SEYLAN BANK PLC

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

As at 30.09.2018

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement		Reporting Period 30.09.2018	Previous Reporting Period 31.12.2017
Regulatory Capital (LKR'000)	**2018**	**2017**		
Common Equity Tier 1 Capital			**32,278,136**	**30,686,859**
Tier 1 Capital			**32,278,136**	**30,686,859**
Total Capital			**42,874,915**	**36,451,164**
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio	**6.375%**	**5.750%**	10.19%	11.16%
Tier 1 Capital Ratio	**7.875%**	**7.250%**	10.19%	11.16%
Total Capital Ratio	**11.875%**	**11.250%**	13.54%	13.25%
Leverage Ratio	**3.00%**	**3.00%**	7.39%	7.71%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit (LKR 000)			**80,012,002**	**77,783,808**
Off-Shore Banking Unit (USD 000)			**32,533**	**41,711**
Statutory Liquid Assets Ratio				
Domestic Banking Unit	**20%**	**20%**	**22.66%**	**23.57%**
Off-Shore Banking Unit	**20%**	**20%**	**25.51%**	**37.08%**
Liquidity Coverage Ratio - Rupee	**90%**	**80%**	**121.94**	**160.30**
Liquidity Coverage Ratio - All Currency	**90%**	**80%**	**104.08**	**121.94**

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000) Reporting Period 30.09.2018	Previous Reporting Period 31.12.2017
Common Equity Tier I (CETI) Capital after Adjustments	**32,278,136**	**30,686,859**
Common Equity Tier I (CET1) Capital	**33,600,663**	**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)	18,165,950	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(546,780)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to CET1 Capital	**1,322,527**	**1,517,856**
Goodwill (net)		
Intangible Assets (net)	480,510	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	**10,596,779**	**5,764,305**
Total Tier 2 Capital	**10,641,299**	**5,808,825**
Qualifying Tier 2 Capital Instruments	10,248,150	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	**32,278,136**	**30,686,859**
Total Capital	**42,874,915**	**36,451,164**
Total Risk Weighted Assets (RWA)	**316,758,771**	**275,070,097**
RWAs for Credit Risk	289,488,814	249,965,714
RWAs for Market Risk	2,327,317	1,027,022
RWAs for Operational Risk	24,942,640	24,077,361
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**10.19%**	**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 (%)	**10.19%**	**11.16%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**13.54%**	**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 30.09.2018	Previous Reporting Period 31.12.2017
Tier 1 Capital	**32,278,136**	**30,686,859**
Total Exposures	**436,893,923**	**397,985,784**
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	412,024,159	377,102,177
Derivative Exposures		
Securities Financing Transaction Exposures		
Other Off-Balance Sheet Exposures	24,869,764	20,883,607
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	**7.39%**	**7.71%**

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.09.2018			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)			**61,993,902**			**56,261,229**
Total Adjusted Level 1A Assets	62,438,169		**62,438,169**	56,553,893		**56,553,893**
Level 1A Assets	61,866,895		**61,866,895**	56,157,004		56,157,004
Total Adjusted Level 2A Assets						
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			**127,007**			**104,225**
Level 2B Assets	254,014		127,007	208,450		104,225
Total Cash Outflows			**84,687,640**			**68,381,552**
Deposits	258,225,952		25,822,595	241,876,890		24,187,689
Unsecured Wholesale Funding	69,151,738		38,338,377	58,961,390		28,263,268
Secured Funding Transactions			-			-
Undrawn Portion of Commited (Irrevocable) Facilities and Other Contingent Funding Obligations	116,215,354		9,597,123	96,478,724		6,773,396
Additional Requirements	10,929,544		10,929,544	9,157,199		9,157,199
Total Cash Inflows			**25,125,717**			**22,242,860**
Maturing Secured Lending Transactions Backed by Collateral			-			-
Commited Facilities	-		-	3,719		-
Other Inflows by Counterparty which are Maturing within 30 Days	47,348,983		23,674,491	40,923,442		20,461,721
Operational Deposits	1,121,978		-	1,159,518		-
Other Cash Inflows	2,515,549		1,451,225	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			**104.08**			**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 September 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	101,764,261		101,764,261		101,764,261	2,135,825	2.10%
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	3,246,894		3,246,894	-	3,246,894	3,246,894	100.00%
Claims on Financial Institutions	22,766,198		22,353,496	-	22,353,496	14,690,570	65.72%
Claims on Corporates	130,404,227	117,116,506	127,104,164	18,541,734	145,645,898	145,088,251	99.62%
Retail Claims	131,645,093	38,442,507	106,153,284	6,086,168	112,239,452	79,887,736	71.18%
Claims Secured by Residential Property	15,381,719		15,344,624		15,344,624	8,025,620	52.30%
Claims Secured by Commercial Real Estate	-		-		-	-	
Non-Performing Assets (NPAs) (i)	14,804,268	1,527,690	14,804,268	241,862	15,046,130	21,312,101	141.65%
Higher-Risk Categories	-		-		-		
Cash Items and Other Assets	22,546,769		21,253,167		21,253,167	15,101,817	71.06%
Total	**442,559,429**	**157,086,703**	**412,024,159**	**24,869,764**	**436,893,923**	**289,488,814**	**66.26%**

Template 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30th September 2018
(a) Capital Charger Interest Rate Risk	
General Interest Rate Risk	**204,970**
(i) Net Long or Short Position	**204,970**
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	**38,526**
(i) General Equity Risk	21,156
(ii) Specific Equity Risk	17,370
(c) Capital Charge for Foreign Exchange & Gold	**32,873**
Total Risk Weighted Assets on Market Risk [(a)+(b)+(c)]*CAR	**2,327,317**

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 2018		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**22,393,857**	**19,904,789**	**16,940,124**
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	2,961,939				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	24,942,640				

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 September 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	**439,591,708**	**442,508,898**	**442,508,898**	**4,165,404**	**525,030**
Cash and Cash Equivalents	7,023,878	8,384,441	8,384,441		
Balances with Central Bank	20,197,377	20,197,377	20,197,377		
Placements with Banks	68,041	68,000	68,000		
Derivative Financial Instruments	753,057				
Other Financial Assets Held-For-Trading	5,982,146	5,851,404	5,851,404	4,165,404	
Securities Purchased under Resale Agreements	1,141,497	1,140,505	1,140,505		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	313,728,964	315,927,324	315,927,324		
Financial Investments - Available-For-Sale	55,135,965				
Financial Investments - Held-To-Maturity	22,649,029	74,574,975	74,574,975		44,520
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	3,650,908	3,650,908	3,650,908		
Investment Properties	-	-			
Goodwill and Intangible Assets	480,510	480,510	480,510		480,510
Deffered Tax Assets		-			
Other Assets	7,626,734	11,079,852	11,079,852		
Liabilities	**403,202,715**	**-**	**-**	**-**	**-**
Due to Banks	29,673,878				
Derivative Financial Instruments	78,598				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	334,046,463				
Other Borrowings	12,396,215				
Debt Securities Issued	16,931,353				
Current Tax Liabilities	1,539,320				
Deferred Tax Liabilities	762,459				
Other Provisions					
Other Liabilities	7,554,374				
Due to Subsidiaries	220,055				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	**120,104,280**	**166,395,157**	**157,086,703**	**-**	**-**
Guarantees	27,295,106	27,295,106	25,557,349		
Performance Bonds					
Letters of Credit	11,984,140	11,984,140	11,932,642		
Foreign Exchange Contracts	193,451	46,517,555	46,517,555		
Other Contingent Items	15,947,056	12,284,808	8,427,857		
Undrawn Loan Commitments	64,651,300	64,651,300	64,651,300		
Other Commitments	33,227	3,662,248			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	12,025,795	12,025,796			
of which Amount Eligible for CET1	4,906,859	4,508,228			
of which Amount Eligible for AT1		-			
Retained Earnings	19,456,339	19,587,827			
Accumulated Other Comprehensive Income		-			
Other Reserves		-			
Total Shareholders' Equity	**36,388,993**	**36,121,851**	**-**	**-**	**-**