SEYLAN BANK PLC

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

As at 31.03.2019

Template 1

Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement		Reporting Period 31.03.2019	Previous Reporting Period 31.12.2018
Regulatory Capital (LKR'000)	**2019**	**2018**		
Common Equity Tier 1 Capital			**33,204,560**	**33,486,749**
Tier 1 Capital			**33,204,560**	**33,486,749**
Total Capital			**42,954,859**	**43,682,547**
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio	**7.000%**	**6.375%**	9.71%	10.20%
Tier 1 Capital Ratio	**8.500%**	**7.875%**	9.71%	10.20%
Total Capital Ratio	**12.500%**	**11.875%**	12.57%	13.30%
Leverage Ratio	**3.00%**	**3.00%**	6.82%	7.20%
Net Stable Funding Ratio	**90.00%**	**90.00%**	110.00%	110.00%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit (LKR 000)			**88,289,349**	**80,722,525**
Off-Shore Banking Unit (USD 000)			**33,293**	**31,468**
Statutory Liquid Assets Ratio				
Domestic Banking Unit	**20%**	**20%**	**22.30%**	**21.44%**
Off-Shore Banking Unit	**20%**	**20%**	**23.28%**	**22.08%**
Liquidity Coverage Ratio - Rupee	**100%**	**90%**	**141.36**	**128.76**
Liquidity Coverage Ratio - All Currency	**100%**	**90%**	**112.81**	**92.15**

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 31.03.2019	Previous Reporting Period 31.12.2018
Common Equity Tier I (CETI) Capital after Adjustments	**33,204,560**	**33,486,749**
Common Equity Tier I (CET1) Capital	**34,138,200**	**34,442,303**
Equity capital (Stated Capital)/Assigned Capital	12,655,485	12,025,795
Reserve fund	1,768,944	1,768,944
Published Retained Earnings/(Accumulated Retained Losses)	18,758,318	19,673,567
Published Accumulated Other Comprehensive Income (OCI)	(1,055,427)	(1,055,427)
General and Other Disclosed Reserves	2,029,424	2,029,424
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(18,544)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to CET1 Capital	**933,640**	**955,554**
Goodwill (net)		
Intangible Assets (net)	554,177	576,091
Others *	379,463	379,463
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	**9,750,299**	**10,195,799**
Total Tier 2 Capital	**9,750,299**	**10,195,799**
Qualifying Tier 2 Capital Instruments	9,357,150	9,802,650
Revaluation gains	393,149	393,149
Loan Loss Provisions		
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	**33,204,560**	**33,486,749**
Total Capital	**42,954,859**	**43,682,548**
Total Risk Weighted Assets (RWA)	**341,788,598**	**328,331,166**
RWAs for Credit Risk	313,854,837	300,834,151
RWAs for Market Risk	2,490,672	1,661,514
RWAs for Operational Risk	25,443,089	25,835,501
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**9.71%**	**10.20%**
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 (%)	**9.71%**	**10.20%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**12.57%**	**13.30%**
of which: Capital Conservation Buffer (%)	2.500%	1.875%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 3

Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 31.03.2019	Previous Reporting Period 31.12.2018
Tier 1 Capital	**33,204,560**	**33,486,749**
Total Exposures	**486,672,360**	**464,935,022**
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	452,576,453	440,269,815
Derivative Exposures	826,788	
Securities Financing Transaction Exposures	8,714,153	
Other Off-Balance Sheet Exposures	24,554,966	24,665,207
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	6.82%	7.20%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 31.03.2019			Previous Reporting Period - 31.12.2018		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Toatal Stock of High-Quality Liquid Assets (HQLA)			**59,559,778**			**54,800,053**
Total Adjusted Level 1A Assets	58,706,513		**60,244,217**	55,294,220		**55,294,220**
Level 1A Assets	59,444,777		**59,444,777**	54,673,046		54,673,046
Total Adjusted Level 2A Assets						
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			**115,001**			**127,007**
Level 2B Assets	230,001		115,001	254,014		127,007
Total Cash Outflows			**85,995,923**			**86,307,265**
Deposits	275,428,373		27,542,837	272,105,628		27,210,563
Unsecured Wholesale Funding	82,257,499		45,463,916	77,731,112		42,931,261
Secured Funding Transactions			-			-
Undrawn Portion of Commited (Irrevocable) Facilities and Other Contingent Funding Obligations	113,568,545		4,913,769	124,824,143		7,309,085
Additional Requirements	8,075,401		8,075,401	8,856,356		8,856,356
Total Cash Inflows			**33,200,916**			**26,838,579**
Maturing Secured Lending Transactions Backed by Collateral			-			-
Commited Facilities	27,240		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	60,111,888		30,055,944	49,351,190		24,675,595
Operational Deposits	1,571,254		-	5,087,053		-
Other Cash Inflows	6,289,945		3,144,972	1,795,332		2,162,984
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			**112.81**			**92.15**

Template 5

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	**Ordinary Voting Shares**	**Ordinary Non- Voting Shares**	**Debnture Isssue - 2016 (5 years and 7 years)**	**Debnture Isssue - 2018 (5 years, 7 years & 10 years)**
Issuer	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
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
Original Date of Issuance	April 1988	September 2003	15th July 2016	29th March 2018
Par Value of Instrument	N/A	N/A	LKR 100/- each	LKR 100/- each
Prepetual or Dated	N/A	N/A	dated	dated
Original Maturity Date, If Applicable	N/A	N/A	15th July 2021	29th March 2023
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	8,039,866	4,615,619	3,905,150	5,452,000
Accounting Classification (Equity /Liability)	Equity	Equity	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
Subsequent Call Dates, If Applicable	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
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)
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	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

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

Description	Amount (LKR'000) as at 31st March 2019						
	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	106,899,047	-	106,899,047		106,899,047	1,860,300	1.74%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	-	-	-	-	-	-	0.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	0.00%
Claims on Banks Exposures	6,049,739	295,754	6,049,739	48,750	6,098,489	2,866,207	47.00%
Claims on Financial Institutions	22,692,222	414,899	23,108,649	68,389	23,177,038	13,981,270	60.32%
Claims on Corporates	147,016,301	113,504,027	143,761,643	18,709,213	162,470,856	161,456,128	99.38%
Retail Claims	136,155,839	34,754,042	110,384,202	5,728,614	116,112,816	78,477,590	67.59%
Claims Secured by Residential Property	18,194,852	-	18,194,852		18,194,852	10,881,416	59.80%
Claims Secured by Commercial Real Estate	3,846	-	3,846		3,846	3,846	
Non-Performing Assets (NPAs) (i)	18,309,082	-	18,309,082	-	18,309,082	26,107,126	142.59%
Higher-Risk Categories	-	-	-		-		
Cash Items and Other Assets	25,865,393	-	25,865,393		25,865,393	18,220,955	70.45%
Total	**481,186,321**	**148,968,722**	**452,576,453**	**24,554,966**	**477,131,419**	**313,854,838**	**65.78%**

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

Description	Amount (LKR'000) as at 31st March 2019 (Post CCF& CRM)								
Risk Weight / Asset Classes	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and CBSL	97,597,547	9,301,500							**106,899,047**
Claims on Foreign Sovereigns and their Central Banks									**-**
Claims on Public Sector Entities									**-**
Claims on Official Entities and Multilateral Development Banks									**-**
Claims on Banks Exposures		691,376	5,358,363			48,750			**6,098,489**
Claims on Financial Institutions		-	18,391,537			4,785,501			**23,177,038**
Claims on Corporates		-	2,029,456			160,441,401	-		**162,470,856**
Retail Claims				33,600,211	59,604,298	11,983,338			**105,187,847**
Claims Secured by Gold	2,770,459	8,154,510				-			**10,924,969**
Claims Secured by Residential Property			14,626,872			3,567,980			**18,194,852**
Claims Secured by Commercial Real Estate						3,846			**3,846**
Non-Performing Assets (NPAs) (i)			60,866			2,591,263	15,656,953		**18,309,082**
Higher-Risk Categories									-
Cash Items and Other Assets	7,498,283	182,694				18,184,416			**25,865,393**
Total	**107,866,289**	**18,330,080**	**40,467,094**	**33,600,211**	**59,604,298**	**201,606,495**	**15,656,953**	**-**	**477,131,419**

Template 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31st March 2019
(a) Capital Charger Interest Rate Risk	**245,665**
General Interest Rate Risk	**245,665**
(i) Net Long or Short Position	245,665
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	**35,904**
(i) General Equity Risk	19,885
(ii) Specific Equity Risk	16,019
(c) Capital Charge for Foreign Exchange & Gold	**29,765**
Total Risk Weighted Assets on Market Risk [(a)+(b)+(c)]*CAR	**2,490,672**

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 2019		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**23,311,630**	**21,365,177**	**18,930,916**
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,180,386				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	25,443,089				

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 2019				
	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	**475,486,485**	**480,291,114**	**479,736,937**	**4,798,257**	**554,177**
Cash and Cash Equivalents	8,908,270	9,181,534	9,181,534		
Balances with Central Bank	15,186,602	15,186,602	15,186,602		
Placements with Banks	3,250,677	3,266,005	3,266,005		
Derivative Financial Instruments	391,370				
Other Financial Assets Held-For-Trading	6,705,338	6,553,258	6,553,258	4,798,257	
Securities Purchased under Resale Agreements	-	8,714,153	8,714,153		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	337,532,656	342,205,935	342,205,935		
Financial Investments - Available-For-Sale	57,665,544				
Financial Investments - Held-To-Maturity	30,552,780	76,445,034	76,445,034		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	3,713,932	3,713,932	3,713,932		
Investment Properties	-	-			
Goodwill and Intangible Assets	554,177	554,177			554,177
Deffered Tax Assets		-			
Other Assets	9,871,537	13,316,882	13,316,882		
Liabilities	**439,565,824**	**-**	**-**	**-**	**-**
Due to Banks	22,588,427				
Derivative Financial Instruments	199,693				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	367,052,617				
Other Borrowings	21,241,786				
Debt Securities Issued	16,059,742				
Current Tax Liabilities	951,126				
Deferred Tax Liabilities	177,416				
Other Provisions					
Other Liabilities	11,058,109				
Due to Subsidiaries	236,908				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	**116,426,936**	**156,578,566**	**148,968,722**	**-**	**-**
Guarantees	28,223,269	28,223,270	27,274,561		
Performance Bonds					
Letters of Credit	11,280,171	11,280,170	11,280,170		
Foreign Exchange Contracts	(199,594)	40,070,900	40,070,900		
Other Contingent Items	11,175,588	8,236,468	4,514,454		
Undrawn Loan Commitments	65,828,637	65,828,637	65,828,637		
Other Commitments	118,865	2,939,121			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	12,655,485	12,655,486			
of which Amount Eligible for CET1	3,223,966	4,830,466			
of which Amount Eligible for AT1		-			
Retained Earnings	20,041,210	20,466,561			
Accumulated Other Comprehensive Income		-			
Other Reserves		-			
Total Shareholders' Equity	**35,920,661**	**37,952,513**	**-**	**-**	**-**

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 31st March 2019 are presented in accordance with regulatory capital concepts and rules.

a. Explantions 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)	475,486,485
Total assets as per carrying values reported under scope of regulatory reporting (column b)	480,291,114
Difference	4,804,629

Financial Assets-Insrument 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 Equties	Closing share price	Closing share price (CSE)
Unquoted Equties	Net assets per share	Net assets per share as per latest Audited Financial Statements
Debentures	Price Formula	Similar instrument's yeild (Treasury bond yeild)