

SEYLAN BANK PLC

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

As at 31.03.2021

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 31.03.2021	Previous Reporting Period 31.12.2020
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		45,373,425	45,810,093
Tier 1 Capital		45,373,425	45,810,093
Total Capital		55,954,638	57,122,556
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.00%	11.02%	11.46%
Tier 1 Capital Ratio	8.50%	11.02%	11.46%
Total Capital Ratio	12.50%	13.59%	14.30%
Leverage Ratio	3.00%	7.71%	7.94%
Net Stable Funding Ratio	90.00%	109.60%	110.38%
Regulatory Liquidity			
Statutory Liquid Assets			
Domestic Banking Unit (LKR 000)		140,733,447	144,503,849
Off-Shore Banking Unit (USD 000)		34,568	33,828
Statutory Liquid Assets Ratio			
Domestic Banking Unit	20.00%	29.84%	31.31%
Off-Shore Banking Unit	20.00%	22.80%	22.47%
Liquidity Coverage Ratio - Rupee	90.00%	186.32%	176.95%
Liquidity Coverage Ratio - All Currency	90.00%	148.63%	142.75%

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 31.03.2021	Previous Reporting Period 31.12.2020
Common Equity Tier I (CET1) Capital after Adjustments	45,373,425	45,810,093
Common Equity Tier I (CET1) Capital	46,340,113	46,774,785
Equity capital (Stated Capital)/Assigned Capital	18,323,881	17,548,347
Reserve fund	2,103,522	2,103,522
Published Retained Earnings/(Accumulated Retained Losses)	23,462,311	24,237,845
Published Accumulated Other Comprehensive Income (OCI)	1,396,833	1,396,833
General and Other Disclosed Reserves	1,488,238	1,488,238
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(434,672)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	966,688	964,692
Goodwill (net)		
Intangible Assets (net)	622,526	620,530
Others *	344,162	344,162
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	10,581,213	11,312,463
Total Tier 2 Capital	10,581,213	11,312,463
Qualifying Tier 2 Capital Instruments	8,391,513	9,122,763
Revaluation gains	393,149	393,149
Loan Loss Provisions (General Provision)	1,796,551	1,796,551
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	45,373,425	45,810,093
Total Capital	55,954,638	57,122,556
Total Risk Weighted Assets (RWA)	411,586,525	399,575,469
RWAs for Credit Risk	381,095,239	369,871,446
RWAs for Market Risk	1,112,560	1,016,973
RWAs for Operational Risk	29,378,726	28,687,050
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.02%	11.46%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	11.02%	11.46%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.59%	14.30%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

*** Consists**

Revaluation losses of property, plant and equipment	30,464
Shortfall of the cumulative impairment to specific provisions	-
Defined benefit pension fund assets	-
Investment in own shares	320,459
Cash flow hedge reserve	(6,761)

Template 3
Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 31.03.2021	Previous Reporting Period 31.12.2020
Tier 1 Capital	45,373,425	45,810,094
Total Exposures	588,664,337	577,103,922
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	533,840,050	525,893,986
Derivative Exposures	1,326,315	1,732,936
Securities Financing Transaction Exposures	6,269,538	6,142,893
Other Off-Balance Sheet Exposures	47,228,434	43,334,107
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.71%	7.94%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 31.03.2021			Previous Reporting Period - 31.12.2020		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Toatal Stock of High-Quality Liquid Assets (HQLA)			97,391,236			100,209,155
Total Adjusted Level 1A Assets	97,098,401		97,098,401	100,002,267		100,002,267
Level 1A Assets	97,311,068	100%	97,311,068	100,123,279	100%	100,123,279
Total Adjusted Level 2A Assets			-			
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			80,168			85,876
Level 2B Assets	160,335	50%	80,168	171,753	50%	85,876
Total Cash Outflows			95,477,925			98,346,660
Deposits	347,432,908	10%	34,743,291	341,486,750	10%	34,148,675
Unsecured Wholesale Funding	90,441,030	25% -100%	46,262,887	90,266,536	25% -100%	48,186,985
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	200,798,574	0% -100%	10,410,501	189,540,464	0% -100%	9,617,217
Additional Requirements	4,061,246	100%	4,061,246	6,393,784	100%	6,393,784
Total Cash Inflows			29,953,933			28,147,748
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	50,475,044	50%-100%	29,811,571	41,245,414	50%-100%	27,367,533
Operational Deposits	2,712,861		-	2,257,009		-
Other Cash Inflows	246,284	50% -100%	142,363	1,158,293	50% -100%	780,215
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			148.63			142.75

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)	11,521,262	6,802,619	1,646,513	3,745,000	3,000,000
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 31st March 2021						
	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	115,748,559	-	115,748,559	-	115,748,559	1,673,957	1.45%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	2,994,866	-	2,994,866	-	2,994,866	598,973	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	
Claims on Banks Exposures	17,646,443	-	17,646,443	52,588	17,699,031	10,470,567	59.16%
Claims on Financial Institutions	20,225,109	-	20,185,724	-	20,185,724	13,347,099	66.12%
Claims on Corporates	170,803,657	221,783,623	164,708,739	37,155,581	201,864,320	197,868,715	98.02%
Retail Claims	172,471,048	24,736,505	145,210,077	10,020,264	155,230,341	103,344,361	66.57%
Claims Secured by Residential Property	18,453,498	-	18,453,498	-	18,453,498	10,205,655	55.30%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) (i)	15,879,066	-	15,879,066	-	15,879,066	19,019,616	119.78%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	33,013,078	-	33,013,078	-	33,013,078	24,566,296	74.41%
Total	567,235,324	246,520,128	533,840,050	47,228,434	581,068,484	381,095,239	65.59%

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

Description	Amount (LKR'000) as at 31st March 2021 (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		99,008,992	16,739,567							115,748,559
Claims on Foreign Sovereigns and their Central Banks										-
Claims on Public Sector Entities			2,994,866							2,994,866
Claims on Official Entities and Multilateral Development Banks										-
Claims on Banks Exposures			9,035,580	-			8,663,451			17,699,031
Claims on Financial Institutions			618,059	12,996,920			6,262,181	308,564		20,185,724
Claims on Corporates			-	8,135,599			193,584,332	144,389		201,864,320
Retail Claims					31,604,305	99,493,053	7,425,807			138,523,165
Claims Secured by Gold		5,026,273	11,680,903				-			16,707,176
Claims Secured by Residential Property				12,688,989			5,764,509			18,453,498
Claims Secured by Commercial Real Estate							-			-
Non-Performing Assets (NPAs) (i)				948,820			7,700,326	7,229,920		15,879,066
Higher-Risk Categories										-
Cash Items and Other Assets		8,434,026	15,945				24,563,107			33,013,078
Total		112,469,291	41,084,920	34,770,328	31,604,305	99,493,053	253,963,714	7,682,873	-	581,068,484

Template 9
Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31st March 2021
(a) Capital Charger Interest Rate Risk	74,965
General Interest Rate Risk	74,965
(i) Net Long or Short Position	74,965
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	36,219
(i) General Equity Risk	20,042
(ii) Specific Equity Risk	16,177
(c) Capital Charge for Foreign Exchange & Gold	27,886
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	1,112,560

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 31st March 2021		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		23,290,702	24,295,489	25,860,623
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,672,341				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	29,378,726				

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 31st March 2021				
	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	562,743,582	566,165,465	567,235,324	4,922,452	622,526
Cash and Cash Equivalents	11,123,357	11,143,392	11,143,392		
Balances with Central Bank	7,341,836	7,341,836	7,341,836		
Placements with Banks	8,976,795	9,035,580	9,035,580		
Derivative Financial Instruments	363,210				
Other Financial Assets Held-For-Trading	5,121,211	5,080,318	5,080,318	4,922,452	
Securities Purchased under Resale Agreements	6,269,538	6,256,434	6,256,434		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	399,694,116	405,044,800	406,737,186		-
Financial Investments - Available-For-Sale	54,325,030				
Financial Investments - Held-To-Maturity	50,209,828	98,032,209	98,032,209		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	3,859,495	3,893,597	3,893,597		
Investment Properties	-	-			
Goodwill and Intangible Assets	622,526	622,526			622,526
Deffered Tax Assets	-				
Other Assets	13,683,038	18,561,171	18,561,170		
Liabilities	513,639,779	-	-	-	-
Due to Banks	27,407,829				
Derivative Financial Instruments	366,743				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	445,942,866				
Other Borrowings	5,201,285				
Debt Securities Issued	16,867,702				
Current Tax Liabilities	1,416,225				
Deferred Tax Liabilities	1,030,447				
Other Provisions					
Other Liabilities	15,071,363				
Due to Subsidiaries	335,319				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	206,548,359	-	-	-	-
Guarantees	60,091,448	-			
Performance Bonds					
Letters of Credit	16,202,136	-			
Foreign Exchange Contracts	38,441	-			
Other Contingent Items	28,665,895	-			
Undrawn Loan Commitments	101,144,558	-			
Other Commitments	405,881	-			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	18,323,881	-			
of which Amount Eligible for AT1		-			
Retained Earnings	24,913,478	-			
Accumulated Other Comprehensive Income					
Other Reserves	5,866,444	-			
Total Shareholders' Equity	49,103,803	-	-	-	-

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 31st March 2021 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)	562,743,582
Total assets as per carrying values reported under scope of regulatory reporting (column b)	566,165,465
Difference	3,421,883

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)