

SEYLAN BANK PLC

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

As at 31.12.2022

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 31.12.2022	Previous Reporting Period 31.12.2021
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		49,920,169	49,026,742
Tier 1 Capital		49,920,169	49,026,742
Total Capital		63,477,151	64,551,489
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.00%	10.69%	10.72%
Tier 1 Capital Ratio	8.50%	10.69%	10.72%
Total Capital Ratio	12.50%	13.59%	14.11%
Leverage Ratio	3.00%	7.25%	7.62%
Net Stable Funding Ratio	2022 -90%	117.62%	109.34%
	2021 -100%		
Regulatory Liquidity			
Statutory Liquid Assets			
Domestic Banking Unit (LKR 000)		144,094,083	116,089,908
Off-Shore Banking Unit (USD 000)		35,226	36,430
Statutory Liquid Assets Ratio			
Overall	20.00%	25.51%	22.97%
Domestic Banking Unit	20.00%	25.16%	22.84%
Off-Shore Banking Unit	20.00%	25.02%	23.30%
Liquidity Coverage Ratio - Rupee	2022 -90%	280.14%	163.02%
	2021 -100%		
Liquidity Coverage Ratio - All Currency	2022 -90%	175.10%	132.70%
	2021 -100%		

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 31.12.2022	Previous Reporting Period 31.12.2021
Common Equity Tier I (CETI) Capital after Adjustments	49,920,169	49,026,742
Common Equity Tier I (CET1) Capital	53,765,745	49,931,524
Equity capital (Stated Capital)/Assigned Capital	19,926,453	18,323,882
Reserve fund	2,568,162	2,332,549
Published Retained Earnings/(Accumulated Retained Losses)	30,579,775	28,712,398
Published Accumulated Other Comprehensive Income (OCI)	(9,220)	(413,623)
General and Other Disclosed Reserves	700,575	976,318
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	3,845,576	904,782
Goodwill (net)		
Intangible Assets (net)	510,146	592,894
Others *	3,335,430	311,888
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	13,556,982	15,524,747
Total Tier 2 Capital	13,556,982	15,524,747
Qualifying Tier 2 Capital Instruments	7,603,825	11,383,975
Revaluation gains	698,403	393,149
Loan Loss Provisions (General Provision)	5,254,754	3,747,623
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	49,920,169	49,026,742
Total Capital	63,477,151	64,551,489
Total Risk Weighted Assets (RWA)	467,105,338	457,465,775
RWAs for Credit Risk	420,380,297	418,069,178
RWAs for Market Risk	4,116,017	7,586,464
RWAs for Operational Risk	42,609,024	31,810,133
CET1 Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	10.69%	10.72%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Counter cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	10.69%	10.72%
Total Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.59%	14.11%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Counter cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 3
Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 31.12.2022	Previous Reporting Period 31.12.2021
Tier 1 Capital	49,920,169	49,026,742
Total Exposures	688,763,290	643,499,708
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	641,140,258	575,726,940
Derivative Exposures	1,282,614	1,317,130
Securities Financing Transaction Exposures	3,628,549	10,029,031
Other Off-Balance Sheet Exposures	42,711,868	56,426,607
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.25%	7.62%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 31.12.2022			Previous Reporting Period - 31.12.2021		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			110,443,939			94,700,915
Total Adjusted Level 1A Assets	104,920,453		104,920,453	93,426,488		93,426,488
Level 1A Assets	105,053,293	100%	105,053,293	94,618,796	100%	94,618,796
Total Adjusted Level 2A Assets			-			-
Level 2A Assets			5,316,957			-
Total Adjusted Level 2B Assets			73,689			82,119
Level 2B Assets	147,379	50%	73,689	164,239	50%	82,119
Total Cash Outflows			113,258,279			103,280,199
Deposits	413,448,212	10%	41,344,821	372,813,987	10%	37,281,399
Unsecured Wholesale Funding	117,367,882	25% -100%	60,199,428	108,923,206	25% -100%	51,664,273
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	162,286,926	0% -100%	7,767,676	218,901,577	0% -100%	11,050,521
Additional Requirements	3,946,354	100%	3,946,354	3,284,007	100%	3,284,007
Total Cash Inflows			50,182,738			31,917,946
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	92,421,761	50%-100%	48,772,625	48,809,632	50%-100%	31,556,533
Operational Deposits	28,939,964		-	6,975,880		-
Other Cash Inflows	2,312,148	50% -100%	1,410,113	525,579	50% -100%	361,413
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			175.10			132.70

<p align="center">Template 5 Main Features of Regulatory Capital Instruments</p>						
Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non- Voting Shares	Debnture Issue - 2016 (7 years)	Debnture Issue - 2018 (5 years, 7 years & 10 years)	Debnture Issue - 2019 (5 years)	Debnture Issue - 2021 (5 years)
Issuer	Seylan Bank PLC	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	LK0182D23542	LK0182D23955	LK0182D24219	LK0182D24722
				LK0182D23963 LK0182D23971	LK0182D24227	LK0182D24730
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	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	18th April 2019	12th April 2021
Par Value of Instrument	N/A	N/A	LKR 100/- each	LKR 100/- each	LKR 100/- each	LKR 100/- each
Prepetual or Dated	N/A	N/A	dated	dated	dated	dated
Original Maturity Date, If Applicable	N/A	N/A	15th July 2023	29th March 2023, 29th March 2025 and 29th March 2028	18th April 2024	12th April 2026
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	12,314,065	7,612,388	327,575	2,126,250	1,250,000	3,900,000
Accounting Classification (Equity /Liability)	Equity	Equity	Liability	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	N/A
Subsequent Call Dates, If Applicable	N/A	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 interest rate	Fixed 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 - 13.75% 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., Annual Interest - 15.0% p.a.	Annual Interest - 9.75% p.a., Quarterly Interest - 9.25% p.a.
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Convertible	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	Convertible in the event of a "Trigger Event" in terms of the Banking Act Direction No.1 of 2016	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 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	when determined a "Trigger Event" 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"	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.	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 Standardized Approach -
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Description	Amount (LKR'000) as at 31st December 2022						
	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	155,470,583	-	155,470,583	-	155,470,583	2,005,384	1.29%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	2,100,929	-	2,100,929	-	2,100,929	420,186	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	
Claims on Banks Exposures	31,964,147	-	31,964,147	-	31,964,147	15,614,412	48.85%
Claims on Financial Institutions	16,120,281	3,775,000	16,120,281	755,000	16,875,281	10,511,826	62.29%
Claims on Corporates	229,165,062	169,607,425	219,598,561	33,156,484	252,755,045	243,156,966	96.20%
Retail Claims	161,386,932	18,736,659	130,383,368	8,800,385	139,183,752	80,690,317	57.97%
Claims Secured by Residential Property	19,188,719	-	19,188,719	-	19,188,719	8,148,081	42.46%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) (i)	28,122,392	-	28,122,392	-	28,122,392	32,547,595	115.74%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	38,191,278	-	38,191,278	-	38,191,278	27,285,532	71.44%
Total	681,710,323	192,119,084	641,140,258	42,711,869	683,852,127	420,380,297	61.47%

(i) NPAs- As per Banking Act Directions on classification of loans and advances, income recognition and provisioning

(ii) RWA Density- Total RWA/Exposures post CCF and CRM

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

Description	Amount (LKR'000) as at 31st December 2022 (Post CCF& CRM)										
Risk Weight	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Asset Classes											
Claims on Central Government and CBSL	145,443,665		10,026,917								155,470,582
Claims on Foreign Sovereigns and their Central Banks											-
Claims on Public Sector Entities			2,100,929								2,100,929
Claims on Official Entities and Multilateral Development Banks											-
Claims on Banks Exposures			19,159,481		2,703,743			9,441,483	659,441		31,964,148
Claims on Financial Institutions			691,992		11,619,722			4,563,566	-		16,875,280
Claims on Corporates			3,126,505		14,298,985			235,224,323	105,233.00		252,755,046
Retail Claims						13,591,012	87,562,281	6,530,197			107,683,490
Claims Secured by Gold	29,831,251		1,669,012					-			31,500,263
Claims Secured by Residential Property				16,985,597				2,203,122			19,188,719
Claims Secured by Commercial Real Estate								-			-
Non-Performing Assets (NPAs) (i)					789,152			17,693,682	9,639,558		28,122,392
Higher-Risk Categories											-
Cash Items and Other Assets	10,874,052		39,618					27,277,608			38,191,278
Total	186,148,968	-	36,814,454	16,985,597	29,411,602	13,591,012	87,562,281	302,933,981	10,404,232.00	-	683,852,127

Template 9
Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000) as at 31st December 2022
(a) Capital Charger Interest Rate Risk	48,694
General Interest Rate Risk	48,694
(i) Net Long or Short Position	48,694
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	278,064
(i) General Equity Risk	140,852
(ii) Specific Equity Risk	137,211
(c) Capital Charge for Foreign Exchange & Gold	187,745
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	4,116,017

Template 10

Operational Risk Under Basic Indicator Approach/The Standardized Approach/The Alternative Standardized Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31st December 2022		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		24,623,812	30,878,490	51,020,258
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	5,326,128				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	42,609,024				

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 December 2022				
	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	672,805,644	672,805,644	681,710,327	18,761,307	11,155,502
Cash and Cash Equivalents	40,254,514	40,254,254	40,254,254		
Balances with Central Bank	16,784,172	16,784,172	16,784,172		
Placements with Banks	1,819,036	1,819,036	1,819,036		
Derivative Financial Instruments	519,189	519,189	519,189		
Other Financial Assets Held-For-Trading	17,781,867	17,781,867	17,781,867	17,781,867	
Securities Purchased under Resale Agreements	3,628,549	3,628,549	3,628,549		
Loans and Receivables to Banks	-	756,888	756,888		
Loans and Receivables to Other Customers *	444,219,508	443,462,620	456,120,089		7,402,715
Financial Investments - Available-For-Sale	17,136,286	17,136,286	17,136,286	979,440	
Financial Investments - Held-To-Maturity	102,530,329	102,530,329	102,530,329		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	3,770,541	3,770,541	3,770,542		
Investment Properties	-	-	-		
Goodwill and Intangible Assets	510,146	510,146			510,146
Deferred Tax Assets	3,242,641	3,242,641			3,242,641
Other Assets	19,455,264	19,455,524	19,455,524		
Liabilities	618,355,346	-	-	-	-
Due to Banks	12,158,030				
Derivative Financial Instruments	906,813				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	547,315,755				
Other Borrowings	11,944,370				
Debt Securities Issued	7,483				
Current Tax Liabilities	5,128,484				
Deferred Tax Liabilities	-				
Other Provisions	-				
Other Liabilities	19,074,574				
Due to Subsidiaries	202,382				
Subordinated Term Debts	21,617,455				
Off-Balance Sheet Liabilities	167,641,150	189,153,733	-	-	-
Guarantees	69,644,645	69,644,645			
Performance Bonds					
Letters of Credit	4,733,150	4,733,150			
Foreign Exchange Contracts	(563,439)	21,184,404			
Other Contingent Items	17,904,119	17,904,119			
Undrawn Loan Commitments	75,687,415	75,687,415			
Other Commitments	235,260	-			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	19,926,453	19,926,453			
of which Amount Eligible for AT1		-			
Retained Earnings	31,063,994	31,299,607			
Accumulated Other Comprehensive Income	(1,183,105)	(1,183,106)			
Other Reserves	4,642,956	4,407,343			
Total Shareholders' Equity	54,450,298	54,450,297	-	-	-

* Loans and Receivables to Other Customers in subject to Credit Risk Framework (C) is reported as the gross of Stage 1 and 2 ECL Provision (LKR 12.6 Bn) and of which LKR 7.4 Bn excluded from Tier II Capital.

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 31st December 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)	672,805,644
Total assets as per carrying values reported under scope of regulatory reporting (column b)	672,805,644
Difference	-

Financial Assets-Instrument Type	Valuation Technique	Inputs used for valuation
Treasury Bills	Price Formula	Based on market yield published by CBSL
Treasury Bonds	Price Formula	Based on market yield 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 yield (Treasury bond yield)