



Seylan Bank PLC

Interim Financial Statements (Audited)
For the Year Ended 31st December 2021

Financial Performance review for the year ended 31 December 2021

Seylan Bank records Rs. 4.6 Bn PAT for FY 2021, peaking a 52% growth to previous year.

Income Statement

The Bank's overall interest income for the period under review recorded a decrease of LKR 4.3 Bn to record LKR 46.8 Bn in 2021 compared to Rs 51.1 Bn recorded in 2020, a reduction of 8.48%. However, interest expenses for the financial year decreased at a higher percentage of 26.66% to LKR 23.2 Bn compared to LKR 31.6 Bn recorded in 2020. As a result, the Net Interest Income (NII) recorded an impressive growth of 20.98% for the period under review compared to 4.64% growth reported in 2020. An improved Net Interest Margin (NIM) of 4.05% recorded in 2021 compared to 3.63% in 2020 was driven by the timely re-pricing of assets and liabilities, together with the Bank's continual strengthening of the CASA base which grew by LKR 27.6 Bn with 19.00% YoY growth in 2021.

The Bank's net fee and commission income recorded a notable growth of 24.44% to LKR 4.6 Bn from LKR 3.7 Bn in the previous financial year, where there was a de-growth of 11.89%. The growth in fee and commission income was driven mainly by guarantees issuance fees, trade related fees as well as fee income on loans and cards.

The Bank recorded a total operating income growth of 23.71% amounting to LKR 31.4 Bn in 2021 compared to LKR 25.4 Bn in the previous financial year.

The Bank's net gains from trading was reduced by 163.02 %, and was affected by the mark to market loss on derivative financial instruments and government securities during the year under review. Net Gains from derecognition of Financial Assets recorded a negative growth of 29.28% over the prior year the year under review. Net other operating income of the Bank amounted to LKR 2,877.6 Mn for 2021, an increase of 172.04 % compared to the previous year.

The overall operating expenses of the Bank increased by 2.15% from LKR 12.8 Bn in 2020 to LKR 13.1 Bn during the period under review. The Bank's personnel expenses increased slightly by 0.15% to LKR 7.3 Bn in 2021 compared to LKR 7.2 Bn in the previous year. Personnel Expenses includes a reversal of Rs. 437.0 Mn past service cost on defined benefit obligation and if same was excluded, the personnel cost would have been higher with a 6.19% increase over the previous year. This was mainly due to annual increments as per collective agreements and staff promotions resulting an increased salary scales.

A moderate increase in establishment expenses is commendable, given the relatively faster volume growth during the year which reflects process improvements and efficiency-enhancing initiatives such as the implementation of workflows, robotic process automation, business processes re-engineering, and transaction migration to digital platforms. As a result, the establishment expenses increased from LKR 5.5 Bn in 2020 to LKR 5.8 Bn in 2021. The Bank continues to focus on cost curtailment and streamline the processes.

The Bank recorded an impairment charge of LKR 10.4 Bn in 2021 compared to LKR 7.0 Bn reported in 2020; with a growth of 49.03%. The Bank ensures adequate provisions are made in the financial statements for impairment charges and remains committed to continuously assessing the credit quality of the Bank's loan portfolio. In the year under review, the credit quality of the Individually Significant Loans was critically evaluated, and appropriate provisions made, although some of those customers were within the debt moratorium. Moreover, adequate provisions were also made under the Collective Impairment to capture the impact of the sluggish economic conditions prevalent in 2021, though part of the customers still continue on debt moratoriums. Management overlay was built to avoid any potential risk to the moratorium customers, while additional provisions were made to make sure the possible credit risk is addressed.

The Bank's VAT on financial services increased by 26.60% amounting to LKR 1.9 Bn in FY 2021 compared to LKR 1.5 Bn recorded in the previous financial year. The Bank's reported income tax of LKR 1.4 Bn for the FY 2021 has increased by 31.57% compared to LKR 1.1 Bn reported in FY 2020.

Despite the extremely challenging operating conditions that prevailed in 2021, the Bank recorded a healthy growth of 46.62% in Profit Before Tax (PBT) amounting to LKR 6.0 Bn compared to LKR 4.1 Bn recorded in 2020. Similarly, the Bank's Profit After Tax (PAT) also achieved a 52.11% growth amounting to LKR 4.6 Bn in 2021 compared to LKR 3.0 Bn recorded in the previous financial year.

Statement of Financial Position

The growth of the Bank's total assets which surpassed LKR 600 Bn in the year under review is a milestone demonstrating the sustained growth the Bank has been managing over the years. This growth in the asset base mainly comprises of growth in Loans and advances

The Bank's loan portfolio grew satisfactorily by 12.24% amounting to LKR 442.0 Bn despite the challenging conditions due to the COVID-19 pandemic. The key contributors to this growth were the Bank's Term Loans, Pawning, Packing Credit Loans, Margin Trading and Overdrafts etc.

The Bank's dynamic internal campaigns and promotions through digital platforms have enabled the growth of our deposits portfolio in an overall low-interest rate climate. The total deposits base of the Bank grew by 10.98% during the period under review to LKR 488.7 Bn from LKR 440.3 Bn in 2020. Furthermore, the Bank's CASA base grew from LKR 145.4 Bn in 2020 to LKR 173.0 Bn in 2021, a 19.00% growth compared to the previous financial year. The Bank's CASA ratio stood at 35.41% in 2021 compared to 33.03 % in 2020. This increase is mainly attributed to the successful uptake of the internal campaign "Rise Up" which was launched during the year.

Managing capital, funding and liquidity are crucial to the on-going viability of any banking organization in meeting foreseeable demands and to optimize the returns to stakeholders. To supplement business growth, improve Capital and to enhance the lending book, the Bank raised a total of LKR 6 Bn in a debenture issue during the financial year 2021 which was got oversubscribed, signifying strong confidence in the Bank.

The Bank maintains a sound capital adequacy ratio despite the growth of the risk weighted assets. The Bank's Common Equity Tier 1 (CET 1) Capital Ratio & Total Tier 1 Capital Ratio recorded as 10.72% and Total Capital Ratio recorded 14.11% as at Dec 2021.

The Bank maintained its liquidity position above the required minimum ratios, during year under review. The Statutory Liquid Asset Ratio (SLAR) for the Domestic Banking Unit and the Foreign Banking Unit were maintained at 22.84% and 23.30% respectively as of 31 Dec 21.

The Return on Equity (ROE) stood at 9.07% for the year under review, compared to 6.43% recorded in 2020. The Return (before tax) on Average Assets (ROAA) recorded as 1.03% in 2021 compared to 0.77% in 2020.

The Bank's Earnings Per Share (EPS) at the end of 2021 amounted to LKR 8.57, compared to LKR 5.64 recorded in the previous financial year, while net assets value per share recorded at LKR 97.44 (Group LKR 101.01) at the end of 2021 compared to LKR 94.71 (Group LKR 98.20) recorded at the end of FY 2020.

Seylan Bank PLC
Income Statement

(In terms of Rule 7.4 of the Colombo Stock Exchange)

(Amounts in Rupees Thousands)

	Bank			Bank		
	For the Year Ended 31st December			For the Quarter Ended 31st December		
	2021 (Audited)	2020 (Audited)	Growth %	2021	2020	Growth %
Interest Income	46,770,415	51,104,755	(8.48)	12,300,918	11,508,110	6.89
Less : Interest Expenses	23,181,313	31,607,000	(26.66)	5,779,495	6,882,496	(16.03)
Net Interest Income	23,589,102	19,497,755	20.98	6,521,423	4,625,614	40.99
Fee and Commission Income	4,784,698	3,931,545	21.70	1,408,417	1,149,876	22.48
Less : Fee and Commission Expenses	143,498	201,935	(28.94)	37,240	38,672	(3.70)
Net Fee and Commission Income	4,641,200	3,729,610	24.44	1,371,177	1,111,204	23.40
Net Gains/(Losses) from Trading	(219,044)	347,554	(163.02)	197,480	225,125	(12.28)
Net Gains from Derecognition of Financial Assets	553,425	782,565	(29.28)	24,520	73,548	(66.66)
Net Other Operating Income	2,877,555	1,057,777	172.04	1,010,440	84,406	1,097.12
Total Operating Income	31,442,238	25,415,261	23.71	9,125,040	6,119,897	49.10
Less : Impairment Charges	10,421,913	6,992,976	49.03	4,123,753	1,577,253	161.45
Net Operating Income	21,020,325	18,422,285	14.10	5,001,287	4,542,644	10.10
Less : Operating Expenses						
Personnel Expenses	7,252,152	7,240,951	0.15	1,531,910	1,839,937	(16.74)
Depreciation and Amortisation Expenses	1,429,469	1,447,311	(1.23)	349,076	364,887	(4.33)
Other Expenses	4,376,116	4,094,480	6.88	1,140,410	1,057,482	7.84
Total Operating Expenses	13,057,737	12,782,742	2.15	3,021,396	3,262,306	(7.38)
Operating Profit before Taxes	7,962,588	5,639,543	41.19	1,979,891	1,280,338	54.64
Less : Value Added Tax on Financial Services	1,934,812	1,528,296	26.60	408,833	342,712	19.29
Profit before Income Tax	6,027,776	4,111,247	46.62	1,571,058	937,626	67.56
Less : Income Tax Expense	1,447,236	1,099,947	31.57	196,338	147,861	32.79
Profit for the Year	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07
Basic / Diluted Earnings per Ordinary Share (Rs.)	8.57	5.64	51.95	2.57	1.48	73.65

Seylan Bank PLC

Statement of Profit or Loss and Other Comprehensive Income

(In terms of Rule 7.4 of the Colombo Stock Exchange)

	(Amounts in Rupees Thousands)					
	Bank			Bank		
	For the Year Ended 31st December			For the Quarter Ended 31st December		
	2021 (Audited)	2020 (Audited)	Growth %	2021	2020	Growth %
Profit for the year	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07
Other Comprehensive Income, Net of Tax						
Items that are or may be reclassified to Income Statement in Subsequent Periods						
Net Movement of Cash Flow Hedge Reserve	(77,485)	26,772	(389.43)	(104,353)	7,790	(1,439.58)
Net Gains/(Losses) on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	(2,884,037)	1,720,427	(267.63)	(558,371)	(389,267)	(43.44)
Less : Deferred Tax effect Relating to Items that are or may be reclassified to Income Statement	(790,071)	481,720	(264.01)	(123,256)	(108,994)	(13.09)
Items that will never be reclassified to Income Statement in Subsequent Periods						
Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	436,898	1,548,622	(71.79)	379,866	(316,207)	220.13
Revaluation of Property, Plant and Equipment	748,182	-	-	748,182	-	-
Actuarial Losses on Defined Benefit Obligations	(390,122)	(495,480)	(21.26)	(390,122)	(495,480)	(21.26)
Less : Deferred Tax Effect Relating to Items that will never be reclassified to Income Statement	144,527	486,596	(70.30)	144,527	9,426	1,433.28
Other Comprehensive Income for the Year, Net of Taxes	(1,521,020)	1,832,025	(183.02)	53,931	(1,093,596)	104.93
Total Comprehensive Income for the Year	3,059,520	4,843,325	(36.83)	1,428,651	(303,831)	570.21

Seylan Bank PLC
Income Statement

(In terms of Rule 7.4 of the Colombo Stock Exchange)

(Amounts in Rupees Thousands)

	Group			Group		
	For the Year Ended 31st December			For the Quarter Ended 31st December		
	2021 (Audited)	2020 (Audited)	Growth %	2021	2020	Growth %
Interest Income	46,781,204	51,112,436	(8.47)	12,305,053	11,510,161	6.91
Less : Interest Expenses	22,877,295	31,301,653	(26.91)	5,703,742	6,806,610	(16.20)
Net Interest Income	23,903,909	19,810,783	20.66	6,601,311	4,703,551	40.35
Fee and Commission Income	4,784,426	3,931,327	21.70	1,408,410	1,149,744	22.50
Less : Fee and Commission Expenses	143,950	203,023	(29.10)	37,692	39,384	(4.30)
Net Fee and Commission Income	4,640,476	3,728,304	24.47	1,370,718	1,110,360	23.45
Net Gains/ (Losses) from Trading	(217,844)	348,743	(162.47)	197,133	225,439	(12.56)
Net Gains from Derecognition of Financial Assets	553,425	782,565	(29.28)	24,520	73,548	(66.66)
Net Other Operating Income	2,849,480	1,052,679	170.69	1,042,888	140,792	640.73
Total Operating Income	31,729,446	25,723,074	23.35	9,236,570	6,253,690	47.70
Less : Impairment Charges	10,421,913	6,992,976	49.03	4,123,753	1,577,253	161.45
Net Operating Income	21,307,533	18,730,098	13.76	5,112,817	4,676,437	9.33
Less : Operating Expenses						
Personnel Expenses	7,288,380	7,274,876	0.19	1,536,924	1,845,814	(16.73)
Depreciation and Amortisation Expenses	1,479,466	1,486,206	(0.45)	363,288	375,690	(3.30)
Other Expenses	4,420,195	4,145,084	6.64	1,159,472	1,071,281	8.23
Total Operating Expenses	13,188,041	12,906,166	2.18	3,059,684	3,292,785	(7.08)
Operating Profit before Taxes	8,119,492	5,823,932	39.42	2,053,133	1,383,652	48.39
Less : Value Added Tax on Financial Services	1,934,812	1,528,296	26.60	408,833	342,712	19.29
Profit before Income Tax	6,184,680	4,295,636	43.98	1,644,300	1,040,940	57.96
Less : Income Tax Expense	1,449,010	1,197,578	21.00	215,502	178,110	20.99
Profit for the Year	4,735,670	3,098,058	52.86	1,428,798	862,830	65.59
Profit Attributable to :						
Equity Holders of the Bank	4,653,003	3,038,629	53.13	1,412,855	841,283	67.94
Non-controlling Interest	82,667	59,429	39.10	15,943	21,547	(26.01)
Profit for the Year	4,735,670	3,098,058	52.86	1,428,798	862,830	65.59
Basic / Diluted Earnings per Ordinary Share (Rs.)	8.71	5.69	53.08	2.64	1.57	68.15

Seylan Bank PLC

Statement of Profit or Loss and Other Comprehensive Income

(In terms of Rule 7.4 of the Colombo Stock Exchange)

	(Amounts in Rupees Thousands)					
	Group			Group		
	For the Year Ended 31st December			For the Quarter Ended 31st December		
	2021 (Audited)	2020 (Audited)	Growth %	2021	2020	Growth %
Profit for the Year	4,735,670	3,098,058	52.86	1,428,798	862,830	65.59
Other Comprehensive Income, Net of Tax						
Items that are or may be reclassified to Income Statement in Subsequent Periods						
Net Movement of Cash Flow Hedge Reserve	(77,485)	26,772	(389.43)	(104,353)	7,790	(1,439.58)
Net Gains/(Losses) on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	(2,880,457)	1,723,699	(267.11)	(552,490)	(389,873)	(41.71)
Less : Deferred Tax effect Relating to Items that are or may be reclassified to Income Statement	(789,713)	482,047	(263.82)	(122,668)	(109,055)	(12.48)
Items that will never be reclassified to Income Statement in Subsequent Periods						
Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	436,898	1,548,622	(71.79)	379,866	(316,207)	220.13
Revaluation of Property, Plant and Equipment	800,032	41,639	1,821.35	800,032	41,639	1,821.35
Actuarial Losses on Defined Benefit Obligations	(390,919)	(495,323)	(21.08)	(390,919)	(495,323)	(21.08)
Less : Deferred Tax Effect Relating to Items that will never be reclassified to Income Statement	156,881	498,255	(68.51)	156,881	21,085	644.04
Other comprehensive income for the Year, net of Taxes	(1,479,099)	1,865,107	(179.30)	97,923	(1,064,004)	109.20
Total Comprehensive Income for the Year	3,256,571	4,963,165	(34.39)	1,526,721	(201,174)	858.91
Total Comprehensive Income Attributable to :						
Equity Holders of the Bank	3,161,541	4,893,981	(35.40)	1,497,804	(231,447)	747.15
Non-controlling Interest	95,030	69,184	37.36	28,917	30,273	(4.48)
Total Comprehensive Income for the year	3,256,571	4,963,165	(34.39)	1,526,721	(201,174)	858.91

Seylan Bank PLC

Statement of Financial Position

(In terms of Rule 7.4 of the Colombo Stock Exchange)

(Amounts in Rupees Thousands)

	Bank			Group		
	As at	As at	Growth	As at	As at	Growth
	31.12.2021 (Audited)	31.12.2020 (Audited)	%	31.12.2021 (Audited)	31.12.2020 (Audited)	%
Assets						
Cash and Cash Equivalents	16,079,054	10,036,144	60.21	16,079,094	10,036,184	60.21
Balances with Central Bank of Sri Lanka	8,725,834	7,371,203	18.38	8,725,834	7,371,203	18.38
Placements with Banks and Finance Companies	8,246,909	10,730,528	(23.15)	8,246,909	10,730,528	(23.15)
Derivative Financial Instruments	290,141	403,984	(28.18)	290,141	403,984	(28.18)
Financial Assets recognised through Profit or Loss						
- Measured at Fair Value	4,969,913	4,545,853	9.33	4,969,913	4,553,778	9.14
- Designated at Fair Value	-	-	-	-	-	-
Financial Assets at Amortised Cost						
- Loans and Advances	441,976,662	393,766,147	12.24	441,976,662	393,766,147	12.24
- Debt and Other Instruments	67,992,449	53,692,471	26.63	68,156,417	53,692,471	26.94
Financial Assets measured at Fair Value through Other Comprehensive Income	39,104,536	59,024,231	(33.75)	39,165,399	59,081,506	(33.71)
Investment in Subsidiary	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	40,000	40,000	-	-	-	-
Property, Plant & Equipment	4,289,917	4,031,453	6.41	7,063,747	6,772,711	4.30
Right-of-use Assets	4,791,175	4,450,659	7.65	2,594,737	2,220,501	16.85
Investment Properties	-	-	-	870,258	856,604	1.59
Intangible Assets	592,894	620,530	(4.45)	592,894	620,530	(4.45)
Other Assets	9,323,825	7,840,615	18.92	9,358,128	7,899,785	18.46
Total Assets	607,576,911	557,707,420	8.94	608,090,133	558,005,932	8.98
Liabilities						
Due to Banks	24,504,387	32,679,687	(25.02)	24,504,387	32,679,687	(25.02)
Derivative Financial Instruments	217,179	39,981	443.21	217,179	39,981	443.21
Financial Liabilities at Amortised Cost						
- Due to Depositors	488,653,328	440,303,126	10.98	488,653,328	440,303,126	10.98
- Due to Debt Securities Holders	2,662,377	2,575,873	3.36	2,662,377	2,575,873	3.36
- Due to Other Borrowers	7,295	14,123	(48.35)	7,295	14,123	(48.35)
Group Balances Payable	191,810	261,462	(26.64)	-	-	-
Debt Securities Issued	21,617,455	17,058,558	26.72	21,617,455	17,058,558	26.72
Current Tax Liabilities	1,623,966	869,896	86.69	1,611,832	846,582	90.39
Deferred Tax Liabilities	257,574	1,469,778	(82.48)	582,395	1,789,866	(67.46)
Lease Liabilities	4,889,598	4,446,175	9.97	2,007,245	1,582,937	26.81
Other Liabilities	10,898,933	9,021,786	20.81	10,939,813	9,059,600	20.75
Total Liabilities	555,523,902	508,740,445	9.20	552,803,306	505,950,333	9.26
Equity						
Stated Capital	18,323,882	17,548,347	4.42	18,323,882	17,548,347	4.42
Statutory Reserve Fund	2,332,549	2,103,522	10.89	2,332,549	2,103,522	10.89
Fair Value through Other Comprehensive Income Reserve	(245,179)	2,285,332	(110.73)	(271,212)	2,257,027	(112.02)
Retained Earnings	29,196,617	24,683,224	18.29	29,967,349	25,381,609	18.07
Other Reserves	2,445,140	2,346,550	4.20	3,605,666	3,479,318	3.63
Total Shareholders' Equity	52,053,009	48,966,975	6.30	53,958,234	50,769,823	6.28
Non-controlling Interest	-	-	-	1,328,593	1,285,776	3.33
Total Equity	52,053,009	48,966,975	6.30	55,286,827	52,055,599	6.21
Total Equity & Liabilities	607,576,911	557,707,420	8.94	608,090,133	558,005,932	8.98
Contingent Liabilities and Commitments	224,389,878	195,154,154	14.98	224,389,963	195,173,315	14.97
Memorandum Information						
Number of Employees	3,148	3,251	(3.17)	3,167	3,271	(3.18)
Number of Banking Centres	171	172	(0.58)	171	172	(0.58)
Net Assets Value per Ordinary Share (Rs.)	97.44	94.71	2.88	101.01	98.20	2.86

Certification;

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

Champika Dodanwala (Ms.)

Chief Financial Officer

We the undersigned, being the Chairman, Director/ Chief Executive Officer of Seylan Bank PLC certify jointly that,

- a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; and
b) the information contained in these statements have been extracted from the audited financial statements of the Bank & Group.

(Sgd.)

W.M.R.S.Dias

Chairman

February 22,2022

Colombo

(Sgd.)

Kapila Ariyaratne

Director/Chief Executive Officer

SEYLAN BANK PLC
STATEMENT OF CHANGES IN EQUITY (AUDITED)
For the Year ended 31st December
Bank

	Rs. ' 000							
	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Other Reserves			Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	FVOCI Reserve **	Other Reserves	
1 Balance as at 01st 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)								
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,480)	-	-	-	(495,480)
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,238,707	-	1,238,707
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,062,026	-	1,062,026
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772
2 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/Scrip Dividend to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)
Transferred to Statutory Reserve Fund*	-	-	150,565	(150,565)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	500,795	-	-	(500,795)	-
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	1,490	-	(1,490)	-	-
Net Losses on Reclassification of Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-
3 Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,624)
Balance as at 31st December 2020 (1 + 2 + 3)	11,136,187	6,412,160	2,103,522	24,683,224	858,312	2,285,332	1,488,238	48,966,975
1 Balance as at 01st January 2021	11,136,187	6,412,160	2,103,522	24,683,224	858,312	2,285,332	1,488,238	48,966,975
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,580,540	-	-	-	4,580,540
Other Comprehensive Income (net of tax)								
- Revaluation of Property, Plant and Equipment	-	-	-	-	601,759	-	-	601,759
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(390,122)	-	-	-	(390,122)
- Net Losses on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	(2,093,966)	-	(2,093,966)
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	438,794	-	438,794
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)
2 Total Comprehensive Income for the Year	-	-	-	4,190,418	601,759	(1,655,172)	(77,485)	3,059,520
Transactions with Equity Holders , Recognised Directly In Equity								
Scrip Dividend to Equity Holders	385,076	390,459	-	(775,535)	-	-	-	-
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	9,228	-	-	-	9,228
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,535	8,751	-	-	17,286
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	875,339	-	(875,339)	-	-
3 Total Transactions with Equity Holders	385,076	390,459	229,027	322,975	8,751	(875,339)	(434,435)	26,514
Balance as at 31st December 2021 (1 + 2 + 3)	11,521,263	6,802,619	2,332,549	29,196,617	1,468,822	(245,179)	976,318	52,053,009

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax).

** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve

SEYLAN BANK PLC
STATEMENT OF CHANGES IN EQUITY (AUDITED)
For the Year ended 31st December
Group

Rs. ' 000

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Other Reserves			Total	Non-Controlling Interest	Total Equity
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	FVOCI Reserve **	Other Reserves			
1 Balance as at 01st 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)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	21,139	-	-	21,139	8,841	29,980
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,369)	-	-	-	(495,369)	46	(495,323)
- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,240,784	-	1,240,784	868	1,241,652
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,062,026	-	1,062,026	-	1,062,026
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772	-	26,772
2 Total Comprehensive Income for the Year	-	-	-	2,543,260	21,139	2,302,810	26,772	4,893,981	69,184	4,963,165
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividend	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 Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	1,490	-	(1,490)	-	-	-	-
Net Losses on reclassification of Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-	-	-
3 Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,624)	(47,996)	(551,620)
Balance as at 31st December 2020 (1 + 2 + 3)	11,136,187	6,412,160	2,103,522	25,381,609	1,735,867	2,257,027	1,743,451	50,769,823	1,285,776	52,055,599
1 Balance as at 01st January 2021	11,136,187	6,412,160	2,103,522	25,381,609	1,735,867	2,257,027	1,743,451	50,769,823	1,285,776	52,055,599
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,653,003	-	-	-	4,653,003	82,667	4,735,670
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	629,607	-	-	629,607	11,648	641,255
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(390,684)	-	-	-	(390,684)	(235)	(390,919)
- Net Losses on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	(2,091,694)	-	(2,091,694)	950	(2,090,744)
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	438,794	-	438,794	-	438,794
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)	-	(77,485)
2 Total Comprehensive Income for the Year	-	-	-	4,262,319	629,607	(1,652,900)	(77,485)	3,161,541	95,030	3,256,571
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividend	385,076	390,459	-	(775,535)	-	-	-	-	(52,362)	(52,362)
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	9,228	-	-	-	9,228	-	9,228
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,654	8,661	-	-	17,315	12	17,327
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-	-	-
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	875,339	-	(875,339)	-	-	-	-
Others	-	-	-	327	-	-	-	327	137	464
3 Total Transactions with Equity Holders	385,076	390,459	229,027	323,421	8,661	(875,339)	(434,435)	26,870	(52,213)	(25,343)
Balance as at 31st December 2021 (1 + 2 + 3)	11,521,263	6,802,619	2,332,549	29,967,349	2,374,135	(271,212)	1,231,531	53,958,234	1,328,593	55,286,827

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

**FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve

SEYLAN BANK PLC

CASH FLOW STATEMENT (Audited)

(Amounts in Rupees Thousands)

	Bank		Group	
	2021 LKR '000	2020 LKR '000	2021 LKR '000	2020 LKR '000
For the Year Ended 31st December				
Cash Flows from Operating Activities				
Interest Receipts	41,685,072	48,732,142	41,695,861	48,739,823
Interest Payments	(21,411,294)	(29,889,168)	(21,402,467)	(29,879,048)
Net Commission Receipts	4,641,200	3,729,610	4,640,476	3,728,304
Trading Income	28,216	165,587	29,416	166,776
Payments to Employees	(7,353,685)	(6,961,878)	(7,390,910)	(6,995,809)
VAT on Financial Services Paid	(2,164,565)	(1,199,766)	(2,164,565)	(1,199,766)
Receipts from Other Operating Activities	3,707,288	2,455,564	3,804,412	2,565,231
Payments on Other Operating Activities	(3,850,485)	(4,062,152)	(3,892,235)	(4,111,841)
Operating profit before changes in operating assets and liabilities	15,281,747	12,969,939	15,319,988	13,013,670
(Increase)/Decrease in Operating Assets :				
Balances with Central Bank of Sri Lanka	(1,354,631)	7,087,767	(1,354,631)	7,087,767
Financial Assets at Amortized cost - Loans and Advances	(54,727,268)	(18,421,886)	(54,727,317)	(18,421,886)
Other Assets	103,576	178,558	94,723	125,778
Increase/(Decrease) in Operating Liabilities :				
Financial Liabilities at Amortized Cost - Due to Depositors	49,744,819	40,673,176	49,744,819	40,673,176
Financial Liabilities at Amortized Cost - Due to Debt Securities Holders	89,286	(5,824,851)	89,286	(5,824,851)
Financial Liabilities at Amortized cost - Due to Other Borrowers	(6,828)	(9,284)	(6,828)	(9,284)
Other Liabilities	181,437	(704,858)	262,403	(787,487)
Due to Banks	(8,175,300)	3,910,058	(8,175,300)	3,910,058
Cash Generated from Operating Activities before Income Tax	1,136,838	39,858,619	1,247,143	39,766,941
Income Tax Paid	(1,242,538)	(976,468)	(1,242,538)	(976,468)
Net Cash (Used in)/ Generated from Operating Activities	(105,700)	38,882,151	4,605	38,790,473
Cash Flows from Investing Activities				
Purchase of Property , Plant and Equipment	(312,432)	(512,836)	(356,854)	(528,926)
Improvements in Investment Properties	-	-	(33,725)	(18,863)
Proceeds from Sale of Property , Plant and Equipment	10,323	15,896	10,323	15,896
Net proceeds from Sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds, Development and International Sovereign Bonds maturing after three months	4,966,410	(19,049,799)	4,966,410	(19,049,799)
Net Proceeds From Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	767,816	36,381	772,153	31,929
Reverse Repurchase Agreements maturing after Three Months	1,801	4,433	1,801	4,433
Net Purchase of Intangible Assets	(149,882)	(177,129)	(149,882)	(177,129)
Dividend Received from Investment in Subsidiaries	125,199	114,765	-	-
Dividend Received from Other Investments	32,674	19,173	32,674	19,173
Net Cash (Used in) / Generated from Investing Activities	5,441,909	(19,549,116)	5,242,900	(19,703,286)
Cash Flows from financing activities				
Net Proceeds from the Issue of Subordinated Debt	6,000,000	-	6,000,000	-
Repayment of Subordinated Debt	(1,727,720)	(2,806,040)	(1,727,720)	(2,806,040)
Interest Paid on Subordinated Debt	(2,261,775)	(2,232,788)	(2,250,959)	(2,221,972)
Interest Paid on Un-Subordinated Debt	-	(241,770)	-	(241,770)
Dividend Paid to Non-Controlling Interest	-	-	(42,931)	(49,720)
Dividend Paid to Shareholders of the Bank	(229)	(502,788)	(229)	(502,788)
Repayment of Principal Portion of Lease Liabilities	(822,434)	(750,450)	(537,647)	(465,698)
Net Cash (Used In) / Generated from Financing Activities	1,187,842	(6,533,836)	1,440,514	(6,287,988)
Net Increase In Cash and Cash Equivalents	6,524,051	12,799,199	6,688,019	12,799,199
Cash And Cash Equivalents at Beginning of the Year	37,515,866	24,716,667	37,516,404	24,717,205
Cash And Cash Equivalents at End of the Year	44,039,917	37,515,866	44,204,423	37,516,404
Reconciliation Of Cash And Cash Equivalents				
Cash and Cash Equivalents	16,113,653	10,044,937	16,113,693	10,044,977
Placements with Banks and Finance Companies	8,288,351	10,784,450	8,288,849	10,784,948
Government of Sri Lanka Treasury Bills/Bonds, Development and International Sovereign Bonds Maturing within Three Months	9,608,882	10,543,586	9,772,850	10,543,586
Securities Purchased Under Resale Agreements Maturing within Three Months	10,029,031	6,142,893	10,029,031	6,142,893
	44,039,917	37,515,866	44,204,423	37,516,404

EXPLANATORY NOTES

1. General

The Financial Statements of the Bank and Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka.

There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report, except for changes to the computations mentioned in note 7 below.

The Interim Financial Statements of the Bank and the Group have been prepared and presented in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and provided necessary disclosure to comply with LKAS 34, Interim Financial Reporting.

The group financial statements comprise of the consolidated Financial Statements of the Company and its subsidiary Seylan Developments PLC (70.51%).

Covid 19 Impact

The socio-economic impact of Corona Virus Disease (Covid 19) pandemic situation has a direct and substantial impact on the Bank's normal business/operations. The Bank has complied with the guidelines and directives issued with this regard by the Government, the Central Bank of Sri Lanka and other regulators, while closely monitoring its working capital to balance the cash inflow and outflow measurements. Further the Bank also accounted for impairment (Expected Credit Loss (ECL)) including management overlay in respect of loans that are subject to moratorium as described in note 7.2 below.

The Bank ensured health and safety protocols for its staff and customers. The Bank will continue to take necessary protocols and actions to manage the pandemic.

2. Information on Ordinary Shares

Market Price (Rs.)	31/12/2021		31/12/2020	
	Voting	Non-Voting	Voting	Non-Voting
Market Price Per Share	44.00	33.30	46.00	34.00
Highest price per share during the quarter ended	49.70	41.40	48.40	34.40
Lowest price per share during the quarter ended	42.80	32.90	40.00	28.70

Stated Capital as at December 31, 2021	No of Shares	Stated Capital Rs. '000
Ordinary Voting	264,267,493	11,521,263
Ordinary Non-Voting	269,923,190	6,802,619
Total	534,190,683	18,323,882

3. Shareholders Information

3.1 Twenty Largest Ordinary Voting Shareholders as at December 31, 2021

	No. of Shares	%
1 Sri Lanka Insurance Corporation Ltd [includes General Fund and Life Fund]	39,640,115	15.00
2 Brown & Company PLC A/C No. 01	27,687,279	10.48
3 Employees Provident Fund	26,050,200	9.86
4 Mr. K D D Perera	25,086,126	9.49
5 Sampath Bank PLC/LOLC Investments Ltd	24,726,404	9.36
6 National Development Bank PLC	23,056,970	8.72
7 Bank of Ceylon No. 1 Account	14,865,044	5.62
8 Seylan Bank PLC A/C No. 04 – Employees’ Gratuity Trust Fund	13,708,884	5.19
9 People’s Leasing & Finance PLC /Don and Don Holdings (Pvt) Ltd	10,098,676	3.82
10 Sampath Bank PLC/ Brown and Company PLC	8,979,659	3.40
11 Employees’ Trust Fund Board	5,619,482	2.13
12 NDB Capital Holdings Limited A/C No. 02	2,676,690	1.01
13 Sisil Investment Holdings (Pvt) Ltd	2,499,201	0.95
14 Asiri Hospitals Holdings PLC	2,000,000	0.76
15 Mr. M J Fernando	1,334,457	0.50
16 Mr. R R Leon	1,250,555	0.47
17 Mr. K R B Fernando	1,143,462	0.43
18 AIA Insurance Lanka Ltd A/C No. 07	866,628	0.33
19 J.B. Cocoshell (Pvt) Ltd	736,694	0.28
20 Seyshop (Pvt) Ltd	707,834	0.27

3.2 Twenty Largest Ordinary Non-Voting Shareholders as at December 31, 2021

	No. of Shares	%
1 LOLC Holdings PLC	139,285,716	51.60
2 Employees’ Provident Fund	14,397,596	5.33
3 Sri Lanka Insurance Corporation Ltd - Life Fund	9,040,537	3.35
4 Akbar Brothers Pvt Ltd A/C No. 01	5,797,003	2.15
5 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	3,850,895	1.43
6 Pershing LLC S/A Averbach Grauson & Co	3,812,293	1.41
7 People’s Leasing & Finance PLC /Mrs. P Thavarajah	3,671,929	1.36
8 People’s Leasing & Finance PLC/ Don and Don Holdings (Pvt) Ltd	3,512,132	1.30
9 Employees’ Trust Fund Board	3,222,060	1.19
10 Merrill J Fernando & Sons (Pvt) Limited	2,998,293	1.11
11 Mr. R R Leon	2,476,199	0.92
12 LOLC Technology Services Limited	2,357,043	0.87
13 Mr.N Balasingam	2,111,712	0.78
14 Don and Don Holdings (Pvt) Ltd	2,111,411	0.78
15 Sri Lanka Insurance Corporation Ltd-General Fund	1,906,234	0.71
16 Mr.R Gautam	1,488,758	0.55
17 Mr. M J Fernando	1,477,783	0.55
18 Dr. S Yaddehige	1,269,598	0.47
19 Ms. S Durga	1,254,485	0.46
20 Mr D N N Lokuge	1,245,864	0.46

3.3 Public Holdings as at December 31, 2021

The Bank is compliant under Option 3 of the Section 7.13.1 (Minimum Public Holding requirement) of the Rules of the Colombo Stock Exchange.

Float adjusted market capitalization	-	Rs. 6.378 Bn
Public Holding Percentage	-	54.85 %
Number of Public Shareholders	-	10,122

4. Directors' and Chief Executive Officer's Shareholdings as at December 31, 2021

<u>Name of Director</u>	<u>No of Shares</u> (Ordinary Voting)	<u>No of Shares</u> (Ordinary Non-Voting)
Mr. W M R S Dias, Non-Executive Director / Chairman	Nil	Nil
Mr. W D K Jayawardena, Non-Executive Director/Deputy Chairman	Nil	Nil
Ms. M C Pietersz, Independent Director /Senior Director	Nil	Nil
Mr. K P Ariyaratne, Director/Chief Executive Officer	66,399	222,061
Mr. S V Corea, Non-Executive Director	101	Nil
Mr. A S Wijesinha, Independent Director	Nil	Nil
Ms. S K Salgado, Independent Director	Nil	Nil
Mr. D M D K Thilakaratne, Non-Executive Director	Nil	Nil
Mr. D R Abeysuriya, Independent Director	Nil	Nil
Mr. D M Rupasinghe, Independent Director (appointed w.e.f. 01.10.2021)	Nil	Nil
Ms. V G S S Kotakadeniya, Alternate Director to Non - Executive Director, Mr. W D K Jayawardena	Nil	Nil

Note:

Mr. P L S K Perera, Independent Director retired from the Board with effect from 7th November 2021.

5. Basic/ Diluted Earnings per Share

Basic Earnings per share has been calculated by dividing profit after tax attributable to the equity holders of the Bank by the weighted average number of shares in issue (both Voting and Non-voting) during the year ended December 31, 2021. Diluted Earnings per Share and the Basic Earnings per Share is the same due to non-availability of potentially dilutive ordinary shares. Weighted average number of ordinary shares as at December 31, 2020 has been restated based on the no of shares issued for Scrip Dividend for 2020.

6. Events after the Reporting Date

6.1 Proposed Debenture Issue

The Board decided to issue upto a maximum of Two Hundred Million (200,000,000) Listed Rated Basel III Compliant Tier 2 Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion (to Ordinary Voting Shares of the Bank in the event of "Trigger Event") of the par value of Rupees Hundred (Rs.100/-) each ("Debentures"), amounting to Rupees Twenty Billion (Rs. 20,000,000,000) and it was also decided that these Debentures shall be issued in one or more issuances during the calendar year, 2022. The approval of the shareholders was obtained at the Extraordinary General Meeting of the Bank held on 11 January 2022 for the said Debenture issue.

At the meeting of the Board of Directors held on 22nd February 2022, the Board approved the issue of 40,000,000 Debentures of Rs.100/- each amounting to Rs.4,000,000,000/- with an option to issue a further 20,000,000 Debentures amounting to Rs.2,000,000,000/- in the event of an oversubscription, and this issue will be the first issuance of the above mentioned maximum issue of 200,000,000 Debentures. The tenure of these Debentures will be not less than five years.

6.2 Proposed Final Dividend

The Board of Directors of the Bank recommended a first and final dividend of Rs.3.00 per share on both voting and non-voting shares of the Bank for the financial year ended 31st December 2021, to be paid in the form of a scrip dividend of Rs.3.00 per share (Rs.1.50 per share was paid for the year ended 31st December 2020 by way of scrip dividend).

The said dividend is subject to the approval of the shareholders at the Annual General Meeting of the Bank to be held on 30th March 2022. This proposed final dividend has not been recognized as a liability as at 31st December 2021.

6.3 Proposed Surcharge Tax

The Bill governing the imposition and administration of the Surcharge Tax was published in the Gazette on 07 February 2022. The proposed surcharge tax (at the rate of twenty-five per centum on the taxable income) has not been accounted for in these financial statements of the Company and the Group as at 31 December 2021 as the said Bill is not considered to be substantively enacted as per LKAS – 12 as at the Reporting date.

7. Other Matters

7.1 Gratuity

The Bank has not recognized an additional gratuity liability in the financial statement for ex-employees who have not entered into the “Memorandum of settlement (MOS)” with the Bank, giving the right to settle the said liability by utilizing proceeds expected from disposal of shares held by share trust companies, as the liability is contingent upon the signing the “Memorandum of Settlement” and the prevailing Share Prices as at that date of signing. If the above uncertainties are resolved, the Bank estimates an additional cash outflow of Rs.107Mn. (net of tax) as of December 31, 2021.

The gratuity liability was re-assessed to reflect the new legal requirement regarding the retirement age (i.e. Gazette Notification on Minimum Requirement Age of Workers Act No 28 of 2021 [Certified on 17th of November, 2021]) and as a result of the plan amendment, the group defined benefit obligation was reduced by Rs. 438 Mn (2020: Nil). The corresponding past service cost was recognized in profit or loss during the year ended 31 December 2021, based actuarial valuation.

7.2 Expected Credit Loss Computation

The Bank’s estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) as at December 31, 2021 and Economic Factor Adjustment (EFA) applying the recent forecasts and projections published by the Central Bank of Sri Lanka. Further, management overlay was computed based on the assessment of significant increase in credit risk, and by stress testing the exposures to risk elevated sectors, and facilities which have been continuously under moratorium to address the potential implications of Covid-19 pandemic and the moratorium schemes introduced to support the recovery of the economy.

Fitch Ratings has downgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CC', from 'CCC' in December 2021. Further Moody also downgraded the country rating from Caa1 to Caa2 in October 2021. The accounting for impairment of FCY denominated Government Securities (International Sovereign Bonds (ISB) and Sri Lanka Development Bonds (SLDB)) is based on the ratings published by external rating agencies and the Bank’s internal policy and accordingly the Bank has accounted for an additional Expected Credit Loss (ECL) in the financials due to the above downgrading.

7.3 Corporate Income Tax rate

As per the Inland Revenue Amendment Act No. 10 of 2021, the income tax and deferred tax assets/liabilities as at 31st December 2021 have been calculated at the revised tax rate of 24%. However, the revised rate was not substantively enacted when finalizing the financial statements for the period ended 31st December 2020 even though the amendments are retrospectively effective from 01st January 2020. Therefore, both income tax and deferred tax assets/liabilities for the comparative period have been calculated at the rate of 28%.

8. Comparative Figures

Comparative figures have been re-classified where necessary, to conform to the current period presentation.

During the quarter there were no material changes in Contingent Liabilities, composition of Assets and Liabilities and use of funds raised by the Bank.

All known expenditure items have been provided in these Interim Accounts.

9 Seylan Bank PLC
Segment Reporting - Group (Audited)

(Amounts in Rupees Thousands)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Interest Income	37,407,111	40,962,500	9,821,266	11,161,806	30,731	28,664	(477,904)	(1,040,534)	46,781,204	51,112,436
Less : Interest Expenses	21,876,505	27,390,331	1,168,223	4,077,525	299	294	(167,732)	(166,497)	22,877,295	31,301,653
Net Interest Income	15,530,606	13,572,169	8,653,043	7,084,281	30,432	28,370	(310,172)	(874,037)	23,903,909	19,810,783
Fee and Commission Income	4,752,178	3,889,076	4,864	5,424	-	-	27,384	36,827	4,784,426	3,931,327
Less : Fee and Commission Expenses	119,468	177,884	24,030	24,051	452	1,088	-	-	143,950	203,023
Net Fee and Commission Income	4,632,710	3,711,192	(19,166)	(18,627)	(452)	(1,088)	27,384	36,827	4,640,476	3,728,304
Net Interest, Fee and Commission Income	20,163,316	17,283,361	8,633,877	7,065,654	29,980	27,282	(282,788)	(837,210)	28,544,385	23,539,087
Net Gains/(Losses) from Trading	-	-	(219,044)	347,554	1,200	1,189	-	-	(217,844)	348,743
Net Gains from Derecognition of Financial Assets	-	-	553,425	782,565	-	-	-	-	553,425	782,565
Net Other Operating Income	649,914	119,976	2,222,453	808,347	376,249	390,602	(399,136)	(266,246)	2,849,480	1,052,679
Inter Segment Revenue	(73,648)	(73,983)	-	-	-	-	73,648	73,983	-	-
Total Operating Income	20,739,582	17,329,354	11,190,711	9,004,120	407,429	419,073	(608,276)	(1,029,473)	31,729,446	25,723,074
Less : Depreciation and Amortization Expenses	707,307	767,132	6,320	5,595	1,085	1,028	764,754	712,451	1,479,466	1,486,206
Less : Impairment Charges	10,008,626	6,747,023	413,287	245,953	-	-	-	-	10,421,913	6,992,976
Less : Operating Expenses & VAT on Financial Services	9,903,963	9,771,956	1,845,267	1,496,635	80,579	84,746	1,813,578	1,594,919	13,643,387	12,948,256
Reportable Segment Profit Before Income Tax	119,686	43,243	8,925,837	7,255,937	325,765	333,299	(3,186,608)	(3,336,843)	6,184,680	4,295,636
Less : Income Tax Expense									1,449,010	1,197,578
Profit for the Year									4,735,670	3,098,058
Profit Attributable to :										
Equity Holders of the Bank									4,653,003	3,038,629
Non-Controlling Interest									82,667	59,429
Profit for the Year									4,735,670	3,098,058
Other Comprehensive Income for the Year, Net of Tax									(1,479,099)	1,865,107

9 Seylan Bank PLC
Segment Reporting - Group (Audited)

(Amounts in Rupees Thousands)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Other Information										
Reportable Segment Assets	433,132,342	393,123,043	156,115,813	143,091,020	6,063,200	5,915,190	21,815,227	23,974,042	617,126,582	566,103,295
Segment Accumulated Amortisation	(2,347,782)	(2,125,478)	(55,774)	(50,924)	(1,840)	(4,282)	(6,631,053)	(5,916,679)	(9,036,449)	(8,097,363)
Total Assets	430,784,560	390,997,565	156,060,039	143,040,096	6,061,360	5,910,908	15,184,174	18,057,363	608,090,133	558,005,932
Reportable Segment Liabilities & Equity	487,573,516	439,087,233	81,060,891	80,126,983	6,061,360	5,910,908	33,394,366	32,880,808	608,090,133	558,005,932
Total Liabilities & Equity	487,573,516	439,087,233	81,060,891	80,126,983	6,061,360	5,910,908	33,394,366	32,880,808	608,090,133	558,005,932
Cash Flows From Operating Activities	(7,149,239)	33,888,015	9,345,444	7,507,485	277,845	246,754	(2,469,445)	(2,851,781)	4,605	38,790,473
Cash Flows From Investing Activities	(147,291)	(323,839)	5,842,438	(18,876,818)	36,830	(78,683)	(489,077)	(423,946)	5,242,900	(19,703,286)
Cash Flows From Financing Activities	(822,434)	(750,450)	2,010,276	(5,783,386)	(177,558)	(162,761)	430,230	408,609	1,440,514	(6,287,988)
Capital Expenditure	(153,031)	(330,474)	(51,462)	(1,771)	(78,147)	(34,953)	(257,821)	(357,720)	(540,461)	(724,918)

Seylan Bank PLC

10 Analysis of Financial Instruments by Measurement Basis - Group

	2021			Total Rs.000
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	Financial Assets Measured at Amortised Cost (AC)	
	Rs.000	Rs.000	Rs.000	
Assets				
Cash and Cash Equivalents	-	-	16,079,094	16,079,094
Balances with Central Bank of Sri Lanka	-	-	8,725,834	8,725,834
Placements with Banks and Finance Companies	-	-	8,246,909	8,246,909
Derivative Financial Instruments	290,141	-	-	290,141
Securities Purchased under Resale Agreements	-	-	10,029,031	10,029,031
Customer Loans and Receivables	-	-	441,976,662	441,976,662
Debt Instruments	-	60,863	897,371	958,234
Equity Instruments	-	2,735,210	-	2,735,210
Government Securities	4,969,913	36,369,326	57,230,015	98,569,254
Other Financial Assets	-	-	6,733,093	6,733,093
Total Financial Assets	5,260,054	39,165,399	549,918,009	594,343,462

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL)		Financial Liabilities Measured at Amortised Cost (AC)	Total Rs.000
	Rs.000		Rs.000	
Liabilities				
Due to Banks	-	24,504,387	-	24,504,387
Derivative Financial Instruments	217,179	-	-	217,179
Due to Depositors	-	488,653,328	-	488,653,328
Securities Sold under Repurchase Agreements	-	2,662,377	-	2,662,377
Due to other Borrowers	-	7,295	-	7,295
Debt Securities Issued	-	21,617,455	-	21,617,455
Lease Liabilities	-	2,007,245	-	2,007,245
Other Financial Liabilities	-	7,022,516	-	7,022,516
Total Financial Liabilities	217,179	546,474,603	546,691,782	546,691,782

	2020			Total Rs.000
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	Financial Assets Measured at Amortised Cost (AC)	
	Rs.000	Rs.000	Rs.000	
Assets				
Cash and Cash Equivalents	-	-	10,036,184	10,036,184
Balances with Central Bank of Sri Lanka	-	-	7,371,203	7,371,203
Placements with Banks and Finance Companies	-	-	10,730,528	10,730,528
Derivative Financial Instruments	403,984	-	-	403,984
Securities Purchased under Resale Agreements	-	-	6,142,893	6,142,893
Customer Loans and Receivables	-	-	393,766,147	393,766,147
Debt Instruments	-	57,275	718,397	775,672
Equity Instruments	7,925	3,232,980	-	3,240,905
Government Securities	4,545,853	55,791,251	46,831,181	107,168,285
Other Financial Assets	-	-	4,632,225	4,632,225
Total Financial Assets	4,957,762	59,081,506	480,228,758	544,268,026

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL)		Financial Liabilities Measured at Amortised Cost (AC)	Total Rs.000
	Rs.000		Rs.000	
Liabilities				
Due to Banks	-	32,679,687	-	32,679,687
Derivative Financial Instruments	39,981	-	-	39,981
Due to Depositors	-	440,303,126	-	440,303,126
Securities Sold under Repurchase Agreements	-	2,575,873	-	2,575,873
Due to other Borrowers	-	14,123	-	14,123
Debt Securities Issued	-	17,058,558	-	17,058,558
Lease Liabilities	-	1,582,937	-	1,582,937
Other Financial Liabilities	-	6,997,794	-	6,997,794
Total Financial Liabilities	39,981	501,212,098	501,252,079	501,252,079

Seylan Bank PLC

11 Analysis of Loans & Advances , Commitments, Contingencies and Impairment

(Amounts in Rupees Thousands)

	Bank		Group	
	As at	As at	As at	As at
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
11.1 Product-wise Gross Loans & Advances				
By product - Domestic Currency				
Export Bills	6,987	-	6,987	-
Import Bills	50,576	176,262	50,576	176,262
Local Bills	40,209	498,124	40,209	498,124
Lease Rentals Receivable	26,131,228	23,748,389	26,131,228	23,748,389
Overdrafts	57,350,604	52,770,657	57,350,604	52,770,657
Revolving Import Loans	11,276,188	9,220,579	11,276,188	9,220,579
Packing Credit Loans	9,160,450	3,664,811	9,160,450	3,664,811
Trust Receipt Loans	1,553,920	2,439,890	1,553,920	2,439,890
Staff Loans	6,816,140	6,831,462	6,816,140	6,831,462
Housing Loans	17,770,634	16,555,436	17,770,634	16,555,436
Pawning Receivables	22,343,844	15,404,265	22,343,844	15,404,265
Refinance Loans	13,736,944	17,843,954	13,736,944	17,843,954
Credit Cards	6,164,893	6,090,828	6,164,893	6,090,828
Margin Trading	7,483,525	3,719,949	7,483,525	3,719,949
Factoring	1,751,686	1,394,176	1,751,686	1,394,176
Term Loans	243,215,172	204,822,522	243,215,172	204,822,522
Total	424,853,000	365,181,304	424,853,000	365,181,304
By product - Foreign Currency				
Export Bills	2,945,544	3,771,605	2,945,544	3,771,605
Import Bills	480,553	351,737	480,553	351,737
Local Bills	16,135	596	16,135	596
Overdrafts	358,456	433,948	358,456	433,948
Revolving Import Loans	1,626,689	581,778	1,626,689	581,778
Packing Credit Loans	6,467,423	10,114,935	6,467,423	10,114,935
Housing Loans	128,130	176,043	128,130	176,043
Term Loans	29,029,563	28,689,007	29,029,563	28,689,007
Total	41,052,493	44,119,649	41,052,493	44,119,649
Gross Loans and Advances	465,905,493	409,300,953	465,905,493	409,300,953
11.2 Product-wise Commitments and Contingencies				
By product - Domestic Currency				
Commitments				
Undrawn Credit Lines	98,042,559	81,102,624	98,042,559	81,102,624
Capital Commitments	202,395	246,908	202,480	266,069
Contingencies				
Acceptances	321,542	251,837	321,542	251,837
Standby Letters of Credit	-	15,000	-	15,000
Guarantees	69,344,738	51,925,822	69,344,738	51,925,822
Documentary Credit	1,865,429	1,829,753	1,865,429	1,829,753
Bills for Collection	309,230	382,531	309,230	382,531
Forward Exchange Contracts (Net)	(17,829,153)	(11,485,132)	(17,829,153)	(11,485,132)
Total	152,256,740	124,269,343	152,256,825	124,288,504
By product - Foreign Currency				
Commitments				
Undrawn Credit Lines	9,384,843	18,013,681	9,384,843	18,013,681
Capital Commitments	262,237	284,062	262,237	284,062
Contingencies				
Acceptances	19,181,427	19,989,673	19,181,427	19,989,673
Standby Letters of Credit	686,274	651,105	686,274	651,105
Guarantees	5,088,220	4,450,560	5,088,220	4,450,560
Documentary Credit	14,816,984	11,259,259	14,816,984	11,259,259
Bills for Collection	4,686,752	4,349,202	4,686,752	4,349,202
Forward Exchange Contracts (Net)	18,026,401	11,887,269	18,026,401	11,887,269
Total	72,133,138	70,884,811	72,133,138	70,884,811
Total Commitments and Contingencies	224,389,878	195,154,154	224,389,963	195,173,315

Seylan Bank PLC

Analysis of Loans & Advances , Commitments, Contingencies and Impairment

(Amounts in Rupees Thousands)

	Bank		Group	
	As at	As at	As at	As at
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
11.3 Stage-wise Impairment on Loans & Advances, Commitments and Contingencies				
Gross Loans and Advances, Commitments and Contingencies	690,295,371	604,455,107	690,295,456	604,474,268
Less : Accumulated Impairment under Stage 1	3,821,385	1,672,330	3,821,385	1,672,330
Accumulated Impairment under Stage 2	2,062,238	932,874	2,062,238	932,874
Accumulated Impairment under Stage 3	18,702,989	13,271,818	18,702,989	13,271,818
Net Loans & Advances, Commitments and Contingencies	665,708,759	588,578,085	665,708,844	588,597,246
Movement of Impairment During the Period				
Stage 1				
Balance as at 01st January	1,672,330	965,844	1,672,330	965,844
Charge/(Write back) to income statement	2,149,055	706,486	2,149,055	706,486
Balance as at 31st December	3,821,385	1,672,330	3,821,385	1,672,330
Stage 2				
Balance as at 01st January	932,874	573,870	932,874	573,870
Charge/(Write back) to income statement	1,129,364	359,004	1,129,364	359,004
Balance as at 31st December	2,062,238	932,874	2,062,238	932,874
Stage 3				
Balance as at 01st January	13,271,818	9,456,784	13,271,818	9,456,784
Charge/(Write back) to income statement	6,027,634	5,679,333	6,027,634	5,679,333
Reversal for Write-Off during the Year	(279,202)	(1,106,711)	(279,202)	(1,106,711)
Interest Accrued on Impaired Loans and Advances	(365,086)	(937,457)	(365,086)	(937,457)
Other Movement	47,825	179,869	47,825	179,869
Balance as at 31st December	18,702,989	13,271,818	18,702,989	13,271,818
Total Impairment	24,586,612	15,877,022	24,586,612	15,877,022

12 Analysis of Deposits

(Amounts in Rupees Thousands)

Deposits - By product	Bank		Group	
	As at	As at	As at	As at
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
By product - Domestic Currency				
Demand Deposits	32,573,865	27,614,891	32,573,865	27,614,891
Savings Deposits	120,614,752	100,204,483	120,614,752	100,204,483
Fixed Deposits	266,347,846	255,676,202	266,347,846	255,676,202
Certificate of Deposits	2,261,974	2,738,998	2,261,974	2,738,998
Total	421,798,437	386,234,574	421,798,437	386,234,574
By product - Foreign Currency				
Demand Deposits	4,046,127	4,340,305	4,046,127	4,340,305
Savings Deposits	15,808,384	13,257,075	15,808,384	13,257,075
Fixed Deposits	47,000,380	36,471,172	47,000,380	36,471,172
Total	66,854,891	54,068,552	66,854,891	54,068,552
Total Deposits	488,653,328	440,303,126	488,653,328	440,303,126

SEYLAN BANK PLC

Debenture Information

	CURRENT PERIOD 01-Oct-21 to 31-Dec-21	COMPARATIVE PERIOD 01-Oct-20 to 31-Dec-20
Debt (Debentures) / Equity Ratio (Times)	0.42	0.35
Debt (Debentures plus Long term Debt) / Equity Ratio (Times)	0.56	0.50
Interest Cover (Times)	3.37	2.67
Quick Asset Ratio (Times)	0.79	0.72
2014 Issue		
Market Prices during October to December (Ex Interest)		
6 Year Fixed Semi Annual - 8.60% p.a. (Debenture matured and redeemed on 23/12/2020)		*
6 Year Fixed Annual - 8.75% p.a. (Debenture matured and redeemed on 23/12/2020)		*
Interest Yield as at Date of Last Trade		*
Yield to Maturity of Trade Done on		*
Interest Rate of Comparable Government Security		
- 6 Years (Debenture matured and redeemed on 23/12/2020)		
2016 Issue		
Market Prices during October to December (Ex Interest)		
5 Year Fixed Semi Annual - 13.00% p.a (Debenture matured and redeemed on 15/07/2021)		*
- Highest Price		*
- Lowest Price		*
- Last Traded Price		*
5 Year Floating Semi Annual - six months treasury bill rate + 1.5% (Debenture matured and redeemed on 15/07/2021)		*
7 Year Fixed Semi Annual - 13.75% p.a		*
- Highest Price	*	*
- Lowest Price	*	*
- Last Traded Price	*	*
Interest Yield as at Date of Last Trade		*
5 Year Fixed Semi Annual - 13.00% p.a (Debenture matured and redeemed on 15/07/2021)		*
5 Year Floating Semi Annual - six months treasury bill rate + 1.5% (Debenture matured and redeemed on 15/07/2021)		*
7 Year Fixed Semi Annual - 13.75% p.a	*	*
Yield to Maturity of Trade Done on		*
5 Year Fixed Semi Annual - 13.00% p.a (Debenture matured and redeemed on 15/07/2021)		*
5 Year Floating Semi Annual - six months treasury bill rate + 1.5% (Debenture matured and redeemed on 15/07/2021)		*
7 Year Fixed Semi Annual - 13.75% p.a	*	*
Interest Rate of Comparable Government Security		
- 5 Years (Debenture matured and redeemed on 15/07/2021)		4.76%
- 7 Years	8.46%	5.93%
2018 Issue		
Market Prices during October to December (Ex Interest)		
5 Year Fixed Semi Annual - 12.85% p.a	*	*
7 Year Fixed Semi Annual - 13.20% p.a.	*	*
10 Year Fixed Semi Annual - 13.50% p.a	*	*
Interest Yield as at Date of Last Trade	*	*
Yield to Maturity of Trade Done on	*	*
Interest Rate of Comparable Government Security		
- 5 Years	8.57%	5.96%
- 7 Years	10.18%	6.71%
- 10 Years	11.42%	7.03%
2019 Issue		
Market Prices during October to December (Ex Interest)		
5 Year Fixed Annual - 15.00% p.a	*	*
5 Year Fixed Semi Annual - 14.50% p.a.	*	*
Interest Yield as at Date of Last Trade	*	*
Yield to Maturity of Trade Done on	*	*
Interest Rate of Comparable Government Security		
- 5 Years	9.27%	6.29%
2021 Issue (Debenture allotted on 12/04/2021)		
Market Prices during October to December (Ex Interest)		
5 Year Fixed Annual - 9.75% p.a	*	
5 Year Fixed Quarterly - 9.25% p.a.	*	
Interest Yield as at Date of Last Trade	*	
Yield to Maturity of Trade Done on	*	
Interest Rate of Comparable Government Security		
- 5 Years	10.69%	

* No trading during the period.

Seylan Bank PLC

Selected Performance Indicators

Item	Bank		Group	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Regulatory Capital (LKR Mn.)				
Common Equity Tier I	49,027	45,810	50,052	46,812
Total (Tier I) Capital	49,027	45,810	50,052	46,812
Total Capital Base	64,551	57,123	65,448	57,995
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 7.00%)	10.72	11.46	10.92	11.70
Total Tier I Capital Ratio (Minimum Requirement - 8.50%)	10.72	11.46	10.92	11.70
Total Capital Ratio (Minimum Requirement - 12.50%)	14.11	14.30	14.28	14.49
Regulatory Liquidity				
Statutory Liquid Assets (LKR Mn.)	120,170	149,066		
Domestic Banking Unit (LKR Mn.)	116,090	144,504		
Offshore Banking Unit (USD '000)	36,430	33,828		
Statutory Liquid Assets Ratio (%) (Minimum Requirement 20 %)				
Domestic Banking Unit	22.84	31.31		
Offshore Banking Unit	23.30	22.47		
Total Stock of High-Quality Liquid Assets (LKR Mn.)	94,701	100,209		
Liquidity Coverage Ratio %				
Rupee - (Minimum Requirement - 100% (2020 - 90%))	163.02	176.95		
All Currency - (Minimum Requirement - 100% (2020 - 90%))	132.70	142.75		
Net Stable Funding Ratio (%) (Minimum Requirement - 100% (2020 - 90%))	109.34	110.38		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio (%) (Net of Interest in Suspense)	5.94	6.43		
Net Non-Performing Advances Ratio (%) (Net of Interest in Suspense and Provision)	2.43	4.12		
Impaired Loans (Stage 3) Ratio (%)	3.64	4.38		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	47.84	37.32		
Profitability				
Interest Margin (%)	4.05	3.63		
Return on Assets (before Tax) (%)	1.03	0.77		
Return on Equity (%)	9.07	6.43		