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**SEYLAN BANK**  
**DEBENTURE ISSUE 2024**

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**PROSPECTUS**



## PROSPECTUS

**AN INITIAL ISSUE OF UP TO FIFTY MILLION (50,000,000) BASEL III COMPLIANT TIER 2, LISTED RATED UNSECURED SUBORDINATED REDEEMABLE 5- AND 7-YEAR DEBENTURES (2024/2029 AND 2024/31) WITH A NON-VIABILITY CONVERSION ("DEBENTURES"), OF THE PAR VALUE OF LKR 100/- EACH, WITH AN OPTION TO ISSUE UP TO A FURTHER THIRTY MILLION (30,000,000) OF THE SAID DEBENTURES AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE AND WITH A FURTHER OPTION TO ISSUE UP TO A FURTHER TWENTY MILLION (20,000,000) OF THE SAID DEBENTURES AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE AND THE SECOND TRANCHE, TO RAISE UPTO A MAXIMUM OF HUNDRED MILLION (100,000,000) OF SAID DEBENTURES IN TOTAL OF A VALUE OF SRI LANKAN RUPEES TEN BILLION (LKR 10,000,000,000/-)**

**TO BE LISTED ON THE  
COLOMBO STOCK EXCHANGE**

**(Subject to the compliance with the CSE Listing Rules at the time of Listing)**

**Rated 'BBB(lka)' BY FITCH RATINGS LANKA LIMITED**

**(Please note that this is the minimum rating that is allowed by the CSE for listing debentures. Furthermore, should the rating go below the regulatory requirement of the CSE at a point of time prior to listing, the debenture will not be listed. Should the rating go down post listing, the instrument will be subject to enforcement actions as set out in the listing rules)**

**ISSUE IS LIMITED FOR "QUALIFIED INVESTORS" AS DEFINED HEREIN**

**ISSUE OPENS ON  
10<sup>TH</sup> JULY 2024**



**JOINT MANAGERS TO THE ISSUE**

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Bank since the date of this Prospectus. If any material change in the affairs of the Bank occurs subsequent to the Prospectus date and before the Issue Opening, same will be notified by way of an addendum.

**By acquiring any Debentures, each Debenture Holder who applied for such debentures irrevocably consents to the principal amount of the Debenture and any accrued and unpaid interest thereon being deemed paid in full by the issuance of ordinary voting shares upon occurrence of a Trigger Event and the resulting Non-viability Conversion required to be effected by the Issuer, Seylan Bank PLC ("The Bank").**

**Upon a Non-Viability Conversion:**

- i. **The Trustee shall not be required to take any further directions from holders/ beneficial owners of the Debentures under the Trust Deed and**
- ii. **The Trust Deed shall impose no duties upon the Trustee whatsoever with respect to conversion of the Debentures into ordinary voting shares upon a Trigger Event**
- iii. **Upon the occurrence of a Trigger Event, each outstanding Debenture of this issue will be converted, on a full and permanent basis**

**We advise you to read the contents of the Prospectus carefully prior to investment.**

If you are in any doubt regarding the contents of this document or if you require any clarification or advice in this regard, you should consult your Stock Broker, Bank Manager, Lawyer or any other Professional Advisor.

**Cautionary Statement**

**"This investment instrument is riskier than a bank deposit".**

These Debentures with a Non-Viability Conversion are complex products and have provision for loss absorption in the form of Non-viability Conversion as set out in the Prospectus. This means that following the occurrence of a Trigger Event as may be determined by the Central Bank of Sri Lanka, the Bank will convert the Debentures into ordinary voting shares. An investor will be deemed paid in full the principal plus accrued and unpaid interest due on Basel III compliant Debentures, upon such conversion. The number and value of Ordinary Shares to be received on a Non - viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Please refer to the 'Risk Factors Section' of the Prospectus for further details.

Each potential Qualified investor of these debentures must determine the suitability of investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether the investor:

- i. has sufficient knowledge and experience to make a meaningful evaluation of these Debentures, the merits and risks of investing in the Debentures and the information contained or incorporated by reference in this Prospectus;
- ii. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in these Debentures and the impact the Debentures will have on its overall investment portfolio;
- iii. has sufficient financial resources and liquidity to bear all of the risks of an investment in these Debentures;
- iv. understands thoroughly the terms of these Debentures, including the provisions relating to the Non- viability Conversion of Basel III compliant Debentures, and is familiar with the behaviour of financial markets; and
- v. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in these Debentures unless the qualified investor has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the value of the Debentures and the impact this investment will have on the potential investor's overall investment portfolio.

## PROSPECTUS

This Prospectus is dated 04<sup>th</sup> July 2024

### Responsibility for the Content of the Prospectus

This Prospectus has been prepared by the Joint Managers from information provided by Seylan Bank PLC (hereinafter referred as the "Bank" or the "Issuer").

The Board of Directors of Seylan Bank PLC have seen and approved this Prospectus collectively and individually, accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Bank accepts responsibility for the information contained in this Prospectus. While the Bank has taken reasonable care to ensure full and fair disclosure of pertinent information, it does not assume responsibility for any investment decisions made by the qualified investors based on the information contained herein. In making such investment decisions, prospective investors are advised to read the Prospectus and rely on their own examination and assessment of the Bank and the terms of the Debentures issued including the risks associated.

**For inquiries, please contact the Joint Managers to the Issue, Capital Alliance Partners Limited.**

**The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of Debentures which is decided solely by the Issuer.**

### REGISTRATION OF THE PROSPECTUS

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of section 40 of the Companies Act No. 7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to section 40(1) of the Companies Act.

- a) The written consent of the External Auditors and Reporting Accountants for the inclusion of their name in the Prospectus as External Auditors and Reporting Accountants to the Issue and to the Bank.
- b) The written consent of the Rating Agency for the inclusion of their name in the Prospectus as Rating Agency to the Issue and to the Bank.
- c) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.
- d) Written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.
- e) The written consent of the Company Secretary of the Bank for the inclusion of the name in the Prospectus as Company Secretary to the Bank.

- f) The written consent of the Joint Managers to the Issue for the inclusion of their names in the Prospectus as Joint Managers to the Issue.
- g) The written consent of the Registrars to the Issue for the inclusion of their name in the Prospectus as Registrars to the Issue.
- h) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.
- i) The declaration made and subscribed to, by each of the Directors of the Bank herein named as Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said External Auditors and Reporting Accountants to the Issue and the Bank, Trustee to the Issue, Bankers to the Issue, Rating Agency to the Issue, Joint Managers to the Issue, Registrars to the Issue, Lawyers to the Issue and the Secretary to the Issuer have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such Consent.

### **Submission of the Prospectus to the Securities and Exchange Commission of Sri Lanka**

A copy of the Prospectus has been delivered to the Securities and Exchange Commission of Sri Lanka prior in compliance with Section 82(2) of the Securities and Exchange Commission of Sri Lanka Act No.19 of 2021.

### **Registration of the Prospectus in Jurisdictions Outside of Sri Lanka**

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-Resident Qualified investors may be affected by the laws of the jurisdiction of their residence. Such qualified investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

### **Representation**

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person, individual or any other outside party has been authorized to give any information or to make any representation in this connection with the Issue other than the information and representations contained in this Prospectus and if given or made such information or representations must not be relied upon as having been authorized by the Bank.

### **Investment Considerations**

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see **Section 5.11 "Risks Factors Associated with debentures"** of this Prospectus.

### **Forward looking Statements**

Any Statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying "Forward Looking Statements". As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as "Forward looking Statements".

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Bank operates and its ability to respond to them, the Bank's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate

volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Bank.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future. Since there may be risk and uncertainties that may cause the Bank's actual future results, performance or achievements to materially differ from that expected, expressed or implied by forward looking statements in this Prospectus, investors are advised not to place sole reliance on such statements.

### **Presentation of Currency Information and other Numerical Data**

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." is the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **IMPORTANT**

**All Qualified Investors should indicate in the application for Debentures, their Central Depository Systems (Private) Limited (CDS) account number.**

In the event the name, address or NIC number/passport number/company number of the Qualified Investor mentioned in the application form differs from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Qualified Investor. Therefore, Qualified Investors are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the application form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the application form.

As per the directive of the Securities and Exchange Commission made under Circular No.08/2010 dated 22nd November 2010 and Circular No.13/2010 issued by the CDS dated 30th November 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all Qualified Investors are required to indicate their CDS account number.

In line with this directive, THE DEBENTURES ALLOTTED TO AN INVESTOR WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH INVESTOR, the details of which is indicated in their application form. If the CDS account number indicated in the application form is found to be inaccurate /incorrect or there is no CDS number indicated, the application will be rejected and no allotments will be made. With respect to Basel III compliant debentures the Bank may require a Qualified Investor to provide such documentation as is reasonably necessary to satisfy itself that the investor is a Qualified Investor.

## **PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED.**

Qualified Investors who wish to open a CDS account, may do so through a Trading Participant of the CSE as set out in Annexure III or through any Custodian Bank as set out in Annexure V of this Prospectus.

## ISSUE AT A GLANCE

|                              |  |                   |                                  |                         |                         |            |
|------------------------------|--|-------------------|----------------------------------|-------------------------|-------------------------|------------|
| <b>Issuer</b>                | Seylan Bank PLC.   |                   |                                  |                         |                         |            |
| <b>Instrument</b>            | BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5- and 7-year Debentures (2024/29 and 2024/31) with a Non-Viability Conversion.  |                   |                                  |                         |                         |            |
| <b>Listing</b>               | The Debentures will be listed on the Colombo Stock Exchange  |                   |                                  |                         |                         |            |
| <b>Number of Debentures</b>  | An initial issue of up to Fifty million (50,000,000) Basel III compliant Tier 2, Listed Rated Unsecured Subordinated Redeemable 5- and 7-year Debentures (2024/2029 and 2024/31) with a Non-Viability conversion ("debentures"), of the par value of LKR 100/- each, with an option to issue up to a further Thirty million (30,000,000) of the said Debentures at the discretion of the Bank in the event of an oversubscription of the initial issue and with a further option to issue up to a further Twenty million (20,000,000) of the said Debentures at the discretion of the Bank in the event of an oversubscription of the initial issue and the second tranche, totalling to maximum of Hundred million (100,000,000) Debentures |                   |                                  |                         |                         |            |
| <b>Amount to be Raised</b>   | Sri Lankan Rupees up to Five Billion (LKR 5,000,000,000/-) with an option to raise a further Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) at the discretion of the Bank in the event of an oversubscription of the initial issue and with a further option to raise up to a further Sri Lankan Rupees Two Billion (LKR 2,000,000,000/-) of said Debentures at the discretion of the Bank in the event of an oversubscription of the initial Issue and the second tranche in order to raise up to a maximum of Sri Lankan Rupees Ten Billion (LKR 10,000,000,000/-).   |                   |                                  |                         |                         |            |
| <b>Issuer Rating</b>         | A-(Ika) /Stable by Fitch Ratings Lanka Limited   |                   |                                  |                         |                         |            |
| <b>Issue Rating</b>          | BBB (Ika) by Fitch Ratings Lanka Limited   |                   |                                  |                         |                         |            |
| <b>Issue Price/Par Value</b> | LKR 100/- per Debenture  |                   |                                  |                         |                         |            |
| <b>Interest Rate</b>         | <b>Type</b>  | <b>Redemption</b> | <b>Interest rate (per annum)</b> | <b>Type of Interest</b> | <b>Coupon Frequency</b> | <b>AER</b> |
|                              | <b>A</b>   | 05 Years          | 13.25%                           | Fixed                   | Annual                  | 13.25%     |
|                              | <b>B</b>   | 05 Years          | 12.60%                           | Fixed                   | Quarterly               | 13.21%     |
|                              | <b>C</b>   | 07 Years          | 13.50%                           | Fixed                   | Annual                  | 13.50%     |
|                              | <b>D</b>   | 07 Years          | 13.05%                           | Fixed                   | Semi-Annually           | 13.48%     |

|   |  |
|---|--|
| <b>Number of Debentures to be subscribed</b>          | <p>Qualified Investors are allowed to invest in either:<br/>           Debentures of <b>Type A</b>, and/or<br/>           Debentures of <b>Type B</b>, and/or<br/>           Debentures of <b>Type C</b>, and/or<br/>           Debentures of <b>Type D</b>, and/or</p> <p>Subject to the minimum subscription under each type as given below.</p> <p>The minimum subscription requirement applicable for a Qualified Investor applying for debt Securities shall be Rupees Ten Thousand (LKR 10,000/-).</p> <p>Provided however, the minimum subscription requirement applicable for an individual investor applying for BASEL III Compliant Debt Securities shall be Rupees Five Million (LKR 5,000,000/-).</p> <p>Any Application in excess of the minimum subscription requirement shall be in multiples of Rupees Ten Thousand (LKR 10,000/-).</p>  |
| <b>Method and payment of Principal &amp; Interest</b> | <p>By cheque marked "Account Payee Only" or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS &amp; RTGS (arranged only at the expense of the investor). RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e., LKR 5,000,000/- as of the date of this Prospectus). Electronic modes of payment shall be given priority in the payment of principal sum and interest in the event accurate bank details are given.</p>   |
| <b>Interest Payment Date(s)</b>                       | <p><b>Type A &amp; Type C:</b> The dates on which the interest payment shall fall due in respect of the Debentures, <b>annually</b> at the expiration of every <b>one (01) year</b> period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date which interest becomes due. (Excluding such interest payment due date).</p> <p><b>Type B:</b> The dates on which the interest payment shall fall due in respect of the Debentures, <b>quarterly</b> at the expiration of every <b>three (03) months</b> period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date which interest becomes due. (Excluding such interest payment due date).</p> <p><b>Type D:</b> The dates on which the interest payment shall fall due in respect of the Debentures, <b>semi-annually</b> at the expiration of every <b>six (06) months</b> period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date which interest becomes due. (Excluding such interest payment due date).</p> |

|                           |   |
|---------------------------|---|
|                           | The final interest payment will be paid together with the Principal Sum within three (03) Working Days from the Date of Redemption.   |
| <b>Issue Opening Date</b> | 10 <sup>th</sup> July 2024  |
| <b>Issue Closing Date</b> | <p>29<sup>th</sup> July 2024 or such earlier date. (10<sup>th</sup> July 2024)</p> <p>However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following.</p> <ul style="list-style-type: none"> <li>• The maximum of 100,000,000 Debentures being fully subscribed; or</li> <li>• The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 of Debentures becoming fully subscribed; or</li> <li>• The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 Debentures and the second tranche of 30,000,000 Debentures becoming fully subscribed; or</li> </ul> <p>In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 30,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000) but subsequently decides to close the subscription list upon part of further issue of 30,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30pm.</p> <p>In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 20,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000 of Debentures and the second tranche of 30,000,000 Debentures) but subsequently decides to close the subscription list upon part of further issue of 20,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30pm.</p> <p>In the event the Board of Directors of the Company decides to close the Debenture Issue without the full subscription of the initial Fifty Million (50,000,000) Debentures, such decision is to be notified to the CSE on the day such decision is made by the company and the subscription list will be closed on the following Market Day at 4.30pm. (refer section 5.2).</p> |
| <b>Date of Allotment</b>  | The Date on which the Debentures will be allotted by the Bank to the investors subscribing thereto.   |

|                                 |   |
|---------------------------------|---|
| <b>Basis of Allotment</b>       | <p>In the event of an oversubscription, the basis of allotment will be decided by the Board of Directors of the Bank in a fair manner within seven (7) Market Days from the date of closure.</p> <p><b>The Board however shall reserve the right to allocate up to a maximum of 75% of the Number of Debentures to be allotted under this Prospectus on a preferential basis to Qualified Investor/s of strategic importance (Identified Large scale Corporates/Banks/High Net Worth Individuals/Unit Trust/Insurance and Pension Funds).</b></p> <p>Number of Debentures to be allotted to identified Qualified Investor/s of strategic importance (Identified Large scale Corporates/Banks /High Net Worth Individuals/Unit Trust/Insurance and Pension Funds), on a preferential basis or otherwise will not exceed 75% of the total number of Debentures to be issued under the proposed debt issue under any circumstances, unless there is an under subscription from other Qualified Investors. (i.e., Qualified investors who do not fall under preferential category). In the event of such undersubscription, the other qualified investors who do not fall under preferential category are to be allotted in full and any remaining debentures are to be allotted to identified qualified investors of strategic importance.</p> |
| <b>Trigger Event</b>            | <p>Means point or event at which the Monetary Board of the Central Bank of Sri Lanka determines:</p> <p>(a) the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time); or</p> <p>(b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(iii)(b) of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time).</p>   |
| <b>Non-Viability Conversion</b> | <p>In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to Ordinary Voting Shares by the Bank, in compliance with BASEL III requirements.</p> <p>Upon the occurrence of a Trigger Event, up to the outstanding balance of the Debentures including the total par value of such Debentures and Debenture Interest accrued and unpaid as at that date will be converted to Ordinary Voting Shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share.</p>  |
| <b>Conversion Price</b>         | <p>The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event.</p>  |

|   |  |
|---|--|
| <b>Volume Weighted Average Price (VWAP)</b> | The Daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share as published by the Colombo Stock Exchange. |
|---|--|

Seylan Bank PLC operates under the authority of the licence issued by Monetary Board of Central Bank of Sri Lanka. The licence issued is a continuous licence and does not have an expiry date. Bank has complied with annual licence fee payable to the Central Bank of Sri Lanka within due timelines.

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## 1 CORPORATE INFORMATION

|                                    |   |
|------------------------------------|---|
| <b>The Issuer</b>                  | Seylan Bank PLC   |
| <b>Legal Form</b>                  | Seylan Bank PLC was incorporated on 28th August 1987 under the provisions of the Companies Act No. 17 of 1982 and was re-registered under the Companies Act No.7 of 2007 on 30th May 2007. Seylan Bank PLC commenced its business operation as a licensed commercial bank regulated under the Banking Act No. 30 of 1988 (as amended) on 24th March 1988. It was listed on the Main Board of the Colombo Stock Exchange on 5 <sup>th</sup> January 1989.  |
| <b>Company Registration Number</b> | PQ 9  |
| <b>Date of Incorporation</b>       | 28th August 1987  |
| <b>Registered Address</b>          | Seylan Towers,<br>90, Galle Road,<br>Colombo 03.<br>Email: info@seylan.lk<br>Website: www.seylan.lk<br>Tel: +94 11 2456380/396/397, Fax: +94 11 2452584   |
| <b>Board of Directors</b>          | Justice B P Aluwihare, PC - Independent Non-Executive Director / Chairman<br>Mr R J Jayasekara - Director/Chief Executive Officer<br>Mrs S K Salgado – Senior Independent Director<br>Mr D M D K Thilakaratne – Non -Independent Non-Executive Director<br>Mr D M Rupasinghe - Independent Non-Executive Director<br>Mr L H A L Silva - Independent Non-Executive Director<br>Ms V G S S Kotakadeniya – Non -Independent Non-Executive Director<br>Ms A A Ludowyke - Independent Non-Executive Director |
| <b>Company Secretary</b>           | Mrs Saraswathie Poulraj<br>Seylan Bank PLC<br>Level 15 - Seylan Towers,<br>90, Galle Road,<br>Colombo 03.<br>Email: csy@seylan.lk<br>Tel: +94 11 2456551, Fax: +94 11 2452584   |
| <b>Auditors to the Bank</b>        | M/s KPMG,<br>Chartered Accountants<br>32A Sir Mohamed Macan Markar Mawatha, Colombo 03<br>Tel: +94 115426426, Fax: +94 11 2445872   |

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## 2 RELEVANT PARTIES TO THE ISSUE

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|  |  |  |
|--|--|--|
| <b>Joint Managers to the Issue</b>       | <b>Capital Alliance Partners Limited</b><br>Level 5, "Millennium House",<br>46/58, Navam Mawatha,<br>Colombo 02.<br>Tel: +94 11 2317777<br>Fax: +94 11 2317788                             | <b>Acuity Partners (Private) Limited</b><br>No. 53, Dharmapala Mawatha<br>Colombo 03<br>Tel: +94 11 2 206 206<br>Fax: +94 11 2 437 149 |
| <b>Secretary to the Issuer</b>           | <b>Mrs Saraswathie Poulraj</b><br>Company Secretary<br>Seylan Bank PLC<br>Level 15 - Seylan Towers<br>90, Galle Road, Colombo 03, Sri Lanka<br>Tel: 0094 11 2456551 / Fax: 0094 11 2452584 |  |
| <b>Lawyers to the Issue</b>              | <b>M/s Nithya Partners</b><br>No. 97A, Galle Road,<br>Colombo 03.<br>Tel: +94-11 4 712 625, +94 11 2 335 908 / Fax: +94-11 2 328 817   |  |
| <b>Registrars to the Issue</b>           | <b>SSP Corporate Services (Pvt) Ltd</b><br>No 101, Inner Flower Road,<br>Colombo 03.<br>Tel: +94 11 2573894, +94 11 2576871 / Fax: +94 11 2573609  |  |
| <b>Bankers to the Issue</b>              | <b>Seylan Bank PLC</b><br>Millennium Branch,<br>"Seylan Towers"<br>No.90, Galle Road,<br>Colombo 03.<br>Tel: +94 11 2456103, +94 11 2456135 / Fax +94 11 2452506                           |  |
| <b>Trustee to the Issue</b>              | <b>People's Bank</b><br>No. 75, Sir Chittampalam A. Gardiner Mawatha<br>Colombo 02<br>Tel: +94 11 2 481 481 / Fax: +94 11 2 458 842  |  |
| <b>Auditors to the Issue</b>             | <b>M/s KPMG,</b><br>Chartered Accountants,<br>32A Sir Mohamed Macan Markar Mawatha,<br>Colombo 03.<br>Tel: +94 11 5426426, Fax: +94 11 2445872   |  |
| <b>Credit Rating Agency to the Issue</b> | <b>Fitch Ratings Lanka Ltd</b><br>No.15-04, East Tower, World Trade Centre,<br>Colombo 01<br>T: 94-11-2541900 Fax: 94-11-2501903   |  |

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### 3 LIST OF ABBREVIATIONS

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|                       |  |
|-----------------------|--|
| <b>AER</b>            | Annual Effective Rate                                  |
| <b>ATS</b>            | Automated Trading System of the Colombo Stock Exchange |
| <b>AWPLR</b>          | Average Weighted Prime Lending Rate                    |
| <b>BN/Bn</b>          | Billion  |
| <b>CAL</b>            | Capital Alliance Partners Limited                      |
| <b>CAR</b>            | Capital Adequacy Ratio                                 |
| <b>CBSL</b>           | Central Bank of Sri Lanka                              |
| <b>CCB</b>            | Capital Conservation Buffer                            |
| <b>CDS</b>            | Central Depository System (Private) Limited            |
| <b>CSE</b>            | Colombo Stock Exchange                                 |
| <b>DSIB</b>           | Domestic Systemically Important Bank                   |
| <b>FCBU</b>           | Foreign Currency Banking Unit                          |
| <b>FY</b>             | Financial Year   |
| <b>IIA</b>            | Inward Investment Account                              |
| <b>KMP</b>            | Key Management Personnel                               |
| <b>LCB</b>            | Licensed Commercial Bank                               |
| <b>LKAS</b>           | Sri Lanka Accounting Standard                          |
| <b>LKR/Rupees/Rs.</b> | Sri Lankan Rupees                                      |
| <b>MN/Mn</b>          | Million  |
| <b>NIC</b>            | National Identity Card                                 |
| <b>POA</b>            | Power of Attorney                                      |
| <b>RGFCA</b>          | Resident Guest Foreign Currency Account                |
| <b>RGRCA</b>          | Resident Guest Rupee Current Account                   |
| <b>RTGS</b>           | Real Time Gross Settlements                            |
| <b>RWA</b>            | Risk Weighted Assets                                   |
| <b>SEC</b>            | The Securities and Exchange Commission of Sri Lanka    |
| <b>SIA</b>            | Securities Investment Account                          |
| <b>SLFRS</b>          | Sri Lanka Financial Reporting Standard                 |
| <b>SLIPS</b>          | Sri Lanka Inter Bank Payment System                    |
| <b>Issuer/Bank</b>    | Seylan Bank PLC  |
| <b>IIA</b>            | Inward Investment Account                              |
| <b>T-Bill</b>         | Treasury Bill  |
| <b>VWAP</b>           | Volume Weighted Average Price                          |
| <b>VAT</b>            | Value Added Tax  |
| <b>WHT</b>            | Withholding Tax  |
| <b>YoY</b>            | Year on Year   |

---

#### 4 GLOSSARY OF TERMS RELATED TO THE ISSUE

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|                     |   |
|---------------------|---|
| <b>Applicant(s)</b> | Any person(s) who is a Qualified Investor and who submits an Application Form under this Prospectus |
|---------------------|---|

|                                       |   |
|---------------------------------------|---|
| <b>Application Form / Application</b> | The Application Form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures |
|---------------------------------------|---|

|                    |                 |
|--------------------|-----------------|
| <b>Bank/Issuer</b> | Seylan Bank PLC |
|--------------------|-----------------|

|                  |   |
|------------------|---|
| <b>Basel III</b> | A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlement in December 2010 (Revised in June 2011). |
|------------------|---|

|                     |   |
|---------------------|---|
| <b>Closing Date</b> | 29 <sup>th</sup> July 2024 or such earlier date (10 <sup>th</sup> July 2024). |
|---------------------|---|

However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following.

- The maximum of 100,000,000 Debentures being fully subscribed; or
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 of Debentures becoming fully subscribed; or
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 Debentures and the second tranche of 30,000,000 Debentures becoming fully subscribed; or

In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 30,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000) but subsequently decides to close the subscription list upon part of further issue of 30,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30pm.

In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 20,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000 of Debentures and the second tranche of 30,000,000 Debentures) but subsequently decides to close the subscription list upon part of further issue of 20,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30pm.

In the event the Board of Directors of the Company decides to close the Debenture Issue without the full subscription of the initial Fifty Million (50,000,000) Debentures, such decision is to be notified to the CSE on the

day such decision is made by the company and the subscription list will be closed on the following Market Day 4.30pm. (refer section 5.2).

|                                  |   |
|----------------------------------|---|
| <b>Non- Viability Conversion</b> | <p>In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to Ordinary Voting Shares by the Bank, in compliance with BASEL III requirements.</p> <p>Upon the occurrence of a Trigger Event, the outstanding balance of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be converted to Ordinary Voting Shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Company shall settle such sums in cash, based on the issue price of such share.</p> |
| <b>Entitlement Date</b>          | Market Day immediately preceding the respective interest payment date or immediately preceding the date of redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Bank in order to qualify for the payment of any interest or any redemption proceeds.  |
| <b>Date of Allotment</b>         | The date on which the Debentures will be allotted by the Bank to the Applicants subscribing thereto.  |
| <b>Date of Redemption</b>        | The date on which the Redemption/Maturity of the Debentures will take place as referred to in section 5.7 of this Prospectus.   |
| <b>Debentures</b>                | BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5- and 7-year Debentures (2024/29 and 2024/31) with a Non-Viability Conversion to be issued pursuant to this Prospectus.  |
| <b>Debenture Holder(s)</b>       | Any Qualified Investor who is for the time being the holder of the Debentures and includes his/her respective successors in title.  |
| <b>Interest Payment Date(s)</b>  | <p><b>Type A &amp; Type C:</b> The dates on which the interest payment shall fall due in respect of the Debentures, <b>annually</b> at the expiration of every <b>one (01) year</b> period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date which interest becomes due. (Excluding such interest payment due date).</p> <p><b>Type B:</b> The dates on which the interest payment shall fall due in respect of the Debentures, <b>quarterly</b> at the expiration of every <b>three (03) months</b> period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of</p>                      |

Redemption. Interest would be paid within three (03) market days from each interest payment date which interest becomes due. (Excluding such interest payment due date).

**Type D:** The dates on which the interest payment shall fall due in respect of the Debentures, **semi-annually** at the expiration of every **six (06) months** period commencing from the Date of Allotment of the Debentures and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date which interest becomes due. (Excluding such interest payment due date).

The final interest payment will be paid together with the Principal Sum within three (03) Working Days from the Date of Redemption.

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**Interest Period**

**Type A & Type C:** The **one (01) year** period from the date immediately succeeding a particular interest payment date and ending on the next interest payment date (inclusive of the said commencement date and end date) and shall include with respect to the first Interest Period the period commencing from the date of allotment and ending on the first interest payment date (inclusive of the said commencement date and end date) and with respect to the final Interest Period the period from the date immediately succeeding the last interest payment date before the date of redemption and ending on the date immediately preceding the date of redemption (inclusive of the aforementioned commencement date and end date).

**Type B:** The **three (03) months** period from the date immediately succeeding a particular interest payment date and ending on the next interest payment date (inclusive of the said commencement date and end date) and shall include with respect to the first interest period the period commencing from the date of allotment and ending on the first interest payment date (inclusive of the said commencement date and end date) and with respect to the final interest period the period from the date immediately succeeding the last interest payment date before the date of redemption and ending on the date immediately preceding the date of redemption (inclusive of the aforementioned commencement date and end date).

**Type D:** The **six (06) months** period from the date immediately succeeding a particular interest payment date and ending on the next interest payment date (inclusive of the said commencement date and end date) and shall include with respect to the first interest period the period commencing from the date of allotment and ending on the first interest payment date (inclusive of the said commencement date and end date) and with respect to the final interest period the period from the date immediately succeeding the last interest payment date before the date of redemption and ending on the date immediately preceding the date of

redemption (inclusive of the aforementioned commencement date and end date).

|                                       |   |
|---------------------------------------|---|
| <b>Issue</b>                          | The offer of Debentures to Qualified Investor pursuant to this Prospectus   |
| <b>Issue price</b>                    | LKR 100/- (Sri Lankan Rupees Hundred) per Debenture   |
| <b>Non- Resident(s)</b>               | Persons resident outside Sri Lanka including country funds, regional funds, investment funds and mutual funds established outside Sri Lanka.  |
| <b>Non-viability Conversion Price</b> | The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event.   |
| <b>Par Value</b>                      | LKR 100/- (Sri Lankan Rupees Hundred) per Debenture   |
| <b>Principal Sum</b>                  | The product of the number of Debentures allotted and Par Value  |
| <b>Qualified Investors</b>            | <p>(a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).</p> <p>(b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No.30 of 1988 (as amended).</p> <p>(c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund.</p> <p>(d) A venture capital fund/ company and private equity company.</p> <p>(e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act. No 42 of 2011 (as amended).</p> <p>(f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act, no 56 of 2000 (as amended).</p> <p>(g) A company licensed by the Insurance Board of Sri Lanka to carry on Insurance business in terms of the Regulation of the Insurance Industry Act, No. 43 of 2000 (as amended).</p> <p>(h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No.7 of 2007.</p> <p>(i) An investment trust or investment company.</p> <p>(j) A non-resident institutional investor</p> <p>(k) An individual with a minimum initial investment amount of Rs.5,000,000/=.</p> |
| <b>Prospectus</b>                     | This Prospectus dated 04 <sup>th</sup> July 2024 issued by Seylan Bank PLC.   |
| <b>Redemption</b>                     | Repayment of the Principal Sum accrued and unpaid interest (if any) with regard to a Debenture Holder by the Bank.  |
| <b>Registered Address</b>             | The address provided by the Debenture Holders to the CDS.   |

|   |   |
|---|---|
| <b>Subordinated</b>                         | Means the claims of the Debenture Holders shall in the event of winding up of the Bank rank after all the claims of depositors, secured creditors and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank:<br>a) pari passu with any other subordinated debentures which had been issued by the Bank;<br>(b) in priority to and over the claims and rights of the Shareholder/s of the Bank <b><u>unless there has been an issuance of shares to the Debenture Holders upon the occurrence of a Trigger Event in which case a Debenture Holder would cease to be a Debenture Holder and become a shareholder of the Bank to the extent of such issuance.</u></b> |
| <b>Tier 2</b>                               | Tier 2 Capital includes qualifying Tier 2 capital instruments, revaluation gains approved by CBSL and general loan loss provision of the Bank.  |
| <b>Trigger Event</b>                        | Means a point or event at which the Monetary Board of the Central Bank of Sri Lanka determines:<br>(a) the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time); or<br>(b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(iii)(b) of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time).  |
| <b>Trust Deed</b>                           | Trust Deed executed between Seylan Bank PLC and People's Bank (Trustee) on 26 <sup>th</sup> June 2024   |
| <b>Volume Weighted Average Price (VWAP)</b> | The daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share as published by the Colombo Stock Exchange   |

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## 5 INFORMATION RELATING TO THE ISSUE

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### 5.1 INVITATION TO SUBSCRIBE

The Board of Directors of Seylan Bank PLC (hereinafter referred to as the “Board”) at the Board Meeting held on 30<sup>th</sup> April 2024 resolved to raise a sum of Rupees Five Billion (LKR 5,000,000,000/-) by an initial issue of up to Fifty Million (50,000,000) Debentures, each with a Par Value of LKR 100/- and to raise a further sum of Rupees Three Billion (LKR 3,000,000,000/-) by an issue of a further Thirty Million (30,000,000) Debentures, in the event of an over subscription of the initial issue and to raise a further sum of Rupees Two Billion (LKR 2,000,000,000/-) by an issue of a further Twenty Million (20,000,000) Debentures, in the event of an over subscription of the initial issue and the second tranche.

As such a maximum amount of Rupees Ten Billion (LKR 10,000,000,000) would be raised by the issue of a maximum of Hundred Million (100,000,000) Debentures each with the Par Value of LKR 100/-.

The issue would comprise, BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a Non-viability Conversion. (With a tenure of five (05) years and seven (7) years). Debentures would be issued at an issue price of LKR 100/- per Debenture and at an interest rate as more fully described in section 5.4 of this Prospectus.

The rights of Debentures Holders with respect to payment of the principal sum and accrued interest due for thereon upon winding up of the Bank rank after all the claims of depositors, secured creditors and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank (a) *pari passu* with any other subordinated debentures which had been issued by the Bank; (b) in priority to and over the claims and rights of the Shareholder/s of the Bank. However, if there has been an issuance of Ordinary Voting Shares to the Debenture Holders upon the occurrence of a Trigger Event a Debenture Holder would cease to be a Debenture Holder and would become a Shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing Ordinary Voting Shareholders.

It is the intention of the Bank to list the Debentures on the Colombo Stock Exchange. The CSE has given its approval in principle for the listing of the Debentures and any Ordinary Voting Shares which may be issued with regards to Debentures upon the occurrence of a Trigger Event on the CSE.

However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

Only Qualified Investors would be eligible to invest in the Debentures in both the primary and secondary markets, provided that an individual investor entering the market a new through the secondary market (i.e., without having invested in such Debentures through the primary offer) would also need to invest at minimum a sum of Rs.5,000,000/-. Accordingly, the secondary market trading of the Debentures is limited to the Qualified Investors

As set out in Rule 2.2.1 (n) of the CSE Listing Rules, only Qualified Investors would be eligible to invest in these Debentures. Further, as set out in Rule 3.3.5 (ii) (a) (ii) of the CSE Listing Rules, the

secondary trading of these Debentures shall also be limited to Qualified Investors. Accordingly, the primary and secondary market investments of the Debentures are limited to the Qualified Investors

## **5.2 SUBSCRIPTION LIST**

Subject to the provisions contained below, the subscription list for the Debentures will be open at 9.30 a.m. on 10<sup>th</sup> July 2024 and shall remain open for fourteen (14) Market Days until closure at 4.30 pm 29<sup>th</sup> July 2024

However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following.

- The maximum of 100,000,000 Debentures being fully subscribed; or
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 of Debentures becoming fully subscribed; or
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 50,000,000 Debentures and the second tranche of 30,000,000 Debentures becoming fully subscribed; or

In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 30,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000) but subsequently decides to close the subscription list upon part of further issue of 30,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30pm.

In the event the Board of Directors of the Bank decides to exercise the option to issue the further tranche of up to 20,000,000 of the Debentures (having subscribed the initial Issue of 50,000,000 of Debentures and the second tranche of 30,000,000 Debentures) but subsequently decides to close the subscription list upon part of further issue of 20,000,000 debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30pm.

In the event the Board of Directors of the Company decides to close the Debenture Issue without the full subscription of the initial issue of Fifty Million (50,000,000) Debentures, such decision is to be notified to the CSE on the day such decision is made by the company and the subscription list will be closed on the following Market Day at 4.30pm. (refer section 5.2).

Application may be made forthwith in the manner set out under the Procedure for Application in section 6.0 of this Prospectus and will be accepted at any one of the collection points set out in Annexure III of this Prospectus.

## **5.3 OBJECTIVES OF THE ISSUE**

The primary objectives of the issue of the Debentures are:

- (1) to strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements by the issue of subordinated debentures; and

- (2) Grow the lending portfolio, especially in segments such as Small and Medium Enterprises (SME) and Export oriented industries.
- (3) Reduce Maturity gaps in the Assets and Liabilities of the Bank.

The pursuance of the primary objectives of the Debenture issue would not be a major transaction as contemplated by Section 185 of the Companies Act. The Bank estimates that a minimum amount of LKR 5.0 billion is required to be raised by 31 December 2024 via BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a Non-viability Conversion in order to improve its Capital Adequacy Ratio.

The monthly average disbursement of funds in loans and advances (excluding overdrafts, revolving imports loans and short term loans) during the quarter ended 31 March 2024 was approximately LKR 41 Billion. The monthly average disbursement of funds in loans and advances (excluding overdrafts, revolving imports loans and short-term loans) during the last 12 months ended 31 December 2023 was approximately LKR 34 billion. It should be mentioned that the Bank experienced a gross loan growth of LKR 7.0 billion for the year 2023. The cost associated with the Debenture would be compensated by the income generated from the funds raised and the benefits derived from having a strong regulatory capital.

It is the understanding of the Bank that the entire quantum of funds will be utilized within a period of 12 months from the date of allotment of the Debentures and in the interim period these funds will be invested in Government Securities which are risk free investments. They would be invested at the current market rates and are expected to generate a return at the rate of approximately 9.00% p.a. to 10.00% p.a.

### **Present status of the Bank with respect to Capital Adequacy under BASEL III**

The Bank is required to comply with the Banking Act Direction No 01 of 2016 dated 29<sup>th</sup> December, 2016 on Capital Requirements under BASEL III which is effective from 1<sup>st</sup> July 2017.

**Table below prescribes the minimum capital ratios that are required to be maintained by licensed commercial banks in accordance with the Banking Direction No. 1 of 2016 and the Total Capital Ratios of the Bank as at 31<sup>st</sup> March 2024.**

| Components of Capital including Capital Conservation Buffer | Regulatory Capital Requirements for licensed banks                        |                                 | Capital Ratios of the Bank                                  |
|---|---|---------------------------------|---|
|   | Ratio to be maintained by Non-DSIBs<br><i>(applicable to Seylan Bank)</i> | Ratio to be maintained by DSIBs | Bank's Ratio as at 31 <sup>st</sup> March 2024 (Un-Audited) |
| Common Equity Tier 1  | 7.00%   | 7.00%+HLA                       | 12.69%  |
| Total Tier 1  | 8.50%   | 8.50%+HLA                       | 12.69%  |
| Total Capital Ratio   | 12.50%  | 12.50%+HLA                      | 15.84%  |

*(LCBs which are determined as Domestic Systemically Important Banks (DSIBs) from time to time, are required to maintain Higher Loss Absorbency (HLA) requirements as specified by the Monetary Board in the form of Common Equity Tier I (CET I).*

The Bank will meet the expected capital levels as estimated in the Bank's Capital Augmentation Plan with this new capital infusion (minimum expected is LKR 5 Bn)

The Bank's total asset base as at 31 December, 2023 was LKR 717.985 billion (as per Audited Financial Statements).

**The position of the CAR of the Bank in terms of BASEL III as at 31.03.2024 and the expected CAR pursuant to the Debenture issue are as follows.**

| Components of Capital including Capital Conservation Buffer | Minimum CAR requirement to be maintained as at 31.03.2024 as per the Banking Act Direction No. 01 of 2016. | Bank's Ratio as at 31 <sup>st</sup> March 2024 (Unaudited) | Minimum amount of funds the Bank is required to raise from the Debenture Issue which will have a convertible feature in compliance with BASEL III requirements to meet the CAR requirement as at 31/12/2024 | Expected CAR position to be achieved by the Bank, subsequent to the Debenture Issue which will have a convertible feature in compliance with BASEL III requirements as at 31.12.2024 |            |             |
|---|--|--|---|--|------------|-------------|
|   |  |  |   | LKR 5.0 Bn   | LKR 7.0 Bn | LKR 10.0 Bn |
| Total Tier 1 Capital Ratio                                  | 8.50%  | 12.69%   | LKR 5 Bn  | 12.52%   | 12.52%     | 12.52%      |
| Total Capital Ratio   | 12.50%   | 15.84%   |   | 15.80%   | 16.20%     | 16.81%      |

Approval has been sought from the Central Bank of Sri Lanka to include the Basel III Compliant Debentures as Tier 2 Capital of the Bank. Strengthening the Tier 2 Capital will facilitate the Bank's envisaged asset growth whilst maintaining its Capital Adequacy at satisfactory levels. The Bank will inform the CSE upon receiving the formal approval letter from the CBSL.

Further, the Bank has obtained the shareholder approval by way of a Special Resolution for the issuance of Ordinary Voting Shares which may be occasioned by the occurrence of a 'Trigger Event' with regards to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures. Further as per the Rule 2.2.1 (m) of the CSE Listing Rules, the Bank has also obtained the Shareholder approval by way of a Special Resolution at the Extraordinary General Meeting of the Bank held on 28<sup>th</sup> March 2024 for the issuance of the Basel III compliant Debentures.

The Bank will disburse the proceeds of the Issue in the ordinary course of business. However, in the event, funds are lent to related parties in future, such lending will be done in accordance with Section 9 of the CSE Listing Rules and the Bank's Policy and Procedures on Related Party Transactions and Conflicts of Interest which has taken into consideration the provisions and guidelines of the Banking Act and its Directions.

The Bank has utilized the proceeds of all previous Debenture Issues towards achieving the objectives of the respective Issues.

## Utilisation of Debenture Proceeds

The utilization of the proceeds from the Debenture Issue will be disclosed in the Interim Financial Statements and the Annual Report of the Bank from the allotment date until the objective of the Debenture Issue with respect to the utilization of the proceeds are achieved. The disclosure would contain the information as per following template:

### Debenture Issue proceeds utilization as at dd-mm-yyyy

| Objective number | Objective as per Prospectus                        | Amount allocated as per prospectus in LKR                  | Proposed date of utilization as per Prospectus                 | Amount allocated from proceeds in LKR (A) | % Of total proceeds | Amount utilized in LKR (B) | % Of Utilized against allocation (B/A) | Clarification if not fully utilized including whether the funds are invested (e.g., whether lent to related party/s) |
|------------------|--|--|--|---|---------------------|----------------------------|--|--|
| 1                | To strengthen the Tier 2 Capital                   | Initial issue of LKR 5 Bn and a maximum issue of LKR 10 Bn | Upon the allotment of the Debentures.                          |   |                     |                            |  |  |
| 2                | Growing the lending portfolio (SME & Export)       |  | Over a period of twelve (12) months from the Date of Allotment |   |                     |                            |  |  |
| 3                | Reduce Maturity gaps in the Assets and Liabilities |  |  |   |                     |                            |  |  |

In the event the proceeds raised are fully utilized in terms of the objectives disclosed in the Prospectus prior to submission of the company's next immediate financial statements (i.e. either the Interim Financial Statements or the Annual Report), the company will disclose the fact that proceeds have been utilized in its entirety as per the above template.

### Note:

Based on past experience, there is strong growth in the advance portfolio of the Bank. As such, there is no specific risk for the Bank not being able to invest the funds raised within the specified timelines to meet the key objective of credit lending. However, the proceeds would be invested in government securities which are risk free investments until they are utilized for lending purposes. They would be invested at the current market rates and are expected to generate a return at the rate of approximately 9.00% p.a. to 10.00% p.a. Please refer last paragraph of "Risks relating Risks relating to the objectives of the Debenture Issue".

### Risks relating to the objectives of the Debenture Issue;

As the primary objective of the Bank is to carry on the business of lending or advancing of money, the business of lending to customers whether they are related parties or not, are recurrent transactions carried out in the ordinary and usual course of business of the Bank. Nevertheless, the Bank has an internal threshold on exposure to related parties against its regulatory capital and therefore the exposure will be limited to such threshold limit.

Since the proposed Debenture Issue is to raise up to a maximum of Rs. 10.0 billion and as there is a demand for credit there is no specific risk factor that may lead to non-achievement of the objective of the Issue. In the event the objective of raising Tier 2 capital is not achieved fully, the Bank would have to restrict itself to a slower growth in the future. However, the Bank would be able to supplement this requirement to a certain degree with retention of expected profits.

The risk of under subscription of the Debenture Issue will be greatly mitigated through appointing experienced Joint Managers to the Issue, pre-marketing and building a pipeline of potential investors. However, if the Bank is unable to lend these funds within the specified timelines due to subdued credit growth, the funds that would be raised would be invested in Government Securities at zero default risk until credit demands are fully met. Further, Bank does not identify any specific risk factor that may lead to non-achievement of expanding the loans and advances portfolio through diverse lending products within the specified time line with the proceeds of the Issue up to a maximum of Rs.10.0 Bn.

In the event the Bank does not utilize the funds raised for the stated objectives and proposes to utilize the same for another objective or objectives, it will issue an announcement to that effect and take steps to seek Shareholder's approval prior to such utilization.

#### 5.4 INTEREST ON THE DEBENTURES

The Debentures will carry a rate of interest as described in the table below.

| Type of Debentures | Tenure   | Interest rate (per annum) | Type of Interest | Coupon Frequency | AER    |
|--------------------|----------|---------------------------|------------------|------------------|--------|
| Type A             | 05 Years | 13.25%                    | Fixed            | Annual           | 13.25% |
| Type B             | 05 Years | 12.60%                    | Fixed            | Quarterly        | 13.21% |
| Type C             | 07 Years | 13.50%                    | Fixed            | Annual           | 13.50% |
| Type D             | 07 Years | 13.05%                    | Fixed            | Semi-Annual      | 13.48% |

The interest rate has been determined giving consideration to the Seylan Bank PLC rating as Issuer, the instrument rating, market conditions and features of the instrument, including the 'convertible feature'.

The interest calculation will be based upon the actual number of days (irrespective of the holidays) in each interest payment period (Actual / Actual) and will be paid not later than Three (03) Market Days from each Interest Payment Date which interest becomes due for each type of debentures.

Payment of the interest on the Debenture will be made after deducting any taxes and charges thereon (if any) in Sri Lankan Rupees as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

In order to accommodate the Debenture interest cycles in the CDS, the Debenture Holders to whom interest shall be paid shall be those holding Debentures in their CDS accounts as of the Entitlement Date.

Upon the occurrence of the 'Trigger Event', the Bank shall be required and entitled to issue and within twenty (20) days to allot Ordinary Voting Shares of the Company ranking equal and *pari-passu* with the existing Ordinary Voting Shares, to the Debentures Holders up to the outstanding balance of such Debentures including the total par value of the Debentures and Debenture Interest. Upon issuance of Ordinary Voting Shares as above, the Debenture will cease to exist and accordingly, no interest will be accrued on the Debentures thereafter.

## **5.5 PAYMENT OF PRINCIPAL AND INTEREST**

The Bank will redeem the Debentures on the date of redemption as specified in Section 5.7 and the interest payments will be made as specified in this section.

The payment of the principal sum and interest will be made either by electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS/CEFT and RTGS (arranged only at the expense of the investor) in the event accurate bank account details are provided or by cheque/s marked "Account Payee Only" dispatched to the address provided by the Debenture Holders to the CDS at the risk of the Debenture Holders. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS/CEFT transfers (i.e., LKR 5,000,000/- as of the date of this Prospectus).

However, in the event such payment is over the maximum amount that can be accommodated through electronic fund transfer mechanism recognized by the banking system of Sri Lanka or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of Principal Sum and Interest, such payment to the Debenture Holder will be posted to the address registered with the CDS through registered post to the Debenture Holder, by crossed cheques marked "Account Payee Only". Interest payable will be made only by cheques within three (03) Market Days from the end of each period.

The payment of Principal Sum and Interest will be made in Sri Lanka Rupees in favor of the respective Debenture Holders as of the Entitlement Date. In the case of joint Debenture Holders, the payment of Principal Sum and Interest will be made to the one whose name stands first in the register of Debenture Holders.

It is the responsibility of the Non-Resident and Foreign Investors to ensure that their IIA through which they invest for Debentures is recorded correctly against the records in CDS to dispatch their Debenture interest payments.

## **5.6 APPLICATION OF TAX ON INTEREST PAYMENTS**

Interest on the Debentures will be paid after deducting any taxes liable and charges thereon (if any) as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

Statutory taxes and/or dues which are applicable at the time of the interest payment will be deducted. Qualified Investors are advised to obtain clarifications in this regard from their tax advisors.

## 5.7 REDEMPTION

Debentures are redeemable at maturity on the expiry of five (05) years and seven (07) years respectively from the Date of Allotment in accordance with the provisions contained in the Trust Deed.

Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except due to the occurrence of an Event of Default as contemplated in Clause 10.1 and 4.3(b) in the trust deed.

However, if a Trigger Event occurs prior to maturity or at the point of maturity, Basel III compliant Debentures will get converted to ordinary voting shares ranking equal and pari passu with the existing ordinary voting shares of the Bank.

Debenture holders shall not have any right or option to call for redemption of the Debentures before the Date of Redemption of such Debentures, except in the circumstances where the respective Debentures have become immediately payable in terms of Clause 10 of the Trust Deed respectively.

On the Date of Redemption of the Debentures, the Company shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders not later than three (03) market days from such date, the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the date immediately preceding the Date of Redemption of the Debentures, unless a Trigger as more fully described in this prospectus occurs prior to such date.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and interest shall be paid up to the date immediately preceding such Market Day (inclusive of all intervening non-Market Days).

### Occurrence of a Trigger Event

Upon the occurrence of the Trigger Event as determined by the Monetary Board of the Central Bank of Sri Lanka, the Bank shall be required and entitled to issue and within twenty (20) days to allot Ordinary Voting Shares of the Bank ranking equal and pari passu with the existing Ordinary Voting Shares to Debentures Holders as of the date of the Trigger Event, up to the outstanding balance of such Debentures including the total par value of the Debentures and Debenture Interest at an issue price for such Ordinary Voting Shares which will be based on the simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank during the three months (03) period, immediately preceding the date of the Trigger Event.

The CDS upload pertaining to Ordinary Voting Shares will be completed within 10 market days from the date of allotment of such shares. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share within fourteen (14) market days from the date of allotment of the said Ordinary Voting Shares.

## Market Announcements

The Bank on receipt of a Trigger Event notification from the CBSL will immediately make a market announcement of the same and further announce the “price” and “dates” (i.e., Trigger Event date, date of allotment and CDS upload date) pertaining to such conversion of Debentures to Ordinary Voting Shares.

## Conversion Price

Outstanding balance of Debentures including the total par value of the Debentures and Debenture Interest, at an issue price for such Ordinary Voting Shares which will be based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event (Any reference in this document to VWAP would carry the same meaning as explained herein).

Averaging out of the VWAP over a period of 3 months preceding the Trigger Event as opposed to a shorter window closer to the Trigger Event, is aimed at smoothing out price effects. and the consequent conversion price would be fair and equitable to the Bank and to the existing Shareholders.

If the prevailing 3-month Volume Weighted Average Share Price at the time of the Trigger Event is low, it would result in a comparatively higher number of Ordinary Voting Shares being issued to the Debenture Holders. Alternately, a higher 3-month Volume Weighted Average Share Price at the time of the Trigger Event would result in a comparatively lower number of Ordinary Voting Shares being issued to Debentures Holders.

## Issuance of Ordinary Voting Shares upon occurrence of a Trigger Event

Based on above conversion mechanism the outstanding balance of the Debentures including the total par value of the Debentures plus accrued and unpaid Debenture Interest (if any) as at that date, will be permanently converted to Ordinary Voting Shares. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share. If a Trigger Event occurs and thereafter a Conversion to Ordinary Voting Shares takes place, the Debentures will cease to exist.

## Applicable timelines

Upon the occurrence of the Trigger Event as determined by the Monetary Board of the CBSL, the Bank shall be required and entitled to issue and within twenty (20) days to allot Ordinary Voting Shares of the Bank ranking equal and pari-passu with the existing Ordinary Voting Shares to the Debenture Holders as of the Trigger Date, up to the outstanding balance of such Debentures including the total par value of the Debentures plus accrued and unpaid Debenture Interest (if any) as at that date at an issue **price for such Ordinary Voting Shares which will be based on the Conversion Price.**

The CDS upload pertaining to Ordinary Shares will be completed within 10 Market Days from the date of allotment of such shares. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share within fourteen (14) Market Days from the date of allotment of the said Ordinary Voting Shares.

### **Compliance with applicable laws and regulations**

Issue of any new Ordinary Voting Shares due to occurrence of a Trigger Event, would be carried out in compliance with the applicable laws and regulations of Sri Lanka, including any regulations applicable on 'material interest that a shareholder may hold' in terms of the Banking Act.

### **Non-Occurrence of a Trigger Event**

Debentures will be redeemed after the expiry of the respective tenures of the Debentures, i.e., Five (05) years and Seven (07) years from the Date of Allotment of such Debentures and the principal sum and unpaid and accrued interest (if any) payable on the redemption of Debentures will be paid not later than three (03) Market Days from the Date of Redemption, unless otherwise a 'Trigger Event' occurs as detailed herein.

## **5.8 TRUSTEE TO THE ISSUE**

Peoples' Bank has been appointed as the Trustee to this Debenture Issue, who will act as Trustee to the Issue and who is in compliance with the requirements Rule 2.2.1 (k) (ii), (iii), (iv) and (v) of the CSE Listing Rules. The Bank and the Trustee have executed a Trust Deed. In the application form for subscription of Debentures the Applicants are required to irrevocably authorize the Trustee, subject to any overriding clauses in the Trust Deed to act as their agent in entering in to such deeds, writing and instruments with the Bank and to act as Trustee for the benefit of and interest of the Debenture Holders on the terms and conditions contained in the said Trust Deed.

The rights and the obligations of the Trustee are set out in the Trust Deed and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed. There is no conflict of interest arising between the Trustee or its Board of Directors and the Bank. Trustee/its directors have no conflict of interest with the Bank, except that the Trustee is one of the banks rendering banking related services to the Bank.

## **5.9 RIGHTS OF THE DEBENTURE HOLDERS**

- a) Debenture Holders are entitled to the following rights and other rights which are set out in the Trust Deed:
  - i. Receive the interest on the Interest Payment Dates at the interest rates set out in Section 5.5 of this Prospectus and the principal sum on the Date of Redemption as set out in Section 5.7 of this Prospectus, subject to the provisions contained in this Prospectus regarding the occurrence of a Trigger Event.

- ii. To call a Debenture Holders meeting, receive notice and attend the meetings of Debenture Holders in accordance with the provisions contained in the Trust Deed.
- iii. Receive a copy of the Annual Report within 5 months from the financial year end at the same time and in the same manner as an Ordinary Voting Shareholder would receive the same.
- iv. The other rights of the holders of these Debentures as set out in the Trust Deed

In the event of the Bank being subject to a winding up, the claims of Debenture Holders will rank after all the claims of the secured and unsecured creditors of the Bank and the preferential claims under section 365 of the Companies Act No.07 of 2007, but in priority to and over the claims and rights of the Shareholders of the Bank, unless there has been an issuance of Ordinary Shares to the Debenture Holders upon the occurrence of a Trigger Event in which case, Such Debenture Holder would cease to be a Debenture Holder and would become a Shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing Ordinary Voting Share Holders.

- b) Debenture Holders are not entitled for the following;
- Attending and voting at the meetings of holders of Shares and other Debentures issued by the Bank.
  - Sharing in the profit of the Bank.
  - Participating in any surplus in the event of liquidation.
  - Calling for redemption before maturity, subject to provisions stated in the Trust Deed.
  - Convert the Debentures into Ordinary Shares at their option

However, in the event of Debenture Holders become Shareholders of the Bank, due to the occurrence of Trigger Event there would be an entitlement to exercise such rights as are exercisable by the Shareholders of the Bank.

When making payment of the principal sum and Interest on the Debentures, the Bank shall always act on the information furnished by the CDS and it shall be the responsibility / obligation of each Debenture Holder to update all information in respect of such Debenture Holder in the CDS. Each Debenture Holder shall absolve the Bank, CDS and CSE from any responsibility or liability in respect of any error or absence of necessary changes initiated by the Debenture Holders in the information recorded with the CDS.

## 5.10 INSPECTION OF DOCUMENTS

Certified copies of the Articles of Association of the Bank, the audited financial statements of the Bank for the last five years ending 31<sup>st</sup> December - 2019, 2020 , 2021, 2022 and 2023, Rating Report, Trust Deed and all other documents pertaining to the Bank including material contracts and management agreements entered into by the bank (if any) to which references are made in this Prospectus could be inspected by the public during normal business hours at the Registered Office of Seylan Bank PLC from the date hereof, until the Date of Maturity of the Debentures issued.

In terms of Rule 3.3.13 (b) of the CSE Listing Rules; the Prospectus, Articles of Association of the Bank and the Trust Deed are hosted in the Bank's website, [www.seylan.lk](http://www.seylan.lk), and the CSE website, [www.cse.lk](http://www.cse.lk), from the date of opening of the subscription list until the Date of Redemption of the Debentures.

Audited financial statements of the Entity / Group made up to 31<sup>st</sup> December, 2023 Accountants' Report and the five-year summary of financial statements will be available on the web site of CSE [www.cse.lk](http://www.cse.lk) and the website of the Bank, [www.seylan.lk](http://www.seylan.lk).

Furthermore, the hard copies of the Prospectus and Application Form will be made available free of charge from the collection points as set out in Annexure III, from four market (04) days prior to the date of opening of the subscription list.

## **5.11 RISK FACTORS ASSOCIATED WITH DEBENTURES**

Subscribers to Debentures will be exposed to the following risks:

### **(a) Interest Rate Risk**

The price of a typical Debenture will change in the opposite direction to a change in the market interest rates, assuming all other factors are equal. "Market Interest Rate" refers to the interest rate expected by investors for investments with a similar maturity and risk profile. As market interest rates rise, price of the Debentures may fall and as market interest rates fall, the price of the Debenture may rise. If an investor sells a Debenture prior to maturity when market interest rate is higher than on the Debenture interest rates, the investor may incur a capital loss. Similarly, if an investor sells a Debenture prior to maturity when market interest rate is lower than on the Debenture interest rate, then the investor may receive a capital gain. This uncertainty is known as "interest rate risk".

### **(b) Reinvestment Risk**

The Bank shall pay interest on the Debentures annually, quarterly and semi-annually. The investor may decide to reinvest this interest payment and earn interest on interest. Depending on the prevailing market interest rates, the Debenture Holder may be able to reinvest the paid interest at a higher or lower interest rate than that is offered by these Debentures. This uncertainty is known as "reinvestment risk".

### **(c) Default Risk**

Default risk also known as credit risk, refers to the risk that the Issuer of the debentures may default, i.e., the Issuer will be unable to pay interest and principal when due. It is advisable for prospective Seylan Bank PLC Debenture investors to take into account past earnings and asset growth performance of the Bank as reflected in the Balance Sheet of the Bank, its Risk Management Policies and the skills and experience of the Directors and Senior Management Team when forming an opinion on Default Risk.

This risk is gauged in terms of rating assigned by different rating agencies. Fitch Ratings Lanka Limited has assigned a National Long-Term rating of 'BBB (lka)' to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures and will be periodically reviewing the same as set out in the Annexure I.

#### **(d) Liquidity Risk**

Liquidity risk depends on the ease with which Debentures can be sold after the initial placement. As the Debentures will be listed on the CSE, investors will be able to trade the instrument in the secondary market and convert it to cash, mitigating liquidity risk. However, transaction price or bid-ask spread will be dependent upon the marketability, demand, supply and other macro factors such as market interest rates. Furthermore, it should be noted that the secondary debt market is not as developed as the secondary equity market in Sri Lanka.

#### **(e) Duration Risk**

Duration is a measure of the price sensitivity of fixed income investments, to a change in interest rates based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration carries a lower risk.

#### **(f) Call Risk**

Call risk refers to the risk that the issuer will retire the principal value of the debentures before maturity. The risk to an investor is that the timing of the call is not known and investor will be faced with a reinvestment risk in the event the call is made at a time when the market interest rates have declined.

Since these Debentures are not embedded with a call option, the Debenture would not be redeemed by the Bank prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Bank which would be directed and approved by the Central Bank of Sri Lanka.

#### **(g) Subordination Risk**

Debentures will be the Bank's direct unsecured obligations which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank equal with the Bank's other subordinated indebtedness and will be subordinated in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of holders of senior indebtedness. If the Bank does not have sufficient assets to settle claims of such senior indebtedness holders in full, the claims of the holders of the Debentures will not be settled and, as a result, the holders will lose the entire amount of their investment in Debentures. The Debentures will share equally in payment with claims under other subordinated indebtedness if the Bank does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of a Trigger Event, all the Bank's obligations under the Debentures shall be deemed paid in full by the issuance of Ordinary Voting Shares upon a Non-viability Conversion, and each holder will be effectively further subordinated due to the change in their status following such a conversion from being the holder of a debt instrument ranking ahead of holders of Ordinary Shares to being the holder of Ordinary Shares. As a result, upon Non-viability Conversion, the holders could lose all or part of their investment in the Debentures irrespective of whether the Bank has sufficient assets available to settle what would

have been the claims of the holders of the Debentures or other securities subordinated to the same extent as the Debentures, in proceedings relating to an insolvency or winding-up.

## **ADDITIONAL RISKS ARISING FROM THE DEBENTURES BEING A BASEL III NON-VIABILITY CONVERSION INSTRUMENT**

### **Risks arising from Non-viability Conversion features**

#### **(i). Conversion Risk**

It is the risk of the Bank issuing Ordinary Voting Shares to the Debenture Holders in lieu of the Debenture Capital and Interest earned and unpaid as at a particular date upon the occurrence of a Trigger Event. In such a situation, Such Debenture Holders would become Shareholders of the Bank and will rank equal and pari passu with existing Ordinary Voting Shareholders. The Bank being a systemically important Bank and the strong performances portrayed since the inception will mitigate the risk of the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event the Bank shall convert such Debentures into Ordinary Voting Shares and any accrued but unpaid Interest will be added to the par value of the Debentures and such accrued but unpaid Interest, together with the principal amount of the Debentures will be deemed paid in full by the issuance of Ordinary Voting Shares. Upon conversion the Debenture Holders shall have no further rights and the Bank shall have no further obligations to holders of the Debentures under the Trust Deed. Moreover, a Non-viability Conversion upon the occurrence of a Trigger Event is not an event of default under the terms of the Debenture or the Trust Deed.

Potential investors in Basel iii compliant Debentures should understand that, if a Trigger Event occurs and Debentures are converted into Ordinary Voting Shares, Investors are obliged to accept the Ordinary Voting Shares even if they do not at the time consider such Ordinary Voting Shares to be an appropriate investment for them and despite any change in the financial position of the Bank since the issue of the Debentures or any disruption to the market for those Ordinary Voting Shares or to capital markets generally.

#### **(ii). The number and value of Ordinary Voting Shares to be received on a Non- viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.**

Upon the occurrence of Non-viability Conversion even though Ordinary Voting Shares of equivalent value would be initially issued at the VWAP, yet there is no certainty of the value of such Ordinary Voting Shares to be received by the holders of the Debentures being maintained at such levels and the value of such Ordinary Voting Shares could eventually be significantly less than the par value of the Debentures.

Moreover, there may be an illiquid market, or no market at all, in Ordinary Voting Shares received upon the occurrence of a Non-viability Trigger event, and investors may not be able to sell the Ordinary Voting Shares at a price equal to the value of their investment and as a result may suffer significant loss.

**(iii). Basel III Compliant Debentures are loss-absorption instruments that involve risk and may not be a suitable investment for all investors**

These Debentures are loss-absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential investor of the Debentures must determine the suitability (either alone or with the help of a financial advisor) of the investment in light of its circumstances. In particular, each potential investor should understand thoroughly the terms of the Debentures, such as the provisions governing the Non-viability Conversion, including under what circumstances a Trigger Event could occur.

A potential investor should not invest in Basel iii compliant Debentures unless he/she has the knowledge and expertise (either alone or with the financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the likelihood of the Non-viability Conversion into Ordinary Voting Shares and the value of the Debentures, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

**(iv). Uncertainty regarding the Trigger Event**

Because of the inherent uncertainty regarding the determination of when a Trigger Event may occur, it will be difficult to predict when, if at all, the Basel iii compliant Debentures will be converted into Ordinary Voting Shares. In addition, investors in the Debentures are likely not to receive any advance notice of the occurrence of a Non-viability Trigger Event. As a result of its uncertainty, trading behavior in respect of these Debentures is not necessarily expected to follow trading behavior associated with other types of convertible and exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Debentures and the Ordinary Voting Shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated Debentures, including the Bank's other subordinated debt securities. In addition, the risk of a Non-Viability Conversion could drive down the price of Ordinary Voting Shares and have a material adverse effect on the market value of Ordinary Voting Shares received upon Non-Viability Conversion.

**(v). Following a Non-viability Conversion, investor will no longer have rights as a creditor and will only have rights as a holder of Ordinary Voting Shares**

Upon a Non-viability Conversion, the rights, terms and conditions of the Basel iii compliant Debentures, including with respect to priority and rights on liquidation, will no longer be relevant as all such Debentures will have been converted on a full and permanent basis into Ordinary Voting Shares ranking pari passu with all other outstanding Ordinary Voting Shares. If a Non-viability Conversion occurs, then the interest of depositors, other creditors of the Bank, and holders of Bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Debentures.

Given the nature of the Non-viability Trigger Event, a holder of Basel iii compliant Debentures will become a holder of Ordinary Voting Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Non-viability Trigger Event, as holders of Ordinary Voting Shares investors may receive substantially less than they might have received had the Debentures not been converted into Ordinary Voting Shares.

**(vi). A Qualified investor's remedies for the Bank's breach of its obligations under the Debenture are limited**

In an Event of Default (which shall occur if the Bank becomes insolvent or bankrupt, the Bank goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, or the Bank otherwise acknowledges its insolvency), the Trustee and holders of Debentures shall not be entitled to declare the principal amount of the Debentures due and payable under any circumstance. As a result, the qualified investor will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant given by the Bank.

**(h) Acknowledgement of the CBSL Resolution Powers**

**The CBSL retains full discretion regarding the determination that a Trigger Event has occurred;**

As the resolution authority of banks in Sri Lanka, the CBSL has resolution powers through statute. The Monetary Board determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the bank. Further, Section 30 and 30(9) of the Monetary Law Act No.58 of 1949 (as amended) and Part VII (A) and Part VIII of the Banking Act No.30 of 1988 (as amended) specify certain events upon which Monetary Board can exercise its resolution mechanism. In view of the above, based on the statutory authority of the Monetary Board, CBSL retains full discretion to choose or not to choose to trigger for non-viability as has been provided for in the Banking Act Direction No.1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialized Banks.

As the CBSL retains full discretion to choose not to trigger Non-viability Conversion notwithstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstances, the holders of the Basel iii compliant Debentures may be exposed to losses through the use of other resolution tools under applicable statutes.

**Generic risks**

**(i) The ability to transfer the Debentures may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Debentures**

In Sri Lanka the secondary trading activity in the corporate debt market is limited. The Debentures are a new issue of securities and have no established secondary trading market. Further, the secondary market trading in respect of Debentures is only limited to Qualified Investors as defined in the Prospectus. There can be no assurance that an active secondary trading market will develop. If the Debentures are traded after their initial issuance, they may trade at a discount to their initial

offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Bank.

Even if an active secondary trading market does develop, it may not be liquid and may not continue. Therefore, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the secondary market for the Debentures is limited, there may be few buyers for the Debentures and this may significantly reduce the relevant market price of the Debentures.

**(ii) Credit ratings may not reflect all risks associated with an investment in the Debentures**

A credit rating reflects a relative ranking of credit risk and does not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein, and other factors that may affect the value of the Debentures.

**(iii) A Downgrade, suspension or withdrawal of the rating assigned by any rating agency to the Debentures could cause the liquidity or market value of the Debentures to decline**

Rating initially assigned to the Debentures may be lowered or withdrawn entirely by the Rating Agency if, in the Rating Agency's judgment, circumstances relating to the basis of the rating, such as adverse changes to the Bank's business, so warrant. If the rating agency lowers or withdraws its rating, such event could reduce the liquidity or market value of the Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time.

**(iv) Changes in law, or changes in regulatory classification may affect the rights of holders as well as the market value of the Debentures**

The regulatory regime in connection to these instruments is evolving. Changes in law may include change in statutory, tax and regulatory regimes during the life of the Debentures, which may have an adverse effect on the investment in the Debentures.

## **5.12 BENEFITS OF INVESTING IN THE DEBENTURES**

- Provides the Qualified investor with a regular cash inflow of interest payments.
- Opportunity to realize capital gain according to interest rate fluctuations in the financial markets.
- Capacity to exit from the investment at any time, after the Debentures are listed on the CSE.
- Can be used as collateral to obtain credit facilities from banks and financial institutions other than the Bank
- Provides the investor with an opportunity to invest in Debentures issued by a Commercial Bank in Sri Lanka.

## **5.13 TRANSFER OF DEBENTURES**

- a) These Debentures are limited to Qualified Investors as long as the Debentures are listed in the CSE and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- b) The Debentures shall be transferable and transmittable amongst Qualified Investors as long as the Debentures are listed in the CSE. to provisions contained in the Trust Deed, the Bank may

register without assuming any liability or any transfer of Debentures, which are in accordance with the statutory requirements, rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.

- (c) In the case of the death of a Debenture Holder,
  - The survivor where the deceased was a joint holder; and
  - The executors or administrators of the deceased (or where the administration of the estate of the deceased is in law not compulsory, the heirs of the deceased) where such Debenture Holder was the sole or only surviving holder; shall be the only persons recognised by the Issuer as having any title to his/her Debentures.
- (d) Any qualified investor becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that such Debenture Holder sustains the character in respect of which such Debenture Holder proposes to act or such Debenture Holder's title as the Board of Directors of the Bank thinks sufficient, may at the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures, subject to the applicable laws, rules and regulations of the Bank, CDS, CSE and SEC.
- (e) No change of ownership in contravention of the above conditions will be recognised by the Bank.

#### **5.14 LISTING**

It is the intention of the Bank to list the Debentures in the Colombo Stock Exchange upon the allotment thereof. Therefore, an application has been made to the CSE for permission to obtain a listing for the BASEL III compliant tier 2 listed rated unsecured subordinated redeemable debentures with a non-viability conversion and a further application has been made for the listing of any Ordinary Voting shares which may be issued upon the occurrence of a Trigger Event in respect of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, debentures. The CSE has granted its approval in-principle for the same. However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official listing is not to be taken as an indication of the merits of the Seylan Bank PLC or of its Debentures.

#### **5.15 RATING OF THE DEBENTURES**

Fitch Ratings Lanka Limited has assigned a National Long-Term Rating of 'BBB (lka)' to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures. Fitch Rating Lanka rates the proposed Tier 2 instrument two notches below the bank's National Long-Term Rating of A-(lka)/Stable to reflect the notes' subordinated status and higher loss-severity risks relative to senior unsecured instruments.

The Board of directors undertake to keep the trustee and CSE informed of any changes to the credit rating of the debentures if any of the directors are aware/being notified of any changes to the rating.

You may access the guidelines from Fitch Ratings regarding the Global Bank Rating Criteria (which includes the rating methodology applicable to this particular instrument under the approach set out for going-concern instruments via the link given below;

[https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-subordinated-debt-bbb-lka-final-rating-01-07-2024#:~:text=Fitch%20Ratings%20%2D%20Colombo%20%2D%2001%20Jul,of%20'BBB\(lka\)'](https://www.fitchratings.com/research/banks/fitch-assigns-seylan-bank-basel-iii-subordinated-debt-bbb-lka-final-rating-01-07-2024#:~:text=Fitch%20Ratings%20%2D%20Colombo%20%2D%2001%20Jul,of%20'BBB(lka)'.).

A copy of the Rating report issued by Fitch Ratings Lanka Limited is set out in Annexure I.

Fitch Ratings Lanka Limited has downgraded the National Long-Term Rating of Seylan Bank PLC to 'A-(lka)'/Rating Watch Negative (from 'A(lka)'/Rating Watch Negative) due to the sovereign downgrade and recalibration of the Sri Lankan National Rating Scale. The outstanding Sri Lankan Rupee denominated Subordinated Debt of the Bank was also revised two notches below the National Rating, i.e. 'BBB (lka)'/RWN from 'BBB+(lka)'/RWN . A market announcement in this regard was made to the Colombo Stock Exchange on 18th January 2023.

## **5.16 COST OF THE ISSUE**

The Directors estimate that the total cost of the Issue including the Listing fees, Trustee fees, Brokerage, Printing, Marketing, Stamp duties, Joint Managers and Registrars fees and other costs connected with the Issue will be approximately LKR 70 million and will be funded by Seylan Bank PLC.

## **5.17 BROKERAGE & FEES**

Brokerage at the rate of 0.15% of the nominal value of the Debentures will be paid in respect of the number of Debentures allotted, on applications bearing the original stamp of any bank operating in Sri Lanka or a member/ Trading Participant of the CSE or the Joint Managers (Capital Alliance Partners Limited or Acuity Partners (Private) Limited) or any agent appointed by the Bank involved in marketing of the Issue.

## **5.18 UNDERWRITING**

The Debenture Issue is not underwritten.

In the event the Issue is not fully subscribed and the objective of raising Tier 2 capital is not achieved fully, the Bank would have to manage the credit growth and its composition. However, the Bank would be able to supplement this requirement to a certain degree with retention of expected profits. The risk of under subscription of the Debenture Issue will be greatly mitigated through appointing experienced Joint Managers to the Issue, pre-marketing and building a pipeline of potential investors.

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## **6 PROCEDURE FOR APPLICATION**

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### **6.1 ELIGIBLE APPLICANTS**

Applications are invited from Qualified Investors for the subscription of Debentures from the following categories of Qualified Investors.

- a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).
- b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No.30 of 1988 (as amended).
- c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund.
- d) A Venture Capital fund/ Company and private equity company.
- e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act. No 42 of 2011 (as amended).
- f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act, No 56 of 2000 (as amended)
- g) A company licensed by the Insurance Board of Sri Lanka to carry on Insurance business in terms of the Regulation of the Insurance Industry Act, No. 43 of 2000 (as amended)
- h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No.7 of 2007.
- i) An investment trust or investment company
- j) A non-resident institutional investor
- k) An individual with a minimum initial investment amount of Rs. 5,000,000/-.

Applicant would be determined as a qualified investor as per the information provided in the Application Form in line with the conditions stipulated herein.

Applications will not be accepted from individuals under the age of eighteen (18) years, or in the names of sole proprietorships, unincorporated trusts or non-corporate bodies.

In view of the above secondary trading of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures on the CSE will also be limited to Qualified Investors

"Residency" will have the same meaning as in the order published under Section 31 of the Foreign Exchange Act No.12 of 2017 and published in Gazette Extraordinary No. 2213/35 dated 3<sup>rd</sup> February 2021.

When permitting Non-residents to invest in the Debentures, the Bank will comply with the Foreign Exchange Act and the Regulations published thereunder including those contained in the Government Gazette (Extraordinary) No. 2213/35 dated 3<sup>rd</sup> February 2021 with regard to the issue and transfer of Debentures of Companies incorporated in Sri Lanka to persons residents outside Sri Lanka.

### **6.2 HOW TO APPLY**

- (a) Applications must be made on the Application Forms issued with this Prospectus. Applications are also permitted on photocopies of the Application Forms issued with the Prospectus.

Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge at the Registered Office of the Bank and the Collection Points listed in Annexure III. Prospectus and Application Forms could also be downloaded from the website of the Bank ([www.seylan.lk](http://www.seylan.lk)) or from the web site of the CSE ([www.cse.lk](http://www.cse.lk)). **Applications which do not strictly conform to instructions and other conditions set out herein or which are incomplete or illegible may be rejected. The Bank reserves the right to ask for additional information to satisfy itself that the Applicant is a Qualified Investor.**

- (b) Applicants are allowed to invest in Debentures subject to the minimum subscription. A minimum of One hundred (100) Debentures (LKR10,000/-) and Applications exceeding the minimum subscription should be in multiples of 100 debentures (LKR10,000/-). Provided however, the minimum subscription requirement applicable for an individual investor with regards to BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures shall be Rupees Five Million (LKR 5,000,000/-).
- (c) Applicants should apply for only one Type of Debentures (i.e. either Debentures of Type A, Type B, Type C or Debentures of Type D) under one Application Form.
- (d) In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures
- (e) Joint applications may be made. However, an Applicant of a joint application will not be eligible to send a separate application individually or jointly with another party for the same type of debentures. Only one application should be made for the benefit of any person or corporate body. The interest cheques will be drawn in favour of the principal Applicant as given in the Application Form.
- (f) In the case of corporate Applicants, **the common seal of such entity** should be affixed and attested if required by the Articles of Association or such other constitutional documents of such Applicants or as per the statutes governing them. In case of approved provident funds, trust funds and approved contributory pension schemes, the applications should be in the name of the Trustee / Board of Management.
- (g) **A Sri Lankan citizen must state his / her National Identity Card (NIC) number on the Debenture Application Form. The Passport number can be given only when the NIC number is not available. In the case of a corporate entity, the company registration number must be given. A foreign citizen must state his / her passport number in the space provided.**

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/ company number mentioned in the Application Form tally with the name, address or NIC number/ passport number/company number given in the CDS account as mentioned in

the Application Form.

- (h) The Application Forms may be signed by any person on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. **Original of the POA should not be attached.**
- (i) Applicants who wish to apply through their Margin Trading Account should submit the application in the name of the "Margin Provider / Applicants Name" signed by the margin provider. A copy of the Margin Trading Agreement should be attached with the Application Form. Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Photo copy of the Margin Trading Agreement must be submitted along with the Application.
- (j) As per the Directive of the SEC made under Circular No. 08/2010, dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30th November 2010, all Debentures allotted must be directly uploaded to the CDS accounts. **As such, all Applicants should indicate their CDS account number in the Application Form.**

Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Debentures to their CDS account. A CDS account can be opened through any Trading Participant of the CSE or through a Custodian Bank. (Annexure III & V)

Please note that upon the allotment of Debentures under this issue the allotted Debentures would be credited to the Applicant's CDS account indicated. **Please note that Debenture certificates shall not be issued. Applications which do not carry the CDS account number, which is not opened at the time of the closure of the subscription list or which indicate an incorrect / inaccurate CDS account number shall be rejected, and no allotment will be made.**

It should be noted that in the event the Applicant's CDS Account number is correctly stated in the Application Form, all correspondence with such Applicant will be sent to the address given to the CDS by such Applicant.

Further, in the event the name or the address of the Applicant mentioned in the Application Form differ from the name or address given to the CDS by such Applicant in respect of the CDS Account mentioned in the Application Form, the name and the address given to the CDS by such Applicant in respect of the CDS Account mentioned in the Application Form will be considered as the name and address of such Applicant.

- (k) Foreign Investors and Non-Resident Investors may be affected by the laws of the jurisdiction of their residence. It is the responsibility of such investors to comply with the laws relevant to their country of residence and the Laws of Sri Lanka, when making an application for subscription of the Debentures.
- (l) Application Forms properly filled in accordance with the instructions thereof together with the remittance (cheque, bank draft, RTGS or bank guarantee as the case may be) for the full amount payable on application should be enclosed in an envelope marked **"Seylan Bank PLC**

**Debenture Issue 2024**” on the top left-hand corner in capital letters and dispatched by post or delivered by hand to the Registrars to the Issue at the following address:

**SSP Corporate Services (Pvt) Limited**  
**Registrars to Seylan Bank PLC Debenture Issue**  
**No. 101, Inner Flower Road, Colombo 3**  
**Tel: +94(011) 2573894**

In the alternative, Application Forms could also be handed over to any of the Collection Points set out in Annexure III.

- (m) Applications sent by post or delivered to any places mentioned in Annexure III (Collection Points) **should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the following working day upon the closure of the subscription list.** Applications received after the said period will be rejected even though they have been delivered to any of the Collection Points prior to the Closing Date or carry a post mark dated prior to the Closing Date.

Please note that Applicant information such as full name, address, NIC number/passport number/ company number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information will take precedence over information provided in the Application Form.

Care must be taken to follow the instructions on the reverse of the Application Form.

Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

**PLEASE NOTE THAT ALLOTMENT OF DEBENTURES WILL ONLY BE MADE IF THE APPLICANT HAS A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.**

Please note that upon the allotment of Debentures under this issue, the allotted Debentures would be credited to the Applicant’s CDS account so indicated.

Hence, **DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.**

### **6.3 MODE OF PAYMENT**

- (a) Payment for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka, or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka.
- (b) Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either,

- Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/- or
- Bank guarantee issued by a licensed commercial bank operating in Sri Lanka, or
- RTGS, Internal Direct transfer with value on the date of submission of application or opening of the Issue whichever is later, or

**Multiple bank drafts/cheques, bank guarantees or RTGS transfers will not be accepted for Applications valued below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)**

- (c) Cheques or Bank Drafts should be drawn upon any commercial bank in Sri Lanka and crossed **"Account Payee Only"** and made payable to **"Seylan Bank PLC Debenture Issue 2024"**.
- (d) Cash and SLIPS/CEFTS transfers will not be accepted as a mode of payment to ensure the accuracy of the application submission process, bank reconciliation process and timely allocation of debenture within the given time lines
- (e) In case of bank guarantees, such bank guarantees should be in a manner acceptable to the Bank, issued by any licensed commercial bank in Sri Lanka, payable on demand to **"Seylan Bank PLC Debenture Issue 2024"** and be valid up to minimum of one (01) month from the issue opening date. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.
- (f) In case of RTGS transfers (only for application values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of **"Seylan Bank PLC Debenture Issue 2024"** bearing the **account number 0860-13598720-001 at Seylan Bank, Millennium Branch** with value on the date of submission of Application or opening of the Issue whichever is later.

**It is mandatory to provide the CDS Account Number as the transaction reference for RTGS transfers**

- (g) The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer funds for the total value of Debentures applied for, to the credit of **"Seylan Bank PLC Debenture Issue 2024"** bearing the account number **0860-13598720-001 at Seylan Bank PLC, Millennium Branch** with value on the date of submission of application or opening of the Issue whichever is later (i.e. the funds to be made available to the above account on date of submission of Application or opening of the Issue whichever is later) and should be attached with the Application.
- (h) For RTGS transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at **7.00%** p.a. from the date of transfer up to the date of Allotment. For such RTGS transfers, entire interest earned by investing such money (on actual/actual basis) will be paid from the date of such transfer up to the Date of Allotment. However, no interest will be paid if the RTGS transfers are not realised before 4.30 p.m of the Closure Date of the Subscription List. Furthermore, even if such RTGS transfers are affected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

- (i) Payments for the Debentures by Non-residents should be made only out of funds received as inward remittances or available to the credit of **“Inward Investment Account” (IIA)** maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by Director Department of Foreign Exchange in that regard to the licensed commercial banks. **An endorsement by way of a letter by the commercial bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the application form to the effect that such payment through bank draft/ bank guarantee/ RTGS has been made out of the funds available in IIA.** The IIA is the successor to the Securities Investment Account (SIA) under the Exchange Control Act and accordingly if any investor has an SIA the payment for the Debentures could be made from such an account. Such accounts would be re-designated as IIA with effect from 1<sup>st</sup> January 2018.
- (j) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence.

If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

**Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked “Seylan Bank PLC Debenture Issue 2024” on the top left-hand corner in capital letters and dispatched by post or courier or delivered by hand to the Registrars to the Issue or collection points mentioned in Annexure III.**

Applications sent by post or courier or delivered to any collection point set out in Annexure III should reach the office of the Registrars to the Issue, SSP Corporate Services (Pvt) Ltd, No 101, Inner Flower Road Colombo 03 at least by 4.30 p.m. on the following Market Day immediately upon the Closing Date.

Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date or carry a postmark dated prior to the Closing Date. Applications delivered by hand to the Registrars to the Issue after the Closing Date of the Issue will also be rejected.

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day immediately after the Closure Date of the subscription list as set out in section 5.2 of this prospectus, in terms of the CSE Listing Rules.

## **6.4 REJECTION OF APPLICATIONS**

- (a) Application Forms and the accompanying remittance mode (Cheque / Bank Draft / Bank Guarantee/RTGS) which are illegible or incomplete in any way and / or are not in accordance with the terms, conditions and instructions set out in this Prospectus will be rejected at the sole discretion of the Bank.

- (b) Applications from individuals under the age of eighteen (18) years or in the names of Sole Proprietorships, Partnerships or Unincorporated Trusts will also be rejected.
- (c) An Applicant of a Joint Application will not be eligible to submit another application either individually or jointly under the same Debenture type. Only one Application should be made by any person or entity under the same Debenture type. Multiple Applications will be rejected.
- (d) Applications which do not carry a valid CDS account number at the time of the closure of the subscription list or which indicate an incorrect / inaccurate CDS account number shall be rejected, and no allotment will be made. Application Forms stating third party CDS account numbers, instead of their own CDS account numbers, except in the case of Margin Trading Accounts, will also be rejected.
- (e) Any application forms a non-Qualified Investor applying for BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures will be rejected.
- (f) Any Application Form with more than three (03) natural persons as joint Applicants for any type of Debentures will be rejected.
- (g) Any Application Form which does not state the NIC, Passport or Company Registration number, as the case may be, will be rejected.
- (h) Applications received through email after 4.30 p.m. on the Closure Date of the Subscription List shall be rejected.
- (i) In the event that cheques are not realized within two (2) Market Days from the closure of the subscription list and realized after such date the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event Cheques are dishonoured / returned on first presentation, such Applications will be rejected.
- (j) Applications delivered by hand to the Registrars to the Issue, or to any place / institution discussed in Annexure III (Collection Points) after the subscription list is closed will be rejected. Application received by post or courier after 4.30 pm on the Market Day immediately following the closing date, will be also rejected even if they carry a post mark dated prior to the Closing date.
- (k) Applications delivered to any place / institution discussed in Annexure III (Collection Points) should also reach the office of the Registrars to the Issue at least by 4.30 pm on the following market day immediately upon the closure of the Subscription List. Applications received after the said duration will be rejected even though they have been delivered to any of the Collection Points prior to the Closing Date or carry a post mark dated prior to the Closing Date.

## **6.5 BASIS OF ALLOTMENT**

The basis of Allotment will be decided by the Board of Directors of Seylan Bank PLC before the expiry of Seven (07) Market Days from the closure of the Issue and will be announced to the CSE.

Further, the Board reserves the right to allocate up to 75% of the Issue value on a preferential basis, to Investor/(s) of strategic importance with whom they might partner with in future endeavours. These benefits could be such as being able to tap into a non-conventional investor base, being able to build confidence among other investors due to the investment decision of strategic investors and being able to get the Issue subscribed with the larger quantum pledged.

Number of Debentures to be allotted to investors of strategic importance (Identified Large scale Corporates/Banks /High Net Worth Individuals/Unit Trust/Insurance and Pension Funds), on a preferential basis or otherwise will not exceed 75% of the total number of debentures to be issued under the proposed debt issue under any circumstances, unless there is an under subscription from other qualified investors. (i.e., qualified investors who do not fall under preferential category). In the event of such undersubscription, the other qualified investors who do not fall under preferential category are to be allotted in full and any remaining debentures are to be allotted to identified qualified investors of strategic importance

The number of Debentures to be issued under Debentures of Type A, Type B, Type C and Type D will be in accordance with the basis of allotment which will be decided at the discretion of the Board of Directors of the Bank in a fair manner in the event of an oversubscription.

The successful Applicants will be informed of the allotment within Ten (10) Market Days from the closure of the Subscription List.

The allotment of Debentures as above will be done subject to the provisions in 3.3.5 (ii) (a) (i) of the CSE Listing Rules.

The Board of Directors of the Bank reserves the right to refuse any Application or to accept any Application or part only, without assigning any reason therefore.

## **6.6 ACCEPTANCE & REFUNDS**

Where an application is rejected either in full or in part, subsequent to the cheque being realized, the Applicant's money in full or where an application is accepted only a part, the balance of the Applicant's money will be refunded.

Refunds due on Applications fully or partially accepted will be paid within eight (08) Market Days excluding the date of closure of the Subscription List. Applicants will be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka plus 5% for the delayed period on any refunds not made within this period.

If the Applicant has provided accurate and complete details of his/her bank account in the Application Form, the Bankers to the Issue will make refund payments applicable up to and inclusive of Sri Lankan Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the applicant, through SLIPS.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), refunds will be made via RTGS. In the event where the Applicant has not provided accurate and correct details of the bank account

in the Application Form, the Bank will make such refund payments to the Applicant by way of cheque and sent by post at the risk of the Applicant.

Refunds sent through post will be made by crossed cheques and sent by register post to the registered address. In the case of a Joint Application, a “crossed cheque” will be drawn in favour of the Applicant whose name appears first in the Application Form.

It is the responsibility of Non-Residents/Foreign Investors to ensure that their IIA details are accurately provided on the application Form to forward the refund to IIA through which the application was made.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIP transfers at the following website;

<https://www.lankapay.net/downloads/bank-branch-directory/>

## 6.7 CDS LODGEMENTS AND TRADING OF DEBENTURES

- (a) If the Applicant’s CDS Account number is correctly stated in the Application Form the Debentures allotted will be directly uploaded to the CDS account stated in the Application Form before the expiry of **twelve (12) market days**, from the date of closure of the subscription list. A written confirmation in this regard will be sent to the Applicant within **two (02) market days** of crediting the CDS account, by ordinary post to the registered address of such Applicant.
- (b) The Bank shall submit to the CSE a ‘Declaration’ as set out in the Listing Rules of the CSE on the Market Day immediately following the day on which the investors’ CDS Accounts are credited with the Debentures and secondary trading of the Debentures will commence on or before the third (03rd) Market Day upon receipt of the declaration by the CSE.
- (c) Further, as per CSE Listing Rule 3.3.5 (ii) (a) (ii), the secondary market trading of the Debentures shall be limited to the “Qualified Investors”.

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## 7 SEYLAN BANK PLC

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### 7.1 CORPORATE BACKGROUND

Seylan Bank PLC is a commercial bank regulated by the Central Bank of Sri Lanka and was incorporated on 28th August 1987. It commenced business on 24th March 1988.

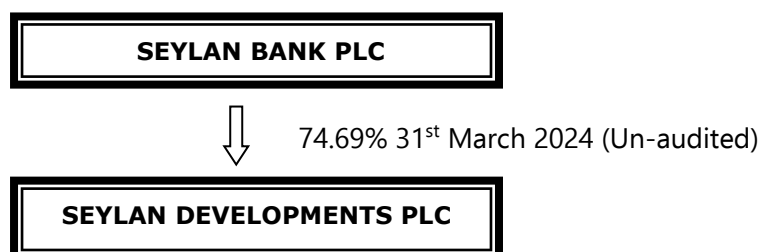
Seylan Bank PLC operates under the authority of the licence issued by Monetary Board of Central Bank of Sri Lanka. The licence issued is a continuous licence and does not have an expiry date. Bank has complied with annual licence fee payable to the Central Bank of Sri Lanka within due timelines.

The Bank offers banking products and services ranging from savings accounts, current accounts, foreign currency services, deposits and investments, credit cards, loan facilities, leasing, E-commerce and personal financial planning services. Apart from the above, the Bank offers personal banking facilities, trade finance, remittances, offshore banking, and pawning services.

As at 31<sup>st</sup> December 2023, Seylan Banks' network comprises of 171 Banking Centres, 215 ATMs and 100 Student Savings Centres and has overseas presence in many countries. They undertake remittance business on behalf of Sri Lankan expatriates in these countries while promoting the Bank's other products to them. From the inception, the Bank presented itself as a flexible, customer-friendly alternative, delivering the promise of its motto - '*The Bank with a Heart*'.

As at 31<sup>st</sup> March 2024, Seylan Bank PLC owns 74.69% stake in Seylan Developments PLC, a quoted subsidiary formed in 1992 for the purpose of constructing the head office building of the Bank and presently is involved in property development/management.

### 7.2 GROUP STRUCTURE



### 7.3 STATED CAPITAL AND SHARES IN ISSUE

Stated Capital and the Shares in issue as at \*31<sup>st</sup> March 2024 were as follows:

|                                  |                |                             |
|----------------------------------|----------------|-----------------------------|
| <b>Stated Capital</b> (LKR.'000) | LKR 21,693,370 |                             |
| No. of Shares Issued -           | 305,236,937    | Ordinary Voting Shares -    |
|                                  | 330,410,398    | Ordinary Non-voting Shares- |

\*(un-audited)

The public holding of the Bank as at 31<sup>st</sup> March 2024 was as follows:

| Criteria                             | 31 <sup>st</sup> March 2024 (Un-audited) |                   |
|--------------------------------------|--|-------------------|
|                                      | Voting                                   | Non-Voting        |
| Float adjusted market capitalization | LKR 7.651 Billion                        | LKR 5.748 Billion |
| Public Holding Percentage            | 54.87%                                   | 47.46%            |
| Number of public shareholders        | 10,156                                   | 7,126             |
| Option                               | 2  | 3                 |

## 7.4 MAJOR SHAREHOLDING

Top twenty (20) Ordinary Voting Shareholders of the Bank as at \*31<sup>st</sup> March 2024 were as follows:

| NO | SHAREHOLDER'S NAME   | NO OF SHARES HELD | PERCENTAGE (%) |
|----|--|-------------------|----------------|
| 1  | Brown & Company PLC A/C No. 1  | 31,086,943        | 10.48          |
| 2  | Sri Lanka Insurance Corporation Ltd - General Fund                   | 29,671,631        | 10.00          |
| 3  | Employees Provident Fund   | 29,248,850        | 9.86           |
| 4  | Mr K D D Perera  | 28,166,399        | 9.49           |
| 5  | Sampath Bank PLC/LOLC Investments Ltd                                | 27,762,508        | 9.36           |
| 6  | National Development Bank PLC  | 25,888,088        | 8.72           |
| 7  | Seylan Bank PLC A/C No. 04 - Employees Gratuity Trust Fund           | 19,573,513        | 6.60           |
| 8  | Bank of Ceylon No. 1 Account   | 16,690,292        | 5.62           |
| 9  | Sri Lanka Insurance Corporation Ltd - Life Fund                      | 14,835,813        | 5.00           |
| 10 | Peoples Leasing & Finance PLC/Don and Don Holdings (Private) Limited | 11,338,671        | 3.82           |
| 11 | Sampath Bank PLC/Brown and Company PLC                               | 10,082,252        | 3.40           |
| 12 | Employees Trust Fund Board   | 6,309,485         | 2.13           |
| 13 | Don and Don Holdings (Private) Limited                               | 5,349,919         | 1.80           |
| 14 | NDB Capital Holdings Limited Account No.02                           | 3,005,354         | 1.01           |
| 15 | Sisil Investment Holdings (Private) Limited                          | 2,806,071         | 0.95           |
| 16 | Mr M J Fernando (Deceased)   | 1,498,311         | 0.50           |
| 17 | Mr K R B Fernando  | 1,283,864         | 0.43           |
| 18 | Capital Alliance PLC   | 982,318           | 0.33           |
| 19 | Mr R R Leon  | 933,190           | 0.31           |
| 20 | Dr J L B Kotelawala  | 679,835           | 0.23           |

\*Unaudited

## Notes

Brown & Company PLC and LOLC Investments Ltd collectively hold 23.42% of the issued capital of the Bank. This joint shareholding limit has been approved by the Central Bank via their letter dated 14 September 2011, subject to the joint holding of Brown & Company PLC A/C No. 01 and LOLC Investments Ltd to be reduced from 23.42% to 15% within a period of 15 years from 13 October 2009.

The Board decided at its meeting held on 15 April 2020 to limit the voting rights of Brown & Co PLC's shareholding in Seylan Bank PLC to 9.55% with effect from 31 March 2020 in compliance with the direction issued by the Monetary Board vide Director – Bank Supervision's letter dated 6 April 2020. The Bank has made relevant disclosures via its Annual Reports since 2020 to date.

Related party relationships of the Ordinary voting shareholders of the Bank as at 31<sup>st</sup> March 2024\* are as follows:

\*Unaudited

| Shareholders (voting)  | Relationship/% of equity capital held | Common Directors /KMPs  |
|--|---------------------------------------|---|
| Sri Lanka Insurance Corporation Ltd  | 15%                                   | Directors, Mr W M R S Dias and Mr S V Corea who were are nominated to the Board by SLIC retired on 28th May 2024 and 13th May 2024, respectively.   |
| Brown & Company PLC A/C No. 1<br>Sampath Bank PLC/Brown and Company  | 10.48%<br>3.40%                       | Ms V G S S Kotakadeniya   |
| Sampath Bank PLC/LOLC Investments Ltd<br>LOLC Investments Ltd<br>(Subsidiary of LOLC Holdings PLC)           | 9.36 %<br>0.19%                       | <u>Common Directors of LOLC Holdings PLC</u><br>Mr D M D K Thilakaratne<br>Ms V G S S Kotakadeniya  |
| Seylan Bank PLC A/C No. 04 - Employees<br>Gratuity Trust Fund<br>(Employees Gratuity Trust Fund of the Bank) | 6.60%                                 | The following Directors of the Bank are Trustees of the Fund –<br>Mr W M R S Dias<br>Mr R J Jayasekara<br>Mrs S K Salgado<br>Mr D M D K Thilakaratne<br>Mr L H A L Silva<br><br>The following Senior Management Members of the Bank are Trustees of the Fund –<br>Mr J Amarasinghe<br>Mrs C Dodanwela<br>Mrs V A Paranagama |

Top twenty (20) Ordinary Non-voting shareholders of the bank as at \*31<sup>st</sup> March 2024 were as follows:

| NO | SHAREHOLDER'S NAME   | NO OF SHARES HELD | PERCENTAGE (%) |
|----|--|-------------------|----------------|
| 1  | Sampath Bank PLC/LOLC Holdings PLC                                   | 141,537,111       | 44.41          |
| 2  | L O L C Holdings PLC   | 22,935,275        | 7.20           |
| 3  | Employees Provident Fund   | 17,001,074        | 5.33           |
| 4  | Don and Don Holdings Private Limited                                 | 8,571,297         | 2.69           |
| 5  | Sri Lanka Insurance Corporation Ltd - Life Fund                      | 8,222,957         | 2.58           |
| 6  | Akbar Brothers Pvt Ltd A/C No. 1                                     | 6,810,259         | 2.14           |
| 7  | Auerbach Grayson and Company LLC                                     | 4,366,382         | 1.37           |
| 8  | Peoples Leasing & Finance PLC/Don and Don Holdings (Private) Limited | 4,330,473         | 1.36           |
| 9  | Employees Trust Fund Board   | 3,754,695         | 1.18           |
| 10 | Merrill J Fernando & Sons (Pvt) Limited                              | 3,540,466         | 1.11           |
| 11 | Mr R R Leon  | 3,224,829         | 1.01           |
| 12 | L O L C Technology Services Limited                                  | 2,783,260         | 0.87           |
| 13 | Mr. N. Balasingam  | 2,493,566         | 0.78           |
| 14 | LOLC Finance PLC/Don & Don Holdings (Pvt) Ltd                        | 2,493,211         | 0.78           |
| 15 | Sri Lanka Insurance Corporation Ltd - General Fund                   | 2,250,000         | 0.71           |
| 16 | Mr. R. Gautam  | 1,810,307         | 0.57           |
| 17 | Mr M J Fernando (Deceased)   | 1,745,005         | 0.55           |
| 18 | J.B. Cocoshell (Pvt) Ltd   | 1,700,495         | 0.53           |
| 19 | Ms S Durga   | 1,471,329         | 0.46           |
| 20 | Dr S Yaddehige   | 1,452,925         | 0.46           |

\*Unaudited

Related party relationships of the Ordinary non-voting shareholders of the Bank as at \*31<sup>st</sup> March 2024 are as follows:

| Shareholders (Non-Voting)                          | Relationship    | Common Directors /KMPs   |
|--|-----------------|--|
|  | No. of Shares % |  |
| Sampath Bank PLC / LOLC Holdings PLC               | 44.41%          | Common Directors of LOLC Holdings PLC<br>Mr D M D K Thilakaratne<br>Ms V G S S Kotakadeniya  |
| LOLC Holdings PLC                                  | 7.20%           |  |
| LOLC Technology Services Ltd (LOLC Subsidiary)     | 0.87%           |  |
| Sri Lanka Insurance Corporation Ltd (Life fund)    | 2.58%           | Directors, Mr W M R S Dias and Mr S V Corea who were nominated to the Board by SLIC, retired on 28th May 2024 and 13th May 2024, respectively. |
| Sri Lanka Insurance Corporation Ltd (General fund) | 0.71%           |  |

\*Unaudited

## 7.5 DEBT SERVICING DETAILS OF THE BANK AS AT 31<sup>ST</sup> DECEMBER

| Description  | 2019      | 2020      | 2021      | 2022      | 2023      |
|--|-----------|-----------|-----------|-----------|-----------|
| Gross interest due on debentures (LKR' 000)              | 2,419,840 | 2,468,212 | 2,548,392 | 2,589,596 | 2,923,685 |
| Debenture interest paid on or before due date (LKR' 000) | 2,419,840 | 2,468,212 | 2,548,392 | 2,589,596 | 2,923,685 |
| Debenture interest paid after the due date (LKR' 000)    | N/A       | N/A       | N/A       | N/A       | N/A       |
| Debenture interest not paid as of to date (LKR' 000)     | N/A       | N/A       | N/A       | N/A       | N/A       |

## 7.6 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

Contingent Liabilities of the bank as at \*31<sup>st</sup> March 2024 are as follows (unaudited):

| Description               | LKR '000   |
|---------------------------|------------|
| Acceptances               | 8,203,642  |
| Standby Letters of Credit | 135,879    |
| Guarantees                | 57,857,044 |
| Documentary Credit        | 7,603,920  |
| Bills for Collection      | 4,973,914  |

These balances are excluding Net Forward Exchange Contracts.

\*Unaudited

In the normal course of business, the Bank is involved in various types of litigation with borrowers or others who have asserted or initiated claims/counter claims against the Bank such as those provided in Note 48 in the Annual Report for the year ended 31<sup>st</sup> December 2023. These cases are on-going matters as at date and the Bank cannot quantify the potential impact until such litigation is concluded and therefore, they are not disclosed as a contingent liability. Further the Bank is of the opinion that the outcome of any action will not have a material effect on the financial position of the Bank.

## 7.7 PARTICULARS OF DEBT AND LOAN CAPITAL

The outstanding borrowings of the Bank as at \*31<sup>st</sup> March 2024 are as follows (unaudited):

| Description  | LKR '000          |
|--|-------------------|
| <b>Due to Banks</b>  |                   |
| Refinance Borrowing  | 6,466,799         |
| Borrowings from Local Banks  | 147,996           |
| Borrowings from Foreign Banks                                      | 4,775,701         |
| <b>Total Due to Banks</b>  | <b>11,390,496</b> |
| <b>Debt Securities Issued – Debentures at Amortized Cost</b>       | <b>20,627,814</b> |
| <b>Other Borrowings - Refinance Borrowing (Other Institutions)</b> | <b>18,535</b>     |

\*Unaudited

Note: The Bank does not have long term borrowings, other than debentures & long-term foreign borrowing of USD 15.1 Mn.

## 7.8 DEBT SECURITIES

Details of the Listed Debentures in issue as at the day of the prospectus are as follows:

| <b>BASEL III COMPLIANT TIER 2 LISTED RATED UNSECURED SUBORDINATED REDEEMABLE FIVE-YEAR DEBENTURES (LKR 000')</b> |                               |                          |                        |
|--|-------------------------------|--------------------------|------------------------|
|  | <b>Amount<br/>(LKR 000's)</b> | <b>Interest<br/>rate</b> | <b>Maturity Date</b>   |
| <b>2018 PUBLIC ISSUE</b>   |                               |                          |                        |
| SEMI ANNUAL (FIVE YEAR FIXED)  | 3,910,000                     | 12.85%                   | Redeemed on 29.03.2023 |
| SEMI ANNUAL (SEVEN YEAR FIXED)   | 715,000                       | 13.20%                   | 29/03/2025             |
| SEMI ANNUAL (TEN YEAR FIXED)   | 1,609,000                     | 13.50%                   | 29/03/2028             |
|  | <b>6,234,000</b>              |                          |                        |
| <b>2021 PUBLIC ISSUE</b>   |                               |                          |                        |
| ANNUAL (FIVE YEAR FIXED)   | 5,352,020                     | 9.75%                    | 12/04/2026             |
| QUARTERLY (FIVE YEAR FIXED)  | 647,980                       | 9.25%                    | 12/04/2026             |
| <b>TOTAL</b>   | <b>6,000,000</b>              |                          |                        |
| <b>2023 PUBLIC ISSUE</b>   |                               |                          |                        |
| ANNUAL (FIVE YEAR FIXED)   | 3,851,882.50                  | 28.00%                   | 02/05/2028             |
| QUARTERLY (FIVE YEAR FIXED)  | 1,148,117.50                  | 25.00%                   | 02/05/2028             |
|  | <b>5,000,000</b>              |                          |                        |

Seylan Bank PLC has complied with the main objectives stated in the Prospectus' of its Debentures issues allotted in 2018, 2021 and 2023 which are listed in the Colombo Stock Exchange. There was no deviation from the objectives for which the Debentures were issued.

**Objectives of the 2018 Debenture Issue (BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion) of Rs.6,234,000,000/-(LKR 3.910 Billion consisting the 5 Year Tenure Debentures already matured)**

- To increase the Tier 2 Capital base of the Bank in accordance with BASEL III requirements
- To grow the loans and advances portfolio through diverse lending products

**Objectives of the 2021 Debenture Issue (BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion) of Rs.6,000,000,000/-**

- To strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements; and
- To meet the current credit demand (loans and advances) of the Bank.

**Objectives of the 2023 Debenture Issue (BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion) of Rs.6,000,000,000/-**

- to strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements by the issue of subordinated debentures; and
- Grow the lending portfolio, especially in segments such as Small and Medium Enterprises (SME) and Export oriented industries; and
- Reduce Maturity gaps in the Assets and Liabilities of the Bank.

Debenture Holders of BASEL III Compliant, Tier 2, Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion do not have the following rights;

- Sharing in the profits of the Bank
- Participating in any surplus in the event of liquidation or any special rights

The above-mentioned Debenture Holders are at any event not barred from being shareholders of the Bank and if they are shareholders, they will enjoy the rights and privileges entitled to shareholders.

However, In the event of liquidation or winding up, the claims of the above mentioned subordinated

Debenture Holders will be ranked after all the claims of the senior debt holders of the Bank and the preferential claims under Section 365 of the Companies Act No.7 of 2007 but in priority to the claims and rights of the Shareholders of the Bank.

There were no outstanding convertible debt securities other than BASEL III, convertible to equity as at 31 December 2023.

## 7.9 KEY FINANCIAL RATIOS (Audited)

| Description   | 31 <sup>st</sup> Dec<br>2019 | 31 <sup>st</sup> Dec<br>2020 | 31 <sup>st</sup> Dec<br>2021 | 31 <sup>st</sup> Dec<br>2022 | 31 <sup>st</sup> Dec<br>2023 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Interest Cover (times)  | 3.11                         | 2.67                         | 3.37                         | 3.56                         | 4.45                         |
| Debt (D) to Equity(E) ratio   | 0.45                         | 0.35                         | 0.42                         | 0.40                         | 0.33                         |
| Total Capital Adequacy Ratio (%)  | 14.84                        | 14.30                        | 14.11                        | 13.59                        | 15.84                        |
| Statutory Liquid Assets Ratio (%) for Domestic Banking Operations (Minimum Requirement - 20%)         | 21.40                        | 31.31                        | 22.84                        | 25.16                        | 38.51                        |
| Statutory Liquid Assets Ratio (%) for Foreign Currency Banking Operations (Minimum Requirement - 20%) | 21.81                        | 22.47                        | 23.30                        | 25.02                        | 23.28                        |

### 1 Interest Cover (times)

Profit before Interest & Tax  
Interest

### 2 Debt to Equity (times)

(Long Term Debt)  
Equity

### 3 Capital Adequacy Ratio (%)

Total Capital Adequacy Ratio as per CBSL Directions  
Total Capital (Tier 1& Tier 2)  
Total Risk Weighted Assets

### 4 Statutory Liquid Assets Ratio (%)

- Domestic Banking Operations
- Foreign Currency Banking Operations

Statutory Liquid Assets as per the CBSL Directions/ Banking Act  
Total Liability Base as per CBSL Directions

## 7.10 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The “Related Party Transactions Review Committee” was established as a Board Sub-committee with the main objective of reviewing Related Party Transactions as required by the Listing Rules of the Colombo Stock Exchange (CSE) (and any amendment from time to time) and the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC).

Members of the Related Party Transactions Review Committee are as follows:

| <b>Name of the Board Subcommittee Member</b> | <b>Membership Status</b>  | <b>Directorship Status</b> |
|--|---------------------------|----------------------------|
| Mr Lokugan Hewage Ananda Lakshman Silva      | Chairman of the Committee | Independent Director       |
| Ms Averil Anne Ludowyke                      | Committee Member          | Independent Director       |
| Justice Buwaneka Pandukabaya Aluwihare, PC   | Committee Member          | Independent Director       |

The Chief Executive Officer, the Compliance Officer and other members of the Senior Management attend the meeting on invitation.

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**8 BOARD OF DIRECTORS**

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Details of the Board of Directors of the Bank are as follows:

| <b>Name</b>   | <b>Designation</b>                            |
|---|---|
| Justice Buwaneka Pandukabaya Aluwihare, PC            | Independent Non-Executive Director / Chairman |
| Mr Ramesh Joseph Jayasekara                           | Director/ Chief Executive Officer             |
| Mrs Sandya Kumari Salgado                             | Senior Independent Director                   |
| Mr Don Manuwelge Don Krishan Thilakaratne             | Non-Independent, Non-Executive Director       |
| Mr Dissanayake Mudiyanseelage Rupasinghe              | Independent Non-Executive Director            |
| Mr Lokugan Hewage Ananda Lakshman Silva               | Independent Non-Executive Director            |
| Ms Vithana Godellage Sarajika Sunjeevani Kotakadeniya | Non-Independent, Non-Executive Director       |
| Ms Averil Anne Ludowyke                               | Independent Non-Executive Director            |

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**9 SENIOR MANAGEMENT**

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| <b>Name</b>               | <b>Designation</b>  |
|---------------------------|---|
| Mr Ramesh Jayasekara      | Director / Chief Executive Officer                                    |
| Ms Champika Dodanwela     | Chief Financial Officer   |
| Mr Harsha Wanigatunga     | Chief Information Officer   |
| Mr Malik Wickramanayake   | Deputy General Manager – Operations                                   |
| Mr Shanaka Perera         | Deputy General Manager - Treasury                                     |
| Mr Aruna Fernando         | Deputy General Manager/Chief Risk Officer                             |
| Mr Varuna Koggalage       | Deputy General Manager - Internal Audit                               |
| Ms Sharon Fonseka         | Deputy General Manager – Corporate Credit Branches                    |
| Mr Ranil Dissanayake      | Deputy General Manager –Branch Credit                                 |
| Mr Eranga Lankatilaka     | Deputy General Manager – Recoveries                                   |
| Mr Eugene Seneviratne     | Deputy General Manager – Retail Banking                               |
| Mr Wasantha Karunaratne   | Assistant General Manager - Services                                  |
| Mr Kapila Rathnayaka      | Assistant General Manager - Premises Maintenance                      |
| Mr Sampath Fernando       | Assistant General Manager – Information Technology                    |
| Mr Ruwan Fernando         | Assistant General Manager - Branches II                               |
| Ms Vayoma Paranagama      | Assistant General Manager - Legal                                     |
| Mr Dilan Wijegoonawardena | Assistant General Manager – International                             |
| Ms Nilanthie De Meral     | Assistant General Manager – Corporate Banking                         |
| Mr Dimuth Sigera          | Assistant General Manager – Branches I                                |
| Mr Shanuka Jayarathna     | Assistant General Manager – Finance                                   |
| Ms Chaya Gunarathne       | Assistant General Manager - Compliance                                |
| Mr Asiri Abhayaratne      | Assistant General Manager – Marketing & Sales                         |
| Mr Nissanka Rajapaksha    | Assistant General Manager – Internal Audit                            |
| Ms Amanthi Motha          | Assistant General Manager – Human Resources                           |
| Mr Chaminda Senewiratne   | Assistant General Manager – Digital Banking / Head of Digital Banking |
| Mr Cecilton Philip        | Assistant General Manager – Branch Credit                             |
| Ms Astrid Iddamalgoda     | Assistant General Manager – Operations                                |
| Ms Saraswathie Poulraj    | Company Secretary   |

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## 10 STATUTORY DECLARATION BY THE DIRECTORS

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We, the undersigned who are named herein as Board of Directors of Seylan Bank PLC hereby declare and confirm that we have read the provisions of the Listing Rules of the Colombo Stock Exchange (CSE) and of the Companies Act No. 7 of 2007 and any amendments thereto relating to the Issue of this Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by the Directors of Seylan Bank PLC and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the Companies Act No. 07 of 2007 and the Listing Rules of the CSE and any amendments to it from time to time have been complied with, and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Seylan Bank PLC have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Seylan Bank PLC and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the Directors.

The parties to the Issue have submitted declarations to the Bank declaring that they have complied with all regulatory requirements applicable to such parties, and that such parties have no conflict of interest with the Bank.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of Debentures issued by Seylan Bank PLC and those Debentures which are the subject of this Issue.

Such permission will be granted when Debentures are listed in the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of Seylan Bank PLC or the Debenture Issue.

| Name of Director                                      | Designation                                   | Signature |
|---|---|-----------|
| Justice Buwaneka Pandukabaya Aluwihare, PC            | Independent Non-Executive Director / Chairman |           |
| Mr Ramesh Joseph Jayasekara                           | Director/ Chief Executive Officer             |           |
| Mrs Sandya Kumari Salgado                             | Senior Independent Director                   |           |
| Mr Don Manuwelge Don Krishan Thilakaratne             | Non-Independent, Non-Executive Director       |           |
| Mr Dissanayake Mudiyanseelage Rupasinghe              | Independent Non-Executive Director            |           |
| Mr Lokugan Hewage Ananda Lakshman Silva               | Independent Non-Executive Director            |           |
| Ms Vithana Godellage Sarajika Sunjeevani Kotakadeniya | Non-Independent, Non-Executive Director       |           |
| Ms Averil Anne Ludowyke                               | Independent Non-Executive Director            |           |

## DECLARATION BY THE JOINT MANAGERS TO THE ISSUE

We, Capital Alliance Partners Limited, of Level 5, Millennium House, 46/58, Navam Mawatha, Colombo 02 being Joint Managers to the Issue of Seylan Bank PLC, hereby declare and confirm to the best of our knowledge and belief that the Prospectus constitutes full and true disclosure of all material facts about the Issue and about Seylan Bank PLC, whose Debentures are being listed.

Signed by two directors of Capital Alliance Partners Limited, being duly authorised thereto, at Colombo on 04<sup>th</sup> July 2024.

**Director**

**Director**

We, Acuity Partners (Private) Limited of No. 53, Dharmapala Mawatha, Colombo 03 being Joint Managers to the Issue of Seylan Bank PLC, hereby declare and confirm to the best of our knowledge and belief that the Prospectus constitutes full and true disclosure of all material facts about the Issue and about Seylan Bank PLC, whose Debentures are being listed.

Signed by two directors of Acuity Partners (Private) Limited, being duly authorised thereto, at Colombo on 04<sup>th</sup> July 2024.

**Director**

**Director**

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## 11 FINANCIAL INFORMATION

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The following financial information of Seylan Bank PLC is available on the website of The Colombo Stock Exchange ([www.cse.lk](http://www.cse.lk)) and the website of the Seylan Bank PLC ([www.seylan.lk](http://www.seylan.lk)).

- Audited financial statements of the Bank for the year ended 31 December 2023
- Interim financial statements of Seylan Bank PLC as at 31<sup>st</sup> March 2024
- Summarized financial statements for the five-year preceding the date of the application (i.e., for the financial years ending 31<sup>st</sup> December 2019 -31<sup>st</sup> December 2023) the Accountant's Report stating the accounting policies adopted by the Entity certified by the Auditors.



Maninda Wickramasinghe  
Country Head MD/CEO

## **Fitch Assigns Seylan Bank's Basel III Subordinated Debt 'BBB(lka)' Final Rating**

Fitch Ratings - Colombo - 01 Jul 2024: Fitch Ratings has assigned Seylan Bank PLC's (A-(lka)/Stable) proposed Sri Lankan rupee-denominated Basel III-compliant subordinated debentures of up to LKR10 billion a final National Long-Term Rating of 'BBB(lka)'.

The final rating is the same as the expected rating assigned on 16 May 2024 and follows the receipt of documents conforming to information already received.

### **KEY RATING DRIVERS**

The proposed debentures, which have maturities of five and seven years, will be listed on the Colombo Stock Exchange. Seylan plans to use the proceeds to strengthen its Tier 2 capital base, grow the loan book and reduce maturity mismatches in the balance sheet.

The bank expects the proposed debentures to qualify as Basel III-compliant regulatory Tier 2 capital. The debentures include a non-viability clause whereby they convert to ordinary voting shares upon the occurrence of a trigger event, as determined by the Monetary Board of Sri Lanka.

Seylan's Sri Lankan rupee-denominated subordinated debt is rated two notches below the bank's National Long-Term Rating anchor. This reflects Fitch's baseline notching for loss severity for this type of debt and expectation of poor recoveries. There is no additional notching for non-performance risk, as the notes do not incorporate going-concern loss-absorption features.

Seylan's National Long-Term Rating is used as the anchor rating for this instrument because it reflects the bank's standalone financial strength and best indicates the risk of the bank becoming non-viable.

Fitch affirmed Seylan's National Long-Term Rating, removed it from Rating Watch Negative and assigned a Stable Outlook on 5 October 2023; see "[Fitch Affirms Ratings on 15 Sri Lankan Banks; Removes Watch Negative; CBL on Negative Outlook](#)".

### **RATING SENSITIVITIES**

#### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

Seylan's subordinated debt would be downgraded if the bank's National Long-Term Rating is downgraded.

#### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

Seylan's subordinated debt would be upgraded if the bank's National Long-Term Rating is upgraded.

4/5/1

#### DATE OF RELEVANT COMMITTEE

04 October 2023

#### REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

#### RATING ACTIONS

| ENTITY / DEBT        | RATING               | PRIOR                |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Seylan Bank PLC      |                      |                      |
| subordinated         | Nat'l LT             | BBB(EXP)(lka)        |
|                      | BBB(lka)             | New Rating           |
|                      |                      | BBB(EXP)(lka)        |

PREVIOUS

Page 1 of 1

10 rows

NEXT

[VIEW ADDITIONAL RATING DETAILS](#)

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

#### PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

#### APPLICABLE CRITERIA

- [National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)
- [Bank Rating Criteria - Effective from 1 September 2023 to 15 March 2024 \(pub. 02 Sep 2023\) \(including rating assumption sensitivity\)](#)

#### ADDITIONAL DISCLOSURES

- [Solicitation Status](#)
- [Endorsement Policy](#)
- [Potential Conflicts Resulting from Revenue Concentrations](#)

#### ENDORSEMENT STATUS

Seylan Bank PLC -

## DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating s

## READ MORE

## SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

## ANNEXURE II - BRANCH NETWORK

|    | Name of the Branch | Address  | Email Address                | Tel 1             | Fax             |
|----|--------------------|--|------------------------------|-------------------|-----------------|
| 1  | Akkaraipatthu      | Zakir City, Pothuvil Road, Akkaraipatthu.                  | akkaraipattu.bmg@seylan.lk   | 067 - 22 79 781   | 067 - 22 79 783 |
| 2  | Akuressa           | No.119, Deniyaya Road, Akuressa.                           | akuressa.bmg@seylan.lk       | 041 - 22 84 951   | 041 - 22 89 450 |
| 3  | Aluthgama          | No.295A, Senaro Building, Galle Road, Aluthgama            | aluthgama.bmg@seylan.lk      | 034 - 22 93 501-3 | 034- 22 93 504  |
| 4  | Ambalangoda        | No. 24A, Galle Road, Ambalangoda.                          | ambalangoda.bmg@seylan.lk    | 091 - 22 58 010   | 091 - 22 58 011 |
| 5  | Ambalantota        | 154, Tissa Road, Ambalantota                               | ambalantota.bmg@seylan.lk    | 047 - 22 25 482   | 047 - 22 25 484 |
| 6  | Ampara             | 129, D.S. Senanayaka Street, Ampara                        | ampara.bmg@seylan.lk         | 063 - 22 24 897   | 063 - 22 24 897 |
| 7  | Anuradapura        | No.250, Maithreepala Senanayake Mw,Anuradapura             | anuradhapura.bmg@seylan.lk   | 025 - 22 24 649   | 025 - 22 23 116 |
| 8  | Aralaganwila       | No.14/82, Kolongas Junction, Aralaganwila.                 | aralaganwila.bmg@seylan.lk   | 027 - 22 57 274   | 027 - 22 57 273 |
| 9  | Athurugiriya       | No 111/2, Borella Road, Athurugiriya.                      | athurugiriya.bmg@seylan.lk   | 011 - 27 62 849   | 011 - 2762 867  |
| 10 | Attidiya           | No. 214, Main Road, Attidiya, Dehiwala                     | attidiya.bmg@seylan.lk       | 011 - 27 29 696   | 011 - 27 22 967 |
| 11 | Awissawella        | No. 71, Rathnapura Road, Avissawella                       | avissawella.bmg@seylan.lk    | 036 - 22 22 007   | 036 - 22 22 009 |
| 12 | Badulla            | No. 10, Cocowatta Road, Badulla                            | badulla.bmg@seylan.lk        | 055 - 22 22 073   | 055 - 22 22 884 |
| 13 | Baduraliya         | No 142,143,144, Ratnapura Rd, Baduraliya.                  | baduraliya.bmg@seylan.lk     | 034 - 22 46 716   | 034 - 22 46 733 |
| 14 | Balangoda          | 123, Barns Ratwattay, Balangoda                            | balangoda.bmg@seylan.lk      | 045 - 22 87 107   | 045 - 22 87 344 |
| 15 | Bambalapitiya      | 122.124, Galle Road, Colombo 04.                           | bambalapitiya.bmg@seylan.lk  | 011 - 25 06 295   | 011 - 25 06 291 |
| 16 | Bandaragama        | No, 17A, Horana Rd, Bandaragama                            | bandaragama.bmg@seylan.lk    | 038 - 22 90 706   | 038 - 22 91 125 |
| 17 | Bandarawela        | No. 240, Badulla Rd, Bandarawela                           | bandarawela.bmg@seylan.lk    | 057 - 22 23 144   | 057 - 22 22 964 |
| 18 | Battaramulla       | No.119A, Pannipitiya Road, Battaramulla                    | battaramulla.bmg@seylan.lk   | 011 - 28 76 102   | 011 - 28 76 104 |
| 19 | Batticaloa         | No. 06, Lloyds Av, Batticaloa                              | batticaloa.bmg@seylan.lk     | 065 - 22 24 419   | 065 - 22 24 353 |
| 20 | Beliatte           | NO.73, Tangalle Rd, Beliatte.                              | beliatta.bmg@seylan.lk       | 047 - 22 43 619   | 047 - 22 43 619 |
| 21 | Beruwala           | No 82, Galle Rd, Beruwala                                  | beruwala.bmg@seylan.lk       | 034 - 22 79 887   | 034 - 22 79 888 |
| 22 | Bogawantalawa      | No 79, Main Street, Bogawantalawa                          | bogawantalawa.bmg@seylan.lk  | 052 - 22 67 576   | 052 - 22 67 576 |
| 23 | Boralesgamuwa      | No 50, Dehiwala Rd, Boralesgamuwa                          | boralesgamuwa.bmg@seylan.lk  | 011 - 25 17 548   | 011 - 25 09 526 |
| 24 | Borella            | No 1119, Maradana Rd, Borella                              | borella.bmg@seylan.lk        | 011 - 26 78 190   | 011 - 26 81 194 |
| 25 | Bowatta            | No.476/2, Kurunegala Road, Bowatta, Bingiriya.             | bowatta.bmg@seylan.lk        | 032 - 22 45 771   | 032 - 22 45 772 |
| 26 | Chankanai          | MallakkamJunction,MainSt,Chankanai                         | chankani.bmg@seylan.lk       | 021 - 22 50 025   | 021 - 22 50 025 |
| 27 | Chavakachcheri     | No.179,181,183, & 185 Kandy Road, Chavakachcheri.          | chawakachcheri.bmg@seylan.lk | 021 - 22 70 525   | 021 - 22 70 527 |
| 28 | Chenkalady         | Main Street, Chenkalady.                                   | chenkalady.bmg@seylan.lk     | 065 - 22 41 522   | 065 - 22 41 511 |
| 29 | Chilaw             | No 46, Kurunegala Rd, Chilaw                               | chilaw.bmg@seylan.lk         | 032 - 22 22 121   | 032 - 22 23 279 |
| 30 | Chunnakam          | No 130, Ponnambalam Ramanathan Road, K.K.S Road, Chunnakam | chunnakam.bmg@seylan.lk      | 021-2242901       | 021-2242904     |

|    |                         |   |  |                 |                                   |
|----|-------------------------|---|--|-----------------|-----------------------------------|
| 31 | Cinnamon Gardens        | No 41, Alexandra Place, Colombo 07.                                 | cinnamongardens.bmg@seylan.lk  | 011 - 26 94 966 | 112 - 68 37 25                    |
| 32 | Colombo Fort Branch     | No 69, Janadhipathi Mw, Colombo 01                                  | colombofort.bmg@seylan.lk  | 011 - 24 45 840 | 011 - 24 47 990                   |
| 33 | Colombo Gold Centre     | Shop No.47 & 51, Colombo Gold Centre, Central Super Market, Pettah. | colombogoldcentre.bmg@seylan.lk  | 011 - 23 39 840 | 011 - 23 39 842                   |
| 34 | Dam Street              | No 203, Dam Street, Colombo 11                                      | damstreet.bmg@seylan.lk  | 011 - 23 90 980 | 011 - 23 47 138                   |
| 35 | Dambulla                | No 601, Anuradhapura Rd, Dambulla.                                  | dambulla.bmg@seylan.lk   | 066 - 22 83 022 | 066 - 22 83 023                   |
| 36 | Dankotuwa               | No 20, Negombo Road, Dankotuwa                                      | dankotuwa.bmg@seylan.lk  | 031 - 22 65 535 | 031 - 22 65 538                   |
| 37 | Dehiattakandiya         | No 83/84, Main Street, Dehiattakandiya                              | dehiattakandiya.bmg@seylan.lk  | 027 - 22 50 034 | 027 - 22 50 268                   |
| 38 | Dehiwala                | No 166D, Galle Rd, Dehiwala   | dehiwela.bmg@seylan.lk   | 011 - 27 26 395 | 011 - 27 39 128                   |
| 39 | Dummalasuriya           | No 128, Main Street, Dummalasuriya                                  | dummalasooriya.bmg@seylan.lk   | 032 - 22 42 221 | 032 - 22 42 224                   |
| 40 | Eheliyagoda             | No.65, Awissawella Road, Eheliyagoda                                | Eheliyagoda.bmg@seylan.lk  | 0362256995/6    | 362256998                         |
| 41 | Embilipitiya            | New Town Rd, Embilipitiya   | embilipitiya.bmg@seylan.lk   | 047 - 22 30 340 | 047 - 22 30 342                   |
| 42 | Eppawala                | No.114/B, Talawa Road, Eppawala.                                    | eppawala.bmg@seylan.lk   | 025 - 22 49 923 | 025 - 22 49 922                   |
| 43 | Galenbidunuwewa         | Kahatagasdigiliya Road, Galenbidunuwewa.                            | galenbidunuwewa.bmg@seylan.lk  | 025 - 22 58 778 | 025 - 22 58 777                   |
| 44 | Galle                   | No 341, 1st cross Street, Talbot Town, Galle.                       | galle.bmg@seylan.lk  | 091 - 22 32 242 | 091 - 22 34 642                   |
| 45 | Gampaha                 | No 01J, Bauddhaloka Mw, Gampaha                                     | gampaha.bmg@seylan.lk  | 033 - 22 22 618 | 033 - 22 22 934                   |
| 46 | Gampola                 | No 44, Kandy Rd, Gampola  | gampola.bmg@seylan.lk  | 081 - 23 52 741 | 081 - 23 52 740                   |
| 47 | Ganemulla               | No 4/2, Kirindiwita Rd, Ganemulla                                   | ganemulla.bmg@seylan.lk  | 033 - 22 60 230 | 033 - 22 60 737                   |
| 48 | Giriulla                | No 27, Maha Veediya (Negombo Rd), Giriulla                          | <a href="mailto:giriulla.bmg@seylan.lk">giriulla.bmg@seylan.lk</a>     | 037 22 89 114   | 037 22 89 119                     |
| 49 | Godagama                | No.157/A, High Level Road, Godagama                                 | godagama.bmg@seylan.lk   | 011 - 28 95 741 | 011 - 28 95 743                   |
| 50 | Gothatuwa (Kotikawatte) | No 31, Gothatuwa New Town, Angoda.                                  | gothatuwa.bmg@seylan.lk  | 011 - 24 10 985 | 011 - 24 10 986                   |
| 51 | Godakawela              | No 54/B, Main Street, Godakawela                                    | <a href="mailto:godakawela.bmg@seylan.lk">godakawela.bmg@seylan.lk</a> | 045 22 40 724   | 045 22 40 727                     |
| 52 | Grandpass               | No 401, Prince of Wales Av, Colombo 14                              | grandpass.bmg@seylan.lk  | 011 - 24 47 581 | 011 - 23 47 774 / 011 - 24 40 117 |
| 53 | Hambantota              | No. 57A, Tissa Road, Hambantota.                                    | hambantota.bmg@seylan.lk   | 047 - 22 20 507 | 047 - 22 20 519                   |
| 54 | Hatton                  | No.42, Dunbar Rd, Hatton.   | hatton.bmg@seylan.lk   | 051 - 22 22 234 | 051 - 22 22 682                   |
| 55 | Havelock Town           | No 164,166, Havelock Rd, Colombo 05                                 | havelocktown.bmg@seylan.lk   | 011 - 25 96 550 | 011 - 25 97 498                   |
| 56 | Hettipola               | No.169, Kurunegala Road, Hettipola                                  | Hettipola.bmg@seylan.lk  | 0372291833/4    | 372291844                         |
| 57 | Hikkaduwa               | No.271, Galle Road, Hikkaduwa                                       | hikkaduwa.bmg@seylan.lk  | 091 - 22 76 964 | 091 - 22 76 966                   |
| 58 | Hingurakgoda            | No 1314, Airport Rd, Hingurakgoda                                   | hingurakgoda.bmg@seylan.lk   | 027 - 22 46 242 | 027 - 22 46 043                   |
| 59 | Homagama                | No 94, High Level Rd, Homagama                                      | homagama.bmg@seylan.lk   | 011 - 28 55 065 | 011 - 28 55 066                   |
| 60 | Horana                  | 160/1/1, Rathnapura Rd, Horana                                      | horana.bmg@seylan.lk   | 034 - 22 61 176 | 034 - 22 63 518                   |
| 61 | Ingiriya                | No 23/1, Central Building, Padukka Rd, Ingiriya.                    | ingiriya.bmg@seylan.lk   | 034 - 22 69 754 | 034 - 22 69 900                   |

|    |                |   |                              |                   |                                   |
|----|----------------|---|------------------------------|-------------------|-----------------------------------|
| 62 | Ja-Ela         | No 165 & 165 2/1, Colombo Rd, Ja-Ela              | jaela.bmg@seylan.lk          | 011 - 22 37 421   | 011 - 22 37 416                   |
| 63 | Jaffna         | No.141, 143, Hospital Rd, Jaffna                  | jaffna.bmg@seylan.lk         | 021 - 22 23 755   | 021 - 22 23 047                   |
| 64 | Kadawatha      | No 28/B, Ganemulla Rd, Kadawatha                  | kadawatha.bmg@seylan.lk      | 011 - 29 25 594   | 011 - 29 25 596                   |
| 65 | Kaduruwela     | No 824A, Main Street, Kaduruwela                  | kaduruwela.bmg@seylan.lk     | 027 - 22 25 319   | 027 - 22 25 321                   |
| 66 | Kalawanchikudy | No.225, MainStreet, Kaluwanchikudi.               | kalawanchikudy.bmg@seylan.lk | 065 - 22 51 536   | 065 - 22 51 535                   |
| 67 | Kalmunai       | No.159, Batticaloa Road, Kalmunai.                | kalmunai.bmg@seylan.lk       | 067 - 22 25 841   | 067 - 22 25 843                   |
| 68 | Kalpitiya      | No.73, Main Street, Kalpitiya.                    | kalpitiya.bmg@seylan.lk      | 032 - 22 60 803/4 |                                   |
| 69 | Kalubowila     | No 32, S De S jayasinghe MW, Kalubowila, Dehiwala | kalubowila.bmg@seylan.lk     | 011 - 28 22 944   | 011 - 28 22 870                   |
| 70 | Kalutara       | No 338, Main street, Kalutara                     | kalutara.bmg@seylan.lk       | 034 - 22 25 035   | 034 - 22 23 033                   |
| 71 | Kamburupitiya  | No. 05, Akuressa Road, Kamburupitiya              | kamburupitiya.bmg@seylan.lk  | 041 - 22 92 555   | 041 - 22 93 555                   |
| 72 | Kandy          | No. 21, Dalada Veediya, Kandy                     | kandy.bmg@seylan.lk          | 081 - 22 33 763   | 22 32 322 - 22 34 805             |
| 73 | Kandana        | No. 82, Negombo Road, Kandana.                    | kandana.bmg@seylan.lk        | 011-2234207       |                                   |
| 74 | Karapitiya     | No 108A, Karapitiya, Galle                        | karapitiya.bmg@seylan.lk     | 091-22 22 537     | 091-22 22 540                     |
| 75 | Kantale        | 189, Agrabodhi Mw, Kanthale                       | kantale.bmg@seylan.lk        | 026 - 22 34 478   | 026 - 22 34 479                   |
| 76 | Katharagama    | No.01, New Town, Kataragama.                      | katharagama.bmg@seylan.lk    | 047 – 56 77 165   | 047 - 22 36 248                   |
| 77 | Kattankudy     | No 500B, 500C, New Kalmunai Road, Manchanthoduwai | kattankudy.bmg@seylan.lk     | 065 - 22 46 625   | 065 - 22 46 696                   |
| 78 | Katugastota    | No.81, Kurunegala Road, Katugasthota              | katugastota.bmg@seylan.lk    | 081 – 22 12 870   | 081 - 22 12 871                   |
| 79 | Katunayaka     | No 32,Dhammaloka Mw, Averiawatte Katunayake.      | katunayake.bmg@seylan.lk     | 011 - 22 52 566   | 011 - 22 52 567                   |
| 80 | Katuneriya     | No, 99/1,Chillaw Road. Katuneriya.                | katuneriya.bmg@seylan.lk     | 031 - 22 57 765   | 031 - 22 53 149                   |
| 81 | Kegalle        | No 112, Colombo Rd, Kegalle.                      | kegalle.bmg@seylan.lk        | 035 - 22 22 007   | 035 - 22 22 006                   |
| 82 | Kekirawa       | No 06, Yakkala Rd, Kekirawa.                      | kekirawa.bmg@seylan.lk       | 025 - 22 64 590   | 025 - 22 64 592                   |
| 83 | Kelaniya       | No.32, Kandy Road, Dalugama Kelaniya              | kelaniya.bmg@seylan.lk       | 011 - 29 87 321   | 011 - 29 87 323                   |
| 84 | Kilinochchi    | No 155,155/1, A9 Rd, Killinochchi.                | kilinochchi.bmg@seylan.lk    | 021 - 22 85 310   | 021 - 22 85 311                   |
| 85 | Kiribathgoda   | No 173, Kandy Rd, Kiribathgoda                    | kiribathgoda.bmg@seylan.lk   | 011 - 29 08 113   | 011 - 29 12 379                   |
| 86 | Kirindiwela    | No 89, Gampaha Rd, Kirindiwela.                   | kirindiwela.bmg@seylan.lk    | 033 - 22 69 709   | 033 - 22 69 709                   |
| 87 | Kirulapone     | 280 B, High Level Road, Colombo 06.               | kirulapone.bmg@seylan.lk     | 011 - 28 29 054   | 011 - 27 68 432                   |
| 88 | Kochchikade    | No 66, Chilaw Rd, Kochchikade                     | kochchikade.bmg@seylan.lk    | 031 - 22 77 661   | 031 - 22 77 341                   |
| 89 | Koggala        | 09, Export Processing Zone Koggala Habaraduwa.    | koggala.bmg@seylan.lk        | 091 - 22 83 390   | 091 - 22 83 389                   |
| 90 | Kollupitiya    | No 490, Galle Road, Colombo 03                    | kollupitiya.bmg@seylan.lk    | 011 - 25 64 080   | 011 - 25 77 913 / 011 - 25 76 914 |
| 91 | Kotahena       | No 310, George R De Silva Mw, Colombo 13          | kotahena.bmg@seylan.lk       | 011 - 24 47 041   | 011 - 23 99 660                   |
| 92 | Kottawa        | No. 360/2A, Highlevel Road, Pannipitiya, Kottawa. | kottawa.bmg@seylan.lk        | 011 - 28 42 682   | 011 - 28 51 292                   |
| 93 | Kuliyapitiya   | No 137, Hettipola Rd, Kuliyapitiya                | kuliyapitiya.bmg@seylan.lk   | 037 - 22 81 450   | 037 - 22 81 451                   |
| 94 | Kurunegala     | No 87, Colombo Rd, Kurunegala                     | kurunegala.bmg@seylan.lk     | 037 - 22 23 575   | 037 - 22 24 277                   |

|     |                  |   |                               |                   |                                      |
|-----|------------------|---|-------------------------------|-------------------|--------------------------------------|
| 95  | Maharagama       | No 134, 134/1, 136, High Level Rd, Maharagama               | maharagama.bmg@seylan.lk      | 011 - 28 41 997   | 011 - 28 50 649                      |
| 96  | Mahiyanganaya    | 13, Kandy Road-South, Mahiyanganaya                         | mahiyanganaya.bmg@seylan.lk   | 055 - 22 58 112   | 055 - 22 58 114                      |
| 97  | Malabe           | No 11, Athurugiriya Rd, Malabe                              | malabe.bmg@seylan.lk          | 011 - 25 61 415   | 011 - 25 61 414                      |
| 98  | Manampitiya      | No.9/B Main Street, Manampitiya                             | manampitiya.bmg@seylan.lk     | 027- 22 24 455    | 027 - 22 24 455                      |
| 99  | Manipay          | No 103, Jaffna Rd, Manipay.                                 | manipay.bmg@seylan.lk         | 021 - 22 55 526   | 021 - 22 55 527                      |
| 100 | Mannar           | No 181, Thalaimannar Road, Mannar                           | mannar.bmg@seylan.lk          | 023 - 22 23 241   | 023 - 22 23 243                      |
| 101 | Maradagahamula   | No 150, Divulapitiya Rd, Maradagahamula                     | marandagahamula.bmg@seylan.lk | 031 - 22 46 377   | 031 - 22 46 378                      |
| 102 | Maradana         | No 250, Sri Sangaraja Mw, colombo 10                        | maradana.bmg@seylan.lk        | 011 - 23 34 185   | 011 - 24 73 280 /<br>011 - 24 78 161 |
| 103 | Matale           | No 166-168, Main Street, Matale                             | matale.bmg@seylan.lk          | 066 - 22 32 934   | 066 - 22 32 935                      |
| 104 | Matara           | No.58, Esplanade Road, Matara                               | matara.bmg@seylan.lk          | 041 - 22 21 181   | 041 - 22 23 064                      |
| 105 | Matara Bazzar    | No 167/A, New Tangalle Road, Kotuwegoda, Matara             | matarabazzar.bmg@seylan.lk    | 041-2238395       |                                      |
| 106 | Matugama         | No.121, Agalawatta Road, Matugama.                          | mathugama.bmg@seylan.lk       | 034 - 22 47 544   | 034 - 22 47 091                      |
| 107 | Mawanella        | No 1/3, New Kandy Rd, Mawanella.                            | mawanella.bmg@seylan.lk       | 035 - 22 46 007   | 035 - 22 46 989                      |
| 108 | Mawathagama      | No 69/A, Kurunegala Rd, Mawathagama                         | mawathagama.bmg@seylan.lk     | 037 - 22 98 666   | 037 - 22 96 336                      |
| 109 | Medawachchiya    | 82/C, Jaffna Rd, Medawachchiya.                             | medawachchiya.bmg@seylan.lk   | 025 - 22 45 383   | 025 - 22 45 384                      |
| 110 | Meegoda          | Meegoda Economic Centre Complex, Old Rd, Meegoda            | meegoda.bmg@seylan.lk         | 011 - 28 30 820   | 011 - 28 30 820                      |
| 111 | Millenium Branch | Seylan Towers, No 90, Galle Rd, Colombo 03                  | millennium.bmg@seylan.lk      | 011 - 24 52 502/3 | 011 - 24 52 501                      |
| 112 | Minuwangoda      | No 40, Cargills Building, Colombo Road, Minuwangoda.        | minuwangoda.bmg@seylan.lk     | 011 - 22 99 004   | 011 - 22 99 005                      |
| 113 | Mirigama         | No 70/1, Giriulla Rd, Mirigama.                             | mirigama.bmg@seylan.lk        | 033 - 22 73 001   | 033 - 22 73 000                      |
| 114 | Moneragala       | 94/3, New bus stand, Moneragala                             | monaragala.bmg@seylan.lk      | 055 - 22 76 212   | 055 - 22 76 164                      |
| 115 | Moratumulla      | No.242 (330 & 330/1), De soysa Road, Moratumulla, Moratuwa. | moratumulla.bmg@seylan.lk     | 011 - 26 52 084   | 011 - 26 52 085                      |
| 116 | Moratuwa         | No. 433, Galle Road, Rawathawatte, Moratuwa.                | moratuwa.bmg@seylan.lk        | 011 - 26 56 902   | 011 - 26 56 901                      |
| 117 | Mount Lavinia    | No 198, Galle Rd Ratmalana.                                 | mountlavinia.bmg@seylan.lk    | 011 - 27 38 272   | 011 - 27 23 271                      |
| 118 | Mullativu        | P W D Road, Mullativu                                       | mullativu.bmg@seylan.lk       | 021 - 22 90 065   | 021 - 22 90 067                      |
| 119 | Mutwal           | No. 677, Aluthmawatha Road, Colombo 15                      | mutwal.bmg@seylan.lk          | 011-2524138       |                                      |
| 120 | Narammala        | 150, Kurunegala Road, Narammala                             | narammala.bmg@seylan.lk       | 037 - 22 48 764   | 037 - 22 48 745                      |
| 121 | Nawala           | No 48/A, Narahenpita Rd, Nawala                             | nawala.bmg@seylan.lk          | 011 - 28 06 727   | 011 - 28 05 779                      |
| 122 | Nawalapitiya     | No 13/A, Urban Council Rd. Nawalapitiya                     | nawalapitiya.bmg@seylan.lk    | 054 - 22 22 056   | 054 - 22 23 832                      |
| 123 | Negombo          | No 141, Rajapakse Braodway, Negombo                         | negambo.bmg@seylan.lk         | 031 - 22 24 302   | 031 - 22 24 335                      |
| 124 | Nelliyady        | No 157/1, Jaffna Rd, Nelliady.                              | nelliyady.bmg@seylan.lk       | 021 - 32 05 961   | 021 - 22 64 966                      |

|     |                 |   |  |                 |                 |
|-----|-----------------|---|--|-----------------|-----------------|
| 125 | Nittambuwa      | NO 195/1, Colombo Rd Nittambuwa.                        | nittambuwa.bmg@seylan.lk   | 033 - 22 95 270 | 033 - 22 96 650 |
| 126 | Nochchiyagama   | No.411,Puttalam Road, Nochchiyagama.                    | nochchiyagama.bmg@seylan.lk                                      | 025 - 22 57 220 | 025 - 22 57 324 |
| 127 | Nugegoda        | 211, High Level Rd, Nugegoda.                           | nugegoda.bmg@seylan.lk   | 011 - 28 15 094 | 011 - 28 11 182 |
| 128 | NuwaraEliya     | No 48, Park Rd, NuwaraEliya.                            | nuwaraeliya.bmg@seylan.lk  | 052 - 22 23 026 | 052 - 22 23 002 |
| 129 | Old Moor Street | No. 315-317, Old Moor Street, colombo 12                | oldmoorstreet.bmg@seylan.lk                                      | 011 - 24 21 483 | 011 - 23 31 774 |
| 130 | Padaviya        | No 387-A, Bandaranayake Mawatha, Padavi Parakramapura.  | padaviya.bmg@seylan.lk   | 025 - 22 53 003 |                 |
| 131 | Padukka         | No 36/A Colombo Road, Padukka                           | <a href="mailto:Padukka.bmg@seylan.lk">Padukka.bmg@seylan.lk</a> | 011- 28 30 365  | 011- 28 30 835  |
| 132 | Pallekele       | Kandy Industrial Park,BOI,Pallekele                     | pallekele.bmg@seylan.lk  | 081 - 24 23 958 | 081 - 24 23 135 |
| 133 | Panadura        | No 372, Galle Rd, Panadura                              | panadura.bmg@seylan.lk   | 038 - 22 33 172 | 038 - 22 35 304 |
| 134 | Pannala         | No 22, Negombo Rd., Pannala                             | pannala.bmg@seylan.lk  | 037 - 22 45 532 |                 |
| 135 | Pelmadulla      | No 17, Galwatta Rd, Pelmadulla                          | pelmadulla.bmg@seylan.lk   | 045 - 22 75 625 | 045 - 22 75 527 |
| 136 | Pettah          | No 96, Main Street,Colombo 11                           | pettah.bmg@seylan.lk   | 011 - 23 37 823 | 011 - 23 37 826 |
| 137 | Peradeniya      | No.670,Peradeniya Road, Kandy.                          | peradeniya.bmg@seylan.lk   | 081-2068041     |                 |
| 138 | Piliyandala     | No 07 Old Road ,Piliyandala.                            | piliyandala.bmg@seylan.lk  | 011 - 26 04 982 | 011 - 26 04 983 |
| 139 | Pilimathalawa   | No.225, Colombo Road, Pilimathalawa.                    | pilimathalawa.bmg@seylan.lk                                      | 081-2069707     | 081-2069709     |
| 140 | Pitakotte       | 143A, Pagoda Road, Pitakotte.                           | pitakotte.bmg@seylan.lk  | 011 - 28 27 871 | 011 - 28 27 873 |
| 141 | Pothuwil        | Main Street, Pothuwil Town, Pothuwil 12                 | pothuvil.bmg@seylan.lk   | 063 - 22 48 515 | 063 - 22 48 515 |
| 142 | Pussellawa      | No.429, Nuwara Eliya Road,Pussellawa                    | pussellawa.bmg@seylan.lk   | 081 - 24 78 131 | 081 - 24 78 135 |
| 143 | Puttalam        | No. 14, Kangani Kulam Street, Puttlam.                  | puttalam.bmg@seylan.lk   | 032 - 22 65 194 | 032 - 22 65 469 |
| 144 | Raddolugama     | 171, National Housing scheme, Raddolugama.              | raddolugama.bmg@seylan.lk  | 011 - 22 92 778 | 011 - 22 92 372 |
| 145 | Ranpokunagama   | No 01, Maduwegedara ,Nittambuwa.                        | ranpokunugama.bmg@seylan.lk                                      | 033 - 22 82 242 | 033 - 22 82 241 |
| 146 | Ratnapura       | No.105, Main Street, Kadugalwatta, Ratnapura.           | ratnapura.bmg@seylan.lk  | 045 - 22 25 802 | 045 - 22 22 111 |
| 147 | Rideegama       | No.02, Dodangaslanda Road, Rideegama                    | rideegama.bmg@seylan.lk  | 037 - 22 52 690 |                 |
| 148 | Ruwanwella      | No 52A, Kegalle Road, Ruwanwella                        | ruwanwella.bmg@seylan.lk   | 036 - 22 67 445 | 036 - 22 67 447 |
| 149 | Sammanthurai    | No. 113, Hijra Junction, Ampara 1st Lane, Samanthurai   | sammanthurai.bmg@seylan.lk                                       | 067 - 22 61 284 | 067 - 22 61 284 |
| 150 | Sarikkamulla    | No 97, Old Galle Rd, Sarikkamulla , Panadura.           | sarikkamulla.bmg@seylan.lk                                       | 038 - 22 35 265 | 038 - 22 33 082 |
| 151 | Siyambalanduwa  | Infront of Fuel Station, Pothuvil Road, Siyambalanduwa. | siyambalanduwa.bmg@seylan.lk                                     | 055 - 22 79 138 | 055 - 22 79 139 |
| 152 | Soysapura       | No.05, Angulana Junction, Katubedda, Moratuwa           | soysapura.bmg@seylan.lk  | 011 - 26 22 756 | 011 - 26 12 003 |
| 153 | Thalawakele     | No 43 A, Kotmale Rd, Thalawakele                        | thalawakale.bmg@seylan.lk  | 052 - 22 58 638 | 052 - 22 58 639 |
| 154 | Tissamaharama   | No 169, Kachcheriyagama, Hambantota Road, Tissamaharama | tissamaharama.bmg@seylan.lk                                      | 047 - 22 37 161 | 047 - 22 37 163 |

|     |             |   |                                 |                   |                 |
|-----|-------------|---|---------------------------------|-------------------|-----------------|
| 155 | Trincomalee | No 289, Central Rd, Trincomalee.                    | trincomalee.bmg@seylan.lk       | 026 - 22 27 701   | 026 - 22 27 701 |
| 156 | Udappu      | Division No 6, Main Street, Udappu.                 | udappuwa.bmg@seylan.lk          | 032 - 22 58 830   | 032 - 22 58 848 |
| 157 | Union Place | No 115, Union Place , Colombo 02                    | <u>Unionplace.bmg@seylan.lk</u> | 112546395         | 112546398       |
| 158 | Vavuniya    | No 45, 2nd cross Street, Vavuniya.                  | vavuniya.bmg@seylan.lk          | 024 - 22 22 633   | 024 - 22 22 933 |
| 159 | Veyangoda   | No 95, Negombo Road, Veyangoda                      | veyangoda.bmg@seylan.lk         | 033 - 22 95 050   | 033 - 22 95 051 |
| 160 | Wadduwa     | 14, Station Road, Wadduwa.                          | wadduwa.bmg@seylan.lk           | 038 - 22 94 672   |                 |
| 161 | Warakapola  | No 192, Main Street, Warakapola.                    | warakapola.bmg@seylan.lk        | 035 - 22 67 628   | 035 - 22 67 123 |
| 162 | Wariyapola  | No.105, Kurunegala Road, Wariyapola                 | <u>wariyapola.bmg@seylan.lk</u> | 037-22 68 598-600 | 037-22 68 596   |
| 163 | Wattala     | No 276, Negombo Rd, Wattala                         | wattala.bmg@seylan.lk           | 011 - 29 33 589   | 011 - 29 31 603 |
| 164 | Welimada    | No. 107, NuwaraEliya Rd, Welimada                   | welimada.bmg@seylan.lk          | 057 - 22 45 617   | 057 - 22 45 350 |
| 165 | Weliweriya  | No 477/20/15 Edwin Estate, Main Street, Weliweriya. | weliweriya.bmg@seylan.lk        | 033 - 22 55 021   | 033 - 22 55 355 |
| 166 | Wennappuwa  | No. 17/1, Chilaw Road, Wennappuwa                   | wennappuwa.bmg@seylan.lk        | 031-22-62967      | 031-2262964     |
| 167 | Wellawatta  | No 445, Galle Rd, Colombo 06                        | wellawatte.bmg@seylan.lk        | 011 – 23 61 840   | 011 – 23 61 889 |
| 168 | Wijerama    | No.675/1, High Level Rd, Wijerama.                  | wijerama.bmg@seylan.lk          | 011 - 28 03 001   | 011 - 28 03 155 |
| 169 | Yakkala     | No184, Kandy Rd, Yakkala                            | yakkala.bmg@seylan.lk           | 033 - 22 26 378   | 033 - 22 33 527 |
| 170 | Yatiantota  | No 51/1/2, Ginigathhena Rd, Yatiantota.             | yatiantota.bmg@seylan.lk        | 036 - 22 71 480   | 036 - 22 71 481 |

**COPIES OF THE PROSPECTUS CAN BE OBTAINED FREE OF CHARGE FROM THE FOLLOWING COLLECTION POINTS****Joint Managers to the Issue**

Capital Alliance Partners Limited  
Level 5, "Millennium House",  
46/58, Navam Mawatha, Colombo 02.

Tel: +94 11 2317777, Fax: +94 11 2317788

Acuity Partners (Private) Limited  
Acuity House  
No. 53, Dharmapala Mawatha  
Colombo 03

Tel: +94 11 2 206 206, Fax: +94 11 2 437 149

**Registrars to the Issue**

S S P Corporate Services (Private) Limited  
No. 101, Inner Flower Road  
Colombo 03

Tel: +94-11 2 573 485  
Fax: +94-11 2 573 037

**Bankers to the Issue**

Seylan Bank PLC  
Millennium Branch,  
"Seylan Towers",  
No.90, Galle Road,  
Colombo 03.  
T: +94 11 2456103, 11 2456135, 11  
2456145  
F: +94 11 2452506, 11 2452501

## TRADING PARTICIPANTS OF THE CSE

|   |  |
|---|--|
| <b>Acuity Stockbrokers (Private) Limited</b><br>Level 6, Acuity House<br>53, Dharmapala Mawatha<br>Colombo 03<br><br>Tel: +94 11 2 206 206<br>Fax: +94 11 2 206 298-9<br>E-mail: sales@acuitystockbrokers.com         | <b>Asha Securities Limited</b><br>No. 60, 5 <sup>th</sup> Lane,<br>Colombo 03<br><br>Tel: +94 11 2 429 100<br>Fax: +94 11 2 429 199<br>E-mail: asl@ashasecurities.net  |
| <b>Asia Securities (Private) Limited</b><br>4 <sup>th</sup> Floor, Lee Hedges Tower<br>No. 349, Galle Road<br>Colombo 03<br><br>Tel: +94 11 7 722 000<br>Fax: +94 11 2 372 280<br>E-mail: inquiries@asiasecurities.lk | <b>Bartleet Religare Securities (Private) Limited</b><br>Level "G", "Bartleet House"<br>65, Braybrooke Place<br>Colombo 02<br><br>Tel: +94 11 4 221 000<br>Fax: +94 11 2 434 985<br>E-mail: info@bartleetstock.com |
| <b>Capital TRUST Securities (Private) Limited</b><br>42, Sir Mohamed Macan Markar Mawatha<br>Colombo 03<br><br>Tel: +94 11 2 174 174 / 75<br>Fax: +94 11 2 174 173<br>E-mail: inquiries@capitaltrust.lk               | <b>CT CLSA Securities (Private) Limited</b><br>4-14, Majestic City<br>10, Station Road<br>Colombo 04<br><br>Tel: +94 11 2 552 290-4<br>Fax: +94 11 2 552 289<br>E-mail: info@ctclsa.lk                             |
| <b>First Capital Equities (Pvt) Limited</b><br>No.2, Deal Place,<br>Colombo 03.<br><br>Tel: +94 11 2 639 898<br>Fax: +94 11 5 736 264<br>E-mail: equity@firstcapital.lk   | <b>J B Securities (Private) Limited</b><br>150, St. Joseph Street<br>Colombo 14<br><br>Tel: +94 11 2 490 900<br>Fax: +94 11 2 430 070<br>E-mail: jbs@jb.lk   |

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| <b>John Keells Stock Brokers (Private) Limited</b><br>186, Vauxhall Street,<br>Colombo 02.<br><br>Tel: +94 11 2 306 250<br>Fax: +94 11 2 342 068<br>E-mail: jkstock@keells.com                          | <b>Lanka Securities (Private) Limited</b><br>3 <sup>rd</sup> Floor," M2M Veranda Offices",<br>No34, W.A.D. Ramanayeke Mawatha,<br>Colombo 2.<br><br>Tel: +94 11 4 706 757, +94 11 2 554 942<br>Fax: +94 11 4 706 767<br>E-mail: info@lankasec.com |
| <b>Somerville Stockbrokers (Private) Limited</b><br>N0.410/951/1, Bauddhaloka Mawatha,<br>Colombo-07<br><br>Tel: +94-11 2 502 852/ 54/ 58/ 62<br>Fax: +94 11 2 502 852<br>E-mail: contact@somerville.lk | <b>NDB Securities (Private) Limited</b><br>Level 2, NDB Capital Building,<br>No. 135, Bauddhaloka Mawatha,<br>Colombo 04<br><br>Tel: +94 11 2 131 000<br>Fax: +94 11 2 314 181<br>E-mail: mail@ndbs.lk  |
| <b>SC Securities (Private) Limited</b><br>5 <sup>th</sup> Floor,<br>No. 26B, Alwis Place<br>Colombo 03<br><br>Tel: +94 11 4 711 000<br>Fax: +94 11 2 394 405<br>E-mail: itdivision@sampathsecurities.lk | <b>Nation Lanka Equities (Pvt) Ltd</b><br>No. 44, Guildford Crescent,<br>Colombo 07<br><br>Tel: +94 11 789 8302<br>E-mail: info@nlequities.com  |
| <b>Almas Equities (Pvt) Ltd</b><br>Westin Tower, 5th Level,<br>No 2 - 4/1, Lake Drive, Colombo 8<br><br>Tel: +94 707 144 551<br>Fax: +94 11 2 673 908<br>E-mail: info@almasequities.com                 |   |

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| <b>Softlogic Stockbrokers (Private) Limited</b><br>Level 16, One Galle Face Tower<br>Colombo 02<br><br>Tel: +94 11 7 277 000<br>Fax: +94 11 7 277 099<br>Email: ssb.inquiry@softlogic.lk | <b>Capital Alliance Securities (Private) Limited</b><br>Level 5, "Millennium House"<br>46/58, Navam Mawatha<br>Colombo 02<br><br>Tel: +94 11 2 317 777<br>Fax: +94 11 2 317 788<br>Email: <a href="mailto:info@cal.lk">info@cal.lk</a> |
|--|--|

|   |  |
|---|--|
| <b>Ambeon Securities (Private) Limited</b><br>2nd Floor<br>No. 10, Gothami Road<br>Colombo 08<br><br>Tel: +94 11 5 328 200 / +94 11 5 328 100<br>Fax: +94 11 5 328 177<br>E-mail: <a href="mailto:info@ambeonsecurities.lk">info@ambeonsecurities.lk</a>            | <b>First Guardian Equities (Private) Limited</b><br>32 <sup>nd</sup> Floor, East Tower<br>World Trade Centre<br>Echelon Square<br>Colombo 01<br><br>Tel: +94 11 5 884 400<br>Fax: +94 11 5 884 401<br>E-mail: <a href="mailto:info@fge.lk">info@fge.lk</a> |
| <b>Senfin Securities Limited</b><br>4th Floor, No.180, Bauddhaloka Mawatha,<br>Colombo 04<br><br>Tel: +94 11 2 359 100<br>Fax: +94 11 2 305 522<br>E-mail: <a href="mailto:info@senfinsecurities.com">info@senfinsecurities.com</a>                                 | <b>LOLC Securities (Private) Limited</b><br>No.481, T.B. Jayah Mawatha<br>Colombo 10<br><br>Tel: +94 11 5 889 889<br>Fax: +94 11 2 662 883<br>E-mail: <a href="mailto:info@lolcsecurities.com">info@lolcsecurities.com</a>                                 |
| <b>Enterprise Ceylon Capital (Private) Limited</b><br><br>2nd Floor-4B, Liberty Plaza,<br>250, R A De Mel Mawatha,<br>Colombo 3<br><br>Tel: +94 11 2 445 644<br>E-mail: <a href="mailto:info@ecc.lk">info@ecc.lk</a>  | <b>Nestor Stock Brokers (Pvt) Limited</b><br><br>No. 428, 2/1, R.A. De Mel Mawatha,<br>Colombo 3.<br><br>Tel: +94 11 4 758 813<br>Fax: +94 11 2 550 100<br>E-mail: <a href="mailto:info@nestorstockbrokers.lk">info@nestorstockbrokers.lk</a>              |
| <b>Asia Capital Stock Brokers (Pvt) Limited</b><br>No. 46/46, 7th Floor, Greenlanka Towers,<br>Nawam Mawatha,<br>Colombo 02.<br><br>Tel: +94 11 7 564 000<br>Fax: +94 112 331 756<br>E-mail: <a href="mailto:info@acapstockbrokers.lk">info@acapstockbrokers.lk</a> | <b>Richard Pieris Securities (Pvt) Limited</b><br>No. 310, High Level Road<br>Navinna, Maharagama<br><br>Tel: +94 11 4 310 500<br>Fax: +94 11 2 802 385<br>E-mail: <a href="mailto:rpfs1@rpsecurities.com">rpfs1@rpsecurities.com</a>                      |

## Trading Participants – Debt

|  |   |
|--|---|
| <p><b>Capital Alliance Limited</b></p> <p>Level 5, "Millenium House"<br/>46/58, Nawam Mawatha<br/>Colombo 2</p> <p>Tel: +94 11 2 317 777<br/>Fax: +94 11 2 317 788<br/>E-mail: info@cal.lk</p> | <p><b>Wealthtrust Securities Limited</b></p> <p>No. 102/1<br/>Dr. N. M. Perera Mawatha<br/>Colombo 08.</p> <p>Tel: +94 11 2 675 091 – 4<br/>Fax: +94 11 2 689 605<br/>E-mail: info@wealthtrust.lk</p> |
| <p><b>Seylan Bank PLC</b></p> <p>Level 3, Seylan Towers,<br/>90, Galle Road, Colombo 03.</p> <p>Tel: +94 11 245 6300<br/>Fax: +94 11 245 2215<br/>E-Mail: info@seylan.lk</p>                   |   |

## ANNEXURE IV - ACCOUNTANTS REPORT AND 5 YEAR SUMMARY



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Marker Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
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Internet +94 - 11 244 6058  
www.kpmg.com/lk

9<sup>th</sup> May 2024

The Board of Directors,  
Seylan Bank PLC,  
Seylan Towers  
No. 90, Galle Road,  
Colombo 03.

Dear Sirs/Madam,

### ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF SEYLAN BANK PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with proposed issue of Fifty million (50,000,000) Basel III compliant Tier 2, Listed Rated Unsecured Subordinated Redeemable 5 year and 7 year Debentures (2024/2029 and 2024/31) with a Non-Viability conversion ("debentures"), of the par value of LKR 100/- each, with an option to issue up to a further Thirty million (30,000,000) of the said Debentures at the discretion of the Bank in the event of an oversubscription of the initial issue and with a further option to issue up to a further Twenty million (20,000,000) of the said Debentures at the discretion of the Bank in the event of an oversubscription of the initial issue and the second tranche, totaling to maximum of one Hundred million (100,000,000) Debentures.

We have examined the audited financial statements of Seylan Bank PLC and consolidated financial statements of the bank and its subsidiary ("the Group") for the financial years ended 31<sup>st</sup> December 2019 to 2023 extracted from the annual reports of the respective years, included in the prospectus and report as follows.

#### 1. INCORPORATION

Seylan Bank PLC ("the Bank") is a listed Company incorporated in 1987 and domiciled in Sri Lanka. As per section 487 (2) of Companies Act No. 7 of 2007, the Bank has been re-registered under the registration number PQ9. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The Bank is licensed by the Central Bank of Sri Lanka to conduct banking and related activities such as accepting deposits, corporate and retail banking, personal financial services, offshore banking, foreign currency operations, trade services, rural finance, project finance, dealing in government securities, etc. under the provisions of the Banking Act No. 30 of 1988.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C. P. Jayatilaka FCA  
Ms. S. Joseph FCA  
R. M. D. B. Rajapakse FCA  
M. N. M. Shamsel FCA  
Ms. P. M. K. Gumanasekara FCA  
T. J. S. Rajekumar FCA  
V. K. D. C. Abeyaratne FCA  
Ms. B. K. D. N. Rodrigo FCA  
Ms. C. T. K. N. Perera ACA  
R. W. M. O. W. D. B. Rathnayake FCA

W. W. J. G. Perera FCA  
S. A. U. "Sudaratne" FCA  
R. H. Rajan FCA  
A. M. R. P. Althistoon ACA

Principals: S. R. I. Perera FCA (UK), LL.B. Attorney-at-Law, H. S. Gonseserane ACA, Mr. P. R. Ziyad FCA (UK), FCIIT  
X. Somasundaram ACMA (UK)



## 2. FINANCIAL STATEMENTS

### 2.1 Five Years Summary of Financial Statements

A summary of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of Seylan Bank PLC for the years ended 31<sup>st</sup> December 2019 to 2023, based on the audited financial statements of the Bank are set out in Annexure 1.

Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31<sup>st</sup> December 2019 to 2023 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1<sup>st</sup> January 2012 in the annual reports of the respective years.

### 2.2 Audit Reports

We have audited the financial statements of the Bank for the years ended 31<sup>st</sup> December 2019 to 2023. Unqualified audit opinions have been issued for the said financial years.

### 2.3 Application of Accounting Standards and Accounting Policies

The financial statements of the Bank for the financial years ended 31<sup>st</sup> December 2019 to 2023 complied with the applicable Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited financial statements of Seylan Bank PLC for the year ended 31<sup>st</sup> December 2023. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the Bank from financial years ended 31<sup>st</sup> December 2019 to 2023 are given below.

| Financial Year                 | Adoption of revised Accounting Standards and related changes in Accounting Policies  |
|--------------------------------|--|
| 31 <sup>st</sup> December 2019 | <p><b>Adoption of SLFRS 16 – “Leases”</b></p> <p>The Bank applied SLFRS 16 using the modified retrospective approach, under which an amount equal to the lease liability is accounted for as the right-of-use asset as at 1 January 2019. Accordingly, the comparative information presented for 2018 was not restated. The details of the changes in the accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.</p> |

### Definition of a lease

#### *Prior to 1 January 2019*

The Bank determined at contract inception whether an arrangement is or contains a lease under International Financial Reporting Interpretations Committee 4 (IFRIC 4) determining whether an arrangement contains a Lease.

#### *After 1 January 2019*

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in SLFRS 16.

### Transition approach

On transition to SLFRS 16, the Bank elected to apply the practical expedient to the assessment of which transaction are leases. It applied SLFRS 16 only to contracts that were previously identified as leases.

### Bank acting as a lessee

#### *Prior to 1 January 2019*

The Bank classified these leases as operating leases under LKAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under SLFRS 16, the Bank recognises right-of-use assets and lease liabilities for leases of branch and office premises - i.e. these leases are on-balance sheet.

#### *After 1 January 2019*

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets and lease liabilities separately in the Statement of Financial Position.

**Short-term leases and leases of low-value assets**

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Transition**

The Bank used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Bank:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

**Bank acting as a lessor****Prior to 1 January 2019**

The Bank leases out certain property and equipment. The Bank had classified these leases as follows:

- finance leases as property and equipment;
- operating leases as investment property.

**After 1 January 2019**

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.



|                                |   |
|--------------------------------|---|
| 31 <sup>st</sup> December 2020 | <p><b>Amendment to Business Combination- SLFRS 3</b></p> <p>The Group has initially adopted definition of the Business (Amendments to SLFRS 3) from 1<sup>st</sup> January 2020.</p> <p><b>Definition of a business</b></p> <p>The Group applied Definition of a Business (Amendments to SLFRS 3) to business combinations whose dates of acquisition are on or after 1st January 2020 in assessing whether it had acquired a business or a group of assets. The amendments do not have a material effect on the Group's financial statements because the Group has not acquired any subsidiaries during the year.</p>  |
| 31 <sup>st</sup> December 2021 | <p><b>Interest Rate Benchmark Reform ("IBOR") (Amendments to SLFRS 9, LKAS 39 and SLFRS 7)</b></p> <p>A fundamental reform of major interest rate benchmark is being undertaken globally, replacing certain interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The Bank has exposure to certain IBORs on its financial instruments that are being reformed as part of these market-wide initiatives.</p> <p>The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform Phase 1 and Phase 2. The effective date of both IBOR reform Phase 1 and Phase 2 amendments are for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context and the requirements under phase 2 amendments have to be applied retrospectively.</p> <p>The main risks to which the Bank has been exposed as a result of IBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms and revision of operational controls related to the reform and regulatory risk. Financial risk is predominantly limited to interest rate risk.</p> |



31<sup>st</sup> December 2022

**Onerous Contracts (Amendment to LKAS 37)**

The Group has adopted Onerous Contracts - Costs of fulfilling a Contract (Amendments to SLAS 37) from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contract assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy - i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

**Reclassification of Debt portfolio from Fair value through Other Comprehensive Income to Amortised Cost**

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" which provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVOCI) to Amortised cost.

The Bank has adopted the above SoAT and re-classified its Debt Portfolio from Fair Value Through Other Comprehensive Income (FVOCI) to Amortised Cost (AC) with effect from 1 April 2022.



31<sup>st</sup> December 2023

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Group adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leases, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the ‘integrally linked’ approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the Statement of Financial Position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

**Material Accounting Policy Information**

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies.



#### 2.4 Dividends

The Bank had declared the following dividends in respect of Ordinary Shares for the years ended 31<sup>st</sup> December 2018 to 31<sup>st</sup> December 2022.

| Year ended<br>31 <sup>st</sup> December | Total Dividend<br>Declared<br>Rs. '000 | Dividend Per Share<br>Rs. |
|---|--|---------------------------|
| 2018                                    | 915,248                                | 2.50*                     |
| 2019                                    | 1,007,248                              | 2.00**                    |
| 2020                                    | 775,535                                | 1.50***                   |
| 2021                                    | 1,602,572                              | 3.00****                  |
| 2022                                    | 1,155,553                              | 2.00*****                 |

\* Rs.0.50/- by way of cash dividend and Rs. 2.00/- by way of a scrip dividend.

\*\* Rs. 1/- by way of cash dividend and Rs.1/- by way of a scrip dividend.

\*\*\* Rs. 1.50/- by way of a scrip dividend.

\*\*\*\* Rs. 3.00/- by way of a scrip dividend.

\*\*\*\*\* Rs. 2.00/- by way of a scrip dividend.

#### 2.5 Events after the Reporting Date

The Board of directors of the Bank has paid out a final dividend of Rs. 2.50 per share on both voting and non-voting shares of the Bank for the year ended 31<sup>st</sup> December 2023 which was paid by way of a cash dividend of Rs. 1.00 per share and a scrip dividend of Rs. 1.50 per share.

Yours faithfully,

Chartered Accountants

Colombo



Annexure I: Five Year Summary

| Statement of Profit or Loss and<br>Other Comprehensive Income<br>Financial period ended 31st<br>December | Bank        |             |             |             |             | Group       |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2023        |             | 2022        |             | 2021        |             | 2020        |             | 2019        |             |
|  | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     |
| <b>Trading Results</b>   |             |             |             |             |             |             |             |             |             |             |
| Gross Income   | 116,773,503 | 96,817,975  | 54,767,049  | 57,224,196  | 61,369,654  | 116,835,833 | 96,836,414  | 54,750,691  | 57,227,750  | 61,356,249  |
| Profit before Taxation   | 10,080,086  | 6,628,860   | 6,027,776   | 4,111,247   | 5,098,640   | 10,269,451  | 6,796,658   | 6,184,680   | 4,295,636   | 5,267,110   |
| Taxation   | (3,823,872) | (1,916,597) | (1,447,236) | (1,099,947) | (1,418,378) | 3,868,829   | 2,218,888   | (1,449,010) | (1,197,578) | (1,468,838) |
| <b>Profit after Taxation</b>   | 6,256,214   | 4,712,263   | 4,580,540   | 3,011,300   | 3,680,262   | 6,400,622   | 4,577,770   | 4,735,670   | 3,098,058   | 3,798,252   |
| Other Comprehensive Income,  |             |             |             |             |             |             |             |             |             |             |
| Net of Income Tax  | (26,598)    | (2,724,398) | (1,521,020) | 1,832,025   | 2,233,532   | 56,454      | (2,746,463) | (1,479,099) | 1,865,107   | 2,322,388   |
| <b>Total Comprehensive Income</b>  | 6,229,616   | 1,987,865   | 3,059,520   | 4,843,325   | 5,913,794   | 6,457,076   | 1,831,307   | 3,256,571   | 4,963,165   | 6,120,640   |
| Dividend Per Share (Rs.)   | 2.50        | 2.00        | 3.00        | 1.50        | 2.00        | 2.50        | 2.00        | 3.00        | 1.50        | 2.00        |

## Statement of Financial Position

|   | Bank               |                    |                    |                    |                    | Group              |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 2023               | 2022               | 2021               | 2020               | 2019               | 2023               | 2022               | 2021               | 2020               | 2019               |
|   | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            |
| <b>As at 31st December</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Assets</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Cash & Short Term Funds (including Securities purchased under resale agreements)                        | 49,668,294         | 43,883,063         | 26,108,085         | 16,179,037         | 16,923,888         | 49,668,333         | 43,883,103         | 26,108,125         | 16,179,077         | 16,923,928         |
| Balances with Central Bank of Sri Lanka   | 7,028,281          | 16,784,172         | 8,725,834          | 7,371,203          | 14,458,970         | 7,028,281          | 16,784,172         | 8,725,834          | 7,371,203          | 14,458,970         |
| Investments (including Investment properties)   | 171,339,937        | 137,448,482        | 102,037,867        | 111,119,662        | 84,583,126         | 172,733,463        | 138,655,933        | 103,132,956        | 112,041,466        | 85,497,031         |
| Loans & Receivables, Placements with Banks and Finance Companies (including Leases & Bills of Exchange) | 459,597,142        | 446,038,544        | 450,223,571        | 404,496,675        | 380,432,342        | 459,597,142        | 446,038,544        | 450,223,571        | 404,496,675        | 380,432,342        |
| Investment in Subsidiary  | 1,153,602          | 1,153,602          | 1,153,602          | 1,153,602          | 1,153,602          | -                  | -                  | -                  | -                  | -                  |
| Other Assets (including Taxation)   | 19,672,022         | 18,334,776         | 9,653,966          | 8,284,599          | 9,253,053          | 19,065,952         | 17,777,800         | 9,648,269          | 8,303,769          | 9,292,942          |
| Property, Plant & Equipment, Right-of-use assets, Leasehold Rights and Intangible Assets                | 9,526,157          | 9,163,005          | 9,673,986          | 9,102,642          | 9,449,206          | 9,900,119          | 9,695,624          | 10,251,378         | 9,513,742          | 9,926,056          |
| <b>Total Assets</b>   | <b>717,985,435</b> | <b>672,805,644</b> | <b>607,576,911</b> | <b>557,707,420</b> | <b>516,294,187</b> | <b>717,993,290</b> | <b>672,835,176</b> | <b>608,090,133</b> | <b>558,005,932</b> | <b>516,531,269</b> |
| <b>Liabilities</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Deposits from Customers and Due to Banks  | 602,795,086        | 559,473,785        | 513,157,715        | 472,982,813        | 429,500,987        | 602,795,086        | 559,473,785        | 513,157,715        | 472,982,813        | 429,500,987        |
| Borrowings and Debentures   | 26,846,850         | 33,569,308         | 24,287,127         | 19,648,554         | 28,320,235         | 26,846,850         | 33,569,308         | 24,287,127         | 19,648,554         | 28,320,235         |
| Other Liabilities (including Lease Liabilities)   | 25,129,915         | 20,165,011         | 16,165,392         | 13,725,819         | 12,552,228         | 21,882,913         | 17,098,473         | 13,130,109         | 10,638,933         | 9,585,321          |
| Taxation (including Deferred tax)   | 2,688,253          | 5,128,484          | 1,881,540          | 2,339,674          | 1,250,715          | 2,719,843          | 5,179,000          | 2,194,227          | 2,636,448          | 1,437,924          |
| Dividends Payable   | 18,750             | 18,758             | 34,128             | 43,585             | 42,748             | 50,748             | 48,141             | 34,128             | 43,585             | 42,748             |
| <b>Total Liabilities</b>  | <b>657,478,854</b> | <b>618,355,346</b> | <b>555,322,902</b> | <b>508,740,445</b> | <b>471,666,913</b> | <b>654,295,440</b> | <b>615,368,707</b> | <b>552,803,306</b> | <b>505,950,333</b> | <b>468,887,215</b> |
| <b>Equity</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Stated Capital  | 20,908,673         | 19,926,453         | 18,323,882         | 17,548,347         | 17,044,724         | 20,908,673         | 19,926,453         | 18,323,882         | 17,548,347         | 17,044,724         |
| Reserve Fund  | 2,880,973          | 2,568,162          | 2,332,549          | 2,103,522          | 1,952,957          | 2,880,973          | 2,568,162          | 2,332,549          | 2,103,522          | 1,952,957          |
| Reserves  | 36,716,955         | 31,955,683         | 31,396,578         | 29,315,106         | 25,629,593         | 38,392,160         | 33,707,446         | 33,301,803         | 31,117,954         | 27,381,785         |
| Non Controlling Interest  | -                  | -                  | -                  | -                  | -                  | 1,316,044          | 1,264,408          | 1,328,593          | 1,285,776          | 1,264,588          |
| <b>Total Equity</b>   | <b>60,506,581</b>  | <b>54,450,298</b>  | <b>52,053,009</b>  | <b>48,966,975</b>  | <b>44,627,274</b>  | <b>63,697,850</b>  | <b>57,466,469</b>  | <b>55,286,827</b>  | <b>52,055,599</b>  | <b>47,644,054</b>  |
| <b>Total Liabilities &amp; Equity</b>   | <b>717,985,435</b> | <b>672,805,644</b> | <b>607,576,911</b> | <b>557,707,420</b> | <b>516,294,187</b> | <b>717,993,290</b> | <b>672,835,176</b> | <b>608,090,133</b> | <b>558,005,932</b> | <b>516,531,269</b> |
| Commitments and Contingencies   | 165,840,804        | 167,641,150        | 224,389,878        | 195,154,154        | 150,147,271        | 165,859,420        | 167,642,941        | 224,389,963        | 195,173,315        | 150,189,462        |

## STATEMENT OF CHANGES IN EQUITY

For the Year ended 31<sup>st</sup> December - Bank - Rs'000

|   | Stated Capital                       |  | Statutory Reserve Fund* | Retained Earnings | Reserves                        |                                 | Total      |
|---|--------------------------------------|--|-------------------------|-------------------|---------------------------------|---------------------------------|------------|
|   | Ordinary Shares - Voting<br>Rs. '000 | Ordinary Shares - Non Voting<br>Rs. '000 |                         |                   | Revaluation Reserve<br>Rs. '000 | AFS / FVOCI Reserve<br>Rs. '000 |            |
| (1) Balance as at 01 <sup>st</sup> January 2019                               | 7,723,207                            | 4,302,588                                | 1,788,944               | 19,796,647        | 866,290                         | (1,879,201)                     | 34,609,799 |
| Total Comprehensive Income for the Year                                       |                                      |  |                         |                   |                                 |                                 |            |
| Profit for the Year   | -                                    | -  | -                       | 3,680,262         | -                               | -                               | 3,680,262  |
| Other Comprehensive Income (net of tax)                                       | -                                    | -  | -                       | 177,461           | -                               | -                               | 177,461    |
| - Actuarial Gain on Defined Benefit Obligations                               | -                                    | -  | -                       | -                 | -                               | -                               | -          |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI     | -                                    | -  | -                       | -                 | 1,828,712                       | -                               | 1,828,712  |
| - Change in fair value on investments in equity instruments measured at FVOCI | -                                    | -  | -                       | -                 | 289,432                         | -                               | 289,432    |
| - Net Movement of Cash Flow Hedge Reserve                                     | -                                    | -  | -                       | -                 | -                               | (62,073)                        | (62,073)   |
| (2) Total Comprehensive Income for the Year                                   | -                                    | -  | -                       | 3,857,723         | -                               | 2,118,144                       | 5,913,794  |
| Transactions with Equity Holders, Recognised Directly in Equity               |                                      |  |                         |                   |                                 |                                 |            |
| Cash/Share Dividends to Equity Holders  | 316,659                              | 313,032                                  | -                       | (915,248)         | -                               | -                               | (285,557)  |
| Rights Issue  | 2,844,844                            | 1,544,394                                | -                       | -                 | -                               | -                               | 4,389,238  |
| Reversal of Revaluation on Disposed Property, Plant and Equipment             | -                                    | -  | -                       | 7,978             | (7,978)                         | -                               | -          |
| Transferred to Statutory Reserve Fund*  | -                                    | -  | -                       | -                 | -                               | -                               | -          |
| Transferred from Investment Fund Reserve                                      | -                                    | -  | 184,013                 | (184,013)         | -                               | -                               | -          |
| Net Gain on Disposal Equity Investments measured at FVOCI                     | -                                    | -  | -                       | 5,090             | -                               | -                               | 5,090      |
| (3) Total Transactions with Equity Holders                                    | 3,161,503                            | 1,857,426                                | 184,013                 | (833,131)         | (7,978)                         | (253,062)                       | (5,090)    |
| Balance as at 31 <sup>st</sup> December 2019 (1 + 2 + 3)                      | 10,884,710                           | 6,160,014                                | 1,952,957               | 22,823,239        | 858,312                         | (14,219)                        | 44,627,274 |
| (1) Balance as at 01 <sup>st</sup> January 2020                               | 10,884,710                           | 6,160,014                                | 1,952,957               | 22,823,239        | 858,312                         | (14,219)                        | 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)                                       | -                                    | -  | -                       | (495,480)         | -                               | -                               | (495,480)  |
| - Actuarial Losses on Defined Benefit Obligations                             | -                                    | -  | -                       | -                 | -                               | -                               | -          |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI     | -                                    | -  | -                       | -                 | 1,238,707                       | -                               | 1,238,707  |
| - Change in fair value on investments in equity instruments measured at FVOCI | -                                    | -  | -                       | -                 | 1,062,026                       | -                               | 1,062,026  |
| - Net Movement of Cash Flow Hedge Reserve                                     | -                                    | -  | -                       | -                 | -                               | 26,772                          | 26,772     |
| (2) Total Comprehensive Income for the Year                                   | -                                    | -  | -                       | 3,515,820         | -                               | 2,300,733                       | 4,813,325  |
| Transactions with Equity Holders, Recognised Directly in Equity               |                                      |  |                         |                   |                                 |                                 |            |
| Cash/Share Dividends to Equity Holders  | 251,477                              | 252,146                                  | -                       | (1,007,247)       | -                               | -                               | (503,624)  |
| Transferred to Statutory Reserve Fund*  | -                                    | -  | 150,565                 | (150,565)         | -                               | -                               | -          |
| Transferred from Investment Fund Reserve                                      | -                                    | -  | -                       | 500,795           | -                               | -                               | 500,795    |
| Net Gain on Disposal Equity Investments measured at FVOCI                     | -                                    | -  | -                       | 1,490             | -                               | (1,490)                         | -          |
| Net Loss on Reclassification of Debt Investments measured at FVOCI            | -                                    | -  | -                       | (308)             | -                               | 308                             | -          |
| (3) Total Transactions with Equity Holders                                    | 251,477                              | 252,146                                  | 150,565                 | (655,835)         | -                               | (1,182)                         | (503,624)  |
| Balance as at 31 <sup>st</sup> December 2020 (1 + 2 + 3)                      | 11,136,187                           | 6,412,160                                | 2,103,522               | 24,683,224        | 858,312                         | 2,285,332                       | 48,966,975 |

\* 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)

Annexure 1: Five Year Summary (Continued)  
**STATEMENT OF CHANGES IN EQUITY (Continued)**  
For the Year ended 31<sup>st</sup> December - Bank (Continued) - Rs'000

|   | Ordinary Shares - Voting |           | Ordinary Shares - Non Voting |             | Statutory Reserve Fund |             | Retained Earnings |            | Reserves |          | Total    |          |
|---|--------------------------|-----------|------------------------------|-------------|------------------------|-------------|-------------------|------------|----------|----------|----------|----------|
|   | Rs. '000                 | Rs. '000  | Rs. '000                     | Rs. '000    | Rs. '000               | Rs. '000    | Rs. '000          | Rs. '000   | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| (1) Balance as at 01 <sup>st</sup> 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   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Other Comprehensive Income (net of tax)   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Revaluation of Property, Plant and Equipment  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Actuarial Gain on Defined Benefit Obligations   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Change in fair value on investments in equity instruments measured at FVOCI   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Net Movement of Cash Flow Hedge Reserve   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| (2) Total Comprehensive Income for the Year   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Transactions with Equity Holders, Recognised Directly in Equity   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Scrip Dividend to Equity Holders  | 385,076                  | 390,459   |                              |             |                        |             |                   |            |          |          |          |          |
| Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Transferred to Statutory Reserve Fund*  |                          |           | 229,027                      |             |                        |             |                   |            |          |          |          |          |
| Transferred from Investment Fund Reserve  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Net Gain on Disposal of Equity Instruments measured at FVOCI  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Reversal of Revaluation on Disposed Property, Plant and Equipment   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| (3) Total Transactions with Equity Holders  | 385,076                  | 390,459   | 229,027                      | 324,975     | 8,751                  | (875,339)   |                   |            |          |          |          |          |
| Balance as at 31 <sup>st</sup> December 2021 (1 + 2 + 3)  | 11,521,263               | 6,802,619 | 2,332,549                    | 29,196,617  | 1,468,822              | (345,179)   | 976,318           | 52,053,009 |          |          |          |          |
| (1) Balance as at 01 <sup>st</sup> January 2022   | 11,521,263               | 6,802,619 | 2,332,549                    | 29,196,617  | 1,468,822              | (345,179)   | 976,318           | 52,053,009 |          |          |          |          |
| Surcharge Tax   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| (2) Restated Balance as at 01 <sup>st</sup> January 2022  | 11,521,263               | 6,802,619 | 2,332,549                    | 28,028,282  | 1,468,822              | (345,179)   | 976,318           | 50,884,674 |          |          |          |          |
| Total Comprehensive Income for the Year   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Profit for the Year   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Other Comprehensive Income (net of tax)   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Actuarial Losses on Defined Benefit Obligations   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Net Losses on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income                 |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Net Movement of Cash Flow Hedge Reserve   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| - Deferred Tax Impact on Tax Rate Change  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| (3) Total Comprehensive Income for the Year   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Transactions with Equity Holders, Recognised Directly in Equity   |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Scrip Dividend to Equity Holders  | 792,802                  | 809,769   |                              |             |                        |             |                   |            |          |          |          |          |
| Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Transferred to Statutory Reserve Fund*  |                          |           | 235,613                      |             |                        |             |                   |            |          |          |          |          |
| Transferred from Investment Fund Reserve  |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Net Gains on Disposal of Equity Instruments measured at Fair Value through Other Comprehensive Income                     |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| Reclassification of Debt Instruments measured at Fair Value through Other Comprehensive Income                            |                          |           |                              |             |                        |             |                   |            |          |          |          |          |
| (4) Total Transactions with Equity Holders  | 792,802                  | 809,769   | 235,613                      | (1,454,315) |                        |             |                   |            |          |          |          |          |
| Balance as at 31 <sup>st</sup> December 2022 (2 + 3 + 4)  | 12,314,065               | 7,612,388 | 2,568,162                    | 31,063,994  | 1,374,219              | (1,183,105) | 700,575           | 54,450,298 |          |          |          |          |

\* 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).

Annexure I: Five Year Summary (Continued)  
**STATEMENT OF CHANGES IN EQUITY (Continued)**  
For the Year ended 31<sup>st</sup> December - Bank (Continued) - Rs'000

|   | Stated Capital           |                              | Statutory Reserve Fund | Retained Earnings | Reserves            |               |                | Total       |
|---|--------------------------|------------------------------|------------------------|-------------------|---------------------|---------------|----------------|-------------|
|   | Ordinary Shares - Voting | Ordinary Shares - Non Voting |                        |                   | Revaluation Reserve | FVOCI Reserve | Other Reserves |             |
|   | Rs. ' 000                | Rs. ' 000                    | Rs. ' 000              | Rs. ' 000         | Rs. ' 000           | Rs. ' 000     | Rs. ' 000      | Rs. ' 000   |
| (1) Balance as at 01 <sup>st</sup> January 2023   | 12,314,065               | 7,612,388                    | 2,568,162              | 31,063,994        | 1,374,219           | (1,183,105)   | 700,575        | 54,450,298  |
| Total Comprehensive Income for the Year   |                          |                              |                        |                   |                     |               |                |             |
| Profit for the Year   | -                        | -                            | -                      | 6,256,214         | -                   | -             | -              | 6,256,214   |
| Other Comprehensive Income (net of tax)   |                          |                              |                        |                   |                     |               |                |             |
| - Actuarial Losses on Defined Benefit Obligations   | -                        | -                            | -                      | (1,005,704)       | -                   | -             | -              | (1,005,704) |
| - Net Losses on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income                 | -                        | -                            | -                      | -                 | -                   | 691,287       | -              | 691,287     |
| - Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income | -                        | -                            | -                      | -                 | -                   | 287,819       | -              | 287,819     |
| (2) Total Comprehensive Income for the Year   | -                        | -                            | -                      | 5,250,510         | -                   | 979,106       | -              | 6,229,616   |
| Transactions with Equity Holders, Recognised Directly In Equity   |                          |                              |                        |                   |                     |               |                |             |
| Share Dividend to Equity Holders  | 480,599                  | 501,621                      | -                      | (1,155,553)       | -                   | -             | -              | (173,333)   |
| Transferred to Statutory Reserve Fund*  | -                        | -                            | 312,811                | (312,811)         | -                   | -             | -              | -           |
| (3) Total Transactions with Equity Holders  | 480,599                  | 501,621                      | 312,811                | (1,468,364)       | -                   | -             | -              | (173,333)   |
| Balance as at 31 <sup>st</sup> December 2023 (1 + 2 + 3)  | 12,794,664               | 8,114,009                    | 2,880,973              | 34,846,140        | 1,374,219           | (203,999)     | 700,575        | 60,506,581  |

\* 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).

Annexure 1: Five Year Summary (Continued)  
**STATEMENT OF CHANGES IN EQUITY (Continued)**  
 For the Year ended 31<sup>st</sup> December - Group - Rs'000

|   | Statutory Capital        |                              | Statutory Reserve Fund | Retained Earnings | Reserves            |                    | Total            | Non Controlling Interest | Total Equity      |
|---|--------------------------|------------------------------|------------------------|-------------------|---------------------|--------------------|------------------|--------------------------|-------------------|
|   | Ordinary Shares - Voting | Ordinary Shares - Non Voting |                        |                   | Revaluation Reserve | AFS/ FVOCI Reserve |                  |                          |                   |
|   | Rs. '000                 | Rs. '000                     | Rs. '000               | Rs. '000          | Rs. '000            | Rs. '000           | Rs. '000         | Rs. '000                 | Rs. '000          |
| (1) Balance as at 01 <sup>st</sup> January 2019                               | 7,723,207                | 4,302,588                    | 1,768,944              | 20,419,229        | 1,662,627           | (1,914,326)        | 2,384,637        | 1,216,457                | 37,463,363        |
| <b>Total Comprehensive Income for the Year</b>                                |                          |                              |                        |                   |                     |                    |                  |                          |                   |
| Profit for the Year   | -                        | -                            | -                      | 3,732,691         | -                   | -                  | -                | 65,561                   | 3,798,252         |
| Other Comprehensive Income (net of tax)                                       | -                        | -                            | -                      | -                 | 60,088              | -                  | -                | 25,131                   | 85,219            |
| - Revaluation of Property, Plant and Equipment                                | -                        | -                            | -                      | -                 | -                   | -                  | -                | 175,841                  | 175,841           |
| - Actuarial Gain on Defined Benefit Obligations                               | -                        | -                            | -                      | 175,841           | -                   | -                  | -                | (678)                    | 175,163           |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI     | -                        | -                            | -                      | -                 | 1,832,262           | -                  | -                | 1,485                    | 1,833,747         |
| - Change in fair value on investments in equity instruments measured at FVOCI | -                        | -                            | -                      | -                 | -                   | 290,067            | -                | 265                      | 290,332           |
| - Reversal of FVOCI reserve of equity instrument written-off                  | -                        | -                            | -                      | (564)             | -                   | 564                | -                | -                        | -                 |
| - Net Movement of Cash Flow Hedge Reserve                                     | -                        | -                            | -                      | -                 | -                   | -                  | (62,073)         | -                        | (62,073)          |
| (2) Total Comprehensive Income for the Year                                   | -                        | -                            | -                      | 3,907,968         | 60,088              | 2,122,893          | (62,073)         | 91,764                   | 6,120,640         |
| <b>Transactions with Equity Holders, Recognised Directly In Equity</b>        |                          |                              |                        |                   |                     |                    |                  |                          |                   |
| Cash/Script Dividends to Equity Holders                                       | 316,059                  | 313,032                      | -                      | (915,245)         | -                   | -                  | -                | (43,633)                 | (329,187)         |
| Rights Issue  | 2,844,844                | 1,544,394                    | -                      | 7,987             | (7,987)             | -                  | -                | -                        | 4,389,238         |
| Reversal of Revaluation on Disposed Property, Plant and Equipment             | -                        | -                            | -                      | -                 | -                   | -                  | -                | -                        | -                 |
| Transferred to Statutory Reserve Fund*  | -                        | -                            | 184,013                | (184,013)         | -                   | -                  | -                | -                        | -                 |
| Transferred from Investment Fund Reserve                                      | -                        | -                            | -                      | 5,090             | -                   | -                  | (5,090)          | -                        | -                 |
| Net Gain on Disposal Equity Investments measured at FVOCI                     | -                        | -                            | -                      | 233,168           | -                   | (233,168)          | -                | -                        | -                 |
| (3) Total Transactions with Equity Holders                                    | 3,161,503                | 1,857,426                    | 184,013                | (833,013)         | (7,987)             | (233,168)          | (5,090)          | (43,633)                 | 4,060,051         |
| <b>Balance as at 31<sup>st</sup> December 2019 (1 + 2 + 3)</b>                | <b>10,884,710</b>        | <b>6,160,014</b>             | <b>1,952,957</b>       | <b>23,494,184</b> | <b>1,714,728</b>    | <b>(44,601)</b>    | <b>2,217,474</b> | <b>1,564,588</b>         | <b>47,614,054</b> |
| (1) Balance as at 01 <sup>st</sup> January 2020                               | 10,884,710               | 6,160,014                    | 1,952,957              | 23,494,184        | 1,714,728           | (44,601)           | 2,217,474        | 1,564,588                | 47,614,054        |
| <b>Total Comprehensive Income for the Year</b>                                |                          |                              |                        |                   |                     |                    |                  |                          |                   |
| Profit for the Year   | -                        | -                            | -                      | 3,038,629         | -                   | -                  | -                | 59,429                   | 3,098,058         |
| Other Comprehensive Income (net of tax)                                       | -                        | -                            | -                      | -                 | 21,139              | -                  | -                | 8,841                    | 29,980            |
| - Revaluation of Property, Plant and Equipment                                | -                        | -                            | -                      | -                 | -                   | -                  | -                | (495,369)                | (495,369)         |
| - Actuarial Losses on Defined Benefit Obligations                             | -                        | -                            | -                      | (495,369)         | -                   | -                  | -                | 46                       | (495,323)         |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI     | -                        | -                            | -                      | -                 | 1,240,784           | -                  | -                | 868                      | 1,241,652         |
| - Change in fair value on investments in equity instruments measured at FVOCI | -                        | -                            | -                      | -                 | -                   | 1,062,026          | -                | -                        | 1,062,026         |
| - Net Movement of Cash Flow Hedge Reserve                                     | -                        | -                            | -                      | -                 | -                   | -                  | 26,772           | -                        | 26,772            |
| (2) Total Comprehensive Income for the Year                                   | -                        | -                            | -                      | 2,543,260         | 21,139              | 2,302,810          | 26,772           | 69,184                   | 4,963,165         |
| <b>Transactions with Equity Holders, Recognised Directly In Equity</b>        |                          |                              |                        |                   |                     |                    |                  |                          |                   |
| Cash/Script Dividends to Equity Holders                                       | 251,477                  | 252,146                      | -                      | (1,007,247)       | -                   | -                  | -                | (47,996)                 | (551,620)         |
| Transferred to Statutory Reserve Fund*  | -                        | -                            | 150,565                | (150,565)         | -                   | -                  | (500,793)        | -                        | -                 |
| Transferred from Investment Fund Reserve                                      | -                        | -                            | -                      | 500,793           | -                   | -                  | -                | -                        | -                 |
| Net Gain on Disposal Equity Investments measured at FVOCI                     | -                        | -                            | -                      | -                 | -                   | (1,490)            | -                | -                        | -                 |
| Net Loss on Reclassification of Debt Investments measured at FVOCI            | -                        | -                            | -                      | (308)             | -                   | 308                | -                | -                        | -                 |
| (3) Total Transactions with Equity Holders                                    | 251,477                  | 252,146                      | 150,565                | (656,835)         | -                   | (1,182)            | (500,793)        | (47,996)                 | (551,620)         |
| <b>Balance as at 31<sup>st</sup> December 2020 (1 + 2 + 3)</b>                | <b>11,136,187</b>        | <b>6,412,160</b>             | <b>2,103,522</b>       | <b>25,381,609</b> | <b>1,735,867</b>    | <b>2,257,027</b>   | <b>1,743,451</b> | <b>1,285,776</b>         | <b>52,055,599</b> |

\* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (3) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

## STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31<sup>st</sup> December - Group (Continued) - Rs'000

|   | Ordinary Shares - Voting |           | Ordinary Shares - Non Voting |            | Statutory Reserve Fund |           | Retained Earnings |            | Revaluation Reserve |            | Reserves |          | Total    |          | Non Controlling Interest |          | Total Equity |          |
|---|--------------------------|-----------|------------------------------|------------|------------------------|-----------|-------------------|------------|---------------------|------------|----------|----------|----------|----------|--------------------------|----------|--------------|----------|
|   | Rs. '000                 | Rs. '000  | Rs. '000                     | Rs. '000   | Rs. '000               | Rs. '000  | Rs. '000          | Rs. '000   | Rs. '000            | Rs. '000   | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000                 | Rs. '000 | Rs. '000     | Rs. '000 |
| (1) Balance as at 01 <sup>st</sup> 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           | 52,055,599 |          |          |          |          |                          |          |              |          |
| Total Comprehensive Income for the Year   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Profit for the Year   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Other Comprehensive Income (net of tax)   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Revaluation of Property, Plant and Equipment                                    |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Actuarial Gains/Losses on Defined Benefit Obligations                           |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI         |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Change in fair value on investments in equity instruments measured at FVOCI     |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Net Movement of Cash Flow Hedge Reserve   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| (2) Total Comprehensive Income for the Year                                       |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Transactions with Equity Holders, Recognised Directly in Equity                   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Share Dividends to Equity Holders   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Unclaimed Dividend Absorbed (Dividend Paid) in respect of Previous Years          |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Transferred to Statutory Reserve Fund*  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Transferred from Investment Fund Reserve  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Net Gain on Disposal of Equity Investments measured at FVOCI                      |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Reversal of Revaluation on Disposed Property, Plant and Equipment                 |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Others  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| (3) Total Transactions with Equity Holders  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Balance as at 31 <sup>st</sup> December 2021 (1 + 2 + 3)                          | 11,521,263               | 6,802,619 | 2,332,540                    | 29,967,349 | 2,374,135              | 2,712,121 | 1,231,531         | 53,958,234 | 1,328,593           | 55,286,827 |          |          |          |          |                          |          |              |          |
| (1) Balance as at 01 <sup>st</sup> January 2022                                   | 11,521,263               | 6,802,619 | 2,332,540                    | 29,967,349 | 2,374,135              | 2,712,121 | 1,231,531         | 53,958,234 | 1,328,593           | 55,286,827 |          |          |          |          |                          |          |              |          |
| Surcharge Tax   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| (2) Restated Balance as at 01 <sup>st</sup> January 2022                          | 11,521,263               | 6,802,619 | 2,332,540                    | 29,967,349 | 2,374,135              | 2,712,121 | 1,231,531         | 53,958,234 | 1,328,593           | 55,286,827 |          |          |          |          |                          |          |              |          |
| Total Comprehensive Income for the Year   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Profit for the Year   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Other Comprehensive Income (net of tax)   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Revaluation of Property, Plant and Equipment                                    |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Actuarial Gain/(Loss) on Defined Benefit Obligations                            |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI         |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Net change in fair value on investments in equity instruments measured at FVOCI |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Net Movement of Cash Flow Hedge Reserve   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| - Deferred Tax Impact on Tax Rate Change  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| (3) Total Comprehensive Income for the Year                                       |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Transactions with Equity Holders, Recognised Directly in Equity                   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Cash/Share Dividend to Equity Holders   |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Unclaimed Dividend Absorbed (Dividend Paid) in respect of Previous Years          |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Reversal of Revaluation on Disposed Property, Plant and Equipment                 |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Transferred to Statutory Reserve Fund*  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Transferred from Investment Fund Reserve  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Net Gain on Disposal of Equity Investments measured at FVOCI                      |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Reclassification of Debt Instruments measured at Fair Value through Other Income  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| (4) Total Transactions with Equity Holders  |                          |           |                              |            |                        |           |                   |            |                     |            |          |          |          |          |                          |          |              |          |
| Balance as at 31 <sup>st</sup> December 2022 (2 + 3 + 4)                          | 12,314,065               | 7,612,485 | 2,568,162                    | 31,097,936 | 2,269,369              | 1,215,647 | 955,788           | 56,702,061 | 1,264,408           | 57,966,469 |          |          |          |          |                          |          |              |          |

\* 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)

## STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31<sup>st</sup> December - Group (Continued) - Rs.'000

|   | Stated Capital           |                              | Statutory Reserve Fund <sup>*</sup> | Retained Earnings | Reserves            |               | Total    | Non Controlling Interest | Total Equity |
|---|--------------------------|------------------------------|-------------------------------------|-------------------|---------------------|---------------|----------|--------------------------|--------------|
|   | Ordinary Shares - Voting | Ordinary Shares - Non Voting |                                     |                   | Revaluation Reserve | FVOCI Reserve |          |                          |              |
|   | Rs. '000                 | Rs. '000                     | Rs. '000                            | Rs. '000          | Rs. '000            | Rs. '000      | Rs. '000 | Rs. '000                 | Rs. '000     |
| (1) Balance as at 01 <sup>st</sup> January 2023                                   | 12,314,065               | 7,612,388                    | 2,568,162                           | 31,697,936        | 2,269,360           | (1,215,647)   | 955,788  | 1,264,408                | 57,466,469   |
| Total Comprehensive Income for the Year   |                          |                              |                                     |                   |                     |               |          |                          |              |
| Profit for the Year   | -                        | -                            | -                                   | 6,321,116         | -                   | -             | -        | 79,596                   | 6,400,622    |
| Other Comprehensive Income (net of tax)   |                          |                              |                                     |                   |                     |               |          |                          |              |
| - Revaluation of Property, Plant and Equipment                                    | -                        | -                            | -                                   | -                 | 59,648              | -             | -        | 24,947                   | 84,595       |
| - Actuarial Gain/(loss) on Defined Benefit Obligations                            | -                        | -                            | -                                   | (1,009,715)       | -                   | -             | -        | (1,677)                  | (1,011,392)  |
| - Net gains/(losses) on investments in debt instruments measured at FVOCI         | -                        | -                            | -                                   | -                 | -                   | 694,210       | -        | 1,222                    | 695,432      |
| - Net change in fair value on investments in equity instruments measured at FVOCI | -                        | -                            | -                                   | -                 | -                   | 287,819       | -        | -                        | 287,819      |
| (2) Total Comprehensive Income for the Year                                       | -                        | -                            | -                                   | 5,311,401         | 59,648              | 982,029       | -        | 103,998                  | 6,357,076    |
| Transactions with Equity Holders, Recognised Directly In Equity                   |                          |                              |                                     |                   |                     |               |          |                          |              |
| Cash/Script Dividends to Equity Holders   | 480,599                  | 501,621                      | -                                   | (1,155,553)       | -                   | -             | -        | (52,362)                 | (225,695)    |
| Transferred to Statutory Reserve Fund <sup>*</sup>                                | -                        | -                            | 312,811                             | (312,811)         | -                   | -             | -        | -                        | -            |
| (3) Total Transactions with Equity Holders  | 480,599                  | 501,621                      | 312,811                             | (1,468,364)       | -                   | -             | -        | (52,362)                 | (225,695)    |
| Balance as at 31 <sup>st</sup> December 2023 (1+2+3)                              | 12,794,664               | 8,114,009                    | 2,880,973                           | 35,540,973        | 2,329,017           | (233,618)     | 955,788  | 1,316,044                | 63,697,850   |

\* 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)

# STATEMENT OF CASH FLOWS

For the Year ended 31<sup>st</sup> December

## Cash Flows from Operating Activities

|  | Bank              |                   |                   | Group             |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2023              | 2022              | 2021              | 2022              | 2021              | 2019              |
|  | Rs. '000          | Rs. '000          | Rs. '000          | Rs. '000          | Rs. '000          | Rs. '000          |
| Interest receipts  | 110,559,524       | 78,479,079        | 41,685,072        | 53,327,880        | 48,739,823        | 53,335,401        |
| Interest payments  | (61,187,798)      | (33,232,226)      | (21,411,294)      | (32,820,976)      | (29,879,048)      | (32,817,258)      |
| Net commission receipts  | 7,480,177         | 6,462,018         | 4,641,200         | 4,232,771         | 3,728,304         | 4,232,555         |
| Trading income   | 243,836           | 196,078           | 28,216            | 66,587            | 29,416            | 68,172            |
| Payments to employees  | (7,582,118)       | (7,583,372)       | (7,353,685)       | (6,249,124)       | (6,995,809)       | (6,283,773)       |
| VAT and NIBT on financial services and DRL                                 | (3,829,697)       | (2,548,404)       | (2,164,565)       | (2,694,167)       | (2,154,404)       | (2,694,167)       |
| Receipts from other operating activities                                   | 1,186,759         | 15,234,119        | 3,707,288         | 2,455,564         | 3,804,412         | 2,848,147         |
| Payments on other operating activities                                     | (6,983,425)       | (5,861,384)       | (3,850,485)       | (5,067,052)       | (4,111,841)       | (5,127,664)       |
| <b>Operating Profit before Changes in Operating Assets and Liabilities</b> | <b>39,887,258</b> | <b>51,145,908</b> | <b>15,281,747</b> | <b>13,576,630</b> | <b>13,013,670</b> | <b>13,561,413</b> |

## (Increase)/Decrease in Operating Assets :

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Balances with Central Bank of Sri Lanka                 | 9,755,891    | (8,058,338)  | (1,354,631)  | 4,013,305    | 7,087,767    | 4,013,305    |
| Financial assets at amortised cost - loans and advances | (10,693,387) | (19,115,338) | (54,727,268) | (54,623,855) | (18,421,886) | (54,623,855) |
| Other Assets  | (1,658,330)  | (5,063,032)  | 103,576      | (2,784,945)  | 94,723       | 7,341        |

## Increase/(Decrease) in Operating Liabilities :

|  |             |              |             |              |             |             |
|--|-------------|--------------|-------------|--------------|-------------|-------------|
| Financial liabilities at amortised cost - due to depositors              | 40,755,818  | 49,236,984   | 49,744,819  | 42,076,603   | 40,673,176  | 42,076,603  |
| Financial liabilities at amortised cost - due to debt securities holders | (5,045,727) | 9,238,188    | 89,286      | (12,663,143) | (5,045,727) | (5,824,851) |
| Financial liabilities at amortised cost - due to other borrowers         | 8,668       | 188          | (6,828)     | (8,611)      | 188         | (8,611)     |
| Other Liabilities  | 1,443,681   | (7,677,735)  | 181,437     | 1,061,064    | (787,487)   | (1,704,826) |
| Due to banks   | (61,274)    | (12,346,357) | (8,175,300) | 2,390,848    | (61,274)    | 2,390,848   |

## Cash Generated from Operations

|   |                   |                   |                  |                    |                   |                    |
|---|-------------------|-------------------|------------------|--------------------|-------------------|--------------------|
| Income Tax Paid   | 74,392,598        | 57,360,468        | 1,136,838        | (6,962,104)        | 39,766,941        | (6,950,925)        |
| Surcharge Tax Paid  | (6,493,992)       | (2,138,520)       | (1,242,538)      | (1,827,863)        | (2,138,520)       | (1,829,340)        |
| <b>Net Cash (Used in) Generated from Operating Activities</b> | <b>67,898,606</b> | <b>54,055,613</b> | <b>(105,700)</b> | <b>(8,789,967)</b> | <b>38,790,473</b> | <b>(8,780,265)</b> |

## Cash Flows from Investing Activities

|   |                    |                     |                  |                  |                    |                    |
|---|--------------------|---------------------|------------------|------------------|--------------------|--------------------|
| Purchase of property, plant & equipment   | (755,207)          | (192,907)           | (312,432)        | (1,321,767)      | (356,854)          | (1,374,033)        |
| Improvements to investment properties   | 7,681              | 2,359               | 10,323           | 38,302           | (33,725)           | (20,357)           |
| Proceeds from sale of property, plant and equipment   | -                  | -                   | -                | -                | 15,896             | 38,308             |
| Net proceeds from sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing after 03 months | (1,701,728)        | (11,411,748)        | 4,966,410        | 4,826,187        | (1,623,810)        | (1,489,675)        |
| Net proceeds from sale, maturity and purchase of financial investments of shares and debentures   | 108,509            | 47,606              | 767,816          | 124,660          | 158,406            | 31,929             |
| Reverse repurchase agreements maturing after three months   | -                  | -                   | 1,801            | 4,433            | 772,153            | 117,946            |
| Net purchase of intangible assets   | (210,914)          | (102,672)           | (149,882)        | (185,862)        | -                  | 4,433              |
| Dividend received from investment in subsidiaries   | 106,419            | 146,065             | 125,199          | 89,726           | (210,914)          | (177,129)          |
| Dividend received from other investments  | 16,296             | 16,446              | 32,674           | 24,989           | -                  | -                  |
| <b>Net Cash (Used in) / Generated from Investing Activities</b>   | <b>(2,428,944)</b> | <b>(11,494,851)</b> | <b>5,441,909</b> | <b>3,598,054</b> | <b>(2,441,803)</b> | <b>(1,703,286)</b> |

Annexure I: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)

Cash Flows from Financing Activities

Net proceeds from the issue of ordinary share capital  
 Net proceeds from the issue of subordinated debt  
 Repayment of subordinated debt  
 Interest paid on subordinated debt  
 Interest paid on un-subordinated debt  
 Dividend paid to non-controlling interest  
 Dividend paid to shareholders of the bank  
 Repayment of Principal Portion of Lease Liabilities

Net Cash (Used in) Generated from Financing Activities

Net Increase / (Decrease) in Cash and Cash Equivalents  
 Cash and Cash Equivalents at beginning of the Year

Cash and Cash Equivalents at end of the Year

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents  
 Placements with banks and finance companies  
 Government of Sri Lanka Treasury Bills/Bonds and  
 Development Bonds maturing within 03 months  
 Securities purchased under resale agreements maturing  
 within three months

|  | Bank        |             |             |             |             | Group       |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2023        | 2022        | 2021        | 2020        | 2019        | 2023        | 2022        | 2021        | 2020        | 2019        |
|  | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    |
| Cash Flows from Financing Activities                   |             |             |             |             |             |             |             |             |             |             |
| Net proceeds from the issue of ordinary share capital  | -           | -           | -           | -           | 4,389,238   | -           | -           | -           | -           | 4,389,238   |
| Net proceeds from the issue of subordinated debt       | 5,000,000   | -           | 6,000,000   | -           | 5,000,000   | -           | -           | 6,000,000   | -           | 4,971,000   |
| Repayment of subordinated debt                         | (7,182,280) | -           | (1,727,720) | (2,806,040) | (1,866,550) | (7,082,280) | -           | (1,727,720) | (2,806,040) | (1,866,550) |
| Interest paid on subordinated debt                     | (2,494,469) | (2,589,596) | (2,261,775) | (2,232,788) | (1,577,377) | (2,490,131) | (2,578,780) | (2,250,959) | (2,221,972) | (1,561,452) |
| Interest paid on un-subordinated debt                  | -           | -           | -           | (241,770)   | (402,293)   | -           | -           | -           | (241,770)   | (402,293)   |
| Dividend paid to non-controlling interest              | -           | -           | -           | -           | (49,744)    | (49,744)    | (57,343)    | (42,931)    | (49,720)    | (54,302)    |
| Dividend paid to shareholders of the bank              | (8)         | (886)       | (229)       | (502,788)   | (287,567)   | (8)         | (886)       | (229)       | (502,788)   | (287,567)   |
| Repayment of Principal Portion of Lease Liabilities    | (792,238)   | (752,565)   | (822,434)   | (750,450)   | (748,544)   | (507,121)   | (474,202)   | (537,647)   | (465,698)   | (521,812)   |
| Net Cash (Used in) Generated from Financing Activities | (5,468,995) | (3,343,047) | 1,187,842   | (6,533,836) | 4,505,907   | (5,129,284) | (3,111,211) | 1,440,514   | (6,287,988) | 4,666,262   |
| Net Increase / (Decrease) in Cash and Cash Equivalents | 60,000,667  | 39,215,715  | 6,524,051   | 12,799,199  | (685,006)   | 60,317,026  | 39,244,694  | 6,688,019   | 12,799,199  | (685,006)   |
| Cash and Cash Equivalents at beginning of the Year     | 83,255,632  | 44,039,917  | 37,515,866  | 24,716,667  | 25,401,673  | 83,449,117  | 44,204,423  | 37,516,404  | 24,717,205  | 25,402,211  |
| Cash and Cash Equivalents at end of the Year           | 143,256,299 | 83,255,632  | 44,039,917  | 37,515,866  | 24,716,667  | 143,766,143 | 83,449,117  | 44,204,423  | 37,516,404  | 24,717,205  |
| Reconciliation of Cash and Cash Equivalents            |             |             |             |             |             |             |             |             |             |             |
| Cash and cash equivalents                              | 49,034,834  | 40,402,164  | 16,113,653  | 10,044,937  | 11,775,495  | 49,034,874  | 40,402,204  | 16,113,693  | 10,044,977  | 11,775,535  |
| Placements with banks and finance companies            | 22,175,550  | 1,828,177   | 8,288,351   | 10,784,430  | 1,179,174   | 22,176,048  | 1,828,675   | 8,288,849   | 10,784,948  | 1,179,672   |
| Government of Sri Lanka Treasury Bills/Bonds and       |             |             |             |             |             |             |             |             |             |             |
| Development Bonds maturing within 03 months            | 71,228,765  | 37,396,742  | 9,608,882   | 10,543,586  | 6,601,739   | 71,738,071  | 37,589,689  | 9,772,850   | 10,543,586  | 6,601,739   |
| Securities purchased under resale agreements maturing  |             |             |             |             |             |             |             |             |             |             |
| within three months                                    | 817,150     | 3,628,549   | 10,029,031  | 6,142,893   | 5,160,259   | 817,150     | 3,628,549   | 10,029,031  | 6,142,893   | 5,160,259   |
|  | 143,256,299 | 83,255,632  | 44,039,917  | 37,515,866  | 24,716,667  | 143,766,143 | 83,449,117  | 44,204,423  | 37,516,404  | 24,717,205  |

## ANNEXURE V - CUSTODIAN BANKS

|   |  |  |
|---|--|--|
| <b>BANK OF CEYLON</b><br>Head office, 11th Floor,<br>04, Bank of Ceylon Mawatha,<br>Colombo 01.<br>011 2 448 348<br>011 2 338 742/55, 011 2 544 333   | <b>CITI BANK N.A</b><br>65C, Dharmapala Mawatha,<br>P O Box 888,<br>Colombo 07.<br>011 2 447 316-8,<br>011 2 447 318, 011 2 449 061,<br>011 2 328 526, 011 4 794 700 | <b>COMMERCIAL BANK OF CEYLON PLC</b><br>Commercial House, 21, Sir Razik Fareed Mawatha, P O Box 853<br>Colombo 01.<br>011 2 430 420, 011 2 336 700,<br>011 2 238 193-5, 011 2 445 010-15 |
| <b>DEUTSCHE BANK AG, COLOMBO</b><br>Level 21, One Galle Face Tower, 1A<br>Central Road, Galle Face, Colombo 02.<br>011 2 447 062, 011 2 438 057   | <b>HATTON NATIONAL BANK PLC Level 17,</b><br>HNB Towers,<br>479, T B Jayah Mawatha,<br>Colombo 10.<br>011 2 661 762, 011 2 664 664                                   | <b>THE HONGKONG &amp; SHANGHAI BANKING CORPORATION LIMITED</b><br>24, Sir Baron Jayathilake Mawatha,<br>Colombo 01.<br>011 2 325 435, 011 2 446 591,<br>011 2 446 303, 011 2 346 422     |
| <b>PEOPLE'S BANK</b><br>Head office, Treasury, 5th Floor,<br>75, Sir Chittampalam A Gardiner Mawatha, Colombo 02.<br>011 2 206 782, 011 2 781 481,<br>011 2 327 841-9, 011 2 446 316-15<br>011 2 430 561, 011 2 324 967 | <b>STANDARD CHARTERED BANK</b><br>37 York Street, P O Box 112,<br>Colombo 01.<br>011 4 794 400, 011 2 480 000  | <b>SAMPATH BANK PLC</b><br>110, Sir James Pieris Mawatha,<br>Colombo 02.<br>011 5 600 610, 011 5 600 245,  |
| <b>SEYLAN BANK PLC</b><br>Corporate Banking Division, Margin Trading Unit, Level 8, Seylan Towers,<br>90, Galle Road,<br>Colombo 03.<br>011 4 701 812, 011 4 701 819,<br>011 4 701 829, 011 2 456 789                   | <b>UNION BANK OF COLOMBO PLC</b><br>64A, Galle Road,<br>Colombo 03.<br>011 2 234 110, 011 2 370 870  | <b>NATIONS TRUST BANK PLC</b><br>256, Sri Ramanathan Mawatha,<br>Colombo 15.<br>011 4 313 131, 011 4 682 534   |
| <b>PAN ASIA BANKING CORPORATION PLC</b><br>Head Office<br>450, Galle Road, Colombo 03.<br>011 2 565 565, 011 4 667 819  | <b>PUBLIC BANK BERHAD</b><br>No. 340, R A De Mel Mawatha,<br>Colombo 03.<br>011 2 576 289, 011 7 290 200-7   |  |

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**ANNEXURE VI - DECLARATION TO BE GIVEN BY FATCA COMPLIANT INVESTORS**

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Manager

Seylan Bank PLC

.....

I/We.....

.....and.....

.....of.....

(address).....holder/s of

Passport Number/ NIC Number..... who fall under definition of a US Persons under the provision of the Foreign Account Tax Compliance Act ("FATCA") which is a US legislation aimed at preventing tax evasion by US persons through overseas assets. I/We confirm that I/We understand FATCA is extraterritorial by design and requires "US Persons" to report their financial assets held overseas.

I/We hereby request Seylan Bank PLC which is recognized as a Foreign Financial Institutions (FFIs) in terms of the FATCA to report all information pertaining to the accounts and investments held by me/us in the Seylan Bank PLC and to remit any tax payable to the Internal Revenue Services (IRS) of the United States of America. I/We further confirm that this request is made by me/us with full knowledge and understanding of FATCA.

Date:.....

Signature/s of Applicants

