	74,926	-	5,189,444	4,851,622	262,896	-	5,114,518
Fair value changes recognised through OCI	1,369,394	-	855,237	2,224,631	333,790	-	1,035,604	1,369,394
	9,447,021	(91,398)	1,850,377	11,206,000	8,706,031	(294,614)	1,035,604	9,447,021
Deductible Temporary Differences								
Leave Encashment Provision (Note 44.1)	357,314	135,500	-	492,814	252,450	104,864	-	357,314
Other Provisions	4,105	(4,105)	-	-	-	4,105	-	4,105
Enhanced Gratuity	2,158,579	357,333	-	2,515,912	1,568,424	590,155	-	2,158,579
Lease Liabilities	5,409,418	203,697	-	5,613,115	5,101,247	308,171	-	5,409,418
Expected Credit Loss Allowances	12,090,289	(8,819,593)	-	3,270,696	12,592,708	(502,419)	-	12,090,289
	20,019,705	(8,127,168)	-	11,892,537	19,514,829	504,876	-	20,019,705
Net (Taxable) / Deductible Temporary Differences	(10,572,684)	8,035,770	1,850,377	(686,537)	(10,808,798)	(799,490)	1,035,604	(10,572,684)
Group								
<i>34.1.2 Movement in Temporary Difference</i>								
Taxable Temporary Differences								
Property, Plant and Equipment	1,096,239	(97,571)	-	998,668	1,127,009	(30,770)	-	1,096,239
Lease Receivables	438,503	(92,938)	-	345,565	949,095	(510,592)	-	438,503
Revaluation Gain Brought Forward	1,595,001	-	-	1,595,001	1,595,001	-	-	1,595,001
Reserve on Land Revaluation	640,288	65,222	788,923	1,494,433	640,288	-	-	640,288
Reserve on Building Revaluation	107,894	10,990	206,217	325,101	107,894	-	-	107,894
Revaluation Surplus on Non-Depreciable Assets	828,531	-	-	828,531	828,531	-	-	828,531
Right-of-use Assets	1,024,240	74,926	-	1,099,166	761,344	262,896	-	1,024,240
Other Provisions	-	-	-	-	16,653	(16,653)	-	-
Fair value changes recognised through OCI	1,390,867	-	1,009,186	2,400,053	349,330	-	1,041,537	1,390,867
	7,121,563	(39,371)	2,004,326	9,086,518	6,375,145	(295,119)	1,041,537	7,121,563
Deductible Temporary Differences								
Leave Encashment Provision (Note 44.1)	357,314	135,500	-	492,814	252,447	104,867	-	357,314
Other Provisions	4,107	(4,107)	-	-	-	4,107	-	4,107
Enhanced Gratuity	2,158,581	357,333	-	2,515,914	1,568,424	590,157	-	2,158,581
Lease Liabilities	954,857	203,697	-	1,158,554	579,137	375,720	-	954,857
Expected Credit Loss Allowances	12,090,291	(8,819,593)	-	3,270,698	12,592,711	(502,420)	-	12,090,291
Reversal of Revaluation Loss on Property, Plant and Equipment	126,980	-	-	126,980	330,887	(83,057)	(120,850)	126,980
	15,692,130	(8,127,170)	-	7,564,960	15,323,606	489,374	(120,850)	15,692,130
Net (Taxable) / Deductible Temporary Differences	(8,570,567)	8,087,799	2,004,326	1,521,558	(8,948,461)	(784,493)	1,162,387	(8,570,567)

Notes to the Financial Statements

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
35 Other Assets				
Deposits and Prepayments	1,297,624	1,051,349	1,317,802	1,066,610
Clearing House Balance	3,264,742	5,332,204	3,264,742	5,332,204
Inventories	218,800	195,825	229,289	208,973
Sundry Debtors	3,943,627	2,688,471	3,943,627	2,688,471
Other Receivables	684,027	3,024,398	684,027	3,024,398
Due from Trust Companies	3,333	2,211	3,333	2,211
Prepaid Staff Cost	1,493,355	1,558,231	1,493,649	1,558,752
Other Debtors	3,670,199	2,519,005	3,684,280	2,525,143
Total Other Assets	14,575,707	16,371,694	14,620,749	16,406,762
Expected Credit Loss Allowance (Note 35.1)	(400,774)	-	(400,774)	-
Total Other Assets-Net	14,174,933	16,371,694	14,219,975	16,406,762

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
35.1 Movements in Expected Credit Loss During the year				
Balance as at 01 January	-	347,246	-	347,246
Charge / (Reversal) to Income statement	400,774	(347,246)	400,774	(347,246)
Balance as at 31 December	400,774	-	400,774	-

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
35.1.1 Stage wise Movements in Expected Credit Loss during the Year				
Stage 2				
Balance as at 01 January	-	-	-	-
Charge / (Reversal) to Income statement (Note 35.1)	227,781	-	227,781	-
Balance as at 31 December	227,781	-	227,781	-
Stage 3				
Balance as at 01 January	-	347,246	-	347,246
Charge / (Reversal) to Income statement (Note 35.1)	172,993	(347,246)	172,993	(347,246)
Balance as at 31 December	172,993	-	172,993	-

	Bank/Group	
	2024 LKR '000	2023 LKR '000
36 Due to Banks		
Refinance Borrowings	6,862,696	6,067,882
Borrowings from Local Banks	730,432	867,192
Borrowings from Foreign Banks	428,641	209,425
Borrowings from Development Finance Institutions	-	4,952,257
Call money Borrowings	120,026	-
Total Due to Banks	8,141,795	12,096,756

	Bank/Group	
	2024 LKR '000	2023 LKR '000
37 Financial Liabilities at Amortised Cost - Due to Depositors		
Total Due to Depositors	646,817,333	591,622,729
37.1 Analysis of Due to Depositors		
<i>37.1.1 By Product</i>		
Local Currency		
Demand Deposits	39,072,142	35,126,646
Savings Deposits	123,126,928	113,274,031
Time Deposits	373,712,110	328,328,460
Certificates of Deposit	836,590	966,920
Margin Accounts	1,145,269	900,130
Total Due to Depositors - Local Currency	537,893,039	478,596,187
Foreign Currency		
Demand Deposits	4,688,338	5,119,577
Savings Deposits	19,139,176	23,126,823
Time Deposits	85,070,317	84,755,873
Margin Accounts	26,463	24,269
Total Due to Depositors - Foreign Currency	108,924,294	113,026,542
Total Due to Depositors by Product	646,817,333	591,622,729

Notes to the Financial Statements

	Bank/Group	
	2024	2023
	LKR '000	LKR '000
37.1.2 By Currency		
Sri Lankan Rupee	537,893,039	478,596,187
United States Dollar	95,476,110	96,750,530
Great Britain Pound	4,760,735	5,264,174
Euro	3,733,739	3,300,732
Australian Dollar	3,554,690	5,942,274
Japanese Yen	474,162	655,855
Canadian Dollar	248,212	322,791
Singapore Dollar	517,745	617,145
Other currencies	158,901	173,041
Total Due to Depositors by Currency	646,817,333	591,622,729
37.1.3 By Customer Category		
Banks	17,539,052	6,559,022
Finance Companies	2,632,654	1,256,706
Other Customers	626,645,627	583,807,001
Total Due to Depositors by Customer Category	646,817,333	591,622,729
37.1.4 By Maturity		
Due within One Year	598,049,581	549,675,913
Due after One Year	48,767,752	41,946,816
Total Due to Depositors by Maturity	646,817,333	591,622,729

	Bank/Group	
	2024	2023
	LKR '000	LKR '000
38 Financial Liabilities at Amortised Cost - Due to Debt Securities Holders		
Securities Sold under Repurchase Agreements (Repo)	1,461,944	6,862,998
	1,461,944	6,862,998
39 Financial Liabilities at Amortised Cost - Due to Other Borrowers		
Refinance Borrowings - Other Institutions (Coconut Cultivation Board)	23,731	16,151
	23,731	16,151
40 Group Balances Payable		
Seylan Developments PLC	98,942	115,823
	98,942	115,823

Issue	Interest Rate	Colombo Stock Exchange Listing	Subordinated / Unsubordinated	Interest Payable Frequency	Allotment Date	Maturity Date	Face Value	Bank / Group	
								Amortised Cost	
								2024 LKR '000	2023 LKR '000
41 Debt Securities Issued									
41.1 Fixed Rate Debentures									
2018 - 2025	13.20% p.a	Listed	Subordinated	Semi - Annually	29.03.2018	28.03.2025	715,000	739,306	739,306
2018 - 2028	13.50% p.a	Listed	Subordinated	Semi - Annually	29.03.2018	28.03.2028	1,609,000	1,664,940	1,664,940
2019- 2024	15.00% p.a	Listed	Subordinated	Annually	18.04.2019	17.04.2024	3,773,400	-	4,141,409
2019- 2024	14.50% p.a	Listed	Subordinated	Semi - Annually	18.04.2019	17.04.2024	1,226,600	-	1,263,146
2021- 2026	9.75% p.a	Listed	Subordinated	Annually	12.04.2021	12.04.2026	5,352,020	5,729,447	5,729,447
2021- 2026	9.25% p.a	Listed	Subordinated	Quarterly	12.04.2021	12.04.2026	647,980	661,281	661,281
2023- 2028	28.00% p.a	Listed	Subordinated	Annually	02.05.2023	01.05.2028	3,851,882	4,572,870	4,572,871
2023- 2028	25.00% p.a	Listed	Subordinated	Quarterly	02.05.2023	01.05.2028	1,148,118	1,195,301	1,195,301
2024-2029	13.25%p.a	Listed	Subordinated	Annually	17.07.2024	17.07.2029	7,666,650	8,134,211	-
2024-2029	12.60%p.a	Listed	Subordinated	Quarterly	17.07.2024	17.07.2029	1,263,800	1,296,957	-
2024-2031	13.50% p.a	Listed	Subordinated	Annually	17.07.2024	17.07.2031	133,550	141,848	-
2024-2031	13.05%p.a	Listed	Subordinated	Semi - Annually	17.07.2024	17.07.2031	936,000	992,222	-
Total Debentures								25,128,383	19,967,701

As at December 31,	Bank/Group			
	2024		2023	
	Face Value LKR '000	Amortised Cost LKR '000	Face Value LKR '000	Amortised Cost LKR '000
41.2 Debentures due				
- Payable within one year	715,000	739,306	5,000,000	5,404,555
- Payable after one year	22,609,000	24,389,077	13,324,000	14,563,146

Notes to the Financial Statements

41.3 Utilisation of funds raised through Debentures issued in July 2024 is as follows:

Objective Number	Objective as per Prospectus	Proposed Date of Utilisation as per Prospectus	Amount allocated as per Prospectus in LKR	Amount allocated from Proceeds in LKR (A)	% of Total Proceeds	Amount utilised in LKR (B)	% of Utilised against allocation (B/A)	Details if not fully utilised
1	To strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements by the issue of Subordinated Debentures.	With effect from the Date of Allotment	10 Bn (Initial issue of LKR 5 Bn and a maximum issue of LKR 10 Bn)	10 Bn	100%	10 Bn	100%	N/A
2	Grow the Lending Portfolio, especially in segments such as Small and Medium Enterprises (SME) and Export Oriented Industries.	Over a period of twelve (12) months from the Date of Allotment						
3	Reduce Maturity Gaps in the Assets and Liabilities of the Bank							

42. Retirement Benefit Obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank operates an approved Gratuity Fund to facilitate the payments for permanent staff of the Bank.

Refer to the Note 5.16.1 to the Financial Statements on "Defined Benefit Plan". The shares acquired by the Gratuity Trust Fund for the settlement of enhanced gratuity liabilities have been recorded under plan assets.

Based on the Sri Lanka Accounting Standard (LKAS) 19 – "Employee Benefits" the Group has adopted the Actuarial Valuation Method. Accordingly, provisions have been made based on the above method.

An actuarial valuation was carried out as at 31 December 2024 by Mr. M. Poopalanathan, AIA, Messers Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries.

The Gratuity liabilities are externally funded through plan assets of the Gratuity Trust Fund.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
42.1.1 The Amount Recognised in the Statement of Financial Position				
Present Value of Defined Benefit Obligations (Note 42.1.3)	7,984,930	5,965,787	8,001,183	5,980,262
Fair Value of Plan Assets (Note 42.1.4)	(4,384,289)	(3,452,454)	(4,405,180)	(3,470,688)
Provision for Defined Benefit Obligations	3,600,641	2,513,333	3,596,003	2,509,574
42.1.2 Plan Assets				
Balance with Banks	236,340	142,515	236,494	142,588
Investment in Treasury Bills, Bonds and Repo	2,573,156	2,279,105	2,587,156	2,293,105
Investments in Fixed Deposits	-	170,942	6,737	175,103
Expected Proceeds from Sale of Shares to be Transferred (Note 42.1.7)	8,244	615	8,244	615
Investment in Shares	1,566,549	859,277	1,566,549	859,277
	4,384,289	3,452,454	4,405,180	3,470,688
Plan Assets are held by an approved external Gratuity Trust Fund.				
42.1.3 Movement in the Present Value of Defined Benefit Obligations (PV DBO)				
Liability for Defined Benefit Obligations as at 01 January	5,965,787	4,169,265	5,980,262	4,178,505
Current Service Cost	300,482	190,485	301,333	190,998
Interest Cost	769,586	771,314	771,323	773,070
Actuarial Loss on PV DBO (Note 42.1.5)	1,575,311	1,668,445	1,575,337	1,673,524
Benefits Paid by the Plan	(626,236)	(833,722)	(627,072)	(835,835)
Liability for Defined Benefit Obligations as at 31 December	7,984,930	5,965,787	8,001,183	5,980,262
42.1.4 Movement in Plan Assets				
Fair Value of Plan Assets as at 01 January	3,452,454	2,852,347	3,470,689	2,869,957
Expected Return on Plan Assets	445,287	527,117	447,473	530,463
Expected Proceeds from Sale of Trust Company Shares (Note 42.1.7)	8,244	615	8,244	615
Less: Reversal of Expected Proceeds from Sale of Shares to be Transferred	(615)	(3,067)	(615)	(3,067)
Contribution Paid into Plan*	291,388	246,423	291,388	246,423
Benefits Paid by the Plan	(626,236)	(833,722)	(627,072)	(835,835)
Actuarial Gains on Plan Assets (42.1.5)	813,767	662,741	815,073	662,132
Fair Value of Plan Assets as at 31 December	4,384,289	3,452,454	4,405,180	3,470,688
*Expected contribution for 2025- LKR 320.57 Mn				
42.1.5 Actuarial (Gains) or Losses				
Actuarial (Gains)/Losses for Year - Obligation	1,575,311	1,668,445	1,575,337	1,673,524
Actuarial (Gains)/Losses for Year - Plan Assets	(813,767)	(662,741)	(815,073)	(662,132)
	761,544	1,005,704	760,264	1,011,392

Notes to the Financial Statements

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
42.1.6 Amount Recognised in the Income Statement				
Current Service Cost	300,482	190,485	301,333	190,998
Interest Cost	769,586	771,314	771,323	773,070
Expected Return on Plan Assets	(445,287)	(527,117)	(447,473)	(530,463)
Amount recognised in the Income Statement as Personnel Expenses (Note 15)	624,781	434,682	625,183	433,605
Amount recognised in the Income Statement for Enhanced Gratuity Expense and Fair Value Change in Shares held (Note 15/ Note 42.1.7)	(1,264,583)	(279,283)	(1,264,583)	(279,283)
	(639,802)	155,399	(639,400)	154,322
42.1.7 Amount Recognised in the Income Statement for Enhanced Gratuity Expense and Fair Value Change in Shares Held				
Payments made to Ex. Staff Members	25,796	17,242	25,796	17,242
Reversal of Provision for Unclaimed Enhanced Gratuity by Ex. Staff Members	(24,458)	(22,022)	(24,458)	(22,022)
Expected Proceeds from Sale of Shares to be transferred	(8,244)	(615)	(8,244)	(615)
(Increase)/ Decrease in Fair Value of Shares held by the Gratuity Trust Fund	(1,257,677)	(273,888)	(1,257,677)	(273,888)
	(1,264,583)	(279,283)	(1,264,583)	(279,283)
42.1.8 Amount Recognised in the Other Comprehensive Income				
Actuarial Gains/(Losses) Recognised in the year	(761,544)	(1,005,704)	(760,264)	(1,011,392)
	(761,544)	(1,005,704)	(760,264)	(1,011,392)

42.1.9 Actuarial Assumptions

	Bank/Group	
	2024	2023
Demographic Assumptions		
Mortality in service	A 1967/70 Mortality Table issued by the Institute of Actuaries London	A 1967/70 Mortality Table issued by the Institute of Actuaries London
Retirement Age *	60 Years	60 Years
Financial Assumptions **		
Discount Rate	10% ***	12.90% (Subsidiary 12%)
Salary Increment	10%	15.00% (Subsidiary 10%)
	Next increment due on 01 January 2025	Next increment due on 01 January 2024

* As per the Minimum Retirement Age of Workers Act No 28 of 2021.

** Will be re-visited based on Market condition.

*** Based on the Treasury Bonds/ Bills average market yield of weighted average duration.

42.1.10 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Income Statement and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Income Statement and employment benefit obligation for the year.

Bank

2024			
Increase / (Decrease) in Discount Rate	Increase / (Decrease) in Salary Increment Rate	Sensitivity Effect on Other Comprehensive Income Statement Increase/ (Decrease) in Charge for the year (LKR' 000)	Sensitivity Effect on Employment Benefit Obligation Increase/ (Decrease) in the Liability (LKR' 000)
%	%		
1	**	(489,292)	(489,292)
(1)	**	542,665	542,665
*	1	580,857	580,857
*	(1)	(531,419)	(531,419)

* Discount Rate is Fixed at 10%.

** Salary Increment is 10%.

Subsidiary

2024			
Increase / (Decrease) in Discount Rate	Increase / (Decrease) in Salary Increment Rate	Sensitivity Effect on Other Comprehensive Income Statement Increase/ (Decrease) in Charge for the year (LKR' 000)	Sensitivity Effect on Employment Benefit Obligation Increase/ (Decrease) in the Liability (LKR' 000)
%	%		
1	**	(924)	(924)
(1)	**	1,013	1,013
*	1	1,084	1,084
*	(1)	(1,005)	(1,005)

* Discount Rate is Fixed at 10%.

** Salary Increment is 10%.

42.1.11 Maturity Profile of the Defined Benefit Obligation

Bank

Future Working Life Time	Defined Benefit Obligation LKR '000
Within next 12 months	551,994
Between 1-2 years	1,243,601
Between 2-5 years	1,724,271
Between 5-10 years	3,169,531
Beyond 10 Years	1,295,533
Total	7,984,930
Weighted Average Duration of Defined Benefit Obligation	7.0 years

Notes to the Financial Statements

Subsidiary

Future Working Life Time	Defined Benefit Obligation LKR '000
Within next 12 months	1,025
Between 1-2 years	1,632
Between 2-5 years	6,578
Between 5-10 years	5,349
Beyond 10 Years	1,669
Total	16,253
Weighted Average Duration of Defined Benefit Obligation	6.5 years

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
43 Current Tax Liabilities				
Balance as at 01 January	2,688,253	5,128,484	2,719,843	5,179,000
Charge for the Year (Note 16.1.1)	3,581,406	4,063,720	3,657,087	4,110,333
(Over) / Under Provisions	-	-	(1,129)	(6,156)
Payments	(4,771,981)	(6,493,992)	(4,811,694)	(6,520,672)
WHT credits	(7,981)	(9,959)	(40,803)	(42,662)
Balance as at 31 December	1,489,697	2,688,253	1,523,304	2,719,843

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
44 Other Liabilities				
Accrued Expenses	3,633,028	2,361,749	3,655,242	2,388,815
Deposit Funding Accounts	3,178,707	5,245,848	3,178,707	5,245,848
Dividend Payable	27,558	18,750	56,655	50,748
Sundry Creditors	2,439,328	2,049,380	2,439,328	2,049,380
Value Added Tax and Other Statutory Payables	1,261,887	784,187	1,266,662	788,626
Cheques Payable	799,546	939,612	799,546	939,612
Leave Encashment Provision (Note 44.1)	492,814	357,314	492,814	357,314
Expected Credit Loss Allowance on Undrawn Credit Commitments and Financial Guarantees (Note 44.2)	1,717,732	1,547,358	1,717,732	1,547,358
Other Creditors	3,274,385	2,849,225	3,203,994	2,854,298
Total Other Liabilities	16,824,985	16,153,423	16,810,680	16,221,999

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
44.1 Leave Encashment Provision				
Balance as at 01 January	357,314	252,450	357,314	252,450
Leave Encashment during the year	-	(9,173)	-	(9,173)
Amount Charged to Income Statement during the year	135,500	114,037	135,500	114,037
Balance as at 31 December	492,814	357,314	492,814	357,314

44.1.1 Actuarial Assumptions

	Bank/Group	
	2024	2023
Demographic Assumptions		
Mortality in service	A 1967/70 Mortality Table issued by the Institute of Actuaries London	A 1967/70 Mortality Table issued by the Institute of Actuaries London
Retirement Age *	60 Years	60 Years
Financial Assumptions **		
Discount Rate	10% ***	12.90% (Subsidiary 12%)
Salary Increment	10% Next increment due on 01 January 2025	15.00% (Subsidiary 10%) Next increment due on 01 January 2024

* As per the Minimum Retirement Age of Workers Act No 28 of 2021.

** Will be re-visited based on Market condition.

*** Based on the Treasury Bonds/ Bills average market yield of weighted average duration.

44.1.2 Sensitivity of Assumptions Employed in Actuarial Valuation

		Bank		
		2024		
Increase / (Decrease) in Discount Rate %	Increase / (Decrease) in Salary Increment Rate %		Sensitivity Effect on Income Statement Increase/ (Decrease) in Charge for the year (LKR' 000)	Sensitivity Effect on Employment Benefit Obligation Increase/ (Decrease) in the Liability (LKR' 000)
1	**		(31,285)	(31,285)
(1)	**		35,050	35,050
*	1		37,438	37,438
*	(1)		(33,913)	(33,913)

* Discount Rate is Fixed at 10%.

** Salary Increment is 10%.

	Bank/Group	
	2024	2023
	LKR '000	LKR '000
44.2 Expected Credit Loss Allowance on Undrawn credit commitments and financial guarantees		
Balance as at 01 January	1,547,358	1,195,082
Charge/(Write back) to Income Statement (Note 13)	170,374	352,276
Balance as at 31 December	1,717,732	1,547,358
44.2.1 Stagewise Movements in Expected Credit Loss Allowance during the year		
Stage 1		
Balance as at 01 January	855,118	1,177,288
Charge/(Write back) to Income Statement	211,893	(322,170)
Balance as at 31 December	1,067,011	855,118
Stage 2		
Balance as at 01 January	66,101	10,495
Charge/(Write back) to Income Statement	(7,658)	55,606
Balance as at 31 December	58,443	66,101
Stage 3		
Balance as at 01 January	626,139	7,299
Charge/(Write back) to Income Statement	(33,861)	618,840
Balance as at 31 December	592,278	626,139

Notes to the Financial Statements

	Bank/Group					
	2024			2023		
	LKR '000			LKR '000		
	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total
45 Stated Capital						
Balance as at 01 January	12,794,664	8,114,009	20,908,673	12,314,065	7,612,388	19,926,453
Issued for Scrip Dividend*	378,313	406,384	784,697	480,599	501,621	982,220
Balance as at 31 December	13,172,977	8,520,393	21,693,370	12,794,664	8,114,009	20,908,673

* A scrip dividend of LKR 1.50 per share for the year 2023 was paid in 2024. (A scrip dividend of LKR 2.00 per share for the year 2022 was paid in 2023).

	Bank/Group					
	2024			2023		
	LKR '000			LKR '000		
	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total
45.1 Movements in Number of Shares						
Balance as at 01 January	296,716,366	318,732,692	615,449,058	282,704,760	295,071,313	577,776,073
Issued for Scrip Dividend	8,520,571	11,677,706	20,198,277	14,011,606	23,661,379	37,672,985
Balance as at 31 December	305,236,937	330,410,398	635,647,335	296,716,366	318,732,692	615,449,058

	Bank/Group	
	2024	2023
	LKR '000	LKR '000
46 Statutory Reserve Fund		
Balance as at 01 January	2,880,973	2,568,162
Transferred during the Year *	502,564	312,811
Balance as at 31 December	3,383,537	2,880,973

* 5% of Net Profit after Tax.

Statutory Reserve Fund represents the statutory requirement in terms of the Section 20 (1) and (2) of the Banking Act No. 30 of 1988.

	Bank		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
47 Retained Earnings				
Balance as at 01 January	34,846,140	31,063,994	35,540,973	31,697,936
Profit for the year	10,051,277	6,256,214	10,113,406	6,321,116
Actuarial Losses on Defined Benefit Obligations	(761,544)	(1,005,704)	(760,582)	(1,009,715)
Transfers to other reserves	(1,071,334)	(312,811)	(994,585)	(312,811)
Cash / Scrip Dividend	(1,538,623)	(1,155,553)	(1,538,623)	(1,155,553)
Balance as at 31 December	41,525,916	34,846,140	42,360,589	35,540,973

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
48 Other Reserves				
Capital Reserve (Note 48.1)	418,021	418,021	695,188	673,234
Revaluation Reserve (Note 48.2)	2,070,817	1,374,219	3,092,283	2,329,017
General Reserve (Note 48.3)	33,787	33,787	33,787	33,787
Fair Value through Other Comprehensive Income Reserve (Note 48.4)	530,760	(203,999)	513,900	(233,618)
Special Reserve (Note 48.5)	583,497	-	583,497	-
Investment Fund Reserve (Note 48.6)	248,767	248,767	248,767	248,767
Total Other Reserves	3,885,649	1,870,795	5,167,422	3,051,187
48.1 Movement in Capital Reserve				
Balance as at 01 January	418,021	418,021	673,234	673,234
Acquisition of Non-Controlling Interest	-	-	21,954	-
Balance as at 31 December	418,021	418,021	695,188	673,234

Bank - Capital Reserve consists of the Debenture Redemption Reserve Fund of LKR 400 Mn. transferred to Capital Reserve in 2004. Debenture Redemption Reserve Fund was created for the redemption of five year Debentures amounting to LKR 400 Mn. issued in November 1999. Balance consisting of LKR 18 Mn. was transferred to Capital Reserve in 1991.

Subsidiary - Capital Redemption Reserve Fund, which was created at the time of redeeming the Preference Shares of Seylan Developments PLC (Transferred to Capital Reserve in 2011).

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
48.2 Movement in Revaluation Reserve				
Balance as at 01 January	1,374,219	1,374,219	2,329,017	2,269,369
Surplus/(Deficit) on Revaluation during the Year	995,140	-	1,122,364	120,850
Deferred Tax Impact on Revaluation (Surplus)/Deficit during the Year	(298,542)	-	(336,709)	(36,255)
Transferred to Non-Controlling Interest	-	-	(22,540)	(24,947)
Acquisition of Non-Controlling Interest	-	-	151	-
Balance as at 31 December	2,070,817	1,374,219	3,092,283	2,329,017

In addition to the Bank's Revaluation Reserve, Group includes the surplus on revaluation of Property, Plant and Equipment of the Subsidiary.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
48.3 Movement in General Reserve				
Balance as at 01 January	33,787	33,787	33,787	33,787
Balance as at 31 December	33,787	33,787	33,787	33,787

General Reserve consists of LKR 25 Mn. transferred in 1995 to General Reserve, LKR 2.7 Mn. transferred from Bad Debts Reserve and LKR 6 Mn. transferred from Contingency Reserve in 2002 to General Reserve.

Notes to the Financial Statements

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
48.4 Movement in Fair Value through Other Comprehensive Income Reserve				
Balance as at 01 January	(203,999)	(1,183,105)	(233,618)	(1,215,647)
Net Gains on investments in debt instruments measured at fair value through other comprehensive income	786,665	987,554	813,415	993,479
Net Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	219,276	302,235	219,276	302,235
Deferred Tax Impact on Net Fair Value Gains (Note 34)	(256,455)	(310,683)	(264,480)	(312,463)
Net Gains on Disposal Equity Investments transferred to Retained Earnings (Note 27.7)	(14,727)	-	(14,727)	-
Transferred to Non-Controlling Interest	-	-	(4,739)	(1,222)
Acquisition of Non-Controlling Interest	-	-	(1,227)	-
Balance as at 31 December	530,760	(203,999)	513,900	(233,618)
48.5 Movement in Special Reserve				
Balance as at 01 January	-	-	-	-
Transferred to Retained Earnings	583,497	-	583,497	-
Balance as at 31 December	583,497	-	583,497	-
The Special Reserve was created as per CBSL instructions (02/17/500/0819/016) dated February 13, 2025. The reserve is equal to 15% of the amortised value of the USD Step-up Bonds received as part of the settlement for the restructured SLISBs. This reserve is excluded from regulatory capital requirements.				
48.6 Movement in Investment Fund Reserve				
Balance as at 01 January	248,767	248,767	248,767	248,767
Transferred to Retained Earnings	-	-	-	-
Balance as at 31 December	248,767	248,767	248,767	248,767

As per the Value Added Tax (Amendment) Act No. 09 of 2011 and Inland Revenue (Amendment) Act No. 22 of 2011, Bank transferred 8% on Value Addition attributable to Financial Services and 5% of Taxable Profits, from retained profits to Investment Fund Reserve with effect from 01 January 2011. The requirement of this transfer ceased with effect from 01 October 2014.

Transfers to the Investment Fund Reserve	LKR '000
8% on the Value addition attributable to Financial Services	1,257,105
5% of Taxable Profits	409,598
	1,666,703

Utilisation of Investment Fund Reserve

Qualifying Investments

Long Term Government Securities with maturity period over 7 Years	Maturity Value (LKR)	Date of Maturity	Interest Rate %
Treasury Bond	230,000,000	01.07.2028	9.00
Total Investment in Government Securities	230,000,000		

Qualifying Loans

Purpose	No of loans granted	Amount outstanding (LKR)	Tenure of the loan	Interest rate
Construction of hotels and for related purpose	1	51,874,000	10 years	5 year Treasury Bond rate + 2%
Total Qualifying Loans		51,874,000		
Total Investment in Government Securities and Qualifying Loans		281,874,000		

	2024 LKR '000	2023 LKR '000
49 Non-Controlling Interest (NCI) in Subsidiary, Seylan Developments PLC		
NCI (%)*	25.31	29.49
Total Assets	6,599,316	6,546,182
Total Liabilities	1,078,552	1,076,608
Net Assets	5,520,764	5,469,574
Carrying Amount of NCI (Note 49.1)	1,070,894	1,316,044
Revenue	404,796	393,801
Profit	350,811	353,813
Total Comprehensive Income	369,983	358,396
Profit Allocated to NCI	39,332	79,506
Cash Flow from Operating Activities	164,679	203,966
Cash Flow from Investing Activities	(121,959)	35,938
Cash Flow from Financing Activities - Before Dividend to NCI	(104,333)	(125,196)
Cash Flow from Financing Activities - Cash Dividend to NCI	(35,355)	(52,362)
Cash Flow from Financing Activities - Share repurchase	(179,105)	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(276,073)	62,346

	Bank	
	2024 LKR '000	2023 LKR '000
49.1 Carrying Amount of Non Controlling Interest (NCI)		
Balance as at 01 January	1,316,044	1,264,408
Profit for the year	39,332	79,506
Other Comprehensive Income, net of Tax	27,606	24,492
Other Transactions with Equity Holders, Recognised Directly in Equity	(312,088)	(52,362)
Balance as at 31 December	1,070,894	1,316,044

* In March 2024, the Bank's holdings on Seylan Development PLC was increased by 4.18% to 74.69% from 70.51%. As a result, the Non Controlling Interest (NCI) dropped to 25.31% from 29.41%. The consideration paid for the NCI was LKR 179,105,000/-

	Group 2024 LKR '000
49.1.1	
Carrying Value of NCI Acquired	276,732
Consideration Paid to NCI	(179,105)
	97,627
The increase in Equity attributable to Owners of the Bank comprised:	
Increase in Retained Earnings	76,749
Increase in Revaluation Reserve	151
Decrease in Fair Value through OCI Reserve	(1,227)
Increase in Other Reserve	21,954
	97,627

Notes to the Financial Statements

50 Contingent Liabilities and Commitments

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
50.1 Contingencies				
Acceptances	10,427,859	7,917,084	10,427,859	7,917,084
Standby Letters of Credit	132,377	146,496	132,377	146,496
Guarantees	57,381,283	55,805,472	57,381,283	55,805,472
Documentary Credit	10,488,234	7,099,253	10,488,234	7,099,253
Bills for Collection	5,820,864	5,093,891	5,820,864	5,093,891
Forward Exchange Contracts (Net)	15,069	53,691	15,069	53,691
Total Contingent Liabilities	84,265,686	76,115,887	84,265,686	76,115,887
50.2 Commitments				
Undrawn Credit commitments	95,846,040	89,057,981	95,846,040	89,057,981
Capital Commitments (Note 53.1)	704,638	666,936	709,345	685,552
Total Commitments	96,550,678	89,724,917	96,555,385	89,743,533
Total Contingent Liabilities and Commitments	180,816,364	165,840,804	180,821,071	165,859,420

51. Cases against the Bank

Due to the nature of the business, litigation is a common aspect of the banking industry. The bank has its procedures set out for managing all legal actions which are instituted by the Bank as well as against the Bank. Ongoing legal actions are reviewed periodically and the following list includes certain unresolved matters due to the uncertainty of the outcome. Additionally, some legal cases are not listed below as their potential impact is deemed immaterial to the bank's operations.

A. Civil Cases

A (1) The Cases and Claims filed against the Bank

No	Plaintiff/ Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
1	Customer	Appeal	Commercial High Court 14/98(1) - SC Appeal 26A/2005 SC APP 26/2005	4.27	Both the Bank and the Customer appealed on the Commercial High Court Judgement.	Judgement Reserved	
2	Customer	Appeal	Commercial High Court 559/10 MR - (SC CHC Appeal 45/2018)	10.00	Plaintiff has appealed on the dismissal of his case in Commercial High Court.	Argument	24 September 2025
3	Ex Staff member	Damages	District Court of Ampara 356/Damages	50.00	The plaintiff who is an ex-staff member of the Bank filed action for termination from work.	Order	16 June 2025
4	1. Customer 2. Director of the Customer	Appeal	1. Supreme Court SC/HC/LA/18/2022 (CHC 90/2020/MR, DC Colombo 1674/15/DMR) 2. Supreme Court SC/HC/LA/100/2022 (CHC 713/19/MR, DC Colombo 1675/15/DMR)	50.00	The plaintiff company and its Director have filed two cases claiming damages from the Bank with regard to the particular Director of the company being remanded. Company's action was dismissed, which has been appealed under the Appeal No SC/HC/LA/18/2022. Bank appealed to Supreme Court under SC/HC/LA/100/2022 against the Order delivered by Commercial High Court in the Director's case.	Both cases to be Supported	21 May 2025
5	Customer	Money Recovery	Commercial High Court HC CIVIL 518/12/MR (SC CHC Appeal 40/2022)	49.02	Case filed against the Bank as well as the cross claim filed by the Bank were dismissed. Both parties appealed against the said dismissal.	Argument	11 June 2025
6	Customer	Money Recovery	Commercial High Court 253/17/MR	212.16	Plaintiff obtained a stay order preventing the Bank from making payment on a Letter of Credit.	Pre Trial	19 March 2025
7	Customer	Money Recovery	DC Kalmunai M 6029/17	2.00	Plaintiff claims on withdrawal of funds while her pass book and the passport was in custody of a Foreign Employment Agency.	Trial	20 May 2025
8	Customer	Money Recovery	Commercial High Court HC Civil 144/2018 MR	601.40	Plaintiff claims that the Bank has acted in contrary to their Swift instructions on a remittance.	Trial	13 June 2025
9	Customer	Money Recovery	District Court of Colombo DMR 4237/18	200.00	A case was filed by the Bank to recover interest due to the Bank from the customer and later withdrawn. Customer filed this case claiming damages for instituting the said case.	Trial	26 March 2025

Notes to the Financial Statements

No	Plaintiff/ Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
10	Customer	Special	District Court of Matara SPL/1151	18.00	Plaintiff filed this action to get a court declaration that there had been an agreement between him and the Bank to purchase a property acquired by the Bank, which had been released to the owner upon settlement.	Trial	25 March 2025
11	Third party	Special	District Court of Colombo DSP 220/22	120.40	The property on which the Bank hold an additional Mortgage Bond had been acquired by Bank of Ceylon under a Certificate of Sale. Bank of Ceylon filed this action against the Bank to get the said additional Mortgage Bond cancelled	Pre Trial	28 March 2025
12	Third party	Special	District Court of Colombo DSP 486/2022	13.00	This case has been instituted seeking a court direction on the Bank to honour the claim made by the plaintiff on a Letter of Guarantee which was not made on the original issued by the Bank.	Pre Trial	30 April 2025
13	Customer	Money Recovery	Commercial High Court CHC/347/2022 MR	475.19	Due to the scarcity of the foreign exchange in the country, in 2022 bank was unable to sell foreign exchange to the customer to settle the customer's import liabilities. Customer filed this case against the Bank claiming damages for exchange losses.	Further Trial	18 June 2025
14	Customer	Money Recovery	District Court of Nugegoda M/5308/23	8.45	Plaintiffs initiated this action to recover further interest on the fixed deposits uplifted Prematurely.	Trial	11 March 2025
15	Customer	Money Recovery	District Court of Panadura 37/2023/SC 38/2023/SC 39/2023/SC	0.52	Joint deposit holders have withdrawn funds while the Plaintiffs were Minors although jointly held the Fixed deposits. Minors (now being majors) filed separate cases claiming the withdrawn amount. Bank has been made a party alleging that bank had allowed the said withdrawal.	Ex Parte Decree Returnable	14 March 2025
16	Customer	Money Recovery	District Court of Colombo DMR 342/23	30.00	The cheque deposited by the Plaintiff had got returned, and debited to a different account. Due to this reason the cheque return had been posted to the Plaintiff's account subsequently and not on the same day. Client is claiming the total cheque value.	Pre Trial	25 May 2025
17	Customer	Money Recovery	District Court of Colombo DMR 1730/2023	25.00	Plaintiff filed this case against the Bank claiming damages for the delay occurred when transferring the funds during an execution of a writ under a different court action.	Replication	30 May 2025

No	Plaintiff/ Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
18	Customer	Money Recovery	District Court of Kuliyaipitiya 7326 M	32.88	Bank had been able to sell foreign exchange to the plaintiff as and when it received/ collected foreign exchange to settle the import liabilities in 2022 due to the scarcity of foreign exchange. Client filed this action to prevent the Bank recovering any further funds from the Plaintiff, other than the amount deposited initially for the LC settlement.	Answer Final	24 April 2025
19	Customer	Writ	Court of Appeal CA(WRIT) 124/21	44.01	Petitioner has filed this action seeking a writ of mandamus and a prohibition on releasing the compensation on the property that had been acquired by the Land Development Authority. (Where a portion has been mortgaged to Seylan Bank and the facilities related to same being overdue).	Argument	05 June 2025
20	Third party	Appeal	Court of Appeal C A Application No. COC/29/2023	2,850.00	The enjoining order obtained to stay auctions was conveyed by courts after the conclusions of two auctions. This application filed on contempt of Court since the Bank took steps to complete the formalities of concluding auctions upon the vacation of the stay order.	To be supported	08 July 2025
21	Customer	Money Recovery	Commercial High Court 293/2022 MR	34.91	Due to non availability of foreign exchange during the period 2022 there had been a delay in settlement of LC and the foreign exchange rate has been increased by the time the foreign exchange was available and bank has demanded higher amount for the settlement on which the customer has disputed and filed this action.	Trial	27 March 2025
22	Ex Staff member	Money Recovery	District Court of Colombo 1998/2023/ DMR	10,000.00	Plaintiff of this action was an ex-staff member. Due to a fraud taken place in 1993 the Bank had made a complaint to CID. On that he had been indicated in the High Court of Colombo. After the Trial the accused ex-staff member had been acquitted. Since he was acquitted from the criminal case, he filed this case claiming compensation.	Answer	16 May 2025
23	Bank	Money Recovery	District Court of Rathnapura 12734/M	0.23	Defendant has made a cross claim against the Bank.	Further Trial	16 July 2025

Notes to the Financial Statements

A (2) Appeals filed by the Bank

No	Plaintiff/ Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
24	Bank	Appeal	Supreme Court Appeal 01/2010 (CHC 157/2001)	6.00	Plaintiff filed action against Seylan Bank for dishonoring a Guarantee issued by former BCCI Bank after Seylan Bank took over the local operations of BCCI. Judgement delivered in favour of the plaintiff. Seylan Bank has appealed.	Judgement Reserved	
25	Bank	Appeal	Commercial High Court 157/2007/ MR (SC/CHC appeal 34/12)	9.85	Action filed against the Bank for collecting a forged cheque to an account of a client and for unjust enrichment Judgement delivered in favour of the Plaintiff. Bank has appealed to the Supreme Court against the judgement.	Argument	06 March 2025
26	Bank	Appeal	District Court of Mount Lavinia 4246/ 03/M (WP/HCCA/MT 03/18 F)	2.00	Action filed alleging wrongful seizure of goods in execution of a writ by the Bank. Judgement delivered against the Bank and the Bank has appealed against the said Judgement.	Judgement delivered against the Bank (Appeal to be filed in Supreme Court)	

Apart from the above cases, there are appeals filed against the Bank, Land related cases and Partition cases filed over the properties mortgaged to the Bank, Winding up actions filed against the customers who have been enjoying credit facilities with the Bank, Claim cases filed over the properties seized under court action, Testamentary Cases filed over the estate of deceased clients who have been enjoying credit facilities, writ applications filed in Court of Appeal, appeals filed on eviction orders, appeal filed against the defamation case filed by the Bank and cases filed against the Bank on other matters.

B. Labour related Cases

27 Cases Against Share Owning Trust Companies and the Bank, Cases filed by Ex-employees and Bank against orders of Commissioner General of Labour and other Court Orders.

No	Plaintiff/ Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
27.1	Ex-staff member	Trust case	District Court Colombo DTR 03/2016 to DTR 06/2016	-	Filed against the Share owning Trust companies Seybest (Private) Limited, Seyfest (Private) Limited, Sesot (Private) Limited and Seyshop (Private) Limited and the Bank in District Court Colombo. Relief sought is for the implementation of the Trust Deeds to submit a report regarding trust properties from the date the trust was established. No financial relief sought.	Trial	DTR 03/2016 and DTR 04/2016 on 28 April 2025 DTR 05/2016 and DTR 06/2016 on 06 May 2025

Apart from the above, there are matters filed by ex-employees against the Bank relating to determination of retirement age, termination of employment, seeking reinstatement and appeals thereof including appeals against orders for payment of additional gratuity and surcharge. An ex-employee has filed an action claiming the amount offered as voluntary retirement scheme where he has resigned from the services while a disciplinary inquiry was proceeding against him.

Based on the available information and current status of the above cases, the Bank is not in a position to quantify the potential financial impact if any, as at the reporting date. However, we are of the opinion that the outcome of any action will not have a material effect on the financial position of the Bank.

52 Tax Assessments Received by the Bank

- ▶ Bank has received Income Tax Assessments under the assessment numbers 0201516002, 0201617002, 0201718002, 0201819002, 0201920002 commencing from the year of assessment 2015 /2016 to 2019/2020. Bank has partly resolved the assessed values through the appellate procedure and the remaining exposure are being followed up,
- ▶ Bank has also received VAT on Financial Services Assessments (VATFS/BFSU/2019/1006, 7501920002, 7502021002), NBT on Financial Service Assessments (NBTFs/BFSU/2022/819, NBTFs/BFSU/2022/820, NBTFs/BFSU/2022/821, NBTFs/ BFSU/2022/822), Debt Repayment Levy (DRL) Assessments (DRL/ASMT/1920/37/D-3613) and VAT Assessments (7001630002-2 and 7001640002-2). These assessments are for the financial years 2016, 2019 and 2020. Certain of the assessments have been partly cleared while others are to be sorted through the appellate procedure.

Based on the assessment carried out by the Management in consultation with the Tax consultant, the Bank is of the view that the above Assessments can be resolved through the appellate process, and not expected to have a material impact on the Financial Statements as necessary provisions have been made.

53. Capital Commitments

Capital expenditure approved by the Board of Directors for which provision, has not been made in these Financial Statements amounted to approximately;

	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
53.1 Approved and Contracted for	704,638	666,936	709,345	685,552
53.2 Approved but not Contracted for	98,919	1,850	98,919	3,211

54 Events after the Reporting Period

54.1 Proposed final dividend

The Board of Directors of the Bank recommended a final dividend of LKR 3.50 per share on both voting and non- voting shares of the Bank, to be paid by way of LKR 3.50 cash dividend per share for the financial year 2024.

Further, this dividend is to be approved at the Annual General Meeting to be held on 28 March 2025. This proposed final dividend has not been recognised as a liability as at 31 December 2024. Final dividend proposed for the year 2024 amounts to LKR 2,224,765,672.50.

Compliance with Sections 56 and 57 of Companies Act No 7 of 2007- As required by Section 56 of the Companies Act No 07 of 2007, the Board of Directors of the Bank satisfied the solvency test in accordance with the section 57, prior to recommending the final dividend.

54.2 Proposed Issue of Debentures

The Board of Directors of the Bank at its meeting held on 30 January 2025 approved (subject to approval of the shareholders) that the Bank issues up to a maximum of One Hundred and Fifty Million (150,000,000) BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a non-viability conversion of Rupees Hundred (LKR 100.00) each, to raise a maximum sum of Rupees Fifteen Billion (LKR 15,000,000,000.00) and it was also decided that these Debentures shall be issued in one or more issuances until 31 December 2025.

Notes to the Financial Statements

55. Related Party Transactions

The Bank/Group carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Sri Lanka Accounting Standard -LKAS 24 - "Related Party Disclosure", other than transactions that are the Key Management Personnel(KMP) have availed under schemes uniformly applicable to all staff at concessionary rate.

55.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS 24 - 'Related Party Disclosures', Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors, Director/Chief Executive Officer and Key Employees of the Bank holding directorships in Subsidiary company have been classified as Key Management Personnel (KMP) of the Bank. As the Bank is the Ultimate Parent of its Subsidiary mentioned in Note 55.2 and the Board of Directors of the Bank has the authority and responsibility for planning, directing and controlling the activities of the Group. Accordingly, the Board of Directors of the Bank is also KMP of the Group.

For the Year ended 31 December	Bank		Group	
	2024 LKR Mn	2023 LKR Mn	2024 LKR Mn	2023 LKR Mn
55.1.1 Compensation of KMP				
Short -Term Employment Benefits	130.37	139.95	135.42	144.14
Post- Employment Benefits	9.79	9.11	9.79	9.11
Total	140.16	149.06	145.21	153.25
Other Non - Cash Benefits to KMP	0.66	1.23	0.66	1.23

55.1.2 Transactions, Arrangements and Agreements Involving KMP and their CFM

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Bank. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner. CFM are related parties to the Bank/Group.

As at 31 December	2024 LKR Mn	2023 LKR Mn
55.1.2.1 Statement of Financial Position - Bank /Group		
Assets		
Loans and Advances	17.83	21.91
Credit Cards	0.64	0.45
Securities Purchased Under Resale Agreement	-	-
Total	18.47	22.36
Liabilities		
Deposits	249.86	142.99
Other Investments	0.50	35.00
Total	250.36	177.99
55.1.2.2 Contingencies and Commitment - Bank /Group		
Undrawn facilities	11.53	11.64
Total	11.53	11.64

Expected credit loss allowance (Stage 01) as at 31.12.2024 related to the outstanding Loans and advances, credit cards and undrawn balances of KMPs' and CFMs' is an insignificant amount.

At the time of evaluating accommodations, the Board Credit Committee considered the adequacy of securities proposed for the accommodations.

As at 31 December	2024	2023
<i>55.1.2.3 Accommodation as a percentage of Bank's Regulatory capital</i>		
Direct and Indirect Accommodation (%)*	0.03	0.05

* Includes Securities Purchased Under Resale Agreement.

For the Year ended 31 December	2024 LKR Mn	2023 LKR Mn
<i>55.1.2.4 Income Statement - Bank/Group</i>		
Income (Interest and Other)	1.98	4.79
Interest Expenses	51.21	63.52
Compensation to KMP-Bank	140.82	150.29
Compensation to KMP-Group	145.87	154.48

As at 31 December	2024 LKR Mn	2023 LKR Mn
<i>55.1.2.5 Shareholding of KMP and CFM</i>		
Investment in Bank Shares -Voting (No.of Shares)	2,732	821
Investment in Bank Shares -Non Voting (No.of Shares)	35,174	33,931
Dividend Paid (LKR Mn)	0.08	0.06

Notes to the Financial Statements

55.2 Other Related Party Transactions

The Bank / Group had the following financial dealings during the year 2024 with its related parties and unless otherwise stated, transactions were carried out in the ordinary course of business at commercial rates.

The parties given below are considered related parties mainly due to significant influence arising as a result of common directorships and through shareholdings.

55.2.1 Transactions with Other Related Parties/Common Directorships

	Subsidiary		Share Trust Companies and Post- Employment Benefit Plans *		State Institutions		Shareholders with Significant Influence		Common Directorship Entities	
As at 31 December	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
55.2.1.1 Statement of Financial Position - Bank / Group										
Assets										
Loans and Advances	-	-	-	-	-	-	15,081.49**	18,908.51**	218.30	1,931.73
Other Receivable-Rent Deposit	40.30	40.50	-	-	-	-	-	-	-	-
Interest and Other Receivable	-	-	3.33	2.21	-	-	40.37	133.93	0.85	1.67
Total	40.30	40.50	3.33	2.21	-	-	15,121.86	19,042.44	219.15	1,933.40
Liabilities										
Deposit	96.79	79.89	942.61	934.77	-	507.05	6,823.93	6,717.56	2,994.87	1,141.81
Securities Sold Under Repurchase Agreements	-	-	627.98	869.90	-	-	-	-	-	-
Other Instruments including Debentures	-	29.00	15,078.91	13,349.97	5.50	250.00	-	-	-	-
Interest and Other Payable	2.15	6.93	472.59	508.99	-	-	41.02	53.85	41.71	26.67
Total	98.94	115.82	17,122.09	15,663.63	5.50	757.05	6,864.95	6,771.41	3,036.58	1,168.48
55.2.1.2 Contingencies and Commitment - Bank / Group										
Non - Funded Facilities	-	-	-	-	-	-	1,038.78	1,122.89	30.33	184.00
Undrawn Facilities	175.00	175.00	-	-	-	-	4,295.39	4,491.60	2,298.67	2,143.89
Total	175.00	175.00	-	-	-	-	5,334.17	5,614.49	2,329.00	2,327.89
55.2.1.3 Accommodation as a Percentage of Bank's Regulatory Capital										
Direct and Indirect Accommodation (%)	0.20	0.25	-	-	-	-	23.51	34.96	2.93	6.07
55.2.1.4 Income Statement - Bank / Group										
Income	105.22	126.94	-	-	26.86	-	1,338.81	2,133.51	98.18	67.88
Expenses	312.16	455.78	2,137.65	2,322.21	241.97	228.53	715.55	521.19	316.37	37.61
55.2.1.5 Other Transactions - Bank / Group										
Other Payments (43.1.4)	-	-	291.39	246.42	-	-	-	-	-	-
55.2.1.6 Shareholding of Other Related Parties										
Investment in Bank Shares -Voting (No. of Shares)	-	-	20,439,206	19,868,657	99,859,756	96,756,071	71,506,301	69,421,133	-	-
Investment in Bank Shares -Non Voting (No. of Shares)	-	-	-	-	24,541,698	31,228,726	173,543,399	167,255,646	-	-
Dividend Paid (LKR Mn)	-	-	42.92	69.19	279.54	246.83	465.28	441.94	-	-

* Includes Seylan Bank Employees' Provident Fund and Gratuity Trust Fund.

** Includes LKR 5.7 Bn Cash back facility in 2024 and LKR 5.4 Bn Cash back facility in 2023.

55.2.2 Transactions with the Government of Sri Lanka/ Entities Controlled, Jointly Controlled, Significantly Influenced by the Government of Sri Lanka

Bank has considered the Government of Sri Lanka and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government Related Entities) as Related Parties according to LKAS 24 'Related Party Disclosures'.

However, limited disclosures have been made in accordance with LKAS 24 'Related Party Disclosures' for transactions that are individually significant because of their size although these transactions were undertaken on normal terms in the ordinary course of business.

	No of Shares-Voting
55.2.2.1 Voting Share Holding by State Institutions in Seylan Bank PLC.	
Sri Lanka Insurance Corporation Limited [includes General Fund and Life Fund]	45,785,528
Employees' Provident Fund	30,088,766
Bank of Ceylon	17,494,793
Employees' Trust Fund Board	6,490,669

	No of Shares-Non Voting
55.2.2.2 Non-Voting Share Holding by State Institutions in Seylan Bank PLC.	
Employees' Provident Fund	17,623,958
Sri Lanka Insurance Corporation Limited [Life Fund]	2,781,978
Bank of Ceylon	1,225,395
Employees' Trust Fund Board	2,910,367

55.2.2.3 Central Bank of Sri Lanka

Relationship with the Bank	Nature of the Transactions	LKR' 000
Government Related Entity	As at 31 December	
	Treasury Bills	62,536,026
	Treasury Bonds	125,522,487
	Securities Purchased Under Resale Agreement (Note 26)	3,684,374
	Securities Sold Under Repurchase Agreements - Repo (Note 38)	1,461,944
	Balance with Central Bank of Sri Lanka (Note 21)	8,719,115
	For the Year 2024	
	Interest Income (Note 8.3)	23,760,659
	Interest Expenses (Note 8.3)	134,793
	Annual License Fees	31,156
	Sri Lanka Deposit Insurance Fund Contribution (Note 14)	595,211

Other than above, the Bank has carried out transactions in the ordinary cause of business with the Government of Sri Lanka and other government related entities in the form of accommodation (funded/non-funded), deposits, utility bills, telephone charges, crib charges and statutory payments, etc. There are no other transactions that are collectively significant with government related entities.

Notes to the Financial Statements

56 Maturity Analysis

56.1 Assets - Bank

An analysis of the Total Assets employed as at 31 December 2024 based on the remaining period at the reporting date to the respective contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2024 LKR '000
Interest Earning Assets						
Loans and Advances	218,199,549	118,499,270	78,345,841	31,556,144	16,349,947	462,950,751
Placements with Banks and Finance Companies	50,156,002	-	-	-	-	50,156,002
Government of Sri Lanka Treasury Bills/Bonds, Restructured SLISBs and US Treasury Bills	49,456,772	46,933,688	59,277,359	39,935,434	11,747,418	207,350,671
Investments in Debentures	17,638	33,250	66,417	262,193	336,745	716,243
Securities Purchased under Resale Agreements	3,684,374	-	-	-	-	3,684,374
Balances with Banks	2,344,229	-	-	-	-	2,344,229
Total Interest Earning Assets	323,858,564	165,466,208	137,689,617	71,753,771	28,434,110	727,202,270
Non Interest Earning Assets						
Cash in Hand	14,019,626	-	-	-	-	14,019,626
Balances with Central Bank of Sri Lanka	8,719,115	-	-	-	-	8,719,115
Balances with Banks	1,020,541	-	-	-	-	1,020,541
Investments in Equities	-	2,176,270	-	-	1,153,602	3,329,872
Group Balances Receivable	-	300	-	-	40,000	40,300
Property, Plant and Equipment/ Intangible Assets/ Right of Use Assets	-	-	-	-	10,959,821	10,959,821
Deferred Tax Assets	-	205,963	-	-	-	205,963
Derivative Financial Instruments	17,398	-	-	-	-	17,398
Other Assets	14,173,461	49	2	146	1,275	14,174,933
Total Non Interest Earning Assets	37,950,141	2,382,582	2	146	12,154,698	52,487,569
Total Assets	361,808,705	167,848,790	137,689,619	71,753,917	40,588,808	779,689,839

56.2 Liabilities and Equity - Bank

An analysis of the Total Liabilities and Equity as at 31 December 2024 based on the remaining period at the reporting date to the respective contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2024 LKR '000
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost due to Depositors	241,914,625	311,202,744	28,616,357	9,842,222	10,309,173	601,885,121
Financial Liabilities at Amortised Cost due to Debt Securities Holders	1,433,812	28,132	-	-	-	1,461,944
Due to Banks and Other Borrowings	1,310,104	-	6,855,422	-	-	8,165,526
Debt Securities Issued	931,808	1,587,575	6,000,000	15,539,450	1,069,550	25,128,383
Group Balances Payable	30,408	3,528	64,731	-	-	98,667
Lease Liabilities	79,710	218,227	640,855	601,060	4,073,255	5,613,107
Total Interest Bearing Liabilities	245,700,467	313,040,206	42,177,365	25,982,732	15,451,978	642,352,748
Non Interest Bearing Liabilities						
Demand Deposits	44,932,212	-	-	-	-	44,932,212
Other Liabilities	20,398,068	-	-	-	-	20,398,068
Derivative Financial Instruments	809	-	-	-	-	809
Current Tax Liabilities	1,489,697	-	-	-	-	1,489,697
Dividend Payable	27,558	-	-	-	-	27,558
Group Balances Payable	275	-	-	-	-	275
Equity	-	-	-	-	70,488,472	70,488,472
Total Non Interest Bearing Liabilities and Equity	66,848,619	-	-	-	70,488,472	137,337,091
Total Liabilities and Equity	312,549,086	313,040,206	42,177,365	25,982,732	85,940,450	779,689,839

56.3 Assets - Group

An analysis of the Total Assets employed as at 31 December 2024 based on the remaining period at the reporting date to the respective Contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2024 LKR '000
Interest Earning Assets						
Loans and Advances	218,199,549	118,499,270	78,345,841	31,556,144	16,349,947	462,950,751
Placements with Banks and Finance Companies	50,156,002	-	-	-	-	50,156,002
Government of Sri Lanka Treasury Bills/Bonds, Restructured SLISBs and US Treasury Bills	49,467,010	47,013,378	59,434,845	40,145,357	11,747,418	207,808,008
Investments in Debentures	17,638	33,250	66,417	262,193	336,745	716,243
Securities Purchased under Resale Agreements	3,684,374	-	-	-	-	3,684,374
Balances with Banks	2,344,229	-	-	-	-	2,344,229
Total Interest Earning Assets	323,868,802	165,545,898	137,847,103	71,963,694	28,434,110	727,659,607
Non Interest Earning Assets						
Cash in Hand	14,019,666	-	-	-	-	14,019,666
Balances with Central Bank of Sri Lanka	8,719,115	-	-	-	-	8,719,115
Balances with Banks	1,020,541	-	-	-	-	1,020,541
Investments in Equities	-	2,176,270	-	-	-	2,176,270
Investment Properties	-	-	-	-	857,391	857,391
Property, Plant and Equipment/ Intangible Assets/Right of Use Assets	-	-	-	-	11,377,214	11,377,214
Derivative Financial Instruments	17,398	-	-	-	-	17,398
Other Assets	14,218,503	49	2	146	1,275	14,219,975
Total Non Interest Earning Assets	37,995,223	2,176,319	2	146	12,235,880	52,407,570
Total Assets	361,864,025	167,722,217	137,847,105	71,963,840	40,669,990	780,067,177

56.4 Liabilities and Equity - Group

An analysis of the Total Liabilities and Equity as at 31 December 2024 based on the remaining period at the reporting date to the respective contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2024 LKR '000
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost due to Depositors	241,914,625	311,202,744	28,616,357	9,842,222	10,309,173	601,885,121
Financial Liabilities at Amortised Cost due to Debt Securities Holders	1,433,812	28,132	-	-	-	1,461,944
Due to Banks and Other Borrowings	1,310,104	-	6,855,422	-	-	8,165,526
Debt Securities Issued	931,808	1,587,575	6,000,000	15,539,450	1,069,550	25,128,383
Lease Liabilities	79,710	218,227	640,855	601,060	891,063	2,430,915
Total Interest Bearing Liabilities	245,670,059	313,036,678	42,112,634	25,982,732	12,269,786	639,071,889
Non Interest Bearing Liabilities						
Demand Deposits	44,932,212	-	-	-	-	44,932,212
Other Liabilities	20,350,028	-	-	-	-	20,350,028
Derivative Financial Instruments	809	-	-	-	-	809
Current Tax Liabilities	1,523,304	-	-	-	-	1,523,304
Deferred Tax Liabilities	456,468	-	-	-	-	456,468
Dividend Payable	56,655	-	-	-	-	56,655
Equity	-	-	-	-	72,604,918	72,604,918
Non - Controlling Interest	-	-	-	-	1,070,894	1,070,894
Total Non Interest Bearing Liabilities and Equity	67,319,476	-	-	-	73,675,812	140,995,288
Total Liabilities and Equity	312,989,535	313,036,678	42,112,634	25,982,732	85,945,598	780,067,177

Notes to the Financial Statements

57. Segment Reporting (Group)

Segment information is presented in respect of the Group's Operating Segments. Operating Segments are based on the Group's management and internal reporting structure.

The Group comprises the following main Operating Segments.

- Banking** : Loans and Advances (including Leases and Bills), Margin Trading, Insurance, Deposits and other transactions and balances with Corporate, SME and Retail customers.
- Treasury** : The Treasury Department is responsible for managing Bank's Assets and Liabilities, Statutory Reserve Requirement, Liquidity, Foreign Exchange Position and Investment Portfolios.
- Property/ Investment** : The property Investment Income, Expenses, Assets and Liabilities.

As at 31 December	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Interest Income	70,634,263	96,302,462	14,576,864	12,456,083	66,617	108,329	(914,936)	(1,698,472)	84,362,808	107,168,402
Less: Interest Expenses	42,915,744	61,815,649	4,508,940	5,079,379	1,133	2,203	(152,643)	(180,682)	47,273,174	66,716,549
Net Interest Income	27,718,519	34,486,813	10,067,924	7,376,704	65,484	106,126	(762,293)	(1,517,790)	37,089,634	40,451,853
Fee and Commission Income	8,311,098	7,728,496	1,885	10,653	-	-	14,222	11,853	8,327,205	7,751,002
Less : Fee and Commission Expenses	294,254	237,519	18,863	33,467	550	3,251	-	-	313,667	274,237
Net Fee and Commission Income	8,016,844	7,490,977	(16,978)	(22,814)	(550)	(3,251)	14,222	11,853	8,013,538	7,476,765
Net Gains from Trading	-	-	461,390	818,206	-	-	-	-	461,390	818,206
Net Gains/(Losses) from Derecognition of Financial Assets	-	-	-	-	-	-	-	-	-	-
- at Fair Value through Other Comprehensive Income	-	-	265,181	150,289	-	-	-	-	265,181	150,289
- Loss on Restructuring of SLISBs	-	-	(2,712,020)	-	-	-	-	-	(2,712,020)	-
Other Operating Income	506,397	678,576	517,549	295,579	510,700	463,049	(520,849)	(489,270)	1,013,797	947,934
Inter Segment Revenue	(144,041)	(74,922)	-	(505)	-	-	144,041	75,427	-	-
Total Operating Income	36,097,719	42,581,444	8,583,046	8,617,459	575,634	565,924	(1,124,879)	(1,919,780)	44,131,520	49,845,047
Less : Depreciation and Amortisation Expenses	780,419	766,289	15,373	14,890	1,219	1,245	568,635	565,616	1,365,646	1,348,040
Less : Impairment Charges/ (Reversals)	-	-	-	-	-	-	-	-	-	-
- Loans and Advances and Other Financial Assets and Credit related Commitments	6,411,463	15,694,705	200,771	(209,211)	-	-	(1,111)	(9)	6,611,123	15,485,485
- Sri Lanka International Sovereign Bonds (SLISBs)	-	-	(4,861,753)	1,519,452	-	-	-	-	(4,861,753)	1,519,452
Less : Operating Expenses, VAT and SSCL on Financial Services	18,234,792	16,039,654	2,293,820	1,832,596	131,535	119,410	4,121,323	3,230,959	24,781,470	21,222,619
Reportable Segment Profit Before Income Tax	10,671,045	10,080,796	10,934,835	5,459,732	442,880	445,269	(5,813,726)	(5,716,346)	16,235,034	10,269,451
Less :Income Tax Expense	-	-	-	-	-	-	-	-	6,082,296	3,868,829
Profit for the Year	-	-	-	-	-	-	-	-	10,152,738	6,400,622
Profit Attributable To:										
Equity Holders of The Bank	-	-	-	-	-	-	-	-	10,113,406	6,321,116
Non-Controlling Interests	-	-	-	-	-	-	-	-	39,332	79,506
Profit for the Year	-	-	-	-	-	-	-	-	10,152,738	6,400,622
Other Comprehensive Income, Net of Income Tax	-	-	-	-	-	-	-	-	793,610	56,454
Other Information										
Reportable Segment Assets	479,400,945	466,167,855	282,375,646	233,605,360	6,593,828	6,541,912	23,254,619	22,529,131	791,625,038	728,844,258
Segment Accumulated Amortisation	(2,668,167)	(2,701,174)	(92,608)	(80,208)	5,488	4,270	(8,802,574)	(8,073,856)	(11,557,861)	(10,850,968)
Total Assets	476,732,778	463,466,681	282,283,038	233,525,152	6,599,316	6,546,182	14,452,045	14,455,275	780,067,177	717,993,290
Reportable Segment Liabilities and Equity	681,296,162	601,993,174	67,797,066	89,348,927	6,599,316	6,546,182	24,374,633	20,105,007	780,067,177	717,993,290
Total Liabilities and Equity	681,296,162	601,993,174	67,797,066	89,348,927	6,599,316	6,546,182	24,374,633	20,105,007	780,067,177	717,993,290
Cash Flows from Operating Activities	31,356,242	65,927,382	6,289,226	6,927,561	164,679	203,966	(5,461,027)	(5,170,794)	32,349,120	67,888,115
Cash Flows from Investing Activities	(833,464)	(294,393)	(35,675,499)	(32,827,847)	(121,959)	97,093	(239,809)	(753,642)	(36,870,731)	(33,778,789)
Cash Flows from Financing Activities	(839,358)	(792,238)	1,498,561	(4,676,757)	(318,793)	(177,558)	612,739	517,269	953,149	(5,129,284)
Capital Expenditure	(832,906)	(304,046)	(39,399)	(11,744)	(8,267)	(34,257)	(317,346)	(650,331)	(1,197,918)	(1,000,378)

SLFRS 8 requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters (the "management approach").

Such operating segments are identified on the basis of internal reports that the entity's Board of Directors reviews regularly in allocating resources and in assessing their performance.

Bank reviewed the existing reporting segments and concluded that no material change is required.

58 Non - Uniform Accounting Policies

The impact of non- uniform accounting policies adopted by subsidiary company has been adjusted in the Consolidated Financial Statements as set out below .

Adjustment Due to Different Accounting Policies of the Parent and the Group Entity Seylan Developments PLC (SD)

Seylan Bank PLC accounts for investment properties at cost, whereas Seylan Developments PLC accounts for investment properties at fair value.

Seylan Towers (East Towers) owned by Seylan Developments PLC is rented out to Seylan Bank PLC and is occupied by the Bank.

Therefore, the land and buildings do not qualify as investment property in the Consolidated Financial Statements.

The building is treated as a Property in the Consolidated Financial Statements and has been depreciated accordingly (LKAS 40).

The leased land has also been depreciated accordingly in the Consolidated Financial Statements and categorised under Right-of-Use Assets.

	Adjustments	Group Impact	Non Controlling Interest Impact
	LKR' 000s	LKR' 000s	LKR' 000s
Adjustments to Revaluation Gains / (Losses) on Investment Properties, Deferred Tax and on SLFRS 16			
Reversal of Revaluation Gain recognised in the Statement of Comprehensive Income by SD in 2024	(111,571)	(83,332)	(28,239)
Reversal of Deferred Tax recognised in the Statement of Comprehensive Income by SD in 2024	(1,908)	(1,425)	(483)
Gain on Revaluation of East Tower in 2024 adjusted to Revaluation Reserves in Consolidated Financial Statements.	127,224	95,024	32,200
Deferred Tax on Revaluation Gain of East Tower in 2024 recognised in Consolidated Financial Statements.	(38,167)	(28,507)	(9,660)
Adjustment on SLFRS 16 in the Consolidated Financial Statements	64,255	47,992	16,263
	39,833	29,752	10,081
Charging of Depreciation			
Depreciation Charges Adjusted in Consolidated Financial Statements for 2024	(95,795)	(69,517)	(26,278)
	(95,795)	(69,517)	(26,278)

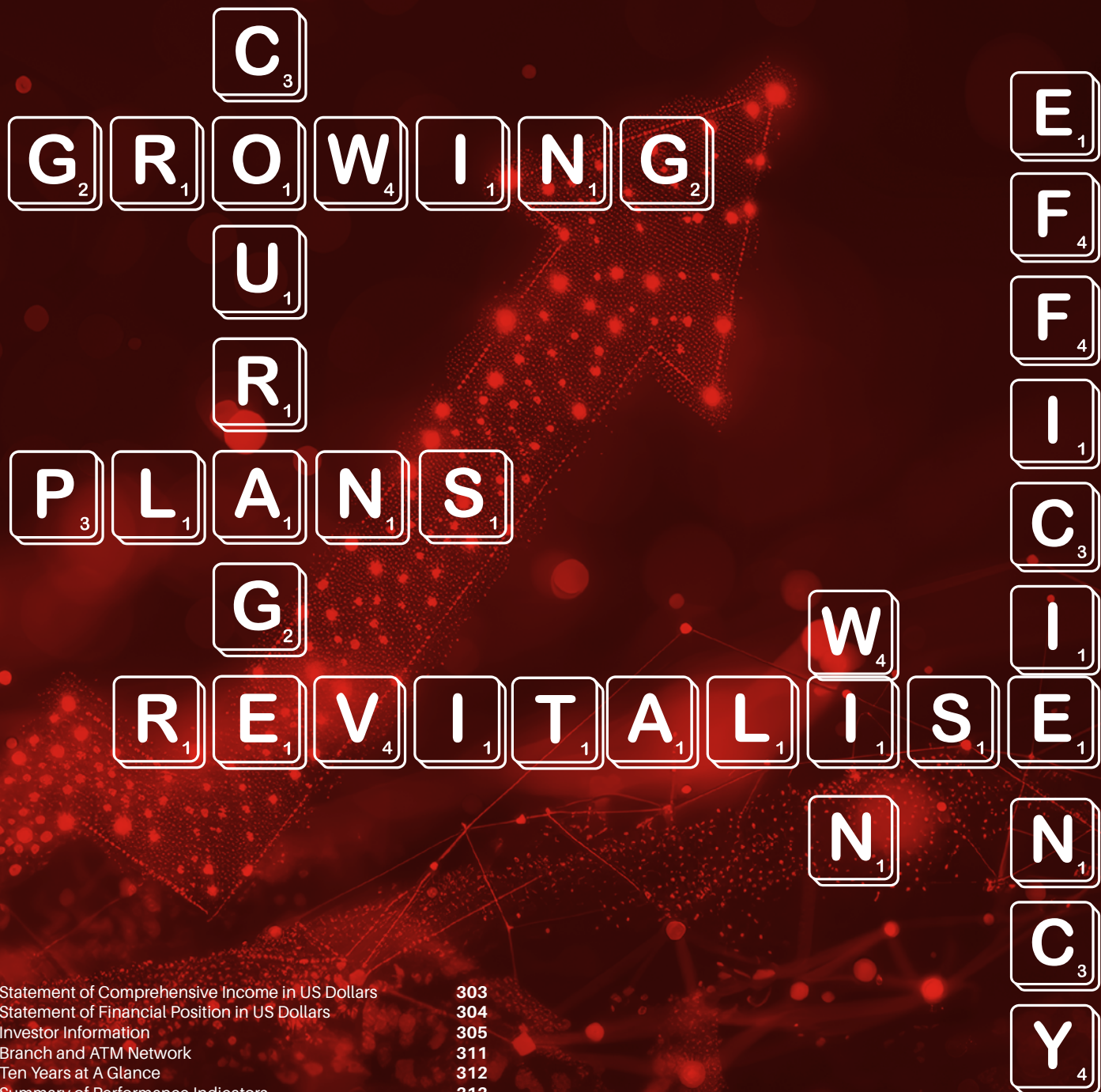
59 . Comparative information

Following reclassifications have been made for comparative amounts to facilitate comparison and better presentation.

Statement of financial position

	Bank			Group		
	Current presentation		As previously Reported	Current presentation		As previously Reported
	2024	2023	2023	2024	2023	2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
(i) Reclassification of Cash and Cash Equivalent to Placements with Banks and Finance Companies						
Cash and Cash Equivalents	17,384,396	48,321,654	48,851,143	17,384,436	48,321,694	48,851,183
Placements with Banks and Finance Companies	50,156,002	22,594,161	22,064,672	50,156,002	22,594,161	22,064,672
(ii) Reclassification of Other Liabilities to Due to Depositors and Retirement Benefit Obligations						
Due to Depositors	646,817,333	591,622,729	590,698,330	646,817,333	591,622,729	590,698,330
Retirement Benefit Obligations	3,600,641	2,513,333	-	3,596,003	2,509,574	-
Other Liabilities	16,824,985	16,153,423	19,591,155	16,810,680	16,221,999	19,655,972

Above reclassifications did not result in changes to the total assets, total liabilities and total equity presented previously.



Statement of Comprehensive Income in US Dollars	303
Statement of Financial Position in US Dollars	304
Investor Information	305
Branch and ATM Network	311
Ten Years at A Glance	312
Summary of Performance Indicators	313
Geographical Analysis	314
Global Reporting Initiative (GRI) Content Index	315
Alphabetical Index	322
Glossary	323
Sinhala Translation of Chairman's Message	
(සභාපතිතුමාගේ පණිවිඩය)	326
Tamil Translation of Chairman's Message	
தலைவரின் செய்தி	327

Efficiency

Working together with a shared passion,
ensures our continued excellence in the future

Statement of Comprehensive Income in US Dollars

For the Year ended 31 December	Bank			Group		
	2024 US\$ '000	2023 US\$ '000	Change %	2024 US\$ '000	2023 US\$ '000	Change %
Gross Income	312,870	360,134	(13.12)	313,033	360,326	(13.13)
Interest Income	287,727	330,235	(12.87)	287,928	330,512	(12.88)
Less: Interest Expenses	162,448	206,709	(21.41)	161,342	205,757	(21.59)
Net Interest Income	125,279	123,526	1.42	126,586	124,755	1.47
Fee and Commission Income	28,422	23,905	18.90	28,420	23,904	18.89
Less: Fee and Commission Expenses	1,069	836	27.87	1,070	845	26.63
Net Fee and Commission Income	27,353	23,069	18.57	27,350	23,059	18.61
Net Gains from Trading	1,575	2,523	37.57	1,575	2,523	37.57
Net Gains from Derecognition of Financial Assets - at Fair Value through Other Comprehensive Income	905	464	95.04	906	464	95.26
- Loss on Restructuring of SLISBs	(9,256)	-	-	(9,256)	-	-
Other Operating Income	3,497	3,007	16.30	3,460	2,923	18.37
Total Operating Income	149,353	152,589	(2.12)	150,621	153,724	(2.02)
Less: Impairment Charges/ (Reversals)						
- Loans and Advances and Other Financial Assets and Credit related Commitments	22,567	47,757	(52.75)	22,564	47,757	(52.75)
- Sri Lanka International Sovereign Bonds (SLISBs)	(16,593)	4,687	(454.02)	(16,593)	4,687	(454.02)
Net Operating Income	143,379	100,145	43.17	144,650	101,280	42.82
Less: Operating Expenses						
Personnel Expenses	34,797	28,218	23.31	34,954	28,356	23.27
Depreciation and Amortisation Expenses	4,474	3,964	12.87	4,661	4,157	12.12
Other Expenses	30,993	24,739	25.28	31,266	24,959	25.27
Total Operating Expenses	70,264	56,921	23.44	70,881	57,472	23.33
Operating Profit before Taxes	73,115	43,224	69.15	73,769	43,808	68.39
Less: Value Added Tax on Financial Services	16,120	10,655	51.29	16,120	10,655	51.29
Less: Social Security Contribution Levy	2,239	1,482	51.08	2,239	1,482	51.08
Profit before Income Tax	54,756	31,087	76.14	55,410	31,671	74.96
Less: Income Tax Expense	20,451	11,793	73.42	20,758	11,931	73.98
Profit for the Year	34,305	19,294	77.80	34,652	19,740	75.54
Profit Attributable to:						
Equity Holders of the Bank	34,305	19,294	77.80	34,517	19,495	77.06
Non-Controlling Interest	-	-	-	134	245	(45.31)
Profit for the Year	34,305	19,294	77.80	34,651	19,740	75.54
Basic/Diluted Earnings per Share (USD)	0.05	0.03	79.87	0.05	0.03	81.00
Other Comprehensive Income, Net of Tax						
Items that are or may be reclassified to Income Statement						
Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	2,685	3,046	11.85	2,776	3,064	9.40
Deferred Tax effect relating to items that are or may be reclassified to Income Statement	(805)	(914)	(11.93)	(833)	(919)	(9.36)
Items that will never be reclassified to Income Statement						
Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	748	932	19.74	748	932	(19.74)
Revaluation of Property, Plant and Equipment	3,396	-	-	3,831	373	927.08
Actuarial Losses on Defined Benefit Obligations	(2,599)	(3,102)	16.22	(2,595)	(3,119)	16.80
Deferred Tax effect relating to items that will never be reclassified to Income Statement	(1,089)	(44)	(2,375.00)	(1,219)	(157)	(677.07)
Other Comprehensive Income for the Year, Net of Tax	2,336	(82)	2,948.78	2,708	174	(1,455.75)
Total Comprehensive Income for the Year	36,641	19,212	90.72	37,359	19,914	87.60
Total Comprehensive Income Attributable to:						
Equity Holders of the Bank	36,641	19,212	90.72	37,131	19,593	89.51
Non-Controlling Interest	-	-	-	228	321	28.97
Total Comprehensive Income for the Year	36,641	19,212	90.72	37,359	19,914	87.60

Exchange rate of USD 1 was LKR 293.00 as at 31 December 2024 (LKR 324.25 as at 31 December 2023).

The Statement of Comprehensive Income given on this page is solely for the convenience of the Shareholders, Bankers, Investors, Customers and Other Users of Financial Statements and does not form a part of the Audited Financial Statements.

Statement of Financial Position in US Dollars

As at 31 December	Bank			Group		
	2024 US\$ '000	2023 US\$ '000	Change %	2024 US\$ '000	2023 US\$ '000	Change %
Assets						
Cash and Cash Equivalents	59,332	150,659	(60.62)	59,333	150,659	(60.62)
Balances with Central Bank of Sri Lanka	29,758	21,676	37.29	29,758	21,676	37.29
Placements with Banks and Finance Companies	171,181	68,048	151.56	171,181	68,048	151.56
Derivative Financial Instruments	59	271	(78.23)	59	271	(78.23)
Financial Assets recognised through Profit or Loss						
- Measured at Fair Value	73,222	85,594	(14.45)	73,222	85,594	(14.45)
- Designated at Fair Value	-	-	-	-	-	-
Financial Assets at Amortised Cost						
- Loans and Advances	1,580,037	1,349,368	17.09	1,580,037	1,349,368	17.09
- Debt and Other instruments	464,932	321,833	44.46	465,238	322,670	44.18
Financial Assets measured at Fair Value through Other Comprehensive Income	191,975	123,512	55.43	193,228	124,246	55.52
Investment in Subsidiary	3,937	3,558	10.65	-	-	-
Group Balances Receivable	138	125	10.40	-	-	-
Property, Plant and Equipment	17,408	11,950	45.67	27,041	20,438	32.31
Right-of-use Assets	17,711	15,773	12.29	9,503	8,438	12.62
Investment Properties	-	-	-	2,926	2,727	7.30
Intangible Assets	2,286	1,656	38.04	2,286	1,656	38.04
Deferred Tax Assets	703	9,782	(92.81)	-	7,930	(100.00)
Other Assets	48,378	50,491	(4.18)	48,533	50,599	(4.08)
Total Assets	2,661,057	2,214,296	20.18	2,662,345	2,214,320	20.23
Liabilities						
Due to Banks	27,788	37,307	(25.52)	27,788	37,307	(25.52)
Derivative Financial Instruments	3	100	(97.00)	3	100	(97.00)
Financial liabilities at amortised cost						
- Due to Depositors	2,207,568	1,821,737	21.18	2,207,568	1,821,737	21.18
- Due to Debt Securities Holders	4,990	21,166	(76.42)	4,990	21,166	(76.42)
- Due to Other Borrowers	81	50	62.00	81	50	62.00
Group Balances Payable	338	357	(5.32)	-	-	-
Debt Securities Issued	85,762	61,581	39.27	85,762	61,581	39.27
Retirement Benefit Obligations	12,289	7,751	58.55	12,273	7,740	58.57
Current Tax Liabilities	5,084	8,291	(38.68)	5,199	8,388	(38.02)
Deferred Tax Liabilities	-	-	-	1,558	-	100.00
Lease Liabilities	19,157	16,683	14.83	8,297	6,925	19.81
Other Liabilities	57,421	52,668	9.03	57,373	52,879	8.50
Total Liabilities	2,420,481	2,027,691	19.37	2,410,892	2,017,873	19.48
Equity						
Stated Capital	74,039	64,483	14.82	74,039	64,483	14.82
Statutory Reserve Fund	11,548	8,885	29.97	11,548	8,885	29.97
Retained Earnings	141,727	107,467	31.88	144,575	109,610	31.90
Other Reserves	13,262	5,770	129.84	17,636	9,410	87.42
Total Equity Attributable to Equity Holders of the Bank	240,576	186,605	28.92	247,798	192,388	28.80
Non-Controlling Interest	-	-	-	3,655	4,059	(9.95)
Total Equity	240,576	186,605	28.92	251,453	196,447	28.00
Total Equity and Liabilities	2,661,057	2,214,296	20.18	2,662,345	2,214,320	20.23
Contingent Liabilities and Commitments	617,121	511,460	20.66	617,137	511,517	20.65
Net Assets Value per Share (USD)	0.38	0.30	26.67	0.39	0.31	25.81

Exchange rate of USD 1 was LKR 293.00 as at 31 December 2024 (LKR 324.25 as at 31 December 2023).

The Statement of Financial Position given on this page is solely for the convenience of the Shareholders, Bankers, Investors, Customers and Other Users of Financial Statements and does not form a part of the Audited Financial Statements.

Investor Information

TWENTY LARGEST ORDINARY VOTING SHAREHOLDERS AS AT 31 DECEMBER 2024

	2024		Comparative holdings of the top 20 holders in 2023	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Brown & Company PLC A/C No. 1	31,979,642	10.48	31,086,943	10.48
2. Sri Lanka Insurance Corporation Ltd - General Fund	30,523,687	10.00	29,671,631	10.00
3. Employees Provident Fund	30,088,766	9.86	29,248,850	9.86
4. Sampath Bank PLC/ LOLC Investments Ltd	28,559,742	9.36	27,762,508	9.36
5. National Development Bank PLC	26,631,495	8.72	25,888,088	8.72
6. Ambeon Holdings PLC	26,274,482	8.61	0	0.00
7. Mr K D D Perera	25,475,231	8.35	28,166,399	9.49
8. Seylan Bank PLC A/C No. 04 - Employees Gratuity Trust Fund	20,135,590	6.60	19,573,513	6.60
9. Bank of Ceylon No. 1 Account	17,169,574	5.62	16,690,292	5.62
10. Sri Lanka Insurance Corporation Ltd - Life Fund	15,261,841	5.00	14,835,813	5.00
11. Sampath Bank PLC/ Brown and Company PLC	10,371,776	3.40	10,082,252	3.40
12. Employees Trust Fund Board	6,490,669	2.13	6,309,485	2.13
13. NDB Capital Holdings Limited Account No-02	2,391,656	0.78	3,005,354	1.01
14. Est. of Late M J Fernando	1,541,336	0.50	1,498,311	0.50
15. Mr K R B Fernando	1,320,731	0.43	1,283,864	0.43
16. EMFI Capital Limited	1,289,145	0.42	0	0.00
17. Energy Generators Holdings Ltd	1,250,000	0.41	0	0.00
18. People's Leasing & Finance PLC / Don and Don Holdings (Private) Limited	910,017	0.30	11,338,671	3.82
19. Dr J L B Kotelawala	699,357	0.23	679,835	0.23
20. Mr H Beruwalage	600,815	0.20	584,044	0.20
Total Shares held by the top 20 Shareholders	278,965,552	91.40		
Balance Shares held by other 10,126 ordinary voting shareholders as at 31 December 2024	26,271,385	8.60		
Total ordinary voting shares issued by the Bank	305,236,937	100.00	296,716,366	
Total ordinary voting shareholders	10,146		10,175	

Notes:

The Board decided at its meeting held on 15 April 2020 to limit the voting rights of Brown & Company PLC's shareholding in Seylan Bank PLC to 9.55% with effect from 31 March 2020 in compliance with the direction issued by the Monetary Board vide Director - Bank Supervision's letter dated 06 April 2020.

Brown & Company PLC and LOLC Investments Ltd collectively hold 23.43% of the issued capital of the Bank. This joint shareholding limit has been approved by the Central Bank vide their letter dated 14 September 2011, subject to the joint holding of Brown & Company PLC and LOLC Investments Ltd being reduced from 23.43% to 15% within a period of 15 years from 13 October 2009. The Board of Directors at their meeting held on 27 August 2024, requested the Company Secretary to send follow up letters to respective Shareholders Brown & Company PLC and LOLC Investments Ltd, calling their attention to reduce their Collective Shareholding of 23.43% to 15%.

In response to same, LOLC Holdings PLC via a letter dated 30 September 2024, informed the Bank that LOLC Group remains committed to comply with Central Bank guidelines, however, they face a challenge to find a potential shareholder to acquire the stake at the right commercially viable price.

The Bank has kept the Director, Bank Supervision, Central Bank informed of the above.

Investor Information

TWENTY LARGEST ORDINARY NON-VOTING SHAREHOLDERS AS AT 31 DECEMBER 2024

	2024		Comparative holdings of the top 20 holders in 2023	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Sampath Bank PLC/ LOLC Holdings PLC	146,722,737	44.41	0	0.00
2. L O L C Holdings PLC	23,775,575	7.20	164,472,386	51.60
3. Employees Provident Fund	17,623,958	5.33	17,001,074	5.33
4. Don and Don Holdings (Private) Limited	8,885,331	2.69	8,571,297	2.69
5. People's Leasing & Finance PLC / Don and Don Holdings (Private) Limited	7,870,128	2.38	4,330,473	1.36
6. Akbar Brothers Pvt Ltd A/C No 1	7,209,772	2.18	6,810,259	2.14
7. Auerbach Grayson and Company LLC	4,526,357	1.37	4,366,382	1.37
8. Merrill J Fernando and Sons (Pvt) Limited	3,670,181	1.11	3,540,466	1.11
9. Employees Trust Fund Board	2,910,367	0.88	3,754,695	1.18
10. L O L C Technology Services Limited	2,885,232	0.87	2,783,260	0.87
11. Sri Lanka Insurance Corporation Ltd - Life Fund	2,781,978	0.84	8,222,957	2.58
12. Mr N Balasingam	2,584,925	0.78	2,493,566	0.78
13. L O L C Finance PLC/ Don & Don Holdings (Pvt) Ltd	2,584,557	0.78	2,493,211	0.78
14. Mr R Gautam	1,898,300	0.57	1,806,307	0.57
15. Est. of Late M J Fernando	1,808,938	0.55	1,745,005	0.55
16. J B Cocoshell (Pvt) Ltd	1,762,797	0.53	1,700,495	0.53
17. Mr R R Leon	1,593,121	0.48	3,224,829	1.01
18. Miss S Durga	1,525,235	0.46	1,471,329	0.46
19. Dr S Yaddehige	1,506,157	0.46	1,452,925	0.46
20. Odyssey Capital Partners (Private) Limited	1,372,878	0.42	1,324,357	0.42
Total Shares held by the top 20 Shareholders	245,498,524	74.30		
Balance Shares held by other 7,016 Ordinary Non-Voting Shareholders as at 31 December 2024	84,911,874	25.70		
Total Ordinary Non-Voting Shares issued by the Bank	330,410,398	100.00	318,732,692	
Total Ordinary Non-Voting Shareholders	7,036		7,131	

SHAREHOLDINGS OF DIRECTORS AS AT 31 DECEMBER 2024

Directors' Shareholdings including the Director/ Chief Executive Officer's shareholding as at 31 December 2024 are given on page 176 of the Report of the Board of Directors on the State of Affairs of the Company.

INFORMATION ON SHARE PRICES AND DIVIDEND PER SHARE

			ORDINARY SHARES (QUOTED)			
			Voting (SEYB-N)		Non-Voting (SEYB-X)	
			2024	2023	2024	2023
No. of Shares issued			305,236,937	296,716,366	330,410,398	318,732,692
Dividend (per Share)	Cash	LKR	3.50	Paid : 1.00	3.50	Paid : 1.00
	Scrip	LKR	-	Paid : 1.50	-	Paid : 1.50
Share Prices						
Highest		LKR	79.50	60.50	58.20	48.20
Lowest		LKR	40.10	25.00	32.00	15.30
Last Traded		LKR	77.90	43.90	57.00	35.50

COMPLIANCE WITH MINIMUM PUBLIC HOLDING REQUIREMENT

VOTING (SEYB-N)				
Period	Option under which the Bank is compliant	Float adjusted market capitalisation	Public Holding Percentage	No. of Public Shareholders
As at 31/12/2023	Option 3	LKR 7.1 Bn	54.87%	10,154
As at 31/12/2024	Option 1	LKR 13.047 Bn	54.87%	10,127

NON-VOTING (SEYB-X)				
Period	Option under which the Bank is compliant	Float adjusted market capitalisation	Public Holding Percentage	No. of Public Shareholders
As at 31/12/2023	Option 3	LKR 5.3 Bn	47.46%	7,125
As at 31/12/2024	Option 2	LKR 8.780 Bn	46.62%	7,028

ANALYSIS OF THE DISTRIBUTION OF SHAREHOLDERS AS AT 31 DECEMBER 2024

ORDINARY (VOTING) SHARES			
Range of Shareholding	No. of Shareholders	No. of Shares	Percentage (%) of Shareholding
1 - 1,000	7,471	1,702,195	0.55
1,001 - 10,000	2,224	6,504,214	2.13
10,001 - 100,000	395	9,793,561	3.21
100,001 - 1,000,000	39	10,481,604	3.44
Over 1,000,000	17	276,755,363	90.67
Total	10,146	305,236,937	100.00
Resident/Non Resident			
Resident	10,011	302,643,541	99.14
Non-Resident	135	2,593,396	0.86
Individuals/Institutions			
Individuals	9,801	47,870,948	15.69
Companies/Institutions	345	257,365,989	84.31

ORDINARY NON-VOTING SHARES			
Range of Shareholding	No. of Shareholders	No. of Shares	Percentage (%) of Shareholding
1 - 1,000	3,567	1,074,599	0.33
1,001 - 10,000	2,446	8,770,303	2.65
10,001 - 100,000	849	25,062,411	7.59
100,001 - 1,000,000	147	41,282,088	12.49
Over 1,000,000	27	254,220,997	76.94
Total	7,036	330,410,398	100.00
Resident/Non Resident			
Resident	6,975	315,386,493	95.45
Non-Resident	61	15,023,905	4.55
Individuals/Institutions			
Individuals	6,667	62,701,179	18.98
Companies/Institutions	369	267,709,219	81.02

Investor Information

DEBENTURES 2018

Listed on CSE in April 2018 (SEYB D0433, D0434)		Type B 7 Year Debentures 13.20% p.a. Semi-Annual		Type C 10 Year Debentures 13.50% p.a. Semi-Annual	
		2024	2023	2024	2023
No. of Debenture issued		7,150,000		16,090,000	
Debenture Prices					
Highest	LKR	Not traded in 2024	Not traded in 2023	Not traded in 2024	Not traded in 2023
Lowest	LKR				
Last traded	LKR				

DEBENTURES 2019

Listed on CSE in April 2019 (SEYB D0458, D0459)		Type A 5 Year Debentures 15.00% p.a. Annual (redeemed on 18.04.2024)		Type B 5 Year Debentures 14.50% p.a. Semi-Annual (redeemed on 18.04.2024)	
		2024	2023	2024	2023
		No. of Debenture issued		37,734,000	12,266,000
		Debenture Prices			
Highest	LKR	100.09	107.49	Not traded in 2024	Not traded in 2023
Lowest	LKR	100.08	98.00		
Last traded	LKR	100.09	107.97		

DEBENTURES 2021

Listed on CSE in April 2021 (SEYB D0508, D0509)		Type A 5 Year Debentures 9.75% p.a. Annual		Type B 5 Year Debentures 9.25% p.a. Quarterly	
		2024	2023	2024	2023
No. of Debenture issued		53,520,200		6,479,800	
Debenture Prices					
Highest	LKR	100.00	100.00	Not traded in 2024	Not traded in 2023
Lowest	LKR	100.00	100.00		
Last traded	LKR	100.00	100.00		

DEBENTURES 2023

Listed on CSE in May 2023 (SEYB D0546, D0547)		Type A 5 Year Debentures 28.00% p.a. Annual		Type B 5 Year Debentures 25.00% p.a. Quarterly	
		2024	2023	2024	2023
No. of Debenture issued		38,518,825		11,481,175	
Debenture Prices					
Highest	LKR	144.18	100.00	130.00	100.00
Lowest	LKR	100.00	100.00	130.00	100.00
Last traded	LKR	100.00	100.00	130.00	100.00

DEBENTURES 2024

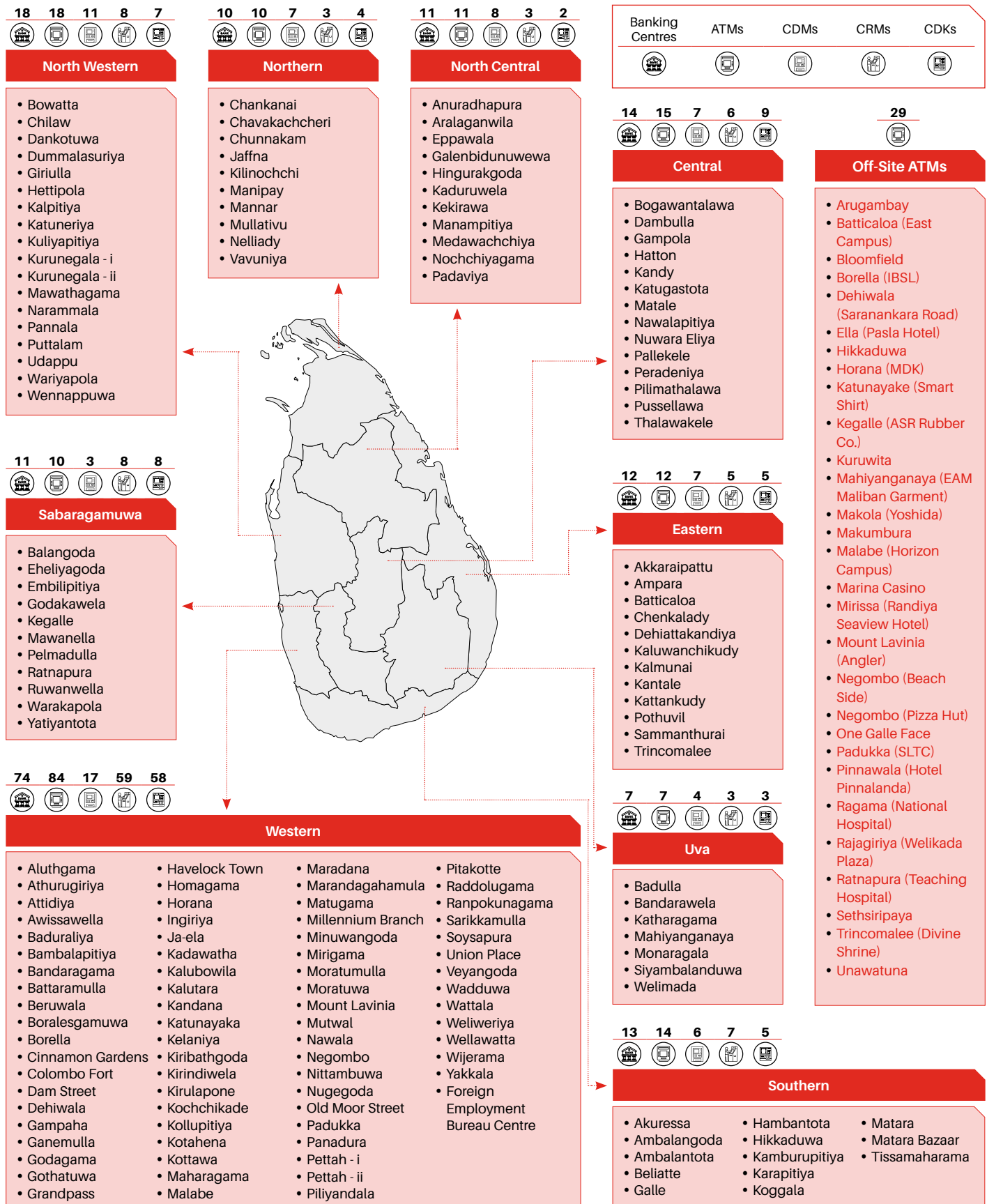
Listed on CSE in July 2024 (SEYB D0566, D0567, D0568, D0569)		Type A 5 Year Debentures 13.25% p.a. Annual (Allotment on 17. 07. 2024)		Type B 5 Year Debentures 12.60% p.a. Quarterly (Allotment on 17. 07. 2024)		Type C 7 Year Debentures 13.50% p.a. Annual (Allotment on 17. 07. 2024)		Type D 7 Year Debentures 13.05% p.a. Semi-Annual (Allotment on 17. 07. 2024)			
		2024	2023	2024	2023	2024	2023	2024	2023		
		No. of Debenture issued		76,666,500		12,638,000		1,335,500		9,360,000	
		Debenture Prices									
Highest	LKR	Not	Not	Not	Not	Not	Not	Not	Not		
Lowest	LKR	traded	Applicable	traded	Applicable	traded	Applicable	traded	Applicable		
Last traded	LKR	in 2024		in 2024		in 2024		in 2024			

Investor Information

	2024	2023
Debt (Debentures) / Equity Ratio (Times)	0.36	0.33
Debt (Debentures plus Long term Debt) / Equity Ratio (Times)	0.36	0.41
Interest Cover (Times)	6.20	4.45
Quick Asset Ratio (Times)	0.85	0.88
2016 Issue - Debenture matured and redeemed on 15/07/2023		
Interest Yield as at Date of Last Trade		
7 Year Fixed Semi Annual - 13.75% p.a. - / (10/01/2023)		15.56%
Yield to Maturity of Trade Done on		
7 Year Fixed Semi Annual - 13.75% p.a. - / (10/01/2023)		33.57%
Interest Rate of Comparable Government Security		
- 7 Years		
2018 Issue - Debenture matured and redeemed on 29/03/2023		
Interest Yield as at Date of Last Trade		
5 Year Fixed Semi Annual - 12.85% p.a.		*
7 Year Fixed Semi Annual - 13.20% p.a.	*	*
10 Year Fixed Semi Annual - 13.50% p.a.	*	*
Yield to Maturity of Trade Done on		
5 Year Fixed Semi Annual - 12.85% p.a.		*
7 Year Fixed Semi Annual - 13.20% p.a.	*	*
10 Year Fixed Semi Annual - 13.50% p.a.	*	*
Interest Rate of Comparable Government Security		
- 7 Years	9.28%	13.63%
- 10 Years	10.12%	13.88%
2019 Issue - Debenture matured and redeemed on 18/04/2024		
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 15.00% p.a. (22/03/2024) / (05/06/2023)	14.99%	16.21%
5 Year Fixed Semi Annual - 14.50% p.a.	*	*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 15.00% p.a. (22/03/2024) / (05/06/2023)	12.17%	24.97%
5 Year Fixed Semi Annual - 14.50% p.a.	*	*
Interest Rate of Comparable Government Security		
- 5 Years		13.86%
2021 Issue		
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 9.75% p.a. (24/01/2024) / (01/11/2023)	9.75%	9.75%
5 Year Fixed Quarterly - 9.25 % p.a.	*	*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 9.75% p.a. (24/01/2024) / (01/11/2023)	9.71%	9.70%
5 Year Fixed Quarterly - 9.25 % p.a.	*	*
Interest Rate of Comparable Government Security		
- 5 Years	9.29%	13.68%
2023 Issue		
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 28% p.a. (06/09/2024) / (21/08/2023)	20.90%	27.71%
5 Year Fixed Quarterly - 25 % p.a. (26/03/2024) / (17/05/2023)	*	27.44%
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 28% p.a. (06/09/2024) / (21/08/2023)	15.06%	28.00%
5 Year Fixed Quarterly - 25 % p.a. (26/03/2024) / (17/05/2023)	*	24.99%
Interest Rate of Comparable Government Security		
- 5 Years	10.43%	13.66%
2024 Issue (Debenture allotted on 17 July 2024)		
Market Prices during October to December (Ex Interest)		
5 Year Fixed Annual - 13.25% p.a.	*	
5 Year Fixed Quarterly - 12.60% p.a.	*	
7 Year Fixed Annual - 13.50% p.a.	*	
7 Year Fixed Semi Annual - 13.05% p.a.	*	
Interest Yield as at Date of Last Trade	*	
Yield to Maturity of Trade Done on	*	
Interest Rate of Comparable Government Security		
- 5 Years	10.73%	
- 7 Years	11.05%	

* No trading during the period.

Branch and ATM Network



Ten Years at A Glance

Year Ended 31 December	2024 LKR Mn	2023 LKR Mn	2022 LKR Mn	2021 LKR Mn	2020 LKR Mn	2019 LKR Mn	2018 LKR Mn	2017 LKR Mn	2016 LKR Mn	2015 LKR Mn
Trading Results										
Gross Income	91,671	116,773	96,818	54,767	57,224	61,370	54,873	49,161	37,873	28,586
Profit before Income Tax	16,043	10,080	6,629	6,028	4,111	5,098	4,666	6,656	5,734	5,777
Income Tax	5,992	3,824	1,917	1,447	1,100	1,418	1,477	2,226	1,724	1,946
Profit after Taxation	10,051	6,256	4,712	4,581	3,011	3,680	3,189	4,430	4,010	3,831
Other Comprehensive Income, net of Tax	685	(27)	(2,724)	(1,521)	1,832	2,234	(617)	2,426	(345)	(1,054)
Total Comprehensive Income	10,736	6,229	1,988	3,060	4,843	5,914	2,572	6,856	3,665	2,777
Dividends Proposed (Ordinary) LKR per Share	LKR 3.50	LKR 2.50	LKR 2.00	LKR 3.00	LKR 1.50	LKR 2.00	LKR 2.50	LKR 3.50	LKR 3.25	LKR 2.75

As At 31 December	2024 LKR Mn	2023 LKR Mn	2022 LKR Mn	2021 LKR Mn	2020 LKR Mn	2019 LKR Mn	2018 LKR Mn	2017 LKR Mn	2016 LKR Mn	2015 LKR Mn
Financial Position										
Assets										
Cash and Short Term Funds (Including Securities Purchased under Resale Agreements)	21,068	49,138	43,883	26,108	16,179	16,924	18,036	10,070	15,653	10,113
Balances with Central Bank of Sri Lanka	8,719	7,028	16,784	8,726	7,371	14,459	18,472	19,120	16,212	8,564
Investments (Including Investment Properties)	210,243	171,340	137,448	102,037	111,119	84,583	87,820	82,976	73,336	72,203
Loans and Advances, Placements with Banks and Finance Companies	513,107	460,127	446,039	450,224	404,496	380,432	326,883	282,317	236,355	193,862
Investment in Subsidiary	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,152
Other Assets (Including Taxation)	14,439	19,672	18,335	9,654	8,285	9,293	10,214	8,590	8,669	6,915
Property, Plant and Equipment, Right-of-use Assets and Intangible Assets	10,960	9,526	9,163	9,674	9,103	9,449	4,354	3,899	4,634	3,522
Total Assets	779,690	717,985	672,806	607,577	557,707	516,294	466,933	408,126	356,013	296,331
Liabilities										
Customer Deposits and Due to Banks	654,958	603,717	559,474	513,158	472,982	429,501	383,939	334,152	291,185	244,310
Borrowings and Debentures	26,614	26,847	33,569	24,287	19,648	28,320	37,456	29,148	28,491	18,605
Other Liabilities	26,111	24,207	20,166	16,163	13,726	12,552	9,674	8,197	7,756	7,486
Taxation (Including Deferred Tax Liability)	1,490	2,688	5,128	1,882	2,340	1,251	1,209	2,381	762	843
Dividends Payable	28	19	19	34	44	43	45	42	46	31
Total Liabilities	709,201	657,478	618,356	555,524	508,740	471,667	432,323	373,920	328,240	271,275
Equity										
Stated Capital	21,693	20,909	19,926	18,324	17,548	17,045	12,026	11,228	10,530	10,530
Statutory Reserve Fund	3,384	2,881	2,568	2,333	2,104	1,953	1,769	1,609	1,388	1,187
Reserves	45,412	36,717	31,956	31,396	29,315	25,629	20,815	21,369	15,855	13,339
Total Equity	70,489	60,507	54,450	52,053	48,967	44,627	34,610	34,206	27,773	25,056
Total Equity and Liabilities	779,690	717,985	672,806	607,577	557,707	516,294	466,933	408,126	356,013	296,331
Contingent Liabilities and Commitments	180,816	165,841	167,641	224,390	195,154	150,147	129,693	99,501	64,111	57,222

Summary of Performance Indicators

	Measure	2024	2023	2022	2021	2020
Size						
Assets Growth	%	8.59	6.72	10.74	8.94	8.02
Contingencies and Commitments / (Total Assets + Contingencies and Commitments)	%	18.83	18.76	19.95	26.97	25.92
Interest Earning Assets / Total Assets	%	93.27	92.25	87.13	92.10	92.97
Cash and Balances with CBSL / Total Assets	%	3.35	7.78	8.48	4.08	3.12
Risk Weighted Assets Growth	%	5.51	(5.21)	2.11	14.49	4.58
Profitability						
Return on Average Assets	%	1.34	0.90	0.74	0.79	0.56
Return on Average Equity	%	15.35	10.88	8.85	9.07	6.43
Profit for the Year / (Average Total Assets + Contingencies and Commitments)	%	1.09	0.73	0.56	0.58	0.42
Net Interest Margin on Average Total Assets	%	4.90	5.76	6.33	4.05	3.63
Net Interest Margin on Average Interest Earning Assets	%	5.28	6.42	7.08	4.38	3.95
Net Interest Income / Gross Income	%	40.04	34.30	41.87	43.07	34.07
Cost to Income Ratio	%	59.34	45.26	35.24	47.68	56.31
Cost to Income Ratio (Excluding VAT, SSCL)	%	47.05	37.30	29.81	41.53	50.30
Average Interest Yield	%	12.13	17.15	15.02	8.68	10.36
Average Interest Cost	%	7.69	11.58	8.52	4.77	6.98
Interest Rate Spread	%	4.44	5.57	6.50	3.91	3.38
Interest Yield on Average Customer Advances	%	11.12	16.11	14.78	8.49	10.45
Interest Cost on Average Customer Deposits	%	6.92	10.88	7.62	4.19	6.34
Spread on Customer Deposits and Advances	%	4.20	5.23	7.16	4.30	4.11
Dividend Payout *	%	22.13	24.59	24.52	34.99	25.75
Growth Rate of Equity	%	16.50	11.12	4.61	6.30	9.72
Earnings per Share**	LKR	15.81	9.84	7.41	7.21	4.74
Ordinary Dividends per Share	LKR	3.50	2.50	2.00	3.00	1.50
Net Assets Value per Share	LKR	110.89	98.31	94.24	97.44	94.71
Asset Quality						
Expected Credit Loss on Loans and Advances	LKR Mn.	62,165	59,673	46,212	23,929	15,535
Expected Credit Loss on Loans and Advances / Loans and Advances	%	11.84	12.00	9.42	5.14	3.80
Impaired Loans (Stage 3) Ratio (%)	%	2.10	3.85	4.98	3.64	4.38
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	%	80.90	68.29	54.36	47.84	37.32
Capital Adequacy						
Leverage on Share Holders Funds	Times	10.06	10.87	11.36	10.67	10.39
Leverage on Capital Funds (Including Debentures)	Times	7.15	7.92	7.84	7.25	7.45
Percentage Earnings Retained	%	77.87	75.41	75.48	65.01	74.25
Equity / Deposits, Borrowings and Securities Sold Under Re-Purchase Agreements	%	10.74	9.92	9.53	10.09	10.30
Equity / Total Assets	%	9.04	8.43	8.09	8.57	8.78
Equity / Loans and Advances	%	13.42	12.17	11.10	11.17	11.96
Liquidity and Funding						
Loans and Advances / Deposits, Borrowings and Securities Sold Under Re-Purchase Agreements	%	79.99	81.55	85.83	90.32	86.06
Deposits / Deposits, Borrowings, Debentures and Securities Sold Under Re-Purchase Agreements	%	94.90	93.81	92.29	90.92	89.38
Liquid Assets / Total Assets	%	37.12	34.07	28.53	23.43	25.76
Liquid Assets / Deposits, Borrowings and Securities Sold Under Re-Purchase Agreements	%	44.09	40.12	33.60	27.60	30.21
Net Lending or (Borrowings) in Call Money Market	LKR Mn.	50,160	22,065	1,819	5,085	1,576
Other Data						
Number of Banking Centres		170	171	171	171	172
Number of Staff Members		3,211	3,077	3,156	3,148	3,251
Profit per Staff Member	LKR '000	3,130	2,033	1,493	1,455	926
Number of Ordinary Shares - Voting	000	305,237	296,716	282,705	264,268	256,717
- Non Voting	000	330,410	318,733	295,071	269,923	260,306
Share Prices as at 31 December - Voting	LKR	77.90	43.90	31.60	44.00	46.00
- Non Voting	LKR	57.00	35.50	16.20	33.30	34.00

* Dividends for the year are accounted for as per Sri Lanka Accounting Standards - LKAS 10

** Earnings per Share has been restated as per Sri Lanka Accounting Standards - LKAS 33

Geographical Analysis

Deposits, Loans and Advances As at 31 December 2024

Province	No. of Banking Centres	Deposits		Loans and Advances	
		LKR Mn.	%	LKR Mn.	%
Western	74	464,228	71.6	407,813	77.6
Southern	13	28,476	4.4	24,628	4.7
Uva	7	10,087	1.6	5,775	1.1
North-Central	11	11,976	1.9	8,668	1.7
North-Western	18	34,249	5.3	19,193	3.7
Eastern	12	17,961	2.8	16,500	3.1
Northern	10	20,376	3.2	9,392	1.8
Sabaragamuwa	11	25,092	3.9	15,604	3.0
Central	14	34,372	5.3	17,542	3.3
	170	646,817	100.0	525,115	100.0
Total Expected Credit Loss Allowance for Loans and Advances				(62,164)	
Total	170	646,817		462,951	

Contingent Liabilities and Commitments As at 31 December 2024

Province	No. of Banking Centres	Acceptances	Standby Letters of Credit	Guarantees	Documentary Credit	Bills for Collection	Forward Exchange Contracts (Net)	Total
		LKR Mn.	LKR Mn.	LKR Mn.	LKR Mn.	LKR Mn.	LKR Mn.	LKR Mn.
Contingent Liabilities								
Western	74	9,969	132	48,107	9,784	4,348	15	72,355
Southern	13	24	-	1,891	40	277	-	2,232
Uva	7	-	-	525	19	-	-	544
North-Central	11	-	-	916	-	-	-	916
North-Western	18	354	-	1,593	271	204	-	2,422
Eastern	12	2	-	976	7	-	-	985
Northern	10	-	-	839	-	-	-	839
Sabaragamuwa	11	35	-	685	176	5	-	901
Central	14	44	-	1,849	191	987	-	3,071
	170	10,428	132	57,381	10,488	5,821	15	84,265
Commitments								
Undrawn Credit Lines and Capital Commitments								96,551
Total	170	10,428	132	57,381	10,488	5,821	15	180,816

Global Reporting Initiative (GRI) Content Index

Statement of use		Seylan Bank PLC has reported in accordance with the GRI Standards for the period 1 Jan 24 to 31 Dec 24.				
GRI 1 used		GRI 1: Foundation 2021				
Gri Standard/ Other Source	Disclosure	Location		Requirement(S) Omitted	Reason	Omission Explanation
		Title	Page No			
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	Corporate Information	329			
	2-2 Entities included in the organisation's sustainability reporting	Subsidiary, Investment in Subsidiary	206, 263			
	2-3 Reporting period, frequency and contact point	Steering This Report	5			
	2-4 Restatements of information	Notes to the Financial Statements (17.1)	246			
	2-5 External assurance	Independent Assurance Report - Sustainability	98			
	2-6 Activities, value chain and other business relationships	Value Creation Value Chain Partners	16-17, 73, 74-75, 76-77			
	2-7 Employees	Workforce by Province, Ethnicity, Gender	57-58			
	2-8 Workers who are not employees	Treating Non-Employees as Important Stakeholders	62			
	2-9 Governance structure and composition	The Board's Composition, Board Appointed Committees	119, 122			
	2-10 Nomination and selection of the highest governance body	Board Nomination and Governance Committee, Procedure for Appointment of Directors, Board Appointed Committees	102			
	2-11 Chair of the highest governance body	Board of Directors	131, 121, 122			
	2-12 Role of the highest governance body in overseeing the management of impacts	Chairman's Role	122			
	2-13 Delegation of responsibility for managing impacts	Management Functions Delegated by The Board Of Directors	121			
	2-14 Role of the highest governance body in sustainability reporting	Board Marketing, Product Development and Sustainability Committee	126			
	2-15 Conflicts of interest	Avoidance of Conflicts of Interest	118-119			
	2-16 Communication of critical concerns	Oversight of the Affairs of the Bank by Key Management Personnel (KMPs)	116-117			
	2-17 Collective knowledge of the highest governance body	Effectiveness of the Board's Own Governance Practices/ Board Assessments	116			
	2-18 Evaluation of the performance of the highest governance body	Evaluations of the performance of the CEO and the KMPs	116, 131			
	2-19 Remuneration policies	Determination of the Remuneration Policy	131			
	2-20 Process to determine remuneration	Determination of the Remuneration Policy	131			
	2-21 Annual total compensation ratio	Directors' Remuneration and Benefits	164			
	2-22 Statement on sustainable development strategy	Commitment to Sustainability, Building a Sustainable Model	11, 14			
	2-23 Policy commitments	Corporate Governance	114-117			
	2-24 Embedding policy commitments	Corporate Governance, Policy and Responsibility	114, 143			
	2-25 Processes to remediate negative impacts	Responsibilities of The Board	113			
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing Policy	114			
		2-27 Compliance with laws and regulations	Codes of Conduct and Ethics, Understanding of the Regulatory Environment	114, 117		

Global Reporting Initiative (GRI) Content Index

Gri Standard/ Other Source	Disclosure	Location		Requirement(S) Omitted	Reason	Omission Explanation
		Title	Page No			
	2-28 Membership associations	Membership in Associations and Other Relationship	76			
	2-29 Approach to stakeholder engagement	Leveraging Synergies with Stakeholder Engagement	18 - 20			
	2-30 Collective bargaining agreements	Freedom of Association & Collective Bargaining	63			
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics for Better Engagement	22			
	3-2 List of material topics	Thresholds Besides "Impact Materiality" and "Financial Materiality"	23 - 24			
Biodiversity						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Conserving Biodiversity	93			
	304-2 Significant impacts of activities, products and services on biodiversity	Conserving Biodiversity	93			
	304-3 Habitats protected or restored					
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations					
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Added Statement	46			
	201-2 Financial implications and other risks and opportunities due to climate change	Encouraging Projects that Promote Environmental Sustainability, Integrating Environmental Dimension into	88 - 89, 86-87, 89			
	201-3 Defined benefit plan obligations and other retirement plans	Lending Activities, Reducing Our Carbon Footprint	205, 278 - 283, 215, 214			
	201-4 Financial assistance received from government	Measurement of Defined Benefit Obligations, Retirement Benefit Obligations, Short-Term Employee Benefits, Employee Retirement Benefits	80 - 81			
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Our Management Approach, Sustainability Performance Indicators (SPI) - Ratio of standard entry level wage (Under "Employees")	53, 95			
	202-2 Proportion of senior management hired from the local community	Sustainability Performance Indicators (SPI) - Proportion of Senior Management from local	95			
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social and Relationship Capital	78 - 81			
	203-2 Significant indirect economic impacts	Refinance & Subsidy Schemes as a mode of Blended Finance and Inclusivity	80 - 81			

Gri Standard/ Other Source	Disclosure	Location			Omission	
		Title	Page No	Requirement(S) Omitted	Reason	Explanation
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Uplifting Local Economies Through Our Supplier Sourcing, Sustainability Performance Indicators (SPI) (Under "Suppliers")	76, 96			
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-Bribery and Corruption Policy	114			
	205-2 Communication and training about anti-corruption policies and procedures	Measures to Strengthen Customers' Online Safety and Data Privacy, Anti-Bribery and Corruption Policy	69, 114			
	205-3 Confirmed incidents of corruption and actions taken	Compliance with Laws and Regulations	178			
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Our Robustness in Compliance	68			
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 207: Tax 2019	207-1 Approach to tax	Deferred Tax Assets, Income tax expense (Tax note no.16), Tax note no.34 to 34.1)	205, 243 - 245, 271 - 272			
	207-2 Tax governance, control, and risk management	Notes to the Financial Statements (5.21, 5.21.1 - 5.21.7)	216 - 217			
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Assessments Received by the Bank, Advance Income Tax (AIT) and Withholding Tax (WHT)	293, 217			
	207-4 Country-by-country reporting	Not reported	-	X	Not applicable	We operate only in Sri Lanka
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability Performance Indicators (SPI) (Under "Environment")	96			
	301-2 Recycled input materials used	Not reported	-	X	Not applicable	
	301-3 Reclaimed products and their packaging materials	Not reported	-	X	Not applicable	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy Consumption, Sustainability Performance Indicators (SPI) (Under "Environment")	92, 96			
	302-2 Energy consumption outside of the organisation	Not reported	-	X		
	302-3 Energy intensity	Sustainability Performance Indicators (SPI) (Under "Environment")	96			
	302-4 Reduction of energy consumption	Not reported	-	X		
	302-5 Reductions in energy requirements of products and services	Not reported	-	X		

Global Reporting Initiative (GRI) Content Index

Gri Standard/ Other Source	Disclosure	Location		Page No	Requirement(S) Omitted	Reason	Omission
		Title					Explanation
Water and effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management,	92				
	303-2 Management of water discharge-related impacts	Not reported	-	X	Information unavailable/incomplete	Insignificant impact	
	303-3 Water withdrawal	Water Management, Sustainability Performance Indicators (SPI) (Under "Environment")	92				
	303-4 Water discharge	Not reported	-	X	Information unavailable/incomplete	Insignificant impact	
	303-5 Water consumption	Not reported	-	X	Information unavailable/incomplete	Insignificant impact	
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Carbon Footprint Calculation Results	91				
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Footprint Calculation Results	91				
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Footprint Calculation Results	91				
	305-4 GHG emissions intensity	Carbon Footprint Calculation Results	91				
	305-5 Reduction of GHG emissions	Not reported	-	x	-	This year was our base year	
	305-6 Emissions of ozone-depleting substances (ODS)	Not reported	-	x	Information unavailable/incomplete		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not reported	-	x	Information unavailable/incomplete		
Spills							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 306: Effluents and Waste 2016	306-3 Significant spills	Not reported	-	X			
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, Ongoing practices to reduce our E-Waste	92 - 93				
	306-2 Management of significant waste-related impacts	Waste Management, Ongoing practices to reduce our E-Waste	92 - 93				
	306-3 Waste generated	Waste Management, Ongoing practices to reduce our E-Waste	92 - 93				
	306-4 Waste diverted from disposal	Waste Management, Ongoing practices to reduce our E-Waste	92 - 93				
	306-5 Waste directed to disposal	Waste Management, Ongoing practices to reduce our E-Waste	92 - 93				

Gri Standard/ Other Source	Disclosure	Location		Page No	Requirement(S) Omitted	Reason	Omission Explanation
		Title					
Supplier environmental assessment							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Environmental and Social Impact Assessments of Our Supply Chain		88			
	308-2 Negative environmental impacts in the supply chain and actions taken	Not reported		-	X	Information unavailable/incomplete	Incidents not reported
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital		54			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital		56			
	401-3 Parental leave	Parental Leave		60			
Labor/management relations							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Minimum Notice Period		63			
Occupational health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Wellbeing		60			
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Wellbeing		60			
	403-3 Occupational health services	Employee Wellbeing		60			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Wellbeing		60			
	403-5 Worker training on occupational health and safety	Employee Wellbeing		60			
	403-6 Promotion of worker health	Employee Wellbeing		60			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Wellbeing		60			
	403-8 Workers covered by an occupational health and safety management system	Employee Wellbeing		60			
	403-9 Work-related injuries	Employee Occupational Health & Safety (OHS)		60			
	403-10 Work-related ill health	Employee Occupational Health & Safety (OHS)		60			
Training and education							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Performance Indicators (SPI) (Under "Employees")		95			
	404-2 Programs for upgrading employee skills and transition assistance programs	Training & Development, Training on Specific Areas		56 - 57, 69			
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management		56			

Global Reporting Initiative (GRI) Content Index

Gri Standard/ Other Source	Disclosure	Location			Omission	
		Title	Page No	Requirement(S) Omitted	Reason	Explanation
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Inclusion	57 - 58			
	405-2 Ratio of basic salary and remuneration of women to men	Employee Remuneration by Gender and Hierarchy	62			
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	"Seylan Bank's HR Management policies, Anti-corruption"	53, 63			
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not reported	-	X	Not applicable	Insignificant impact
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Not reported	-	X	Not applicable	Insignificant impact
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not reported	-	X	Not applicable	Insignificant impact
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Treating non-employees as Important Stakeholders	62			
Rights of Indigenous Peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not reported	-	X	Not applicable	Insignificant impact
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital	64 - 81			
	413-2 Operations with significant actual and potential negative impacts on local communities	Social and Relationship Capital	65 - 81			
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Environmental and Social Impact Assessments of Our Supply Chain	88			
	414-2 Negative social impacts in the supply chain and actions taken	Environmental and Social Impact Assessments of Our Supply Chain	89			

Gri Standard/ Other Source	Disclosure	Location		Page No	Requirement(S) Omitted	Reason	Omission
		Title					Explanation
Public policy							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 415: Public Policy 2016	415-1 Political contributions	Our Robustness in Compliance		69			
Customer health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Supplier Evaluation and Procurement Process		76			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Supplier Evaluation and Procurement Process		76			
Marketing and labeling							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Labelling and Marketing Communication		73			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Our Robustness in Compliance		69			
	417-3 Incidents of non-compliance concerning marketing communications	Our Robustness in Compliance		69			
Customer privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our Robustness in Compliance		69			

Alphabetical Index

	Page Number
Accounting Policies	204
Assurance Report On the Director's Statement on Internal Control	185
Balances with Central Bank of Sri Lanka	251
Board of Directors	100
Capital Adequacy Computation	152
Capital Commitments	293
Cases against the Bank	289
Cash and Cash Equivalents	251
Contingent Liabilities and Commitments	288
Corporate Governance	111
Global Banking Partnerships	77
Cost Income Ratio	313
Customer Deposits	275
Deferred Tax Liabilities	271
Defined Benefit Obligations	278
Derivative Financial Instruments	252
Directors' Statement on Internal Control	183
Distribution and Composition of Shareholders	46
Dividend Cover	7
Dividend per Share	7
Donations	173
Due to Other Borrowers	276
Earnings per Share	246
Economic Value Addition	46
Effective Tax Rate	244
Events after the Reporting Date	293
Expected Credit Loss on Loans and Advances	253
Financial Calendar	187
Financial Highlights	7
Financial Assets Measured at FVTPL	253
Financial Assets Measured at Amortised Cost	256
Financial Assets Measured at FVOCI	260
Financial Capital	46
General Reserve	285
GRI Content Index	315
Income Statement	195
Income Tax Expense	243
Independent Auditors' Report	190
Intangible Assets	270
Interest Expense	239
Interest Income	239
Interest Yield on Debentures/ Yield to Maturity of Debentures	310

	Page Number
Investment in Subsidiary	263
Lease Rental Receivables	255
Loans and Advances	253
Market Prices of Shares	7
Maturity Analysis	298
Net Assets Value per Share	7
Notes to the Financial Statements	204
Operating Expenses	242
Other Assets	274
Other Liabilities	282
Other Reserves	285
Value Creation	16
Personnel Expenses	243
Price Earnings Ratio	7
Property, Plant and Equipment	263
Related Party Disclosures	294
Report of the Board Audit Committee	162
Report of the Board Human Resources and Remuneration Committee	164
Report of the Board Integrated Risk Management Committee	170
Report of the Board Nomination and Governance Committee	166
Report of the Board of Directors on the State of Affairs of the Company	172
Report of the Related Party Transactions Review Committee	169
Return on Average Assets	313
Return on Average Equity	313
Risk Management	136
Right-of-use Assets	268
Senior Management Team	106
Stated Capital	284
Statement of Cash Flows	202
Statement of Changes in Equity	198
Statement of Profit or Loss and Other Comprehensive Income	196
Statement of Directors' Responsibility for Financial Reporting	188
Statement of Financial Position	197
Statutory Reserve Fund	284
Segment Reporting	300
Total Equity	197
Twenty Largest Shareholders	305
US Dollar Financial Statements	303

Glossary

A

Acceptances

Promise to pay when the drawee of a time draft stamps or writes the word 'accepted' above his signature and a designated payment date.

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

Actuarial Gain/Loss

Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost of a Financial Asset or Financial Liability

The amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

B

Basel III

The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity.

Bills Sent for Collection

A Bill of Exchange drawn by an exporter usually at a term, on an importer overseas and brought by the exporter to his bank with a request to collect the proceeds.

Basis Point (BP)

One hundredth of a percentage point (0.01 per cent); 100 basis points is 1 percentage point. Used in quoting movements in interest rates or yields on securities.

Business Model Assessment

Business model assessment is carried out as the first step of the financial assets classification process. Business model refers to how an entity manages its financial assets in order to generate cash flows.

C

Capital Adequacy Ratio

The percentage of risk-adjusted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlement (BIS) and as modified to suit local requirements by the Central Bank of Sri Lanka.

Cash Equivalents

Short-term highly liquid investments those are readily convertible to known amounts of cash and which subject to an insignificant risk of changes in value.

Cash Flows

Cash flows are inflows and outflows of cash and cash equivalents.

Collectively Assessed Loan Impairment Provisions

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that have been incurred but have not yet been identified at the reporting date.

Contingencies

A condition or situation, the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or nonoccurrence of one or more uncertain future events.

Consolidated Financial Statements

Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Correspondent Bank

A bank in a foreign country that offers banking facilities to the customers of a bank in another country.

Cost to Income Ratio

Operating expenses as a percentage of total operating income.

Credit Ratings

An evaluation of a corporate ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk

Risk of financial loss to the Bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the loans and advances to customers and other banks and investment in debt securities.

Currency Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

D

Deferred Tax

Sum set aside in the Financial Statements that may become payable/receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as "Arrears".

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Derecognition

Removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g., an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

Dividend Cover

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

Dividend Yield

Dividend earned per share as a percentage of its market value.

Documentary Letters of Credit

Written undertakings by a bank on behalf of its customers, authorising a third party to draw on the Bank up to a stipulated amount under specific terms and conditions. Such undertakings are established for the purpose of facilitating international trade.

E

Earnings per Share (EPS)

The profit attributable to each ordinary share in the Bank, based on the profit for the period after tax and after deducting minority interest and preference share dividends.

Economic Value Added (EVA)

A measure of productivity which takes into consideration cost of total invested equity.

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Effective Tax Rate (ETR)

Provision for taxation excluding deferred tax divided by the profit before taxation.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Events after the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Expected Credit Loss (ECL)

The weighted average of credit losses with the respective risks of a default occurring as the weights.

Glossary

Exposure at Default (EAD)

The amount that a bank is exposed to at the time of default of its borrower.

F

Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)

A financial asset/liability acquired principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Finance Lease

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of whatever is being leased.

Foreign Exchange Contract

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

Foreign Exchange Income

The realised gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan Rupees on the reporting date at prevailing rates which differ from those rates in force at inception or on the previous reporting date. Foreign exchange income also arises from trading in foreign currencies.

G

Global Reporting Initiatives (GRI)

The GRI is an international independent standards organisation that helps businesses, governments and other organisations to understand and communicate their impacts on issues such as climate change, human rights and corruption. GRI promotes sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

Going Concern

The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Gross Dividend

The portion of profits distributed to the shareholders including the tax withheld.

Group

A group is a parent and all its subsidiaries.

Guarantees

A promise made by a third party (guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfil the contractual obligations.

H

Hedging

A strategy under which transactions are effected with the aim of providing cover against the risk of unfavorable price movements (interest rate, foreign exchange rate, commodity prices, etc.).

High Quality Liquid Assets (HQLA)

Assets that are unencumbered, liquid in markets during a time of stress and, ideally, be Central Bank eligible. These include, for example, cash and claims on Central Governments and Central Banks.

I

Impaired Loans

Loans where the group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowance

Impairment allowance is a provision held as a result of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified as individual (specific) or collective (portfolio).

Intangible Asset

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/services or for rental to others or for administrative purposes.

Interest Spread

This represents the difference between the average interest rate earned and the average interest rate paid on funds.

Investment Properties

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use or sale.

K

Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

L

Lifetime Expected Credit Losses

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange and Treasury Bills and Bonds.

Liquidity Coverage Ratio (LCR)

Refers to highly liquid assets held by Banks to meet short-term obligations. The ratio represents a generic stress scenario that aims to anticipate market-wide shocks.

Loss Given Default (LGD)

The percentage of an exposure that a lender expects to not recover in the event of default.

Lease Liabilities

Present value of contractual lease payments.

Loan-to-Value Ratio (LTV)

The LTV ratio is a mathematical expression which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

M

Market Capitalisation

The value of a company obtained by multiplying the number of issued shares by its market value as at a date.

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of Financial Statements.

N

Net Asset Value per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Interest Income (NII)

The difference between the amount a Bank earns on assets such as loans and securities and what it pays on liabilities such as deposits refinancing funds and inter-bank borrowings.

Net Interest Margin (NIM)

The margin is expected as net interest income divided by average interest earning assets.

Net Stable Funding Ratio (NSFR)

Measures the amount of longer term, stable sources of funding employed by a Bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

Non-Controlling Interest (NCI)

Non-Controlling Interest is the equity in a subsidiary not attributable directly or indirectly to a parent.

Nostro Account

A bank account held in foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to facilitate the settlement of foreign exchange trade transactions.

O**Off-Balance Sheet Transactions**

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position but which give rise to contingencies and commitments.

Open Credit Exposure Ratio

Total net non-performing loans and advances expressed as a percentage of equity.

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P**Parent**

A parent is an entity that has one or more subsidiaries.

Past Due

A financial asset is past due when counterparty has failed to make a payment when that payment was contractually due.

Price-Earnings Ratio (P/E Ratio)

The current market price of the share is divided by the earnings per share of the Bank.

Price to Book Value

Market price of a share divided by the net assets value of a share.

Probability of Default (PD)

The likelihood of a default over a particular time horizon. It provides an estimate of the probability that a borrower will be unable to meet its debt obligations.

Provision Cover

Total provisions for loan losses expressed as a percentage of net non-performing loans and advances before discounting for provisions on non-performing loans and advances.

R**Related Parties**

Parties where one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related Party Transaction (RPT)

RPT is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Return on Average Assets (ROA)

Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profitability and as a basis of intra-industry performance comparison.

Return on Equity (ROE)

Net income, less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Revenue Reserves

Reserves set aside for future distribution and investment.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or a dealer and resale back to the seller at a future date at a specified price.

Risk-Weighted Assets

Used in the calculation of risk-based capital ratios. The face amount of lower risk assets is discounted using risk weighting factors in order to reflect a comparable risk per Rupee among all types of assets. The risk inherent in off-balance sheet instruments is also recognised, first by adjusting notional values to Statement of Financial Position (or credit) equivalents and then by applying appropriate risk weighting factors.

Right-of-use Asset

An asset that represents a lessee's right to use an underlying asset for the lease term.

S**Securities Sold Under Repurchase Agreement (Repo)**

This relates to Treasury Bills and Bonds sold subject to a commitment to repurchase them at a predetermined price on a specified future date. Securities purchased under resale agreement (reverse REPO). These are loans collateralised by the purchase of Treasury Bills and/or guaranteed commercial papers from the counterparty to which the loans are granted. The sale by the counterparty is subject to a commitment by the Bank to sell back the underlying debt securities to the borrower at a predetermined price on a specific future date.

Segment Reporting

Disclosure of the Bank's assets, income and other information, broken down by activity and geographical area.

Shareholders' Funds/Equity

Total of issued and fully paid share capital and capital and revenue reserves.

Single Borrower Limit

30% of Total Regulatory Capital.

Statutory Reserve Fund

A capital reserve created as per the provisions of the Banking Act No. 30 of 1988.

Subsidiary Company

A subsidiary is an enterprise that is controlled by another enterprise (known as the parent).

Significant Increase in Credit Risk (SICR)

According to SLFRS 9, an entity should assess whether the risk of default on a financial instrument has increased significantly since initial recognition. The assessment should consider reasonable and supportable information that is relevant and available without undue cost or effort.

T**Tier 1 Capital (Common Equity Tier 1 - CET 1)**

Common Equity Tier 1 (CET 1) is a component of Tier 1 capital that consists mostly of Stated Capital. It is a capital measure that was introduced as a precautionary measure to protect the economy from a financial crisis.

Tier 1 Capital (Additional Tier 1 Capital - AT I)

Additional Tier 1 Capital (AT I) is a component of Tier 1 Capital that comprises securities that are subordinated to most subordinated debt, which have no maturity, and their dividends can be cancelled at any time.

Tier 2 Capital

Capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Total Capital

Capital base is summation of the core capital (Tier 1) and the supplementary capital (Tier 2).

U**Undrawn Credit Lines**

Credit facilities approved but not yet utilised by the clients as at the reporting date.

Useful Life

Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V**Value Added**

Wealth created by providing banking and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to Government by way of taxes and retained for expansion and growth.

Vostro Account

A local currency account maintained by a local bank for a foreign (correspondent) bank.

Y**Yield to Maturity**

Discount rate at which the present value of future payments would equal the security's current price.

12-Month Expected Credit Loss

The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

සභාපතිතුමාගේ පණිවිඩය

හිතවත් පාර්ශ්වකරුවන් වෙතටයි,

2024 දෙසැම්බර් 31 දිනෙන් අවසන් වූ වසර සඳහා සෙලාන් බැංකුව පීඑල්සී හි වාර්ෂික වාර්තාව සහ විගණනය කළ මූල්‍ය ප්‍රකාශනය ඔබ වෙත ඉදිරිපත් කරන්නට ලැබීම සතුටට කරුණකි.

සෙලාන් බැංකුවේ වසර 36ක ඉතිහාසය තුළ බදු වලට පසු ලාභය (Profit After Tax) වාර්තාගත ලෙස ඉහළ නංවමින් 2024 මූල්‍ය වර්ෂය අවසන් කළේ, මෙතෙක් නොවූ විරූ, අගනා කාර්යසාධනයක් පෙන්නුම් කරමිනි. 2022 වර්ෂයේ ආර්ථික අවපාතයේ බලපෑම් මුළුමනින්ම පහව නොමැති අභියෝගාත්මක ආයෝජන වාතාවරණයක් යටතේ අප මේ අත්පත් කරගෙන ඇත්තේ සැබෑ ජයග්‍රහණයකි. මනා මූල්‍ය ප්‍රතිපත්ති සහ ජාත්‍යන්තර මූල්‍ය අරමුදල වෙතින් ලැබෙන සහය සමගින් රටෙහි ආර්ථිකය ක්‍රමක්‍රමයෙන් ස්ථාවර වීම ද මෙකී ප්‍රතිසාධනයට හේතුපාදක විය. වැය කළ හැකි ආදායම (disposable income) අඩුවීම, දේශීය පරිභෝජන බෙහෙවින්ම අවම වීම සහ ආයෝජකයන්ගේ සුපරීක්ෂාකාරී ආකල්ප වැනි අභියෝග පැවතියද, මෙවන් විශේෂිත ජයග්‍රහණ අත්පත් කරගැනීමට සෙලාන් බැංකුවට හැකි වූණේ, අවශ්‍ය සියලු පියවර ක්‍රමෝපායිකව ගනු ලැබීම සහ නිරන්තරයෙන්ම බැංකුව සතුට පවතින ඔරොත්තු දීමේ හැකියාව නිසාවෙනි.

ආර්ථිකය යළි පිබිදෙන සුභ ලකුණු පහළ වෙමින් ඇත. ඒ සමගම, ගෘහස්ථ සහ ව්‍යාපාරික ණය ඉල්ලුම ක්‍රමයෙන් ඉහළ යනු ඇතැයි අපේක්ෂිතය. අප ඉදිරියේ ඇත්තේ ව්‍යාපාරික වර්ධනය සුභවාදී මාවතකට අවතීර්ණ වනු ඇති බව නිසැකව කියාපාන අනාගතයක පෙරනිමිති ය.

බැංකුකරණ වටපිටාවෙහි පරිණාමනය

මෑත කාලයේ දී බැංකුකරණ ක්ෂේත්‍රය, තාක්ෂණය වෙත වේගයෙන් අනුගත වීමට ප්‍රධාන හේතුවක් වූයේ ගෝලීය වසංගතයයි. බැංකුකරණ මෙහෙයුම් කටයුතු වල සුභවාදී වෙනසක් ඇති කිරීමට එය සමත් විය. තොරතුරු තාක්ෂණය (IT) සහ කෘත්‍රීම බුද්ධිය (AI) සතු හැකියා ශක්තිමත් හඳුනාගත් සෙලාන් බැංකුව එකී තාක්ෂණ වෙනස්කම් උපරිම ප්‍රයෝජන ගෙන, පාරිභෝගික අත්දැකීම් වැඩිදියුණු කිරීමටත්, සරල හා කාර්යක්ෂම අයුරින් බැංකුකරණ ක්‍රියාවලි සැකසීමටත් අප්‍රමාදව පියවර ගනු ලැබීය. ඒ අනුව, වඩාත් පරිශීලක-හිතකාමී බැංකුකරණ මෙහෙයුම් කටයුතු ගණන සෙලාන් බැංකුව දැඩි අවධානයක් යොමු කළේ ඊට සමගාමීව ආරක්ෂිත පියවර ද ශක්තිමත් කෙරෙන බව සහතික කරමිනි. වේගයෙන් පරිණාමනය වන තාක්ෂණික දියුණුව අනුව යමින්, නවීනතම ඩිජිටල් විසඳුම් යොදා ගනිමින් කාර්යක්ෂමතාව වැඩිදියුණු කිරීමටත් සේවාවන් හි ගුණාත්මක භාවය ඉහළ නැංවීමටත් බැංකුව නිරතුරුව ක්‍රියාත්මක විය. එමගින් විවිධ පාරිභෝගික අවශ්‍යතා හඳුනා ගැනීමේ අභියෝගය ජයගැනීමට හැකි විය. එසේම, දිගුකාලීන අත්දැකීම්, පළපුරුද්ද හා ප්‍රවීණත්වය ප්‍රයෝජනයට ගනිමින් පාරිභෝගිකයන් වෙත නොපමාව ප්‍රතිචාර

දැක්වීමේ ප්‍රයෝජනීය ආකාරය ඉහළින්ම පවත්වාගෙන යාමට ද එකී තාක්ෂණික ක්‍රමවේද ඉවහල් විය.

පාලන ක්‍රමවේද සහ මනා පරිවරයන්

වසර ගණනාවක් පුරාවට, ආයතනික පාලන ක්‍රමවේදයන් හි සම්මතයන් ඉහළ මට්ටමක රඳවා ගැනීමට කටයුතු කළ සෙලාන් බැංකුව, 2024 වර්ෂයේ දී කිසිදු වෙනසකින් තොරව එම තත්ත්වය සුරැකීමට වග බලා ගනු ලැබීය. සමාලෝචනයට ලක් වූ කාලපරිච්ඡේදය තුළ දී සියලුම නියාමන අවශ්‍යතාවන්ට පූර්ණ ලෙසින් අනුකූල වෙමින් බැංකුව ක්‍රියා කළ බවත් කිසිදු ආකාරයක නියාමන උල්ලංඝනය වීමක් සිදු ව නොමැති බවත් මා දැනුම් දෙන්නේ ඉමහත් සතුටින් හා ආඩම්බරයෙනි. බැංකුව සතුට පවත්නා මූල්‍යමය මුලධර්ම කෙතරම් බලවත් ද යන්න එමගින් මනාව තහවුරු වේ.

නිරන්තරයෙන්ම වෙනස් වෙමින් පවතින නියාමන වටපිටාවට අනුකූල වෙමින් මූලික පාලන ක්‍රමවේද පිළිබඳ ප්‍රතිපත්ති රැස් කළ යාමක්කාලීන කිරීමට අවශ්‍ය පියවර බැංකුව විසින් ගනු ලැබීය. ඒ අනුව, සංශෝධිත අල්ලස් හා දූෂණ ප්‍රතිපත්තියක් හඳුන්වා දීම, අකටයුතුකම් පිළිබඳ රහස්‍යභාව දැනුවත් කිරීමේ ප්‍රතිපත්තිය (Whistleblower Policy) තවදුරටත් සවිමත් කිරීම සිදු කෙරුණි. තවද, මුදල් විශුද්ධීකරණයට සහ ක්‍රෂ්තවාදයට මුදල් සැපයීමට එරෙහිව බැංකුවෙහි අනුකූලතා කාර්යයාමුව සරල හා කාර්යක්ෂමව සකසමින්, ඒ තුළින් ජාත්‍යන්තර ප්‍රමිතීන් සපුරාලන බවට සහතික විය.

හිරසරභාවය වෙත කැපවීම

මූල්‍ය සේවාවන්ගෙන් ඕබ්බට යමින් අර්ථාන්විත වැඩපිළිවෙලක් ඔස්සේ ප්‍රජාව තුළ සුභවාදී බලපෑමක් ඇති කිරීමට සෙලාන් බැංකුව දීර්ඝ කාලයක් තිස්සේ සක්‍රීය දායකත්වයක් ලබා දේ. එවැනි වැඩපිළිවෙළ තුළින් ප්‍රජාවන් හි දියුණුව මෙන්ම අනාගතයේ හිරසරභාවය ද සහතික කිරීමට සෙලාන් බැංකුව කටයුතු කරයි. සුදුසු පාසල් වෙත පුස්තකාල ලබාදීම බැංකුව විසින් සිදු කළ මූලික වැඩපිළිවෙළ අතරින් එක් මහඟු වැඩපිළිවෙළකි. පොත්පත් පමණක් නොව, පරිගණක සහ අන්තර්ජාලය ආශ්‍රිත යෙදවුම් ඇතුළු නවීනතම යටිතල පහසුකම් එකී වැඩපිළිවෙළ යටතේ සපයනු ලැබීය. එකී වැඩපිළිවෙළ තවදුරටත් පුළුල් කරමින්, 2024 වර්ෂයේ දී "සෙලාන් පැහැසර පුස්තකාල" නමින් නව පුස්තකාල 40ක් පාසල් වෙත ලබාදෙමින් මෙතෙක් පිහිටුවන ලද සමස්ත පුස්තකාල ගණන 265ක් විය. මෙකී සමාජ සත්කාරය හරහා දිවයින පුරා අප්‍රමාණ වූ දරු දැරියන් තුළ අධ්‍යාපන ගමන්ගත ගැන සුභවාදී බලපෑමක් ඇති කිරීම අඛණ්ඩව සිදු කරනු ලබයි.

ඇගයුම

වසර නමයක විශිෂ්ට සේවයකින් පසු මෙම වසරේ මැද භාගයේ දී සෙලාන් බැංකුවෙහි සභාපති ධුරයෙන් සමුගත් රවී ඩයස් මැතිතුමා වෙත අපගේ කෘතඥතාව පළ කිරීමට මෙය අවස්ථාවක් කරගනිමි. COVID-19 වසංගතය සහ ආර්ථික අර්බුදය රට වසා ගත් කාලය

ඇතුළුව, අභියෝගාත්මක කාලපරිච්ඡේදයන්වල, සෙලාන් බැංකුවේ ඔරොත්තු දීමේ හැකියාව සහ ස්ථාවරත්වය තහවුරු කරමින්, මෙහෙයුම් කටයුතු මනාව ඉදිරියට ගෙන යාමට ඔහුගේ සුවිශේෂී බැංකුකරණ ප්‍රවීණත්වය සැබවින්ම අපට විශාල රුකුලක් විය. අප බැංකුව වෙත ඔහු ලබා දුන් දායකත්වය සැබවින්ම අසමසම වේ.

එසේම, වසර නමයක් ඉතාමත් කැපවීමෙන් යුතු අගනා සේවාවක් ඉටු කර පසුගිය වසරේ සෙලාන් බැංකුවේ අධ්‍යක්ෂ ධුරයෙන් සමුගත් ජනාධිපති නීතිඥ විරාන් කොරයා මහතාට මාගේ හෘදයාංගම ස්තූතිය පුද කිරීමට ද මෙය අවස්ථාවක් කරගනිමි. බැංකුව වෙනුවෙන් ඔහු ඉටු කළ සේවාව හා ඔහු කළ කැපවීම පැසසිය යුතු ම වේ.

සෙලාන් බැංකුව අත්පත් කරගත් මෙම සුවිශේෂී කාර්යසාධනයට හා වර්ධනයට, අධ්‍යක්ෂ / ප්‍රධාන විධායක නිලධාරී රමේෂ් ජයසේකර මහතාගේ මගපෙන්වීම යටතේ ආයතනික කළමනාකාරිත්වය දැක්වූ කැපවීම සහ බැඳීම ද මූලික වූ බව සිහිපත් කරමි. ඔවුන්ගේ විශිෂ්ට නායකත්ව ගුණාංග ඉහළින්ම අගයමි. එසේම, එකී අගනා වර්ධනය වෙනුවෙන් සිය යුතුකම් හා වගකීම් නොපිරිහෙලා ඉටු කළ, දක්ෂතා වලින් පරිපූර්ණ සෙලාන් බැංකු කණ්ඩායම විවිධ අභියෝග හමුවේ පවා අඛණ්ඩ කැපවීමෙන් යුතුව කළ සේවය ද ඇගයිය යුතු වේ. නොසැලෙන අධීක්ෂානය හා අවංක දායකත්වය පිළිබඳව සෙලාන් බැංකු කාර්ය මණ්ඩලයේ සෑම සාමාජිකයකු වෙත ම මාගේ හද පිරි කෘතඥතාව සහ අවංක ස්තූතිය පුද කරමි.

මා සමග එක්ව කටයුතු කරන අධ්‍යක්ෂ මණ්ඩල සාමාජිකයන් සියලුදෙනාගේ මහඟු දායකත්වයට සහ මගපෙන්වීමට ද මා බෙහෙවින් ස්තූතිවන්ත වෙමි. අභියෝගාත්මක තත්ත්වයන් හි දී බැංකුව නිවැරදි ඉසව්ව කරා යොමු කරවීමෙහි ලා ඔවුන්ගේ උපදෙස් හා අදහස් අතිශයින්ම ඵලදායී විය.

ශ්‍රී ලංකා මහ බැංකුවේ අධිපතිතුමා වෙත මාගේ විශේෂ ස්තූතිය හිමි වන අතර, එහි නිලධාරී මණ්ඩලය අප වෙත ලබා දුන් සහය ද බෙහෙවින් අගය කරමි.

තවද, සෙලාන් බැංකුව කෙරෙහි තැබූ අඛණ්ඩ විශ්වාසය වෙනුවෙන් අපගේ කොටස් හිමියන්, ගනුදෙනුකරුවන් සහ අනෙකුත් සියලුම පාර්ශ්වකරුවන් හට මාගේ කෘතඥතාව පිරිනැමීමට මෙය අවස්ථාවක් කරගනිමි.

රවී සුරු, ජනාධිපති නීතිඥ බුටනෙක අච්චිභාලේ සභාපති

2025 පෙබරවාරි, 25 දින

தலைவரின் செய்தி

அன்பார்ந்த பங்களாளே,

டிசம்பர் 31, 2024 அன்று முடிவடைந்த ஆண்டிற்கான செலான் வங்கியின் வருடாந்த அறிக்கை மற்றும் கணக்காய்வு செய்யப்பட்ட நிதிநிலை அறிக்கைகளை உங்களுடன் பகிர்ந்து கொள்வதில் நான் மிகுந்த மகிழ்ச்சியடைகிறேன்.

செலான் வங்கியின் 36 ஆண்டுகால வரலாற்றில் இதுவரை இல்லாத அளவுக்கு அதிகபட்ச வரிக்குப் பின்னரான இலாபம் உள்ளடங்கிய ஒரு அபாரமான செயல்திறனைப் பதிவு செய்து செலான் வங்கி 2024 நிதியாண்டை வலுவான நிலையில் நிறைவு செய்தது. 2022இன் பொருளாதார மந்தநிலையின் நீடித்த விளைவுகளால் உருவாக்கப்பட்ட சவாலான முதலீட்டு சூழலைக் கருத்திற் கொள்ளும்போது இந்த சாதனை குறிப்பிடத்தக்கது. நல்ல பணவியல் கொள்கைகள் மற்றும் சர்வதேச நாணய நிதியத்தின் ஆதரவு மூலமான நாட்டின் பொருளாதார நிலைப்படுத்தல், மீட்சிக்கான உறுதியான அடித்தளத்தை அமைத்தது. குறைந்த செலவிடக்கூடிய வருமானம், மந்தமான உள்நாட்டு நுகர்வு மற்றும் எச்சரிக்கையான முதலீட்டாளர் உணர்வு போன்ற சவால்கள் இருந்தபோதிலும் செலான் வங்கியின் முன்னெச்சரிக்கை உத்திகள் மற்றும் மீள்தன்மை அற்புத சாதனைக்கு உத்வேகம் அளித்தன.

பொருளாதார மீட்சிக்குரிய அறிகுறிகள் தென்படுவதால் கடன் தேவை படிப்படியாக அதிகரிக்கும் என்று எதிர்பார்க்கப்படுகிறது. இது எதிர்கால வளர்ச்சிக்கான சாதகமான வணிகக் கண்ணோட்டத்திற்கு சிறந்த அறிகுறியாகும்.

வங்கிச் சூழலமைப்பில் மாற்றம்

உலகளாவிய பன்மிக் (pandemic), வங்கியியல் தொழில்நுட்பத்தை விரைவாக ஏற்றுக்கொள்வதற்கு ஒரு முக்கிய காரணியாக செயற்பட்டது. இது வங்கி நடவடிக்கைகளில் குறிப்பிடத்தக்க முன்னேற்றங்களுக்கு வழிவகுத்தது. தகவல் தொழில்நுட்பம் (IT) மற்றும் செயற்கை நுண்ணறிவு (AI) ஆகியவற்றின் ஆற்றலை உணர்ந்து, வாடிக்கையாளர் அனுபவத்தை மேம்படுத்தவும் வங்கிச் செயல்முறைகளை நெறிப்படுத்தவும் செலான் வங்கி இந்த தொழில்நுட்பங்களை பயன்படுத்துவதில் குறிப்பிடத்தக்க முன்னேற்றங்களை அடைந்துள்ளது. வங்கிச் செயற்பாடுகளை பயனாளர்களுக்கு மிகவும் இலகுவானதாக மாற்றுவதில் கவனம் செலுத்தும் அதே வேளை வலுவான பாதுகாப்பு நடவடிக்கைகள் நடைமுறையில் இருப்பதை உறுதி செய்கிறது. வேகமாக வளர்ந்து வரும் தொழில்நுட்ப முன்னேற்றங்களுக்கு ஏற்ப செயல்திறனை மேம்படுத்தவும் சேவைத் தரத்தை உயர்த்தவும் வங்கி அதிநவீன டிஜிட்டல் தீர்வுகளை தீவிரமாக ஒருங்கிணைத்து வருகிறது. பல்வேறு வாடிக்கையாளர் தேவைகளை அடையாளம் காணும்

சவாலை எதிர்கொண்ட வங்கி அதன் விரிவான அனுபவம் மற்றும் நிபுணத்துவத்தை பயன்படுத்தி முழுமையான தீர்வுகளை அளித்தது.

நிர்வாகமும் சிறந்த நடைமுறைகளும்

பல ஆண்டுகளாக, பெருநிறுவன முகாமைத்துவத்தில் வங்கி மிக உயர்ந்த நெறிமுறைத் தரங்களை நிலைநிறுத்துவதில் உறுதியாக இருந்துள்ளது. மேலும் 2024இலும் இதே நடைமுறையை கையாண்டது. மதிப்பாய்வுக்கு உட்பட்ட காலப்பகுதியில் வங்கி அனைத்து ஒழுங்குமுறை தேவைகளையும் முழுமையாகப் பின்பற்றியதுடன் எந்த மீறல்களும் கண்டறியப்படவில்லை என்பதை மகிழ்ச்சியுடன் தெரிவித்துக் கொள்கிறேன். இது வங்கியின் வலுவான நிதி அடிப்படைகளுக்கு சான்றாகும்.

மாறி வரும் ஒழுங்குமுறை சூழலுடன் ஒத்துப்போக, முன்னெச்சரிக்கை நடவடிக்கையாக வங்கி பல முக்கிய நிர்வாகக் கொள்கைகளை புதுப்பித்தது. திருத்தப்பட்ட இலஞ்சம் மற்றும் ஊழல் எதிர்ப்புக் கொள்கை அறிமுகப்படுத்தப்பட்டதுடன் விசில் புளோவர் (Whistleblower) கொள்கை மேலும் வலுப்படுத்தப்பட்டது. மேலும், சர்வதேச தரங்களிற்கு அமைவாக பணமோசடி மற்றும் பயங்கரவாதத்திற்கு நிதியளிப்பதற்கு எதிராக வங்கி அதன் இணக்கக் கட்டமைப்பை நெறிப்படுத்தியது.

நிலைத்தன்மைக்கான அர்ப்பணிப்பு

கடந்த பல ஆண்டுகளாக, செலான் வங்கி நிதிச் சேவைகளுக்கு அப்பால் சமூகத்தில் நேர்மறையான தாக்கத்தை ஏற்படுத்தி நிலையான எதிர்காலத்தை உருவாக்கும் அர்ப்பணிப்புள்ள முயற்சிகளை தீவிரமாக முன்னெடுத்து வருகிறது. வங்கியின் முக்கிய முன்முயற்சிகளில் ஒன்று வளங்கள் தேவைப்படும் பாடசாலைகளை கண்டறிந்து அவற்றில் கணினிகள் மற்றும் இணைய வளங்கள் உள்ளிட்ட நவீன உட்கட்டமைப்பு வசதிகளுடன் கூடிய நூலகங்களை நிறுவுவதாகும். 2024ஆம் ஆண்டில் வங்கி 40 புதிய “செலான் பகசர நூலகங்களை” அமைத்ததன் மூலம் இந்த முயற்சியை விரிவுபடுத்தியது. இதன் மூலம் நிறுவப்பட்ட மொத்த நூலகங்களின் எண்ணிக்கை 265 ஆக உயர்ந்தது. இந்த முயற்சி நாடு முழுவதும் உள்ள எண்ணற்ற சிறுவர்களின் கல்விப் பயணத்தில் சாதகமான தாக்கத்தை ஏற்படுத்தி வருகிறது.

பாராட்டுக்கள்

ஒன்பது ஆண்டுகளாக இந்தப் பொறுப்பில் பணியாற்றி தலைவராக தனது பதவித் காலத்தை நிறைவு செய்த எனது முன்னோடி திரு. ரவி டயஸுக்கு செலான் வங்கியில் உள்ள நாங்கள் எங்கள் மனமார்ந்த நன்றியைத் தெரிவித்துக் கொள்கிறோம். கோவிட்-19 மற்றும் நாட்டின் பொருளாதார நெருக்கடி உள்ளிட்ட சவாலான காலங்களில் வங்கியை வழிநடாத்தியதில் அவரது

அற்புதமான வங்கி நிபுணத்துவம் முக்கிய பங்கு வகித்துடன் வங்கியின் மீள்தன்மை மற்றும் ஸ்திரத்தன்மையை உறுதி செய்ய அளப்பெரும் பங்களித்தது. வங்கிக்கு அவர் ஆற்றிய பங்களிப்புகள் உண்மையிலேயே ஈடு இணையற்றவை.

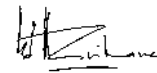
இவ்வேளையில் திரு.வீரன் கோரியா, PC, அவர்களின் மதிப்புமிக்க சேவைக்காக எனது மனமார்ந்த நன்றியைத் தெரிவித்துக் கொள்கிறேன். ஒன்பது ஆண்டுகள் இயக்குனராக அர்ப்பணிப்புடன் பணியாற்றிய அவர், கடந்த ஆண்டு தனது பதவியிலிருந்து விலகினார். வங்கியின் வளர்ச்சிக்கு அவரது முயற்சிகளும் அர்ப்பணிப்பும் பெரிதும் பாராட்டப்படுகின்றன.

பணிப்பாளர்/பிரதம நிறைவேற்று அதிகாரியான திரு. ரமேஷ் ஜயசேகர தலைமையிலான நிர்வாகத்தின் கடமையுணர்வு மற்றும் அர்ப்பணிப்பு இன்றி வங்கியால் இக்குறிப்பிடத்தக்க வளர்ச்சியை அடைந்திருக்க சாத்தியமில்லை. அவரின் சிறந்த தலைமைத்துவத்திற்காக அவருக்கு எனது சிறப்புப் பாராட்டுக்களைத் தெரிவித்துக் கொள்கிறேன். ஏராளமான சவால்களுக்கு மத்தியிலும் இந்தச் சாதனையைச் செய்த செலான் வங்கியின் திறமையான குழுவின் அசைக்க முடியாத அர்ப்பணிப்பு உண்மையிலேயே பாராட்டத்தக்கது. ஒவ்வொரு செலான் வங்கி ஊழியருக்கும் அவர்களின் கடின உழைப்பு மற்றும் உறுதிப்பாட்டிற்காக எனது மனமார்ந்த நன்றியைத் தெரிவித்துக் கொள்கிறேன்.

இயக்குனர் சபை வழங்கிய நிகரற்ற வழிகாட்டலுக்கும் உறுதியான ஆதரவிற்கும் நான் மிகவும் நன்றியுள்ளவனாக இருக்கிறேன். சவாலான சூழலில் வங்கியை வழிநடத்துவதில் அவர்களின் ஆலோசனைகளும் நுண்ணறிவுகளும் முக்கிய பங்கு வகித்துள்ளன.

இலங்கை மத்திய வங்கியின் ஆளுநருக்கு எனது மனமார்ந்த நன்றியைத் தெரிவித்துக் கொள்ளும் அதே வேளை அதன் அதிகாரிகள் வழங்கிய ஆதரவிற்கு நன்றி பாராட்டுகிறேன்.

மேலும், செலான் வங்கியின் மீது தொடர்ந்து நம்பிக்கை வைத்துள்ள எங்கள் பங்குதாரர்கள், வாடிக்கையாளர்கள் மற்றும் ஏனைய பங்களாளர்களுக்கும் எனது மனமார்ந்த நன்றியைத் தெரிவித்துக் கொள்கிறேன்.



நதியரசர் புலனாக அலுவலரோடு PC

தலைவர்

25, பெப்ரவரி 2025

Corporate Information

NAME OF COMPANY

Seylan Bank PLC

COMPANY REGISTRATION NUMBER

PQ 9

REGISTERED OFFICE AND HEAD OFFICE

"Seylan Towers", No. 90, Galle Road, Colombo 03, Sri Lanka.

Tel : +94 112 456000

Fax : +94 112 456456

Swift : SEYBLKLX

E-Mail : info@seylan.lk

Web : www.seylan.lk

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on 28 August 1987 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 30 May 2007. Commenced business operations as a Licensed Commercial Bank regulated under the Banking Act No. 30 of 1988 (as amended) on 24 March 1988. Company was listed in the Colombo Stock Exchange on 5 January 1989.

COLOMBO STOCK EXCHANGE LISTING

The Bank's Ordinary Voting Shares, Ordinary Non-Voting Shares and the Rated, Unsecured, Subordinated, Redeemable Debentures issued in the years 2018, 2019, 2021, 2023 and 2024 were listed on the Colombo Stock Exchange.

ACCOUNTING YEAR END

31 December

TAX IDENTIFICATION NUMBER

134001550

VAT REGISTRATION NUMBER

134001550-7000

CREDIT RATING

The Bank's National Long-Term Rating has been upgraded to 'A+(lka)', from 'A-(lka)' by Fitch Ratings Lanka Limited.

BOARD OF DIRECTORS

Justice Buwaneka Aluwihare PC
Chairman/Independent Director

Mr Ramesh Jayasekara
Director/Chief Executive Officer

Mrs Sandya K Salgado
Senior Independent Director

Mr D M D Krishan Thilakaratne
Non-Executive Director

Mr D M Rupasinghe
Independent Director

Mr L H A Lakshman Silva
Independent Director

Mrs V G S Sunjeevani Kotakadeniya
Non-Executive Director

Mrs Averil A Ludowyke
Independent Director

COMPANY SECRETARY

Mrs Saraswathie Poulraj
LL.B (Honours), University of Colombo,
LL.M (West London), MBA (University of Colombo), Attorney-at-Law

AUDITORS

Messrs. KPMG
Chartered Accountants

REGISTRARS

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No. 101, Inner Flower Road,
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Sri Lanka.
Tel : +94 112 573894
Fax : +94 112 573609
E-mail : sspsec@sltnet.lk

SUBSIDIARY

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Sri Lanka.

For any clarifications on this Report, please contact:

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Seylan Bank Plc

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