

PROSPECTUS

DEBENTURE ISSUE 2021

INVEST IN A BANK
THAT HAS EMPOWERED
THE NATION



INVEST IN A BANK THAT HAS
REKINDLED HOPE



INVEST IN A BANK
THAT HAS BELIEVED
IN ITS PEOPLE



PROSPECTUS
AN INITIAL ISSUE OF UP TO FIFTY MILLION (50,000,000) DEBENTURES OF
BASEL III COMPLIANT TIER 2 LISTED RATED UNSECURED SUBORDINATED REDEEMABLE
FIVE YEAR DEBENTURES (2021/2026) WITH NON-VIABILITY CONVERSION
OF THE PAR VALUE OF SRI LANKAN RUPEES ONE HUNDRED (LKR 100/-) EACH BY SEYLAN
BANK PLC WITH AN OPTION TO ISSUE UP TO A FURTHER TEN MILLION (10,000,000) OF
THE SAID DEBENTURES IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE
TO RAISE UPTO A MAXIMUM OF SIXTY MILLION (60,000,000) OF SAID DEBENTURES IN
TOTAL

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

Rated "BBB+(lka)" BY FITCH RATINGS LANKA LIMITED
ISSUE IS LIMITED FOR "QUALIFIED INVESTORS" AS DEFINED HEREIN

ISSUE OPENS ON 05 APRIL 2021



JOINT MANAGERS TO THE ISSUE

By acquiring any Debentures, each Debenture Holder who applied for such debentures irrevocably consents to the principal amount of the Debenture and any accrued and unpaid interest thereon being deemed paid in full by the issuance of ordinary voting shares upon occurrence of a Trigger Event and the resulting Non-viability Conversion required to be effected by the the Issuer, Seylan Bank PLC (“The Bank”).

Upon a Non-Viability Conversion;

- i. The Trustee shall not be required to take any further directions from holders/ beneficial owners of the Debentures under the Trust Deed and**
- ii. The Trust Deed shall impose no duties upon the Trustee whatsoever with respect to conversion of the Debentures into ordinary voting shares upon a Trigger Event**
- iii. Upon the occurrence of a Trigger Event, each outstanding Debenture of this issue will be converted, on a full and permanent basis**

We advise you to read the contents of the Prospectus carefully prior to investment.

If you are in any doubt regarding the contents of this document or if you require any clarification or advice in this regard, you should consult your Stock Broker, Bank Manager, Lawyer or any other Professional Advisor.

Cautionary Statement

“This investment instrument is riskier than a bank deposit”.

These Debentures with a Non-Viability Conversion are complex products and have provision for loss absorption in the form of Non-viability Conversion as set out in the Prospectus. This means that following the occurrence of a Trigger Event as may be determined by the Central Bank of Sri Lanka, the Bank will convert the Debentures into ordinary voting shares. An investor will be deemed paid in full the principal plus accrued and unpaid interest due on Basel III compliant Debentures, upon such conversion. The number and value of Ordinary Shares to be received on a Non - viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Please refer to the ‘Risk Factors Section’ of the Prospectus for further details.

Each potential investor of these debentures must determine the suitability of investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether the investor:

- i. has sufficient knowledge and experience to make a meaningful evaluation of these Debentures, the merits and risks of investing in the Debentures and the information contained or incorporated by reference in this Prospectus;**
- ii. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in these Debentures and the impact the Debentures will have on its overall investment portfolio;**
- iii. has sufficient financial resources and liquidity to bear all of the risks of an investment in these Debentures;**
- iv. understands thoroughly the terms of these Debentures, including the provisions relating to the Non-viability Conversion of Basel III compliant Debentures, and is familiar with the behaviour of financial markets; and**
- v. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

A potential investor should not invest in these Debentures unless the investor has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the value of the Debentures and the impact this investment will have on the potential investor’s overall investment portfolio.

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of Debentures which is decided solely by the Issuer.

PROSPECTUS

This Prospectus is dated 24 March 2021

Responsibility for the Content of the Prospectus

This Prospectus has been prepared from information provided by Seylan Bank PLC (hereinafter referred as the "Bank" or the "Issuer").

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Bank since the date of this Prospectus. If any material change in the affairs of the Bank occurs subsequent to the date of Prospectus and before the issue opening, same will be notified by way of an addendum.

The Board of Directors of Seylan Bank PLC have seen and approved this Prospectus collectively and individually, accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Bank accepts responsibility for the information contained in this Prospectus. While the Bank has taken reasonable care to ensure full and fair disclosure of pertinent information, it does not assume responsibility for any investment decisions made by the investors based on the information contained herein. In making such investment decisions, prospective investors are advised to read the Prospectus and rely on their own examination and assessment of the Bank and the terms of the Debentures issued including the risks associated.

For inquiries please contact the joint managers to the Issue, Capital Alliance Partners Limited and/or the People's Bank Investment Banking Unit.

REGISTRATION OF THE PROSPECTUS

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of section 40 of the Companies Act No. 7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to section 40(1) of the Companies Act.

- a) The written consent of the External Auditors and Reporting Accountants for the inclusion of their name in the Prospectus as External Auditors and Reporting Accountants to the Issue and to the Bank.
- b) The written consent of the Rating Agency for the inclusion of their name in the Prospectus as Rating Agency to the Issue and to the Bank.

- c) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.
- d) Written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.
- e) The written consent of the Company Secretary of the Bank for the inclusion of the name in the Prospectus as Company Secretary to the Bank.
- f) The written consent of the Joint Managers to the Issue for the inclusion of their names in the Prospectus as Joint Managers to the Issue.
- g) The written consent of the Registrars to the Issue for the inclusion of their name in the Prospectus as Registrars to the Issue.
- h) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.
- i) The declaration made and subscribed to, by each of the Directors of the Bank herein named as Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said External Auditors and Reporting Accountants to the Issue and the Bank, Trustee to the Issue, Bankers to the Issue, Rating Agency to the Issue, Joint Managers to the Issue, Registrars to the Issue, Lawyers to the Issue and the Secretary to the Issuer have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such Consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-Resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

Representation

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person, individual or any other outside party has been authorized to give any information or to make any representation in this connection with the Issue other than the information and representations contained in this Prospectus and if given or made such information or representations must not be relied upon as having been authorized by the Bank.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see **Section 5.11 "Risks Factors Associated with debentures"** of this Prospectus.

Forward looking Statements

Any Statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying "Forward Looking

Statements". As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as "Forward looking Statements".

Since there may be risk and uncertainties that may cause the Bank's actual future results, performance or achievements to materially differ from that expected, expressed or implied by forward looking statements in this Prospectus, investors are advised not to place sole reliance on such statements.

Presentation of Currency Information and other Numerical Data

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." is the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

IMPORTANT

All Qualified Investors should indicate in the application for Debentures, their Central Depository Systems (Private) Limited (CDS) account number.

In the event the name, address or NIC number/passport number/company number of such Investor mentioned in the application form differs from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/ passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Investor. Therefore, all such Investors are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the application form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the application form.

As per the directive of the Securities and Exchange Commission made under Circular No.08/2010 dated 22nd November 2010 and Circular No.13/2010 issued by the CDS dated 30th November 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all such Investors are required to indicate their CDS account number.

In line with this directive, THE DEBENTURES ALLOTTED TO A INVESTOR WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH INVESTOR, the details of which is indicated in their application form. If the CDS account number indicated in the application form is found to be inaccurate /incorrect or there is no CDS number indicated, the application will be rejected and no allotments will be made. With respect to Basel III compliant debentures the Bank may require a Qualified Investor to provide such documentation as is reasonably necessary to satisfy itself that the investor is a Qualified Investor.

PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED.

Investors who wish to open a CDS account, may do so through a Member/Trading Member of the CSE as set out in Annexure III or through any Custodian Bank as set out in Annexure V of this Prospectus.

ISSUE AT A GLANCE

Issuer	Seylan Bank PLC.															
Instrument	BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a Non-Viability Conversion.															
Listing	The Debentures will be listed on the Colombo Stock Exchange															
Number of Debentures	An initial issue of fifty million (50,000,000) fully paid, BASEL III Compliant Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non Viability Conversion at a par value of LKR 100/- with an option to issue upto a further ten million (10,000,000) of such Debentures in the event of an oversubscription of the initial tranche at the discretion of the Bank and in such event, the maximum issue of Debentures totalling to Sixty million (60,000,000)															
Amount to be Raised	Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) with an option to raise a further Sri Lankan Rupees One Billion (LKR1,000,000,000/-) in the event of an oversubscription of the first tranche at the discretion of the Bank in order to raise up to a maximum of Sri Lankan Rupees Six Billion (LKR 6,000,000,000/-).															
Issuer Rating	A(Ika) /Stable by Fitch Ratings Lanka Limited															
Issue Rating	BBB+(Ika) by Fitch Ratings Lanka Limited															
Issue Price/Par Value	LKR 100/- per Debenture															
Interest Rate	<table border="1"><thead><tr><th>Type</th><th>Interest rate (per annum)</th><th>Coupon Frequency</th><th>AER</th><th>Redemption</th></tr></thead><tbody><tr><td>A</td><td>9.75%</td><td>Annual</td><td>9.75%</td><td>05 Years</td></tr><tr><td>B</td><td>9.25%</td><td>Quartely</td><td>9.58%</td><td>05 Years</td></tr></tbody></table>	Type	Interest rate (per annum)	Coupon Frequency	AER	Redemption	A	9.75%	Annual	9.75%	05 Years	B	9.25%	Quartely	9.58%	05 Years
Type	Interest rate (per annum)	Coupon Frequency	AER	Redemption												
A	9.75%	Annual	9.75%	05 Years												
B	9.25%	Quartely	9.58%	05 Years												
Number of Debentures to be subscribed	Qualified Investors are allowed to invest in either: Debentures of type A and/or Debentures of type B Subject to the minimum subscription of 100 Debentures (amounting to LKR10,000/). Provided however, the subscription requirement applicable for an individual investor applying for the Debentures the minimum subscription shall be for 50,000 Debentures (amounting to Rupees Five Million (LKR 5,000,000/-). Any Application exceeding the minimum subscription should be in multiples of 100 debentures (LKR10,000/-)															

Method and payment of Principal & Interest

By cheque marked "Account Payee Only" or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS & RTGS (arranged only at the expense of the investor). RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus). Electronic modes of payment shall be given priority in the payment of principal sum and interest in the event accurate bank details are given.

Interest Payment Date(s)

For Type A debentures interest payment shall fall due annually at the expiration of every one (01) year period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. For Type B debentures interest payment shall fall due quarterly at the expiration of every three (03) months period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date (Excluding such interest payment date).

Issue Opening Date

05 April 2021

Issue Closing Date

27 April 2021 or such earlier date.

The subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following.

- The maximum of 60,000,000 Debentures being fully subscribed; or -
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 of Debentures becoming fully subscribed.

In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 10,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000 of Debentures) but subsequently decides to close the subscription list upon part of further issue of 10,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.

In the event the Board of Directors of the Company decides to close the Debenture Issue without the full subscription of the initial fifty Million (50,000,000) Debentures, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market day (refer section 5.2).

Date of Allotment

The Date on which the Debentures will be allotted by the Bank to the investors subscribing thereto.

Basis of Allotment

In the event of an oversubscription, the basis of allotment will be decided by the Board of Directors of the Bank within seven (7) Market Days from the date of closure. However, number of Debentures to be allotted to investors of strategic importance, on a preferential basis or otherwise will not exceed 75% of the total number of debentures to be issued under the proposed debt issue under any circumstances, unless there is an under subscription from other qualified investors.(i.e qualified investors who do not fall under preferential category). In the event of such undersubscription, the other qualified investors who do not fall under preferential category are to be allotted in full and any remaining debentures are to be allotted to identified qualified investors of strategic importance.

Trigger Event

Means point or event at which the Monetary Board of the Central Bank of Sri Lanka determines:

- (a) the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time);
or
- (b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(iii)(b) of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time).

Non-Viability Conversion

In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to Ordinary Voting Shares by the Bank, in compliance with BASEL III requirements.

Upon the occurrence of a Trigger Event, the outstanding balance of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures including the total par value of such Debentures and Debenture Interest accrued and unpaid as at that date will be converted to Ordinary Voting Shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Company shall settle such sums in cash, based on the issue price of such share.

Conversion Price

The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event.

Volume Weighted Average Price (VWAP)

The Daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share as published by the Colombo Stock Exchange.

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1. CORPORATE INFORMATION

The Issuer	Seylan Bank PLC
Legal Form	Seylan Bank PLC was incorporated on 28th August 1987 under the provisions of the Companies Act No. 17 of 1982 and was re-registered under the Companies Act No.7 of 2007 on 30th May 2007. Seylan Bank commenced its business operation as a licensed commercial bank regulated under the Banking Act No. 30 of 1988 (as amended) on 24th March 1988. It was listed on the Main Board of the Colombo Stock Exchange on 5 th January 1989.
Company Registration Number	PQ 9
Date of Incorporation	28th August 1987
Registered Address	Seylan Towers, 90, Galle Road, Colombo 03. Email: info@seylan.lk Website: www.seylan.lk Tel: +94 11 2456000/589/594, Fax: +94 11 2452584
Board of Directors	Mr W M R S Dias – Non -Independent, Non-Executive Director/ Chairman Mr W D K Jayawardena - Non -Independent, Non-Executive Director/ Deputy Chairman Ms M C Pietersz - Independent, Non-Executive Director/Senior Director Mr K P Ariyaratne - Director/Chief Executive Officer Mr P L S K Perera - Independent, Non-Executive Director Mr S V Corea - Non-independent, Non-Executive Director Mr A S Wijesinha – Independent, Non-Executive Director Mrs S K Salgado – Independent, Non-Executive Director Mr D M D K Thilakaratne – Non-Independent , Non-Executive Director Mr D R Abey Suriya – Independent, Non-Executive Director Mrs V G S S Kotakadeniya – Alternate Director to Non -Independent, Non-Executive Director, Mr W D K Jayawardena
Company Secretary	Mrs N N Najumudeen Seylan Bank PLC Level 15 - Seylan Towers, 90, Galle Road Colombo 03 Email: csy@seylan.lk

Tel: +94 11 2456551, Fax: +94 11 2452584

Auditors to the Bank

M/s KPMG,
Chartered Accountants
32A Sir Mohamed Macan Markar Mawatha,
Colombo 03
Tel: +94 115426426, Fax: +94 11 2445872

2. RELEVANT PARTIES TO THE ISSUE

Joint Managers to the Issue **Capital Alliance Partners Limited**

Level 5, "Millennium House",
46/58, Navam Mawatha,
Colombo 02.
Tel: +94 11 2317777, Fax: +94 11 2317788

People's Bank Investment Banking Unit.

People's Bank Head office,
13th floor,
No.75, Sir Chittampalam A Gardiner Mawatha,
Colombo 02.
Tel: +94 11 2206795/6, Fax: +94 11 2458842

Secretary to the Issuer

Mrs. N N Najumudeen

Company Secretary
Seylan Bank PLC
Level 15 - Seylan Towers
90 Galle Road, Colombo 03, Sri Lanka
Tel : 0094 11 2456551
Fax : 0094 11 2452584

Lawyers to the Issue

M/s Nithya Partners

No. 97A, Galle Road,
Colombo 03.
Tel: +94-11 4 712 625, +94 11 2 335 908
Fax: +94-11 2 328 817

Registrars to the Issue

SSP Corporate Services (Pvt) Ltd

No 101, Inner Flower Road,
Colombo 03.
Tel :+94 11 2573894 ,+94 11 2576871, Fax: +94 11 2573609

Bankers to the Issue

Seylan Bank PLC

Millennium Branch,
"Seylan Towers"
No.90, Galle Road,
Colombo 03.
Tel :+94 11 2456103, +94 11 2456135, Fax +94 11 2452506

Trustee to the Issue

People's Bank

No. 75,
Sir Chittampalam A. Gardiner Mawatha,
Colombo 2 Tel : +94 11 2206740 Fax : +94 11 2458827

Auditors to the Issue

M/s KPMG,

Chartered Accountants,
32A Sir Mohamed Macan Markar Mawatha,
Colombo 03.
Tel: +94 11 5426426, Fax: +94 11 2445872

**Credit Rating Agency to
the Issue**

Fitch Ratings Lanka Ltd

No.15-04, East Tower, World Trade Centre,
Colombo 01
T: 94-11-2541900 Fax: 94-11-2501903

3. LIST OF ABBREVIATIONS

AER	Annual Effective Rate
ATS	Automated Trading System of the Colombo Stock Exchange
AWPLR	Average Weighted Prime Lending Rate
BN/Bn	Billion
CAL	Capital Alliance Partners Limited
CBSL	Central Bank of Sri Lanka
CCB	Capital Conservation Buffer
CDS	Central Depository System (Private) Limited
CSE	Colombo Stock Exchange
DSIB	Domestic Systemically Important Bank
FCBU	Foreign Currency Banking Unit
FY	Financial Year
IIA	Inward Investment Account
KMP	Key Management Personnel
LCB	Licensed Commercial Bank
LKAS	Sri Lanka Accounting Standard
LKR/Rupees/Rs.	Sri Lankan Rupees
MN/Mn	Million
NIC	National Identity Card
POA	Power of Attorney
RGFCA	Resident Guest Foreign Currency Account
RGRCA	Resident Guest Rupee Current Account
RTGS	Real Time Gross Settlements
RWA	Risk Weighted Assets
SEC	The Securities and Exchange Commission of Sri Lanka
SIA	Securities Investment Account
SLFRS	Sri Lanka Financial Reporting Standard
SLIPS	Sri Lanka Inter Bank Payment System
Issuer/Bank	Seylan Bank PLC
T-Bill	Treasury Bill
VAT	Value Added Tax
WHT	Withholding Tax
YoY	Year on Year

4. GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant(s)	Any eligible person(s) who submits an Application Form under this Prospectus
Application Form / Application	The Application Form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures
Bank/Issuer	Seylan Bank PLC
Basel III	A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlement in December 2010 (Revised in June 2011).
Closing Date	<p>27 April 2021 or such earlier date.</p> <p>The subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following.</p> <ul style="list-style-type: none">• The maximum of 60,000,000 Debentures being fully subscribed; or -• The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 of Debentures becoming fully subscribed <p>In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche up to 10,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000 of Debentures) but subsequently decides to close the subscription list upon part of further issue of 10,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.</p> <p>In the event the Board of Directors of the Company decides to close the Debenture Issue without the full subscription of the initial fifty Million (50,000,000) Debentures, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market day (refer section 5.2).</p>

Non- Viability Conversion

In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to Ordinary Voting Shares by the Bank, in compliance with BASEL III requirements.

Upon the occurrence of a Trigger Event, the outstanding balance of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be converted to Ordinary Voting Shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Company shall settle such sums in cash, based on the issue price of such share.

Entitlement Date

Market Day immediately preceding the respective interest payment date or immediately preceding the date of redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Bank in order to qualify for the payment of any interest or any redemption proceeds.

Date of Allotment

The date on which the Debentures will be allotted by the Bank to the Applicants subscribing thereto.

Date of Redemption

The date on which the Redemption/Maturity of the Debentures will take place as referred to in section 5.7 of this Prospectus.

Debentures

BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a Non-viability Conversion., to be issued pursuant to this Prospectus.

Debenture Holder(s)

Any person who is for the time being the holder of the Debentures and includes his/her respective successors in title.

Interest Payment Date(s)

The dates on which the interest payment shall fall due in respect of the Debentures, from the date of allotment of the Debentures and thereafter until the date of redemption and includes the date of redemption. Interest would be paid within three (03) market days from each interest payment date (Excluding such interest payment date)

Interest Period

Type A: The one (01) year period from the date immediately succeeding a particular interest payment date and ending on the next interest payment date (inclusive of the said

commencement date and end date) and shall include with respect to the first Interest Period the period commencing from the date of allotment and ending on the first interest payment date (inclusive of the said commencement date and end date) and with respect to the final Interest Period the period from the date immediately succeeding the last interest payment date before the date of redemption and ending on the date immediately preceding the date of redemption (inclusive of the aforementioned commencement date and end date).

Type B: The three (03) months period from the date immediately succeeding a particular interest payment date and ending on the next interest payment date (inclusive of the said commencement date and end date) and shall include with respect to the first interest period the period commencing from the date of allotment and ending on the first interest payment date (inclusive of the said commencement date and end date) and with respect to the final interest period the period from the date immediately succeeding the last interest payment date before the date of redemption and ending on the date immediately preceding the date of redemption (inclusive of the aforementioned commencement date and end date).

Issue	The offer of Debentures pursuant to this Prospectus
Issue price	LKR 100/- (Sri Lankan Rupees Hundred) per Debenture
Non-viability Conversion Price	The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event.
Non- Resident(s)	Persons resident outside Sri Lanka including country funds, regional funds, investment funds and mutual funds established outside Sri Lanka.
Par Value	LKR 100/- (Sri Lankan Rupees Hundred) per Debenture
Principal Sum	The product of the number of Debentures allotted and Par Value

Prospectus

This Prospectus dated 24 March 2021 issued by Seylan Bank PLC.

Qualified Investors

- (a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).
- (b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No.30 of 1988 (as amended).
- (c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund.
- (d) A venture capital fund/ company and private equity company.
- (e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act. No 42 of 2011 (as amended).
- (f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act, No 56 of 2000 (as amended).
- (g) A company licensed by the Insurance Board of Sri Lanka to carry on Insurance business in terms of the Regulation of the Insurance Industry Act, No. 43 of 2000 (as amended).
- (h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No.7 of 2007.
- (i) An investment trust or investment company.
- (j) A non-resident institutional investor
- (k) An individual with a minimum initial investment amount of Rs.5,000,000/=.

Redemption

Repayment of the Principal Sum accrued and unpaid interest (if any) with regard to a Debenture Holder by the Bank.

Registered Address

The address provided by the Debenture Holders to the CDS.

Subordinated	<p>Means the claims of the Debenture Holders shall in the event of winding up of the Bank rank after all the claims of depositors, secured creditors and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank:</p> <p>a) pari passu with any other subordinated debentures which had been issued by the Bank;</p> <p>(b) in priority to and over the claims and rights of the Shareholder/s of the Bank</p> <p><u>unless there has been an issuance of shares to the Debenture Holders upon the occurrence of a Trigger Event in which case a Debenture Holder would cease to be a Debenture Holder and become a shareholder of the Bank to the extent of such issuance.</u></p>
Tier 2	<p>Tier 2 Capital includes qualifying Tier 2 capital instruments, revaluation gains approved by CBSL and general loan loss provision of the Bank.</p>
Trigger Event	<p>Means a point or event at which the Monetary Board of the Central Bank of Sri Lanka determines:</p> <p>(a) the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time); or</p> <p>(b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(iii)(b) of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time).</p>
Trust Deed	<p>Trust Deed executed between Seylan Bank PLC and Peoples Bank on 12 March 2021.</p>
Volume Weighted Average Price (VWAP)	<p>The daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share as published by the Colombo Stock Exchange</p>

5. INFORMATION RELATING TO THE ISSUE

5.1 INVITATION TO SUBSCRIBE

The Board of Directors of Seylan Bank PLC by Resolution passed on 29th July 2020 and 5th March 2021 resolved to borrow a sum of LKR Five Billion (LKR 5,000,000,000/-) with an option to raise further LKR One Billion (LKR 1,000,000,000/-) at the discretion of the Bank, in the event of an oversubscription of the initial tranche/-. The total funds raised from Investors in such event would be a maximum of LKR Six Billion (LKR 6,000,000,000/-). The issue would comprise, BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a Non-viability Conversion. (with a tenure of five(05) years). Debentures would be issued at an issue price of LKR 100/- per Debenture and at an interest rate as morefully described in section 5.4 of this Prospectus.

The rights of Debentures Holders with respect to payment of the principal sum and accrued interest due for thereon upon winding up of the Bank rank after all the claims of depositors, secured creditors and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank (a) *pari passu* with any other subordinated debentures which had been issued by the Bank; (b) in priority to and over the claims and rights of the Shareholder/s of the Bank. However, if there has been an issuance of Ordinary Voting Shares to the Debenture Holders upon the occurrence of a Trigger Event a Debenture Holder would cease to be a Debenture Holder and would become a Shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing Ordinary Voting Shareholders.

It is the intention of the Bank to list the Debentures on the Colombo Stock Exchange. The CSE has given its approval in principle for the listing of the Debentures and any Ordinary Voting Shares which may be issued with regards to Debentures upon the occurrence of a Trigger Event on the CSE.

Only Qualified Investors would be eligible to invest in the Debentures in both the primary and secondary markets, provided that an individual investor entering the market anew through the secondary market (i.e. without having invested in such Debentures through the primary offer) would also need to invest at minimum a sum of Rs.5,000,000/-. Accordingly, the secondary market trading of the Debentures are limited to the Qualified Investors.

5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the Debentures will be open at 9.30 a.m. on 05 April 2021 and shall remain open for fourteen (14) Market Days until closure at 4.30 pm on 27 April 2021.

However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following.

- The maximum of 60,000,000 Debentures being fully subscribed; or -
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 of Debentures becoming fully subscribed

In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 10,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000 of Debentures) but subsequently decides to close the subscription list upon part of such further issue of 10,000,000 debentures becoming subscribed, such decision will be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.

In the event the Board of Directors of the Company decides to close the Debenture Issue without the full subscription of the initial fifty Million (50,000,000) Debentures, such decision will be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market day (refer section 5.2).

Application may be made forthwith in the manner set out under the Procedure for Application in section 6.0 of this Prospectus and will be accepted at any one of the collection points set out in Annexure III of this Prospectus.

5.3 OBJECTIVES OF THE ISSUE

The primary objectives of the issue of Debentures are:

- (a) to strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements; and
- (b) to meet the current credit demand (loans and advances) of the Bank over a period of twelve months from the date of allotment or 31st December 2021 whichever is earlier.

The Bank estimates that a minimum amount of LKR 5.0 Billion is required to be raised during the year via BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a Non-viability Conversion in order to improve its Capital Adequacy Ratio.

Until such credit demands are fully met, the proceeds would be invested in government securities which are risk free investments. They would be invested at the current market rates and are expected to generate a return at the rate of approximately 6% p.a. to 7% p.a.

The monthly average disbursement of funds in loans and advances (excluding overdrafts, revolving imports loans and short term loans) during the last 12 months ended 31 December, 2020 was approximately LKR 17 Billion. It should be mentioned that the Bank experienced a gross loan growth of LKR 53.21 Billion for the year 2019 and LKR 19.3 Billion for the 12 months ended 31 December, 2020. The cost associated with the Debenture would be compensated by the income generated from the funds raised and the benefits derived from having a strong regulatory capital.

Present status of the Bank with respect to Capital Adequacy under BASEL III

The Bank was required to comply with the Banking Act Direction No 01 of 2016 dated 29th December, 2016 on Capital Requirements under BASEL III which is effective from 1st July 2017 wherein the minimum statutory requirement applicable for capital adequacy is as detailed in Table 1 below. The Bank needs to take appropriate action to comply with the same based on Capital requirements of the said Direction. The Bank is in compliance with BASEL III requirement as at 31.12.2020.

Capital Adequacy Ratio (CAR) - Requirement as a percentage of Risk Weighted Assets (RWA) for Non Domestic Systemically Important Banks (D-SIBs)

Table : 01

Components of Capital	Minimum Regulatory Requirements		
	01.01.2019	30.09.2020	31.12.2020
Common Equity Tier 1	7.00%	7.00%	7.00%
Total Tier 1	8.50%	8.50%	8.50%
Total Capital Ratio	12.50%	12.50%	12.50%

The Bank's Total Capital Ratios as at 31 December, 2020 was as follows:

Table : 02

Ratio`	Statutory Requirement	Bank's Ratio as at 31.12.2019	Bank's Ratio as at 31.12.2020
Common Equity Tier 1	7.00%	11.27%	11.46%
Total Tier 1	8.50%	11.27%	11.46%
Total Capital Ratio	12.50%	14.84%	14.30%

The Bank's total asset base as at 31 December, 2020 was approximately LKR 557.7 Billion.

The position of the Bank with regard to Capital Adequacy as at 31th December 2020 based on the BASEL III requirements.

The position of the CAR of the Bank in terms of BASEL III as at 31.12.2019 and 30.12.2020 in terms of BASEL III and the expected CAR pursuant to the Debenture issue are as follows:

BASEL III CAR Requirement (Ref. Table 01)	CAR position of the Bank as at 31 st December 2019 (Ref. Table 2)	CAR position of the Bank as at 31 st December 2020 (Ref. Table 2)	Estimated minimum amount of funds the Bank is required to raise from the Subordinated Debenture Issue in compliance with BASEL III requirements to improve the CAR position as at 30 th June 2021 **	Expected CAR position to be achieved by the Bank, immediately after the Subordinated Debenture Issue	
				Upon successful subscription and allotment of debentures totaling LKR 5.0 Billion	Upon successful subscription and allotment of debentures totaling LKR 6.0 Billion issue will be
12.50%	14.84%	14.30%	LKR 5.0 Billion	15.36%	15.61%

**This has been estimated considering the expected credit growth, impact of the current market and economic conditions as well as the impact on capital due to the COVID-19.*

Approval has been sought from the Central Bank of Sri Lanka to include the Basel III Compliant Debentures as Tier 2 Capital of the Bank. Strengthening the Tier 2 Capital will facilitate the Bank's envisaged asset growth whilst maintaining its Capital Adequacy at satisfactory levels.

Further, the Bank has obtained the shareholder approval by way of a Special Resolution for the issuance of Ordinary Voting Shares which may be occasioned by the occurrence of a 'Trigger Event' with regards to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures. Further as per the Rule 2.2.1 (I) of the CSE Listing Rules, the Bank has also obtained the Shareholder approval by way of a Special Resolution at the Extraordinary General Meeting of the Bank held on 04 November, 2020 for the issuance of the Basel III compliant Debentures.

The Bank, as at the date of the Prospectus has not recognized related parties for the lending of the proceeds of the Issue. As such, the Bank will disburse the proceeds of the Issue in the ordinary course of business. However, in the event, funds are lent to related parties in future, such lending will be done in accordance with Section 9 of the CSE Listing Rules and the Bank's Policy and Procedures on Related Party Transactions and Conflicts of Interest which has taken into consideration the provisions and guidelines of the Banking Act and its Directions.

The Bank has utilized the proceeds of all previous Debenture Issues towards achieving the objectives of the respective Issues.

Utilisation of Debenture Proceeds

The utilization of the proceeds from the Debenture Issue will be disclosed in the Interim Financial Statements and the Annual Report of the Bank from the issue opening date until the objective of the Debenture Issue with respect to the utilization of the proceeds are achieved. The disclosure would contain the information as per following template:

Debenture Issue proceeds utilization as at dd-mm-yyyy

Objective number	Objective as per Prospectus	Amount allocated as per prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% Utilized of against allocation (B/A)	Clarification if not fully utilized including whether the funds are invested (eg. whether lent to related party/s)
1								
2								
3								

In the event the proceeds raised are fully utilized in terms of the objectives disclosed in the Prospectus prior to submission of the company's next immediate financial statements (i.e. either the Interim Financial Statements or the Annual Report), the company will disclose the fact that proceeds have been utilized in its entirety as per the above template.

Note:

Based on past experience, there is strong growth in the advances portfolio of the Bank. As such, there is no specific risk for the Bank not being able to invest the funds raised within the specified timelines to meet the key objective of credit lending. If funds are not utilized for loan growth within the specified timeline, they will be invested in Government Securities which are risk free investments, until such time they are utilized for lending purposes. They would be invested at the interest rates prevailing at such

time in the market. Please refer last paragraph of “Risks relating Risks relating to the objectives of the Debenture Issue”.

Risks relating to the objectives of the Debenture Issue;

As the primary objective of the Bank is to carry on the business of lending or advancing of money, the business of lending to customers whether they are related parties or not, are recurrent transactions carried out in the ordinary and usual course of business of the Bank. Nevertheless, the Bank has an internal threshold on exposure to related parties against its regulatory capital and therefore the exposure will be limited to such threshold limit.

Since the proposed Debenture Issue is to raise up to a maximum of Rs.6.0 Billion and as there is a demand for credit there is no specific risk factor that may lead to non-achievement of the objective of the Issue. In the event the objective of raising Tier 2 capital is not achieved fully, the Bank would have to restrict itself to a slower growth in the future. However, the Bank would be able to supplement this requirement to a certain degree with retention of expected profits.

The risk of under subscription of the Debenture Issue will be greatly mitigated through appointing experienced Financial Advisors and Managers to the Issue, pre-marketing and building a pipeline of potential investors. However, if the Bank is unable to lend these funds within the 12 months from the date of allotment or 31 December 2021 whichever is earlier due to subdued credit growth, the funds that would be raised would be invested in Government Securities at zero default risk until credit demands are fully met. Further, Bank does not identify any specific risk factor that may lead to non-achievement of expanding the loans and advances portfolio through diverse lending products within the specified time line with the proceeds of the Issue up to a maximum of Rs.6.0 Bn.

In the event the Bank does not utilize the funds raised for the stated objectives and proposes to utilize the same for another objective or objectives, it will issue an announcement to that effect and take steps to seek Shareholder’s approval prior to such utilization.

5.4 INTEREST ON THE DEBENTURES

The Debentures will carry a rate of interest as described in the table below.

Type	Description
A	Fixed interest rate of 9.75% p.a payable in annual coupons from the Date of Allotment until maturity in 05 years (AER 9.75%)
B	Fixed interest rate of 9.25% p.a payable in quarterly coupons from the Date of Allotment until maturity in 05 years (AER 9.58%)

The interest calculation will be based upon the actual number of days (irrespective of the holidays) in each interest payment period (Actual / Actual) and will be paid not later than Three (03) Market Days from each Interest Payment Date.

Payment of the interest on the Debenture will be made after deducting any taxes and charges thereon (if any) in Sri Lankan Rupees as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

In order to accommodate the Debenture interest cycles in the CDS, the Debenture Holders to whom interest shall be paid shall be those holding Debentures in their CDS accounts as of the Entitlement Date.

Upon the occurrence of the 'Trigger Event', the Company shall be required and entitled to issue and within twenty (20) days to allot Ordinary Voting Shares of the Company ranking equal and *pari-passu* with the existing Ordinary Voting Shares, to Debentures Holders up to the outstanding balance of such Debentures including the total par value of the Debentures and Debenture Interest. Upon issuance of Ordinary Voting Shares as above, the Debenture will cease to exist and accordingly, no interest will be accrued on the Debentures thereafter.

5.5 PAYMENT OF PRINCIPAL AND INTEREST

The Bank will redeem the Debentures on the date of redemption as specified in Section 5.7 and the interest payments will be made as specified in this section.

The payment of the principal sum and interest will be made either by cheque/s marked "Account Payee Only" dispatched to the address provided by the Debenture Holders to the CDS at the risk of the Debenture Holders or through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS in the event accurate bank account details are provided. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus).

However, in the event such payment is over the maximum amount that can be accommodated through electronic fund transfer mechanism recognised by the banking system of Sri Lanka or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of Principal Sum and Interest, such payment to the Debenture Holder will be made by way of a cheque and sent by post at the risk of the Debenture Holder.

The payment of Principal Sum and Interest will be made in Sri Lanka Rupees in favour of the respective Debenture Holders as of the Entitlement Date. In the case of joint Debenture Holders, the payment of Principal Sum and Interest will be made to the one whose name stands first in the register of Debenture Holders.

5.6 APPLICATION OF TAX ON INTEREST PAYMENTS

Interest on the Debentures will be paid after deducting any taxes and charges thereon (if any) as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

Statutory taxes and/or dues which are applicable at the time of the interest payment will be deducted.

5.7 REDEMPTION

Debentures are redeemable at maturity on the expiry of five (05) years respectively from the Date of Allotment in accordance with the provisions contained in the Trust Deed.

Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except due to the occurrence of an Event of Default as contemplated in Clause 10 in the trust deed.

If at any time prior to the occurrence of an Event of Default as contemplated in Clause 10 hereunder, redemption is to be done before maturity, it will be done subject to the prior written approval from the Director of Bank Supervision of the Central Bank of Sri Lanka and the approval of the Basel III compliant Debenture Holders representing three fourths ($\frac{3}{4}$) of the nominal value of such of Debentures. However, if a Trigger Event occurs prior to maturity or at the point of maturity, Basel III compliant Debentures will get converted to ordinary voting shares ranking equal and pari passu with the existing ordinary voting shares of the Bank.

Debenture holders shall not have any right or option to call for redemption of the Debentures before the Date of Redemption of such Debentures, except in the circumstances where the respective Debentures have become immediately payable in terms of Clause 10 of the Trust Deed respectively.

On the Date of Redemption of the Debentures, the Company shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders not later than three (03) market days from such date, the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the date immediately preceding the Date of Redemption of the Debentures, unless a Trigger as more fully described in this prospectus occurs prior to such date.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and interest shall be paid up to the date immediately preceding such Market Day (inclusive of all intervening non-Market Days).

Occurrence of a Trigger Event

Upon the occurrence of the Trigger Event as determined by the Monetary Board of the Central Bank of Sri Lanka, the Bank shall be required and entitled to issue and within twenty (20) days to allot Ordinary Voting Shares of the Bank ranking equal and pari passu with the existing Ordinary Voting Shares to Debenture Holders as of the date of the Trigger Event, up to the outstanding balance of such Debentures including the total par value of the Debentures and Debenture Interest at an issue price for such Ordinary Voting Shares which will be based on the simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank during the three months (03) period, immediately preceding the date of the Trigger Event.

The CDS upload pertaining to Ordinary Voting Shares will be completed within 10 market days from the date of allotment of such shares. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums

in cash, based on the issue price of such share within fourteen (14) market days from the date of allotment of the said Ordinary Voting Shares.

Market Announcements

The Bank on receipt of a Trigger Event notification from the Central Bank of Sri Lanka will immediately make a market announcement of the same and further announce the conversion of Debentures to Ordinary Voting Shares at the "Conversion Price" that would be determined and the relevant dates, i.e. 'cut-off dates', etc.

Conversion Price

Outstanding balance of Debentures including the total par value of the Debentures and Debenture Interest, at an issue price for such Ordinary Voting Shares which will be based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event (Any reference in this document to VWAP would carry the same meaning as explained herein).

Averaging out of the VWAP over a period of 3 months preceding the Trigger Event as opposed to a shorter window closer to the Trigger Event, is aimed at smoothing out price effects.

If the prevailing 3 month Volume Weighted Average Share Price at the time of the Trigger Event is low, it would result in a comparatively higher number of Ordinary Voting Shares being issued to the Debenture Holders. Alternately, a higher 3 month Volume Weighted Average Share Price at the time of the Trigger Event would result in a comparatively lower number of Ordinary Voting Shares being issued to Debentures Holders.

Compliance with applicable laws and regulations

Issue of any new Ordinary Voting Shares due to occurrence of a Trigger Event, would be carried out in compliance with the applicable laws and regulations of Sri Lanka, including any regulations applicable on 'material interest that a shareholder may hold' in terms of the Banking Act.

Non Occurrence of a Trigger Event

Debentures will be redeemed after the expiry of the respective tenures of the Debentures, i.e Five (05) years from the Date of Allotment of such Debentures and the principal sum and unpaid and accrued interest (if any) payable on the redemption of Debentures will be paid not later than three (03) Market Days from the Date of Redemption, unless otherwise a 'Trigger Event' occurs as detailed herein.

5.8 TRUSTEE TO THE ISSUE

Peoples Bank has been appointed as the Trustee to this Debenture Issue. The Bank and the Trustee have executed a Trust Deed. In the application form for subscription of Debentures the Applicants are required to irrevocably authorize the Trustee, subject to any overriding clauses in the Trust Deed to act as their agent in entering in to such deeds, writing and instruments with the Bank and to act as

Trustee for the benefit of and interest of the Debenture Holders on the terms and conditions contained in the said Trust Deed.

The rights and the obligations of the Trustee are set out in the Trust Deed and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed. There is no conflict of interest arising between the Trustee or its Board of Directors and the Bank other than the Peoples Bank investment banking unit being joint managers to the Debenture issue.

5.9 RIGHTS OF THE DEBENTURE HOLDERS

- a) Debenture Holders are entitled to the following rights and other rights which are set out in the Trust Deed:
- To receive the Principal on the Date of Maturity/Redemption, and interest on the Debenture as per Section 5.5 and 5.7 of this Prospectus and the provisions contained in the Trust Deed.
 - To call a Debenture Holders meeting, receive notice and attend the meetings of Debenture Holders in accordance with the provisions contained in the Trust Deed.
 - Receiving a copy of the annual report of the Bank within 5 months from the end of the Financial Year.

In the event of the Bank being subject to a winding up, the claims of Debenture Holders will rank after all the claims of the secured and unsecured creditors of the Bank and the preferential claims under section 365 of the Companies Act No.07 of 2007, but in priority to and over the claims and rights of the Shareholders of the Bank, unless there has been an issuance of Ordinary Shares to the Debenture Holders upon the occurrence of a Trigger Event in which case, Such Debenture Holder would cease to be a Debenture Holder and would become a Shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing Ordinary Voting Share Holders.

- b) Debenture Holders are not entitled for the following;
- Attending and voting at the meetings of holders of Shares and other Debentures issued by the Bank.
 - Sharing in the profit of the Bank.
 - Participating in any surplus in the event of liquidation.
 - Calling for redemption before maturity, subject to provisions stated in the Trust Deed.
 - Convert the Debentures into Ordinary Shares at their option

However, in the event Debenture Holders become Shareholders of the Bank, due to the occurrence of Trigger Event there would be an entitlement to exercise such rights as are exercisable by the Shareholders of the Bank.

When making payment of the Principal sum and Interest on the Debentures, the Bank shall always act on the information furnished by the CDS and it shall be the responsibility / obligation of each Debenture Holder to update all information in respect of such Debenture Holder in the CDS. Each Debenture Holder shall absolve the Bank, CDS and CSE from any responsibility or liability in respect of any error or absence of necessary changes initiated by the Debenture Holders in the information recorded with the CDS.

5.10 INSPECTION OF DOCUMENTS

Certified copies of the Articles of Association of the Bank, the audited financial statements of the Bank for the last five years ending 31st December - 2016, 2017, 2018, 2019 and 2020, Rating Report, Trust Deed and all other documents pertaining to the Bank including material contracts and management agreements entered into by the bank (if any) to which references are made in this Prospectus could be inspected by the public during normal business hours at the Registered Office of Seylan Bank PLC from the date hereof, until the Date of Maturity of the Debentures issued.

In terms of Rule 3.3.13 (b) of the CSE Listing Rules; the Prospectus, Articles of Association of the Bank and the Trust Deed are hosted in the Bank's website, www.seylan.lk, and the CSE website, www.cse.lk, from the date of opening of the subscription list until the Date of Redemption of the Debentures.

Furthermore, the copies of the Prospectus and Application Form will be made available free of charge from the collection points as set out in Annexure III, from seven market (07) days prior to the date of opening of the subscription list.

5.11 RISK FACTORS ASSOCIATED WITH DEBENTURES

Subscribers to Debentures will be exposed to the following risks:

(a) Interest Rate Risk

The price of a typical Debenture will change in the opposite direction to a change in the market interest rates, assuming all other factors are equal. "Market Interest Rate" refers to the interest rate expected by investors for investments with a similar maturity and risk profile. As market interest rates rise, price of the Debentures may fall and as market interest rates fall, the price of the Debenture may rise. If an investor sells a Debenture prior to maturity when market interest rate is higher than on the Debenture interest rates, the investor may incur a capital loss. Similarly, if an investor sells a Debenture prior to maturity when market interest rate is lower than on the Debenture interest rate, then the investor may receive a capital gain. This uncertainty is known as "interest rate risk".

(b) Reinvestment Risk

The Bank shall pay interest on the Debentures annually. The investor may decide to reinvest this interest payment and earn interest on interest. Depending on the prevailing market interest rates, the Debenture Holder may be able to reinvest the paid interest at a higher or lower interest rate than that is offered by these Debentures. This uncertainty is known as "reinvestment risk".

(c) Default Risk

Default risk also known as credit risk, refers to the risk that the Issuer of the debentures may default, i.e. the Issuer will be unable to pay interest and principal when due. It is advisable for prospective Seylan Bank PLC Debenture investors to take into account past earnings and asset growth performance of the Bank as reflected in the Balance Sheet of the Bank, its Risk Management Policies and the skills and experience of the Directors and Senior Management Team when forming an opinion on Default Risk.

This risk is gauged in terms of rating assigned by different rating agencies. Fitch Ratings Lanka Limited has assigned a National Long Term rating of BBB+(lka) to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures and will be periodically reviewing the same as set out in the Annexure I.

(d) Liquidity Risk

Liquidity risk depends on the ease with which Debentures can be sold after the initial placement. As the Debentures will be listed on the CSE, investors will be able to trade the instrument in the secondary market and convert it to cash, mitigating liquidity risk. However transaction price or bid-ask spread will be dependent upon the marketability, demand, supply and other macro factors such as market interest rates.

(e) Duration Risk

Duration is a measure of the price sensitivity of fixed income investments, to a change in interest rates based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration carries a lower risk.

(f) Call Risk

Call risk refers to the risk that the issuer will retire the principal value of the debentures before maturity. The risk to an investor is that the timing of the call is not known and investor will be faced with a reinvestment risk in the event the call is made at a time when the market interest rates have declined.

Since these Debentures are not embedded with a call option, the Debenture would not be redeemed by the Bank prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Bank which would be directed and approved by the Central Bank of Sri Lanka.

(g) Subordination Risk

Debentures will be the Bank's direct unsecured obligations which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank equal with the Bank's other subordinated indebtedness and will be subordinated in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of holders of senior indebtedness. If the Bank does not have sufficient assets to settle claims of such senior indebtedness holders in full, the claims of the holders of the Debentures will not be settled and, as a result, the holders will lose the entire amount of their investment in Debentures. The Debentures will share equally in payment with claims under other subordinated indebtedness if the Bank does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of a Trigger Event, all the Bank's obligations under the Debentures shall be deemed paid in full by the issuance of Ordinary Voting Shares upon a Non-viability Conversion, and each holder will be effectively further subordinated due to the change in their status following such a conversion from being the holder of a debt instrument ranking ahead of holders of Ordinary Shares to being the holder of Ordinary Shares. As a result, upon

Non-viability Conversion, the holders could lose all or part of their investment in the Debentures irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the Debentures or other securities subordinated to the same extent as the Debentures, in proceedings relating to an insolvency or winding-up.

ADDITIONAL RISKS APPLICABLE FOR BASEL III COMPLIANT, TIER 2, LISTED, RATED, UNSECURED, SUBORDINATED, REDEEMABLE, DEBENTURES WITH NON -VIABILITY CONVERSION INSTRUMENT

Risks arising from Non-viability Conversion features

(i) Conversion Risk

It is the risk of the Bank issuing Ordinary Voting Shares to the Debenture Holders in lieu of the Debenture Capital and Interest earned and unpaid as at a particular date upon the occurrence of a Trigger Event. In such a situation, Such Debenture Holders would become Shareholders of the Bank and will rank equal and pari passu with existing Ordinary Voting Shareholders. The Bank being a systemically important Bank and the strong performances portrayed since the inception will mitigate the risk of the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event the Bank shall convert such Debentures into Ordinary Voting Shares and any accrued but unpaid Interest will be added to the par value of the Debentures and such accrued but unpaid Interest, together with the Principal amount of the Debentures will be deemed paid in full by the issuance of Ordinary Voting Shares. Upon conversion the Debenture holders shall have no further rights and the Bank shall have no further obligations to holders of the Debentures under the Trust Deed. Moreover, a Non-viability Conversion upon the occurrence of a Trigger Event is not an event of default under the terms of the Debenture or the Trust Deed.

Potential investors in Basel III Compliant Debentures should understand that, if a Trigger Event occurs and Debentures are converted into Ordinary Voting Shares, Investors are obliged to accept the Ordinary Voting Shares even if they do not at the time consider such Ordinary Voting Shares to be an appropriate investment for them and despite any change in the financial position of the Bank since the issue of the Debentures or any disruption to the market for those Ordinary Voting Shares or to capital markets generally.

(ii) The number and value of Ordinary Voting Shares to be received on a Non- viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Upon the occurrence of Non-viability Conversion even though Ordinary Voting Shares of equivalent value would be initially issued at the VWAP, yet there is no certainty of the value of such Ordinary Voting Shares to be received by the holders of the Debentures being maintained at such levels and the value of such Ordinary Voting Shares could eventually be significantly less than the par value of the Debentures.

Moreover, there may be an illiquid market, or no market at all, in Ordinary Voting Shares received upon the occurrence of a Non-viability Trigger event, and investors may not be able to sell the Ordinary Voting Shares at a price equal to the value of their investment and as a result may suffer significant loss.

(iii) Basel III Compliant Debentures are loss-absorption instruments that involve risk and may not be a suitable investment for all investors

These Debentures are loss-absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential investor of the Debentures must determine the suitability (either alone or with the help of a financial advisor) of the investment in light of its circumstances. In particular, each potential investor should understand thoroughly the terms of the Debentures, such as the provisions governing the Non-viability Conversion, including under what circumstances a Trigger Event could occur.

A potential investor should not invest in Basel III Compliant Debentures unless he/she has the knowledge and expertise (either alone or with the financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the likelihood of the Non-viability Conversion into Ordinary Voting Shares and the value of the Debentures, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

(iv) Uncertainty regarding the Trigger Event

Because of the inherent uncertainty regarding the determination of when a Trigger Event may occur, it will be difficult to predict when, if at all, the Basel iii compliant Debentures will be converted into Ordinary Voting Shares. In addition, investors in the Debentures are likely not to receive any advance notice of the occurrence of a Non-viability Trigger Event. As a result of its uncertainty, trading behavior in respect of these Debentures is not necessarily expected to follow trading behavior associated with other types of convertible and exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Debentures and the Ordinary Voting Shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated Debentures, including the Bank's other subordinated debt securities. In addition, a Non-viability Conversion could drive down the price of Ordinary Voting Shares subsequent to the conversion itself arising from the additional Shares in issue of the Bank.

(v) Following a Non-viability Conversion, investor will no longer have rights as a creditor and will only have rights as a holder of Ordinary Voting Shares

Upon a Non-viability Conversion, the rights, terms and conditions of the Basel iii compliant Debentures, including with respect to priority and rights on liquidation, will no longer be relevant as all such Debentures will have been converted on a full and permanent basis into Ordinary Voting Shares ranking pari passu with all other outstanding Ordinary Voting Shares. If a Non-viability Conversion occurs, then the interest of depositors, other creditors of the Bank, and holders of Bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Debentures.

Given the nature of the Non-viability Trigger Event, a holder of Basel iii compliant Debentures will become a holder of Ordinary Voting Shares at a time when the Bank's financial condition has

deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Non-viability Trigger Event, as holders of Ordinary Voting Shares investors may receive substantially less than they might have received had the Debentures not been converted into Ordinary Voting Shares.

(vi) An investor's remedies for the Bank's breach of its obligations under the Debenture are limited

In an Event of Default (which shall occur if the Bank becomes insolvent or bankrupt, the Bank goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, or the Bank otherwise acknowledges its insolvency), the Trustee and holders of Debentures shall not be entitled to declare the Principal amount of the Debentures due and payable under any circumstance. As a result, the investor will have no right of acceleration in the event of a non-payment of Interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant given by the Bank.

(h) Acknowledgement of the CBSL Resolution Powers

The CBSL retains full discretion regarding the determination that a Trigger Event has occurred;

The Monetary Board determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the bank. Further, Section 30 and 30(9) of the Monetary Law Act No.58 of 1949 (as amended) and Part VII (A) and Part VIII of the Banking Act No.30 of 1988 (as amended) specify certain events upon which Monetary Board can exercise its resolution mechanism. In view of the above, based on the statutory authority of the Monetary Board, CBSL retains full discretion to choose or not to choose to trigger for Non-viability as has been provided for in the Banking Act Direction No.1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialized Banks.

As the CBSL retains full discretion to choose not to trigger Non-viability Conversion notwithstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstances, the holders of the Basel iii compliant Debentures may be exposed to losses through the use of other resolution tools under applicable statutes.

Generic risks

(i) The ability to transfer the Debentures may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Debentures

In Sri Lanka the secondary trading activity in the corporate debt market is limited. The Debentures are a new issue of securities and have no established secondary trading market. Further, the secondary market trading in respect of Debentures is only limited to Qualified Investors as defined in the Prospectus. There can be no assurance that an active secondary trading market will develop. If the Debentures are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Bank.

Even if an active secondary trading market does develop, it may not be liquid and may not continue. Therefore, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the

secondary market for the Debentures is limited, there may be few buyers for the Debentures and this may significantly reduce the relevant market price of the Debentures.

(ii) Credit ratings may not reflect all risks associated with an investment in the Debentures

A credit rating reflects a relative ranking of credit risk and does not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein, and other factors that may affect the value of the Debentures.

The Board of Directors undertake to keep the Trustee of the Debenture Issue immediately informed on any changes to the credit rating of the Debentures when either the Company or any of the Directors are aware of any changes to Ratings.

(iii) A Downgrade, suspension or withdrawal of the rating assigned by any rating agency to the Debentures could cause the liquidity or market value of the Debentures to decline

Rating initially assigned to the Debentures may be lowered or withdrawn entirely by the Rating Agency if, in the Rating Agency's judgment, circumstances relating to the basis of the rating, such as adverse changes to the Bank's business, so warrant. If the rating agency lowers or withdraws its rating, such event could reduce the liquidity or market value of the Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time.

(iv) Changes in law, or changes in regulatory classification may affect the rights of holders as well as the market value of the Debentures

The regulatory regime in connection to these instruments is evolving. Changes in law may include change in statutory, tax and regulatory regimes during the life of the Debentures, which may have an adverse effect on the investment in the Debentures.

5.12 BENEFITS OF INVESTING IN THE DEBENTURES

- Provides the investor with a regular cash inflow of interest payments.
- Opportunity to realize capital gain according to interest rate fluctuations in the financial markets.
- Capacity to exit from the investment at any time, after the Debentures are listed on the CSE.
- Can be used as collateral to obtain credit facilities from banks and financial institutions other than the Bank
- Provides the investor with an opportunity to invest in Debentures issued by a Commercial Bank in Sri Lanka.

5.13 TRANSFER OF DEBENTURES

- (a) These Debentures are limited to Qualified Investors as long as the Debentures are listed in the CSE and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

- (b) Subject to provisions contained in the Trust Deed, the Bank may register without assuming any liability or any transfer of Debentures, which are in accordance with the statutory requirements, rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.
- (c) In the case of the death of a Debenture Holder,
- The survivor where the deceased was a joint holder; and
 - The executors or administrators of the deceased (or where the administration of the estate of the deceased is in law not compulsory, the heirs of the deceased) where such Debenture Holder was the sole or only surviving holder; shall be the only persons recognised by the Issuer as having any title to his/her Debentures.
- (d) Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that such Debenture Holder sustains the character in respect of which such Debenture Holder proposes to act or such Debenture Holder's title as the Board of Directors of the Bank thinks sufficient, may at the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures, subject to the applicable laws, rules and regulations of the Bank , CDS , CSE and SEC.
- (e) No change of ownership in contravention of the above conditions will be recognised by the Bank.

5.14 LISTING

It is the intention of the Bank to list the Debentures in the Colombo Stock Exchange upon the allotment thereof. Therefore an application has been made to the CSE for permission to obtain a listing for the BASEL III compliant tier 2 listed rated unsecured subordinated redeemable debentures with a non viability conversion and a further application has been made for the listing of any Ordinary Voting shares which may be issued upon the occurrence of a Trigger Event in respect of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, debentures. The CSE has granted its approval in-principle for the same. However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official listing is not to be taken as an indication of the merits of the Seylan Bank PLC or of its Debentures.

5.15 RATING OF THE DEBENTURES

Fitch Ratings Lanka Limited has assigned a National Long Term Rating of BBB+(lka) to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures. Fitch Rating Lanka rates the proposed Tier 2 instrument two notches below the bank's National Long-Term Rating of A(lka)/Stable to reflect the notes' subordinated status and higher loss-severity risks relative to senior unsecured instruments.

The Board of directors undertake to keep the trustee and CSE informed of any changes to the credit rating of the debentures if any of the directors are aware/being notified of any changes to the rating.

You may access the guidelines from Fitch Ratings regarding the Global Bank Rating Criteria (which includes the rating methodology applicable to this particular instrument under the approach set out for going-concern instruments via the link given below;

<https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-sub-debt-bbb-lka-final-rating-15-03-2021>

A copy of the Rating report issued by Fitch Ratings Lanka Limited is set out in Annexure I.

5.16 COST OF THE ISSUE

The Directors estimate that the total cost of the Issue including the Listing fees, Trustee fees, Brokerage, Printing, Marketing, Stamp duties, Joint Managers and Registrars fees and other costs connected with the Issue will be approximately LKR 45 Million and will be funded by Seylan Bank PLC.

5.17 BROKERAGE & FEES

Brokerage at the rate of 0.15% of the nominal value of the Debentures will be paid in respect of the number of Debentures allotted, on applications bearing the original stamp of any bank operating in Sri Lanka or a member/ trading member of the CSE or People's Bank Investment Banking Unit, Capital Alliance Partners Limited or any agent appointed by the Bank involved in marketing of the Issue.

5.18 UNDERWRITING

The Debenture Issue is not underwritten.

In the event the Issue is not fully subscribed and the objective of raising Tier 2 capital is not achieved fully, the Bank would have to manage the credit growth and its composition. However, the Bank would be able to supplement this requirement to a certain degree with retention of expected profits. The risk of under subscription of the Debenture Issue will be greatly mitigated through appointing experienced Financial Advisors and Managers to the Issue, pre-marketing and building a pipeline of potential investors.

6. PROCEDURE FOR APPLICATION

6.1 ELIGIBLE APPLICANTS

Applications are invited from Qualified Investors for the subscription of Debentures from the following categories of Qualified Investors.

- a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).
- b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No.30 of 1988 (as amended).
- c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund.
- d) A Venture Capital fund/ Company and private equity company.
- e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act. No 42 of 2011 (as amended).
- f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act, No 56 of 2000 (as amended)
- g) A company licensed by the Insurance Board of Sri Lanka to carry on Insurance business in terms of the Regulation of the Insurance Industry Act, No. 43 of 2000 (as amended)
- h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No.7 of 2007.
- i) An investment trust or investment company
- j) A non-resident institutional investor
- k) An individual with a minimum initial investment amount of Rs. 5,000,000/-.

Applicant would be determined as a qualified investor as per the information provided in the Application Form in line with the conditions stipulated herein.

Applications will not be accepted from individuals under the age of eighteen (18) years, or in the names of sole proprietorships, unincorporated trusts or non-corporate bodies.

In view of the above secondary trading of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures on the CSE will also be limited to Qualified Investors

“Residency” will have the same meaning as in the order published under Section 31 of the Foreign Exchange Act No.12 of 2017 and published in Gazette Extraordinary No. 2045/56 dated 17th November 2017.

When permitting Non-residents to invest in the Debentures, the Bank will comply with the relevant Exchange Control Regulations including the conditions stipulated in the notice under the Exchange Control Act with regard to the Issue and transfer of Debentures of companies incorporated in Sri Lanka to foreign investors as published in the Government Gazette (Extraordinary) No. Gazette No. 2045/56 dated 17th November 2017.

6.2 HOW TO APPLY

- (a) Applications must be made on the Application Forms issued with this Prospectus. Applications are also permitted on photocopies of the Application Forms issued with the Prospectus. Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge at the Registered Office of the Bank and the Collection Points listed in Annexure III. Prospectus and Application Forms could also be downloaded from the website of the Bank (www.seylan.lk) or from the web site of the CSE (www.cse.lk). **Applications that do not strictly conform to such instructions and the other instructions set out below or which are illegible may be rejected.**
- (b) Applicants are allowed to invest in Debentures subject to the minimum subscription. A minimum of One hundred (100) Debentures (LKR10,000/-) and Applications exceeding the minimum subscription should be in multiples of 100 debentures (LKR10,000/-). Provided however, the minimum subscription requirement applicable for an individual investor with regards to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures shall be Rupees Five Million (LKR 5,000,000/-).
- (c) Joint applications may be made. However, an Applicant of a joint application will not be eligible to send a separate application individually or jointly with another party for the same type of debentures. Only one application should be made for the benefit of any person or corporate body. The interest cheques will be drawn in favour of the principal Applicant as given in the Application Form.
- (d) In the case of corporate Applicants, **the common seal of such entity** should be affixed and attested if required by the Articles of Association or such other constitutional documents of such Applicants or as per the statutes governing them. In case of approved provident funds, trust funds and approved contributory pension schemes, the applications should be in the name of the Trustee/Board of Management.
- (e) **A Sri Lankan citizen must state his / her National Identity Card (NIC) number on the Debenture Application Form. The Passport number can be given only when the NIC number is not available. In the case of a corporate entity, the company registration number must be given. A foreign citizen must state his / her passport number in the space provided.**

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form.

- (f) The Application Forms may be signed by any person on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. **Original of the POA should not be attached.**
- (g) Applicants who wish to apply through their Margin Trading Account should submit the application in the name of the "Margin Provider / Applicants Name" signed by the margin provider. A copy of the Margin Trading Agreement should be attached with the Application Form. Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Photo copy of the Margin Trading Agreement must be submitted along with the Application.
- (h) As per the Directive of the SEC made under Circular No. 08/2010, dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30th November 2010, all Debentures allotted must be directly uploaded to the CDS accounts. **As such, all Applicants should indicate their CDS account number in the Application Form.**
Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Debentures to their CDS account. A CDS account can be opened through any Member/ Trading Member of the CSE or through a Custodian Bank. (Annexure III & V)

Please note that upon the allotment of Debentures under this issue the allotted Debentures would be credited to the Applicant's CDS account indicated. **Please note that Debenture certificates shall not be issued. Applications which do not carry the CDS account number, which is not opened at the time of the closure of the subscription list or which indicate an incorrect / inaccurate CDS account number shall be rejected, and no allotment will be made.**

It should be noted that in the event the Applicant's CDS Account number is correctly stated in the Application Form, all correspondence with such Applicant will be sent to the address given to the CDS by such Applicant.

Further, in the event the name or the address of the Applicant mentioned in the Application Form differ from the name or address given to the CDS by such Applicant in respect of the CDS Account mentioned in the Application Form, the name and the address given to the CDS by such Applicant in respect of the CDS Account mentioned in the Application Form will be considered as the name and address of such Applicant.

- (i) Foreign Investors and Non-Resident Investors may be affected by the laws of the jurisdiction of their residence. It is the responsibility of such investors to comply with the laws relevant to their country of residence and the Laws of Sri Lanka, when making an application for subscription of the Debentures.
- (j) Application Forms properly filled in accordance with the instructions thereof together with the remittance (cheque, SLIPS, bank draft, RTGS or bank guarantee as the case may be) for the full amount payable on application should be enclosed in an envelope marked "**Seylan Bank PLC**

Debenture Issue 2021” on the top left hand corner in capital letters and dispatched by post or delivered by hand to the Registrars to the Issue at the following address:

SSP Corporate Services (Pvt) Limited
Registrars to Seylan Bank PLC Debenture Issue
No. 101, Inner Flower Road, Colombo 3
Tel: +94(011) 2573894

In the alternative, Application Forms could also be handed over to any of the Collection Points set out in Annexure III.

- (k) Applications sent by post or delivered to any places mentioned in Annexure III (Collection Points) **should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the following working day upon the closure of the subscription list.** Applications received after the said period will be rejected even though they have been delivered to any of the Collection Points prior to the Closing Date or carry a post mark dated prior to the Closing Date.

6.3 MODE OF PAYMENT

- (a) Payment for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka, SLIPS or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka.
- (b) Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either,
- Multiple bank drafts drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/- or
 - Bank guarantee issued by a licensed commercial bank operating in Sri Lanka, or
 - RTGS or SLIPS transfer with value on the date of submission of application or opening of the Issue whichever is later, or

Multiple bank drafts/cheques, bank guarantees or RTGS transfers will not be accepted for Applications valued below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)

- (c) Cheques or Bank Drafts should be drawn upon any commercial bank in Sri Lanka and crossed **“Account Payee Only”** and made payable to **“Seylan Bank PLC Debenture Issue 2021”**.
- (d) In case of bank guarantees, such bank guarantees should be in a manner acceptable to the Bank, issued by any licensed commercial bank in Sri Lanka, payable on demand to **“Seylan Bank PLC”** and be valid up to minimum of 14 days from the closing date of Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

- (e) In case of RTGS transfers (only for application values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of **“Seylan Bank PLC Debenture Issue 2021”** bearing the **account number 0860-13261222-001 at Seylan Bank, Millennium Branch** with value on the date of submission of Application or opening of the Issue whichever is later.
- (f) The Applicant should obtain a confirmation from the Applicant’s bank, to the effect that arrangements have been made to transfer funds for the total value of Debentures applied for, to the credit of **“Seylan Bank PLC Debenture Issue 2021”** bearing the account number **0860-13261222-001 at Seylan Bank PLC, Millennium Branch** with value on the date of submission of application or opening of the Issue whichever is later (i.e. the funds to be made available to the above account on date of submission of Application or opening of the Issue whichever is later) and should be attached with the Application.
- (g) For RTGS transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at 2.50% p.a. from the date of transfer up to the date of Allotment. For such RTGS transfers, entire interest earned by investing such money (on actual/actual basis) will be paid from the date of such transfer up to the Date of Allotment. However, no interest will be paid if the RTGS transfers are not affected before the end of the Closing Date. Furthermore, even if such RTGS transfers are affected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.
- (h) Payments for the Debentures by Non-residents should be made only out of funds received as inward remittances or available to the credit of **“Inward Investment Account” (IIA)** maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by Director Department of Foreign Exchange in that regard to the licensed commercial banks. An endorsement by way of a letter by the commercial bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the application form to the effect that such payment through bank draft/ bank guarantee/ RTGS has been made out of the funds available in IIA. The IIA is the successor to the Securities Investment Account (SIA) under the Exchange Control Act and accordingly if any investor has an SIA the payment for the Debentures could be made from such an account. Such accounts would be re-designated as IIA with effect from 1st January 2018.
- (i) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence.

If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked “SEYLAN BANK PLC DEBENTURE ISSUE 2021” on the top left hand corner in capital

letters and dispatched by post or courier or delivered by hand to the Registrars to the Issue or collection points mentioned in Annexure III.

Applications sent by post or courier or delivered to any collection point set out in Annexure III should reach the office of the Registrars to the Issue, SSP Corporate Services (Pvt) Ltd, No 101, Inner Flower Road Colombo 03 at least by 4.30 p.m. on the following Market day immediately upon the Closing Date.

Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date or carry a postmark dated prior to the Closing Date. Applications delivered by hand to the Registrars to the Issue after the Closing Date of the Issue will also be rejected.

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Closure Date of the subscription list, in terms of the CSE Listing Rules.

6.4 REJECTION OF APPLICATIONS

- (a) Application Forms and the accompanying remittance mode (Cheque / Bank Draft / Bank Guarantee/RTGS) which are illegible or incomplete in any way and / or are not in accordance with the terms, conditions and instructions set out in this Prospectus will be rejected at the sole discretion of the Bank.
- (b) Applications from individuals under the age of eighteen (18) years or in the names of Sole Proprietorships, Partnerships or Unincorporated Trusts will also be rejected.
- (c) An Applicant of a Joint Application will not be eligible to submit another application either individually or jointly under the same Debenture type. Only one Application should be made by any person or entity under the same Debenture type. Multiple Applications will be rejected.
- (d) Applications which do not carry a valid CDS account number at the time of the closure of the subscription list or which indicate an incorrect / inaccurate CDS account number shall be rejected, and no allotment will be made. Application Forms stating third party CDS account numbers, instead of their own CDS account numbers, except in the case of Margin Trading Accounts, will also be rejected.
- (e) Any application form a non-Qualified Investor applying for BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures will be rejected.
- (f) Any Application Form which does not state the NIC, Passport or Company Registration number, as the case may be, will be rejected.
- (g) In the event that cheques are not realized within two (2) Market Days from the closure of the subscription list and realized after such date the monies will be refunded and no allotment of

Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event Cheques are dishonoured / returned on first presentation, the Application will be rejected.

- (h) Applications delivered by hand to the Registrars to the Issue, or to any place / institution discussed in Annexure III (Collection Points) after the subscription list is closed will be rejected. Application received by post or courier after 4.30 pm on the Market day immediately following the closing date, will be also rejected even if they carry a post mark dated prior to the Closing date.
- (i) Applications delivered to any place / institution discussed in Annexure III (Collection Points) should also reach the office of the Registrars to the Issue at least by 4.30 pm on the following market day immediately upon the closure of the Subscription List. Applications received after the said duration will be rejected even though they have been delivered to any of the Collection Points prior to the Closing Date or carry a post mark dated prior to the Closing Date.

6.5 BASIS OF ALLOTMENT

The basis of Allotment will be decided by the Board of Directors of Seylan Bank PLC before the expiry of Seven (07) Market Days from the closure of the Issue and will be announced to the CSE.

Further, the Board reserves the right to allocate up to 75% of the Issue value on a preferential basis, to Investor/(s) of strategic importance with whom they might partner with in future endeavours. These benefits could be such as being able to tap into a non-conventional investor base, being able to build confidence among other investors due to the investment decision of strategic investors and being able to get the Issue subscribed with the larger quantum pledged.

Number of Debentures to be allotted to investors of strategic importance, on a preferential basis or otherwise will not exceed 75% of the total number of debentures to be issued under the proposed debt issue under any circumstances, unless there is an under subscription from other qualified investors.(i.e qualified investors who do not fall under preferential category). In the event of such undersubscription, the other qualified investors who do not fall under preferential category are to be allotted in full and any remaining debentures are to be allotted to identified qualified investors of strategic importance.

The successful Applicants will be informed of the allotment within Ten (10) Market Days from the closure of the Subscription List.

The Board of Directors of the Bank reserves the right to refuse any Application or to accept any Application or part only, without assigning any reason therefore.

6.6 ACCEPTANCE & REFUNDS

Where an Application is not accepted, subsequent to the cheque being realized, the Applicant's money in full or where an Application is accepted only a part, the balance of the Applicant's money will be refunded.

Refunds due on Applications fully or partially accepted will be paid within eight (08) Market Days excluding the date of closure of the Subscription List. Applicants will be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka plus 5% for the delayed period on any refunds not made within this period.

If the Applicant has provided accurate and complete details of his bank account in the Application Form, the Bankers to the Issue will make refund payments applicable up to and inclusive of Sri Lankan Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the applicant, through SLIPS.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), refunds will be made via RTGS. In the event where the Applicant has not provided accurate and correct details of the bank account in the Application Form, the Bank will make such refund payments to the Applicant by way of cheque and sent by post at the risk of the Applicant.

Refunds sent through post will be made by crossed cheques and sent by register post to the registered address. In the case of a Joint Application, a "crossed cheque" will be drawn in favour of the Applicant whose name appears first in the Application Form.

It is the responsibility of Non-Residents/Foreign Investors to ensure that their IIA details are accurately provided on the application Form to forward the refund to IIA through which the application was made.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIP transfers at the following website;
<http://www.lankaclear.com/productservice/3-guidelines>

6.7 CDS LODGEMENTS AND TRADING OF DEBENTURES

- (a) If the Applicant's CDS Account number is correctly stated in the Application Form the Debentures allotted will be directly uploaded to the CDS account stated in the Application Form before the expiry of **twelve (12) market days**, from the date of closure of the subscription list. A written confirmation in this regard will be sent to the Applicant within **two (02) market days** of crediting the CDS account, by ordinary post to the registered address of such Applicant.
- (b) The Bank shall submit to the CSE a 'Declaration' as set out in the Listing Rules of the CSE on the Market Day immediately following the day on which the investors' CDS Accounts are credited with the Debentures and secondary trading of the Debentures will commence on or before the third (03rd) Market Day upon receipt of the declaration by the CSE.

7. SEYLAN BANK PLC

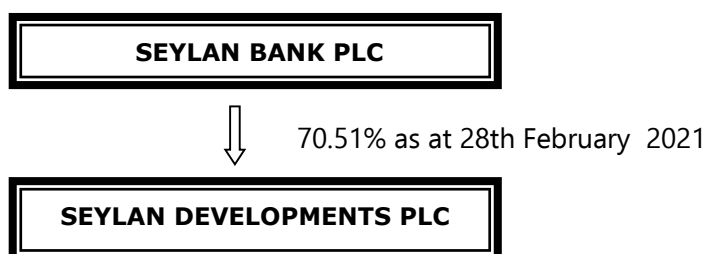
7.1 CORPORATE BACKGROUND

Seylan Bank PLC is a commercial bank regulated by the Central Bank of Sri Lanka and was incorporated on 28th August 1987. It commenced business on 24th March 1988. Seylan bank PLC operates under the authority of the licence issued by Monetary Board of Central Bank of Sri Lanka. The licence issued is a continuous licence and doesn't have an expiry date.

The Bank offers banking products and services ranging from savings accounts, current accounts, foreign currency services, deposits and investments, credit cards, loan facilities, leasing, E-commerce and personal financial planning services. Apart from the above, the Bank offers personal banking facilities, trade finance, remittances, offshore banking, and pawning services.

Seylan Banks' network comprises of 172 Branches, 207 ATMs and 98 Student Savings Centres and has overseas presence in many countries including Lebanon, Oman, Saudi Arabia and the United Arab Emirates. They undertake remittance business on behalf of Sri Lankan expatriates in these countries while promoting the Bank's other products to them. From the inception, the Bank presented itself as a flexible, customer-friendly alternative, delivering the promise of its motto - '*The Bank with a Heart*'. Seylan Bank owns 70.51% stake in Seylan Developments PLC, a quoted subsidiary formed in 1992 for the purpose of constructing the head office building of the Bank and presently is involved in property development/management.

7.2 GROUP STRUCTURE



7.3 STATED CAPITAL AND SHARES IN ISSUE

Stated Capital and the Shares in issue as at 28th February 2021 were as follows:

Stated Capital	-	LKR 17,548,347, 003.10
Shares Issued	-	256,716,994 Ordinary Voting Shares 260,305,975 Ordinary (Non-voting) Shares

The public holding of the Bank as at 28th February 2021 was as follows:

	Percentage	No. of Shareholders
Ordinary Voting Shares	54.85%	10,235

7.4 MAJOR SHAREHOLDING

Top twenty (20) Ordinary Voting Shareholders of the Bank as at 28th February 2021 were as follows:

NO.	SHAREHOLDER'S NAME	NO OF SHARES HELD	PERCENTAGE
1	Sri Lanka Insurance Corporation Ltd [includes General Fund and Life Fund]	38,507,542	15.00
2	Brown & Company PLC A/C NO. 1	26,896,214	10.48
3	Employees Provident Fund	25,305,909	9.86
4	Sampath Bank PLC/LOLC Investments Ltd	24,019,936	9.36
5	Mr K D D Perera	23,188,678	9.03
6	National Development Bank PLC	22,398,200	8.72
7	Bank Of Ceylon No. 1 Account	14,440,329	5.62
8	Seylan Bank PLC A/C No. 04 - Employees Gratuity Trust Fund	13,317,202	5.19
9	Peoples Leasing & Finance PLC/Don and Don Holdings (Pvt) Ltd	8,806,327	3.43
10	Sampath Bank PLC/Brown and Company PLC	8,723,098	3.40
11	Employees Trust Fund Board	5,458,926	2.13
12	NDB Capital Holdings Limited A/C No.02	2,600,214	1.01
13	Sisil Investment Holdings (Pvt) Ltd	2,427,796	0.95
14	AIA Insurance Lanka Ltd A/C No.07	1,570,439	0.61
15	Mr M J Fernando	1,296,330	0.50
16	Mr R R Leon	1,214,825	0.47
17	Mr K R B Fernando	1,110,792	0.43
18	Seyshop (Pvt) Ltd	687,611	0.27
19	Esots (Pvt) Ltd	675,813	0.26
20	Seybest (Pvt) Ltd	674,763	0.26

Note :

** Brown & Company PLC and LOLC Investments Ltd collectively hold 23.42% of the issued capital of the Bank. This joint shareholding limit has been approved by the Central Bank vide their letter dated 14th September 2011, subject to the joint holding of Brown & Company PLC A/C No.1 and LOLC Investments Ltd being reduced from 23.42% to 15% within a period of 15 years from 13th October 2009.*

The Board decided at its meeting held on 15th April 2020 to limit the voting rights of Brown & Co PLC's shareholding in Seylan Bank PLC to 9.55% with effect from 31st March 2020 in compliance with the direction issued by the Monetary Board vide Director – Bank Supervision's letter dated 6th April 2020.

Related party relationships of the Ordinary voting shareholders of the Bank as at 28th February 2021 are as follows:

Shareholders (voting)	Relationship/% of equity capital held	Common Directors /KMPs
Sri Lanka Insurance Corporation Ltd	15%	Directors, Mr W M R S Dias and Mr S V Corea are nominated to the Board by SLIC
Brown & Company PLC A/C No. 1 Sampath Bank PLC/Brown and Company	10.48% 3.40%	<u>Common Directors</u> Mr W D K Jayawardena
Sampath Bank PLC/LOLC Investments Ltd LOLC Investments Ltd	9.36 % 0.19% subsidiary of LOLC Holdings PLC	<u>Common Directors of LOLC Holdings PLC</u> Mr W D K Jayawardena
Seylan Bank PLC A/C No. 04 - Employees Gratuity Trust Fund	5.04% Employees Gratuity Trust Fund of the Bank	<i>The following Directors of the Bank are Trustees of the Fund –</i> <i>Mr W M R S Dias</i> <i>Mr K P Ariyaratne</i> <i>Mr A S Wijesinha</i> <i>Mr D M D K Thilakaratne</i> <i>Mr D R Abey Suriya</i> <i>The following senior management of the Bank are Trustees of the Fund –</i> <i>Mr J Amarasinghe</i> <i>Mrs C Dodanwela</i> <i>Mr R J Jayasekara</i> <i>Mrs V A Paranagama</i>
Seyshop (Private) Limited	0.27 % Employee Share Ownership Trust Company. Bank is the Settlor Company.	<u>Common Directors</u> Mr K P Ariyaratne <u>Common KMPs of the Bank who are Directors of this company</u> Mrs P C Dodanwela (Chief Financial Officer) Mr A M Jayantha Amarasinghe (Deputy General Manager/Head – Human Resources)
Esots (Private) Limited	0.26 % Employee Share Ownership Trust Company. Bank is the Settlor Company.	<u>Common Directors</u> Mr K P Ariyaratne <u>Common KMPs of the Bank who are Directors of this company</u> Mrs P C Dodanwela (Chief Financial Officer) Mr A M Jayantha Amarasinghe (Deputy General Manager/Head – Human Resources)
Seybest (Private) Limited	0.26% Employee Share Ownership Trust Company. Bank is the Settlor Company.	<u>Common Directors</u> Mr K P Ariyaratne <u>Common KMPs of the Bank who are Directors of this company</u> Mrs P C Dodanwela (Chief Financial Officer) Mr A M Jayantha Amarasinghe (Deputy General Manager/Head – Human Resources)

Top twenty (20) Ordinary Non-voting shareholders of the bank as at 28th February 2021 are as follows:

NO.	SHAREHOLDER'S NAME	NO OF SHARES HELD	PERCENTAGE
1	LOLC Holdings PLC	119,758,426	46.01
2	Employees Provident Fund	13,884,618	5.33
3	Akbar Brothers Pvt Ltd A/C No. 1	5,590,459	2.15
4	Sri Lanka Insurance Corporation Ltd - Life Fund	5,387,484	2.07
5	Deutsche Bank AG as Trustee For JB Vantage Value Equity Fund	4,479,733	1.72
6	Acuity Partners (pvt) Ltd/Mr E Thavagnanasooriyam & Mr E Thavagnanasundaram	4,238,408	1.63
7	Peoples Leasing & Finance PLC/ Mrs P Thavarajah	3,741,101	1.44
8	Pershing LLC S/A Averbach Grauson & Co.	3,676,464	1.41
9	Employees Trust Fund Board	3,107,260	1.19
10	Merrill J Fernando & Sons (Pvt) Limited	2,891,466	1.11
11	Mr R R Leon	2,387,974	0.92
12	LOLC Technology Services Limited	2,273,063	0.87
13	Mr. N. Balasingam	2,036,473	0.78
14	Mr R S Captain	1,976,119	0.76
15	GF Capital Global Ltd	1,557,271	0.60
16	Mr M J Fernando	1,425,131	0.55
17	Mr. R. Gautam	1,398,319	0.54
18	First Capital Limited	1,321,306	0.51
19	Dr S Yaddehige	1,224,363	0.47
20	Miss S Durga	1,209,789	0.47

Related party relationships of the Ordinary non-voting shareholders of the Bank as at 28th February 2021 are as follows:

Shareholders (non-voting)	Relationship	Common Directors /KMPs
LOLC Holdings PLC	46.01%	<u>Common Directors</u> Mr W D K Jayawardena
LOLC Technology Services Ltd	0.87% Subsidiary of LOLC Holdings PLC	<u>Common Directors of LOLC Holdings PLC</u> Mr W D K Jayawardena

7.5 DEBT SERVICING DETAILS OF THE BANK

The details of the Debenture interest payments made during the past five years are given below:

	2016	2017	2018	2019	2020
Description	LKR '000'	LKR '000'	LKR '000'	LKR '000'	LKR '000'
Gross Interest due on Debentures	1,058,756	1,419,054	1,768,533	2,419,840	2,468,212
Debenture interest paid on or before due date	1,058,756	1,419,054	1,768,533	2,419,840	2,468,212
Debenture interest paid after due date	-	-	-	-	-
Debenture interest not paid as of to date	-	-	-	-	-

7.6 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

Contingent Liabilities of the bank as at 31 December 2020 are as follows:

Description	LKR '000
Acceptances	20,241,510
Standby Letters of Credit	666,105
Guarantees	56,376,382
Documentary Credit	13,089,012
Bills for Collection	4,731,733
Forward Exchange Contracts (Net)	402,137

These balances are excluding Export Duty Rebates, Traveller's Cheques in Hand & Indemnities. In the normal course of business, the Bank is involved in various types of litigation with borrowers or others who have asserted or threatened claims/counter claims against the Bank such as those provided in Note 48 (pages 244 to 247) in the Annual Report for the year ended 31st December 2020. These cases are on-going matters as at date and the Bank cannot quantify the potential impact until such litigation is concluded and therefore they are not disclosed as a contingent liability. Further the Bank is of the opinion that the outcome of any action will not have a material effect on the financial position of the Bank.

7.7 PARTICULARS OF DEBT AND LOAN CAPITAL

The outstanding borrowings of the Bank as at 31 December 2020 are as follows:

Description	LKR '000
Due to Banks	
Call Money Borrowings	9,154,418
Refinance Borrowing	15,777,675
Borrowings from Local Banks	479
Borrowings from Foreign Banks	176,060

Borrowings from development finance institutions	7,571,055
Total	32,679,687
Other Borrowings	
Refinance Borrowing –Other Institutions	14,123

Note : The Bank does not have long term borrowings, other than debentures & long term foreign borrowing of USD 46.71 Mn.

7.8 OTHER DEBT SECURITIES

Details of the Listed Debentures in issue as at the day of the prospectus are as follows:

DEBENTURES (LKR 000')			
	Amount	Interest rate	Maturity Date
2016 PUBLIC ISSUE			
SEMI ANNUAL (FIVE YEAR FIXED)	1,710,320	13.00%	14/07/2021
SEMI ANNUAL(FIVE YEAR FLOATING)	17,400	6 months T/ Bill rate (Gross) + 1.5%	14/07/2021
SEMI ANNUAL(SEVEN YEAR FIXED)	3,272,280	13.75%	14/07/2023
	5,000,000		
2018 PUBLIC ISSUE			
SEMI ANNUAL (FIVE YEAR FIXED)	3,910,000	12.85%	28/03/2023
SEMI ANNUAL(SEVEN YEAR FIXED)	715,000	13.20%	28/03/2025
SEMI ANNUAL(TEN YEAR FIXED)	1,609,000	13.50%	28/03/2028
	6,234,000		
2019 PUBLIC ISSUE			
SEMI ANNUAL (FIVE YEAR FIXED)	3,773,400	15.00%	17/04/2024
SEMI ANNUAL(FIVE YEAR FIXED)	1,226,600	14.50%	17/04/2024
	5,000,000		
TOTAL	16,234,000		

Seylan Bank PLC has complied with the main objectives stated in the Prospectus' of its Debentures issues allotted in 2016, 2018 and 2019 which are listed in the Colombo Stock Exchange. There was no deviation from the objectives for which the Debentures were issued.

Objectives of the 2016 Debenture Issue (Listed Unsecured Subordinated Rated Redeemable Debentures) of Rs.5,000,000,000/-

- To increase the capital base and the Bank's total capital adequacy ratio
- To match the Asset Liability mis-match
- Minimise the Interest Rate Risk and gap exposure in the Bank's asset/liability portfolio

Objectives of the 2018 Debenture Issue (BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion) of Rs.6,234,000,000/-

- To increase the Tier 2 Capital base of the Bank in accordance with BASEL III requirements
- To grow the loans and advances portfolio through diverse lending products

Objectives of the 2019 Debenture Issue (BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion) of Rs.5,000,000,000/-

- To strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements; and
- To meet the current credit demand (loans and advances) of the Bank.

Debenture holders of BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion do not have the following rights;

- Sharing in the profits of the Bank
- Participating in any surplus in the event of liquidation or any special rights

The above mentioned debenture holders are at any event not barred from being shareholders of the Bank and if they are shareholders they will enjoy the rights and privileges entitled to shareholders. However, In the event of liquidation or winding up, the claims of the above mentioned subordinated debenture holders will be ranked after all the claims of the senior debt holders of the Bank and the preferential claims under Section 365 of the Companies Act No.7 of 2007 but in priority to the claims and rights of the Shareholders of the Bank.

There were no outstanding convertible debt securities other than BASEL III, convertible to equity as at 31 December 2020.

7.9 KEY FINANCIAL RATIOS

Description	31 st Dec 2016	31 st Dec 2017	31 st Dec 2018	31 st Dec 2019	31 st Dec 2020
Interest Cover (times)	6.42	5.69	3.64	3.11	2.67
Debt (Debentures) to Equity	0.45	0.37	0.47	0.45	0.35
Total Capital Adequacy Ratio (%)	13.18	13.25	13.30	14.84	14.30
Statutory Liquid Assets Ratio (%) for Domestic Banking Operations (Minimum Requirement - 20%)	22.68	23.57	21.44	21.4	31.31%
Statutory Liquid Assets Ratio (%) for Foreign Currency Banking Operations (Minimum Requirement - 20%)	26.24	37.08	22.08	21.81	22.47%

1 Interest Cover (times)

Profit before Debenture Interest & Tax

Debenture Interest

2 Debt to Equity (times)

Debenture (Long Term Debt)
Equity

3 Capital Adequacy Ratio (%)

Total Capital Adequacy Ratio as per CBSL Directions
Total Capital (Tier 1& Tier 2)
Total Risk Weighted Assets

4 Statutory Liquid Assets Ratio (%)

- Domestic Banking Operations
- Foreign Currency Banking Operations

Statutory Liquid Assets as per the CBSL Directions/ Banking Act
Total Liability Base as per CBSL Directions

7.10 THE COVID 19 IMPACT ON THE BANK AND ITS BUSINESS OPERATIONS

The socio-economic impact of the Corona Virus Disease (Covid 19) pandemic situation has a direct bearing on the Bank's normal business/operations to a certain extent. The Bank has strictly complied with the guidelines and directives issued in this regard by the Government, the Central Bank of Sri Lanka and other regulators, while also closely monitoring its working capital to balance the cash inflow and outflow measurements.

Due to the limitation on the business activities due to the Covid-19 pandemic, potential impact of moratoriums and increase in non-performing loans will have an adverse impact on the profitability of the Bank which in turn will impact its capital. Capital augmentation activities such as debenture issues and rights issues are vital in such circumstances to bridge the gaps in generating internal capital while strengthening the long term capital requirement.

Agile strategic planning and execution of strategic decisions were taken by the Bank to respond to the situation and its subsequent impact on Bank's business. The Bank will continue to take necessary protocols and actions to cope with the situation.

7.11 RELATED PARTY TRANSACTION REVIEW COMMITTEE

The "Related Party Transactions Review Committee" was established as a Board Sub-committee with the main objective of reviewing Related Party Transactions as required by the Listing Rules of Colombo Stock Exchange (CSE) (as may be amended from time to time) and the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC).

Members of the Related Party Transactions Review Committee are as follows:

Mr P L S Kumar Perera (Independent/Non-Executive Director/Chairman of the Committee)
Ms M Coralie Pietersz (Independent / Non-Executive Director)
Mr S Viran Corea (Non-Independent /Non-Executive Director)
Mr Anushka S Wijesinha (Independent /Non-Executive Director)

The Chief Executive Officer, the Chief Operating Officer, the Compliance Officer and any other members of the Senior Management attend the meetings of the Committee on invitation.

7.12 EMPLOYEES' SHARE OWNING TRUST COMPANIES

Six share owning trust companies were established in the years 1995, 1999 and 2000 which have acquired shares of the Bank("subject shares") from time to time at the market prices prevailed at that time. The Bank was the Settlor of the trusts and the purchase of the shares were fully funded by the Bank. The current employees and former employees satisfying certain criteria reached agreement with the Bank for the receipt of an 'enhanced gratuity' based on one-month basic salary for each year of service and for the Bank to settle such liability by utilizing the proceeds from the disposal of the shares held in the companies. Consequently, the Bank transferred the ordinary voting shares of the current and former employees who fulfilled the above criteria to the Seylan Bank PLC A/C No 4 Employees Gratuity Trust Fund for such purpose through the trading floor of the Colombo Stock Exchange.

There now remains in the six trust companies as at 31 December 2020 a total of 3,873,037 ordinary voting shares of the Bank which constitutes 1.51% of its ordinary voting shares.

8. BOARD OF DIRECTORS

Details of the Board of Directors of the Bank are as follows:

Name	Position
Mr W M R S Dias	Non-Independent, Non-Executive Director/ Chairman
Mr W D K Jayawardena	Non-Independent, Non-Executive Director/Deputy Chairman
Ms M C Pietersz	Independent, Non-Executive Director/Senior Director
Mr K P Ariyaratne	Director/Chief Executive Officer
Mr P L S K Perera	Independent, Non-Executive Director
Mr S V Corea	Non-Independent, Non-Executive Director
Mr A S Wijesinha	Independent, Non-Executive Director
Mrs S K Salgado	Independent, Non-Executive Director
Mr D M D K Thilakaratne	Non-Independent, Non-Executive Director
Mr D R Abeysuriya	Independent, Non-Executive Director
Mrs V G S S Kotakadeniya	Alternate Director to Non -Independent, Non- Executive Director, Mr W D K Jayawardena

9. SENIOR MANAGEMENT

Details of the Senior Management personnel of the Bank are as follows:

Name	Designation
Mr Ramesh Jayasekara	Chief Operating Officer
Mr Chitral De Silva	Deputy General Manager, Branches Zone 1
Mr Delvin Pereira	Deputy General Manager, Branches Zone 11
Mr Jayanatha Amarasinghe	Deputy General Manager, Human Resources
Mrs Champika Dodanwela	Chief Financial Officer
Mr Harsha Wanigathunga	Chief Information Officer
Mr Malik Wickramanayake	Deputy General Manager – Operations
Mr Shanaka Perera	Deputy General Manager Treasury
Mr Wasantha Karunaratne	Assistant General Manager, Services
Mr Kapila Rathnayaka	Assistant General Manager, Premises Maintenance
Mr Aruna Fernando	Assistant General Manager/Chief Risk Officer
Mr Varuna Koggalage	Assistant General Manager/Head of Audit
Mr Nuwan Jayawardena	Assistant General Manager - IT Infrastructure
Mrs Sharon Fonseka	Assistant General Manager – Corporate Credit Branches
Mrs Nisha Najumudeen	Assistant General Manager/Company Secretary
Mr Eranga Lankatilaka	Assistant General Manager – Recoveries
Mr Chandana Gurusinghe	Assistant General Manager- Branches
Mr Ranil Dissanayake	Assistant General Manager –Branch Credit
Mrs Dilani Sooriyarachchi	Assistant General Manager/Head of Compliance
Mr Sunil Jayawardana	Assistant General Manager/Head of Credit Hubs
Mr Sanjaya Perera	Assistant General Manager – Finance
Mr Sampath Fernando	Assistant General Manager – IT
Mr Eugene Seneviratne	Assistant General Manager – Retail Banking
Ms Vayoma Paranagama	Assistant General Manager - Legal
Mr Ruwan Fernando	Assistant General Manager, Branches Zone II
Mr Dilan Wijegoonawardena	Assistant General Manager – International
Mr Gamika De Silva	Assistant General Manager – Marketing & Sales
Ms Nilanthie De Meral	Assistant General Manager – Corporate Banking
Mr Dimuth Sigera	Assistant General Manager – Branches Zone I

10. STATUTORY DECLARATIONS

10.1 STATUTORY DECLARATION BY THE BOARD OF DIRECTORS

We, the undersigned who are named herein as Board of Directors of Seylan Bank PLC hereby declare and confirm that we have read the provisions of the Listing Rules of the Colombo Stock Exchange (CSE) and of the Companies Act No. 7 of 2007 and any amendments thereto relating to the Issue of this Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by the Directors of Seylan Bank PLC and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the Companies Act No. 07 of 2007 and the Listing Rules of the CSE and any amendments to it from time to time have been complied with, and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Seylan Bank PLC have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Seylan Bank PLC and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the Directors.

The parties to the Issue have submitted declarations to the Bank declaring that they have complied with all regulatory requirements applicable to such parties, and that such parties have no conflict of interest with the Bank.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of Debentures issued by Seylan Bank PLC and those Debentures which are the subject of this Issue. Such permission will be granted when Debentures are listed in the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of Seylan Bank PLC or the Debenture Issue.

Signed at Colombo on this 23 March 2021

Name of Director	Designation	Signature
Mr W M R S Dias	Non-Independent, Non-Executive Director/ Chairman	Sgd.
Mr W D K Jayawardena	Non-Independent, Non-Executive Director/Deputy Chairman	Sgd.
Ms M C Pietersz	Independent, Non-Executive Director/Senior Director	Sgd.
Mr K P Ariyaratne	Director/Chief Executive Officer	Sgd.

Mr P L S K Perera	Independent, Non-Executive Director	Sgd.
Mr S V Corea	Non-Independent, Non-Executive Director	Sgd.
Mr A S Wijesinha	Independent, Non-Executive Director	Sgd.
Mrs S K Salgado	Independent, Non-Executive Director	Sgd.
Mr D M D K Thilakaratne	Non-Independent, Non-Executive Director	Sgd.
Mr D R Abeysuriya	Independent, Non-Executive Director	Sgd.
Mrs V G S S Kotakadeniya	Alternate Director to Non-Independent, Non-Executive Director, Mr W D K Jayawardena	Sgd.

10.2 DECLARATION BY THE JOINT MANAGERS TO THE ISSUE

We, Capital Alliance Partners Limited, of Level 5, Millennium House, 46/58, Navam Mawatha, Colombo 02 being Joint Managers to the Issue of Seylan Bank PLC, hereby declare and confirm to the best of our knowledge and belief that the Prospectus constitutes full and true disclosure of all material facts about the Issue and about Seylan Bank PLC, whose Debentures are being listed.

Signed by two directors of Capital Alliance Partners Limited, being duly authorised thereto, at Colombo on 18 March 2021.

Sgd.
Director

Sgd.
Director

We, People's Bank - Investment Banking Unit of People's Bank Head Office, 13th Floor, No. 75, Sir Chittampalam A Gardiner Mawatha, Colombo 02, being the Joint Managers to the Debenture Issue of Seylan Bank PLC, hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the issuer, the Prospectus constitutes full and true disclosure of all material facts about the Issue and Seylan Bank PLC.

The Common seal of People's Bank was affixed on 22nd March 2021 at Colombo in the presence of Chiarman and Actg.Secretary to the Board of People's Bank.

Sgd.
Chairman

Sgd.
Actg.Secretary to the Board

11. FINANCIAL INFORMATION

The following financial information of Seylan Bank PLC is available on the website of The Colombo Stock Exchange (www.CSE.lk) and the website of the Seylan bank PLC (www.seylan.lk).

- Audited financial statements of the Bank for the year ended 31 December 2020.
- Quarterly Financial Statements as of 31 December 2020.
- Summarized financial statements for the five year preceding the date of the application (i.e. for the financial years ending 31st December, 2016 -31st December, 2020) the Accountant's Report stating the accounting policies adopted by the Entity certified by the Auditors.

3/15/2021

Fitch Assigns Seylan Bank's Basel III Sub Debt a 'BBB+(lka)' Final Rating

**RATING ACTION COMMENTARY**

Fitch Assigns Seylan Bank's Basel III Sub Debt a 'BBB+(lka)' Final Rating

Mon 15 Mar, 2021 - 3:09 AM ET

Fitch Ratings - Colombo - 15 Mar 2021: Fitch Ratings has assigned Seylan Bank PLC's (A(lka)/Stable) proposed Basel III-compliant subordinated unsecured debentures a National Long-Term Rating of 'BBB+(lka)'.

The final rating is the same as the expected rating assigned on 21 August 2020, and follows the receipt of documents conforming to information already received.

The bank expects the proposed subordinated debentures to qualify as Basel III-compliant regulatory Tier 2 capital. The proposed debentures include a non-viability clause whereby they will convert to ordinary voting shares if so determined by the Monetary Board of Sri Lanka. The bank plans to use the proceeds to fund loan growth and strengthen its funding and Tier 2 capital bases. The debentures are to be listed on the Colombo Stock Exchange.

Feedback

KEY RATING DRIVERS

Seylan's proposed and outstanding Sri Lankan rupee-denominated subordinated debt is rated two notches below the National Long-Term Rating anchor. This reflects Fitch's baseline notching for loss severity for this type of debt and our expectations of poor recoveries. There is no additional notching for non-performance risks.

Fitch affirmed Seylan's National Long-Term Rating at 'A(lka)/Stable' on 5 August 2020.

<https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-sub-debt-bbb-lka-final-rating-15-03-2021>

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RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Seylan's subordinated debt would be upgraded if the bank's National Long-Term Rating is upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Seylan's subordinated debt would be downgraded if the bank's National Long-Term Rating is downgraded.

For Seylan's key rating drivers and rating sensitivities, see "Fitch Affirms Seylan Bank at 'A(lka)'; Outlook Stable", at www.fitchratings.com/site/pr/10131828

DATE OF RELEVANT COMMITTEE

04 August 2020

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
Seylan Bank PLC		
● subordinated	Natl LT	BBB+(lka) New Rating
		BBB+ (EXP) (lka)

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Sugath Alwis
Associate Director
Primary Rating Analyst

<https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-sub-debt-bbb-lka-final-rating-15-03-2021>

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Fitch Ratings Lanka Ltd.

15-04 East Tower World Trade Center Colombo 00100

Rukshana Thalgodapitiya

Director

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Peter Hoflich

Singapore

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Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

Bank Rating Criteria (pub. 28 Feb 2020) (including rating assumption sensitivity)

National Scale Rating Criteria - Effective from 8 June 2020 to 22 December 2020 (pub. 08 Jun 2020)

ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Seylan Bank PLC

<https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-sub-debt-bbb-lka-final-rating-15-03-2021>

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Fitch Assigns Seylan Bank's Basel III Sub Debt a 'BBB+(lka)' Final Rating

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Banks Asia-Pacific Sri Lanka

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<https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-sub-debt-bbb-lka-final-rating-15-03-2021>

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ANNEXURE – II BRANCH NETWORK

	Name of the Branch	Address	Email Address	Tel 1	Fax
1.	Akkaraipatthu	Zakir City, Pothuvil Road, Akkaraipatthu.	akkaraipattu.bmg@seylan.lk	067 - 22 79 781	067 - 22 79 783
2.	Akuressa	No.119, Deniyaya Road, Akuressa.	akuressa.bmg@seylan.lk	041 - 22 84 951	041 - 22 89 450
3.	Aluthgama	No.295A, Senaro Building, Galle Road, Aluthgama	aluthgama.bmg@seylan.lk	034 – 22 93 501-3	034- 22 93 504
4.	Ambalangoda	No. 24A, Galle Road, Ambalangoda.	ambalangoda.bmg@seylan.lk	091 - 22 58 010	091 - 22 58 011
5.	Ambalantota	154, Tissa Road, Ambalantota	ambalantota.bmg@seylan.lk	047 - 22 25 482	047 - 22 25 484
6.	Ampara	129,D.S.Senanayaka Street, Ampara	ampara.bmg@seylan.lk	063 - 22 24 897	063 - 22 24 897
7.	Anuradapura	No.250,Maithreepala SenanayakeMw,Anuradapura	anuradhapura.bmg@seylan.lk	025 - 22 24 649	025 - 22 23 116
8.	Aralaganwila	No.14/82, Kolongas Junction, Aralaganwila.	aralaganwila.bmg@seylan.lk	027 - 22 57 274	027 - 22 57 273
9.	Athurugiriya	No 111/2, Borella Road, Athurugiriya.	athurugiriya.bmg@seylan.lk	011 - 27 62 849	011 - 2762 867
10.	Attidiya	No. 214,Main Road , Attidiya, Dehiwala	attidiya.bmg@seylan.lk	011 - 27 29 696	011 - 27 22 967
11.	Awissawella	No. 71, Rathnapura Road, Awissawella	awissawella.bmg@seylan.lk	036 - 22 22 007	036 - 22 22 009
12.	Badulla	No. 10, Cocowatta Road, Badulla	badulla.bmg@seylan.lk	055 - 22 22 073	055 - 22 22 884
13.	Baduraliya	No 92, Ratnapura Rd, Baduraliya.	baduraliya.bmg@seylan.lk	034 - 22 46 716	034 - 22 46 733
14.	Balangoda	123, Barns Ratwattay, Balangoda	balangoda.bmg@seylan.lk	045 - 22 87 107	045 - 22 87 344
15.	Bambalapitiya	122.124, Galle Road, Colombo 04.	bambalapitiya.bmg@seylan.lk	011 - 25 06 295	011 - 25 06 291
16.	Bandaragama	No, 17A, Horana Rd, Bandaragama	bandaragama.bmg@seylan.lk	038 - 22 90 706	038 - 22 91 125
17.	Bandarawela	No. 240, Badulla Rd, Bandarawela	bandarawela.bmg@seylan.lk	057 - 22 23 144	057 - 22 22 964
18.	Battaramulla	No.119A, Pannipitiya Road, Battaramulla	battaramulla.bmg@seylan.lk	011 - 28 76 102	011 - 28 76 104
19.	Batticaloa	No. 06, Lloyds Av, Batticaloa	batticaloa.bmg@seylan.lk	065 - 22 24 419	065 - 22 24 353
20.	Beliatte	NO.73, Tangalle Rd, Beliatte.	beliatta.bmg@seylan.lk	047 - 22 43 619	047 - 22 43 619
21.	Beruwala	No 82, Galle Rd, Beruwala	beruwala.bmg@seylan.lk	034 - 22 79 887	034 - 22 79 888
22.	Bogawantalawa	No 79, Main Street, Bogawanthalawa	bogawantalawa.bmg@seylan.lk	052 - 22 67 576	052 - 22 67 576
23.	Boralesgamuwa	No 24 Kesbewa Rd, Boralesgamuwa	boralesgamuwa.bmg@seylan.lk	011 - 25 17 548	011 - 25 09 526
24.	Borella	No 1119, Maradana Rd, Borella	borella.bmg@seylan.lk	011 - 26 78 190	011 - 26 81 194
25.	Bowatta	No.476/2, Kurunegala Road, Bowatta, Bingiriya.	bowatta.bmg@seylan.lk	032 - 22 45 771	032 - 22 45 772
26.	Chankanai	MallakkamJunction,MainSt,Chank anai	chankani.bmg@seylan.lk	021 - 22 50 025	021 - 22 50 025
27.	Chavakachcheri	No.179,181,183, & 185 Kandy Road, Chavakachcheri.	chavakachcheri.bmg@seylan.lk	021 - 22 70 525	021 - 22 70 527
28.	Chenkalady	Main Street, Chenkalady.	chenkalady.bmg@seylan.lk	065 - 22 41 522	065 - 22 41 511
29.	Chilaw	No 46, Kurunegala Rd, chilaw	chilaw.bmg@seylan.lk	032 - 22 22 121	032 - 22 23 279
30.	Cinnamon Gardens	No 4, Baptist Chappel Rd, Colombo 07.	cinnamongardens.bmg@seylan.lk	011 - 26 94 966	112 - 68 37 25
31.	Colombo Fort Branch	No 69, Janadhipathi Mw, Colombo 01	colombofort.bmg@seylan.lk	011 - 24 45 840	011 - 24 47 990

32.	Colombo Gold Centre	Shop No.47 & 51, Colombo Gold Centre, Central Super Market, Pettah.	colombogoldcentre.bmg@seylan.lk	011 - 23 39 840	011 - 23 39 842
33.	Wellawatta	No 30, Galle Rd, Colombo 06	wellawatte.bmg@seylan.lk	011 - 25 93 405	011 - 25 93 406
34.	Dam Street	No 203, Dam Street, Colombo 11	damstreet.bmg@seylan.lk	011 - 23 90 980	011 - 23 47 138
35.	Dambulla	No 601, Anuradhapura Rd, Dambulla.	dambulla.bmg@seylan.lk	066 - 22 83 022	066 - 22 83 023
36.	Dankotuwa	No 20, Negombo Road, Dankotuwa	dankotuwa.bmg@seylan.lk	031 - 22 65 535	031 - 22 65 538
37.	Dehiattakandiya	No 83/84, Main Street, Dehiattakandiya	dehiattakandiya.bmg@seylan.lk	027 - 22 50 034	027 - 22 50 268
38.	Dehiwala	No 166D, Galle Rd, Dehiwala	dehiwala.bmg@seylan.lk	011 - 27 26 395	011 - 27 39 128
39.	Dummalasuriya	No 128, Main Street, Dummalasuriya	dummalasooriya.bmg@seylan.lk	032 - 22 42 221	032 - 22 42 224
40.	Embilipitiya	New Town Rd, Embilipitiya	embilipitiya.bmg@seylan.lk	047 - 22 30 340	047 - 22 30 342
41.	Eppawala	No.114/B, TalawaRoad,Eppawala.	eppawala.bmg@seylan.lk	025 - 22 49 923	025 - 22 49 922
42.	Galenbidunuwewa	KahatagasdigiliyaRoad,Galenbidunuwewa.	galenbidunuwewa.bmg@seylan.lk	025 - 22 58 778	025 - 22 58 777
43.	Galle	No34,1st cross Street,, Talbot Town, Galle.	galle.bmg@seylan.lk	091 - 22 32 242	091 - 22 34 642
44.	Gampaha	No 01J, Bauddhaloka Mw, Gampaha	gampaha.bmg@seylan.lk	033 - 22 22 618	033 - 22 22 934
45.	Gampola	No 44, Kandy Rd, Gampola	gampola.bmg@seylan.lk	081 - 23 52 741	081 - 23 52 740
46.	Ganemulla	No 4/2,Kirindiwita Rd, Ganemulla	ganemulla.bmg@seylan.lk	033 - 22 60 230	033 - 22 60 737
47.	Godagama	No.157/A,High Level Road,Godagama	godagama.bmg@seylan.lk	011 - 28 95 741	011 - 28 95 743
48.	Gothatuwa (Kotikawatte)	No 31,Gothatuwa New Town , Angoda.	gothatuwa.bmg@seylan.lk	011 - 24 10 985	011 - 24 10 986
49.	Godakawela	No 54/B, Main Street Godakawela	godakawela.bmg@seylan.lk	112830365/ 112830501	
50.	Grandpass	No 401, Prince Of wales Av, Colombo 14	grandpass.bmg@seylan.lk	011 - 23 31 726	011 - 23 47 774 / 011 - 24 40 117
51.	Hambantota	No. 57A, Tissa Road, Hambantota.	hambantota.bmg@seylan.lk	047 - 22 20 507	047 - 22 20 519
52.	Hatton	No.42, Dunbar Rd, Hatton.	hatton.bmg@seylan.lk	051 - 22 22 234	051 - 22 22 682
53.	Havelock Town	No 164,166, Havelock Rd, Colombo 05	havelocktown.bmg@seylan.lk	011 - 25 96 550	011 - 25 97 498
54.	Hikkaduwa	No.271,Galle Road,Hikkaduwa	hikkaduwa.bmg@seylan.lk	091 - 22 76 964	091 - 22 76 966
55.	Hingurakgoda	No 13,14, Airport Rd, Hingurakgoda	hingurakgoda.bmg@seylan.lk	027 - 22 46 242	027 - 22 46 043
56.	Homagama	No 94, High Level Rd, Homagama	homagama.bmg@seylan.lk	011 - 28 55 065	011 - 28 55 066
57.	Horana	160/1/1, Rathnapura Rd, Horana	horana.bmg@seylan.lk	034 - 22 61 176	034 - 22 63 518
58.	Ingiriya	No 23/1,Central Building, Padukka Rd, Ingiriya.	ingiriya.bmg@seylan.lk	034 - 22 69 754	034 - 22 69 900
59.	Ja-ela	No 165 2/1,Colombo Rd, Ja-Ela	jaela.bmg@seylan.lk	011 - 22 37 421	011 - 22 37 416
60.	Jaffna	No.141, 143, Stanly Road, Jaffna	jaffna.bmg@seylan.lk	021 - 22 23 755	021 - 22 23 047
61.	Kadawatha	No 28/B, Ganemulla Rd, Kadawatha	kadawatha.bmg@seylan.lk	011 - 29 25 594	011 - 29 25 596
62.	Kaduruwela	No 824A,Main Street,Kaduruwela	kaduruwela.bmg@seylan.lk	027 - 22 25 319	027 - 22 25 321
63.	Kalawanchikudy	No.225,MainStreet,Kaluwanchikudi.	kalawanchikudy.bmg@seylan.lk	065 - 22 51 536	065 - 22 51 535
64.	Kalmunai	No.159,BatticaloaRoad,Kalmunai.	kalmunai.bmg@seylan.lk	067 - 22 25 841	067 - 22 25 843
65.	Kalpitiya	No.73,MainStreet,Kalpitiya.	kalpitiya.bmg@seylan.lk	032 - 22 60 012	032 - 22 60 803
66.	Kalubowila	No 32,S De S jayasinghe MW, Kalubowila, Dehiwala	kalubowila.bmg@seylan.lk	011 - 28 22 944	011 - 28 22 870
67.	Kalutara	No 338, Main street, Kalutara	kalutara.bmg@seylan.lk	034 - 22 25 035	034 - 22 23 033

68.	Kamburupitiya	No. 05, Akuressa Road, Kamburupitiya	kamburupitiya.bmg@seylan.lk	041 - 22 92 555	041 - 22 93 555
69.	Kandy	No. 21, Dalada Veediya, Kandy	kandy.bmg@seylan.lk	081 - 22 33 763	22 32 322 - 22 34 805
70.	Kandana	No. 82, Negombo Road, Kandana.	kandana.bmg@seylan.lk	011-2234207	011-2234365
71.	Kantale	189, Agrabodhi Mw, Kanthale	kantale.bmg@seylan.lk	026 - 22 34 478	026 - 22 34 479
72.	Katharagama	No.01,NewTown,Kataragama.	katharagama.bmg@seylan.lk	047 - 22 36 247	047 - 22 36 248
73.	Kattankudy	No 230, Main Street , Kattankudy	kattankudy.bmg@seylan.lk	065 - 22 46 625	065 - 22 46 696
74.	Katugastota	No.81,Kurunegala Road, Katugasthota	katugastota.bmg@seylan.lk	081 - 24 98 778	081 - 22 12 871
75.	Katunayaka	No 32, DhammalokaMw,Averiyawatte,Ka tunayake.	katunayake.bmg@seylan.lk	011 - 22 52 566	011 - 22 52 567
76.	Katuneriya	No . 99/1, ChillawRoad.,Katuneriya.	katuneriya.bmg@seylan.lk	031 - 22 57 765	031 - 22 53 '149
77.	Kegalle	No 112, Colombo Rd, Kegalle.	kegalle.bmg@seylan.lk	035 - 22 22 007	035 - 22 22 006
78.	Kekirawa	No 06, Yakkala Rd, Kekirawa.	kekirawa.bmg@seylan.lk	025 - 22 64 590	025 - 22 64 592
79.	Kelaniya	No.32,Kandy Road, Dalugama,Kelaniya	kelaniya.bmg@seylan.lk	011 - 29 87 321	011 - 29 87 323
80.	Kilinochchi	No 77,79, Kandy Rd, Killinochchi.	kilinochchi.bmg@seylan.lk	021 - 22 85 310	021 - 22 85 311
81.	Kiribathgoda	No 173,Kandy Rd, Kiribathgoda	kiribathgoda.bmg@seylan.lk	011 - 29 08 113	011 - 29 12 379
82.	Kirindiwela	No 89, Gampaha Rd, Kirindiwela.	kirindiwela.bmg@seylan.lk	033 - 22 69 709	033 - 22 69 709
83.	Kirulapone	280 B, High Level Road, Colombo 06.	kirulapone.bmg@seylan.lk	011 - 28 29 054	011 - 27 68 432
84.	Kochchikade	No 66, Chilaw Rd, Kochchikade	kochchikade.bmg@seylan.lk	031 - 22 77 661	031 - 22 77 341
85.	Koggala	09, Export Processing Zone Koggala Habaraduwa.	koggala.bmg@seylan.lk	091 - 22 83 390	091 - 22 83 389
86.	Kollupitiya	No 428, R.a.De Mel Mw, Colombo 03	kollupitiya.bmg@seylan.lk	011 - 25 64 080	011 - 25 77 913 / 011 - 25 76 9'14
87.	Kotahena	No 310,George R De Silva Mw, Colombo 13	kotahena.bmg@seylan.lk	011 - 24 47 041	011 - 23 99 660
88.	Kotiyakumbura	No 05, Main street, Kotiyakumbura.	kotiyakumbura.bmg@seylan.lk	035 - 22 89 035	035 - 22 89 067
89.	Kottawa	No. 360/2A, Highlevel Road, Pannipitiya, Kottawa.	kottawa.bmg@seylan.lk	011 - 28 42 682	011 - 28 51 292
90.	Kuliyapitiya	No 137, Hettipola Rd, Kuliyapitiya	kuliyapitiya.bmg@seylan.lk	037 - 22 81 450	037 - 22 81 451
91.	Kurunegala	No 64, Colombo Rd, Kurunegala	kurunegala.bmg@seylan.lk	037 - 22 23 575	037 - 22 24 277
92.	Maharagama	No 134 B, High Level Rd, Maharagama	maharagama.bmg@seylan.lk	011 - 28 41 997	011 - 28 50 649
93.	Mahiyanganaya	13, Kandy Road- South,Mahiyanganaya	mahiyanganaya.bmg@seylan.lk	055 - 22 58 112	055 - 22 58 1'14
94.	Malabe	No 11,Athurugiriya Rd , Malabe	malabe.bmg@seylan.lk	011 - 25 61 415	011 - 25 61 4'14
95.	Manampitiya	No.9/B Main Street, Manampitiya	manampitiya.bmg@seylan.lk	060 - 22 79 171	027 - 22 24 455
96.	Manipay	No 103,Jaffna Rd, Manipay.	manipay.bmg@seylan.lk	021 - 22 55 526	021 - 22 55 527
97.	Mannar	No 54, Main Street ,Ward No.5, Mannar	mannar.bmg@seylan.lk	023 - 22 23 241	023 - 22 23 243
98.	Maradagahamula	No 150, Divulapitiya Rd, Maradagahamula	marandagahamula.bmg@seylan.lk	031 - 22 46 377	031 - 22 46 378
99.	Maradana	No 250, Sri Sangaraja Mw, colombo 10	maradana.bmg@seylan.lk	011 - 23 34 185	011 - 24 73 280 / 011 - 24 78 161
100.	Matale	No 166-168, Main Street, Matale	matale.bmg@seylan.lk	066 - 22 32 934	066 - 22 32 935
101.	Matara	No.58,Esplanade Road,Matara	matara.bmg@seylan.lk	041 - 22 21 181	041 - 22 23 064
102.	Matugama	No.121,Agalawatta Road, Matugama.	mathugama.bmg@seylan.lk	034 - 22 47 544	034 - 22 47 091
103.	Mawanella	No 1/3,New Kandy Rd, Mawanella.	mawanella.bmg@seylan.lk	035 - 22 46 007	035 - 22 46 989

104.	Mawathagama	No 69/A, Kurunegala Rd, Mawathagama	mawathagama.bmg@seylan.lk	037 - 22 98 666	037 - 22 96 336
105.	Medawachchiya	82/C, Jaffna Rd, Medawachchiya.	medawachchiya.bmg@seylan.lk	025 - 22 45 383	025 - 22 45 384
106.	Meegoda	Meegoda Economic Centre Complex, Old Rd, Meegoda	meegoda.bmg@seylan.lk	011 - 28 30 820	011 - 28 30 820
107.	Millenium Branch	Seylan Towers, No 90, Galle Rd, Colombo 03	millennium.bmg@seylan.lk	011 - 24 56 145	011 - 24 52 501
108.	Minuwangoda	No 40, Cargills Building, Colombo Road, Minuwangoda.	minuwangoda.bmg@seylan.lk	011 - 22 99 004	011 - 22 99 005
109.	Mirigama	No 70/1, Giriulla Rd, Mirigama.	mirigama.bmg@seylan.lk	033 - 22 73 001	033 - 22 73 000
110.	Moneragala	94/3, New bus stand, Moneragala	monaragala.bmg@seylan.lk	055 - 22 76 212	055 - 22 76 164
111.	Moratumulla	No.242 (330 & 330/1), Desoysa Road, Moratumulla, Moratuwa.	moratumulla.bmg@seylan.lk	011 - 26 52 084	011 - 26 52 085
112.	Moratuwa	No. 433, Galle Road, Rawathawatte, Moratuwa.	moratuwa.bmg@seylan.lk	011 - 26 56 902	011 - 26 56 901
113.	Mount Lavinia	No 198, Galle Rd Ratmalana.	mountlavinia.bmg@seylan.lk	011 - 27 38 272	011 - 27 23 271
114.	Mullativu	P W D Road, Mullativu	mullativu.bmg@seylan.lk	021 - 22 90 065	021 - 22 90 067
115.	Narammala	150, Kurunegala Road, Narammala	narammala.bmg@seylan.lk	037 - 22 48 764	037 - 22 48 745
116.	Nawala	No 48/A, Narahenpita Rd, Nawala	nawala.bmg@seylan.lk	011 - 28 06 727	011 - 28 05 779
117.	Nawalapitiya	No 02, Baily Rd. Nawalapitiya	nawalapitiya.bmg@seylan.lk	054 - 22 22 056	054 - 22 23 832
118.	Negombo	No 141, Rajapakse Braodway, Negombo	negambo.bmg@seylan.lk	031 - 22 24 302	031 - 22 24 335
119.	Nellyady	No 149, Point Pedro Rd, Nellyady.	nellyady.bmg@seylan.lk	021 - 32 05 961	021 - 22 64 966
120.	Nittambuwa	NO 195/1, Colombo Rd Nittambuwa.	nittambuwa.bmg@seylan.lk	033 - 22 95 270	033 - 22 96 650
121.	Nochiyagama	No.411, Puttalam Road, Nochiyagama.	nochiyagama.bmg@seylan.lk	025 - 22 57 220	025 - 22 57 324
122.	Nugegoda	211, High Level Rd, Nugegoda.	nugegoda.bmg@seylan.lk	011 - 28 15 094	011 - 28 11 182
123.	NuwaraEliya	No 48, Park Rd, NuwaraEliya.	nuwaraeliya.bmg@seylan.lk	052 - 22 23 026	052 - 22 23 002
124.	Old Moor Street	No. 315-317, Old Moor Street, colombo 12	oldmoorstreet.bmg@seylan.lk	011 - 24 21 483	011 - 23 31 774
125.	Padaviya	"Vidushi Building" Bandaranayake Junction, Padaviya.	padaviya.bmg@seylan.lk	025 - 22 53 003	025 - 22 53 016
126.	Padukka	No 36/A Colombo Road, Padukka	padukka.bmg@seylan.lk	0362256995/6	0362256998
127.	Pallekele	Kandy Industrial Park, BOI, Pallekele	pallekele.bmg@seylan.lk	081 - 24 23 958	081 - 24 23 135
128.	Panadura	No 372, Galle Rd, Panadura	panadura.bmg@seylan.lk	038 - 22 33 172	038 - 22 35 304
129.	Pannala	No 22, Negombo Rd., Pannala	pannala.bmg@seylan.lk	037 - 22 45 532	037 - 22 45 536
130.	Pelmadulla	No 17, Galwatta Rd, Pelmadulla	pelmadulla.bmg@seylan.lk	045 - 22 75 625	045 - 22 75 527
131.	Pettah	No 96, Main Street, Colombo 11	pettah.bmg@seylan.lk	011 - 23 37 823	011 - 23 37 826
132.	Piliyandala	No 07 Old Road, Piliyandala.	piliyandala.bmg@seylan.lk	011 - 26 04 982	011 - 26 04 983
133.	Pitakotte	143A, Pagoda Road, Pitakotte.	pitakotte.bmg@seylan.lk	011 - 28 27 871	011 - 28 27 873
134.	Polonnaruwa	Lake View Building Polonnaruwa.	polonnaruwa.bmg@seylan.lk	027 - 22 23 168	027 - 22 23 169
135.	Pothuwil	Main Street, Pothuwil	pothuwil.bmg@seylan.lk	063 - 22 48 515	063 - 20 50 846
136.	Pussellawa	No.429, Nuwara Eliya Road, Pussellawa	pussellawa.bmg@seylan.lk	081 - 24 78 131	081 - 24 78 135
137.	Puttalam	No. 14, Kangani Kulam Street, Puttalam.	puttalam.bmg@seylan.lk	032 - 22 65 194	032 - 22 65 469
138.	Raddalugama	171, National Housing scheme, Raddalugama.	raddolugama.bmg@seylan.lk	011 - 22 92 778	011 - 22 92 372
139.	Ranpokunagama	No 01, Maduwegedara, Nittambuwa.	ranpokunagama.bmg@seylan.lk	033 - 22 82 242	033 - 22 82 241
140.	Ratnapura	No.06, Goodshed Rd, Ratnapura.	ratnapura.bmg@seylan.lk	045 - 22 23 111	045 - 22 22 111

141.	Rideegama	No.02,Dodangaslanda Road,Rideegama	rideegama.bmg@seylan.lk	037 - 22 52 690	037 - 22 52 692
142.	Ruwanwella	No 88, Main street, Ruwanwella	ruwanwella.bmg@seylan.lk	036 - 22 67 445	036 - 22 67 447
143.	Sammanthurai	No. 113,Hijra Junction,Ampara 1st Lane,Samanthurai	sammanthurai.bmg@seylan.lk	067 - 22 61 284	067 - 22 61 285
144.	Sarikkalimulla	No 97, Old Galle Rd, Sarikkamulla , Panadura.	sarikkamulla.bmg@seylan.lk	038 - 22 35 265	038 - 22 33 082
145.	Siyambalanduwa	In Front of Fuel Station, Pothuvil Road, Siyambalanduwa.	siyambalanduwa.bmg@seylan.lk	055 - 22 79 138	055 - 22 79 139
146.	Soysapura	No.05, Angulana Junction, Katubedda, Moratuwa	soysapura.bmg@seylan.lk	011 - 26 22 756	011 - 26 12 003
147.	Thalawakele	No 10, Kotmale Rd, Thalawakele	thalawakele.bmg@seylan.lk	052 - 22 58 638	052 - 22 58 639
148.	Tissamaharama	No 169, Kachcheriyagama, Hambantota Road, Tissamaharama	tissamaharama.bmg@seylan.lk	047 - 22 37 161	047 - 22 37 163
149.	Trincomalee	No 289, Central Rd,Trincomalee.	trincomalee.bmg@seylan.lk	026 - 22 27 701	026 - 22 27 701
150.	Udappu	Division No 6, Main Street,Udappu.	udappuwa.bmg@seylan.lk	032 - 22 58 830	032 - 22 58 848
151.	Union Place	No 115, Union Place , Colombo 05	Unionplace.bmg@seylan.lk	112546395	112546397
152.	Vavuniya	No 45, 2nd cross Street ,Vavuniya.	vavuniya.bmg@seylan.lk	024 - 22 22 633	024 - 22 22 933
153.	Veyangoda	No 95, Negombo Road, Veyangoda	veyangoda.bmg@seylan.lk	033 - 22 95 050	033 - 22 95 051
154.	Wadduwa	14,Station Road, Wadduwa.	wadduwa.bmg@seylan.lk	038 - 22 94 672	038 - 22 94 325
155.	Warakapola	No 192, Main Street, Warakapola.	warakapola.bmg@seylan.lk	035 - 22 67 628	035 - 22 67 123
156.	Wariyapola	No.105, Kurunegala Road, Wariyapola	wariyapola.bmg@seylan.lk	037-22 68 598-600	037-22 68 596
157.	Wattala	No 276, Negombo Rd, Wattala	wattala.bmg@seylan.lk	011 - 29 33 589	011 - 29 31 603
158.	Welimada	No. 107, NuwaraEliya Rd, Welimada	welimada.bmg@seylan.lk	057 - 22 45 617	057 - 22 45 350
159.	Weliweriya	No 477/20/15 Edwin Estate, Main Street, Weliweriya.	weliweriya.bmg@seylan.lk	033 - 22 55 021	033 - 22 55 355
160.	Wennappuwa	No. 17/1, Chilaw Road, Wennappuwa	wennappuwa.bmg@seylan.lk	031-22-62967	031-2262965
161.	Wijerama	No.675/1,High Level Rd, Wijerama.	wijerama.bmg@seylan.lk	011 - 28 03 001	011 - 28 03 155
162.	Yakkala	No184,Kandy Rd, Yakkala	yakkala.bmg@seylan.lk	033 - 22 26 378	033 - 22 33 527
163.	Yatiantota	No 51/1/2, Ginigathhena Rd, Yatiantota.	yatiantota.bmg@seylan.lk	036 - 22 71 480	036 - 22 71 481
164.	Peradeniya	No.670,Peradeniya Road, Kandy.	peradeniya.bmg@seylan.lk	081-2068041	081-2068044
165.	Pilimathalawa	No.225, Colombo Road, Pilimathalawa.	pilimathalawa.bmg@seylan.lk	081-2069706	081-2069709
166.	Employment Bureau Center*	109, Main Street, Battaramulla	ebc@seylan.lk	011-3301114	-
167.	Karapitiya	No 108A, Karapitiya, Galle	karapitiya.bmg@seylan.lk	091-2222537	091-2222539
168.	Matara Bazaar-Kotuwegoda	No 167/A, New Tangalle Road, Kotuwegoda, Matara	matarabazaar.bmg@seylan.lk	041-2238395	041-2238397
169.	Chunnakam	No 130, PonnambalamRamanathan Road, Chunnakam	chunnakam.bmg@seylan.lk	021-2242901	021-2242904
170.	Mutwal	No677, Aluthmawatha Road,	mutwal.bmg@seylan.lk	011-2524138	011-2524248
171.	Hettipola	No.169, Kurunegala Road, Hettipola	Hettipola.bmg@seylan.lk	0372291833/4	0372291844
172.	Eheliyagoda	No.65, Awissawella Road, Eheliyagoda	Eheliyagoda.bmg@seylan.lk	0362256995/6	0362256998

ANNEXURE – III COLLECTION POINTS

**COPIES OF THE PROSPECTUS CAN BE OBTAINED FREE OF CHARGE FROM THE FOLLOWING
COLLECTION POINTS****Managers to the Issue****People's Bank -Investment Banking Unit**

13th floor, No 75,
Sir Chittampalam Gardiner Mw,
Colombo 02.
T:+94 112206795-6
F: + 94 11 2458842

Capital Alliance Partners Limited

Level 5, "Millennium House",
46/58, NavamMawatha,
Colombo 02.
T: +94 11 2317777
F: +94 11 2317788

Bankers to the Issue**Seylan Bank PLC**

Millennium Branch,
"Seylan Towers",
No.90, Galle Road,
Colombo 03.
T: +94 11 2456103, 11 2456135, 11 2456145
F: +94 11 2452506, 11 2452501

Registrars to the Issue**SSP Corporate Services (Pvt) Ltd**

No 101,
Inner Flower Road,
Colombo 03.
T: 94 11 2573894
F: 94 11 2573609

MEMBERS OF THE CSE

<p>Bartleet Religare Securities (Pvt) Ltd Level "G", "Bartleet House", 65, Braybrooke Place, Colombo 2. +94 11 5 220 200 +94 11 2 434 985 info@bartleetstock.com http://www.bartleetreligare.com</p>	<p>Acuity Stockbrokers (Pvt) Ltd. No. 53, Dharmapala Mawatha, Colombo 3. +94 11 2 206 206 +94 11 2 206 298 / 9 sales@acuitystockbrokers.com http://www.acuity.lk/</p>
<p>John Keells Stock Brokers (Pvt) Ltd. 186, Vauxhall Street, Colombo 2. +94 11 2 306 250 +94 11 2 342 068 jkstock@keells.com http://www.jksb.com/</p>	<p>Asha Phillip Securities Ltd. No.60, 5th Lane, Colombo 03. +94 11 2 429 100 +94 11 2 429 199 apsl@ashaphillip.net http://www.ashaphillip.net/</p>
<p>Assetline Securities (Pvt) Ltd. No.120, 120A, Pannipitiya Road, Battaramulla. +94 11 4 700 100 +94 11 4 700 101, +94 11 4 700 112 info@assetline.lk http://assetline.lk/product/stock-broking/</p>	<p>Somerville Stockbrokers (Pvt) Ltd. 1A, Park Way, Park Road Colombo 5. +94 11 2 502 852 / +94 11 2 502 854/ +94 11 2 502 858 / +94 11 2 502 862 +94 11 2 502 852 contact@somerville.lk</p>
<p>J B Securities (Pvt) Ltd. 150, St. Joseph Street, Colombo 14. +94 11 2 490 900 +94 11 2 430070 jbs@jb.lk https://www.jbs.lk/</p>	<p>Lanka Securities (Pvt) Ltd. 228/1, Galle Road, Colombo 04. +94 11 4 706 757, 2 554 942 +94 11 4 706 767 info@lankasec.com http://www.lankasecurities.com/</p>
<p>Asia Securities (Pvt) Ltd. 4th Floor, Lee Hedges Tower, No.349, Galle Road, Colombo 3. +94 11 7 722 000 +94 11 2584864 marketinfo@asiasecurities.lk http://asiasecurities.net/</p>	<p>Nation Lanka Equities (Pvt) Ltd. 44, Guildford Crescent, Colombo - 07. +94 11 488 9061-3/ +94 11 789 8302 +94 11 2 688 899 info@nlequities.com http://www.nlequities.com/</p>
<p>Capital Trust Securities (Pvt) Ltd. 42, Mohamed Macan Markar Mawatha, Colombo 3. +94 11 2 174 174, +94 11 2 174 175 +94 11 2 174 173 inquiries@capitaltrust.lk http://www.capitaltrust.lk/</p>	<p>S C Securities (Pvt) Ltd. 5th Floor, 26 B, Alwis Place, Colombo 3. +94 11 4 711 000 / +94 11 47 11 001 +94 11 2 394 405 itdivision@sampathsecurities.lk http://www.sampathsecurities.lk/</p>

<p>CT CLSA Securities (Pvt) Ltd 4-14, Majestic City, 10, Station Road, Colombo 4. Tel. +94 11 2 552 290 - 4 +94 11 2 552 289 info@ctclsa.lk http://www.ctclsa.lk/</p>	<p>First Capital Equities (Pvt) Ltd. No. 2, Deal Place, Colombo 03. +94 11 2639898 +94 11 5 736 264 equity@firstcapital.lk http://www.firstcapital.lk/</p>
<p>NDB Securities (Private) Ltd. Level 2, NDB Capital Building, No. 135, Buddhaloka Mawatha, Colombo 4. +94 11 2 314 170 to 2 314 178, +94 11 2 131 000 +94 11 2 314 181 mail@ndbs.lk http://www.ndbs.lk/</p>	

TRADING MEMBERS

<p>Capital Alliance Securities (Pvt) Ltd. Level 5, "Millennium House", 46/58 Navam Mawatha, Colombo 2. +94 11 2 317 777 +94 11 2 3177 88 info@cal.lk www.capitalalliance.lk</p>	<p>SMB Securities (Pvt) Ltd. No. 02, Gower Street, Colombo 5. +94 11 5 388 138 + 94 11 2 550100 info@smbsecurities.lk www.smbsecurities.lk</p>
<p>First Guardian Equities (Pvt) Ltd. 32nd Floor, East Tower, World Trade Centre, Colombo 7. 1. +94 11 5 884 400 (Hunting) +94 11 5 884 401 info@fge.lk www.fge.lk</p>	<p>Enterprise Ceylon Capital (Pvt) Ltd. No.73/1, Dharmapala Mawatha, Colombo 7 +94 112 445 644 , 112 301 861/2 info@ecc.lk ecc.lk/</p>
<p>TKS Securities (Pvt) Ltd. 4th Floor, No. 245, Dharmapala Mawatha, Colombo 7. +94 11 7 857 799 +94 11 7 857 857 info@tksl.lk www.tks.lk</p>	<p>Richard Pieris Securities (Pvt) Ltd. No.310, High Level Road, Nawinna, Maharagama.. +94 11 4 310 500 +94 11 2 802 385 rpfs@rpsecurities.com www.arpico.com/contents/services_stock_broking.php</p>
<p>LOLC Securities Ltd No. 481, T.B.Jayah Mawatha, Colombo 10. +94 11 5 889 889 +94 11 2 662 883 info@lolcsecurities.com</p>	<p>Navara Securities (Pvt) Ltd. No. 12B Gregory's Road, Colombo 7. +94 11 2 358 700 / 20 +94 11 5 005 551 info@navarasecurities.lk www.navarasecurities.lk</p>

<p>Softlogic Stockbrokers (Pvt) Ltd Level 16, One Galle Face Tower, Colombo 02 +94 11 7 277 000 +94 11 7 277 099 ssb.inquiry@softlogic.lk www.softlogicequity.lk</p>	<p>Taprobane Securities (Pvt) Ltd. 2nd Floor, No. 10, Gothami Road, Colombo 08. +94 11 5 328 200, +94 11 5 328 100 +94 11 5 328 177 contact@taprobane.lk www.taprobane.lk/</p>
<p>Candor Equities Ltd. 46/58 Nawam Mawatha, Colombo 02.. +94 11 2 359 100 +94 11 2 305 522 info@candorh.com www.candor-holdings.com</p>	

TRADING MEMBERS – DEBT

<p>Seylan Bank PLC Level3, Seylan Towers, 90, Galle Road, Colombo 03. +94 11 245 6300 +94 11 245 2215 info@seylan.lk https://www.seylan.lk/</p>	<p>Capital Alliance Ltd Level 5, "Millenium House" 46/58, Nawam Mawatha, Colombo 2. +94 11 2 317 777 +94 11 2 317 788 info@cal.lk</p>
<p>Wealthtrust Securities Ltd No. 102/1, Dr. N.M. Perera Mawatha, Colombo 08. +94 11 2 675 091-4 +94 11 2 689 605 info@wealthtrust.lk</p>	<p>NSB Fund Management Ltd No.400, Galle Road, Colombo 3.. +94 11 242 5010 +94 11 2 574 387</p>

ANNEXURE IV - ACCOUNTANTS REPORT AND 5 YEAR SUMMARY



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

5th March 2021

The Board of Directors,
Seylan Bank PLC,
Seylan Towers
No. 90, Galle Road,
Colombo 03.

Dear Sirs/Madam,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF SEYLAN BANK PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the Public Offer of BASEL III compliant, Tier II, Listed, Rated, Unsecured Subordinated Redeemable Debentures with a feature for Non-viability Conversion to ordinary shares which said Debenture Issue comprise an issue of a maximum of 60 million of such Debentures of LKR 100/- each with an initial sum to be raised amounting to LKR 5 Billion; with the option to issue further 10 Million Debentures of LKR 100/- each amounting to LKR 1 Billion in the event of an oversubscription of such initial issue.

We have examined the financial statements of Seylan Bank PLC for the financial years ended 31st December 2016 to 2020, included in the prospectus and report as follows.

1. INCORPORATION

Seylan Bank PLC ("the Bank") is a listed Company incorporated in 1987 and domiciled in Sri Lanka. As per section 487 (2) of Companies Act No. 7 of 2007, the Bank has been reregistered under the registration number PQ9. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The Bank is licensed by the Central Bank of Sri Lanka to conduct banking and related activities such as accepting deposits, corporate and retail banking, personal financial services, off shore banking, foreign currency operations, trade services, rural finance, project finance, dealing in government securities, etc. under the provisions of the Banking Act No. 30 of 1988.

2. FINANCIAL STATEMENTS

2.1 Five Years Summary of Financial Statements

A summary of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of Seylan Bank PLC for the years ended 31st December 2016 to 2020, based on the audited financial statements of the Bank are set out in Annexure 1.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA
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Ms. P.M.K. Sumanasekera FCA



Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31st December 2016 to 2020 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012 applied from the date of transition of 1st January 2011.

2.2 Audit Reports

We have audited the financial statements of the Bank for the years ended 31st December 2016 to 2020. Unqualified audit opinions have been issued for the said financial years.

2.3 Application of Accounting Standards and Accounting Policies

The financial statements of the Bank for the financial years ended 31st December 2016 to 2020 complied with the applicable Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited financial statements of Seylan Bank PLC for the year ended 31st December 2020. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the Bank from financial years ended 31st December 2016 to 2020 are given below.

Financial Year	Adoption of revised Accounting Standards and related changes in Accounting Policies
31 st December 2016	No change during the year 2016.
31 st December 2017	No change during the year 2017.
31 st December 2018	<p>(A) Adoption of SLFRS 9 – “Financial Instruments” And SLFRS 15 – “Revenue From Contracts With Customers”</p> <p>The new judgments and accounting policies adopted with effect from 1st January 2018 are given below.</p> <p>(A.01) Use of Estimates and Judgements</p> <p>Classification of Financial Assets</p> <p>The Bank 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-Payment-of-Principal-and-Interest (SPPI) on the principal amount of the outstanding.</p> <p>The Bank 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.</p>



	<p>Changes in Accounting Policies</p> <p>The Bank has initially adopted SLFRS 9 and SLFRS 15 from 1st January 2018. Due to the transition method chosen by the Bank in applying SLFRS 9 comparative information throughout these financial statements has not been restated to reflect its requirements.</p> <p>The adoption of SLFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognized by the Bank. Accordingly the impact on the comparative information is limited to new disclosure requirements.</p> <p>The effect of initially applying these standards is mainly attributed to the following:</p> <ul style="list-style-type: none">• An increase in impairment losses recognized on financial assets• Additional disclosures related to SLFRS 9• Additional disclosures related to SLFRS 15 <p>(A.1.1) SLFRS 9 – Financial Instruments</p> <p>SLFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. The requirements of SLFRS 9 represent a significant change from LKAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.</p> <p>As permitted by SLFRS 9, the Bank has elected to continue to apply the hedge accounting requirements of LKAS 39.</p> <p>Classification of financial assets and financial liabilities</p> <p>SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). SLFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous LKAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SLFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.</p> <p>SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, although under LKAS 39 all fair value changes of liabilities designated under the fair value option were</p>
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	<p>recognised in profit or loss, under SLFRS 9 fair value changes are generally presented as follows:</p> <ul style="list-style-type: none"> • the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and • the remaining amount of change in the fair value is presented in profit or loss. <p>Impairment of financial assets</p> <p>SLFRS 9 replaces the ‘incurred loss’ model in LKAS 39 with an ‘expected credit loss’ model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39.</p> <p>Transition</p> <p>Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below.</p> <ul style="list-style-type: none"> • The Bank used the exemption not to restate comparatives. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of SLFRS 9 and therefore is not comparable to the information presented for 2018 under SLFRS 9. • The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application. <ul style="list-style-type: none"> – The determination of the business model within which a financial asset is held. – The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL. – The designation of certain investments in equity instruments not held for trading as at FVOCI. – For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. – If a debt security had low credit risk at the date of initial application of SLFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.
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	<p>(A.1.2) SLFRS 15 Revenue from Contracts with Customers</p> <p>SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations.</p> <p>The Bank initially applied SLFRS 15 on 1 January 2018 retrospectively in accordance with LKAS 8 without any practical expedients. The timing or amount of the Bank's fee and commission income from contracts with customers was not impacted by the adoption of SLFRS 15. The impact of SLFRS 15 was limited to the new disclosure requirements.</p> <p>(A.2) Significant Accounting Policies</p> <p>(A.2.1) Classification</p> <p>Financial assets</p> <p>On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.</p> <p>A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at</p> <p>FVTPL:</p> <ul style="list-style-type: none"> - 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 SPPI. <p>A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.</p> <ul style="list-style-type: none"> - 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. <p>On initial recognition of an equity investment that is not held for trading, the Bank 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.</p> <p>In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at</p>
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	<p>amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.</p> <p>Business model assessment</p> <p>The Bank 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:</p> <ul style="list-style-type: none"> - 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 Bank’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 Bank’s stated objective for managing the financial assets is achieved and how cash flows are realized. <p>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.</p> <p>Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)</p> <p>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.</p> <p>In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instruments. This includes assessing whether the</p>
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	<p>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 Bank considers:</p> <ul style="list-style-type: none"> - contingent events that would change the amount and timing of cash flows; - leverage features; - prepayment and extension terms; - terms that limit the Bank'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). <p>The Bank holds a portfolio of long-term fixed-rate loans for which the Bank 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 Bank 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.</p> <p>Non-recourse loans</p> <p>In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:</p> <ul style="list-style-type: none"> - 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 Bank'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 Bank will benefit from any upside from the underlying assets. <p>Reclassifications</p> <p>Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.</p>
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	<p>(A.2.2) Derecognition</p> <p>Financial Assets</p> <p>The Bank 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 Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.</p> <p>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.</p> <p>From 1 January 2018 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 Bank is recognised as a separate asset or liability.</p> <p>The Bank 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.</p> <p>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 Bank retains all or substantially all of the risks and rewards of ownership of such assets.</p> <p>In transactions in which the Bank 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 Bank 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.</p> <p>Financial Liabilities</p> <p>The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.</p>
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	<p>(A.2.3) Modification of financial assets and liabilities</p> <p>Financial assets</p> <p>If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.</p> <p>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:</p> <ul style="list-style-type: none"> - 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. <p>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 Bank 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.</p> <p>If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank 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.</p> <p>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.</p>
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	<p>Financial liabilities</p> <p>The Bank derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.</p> <p>If the modification of a financial liability is not accounted for as derecognition, then the amortized 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 recognized 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 recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.</p> <p>(A.2.3) Impairment</p> <p>Recognition of ECL</p> <p>The Bank recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:</p> <ul style="list-style-type: none"> - financial assets that are debt instruments; - lease receivables; - financial guarantee contracts issued; and - undrawn credit commitments. <p>No impairment loss is recognized on equity investments.</p> <p>The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:</p> <ul style="list-style-type: none"> - 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. <p>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 Bank does not apply the low credit risk exemption to any other financial instruments.</p>
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	<p>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 recognized are referred to as 'Stage 1 financial instruments'.</p> <p>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 recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.</p> <p>Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as "Stage 3 financial instruments".</p> <p>Measurement of ECL ECL are a probability-weighted estimate of credit losses. They are measured as follows:</p> <ul style="list-style-type: none"> - 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 Bank 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 Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and - financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover. <p>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.</p> <ul style="list-style-type: none"> - 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.
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	<p>Credit-impaired financial assets</p> <p>At each reporting date, the Bank assesses whether financial assets carried at amortized 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.</p> <p>Evidence that a financial asset is credit-impaired includes the following observable data:</p> <ul style="list-style-type: none"> - 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 Bank on terms that the Bank would not consider otherwise; - it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or - the disappearance of an active market for a security because of financial difficulties. <p>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 or classified as non-performing under CBSL direction No. 03 of 2008 is considered credit-impaired.</p> <p>Presentation of allowance for ECL in the statement of financial position</p> <p>Loss allowances for ECL are presented in the statement of financial position as follows:</p> <ul style="list-style-type: none"> - financial assets measured at amortized 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 recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognized in the fair value reserve. <p>Write-off</p>
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	<p>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 Bank 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.</p> <p>Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.</p> <p>(B) Changes to Retirement Benefit Obligation</p> <p>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 05th March 2009 and retired/resigned after 5th March 2009 having completed uninterrupted and unblemished service period of ten years in the Bank, subject to 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.</p>
31 st December 2019	<p>(A) Adoption of SLFRS 16 – “Leases”</p> <p>The Bank has applied SLFRS 16 Leases using modified retrospective approach from 1 January 2019. The effects of initially applying this standard mainly attributed to following:</p> <ul style="list-style-type: none"> • Recognition of right-of-use assets • Recognition of corresponding lease liabilities <p>(A.1) Changes in accounting policies</p> <p>The Bank applied SLFRS 16 using the modified retrospective approach, under which an amount equal to the lease liability is accounted for as the right-of-use asset as at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated. The details of the changes in the accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.</p> <p>Definition of a lease</p> <p>Previously, the Bank determined at contract inception whether an arrangement is or contains a lease under International Financial Reporting Interpretations Committee 4 (IFRIC 4) determining whether an arrangement</p>

	<p>contains a Lease. The Bank now assesses whether a contract is or contains a lease based on the definition of a lease.</p> <p>On transition to SLFRS 16, the Bank elected to apply the practical expedient to the assessment of which transaction are leases. It applied SLFRS 16 only to contracts that were previously identified as leases.</p> <p>As a lessee</p> <p>The Bank previously classified these leases as operating leases under LKAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under SLFRS 16, the Bank recognises right-of-use assets and lease liabilities for leases of branch and office premises - i.e. these leases are on-balance sheet.</p> <p>At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.</p> <p>On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 January 2019.</p> <p>Right-of-use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payables relating to that lease recognised in the Statement of Financial Position, discounted using the lessee's incremental borrowing rate at the date of initial application.</p> <p>The Bank used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Bank:</p> <ul style="list-style-type: none"> • did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; • did not recognise right-of-use assets and liabilities for leases of low-value assets; • excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and • used hindsight when determining the lease term. <p>As a lessor</p> <p>The Bank leases out certain property and equipment. The Bank had classified these leases as follows:</p> <ul style="list-style-type: none"> • finance leases of property and equipment; • operating leases of investment property.
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	<p>The Bank is not required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor.</p> <p>The Bank has applied SLFRS 15 –“Revenue from Contracts with Customers” to allocate consideration in the contract to each lease and non-lease component.</p> <p>(A.2) Significant accounting policies</p> <p>The Bank has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4. The details of accounting policies under LKAS 17 and IFRIC 4 are disclosed separately.</p> <p>At inception of a contract, the Bank 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 Bank uses the definition of a lease in SLFRS 16.</p> <p>(A.2.1) Bank acting as a lessee</p> <p>At commencement or on modification of a contract that contains a lease component, the Bank 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 Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.</p> <p>The Bank 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.</p> <p>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.</p> <p>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 Bank’s incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.</p>
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	<p>The Bank 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.</p> <p>Lease payments included in the measurement of the lease liability comprise the following:</p> <ul style="list-style-type: none"> • 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 Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early. <p>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 Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank 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.</p> <p>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.</p> <p>The Bank presents right-of-use assets and lease liabilities separately in the Statement of Financial Position.</p> <p>Short-term leases and leases of low-value assets</p> <p>The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.</p> <p>(A.2.2) Bank acting as a lessor</p> <p>At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.</p> <p>When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.</p>
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	<p>To classify each lease, the Bank 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 Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.</p> <p>The Bank applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.</p>
31 st December 2020	<p>The Group has initially adopted definition of the Business (Amendments to SLFRS 3) from 1st January 2020. A number of other new standards are also effective from 1st January 2020 that do not have a material effect on the financial statements.</p> <ul style="list-style-type: none">• Definition of a business The Group applied Definition of a Business (Amendments to SLFRS 3) to business combinations whose dates of acquisition are on or after 1st January 2020 in assessing whether it had acquired a business or a group of assets. The amendments do not have a material effect on the Group's financial statements because the Group has not acquired any subsidiaries during the year. However, the Group has amended its accounting policies for acquisition on or after 1st January 2020.

2.4 Dividends

The Bank had declared the following dividends in respect of Ordinary Shares for the years ended 31st December 2015 to 31st December 2019.

Year ended 31 st December	Total Dividend Declared Rs. '000	Dividend Per Share Rs.
2015	948,641	2.75
2016	1,121,121	3.25*
2017	1,240,596	3.50**
2018	915,248	2.50***
2019	1,007,248	2.00****

* Rs.1/- by way of cash dividend and Rs. 2.25/- by way of a scrip dividend.

** Rs.1/- by way of cash dividend and Rs. 2.50/- by way of a scrip dividend.

*** Rs.0.50/- by way of cash dividend and Rs. 2.00/- by way of a scrip dividend.

**** Rs. 1/- by way of cash dividend and Rs.1/- by way of a scrip dividend.



2.5 Events after the Reporting Date

The Board of directors of the Bank has recommended that a final dividend of Rs. 1.50 per share on both voting and non-voting shares of the Bank for the year ended 31st December 2020 which will be paid by way of scrip dividend of Rs. 1.50 per shares.

Yours faithfully,

Chartered Accountants
Colombo



Annexure 1: Five Year Summary

Statement of Profit or Loss and Other Comprehensive Income Financial period ended 31st December	Bank					Group				
	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000
Trading Results										
Gross Income	58,439,838	61,369,654	54,872,530	49,161,276	37,872,893	58,443,392	61,356,249	54,844,593	49,696,356	37,912,779
Profit before Taxation	4,111,247	5,098,640	4,666,252	6,656,451	5,733,718	4,295,636	5,267,110	4,687,124	7,284,923	5,771,245
Taxation	1,099,947	1,418,378	1,477,046	2,226,053	1,723,268	1,197,578	1,468,858	1,536,268	2,281,292	1,736,355
Profit after Taxation	3,011,300	3,680,262	3,189,206	4,430,398	4,010,450	3,098,058	3,798,252	3,150,856	5,003,631	4,034,890
Other Comprehensive Income, Net of Income Tax	1,832,025	2,233,532	(616,711)	2,425,819	(345,204)	1,865,107	2,322,388	(520,242)	2,406,845	(327,867)
Total Comprehensive Income	4,843,325	5,913,794	2,572,495	6,856,217	3,665,246	4,963,165	6,120,640	2,630,614	7,410,476	3,707,023
Dividend Per Share (Rs.)	1.50	2.00	2.50	3.50	3.25	1.50	2.00	2.50	3.50	3.25

Statement of Financial Position	Bank					Group						
	2020		2019		2018		2017		2016		2016	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As At 31st December												
Assets												
Cash & Short Term Funds (including Securities purchased under resale agreements)	16,179,037	16,923,888	18,035,778	10,070,239	15,653,165	16,179,077	17,737,338	18,035,818	10,070,279	15,653,215		
Statutory Deposit with Central Bank of Sri Lanka	7,371,203	14,458,970	18,472,275	19,119,843	16,211,618	7,371,203	14,458,970	18,472,275	19,119,843	16,211,618		
Investments (including Investment properties) and Finance Companies (including Leases & Bills of Exchange)	111,119,662	84,583,126	87,820,385	82,976,028	73,336,421	112,041,466	84,683,621	88,719,558	83,833,044	74,300,959		
Loans & Receivables, Placements with Banks and Finance Companies (including Leases & Bills of Exchange)	404,496,675	380,432,342	326,882,538	282,317,022	236,354,427	404,496,675	380,432,342	326,882,538	282,317,022	236,354,427		
Investment in Subsidiary	1,153,602	1,153,602	1,153,602	1,153,602	1,153,602	-	-	-	-	-		
Assets Held-for-Sale	-	-	-	990,543	-	-	-	-	-	-	-	226,827
Other Assets (including Taxation)	8,284,599	9,293,053	10,214,344	7,689,546	8,669,319	8,303,769	9,292,942	10,046,134	7,697,184	8,677,889		
Property, Plant & Equipment, Right-of-use assets, Leasehold Rights and Intangible Assets	9,102,642	9,449,206	4,354,096	3,899,016	4,634,094	9,613,762	9,926,056	7,505,173	6,946,383	6,824,506		
Total Assets	557,707,420	516,294,187	466,933,018	408,125,839	356,012,556	538,005,932	516,531,269	469,661,496	409,983,755	358,249,441		
Liabilities												
Deposits from Customers and Due to Banks	472,982,813	429,500,987	383,938,968	334,151,874	291,184,637	472,982,813	429,500,987	383,938,968	334,151,874	291,184,637		
Borrowings and Debentures	19,648,554	28,320,235	37,455,943	29,148,394	28,491,412	19,648,554	28,320,235	37,455,943	29,148,394	28,491,412		
Other Liabilities (including Lease Liabilities)	13,725,819	12,552,228	9,674,086	8,196,102	7,755,716	10,638,933	9,585,321	9,572,931	7,112,905	7,605,598		
Taxation (including Deferred tax)	2,339,674	1,250,715	1,209,464	2,381,622	762,259	2,636,448	1,437,524	1,185,533	2,477,543	828,426		
Dividends Payable	43,585	42,748	44,758	42,124	46,259	43,585	42,748	44,758	42,400	53,904		
Total Liabilities	508,740,445	471,566,913	432,323,219	373,919,916	328,240,274	505,930,333	468,887,215	452,198,133	372,943,116	328,163,977		
Equity												
Stated Capital	17,548,347	17,044,724	12,025,795	11,228,269	10,529,724	17,548,347	17,044,724	12,025,795	11,228,269	10,529,724		
Reserve Fund	2,103,522	1,952,957	1,768,944	1,609,484	1,387,964	2,103,522	1,952,957	1,768,944	1,609,484	1,387,964		
Reserves	29,315,106	25,629,593	20,815,060	21,368,170	15,854,594	31,117,954	27,381,785	22,452,167	22,989,220	17,102,586		
Non Controlling Interest	-	-	-	-	-	1,285,776	1,264,588	1,216,437	1,213,665	1,065,190		
Total Equity	48,966,975	44,627,274	34,609,799	34,205,923	27,772,282	52,035,599	47,644,054	37,463,363	37,040,639	30,085,464		
Total Liabilities & Equity	557,707,420	516,294,187	466,933,018	408,125,839	356,012,556	538,005,932	516,531,269	469,661,496	409,983,755	358,249,441		
Commitments and Contingencies	195,154,154	150,147,271	129,692,642	99,500,731	64,110,695	195,173,315	150,189,462	129,721,740	99,568,595	64,184,994		



Annexure I: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December - Bank

	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves			Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 st January 2016	6,962,722	3,567,002	1,187,441	11,125,666	651,483	(468,826)	2,030,189	25,055,677
Total Comprehensive Income for the Year	-	-	-	4,010,450	-	-	-	4,010,450
Profit for the Year	-	-	-	54,555	822,999	(1,222,758)	-	(345,204)
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	4,065,005	822,999	(1,222,758)	-	3,665,246
Transactions with Equity Holders , Recognised Directly In Equity								
Dividends to Equity Holders	-	-	-	(948,641)	-	-	-	(948,641)
Transferred to Statutory Reserve Fund*	-	-	200,523	(200,523)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,726	-	-	(8,726)	-
Total Transactions with Equity Holders	-	-	200,523	(1,140,438)	-	-	(8,726)	(948,641)
Balance as at 31st December 2016	6,962,722	3,567,002	1,387,964	14,050,233	1,474,482	(1,691,584)	2,021,463	27,772,282



Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Bank (Continued) - Rs.'000

	Ordinary Shares - Voting		Statutory Reserve Fund		Retained Earnings	Reserves		Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Revaluation Reserve	Other Reserves	
(1) Balance as at 01 st January 2017	6,962,722	3,567,002	1,387,964	14,050,233	1,474,482	(1,691,584)	2,021,463	27,774,282
Total Comprehensive Income for the Year								
Profit for the Year				4,430,398				4,430,398
Other Comprehensive Income (net of tax)								
- Deferred Tax on Revaluation Surplus of Land **					(231,989)			(231,989)
- Actuarial Gain on Defined Benefit Obligations				28,182				28,182
- Net Gain on Re-measuring Available-for-Sale Financial Assets						2,656,992		2,656,992
- Net Movement of Cash Flow Hedge Reserve							(7,366)	(7,366)
(2) Total Comprehensive Income for the Year				4,458,580	(231,989)	2,656,992	(7,366)	6,856,217
Transactions with Equity Holders, Recognised Directly in Equity								
Cash/Script Dividends to Equity Holders	356,354	342,191		(1,121,121)				(422,576)
Transferred to Statutory Reserve Fund*			221,520	(221,520)				
Transferred from Investment Fund Reserve				11,852				11,852
(3) Total Transactions with Equity Holders	356,354	342,191	221,520	(1,330,789)			(11,852)	(422,576)
Balance as at 31 st December 2017 (1 + 2 + 3)	7,319,076	3,909,193	1,609,484	17,178,024	1,242,493	945,408	2,002,245	34,205,923
(1) Balance as at 01 st January 2018	7,319,076	3,909,193	1,609,484	17,178,024	1,242,493	945,408	2,002,245	34,205,923
Adjustment on Initial Application of SLFRS 9, Net of Tax				(155,362)		(1,570,187)		(1,725,549)
(2) Adjusted Balance as at 01 st January 2018	7,319,076	3,909,193	1,609,484	17,022,662	1,242,493	(624,779)	2,002,245	32,480,374
Total Comprehensive Income for the Year								
Profit for the Year				3,189,206				3,189,206
Other Comprehensive Income (net of tax)								
- Actuarial Gain on Defined Benefit Obligations				84,326				84,326
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income						(1,105,151)		(1,105,151)
- Change in fair value on investments in equity instruments measured at fair value through other comprehensive income							368,208	368,208
- Net Movement of Cash Flow Hedge Reserve							35,906	35,906
(3) Total Comprehensive Income for the Year				3,273,532		(736,943)	35,906	2,572,495
Transactions with Equity Holders, Recognised Directly in Equity								
Cash/Script Dividends to Equity Holders	404,131	393,395		(1,240,596)				(443,070)
Reversal of Revaluation on Disposed Property, Plant and Equipment				376,203	(376,203)			
Transferred to Statutory Reserve Fund*			159,460	(159,460)				
Transferred from Investment Fund Reserve				8,727			(8,727)	
Net Gain on Disposal of Equity Investments measured at fair value through other comprehensive income				517,579				517,579
(4) Total Transactions with Equity Holders	404,131	393,395	159,460	(497,547)	(376,203)		(8,727)	(443,070)
Balance as at 31 st December 2018 (2 + 3 + 4)	7,723,207	4,302,588	1,768,944	19,798,647	866,290	(1,879,301)	2,029,424	34,609,799

Annexure 1: Five Year Summary (Continued)
STATEMENT OF CHANGES IN EQUITY (Continued)
For the Year ended 31st December - Bank (Continued) - Rs '000

	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves		Total	
	Ordinary Shares -				Revaluation Reserve	FVOCI Reserve		
	Voting	Non Voting				Rs. '000		Rs. '000
(1) Balance as at 01 st January 2019	7,723,207	4,302,588	1,768,944	19,798,647	866,290	(1,879,301)	2,029,424	34,609,799
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,680,262	-	-	-	3,680,262
Other Comprehensive Income (net of tax)	-	-	-	177,461	-	-	-	177,461
- Actuarial Gain on Defined Benefit Obligations	-	-	-	-	-	-	-	-
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	1,828,712	-	-	1,828,712
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	289,432	-	-	289,432
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	(62,073)	-	(62,073)
(3) Total Comprehensive Income for the Year				3,857,723	-	2,118,144	(62,073)	5,913,794
Transactions with Equity Holders - Recognised Directly In Equity								
Cash/Script Dividends to Equity Holders	316,659	313,032	-	(915,248)	-	-	-	(285,557)
Rights Issue	2,844,844	1,544,394	-	-	-	-	-	4,389,238
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	7,978	(7,978)	-	-	-
Transferred to Statutory Reserve Fund*	-	-	184,013	(184,013)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	5,090	-	-	(5,090)	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	253,062	-	(253,062)	-	-
(4) Total Transactions with Equity Holders	3,161,503	1,857,426	184,013	(833,131)	(7,978)	(253,062)	(5,090)	4,103,681
Balance as at 31st December 2019 (2 + 3 + 4)	10,884,710	6,160,014	1,952,957	22,823,239	858,312	(14,219)	1,962,261	44,627,274
(1) Balance as at 01 st January 2020	10,884,710	6,160,014	1,952,957	22,823,239	858,312	(14,219)	1,962,261	44,627,274
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,011,300	-	-	-	3,011,300
Other Comprehensive Income (net of tax)	-	-	-	(495,480)	-	-	-	(495,480)
- Actuarial Gain on Defined Benefit Obligations	-	-	-	-	-	-	-	-
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	1,238,707	-	1,238,707
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	1,662,026	-	1,662,026
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772
(3) Total Comprehensive Income for the Year				2,515,820	-	2,300,733	26,772	4,843,325
Transactions with Equity Holders - Recognised Directly In Equity								
Cash/Script Dividends to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)
Transferred to Statutory Reserve Fund*	-	-	150,565	(130,565)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	500,795	-	-	(500,795)	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	1,490	-	(1,490)	-	-
Net Loss on Reclassification of Debt Investments measured at FVOCI	-	-	-	(308)	-	308	-	-
(4) Total Transactions with Equity Holders	251,477	252,146	150,565	(655,885)	-	(1,182)	(500,795)	(503,624)
Balance as at 31st December 2020 (2 + 3 + 4)	11,136,187	6,412,160	2,103,522	24,683,224	858,312	2,285,332	1,489,238	48,966,975

* 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).

** The Bank recognises 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.



Annexure I: Five Year Summary (Continued)
STATEMENT OF CHANGES IN EQUITY (Continued)
 For the Year ended 31st December - Group - Rs'000

	Stated Capital		Statutory Reserve Fund	Retained Earnings	Revaluation Reserve	Reserves Available for		Total	Non Controlling Interest	Total Equity
	Ordinary Shares - Voting	Ordinary Shares - Non Voting				Sale Reserve	Other Reserves			
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 st January 2016	6,962,722	3,567,002	1,187,441	11,376,269	1,378,783	(469,879)	2,285,402	26,287,740	1,067,194	27,354,934
Total Comprehensive Income for the Year	-	-	-	4,013,132	-	-	-	4,013,132	21,758	4,034,890
Profit for the Year	-	-	-	54,941	835,267	(1,223,186)	-	(332,978)	5,111	(327,867)
Other Comprehensive Income (net of tax)	-	-	-	4,068,073	835,267	(1,223,186)	-	3,680,154	26,869	3,707,023
Total Comprehensive Income for the Year	-	-	-	-	-	-	-	-	-	-
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	(948,641)	-	-	-	(948,641)	(26,179)	(974,820)
Dividends	-	-	-	(200,523)	-	-	-	-	-	-
Transferred to Statutory Reserve Fund*	-	-	200,523	(200,523)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,726	-	-	(8,726)	-	-	-
Changes in Ownership Interest in Subsidiary	-	-	-	-	-	-	-	-	-	-
Acquisition of Non-controlling Interest, without Change in Control	-	-	-	1,021	-	-	-	1,021	(2,694)	(1,673)
Total Transactions with Equity Holders	-	-	200,523	(1,139,417)	-	-	(8,726)	(947,620)	(28,873)	(976,493)
Balance as at 31 st December 2016	6,962,722	3,567,002	1,387,964	14,304,925	2,314,050	(1,693,065)	2,276,676	29,020,274	1,065,190	30,085,464

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Group (Continued) - Rs '000

	Started Capital		Statutory Reserve Fund	Retained Earnings	Reserves		Total	Non Controlling Interest	Total Equity
	Ordinary Shares - Rs. '000	Ordinary Shares - Rs. '000			AFS / FVOCI Reserve	Other Reserves			
(1) Balance as at 01 st January 2017	6,962,722	3,457,002	1,387,564	14,304,935	2,214,050	(1,693,065)	2,276,676	1,065,190	30,085,464
Total Comprehensive Income for the Year	-	-	-	4,816,834	-	-	-	186,797	5,003,631
Profit for the Year	-	-	-	4,816,834	-	-	-	-	4,816,834
Other Comprehensive Income (net of tax)	-	-	-	-	(14,334)	-	(14,334)	(5,995)	(20,329)
- Revaluation of Property, Plant and Equipment	-	-	-	-	(14,334)	-	(14,334)	(5,995)	(20,329)
- Deferred Tax on Revaluation Surplus of Land **	-	-	-	-	(231,989)	-	(231,989)	-	(231,989)
- Actuarial Gain on Defined Benefit Obligations	-	-	-	27,569	-	-	27,569	(257)	27,312
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,638,561	2,638,561	656	2,639,217
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(7,366)	-	(7,366)
(2) Total Comprehensive Income for the Year	-	-	-	4,844,403	(246,323)	2,638,561	(7,366)	7,229,275	181,201
Transactions with Equity Holders, Recognised Directly In Equity									
Cash/Script Dividends	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)	(855,301)
Transferred to Statutory Reserve Fund*	-	-	221,520	(221,520)	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	11,852	-	-	(11,852)	-	-
(3) Total Transactions with Equity Holders	356,354	342,191	221,520	(1,330,789)	-	-	(11,852)	(422,576)	(855,301)
Balance as at 31 st December 2017 (1 + 2 + 3)	7,319,076	3,909,193	1,609,484	17,818,539	1,967,727	945,496	2,257,458	1,213,666	37,040,639
(1) Balance as at 01 st January 2018	7,319,076	3,909,193	1,609,484	17,818,539	1,967,727	945,496	2,257,458	1,213,666	37,040,639
Adjustment on Initial Application of SIFRS 9, Net of Tax	-	-	-	(12,806)	-	(1,603,743)	-	-	(1,725,549)
(2) Adjusted Balance as at 01 st January 2018	7,319,076	3,909,193	1,609,484	17,696,733	1,967,727	(658,247)	2,257,458	1,213,666	35,315,090
Total Comprehensive Income for the Year									
Profit for the Year	-	-	-	4,816,834	-	-	-	186,797	5,003,631
Other Comprehensive Income (net of tax)	-	-	-	3,137,243	-	-	-	13,613	3,150,856
- Revaluation of Property, Plant and Equipment	-	-	-	3,137,243	-	-	-	13,613	3,150,856
- Actuarial Gain on Defined Benefit Obligations	-	-	-	-	71,327	-	-	29,832	101,159
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-	83,286	-	-	-	(142)	83,844
- Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	(1,410)	-	(1,106,708)	-	(1,241)	(1,109,359)
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	368,208	-	368,208
(3) Total Comprehensive Income for the Year	-	-	-	3,219,819	71,327	(738,500)	35,906	42,062	2,630,614
Transactions with Equity Holders, Recognised Directly In Equity									
Cash/Script Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(39,271)	(482,341)
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	376,427	(376,427)	-	-	-	-
Transferred to Statutory Reserve Fund*	-	-	159,460	(159,460)	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,727	-	-	(8,727)	-	-
Net Gain on Disposal of Investments measured at fair value through other comprehensive income	-	-	-	517,579	-	(517,579)	-	-	-
(4) Total Transactions with Equity Holders	404,131	393,395	159,460	(497,323)	(376,427)	(8,727)	(8,727)	(39,271)	(482,341)
Balance as at 31 st December 2018 (2 + 3 + 4)	7,723,207	4,302,588	1,768,944	20,419,229	1,662,637	2,284,637	2,284,637	1,216,457	37,463,363



Annexure 1: Five Year Summary (Continued)
STATEMENT OF CHANGES IN EQUITY (Continued)
 For the Year ended 31st December - Group (Continued) - Rs'000

	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves		Total	Non Controlling Interest	Total Equity	
	Ordinary Shares - Rs.'000	Reserve Shares - Rs.'000			FVOCI Reserve - Rs.'000	Other Reserves - Rs.'000				
(1) Balance as at 01 st January 2019	7,723,207	4,302,588	1,768,944	20,419,229	1,662,627	(1,914,326)	2,284,637	36,246,906	1,216,457	37,463,363
Total Comprehensive Income for the Year										
Profit for the Year				3,732,691				3,732,691	65,561	3,798,252
Other Comprehensive Income (net of tax)					60,088			60,088	25,131	85,219
- Revaluation of Property, Plant and Equipment					60,088			60,088	25,131	85,219
- Actuarial Gain on Defined Benefit Obligations				175,841				175,841	(678)	175,163
- Net gains/(losses) on investments in debt instruments measured at FVOCI						1,832,262		1,832,262	1,485	1,833,747
- Change in fair value on investments in equity instruments measured at FVOCI						290,067		290,067	265	290,332
- Reversal of FVOCI reserve of equity instrument written-off				(564)				(564)		(564)
- Net Movement of Cash Flow Hedge Reserve						564		564		564
(3) Total Comprehensive Income for the Year				3,907,968	60,088	(253,168)	(62,073)	6,028,876	91,764	6,120,640
Transactions with Equity Holders, Recognised Directly In Equity										
Cash/Script Dividends to Equity Holders	316,659	313,032		(915,245)				(285,554)	(43,633)	(329,187)
Rights Issue	2,844,844	1,544,394		7,987	(7,987)			4,389,238		4,389,238
Reversal of Revaluation on Disposed Property, Plant and Equipment Transferred to Statutory Reserve Fund*			184,013	(184,013)						
Transferred from Investment Fund Reserve				5,090				5,090		5,090
Net Gain on Disposal Equity Investments measured at FVOCI				253,168				253,168		253,168
(4) Total Transactions with Equity Holders	3,161,503	1,857,426	184,013	(833,013)	(7,987)		(5,090)	4,103,684	(43,633)	4,060,051
Balance as at 31st December 2019 (2 + 3 + 4)	10,884,710	6,160,014	1,952,957	23,494,184	1,714,728	(44,601)	2,217,474	46,379,466	1,264,588	47,644,054
(1) Balance as at 01 st January 2020	10,884,710	6,160,014	1,952,957	23,494,184	1,714,728	(44,601)	2,217,474	46,379,466	1,264,588	47,644,054
Total Comprehensive Income for the Year										
Profit for the Year				3,038,629				3,038,629	59,429	3,098,058
Other Comprehensive Income (net of tax)					21,139			21,139	8,841	29,980
- Revaluation of Property, Plant and Equipment					21,139			21,139	8,841	29,980
- Actuarial Gain on Defined Benefit Obligations				(492,369)				(492,369)	46	(492,323)
- Net gains/(losses) on investments in debt instruments measured at FVOCI						1,240,784		1,240,784	868	1,241,652
- Change in fair value on investments in equity instruments measured at FVOCI						1,062,026		1,062,026		1,062,026
- Net Movement of Cash Flow Hedge Reserve						26,772		26,772		26,772
(3) Total Comprehensive Income for the Year				2,543,260	21,139	(1,182)	(500,795)	4,893,981	69,184	4,963,165
Transactions with Equity Holders, Recognised Directly In Equity										
Cash/Script Dividends to Equity Holders	251,477	252,146		(1,007,247)				(503,624)	(47,996)	(551,620)
Transferred to Statutory Reserve Fund*			150,565	(150,565)						
Transferred from Investment Fund Reserve				500,795			(500,795)			
Net Gain on Disposal Equity Investments measured at FVOCI				1,490				1,490		1,490
Net Loss on Reclassification of Debt Investments measured at FVOCI				(308)				(308)		(308)
(4) Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)			(1,182)	(503,624)	(47,996)	(551,620)
Balance as at 31st December 2020 (2 + 3 + 4)	11,136,187	6,412,160	2,103,522	25,381,609	1,735,867	(2,357,027)	1,743,451	50,769,823	1,285,776	52,055,599

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (3% of net profit after tax)

** The Bank recognises 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.



Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS

For the Year ended 31st December

Cash Flows from Operating Activities

	Bank			Group		
	2020	2019	2018	2020	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest receipts	49,947,784	53,327,880	46,871,290	42,125,061	49,955,465	53,335,401
Interest payments	(31,104,810)	(32,820,976)	(28,162,777)	(24,790,205)	(31,094,690)	(28,139,546)
Net commission receipts	3,729,610	4,232,771	4,053,967	3,728,141	3,728,304	4,232,555
Trading income	1,65,587	66,587	79,954	20,309	166,776	68,172
Payments to employees	(6,611,695)	(6,249,124)	(5,973,776)	(5,075,388)	(6,645,625)	(6,283,773)
VAT and NIS on financial services and DRL	(1,199,766)	(2,694,167)	(2,258,810)	(1,768,491)	(1,199,766)	(2,694,167)
Receipts from other operating activities	2,455,564	2,780,711	1,596,098	2,346,937	2,865,231	1,686,424
Payments on other operating activities	(4,412,335)	(5,067,052)	(5,213,731)	(4,963,834)	(4,462,024)	(5,127,664)
Operating Profit before Changes in Operating Assets and Liabilities	12,969,939	13,576,630	10,992,215	11,682,330	13,013,670	11,185,505

(Increase)/Decrease in Operating Assets :

Balances with Central Bank of Sri Lanka	7,087,767	4,013,305	647,568	(2,908,225)	7,087,767	4,013,305
Financial assets at amortised cost - loans and advances	(18,421,886)	(34,623,855)	(48,243,676)	(45,762,794)	(18,421,886)	(34,623,855)
Other Assets	178,558	(2,784,945)	(1,745,640)	815,361	125,778	7,341

Increase/(Decrease) in Operating Liabilities :

Financial liabilities at amortised cost - due to depositors	40,673,176	42,076,603	48,740,109	31,865,319	40,673,176	42,076,603
Financial liabilities at amortised cost - due to debt securities holders	(5,824,851)	(12,663,143)	4,463,632	665,351	(5,824,851)	(12,663,143)
Financial liabilities at amortised cost - due to other borrowers	(9,284)	(8,611)	9,622	1,147	(9,284)	(8,611)
Other Liabilities	(704,853)	1,061,064	(1,246,270)	(877,016)	(787,487)	(1,704,826)
Due to banks	3,910,058	2,390,848	(674,191)	9,324,679	3,910,058	2,390,848

Cash Generated from Operations

Income Tax Paid	(976,468)	(1,827,863)	(1,690,523)	(1,039,353)	(976,468)	(1,829,340)
Net Cash (Used in)/Generated from Operating Activities	38,852,151	(8,789,967)	11,252,866	3,766,999	38,790,473	(8,780,263)

Cash Flows from Investing Activities

Purchase of property, plant & equipment	(512,836)	(1,321,767)	(870,778)	(667,809)	(528,926)	(1,374,033)
Improvements to investment properties	-	-	-	-	(18,863)	(20,357)
Proceeds from sale of property, plant and equipment	15,896	38,302	972,594	13,311	15,896	38,308
Net proceeds from Sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing after 03 months	(19,049,799)	4,826,187	(3,733,611)	(9,321,771)	(19,049,799)	4,826,187

Net proceeds from sale, maturity and purchase of financial investments of shares and debentures

Net proceeds from sale, maturity and purchase of financial investments of shares and debentures	36,381	124,660	338,335	938,396	31,929	117,946
Reverse purchase agreements maturing after three months	4,433	1,819	(7,209)	4,433	1,819	2,248
Net purchase of intangible assets	(177,129)	(185,862)	(332,855)	(193,775)	(177,129)	(185,862)
Dividend received from investment in subsidiaries	114,765	89,726	84,509	70,424	-	-
Dividend received from other investments	19,173	24,989	41,641	43,570	19,173	24,989
Net Cash (Used in) / Generated from Investing Activities	(19,549,116)	3,598,054	(3,497,917)	(9,124,863)	(19,763,286)	3,428,997

STATEMENT OF CASH FLOWS (CONTINUED)

	Bank			Group			
	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
Cash Flows from Financing Activities							
Net proceeds from the issue of ordinary share capital	-	4,389,238	-	-	4,389,238	-	-
Net proceeds from the issue of subordinated debt	-	5,000,000	6,234,000	-	4,971,000	6,134,000	-
Repayment of subordinated debt	(2,806,040)	(1,866,550)	(2,462,280)	-	(1,866,550)	(2,312,280)	-
Interest paid on subordinated debt	(2,232,788)	(1,577,377)	(1,320,046)	(979,400)	(2,806,040)	(1,309,155)	(971,650)
Interest paid on un-subordinated debt	(241,770)	(402,293)	(438,365)	(439,276)	(241,770)	(402,293)	(431,276)
Dividend paid to non-controlling interest	-	-	-	-	(49,720)	(54,302)	(39,271)
Dividend paid to shareholders of the bank	(502,788)	(287,567)	(440,136)	(426,702)	(502,788)	(287,567)	(32,725)
Repayment of Principal Portion of Lease Liabilities	(730,450)	(748,544)	-	-	(521,812)	(440,436)	(426,702)
Net Cash (Used in) Generated from Financing Activities	(6,533,836)	4,306,907	1,572,873	(1,845,378)	4,666,262	1,602,296	(1,862,353)
Net increase / (Decrease) in Cash and Cash Equivalents	12,799,199	(685,006)	9,327,822	(7,203,242)	12,799,199	9,327,822	(7,203,252)
Cash and Cash Equivalents at beginning of the Year	24,716,667	25,401,673	16,073,851	23,277,093	24,717,205	16,073,891	23,277,143
Cash and Cash Equivalents at end of the Year	37,515,866	24,716,667	25,401,673	16,073,851	37,516,404	25,401,713	16,073,891
Reconciliation of Cash and Cash Equivalents							
Cash and cash equivalents	10,044,937	11,775,495	12,598,457	8,319,384	10,044,977	12,598,497	8,319,424
Placements with banks and finance companies	10,784,450	1,179,174	-	1,455,115	10,784,948	-	1,455,115
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing within 03 months	10,543,586	6,601,739	7,346,010	4,555,706	10,543,586	6,601,739	7,346,010
Securities purchased under resale agreements maturing within three months	6,142,893	5,160,259	5,457,206	1,743,646	6,142,893	5,457,206	1,743,646
	37,515,866	24,716,667	25,401,673	16,073,851	37,516,404	25,401,713	16,073,891



Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)

For the Year ended 31st December

	Bank 2016	Group 2016
	Rs. '000	Rs. '000
Cash Flows from Operating Activities		
Interest Receipts	31,128,413	31,142,336
Fees and Commission Receipts	3,223,231	3,222,864
Interest Payments	(17,405,026)	(17,388,299)
Trading Income	975,884	975,817
Receipts from Other Operating Activities	317,903	400,529
Cash Payments to Employees and Suppliers	(10,463,660)	(10,448,905)
Cash Payments to Other Operating Activities	(119,983)	(125,626)
Operating Profit before Changes in Operating Assets and Liabilities	7,656,762	7,778,746
(Increase)/Decrease in Operating Assets :		
Loans and Receivables to Customers	(43,062,023)	(43,062,023)
Deposits Held for Regulatory or Monetary Control Purposes	(7,647,730)	(7,647,730)
Increase/(Decrease) in Operating Liabilities :		
Deposits from Customers	46,515,044	46,515,044
Certificates of Deposit from Customers	180,911	180,911
Cash Generated from Operations	3,642,964	3,764,948
Income Tax Paid	(976,036)	(976,036)
Contribution Paid into Employees Retirement Benefit Plan / Employees	(138,527)	(138,527)
Net Cash (Used in)/Generated from Operating Activities	2,528,401	2,650,385
Cash Flows from Investing Activities		
Investment in Subsidiary Company	(1,673)	-
Dividend Income Received	97,715	41,376
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing after 03 months	134,783	134,783
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	756,550	773,054
Purchase of Property, Plant & Equipment and Intangible Assets	(850,209)	(851,674)
Proceeds From Sale Of Property, Plant & Equipment	38,066	38,066
Improvements to Investment Properties	-	(360)
Net Cash (Used in) / Generated from Investing Activities	175,232	135,245



Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)

	Bank	Group
	2016	2016
	Rs.'000	Rs.'000
Cash Flows from Financing Activities		
Increase / (Decrease) in Debentures	5,000,000	5,000,000
Securities Sold under Repurchase Agreements	4,552,673	4,552,673
Increase / (Decrease) in Other Borrowings	(2,728,173)	(2,780,138)
Dividends Paid - Ordinary Shares	(933,132)	(963,164)
Net Cash (Used in) Generated from Financing Activities	5,891,368	5,809,371
Net Increase / (Decrease) in Cash and Cash Equivalents	8,595,001	8,595,001
Cash and Cash Equivalents at beginning of the Year	14,682,092	14,682,142
Cash and Cash Equivalents at end of the Year	23,277,093	23,277,143
Reconciliation of Cash and Cash Equivalents		
Cash and Cash Equivalents	8,336,143	8,336,193
Placements with Banks and Finance Companies	334,230	334,230
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing within 03 Months	7,289,698	7,289,698
Securities Purchased under Resale Agreements Maturing within 03 Months	7,317,022	7,317,022
	23,277,093	23,277,143

ANNEXURE V - CUSTODIAN BANKS

BANK OF CEYLON Head office, 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01. 011 2 204 064 011 2 338 742/55, 011 2 544 333	BANQUE INDOSUEZ C/o Hatton National Bank Limited, Cinnamon Garden Branch, 251, Dharmapala Mawatha, Colombo 07. 011 2 686 537, 011 2 689 176
CITI BANK N.A 65C, Dharmapala Mawatha, P O Box 888, Colombo 07. 011 2 447 316-8, 011 2 447 318, 011 2 449 061, 11 2 328 526, 011 4 794 700	COMMERCIAL BANK OF CEYLON PLC Commercial House, 21, Sir Razik Fareed Mawatha, Colombo 01. 011 2 486 000-3
DEUTSCHE BANK AG 86, Galle Road, Colombo 03. 011 2 447 062, 011 2 438 057	HATTON NATIONAL BANK PLC HNB Towers, 479, T B Jayah Mawatha, Colombo 10. 011 2 661 762
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED 24, Sir Baron Jayathilake Mawatha, Colombo 01. 011 2 325 435, 011 2 446 591, 011 2 446 303	PEOPLE'S BANK Head office - Treasury, 13th Floor, 75, Sir Chittampalam A Gardiner Mawatha, Colombo 02. 011 2 206 782
STANDARD CHARTERED BANK 37 York Street, Colombo 01. 011 4 794 400, 011 2 480 450	SAMPATH BANK PLC 110, Sir James Pieris Mawatha, Colombo 02. 011 5 600 374
STATE BANK OF INDIA 16, Sir Baron Jayathilake Mawatha, Colombo 01. 011 4 622 350	SEYLAN BANK PLC Level 8, Seylan Towers, 90, Galle Road, Colombo 03. 011 4 701 812, 011 4 701 819, 011 4 701 829, 011 2 456 789
UNION BANK COLOMBO PLC 64, Galle Road, Colombo 03 011 2 374 100	NATIONS TRUST BANK PLC 242, Union Place, Colombo 2. 011 4 711 411
PAN ASIA BANKING CORPORATION PLC 450, Galle Road, Colombo 03. 011 2 565 565	PUBLIC BANK BERHAD 340, R A De Mel Mawatha, Colombo 03. 011 2 576 289 / 011 7 290 200-7