

SEYLAN BANK PLC FINANCIAL STATEMENTS

Year ended 31st December, 2016



INCOME STATEMENT

	Bank		Bank		Group		Group		Rs. '000			
	For the year Ended 31st December		For the Quarter Ended 31st December		For the year Ended 31st December		For the Quarter Ended 31st December					
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Interest Income	33,457,232	24,151,349	38.53	9,809,445	6,463,796	51.76	33,472,831	24,166,589	38.51	9,814,347	6,467,862	51.74
Less: Interest Expenses	20,209,785	12,325,966	63.96	6,114,200	3,488,758	75.25	20,193,058	12,309,274	64.05	6,110,214	3,484,869	75.34
Net Interest Income	13,247,447	11,825,383	12.03	3,695,245	2,975,038	24.21	13,279,773	11,857,315	12.00	3,704,133	2,982,993	24.18
Fee and Commission Income	3,223,231	2,811,140	14.66	935,921	861,869	8.59	3,222,864	2,810,961	14.65	935,786	861,850	8.58
Less: Fee and Commission Expenses	119,983	113,694	5.53	34,638	33,044	4.82	125,626	120,450	4.30	36,150	36,833	(1.85)
Net Fee and Commission Income	3,103,248	2,697,446	15.04	901,283	828,825	8.74	3,097,238	2,690,511	15.12	899,636	825,017	9.04
Net Trading Income	(176,782)	108,558	(262.85)	(173,779)	61,279	(383.59)	(178,378)	107,558	(265.84)	(174,575)	61,479	(383.96)
Net Gain from Financial Investments	11,895	232,469	(94.88)	(15,135)	73,742	(120.52)	11,895	232,469	(94.88)	(15,135)	73,742	(120.52)
Net Exchange Income	912,437	884,378	3.17	242,180	208,568	16.12	912,400	884,378	3.17	242,143	208,568	16.10
Other Operating Income (Net)	664,180	398,187	66.80	235,967	49,515	376.56	690,467	426,995	61.74	254,101	70,822	258.79
	1,411,730	1,623,592	(13.05)	289,233	393,104	(26.42)	1,436,384	1,651,300	(13.01)	306,534	414,611	(26.07)
Total Operating Income	17,762,425	16,146,421	10.01	4,885,761	4,196,967	16.41	17,813,395	16,199,126	9.97	4,910,303	4,222,621	16.29
Less: Impairment for Loans and Other Losses - Charges/(Reversal)												
Individual Impairment	931,597	841,302	10.73	515,398	295,024	74.70	931,597	841,302	10.73	515,398	295,024	74.70
Collective Impairment	38,005	(370,141)	110.27	(120,636)	(332,502)	63.72	38,005	(370,141)	110.27	(120,636)	(332,502)	63.72
Others	(15,415)	17,735	(186.92)	(35,997)	9,256	(488.90)	(15,231)	17,735	(185.88)	(35,813)	9,256	(486.92)
	954,187	488,896	95.17	358,765	(28,222)	1,371.22	954,371	488,896	95.21	358,949	(28,222)	1,371.88
Net Operating Income	16,808,238	15,657,525	7.35	4,526,996	4,225,189	7.14	16,859,024	15,710,230	7.31	4,551,354	4,250,843	7.07
Personnel Expenses	4,610,073	4,194,135	9.92	1,121,821	1,013,016	10.74	4,642,048	4,221,950	9.95	1,129,023	1,017,450	10.97
Depreciation and Amortisation	596,743	483,448	23.43	159,171	130,263	22.19	642,166	528,185	21.58	169,835	141,790	19.78
Other Expenses	4,518,339	3,946,991	14.48	1,298,446	965,713	34.45	4,460,682	3,881,244	14.93	1,296,020	951,176	36.25
	9,725,155	8,624,574	12.76	2,579,438	2,109,992	22.31	9,744,896	8,631,379	12.90	2,594,878	2,110,416	22.96
Operating Profit before Taxes	7,083,083	7,032,951	0.71	1,947,558	2,116,197	(7.97)	7,114,128	7,078,851	0.50	1,956,476	2,140,427	(8.59)
Value Added Tax (VAT) and Nation Building Tax (NBT) on Financial Services	1,349,365	1,256,240	7.41	369,359	401,947	(8.11)	1,342,883	1,256,240	6.90	369,359	401,947	(8.11)
Profit before Income Taxes	5,733,718	5,776,711	(0.74)	1,578,199	1,714,250	(7.94)	5,771,245	5,822,611	(0.88)	1,587,117	1,738,480	(8.71)
Income Tax Expenses	1,723,268	1,945,767	(11.44)	395,698	612,946	(35.44)	1,736,355	1,936,662	(10.34)	387,046	583,696	(33.69)
Profit for the Period	4,010,450	3,830,944	4.69	1,182,501	1,101,304	7.37	4,034,890	3,885,949	3.83	1,200,071	1,154,784	3.92
Attributable to:												
Owners of the Parent	4,010,450	3,830,944	4.69	1,182,501	1,101,304	7.37	4,013,132	3,855,296	4.09	1,194,907	1,138,772	4.93
Non-Controlling Interest	-	-	-	-	-	-	21,758	30,653	(29.02)	5,164	16,012	(67.75)
Profit for the Period	4,010,450	3,830,944	4.69	1,182,501	1,101,304	7.37	4,034,890	3,885,949	3.83	1,200,071	1,154,784	3.92
Basic/Diluted Earnings per Ordinary Share (in Rupees)	11.63	11.11	4.69	3.43	3.19	7.37	11.63	11.18	4.09	3.46	3.30	4.93

CASH FLOW STATEMENT (Audited)

	BANK		BANK		GROUP		GROUP		Rs. '000	
	For the year ended 31st December		For the year ended 31st December		For the year ended 31st December		For the year ended 31st December			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Cash Flows from Operating Activities										
Interest Receipts	31,128,413	22,615,496			31,142,336	22,630,736				
Fees and Commission Receipts	3,223,231	2,811,140			3,222,864	2,810,961				
Interest Payments	(17,405,026)	(11,335,122)			(17,388,299)	(11,318,430)				
Trading Income	975,884	1,474,212			975,847	1,473,212				
Receipts from Other Operating Activities	317,993	77,484			400,529	153,580				
Cash Payments to Employees and Suppliers	(10,468,690)	(8,907,410)			(10,448,905)	(8,876,496)				
Cash Payments to Other Operating Activities	(119,983)	(113,694)			(125,626)	(120,450)				
Operating Profit before Changes in Operating Assets and Liabilities	7,656,762	6,622,106			7,778,746	6,753,113				
(Increase)/Decrease in Operating Assets:										
Loans and Receivables to Customers	(43,062,023)	(38,623,971)			(43,062,023)	(38,623,971)				
Deposits Held for Regulatory or Monetary Control Purposes	(7,647,730)	(1,131,662)			(7,647,730)	(1,131,662)				
(Increase)/Decrease in Operating Liabilities:										
Deposits from Customers	46,515,044	41,395,660			46,515,044	41,395,660				
Certificates of Deposit from Customers	180,911	(2,043,812)			180,911	(2,043,812)				
Cash Generated from Operations	3,642,964	6,218,301			3,764,948	6,349,308				
Income Tax Paid	(976,036)	(2,371,829)			(976,036)	(2,376,470)				
Contribution Paid into Employees Retirement Benefit Plan/ Employees	(138,527)	(123,033)			(138,527)	(123,033)				
Net Cash Generated from Operating Activities	2,528,401	3,723,439			2,650,385	3,849,805				
Cash Flows from Investing Activities										
Investment in Subsidiary Company	(1,673)	(45,816)			-	-				
Dividend Income Received	97,715	92,751			41,376	47,195				
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing after 03 months	134,783	(29,407,227)			134,783	(29,407,227)				
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	756,550	1,406,427			773,054	1,423,676				
Purchase of Property, Plant & Equipment and Intangible Assets	(893,299)	(714,214)			(893,299)	(714,214)				
Proceeds from Sale of Property, Plant & Equipment	38,066	20,510			38,066	22,678				
Proceeds from Sale of Investment Properties	-	155,000			-	155,000				
Improvements to Investment Properties	-	-			(300)	(30,155)				
Net Cash (Used in)/Generated from Investing Activities	175,232	(28,492,569)			135,245	(28,563,179)				
Cash Flows from Financing Activities										
Increase/(Decrease) in Debentures	5,000,000	(465,000)			5,000,000	(465,000)				
Securities Sold under Repurchase Agreements	4,552,673	(991,147)			4,552,673	(991,147)				
Increase/(Decrease) in Other Borrowings	(2,728,173)	(14,214)			(2,780,139)	(8,785,981)				
Dividends Paid - Ordinary Shares	(933,132)	(852,687)			(933,132)	(852,687)				
Net Cash Generated from Financing Activities	5,891,368	6,514,731			5,809,371	6,458,985				
Net Increase/(Decrease) in Cash and Cash Equivalents	8,595,001	(18,254,399)			8,595,001	(18,254,399)				
Cash and Cash Equivalents at beginning of the Year	14,682,092	32,936,491			14,682,142	32,936,531				
Cash and Cash Equivalents at end of the Year	23,277,093	14,682,092			23,277,143	14,682,142				
Reconciliation of Cash and Cash Equivalents										
Cash and Cash Equivalents	8,336,143	7,800,488			8,336,193	7,800,538				
Placements with Banks and Finance Companies	334,230	757,050			334,230	757,050				
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing within 03 Months	7,289,698	3,812,006			7,289,698	3,812,006				
Securities Purchased under Resale Agreements Maturing within 03 Months	7,317,022	2,312,548			7,317,022	2,312,548				
Total	23,277,093	14,682,092			23,277,143	14,682,142				

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Bank		Bank		Group		Group		Rs. '000			
	For the Year Ended 31st December		For the Quarter Ended 31st December		For the Year Ended 31st December		For the Quarter Ended 31st December					
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Profit for the Period	4,010,450	3,830,944	4.69	1,182,501	1,101,304	7.37	4,034,890	3,885,949	3.83	1,200,071	1,154,784	3.92
Other Comprehensive Income, Net of Tax												
Revaluation of Property, Plant and Equipment	822,999	-	-	822,999	-	-	840,448	7,412	11,239.02	840,448	7,412	11,239.02
Actuarial Gain on Defined Benefit Obligations	54,555	66,071	(17.43)	54,555	66,071	(17.43)	55,052	65,698	(16.20)	55,052	65,698	(16.20)
Net Loss on Re-measuring Available-for-Sale Financial Assets	(1,222,758)	(1,120,048)	(9.17)	(638,109)	(188,101)	(239.24)	(1,223,36					

SEYLAN BANK PLC

FINANCIAL STATEMENTS

Year ended 31st December, 2016



11. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - (Audited)

	Bank - 31.12.2016				Total	Bank - 31.12.2015				Total
	Hold-for-Trading (HFT)	Hold-to-Maturity (HTM)	Loans & Receivables (L&R)	Available-for-Sale (AFS)		Hold-for-Trading (HFT)	Hold-to-Maturity (HTM)	Loans & Receivables (L&R)	Available-for-Sale (AFS)	
Assets										
Cash and Cash Equivalents	-	-	8,336,143	-	8,336,143	-	-	7,800,488	-	7,800,488
Balances with Central Bank of Sri Lanka	-	-	16,211,618	-	16,211,618	-	-	8,563,888	-	8,563,888
Placements with Banks and Finance Companies	-	-	334,230	-	334,230	-	-	757,050	-	757,050
Derivative Financial Instruments	115,707	-	-	-	115,707	130,055	-	-	-	130,055
Other Financial Assets - Held-for-Trading	9,060,416	-	-	-	9,060,416	6,016,572	-	-	-	6,016,572
Securities Purchased under Resale Agreements	-	-	7,317,022	-	7,317,022	-	-	2,312,548	-	2,312,548
Customer Loans and Receivables	-	-	236,020,197	-	236,020,197	-	-	193,103,942	-	193,103,942
Financial Investments - Available-for-Sale	-	-	-	45,863,945	45,863,945	-	-	-	48,038,510	48,038,510
Financial Investments - Held-to-Maturity	-	18,412,060	-	-	18,412,060	-	18,147,773	-	-	18,147,773
Group Balances Receivable	-	-	30,102	-	30,102	-	-	30,000	-	30,000
Other Financial Assets	-	-	5,712,285	-	5,712,285	-	-	3,854,350	-	3,854,350
Total Financial Assets	9,176,123	18,412,060	273,961,597	45,863,945	347,413,725	6,146,827	18,147,773	216,422,266	48,038,510	288,755,176
Liabilities										
Due to Banks	-	-	17,728,293	-	17,728,293	-	-	19,784,171	-	19,784,171
Derivative Financial Instruments	86,654	-	-	-	86,654	50,013	-	-	-	50,013
Customer Deposits	-	-	273,456,344	-	273,456,344	-	-	224,525,455	-	224,525,455
Securities Sold under Repurchase Agreements	-	-	15,976,518	-	15,976,518	-	-	11,409,788	-	11,409,788
Other Borrowings	-	-	21,249	-	21,249	-	-	15,688	-	15,688
Debtures	-	-	12,493,645	-	12,493,645	-	-	7,179,853	-	7,179,853
Group Balances Payable	-	-	226,351	-	226,351	-	-	181,266	-	181,266
Current Tax Liabilities	-	-	750,385	-	750,385	-	-	506,712	-	506,712
Other Financial Liabilities	-	-	5,959,234	-	5,959,234	-	-	5,580,398	-	5,580,398
Total Financial Liabilities	86,654	-	326,812,019	-	326,812,019	50,013	-	269,183,331	-	269,233,344

10. SEGMENT REPORTING - GROUP (Audited)

	BANKING		TREASURY		PROPERTY/INVESTMENTS		UNALLOCATED/ELIMINATIONS		TOTAL	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Interest Income	28,323,342	19,892,201	3,656,532	2,986,170	33,742	33,038	1,459,215	1,255,180	33,472,831	24,168,589
Interest Expense	18,046,581	11,097,483	2,151,434	1,227,024	3,416	1,106	(6,423)	(116,339)	20,263,868	12,269,774
Net Interest Income	10,276,761	8,794,718	1,495,048	1,759,146	32,326	31,932	1,475,838	1,271,519	13,279,773	11,897,815
Fee and Commission Income	3,219,458	2,806,967	1,615	1,770	-	-	1,791	2,224	3,222,864	2,810,961
Fee and Commission Expense	89,439	71,324	30,544	41,770	5,643	6,756	-	-	125,266	129,559
Net Fee and Commission Income	3,130,019	2,735,043	(28,929)	(40,000)	(5,643)	(6,756)	1,791	2,224	3,097,238	2,690,511
Net Interest, Fee and Commission Income	13,406,780	11,529,761	1,466,119	1,719,146	26,683	25,176	1,477,429	1,273,743	16,377,011	14,547,826
Net Trading Income	-	-	(176,782)	108,558	(1,596)	(1,000)	-	-	(178,278)	107,558
Net Gain on Financial Investments	-	-	11,895	232,469	-	-	-	-	11,895	232,469
Net Operating Income	328,892	8,122	949,466	831,230	(37)	(62,971)	53,148	33,148	912,400	864,378
Other Operating Income (Net)	(273,730)	(148,671)	226,782	209,200	212,340	197,620	(79,547)	(88,047)	690,467	426,895
Inter Segment Revenue	-	-	199,491	76,139	-	-	74,239	72,532	-	-
Total Operating Income	13,461,942	11,389,212	2,578,971	3,276,742	237,399	221,796	1,535,092	1,311,376	17,813,395	16,199,126
Depreciation and Amortisation Charge for the year	327,954	259,009	1,292	1,142	998	1,518	312,152	296,716	642,166	528,185
Impairment Losses for the year	833,768	488,896	-	-	184	-	20,419	-	954,371	488,896
Operating Expenses, VAT & NET	8,209,342	7,456,167	822,808	664,683	104,959	85,601	1,508,304	1,152,983	10,445,813	9,339,434
Reportable Segment Profit Before Income Tax	3,990,678	3,177,240	1,954,911	2,610,917	131,439	134,677	(985,793)	(836,607)	5,771,245	5,627,811
Income Tax Expense	-	-	-	-	-	-	-	-	1,736,355	1,936,662
Profit For the Year	-	-	-	-	-	-	-	-	4,034,890	3,691,149
Profit Attributable To:										
Equity Holders of the Bank	-	-	-	-	-	-	-	-	4,013,132	3,855,296
Non-controlling Interests	-	-	-	-	-	-	-	-	21,758	30,853
Other Comprehensive Income, Net of Income Tax	54,555	66,071	(1,222,758)	(1,120,048)	1,399	(832)	838,937	7,412	(327,867)	(1,047,397)

STATEMENT OF CHANGES IN EQUITY - BANK (Audited)

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves			Total
	Ordinary Shares	Ordinary Shares			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
1 Balance as at 01st January 2015	6,962,722	3,567,002	995,894	9,083,743	651,483	651,222	2,096,473	24,088,539
Super Gain Tax **	-	-	-	(867,428)	-	-	-	(867,428)
Adjusted Balance as at 01st January 2015	6,962,722	3,567,002	995,894	8,216,315	651,483	651,222	2,096,473	23,141,111
Total Comprehensive Income for the Year	-	-	-	3,830,944	-	-	-	3,830,944
Profit for the Year	-	-	-	3,830,944	-	-	-	3,830,944
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-
- Actuarial Gain on Defined Benefit Obligations	-	-	-	66,071	-	-	-	66,071
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	-	(1,120,048)	(1,120,048)
2 Total Comprehensive Income for the Year	-	-	-	3,897,015	-	-	(1,120,048)	2,776,967
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Dividends to Equity Holders	-	-	-	(862,401)	-	-	-	(862,401)
Transferred to Statutory Reserve Fund*	-	-	191,547	(191,547)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	66,284	-	-	(66,284)	-
3 Total Transactions with Equity Holders	-	-	191,547	(897,664)	-	-	(66,284)	(862,401)
Balance as at 31st December 2015 (1 + 2 + 3)	6,962,722	3,567,002	1,187,441	11,125,666	651,483	(468,826)	2,030,189	25,055,677

STATEMENT OF CHANGES IN EQUITY - GROUP (Audited)

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves			Total
	Ordinary Shares	Ordinary Shares			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
1 Balance as at 01st January 2015	6,962,722	3,567,002	995,894	9,293,830	1,373,590	650,480	2,351,686	25,195,204
Super Gain Tax **	-	-	-	(870,371)	-	-	(870,371)	(870,371)
Adjusted Balance as at 01st January 2015	6,962,722	3,567,002	995,894	8,423,459	1,373,590	650,480	2,351,686	24,324,833
Total Comprehensive Income for the Year	-	-	-	3,855,296	-	-	3,855,296	3,855,296
Profit for the Year	-	-	-	3,855,296	-	-	3,855,296	3,855,296
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-
- Revaluation of Property, Plant and Equipment	-	-	-	5,193	-	-	5,193	2,219
- Actuarial Gain on Defined Benefit Obligations	-	-	-	65,610	-	-	65,610	65,610
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	-	(1,120,359)	(1,120,359)
2 Total Comprehensive Income for the Year	-	-	-	3,921,106	5,193	(1,120,359)	2,805,940	3,212,832
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Dividends to Equity Holders	-	-	-	(862,401)	-	-	(862,401)	(862,401)
Transferred to Statutory Reserve Fund*	-	-	191,547	(191,547)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	66,284	-	-	(66,284)	-
3 Total Transactions with Equity Holders	-	-	191,547	(969,268)	-	-	(862,401)	(862,401)
Balance as at 31st December 2015 (1 + 2 + 3)	6,962,722	3,567,002	1,187,441	11,376,269	1,378,783	(468,879)	2,285,402	26,287,740

STATEMENT OF CHANGES IN EQUITY - GROUP (Audited)

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves			Total
	Ordinary Shares	Ordinary Shares			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
1 Balance as at 01st January 2015	6,962,722	3,567,002	995,894	9,293,830	1,373,590	650,480	2,351,686	25,195,204
Super Gain Tax **	-	-	-	(870,371)	-	-	(870,371)	(870,371)
Adjusted Balance as at 01st January 2015	6,962,722	3,567,002	995,894	8,423,459	1,373,590	650,480	2,351,686	24,324,833
Total Comprehensive Income for the Year	-	-	-	3,855,296	-	-	3,855,296	3,855,296
Profit for the Year	-	-	-	3,855,296	-	-	3,855,296	3,855,296
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-
- Revaluation of Property, Plant and Equipment	-	-	-	5,193	-	-	5,193	2,219
- Actuarial Gain on Defined Benefit Obligations	-	-	-	65,610	-	-	65,610	65,610
- Net Loss on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	-	(1,120,359)	(1,120,359)
2 Total Comprehensive Income for the Year	-	-	-	3,921,106	5,193	(1,120,359)	2,805,940	3,212,832
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Dividends to Equity Holders	-	-	-	(862,401)	-	-	(862,401)	(862,401)
Transferred to Statutory Reserve Fund*	-	-	191,547	(191,547)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	66,284	-	-	(66,284)	-
3 Total Transactions with Equity Holders	-	-	191,547	(969,268)	-	-	(862,401)	(862,401)
Balance as at 31st December 2015 (1 + 2 + 3)	6,962,722	3,567,002	1,187,441	11,376,269	1,378,783	(468,879)	2,285,402	26,287,740

STATEMENT OF CHANGES IN EQUITY - GROUP (Audited)

For the Year ended 31st December	Stated Capital		Statutory Reserve Fund	Retained Earnings	Reserves			Total
	Ordinary Shares	Ordinary Shares			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
1 Balance as at 01st January 2015	6,962,722	3,567,002	995,894	9,293,830	1			