SEYLAN BANK PLC FINANCIAL STATEMENTS Three months ended 31st March, 2014



Rs. '000

INCOME STATEMENT

Rs. 7000 CASH FLOW STATEMENT

(In terms of Rule 7.4 of the Colombo Stock Exchange)		BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March			
	2014	2013	Growth %	2014	2013	Growth %	
Interest Income	5,871,728	5,856,873	0.25	5,874,567	5,857,716	0.29	
Less: Interest Expenses	3,417,551	3,698,734	(7.60)	3,411,496	3,692,514	(7.61)	
Net Interest Income	2,454,177	2,158,139	13.72	2,463,071	2,165,202	13.76	
Fee and Commission Income	532,184	481,154	10.61	532,184	481,154	10.61	
Less: Fee and Commission Expense	16,940	19,753	(14.24)	18,224	21,497	(15.23)	
Net Fee and Commission Income	515,244	461,401	11.67	513,960	459,657	11.81	
Net Trading Income	(27,271)	(34,938)	21.94	(27,284)	(32,640)	16.41	
Net Gain from Financial Investments	60,521	17,113	253.66	60,521	17,113	253.66	
Net Exchange Income	135,261	87,332	54.88	135,261	87,332	54.88	
Other Operating Income (Net)	53,629	17,451	207.31	72,862	34,284	112.52	
	222,140	86,958	155.46	241,360	106,089	127.51	
Total Operating Income	3,191,561	2,706,498	17.92	3,218,391	2,730,948	17.85	
Less: Impairment for Loans and Other Losses - Charges/(Reversal)							
Individual Impairment	101,315	29,118	247.95	101,315	29,118	247.95	
Collective Impairment	(11,476)	(82,738)	86.13	(11,476)	(82,738)	86.13	
Others	109,084	(46)	237,239.13	109,084	(46)	237,239.13	
	198,923	(53,666)	470.67	198,923	(53,666)	470.67	
Net Operating Income	2,992,638	2,760,164	8.42	3,019,468	2,784,614	8.43	
Personnel Expenses	984,096	967,331	1.73	990,860	973,942	1.74	
Depreciation and Amortisation	119,096	140,396	(15.17)	125,509	154,680	(18.86)	
Other Expenses	881,095	751,238	17.29	863,543	739,424	16.79	
	1,984,287	1,858,965	6.74	1,979,912	1,868,046	5.99	
Operating Profit before Taxes	1,008,351	901,199	11.89	1,039,556	916,568	13.42	
Value Added Tax (VAT) & Nation Building Tax (NBT) on Financial Services	210,006	172,708	21.60	210,006	172,708	21.60	
Profit Before Tax	798,345	728,491	9.59	829,550	743,860	11.52	
Tax Expenses	284,224	223,505	27.17	291,974	230,139	26.87	
Profit for the Period	514,121	504,986	1.81	537,576	513,721	4.64	
Attributable to:							
Owners of the Parent	514,121	504,986	1.81	526,404	509,513	3.32	
Non-Controlling Interest	-	-		11,172	4,208	165.49	
Profit for the Period	514,121	504,986	1.81	537,576	513,721	4.64	
Basic/Diluted Earnings per Ordinary Share (in Rupees)	1.49	1.49	-	1.53	1.51	1.32	

	BA	NK	GRO	UP
For the 03 Months ended 31st March	2014 Re. 2000	2013 Ro. 2000	2014	2013 Po 2000
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash Flows from Operating Activities				
Interest Receipts Fees and Commission Receipts Interest Payments Exchange Income Receipts from Other Operating Activities Cash Payments to Employees and Suppliers Cash Payments to Other Operating Activities	6,065,710 532,184 (3,584,215) 136,771 49,652 (1,982,117) (16,940)	5,630,483 481,154 (2,954,426) 91,473 126,561 (1,719,569) (19,753)	6,068,549 532,184 (3,578,160) 136,771 68,885 (1,979,547) (18,224)	5,631,326 481,154 (2,948,600) 91,473 145,242 (1,713,972) (21,497)
Operating Profit before Changes in Operating Assets & Liabilities	1,201,045	1,635,923	1,230,458	1,665,126
(Increase)/Decrease in Operating Assets: Loans & Receivables (Advanced to)/Repaid by Customers Deposits Held for Regulatory or Monetary Control Purposes	4,274,881 100,801	(1,246,058) (857,466)	4,274,881 100,801	(1,246,058) (857,466)
Increase/(Decrease) in Operating Liabilities : Deposits from/(Withdrawals by) Customers Negotiable Cartificates of Deposit Cash (Used in)/Generated from Operations	3,911,664 (565,851) 8,922,540	2,914,259 520,666 2,967,324	3,911,664 (565,851) 8,951,953	2,914,259 520,666 2,996,527
Income Tax Paid Contribution Paid into Employees Retirement Benefit Plan/Employees	(143,707) (4,400)	(2,527) (20,163)	(143,707) (4,400)	(2,527) (20,163)
Net Cash (Used in)/Generated from Operating Activities	8,774,433	2,944,634	8,803,846	2,973,837
Cash Flows from Investing Activities				
Investment in Subsidiary Company Dividend Income Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka Treasury Bills/Bonds Maturing after 03 months Reverse Repurchase Agreements Maturing After 03 Months Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Shares & Debentures Purchase of Property, Plant & Equipment, Leasehold Rights & Intangible Assets Proceeds From Sale of Investment Properties Improvements to Investment Properties	(8,492) 763 (9,176,005) 444 75,417 (105,234) 3,214 -	5,438 (9,190,693) (1,441) (246,005) (244,042) 71 -	763 (9,176,005) 444 78,294 (105,240) 3,214 7,200	5,438 (9,190,693) (1,441) (298,302) (244,190) 89 9,450 (179)
Net Cash (Used in)/Generated from Investing Activities	(9,209,893)	(9,676,672)	(9,191,330)	(9,719,828)
Cash Flows from Financing Activities Increase/(Decrease) in Debentures Securities Sold under Repurchase Agreements Increase/(Decrease) in Other Borrowings Dividends Paid - Ordinary Shares	(785,560) 1,162,588 (1,198,797) (33)	2,046,117 2,599,356 1,657,940 (28)	(785,560) 1,162,588 (1,246,719) (35)	1,996,117 2,599,356 1,721,893 (28)
Net Cash (Used in)/Generated from Financing Activities	(821,802)	6,303,385	(869,726)	6,317,338
Net Increase/(Decrease) in Cash & Cash Equivalents Cash & Cash Equivalents at beginning of the Year	(1,257,262) 18,399,074	(428,653) 9,481,018	(1,257,210) 18,399,105	(428,653) 9,481,119
Cash & Cash Equivalents at end of the Period	17,141,812	9,052,365	17,141,895	9,052,466
Reconciliation of Cash & Cash Equivalents Cash and Cash Equivalents Government of Sri Lanka Treasury Bills/Bonds Maturing within 03 Months Securities Purchased under Resale Agreements maturing with in 03 months	7,480,953 4,875,653 4,785,206	6,897,691 718,852 1,435,822	7,481,036 4,875,653 4,785,206	6,897,792 718,852 1,435,822

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME						Rs. '000	
(In terms of Rule 7.4 of the Colombo Stock Exchange)		Bank			Group		
	For the Thre	e Months Endeo	31st March	For the Thre	e Months Endeo	d 31st March	
	2014	2013	Growth%	2014	2013	Growth%	
Profit for the period	514,121	504,986	1.81	537,576	513,721	4.64	
Other Comprehensive Income, Net of Tax Net Change of Financial Assets Measured at Fair Value through Other Comprehensive Income:							
Net Change in Fair Value on Available-for-Sale							
Financial Assets	170,903	177,994	(3.98)	170,903	177,994	(3.98)	
Net Amount Transferred to Profit or Loss on							
Available-for-Sale Financial Assets	(60,521)	(17,113)	253.66	(60,521)	(17,113)	253.66	
Other Comprehensive Income for the Period, Net of Taxes	110,382	160,881	(31.39)	110,382	160,881	(31.39)	
Total Comprehensive Income for the Period	624,503	665,867	(6.21)	647,958	674,602	(3.95)	
Attributable to:							
Owners of the parent	624,503	665,867	(6.21)	636,786	670,394	(5.01)	
Non-controlling interest	-	-	-	11,172	4,208	165.49	
Total Comprehensive Income for the Period	624,503	665,867	(6.21)	647,958	674,602	(3.95)	

STATEMENT OF FINANCIAL POSITION

(In terms of Rule 7.4 of the Colombo Stock Exchange)		Bank			Group	
	As at 31.03.2014	As at 31.12.2013	Growth %	As at 31.03.2014	As at 31.12.2013	Growth %
Assets						
Cash and Cash Equivalents	7,375,936	5,180,195	42.39	7,376,019	5,180,226	42.39
Balances with Central Bank of Sri Lanka	7,404,384	7,505,185	(1.34)	7,404,384	7,505,185	(1.34)
Placements with Banks and Finance Companies	105,017	970,203	(89.18)	105,017	970,203	(89.18)
Derivative Financial Instruments	255,544	287,210	(11.03)	255,544	287,210	(11.03)
Other Financial Assets Held-for-Trading	12,022,597	11,183,843	7.50	12,030,511	11,191,770	7.49
Securities Purchased under Resale Agreements	4,785,206	5,729,904	(16.49)	4,785,206	5,729,904	(16.49)
Customer Loans and Receivables	131,832,402	136,552,857	(3.46)	131,832,402	136,552,857	(3.46)
Financial Investments – Available-for-Sale	21,792,571	14,001,964	55.64	21,792,571	14,001,964	55.64
Financial Investments – Held-to-Maturity	22,724,410	24,050,862	(5.52)	22,802,276	24,130,160	(5.50)
Investment in Subsidiary	809,116	800,624	1.06	-	-	-
Group Balances Receivable	30,000	15,000	100.00	-	-	-
Property, Plant and Equipment	2,870,026	2,887,204	(0.59)	4,440,343	4,460,001	(0.44)
_easehold Rights	47,834	48,286	(0.94)	616,542	618,847	(0.37)
nvestment Properties	114,429	114,429	-	1,034,668	1,043,942	(0.89)
Intangible Assets	137,366	141,134	(2.67)	137,366	141,134	(2.67)
Current Taxation Assets	-	-	-	-	992	(100.00)
Deferred Taxation Assets	117,685	170,590	(31.01)	77,706	135,951	(42.84)
Other Assets	8,020,521	5,521,369	45.26	8,068,880	5,559,102	45.15
īotal Assets	220,445,044	215,160,859	2.46	222,759,435	217,509,448	2.41
iabilities						
Due to Banks	11,657,300	11,544,206	0.98	11,657,300	11,544,206	0.98
Derivative Financial Instruments	281,289	382,815	(26.52)	281,289	382,815	(26.52)
Customer Deposits	170,550,533	167,371,384	1.90	170,550,533	167,371,384	1.90
Securities Sold Under Repurchase Agreements	5,736,543	4,573,955	25.42	5,736,543	4,573,955	25.42
Other Borrowings	12,061	12,738	(5.31)	12,061	12,738	(5.31)
Group Balances Payable	255,594	195,126	30.99	-	-	(0.01)
Debentures	2,457,739	3,243,299	(24.22)	2,457,739	3,243,299	(24.22)
Current Tax Liabilities	1,021,374	1,090,584	(6.35)	1,022,724	1,090,584	(6.22)
Other Liabilities	6,862,651	4,985,134	37.66	7,001,875	5,093,256	37.47
Total Liabilities	198,835,084	193,399,241	2.81	198,720,064	193,312,237	2.80
Equity						
Stated Capital	10,529,724	10,529,724	-	10,529,724	10,529,724	
Statutory Reserve Fund	841,964	841,964	-	841,964	841,964	-
Retained Earnings	6,806,041	7,209,580	(5.60)	6,763,316	7,147,589	(5.38)
Other Reserves	3,432,231	3,180,350	7.92	4,392,189	4,140,308	6.08
fotal Shareholders' Equity	21,609,960	21,761,618	(0.70)	22,527,193	22,659,585	(0.58)
Non-Controlling Interest	-	-	-	1,512,178	1,537,626	(1.66)
Total Equity	21,609,960	21,761,618	(0.70)	24,039,371	24,197,211	(0.65)
Fotal Equity & Liabilities	220,445,044	215,160,859	2.46	222,759,435	217,509,448	2.41
Contingent Liabilities and Commitments	38,768,579	35,473,070	9.29	38,846,093	35,561,711	9.24
Nemorandum Information						
Number of Employees	3,025	3,049	(0.79)	3,055	3,080	(0.81)
Number of Banking Centres	151	151	-	151	151	-
Net Asset Value Per Ordinary Share (Rs.)	62.64	63.08	(0.70)	65.30	65.69	(0.59)

SEYLAN BANK PLC - DEBENTURES

Rs. '000

Semi Annual - 15.00% Monthly Interest - 14.50%

Debt/Equity Ratio0.11Interest Cover9.73Quick Asset Ratio0.83	
Quick Asset Ratio 0.83	
2008/2013 Issue	
Market Prices during 01st Jan 2014 to 10th Jan 2014	
Monthly Interest - 20.50% **	
Annual Interest - 21.50% **	
Floating Annual Interest - 11.37% **	
Floating Quarterly Interest - 10.27% **	
Interest Yield As At Date of Last Trade **	
Yield to Maturity of Trade Done on **	
Interest Rate of Comparable Government Security 6.70%	
2013/2018 Issue	
Market Prices during Jan to Mar (EX Interest)	
Annual Interest - 15.50% p.a.	
- Highest Price 113.50	
- Lowest Price 104.00	
- Last Traded Price(20/03/2014) 112.00	

17,141,812

9,052,365

17,141,895

9,052,466

Certification:

We the undersigned, being the Chairman, Executive Director, General Manager/Chief Executive Officer and Chief Financial Officer of Seylan Bank PLC certify that,

a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka and where ever required provides additional disclosures to comply with Sri Lanka Accounting Standard - LKAS 34 - Interim Financial Reporting.

b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank & Group, which have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Ramesh Jayasekara **Chief Financial Officer** April 29,2014 Colombo

(Sgd.) Kapila Ariyaratne General Manager/Chief Executive

(Sgd.) Nihal Jayamanna PC Chairman

Interest Yield As At Date of Last Trade 13.84% Annual Interest (20/03/2014) Semi Annual Interest Monthly Interest Yield to Maturity of Trade Done on Annual Interest (20/03/2014) 11.51% Semi Annual Interest Monthly Interest * Interest Rate of Comparable Government Security 9.20% * No Trading During The Period ** 2008/2013 Debenture Issue matured on 10th January 2014 and there was no trading during the period

SELECTED PERFORMANCE INDICATORS

	B/	ANK	GROUP		
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	
Regulatory Capital Adequacy Core Capital (Tier 1 Capital) Rs. '000	19,791,717	19,405,426	20,752,742	20,358,962	
Total Capital Base Rs. '000	21,148,116	20,963,541	22,067,341	21,873,128	
Core Capital Adequacy Ratio as a % of Risk Weighted Assets (Minimum Requirement 5%)	14.69	14.58	15.13	15.01	
Total Capital Adequacy Ratio as a % of Risk Weighted Assets (Minimum Requirement 10%)	15.70	15.75	16.09	16.13	
Assets Quality (Quality of Loan Portfolio) Gross Non-Performing Advances Ratio % (Net of Interest in Suspense)	11.68	10.58			
Gross Non-Performing Advances Ratio % (Net of Interest in Suspense including Investment Properties)	11.75	10.64			
Net Non-Performing Advances Ratio % (Net of Interest in Suspense and Provision)	8.72	7.94			
Net Non-Performing Advances Ratio % (Net of Interest in Suspense and Provision including Investment Properties)	8.78	8.00			
Profitability Interest Margin % Return (Net Profit Before Tax) on Average Assets % Return on Equity %	4.51 1.47 9.48	4.89 1.72 11.40			
Regulatory Liquidity Statutory Liquid Assets Domestic Banking Unit Rs. '000 Offshore Banking Unit USD '000 Statutory Liquid Assets Ratio % (Minimum Requirement 20 %)	53,541,857 16,457	46,137,595 16,233			
Offshore Banking Unit	30.24 26.33	26.74 25.93			

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(Sgd.) R. Nadarajah

Executive Director





11. MEASUREMENT OF FINANCIAL INSTRUMENTS

II. MLASUNLMLAI UII										
		B	ank - 31.03.201	1			E	Bank - 31.12.2013	3	
	Held-for- Trading (HFT)	Held-to- Maturity (HTM)	Loans & Receivables (L&R)	Available- for-sale (AFS)	Total	Held-for- Trading (HFT)	Held-to- Maturity (HTM)	Loans & Receivables (L&R)	Available- for-sale (AFS)	Total
Assets Cash and Cash Equivalents Balances with Central Bank of Sri Lanka Placements with Banks and Finance Companies Derivative Financial Instruments Other Financial Assets Held-for-Trading Securitise Purchased under Resale Agreements Customer Loans and Receivables Financial Investments - Available-for-Sale Financial Investments - Held-to-Maturity Investment in Subsidiary Total Financial Assets	- 255,544 12,022,597 - - - - - - - - - - - - - - - - - - -	22,724,410 809,116 23,533,526	7,375,936 7,404,384 105,017 - - 4,785,206 131,832,402 - - - - - - - - - - - - - - - - - - -	- - - 21,792,571 - - - - - - - - - - - - - - - - - - -	7,375,936 7,404,384 105,017 255,544 12,022,597 4,785,206 131,832,402 21,792,571 22,722,410 809,116 209.107,183	287,210 11,183,843 - - - - - - - - - - - - - - - - - - -	- - - - 24,050,862 800,624 24,851,486	5,180,195 7,505,185 970,203 - 5,729,904 136,552,857 - - - 155,938,344	- - - - - - - - - - - - - - - - - - -	5,180,195 7,505,185 970,203 287,210 11,183,843 5,729,904 136,552,857 14,001,964 24,050,862 800,624 206,262,847
		l-for-	Amortis		Total		-for-	Amortis		Total
Liabilities Due to Banks Derivative Financial Instruments Customer Deposits Securities Sold under Repurchase Agreements Other Borrowings Debentures	Trading (HFT) 281,289		11,657,300 - 170,550,533 5,736,543 12,061 2,457,739		11,657,300 281,289 170,550,533 5,736,543 12,061 2,457,739	9 382,815 3 - 3 - 1 -		167,37 4,57 1	4,206 - 1,384 3,955 2,738 3,299	11,544,206 382,815 167,371,384 4,573,955 12,738 3,243,299
Total Financial Liabilities	281,289				190,695,465	382,	815	186,74		187,128,397
			roup - 31.03.201					Group - 31.12.2013		
	Held-for- Trading (HFT)	Held-to- Maturity (HTM)	Loans & Receivables (L&R)	Available- for-sale (AFS)	Total	Held-for- Trading (HFT)	Held-to- Maturity (HTM)	Loans & Receivables (L&R)	Available- for-sale (AFS)	Total
Assets Cash and Cash Equivalents Balances with Central Bank of Sri Lanka Placements with Banks and Finance Companies Derivative Financial Instruments	-	-	7,376,019 7,404,384	-	7,376,019	-	-	5,180,226 7,505,185	-	5,180,226
Other Financial Assets Held-for-Trading Securities Purchased under Resale Agreements Customer Loans and Receivables Financial Investments - Available-for-Sale Financial Investments - Held-to-Maturity	255,544 12,030,511 - - -	- - - 22,802,276	105,017 - 4,785,206 131,832,402 - -	- - - 21,792,571 -	7,404,384 105,017 255,544 12,030,511 4,785,206 131,832,402 21,792,571 22,802,276	287,210 11,191,770 - - - -	- - - 24,130,160	7,505,165 970,203 - 5,729,904 136,552,857 - -	- - - 14,001,964 -	7,505,185 970,203 287,210 11,191,770 5,729,904 136,552,857 14,001,964 24,130,160
Securities Purchased under Resale Agreements Customer Loans and Receivables Financial Investments - Available-for-Sale		- - - 22,802,276 22,802,276	4,785,206	- - - 21,792,571 - - 21,792,571	105,017 255,544 12,030,511 4,785,206 131,832,402 21,792,571		- - - 24,130,160 24,130,160	970,203 - - 5,729,904	- - - 14,001,964	970,203 287,210 11,191,770 5,729,904 136,552,857 14,001,964
Securities Purchased under Resale Agreements Customer Loans and Receivables Financial Investments - Available-for-Sale Financial Investments - Held-to-Maturity	12,030,511 - - - - - - - - - - - - - - - - - -		4,785,206 131,832,402 - -	21,792,571	105,017 255,544 12,030,511 4,785,206 131,832,402 21,792,571 22,802,276	11,191,770 - - - - - 11,478,980 Held	24,130,160	970,203 - 5,729,904 136,552,857 - -	14,001,964	970,203 287,210 11,191,770 5,729,904 136,552,857 14,001,964 24,130,160
Securities Purchased under Resale Agreements Customer Loans and Receivables Financial Investments - Available-for-Sale Financial Investments - Held-to-Maturity	12,030,511 - - - - - - - - - - - - - - - - - -	22,802,276 I-for- g (HFT)	4,785,206 131,832,402 - - 151,503,028 Amortis 11,65 5,73 12,555 5,73 12	21,792,571 ed Cost 7,300	105,017 255,544 12,030,511 4,785,206 131,832,402 21,792,571 22,802,276 208,383,930	11,191,770 - - - - - - - - - - - - - - - - - -	24,130,160 -for-	970,203 5,729,904 136,552,857 - 155,938,375 Amortis 11,54 167,37 4,57 1	14,001,964 ed Cost 4,206	970,203 287,210 11,191,770 5,729,904 136,552,857 14,001,964 24,130,160 205,549,479

10. SEGMENT REPORTING - GROUP Rs. '000 PROPERTY/INVESTMENTS UNALLOCATED/ELIMINATIONS BANKING TREASURY TOTAL 31.03.2014 31.03.2013 31.03.2014 31.03.2013 31.03.2014 31.03.2013 31.03.2014 31.03.2013 31.03.2014 31.03.2013 5,093,924 5,434,121 356,847 5,857,716 Interest Income 707,901 8,950 7,063 63,792 59,685 5,874,567 3,206,162 3,457,531 211,333 241,159 (6,055) (6,176) 3,411,496 3.692.514 Interest Expense 56 7,063 Net Interest Income 1,887,762 1,976,590 496,568 115,688 8,894 69,847 65,861 2,463,071 2,165,202 Fee and Commission Income 532,048 481,144 113 23 10 532,184 481,154 7,279 12,474 1,284 1,744 Fee & Commission expense 10,490 6,450 18,224 21,497 Net Fee and Commission Income 521,558 468,670 (6, 337)(7, 279)(1, 284)(1,744)23 10 513,960 459,657 Net Gain/(Loss) from Financial Instruments Designated at Fair Value Through Profit or Loss (27, 271)(34,938) (13) 2.298 (27,284) (32,640) Net Gain from Financial Investments 60.521 17.113 60.521 17.113 Net Exchange Income 39,630 21,756 95,631 67,946 (2.370)135,261 87,332 Other Operating Income (Net) 43,994 (3.039) 3.254 11.568 46.231 40.833 (20.617)(15.078) 72.862 34.284 Inter Segement Revenue (163,492) (487,212) 7,316 4,908 156,176 482,304 Total Operating Income 2.329.452 1.976.765 629.682 175.006 53.828 48.450 205,429 530.727 3.218.391 2.730.948 Depreciation and Amortisation 71,249 68,583 253 309 248 142 53,759 85,646 125,509 154,680 Impairment for Loans and Other Losses - Charges/(Reversal) 180,950 (56,847) 17,973 3,406 (225) 198,923 (53,666) Operating Expenses & VAT 1,814,068 1,234,584 91,947 34,022 16,209 18,797 142,185 598,671 2,064,409 1.886,074 **Reportable Segment Profit Before Income Tax** 263,185 730,445 519,509 137,269 37,371 29,511 9,485 (153, 365)829,550 743,860 OTHER INFORMATION Total Assets 124,174,382 123.790.581 75.285.500 52.317.505 4.160.258 4.235.252 19.139.295 16.066.928 222.759.435 196.410.266 Total Liabilities & Equity 172,088,556 150.092.581 14,329,213 13,993,720 3,563,849 3,574,140 32,777,817 28,749,825 222,759,435 196,410,266 Cash Flows from Operating Activites 8.247.671 2.637.659 537.735 140.984 37.619 29.653 (19,179) 165.541 8.803.846 2.973.837 Cash Flows from Investing Activites 18,575 157.026 (9,204,437)(9.675,742) 16,353 (38,379) (21,821) (162,733) (9, 191, 330)(9,719,828)

STATEMENT OF CHANGES IN EQUITY - BANK Stated Capital Reserves

2.046.117

(81.649)

(785,560)

(80,619)

For the Three Months ended 31st March	Ordinary Shares	Ordinary Shares	Statutory Reserve Fund	Retained Earnings	Special Risk Reserve	Revaluation Reserve	Available for Sale Reserves	Other Reserves	Total
	Voting	Non-Voting	*		**				
1 Balance as at 01.01.2013	6,806,722	3,418,730	726,187	6,138,249	112,922	510,049	(125,070)	1,264,048	18,851,837
Total Comprehensive Income for the period									
Profit for the Period				504,986					504,986
Other Comprehensive Income (Net of Tax)				-			160,881		160,881
2 Total Comprehensive Income for the period		-		504,986	-	-	160,881	-	665,867
Transactions With Equity Holders, Recognised Directly I	n Equity								

(36,242)

4.257.268

(1,418)

(7)

(328)

(47,924)

(24,614)

13.953

(160.795)

(869,726)

(105,240)

6.317.338

Rs. '000

(244,190)

Transactions With Equity Holders, Recognised Directly In Equity

Cash Flows from Financing Activites

Capital Expenditure

Cash/Scrip Dividends to Equity Holders	156,000	148,272	(676,160)	(371,888)
Transfers from/to Retained Profits			(27 125) (112 022)	140.047

EXPLANATORY NOTES

Rs. '000

General
There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report. The Interim Financial Statements of the Bank and the Group
have been prepared & presented in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) immediately effective from January 01, 2012 and provided necessary disclosure
to comply with LKAS 34, Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended December
31, 2013 with chave been prepared in accordance with the SI SLFRS. SLFRS. **1.** 1.1

1.2 Application of Sri Lanka Accounting Standards (LKAS/SLFRS).

The financial statements for the period ended December 31, 2012 are the first financial statements prepared and presented in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) immediately effective from January 01, 2012. These LKAS/SLFRSs have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

М	ARKET VALUE (Rs.)	31/0	31/03/2014		13
		Voting	Non-Voting	Voting	Non-Voting
Ma	arket Value Per Share	63.70	37.00	65.20	35.50
Hi	ghest price per share for the quarter ended	68.00	38.00	66.50	38.00
Lo	west price per share for the quarter ended	58.60	30.20	56.00	34.00
	Shareholders' Information				
1	Twenty Largest Ordinary Voting Shareholders as at March 3	81, 2014		No. of Shares	
	Sri Lanka Insurance Corporation Ltd.				
	[includes Sri Lanka Insurance Corporation Ltd General Fund				
	and Sri Lanka Insurance Corporation LtdLife Fund -8,798,8	69]		26,396,608	15.
	Brown & Company PLC A/C No. 1			24,416,750	13.8
	Employees Provident Fund			17,525,425	9.
	National Development Bank PLC/ Dr. T. Senthilverl			17,070,722	9.
	LOLC Investments Ltd.			16,808,502	9.
	Bank of Ceylon No.1 Account			13,198,305	7.
	Waldock Mackenzie Limited/Mr. D.S.K. Amarasekera			11,322,734	6.
	Capital Trust Credit (Pvt) Ltd./Dr. W.U.N. Gamage			7,954,017	4.
	Bentota Backwaters (Pvt) Ltd.			4,377,253	2.
).	Seyfest (Private) Limited			3,017,940	1.1
Ι.				2,279,042	1.3
				2,165,435	1.
8.	Seyshop (Private) Limited			2,165,435	1.
1 .				2,148,132	1.
ö.	Mr. L.H.M.S Lansakara			1,197,400	0.
<u>.</u>	Mr. K.R.B. Fernando			1,015,254	0.
7.	Sotse (Pvt) Ltd.			977,010	0.
3.	Ceylinco Limited			674,665	0.
Э.	Dr J L B Kotelawala			537,602	0.
).	Employees Trust Fund Board			529,801	0.
	Twenty Largest Ordinary Non-Voting Shareholders as at Marc	ch 31, 2014			
	Lanka Orix Leasing Company PLC			58,604,835	34.
	Employees' Provident Fund			16,896,029	10.
	Browns Investments PLC			11,998,208	7.
	Mr. L.H.M.S. Lansakara			5,392,974	3.
	Pershing LLC S/A Averbach Grauson & Co.			3,586,012	2.
	Associated Electrical Corporation Ltd.			2,870,399	1.
	Mr. E. Thavagnanasooriyam & Mr. E. Thavagnanasundaram			2,649,968	1.
	Merrill J. Fernando & Sons (Pvt) Limited			1,877,057	1.
	Mr. N. Balasingam			1,762,693	1.
).	National Savings Bank			1,535,151	0.
·	Seylan Bank PLC/Pubudhu Saranga Wijayakumari Rupasinghe			1,406,460	0.
	Mr. N. Ganarajah			1,169,997	0.
				1,040,330	0.
	Mrs. L.E.M. Yaseen			1,000,000	0.
ō.	Mrs. P.S.W. Rupasinghe			965,354	0.
	Waldock Mackenzie Limited/Mr. L P Hapangama			923,142	0.
				853,598	0.9
B.	Employees Trust Fund Board			757,455	0.4
9.	Mrs. S. Durga			683,808	0
	Mrs. E. Thavgnasundaram			674,192	0.

3.3 Percentage of Public Holdings as at March 31, 2014

Ordinary Voting Shares - 54.29% Ordinary Non-Voting Shares - 65.23%

4. Directors' and General Manager/Chief Executive Officer's Shareholdings as at March 31, 2014

	Name of Director Mr. Nihal Jayamanne PC Mr. Ishara C. Nanayakkara Mr. R. Nadarajah Rear Admiral B.A.J.G. Peiris Mr. S.P. Samantha Ranatunga Mr. A.M. Mohan De Alwis Mr. W.D.K. Jayawardena Mr. PL.S.K. Perera Ms. M.C. Pietersz	No. of Shares (Ordinary Voting) 5,583 Nii 13,600 Nii Nii Nii Nii Nii Nii	No. of Shares (Ordinary Non-voting) Nil Nil Nil Nil Nil Nil Nil Nil
	General Manager/Chief Executive Officer Mr. K.P. Ariyaratne	21,117	118,367
5.	Stated Capital as at March 31, 2014		Rs. '000
	33,560,000 Voting Ordinary Shares @ Rs. 10/- each 4,000,000 Voting Ordinary Shares @ Rs. 25/- each 92,440,000 Voting Ordinary Shares @ Rs. 35/- each 43,333,333 Voting Ordinary Shares @ Rs. 75/- each 83,560,000 Non-Voting Ordinary Shares @ Rs. 75/- each 40,000,000 Non-Voting Ordinary Shares @ Rs. 25/- each 45,423,009 Non-Voting Ordinary Shares @ Rs. 35/- each Less: Issue Expenses Total		335,600 100,000 3,235,400 156,000 1,044,500 1,000,000 1,589,805 (181,581) 10,529,724

Basic/Diluted Earnings per Share 6.

Basic Earnings per share has been calculated by dividing profit after tax attributable to the equity holders of the Bank by the weighted average number of shares in issue (both Voting & Non-voting) during the 3 months ended March 31, 2014. Diluted Earnings per Share and the Basic Earnings per Share is the same due to non-availability of potentially dilutive ordinary shares.

Post Balance Sheet Events

Dividend payments were carried out on 9th April 2014 to the Ordinary (voting and non-voting) Shareholders of the Bank who were registered as at end of trading on 31st March 2014 pursuant to the approval of the Shareholders at the Annual General Meeting of the Bank held on 31st March 2014.

8.

7.

Others 6,305,650 unsecured subordinated redeemable debentures of Rs. 100/- each amounting to Rs. 630, 565,000/- issued on 12th January 2009 by way of a public issue of debentures matured on 10th January 2014 and were redeemed during the first quarter 2014.

COMPARATIVE INFORMATION 9.

Comparative information has been re-arranged/re-classified in line with the changes to the new Sri Lanka Accounting Standards (LKAS/SLFRS) which are effective from January 01, 2012.

During the last guarter 2013 the Bank reclassified the impairment charge between collective and individually significant portfolios. As such the comparative information & figures reported in 1st guarter 2013 were re-arranged accordingly

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

ADDITIONAL DISCLOSURES

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

Rs. '000

GROUP

Balance as at 31.03.2014 (1 + 2 + 3)	6,962,722	3,567,002	841,964	6,806,041	•	651,483	751,968	2,028,780	21,609,960
3 Total Transactions with Equity Holders	-	-	-	(917,660)	-	-	-	141,499	(776,161
Transfers from/to Retained Profits				(141,499)				141,499	(770.404
				(, ,				141 400	(770,10
Transactions With Equity Holders, Recognised Directly In Equity Dividends to Equity Holders				(776,161)					(776,16
2 Total Comprehensive Income for the period	-	-	-	514,121	-	-	110,382	-	624,503
Other Comprehensive Income (net of tax)							110,382		110,38
Profit for the period				514,121					514,12
Total Comprehensive Income for the period									
Balance as at 01.01.2014	6,962,722	3,567,002	841,964	7,209,580	-	651,483	641,586	1,887,281	21,761,61
Balance as at 31.03.2013 (1 + 2 + 3)	6,962,722	3,567,002	726,187	5,939,950	-	510,049	35,811	1,404,095	19,145,81
Total Transactions with Equity Holders	156,000	148,272	-	(703,285)	(112,922)	-	-	140,047	(371,88
				(27,125)	(112,922)			140,047	

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).

** According to the circular Ref. No. 08/24/002/0005/003/ issued by the Central Bank of Sri Lanka, Primary Dealer Unit is required to appropriate 25% of the profit after tax for the year towards the Special Risk Reserve. However, with effect from 14/02/2013 Licensed Commercial Banks appointed as Primary Dealers were exempted from the requirement of maintaining such Special Reserve as per Direction No. 08/11/011/0019/001 dated 18/03/2013.

	STATEMENT OF CHANGES IN E	OUITY	- GROU	Ρ								Rs. '000
ŀ		Stated Capit						Reserves				
L	For the Three Months ended 31st March	Ordinary	Ordinary	Statutory	Retained	Special Risk	Revaluation	Available for	Other	- Total	Non	Total
L	For the Three Month's ended STSL March	Shares	Shares	Reserve Fund	Earnings	Reserve	Reserve	Sale Reserves	Reserves	TULAI	Controlling	Equity
L		Voting	Non-Voting	*	Laminys	**	11636176	0416 116361 063	116361 463		Interest	Equity
L								(
1	1 Balance as at 01.01.2013	6,806,722	3,418,730	726,187	6,061,571	112,922	868,928	(125,070)	1,519,261	19,389,251	1,222,004	20,611,255
L	Total Comprehensive Income for the period											
L	Profit for the Period				509,513					509,513	4,208	513,721
L	Other Comprehensive Income (Net of Tax)							160,881		160,881	-	160,881
k	2 Total Comprehensive Income for the period	-	-	-	509,513	-	-	160,881	-	670,394	4,208	674,602
l	Transactions with Equity Holders, Recognised Directly In Equity											
L	Cash/Scrip Dividends	156,000	148,272		(676,160)					(371,888)	(17,819)	(389,707)
L	Transfers from/to Retained Profits				(27,125)	(112,922)			140,047	-	(, ,	-
1	3 Total Transactions with Equity Holders	156,000	148,272		(703,285)	(112,922)	-	•	140,047	(371,888)	(17,819)	(389,707)
l	Balance as at 31.03.2013 (1 + 2 + 3)	6,962,722	3,567,002	726,187	5,867,799		868,928	35,811	1,659,308	19,687,757	1,208,393	20,896,150
ŀ	Balance as at 01.01.2014	6,962,722	3,567,002	841,964	7,147,589		1,356,228	641,586	2,142,494	22,659,585	1,537,626	24,197,211
L	Total Comprehensive Income for the period											
L	Profit for the Period				526.404					526,404	11.172	537.576
L	Other Comprehensive Income (Net of Tax)							110,382		110,382	-	110,382
k	2 Total Comprehensive Income for the period	-	-	-	526,404	-	-	110,382	-	636,786	11,172	647,958
L	Transactions With Family Haldens, Descentional Disording to Family											
L	Transactions With Equity Holders, Recognised Directly In Equity Dividends				(776,161)					(776,161)	(21,142)	(797,303)
L	Transfers from/to Retained Profits				(141,499)				141,499	(770,101)	(21,142)	(797,303)
	Changes in Ownership Interest without Change in Control				(141,499)				141,499	-		-
L	Acquisition of Non-Controlling Interest without Change in Control				6,983					6,983	(15,478)	(8,495)
1	Total Transactions with Equity Holders	-	-	-	(910,677)	-	-		141,499	(769,178)	(36,620)	(805,798)
	Balance as at 31.03.2014 (1 + 2 + 3)	6.962.722	3.567.002	841.964	6.763.316		1.356.228	751.968	2 283 993	22.527.193	1.512.178	24 039 371
L		-,	0,001,00L	5,304	-,,		1,000,210	,500	_,,	,0,,00	.,,	,,

* 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)

** According to the circular Ref. No. 08/24/002/0005/003/ issued by the Central Bank of Sri Lanka, Primary Dealer Unit is required to appropriate 25% of the profit after tax for the year towards the Special Risk Reserve. However, with effect from 14/02/2013 Licensed Commercial Banks appointed as Primary Dealers were exempted from the requirement of maintaining such Special Reserve as per Direction No. 08/11/011/0019/001 dated 18/03/2013.

	B	ANK	GROUP			
12 Customer Loans and Receivables	As at 31.03.2014	As at 31.12.2013	As at 31.03.2014	As at 31.12.2013		
Gross Loans and Receivables (Refer 12.1)	139,487,817	144,167,684	139,487,817	144,167,684		
Less: Individual Impairment	(3,051,842)	(2,999,778)	(3,051,842)	(2,999,778)		
Collective Impairment	(4,603,573)	(4,615,049)	(4,603,573)	(4,615,049)		
Net Loans and Receivables	131,832,402	136,552,857	131,832,402	136,552,857		
12.1 Customer Loans and Receivables - By product						
By product - Domestic Currency						
Export Bills	17,663	18,638	17,663	18,638		
Import Bills	163,864	127,889	163,864	127,889		
Local Bills	150,020	169,123	150,020	169,123		
Lease Rentals Receivables	8,564,145	8,690,012	8,564,145	8,690,012		
Overdrafts	40,624,069	38,964,190	40,624,069	38,964,190		
Trust Receipts Loans/Revolving Loans(RIL)	9,055,757	9,812,635	9,055,757	9,812,635		
Staff Loans	3,928,191	3,882,440	3,928,191	3,882,440		
Housing Loans	8,654,844	8,682,549	8,654,844	8,682,549		
Pawning Receivables Refinance Loans	11,127,146 530,946	14,370,126 584,504	11,127,146 530,946	14,370,126 584,504		
Credit Cards	2,505,809	2.551.355	2.505.809	2,551,355		
Other Loans	45.664.773	47.800.886	45.664.773	47.800.886		
Total	130,987,227	135,654,347	130,987,227	135,654,347		
By product - Foreign Currency						
Export Bills	633,515	702.052	633.515	702.052		
Import Bills	197.311	66,702	197.311	66,702		
Local Bills	53,930	71,785	53,930	71,785		
Overdrafts	532,777	481,513	532,777	481,513		
Trust Receipts Loans/Revolving Loans(RIL)	215,448	406,991	215,448	406,991		
Other Loans	6,867,609	6,784,294	6,867,609	6,784,294		
Total	8,500,590	8,513,337	8,500,590	8,513,337		
Gross Loans and Receivables	139,487,817	144,167,684	139,487,817	144,167,684		

12.2 Movements in Individual and Collective Impairment during the period for Customer Loans and Receivables RANK

		ANK	GROUP			
	2014	2013	2014	2013		
	(For 03 Months)	(For 12 Months)	(For 03 Months)	(For 12 Months)		
Individual Impairment						
Opening Balance as at 01st January	2.999.778	3.537.698	2.999.778	3.537.698		
Charge/(Write back) to Income Statement	101.315	1,305,790	101.315	1,305,790		
Reversal for Write-Offs & Interest Accrued on Impaired Loans	(49,251)	(1,843,710)	(49,251)	(1,843,710)		
	(10,201)	(1,010,110)	(10,201)	(1,010,110)		
Closing Balance as at 31st March 2014	3.051.842		3.051.842			
as at 31st December 2013	0,001,042	2.999.778	0,001,042	2,999,778		
		2,333,770		2,555,770		
Collective Impairment						
Opening Balance as at 01st January	4.615.049	4,707,621	4.615.049	4,707,621		
Charge/(Write back) to Income Statement	(11,476)	(92,572)	(11,476)	1 - 1-		
Gharge/(write back) to income Statement	(11,470)	(92,372)	(11,470)	(92,572)		
Closing Balance as at 31st March 2014	4,603,573		4,603,573			
as at 31st December 2013	4,000,070	4.615.049	4,000,070	4,615,049		
as at 51st December 2015		4,010,049		4,010,049		
Total Impairment	7.655.415	7.614.827	7.655.415	7.614.827		
Total impartment	7,000,410	7,014,027	7,000,410	7,014,027		
13 Customer Deposits - By product						
	31.03.2014	31,12,2013	31.03.2014	31,12,2013		
By product - Domestic Currency	01.00.2014	01.12.2010	01.00.2014	01.12.2010		
Demand deposits	10.998.761	10.727.342	10.998.761	10,727,342		
Savings deposits	40,066,474	38,991,037	40,066,474	38,991,037		
Fixed deposits	101,490,205	99,858,932	101,490,205	99,858,932		
Certificate of deposits	6.006.016	6.074.541	6.006.016	6.074.541		
Certificate of deposits	0,000,010	0,074,341	0,000,010	0,074,341		
Total	158,561,456	155,651,852	158,561,456	155,651,852		
lotai	130,301,430	100,001,002	130,301,430	133,031,032		
By product - Foreign Currency						
Demand deposits	884.886	745.172	884.886	745.172		
Savings deposits	4.493.229	4,587,352	4,493,229	4,587,352		
Fixed deposits	6,610,962	4,567,552	6,610,962	6,387,008		
ו ואפע עפויטאונא	0,010,902	0,307,000	0,010,902	0,307,000		
Total	11,989,077	11.719.532	11,989,077	11,719,532		
10101	11,303,017	11,710,002	11,303,017	11,710,002		
Total Customer Deposits	170.550.533	167,371,384	170,550,533	167,371,384		
וטומו טעטוטוודו שבאטטונט	170,000,000	107,371,304	170,000,000	107,371,304		