



Seylan Bank PLC

Interim Financial Statements (Audited)
For the 12 Months Ended 31st December 2017

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		
	2017 (Audited)	2016 (Audited)	Growth %	2017	2016	Growth %
Interest Income	43,725,934	33,457,232	30.69	11,694,385	9,809,445	19.22
Less: Interest Expenses	28,234,801	19,990,485	41.24	7,579,639	6,053,181	25.22
Net Interest Income	15,491,133	13,466,747	15.03	4,114,746	3,756,264	9.54
Fee and Commission Income	3,952,760	3,223,231	22.63	1,092,751	935,921	16.76
Less: Fee and Commission Expenses	164,619	119,983	37.20	57,730	34,638	66.67
Net Fee and Commission Income	3,788,141	3,103,248	22.07	1,035,021	901,283	14.84
Net Trading Income	(212,772)	(227,770)	6.58	(10,124)	(77,058)	86.86
Net Gain from Financial Investments	358,636	11,895	2,915.01	27,766	(15,135)	283.46
Net Exchange Income	1,217,828	963,425	26.41	269,461	145,459	85.25
Other Operating Income (Net)	295,912	444,880	(33.48)	145,902	174,948	(16.60)
	1,659,604	1,192,430	39.18	433,005	228,214	89.74
Total Operating Income	20,938,878	17,762,425	17.88	5,582,772	4,885,761	14.27
Less : Impairment for Loans and Other Losses - Charges / (Reversal)						
Individual Impairment	1,069,797	931,597	14.83	(136,251)	515,398	(126.44)
Collective Impairment	423,679	38,005	1,014.80	198,170	(120,636)	264.27
Others	11,220	(15,415)	172.79	2,737	(35,997)	107.60
	1,504,696	954,187	57.69	64,656	358,765	(81.98)
Net Operating Income	19,434,182	16,808,238	15.62	5,518,116	4,526,996	21.89
Personnel Expenses	5,195,863	4,610,073	12.71	1,242,550	1,121,821	10.76
Depreciation and Amortisation	695,694	596,743	16.58	181,919	159,171	14.29
Other Expenses	4,990,968	4,518,339	10.46	1,257,775	1,298,446	(3.13)
	10,882,525	9,725,155	11.90	2,682,244	2,579,438	3.99
Operating Profit before Taxes	8,551,657	7,083,083	20.73	2,835,872	1,947,558	45.61
Value Added Tax (VAT) and Nation Building Tax (NBT) on Financial Services	1,895,206	1,349,365	40.45	596,567	369,359	61.51
Profit before Income Taxes	6,656,451	5,733,718	16.09	2,239,305	1,578,199	41.89
Income Tax Expenses	2,226,053	1,723,268	29.18	811,181	395,698	105.00
Profit for the Period	4,430,398	4,010,450	10.47	1,428,124	1,182,501	20.77
Basic / Diluted Earnings per Ordinary Share (in Rupees)	12.58	11.39	10.47	4.03	3.34	20.77

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		
	<i>For the Year Ended 31st December</i>			<i>For the Quarter Ended 31st December</i>		
	2017 (Audited)	2016 (Audited)	Growth %	2017	2016	Growth %
Profit for the Period	4,430,398	4,010,450	10.47	1,428,124	1,182,501	20.77
Other Comprehensive Income, Net of Tax						
Revaluation of Property, Plant and Equipment	-	822,999	(100.00)	-	822,999	(100.00)
Deferred Tax on Revaluation Surplus of Land	(231,989)	-	-	(231,989)	-	-
Actuarial Gain on Defined Benefit Obligations	28,182	54,555	(48.34)	28,182	54,555	(48.34)
Net Gain/(Loss) on Re-measuring Available-for-Sale Financial Assets	2,636,992	(1,222,758)	315.66	132,680	(638,109)	120.79
Net Movement on Cash Flow Hedge Reserve	(7,366)	-	-	49,772	-	-
Other Comprehensive Income for the Period, Net of Tax	2,425,819	(345,204)	802.72	(21,355)	239,445	(108.92)
Total Comprehensive Income for the Period	6,856,217	3,665,246	87.06	1,406,769	1,421,946	(1.07)

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		
	2017 (Audited)	2016 (Audited)	Growth %	2017	2016	Growth %
Interest Income	43,731,971	33,472,831	30.65	11,695,323	9,814,347	19.17
Less: Interest Expenses	28,156,971	19,973,758	40.97	7,550,419	6,049,195	24.82
Net Interest Income	15,575,000	13,499,073	15.38	4,144,904	3,765,152	10.09
Fee and Commission Income	3,952,557	3,222,864	22.64	1,092,594	935,786	16.76
Less: Fee and Commission Expenses	170,553	125,626	35.76	58,803	36,150	62.66
Net Fee and Commission Income	3,782,004	3,097,238	22.11	1,033,791	899,636	14.91
Net Trading Income	(213,964)	(229,366)	6.72	(10,216)	(77,854)	86.88
Net Gain from Financial Investments	358,636	11,895	2,915.01	27,766	(15,135)	283.46
Net Exchange Income	1,217,238	963,388	26.35	268,871	145,422	84.89
Other Operating Income (Net)	826,940	471,167	75.51	168,305	193,082	(12.83)
	2,188,850	1,217,084	79.84	454,726	245,515	85.21
Total Operating Income	21,545,854	17,813,395	20.95	5,633,421	4,910,303	14.73
Less : Impairment for Loans and Other Losses - Charges / (Reversal)						
Individual Impairment	1,069,797	931,597	14.83	(136,251)	515,398	(126.44)
Collective Impairment	423,679	38,005	1,014.80	198,170	(120,636)	264.27
Others	11,220	(15,231)	173.67	2,737	(35,813)	107.64
	1,504,696	954,371	57.66	64,656	358,949	(81.99)
Net Operating Income	20,041,158	16,859,024	18.87	5,568,765	4,551,354	22.35
Personnel Expenses	5,228,790	4,642,048	12.64	1,248,856	1,129,023	10.61
Depreciation and Amortisation	743,417	642,166	15.77	194,549	169,835	14.55
Other Expenses	4,899,055	4,460,682	9.83	1,238,246	1,296,020	(4.46)
	10,871,262	9,744,896	11.56	2,681,651	2,594,878	3.34
Operating Profit before Taxes	9,169,896	7,114,128	28.90	2,887,114	1,956,476	47.57
Value Added Tax (VAT) and Nation Building Tax (NBT) on Financial Services	1,884,973	1,342,883	40.37	596,567	369,359	61.51
Profit before Income Taxes	7,284,923	5,771,245	26.23	2,290,547	1,587,117	44.32
Income Tax Expenses	2,281,292	1,736,355	31.38	828,220	387,046	113.98
Profit for the Period	5,003,631	4,034,890	24.01	1,462,327	1,200,071	21.85
Attributable to :						
Owners of the Parent	4,816,834	4,013,132	20.03	1,452,240	1,194,907	21.54
Non-Controlling Interest	186,797	21,758	758.52	10,087	5,164	95.33
Profit for the Period	5,003,631	4,034,890	24.01	1,462,327	1,200,071	21.85
Basic / Diluted Earnings per Ordinary Share (in Rupees)	13.68	11.40	20.03	4.10	3.37	21.54

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		
	2017 (Audited)	2016 (Audited)	Growth %	2017	2016	Growth %
Profit for the Period	5,003,631	4,034,890	24.01	1,462,327	1,200,071	21.85
Other Comprehensive Income, Net of Tax						
Revaluation of Property, Plant and Equipment	(20,329)	840,448	(102.42)	(20,329)	840,448	(102.42)
Deferred Tax on Revaluation Surplus of Land	(231,989)	-	-	(231,989)	-	-
Actuarial Gain on Defined Benefit Obligations	27,312	55,052	(50.39)	27,312	55,052	(50.39)
Net Gain/(Loss) on Re-measuring Available-for-Sale Financial Assets	2,639,217	(1,223,367)	315.73	132,680	(637,146)	120.82
Net Movement on Cash Flow Hedge Reserve	(7,366)	-	-	49,772	-	-
Other Comprehensive Income for the Period, Net of Tax	2,406,845	(327,867)	834.09	(42,554)	258,354	(116.47)
Total Comprehensive Income for the Period	7,410,476	3,707,023	99.90	1,419,773	1,458,425	(2.65)
Attributable to :						
Owners of the Parent	7,229,275	3,680,154	96.44	1,415,938	1,447,685	(2.19)
Non-Controlling Interest	181,201	26,869	574.39	3,835	10,740	(64.29)
Total Comprehensive Income for the Period	7,410,476	3,707,023	99.90	1,419,773	1,458,425	(2.65)

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
	31.12.2017 (Audited)	31.12.2016 (Audited)	%	31.12.2017 (Audited)	31.12.2016 (Audited)	%
Assets						
Cash and Cash Equivalents	8,319,384	8,336,143	(0.20)	8,319,424	8,336,193	(0.20)
Balances with Central Bank of Sri Lanka	19,119,843	16,211,618	17.94	19,119,843	16,211,618	17.94
Placements with Banks and Finance Companies	1,455,115	334,230	335.36	1,455,115	334,230	335.36
Derivative Financial Instruments	60,165	115,707	(48.00)	60,165	115,707	(48.00)
Other Financial Assets Held-for-Trading	7,939,213	9,060,416	(12.37)	7,944,562	9,066,980	(12.38)
Securities Purchased under Resale Agreements	1,750,855	7,317,022	(76.07)	1,750,855	7,317,022	(76.07)
Customer Loans and Receivables	280,861,907	236,020,197	19.00	280,861,907	236,020,197	19.00
Financial Investments - Available-for-Sale	53,507,037	45,863,945	16.66	53,507,037	45,900,746	16.57
Financial Investments - Held-to-Maturity	21,529,778	18,412,060	16.93	21,529,778	18,479,155	16.51
Investment in Subsidiary	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	30,000	30,102	(0.34)	-	-	-
Property, Plant & Equipment	3,495,140	4,329,522	(19.27)	6,001,586	5,971,693	0.50
Leasehold Rights	40,425	42,370	(4.59)	581,346	590,701	(1.58)
Investment Properties	-	-	-	851,667	854,078	(0.28)
Intangible Assets	363,451	262,112	38.66	363,451	262,112	38.66
Assets Held-for-Sale	900,543	-	-	-	226,827	(100.00)
Other Assets	7,599,381	8,523,510	(10.84)	7,637,019	8,562,182	(10.81)
Total Assets	408,125,839	356,012,556	14.64	409,983,755	358,249,441	14.44
Liabilities						
Due to Banks	27,052,972	17,728,293	52.60	27,052,972	17,728,293	52.60
Derivative Financial Instruments	571,557	86,654	559.59	571,557	86,654	559.59
Customer Deposits	307,098,902	273,456,344	12.30	307,098,902	273,456,344	12.30
Securities Sold under Repurchase Agreements	16,631,973	15,976,518	4.10	16,631,973	15,976,518	4.10
Other Borrowings	22,396	21,249	5.40	22,396	21,249	5.40
Group Balances Payable	1,145,110	226,351	405.90	-	-	-
Debentures	12,494,025	12,493,645	-	12,494,025	12,493,645	-
Current Tax Liabilities	1,022,378	750,385	36.25	1,046,249	757,467	38.12
Deferred Tax Liabilities	1,359,044	11,874	11,345.54	1,431,294	70,959	1,917.07
Other Liabilities	6,521,559	7,488,961	(12.92)	6,593,748	7,572,848	(12.93)
Total Liabilities	373,919,916	328,240,274	13.92	372,943,116	328,163,977	13.65
Equity						
Stated Capital	11,228,269	10,529,724	6.63	11,228,269	10,529,724	6.63
Statutory Reserve Fund	1,609,484	1,387,964	15.96	1,609,484	1,387,964	15.96
Retained Earnings	17,178,024	14,050,233	22.26	17,818,539	14,304,925	24.56
Other Reserves	4,190,146	1,804,361	132.22	5,170,681	2,797,661	84.82
Total Shareholders' Equity	34,205,923	27,772,282	23.17	35,826,973	29,020,274	23.45
Non - Controlling Interest	-	-	-	1,213,666	1,065,190	13.94
Total Equity	34,205,923	27,772,282	23.17	37,040,639	30,085,464	23.12
Total Equity & Liabilities	408,125,839	356,012,556	14.64	409,983,755	358,249,441	14.44
Contingent Liabilities and Commitments	99,500,731	64,110,695	55.20	99,568,595	64,184,994	55.13
Memorandum Information						
Number of Employees	3,199	3,165	1.07	3,225	3,194	0.97
Number of Banking Centres	166	166	-	166	166	-
Net Assets Value per Ordinary Share (Rs.)	96.50	80.51	19.86	101.08	84.13	20.15

Certification;

We the undersigned, being the Chairman, Director / 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 audited financial statements of the Bank & Group, which have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

Champika Dodanwela (Ms.)

Chief Financial Officer

(Sgd.)

W.M.R.S. Dias

Chairman

February 16,2018

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	Available-for-Sale Reserve	Other	
1 Balance as at 01st January 2016	6,962,722	3,567,002	1,187,441	11,125,666	651,483	(468,826)	2,030,189	25,055,677
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,010,450	-	-	-	4,010,450
Other Comprehensive Income (net of tax)								
- Revaluation of Property, Plant and Equipment	-	-	-	-	822,999	-	-	822,999
- Actuarial Gain on Defined Benefit Obligations	-	-	-	54,555	-	-	-	54,555
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	(1,222,758)	-	(1,222,758)
2 Total Comprehensive Income for the Year	-	-	-	4,065,005	822,999	(1,222,758)	-	3,665,246
Transactions with Equity Holders , Recognised Directly In Equity								
Dividends to Equity Holders	-	-	-	(948,641)	-	-	-	(948,641)
Transferred to Statutory Reserve Fund*	-	-	200,523	(200,523)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,726	-	-	(8,726)	-
3 Total Transactions with Equity Holders	-	-	200,523	(1,140,438)	-	-	(8,726)	(948,641)
Balance as at 31st December 2016 (1 + 2 + 3)	6,962,722	3,567,002	1,387,964	14,050,233	1,474,482	(1,691,584)	2,021,463	27,772,282
1 Balance as at 01st January 2017	6,962,722	3,567,002	1,387,964	14,050,233	1,474,482	(1,691,584)	2,021,463	27,772,282
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,430,398	-	-	-	4,430,398
Other Comprehensive Income (net of tax)								
- Deferred Tax on Revaluation Surplus of Land **	-	-	-	-	(231,989)	-	-	(231,989)
- Actuarial Gain on Defined Benefit Obligations	-	-	-	28,182	-	-	-	28,182
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,636,992	-	2,636,992
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(7,366)	(7,366)
2 Total Comprehensive Income for the Year	-	-	-	4,458,580	(231,989)	2,636,992	(7,366)	6,856,217
Transactions with Equity Holders , Recognised Directly In Equity								
Cash/Scrip Dividends to Equity Holders	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)
Transferred to Statutory Reserve Fund*	-	-	221,520	(221,520)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	11,852	-	-	(11,852)	-
3 Total Transactions with Equity Holders	356,354	342,191	221,520	(1,330,789)	-	-	(11,852)	(422,576)
Balance as at 31st December 2017 (1 + 2 + 3)	7,319,076	3,909,193	1,609,484	17,178,024	1,242,493	945,408	2,002,245	34,205,923

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

** The Bank recognises deferred tax liability for the revaluation surplus of land in accordance with the related tax provisions introduced by the Inland Revenue Act No. 24 of 2017.

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	Available for Sale Reserve	Other			
1 Balance as at 01st January 2016	6,962,722	3,567,002	1,187,441	11,376,269	1,378,783	(469,879)	2,285,402	26,287,740	1,067,194	27,354,934
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,013,132	-	-	-	4,013,132	21,758	4,034,890
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	835,317	-	-	835,317	5,131	840,448
- Reversal of Revaluation surplus on Property, Plant and Equipment Written Off	-	-	-	35	(50)	-	-	(15)	15	-
- Actuarial Gain on Defined Benefit Obligations	-	-	-	54,906	-	-	-	54,906	146	55,052
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	(1,223,186)	-	(1,223,186)	(181)	(1,223,367)
2 Total Comprehensive Income for the Year	-	-	-	4,068,073	835,267	(1,223,186)	-	3,680,154	26,869	3,707,023
Transactions with Equity Holders , Recognised Directly In Equity										
Dividends	-	-	-	(948,641)	-	-	-	(948,641)	(26,179)	(974,820)
Transferred to Statutory Reserve Fund *	-	-	200,523	(200,523)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,726	-	-	(8,726)	-	-	-
Changes in Ownership Interest in Subsidiary										
Acquisition of Non-Controlling Interest without Change in Control	-	-	-	1,021	-	-	-	1,021	(2,694)	(1,673)
3 Total Transactions with Equity Holders	-	-	200,523	(1,139,417)	-	-	(8,726)	(947,620)	(28,873)	(976,493)
Balance as at 31st December 2016 (1 + 2 + 3)	6,962,722	3,567,002	1,387,964	14,304,925	2,214,050	(1,693,065)	2,276,676	29,020,274	1,065,190	30,085,464
1 Balance as at 01st January 2017	6,962,722	3,567,002	1,387,964	14,304,925	2,214,050	(1,693,065)	2,276,676	29,020,274	1,065,190	30,085,464
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,816,834	-	-	-	4,816,834	186,797	5,003,631
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	(14,334)	-	-	(14,334)	(5,995)	(20,329)
- Deferred Tax on Revaluation Surplus of Land **	-	-	-	-	(231,989)	-	-	(231,989)	-	(231,989)
- Actuarial Gain on Defined Benefit Obligations	-	-	-	27,569	-	-	-	27,569	(257)	27,312
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,638,561	-	2,638,561	656	2,639,217
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(7,366)	(7,366)	-	(7,366)
2 Total Comprehensive Income for the Year	-	-	-	4,844,403	(246,323)	2,638,561	(7,366)	7,229,275	181,201	7,410,476
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)	(32,725)	(455,301)
Transferred to Statutory Reserve Fund*	-	-	221,520	(221,520)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	11,852	-	-	(11,852)	-	-	-
3 Total Transactions with Equity Holders	356,354	342,191	221,520	(1,330,789)	-	-	(11,852)	(422,576)	(32,725)	(455,301)
Balance as at 31st December 2017 (1 + 2 + 3)	7,319,076	3,909,193	1,609,484	17,818,539	1,967,727	945,496	2,257,458	35,826,973	1,213,666	37,040,639

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

** The Group recognises deferred tax liability for the revaluation surplus of land in accordance with the related tax provisions introduced by the Inland Revenue Act No. 24 of 2017.

Seylan Bank PLC**Cash Flow Statement (Audited)**

	Bank		Group	
	2017	2016	2017	2016
For the Year ended 31st December	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities				
Interest Receipts	42,302,083	31,128,413	42,308,120	31,142,336
Fees and Commission Receipts	3,952,760	3,223,231	3,952,557	3,222,864
Interest Payments	(26,385,903)	(17,405,026)	(26,308,073)	(17,388,299)
Trading Income	20,309	(62,541)	20,309	(62,541)
Receipts from Other Operating Activities	2,346,937	1,409,056	2,427,052	1,491,645
Cash Payments to Employees and Suppliers	(11,650,905)	(10,463,660)	(11,624,867)	(10,448,905)
Cash Payments to Other Operating Activities	(164,619)	(119,983)	(170,553)	(125,626)
Operating Profit before Changes in Operating Assets and Liabilities	10,420,662	7,709,490	10,604,545	7,831,474
(Increase)/Decrease in Operating Assets :				
Loans and Receivables to Customers	(45,762,794)	(43,062,023)	(45,762,794)	(43,062,023)
Deposits Held for Regulatory or Monetary Control Purposes	(2,908,225)	(7,647,730)	(2,908,225)	(7,647,730)
Increase/(Decrease) in Operating Liabilities :				
Deposits from Customers	32,495,066	46,515,044	32,495,066	46,515,044
Certificates of Deposit from Customers	(629,747)	180,911	(629,747)	180,911
Cash (Used in)/Generated from Operations	(6,385,038)	3,695,692	(6,201,155)	3,817,676
Income Tax Paid	(1,039,353)	(976,036)	(1,051,018)	(976,036)
Contribution Paid into Employees Retirement Benefit Plan / to Employees	(156,808)	(138,527)	(156,808)	(138,527)
Net Cash (Used in)/Generated from Operating Activities	(7,581,199)	2,581,129	(7,408,981)	2,703,113
Cash Flows from Investing Activities				
Investment in Subsidiary Company	-	(1,673)	-	-
Dividend Income Received	113,994	97,715	43,570	41,376
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing after 03 months	(9,321,771)	134,783	(9,321,771)	134,783
Reverse Repurchase Agreements Maturing after 03 Months	(7,209)	-	(7,209)	-
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	938,396	756,550	1,042,315	773,054
Purchase of Property , Plant & Equipment and Intangible Assets	(861,584)	(850,209)	(884,211)	(851,674)
Proceeds from Sale of Property , Plant & Equipment	13,311	38,066	13,405	38,066
Proceeds from Disposal of Assets Held-for-Sale	-	-	748,164	-
Improvements to Investment Properties	-	-	(7,538)	(360)
Net Cash (Used in) / Generated from Investing Activities	(9,124,863)	175,232	(8,373,275)	135,245
Cash Flows from Financing Activities				
Debentures Issued	-	5,000,000	-	5,000,000
Securities Sold under Repurchase Agreements	665,351	4,552,673	665,351	4,552,673
Increase / (Decrease) in Other Borrowings	9,962,716	(2,780,901)	9,076,828	(2,832,866)
Dividends Paid - Ordinary Shares	(1,125,247)	(933,132)	(1,163,175)	(963,164)
Net Cash Generated from Financing Activities	9,502,820	5,838,640	8,579,004	5,756,643
Net Increase / (Decrease) in Cash and Cash Equivalents	(7,203,242)	8,595,001	(7,203,252)	8,595,001
Cash and Cash Equivalents at beginning of the Year	23,277,093	14,682,092	23,277,143	14,682,142
Cash and Cash Equivalents at end of the Year	16,073,851	23,277,093	16,073,891	23,277,143
Reconciliation of Cash and Cash Equivalents				
Cash and Cash Equivalents	8,319,384	8,336,143	8,319,424	8,336,193
Placements with Banks and Finance Companies	1,455,115	334,230	1,455,115	334,230
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing within 03 Months	4,555,706	7,289,698	4,555,706	7,289,698
Securities Purchased under Resale Agreements Maturing within 03 Months	1,743,646	7,317,022	1,743,646	7,317,022
	16,073,851	23,277,093	16,073,891	23,277,143

EXPLANATORY NOTES

1. 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) and provided necessary disclosure to comply with LKAS 34, Interim Financial Reporting. The Interim Financial Statements have been prepared in accordance with LKAS / SLFRS.

The Bank has to comply with the Banking Act Direction No 01 of 2016 dated December 29, 2016 on Capital Requirements under BASEL III which is effective from July 01, 2017 and the disclosures in the **Selected Performance Indicators** have been changed accordingly.

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

2. Information on Ordinary Shares

Market Price (Rs.)	31/12/2017		31/12/2016	
	Voting	Non Voting	Voting	Non Voting
Market Price Per Share	87.20	56.00	90.00	59.00
Highest price per share during the quarter ended	97.00	63.50	98.00	65.00
Lowest price per share during the quarter ended	86.00	55.00	83.50	57.80

3. Shareholders Information

3.1 Twenty Largest Ordinary Voting Shareholders as at December 31, 2017

	No. of Shares	%
1 Sri Lanka Insurance Corporation Ltd [includes Sri Lanka Insurance Corporation Ltd (General Fund) 17,961,365 and Sri Lanka Insurance Corporation Ltd (Life Fund) –8,980,682]	26,942,047	15.00
2 Brown & Company PLC A/C No. 1	24,921,279	13.87
3 Employees Provident Fund	17,705,441	9.86
4 LOLC Investments Ltd	17,155,820	9.55
5 National Development Bank PLC A/C No.02	15,671,043	8.72
6 Bank of Ceylon No.1 Account	13,471,025	7.50
7 Mr. R S Captain	10,876,665	6.06
8 Mr. S E Captain	3,631,235	2.02
9 Employees Trust Fund Board	3,240,747	1.80
10 Seyfest (Private) Limited	3,080,300	1.71
11 Ms. L A Captain	2,517,488	1.40
12 Sesot (Private) Limited	2,326,134	1.30
13 Seybest (Private) Limited	2,210,179	1.23
14 Seyshop (Private) Limited	2,210,179	1.23
15 Esots (Private) Limited	2,192,519	1.22
16 Lanka Century Investments PLC	2,122,122	1.18
17 Capital Development and Investment Company PLC A/C No. 02	1,819,258	1.01
18 AIA Insurance Lanka PLC A/C No. 07	1,652,155	0.92
19 Mr K R B Fernando	1,036,232	0.58
20 Sotse (Pvt) Ltd	997,198	0.56

3.2 Twenty Largest Ordinary Non-Voting Shareholders as at December 31, 2017

		No. of Shares	%
1	Lanka Orix Leasing Company Plc	76,812,865	43.93
2	Employees Provident Fund	9,326,028	5.33
3	Akbar Brothers Pvt Ltd A/C No 1	3,290,099	1.88
4	Deutsche Bank Ag As Trustee For Jb Vantage Value Equity Fund	3,229,262	1.85
5	J.B. Cocoshell (Pvt) Ltd	3,215,920	1.84
6.	Pershing LLC S/A Averbach Grauson & Co.	3,168,808	1.81
7	Mr. E Thavagnanasooriyam & Mr. E Thawagnasundaram	2,672,628	1.53
8	Commercial Bank of Ceylon PLC/Dunamis Capital P L C	2,671,829	1.53
9	Employees Trust Fund Board	2,124,675	1.22
10	Merrill J Fernando & Sons (Pvt) Limited	1,942,143	1.11
11	Mr. N. Balasingam	1,823,813	1.04
12	Lanka Orix Information Technology Services Ltd	1,522,613	0.87
13	Deutsche Bank Ag-National Equity Fund	1,296,721	0.74
14	Deutsche Bank Ag As Trustee For Namal Acuity Value Fund	1,189,875	0.68
15	Dr. S Yaddhige	1,096,508	0.63
16	Mr. R.Gautam	890,500	0.51
17	HSBC International Nominees Ltd-SSBT-Deustche Bank Ag Singapore A/C 01	888,352	0.51
18	Mr. M J. Fernando	879,473	0.50
19	Mr. A P Somasiri	868,354	0.50
20	Miss. S. Durga	813,055	0.47

3.3 Public Holdings as at December 31, 2017

	<u>Number of Share Holders</u>	<u>Percentage Holdings</u>
• Ordinary Voting Shares	9,031	54.29%
• Ordinary Non-Voting Shares	6,682	55.94%

4. Directors' and Chief Executive Officer's Shareholdings as at December 31, 2017

<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. I C Nanayakkara, 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	37,275	139,681
Rear Admiral B A J G Peiris, Independent Director (retired w.e.f.08.01.2018)	Nil	Nil
Mr. S P S Ranatunga, Independent Director	Nil	Nil
Mr. W D K Jayawardena, Non-executive Director	Nil	Nil
Mr. P L S K Perera, Independent Director	Nil	Nil
Mr. S V Corea, Non-executive Director	Nil	Nil
Mr A S Wijesinha, Independent Director	Nil	Nil
Mrs S K Salgado, Independent Director	Nil	Nil

5. Stated Capital as at December 31, 2017

	Rs'000
33,560,000 Voting Ordinary Shares @Rs. 10/- each	335,600
4,000,000 Voting Ordinary Shares @Rs. 25/- each	100,000
92,440,000 Voting Ordinary Shares @Rs. 35/- each	3,235,400
2,644,068 Voting Ordinary Shares @Rs. 59/- each	156,000
43,333,333 Voting Ordinary Shares @Rs. 75/- each	3,250,000
3,636,268 Voting Ordinary Shares @Rs.98/ each	356,354
83,560,000 Non Voting Ordinary Shares @Rs.12/50 each	1,044,500
40,000,000 Non Voting Ordinary Shares @Rs.25/- each	1,000,000
45,423,009 Non Voting Ordinary Shares @Rs.35/- each	1,589,805
5,859,428 Non Voting Ordinary Shares @Rs.58/40 each	342,191
Less: Issue Expenses	(181,581)
Total	11,228,269

6. 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 & Non- voting) during the year ended December 31, 2017. 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 31st December 2016 has been restated based on the no of shares issued for scrip dividend 2016.

7. Events after the Reporting Date

Proposed Final Dividend

The Board of Directors of the Bank recommended a first and final dividend of Rs 3.50 per share on both voting and non-voting shares of the Bank for the financial year ended 31st December 2017, to be paid in the form of a cash dividend of Rs. 1.00 per share and a scrip dividend of Rs. 2.50 per share (Rs. 3.25 per share was paid for the year ended 31st December 2016 by way of Rs. 1.00 per share cash dividend and Rs. 2.25 per share 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 29th March 2018. This proposed final dividend has not been recognized as a liability as at 31st December 2017.

Redemption of Debentures 2013/2018

The 20 Million Unsecured Subordinated Redeemable Listed Debentures of the par value of Rs.100/- amounting to Rs. 2,000 Million, issued and allotted by the Bank in February 2013 will mature on 21st February 2018 and the Bank will redeem the Debentures on 22nd February 2018.

Debenture Issue (BASEL III Compliant)

Sixty Million (60,000,000) Fully Paid, BASEL III Compliant, Tier 2, Listed , Rated , Unsecured Subordinated , Redeemable Rated Debentures with a Non-viability conversion in compliance with BASEL III requirements at a par value of LKR 100/- to be converted to Ordinary Voting Shares by the Bank upon the occurrence of a Trigger Event, with an option to issue up to a further Forty Million (40,000,000) of said Debentures in the event of an oversubscription at the discretion of the Bank and in such event, the maximum issue of said Debentures totaling to Hundred Million (100,000,000) will be offered by the Bank to qualified investors (as defined in Section 2.2.1-1 of the Rules of the Colombo Stock Exchange) pursuant to the approval of the Ordinary Voting Shareholders of the Bank received at the Extraordinary General Meeting of the Bank held on 15th February 2018. An application has been made to the Colombo Stock Exchange to list the said Debentures on the Trading Floor of the Colombo Stock Exchange upon allotment.

There were no material events occurred after the reporting date that require adjustments to or disclosure in the financial statements other than disclosed above.

8. Other Matters

- i. During the 2nd half of the year the bank designated some of forward foreign currency SWAPs as hedging instruments to hedge foreign currency risk of liabilities denominated in foreign currencies. The fair value changes associated with these derivatives were initially recognized in Other Reserves through Other Comprehensive Income (OCI). The amount recognized in OCI is reclassified to profit or loss, an in the same line item in the statement of profit or loss.
- ii. The Bank recognized deferred tax liability at 28% of the revaluation surplus of land in accordance with the related tax provisions introduced by the Inland Revenue Act No. 24 of 2017. The total tax charge is recognized in the current year Other Comprehensive Income.

- iii. Rs.5Bn funds raised through Debenture Issue 2016 has been fully utilised for the objectives ((i) To further improve the Capital Adequacy of the Bank's Balance Sheet, by strengthening its Tier II Capital subject to Central Bank of Sri Lanka's approval, (ii) To utilize the funds raised to finance expansion by increasing the lending portfolio of the Bank, (iii) To further strengthen the funding mix of the Bank , (iv) To minimize the interest rate risk and the gap exposure in the Bank's asset/liability portfolio and to reduce maturity gaps in the Bank's Balance Sheet) set out in the prospective within the stipulated time frame.
- iv. The Bank has signed a Memorandum of Settlement (MoS) with Ceylon Bank Employees Union (CBEU) who represents the majority of current employees to settle the payment of the enhanced gratuity by utilizing proceeds expected from disposal of shares held by Share Trust companies upon compliance of the following conditions.
- There being no orders from court which would prevent the share owning companies and trustees from disposing of the shares and crediting the proceeds therefrom to the gratuity fund of the bank for the payment of the enhanced gratuity; and
 - The Bank being given a period of one year effective from 1st Jan 2018 to procure the disposal of the shares by the trustees and crediting the proceeds therefrom to the gratuity fund.

Further, the bank has extended the proposal to its ex- employees who are eligible for enhanced gratuity.

The bank has not recognised the enhanced gratuity liability in the financial statements as the settlement is contingent upon the completion of the above events and also making a reliable estimate of the financial impact is not practical as it would depend on number of uncertain variables that are attached to the above mentioned proposed settlement scheme.

- v. Rear Admiral B A J G Peiris retired from the services of the Bank with effect from 8th January 2018 in compliance with the Section 3(2)(ii) of the Banking Act Direction No.11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka (as amended).

9. Comparative Figures

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

During the quarter there were no other 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 for in these Interim Accounts.

Seylan Bank PLC
Segment Reporting - Group (Audited)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	37,367,598	28,323,342	4,020,794	3,656,532	84,163	33,742	2,259,416	1,459,215	43,731,971	33,472,831
Interest Expense	24,863,457	18,046,581	3,353,529	1,942,184	296	1,416	(60,311)	(16,423)	28,156,971	19,973,758
Net Interest Income	12,504,141	10,276,761	667,265	1,714,348	83,867	32,326	2,319,727	1,475,638	15,575,000	13,499,073
Fee and Commission Income	3,948,990	3,219,458	1,356	1,615	-	-	2,211	1,791	3,952,557	3,222,864
Fee and Commission Expense	125,500	89,439	38,962	30,544	5,934	5,643	157	-	170,553	125,626
Net Fee And Commission Income	3,823,490	3,130,019	(37,606)	(28,929)	(5,934)	(5,643)	2,054	1,791	3,782,004	3,097,238
Net Interest , Fee And Commission Income	16,327,631	13,406,780	629,659	1,685,419	77,933	26,683	2,321,781	1,477,429	19,357,004	16,596,311
Net Trading Income	-	-	(212,772)	(227,770)	(1,192)	(1,596)	-	-	(213,964)	(229,366)
Net Gain on Financial Investments	-	-	358,636	11,895	-	-	-	-	358,636	11,895
Net Exchange Income	-	-	1,190,592	922,121	(590)	(37)	27,236	41,304	1,217,238	963,388
Other Operating Income (Net)	170,391	328,892	9,806	9,482	269,706	212,340	377,037	(79,547)	826,940	471,167
Inter Segment Revenue	(214,471)	(273,730)	141,300	199,491	-	-	73,171	74,239	-	-
Total Operating Income	16,283,551	13,461,942	2,117,221	2,600,638	345,857	237,390	2,799,225	1,513,425	21,545,854	17,813,395
Depreciation and Amortisation Charge for the year	342,413	327,954	1,164	1,252	776	808	399,064	312,152	743,417	642,166
Impairment Losses For the year.	1,546,629	933,768	6,965	-	-	184	(48,898)	20,419	1,504,696	954,371
Operating Expenses , VAT & NBT	9,142,536	8,209,542	538,254	644,475	79,280	104,959	2,252,748	1,486,637	12,012,818	10,445,613
Reportable Segment Profit Before Income Tax	5,251,973	3,990,678	1,570,838	1,954,911	265,801	131,439	196,311	(305,783)	7,284,923	5,771,245
Income Tax Expense									2,281,292	1,736,355
Profit For The Year									5,003,631	4,034,890
Profit Attributable To:										
Equity Holders of The Bank									4,816,834	4,013,132
Non-Controlling Interests									186,797	21,758
Profit For The Year									5,003,631	4,034,890
Other Comprehensive Income, Net of Income Tax	(211,173)	54,555	2,636,992	(1,222,758)	9,215	1,399	(28,189)	838,937	2,406,845	(327,867)

Seylan Bank PLC
Segment Reporting - Group (Audited)

	Banking		Treasury		Property/ Investments		Unallocated/ Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Information										
Reportable Segment Assets	293,037,474	225,870,556	104,275,902	106,189,933	5,475,554	5,316,779	15,104,781	28,129,391	417,893,711	365,506,659
Segment Accumulated Amortisation	(733,848)	(528,204)	(25,573)	(40,021)	(1,536)	(808)	(7,148,999)	(6,688,185)	(7,909,956)	(7,257,218)
Total Assets	292,303,626	225,342,352	104,250,329	106,149,912	5,474,018	5,315,971	7,955,782	21,441,206	409,983,755	358,249,441
Reportable Segment Liabilities & Equity	321,813,148	285,669,401	43,281,902	34,700,927	5,474,018	5,315,687	39,414,687	32,563,426	409,983,755	358,249,441
Total Liabilities & Equity	321,813,148	285,669,401	43,281,902	34,700,927	5,474,018	5,315,687	39,414,687	32,563,426	409,983,755	358,249,441
Cash Flows From Operating Activities	(9,338,958)	569,300	1,572,002	1,956,163	118,358	91,193	239,617	86,457	(7,408,981)	2,703,113
Cash Flows From Investing Activities	(300,066)	(542,753)	(8,275,716)	988,947	952,006	(3,741)	(749,499)	(307,208)	(8,373,275)	135,245
Cash Flows From Financing Activities	-	-	10,628,067	6,771,772	(110,974)	(88,779)	(1,938,089)	(926,350)	8,579,004	5,756,643
Capital Expenditure	(294,640)	(552,731)	(6,336)	(101)	(36,626)	(1,801)	(554,147)	(297,401)	(891,749)	(852,034)

Seylan Bank PLC

11 Analysis of Financial Instruments by Measurement Basis - Bank

As at 31.12.2017					
	Held-for-Trading (HFT)	Held-to- Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Cash and Cash Equivalents	-	-	8,319,384	-	8,319,384
Balances with Central Bank of Sri Lanka	-	-	19,119,843	-	19,119,843
Placements with Banks and Finance Companies	-	-	1,455,115	-	1,455,115
Derivative Financial Instruments	60,165	-	-	-	60,165
Other Financial Assets Held-for-Trading	7,939,213	-	-	-	7,939,213
Securities Purchased under Resale Agreements	-	-	1,750,855	-	1,750,855
Customer Loans and Receivables	-	-	280,861,907	-	280,861,907
Financial Investments - Available-for-Sale	-	-	-	53,507,037	53,507,037
Financial Investments - Held-to-Maturity	-	21,529,778	-	-	21,529,778
Group Balances Receivable	-	-	30,000	-	30,000
Other Financial Assets	-	-	4,922,113	-	4,922,113
Total Financial Assets	7,999,378	21,529,778	316,459,217	53,507,037	399,495,410

	Held-for- Trading (HFT)	Amortised Cost	Total
	Rs.000	Rs.000	Rs.000
Liabilities			
Due to Banks	-	27,052,972	27,052,972
Derivative Financial Instruments	571,557	-	571,557
Customer Deposits	-	307,098,902	307,098,902
Securities Sold under Repurchase Agreements	-	16,631,973	16,631,973
Other Borrowings	-	22,396	22,396
Group Balances Payable	-	1,145,110	1,145,110
Debentures	-	12,494,025	12,494,025
Other Financial Liabilities	-	5,154,901	5,154,901
Total Financial Liabilities	571,557	369,600,279	370,171,836

As at 31.12.2016					
	Held-for-Trading (HFT)	Held-to- Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Cash and Cash Equivalents	-	-	8,336,143	-	8,336,143
Balances with Central Bank of Sri Lanka	-	-	16,211,618	-	16,211,618
Placements with Banks and Finance Companies	-	-	334,230	-	334,230
Derivative Financial Instruments	115,707	-	-	-	115,707
Other Financial Assets Held-for-Trading	9,060,416	-	-	-	9,060,416
Securities Purchased under Resale Agreements	-	-	7,317,022	-	7,317,022
Customer Loans and Receivables	-	-	236,020,197	-	236,020,197
Financial Investments - Available-for-Sale	-	-	-	45,863,945	45,863,945
Financial Investments - Held-to-Maturity	-	18,412,060	-	-	18,412,060
Group Balances Receivable	-	-	30,102	-	30,102
Other Financial Assets	-	-	5,712,285	-	5,712,285
Total Financial Assets	9,176,123	18,412,060	273,961,597	45,863,945	347,413,725

	Held-for-Trading (HFT)	Amortised Cost	Total
	Rs.000	Rs.000	Rs.000
Liabilities			
Due to Banks	-	17,728,293	17,728,293
Derivative Financial Instruments	86,654	-	86,654
Customer Deposits	-	273,456,344	273,456,344
Securities Sold under Repurchase Agreements	-	15,976,518	15,976,518
Other Borrowings	-	21,249	21,249
Group Balances Payable	-	226,351	226,351
Debentures	-	12,493,645	12,493,645
Other Financial Liabilities	-	5,959,234	5,959,234
Total Financial Liabilities	86,654	325,861,634	325,948,288

Seylan Bank PLC

11 Analysis of Financial Instruments by Measurement Basis - Group

As at 31.12.2017					
	Held-for- Trading (HFT)	Held-to- Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Cash and Cash Equivalents	-	-	8,319,424	-	8,319,424
Balances with Central Bank of Sri Lanka	-	-	19,119,843	-	19,119,843
Placements with Banks and Finance Companies	-	-	1,455,115	-	1,455,115
Derivative Financial Instruments	60,165	-	-	-	60,165
Other Financial Assets Held-for-Trading	7,944,562	-	-	-	7,944,562
Securities Purchased under Resale Agreements	-	-	1,750,855	-	1,750,855
Customer Loans and Receivables	-	-	280,861,907	-	280,861,907
Financial Investments - Available-for-Sale	-	-	-	53,507,037	53,507,037
Financial Investments - Held-to-Maturity	-	21,529,778	-	-	21,529,778
Other Financial Assets	-	-	4,944,991	-	4,944,991
Total Financial Assets	8,004,727	21,529,778	316,452,135	53,507,037	399,493,677

	Held-for- Trading (HFT)	Amortised Cost	Total
	Rs.000	Rs.000	Rs.000
Liabilities			
Due to Banks	-	27,052,972	27,052,972
Derivative Financial Instruments	571,557	-	571,557
Customer Deposits	-	307,098,902	307,098,902
Securities Sold under Repurchase Agreements	-	16,631,973	16,631,973
Other Borrowings	-	22,396	22,396
Debentures	-	12,494,025	12,494,025
Other Financial Liabilities	-	5,187,172	5,187,172
Total Financial Liabilities	571,557	368,487,440	369,058,997

As at 31.12.2016					
	Held-for- Trading (HFT)	Held-to- Maturity (HTM)	Loans and Receivables (L&R)	Available-for- Sale (AFS)	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Cash and Cash Equivalents	-	-	8,336,193	-	8,336,193
Balances with Central Bank of Sri Lanka	-	-	16,211,618	-	16,211,618
Placements with Banks and Finance Companies	-	-	334,230	-	334,230
Derivative Financial Instruments	115,707	-	-	-	115,707
Other Financial Assets Held-for-Trading	9,066,980	-	-	-	9,066,980
Securities Purchased under Resale Agreements	-	-	7,317,022	-	7,317,022
Customer Loans and Receivables	-	-	236,020,197	-	236,020,197
Financial Investments - Available-for-Sale	-	-	-	45,900,746	45,900,746
Financial Investments - Held-to-Maturity	-	18,479,155	-	-	18,479,155
Other Financial Assets	-	-	5,747,360	-	5,747,360
Total Financial Assets	9,182,687	18,479,155	273,966,620	45,900,746	347,529,208

	Held-for- Trading (HFT)	Amortised Cost	Total
	Rs.000	Rs.000	Rs.000
Liabilities			
Due to Banks	-	17,728,293	17,728,293
Derivative Financial Instruments	86,654	-	86,654
Customer Deposits	-	273,456,344	273,456,344
Securities Sold under Repurchase Agreements	-	15,976,518	15,976,518
Other Borrowings	-	21,249	21,249
Debentures	-	12,493,645	12,493,645
Other Financial Liabilities	-	5,975,172	5,975,172
Total Financial Liabilities	86,654	325,651,221	325,737,875

Seylan Bank PLC

Additional Disclosures

(Amounts in Rupees Thousands)

	Bank		Group	
	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
12 Customer Loans and Receivables				
Gross Loans and Receivables (Refer 12.1)	286,469,373	242,073,182	286,469,373	242,073,182
Less : Individual Impairment	(1,744,089)	(2,420,888)	(1,744,089)	(2,420,888)
Collective Impairment	(3,863,377)	(3,632,097)	(3,863,377)	(3,632,097)
Net Loans and Receivables	280,861,907	236,020,197	280,861,907	236,020,197

12.1 Customer Loans and Receivables - By product

By product - Domestic Currency				
Export Bills	15,359	119,573	15,359	119,573
Import Bills	335,352	147,802	335,352	147,802
Local Bills	130,330	142,892	130,330	142,892
Lease Rentals Receivable	16,222,825	14,685,690	16,222,825	14,685,690
Overdrafts	61,901,243	59,276,447	61,901,243	59,276,447
Revolving Import Loans	10,531,334	8,408,394	10,531,334	8,408,394
Packing Credit Loans	1,191,070	829,088	1,191,070	829,088
Trust Receipt Loans	1,812,834	1,949,259	1,812,834	1,949,259
Staff Loans	6,108,917	5,521,128	6,108,917	5,521,128
Housing Loans	13,401,222	12,477,818	13,401,222	12,477,818
Pawning Receivables	10,046,055	9,609,406	10,046,055	9,609,406
Refinance Loans	2,479,247	1,995,107	2,479,247	1,995,107
Credit Cards	4,886,489	3,803,627	4,886,489	3,803,627
Margin Trading	2,588,413	2,658,052	2,588,413	2,658,052
Factoring	1,099,984	445,452	1,099,984	445,452
Term Loans	125,086,423	101,035,160	125,086,423	101,035,160
Total	257,837,097	223,104,895	257,837,097	223,104,895
By product - Foreign Currency				
Export Bills	3,164,298	1,638,602	3,164,298	1,638,602
Import Bills	459,456	97,213	459,456	97,213
Local Bills	44,659	79,037	44,659	79,037
Overdrafts	886,908	799,936	886,908	799,936
Revolving Import Loans	442,327	659,811	442,327	659,811
Packing Credit Loans	9,555,196	7,784,939	9,555,196	7,784,939
Housing Loans	98,917	37,594	98,917	37,594
Term Loans	13,980,515	7,871,155	13,980,515	7,871,155
Total	28,632,276	18,968,287	28,632,276	18,968,287
Gross Loans and Receivables	286,469,373	242,073,182	286,469,373	242,073,182

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

	Bank		Group	
	2017	2016	2017	2016
Individual Impairment				
Opening Balance as at 01st January	2,420,888	2,019,537	2,420,888	2,019,537
Charge/(Write back) to Income Statement	1,069,797	931,597	1,069,797	931,597
Reversal for Write-Offs	(1,413,347)	(239,426)	(1,413,347)	(239,426)
Interest Accrued on Impaired Loans and Receivables	(326,532)	(290,820)	(326,532)	(290,820)
Net Transfer to Collective Impairment	(6,717)	-	(6,717)	-
Closing Balance as at 31st December 2017	1,744,089	2,420,888	1,744,089	2,420,888
Collective Impairment				
Opening Balance as at 01st January	3,632,097	3,718,492	3,632,097	3,718,492
Charge/(Write back) to Income Statement	423,679	38,005	423,679	38,005
Reversal for Write-Offs	(199,116)	(124,400)	(199,116)	(124,400)
Net Transfer from Individual Impairment	6,717	-	6,717	-
Closing Balance as at 31st December 2017	3,863,377	3,632,097	3,863,377	3,632,097
Total Impairment	5,607,466	6,052,985	5,607,466	6,052,985

Seylan Bank PLC

Additional Disclosures

(Amounts in Rupees Thousands)

13 Customer Deposits - By product	Bank		Group	
	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
By product - Domestic Currency				
Demand deposits	15,421,548	18,436,538	15,421,548	18,436,538
Savings deposits	65,596,837	57,385,770	65,596,837	57,385,770
Fixed deposits	188,861,741	166,813,373	188,861,741	166,813,373
Certificate of deposits	3,438,619	4,068,366	3,438,619	4,068,366
Total	273,318,745	246,704,047	273,318,745	246,704,047
By product - Foreign Currency				
Demand deposits	4,581,517	3,210,023	4,581,517	3,210,023
Savings deposits	10,207,465	9,894,796	10,207,465	9,894,796
Fixed deposits	18,991,175	13,647,478	18,991,175	13,647,478
Total	33,780,157	26,752,297	33,780,157	26,752,297
Total Customer Deposits	307,098,902	273,456,344	307,098,902	273,456,344

Seylan Bank PLC

Selected Performance Indicators

	Bank		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Regulatory Capital (LKR '000)				
Common Equity Tier I	30,686,859		31,571,862	
Tier I Capital	30,686,859	25,805,714	31,571,862	26,541,752
Total Capital	36,451,164	31,661,485	37,286,167	32,344,980
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 5.75%)**	11.16		11.39	
Tier I Capital Ratio (Minimum Requirement - 5%)*		10.74		10.94
(Minimum Requirement - 7.25%)**	11.16		11.39	
Total Capital Ratio (Minimum Requirement - 10%)*		13.18		13.33
(Minimum Requirement - 11.25%)**	13.25		13.46	
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio % (Net of Interest in Suspense)	4.42	4.47		
Net Non-Performing Advances Ratio % (Net of Interest in Suspense and Provision)	3.10	3.07		
Profitability				
Interest Margin %	4.24	4.19		
Return (Net Profit before Tax) on Average Assets %	1.74	1.76		
Return on Equity %	14.30	15.18		
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit Rs. '000	77,783,808	64,070,857		
Off-shore Banking Unit USD '000	41,711	34,342		
Statutory Liquid Assets Ratio % (Minimum Requirement 20 %)				
Domestic Banking Unit	23.57	22.68		
Off-shore Banking Unit	37.08	26.24		
Liquidity Coverage Ratio %				
Rupee - (Minimum Requirement - 80%)	160.30	129.27		
All Currency - (Minimum Requirement - 80%)	121.94	111.11		

* Based on BASEL II - CBSL Direction No.9 of 2011 applicable upto 30.06.2017.

** Based on BASEL III - CBSL Direction No. 1 of 2016 effective from 01.07.2017.

SEYLAN BANK PLC

Debenture Information

	CURRENT PERIOD 01-Oct-17 to 31-Dec-17	COMPARATIVE PERIOD 01-Oct-16 to 31-Dec-16
Debt (Debentures) / Equity Ratio (Times)	0.37	0.45
Debt (Debentures plus Long Term Debt) / Equity Ratio (Times)	0.70	0.45
Interest Cover (Times)	5.69	6.42
Quick Asset Ratio (Times)	0.77	0.72
2013/2018 Issue		
Market Prices during October to December (EX Interest)		
Annual Interest - 15.50% p.a.		
- Highest Price	*	107.21
- Lowest Price	*	107.21
- Last Traded Price *(07/10/2016)	*	107.21
Semi Annual - 15.00% p.a.	*	*
Monthly Interest - 14.50% p.a.	*	*
Interest Yield as at Date of Last Trade		
Annual Interest - 15.50% p.a. *(07/10/2016)	*	14.46%
Semi Annual Interest - 15.00% p.a.	*	*
Monthly Interest - 14.50% p.a.	*	*
Yield to Maturity of Trade Done on		
Annual Interest - 15.50% p.a. *(07/10/2016)	*	9.52%
Semi Annual Interest - 15.00% p.a.	*	*
Monthly Interest - 14.50%	*	*
Interest Rate of Comparable Government Security	8.04%	11.08%
2014 Issue		
Market Prices during October to December (EX Interest)		
4 Years Fixed Semi Annual - 8.00% p.a.	*	*
5 Years Fixed Semi Annual - 8.35% p.a.	*	*
5 Years Fixed Annual - 8.60% p.a.	*	*
6 Years Fixed Semi Annual - 8.60% p.a.	*	*
6 Years Fixed Annual - 8.75% p.a.	*	*
Interest Yield as at Date of Last Trade	*	*
Yield to Maturity of Trade Done on	*	*
Interest Rate of Comparable Government Security		
- 4 Years	8.96%	11.43%
- 5 Years	9.31%	11.77%
- 6 Years	9.66%	12.09%
2016 Issue		
Market Prices during October to December (EX Interest)		
5 Years Fixed Semi Annual - 13.00% p.a.	*	*
5 Years Floating Semi Annual - Six months Treasury Bill Rate +1.5% p.a.	*	*
7 Years Fixed Semi Annual - 13.75% 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	9.76%	12.09%
- 7 Years	10.10%	12.41%

* No trading during the period.