

SEYLAN BANK PLC

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

As at 30.06.2022

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement		Reporting Period 30.06.2022	Previous Reporting Period 31.12.2021
	2022	2021		
Regulatory Capital (LKR'000)				
Common Equity Tier 1 Capital			48,740,688	49,026,742
Tier 1 Capital			48,740,688	49,026,742
Total Capital			64,838,645	64,551,489
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio	7.00%	7.000%	10.18%	10.72%
Tier 1 Capital Ratio	8.50%	8.500%	10.18%	10.72%
Total Capital Ratio	12.50%	12.500%	13.54%	14.11%
Leverage Ratio	3.00%	3.00%	7.09%	7.62%
Net Stable Funding Ratio	90.00%	100.00%	110.01%	109.34%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit (LKR 000)			147,813,321	116,089,908
Off-Shore Banking Unit (USD 000)			30,117	36,430
Statutory Liquid Assets Ratio				
Domestic Banking Unit	20.00%	20%	25.97%	22.84%
Off-Shore Banking Unit	20.00%	20%	21.28%	23.30%
Liquidity Coverage Ratio - Rupee	90.00%	100%	152.42%	163.02%
Liquidity Coverage Ratio - All Currency	90.00%	100%	106.63%	132.70%

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 30.06.2022	Previous Reporting Period 31.12.2021
Common Equity Tier I (CETI) Capital after Adjustments	48,740,688	49,026,742
Common Equity Tier I (CET1) Capital	50,521,279	49,931,524
Equity capital (Stated Capital)/Assigned Capital	19,926,453	18,323,882
Reserve fund	2,332,549	2,332,549
Published Retained Earnings/(Accumulated Retained Losses)	27,770,032	28,712,398
Published Accumulated Other Comprehensive Income (OCI)	(243,795)	(413,623)
General and Other Disclosed Reserves	736,040	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	1,780,591	904,782
Goodwill (net)		
Intangible Assets (net)	526,756	592,894
Others *	1,253,835	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	16,097,957	15,524,747
Total Tier 2 Capital	16,097,957	15,524,747
Qualifying Tier 2 Capital Instruments	9,493,900	11,383,975
Revaluation gains	698,403	393,149
Loan Loss Provisions (General Provision)	5,905,654	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	48,740,688	49,026,742
Total Capital	64,838,645	64,551,489
Total Risk Weighted Assets (RWA)	478,819,131	457,465,775
RWAs for Credit Risk	436,900,254	418,069,178
RWAs for Market Risk	6,002,304	7,586,464
RWAs for Operational Risk	35,916,573	31,810,133
CET1 Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	10.18%	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 (%)	10.18%	10.72%
Total Capital Ratio (including Capital Conservation Buffer, Counter cyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.54%	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 30.06.2022	Previous Reporting Period 31.12.2021
Tier 1 Capital	48,740,688	49,026,742
Total Exposures	687,174,344	643,499,708
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	628,547,297	575,726,940
Derivative Exposures	1,694,322	1,317,130
Securities Financing Transaction Exposures	2,916,125	10,029,031
Other Off-Balance Sheet Exposures	54,016,600	56,426,607
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.09%	7.62%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.06.2022			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)			90,196,948			94,700,915
Total Adjusted Level 1A Assets	93,664,621		93,664,621	93,426,488		93,426,488
Level 1A Assets	90,132,587	100%	90,132,587	94,618,796	100%	94,618,796
Total Adjusted Level 2A Assets			-			-
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			64,361			82,119
Level 2B Assets	128,721	50%	64,361	164,239	50%	82,119
Total Cash Outflows			115,185,572			103,280,199
Deposits	399,525,544	10%	39,952,554	372,813,987	10%	37,281,399
Unsecured Wholesale Funding	123,688,195	25% -100%	58,988,127	108,923,206	25% -100%	51,664,273
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	232,027,524	0% -100%	13,988,632	218,901,577	0% -100%	11,050,521
Additional Requirements	2,256,258	100%	2,256,258	3,284,007	100%	3,284,007
Total Cash Inflows			30,653,386			31,917,946
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	49,773,717	50%-100%	26,810,392	48,809,632	50%-100%	31,556,533
Operational Deposits	18,754,853		-	6,975,880		-
Other Cash Inflows	6,349,320	50% -100%	3,842,994	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			106.70			132.70

Template 5

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non- Voting Shares	Debnture Isssue - 2016 (7 years)	Debnture Isssue - 2018 (5 years, 7 years & 10 years)	Debnture Isssue - 2019 (5 years)	Debnture Isssue - 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 LK0182D23963 LK0182D23971	LK0182D24219 LK0182D24227	LK0182D24722 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	655,150	2,588,750	1,750,000	4,500,000
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 30th June 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	140,055,054	-	140,055,054	-	140,055,054	3,796,643	2.71%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	3,338,893	-	3,338,893	-	3,338,893	667,779	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	
Claims on Banks Exposures	24,108,587	-	24,108,587	-	24,108,587	12,717,054	52.75%
Claims on Financial Institutions	19,446,709	2,750,000	19,446,709	550,000	19,996,709	11,310,438	56.56%
Claims on Corporates	236,101,450	174,565,253	225,547,129	27,358,729	252,905,858	244,646,723	96.73%
Retail Claims	165,485,306	61,803,306	132,404,093	26,107,871	158,511,963	95,584,860	60.30%
Claims Secured by Residential Property	17,546,765	-	17,546,765	-	17,546,765	7,751,358	44.18%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) (i)	27,502,025	-	27,502,025	-	27,502,025	32,189,120	117.04%
Higher-Risk Categories	-	-	-	-	-	-	
Cash Items and Other Assets	38,598,042	-	38,598,042	-	38,598,042	28,236,280	73.15%
Total	672,182,831	239,118,559	628,547,297	54,016,600	682,563,897	436,900,254	64.01%

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

Description	Amount (LKR'000) as at 30th June 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	121,071,839		18,983,215								140,055,054
Claims on Foreign Sovereigns and their Central Banks											-
Claims on Public Sector Entities			3,338,893								3,338,893
Claims on Official Entities and Multilateral Development Banks											-
Claims on Banks Exposures			12,122,796		5,570,485			4,231,413	2,183,893		24,108,587
Claims on Financial Institutions			667,793		16,304,073			3,024,843	-		19,996,709
Claims on Corporates			2,880,337		12,013,864			237,907,525	104,133.00		252,905,859
Retail Claims						28,128,205	93,945,089	8,240,698			130,313,992
Claims Secured by Gold	28,155,864		42,106					-			28,197,970
Claims Secured by Residential Property				15,069,856				2,476,909			17,546,765
Claims Secured by Commercial Real Estate								-			-
Non-Performing Assets (NPAs) (i)					1,099,993			15,927,852	10,474,181		27,502,026
Higher-Risk Categories											-
Cash Items and Other Assets	10,340,679		26,354					28,231,009			38,598,042
Total	159,568,382	-	38,061,494	15,069,856	34,988,415	28,128,205	93,945,089	300,040,249	12,762,207.00	-	682,563,897

Template 9
Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000) as at 30th June 2022
(a) Capital Charger Interest Rate Risk	27,236
General Interest Rate Risk	27,236
(i) Net Long or Short Position	27,236
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	349,899
(i) General Equity Risk	176,415
(ii) Specific Equity Risk	173,484
(c) Capital Charge for Foreign Exchange & Gold	373,153
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	6,002,304

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 30th June 2022		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		24,408,104	26,366,302	39,017,027
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	4,489,572				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	35,916,573				

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 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	666,478,894	666,478,894	672,182,834	8,978,108	1,384,457
Cash and Cash Equivalents	28,987,571	28,987,312	28,987,312		
Balances with Central Bank	15,713,732	15,713,732	15,713,732		
Placements with Banks	-	-	-		
Derivative Financial Instruments	1,002,131	1,002,131	1,002,131		
Other Financial Assets Held-For-Trading	7,566,786	7,566,786	7,566,786	7,695,508	
Securities Purchased under Resale Agreements	2,916,125	2,916,125	2,916,125		
Loans and Receivables to Banks	-	4,861,704	4,861,704		
Loans and Receivables to Other Customers	467,758,484	462,896,780	469,985,177		-
Financial Investments - Available-For-Sale	9,900,865	9,900,865	9,900,865	1,282,600	
Financial Investments - Held-To-Maturity	106,599,601	106,599,601	106,599,601		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	3,947,624	3,947,624	3,947,624		
Investment Properties	-	-	-		
Goodwill and Intangible Assets	526,756	526,756			526,756
Deferred Tax Assets	857,701	857,701			857,701
Other Assets	19,547,916	19,548,175	19,548,175		
Liabilities	614,908,117	-	-	-	-
Due to Banks	15,491,045				
Derivative Financial Instruments	901,160				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	531,741,315				
Other Borrowings	24,644,107				
Debt Securities Issued	9,618				
Current Tax Liabilities	2,903,959				
Deferred Tax Liabilities	-				
Other Provisions	-				
Other Liabilities	17,935,718				
Due to Subsidiaries	214,283				
Subordinated Term Debts	21,066,912				
Off-Balance Sheet Liabilities	239,856,679	251,961,282	-	-	-
Guarantees	70,941,238	70,941,238			
Performance Bonds					
Letters of Credit	10,360,453	10,360,453			
Foreign Exchange Contracts	(226,589)	12,751,524			
Other Contingent Items	26,148,797	26,148,797			
Undrawn Loan Commitments	131,759,270	131,759,270			
Other Commitments	873,510				
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	28,254,250	28,254,250			
Accumulated Other Comprehensive Income	(1,147,337)	(1,147,337)			
Other Reserves	4,537,411	4,537,411			
Total Shareholders' Equity	51,570,777	51,570,777	-	-	-

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)	666,478,894
Total assets as per carrying values reported under scope of regulatory reporting (column b)	666,478,894
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)