SEYLAN BANK PLC FINANCIAL STATEMENTS Year ended 31st December, 2021



(In terms of Rule 7.4 of the Colombo Stock Exchange)		Bank			Bank			Group			Group	
		For the Year Ended For the Quarter Ended For the Year Ended 31st December 31st December 31st December					For the Quarter Ended 31st December					
	2021	2020	Growth	2021	2020	Growth	2021	2020	Growth	2021	2020	Growth
	(Audited)	(Audited)	%			%	(Audited)	(Audited)	%			%
Interest Income	46,770,415	51,104,755	(8.48)	12,300,918	11,508,110	6.89	46,781,204	51,112,436	(8.47)	12,305,053	11,510,161	6.91
Less: Interest Expenses	23,181,313	31,607,000	(26.66)	5,779,495	6,882,496	(16.03)	22,877,295	31,301,653	(26.91)	5,703,742	6,806,610	(16.20
Net Interest Income	23,589,102	19,497,755	20.98	6,521,423	4,625,614	40.99	23,903,909	19,810,783	20.66	6,601,311	4,703,551	40.35
Fee and Commission Income	4,784,698	3,931,545	21.70	1,408,417	1,149,876	22.48	4,784,426	3,931,327	21.70	1,408,410	1,149,744	22.50
Less: Fee and Commission Expenses	143,498	201,935	(28.94)	37,240	38,672	(3.70)	143,950	203,023	(29.10)	37,692	39,384	(4.30
Net Fee and Commission Income	4,641,200	3,729,610	24.44	1,371,177	1,111,204	23.40	4,640,476	3,728,304	24.47	1,370,718	1,110,360	23.45
Net Gains/(Losses) from Trading	(219,044)	347,554	(163.02)	197,480	225,125	(12.28)	(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)	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	2,849,480	1,052,679	170.69	1,042,888	140,792	640.73
Total Operating Income	31,442,238	25,415,261	23.71	9,125,040	6,119,897	49.10	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	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	21,307,533	18,730,098	13.76	5,112,817	4,676,437	9.33
Less: Operating Expenses												
Personnel Expenses	7,252,152	7,240,951	0.15	1,531,910	1,839,937	(16.74)	7,288,380	7,274,876	0.19	1,536,924	1,845,814	(16.73
Depreciation and Amortisation Expenses	1,429,469	1,447,311	(1.23)	349,076	364,887	(4.33)	1,479,466	1,486,206	(0.45)	363,288	375,690	(3.30
Other Expenses	4,376,116	4,094,480	6.88	1,140,410	1,057,482	7.84		4,145,084	, ,	1,159,472	1,071,281	8.23
Total Operating Expenses	13,057,737	12,782,742	2.15	3,021,396	3,262,306	(7.38)	13,188,041	12,906,166	2.18	3,059,684	3,292,785	(7.08
Operating Profit before Taxes	7.962.588	5.639.543	41.19	1.979.891	1.280.338	54.64	8,119,492	E 022 022	39.42	2.053.133	1.383.652	48.39
operating Front before taxes	7,502,500	3,033,343	41.13	1,979,091	1,200,330	34.04	0,119,492	3,023,932	33.42	2,000,100	1,303,032	40.03
Less: Value Added Tax on Financial Services	1,934,812	1,528,296	26.60	408,833	342,712	19.29	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	6,184,680	4,295,636	43.98	1,644,300	1,040,940	57.96
Less : Income Tax Expense	1,447,236	1,099,947	31.57	196,338	147,861	32.79	1,449,010	1,197,578	21.00	215,502	178,110	20.99
Profit for the Year	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07	4,735,670	3,098,058	52.86	1,428,798	862,830	65.59
Profit Attributable to :												
Equity Holders of the Bank	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07	4,653,003	3,038,629	53.13	1,412,855	841,283	67.94
Von-controlling Interest	-	_	_	-		-	82,667	59,429	39.10	15,943	21,547	(26.01
Profit for the Year	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07	4,735,670	3,098,058	52.86	1,428,798	862,830	65.59
		5.64	51.95	2.57	1.48	73.65	8.71	5.69	53.08	2.64	1.57	68.1

STATEMENT OF CASH FLOWS (AUDITED)		(Amounts in Rup	ees Thousands)
• •	BAI	VK .	GRO	JP
For the Year ended 31st December	2021	2020	2021	2020
Cash Flows from Operating Activities Interest Receipts Interest Payments Net Commission Receipts Trading Income Payments to Employees VAT on Financial Services Paid Receipts from Other Operating Activities Payments on Other Operating Activities Operating profit before changes in operating assets and liabilities	41,685,072 (21,411,294) 4,641,200 28,216 (7,353,685) (2,164,565) 3,707,288 (3,850,485) 15,281,747	48,732,142 (29,889,168) 3,729,610 165,587 (6,961,878) (1,199,766) 2,455,564 (4,062,152) 12,969,939	41,695,861 (21,402,467) 4,640,476 29,416 (7,390,910) (2,164,565) 3,804,412 (3,892,235) 15,319,988	48,739,823 (29,879,048) 3,728,304 166,776 (6,935,809) (1,199,766) 2,565,231 (4,111,841) 13,013,670
(Increase)/Decrease in Operating Assets : Balances with Central Bank of Sri Lanka Financial Assets at Amortized cost - Loans and Advances Other Assets	(1,354,631) (54,727,268) 103,576	7,087,767 (18,421,886) 178,558	(1,354,631) (54,727,317) 94,723	7,087,767 (18,421,886) 125,778
Increase/(Decrease) in Operating Liabilities: Financial Liabilities at Amortized Cost - Due to Depositors Financial Liabilities at Amortized Cost - Due to Debt Securities Holders Financial Liabilities at Amortized cost - Due to Other Borrowers Other Liabilities Due to Banks Cash Generated from Operating Activities before Income Tax Income Tax Paid Net Cash (Used in)/ Generated from Operating Activities	49,744,819 89,286 (6,828) 181,437 (8,175,300) 1,136,838 (1,242,538) (105,700)	40,673,176 (5,824,851) (9,284) (704,858) 3,910,058 39,858,619 (976,468) 38,882,151	49,744,819 89,286 (6,628) 262,403 (8,175,300) 1,247,143 (1,242,538) 4,605	40,673,176 (5,824,851) (9,284) (787,487) 3,910,058 39,766,941 (976,468) 38,790,473
Cash Flows from Investing Activities Purchase of Property, Plant and Equipment Improvements in Investment Properties Proceeds from Sale of Property, Plant and Equipment 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 Net Proceeds From Sale, Maturity and Purchase of Financial Investments of Shares and Debentures Reverse Repurchase Agreements maturing after Three Months Net Purchase of Intangible Assets Dividend Received from Investment in Subsidiaries Dividend Received from Investment in Subsidiaries Dividend Received from Investment in Subsidiaries Net Cash (Used in)/Generated from Investing Activities	(312,432) - 10,323 4,966,410 767,816 1,801 (149,882) 125,199 32,674 5,441,909	(512,836) 15,896 (19,049,799) 36,381 4,433 (177,129) 114,765 19,173 (19,549,116)	(356,854) (33,725) 10,323 4,966,410 772,153 1,801 (149,882) - 32,674 5,242,900	(528,926) (18,863) 15,896 (19,049,799) 31,929 4,433 (177,129) - 19,173 (19,703,286)
Cash Flows from financing activities Net Proceeds from the Issue of Subordinated Debt Repayment of Subordinated Debt Interest Paid on Subordinated Debt Interest Paid on Un-Subordinated Debt Dividend Paid to Non-Controlling Interest Dividend Paid to Non-Controlling Interest Dividend Paid to Shareholders of the Bank Repayment of Principal Portion of Lease Liabilities Net Cash (Used In)/Generated from Financing Activities Net Increase In Cash and Cash Equivalents	6,000,000 (1,727,720) (2,261,775) - - (229) (822,434) 1,187,842	(2,806,040) (2,232,788) (241,770) - (502,788) (750,450) (6,533,836)	6,000,000 (1,727,720) (2,250,959) - (42,931) (229) (537,647) 1,440,514	(2.806,040) (2.221,972) (241,770) (49,720) (502,788) (465,698) (6,287,988)
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 Placements with Banks and Finance Companies Government of Sri Lanka Teasury Bills/Bonds, Development and International Sovereign Bonds Maturing within Three Months Securities Purchased Under Resale Agreements Maturing within Three Months	16,113,653 8,288,351 9,608,882 10,029,031	10,044,937 10,784,450 10,543,586 6,142,893	16,113,693 8,288,849 9,772,850 10,029,031	10,044,977 10,784,948 10,543,586 6,142,893

STATEMENT OF PROFIT	OR LO	SS AND	OTHER	COMP	REHEN	SIVE II	NCOME		(Amou	nts in Ru	pees Thou	sands)
(In terms of Rule 7.4 of the Colombo Stock Exchange)	For the	Bank the Year Ended 31st Dec.		For the Q	Bank For the Quarter Ended 31st Dec.			Group e Year Ended 31	st Dec.	Group For the Quarter Ended 31st Dec.		
	2021 (Audited)	2020 (Audited)	Growth %	2021	2020	Growth %	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	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)	(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)	(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	(790,071)	481,720	(264.01)	(123,256)	(108,994)	(13.09)	(789,713)	482,047	(263.82)	(122,668)	(109,055)	(12.48)
ltems that will never be reclassified to Income Statement in Subsequent Periods												
Change in Fair Value on Investments in Equity nstruments measured at Fair Value through Other Comprehensive Income	436,898	1,548,622	(71.79)	379,866	(316,207)	220.13	436,898	1,548,622	(71.79)	379,866	(316,207)	220.13
Revaluation of Property, Plant and Equipment	748,182	-	-	748,182	-	-	800,032	41,639	1,821.35	800,032	41,639	1,821.35
Actuarial Losses on Defined Benefit Obligations	(390,122)	(495,480)	(21.26)	(390,122)	(495,480)	(21.26)	(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	144,527	486,596	(70.30)	144,527	9,426	1,433.28	156,881	498,255	(68.51)	156,881	21,085	644.04
Other Comprehensive Income for the Year, Net of Taxes	(1,521,020)	1,832,025	(183.02)	53,931	(1,093,596)	104.93	(1,479,099)	1,865,107	(179.30)	97,923	(1,064,004)	109.20
Total Comprehensive Income for the Year	3,059,520	4,843,325	(36.83)	1,428,651	(303,831)	570.21	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 Non-controlling Interest	3,059,520	4,843,325	(36.83)	1,428,651	(303,831)	570.21	3,161,541 95,030	4,893,981 69,184	(35.40) 37.36	1,497,804 28,917	(231,447) 30,273	747.15 (4.48)
Total Comprehensive Income for the year	3,059,520	4,843,325	(36.83)	1,428,651	(303,831)	570.21	3,256,571	4,963,165	(34.39)	1,526,721	(201,174)	858.91

(In terms of Rule 7.4 of the Colombo Stock Exchange)		Bank			Group	
	As at 31.12.2021 (Audited)	As at 31.12.2020 (Audited)	Growth %	As at 31.12.2021 (Audited)	As at 31.12.2020 (Audited)	Grow
Assets						
Cash and Cash Equivalents	16,079,054	10,036,144	60.21	16,079,094	10,036,184	60.2
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	(23.1
Derivative Financial Instruments	290,141	403,984	(28.18)	290,141	403,984	(28.1
inancial Assets recognised through Profit or Loss	200,111	100,001	(20.10)	200,111	100,001	(2011
- Measured at Fair Value	4,969,913	4,545,853	9.33	4,969,913	4,553,778	9.1
- Designated at Fair Value	4,300,310	4,545,050	3.00	4,500,510	4,555,776	3.1
inancial Assets at Amortised Cost			-	•		
	444 070 000	000 700 147	10.04	444 070 000	000 700 147	10.0
- Loans and Advances	441,976,662	393,766,147	12.24	441,976,662	393,766,147	12.2
- Debt and Other Instruments	67,992,449	53,692,471	26.63	68,156,417	53,692,471	26.9
inancial Assets measured at Fair Value through Other Comprehensive Income	39,104,536	59,024,231	(33.75)	39,165,399	59,081,506	(33.7
nvestment in Subsidiary	1,153,602	1,153,602	-	-	-	
roup Balances Receivable	40,000	40,000	-	-	-	
roperty, Plant & Equipment	4,289,917	4,031,453	6.41	7,063,747	6,772,711	4.3
ight-of-use Assets	4,791,175	4,450,659	7.65	2,594,737	2,220,501	16.8
ovestment Properties	_		_	870,258	856,604	1.5
ntangible Assets	592,894	620,530	(4.45)	592,894	620,530	(4.4
ther Assets	9,323,825	7,840,615	18.92	9,358,128	7,899,785	18.4
uidi Assots	9,020,020	7,040,013	10.32	9,000,120	7,033,703	10.4
otal Assets	607,576,911	557,707,420	8.94	608,090,133	558,005,932	8.9
iabilities						
ue to Banks	24,504,387	32,679,687	(25.02)	24,504,387	32,679,687	(25.0
	217,179	39,981		217,179	39,981	
erivative Financial Instruments	217,179	39,901	443.21	217,179	39,901	443.2
inancial Liabilities at Amortised Cost						
- Due to Depositors	488,653,328	440,303,126	10.98	488,653,328	440,303,126	10.9
- Due to Debt Securities Holders	2,662,377	2,575,873	3.36	2,662,377	2,575,873	3.3
- Due to Other Borrowers	7,295	14,123	(48.35)	7,295	14,123	(48.3
roup Balances Payable	191,810	261,462	(26.64)	-	-	
ebt Securities Issued	21,617,455	17,058,558	26.72	21,617,455	17,058,558	26.7
urrent Tax Liabilities	1,623,966	869,896	86.69	1,611,832	846,582	90.3
eferred Tax Liabilities	257,574	1,469,778	(82.48)	582,395	1,789,866	(67.4
ease Liabilities	4,889,598	4,446,175	9.97	2,007,245	1,582,937	26.8
ther Liabilities	10,898,933	9,021,786	20.81	10,939,813	9,059,600	20.7
otal Liabilities	555,523,902	508,740,445	9.20	552,803,306	505,950,333	9.2
oral Frantities	555,525,902	500,740,445	9.20	552,605,500	505,950,333	9.2
quity	40.000.000			40.000.000	47.540.47	
tated Capital	18,323,882	17,548,347	4.42	18,323,882	17,548,347	4.4
tatutory Reserve Fund	2,332,549	2,103,522	10.89	2,332,549	2,103,522	10.8
air Value through Other Comprehensive Income Reserve	(245,179)	2,285,332	(110.73)	(271,212)	2,257,027	(112.0
etained Earnings	29,196,617	24,683,224	18.29	29,967,349	25,381,609	18.0
ther Reserves	2,445,140	2,346,550	4.20	3,605,666	3,479,318	3.6
otal Shareholders' Equity	52,053,009	48,966,975	6.30	53,958,234	50,769,823	6.2
on-controlling Interest			-	1,328,593	1,285,776	3.3
otal Equity	52,053,009	48,966,975	6.30	55,286,827	52,055,599	6.2
otal Equity & Liabilities	607,576,911	557,707,420	8.94	608,090,133	558,005,932	8.9
ontingent Liabilities and Commitments	224,389,878	195,154,154	14.98	224,389,963	195,173,315	14.9
		, , , ,			,	
lemorandum Information						
umber of Employees	3,148	3,251	(3.17)	3,167	3,271	(3.1
lumber of Banking Centres	171	172	(0.58)	171	172	(0.5
et Assets Value per Ordinary Share (Rs.)	97.44	94.71	2.88	101.01	98.20	2.8

Gertification;
$certify that the above Financial Statements \ are in compliance \ with the requirements \ of the \ Companies \ Act \ No. \ 07 \ of \ 2007.$

(Sgd.) Champika Dodanwela (Ms.)

STATEMENT OF FINANCIAL POSITION

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 February 22, 2022 Colombo

(Sgd.) Kapila Ariyaratne Director/Chief Executive Officer

	Current	Comparative
	Period 01-Oct21 to	Period 01-Oct20 to
Debt (Debentures)/Equity Ratio (Times)	31-Dec21 0.42	31-Dec20 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	0.70	02
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 15/07/2	021)	*
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 Fixed Semi Annual - six months treasury bill rate + 1.5% (Debenture matured and redeemed on 15/07/2 7 Year Fixed Semi Annual - 13.75% p.a	021)	* *
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 15/07/2 7 Year Fixed Semi Annual - 13.75% p.a	021)	* *
Interest Rate of Comparable Government Security		. ===
- 5 Years (Debenture matured and redeemed on 15/07/2021) - 7 Years	8.46%	4.76% 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 - 7 Years	8.57% 10.18%	5.96% 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 2021 Issue (Debenture alloted on 12/04/2021) Market Prices during October to December (Ex Interest)	9.27%	6.29%
5 Year Fixed Annual - 9.75% p.a	*	
5 Year Fixed Quartely - 9.25% p.a.		
Interest Yield as at Date of Last Trade	*	
Yield to Maturity of Trade Done on	*	

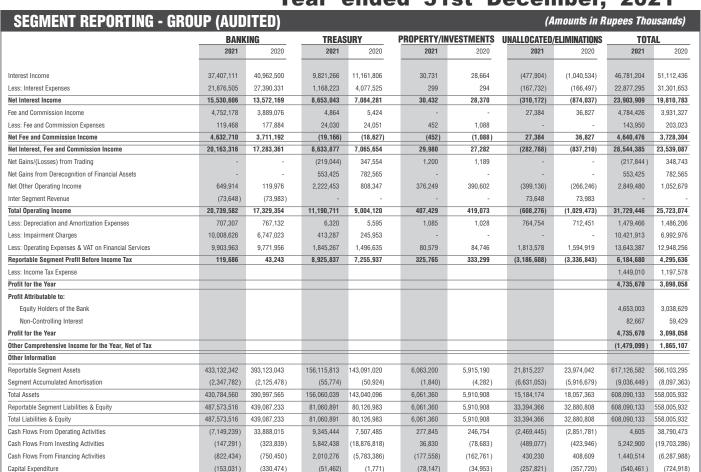
SELECTED PERFORMANCE INDICATORS				
Item	BA	NK	Gi	ROUP
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Regulatory Capital (LKR Mn.) Common Equity Tier I Total (Tier I) Capital Total Capital Base	49,027 49,027 64,551	45,810 45,810 57,123	50,052 50,052 65,448	46,812 46,812 57,995
Regulatory Capital Ratios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

* No trading during the period.

(Amounts in Rupees Thousands)

SEYLAN BANK PLC FINANCIAL STATEMENTS

Year ended 31st December, 2021



STATEMENT OF CHANGES IN EQUITY - E	<u> Bank (Al</u>	DITEU)				(Amounts i	n Rupees Th	ousands)
	State	l Capital	Statutory	Retained		Other Reserves		
For the Year ended 31st December	Ordinary Shares -Voting	Ordinary Shares -Non-Voting	Reserve Fund	Earnings	Revaluation Reserve	FVOCI Reserve **	Other Reserves	Tot
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	44,627,2
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,011,300	-	-	-	3,011,3
Other Comprehensive Income (net of tax)				(405,400)				(40F.4
 Actuarial Losses on Defined Benefit Obligations Net Gains on Investments in Debt Instruments measured at Fair Value through 	-	-	-	(495,480)	-	-	-	(495,4
Other Comprehensive Income	-	-	-	-	-	1,238,707	-	1,238,
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value						4 000 000		4.000
through Other Comprehensive Income - Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	1,062,026	26,772	1,062,0 26,1
- Net Movement of Cash Flow neage neserve							20,772	20,
Total Comprehensive Income for the Year	-	-	-	2,515,820	-	2,300,733	26,772	4,843,
Transactions with Equity Holders, Recognised Directly In Equity								
Cash/Scrip Dividend to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,
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		(1.400)		
Net Losses on Reclassification of Debt Instruments measured at Fair Value through	-	-	-	1,490	-	(1,490)	-	
Other Comprehensive Income	-	-	-	(308)	-	308	-	
Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,
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	48,966,9
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	48,966,9
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,580,540	-	-	-	4,580,
Other Comprehensive Income (net of tax)								
- Revaluation of Property, Plant and Equipment	-	-	-	-	601,759	-	-	601,
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(390,122)	-	-	-	(390,
- Net Losses on Investments in Debt Instruments measured at Fair Value through								
Other Comprehensive Income	-	-	-	-	-	(2,093,966)	-	(2,093,
 Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income 						438,794		438,
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	430,734	(77,485)	(77,
Total Comprehensive Income for the Year				4,190,418	601,759	(1,655,172)	(77,485)	3,059,
				1,100,110	001,100	(1,000,112)	(11,100)	0,000,
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	300,070	390,439	-	9,228	-	-	-	9,
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,535	8,751	-	-	17,2
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	17,4
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)	_	
Total Transactions with Equity Holders	385,076	390,459	229,027	322,975	8,751	(875,339)	(434,435)	26,5
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	52,053,0

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

STATEMENT OF CHANGES IN EQUITY -	GROUP	(AUDITE	:D)				(Amou	unts in Ru	pees Tho	usands)
	Stated (Statutory	Retained	Oti	her Reserves				
For the Year ended 31st December	Ordinary Shares -Voting	Ordinary Shares -Non-Voting	Reserve Fund		Revaluation Reserve	FVOCI Reserve	Other Reserves	Total	Non- Controlling Interest	Tota Equit
dalance 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	47,644,05
otal Comprehensive Income for the Year										
Profit for the Year	-	-	-	3,038,629	-	-	-	3,038,629	59,429	3,098,0
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	21,139	-	-	21,139	8,841	29,9
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,369)	-	-	-	(495,369)	46	(495,3
- Net Gains on Investments in Debt Instruments measured at										
Fair Value through Other Comprehensive Income	-	-	-	-	-	1,240,784	-	1,240,784	868	1,241,6
- Change in Fair Value on Investments in Equity Instruments measured at										
Fair Value through Other Comprehensive Income	-	-	-	-	-	1,062,026	-	1,062,026	-	1,062,02
Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772	-	26,7
otal Comprehensive Income for the Year	-	-	-	2,543,260	21,139	2,302,810	26,772	4,893,981	69,184	4,963,10
The second secon										
ransactions with Equity Holders , Recognised Directly In Equity ash/Scrip Dividend	051 477	050 140		(4.007.047)				(E00.004)	(47,000)	/EE1.0
rasn/scrip Dividend Transferred to Statutory Reserve Fund*	251,477	252,146	150 505	(1,007,247)		-	-	(503,624)	(47,996)	(551,6
	-	-	150,565	(150,565)	-	-	(500 705)	-	-	
ransferred from Investment Fund Reserve	-	-	-	500,795	-	-	(500,795)	-	-	
let Gains on Disposal of Equity Investments measured at Fair Value through				4 400		(4.400)				
Other Comprehensive Income	-	-	-	1,490	-	(1,490)	-	-	-	
let Losses on reclassification of Debt Instruments measured at				(000)		000				
Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-	-	
otal Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,624)	(47,996)	(551,6
talance 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	52,055,59
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	52,055,59
otal Comprehensive Income for the Year										
Profit for the Year	_	_		4,653,003	_	_		4,653,003	82,667	4,735,6
Other Comprehensive Income (net of tax)				4,000,000				4,000,000	02,007	4,700,0
- Revaluation of Property, Plant and Equipment	_	_		_	629,607	_		629,607	11,648	641,2
- Actuarial Losses on Defined Benefit Obligations	_			(390,684)		_		(390,684)	(235)	(390,9
Net Losses on Investments in Debt Instruments measured at Fair Value through				(330,004)		(2,091,694)		(2,091,694)	950	(2,090,7
Other Comprehensive Income	-					(2,031,034)		(2,031,034)	550	(2,030,7
Change in Fair Value on Investments in Equity Instruments measured at Fair	_					438,794		438,794		438,79
Value through Other Comprehensive Income						430,734		430,734		430,7
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)	-	(77,4
Total Comprehensive Income for the Year				4,262,319	629,607	(1,652,900)	(77,485)	3,161,541	95,030	3,256,5
·				7,202,013	023,001	(1,002,300)	(11,700)	0,101,041	30,000	0,200,0
Transactions with Equity Holders, Recognised Directly In Equity										
Cash/Scrip Dividend	385,076	390,459	-	(775,535)	-	-	-	-	(52,362)	(52,3
Inclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	9,228	-	-	-	9,228	-	9,2
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,654	8,661	-	-	17,315	12	17,32
ransferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-	-	
ransferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-	-	
et Gains on Disposal of Equity Investments measured at Fair Value										
through Other Comprehensive Income	-	-	-	875,339	-	(875,339)	-	-	-	
thers	-	-	-	327	-	-	-	327	137	4
otal Transactions with Equity Holders	385,076	390,459	229,027	323,421	8,661	(875,339)	(434,435)	26,870	(52,213)	(25,3



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

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%).

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 compiled with the guidelines and directives issued with this regard by the Government, the Central Bank of ST 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				
	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. 3.1	Shareholders' Information 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. 1	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
	Dr. S Yaddehige	1,269,598	0.47
18			
18 19 20	Nr. S Durga Mr D N N Lokuge	1,254,485 1,245,864	0.46 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 - LKR 6.378 Bn. Public Holding Percentage - 54.85%

Directors and Giller executive Officer's Shareholdings as at December 31, 2021		
Name of Director	No. of Shares (Ordinary Voting)	No. of Shares (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	Nil	Nil
(appointed w.e.f. 01.10.2021)		
Ms. V G S S Kotakadeniya, Alternate Director to	Nil	Nil
Non - Executive Director, Mr. W D K Jayawardena		
	Mr. W M R S Dias, Non-Executive Director / Chairman Mr. W D K Jayawardena, Non-Executive Director/Deputy Chairman Ms. M C Pietersz, Independent Director /Senior Director Mr. K P Ariyaratne, Director/Chief Executive Officer Mr. S V Corea, Non-Executive Director Mr. S V Corea, Non-Executive Director Mr. A S Wijesinha, Independent Director Ms. S K Salgado, Independent Director Mr. D M D K Thilakaratne, Non-Executive Director Mr. D M Rabeysuriya, Independent Director Mr. D M Rupasinghe, Independent Director Mr. D M Rupasinghe, Independent Director (appointed w.ef. 01.10.2021) Ms. V G S S Kotakadeniya, Alternate Director to	Name of Director No. of Shares (Ordinary Voting) Mr. W M R S Dias, Non-Executive Director / Chairman Nil Mr. W D K Jayawardena, Non-Executive Director/Deputy Chairman Nil Ms. M C Pietersz, Independent Director / Senior Director Nil Mr. K P Ariyaratne, Director/Chief Executive Officer 66,399 Mr. S V Corea, Non-Executive Director 101 Mr. A S Wijesinha, Independent Director Nil Ms. S K Salgado, Independent Director Nil Mr. D M D K Thilakaratne, Non-Executive Director Nil Mr. D R Abeysuriya, Independent Director Nil Mr. D M Rupasinghe, Independent Director Nil (appointed w.e.f. 01.10.2021) Nil Ms. V G S S Kotakadeniya, Alternate Director to Nil

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 twentyfive 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.

7.1 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: Nii). 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.

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 american enterprise the period ended 31st December 2020 even though the american enterprise the period ended 31st December 2020 even though the american enterprise period the period ended 31st December 2020 even though the american enterprise period the period ended 31st December 2020 even though the american enterprise period by the period ended 31st December 2020 even though the american enterprise period by the period ended 31st December 2020 even though the american enterprise period by the period ended 31st December 2020 even though the american enterprise period by the period ended 31st December 2020 even though the american enterprise period ended 31st December 2020 even though the american enterprise period ended 31st December 2020 even though the american enterprise period ended 31st December 2020 even though the american ended and a second ended 31st December 2020 even though the american ended 31st December 2020 even the american ended 31st December 2020 even though the american ended 31st December 2020 even the american ended 31

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