# SEYLAN BANK PLC FINANCIAL STATEMENTS



Rs. '000

2012 Rs. '000

13,379,256 1,245,548 (7,974,676) 448,428 431,337 (4,657,024) (52,540)

2,820,329

(14,467,919) (1,077,304)

14,126,389 550,446 **1,951,941** 

(62,310) (105,847)

1,783,784

14,463 1,914,391 7,951 (186,972) (233,501) 56,347

(1,409)

1,571,270

(787,806) (42,376) (3,897,280) (122,864) (334,793) (4)

(5,185,123) (1,830,069) 9,398,700

7,568,631

6,593,953 921,880 52,798

7,568,631

(4)

GROUP

# Nine months ended 30th September, 2013

| INCOME STATEMENT                                     |                   |                      |                 |                     |                   |                |                      |                               |                |   | <i><b>Rs. '000</b></i>                   | CASH FLOW STATEMENT   |                              |                          |                              |
|--|-------------------|----------------------|-----------------|---------------------|-------------------|----------------|----------------------|-------------------------------|----------------|---|--|---|------------------------------|--------------------------|------------------------------|
| (In terms of Rule 7.4 of the Colombo Stock Exchange) |                   | Bank                 |                 |                     | Bank              |                |                      | Group                         |                | Group                                   |  |   | В                            |                          |                              |
|  | For the 09 months |                      | Fo              | For the Quarter     |                   | For            | the 09 months        |                               | For the Quarte | er                                      | For the nine months ended 30th September | 2013<br>Rs. '000  | 2012<br>Rs. '000             | 2013<br>Rs. '000         |                              |
|  | Ended 30th Septem |                      | September Ended |                     | ed 30th September |                | Ended 30th September |                               | r              | Ended 30th September                    |  | Cash Flows from Operating Activities  | ns. 000                      | ns. 000                  | ns. 000                      |
|  | 2013              | 2012                 | Growth          | 2013                | 2012 G            | arowth         | 2013                 | 2012 Grov                     | /th 20         | 13 2012                                 | Growth                                   | Interest Receipts   | 17,625,253                   | 13,382,820               | 17,629,336                   |
|  |                   |                      | %               |                     |                   | %              |                      |                               | %              |   | %  | Fees and Commission Receipts<br>Interest Payments   | 1,602,641<br>(10,726,555)    | 1,245,548<br>(7,990,361) | 1,602,641<br>(10,707,959)    |
| interest Income                                      | 18,259,479        | 15,300,479           | 19.34           | 6,314,206           | 5,526,638         | 14.25 1        | 18,263,591           | 15,297,006 19.                | 39 6,316,9     | 48 5,521,749                            | 9 14.40                                  | Exchange Income   | 331,395                      | 448,428                  | 331,395                      |
| Less: Interest Expense                               | 11,412,274        | 8,499,894            | 34.26           | 3,800,744           | 3,195,733         | 18.93 1        | 11,393,678           | 8,484,272 34.                 | 29 3,795,6     | 00 3,185,320                            | ) 19.16                                  | Receipts from Other Operating Activities<br>Cash Payments to Employees and Suppliers  | 235,900<br>(5,434,995)       | 388,785<br>(4,679,890)   | 272,219<br>(5,392,972)       |
| Net Interest Income                                  | 6,847,234         | 6,800,585            | 0.69            | 2,513,462           | 2,330,905         | 7.83           | 6,869,913            | 6,812,734 0.                  | 84 2,521,3     | 48 2,336,429                            | 7.91                                     | Cash Payments to Other Operating Activities   | (5,434,995)<br>(61,041)      | (48,464)                 | (5,392,972)<br>(65,874)      |
| Fee and Commission Income                            | 1,602,641         | 1,291,539            | 24.09           | 587,256             | 495,358           | 18.55          | 1,602,641            | 1,334,091 20.                 | 13 587,2       | 56 537,910                              | 9.17                                     | Operating Profit before Changes in Operating Assets & Liabilities   | 3,572,598                    | 2,746,866                | 3,668,786                    |
| Less: Fee and Commission Expense                     | 61,041            | 48,465               | 25.95           | 19,059              | 15,110            | 26.14          | 65,874               | 52,541 25.                    | 38 20,7        | 04 16,464                               | 25.75                                    | (Increase)/Decrease in Operating Assets :   |                              |                          |                              |
| Net Fee and Commission Income                        | 1,541,600         | 1,243,074            | 24.02           | 568,197             | 480,248           | 18.31          | 1,536,767            | 1,281,550 19.                 | 91 566,5       | 52 521,446                              | 6 8.65                                   | Loans & Receivables (Advanced to) / Repaid by Customers   | (6,453,612)                  | (14,467,919)             | (6,453,612)                  |
|  |                   |                      |                 |                     |                   |                |                      |                               |                |   |  | Deposits Held for Regulatory or Monetary Control Purposes   | 941,530                      | (1,077,304)              | 941,530                      |
| Net Gain / (Loss) from Financial Instruments         |                   |                      |                 |                     |                   |                |                      |                               |                |   |  | Increase/(Decrease) in Operating Liabilities :  |                              |                          |                              |
| Designated at Fair Value through Profit or Loss      | (59,167           |                      | · · · /         | (41,314)            |                   |                | (58,862)             |                               |                | , |  | Deposits from / (Withdrawals by) Customers  | 11,490,835                   | 14,126,389               | 11,490,835                   |
| Net gain from Financial Investments                  | 30,566            |                      | 1,519.82        | 7,741               | 62 12,3           |                | 30,566               | 1,887 1,519.                  |                |   | 1  | Negotiable Certificates of Deposit<br>Cash (Used in) / Generated from Operations  | 810,135<br><b>10,361,486</b> | 550,446<br>1,878,478     | 810,135<br><b>10,457,674</b> |
| Net Exchange Income                                  | 331,395           |                      | (26.10)         | 114,571             |                   | 18.92          | 331,395              |                               |                |   |  |   |                              |                          |                              |
| Other Operating Income (Net)                         | 87,046            |                      | 13.92           | 17,761              |                   | 382.37         | 124,623              |                               |                |   |  | Income Tax Paid<br>Contribution Paid into Employee Retirement Benefit Plan / Employees  | (95,229)<br>(86,753)         | (62,310)<br>(105,744)    | (95,229)<br>(86,753)         |
| Total Operating Income                               | 389,840           | 538,293<br>8,581,952 | (27.58)         | 98,759<br>3,180,418 |                   | 63.55<br>10.76 |                      | 580,845 (26.<br>8,675,129 1.  |                | 98 80,369<br>98 2,938,244               |  |   |                              |                          |                              |
|  | -,,               | -,                   |                 | -,,                 | _,,               |                | -,                   |                               |                | _,,                                     |  | Net Cash (Used in) / Generated from Operating Activities  | 10,179,504                   | 1,710,424                | 10,275,692                   |
| Less : Impairment for Loans and Other Losses         |                   |                      |                 |                     |                   |                |                      |                               |                |   |  | Cash Flows from Investing Activities  |                              |                          |                              |
| - Charges / (Reversal)                               | 055 407           | 150.000              | (00.04)         | 004 004             | 00.051 (0         |                | 055 407              | 450.000 (00                   |                |   | (000.00)                                 | Dividend Income   | 36,671                       | 21,365                   | 19,416                       |
| Individual Impairment                                | 255,437           |                      | (69.21)         | 221,634             |                   | 989.06)        | 255,437              | 150,962 (69.                  |                |   |  | Net Proceeds from Sale, Maturity & Purchase of Financial Instruments of Government of Sri Lanka Maturing after 03 months                              | (16,915,685)                 | 1,914,391                | (16,915,685)<br>413          |
| Collective Impairment                                | 208,760           |                      | (152.34)        | 197,485             |                   |                | 208,760              | 82,731 (152.3                 |                |   | ,  | Reverse Repurchase Agreements Maturing After 03 Months<br>Net Proceeds from Sale, Maturity & Purchase of Financial Instruments of Shares & Debentures | 413<br>(288,205)             | 7,951<br>(181,151)       | (350,276)                    |
| Others   | 102,557           |                      | 36.52           | 89,780              |                   |                | 102,557              | 161,560 36.                   |                |   |  | Purchase of Property, Plant & Equipment, Leasehold Rights & Intangible Assets   | (533,642)                    | (225,607)                | (533,914)                    |
| Net Operating Income                                 | 566,754           | 395,253<br>8,186,699 | (43.39)         | 2,671,519           | 212,563 (13       |                |                      | 395,253 (43.<br>8,279,876 (0. |                | 99 212,563<br>99 2,725,681              | ,  | Proceeds From Sale Of Property, Plant & Equipment, Leasehold Rights & Intangible Assets   | 53,284                       | 56,347                   | 53,380<br>29,275             |
| ver operating income                                 | 0,211,920         | 0,100,099            | 0.01            | 2,0/1,019           | 2,000,970         | 0.47           | 0,207,040            | 0,279,070 (0.                 | 13) 2,000,0    | 39 2,723,00                             | <u>(1.37</u> )                           | Proceeds from Sale of Investment Property<br>Improvements to Investment Property  | 1                            | -                        | (180)                        |
| Personnel Expenses                                   | 2,647,092         | 2,411,186            | 9.78            | 762,189             | 614,388           | 24.06          | 2,667,166            | 2,429,092 9.                  | 80 768,3       | 620,372                                 | 2 23.86                                  | Net Cash (Used in) / Generated from Investing Activities  | (17,647,164)                 | 1.593.296                | (17,697,571)                 |
| Depreciation and Amortisation                        | 427,453           | 389,695              | 9.69            | 140,413             | 106,285           | 32.11          | 470,318              | 433,116 8.                    | 59 154,7       | 05 120,845                              | 5 28.02                                  |   | (17,047,104)                 | 1,030,230                | (17,037,071)                 |
| Other Expenses                                       | 2,358,713         | 2,342,073            | 0.71            | 807,834             | 822,765           | (1.81)         | 2,330,634            | 2,343,899 (0.                 | 57) 798,2      | 13 850,310                              | ) (6.13)                                 | Cash Flows from Financing Activities  |                              |                          |                              |
|  | 5,433,258         | 5,142,954            | 5.64            | 1,710,436           | 1,543,438         | 10.82          | 5,468,118            | 5,206,107 5.                  | 03 1,721,3     | 07 1,591,527                            | 8.15                                     | Increase / ( Decrease) in Debentures  | 2,124,944                    | (787,806)                | 2,074,944                    |
| Operating Profit before Taxes                        | 2,778,662         | 3,043,745            | (8.71)          | 961,083             | 1,115,537 (*      | (13.85)        | 2,799,530            | 3,073,769 (8.                 | 92) 967,0      | 92 1,134,154                            | (14.73)                                  | Repayment of Preference Shares  |                              | (42,376)                 | -                            |
|  |                   |                      |                 |                     |                   |                |                      |                               |                |   |  | Securities Sold under Repurchase Agreements<br>Increase / (Decrease) in Other Borrowings  | 3,230,210<br>3,163,239       | (3,897,280)<br>(71,079)  | 3,230,210<br>3,167,459       |
| Value Added Tax (VAT)on Financial Services           | 509,828           | 612,871              | (16.81)         | 175,677             | 228,707 (         | (23.19)        | 509,828              | 612,871 (16.                  | 81) 175,6      | 77 228,707                              | (23.19)                                  | Dividends Paid - Ordinary Shares  | (334,896)                    | (334,793)                | (334,896)                    |
|  |                   |                      |                 |                     |                   |                |                      |                               |                |   |  | Dividends Paid - Preference Shares  | (28)                         | (4)                      | (28)                         |
| Profit before Taxes                                  | 2,268,834         | 2,430,874            | (6.67)          | 785,406             | 886,830 (*        | (11.44)        | 2,289,702            | 2,460,898 (6.                 | 96) 791,4      | 15 905,447                              | (12.59)                                  | Net Cash (Used in) / Generated from Financing Activities  | 8,183,469                    | (5,133,338)              | 8,137,689                    |
| Tax Expenses   | 732,878           | 832,321              | (11.95)         | 251,006             | 248.329           | 1.08           | 751,138              | 836,752 (10.                  | 23) 255.3      | 83 250,254                              | 2.05                                     |   |                              |                          |                              |
| Tax Expenses   | 132,010           | 032,321              | (11.95)         | 201,000             | 240,329           | 1.00           | 751,150              | 030,752 (10.                  | 20) 200,0      | 200,204                                 | 2.00                                     | Net Increase / (Decrease) in Cash & Cash Equivalents<br>Cash & Cash Equivalents at beginning of the Period  | 715,809<br>9,481,018         | (1,829,618)<br>9,398,139 | 715,810<br>9,481,119         |
| Profit for the period                                | 1,535,956         | 1,598,553            | (3.92)          | 534,400             | 638,501 (*        | (16.30)        | 1,538,564            | 1,624,146 (5.                 | 27) 536,0      | 32 655,193                              | 3 (18.19)                                | Cash & Cash Equivalents at end of the Period  | 10.196.827                   | 7.568.521                | 10.196.929                   |
| Attributable to:                                     |                   |                      |                 |                     |                   |                |                      |                               |                |   |  | עמטו ע עמטו בקעויזמוטונג מג פווע טו נווע רפווטע   | 10,190,027                   | 7,000,021                | 10,190,929                   |
| Owners to the Parent                                 |                   |                      |                 |                     |                   |                | 1,528,996            | 1,608,494 (4.                 | 94) 535,2      | 46 647,154                              | (17.29)                                  | Reconciliation of Cash & Cash Equivalents   |                              |                          |                              |
| Non-Controlling Interest                             |                   |                      |                 |                     |                   |                | 9,568                | 15,652 (38.                   | 87) 7          | 86 8,039                                | (90.22)                                  | Cash and Cash Equivalents<br>Government of Sri Lanka Treasury Bills/Bonds Maturing within 03 Months   | 6,939,424<br>722,414         | 6,593,843<br>921,880     | 6,939,526<br>722,414         |
| Profit for the period                                | 1,535,956         | 1,598,553            | (3.92)          | 534,400             | 638,501 (         | (16.30)        | 1,538,564            | 1,624,146 (5.                 | 27) 536,0      | 32 655,193                              | 8 (18.19)                                | Securities Purchased under Resale Agreements maturing within 03 Months  | 2,534,989                    | 52,798                   | 2,534,989                    |
| Posis / Diluted Fornings per Ordinany Share (in Dur  | 000) 4 40         | 4 70                 | (5.00)          | 4.55                | 1 00 //           | (17.00)        | 4.45                 | 4 76 (0                       | 20) 4          | EE 1.04                                 | (10.05)                                  |   | 10,196,827                   | 7,568,521                | 10,196,929                   |
| Basic / Diluted Earnings per Ordinary Share (in Rup) | ees) 4.48         | 4.73                 | (5.29)          | 1.55                | 1.89 (*           | (17.99)        | 4.46                 | 4.76 (6.                      | au) 1          | 55 1.91                                 | (18.85)                                  |   | 10,130,021                   |                          | 10,100,020                   |

## **STATEMENT OF COMPREHENSIVE INCOME**

| (In terms of Rule 7.4 of the Colombo Stock Exchange)  |              |                                       |          |          |  |           |           |                          |              |   |           |           |
|---|--------------|---------------------------------------|----------|----------|--|-----------|-----------|--------------------------|--------------|---|-----------|-----------|
|   | For the O9 m | · · · · · · · · · · · · · · · · · · · |          |          | Bank<br>For the Quarter Ended 30th September |           |           | Group<br>ionths Ended 30 | th September | Group<br>For the Quarter Ended 30th September |           |           |
|   | 2013         | 2012                                  | Growth % | 2013     | 2012   | Growth %  | 2013      | 2012                     | Growth %     | 2013  | 2012      | Growth %  |
| Profit for the period   | 1,535,956    | 1,598,553                             | (3.92)   | 534,400  | 638,501                                      | (16.30)   | 1,538,564 | 1,624,146                | (5.27)       | 536,032                                       | 655,193   | (18.19    |
| Other Comprehensive Income, Net of Tax  |              |                                       |          |          |  |           |           |                          |              |   |           |           |
| Revaluation of Property, Plant and Equipment.<br>Net Change of Financial Assets Measured at Fair Value<br>Through Other Comprehensive Income: | -            | 52,800                                |          | -        | -  |           | -         | 52,800                   | -            | -   | -         | -         |
| Net Change in Fair Value on Available-for-Sale<br>Financial Assets  | 179.083      | (189,872)                             | 194.32   | (70,967) | 459,819                                      | (115.43)  | 179.083   | (192.872)                | 192.85       | (70,967)                                      | 456.819   | (115.54   |
| Net Amount Transferred to Profit or Loss on   | 175,000      | (100,072)                             | 104.02   | (10,501) | 400,010                                      | (110.40)  | 175,000   | (152,072)                | 102.00       | (10,001)                                      | 400,010   | (110.0-   |
| Available-for-Sale Financial Assets   | (30,566)     | (1,887)                               | 1,519.82 | (7,741)  | (62)   | 12,385.48 | (30,566)  | (1,887)                  | 1,519.82     | (7,741)                                       | (62)      | 12,385.48 |
| Less: Tax Expense/(Income) Relating to  |              |                                       |          |          |  |           |           |                          |              |   |           |           |
| Components of Other Comprehensive Income  | -            | -                                     | -        | -        | -  | -         | -         | -                        | -            | -   | -         |           |
| Other Comprehensive Income for  |              |                                       |          |          |  |           |           |                          |              |   |           |           |
| the Period, Net of Taxes  | 148,517      | (138,959)                             | 206.88   | (78,708) | 459,757                                      | (117.12)  | 148,517   | (141,959)                | 204.62       | (78,708)                                      | 456,757   | (117.23   |
| Total Comprehensive Income for the Period   | 1,684,473    | 1,459,594                             | 15.41    | 455,692  | 1,098,258                                    | (58.51)   | 1,687,081 | 1,482,187                | 13.82        | 457,324                                       | 1,111,950 | (58.87    |
| Attributable to:  |              |                                       |          |          |  |           |           |                          |              |   |           |           |
| Owners of the Parents   |              |                                       |          |          |  |           | 1,677,513 | 1,467,979                | 14.27        | 456,538                                       | 1,105,355 | (58.70    |
| Non-Controlling Interest  |              |                                       |          |          |  |           | 9,568     | 14,208                   | (32,66)      | 786   | 6,595     | (88.08    |
| Total Comprehensive Income for the Period   | 1,684,473    | 1,459,594                             | 15.41    | 455,692  | 1,098,258                                    | (58.51)   | 1,687,081 | 1,482,187                | 13.82        | 457,324                                       | 1,111,950 | (58.87    |

## STATEMENT OF FINANCIAL POSITION

| (In terms of Rule 7.4 of the Colombo Stock Exchange)             |                     | Bank                |             |                     | Group               |             |
|--|---------------------|---------------------|-------------|---------------------|---------------------|-------------|
|  | As at<br>30.09.2013 | As at<br>31.12.2012 | Growth<br>% | As at<br>30.09.2013 | As at<br>31.12.2012 | Growth<br>% |
| Assets   |                     |                     |             |                     |                     |             |
| Cash and cash equivalents  | 5,949,769           | 6,554,381           | (9.22)      | 5,949,871           | 6,554,482           | (9.22)      |
| Balances with Central Bank                                       | 7,087,131           | 8,028,661           | (11.73)     | 7,087,131           | 8,028,661           | (11.73)     |
| Placements with banks  | 989,655             | -                   | -           | 989,655             | -                   | -           |
| Derivative financial instruments                                 | 132,567             | 51,281              | 158.51      | 132,567             | 51,281              | 158.51      |
| Financial assets designated at fair value through profit or loss | 9,659,404           | 2,460,272           | 292.62      | 9,667,484           | 2,468,151           | 291.69      |
| Securities purchased under Resale Agreements                     | 2,534,989           | 173,441             | 1,361.59    | 2,534,989           | 173,441             | 1,361.59    |
| Loans and receivables to other customers                         | 130,717,786         | 124,728,371         | 4.80        | 130,717,786         | 124,728,371         | 4.80        |
| Financial investments – Available-for-sale                       | 16,041,549          | 11,358,103          | 41.23       | 16,041,549          | 11,358,103          | 41.23       |
| Financial investments – Held-to-maturity                         | 23,199,971          | 19,822,966          | 17.04       | 23,261,841          | 19,822,966          | 17.35       |
| Investments in subsidiaries                                      | 793,254             | 793,254             | -           | -                   | -                   |             |
| Due from subsidiaries  | 26,250              | 60,687              | (56.75)     |                     | -                   | -           |
| Property, plant and equipment                                    | 2,577,613           | 2,431,132           | 6.03        | 3,778,417           | 3,659,476           | 3.25        |
| Investment properties  | 237,629             | 237,629             | -           | 1,160,519           | 1,203,380           | (3.56)      |
| Intangible assets  | 129,313             | 202,354             | (36.10)     | 129,313             | 202,354             | (36.10)     |
| Current tax assets   | -                   |                     | -           | 2,032               | 1,258               | 61.53       |
| Deferred tax assets  | 233,306             | 253,171             | (7.85)      | 445,704             | 481,588             | (7.45)      |
| Other assets   | 7,779,247           | 6,505,973           | 19.57       | 7,817,007           | 6,563,140           | 19.10       |
| Total Assets   | 208,089,433         | 183,661,676         | 13.30       | 209,715,865         | 185,296,652         | 13.18       |
|  |                     | ,                   |             |                     | ,,                  |             |
| Liabilities  |                     |                     |             |                     |                     |             |
| Due to banks   | 10,307,164          | 6,147,593           | 67.66       | 10,307,164          | 6,147,593           | 67.66       |
| Derivative financial instruments                                 | 64,592              | 278,826             | (76.83)     | 64,592              | 278,826             | (76.83)     |
| Due to other customers   | 159,027,061         | 146,727,199         | 8.38        | 159,027,061         | 146,727,199         | 8.38        |
| Securities Sold Under Repurchase Agreements                      | 6,905,050           | 3,674,840           | 87.90       | 6,905,050           | 3,674,840           | 87.90       |
| Current tax liabilities  | 990,600             | 683,040             | 45.03       | 990,600             | 683,040             | 45.03       |
| Other liabilities  | 7,026,041           | 5,763,784           | 21.90       | 7,121,909           | 5,856,065           | 21.62       |
| Due to subsidiaries  | 161,725             | 216,723             | (25.38)     | -                   | -                   | -           |
| Debentures   | 3,336,603           | 1,211,659           | 175.37      | 3,286,603           | 1,211,659           | 171.25      |
| Total Liabilities  | 187,818,836         | 164,703,664         | 14.03       | 187,702,979         | 164,579,222         | 14.05       |
|  | 101,010,000         | 104,700,004         | 14.00       | 101,102,313         | 104,013,222         | 14.00       |
| Equity   |                     |                     |             |                     |                     |             |
| Stated Capital   | 10,529,724          | 10,225,452          | 2.98        | 10,529,724          | 10,225,452          | 2.98        |
| Statutory Reserve Fund   | 724,905             | 724,905             | -           | 724,905             | 724,905             | -           |
| Retained Earnings  | 6,713,921           | 6,245,706           | 7.50        | 6,629,605           | 6,170,268           | 7.44        |
| Other Reserves   | 2,302,047           | 1,761,949           | 30.65       | 2,914,899           | 2,374,801           | 22.74       |
| Total Shareholders' Equity                                       | 20,270,597          | 18,958,012          | 6.92        | 20,799,133          | 19,495,426          | 6.69        |
|  |                     |                     |             |                     |                     |             |
| Non-Controlling Interest   | -                   | -                   | -           | 1,213,753           | 1,222,004           | (0.68)      |
| Total Equity   | 20,270,597          | 18,958,012          | 6.92        | 22,012,886          | 20,717,430          | 6.25        |
| Total Equity & Liabilities                                       | 208,089,433         | 183,661,676         | 13.30       | 209,715,865         | 185,296,652         | 13.18       |
| Contingent Liabilities and Commitments                           | 37,284,217          | 31,286,844          | 19.17       | 37,351,217          | 31,352,643          | 19.13       |
|  |                     |                     |             |                     |                     |             |
|  | -                   | -                   | -           | -                   | -                   | -           |
| Memorandum Information   |                     |                     |             |                     |                     |             |
| Number of Employees  | 3,062               | 3,061               | 0.03        | 3,093               | 3,092               | 0.03        |
| Number of Banking Centres  | 150                 | 147                 | 2.04        | 150                 | 147                 | 2.04        |
|  |                     |                     |             |                     |                     |             |
|  | 58.76               | 56.08               | 4.78        | 60.29               | 57.67               | 4.54        |

## **SEYLAN BANK PLC - DEBENTURES**

Rs. '000

Rs. '000

|   | FOR THE<br>PERIOD<br>ENDED 30TH<br>SEPTEMBER 2013 |
|---|---|
| Debt / Equity Ratio                             | 0.16  |
| Interest Cover                                  | 7.73  |
| Quick Asset Ratio                               | 0.83  |
| The Market Prices during the July to Sep.       |   |
| (Ex Interest)                                   |   |
| 2008/2013 Issue                                 |   |
| Annual Interest - 21.50% p.a.                   | *   |
| Monthly Interest - 20.50% p.a.                  | *   |
| Floating Quarterly Interest - 11.17% p.a.       | *   |
| Floating Annual Interest - 11.59% p.a.          | *   |
| Interest Rate of Comparable Government Security | 8.60%   |
| 2013/2018 Issue                                 |   |
| Annual Interest - 15.5% p.a.                    |   |
| - Highest Price                                 | 101.00  |
| - Lowest Price                                  | 101.00  |
| - Last Traded Price                             | 101.00  |
| (06/08/2013)                                    |   |
| Semi Annual Interest - 15% p.a.                 | *   |
| Monthly Interest - 14.5% p.a.                   | *   |
| Interest Rate of Comparable Government Security | 11.75%  |
|   |   |
|   |   |

## Interest Yield As At Date of Last Trade 2008/2013 Issue Annual

| 2009,2010 10000             |   |
|-----------------------------|---|
| Annual Interest             | * |
| Monthly Interest            | * |
| Floating Quarterly Interest | * |
| Floating Annual Interest    | * |

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

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

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

| (Sgd.) Ramesh Jayasekara<br>Chief Financial Officer | (Sgd.) Kapila Ariyaratne<br><b>General Manager / Chief Executive</b> | (Sgd.) Nihal Jayamanne PC<br><b>Chairman</b> | (Sgd.) R. Nadarajah<br><b>Executive Director</b> |
|---|--|--|--|
| October 30, 2013                                    |  |  |  |
| Colombo   |  |  |  |

| 2013/2018 Issue         Annual Interest (06/08/2013)       15.35%         Semi Annual Interest       *         Monthly Interest       *         Vield to maturity of trade done on       2008/2013 Issue         Z008/2013 Issue       *         Annual Interest       *         Monthly Interest       *         Floating Quarterly Interest       *         Floating Annual Interest       *         Void Semi Annual Interest       *         Annual Interest       *         Void Semi Annual Interest       *         Void Semi Annual Interest       *         Annual Interest       *         Void Semi Annual Interest       *         Void Void Void Void Void Void Void Void | Totaling / Initial Interest        |        |
|--|------------------------------------|--------|
| Semi Annual Interest       •         Monthly Interest       •         Yield to maturity of trade done on       •         2008/2013 Issue       •         Annual Interest       •         Monthly Interest       •         Floating Quarterly Interest       •         Floating Annual Interest       •         Z013/2018 Issue       •         Annual Interest       •         Monthly Interest       •         Floating Annual Interest       •         Annual Interest (06/08/2013)       15.09%         Semi Annual Interest       •         Monthly Interest       •   | 2013/2018 Issue                    |        |
| Monthly Interest•Yield to maturity of trade done on<br>2008/2013 Issue•2008/2013 Issue•Annual Interest•Monthly Interest•Floating Quarterly Interest•Floating Annual Interest•2013/2018 Issue•Annual Interest (06/08/2013)15.09%Semi Annual Interest•Monthly Interest•Monthly Interest•   | Annual Interest (06/08/2013)       | 15.35% |
| Yield to maturity of trade done on         2008/2013 Issue         Annual Interest         Monthly Interest         Floating Quarterly Interest         Floating Annual Interest         2013/2018 Issue         Annual Interest (06/08/2013)         Semi Annual Interest         Monthly Interest  | Semi Annual Interest               | *      |
| 2008/2013 issueAnnual Interest•Monthly Interest•Floating Quarterly Interest•Floating Annual Interest•2013/2018 issue15.09%Annual Interest•Monthly Interest•Monthly Interest•   | Monthly Interest                   | *      |
| 2008/2013 issueAnnual Interest•Monthly Interest•Floating Quarterly Interest•Floating Annual Interest•2013/2018 issue15.09%Annual Interest•Monthly Interest•Monthly Interest•   |                                    |        |
| Annual Interest•Monthly Interest•Floating Quarterly Interest•Floating Annual Interest•2013/2018 IssueAnnual Interest (06/08/2013)15.09%Semi Annual Interest•Monthly Interest•  | Yield to maturity of trade done on |        |
| Annual interest     •       Monthly Interest     •       Floating Quarterly Interest     •       Floating Annual Interest     •       2013/2018 Issue     •       Annual Interest (06/08/2013)     15.09%       Semi Annual Interest     •       Monthly Interest     •  | 2008/2013 Issue                    |        |
| Floating Quarterly Interest     *       Floating Annual Interest     *       2013/2018 Issue     *       Annual Interest (06/08/2013)     15.09%       Semi Annual Interest     *       Monthly Interest     *   | Annual Interest                    | *      |
| Floating Annual Interest *  2013/2018 Issue Annual Interest (06/08/2013) 15.09% Semi Annual Interest * Monthly Interest *  | Monthly Interest                   | *      |
| 2013/2018 Issue       Annual Interest       Semi Annual Interest       *       Monthly Interest  | Floating Quarterly Interest        | *      |
| Annual Interest (06/08/2013)15.09%Semi Annual Interest*Monthly Interest*   | Floating Annual Interest           | *      |
| Annual Interest (06/08/2013)15.09%Semi Annual Interest*Monthly Interest*   |                                    |        |
| Semi Annual Interest * Monthly Interest *  | 2013/2018 Issue                    |        |
| Monthly Interest *   | Annual Interest (06/08/2013)       | 15.09% |
| wontiny interest   | Semi Annual Interest               | *      |
| * No trading during the period   | Monthly Interest                   | *      |
|  | * No trading during the period     |        |

### **SELECTED PERFORMANCE INDICATORS**

|   | BA                    | NK                    | GROUP      |            |  |  |
|---|-----------------------|-----------------------|------------|------------|--|--|
|   | 30.09.2013            | 31.12.2012            | 30.09.2013 | 31.12.2012 |  |  |
| Regulatory Capital Adequacy   |                       |                       |            |            |  |  |
| Core Capital (Tier 1 Capital) Rs. '000  | 17,448,509            | 17,351,517            | 18,159,994 | 18,071,882 |  |  |
| Total Capital Base Rs. '000   | 19,369,092            | 17,364,238            | 20,000,138 | 18,079,063 |  |  |
| Core Capital Adequacy Ratio as a % of Risk Weighted<br>Assets (Minimum Requirement 5%)                                | 13.62                 | 14.36                 | 13.95      | 14.70      |  |  |
| Total Capital Adequacy Ratio as a % of Risk Weighted<br>Assets ( Minimum Requirement 10%)                             | 15.12                 | 14.37                 | 15.36      | 14.71      |  |  |
| Assets Quality (Quality of Loan Portfolio)  |                       |                       |            |            |  |  |
| Gross Non-Performing Advances Ratio %<br>(Net of Interest in Suspense)  | 11.31                 | 12.99                 |            |            |  |  |
| Gross Non-Performing Advances Ratio % (Net of<br>Interest in Suspense including Investment Properties)                | 11.45                 | 13.13                 |            |            |  |  |
| Net Non-Performing Advances Ratio % (Net of Interest in Suspense and Provision)                                       | 8.45                  | 9.81                  |            |            |  |  |
| Net Non-Performing Advances Ratio %<br>(Net of Interest in Suspense and Provision including Investment Properties)    | 8.60                  | 9.97                  |            |            |  |  |
| <b>Profitability</b><br>Interest Margin %<br>Return (Net Profit Before Tax) on Average Assets %<br>Return on Equity % | 4.63<br>1.53<br>10.46 | 5.16<br>1.82<br>11.25 |            |            |  |  |
| Regulatory Liquidity<br>Statutory Liquid Assets<br>Domestic Banking Unit Rs. '000                                     | 44.559.106            | 32.532.855            |            |            |  |  |
| Offshore Banking Unit USD '000<br>Statutory Liquid Assets Ratio %<br>(Minimum Requirement 20 %)                       | 16,357                | 11,820                |            |            |  |  |
| Domestic Banking Unit<br>Offshore Banking Unit  | 26.52<br>21.54        | 21.51<br>23.06        |            |            |  |  |

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# SEYLAN BANK PLC FINANCIAL STATEMENTS



2.49 2.31 2.22 1.71 1.30 1.23 1.23 1.22 0.97 0.58 0.56 0.34 0.31

# Nine months ended 30th September, 2013

| MEASUREMENT OF FINA  | NCIAL I                      | NSTRI                 | <b>JMENTS</b>                             |              |                          |   |                              |                       |   |            |                          | Rs. '000  |
|--|------------------------------|-----------------------|---|--------------|--------------------------|---|------------------------------|-----------------------|---|------------|--------------------------|---|
|  |                              |                       |   | at 30.09.201 | 3                        |   |                              |                       | Bank - As at 3                            | 1.12.2012  |                          |   |
|  | Designated at<br>FVTPL / HFT | HTM                   | Loans &<br>Receivables/<br>Amortized Cost | AFS          | Others                   | Total   | Designated at<br>FVTPL / HFT | нтм                   | Loans &<br>Receivables/<br>Amortized Cost | AFS        | Others                   | Total   |
| ASSETS<br>Cash and cash equivalents<br>Balances with Central Bank of Sri Lanka<br>Placements with banks<br>Derivative financial instruments<br>Investments desionated at fair value through profit & loss        | 132,567<br>9,659,404         |                       | 5,949,769<br>7,087,131<br>989,655         |              |                          | 5,949,769<br>7,087,131<br>989,655<br>132,567<br>9,659,404       | 51,281<br>2,460,272          |                       | 6,554,381<br>8,028,661                    |            |                          | 6,554,381<br>8,028,661<br>-<br>51,281<br>2,460,272            |
| Loans and receivables<br>Loans and receivables<br>Held to Maturity Investment Securities<br>Available for Sale Investment Securities<br>Investment in Subsidiary<br>Securities purchased under Resale Agreements | 0,000,404                    | 23,199,971<br>793,254 | 130,717,786<br>2,534,989                  | 16,041,549   |                          | 130,717,786<br>23,199,971<br>16,041,549<br>793,254<br>2,534,989 |                              | 19,822,966<br>793,254 | 124,728,371<br>173,441                    | 11,358,103 |                          | 124,728,371<br>19,822,966<br>11,358,103<br>793,254<br>173,441 |
| Total Financial Assets   | 9,791,971                    | 23,993,225            |   | 16,041,549   | -                        | 197,106,075   |                              | 20,616,220            |   | 11,358,103 | -                        | 173,970,730   |
| Other Assets   |                              |                       |   |              | 10,983,358               | 10,983,358  |                              |                       |   |            | 9,690,946                | 9,690,946   |
| Total Assets   | 9,791,971                    |                       | 147,279,330                               | 16,041,549   | 10,983,358               | 208,089,433   |                              |                       | 139,484,854                               | 11,358,103 |                          | 183,661,676   |
|  | Designated at<br>FVTPL / HFT | Amor                  | tized Cost                                | Oti          | iers                     | Total   | Designated at<br>FVTPL / HFT | Amort                 | ized Cost                                 | Oth        | ers                      | Total   |
| LIABILITIES<br>Due to banks<br>Derivative financial instruments<br>Deposits  | 64,592                       |                       | 10,307,164<br>159.027.061                 |              |                          | 10,307,164<br>64,592<br>159,027,061                             | 278,826                      |                       | 6,147,593<br>146,727,199                  |            |                          | 6,147,593<br>278,826<br>146,727,199                           |
| Other borrowings<br>Debentures   |                              |                       | 6,905,050<br>3,336,603                    |              |                          | 6,905,050<br>3,336,603  |                              |                       | 3,674,840                                 |            |                          | 3,674,840<br>1,211,659  |
| Total Financial Liabilities  | 64,592                       |                       | 179,575,878                               |              |                          | 179,640,470   |                              |                       | 157,761,291                               |            |                          | 158,040,117   |
| Equity & Other Liabilities<br>Total Liabilities  | 64.592                       |                       | 179,575,878                               |              | 28,448,963               | 28,448,963<br>208,089,433                                       |                              |                       | 157.761.291                               |            |                          | 25,621,559<br>183,661,676                                     |
|  | 04,392                       |                       |   | -+ 00 00 00  |                          | 200,009,433   | 270,020                      |                       |   | 4 40 0040  | 20,021,009               | 103,001,070   |
|  |                              |                       |   | at 30.09.20  |                          |   |                              |                       | Group - As at 3                           |            |                          |   |
|  | Designated at<br>FVTPL / HFT | нтм                   | Loans &<br>Receivables/<br>Amortized Cost | AFS          | Others                   | Total   | Designated at<br>FVTPL / HFT | HTM                   | Loans &<br>Receivables/<br>Amortized Cost | AFS        | Others                   | Total   |
| ASETS<br>Cash and cash equivalents<br>Balances with Central Bank of Sri Lanka<br>Placements with banks<br>Derivative financial instruments   | 132.567                      |                       | 5,949,871<br>7,087,131<br>989,655         |              |                          | 5,949,871<br>7,087,131<br>989,655<br>132,567                    | 51,281                       |                       | 6,554,482<br>8,028,661                    |            |                          | 6,554,482<br>8,028,661<br>-<br>51,281                         |
| Investments designated at fair value through profit & loss<br>Loans and receivables<br>Held to Maturity Investment Securities<br>Available for Sale Investment Securities  | 9,667,484                    | 23,261,841            | 130,717,786                               | 16,041,549   |                          | 9,667,484<br>130,717,786<br>23,261,841<br>16,041,549            | 2,468,151                    | 19,822,966            | 124,728,371                               | 11,358,103 |                          | 2,468,151<br>124,728,371<br>19,822,966<br>11,358,103          |
| Securities purchased under Resale Agreements   |                              |                       | 2,534,989                                 |              |                          | 2,534,989   |                              |                       | 173,441                                   |            |                          | 173,441   |
| Total Financial Assets Other Assets  | 9,800,051                    | 23,261,841            | 147,279,432                               | 16,041,549   | - 13,332,992             | 196,382,873<br>13,332,992                                       |                              | 19,822,966            | 139,484,955                               | 11,358,103 | - 12,111,196             | 173,185,456<br>12.111.196                                     |
| Total Assets   | 9,800,051                    | 23.261.841            | 147,279,432                               | 16,041,549   | 13,332,992               | 209,715,865   |                              | 19.822.966            | 139,484,955                               | 11.358.103 |                          | 185,296,652   |
|  | Designated at<br>FVTPL / HFT | Amor                  | tized Cost                                | Oti          | iers                     | Total   | Designated at<br>FVTPL / HFT | Amort                 | ized Cost                                 | Oth        | ers                      | Total   |
| LIABILITIES<br>Due to banks<br>Derivative financial instruments  | 64,592                       |                       | 10,307,164                                |              |                          | 10,307,164<br>64,592  | 278,826                      |                       | 6,147,593                                 |            |                          | 6,147,593<br>278,826  |
| Deposits<br>Other borrowings<br>Debentures   | ,                            |                       | 159,027,061<br>6,905,050<br>3,286,603     |              |                          | 159,027,061<br>6,905,050<br>3,286,603                           |                              |                       | 146,727,199<br>3,674,840<br>1,211,659     |            |                          | 146,727,199<br>3,674,840<br>1,211,659                         |
| Total Financial Liabilities  | 64,592                       |                       | 179,525,878                               |              |                          | 179,590,470   |                              |                       | 157,761,291                               |            |                          | 158,040,117   |
| Equity & Other Liabilities<br>Total Liabilities  | 64,592                       |                       | 179,525,878                               |              | 30,125,395<br>30,125,395 | 30,125,395<br>209,715,865                                       |                              |                       | 157,761,291                               |            | 27,256,535<br>27,256,535 | 27,256,535<br>185,296,652                                     |

HFT - Held for trading, Designated at FVTPL - Designated at Fair Value Through Profit or Loss, HTM - Held-To-Maturity, L & R - Loans and Receivables, AFS - Available-For-Sale

#### 11. SEGMENT REPORTING - GROUP In Rs. '000 TOTAL BANKING TREASURY **PROPERTY/INVESTMENTS UNALLOCATED/ELIMINATIONS** 30.09.2012 30.09.2013 30.09.2012 30.09.2013 30.09.2012 30.09.2013 30.09.2013 30.09.2012 30.09.2013 30.09.2012 Rs. '000 Interest Income 15,003,608 13,286,183 18,263,591 15,297,006 3,013,083 1,860,686 23,016 12,121 223,884 138,016 10.670.498 7.653.838 845.869 8.484.272 Interest Expense 741.631 337 (18,788) (15.435)11.393.678 Net Interest Income 4,333,110 5,632,345 2,271,452 1,014,817 22,679 12,121 242,672 153,451 6,869,913 6,812,734 Fee and Commission Income 1,596,824 1,286,695 5,817 47,396 1,602,641 1,334,091 14,466 4,076 Fee & Commission Expense 37,517 33,999 23,524 4,833 65,874 52,541 Net Fee and Commission Income 1,559,307 1,252,696 (23, 524)(14,466) (4,833)(4,076) 5,817 47,396 1,536,767 1,281,550 Net Gain/(Loss) from Financial Instruments Designated at Fair Value Through Profit or Loss (59,167) 11,568 305 (58,862) 11,568 -Net Gain from Financial Investments 30,566 1,887 30,566 1.887 86,032 104,987 2,524 Net Exchange Income 242,839 297,051 46,390 331,395 448,428 Other Operating Income (Net) 10.934 21.290 (4.631) 11.384 139.164 121.266 (20.844)(34.978) 124.623 118.962 1,158,962 1.068,930 Inter Segment Revenue 547,613 (110,955)(1,706,575)(957,975) **Total Operating Income** 6,536,996 157,315 129,311 8,834,402 8,675,129 6,900,363 750,960 364,266 1,389,131 1,281,189 Depreciation and Amortisation 211,551 179,880 915 1,466 438 868 257,414 250,902 470,318 433,116 Impairment for Loans and Other Losses - Charges / (Reversal) 547,459 373,705 19,520 57,548 (225) (36.000)566,754 395.253 4,072,243 4,015,992 105,538 5,385,862 Operating Expenses & VAT 188,780 76,327 48,946 1,253,520 1,132,144 5,507,628 Reportable Segment Profit Before Income Tax 1,705,743 2,330,786 624,987 116,472 80,550 79,497 (121, 578)(65, 857)2,289,702 2,460,898 OTHER INFORMATION 59,654,646 43,172,310 209.715.865 179.578.547 Total Assets 127,185,807 117,424,527 4,409,900 4,642,224 18,465,512 14,339,486 137,576,979 4,642,224 209,715,865 179,578,547 Total Liabilities & Equity 162,040,057 13,814,305 12,852,064 4,409,900 29,451,603 24,507,280 175,486 9,381,216 1,378,973 645,422 80,988 80,365 168,066 148,960 1,783,784 Cash Flows from Operating Activities 10,275,692 Cash Flows from Investing Activities (17, 193, 546)1,752,908 13,425 (81,448) (215,033) (17,697,571) 1,571,270 (302,417) (38,183) (62,007)(4.798,541) (14,796) (371,786) Cash Flows from Financing Activities 8,518,393 (36.991)(343,713) 8,137,689 (5,185,123) Capital Expenditure (302.417) (38,183) (1,447) (63) 448 3.621 (230.498)(198.876) (533,914) (233.501)

#### STATEMENT OF CHANGES IN EQUITY - BANK

| I |   |            |            |            |         |           |           |              |             |               |          | ns. 000    |
|---|---|------------|------------|------------|---------|-----------|-----------|--------------|-------------|---------------|----------|------------|
| ſ |   |            | Stated Cap | ital       |         | Statutory | Retained  |              | Re          | serves        |          | ]          |
|   | For the nine months ended 30th Septembe | r Ordinary | Ordinary   | Preference | Share   | Reserve   | Earnings  | Special Risk | Revaluation | Available for | Other    | Total      |
| l |   | Shares     | Shares     | Shares     | Premium | Fund      |           | Reserve      | Reserve     | Sale          | Reserves |            |
| l |   | -Voting    | Non Voting | ****       | *       | **        |           | ***          |             | Reserve       |          |            |
| l | 1. Balance as at 01.01.2012             | 6,711,000  | 2,677,133  | 33,901     | 837,319 | 618,567   | 5,198,157 | 98,741       | 461,998     | 130,608       | 724,794  | 17,492,218 |

|   | Total Comprehensive Income for the period    |   |   |   |   |   |           |   |        |           |             |
|---|--|---|---|---|---|---|-----------|---|--------|-----------|-------------|
| 1 | Profit / (Loss) for the period               |   |   |   |   |   | 1,598,553 |   |        |           | 1,598,553   |
| 1 | Other Comprehensive Income (net of tax)      |   |   |   |   |   |           |   | 52,800 | (191,759) | (138,959)   |
|   | 2. Total Comprehensive Income for the period | - | - | - | - | - | 1,598,553 | - | 52,800 | (191,759) | - 1,459,594 |

Transactions with Equity Holders Recognised Directly in Equity edemption of Preference Shares\*\*\*\*

# EXPLANATORY NOTES

General
 General
 There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report. The Interim Financial Statements of the Bank and the Group have been prepared & presented in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) immediately effective from January 01, 2012 and provided necessary disclosure to comply with LKAS 34, Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2012 which have been prepared in accordance with LKAS/SLFRS.
 The group financial statements comprise a consolidation of the Financial Statements of the Company and its subsidiary Seylan Developments PLC (51.83%).

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

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

#### Information on Ordinary Shares

2.

3. 3.

| MARKET VALUE (Rs.)   | 30/0   | 9/2013     | 30/09/2012   |  |  |  |  |
|--|--------|------------|--|--|--|--|--|
|  | Voting | Non Voting | Voting   | Non Voting   |  |  |  |
| Market Value Per Share   | 58.10  | 31.10      | 69.10  | 36.00  |  |  |  |
| Highest price per share for the quarter ended  | 67.50  | 36.50      | 70.00  | 36.40  |  |  |  |
| Lowest price per share for the quarter ended   | 55.00  | 29.20      | 49.00  | 23.90  |  |  |  |
| .1 Twenty Largest Ordinary Voting Shareholders as at Septeml . Sri Lanka Insurance Corporation Ltd. [*includes Sri Lanka Insurance Corporation LtdGeneral Fun  |        |            | No. of Sha   | res %  |  |  |  |
| and Sri Lanka Insurance Corporation Ltd. (Life Fund) –8,798,/<br>Brown & Company PLC A/C No. 1<br>National Development Bank PLC/Dr. T Senthilver<br>LOLC Investments Ltd.<br>Employees Provident Fund<br>Bank of Cevion No.1 Account |        |            | 26,396,6<br>24,416,7<br>17,470,7<br>16,808,7<br>16,235,7<br>13,198,3 | 750         13.87           722         9.93           502         9.55           381         9.23 |  |  |  |
| Waldock Mackenzie Limited/Mr. D.S.K. Amarasekera   |        |            | 11 322 3   |  |  |  |  |

- Bentota Backwaters (Pvt) Ltd.

| υ.   | Dank of Geylon No. I Account                     | 13,190,303 |
|------|--|------------|
| 7.   | Waldock Mackenzie Limited/Mr. D S K Amarasekera  | 11,322,734 |
| 8.   | Bentota Backwaters (Pvt) Ltd.                    | 4,377,253  |
| 9.   | Capital Trust Credit (Pvt) Ltd./Dr. W U N Gamage | 4,061,017  |
| 10.  | Dr W U N Gamage                                  | 3,893,703  |
| 11.  | Seyfest (Private) Limited                        | 3,017,940  |
| 12.  | Sesot (Private) Limited                          | 2,279,042  |
| 13.  | Seybest (Private) Limited                        | 2,165,435  |
| 14.  | Seyshop (Private) Limited                        | 2,165,435  |
| 154. | . Esots (Private) Limited                        | 2,148,132  |
| 16.  | Ceylinco Limited                                 | 1,706,536  |
| 17.  | Mr K R B Fernando                                | 1,015,254  |
| 18.  | Sotse (Pvt) Ltd.                                 | 977,010    |
| 19.  | Employees Trust Fund Board                       | 605,172    |
| 20.  | Dr J L B Kotelawala                              | 537,602    |
|      |  |            |

| 3 | 2 Twenty Largest Ordinary Non-Voting Shareholders as at September 30, 2013 |               |       |
|---|--|---------------|-------|
|   |  | No. of Shares | %     |
| 1 | Lanka Orix Leasing Company PLC   | 56,110,600    | 33.20 |
| 2 | Employees' Provident Fund  | 16,846,029    | 9.97  |
| 3 | Browns Investments PLC   | 11,998,208    | 7.10  |
| 4 | Associated Electrical Corporation Ltd.                                     | 2,787,399     | 1.65  |
| 5 |  | 2,758,512     | 1.63  |
| e | . Mr E Thavagnanasooriyam & Mr E Thavagnanasundaram                        | 2,694,968     | 1.59  |
| 7 | Employees Trust Fund Board   | 1,985,355     | 1.18  |
| 8 | Merrill J Fernando & Sons (Pvt) Limited                                    | 1,877,057     | 1.11  |
| 9 |  | 1,762,693     | 1.04  |
| 1 |  | 1,535,151     | 0.91  |
| 1 |  | 1,467,347     | 0.87  |
| 1 |  | 1,406,460     | 0.83  |
| 1 |  | 1,169,997     | 0.69  |
| 1 |  | 1,042,330     | 0.62  |
| 1 |  | 1,000,000     | 0.59  |
| 1 |  | 923,142       | 0.55  |
| 1 |  | 853,598       | 0.51  |
| 1 |  | 772,192       | 0.46  |
| 1 |  | 730,452       | 0.43  |
| 2 | D. Phoenix Ventures Limited  | 708,919       | 0.42  |
|   |  |               |       |
|   |  |               |       |

#### 3.3. Percentage of Public Holdings as at September 30, 2013 Ordinary Voting Shares - 61.55% Ordinary Non-Voting Shares - 66.72%

#### Directors' and General Manager/Chief Executive Officer's Shareholdings as at September 30, 2013 4.

| Name of Director                        | No. of Shares<br>(Ordinary Voting) | No. of Shares<br>(Ordinary Non-voting) |
|---|------------------------------------|--|
| Mr. Nihal Javamanne PC                  | 5,583                              | Nil                                    |
| Mr. Ishara C Nanavakkara                | Nil                                | Nil                                    |
| Mr. R Nadarajah                         | 13,600                             | Nil                                    |
| Rear Admiral B Ananda J G Peiris        | Nil                                | Nil                                    |
| Mr. S P Samantha Ranatunga              | Nil                                | Nil                                    |
| Mr. A M Mohan De Alwis                  | Nil                                | Nil                                    |
| Mr. W D Kapila Jayawardena              | Nil                                | Nil                                    |
| Mr. P L S Kumar Perera                  | Nil                                | Nil                                    |
| Ms. M Coralie Pietersz                  | Nil                                | Nil                                    |
| General Manager/Chief Executive Officer |                                    |  |
| Mr. K P Ariyaratne                      | 21,117                             | 118,367                                |
| Jointly with Mrs. N I Arivaratne        | 37                                 | -                                      |

#### 5.

Impairment Allowances on Loans and Receivables – Ceylinco Group Exposure In view of the special circumstances under which the Bank was reconstituted by the Direction of the Central Bank of Sri Lanka, the Monetary Board has granted an exemption for providing loan losses for a period of 3 years from December 31, 2010 to Seylan Bank PLC, from the requirement to apply progressive discount on the forced sale value of Immovable property, interms of the Banking Act Direction No. 03 of 2008 on "Classification of Loans and Advances, Income Recognition and Provisioning", when computing the provisioning to be made as at September 30, 2013, for non-performing facilities of Ceylinco Homes International (since covered under the scope of Act No 43 of 2011 – Revival of Underperforming Enterprises or Underutilized Assets and subsequently placed under the Compensation Tribunal. No adjustments have been made to the valuations used for accounting purposes) and Golden Key Ceredit Card Commany. Golden Key Credit Card Company.

However the required impairment allowance on above facilities as required under LKAS-39 have been incorporated in the Interim Financials Statements.

| Stated Capital as at September 30, 2013   | Rs.'000                                      |
|---|--|
| 43,560,000 Voting Ordinary Shares @ Rs. 10/- each<br>86,440,000 Voting Ordinary Shares @ Rs. 35/- each<br>43,333,333 Voting Ordinary Shares @ Rs. 55/- each<br>2,644,068 Voting Ordinary Shares @ Rs. 55/- each | 435,600<br>3,025,400<br>3,250,000<br>156,000 |
| 123,560,000 Non Voting Ordinary Shares @ Rs.10/- each<br>41,186,666 Non Voting Ordinary Shares @ Rs.35/- each<br>4,236,343 Non Voting Ordinary Shares @ Rs.35/- each  | 1,235,600<br>1,441,533<br>148,272            |
| Share Premium<br><b>Total</b>   | 837,319<br><b>10,529,724</b>                 |

#### Share Premium Total

6.

Basic/Diluted Earnings per Share
Basic 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 9 months ended September 30, 2013. Diluted Earnings per Share and the Basic Earnings per Share is the same due to non-availability of potentially dilutive ordinary shares.

Post Balance Sheet Events There were no material events that took place since September 30, 2013, that require disclosure in these Interim Financial Statements.

- 9. Others

  - Mr. A L Devasurendra resigned from the Board of Directors on August 01, 2013. Mr. W D K Jayawardna was appointed to the Board of Directors with effect from August 01, 2013. Mr. P L S K Perera and Ms. M C Pietersz were appointed to the Board of Directors with effect from September 23, 2013. 196,000 dbentures (LKR 100/- each) issued under the Bank'S Debenture Issue 2008/2013 (Private Placement) matured September 2013 were redeemed during the said period. ired during August and
- 10. Comparative Information parative information has been Re-arranged /re-classified in line with the changes to the new Sri Lanka Accounting Standards (LKAS/SLFRS) which are effective from 1st January 2012. 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 for in these Interim Accounts.

| L | Redemption of Preference Shares****          | -         | -         | (33,901) | -       | -       | (8,474)     | -         | -       | -         | -         | (42,375)   |
|---|--|-----------|-----------|----------|---------|---------|-------------|-----------|---------|-----------|-----------|------------|
| L | Dividends to Equity Holders                  |           |           |          |         |         | (338,080)   |           |         |           |           | (338,080)  |
| L | Transfers from / to Retained Profits         |           |           |          |         |         | (424,171)   |           |         |           | 424,171   | -          |
| 3 | 3. Total Transactions with Equity Holders    | -         | -         | (33,901) | -       | -       | (770,725)   |           | -       | -         | 424,171   | (380,455)  |
| Ŀ |  |           |           |          |         |         |             |           |         |           |           |            |
| L | Balance as at 30.09.2012 (1 + 2 + 3)         | 6,711,000 | 2,677,133 | -        | 837,319 | 618,567 | 6,025,985   | 98,741    | 514,798 | (61,151)  | 1,148,965 | 18,571,357 |
| L |  |           |           |          |         |         |             |           |         |           |           |            |
| 1 | 1. Balance as at 01.01.2013                  | 6,711,000 | 2,677,133 | -        | 837,319 | 724,905 | 6,245,706   | 112,922   | 510,049 | (125,070) | 1,264,048 | 18,958,012 |
| L |  |           |           |          |         |         |             |           |         |           |           |            |
| L | Total Comprehensive Income for the period    |           |           |          |         |         |             |           |         |           |           |            |
| L | Profit / (Loss) for the period               |           |           |          |         |         | 1,535,956   |           |         |           |           | 1,535,956  |
| L | Other Comprehensive Income (net of tax)      |           |           |          |         |         |             |           |         | 148,517   |           | 148,517    |
| 2 | 2. Total Comprehensive Income for the period | -         | -         |          | -       |         | 1,535,956   | -         |         | 148,517   |           | 1,684,473  |
| L |  |           |           |          |         |         |             |           |         |           |           |            |
| L | Transactions with Equity Holders,            |           |           |          |         |         |             |           |         |           |           |            |
| L | Recognised Directly in Equity                |           |           |          |         |         |             |           |         |           |           |            |
| L | Cash / Scrip Dividends to Equity Holders     | 156,000   | 148,272   |          |         |         | (676,160)   |           |         |           |           | (371,888)  |
|   | Transfers from / to Retained Profits         |           |           |          |         |         | (391,581)   | (112,922) |         |           | 504,503   | -          |
| 3 | 3. Total Transactions with Equity Holders    | 156,000   | 148,272   |          | -       | -       | (1,067,741) | (112,922) | -       | -         | 504,503   | (371,888)  |
|   | Balance as at 30.09.2013 (1 + 2 + 3)         | 6,867,000 | 2,825,405 | -        | 837,319 | 724,905 | 6,713,921   | •         | 510,049 | 23,447    | 1,768,551 | 20,270,597 |
| I |  |           |           |          |         |         |             |           |         |           |           |            |

#### STATEMENT OF CHANGES IN FOULTY - GROUP

| <b>STATEWIER</b>                                       | <b>11 UF GRA</b>    | NUES      | IN EQU      | 111 - unu  | JUP     |           |                        |          |             |           |           |                      | <b>/</b>    | 1S. 'UUU   |
|--|---------------------|-----------|-------------|------------|---------|-----------|------------------------|----------|-------------|-----------|-----------|----------------------|-------------|------------|
|  |                     |           | State       | d Capital  |         | Statutory | Retained               |          | Rese        | rves      |           |                      |             |            |
| For the nine months en                                 | ded 30th September  | Ordinary  | Ordinary    | Preference | Share   | Reserve   | Earnings               | Special  | Revaluation | Available | Other     | Total                | Non         | Total      |
|  |                     | Shares    | Shares      | Shares     | Premium | Fund      |                        | Risk     | Reserve     | for Sale  | Reserves  |                      | Controlling | Equity     |
|  |                     | -Voting   | -Non-Voting | ****       | •       | **        |                        | Reserve  |             | Reserve   |           |                      | Interest    |            |
|  |                     |           |             |            |         |           |                        | ***      |             |           |           |                      |             |            |
| 1. Balance as at 01.01.201                             | 2                   | 6,711,000 | 2,677,133   | 33,901     | 837,319 | 618,567   | 5,109,557              | 98,741   | 820,877     | 130,923   | 980,007   | 18,018,025           | 1,211,218   | 19,229,243 |
|  |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Total Comprehensive In                                 |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Profit / (Loss) for the per                            |                     |           |             |            |         |           | 1,608,494              |          |             |           |           | 1,608,494            |             | 1,624,146  |
| Other Comprehensive In                                 |                     |           |             |            |         |           |                        |          | 52,800      | (193,315) |           | (140,515)            | (1,444)     | ( 1)       |
| 2. Total Comprehensive Inc                             | come for the period |           |             | -          | -       |           | 1,608,494              |          | 52,800      | (193,315) | -         | 1,467,979            | 14,208      | 1,482,187  |
| Transactions with Equity                               | u Haldara           |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Recognised Directly i                                  |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Redemption of Preference                               |                     |           |             | (33,901)   |         |           | (8,474)                |          |             |           |           | (42,375)             |             | (42,375)   |
| Dividends to Equity Hold                               |                     |           |             | (33,901 )  |         |           | (338,080)              |          |             |           |           | (338,080)            |             | (338,080)  |
| Transfers from / to Retai                              |                     |           |             |            |         |           | (424,171)              |          |             |           | 424,171   | (330,000)            |             | (330,000)  |
| Others   | neu Fronts          |           |             |            |         |           | (424,171)              |          |             |           | 424,171   | (767)                | (7,127)     | (7,894)    |
| 3. Total Transactions with E                           | Fauity Holders      |           |             | (33,901)   |         |           | (771,492)              |          |             |           | 424,171   | (381,222)            | (7,127)     |            |
|  |                     |           |             | (00,301.)  |         |           | (111,452)              |          |             |           | 424,171   | (001,222)            | (1,121)     | (000,043)  |
| Balance as at 30.09.201                                | 12 (1 + 2 + 3)      | 6,711,000 | 2,677,133   | -          | 837,319 | 618,567   | 5,946,559              | 98,741   | 873,677     | (62,392)  | 1,404,178 | 19,104,782           | 1.218.299   | 20.323.081 |
|  | ,                   | ., ,      |             |            |         |           | -,,                    | ,        |             | (1.7.1.7) |           | -, - , -             | , , ,       | .,,        |
| 1. Balance as at 01.01.201                             | 13                  | 6,711,000 | 2,677,133   | -          | 837,319 | 724,905   | 6,170,268              | 112,922  | 868,928     | (126,310) | 1,519,261 | 19,495,426           | 1,222,004   | 20,717,430 |
|  |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Total Comprehensive In                                 |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Profit / (Loss) for the per                            |                     |           |             |            |         |           | 1,528,996              |          |             |           |           | 1,528,996            | 9,568       | 1,538,564  |
| Other Comprehensive In                                 | . ,                 |           |             |            |         |           |                        |          |             | 148,517   |           | 148,517              |             | 148,517    |
| 2. Total Comprehensive In                              | come for the period | -         |             | -          | -       | -         | 1,528,996              | -        | -           | 148,517   | -         | 1,677,513            | 9,568       | 1,687,081  |
| Transactions with Fault                                | . Uslds             |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
| Transactions with Equity<br>Recognised Directly        |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |
|  |                     | 150.000   | 140.070     |            |         |           | (676 160 )             |          |             |           |           | (071.000)            |             | (071.000)  |
| Cash / Scrip Dividends to<br>Transfers from / to Retai |                     | 156,000   | 148,272     |            |         |           | (676,160)<br>(391,581) | (110.000 |             |           | 504,503   | (371,888)            |             | (371,888)  |
| Others   | neu FIOIIIS         |           |             |            |         |           | ,                      | (112,922 | )           |           | 504,503   | (1.040)              | (17,819)    | - (10.727) |
| 3. Total Transactions with E                           | Fauity Holders      | 156.000   | 148.272     |            |         |           | (1,918)<br>(1,069,659) | (112,922 | -           |           | 504.503   | (1,918)<br>(373,806) | (17,819)    |            |
|  | Lyuny notuets       | 100,000   | 140,212     | -          |         |           | (1,009,009)            | (112,922 | , -         | -         | 004,000   | (373,000)            | (17,019)    | (391,023)  |
| Balance as at 30.09.201                                | 13 (1 + 2 + 3)      | 6,867,000 | 2,825,405   | -          | 837,319 | 724,905   | 6,629,605              | -        | 868,928     | 22,207    | 2,023,764 | 20,799,133           | 1,213,753   | 22,012,886 |
|  |                     |           |             |            |         |           |                        |          |             |           |           |                      |             |            |

Share Premium consists of the premium booked prior to issuance of New Companies Act No. 7 of 2007

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

\*\*\* According to the circular Ref. No. 08/24/002/20005/003 issued by the Central Bank of Sri Lanka, Primary Dealer Unit is required to appropriate 25% of the profit after tax for the year towards the Special Risk Reserve. However, with effect from 14/02/2013 Licensed Commercial Banks appointed as Primary Dealers were exempted from the requirement of maintaining such Special Reserve as per Direction No. 08/11/011/0019/001 dated 18/03/2013.

\*\*\*\* As provided in section 64(1) of the Companies Act No.07 of 2007, the Bank redeemed its Preference Shares (which the Article 6 of the Company enables to effect such purchases) with the approval of the Board of Directors.

|   | Ba                      | nk                      | Group                   |                   |  |
|---|-------------------------|-------------------------|-------------------------|-------------------|--|
|   | 30.09.2013              | 31.12.2012              | 30.09.2013              | 31.12.20          |  |
| 3 Loans & Receivables to Other Customers                                    |                         |                         |                         |                   |  |
| Gross loans and receivables (Refer 13.1)                                    | 138,780,226             | 132,973,690             | 138,780,226             | 132,973,6         |  |
| Less: Individual impairment   | (2,695,083)             | (2,709,877)             | (2,695,083)             | (2,709,8          |  |
| Collective impairment   | (5,367,357)             | (5,535,442)             | (5,367,357)             | (5,535,4          |  |
| Net loans and receivables including those designated at                     |                         |                         |                         |                   |  |
| fair value through profit or loss   | 130,717,786             | 124,728,371             | 130,717,786             | 124,728,          |  |
| Less: Loans and receivables designated at fair value through profit or loss | -                       | -                       | -                       |                   |  |
| Net loans and receivables   | 130,717,786             | 124,728,371             | 130,717,786             | 124,728,          |  |
| Overdrafts<br>Trust receipt loans / Revolving import loans                  | 38,160,262<br>7,959,453 | 31,879,768<br>8,449,617 | 38,160,262<br>7,959,453 | 31,879,<br>8,449, |  |
| By product - Domestic Currency  |                         |                         |                         |                   |  |
| Trust receipt loans / Revolving import loans                                | 7,959,453               | 8,449,617               | 7,959,453               | 8,449,            |  |
| Term Loans  | 43,790,094              | 44,353,975              | 43,790,094              | 44,353,           |  |
| Lease rentals receivable  | 8,605,717               | 8,298,180               | 8,605,717               | 8,298,            |  |
| Credit cards  | 2,484,110               | 2,209,085               | 2,484,110               | 2,209,            |  |
| Pawning   | 16,238,088              | 17,477,083              | 16,238,088              | 17,477,           |  |
| Housing loans   | 8,647,974               | 9,054,892               | 8,647,974               | 9,054,            |  |
| Staff loans   | 3,741,819               | 3,360,235               | 3,741,819               | 3,360,            |  |
| Bills of exchange   | 600,741                 | 635,679                 | 600,741                 | 635,              |  |
| Total   | 130,228,258             | 125,718,514             | 130,228,258             | 125,718,          |  |
|   |                         |                         |                         |                   |  |
| By product - Foreign Currency   |                         |                         |                         |                   |  |
| Overdrafts  | 358,040                 | 935,978                 | 358,040                 | 935,              |  |
| Trust receipt loans / Revolving import loans                                | 313,500                 | 184,537                 | 313,500                 | 184,              |  |
| Term Loans  | 6,918,339               | 5,346,342               | 6,918,339               | 5,346,            |  |

| Gross loans and receivables | 138,780,226 | 132,973,690 | 138,780,226 | 132,973,690 |
|-----------------------------|-------------|-------------|-------------|-------------|
| Total                       | 8,551,968   | 7,255,176   | 8,551,968   | 7,255,176   |
| Bills of exchange           | 962,089     | 788,319     | 962,089     | 788,319     |
| Torin Edulo                 | 0,010,000   | 0,040,042   | 0,010,000   | 0,040,042   |

#### 13.2 Movements in Individual and Collective Impairment during the period for Loans and Receivable to Other Customers

|    |   | Ba          | Bank        |             | Group       |  |  |
|----|---|-------------|-------------|-------------|-------------|--|--|
|    |   | 30.09.2013  | 31.12.2012  | 30.09.2013  | 31.12.2012  |  |  |
| _  | Individual impairment                       |             |             |             |             |  |  |
|    | Opening balance as at 01st January          | 2,709,877   | 3,609,953   | 2,709,877   | 3,609,953   |  |  |
|    | Charge/(Write back) to income statement     | 255,437     | (289,859)   | 255,437     | (289,859)   |  |  |
|    | Write-off during the year & Other movements | (270,231)   | (610,217)   | (270,231)   | (610,217)   |  |  |
|    | Closing balance as at 30th September 2013   | 2,695,083   |             | 2,695,083   |             |  |  |
|    | as at 31st December 2012                    |             | 2,709,877   |             | 2,709,877   |  |  |
|    | Collective impairment                       |             |             |             |             |  |  |
|    | Opening balance as at 01st January          | 5,535,442   | 6,584,217   | 5,535,442   | 6,584,217   |  |  |
|    | Charge/(Write back) to income statement     | 208,760     | 599,055     | 208,760     | 599,055     |  |  |
|    | Other movements                             | (376,845)   | (1,647,830) | (376,845)   | (1,647,830) |  |  |
| _  | Closing balance as at 30th September 2013   | 5,367,357   |             | 5,367,357   |             |  |  |
|    | as at 31st December 2012                    |             | 5,535,442   |             | 5,535,442   |  |  |
| _  | Total impairment                            | 8,062,440   | 8,245,319   | 8,062,440   | 8,245,319   |  |  |
|    |   | В           | ank         | Gr          | oup         |  |  |
| 14 | Due to Other Customers - By product         | As at       | As at       | As at       | As at       |  |  |
|    |   | 30.09.2013  | 31.12.2012  | 30.09.2013  | 31.12.2012  |  |  |
| _  | By product - Domestic Currency              |             |             |             |             |  |  |
|    | Demand deposits                             | 10,241,492  | 10,564,816  | 10,241,492  | 10,564,816  |  |  |
|    | Savings deposits                            | 36,982,205  | 35,373,731  | 36,982,205  | 35,373,731  |  |  |
|    | Fixed deposits                              | 94,282,478  | 84,434,792  | 94,282,478  | 84,434,792  |  |  |
|    | Certificate of deposits                     | 6,037,697   | 5,191,180   | 6,037,697   | 5,191,180   |  |  |
|    | Total                                       | 147,543,872 | 135,564,519 | 147,543,872 | 135,564,519 |  |  |
|    | By product - Foreign Currency               |             |             |             |             |  |  |
|    | Demand deposits                             | 897,306     | 941,514     | 897,306     | 941,514     |  |  |
|    | Savings deposits                            | 4,188,267   | 3,673,909   | 4,188,267   | 3,673,909   |  |  |
|    | Fixed deposits                              | 6,397,616   | 6,547,257   | 6,397,616   | 6,547,257   |  |  |
| _  | Total                                       | 11,483,189  | 11,162,680  | 11,483,189  | 11,162,680  |  |  |
| -  | Due to Other Customers                      | 159,027,061 | 146,727,199 | 159,027,061 | 146,727,199 |  |  |
| _  |   |             |             |             |             |  |  |

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