

# SEYLAN BANK PLC

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

**As at 31.03.2020**

**Template 1**  
**Key Regulatory Ratios - Capital and Liquidity**

Item	Minimum Requirement	Reporting Period 31.03.2020	Previous Reporting Period 31.12.2019
<b><i>Regulatory Capital (LKR'000)</i></b>			
Common Equity Tier 1 Capital		43,088,036	43,051,519
Tier 1 Capital		43,088,036	43,051,519
Total Capital		56,045,026	56,704,009
<b><i>Regulatory Capital Ratios (%)</i></b>			
Common Equity Tier 1 Capital Ratio	7.000%	11.21%	11.27%
Tier 1 Capital Ratio	8.500%	11.21%	11.27%
Total Capital Ratio	12.500%	14.58%	14.84%
Leverage Ratio	3.00%	8.06%	8.17%
Net Stable Funding Ratio	100.00%	110.82%	109.11%
<b><i>Regulatory Liquidity</i></b>			
<b><i>Statutory Liquid Assets</i></b>			
Domestic Banking Unit ( LKR 000 )		98,465,471	90,379,939
Off-Shore Banking Unit ( USD 000 )		31,489	29,493
<b><i>Statutory Liquid Assets Ratio</i></b>			
Domestic Banking Unit	20%	22.03%	21.40%
Off-Shore Banking Unit	20%	21.39%	21.81%
Liquidity Coverage Ratio - Rupee	100%	175.84	169.60
Liquidity Coverage Ratio - All Currency	100%	120.49	116.01

**Template 2**  
**Basel III Computation of Capital Ratios**

Item	Amount (LKR'000)	
	Reporting Period 31.03.2020	Previous Reporting Period 31.12.2019
<b>Common Equity Tier I (CET1) Capital after Adjustments</b>	<b>43,088,036</b>	<b>43,051,519</b>
<b>Common Equity Tier I (CET1) Capital</b>	<b>43,976,176</b>	<b>43,976,176</b>
Equity capital (Stated Capital)/Assigned Capital	17,044,724	17,044,724
Reserve fund	1,952,957	1,952,957
Published Retained Earnings/(Accumulated Retained Losses)	22,836,779	22,836,779
Published Accumulated Other Comprehensive Income (OCI)	179,455	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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		
<b>Total Adjustments to CET1 Capital</b>	<b>888,140</b>	<b>924,657</b>
Goodwill (net)		
Intangible Assets (net)	570,750	607,267
Others *	317,390	317,390
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>		
<b>Total Additional Tier 1 (AT1) Capital</b>		
Qualifying Additional Tier 1 Capital Instruments		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
<b>Total Adjustments to AT1 Capital</b>		
Investment in Own Shares		
Others (Specify)		
<b>Tier 2 Capital after Adjustments</b>	<b>12,956,991</b>	<b>13,652,491</b>
<b>Total Tier 2 Capital</b>	<b>12,956,991</b>	<b>13,652,491</b>
Qualifying Tier 2 Capital Instruments	11,575,150	12,270,650
Revaluation gains	393,149	393,149
Loan Loss Provisions (General Provision)	988,692	988,692
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
<b>Total Adjustments to Tier 2</b>	<b>-</b>	<b>-</b>
Investment in own shares		
Others (Specify)		
<b>Total Tier 1 Capital</b>	<b>43,088,036</b>	<b>43,051,519</b>
<b>Total Capital</b>	<b>56,045,026</b>	<b>56,704,010</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>384,323,381</b>	<b>382,084,421</b>
RWAs for Credit Risk	355,009,081	352,681,982
RWAs for Market Risk	1,692,592	2,329,400
RWAs for Operational Risk	27,621,709	27,073,039
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>11.21%</b>	<b>11.27%</b>
of which: Capital Conservation Buffer (%)	2.500%	1.875%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
<b>Total Tier 1 Capital Ratio (%)</b>	<b>11.21%</b>	<b>11.27%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>14.58%</b>	<b>14.84%</b>
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 31.03.2020	Previous Reporting Period 31.12.2019
<b>Tier 1 Capital</b>	<b>43,088,036</b>	<b>43,051,519</b>
<b>Total Exposures</b>	<b>534,787,618</b>	<b>527,061,840</b>
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	491,810,289	487,327,129
Derivative Exposures	1,038,991	800,747
Securities Financing Transaction Exposures	6,922,597	5,165,159
Other Off-Balance Sheet Exposures	35,015,741	33,768,806
<b>Basel III Leverage Ratio (%) (Tier 1/Total Exposure)</b>	<b>8.06%</b>	<b>8.17%</b>

**Template 4**  
**Basel III Computation of Liquidity Coverage Ratio**

Item	Amount (LKR'000)					
	Reporting Period - 31.03.2020			Previous Reporting Period - 31.12.2019		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>			<b>76,148,357</b>			<b>68,352,139</b>
<b>Total Adjusted Level 1A Assets</b>	75,164,642		<b>75,718,888</b>	68,421,922		<b>68,421,923</b>
<b>Level 1A Assets</b>	75,530,268	<b>100%</b>	<b>76,084,514</b>	68,258,877	<b>100%</b>	68,258,877
<b>Total Adjusted Level 2A Assets</b>			-			
<b>Level 2A Assets</b>			-			-
<b>Total Adjusted Level 2B Assets</b>			<b>63,843</b>			<b>93,262</b>
<b>Level 2B Assets</b>	127,686	<b>50%</b>	63,843	186,524	<b>50%</b>	93,262
<b>Total Cash Outflows</b>			<b>104,693,223</b>			<b>103,244,816</b>
Deposits	303,697,289	<b>10%</b>	30,369,729	296,507,444	<b>10%</b>	29,650,744
Unsecured Wholesale Funding	93,172,944	<b>25% -100%</b>	54,094,749	94,242,828	<b>25% -100%</b>	52,666,981
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	149,273,836	<b>0% -100%</b>	8,177,529	146,086,878	<b>0% -100%</b>	7,655,240
Additional Requirements	12,051,216	<b>100%</b>	12,051,216	13,271,851	<b>100%</b>	13,271,851
<b>Total Cash Inflows</b>			<b>41,494,314</b>			<b>44,327,152</b>
Maturing Secured Lending Transactions Backed by Collateral Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	28,164,722	<b>50%-100%</b>	40,152,360	24,122,613	<b>50%-100%</b>	41,683,180
Operational Deposits	5,004,963		-	3,620,477		-
Other Cash Inflows	2,683,907	<b>50% -100%</b>	1,341,954	5,287,944	<b>50% -100%</b>	2,643,972
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100</b>			<b>120.49</b>			<b>116.01</b>

Template 5  
Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non- Voting Shares	Debt Issue - 2016 (5 years and 7 years)	Debt Issue - 2018 (5 years, 7 years & 10 years)	Debt 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 Debt 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 Debt 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 Debt 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)	10,884,710	6,160,014	2,905,150	4,670,000	4,000,000
Accounting Classification (Equity /Liability)	Equity	Equity	Liability	Liability	Liability
<b>Issuer call subject to prior Supervisory Approval</b>					
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
<b>Coupons/Dividends</b>					
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
<b>Convertible or Non-Convertible</b>					
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 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	105,610,333	480,631	105,610,333		105,610,333	1,528,875	1.45%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	89,594	89,594	-	0.00%
Claims on Public Sector Entities	-	-	-	-	-	-	0.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	0.00%
Claims on Banks Exposures	8,720,533	6,091,008	8,720,533	1,135,419	9,855,952	9,334,551	94.71%
Claims on Financial Institutions	22,874,850	8,900,249	22,278,400	1,659,087	23,937,487	15,263,820	63.77%
Claims on Corporates	175,775,343	122,449,858	171,178,476	22,825,763	194,004,239	189,953,706	97.91%
Retail Claims	145,257,492	49,921,811	116,905,783	9,305,878	126,211,661	84,969,631	67.32%
Claims Secured by Residential Property	18,751,098	-	18,737,800	-	18,737,800	11,087,654	59.17%
Claims Secured by Commercial Real Estate	2,367	-	2,367	-	2,367	2,367	100.00%
Non-Performing Assets (NPAs) (i)	17,821,186	-	17,716,574	-	17,716,574	20,380,343	115.04%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	30,660,023	-	30,660,023	-	30,660,023	22,488,134	73.35%
<b>Total</b>	<b>525,473,225</b>	<b>187,843,557</b>	<b>491,810,289</b>	<b>35,015,741</b>	<b>526,826,030</b>	<b>355,009,081</b>	<b>67.39%</b>

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

Description	Amount (LKR'000) as at 31st March 2020 (Post CCF& CRM)									
	Risk Weight	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
<b>Asset Classes</b>										
Claims on Central Government and CBSL		98,055,552	7,644,375							105,699,927
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			540,597	177,847			9,137,508			9,855,952
Claims on Financial Institutions			-	17,347,334			6,590,153			23,937,487
Claims on Corporates			-	8,237,783			185,629,741	136,716		194,004,239
Retail Claims					34,452,971	64,748,199	14,876,936			114,078,106
Claims Secured by Gold		7,834,739	4,298,816				-			12,133,555
Claims Secured by Residential Property				15,300,292			3,437,508			18,737,800
Claims Secured by Commercial Real Estate							2,367			2,367
Non-Performing Assets (NPAs) (i)				875,822			10,637,392	6,203,360		17,716,574
Higher-Risk Categories										-
Cash Items and Other Assets		8,120,084	64,756				22,475,183			30,660,023
<b>Total</b>		<b>114,010,375</b>	<b>12,548,544</b>	<b>41,939,078</b>	<b>34,452,971</b>	<b>64,748,199</b>	<b>252,786,788</b>	<b>6,340,076</b>	<b>-</b>	<b>526,826,030</b>

**Template 9**  
**Market Risk under Standardised Measurement Method**

Item	RWA Amount (LKR'000) as at 31st March 2020
<b>(a) Capital Charger Interest Rate Risk</b>	<b>152,816</b>
General Interest Rate Risk	<b>152,816</b>
(i) Net Long or Short Position	152,816
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
<b>(b) Capital Charge for Equity</b>	<b>29,307</b>
(i) General Equity Risk	16,124
(ii) Specific Equity Risk	13,183
<b>( c) Capital Charge for Foreign Exchange &amp; Gold</b>	<b>29,451</b>
<b>Total Risk Weighted Assets on Market Risk</b>	
<b>[(a)+(b)+(c)]*CAR</b>	<b>1,692,592</b>

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 2020		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
The Basic Indicator Approach	15%		21,446,565	23,290,702	24,317,004
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	3,452,714				
<b>Risk-Weighted Amount for operational Risk (LKR'000)</b>					
The Basic Indicator Approach	27,621,709				

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 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
<b>Assets</b>	<b>520,794,338</b>	<b>524,402,364</b>	<b>523,831,614</b>	<b>3,867,931</b>	<b>570,750</b>
Cash and Cash Equivalents	13,097,704	13,290,178	13,290,178		
Balances with Central Bank	14,447,313	14,447,313	14,447,313		
Placements with Banks	2,471,008	2,483,000	2,483,000		
Derivative Financial Instruments	289,350				
Other Financial Assets Held-For-Trading	3,867,932	4,150,005	4,150,005	3,867,931	
Securities Purchased under Resale Agreements	6,922,597	6,904,514	6,904,514		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	379,030,760	382,455,920	382,455,920		
Financial Investments - Available-For-Sale	45,914,042				
Financial Investments - Held-To-Maturity	36,992,616	77,625,501	77,625,501		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	4,354,806	4,354,806	4,354,806		
Investment Properties	-	-			
Goodwill and Intangible Assets	570,750	570,750			570,750
Deffered Tax Assets	-				
Other Assets	11,681,858	16,966,775	16,966,775		
<b>Liabilities</b>	<b>475,011,148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to Banks	30,675,343				
Derivative Financial Instruments	238,654				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	407,001,630				
Other Borrowings	4,914,266				
Debt Securities Issued	19,744,003				
Current Tax Liabilities	266,864				
Deferred Tax Liabilities	680,304				
Other Provisions					
Other Liabilities	11,231,551				
Due to Subsidiaries	258,533				
Subordinated Term Debts					
<b>Off-Balance Sheet Liabilities</b>	<b>153,508,714</b>	<b>198,253,882</b>	<b>187,843,557</b>	<b>-</b>	<b>-</b>
Guarantees	43,042,714	43,042,715	40,072,963		
Performance Bonds					
Letters of Credit	12,690,513	12,690,514	12,586,627		
Foreign Exchange Contracts	(10,012)	45,278,672	45,278,672		
Other Contingent Items	13,964,309	10,262,934	6,627,622		
Undrawn Loan Commitments	83,277,673	83,277,673	83,277,673		
Other Commitments	543,517	3,701,374			
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	17,044,724	17,044,723			
of which Amount Eligible for AT1		-			
Retained Earnings	23,725,157	20,466,561			
Accumulated Other Comprehensive Income					
Other Reserves	5,013,309	7,357,637			
<b>Total Shareholders' Equity</b>	<b>45,783,190</b>	<b>44,868,921</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 31st March 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)	520,794,338
Total assets as per carrying values reported under scope of regulatory reporting (column b)	524,402,364
Difference	3,608,026

<b>Financial Assets-Instrument Type</b>	<b>Valuation Technique</b>	<b>Inputs used for valuation</b>
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)