

SEYLAN BANK PLC

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

As at 30.06.2023

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 30.06.2023	Previous Reporting Period 31.12.2022
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		53,319,473	49,920,169
Tier 1 Capital		53,319,473	49,920,169
Total Capital		69,789,285	63,477,151
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.00%	11.85%	10.69%
Tier 1 Capital Ratio	8.50%	11.85%	10.69%
Total Capital Ratio	12.50%	15.51%	13.59%
Leverage Ratio	3.00%	7.69%	7.25%
Net Stable Funding Ratio	2023-100% 2022-90%	127.74%	117.62%
Regulatory Liquidity			
Statutory Liquid Assets			
Domestic Banking Unit (LKR 000)		191,939,614	144,094,083
Off-Shore Banking Unit (USD 000)		30,826	35,226
Statutory Liquid Assets Ratio			
Domestic Banking Unit	20.00%	32.13%	25.16%
Off-Shore Banking Unit	20.00%	25.22%	25.02%
Liquidity Coverage Ratio - Rupee	2023-100% 2022-90%	344.47%	280.14%
Liquidity Coverage Ratio - All Currency	2023-100% 2022-90%	252.09%	175.10%

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 30.06.2023	Previous Reporting Period 31.12.2022
Common Equity Tier I (CET1) Capital after Adjustments	53,319,473	49,920,169
Common Equity Tier I (CET1) Capital	56,411,016	53,765,745
Equity capital (Stated Capital)/Assigned Capital	20,908,673	19,926,453
Reserve fund	2,568,162	2,568,162
Published Retained Earnings/(Accumulated Retained Losses)	31,999,663	30,579,775
Published Accumulated Other Comprehensive Income (OCI)	233,943	(9,220)
General and Other Disclosed Reserves	700,575	700,575
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	3,091,543	3,845,576
Goodwill (net)		
Intangible Assets (net)	466,943	510,146
Others *	2,624,600	3,335,430
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	16,469,812	13,556,982
Total Tier 2 Capital	16,469,812	13,556,982
Qualifying Tier 2 Capital Instruments	10,828,800	7,603,825
Revaluation gains	698,403	698,403
Loan Loss Provisions (General Provision)	4,942,609	5,254,754
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	53,319,473	49,920,169
Total Capital	69,789,285	63,477,151
Total Risk Weighted Assets (RWA)	449,819,933	467,105,338
RWAs for Credit Risk	398,332,675	420,380,297
RWAs for Market Risk	3,780,388	4,116,017
RWAs for Operational Risk	47,706,870	42,609,024
CET1 Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.85%	10.69%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Counter cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	11.85%	10.69%
Total Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.51%	13.59%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Counter cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 3
Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 30.06.2023	Previous Reporting Period 31.12.2022
Tier 1 Capital	53,319,473	49,920,169
Total Exposures	693,512,816	688,763,290
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	652,875,975	641,140,258
Derivative Exposures	237,709	1,282,614
Securities Financing Transaction Exposures	4,286,349	3,628,549
Other Off-Balance Sheet Exposures	36,112,782	42,711,868
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.69%	7.25%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.06.2023			Previous Reporting Period - 31.12.2022		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			115,110,077			110,443,939
Total Adjusted Level 1A Assets	112,529,929		112,529,929	104,920,453		104,920,453
Level 1A Assets	111,434,918	100%	111,434,918	105,053,293	100%	105,053,293
Total Adjusted Level 2A Assets			-			-
Level 2A Assets			3,604,841			5,316,957
Total Adjusted Level 2B Assets			70,318			73,689
Level 2B Assets	140,636	50%	70,318	147,379	50%	73,689
Total Cash Outflows			110,680,974			113,258,279
Deposits	418,519,259	10%	41,851,926	413,448,212	10%	41,344,821
Unsecured Wholesale Funding	107,695,951	25% -100%	54,079,634	117,367,882	25% -100%	60,199,428
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	154,393,104	0% -100%	10,737,205	162,286,926	0% -100%	7,767,676
Additional Requirements	4,012,209	100%	4,012,209	3,946,354	100%	3,946,354
Total Cash Inflows			65,019,125			50,182,738
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	107,945,047	50% -100%	63,204,901	92,421,761	50% -100%	48,772,625
Operational Deposits	47,485,785		-	28,939,964		-
Other Cash Inflows	3,595,893	50% -100%	1,814,224	2,312,148	50% -100%	1,410,113
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			252.09			175.10

Template 5
Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non-Voting Shares	Debenture Issue - 2016 (7 years)	Debenture Issue - 2018 (5 years, 7 years & 10 years)	Debenture Issue - 2019 (5 years)	Debenture Issue - 2021 (5 years)	Debenture Issue - 2023 (5 years)
Issuer	Seylan Bank PLC	Seylan Bank PLC	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	LK0182D23542	LK0182D23955 LK0182D23963 LK0182D23971	LK0182D24219 LK0182D24227	LK0182D24722 LK0182D24730	LK0182D25133 LK0182D25125
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	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	12th April 2021	02nd May 2023
Par Value of Instrument	N/A	N/A	LKR 100/- each	LKR 100/- each	LKR 100/- each	LKR 100/- each	LKR 100/- each
Perpetual or Dated	N/A	N/A	dated	dated	dated	dated	dated
Original Maturity Date, if Applicable	N/A	N/A	15th July 2023	29th March 2023, 29th March 2025 and 29th March 2028	18th April 2024	12th April 2026	01st May 2028
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	12,794,664	8,114,009	-	1,778,800	750,000	3,300,000	5,000,000
Accounting Classification (Equity /Liability)	Equity	Equity	Liability	Liability	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	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A	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 interest rate	Fixed interest rate	Fixed 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 - 13.75% 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., Annual Interest - 15.0% p.a.	Annual Interest - 9.75% p.a., Quarterly Interest - 9.25% p.a.	Annual Interest - 28.00% p.a., Quarterly Interest - 25.00% p.a.
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Convertible	Convertible	Convertible	Convertible
If Convertible, Conversion Trigger (s)				Convertible in the event of a 'Trigger Event' in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event' in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event' in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event' in terms of the Banking Act Direction No.1 of 2016
If Convertible, Fully or Partially				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	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, Mandatory or Optional				Mandatory in the event of a 'Trigger Event'	Mandatory in the event of a 'Trigger Event'	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.	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 Standardized Approach -
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Description	Amount (LKR'000) as at 30th June 2023						
	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	169,080,962	-	169,080,962	-	169,080,962	1,517,869	0.90%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	3,655,000	-	3,655,000	-	3,655,000	3,655,000	100.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	
Claims on Banks Exposures	61,446,504	-	61,446,504	-	61,446,504	26,234,637	42.70%
Claims on Financial Institutions	13,458,746	3,775,000	13,458,746	755,000	14,213,746	9,417,722	66.26%
Claims on Corporates	194,631,126	138,133,862	187,189,592	29,372,236	216,561,828	206,163,955	95.20%
Retail Claims	164,284,714	12,910,627	129,620,190	5,985,546	135,605,736	80,878,623	59.64%
Claims Secured by Residential Property	18,233,098	-	18,233,098	-	18,233,098	7,445,115	40.83%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) (i)	34,736,712	-	34,736,712	-	34,736,712	36,697,114	105.64%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	35,455,171	-	35,455,171	-	35,455,171	26,322,639	74.24%
Total	694,982,033	154,819,489	652,875,975	36,112,782	688,988,757	398,332,675	57.81%

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

Description	Amount (LKR'000) as at 30th June 2023 (Post CCF& CRM)											
	Risk Weight	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Asset Classes												
Claims on Central Government and CBSL		161,491,616		7,589,346								169,080,962
Claims on Foreign Sovereigns and their Central Banks												-
Claims on Public Sector Entities									3,655,000			3,655,000
Claims on Official Entities and Multilateral Development Banks												-
Claims on Banks Exposures				36,864,854		11,586,201			12,849,217	146,233		61,446,505
Claims on Financial Institutions				276,494		9,149,656			4,787,595	-		14,213,745
Claims on Corporates				3,718,566		14,934,062			197,821,177	88,022.00		216,561,827
Retail Claims							13,779,313	82,872,859	7,092,982			103,745,154
Claims Secured by Gold		15,043,538		16,817,044					-			31,860,582
Claims Secured by Residential Property					16,596,897				1,636,201			18,233,098
Claims Secured by Commercial Real Estate									-			-
Non-Performing Assets (NPAs) (i)						618,982			29,577,944	4,539,787		34,736,713
Higher-Risk Categories												-
Cash Items and Other Assets		9,132,532		-					26,322,639			35,455,171
Total		185,667,686	-	65,266,304	16,596,897	36,288,901	13,779,313	82,872,859	283,742,755	4,774,042.00	-	688,988,757

Template 9
Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000) as at 30th June 2023
(a) Capital Charger Interest Rate Risk	84,316
General Interest Rate Risk	84,316
(i) Net Long or Short Position	84,316
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	305,369
(i) General Equity Risk	154,585
(ii) Specific Equity Risk	150,784
(c) Capital Charge for Foreign Exchange & Gold	82,864
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	3,780,388

Template 10

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

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30th June 2023		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		26,366,302	39,017,027	53,883,847
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	5,963,359				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	47,706,870				

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 June 2023				
	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	689,130,792	689,130,792	694,982,034	19,535,521	6,878,073
Cash and Cash Equivalents	56,991,507	56,991,507	56,991,507		
Balances with Central Bank	15,325,813	15,325,813	15,325,813		
Placements with Banks	13,128,073	13,128,073	13,128,073		
Derivative Financial Instruments	54,056	54,056	54,056		
Other Financial Assets Held-For-Trading	18,439,481	18,439,481	18,439,481	18,439,481	
Securities Purchased under Resale Agreements	4,286,349	4,286,349	4,286,349		
Loans and Receivables to Banks	-	448,318	448,318		
Loans and Receivables to Other Customers *	420,595,195	420,146,877	429,001,113		3,875,078
Financial Investments - Available-For-Sale	30,013,229	30,013,229	30,013,229	1,096,040	
Financial Investments - Held-To-Maturity	103,417,079	103,417,079	103,417,079		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures					
Property, Plant and Equipment	3,700,316	3,700,316	3,700,317		
Investment Properties	-	-			
Goodwill and Intangible Assets	466,943	466,943			466,943
Deferred Tax Assets	2,536,052	2,536,052			2,536,052
Other Assets	19,023,097	19,023,097	19,023,097		
Liabilities	631,769,404	-	-	-	-
Due to Banks	11,147,407				
Derivative Financial Instruments	432,272				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	548,677,958				
Other Borrowings	9,032				
Debt Securities Issued	22,347,820				
Current Tax Liabilities	2,575,646				
Deferred Tax Liabilities	-				
Other Provisions	-				
Other Liabilities	20,200,461				
Due to Subsidiaries	119,771				
Subordinated Term Debts	26,259,037				
Off-Balance Sheet Liabilities	160,043,067	160,043,067	-	-	-
Guarantees	59,611,391	59,611,391			
Performance Bonds					
Letters of Credit	4,999,141	4,999,141			
Foreign Exchange Contracts	(369,689)	(369,689)			
Other Contingent Items	13,899,801	13,899,801			
Undrawn Loan Commitments	80,511,046	80,511,046			
Other Commitments	1,391,377	1,391,377			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	20,908,673	20,908,673			
of which Amount Eligible for AT1					
Retained Earnings	32,483,882	32,483,882			
Accumulated Other Comprehensive Income	(674,123)	(674,123)			
Other Reserves	4,642,956	4,642,956			
Total Shareholders' Equity	57,361,388	57,361,388	-	-	-

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 31st December 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)	689,130,792
Total assets as per carrying values reported under scope of regulatory reporting (column b)	689,130,792
Difference	0

Financial Assets-Instrument Type	Valuation Technique	Inputs used for valuation
Treasury Bills	Price Formula	Based on market yield published by CBSL
Treasury Bonds	Price Formula	Based on market yield 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 yield (Treasury bond yield)