SEYLAN BANK PLC

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

As at 30.06.2018

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement		Reporting Period 30.06.2018	Previous Reporting Period 31.12.2017
Regulatory Capital (LKR'000)	**2018**	**2017**		
Common Equity Tier 1 Capital			**30,715,943**	**30,686,859**
Tier 1 Capital			**30,715,943**	**30,686,859**
Total Capital			**41,758,222**	**36,451,164**
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio	**6.375%**	**5.750%**	10.13%	11.16%
Tier 1 Capital Ratio	**7.875%**	**7.250%**	10.13%	11.16%
Total Capital Ratio	**11.875%**	**11.250%**	13.78%	13.25%
Leverage Ratio	**3.00%**	**3.00%**	7.26%	7.71%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit (LKR 000)			**72,830,079**	**77,783,808**
Off-Shore Banking Unit (USD 000)			**27,943**	**41,711**
Statutory Liquid Assets Ratio				
Domestic Banking Unit	**20%**	**20%**	**21.32%**	**23.57%**
Off-Shore Banking Unit	**20%**	**20%**	**22.02%**	**37.08%**
Liquidity Coverage Ratio - Rupee	**90%**	**80%**	**139.22**	**160.30**
Liquidity Coverage Ratio - All Currency	**90%**	**80%**	**115.07**	**121.94**

Template 2

Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 30.06.2018	Previous Reporting Period 31.12.2017
Common Equity Tier I (CETI) Capital after Adjustments	**30,715,943**	**30,686,859**
Common Equity Tier I (CET1) Capital	**31,964,638**	**32,204,715**
Equity capital (Stated Capital)/Assigned Capital	12,025,795	11,228,269
Reserve fund	1,609,484	1,609,484
Published Retained Earnings/(Accumulated Retained Losses)	16,156,354	17,020,748
Published Accumulated Other Comprehensive Income (OCI)	343,969	343,969
General and Other Disclosed Reserves	2,002,245	2,002,245
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(173,209)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to CET1 Capital	**1,248,695**	**1,517,856**
Goodwill (net)		
Intangible Assets (net)	406,678	363,451
Others *	842,017	1,154,405
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	**11,042,279**	**5,764,305**
Total Tier 2 Capital	**11,086,799**	**5,808,825**
Qualifying Tier 2 Capital Instruments	10,693,650	5,227,575
Revaluation gains	393,149	581,250
Loan Loss Provisions		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to Tier 2	**44,520**	**44,520**
Investment in own shares		
Others (Specify)	44,520	44,520
Total Tier 1 Capital	**30,715,943**	**30,686,859**
Total Capital	**41,758,222**	**36,451,164**
Total Risk Weighted Assets (RWA)	**303,115,192**	**275,070,097**
RWAs for Credit Risk	276,119,909	249,965,714
RWAs for Market Risk	2,857,553	1,027,022
RWAs for Operational Risk	24,137,730	24,077,361
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**10.13%**	**11.16%**
of which: Capital Conservation Buffer (%)	1.875%	1.25%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	**10.13%**	**11.16%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**13.78%**	**13.25%**
of which: Capital Conservation Buffer (%)	1.875%	1.25%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 3

Computation of Leverage Ratio*

Item	Amount (LKR'000)	
	Reporting Period 30.06.2018	Previous Reporting Period 31.12.2017
Tier 1 Capital	**30,715,943**	**30,686,859**
Total Exposures	**423,363,728**	**397,985,784**
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	399,699,080	377,102,177
Derivative Exposures		
Securities Financing Transaction Exposures		
Other Off-Balance Sheet Exposures	23,664,648	20,883,607
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.26%	7.71%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.06.2018			Previous Reporting Period - 31.12.2017		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Toatal Stock of High-Quality Liquid Assets (HQLA)			**54,295,500**			**56,261,229**
Total Adjusted Level 1A Assets	54,134,490		**54,134,490**	56,553,893		**56,553,893**
Level 1A Assets	54,168,646		**54,168,646**	56,157,004		56,157,004
Total Adjusted Level 2A Assets						
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			**126,854**			**104,225**
Level 2B Assets	253,707		126,854	208,450		104,225
Total Cash Outflows			**74,710,303**			**68,381,552**
Deposits	250,988,421		25,098,842	241,876,890		24,187,689
Unsecured Wholesale Funding	63,851,203		33,252,043	58,961,390		28,263,268
Secured Funding Transactions			-			-
Undrawn Portion of Commited (Irrevocable) Facilities and Other Contingent Funding Obligations	113,504,066		8,791,403	96,478,724		6,773,396
Additional Requirements	7,568,014		7,568,014	9,157,199		9,157,199
Total Cash Inflows			**27,525,947**			**22,242,860**
Maturing Secured Lending Transactions Backed by Collateral			-			-
Commited Facilities	529		-	3,719		-
Other Inflows by Counterparty which are Maturing within 30 Days	53,696,558		26,848,279	40,923,442		20,461,721
Operational Deposits	2,220,290		-	1,159,518		-
Other Cash Inflows	1,355,335		677,668	3,562,278		1,781,139
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			**115.07**			**121.94**

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)	SEYB-N	SEYB-X	SEYB-D	SEYB-D
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	30th March 2023
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)				
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) + 1.5% (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)				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 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'
If Convertible, Conversion Rate				Simple Average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share of Seylan Bank PLC as published by the Colombo Stock Exchange during the 3 month period immediately preceding the date on which 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 30th June 2018						
	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	98,574,553		98,574,553		98,574,553	2,004,039	2.03%
Claims on Foreign Sovereigns and their Central Banks	-		-	-	-	-	0.00%
Claims on Public Sector Entities	-		-	-	-	(0)	0.00%
Claims on Official Entities and Multilateral Development Banks	-		-	-	-	-	0.00%
Claims on Banks Exposures	3,356,712	-	3,356,712	-	3,356,712	3,354,612	99.94%
Claims on Financial Institutions	23,526,672	-	22,720,175	-	22,720,175	14,213,267	62.56%
Claims on Corporates	127,974,355	102,924,953	122,768,320	17,628,701	140,397,021	138,977,604	98.99%
Retail Claims	109,664,338	32,733,665	102,058,284	6,035,947	108,094,231	75,197,939	69.57%
Claims Secured by Residential Property	14,766,277		14,741,342		14,741,342	7,754,476	52.60%
Claims Secured by Commercial Real Estate	-		-		-	-	
Non-Performing Assets (NPAs) (i)	13,907,978		13,907,978		13,907,978	19,887,559	142.99%
Higher-Risk Categories	-		-		-		
Cash Items and Other Assets	21,571,717		21,571,717		21,571,717	14,730,413	68.29%
Total	**413,342,602**	**135,658,617**	**399,699,080**	**23,664,648**	**423,363,728**	**276,119,909**	**65.22%**

Template 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30th June 2018
(a) Capital Charger Interest Rate Risk	
General Interest Rate Risk	**265,054**
(i) Net Long or Short Position	**265,054**
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	**42,443**
(i) General Equity Risk	23,363
(ii) Specific Equity Risk	19,081
(c) Capital Charge for Foreign Exchange & Gold	**31,837**
Total Risk Weighted Assets on Market Risk [(a)+(b)+(c)]*CAR	**2,857,553**

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 2018		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**22,000,347**	**19,245,044**	**16,081,717**
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	2,866,355				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	24,137,730				

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 2018				
	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	**428,802,132**	**430,503,926**	**430,503,926**	**3,597,743**	**451,198**
Cash and Cash Equivalents	8,891,617	9,121,676	9,121,676		
Balances with Central Bank	19,185,807	19,185,807	19,185,807		
Placements with Banks	-	-	-		
Derivative Financial Instruments	10,403				
Other Financial Assets Held-For-Trading	5,267,776	5,179,022	5,179,022	3,597,743	
Securities Purchased under Resale Agreements	957,057	956,403	956,403		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	304,843,290	306,879,024	306,879,024		
Financial Investments - Available-For-Sale	55,671,792				
Financial Investments - Held-To-Maturity	21,882,530	73,253,321	73,253,321		44,520
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	3,491,911	3,491,911	3,491,911		
Investment Properties	-	-			
Goodwill and Intangible Assets	406,678	406,678	406,678		406,678
Deffered Tax Assets		-			
Other Assets	7,039,669	10,876,482	10,876,482		
Liabilities	**393,193,157**	**-**	**-**	**-**	**-**
Due to Banks	23,871,450				
Derivative Financial Instruments	201,489				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	320,416,958				
Other Borrowings	20,107,746				
Debt Securities Issued	16,790,229				
Current Tax Liabilities	1,384,076				
Deferred Tax Liabilities	747,228				
Other Provisions					
Other Liabilities	9,455,089				
Due to Subsidiaries	218,892				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	**115,793,860**	**157,473,864**	**146,655,212**	**-**	**-**
Guarantees	28,051,448	28,051,448	24,191,017		
Performance Bonds					
Letters of Credit	12,900,262	12,900,261	12,891,220		
Foreign Exchange Contracts	(780,741)	41,025,354	41,025,354		
Other Contingent Items	13,413,235	10,469,000	6,464,264		
Undrawn Loan Commitments	62,083,357	62,083,357	62,083,357		
Other Commitments	126,299	2,944,444			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	12,025,795	12,025,796			
of which Amount Eligible for CET1	5,255,591	4,483,388			
of which Amount Eligible for AT1		-			
Retained Earnings	18,327,589	18,286,597			
Accumulated Other Comprehensive Income		-			
Other Reserves		-			
Total Shareholders' Equity	**35,608,975**	**34,795,781**	**-**	**-**	**-**