<u>SE</u>	YLAN	BANK	PLC
FIN	ANCIAL	STATEM	ENTS
Year	ended 31	st Decembe	er, 2021



(Amounts in Rupees Thousands)

INCOME STATEMENT

(Amounts in Rupees Thousands) STATEMENT OF CASH FLOWS (AUDITED)

(In terms of Rule 7.4 of the Colombo Stock Exchange)		Bank the Year End st Decembe	ed	For the	Bank			Group			Group			BAN		GROU	
	31		led	For the										2021	2020	2021	2020
		N DECEMBRE				ded		Year Ender	1		arter Ende	d	For the Year ended 31st December				
	2021				t December			December			ecember		Cash Flows from Operating Activities				
			Growth	2021	2020	Growth	2021	2020 0		2021	2020 0	irowth	Interest Receipts Interest Payments	41,685,072 (21,411,294)	48,732,142 (29,889,168)	41,695,861 (21,402,467)	48,739,823 (29,879,048)
	(Audited)	(Audited)	%				(Audited)	(%		=	%	Net Commission Receipts	4,641,200	3,729,610	4,640,476	3,728,304
	46,770,415		. ,	12,300,918			6,781,204 5		· · · ·	805,053 11,		6.91	Trading Income Pavments to Employees	28,216 (7.353,685)	165,587 (6.961,878)	29,416 (7.390,910)	166,776 (6,995,809)
	23,181,313 23,589,102		· /			· · ·	2,877,295 3		· / ·	703,742 6, 101,311 4,		(16.20) 40.35	VAT on Financial Services Paid	(2,164,565)	(1,199,766)	(2,164,565)	(1,199,766)
Net interest income	23,309,102	19,497,700	20.90	0,321,423	4,023,014	40.99 2	3,903,909 1	9,010,700	20.00 0,0	101,311 4,	/03,001	40.33	Receipts from Other Operating Activities Pavments on Other Operating Activities	3,707,288 (3,850,485)	2,455,564 (4,062,152)	3,804,412 (3,892,235)	2,565,231 (4,111,841)
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 1,4	108 410 1	149,744	22.50	Operating profit before changes in operating assets and liabilities	15,281,747	12,969,939	15,319,988	13,013,670
Less: Fee and Commission Expenses	143,498	201,935	(28.94)	37,240	38,672		143,950		(29.10)		39,384	(4.30)	(Increase)/Decrease in Operating Assets :				
Net Fee and Commission Income	4,641,200		24.44	1,371,177		· /	4,640,476			70,718 1,		23.45	Balances with Central Bank of Sri Lanka	(1,354,631)	7,087,767	(1,354,631)	7,087,767
													Financial Assets at Amortized cost - Loans and Advances Other Assets	(54,727,268) 103,576	(18,421,886) 178,558	(54,727,317) 94,723	(18,421,886) 125,778
Net Gains/(Losses) from Trading	(219,044)	347,554	(163.02)	197,480	225,125	(12.28)	(217,844)	348,743 (162.47) 1	197,133	225,439	(12.56)		100,010	110,000	54,720	120,770
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)	Increase/(Decrease) in Operating Liabilities : Financial Liabilities at Amortized Cost - Due to Depositors	49.744.819	40.673.176	49.744.819	40.673.176
Net Other Operating Income	2,877,555	1,057,777	172.04	1,010,440	84,406 1	1,097.12	2,849,480	1,052,679	170.69 1,0	042,888	140,792	640.73	Financial Liabilities at Amortized Cost - Due to Debt Securities Holders	89,286	(5,824,851)	89,286	(5,824,851)
-													Financial Liabilities at Amortized cost - Due to Other Borrowers Other Liabilities	(6,828) 181,437	(9,284) (704,858)	(6,828) 262,403	(9,284) (787,487)
Total Operating Income	31,442,238	25,415,261	23.71	9,125,040	6,119,897	49.10 3	1,729,446 2	5,723,074	23.35 9,23	36,570 6,	253,690	47.70	Due to Banks	(8,175,300)	3,910,058	(8,175,300)	3,910,058
													Cash Generated from Operating Activities before Income Tax	1,136,838 (1,242,538)	39,858,619 (976,468)	1,247,143 (1,242,538)	39,766,941 (976,468)
Less: Impairment Charges	10,421,913	6,992,976	49.03	4,123,753	1,577,253	161.45 1	0,421,913	6,992,976	49.03 4,1	123,753 1,	577,253	161.45	Net Cash (Used in)/ Generated from Operating Activities	(105,700)	38,882,151	4,605	38,790,473
Net Operating Income	21.020.325	18.422.285	14.10	5.001.287	4.542.644	10.10 2	1,307,533 1	8,730,098	13.76 5.1	12.817 4.	676.437	9.33	Cash Flows from Investing Activities				
······		,		-,	.,,		.,,	-,,		,,			Purchase of Property, Plant and Equipment Improvements in Investment Properties	(312,432)	(512,836)	(356,854) (33,725)	(528,926) (18,863)
Less: Operating Expenses													Proceeds from Sale of Property, Plant and Equipment	10,323	15,896	(33,725) 10,323	(10,003) 15,896
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 1,5	536,924 1,	845,814	(16.73)	Net proceeds from Sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds, Development and International Sovereign Bonds maturing after three months	4.966.410	(19.049.799)	4.966.410	(19,049,799)
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) 3	363,288	375,690	(3.30)	Net Proceeds From Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	767,816	36,381	772,153	31,929
Other Expenses	4,376,116	4,094,480	6.88	1,140,410	1,057,482	7.84	4,420,195	4,145,084	6.64 1,1	159,472 1,	071,281	8.23	Reverse Repurchase Agreements maturing after Three Months Net Purchase of Intangible Assets	1,801 (149,882)	4,433 (177,129)	1,801 (149,882)	4,433 (177,129)
						_							Dividend Received from Investment in Subsidiaries	125,199	114,765	-	-
Total Operating Expenses	13,057,737	12,782,742	2.15	3,021,396	3,262,306	(7.38) 1	3,188,041 1	2,906,166	2.18 3,0	59,684 3,	292,785	(7.08)	Dividend Received from Other Investments Net Cash (Used in)/Generated from Investing Activities	32,674 5,441,909	<u>19,173</u> (19,549,116)	32,674 5.242.900	<u>19,173</u> (19,703,286)
Operating Profit before Taxes	7,962,588	E 620 E42	41 10	1,979,891	1 000 000	EAGA	9 110 402	5,823,932	20.42 2.0	050 100 1	202 652	48.39		0,441,303	(13,043,110)	0,242,300	(13,700,200)
Operating Profit before Taxes	7,902,588	0,039,043	41.19	1,979,891	1,280,338	04.04	8,119,492	0,823,932	39.42 2,0	UD3, I33 I,	383,052	48.39	Cash Flows from financing activities Net Proceeds from the Issue of Subordinated Debt	6.000.000	-	6.000.000	-
Less: Value Added Tax on Financial Services	1.934.812	1.528.296	26.60	408.833	342.712	10.20	1.934.812	1 528 206	26.60 4	108.833	342.712	19.29	Repayment of Subordinated Debt	(1,727,720)	(2,806,040)	(1,727,720)	(2,806,040)
	1,004,012	1,020,200	20.00	400,000	042,712	10.20	1,004,012	1,020,200	20.00 4	100,000	042,712	10.20	Interest Paid on Subordinated Debt Interest Paid on Un-Subordinated Debt	(2,261,775)	(2,232,788) (241,770)	(2,250,959)	(2,221,972) (241,770)
Profit before Income Tax	6.027.776	4.111.247	46.62	1.571.058	937.626	67.56	6.184.680	1.295.636	43.98 1.64	44.300 1.	040.940	57.96	Dividend Paid to Non-Controlling Interest	-	-	(42,931)	(49,720)
				1. 1									Dividend Paid to Shareholders of the Bank Repayment of Principal Portion of Lease Liabilities	(229) (822,434)	(502,788) (750,450)	(229) (537.647)	(502,788) (465,698)
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 2	215,502	178,110	20.99	Net Cash (Used In)/Generated from Financing Activities	1,187,842	(6,533,836)	1,440,514	(6,287,988)
						_			_				Net Increase In Cash and Cash Equivalents	6,524,051	12,799,199	6,688,019	12,799,199
Profit for the Year	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07	4,735,670	8,098,058	52.86 1,4	28,798	862,830	65.59	Cash And Cash Equivalents at Beginning of the Year	37,515,866	24,716,667	37,516,404	24,717,205
Profit Attributable to :													Cash And Cash Equivalents at End of the Year	44,039,917	37,515,866	44,204,423	37,516,404
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 1.4	12.855	841.283	67.94	Reconciliation Of Cash And Cash Equivalents				
Non-controlling Interest			-	-		-	82,667					(26.01)	Cash and Cash Equivalents Placements with Banks and Finance Companies	16,113,653 8,288,351	10,044,937 10,784,450	16,113,693 8,288,849	10,044,977 10,784,948
Profit for the Year	4,580,540	3,011,300	52.11	1,374,720	789,765	74.07	4,735,670		52.86 1,42			65.59	Government of Sri Lanka Treasury Bills/Bonds, Development and International Sovereign Bonds Maturing within Three Months	9,608,882	10,543,586	9,772,850	10,543,586
											,		Securities Purchased Under Resale Agreements Maturing within Three Months	10,029,031	6,142,893	10,029,031	6,142,893
Basic/Diluted Earnings per Ordinary Share (Rs.)	8.57	5.64	51.95	2.57	1.48	73.65	8.71	5.69	53.08	2.64	1.57	68.15		44,039,917	37,515,866	44,204,423	37,516,404

(Amounts in Rupees Thousands)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(In terms of Rule 7.4 of the Colombo Stock Exchange)		Bank			Bank			Group			Group	
	For the	Year Ended 31	st Dec.	For the O	uarter Ended	31st Dec.	For the	e Year Ended 31	st Dec.	For the O	uarter Ended	31st Dec.
	2021	2020	Growth	2021	2020	Growth	2021	2020	Growth	2021	2020	Growth
	(Audited)	(Audited)	%			%	(Audited)	(Audited)	%			%
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)
Items that will never be reclassified to Income Statement in Subsequent Periods												
Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	436,898	1,548,622	(71.79)	379,866	(316,207)	220.13	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

STATEMENT OF FINANCIAL POSITION (Amounts in Rupees Thousands) (In terms of Rule 7.4 of the Colombo Stock Exchange) Bank Group As at 31.12.2021 As at 31.12.2020 As at 31.12.2021 As at 31.12.2020 Growth Growth % % (Audited) (Audited) (Audited) (Audited) Assets 16,079,054 60.21 16,079,094 10,036,184 10,036,144 60.21 Cash and Cash Equivalents 8,725,834 8,725,834 7,371,203 Balances with Central Bank of Sri Lanka 7,371,203 18.38 18.38 Placements with Banks and Finance Companies 8,246,909 8,246,909 10,730,528 10,730,528 (23.15) (23.15) Derivative Financial Instruments 403,984 290,141 (28.18) 290,141 403,984 (28.18) Financial Assets recognised through Profit or Loss

4,545,853

9.33

4,969,913

4,553,778

9.14

4,969,913

SEYLAN BANK PLC - DEBENTURES

	Current Period	Comparative Period
	01-Oct21 to 31-Dec21	01-Oct20 to 31-Dec20
Debt (Debentures)/Equity Ratio (Times)	0.42	0.35
Debt (Debentures plus Long term Debt)/Equity Ratio (Times)	0.56	0.50
Interest Cover (Times)	3.37	2.67
Quick Asset Ratio (Times)	0.79	0.72
2014 Issue Market Prices during October to December (Ex Interest) 6 Year Fixed Semi Annual - 8.60% p.a. (Debenture matured and redeemed on 23/12/2020) 6 Year Fixed Annual - 8.75% p.a. (Debenture matured and redeemed on 23/12/2020)		•
Interest Yield as at Date of Last Trade		*
Yield to Maturity of Trade Done on		*
Interest Rate of Comparable Government Security - 6 Years (Debenture matured and redeemed on 23/12/2020)		
2016 Issue Market Prices during October to December (Ex Interest) 5 Year Fixed Semi Annual - 13.00% p.a. (Debenture matured and redeemed on 15/07/2021) - Highest Price - Lowest Price		
- Last Traded Price	4)	
5 Year Floating Semi Annual - six months treasury bill rate + 1.5% (Debenture matured and redeemed on 15/07/202	1)	
7 Year Fixed Semi Annual - 13.75% p.a - Highest Price	*	*
- Lowest Price - Last Traded Price	*	*
Interest Yield as at Date of Last Trade		
5 Year Fixed Semi Annual - 13.00% p.a. (Debenture matured and redeemed on 15/07/2021) 5 Year Floating Semi Annual - six months treasury bill rate + 1.5% (Debenture matured and redeemed on 15/07/202 7 Year Fixed Semi Annual - 13.75% p.a	1)	*
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 15/07/202 7 Year Fixed Semi Annual - 13.75% p.a	1) *	* *
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 2019 Issue Market Prices during October to December (Ex Interest)	11.42%	7.03%
5 Year Fixed Annual - 15.00% p.a	*	*
5 Year Fixed Semi Annual - 14.50% p.a.	*	*
Interest Yield as at Date of Last Trade	*	*
Yield to Maturity of Trade Done on	*	*
Interest Rate of Comparable Government Security - 5 Years	9.27%	6.29%
2021 Issue (Debenture alloted on 12/04/2021) Market Prices during October to December (Ex Interest) 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	*	
Interest Rate of Comparable Government Security		
- 5 Years	10.69%	

- Measured at Fair Value	4,969,913	4,545,853	9.33	4,969,913	4,553,778	9.14
- Designated at Fair Value	-	· · ·	-	-	-	-
Financial Assets at Amortised Cost						
- Loans and Advances	441,976,662	393,766,147	12.24	441,976,662	393,766,147	12.24
- Debt and Other Instruments	67,992,449	53,692,471	26.63	68,156,417	53,692,471	26.94
Financial Assets measured at Fair Value through Other Comprehensive Income	39,104,536	59,024,231	(33.75)	39,165,399	59,081,506	(33.71)
Investment in Subsidiary	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	40,000	40,000	-	-	-	-
Property, Plant & Equipment	4,289,917	4,031,453	6.41	7,063,747	6,772,711	4.30
Right-of-use Assets	4,791,175	4,450,659	7.65	2,594,737	2,220,501	16.85
Investment Properties	-	-	-	870,258	856,604	1.59
Intangible Assets	592,894	620,530	(4.45)	592,894	620,530	(4.45)
Other Assets	9,323,825	7,840,615	18.92	9,358,128	7,899,785	18.46
Total Assets	607,576,911	557,707,420	8.94	608,090,133	558,005,932	8.98
I tabilita						
Liabilities Due to Banks	24,504,387	32,679,687	(25.02)	24,504,387	32,679,687	(25.02)
			. ,			(25.02)
Derivative Financial Instruments Financial Liabilities at Amortised Cost	217,179	39,981	443.21	217,179	39,981	443.21
- Due to Depositors	488,653,328	440,303,126	10.98	488,653,328	440,303,126	10.98
- Due to Debt Securities Holders	2,662,377	2,575,873	3.36	2,662,377	2,575,873	3.36
- Due to Other Borrowers	7,295	14,123	(48.35)	7,295	14,123	(48.35)
Group Balances Payable	191,810	261,462	(48.55)	1,200	14,120	(-0.03)
Debt Securities Issued	21,617,455	17,058,558	(26.64) 26.72	21,617,455	- 17,058,558	- 26.72
Current Tax Liabilities Deferred Tax Liabilities	1,623,966	869,896	86.69	1,611,832	846,582	90.39
	257,574	1,469,778	(82.48)	582,395	1,789,866	(67.46)
Lease Liabilities	4,889,598	4,446,175	9.97	2,007,245	1,582,937	26.81
Other Liabilities	10,898,933	9,021,786	20.81	10,939,813	9,059,600	20.75
Total Liabilities	555,523,902	508,740,445	9.20	552,803,306	505,950,333	9.26
Equity						
Stated Capital	18,323,882	17,548,347	4.42	18,323,882	17,548,347	4.42
Statutory Reserve Fund	2,332,549	2,103,522	10.89	2,332,549	2,103,522	10.89
Fair Value through Other Comprehensive Income Reserve	(245,179)	2,285,332	(110.73)	(271,212)	2,257,027	(112.02)
Retained Earnings	29,196,617	24,683,224	18.29	29,967,349	25,381,609	18.07
Other Reserves	2,445,140	2,346,550	4.20	3,605,666	3,479,318	3.63
Total Shareholders' Equity	52,053,009	48,966,975	6.30	53,958,234	50,769,823	6.28
Non-controlling Interest	-			1,328,593	1,285,776	3.33
Total Equity	52,053,009	48,966,975	6.30	55,286,827	52,055,599	6.21
	52,055,009	40,900,975	0.30			0.21
Total Equity & Liabilities	607,576,911	557,707,420	8.94	608,090,133	558,005,932	8.98
Contingent Liabilities and Commitments	224,389,878	195,154,154	14.98	224,389,963	195,173,315	14.97
Memorandum Information						
Number of Employees	3,148	3,251	(3.17)	3,167	3,271	(3.18)
Number of Banking Centres	171	172	(0.58)	171	172	(0.58)
			(0.00)			(0.00)
Vet Assets Value per Ordinary Share (Rs.)	97.44	94.71	2.88	101.01	98.20	2.86
Certification;						
I certify that the above Financial Statements are in compliance with the requirements	ents of the Companies Ac	t No. 07 of 2007.				
(Sgd.) Champika Dodanwela (Ms.)						
Chief Financial Officer						
We the undersigned, being the Chairman, Director/Chief Executive Officer of Sev	lan Bank PLC continuision	tlythat				
			anka: and			
a) the above statements have been prepared in compliance with the format and d b) the information contained in these statements have been extracted from the a						
		το στιπο σαπκ α στθυμ				
(Sgd.) W. M. R. S. Dias	(Sg	jd.) Kapila Ariyaratne	1			

* No trading during the period.

SELECTED PERFORMANCE INDICATORS

ltem	B/	ANK	GF	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 (%)	2.43	4.12		
(Net of Interest in Suspense and Provision) 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		

(Sgd.) W. M. R. S. Dias Chairman February 22, 2022 Colombo

- Measured at Fair Value

(Sgd.) Kapila Ariyaratne

Director/Chief Executive Officer

Head Office: Seylan Tower, No. 90, Galle Road, Colombo 3. | Tel: 011 245 6789 | Fax: 011 245 6456 | E-mail: info@seylan.lk | Web: www.seylan.lk | SWIFT: SEYBLKLX

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



No. of Shares

39,640,115

27.687.279

%

15.00

10.48

SEGMENT REPORTING - GI	ROUP (AUD	ITED)					(4	Imounts in R	upees Tho	usands)
	BANK	(ING	TREAS	URY	PROPERTY/IN	VESTMENTS	UNALLOCATED	/ELIMINATIONS	TOT	AL
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Interest Income	37,407,111	40,962,500	9,821,266	11,161,806	30,731	28,664	(477,904)	(1,040,534)	46,781,204	51,112,436
Less: Interest Expenses	21,876,505	27,390,331	1,168,223	4,077,525	299	294	(167,732)	(166,497)	22,877,295	31,301,653
Net Interest Income	15,530,606	13,572,169	8,653,043	7,084,281	30,432	28,370	(310,172)	(874,037)	23,903,909	19,810,783
Fee and Commission Income	4,752,178	3,889,076	4,864	5,424	-		27,384	36,827	4,784,426	3,931,327
Less: Fee and Commission Expenses	119,468	177,884	24,030	24,051	452	1,088	-	-	143,950	203,023
Net Fee and Commission Income	4,632,710	3,711,192	(19,166)	(18,627)	(452)	(1,088)	27,384	36,827	4,640,476	3,728,304
Net Interest, Fee and Commission Income	20,163,316	17,283,361	8,633,877	7,065,654	29,980	27,282	(282,788)	(837,210)	28,544,385	23,539,087
Net Gains/(Losses) from Trading	-	-	(219,044)	347,554	1,200	1,189	-	-	(217,844)	348,743
Net Gains from Derecognition of Financial Assets			553,425	782,565	-		-		553,425	782,565
Net Other Operating Income	649,914	119,976	2,222,453	808,347	376,249	390,602	(399,136)	(266,246)	2,849,480	1,052,679
Inter Segment Revenue	(73,648)	(73,983)	-		-	-	73,648	73,983	-	
Total Operating Income	20,739,582	17,329,354	11,190,711	9,004,120	407,429	419,073	(608,276)	(1,029,473)	31,729,446	25,723,074
Less: Depreciation and Amortization Expenses	707,307	767,132	6,320	5,595	1,085	1,028	764,754	712,451	1,479,466	1,486,206
Less: Impairment Charges	10,008,626	6,747,023	413,287	245,953	-	-	-		10,421,913	6,992,976
Less: Operating Expenses & VAT on Financial Services	9,903,963	9,771,956	1,845,267	1,496,635	80,579	84,746	1,813,578	1,594,919	13,643,387	12,948,256
Reportable Segment Profit Before Income Tax	119,686	43,243	8,925,837	7,255,937	325,765	333,299	(3,186,608)	(3,336,843)	6,184,680	4,295,636
Less: Income Tax Expense									1,449,010	1,197,578
Profit for the Year									4,735,670	3,098,058
Profit Attributable to:										
Equity Holders of the Bank									4,653,003	3,038,629
Non-Controlling Interest									82,667	59,429
Profit for the Year									4,735,670	3,098,058
Other Comprehensive Income for the Year, Net of Tax									(1,479,099)	1,865,107
Other Information										
Reportable Segment Assets	433,132,342	393,123,043	156,115,813	143,091,020	6,063,200	5,915,190	21,815,227	23,974,042	617,126,582	566,103,295
Segment Accumulated Amortisation	(2,347,782)	(2,125,478)	(55,774)	(50,924)	(1,840)	(4,282)	(6,631,053)	(5,916,679)	(9,036,449)	(8,097,363
Total Assets	430,784,560	390,997,565	156,060,039	143,040,096	6,061,360	5,910,908	15,184,174	18,057,363	608,090,133	558,005,932
Reportable Segment Liabilities & Equity	487,573,516	439,087,233	81,060,891	80,126,983	6,061,360	5,910,908	33,394,366	32,880,808	608,090,133	558,005,932
Total Liabilities & Equity	487,573,516	439,087,233	81,060,891	80,126,983	6,061,360	5,910,908	33,394,366	32,880,808	608,090,133	558,005,932
Cash Flows From Operating Activities	(7,149,239)	33,888,015	9,345,444	7,507,485	277,845	246,754	(2,469,445)	(2,851,781)	4,605	38,790,473
Cash Flows From Investing Activities	(147,291)	(323,839)	5,842,438	(18,876,818)	36,830	(78,683)	(489,077)	(423,946)	5,242,900	(19,703,286
Cash Flows From Financing Activities	(822,434)	(750,450)	2,010,276	(5,783,386)	(177,558)	(162,761)	430,230	408,609	1,440,514	(6,287,988
Capital Expenditure	(153,031)	(330,474)	(51,462)	(1,771)	(78,147)	(34,953)	(257,821)	(357,720)	(540,461)	(724,918

STATEMENT OF CHANGES IN EQUITY - I	BANK (AI	JDITED)				(Amounts i	n Rupees Th	ousands)
	State	d 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	Total
1 Balance as at 01st January 2020	10,884,710	6,160,014	1,952,957	22,823,239	858,312	(14,219)	1,962,261	44,627,274
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,011,300	-	-	-	3,011,300
Other Comprehensive Income (net of tax)								
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,480)	-	-	-	(495,480)
- Net Gains on Investments in Debt Instruments measured at Fair Value through								
Other Comprehensive Income	-	-	-	-	-	1,238,707	-	1,238,707
Change in Fair Value on Investments in Equity Instruments measured at Fair Value						4 000 000		4 000 000
through Other Comprehensive Income - Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	1,062,026	- 26,772	1,062,026 26,772
				-	-		20,772	20,772
2 Total Comprehensive Income for the Year	-	-	-	2,515,820	-	2,300,733	26,772	4,843,325
Transactions with Equity Holders, Recognised Directly In Equity								
Cash/Scrip Dividend to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	_	(503,624)
Transferred to Statutory Reserve Fund*	-		150,565	(150,565)	-	-	-	(000,024)
Transferred from Investment Fund Reserve	-	-	-	500,795	-	-	(500,795)	-
Net Gains on Disposal of Equity Investments measured at Fair Value through							(,,	
Other Comprehensive Income	-	-	-	1,490	-	(1,490)	-	-
Net Losses on Reclassification of Debt Instruments measured at Fair Value through								
Other Comprehensive Income	-	-	-	(308)	-	308	-	-
3 Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,624)
Balance as at 31st December 2020 (1 + 2 + 3)	11,136,187	6,412,160	2,103,522	24,683,224	858,312	2,285,332	1,488,238	48,966,975
1 Balance as at 01st January 2021	11,136,187	6,412,160	2,103,522	24,683,224	858,312	2,285,332	1,488,238	48,966,975
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,580,540	-	-	-	4,580,540
Other Comprehensive Income (net of tax)				.,,				.,,.
- Revaluation of Property, Plant and Equipment	-	-	-	-	601,759	-	-	601,759
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(390,122)	-	-	-	(390,122)
- Net Losses on Investments in Debt Instruments measured at Fair Value through								
Other Comprehensive Income	-	-	-	-	-	(2,093,966)	-	(2,093,966)
- Change in Fair Value on Investments in Equity Instruments measured at Fair Value								
through Other Comprehensive Income	-	-	-	-	-	438,794	(77.405)	438,794
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)
2 Total Comprehensive Income for the Year	-	-	-	4,190,418	601,759	(1,655,172)	(77,485)	3,059,520
Transactions with Equity Holders, Recognised Directly In Equity								
Scrip Dividend to Equity Holders	385,076	390,459	-	(775,535)	-	-	-	-
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	9,228	-	-	-	9,228
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,535	8,751	-	-	17,286
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-
Net Gains on Disposal of Equity Investments measured at Fair Value				075 000		(075,000)		

EXPLANATORY NOTES

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

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

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

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

Covid 19 Impact

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

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

2. Information on Ordinary Shares

Market Price (Rs.)	31/1	2/2021	31/12/2020		
	Voting	Non-Voting	Voting	Non-Voting	
Market Price Per Share	44.00	33.30	46.00	34.00	
Highest price per share during the quarter ended	49.70	41.40	48.40	34.40	
Lowest price per share during the quarter ended	42.80	32.90	40.00	28.70	

	Stated Capital as at December 31, 2021	No of Shares	Stated Capital Rs. '000
	Ordinary Voting	264,267,493	11,521,263
	Ordinary Non-Voting	269,923,190	6,802,619
	Total	534,190,683	18,323,882
_			
3. 3.1	Shareholders' Information Twenty Largest Ordinary V		December 31, 2021
.1		Joting Shareholders as at	December 31, 2021
1.1	Twenty Largest Ordinary \	Joting Shareholders as at ration Ltd	December 31, 2021
	Twenty Largest Ordinary V Sri Lanka Insurance Corpo	Joting Shareholders as at ration Ltd Id Life Fund]	December 31, 2021

3	Employees' Provident Fund		26,050,200	9.86
4	Mr. K D D Perera		25,086,126	9.49
5	Sampath Bank PLC/LOLC Investments Ltd		24,726,404	9.36
6	National Development Bank PLC		23,056,970	8.72
7	Bank of Ceylon No. 1 Account		14,865,044	5.62
8	Seylan Bank PLC A/C No. 04 – Employees' Gratuity Trust Fund		13,708,884	5.19
9	People's Leasing & Finance PLC /Don and Don Holdings (Pvt) Ltd		10,098,676	3.82
10	Sampath Bank PLC/Brown and Company PLC		8,979,659	3.40
11	Employees' Trust Fund Board		5,619,482	2.13
12	NDB Capital Holdings Limited A/C No. 02		2,676,690	1.01
13	Sisil Investment Holdings (Pvt) Ltd		2,499,201	0.95
14	Asiri Hospitals Holdings PLC		2,000,000	0.76
15	Mr. M J Fernando		1,334,457	0.50
16	Mr. R R Leon		1,250,555	0.47
17	Mr. K R B Fernando		1,143,462	0.43
18	AIA Insurance Lanka Ltd A/c No. 07		866,628	0.33
19	J. B. Cocoshell (Pvt) Ltd		736,694	0.28
20	Seyshop (Pvt) Ltd		707,834	0.27
3.2	Twenty Largest Ordinary Non-Voting Shareholders as at December 31,	2021	No. of Shares	%
1	LOLC Holdings PLC		139,285,716	51.60
2	Employees' Provident Fund		14,397,596	5.33
3	Sri Lanka Insurance Corporation Ltd - Life Fund		9,040,537	3.35
4	Akbar Brothers Pvt Ltd A/C No. 01		5,797,003	2.15
5	Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund		3,850,895	1.43
6	Pershing LLC S/A Averbach Grauson & Co		3,812,293	1.41
7	People's Leasing & Finance PLC /Mrs. P Thavarajah		3,671,929	1.36
8	People's Leasing & Finance PLC/ Don and Don Holdings (Pvt) Ltd		3,512,132	1.30
9	Employees' Trust Fund Board		3,222,060	1.19
10	Merrill J Fernando & Sons (Pvt) Limited		2,998,293	1.11
11	Mr. R R Leon		2,476,199	0.92
12	LOLC Technology Services Limited		2,357,043	0.87
13	Mr.N Balasingam		2,111,712	0.78
14	Don and Don Holdings (Pvt) Ltd		2,111,411	0.78
15	Sri Lanka Insurance Corporation Ltd-General Fund		1,906,234	0.71
16	Mr.R Gautam		1,488,758	0.55
17	Mr. M J Fernando		1,477,783	0.55
18	Dr. S Yaddehige		1,269,598	0.47
19	Ms. S Durga		1,254,485	0.46
20	Mr D N N Lokuge		1,245,864	0.46
3.3	Public Holdings as at December 31, 2021			
	The Bank is compliant under Option 3 of the Section 7.13.1 (Minimum Put	olic Holding requirement) of the Rules of the Colombo S	tock Exchange.	
	Float adjusted market capitalization	- LKR 6.378 Bn.		
	Public Holding Percentage	- 54.85%		
	Number of Public Shareholders	- 10,122		
4.	Directors' and Chief Executive Officer's Shareholdings as at December	31, 2021		

•.	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 Javawardena. Non-Executive Director/Deputy Chairman	Nil	Nil	

through Other Comprehensive Income	-	-	-	875,339	-	(875,339)	-	-
3 Total Transactions with Equity Holders	385,076	390,459	229,027	322,975	8,751	(875,339)	(434,435)	26,514
Balance as at 31st December 2021 (1 + 2 + 3)	11,521,263	6,802,619	2,332,549	29,196,617	1,468,822	(245,179)	976,318	52,053,009

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax). ** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve

STATEMENT OF CHANGES IN FOULTY - GROUP (AUDITED)

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

STATEMENT OF CHANGES IN EQUITY -	<u> </u>				(Amounts in Rupees Thousand					
For the Year ended 31st December	Stated Capital		Statutory Retain	Retained	Other Reserves					
	Ordinary Shares -Voting	Ordinary Shares -Non-Voting	Reserve Fund *		Revaluation Reserve	FVOCI Reserve **	Other Reserves	Total	Non- Controlling Interest	Tot Equi
Balance as at 01st January 2020	10,884,710	6,160,014	1,952,957	23,494,184	1,714,728	(44,601)	2,217,474	46,379,466	1,264,588	47,644,0
Total 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,
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772	-	26,
Total Comprehensive Income for the Year	-	-	-	2,543,260	21,139	2,302,810	26,772	4,893,981	69,184	4,963,
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividend	251,477	252,146		(1,007,247)	-	-	-	(503,624)	(47,996)	(551,
Transferred to Statutory Reserve Fund*	- 201,411	-	150,565	(150,565)	-	-	-	(000,024)	(47,000)	(001)
Transferred from Investment Fund Reserve	-	-		500,795	-	-	(500,795)	-	-	
Net Gains on Disposal of Equity Investments measured at Fair Value through							()			
Other Comprehensive Income	-	-	-	1,490	-	(1,490)	-	-	-	
Net Losses on reclassification of Debt Instruments measured at				,		())				
Fair Value through Other Comprehensive Income	-	-	-	(308)	-	308	-	-	-	
Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)		(1,182)	(500,795)	(503,624)	(47,996)	(551,
				,		,	,	,		
Balance as at 31st December 2020 (1 + 2 + 3)	11,136,187	6,412,160	2,103,522	25,381,609	1,735,867	2,257,027	1,743,451	50,769,823	1,285,776	52,055,
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,
Total Comprehensive Income for the Year										
Profit for the Year	-	-		4,653,003	-	-	-	4,653,003	82,667	4,735,
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	629,607	-	-	629,607	11,648	641,
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(390,684)	-	-	-	(390,684)	(235)	(390,
- Net Losses on Investments in Debt Instruments measured at Fair Value throug	h -	-	-	-	-	(2,091,694)	-	(2,091,694)	950	(2,090,
Other Comprehensive Income										
- Change in Fair Value on Investments in Equity Instruments measured at Fair	-	-	-	-	-	438,794	-	438,794	-	438,
Value through Other Comprehensive Income										
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)	-	(77,
Total Comprehensive Income for the Year	-	-	-	4,262,319	629,607	(1,652,900)	(77,485)	3,161,541	95,030	3,256,
Transactions with Equity Holders, Recognised Directly In Equity										
Cash/Scrip Dividend	385,076	390,459	-	(775,535)	-	-	-	-	(52,362)	(52,
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-			9,228	-	-	-	9,228	-	9,
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,654	8,661	-	-	17,315	12	17,
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-	-	
Transferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-	-	
Net Gains on Disposal of Equity Investments measured at Fair Value							,			
through Other Comprehensive Income	-	-	-	875,339	-	(875,339)	-	-	-	
Others	-	-	-	327	-	-	-	327	137	
Total Transactions with Equity Holders	385,076	390,459	229,027	323,421	8,661	(875,339)	(434,435)	26,870	(52,213)	(25,
Balance as at 31st December 2021 (1 + 2 + 3)								53,958,234		_

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 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. 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 unto a maximum of Two Hundred Million (200 000 000) Listed Based Based III Compliant Tier 2 Unsecured Subordinated Redeemable Debentures with A non-Viability Correstion (to Ordinary Voting Shares of the Bank in the event of Trigger Event) of the par value of Rupes Hundred (Rs.100/-) each (Debentures) and the Rupes Hundred (Rs.100/-) each (Rs.100/-) e 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/with an option to issue a further 20,000,000 Debuttives. 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. Other Matters

7.1 Gratuity

The Bank 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.

7.3 Corporate Income Tax rate

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

8. Comparative Figures

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

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

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

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