

# SEYLAN BANK PLC

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

**As at 30.09.2019**

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

Item	Minimum Requirement		Reporting Period 30.09.2019	Previous Reporting Period 31.12.2018
	2019	2018		
<b>Regulatory Capital (LKR'000)</b>				
Common Equity Tier 1 Capital			<b>34,646,556</b>	<b>33,486,749</b>
Tier 1 Capital			<b>34,646,556</b>	<b>33,486,749</b>
Total Capital			<b>48,005,854</b>	<b>43,682,547</b>
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio	<b>7.000%</b>	<b>6.375%</b>	9.55%	10.20%
Tier 1 Capital Ratio	<b>8.500%</b>	<b>7.875%</b>	9.55%	10.20%
Total Capital Ratio	<b>12.500%</b>	<b>11.875%</b>	13.24%	13.30%
Leverage Ratio	<b>3.00%</b>	<b>3.00%</b>	6.91%	7.20%
Net Stable Funding Ratio	<b>100.00%</b>	<b>90.00%</b>	109.46%	110.00%
<b>Regulatory Liquidity</b>				
<b>Statutory Liquid Assets</b>				
Domestic Banking Unit ( LKR 000 )			<b>90,997,133</b>	<b>80,722,525</b>
Off-Shore Banking Unit ( USD 000 )			<b>31,175</b>	<b>31,468</b>
<b>Statutory Liquid Assets Ratio</b>				
Domestic Banking Unit	<b>20%</b>	<b>20%</b>	<b>21.80%</b>	<b>21.44%</b>
Off-Shore Banking Unit	<b>20%</b>	<b>20%</b>	<b>21.58%</b>	<b>22.08%</b>
Liquidity Coverage Ratio - Rupee	<b>100%</b>	<b>90%</b>	<b>175.14</b>	<b>128.76</b>
Liquidity Coverage Ratio - All Currency	<b>100%</b>	<b>90%</b>	<b>127.42</b>	<b>92.15</b>

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

Item	Amount (LKR'000)	
	Reporting Period 30.09.2019	Previous Reporting Period 31.12.2018
<b>Common Equity Tier I (CET1) Capital after Adjustments</b>	<b>34,646,556</b>	<b>33,486,749</b>
<b>Common Equity Tier I (CET1) Capital</b>	<b>35,587,993</b>	<b>34,442,303</b>
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)	20,189,566	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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		
<b>Total Adjustments to CET1 Capital</b>	<b>941,437</b>	<b>955,554</b>
Goodwill (net)		
Intangible Assets (net)	561,974	576,091
Others *	379,463	379,463
<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>13,359,299</b>	<b>10,195,799</b>
<b>Total Tier 2 Capital</b>	<b>13,359,299</b>	<b>10,195,799</b>
Qualifying Tier 2 Capital Instruments	12,966,150	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		
<b>Total Adjustments to Tier 2</b>	<b>-</b>	<b>-</b>
Investment in own shares		
Others (Specify)	-	
<b>Total Tier 1 Capital</b>	<b>34,646,556</b>	<b>33,486,749</b>
<b>Total Capital</b>	<b>48,005,854</b>	<b>43,682,548</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>362,657,658</b>	<b>328,331,166</b>
RWAs for Credit Risk	333,140,800	300,834,151
RWAs for Market Risk	2,894,023	1,661,514
RWAs for Operational Risk	26,622,835	25,835,501
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>9.55%</b>	<b>10.20%</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>9.55%</b>	<b>10.20%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>13.24%</b>	<b>13.30%</b>
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 30.09.2019	Previous Reporting Period 31.12.2018
<b>Tier 1 Capital</b>	<b>34,646,556</b>	<b>33,486,749</b>
<b>Total Exposures</b>	<b>501,523,586</b>	<b>464,935,022</b>
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	463,470,664	440,269,815
Derivative Exposures	638,271	
Securities Financing Transaction Exposures	4,251,824	
Other Off-Balance Sheet Exposures	33,162,826	24,665,207
<b>Basel III Leverage Ratio (%) (Tier 1/Total Exposure)</b>	<b>6.91%</b>	<b>7.20%</b>

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

Item	Amount (LKR'000)					
	Reporting Period - 30.09.2019			Previous Reporting Period - 31.12.2018		
	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>64,826,777</b>			<b>54,800,053</b>
<b>Total Adjusted Level 1A Assets</b>	64,970,358		<b>64,970,358</b>	55,294,220		<b>55,294,220</b>
<b>Level 1A Assets</b>	64,742,553		<b>64,742,553</b>	54,673,046		54,673,046
<b>Total Adjusted Level 2A Assets</b>						
<b>Level 2A Assets</b>			-			-
<b>Total Adjusted Level 2B Assets</b>			<b>84,224</b>			<b>127,007</b>
<b>Level 2B Assets</b>	168,448		84,224	254,014		127,007
<b>Total Cash Outflows</b>			<b>91,146,292</b>			<b>86,307,265</b>
Deposits	289,540,658		28,954,066	272,105,628		27,210,563
Unsecured Wholesale Funding	77,905,660		40,905,466	77,731,112		42,931,261
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	142,855,121		7,902,125	124,824,143		7,309,085
Additional Requirements	13,384,635		13,384,635	8,856,356		8,856,356
<b>Total Cash Inflows</b>			<b>40,268,627</b>			<b>26,838,579</b>
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	67,721,503		33,860,752	49,351,190		24,675,595
Operational Deposits	1,240,202		-	5,087,053		-
Other Cash Inflows	12,815,751		6,407,875	1,795,332		2,162,984
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100</b>			<b>127.42</b>			<b>92.15</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	29th March 2023	18th April 2024
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	8,039,866	4,615,619	3,405,150	5,061,000	4,500,000
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>	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 September 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	101,530,059		101,095,003		101,095,003	1,928,140	1.91%
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	10,481,434	291,168	10,481,434	55,133	10,536,567	3,719,915	35.30%
Claims on Financial Institutions	28,266,538	3,992,037	28,254,372	755,899	29,010,271	19,001,875	65.50%
Claims on Corporates	150,778,361	123,311,644	146,676,569	23,349,257	170,025,826	167,886,476	98.74%
Retail Claims	138,824,590	47,544,021	111,106,335	9,002,537	120,108,872	80,900,983	67.36%
Claims Secured by Residential Property	18,723,473	-	18,710,064		18,710,064	10,979,909	58.68%
Claims Secured by Commercial Real Estate	2,706	-	2,706		2,706	2,706	100.00%
Non-Performing Assets (NPAs) (i)	19,754,350		19,609,172	-	19,609,172	28,083,852	143.22%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	27,535,008	-	27,535,008		27,535,008	20,636,945	74.95%
<b>Total</b>	<b>495,896,519</b>	<b>175,138,870</b>	<b>463,470,664</b>	<b>33,162,826</b>	<b>496,633,489</b>	<b>333,140,800</b>	<b>67.08%</b>

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

Description	Amount (LKR'000) as at 30th September 2019 (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		91,454,303	9,640,700							101,095,003
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			9,318,988				1,217,579			10,536,567
Claims on Financial Institutions			-	20,016,792			8,993,479			29,010,271
Claims on Corporates			-	4,422,474			165,459,582	143,772		170,025,827
Retail Claims					32,630,722	62,423,020	13,127,022			108,180,764
Claims Secured by Gold		5,036,795	6,891,313				-			11,928,108
Claims Secured by Residential Property				15,460,310			3,249,754			18,710,064
Claims Secured by Commercial Real Estate							2,706			2,706
Non-Performing Assets (NPAs) (i)				59,348			2,541,117	17,008,707		19,609,172
Higher-Risk Categories										-
Cash Items and Other Assets		6,812,288	107,219				20,615,501			27,535,008
<b>Total</b>		<b>103,303,386</b>	<b>25,958,219</b>	<b>39,958,924</b>	<b>32,630,722</b>	<b>62,423,020</b>	<b>215,206,739</b>	<b>17,152,479</b>	<b>-</b>	<b>496,633,489</b>

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

Item	RWA Amount (LKR'000) as at 30th September 2019
<b>(a) Capital Charger Interest Rate Risk</b>	<b>277,659</b>
General Interest Rate Risk	<b>277,659</b>
(i) Net Long or Short Position	277,659
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
<b>(b) Capital Charge for Equity</b>	<b>38,663</b>
(i) General Equity Risk	21,219
(ii) Specific Equity Risk	17,444
<b>( c) Capital Charge for Foreign Exchange &amp; Gold</b>	<b>45,431</b>
<b>Total Risk Weighted Assets on Market Risk</b>	
<b>[(a)+(b)+(c)]*CAR</b>	<b>2,894,023</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 30th September 2019		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
The Basic Indicator Approach	15%		19,916,272	22,393,438	24,247,378
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	3,327,854				
<b>Risk-Weighted Amount for operational Risk (LKR'000)</b>					
The Basic Indicator Approach	26,622,835				

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 September 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
<b>Assets</b>	<b>489,469,457</b>	<b>494,945,811</b>	<b>494,383,838</b>	<b>4,045,245</b>	<b>561,974</b>
Cash and Cash Equivalents	7,980,905	8,137,086	8,137,086		
Balances with Central Bank	14,693,455	14,693,455	14,693,455		
Placements with Banks	7,247,040	7,282,413	7,282,413		
Derivative Financial Instruments	79,470				
Other Financial Assets Held-For-Trading	7,782,971	7,626,418	7,626,418	4,045,245	
Securities Purchased under Resale Agreements	10,030,614	4,250,609	4,250,609		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	352,214,470	357,253,834	357,253,834		
Financial Investments - Available-For-Sale	56,872,724				
Financial Investments - Held-To-Maturity	16,052,282	74,524,521	74,524,521		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	3,644,580	3,644,580	3,644,581		
Investment Properties	-	-			
Goodwill and Intangible Assets	561,974	561,974			561,974
Deffered Tax Assets	131,723				
Other Assets	11,023,647	15,817,318	15,817,318		
<b>Liabilities</b>	<b>450,907,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to Banks	26,477,657				
Derivative Financial Instruments	221,363				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	376,728,166				
Other Borrowings	13,898,976				
Debt Securities Issued	21,465,853				
Current Tax Liabilities	1,036,152				
Deferred Tax Liabilities	-				
Other Provisions					
Other Liabilities	10,894,182				
Due to Subsidiaries	184,979				
Subordinated Term Debts					
<b>Off-Balance Sheet Liabilities</b>	<b>146,169,925</b>	<b>183,413,269</b>	<b>175,138,870</b>	<b>-</b>	<b>-</b>
Guarantees	38,387,248	38,387,249	36,102,631		
Performance Bonds					
Letters of Credit	12,213,693	12,213,693	12,213,693		
Foreign Exchange Contracts	(326,882)	37,643,805	37,643,805		
Other Contingent Items	12,042,064	9,127,721	6,052,283		
Undrawn Loan Commitments	83,126,458	83,126,458	83,126,458		
Other Commitments	727,344	2,914,343			
<b>Shareholders' Equity</b>					
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	21,695,542	20,466,561			
Accumulated Other Comprehensive Income	(387,324)				
Other Reserves	4,598,426	6,197,250			
<b>Total Shareholders' Equity</b>	<b>38,562,129</b>	<b>39,319,297</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 30th September 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)	489,469,457
Total assets as per carrying values reported under scope of regulatory reporting (column b)	494,945,811
Difference	5,476,354

<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)