

SEYLAN BANK PLC

**MARKET DICIPLINE -
MINIMUM DISCLOSURE REQUIREMENTS
UNDER PILLAR III
as per Direction 01. of 2016**

As at 30.09.2020

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 30.09.2020	Previous Reporting Period 31.12.2019
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		44,845,487	43,051,519
Tier 1 Capital		44,845,487	43,051,519
Total Capital		56,709,647	56,704,009
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.000%	11.50%	11.27%
Tier 1 Capital Ratio	8.500%	11.50%	11.27%
Total Capital Ratio	12.500%	14.54%	14.84%
Leverage Ratio	3.00%	7.90%	8.17%
Net Stable Funding Ratio	90.00% (2019 -100%)	109.72%	109.11%
Regulatory Liquidity			
Statutory Liquid Assets			
Domestic Banking Unit (LKR 000)		135,999,436	90,379,939
Off-Shore Banking Unit (USD 000)		35,265	29,493
Statutory Liquid Assets Ratio			
Domestic Banking Unit	20%	30.08%	21.40%
Off-Shore Banking Unit	20%	22.94%	21.81%
Liquidity Coverage Ratio - Rupee	90% (2019 -100%)	172.85	169.60
Liquidity Coverage Ratio - All Currency	90% (2019 -100%)	138.48	116.01

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 30.09.2020	Previous Reporting Period 31.12.2019
Common Equity Tier I (CET1) Capital after Adjustments	44,845,487	43,051,519
Common Equity Tier I (CET1) Capital	45,747,474	43,976,176
Equity capital (Stated Capital)/Assigned Capital	17,548,347	17,044,724
Reserve fund	1,952,957	1,952,957
Published Retained Earnings/(Accumulated Retained Losses)	23,480,848	22,836,779
Published Accumulated Other Comprehensive Income (OCI)	803,061	179,455
General and Other Disclosed Reserves	1,962,261	1,962,261
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to CET1 Capital	901,987	924,657
Goodwill (net)		
Intangible Assets (net)	584,597	607,267
Others *	317,390	317,390
Additional Tier 1 (AT1) Capital after Adjustments		
Total Additional Tier 1 (AT1) Capital		
Qualifying Additional Tier 1 Capital Instruments		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to AT1 Capital		
Investment in Own Shares		
Others (Specify)		
Tier 2 Capital after Adjustments	11,864,161	13,652,491
Total Tier 2 Capital	11,864,161	13,652,491
Qualifying Tier 2 Capital Instruments	10,112,650	12,270,650
Revaluation gains	393,149	393,149
Loan Loss Provisions (General Provision)	1,358,362	988,692
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to Tier 2	-	-
Investment in own shares		
Others (Specify)	-	
Total Tier 1 Capital	44,845,487	43,051,519
Total Capital	56,709,647	56,704,010
Total Risk Weighted Assets (RWA)	389,945,771	382,084,421
RWAs for Credit Risk	359,932,473	352,681,982
RWAs for Market Risk	1,508,248	2,329,400
RWAs for Operational Risk	28,505,050	27,073,039
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.50%	11.27%
of which: Capital Conservation Buffer (%)	2.500%	1.875%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	11.50%	11.27%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.54%	14.84%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 3
Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 30.09.2020	Previous Reporting Period 31.12.2019
Tier 1 Capital	44,845,487	43,051,519
Total Exposures	567,726,335	527,061,840
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	518,048,088	487,327,129
Derivative Exposures	1,373,634	800,747
Securities Financing Transaction Exposures	9,306,937	5,165,159
Other Off-Balance Sheet Exposures	38,997,676	33,768,806
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.90%	8.17%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.09.2020			Previous Reporting Period - 31.12.2019		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			88,046,401			68,352,139
Total Adjusted Level 1A Assets	88,363,816		88,363,816	68,421,922		68,421,923
Level 1A Assets	87,968,665	100%	87,968,665	68,258,877	100%	68,258,877
Total Adjusted Level 2A Assets			-			
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			77,736			93,262
Level 2B Assets	155,472	50%	77,736	186,524	50%	93,262
Total Cash Outflows			92,260,686			103,244,816
Deposits	327,881,205	10%	32,788,120	296,507,444	10%	29,650,744
Unsecured Wholesale Funding	88,783,420	25% -100%	49,106,397	94,242,828	25% -100%	52,666,981
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	177,863,383	0% -100%	8,730,857	146,086,878	0% -100%	7,655,240
Additional Requirements	1,635,312	100%	1,635,312	13,271,851	100%	13,271,851
Total Cash Inflows			28,679,139			44,327,152
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	44,932,308	50%-100%	28,616,052	71,920,926	50%-100%	41,683,180
Operational Deposits	4,159,382		-	3,620,477		-
Other Cash Inflows	126,174	50% -100%	63,087	5,287,944	50% -100%	2,643,972
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			138.48			116.01

Template 5
Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non- Voting Shares	Debnture Issue - 2016 (5 years and 7 years)	Debnture Issue - 2018 (5 years, 7 years & 10 years)	Debnture Issue - 2019 (5 years)
Issuer	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC
Unique Identifier (e., ISIN or Bloombers Identifier for Private Placement)	LK0182N00002	LK0182X00001	LK0182023559 LK0182023567 LK0182023542	LK0182023955 LK0182023963 LK0182023971	LK0182D24219 LK0182D24227
Governing Law (s) of the Instrument	Provisions of the Banking Act, Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007 and the Articles of Association of the Bank	Provisions of the Banking Act, Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007 and the Articles of Association of the Bank	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed
Original Date of Issuance	April 1988	September 2003	15th July 2016	29th March 2018	18th April 2019
Par Value of Instrument	N/A	N/A	LKR 100/- each	LKR 100/- each	LKR 100/- each
Prepetual or Dated	N/A	N/A	dated	dated	dated
Original Maturity Date, If Applicable	N/A	N/A	15th July 2021	28th March 2023 28th March 2025 28th March 2028	18th April 2024
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	11,136,187	6,412,160	2,405,150	4,207,500	3,500,000
Accounting Classification (Equity /Liability)	Equity	Equity	Liability	Liability	Liability
Issuer call subject to prior Supervisory Approval					
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A	N/A	N/A	N/A
Subsequent Call Dates, If Applicable	N/A	N/A	N/A	N/A	N/A
Coupons/Dividends					
Fixed or Floating Dividend /Coupon	Dividend as decided by the Board annually	Dividend as decided by the Board annually	Fixed and floating interest rate	Fixed interest rate	Fixed interest rate
Coupon Rate and any Related Index	As decided by the Board	As decided by the Board	Semi-Annual Interest - 13.0% p.a. (for 5 years), Semi-Annual Interest - 6 month T-Bill (gross) + 1.50% (for 5 years), Semi-Annual Interest - 13.75% p.a. (for 7 years)	Semi-Annual Interest - 12.85% p.a. (for 5 years), Semi-Annual Interest - 13.20% (for 7 years), Semi-Annual Interest - 13.50% p.a. (for 10 years)	Semi-Annual Interest - 14.5% p.a. Semi-Annual Interest - 10.50% p.a
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or Non-Convertible					
If Convertible, Conversion Trigger (s)				when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka
If Convertible, Fully or Partially				when determined at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka
If Convertible, Mandatory or Optional				Mandatory in the event of a 'Trigger Event'	Mandatory in the event of a 'Trigger Event'
If Convertible, Conversion Rate				Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.

Template 7
Credit Risk under Standardised Approach -
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Description	Amount (LKR'000) as at 30th September 2020						
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM			RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	Total	RWA	RWA Density (ii)
Claims on Central Government and CBSL	127,818,550	-	127,818,550	-	127,818,550	2,766,539	2.16%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	3,026,750	10,661	3,026,750	1,650	3,028,400	605,680	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-
Claims on Banks Exposures	8,660,818	927,720	8,660,818	143,586	8,804,404	8,804,404	100.00%
Claims on Financial Institutions	23,360,412	4,091,799	23,322,036	633,301	23,955,337	17,122,610	71.48%
Claims on Corporates	160,650,108	171,719,114	157,305,956	26,577,538	183,883,493	180,721,138	98.28%
Retail Claims	154,523,248	75,217,104	126,771,157	11,641,601	138,412,758	94,136,085	68.01%
Claims Secured by Residential Property	21,683,423	-	21,683,423	-	21,683,423	12,748,819	58.80%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) (i)	17,816,006	-	17,560,634	-	17,560,634	18,281,389	104.10%
Higher-Risk Categories	-	-	-	-	-	-	-
Cash Items and Other Assets	31,898,765	-	31,898,765	-	31,898,765	24,745,808	77.58%
Total	549,438,080	251,966,398	518,048,089	38,997,676	557,045,764	359,932,471	64.61%

Template 8
Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Description	Amount (LKR'000) as at 30th September 2020 (Post CCF& CRM)									
	Risk Weight	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Asset Classes										
Claims on Central Government and CBSL		113,985,854	13,832,696							127,818,550
Claims on Foreign Sovereigns and their Central Banks										-
Claims on Public Sector Entities			3,028,400							3,028,400
Claims on Official Entities and Multilateral Development Banks										-
Claims on Banks Exposures			-	-			8,804,404			8,804,404
Claims on Financial Institutions			-	13,665,454			10,289,883			23,955,337
Claims on Corporates			-	6,467,969			177,272,267	143,258		183,883,494
Retail Claims					35,842,221	69,962,080	18,858,629			124,662,929
Claims Secured by Gold		7,247,007	6,502,823				-			13,749,829
Claims Secured by Residential Property				17,869,207			3,814,216			21,683,423
Claims Secured by Commercial Real Estate							-			-
Non-Performing Assets (NPAs) (i)				2,665,518			10,788,086	4,107,029		17,560,634
Higher-Risk Categories										-
Cash Items and Other Assets		7,110,908	52,561				24,735,296			31,898,765
Total		128,343,769	23,416,479	40,668,148	35,842,221	69,962,080	254,562,781	4,250,287	-	557,045,764

Template 9
Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30th September 2020
(a) Capital Charger Interest Rate Risk	85,901
General Interest Rate Risk	85,901
(i) Net Long or Short Position	85,901
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	35,201
(i) General Equity Risk	19,434
(ii) Specific Equity Risk	15,767
(c) Capital Charge for Foreign Exchange & Gold	67,429
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	1,508,248

Template 10

Operational Risk Under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30th September 2020		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		22,445,234	24,202,203	24,615,187
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,563,131				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	28,505,050				

Template 11

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories - Bank Only

Item	Amount (LKR'000) as at 30th September 2020				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	547,643,639	548,396,430	547,811,834	2,205,980	584,597
Cash and Cash Equivalents	11,202,656	11,314,235	11,314,235		
Balances with Central Bank	7,167,420	7,167,420	7,167,420		
Placements with Banks	17,053,417	17,137,000	17,137,000		
Derivative Financial Instruments	128,104				
Other Financial Assets Held-For-Trading	2,039,887	1,997,941	1,997,941	2,205,980	
Securities Purchased under Resale Agreements	6,922,597	9,282,234	9,282,234		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	379,879,290	383,943,752	383,943,752		
Financial Investments - Available-For-Sale	54,810,765				
Financial Investments - Held-To-Maturity	48,670,606	92,233,955	92,233,955		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	4,120,468	4,120,467	4,120,468		
Investment Properties	-	-			
Goodwill and Intangible Assets	584,597	584,597			584,597
Deffered Tax Assets	-				
Other Assets	13,910,230	19,461,227	19,461,227		
Liabilities	498,300,186	-	-	-	-
Due to Banks	34,472,126				
Derivative Financial Instruments	173,702				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	425,465,201				
Other Borrowings	2,906,596				
Debt Securities Issued	19,475,293				
Current Tax Liabilities	648,000				
Deferred Tax Liabilities	1,461,189				
Other Provisions					
Other Liabilities	13,509,141				
Due to Subsidiaries	188,938				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	182,413,053	267,409,865	251,966,398	-	-
Guarantees	51,220,778	51,220,777	45,930,783		
Performance Bonds					
Letters of Credit	12,278,975	12,278,975	12,278,975		
Foreign Exchange Contracts	(59,707)	85,306,315	85,306,315		
Other Contingent Items	22,955,354	18,675,433	12,801,880		
Undrawn Loan Commitments	95,648,444	95,648,444	95,648,444		
Other Commitments	369,209	4,279,921			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	17,548,347	17,548,347			
of which Amount Eligible for AT1		-			
Retained Earnings	24,610,659	-			
Accumulated Other Comprehensive Income					
Other Reserves	7,184,447	28,846,823			
Total Shareholders' Equity	49,343,453	46,395,170	-	-	-

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 30th September 2020 are presented in accordance with regulatory capital concepts and rules.

a. Explanations of Differences between accounting and regulatory exposure amounts.

Total assets shown in column a and b in Template 11	
Total assets as per carrying values reported in published Financial Statements (column a)	547,643,639
Total assets as per carrying values reported under scope of regulatory reporting (column b)	548,396,430
Difference	752,791

Financial Assets-Instrument Type	Valuation Technique	Inputs used for valuation
Treasury Bills	Price Formula	Based on market yeild published by CBSL
Treasury Bonds	Price Formula	Based on market yeild published by CBSL
Srilanka Development Bonds	Price Formula	Similar instrument's rate (LIBOR)
Quoted Equities	Closing share price	Closing share price (CSE)
Unquoted Equities	Net assets per share	Net assets per share as per latest Audited Financial Statements
Debentures	Price Formula	Similar instrument's yeild (Treasury bond yeild)