

SEYLAN BANK PLC

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

As at 30.06.2019

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement		Reporting Period 30.06.2019	Previous Reporting Period 31.12.2018
	2019	2018		
Regulatory Capital (LKR'000)				
Common Equity Tier 1 Capital			33,243,949	33,486,749
Tier 1 Capital			33,243,949	33,486,749
Total Capital			47,298,747	43,682,547
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio	7.000%	6.375%	9.54%	10.20%
Tier 1 Capital Ratio	8.500%	7.875%	9.54%	10.20%
Total Capital Ratio	12.500%	11.875%	13.58%	13.30%
Leverage Ratio	3.00%	3.00%	6.70%	7.20%
Net Stable Funding Ratio	90.00%	90.00%	109.67%	110.00%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit (LKR 000)			91,365,478	80,722,525
Off-Shore Banking Unit (USD 000)			30,312	31,468
Statutory Liquid Assets Ratio				
Domestic Banking Unit	20%	20%	22.38%	21.44%
Off-Shore Banking Unit	20%	20%	22.42%	22.08%
Liquidity Coverage Ratio - Rupee	100%	90%	147.18	128.76
Liquidity Coverage Ratio - All Currency	100%	90%	115.29	92.15

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 30.06.2019	Previous Reporting Period 31.12.2018
Common Equity Tier I (CET1) Capital after Adjustments	33,243,949	33,486,749
Common Equity Tier I (CET1) Capital	34,156,745	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)	(1,055,426)	(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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to CET1 Capital	912,796	955,554
Goodwill (net)		
Intangible Assets (net)	533,333	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	14,054,799	10,195,799
Total Tier 2 Capital	14,054,799	10,195,799
Qualifying Tier 2 Capital Instruments	13,661,650	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	33,243,949	33,486,749
Total Capital	47,298,747	43,682,548
Total Risk Weighted Assets (RWA)	348,411,642	328,331,166
RWAs for Credit Risk	320,544,078	300,834,151
RWAs for Market Risk	2,002,088	1,661,514
RWAs for Operational Risk	25,865,476	25,835,501
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	9.54%	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 (%)	9.54%	10.20%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.58%	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 30.06.2019	Previous Reporting Period 31.12.2018
Tier 1 Capital	33,243,949	33,486,749
Total Exposures	496,448,746	464,935,022
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	457,671,998	440,269,815
Derivative Exposures	781,655	
Securities Financing Transaction Exposures	10,031,834	
Other Off-Balance Sheet Exposures	27,963,259	24,665,207
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	6.70%	7.20%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.06.2019			Previous Reporting Period - 31.12.2018		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			65,498,917			54,800,053
Total Adjusted Level 1A Assets	65,090,478		65,090,478	55,294,220		55,294,220
Level 1A Assets	65,427,700		65,427,700	54,673,046		54,673,046
Total Adjusted Level 2A Assets						
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			71,217			127,007
Level 2B Assets	142,433		71,217	254,014		127,007
Total Cash Outflows			92,701,868			86,307,265
Deposits	284,444,760		28,444,476	272,105,628		27,210,563
Unsecured Wholesale Funding	80,576,529		45,218,622	77,731,112		42,931,261
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	126,194,133		6,877,074	124,824,143		7,309,085
Additional Requirements	12,161,697		12,161,697	8,856,356		8,856,356
Total Cash Inflows			35,888,484			26,838,579
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	62,448,184		31,224,092	49,351,190		24,675,595
Operational Deposits	1,522,748		-	5,087,053		-
Other Cash Inflows	9,328,784		4,664,392	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			115.29			92.15

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	29th March 2023	18th April 2024
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	8,039,866	4,615,619	3,655,150	5,256,500	4,750,000
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	Non-Convertible	Non-Convertible	Non-Convertible	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	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 June 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	105,753,191		105,314,810		105,314,810	1,870,900	1.78%
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	9,060,779	134,571	9,060,779	23,406	9,084,185	3,704,057	40.77%
Claims on Financial Institutions	27,169,626	3,958,898	27,169,151	688,567	27,857,718	18,417,494	66.11%
Claims on Corporates	149,156,206	114,390,760	145,332,552	19,895,855	165,228,407	162,132,911	98.13%
Retail Claims	132,811,957	42,289,889	106,262,840	7,355,432	113,618,273	75,932,250	66.83%
Claims Secured by Residential Property	18,736,373	-	18,673,557	-	18,673,557	11,072,183	59.29%
Claims Secured by Commercial Real Estate	3,112	-	3,112	-	3,112	3,112	100.00%
Non-Performing Assets (NPAs) (i)	19,420,989	-	19,080,178	-	19,080,178	27,160,474	142.35%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	26,775,018	-	26,775,018	-	26,775,018	20,250,696	75.63%
Total	488,887,251	160,774,118	457,671,998	27,963,259	485,635,258	320,544,077	66.01%

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

Description	Amount (LKR'000) as at 30th June 2019 (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		95,960,310	9,354,500							105,314,810
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			7,546,737				1,537,448			9,084,185
Claims on Financial Institutions			-	18,880,448			8,977,270			27,857,718
Claims on Corporates			1,011,274	4,716,227			159,357,634	143,273		165,228,407
Retail Claims					33,711,986	57,012,825	11,235,710			101,960,520
Claims Secured by Gold		3,109,100	8,548,653				-			11,657,752
Claims Secured by Residential Property				15,202,747			3,470,810			18,673,557
Claims Secured by Commercial Real Estate							3,112			3,112
Non-Performing Assets (NPAs) (i)				65,741			2,788,104	16,226,333		19,080,178
Higher-Risk Categories										-
Cash Items and Other Assets		6,439,764	105,698				20,229,556			26,775,018
Total		105,509,174	26,566,862	38,865,163	33,711,986	57,012,825	207,599,644	16,369,606	-	485,635,258

Template 9
Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30th June 2019
(a) Capital Charger Interest Rate Risk	199,978
General Interest Rate Risk	199,978
(i) Net Long or Short Position	199,978
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	32,468
(i) General Equity Risk	17,967
(ii) Specific Equity Risk	14,501
(c) Capital Charge for Foreign Exchange & Gold	17,815
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	2,002,088

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 June 2019		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		19,256,527	21,999,928	23,407,236
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,233,185				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	25,865,476				

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 30 th June 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	481,954,081	487,925,527	487,392,194	4,045,245	533,333
Cash and Cash Equivalents	7,870,490	8,082,910	8,082,910		
Balances with Central Bank	15,768,722	15,768,722	15,768,722		
Placements with Banks	5,369,285	5,394,875	5,394,875		
Derivative Financial Instruments	164,135				
Other Financial Assets Held-For-Trading	5,952,051	5,810,245	5,810,245	4,045,245	
Securities Purchased under Resale Agreements	10,030,614	9,999,711	9,999,711		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	343,936,383	348,370,043	348,370,043		
Financial Investments - Available-For-Sale	57,167,637				
Financial Investments - Held-To-Maturity	21,573,122	73,736,132	73,736,132		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	3,712,261	3,712,261	3,712,261		
Investment Properties	-	-			
Goodwill and Intangible Assets	533,333	533,333			533,333
Deffered Tax Assets		-			
Other Assets	8,722,446	15,363,693	15,363,693		
Liabilities	444,529,162	-	-	-	-
Due to Banks	28,609,720				
Derivative Financial Instruments	280,409				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	374,708,109				
Other Borrowings	9,667,729				
Debt Securities Issued	21,542,566				
Current Tax Liabilities	414,522				
Deferred Tax Liabilities	601,369				
Other Provisions					
Other Liabilities	8,553,211				
Due to Subsidiaries	151,527				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	128,905,844	168,318,612	160,774,118	-	-
Guarantees	31,325,678	31,325,678	29,752,647		
Performance Bonds					
Letters of Credit	11,879,781	11,879,781	11,660,343		
Foreign Exchange Contracts	(382,571)	39,418,966	39,418,966		
Other Contingent Items	11,178,508	8,472,995	5,426,484		
Undrawn Loan Commitments	74,515,679	74,515,679	74,515,679		
Other Commitments	388,769	2,705,513			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	12,655,485	12,655,486			
of which Amount Eligible for AT1		-			
Retained Earnings	20,671,190	20,466,561			
Accumulated Other Comprehensive Income	(513,853)				
Other Reserves	4,612,097	5,192,383			
Total Shareholders' Equity	37,424,919	38,314,430	-	-	-

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 30th June 2019 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)	481,954,081
Total assets as per carrying values reported under scope of regulatory reporting (column b)	487,925,527
Difference	5,971,446

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)