

# SEYLAN BANK PLC

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

**As at 31.12.2019**

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

Item	Minimum Requirement		Reporting Period 31.12.2019	Previous Reporting Period 31.12.2018
	2019	2018		
<b>Regulatory Capital (LKR'000)</b>				
Common Equity Tier 1 Capital			43,051,519	33,486,749
Tier 1 Capital			43,051,519	33,486,749
Total Capital			56,704,009	43,682,547
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio	7.000%	6.375%	11.27%	10.20%
Tier 1 Capital Ratio	8.500%	7.875%	11.27%	10.20%
Total Capital Ratio	12.500%	11.875%	14.84%	13.30%
Leverage Ratio	3.00%	3.00%	8.17%	7.20%
Net Stable Funding Ratio	100.00%	90.00%	109.11%	110.00%
<b>Regulatory Liquidity</b>				
<b>Statutory Liquid Assets</b>				
Domestic Banking Unit ( LKR 000 )			90,379,939	80,722,525
Off-Shore Banking Unit ( USD 000 )			29,493	31,468
<b>Statutory Liquid Assets Ratio</b>				
Domestic Banking Unit	20%	20%	21.40%	21.44%
Off-Shore Banking Unit	20%	20%	21.81%	22.08%
Liquidity Coverage Ratio - Rupee	100%	90%	169.60	128.76
Liquidity Coverage Ratio - All Currency	100%	90%	116.01	92.15

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

Item	Amount (LKR'000)	
	Reporting Period 31.12.2019	Previous Reporting Period 31.12.2018
<b>Common Equity Tier I (CET1) Capital after Adjustments</b>	<b>43,051,519</b>	<b>33,486,749</b>
<b>Common Equity Tier I (CET1) Capital</b>	<b>43,976,176</b>	<b>34,442,303</b>
Equity capital (Stated Capital)/Assigned Capital	17,044,724	12,025,795
Reserve fund	1,952,957	1,768,944
Published Retained Earnings/(Accumulated Retained Losses)	22,836,779	19,673,567
Published Accumulated Other Comprehensive Income (OCI)	179,455	(1,055,427)
General and Other Disclosed Reserves	1,962,261	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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>924,657</b>	<b>955,554</b>
Goodwill (net)		
Intangible Assets (net)	607,267	576,091
Others *	317,390	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>13,652,491</b>	<b>10,195,799</b>
<b>Total Tier 2 Capital</b>	<b>13,652,491</b>	<b>10,195,799</b>
Qualifying Tier 2 Capital Instruments	12,270,650.00	9,802,650
Revaluation gains	393,149.00	393,149
Loan Loss Provisions (General Provision)	988,692.00	
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>43,051,519</b>	<b>33,486,749</b>
<b>Total Capital</b>	<b>56,704,009</b>	<b>43,682,548</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>382,084,421</b>	<b>328,331,166</b>
RWAs for Credit Risk	352,681,982	300,834,151
RWAs for Market Risk	2,329,400	1,661,514
RWAs for Operational Risk	27,073,039	25,835,501
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>11.27%</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>11.27%</b>	<b>10.20%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>14.84%</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 31.12.2019	Previous Reporting Period 31.12.2018
<b>Tier 1 Capital</b>	<b>43,051,519</b>	<b>33,486,749</b>
<b>Total Exposures</b>	<b>527,061,840</b>	<b>464,935,022</b>
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	487,327,129	440,269,815
Derivative Exposures	800,747	
Securities Financing Transaction Exposures	5,165,159	
Other Off-Balance Sheet Exposures	33,768,806	24,665,207
<b>Basel III Leverage Ratio (%) (Tier 1/Total Exposure)</b>	<b>8.17%</b>	<b>7.20%</b>

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

Item	Amount (LKR'000)					
	Reporting Period - 31.12.2019			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>68,352,139</b>			<b>54,800,053</b>
<b>Total Adjusted Level 1A Assets</b>	68,421,922		<b>68,421,923</b>	55,294,220		<b>55,294,220</b>
<b>Level 1A Assets</b>	68,258,877	<b>100%</b>	<b>68,258,877</b>	54,673,046	<b>100%</b>	54,673,046
<b>Total Adjusted Level 2A Assets</b>			-			-
<b>Level 2A Assets</b>			-			-
<b>Total Adjusted Level 2B Assets</b>			<b>93,262</b>			<b>127,007</b>
<b>Level 2B Assets</b>	186,524	<b>50%</b>	93,262	254,014	<b>50%</b>	127,007
<b>Total Cash Outflows</b>			<b>103,244,816</b>			<b>86,307,265</b>
Deposits	296,507,444	<b>10%</b>	29,650,744	272,105,628	<b>10%</b>	27,210,563
Unsecured Wholesale Funding	94,242,828	<b>25% -100%</b>	52,666,981	77,731,112	<b>25% -100%</b>	42,931,261
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	146,086,878	<b>0% -100%</b>	7,655,240	124,824,143	<b>0% -100%</b>	7,309,085
Additional Requirements	13,271,851	<b>100%</b>	13,271,851	8,856,356	<b>100%</b>	8,856,356
<b>Total Cash Inflows</b>			<b>44,327,152</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	24,122,613	<b>50%-100%</b>	41,683,180	49,351,190	<b>50%-100%</b>	24,675,595
Operational Deposits	3,620,477		-	5,087,053		-
Other Cash Inflows	5,287,944	<b>50% -100%</b>	2,643,972	1,795,332	<b>50% -100%</b>	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>116.01</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	28th March 2023 28th March 2025 28th March 2028	18th April 2024
Amount Recognized in Regulatory Capital (in '000 as at the Reporting Date)	10,884,710	6,160,014	3,155,150	4,865,500	4,250,000
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 31st December 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	98,801,156		98,801,156		98,801,156	1,922,775	1.95%
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	8,035,659	6,546,931	8,035,659	1,210,233	9,245,892	6,586,071	71.23%
Claims on Financial Institutions	27,417,818	7,280,216	26,840,079	1,345,785	28,185,864	17,966,944	63.74%
Claims on Corporates	175,695,338	124,218,852	171,472,391	22,962,482	194,434,873	189,646,319	97.54%
Retail Claims	141,828,794	44,631,209	113,816,171	8,250,304	122,066,475	81,611,952	66.86%
Claims Secured by Residential Property	18,952,343	-	18,939,090		18,939,090	11,293,411	59.63%
Claims Secured by Commercial Real Estate	2,488	-	2,488	-	2,488	2,488	100.00%
Non-Performing Assets (NPAs) (i)	16,827,767		16,719,983		16,719,983	19,676,700	117.68%
Higher-Risk Categories	-	-	-		-		
Cash Items and Other Assets	32,700,112	-	32,700,112		32,700,112	23,975,322	73.32%
<b>Total</b>	<b>520,261,475</b>	<b>182,677,208</b>	<b>487,327,129</b>	<b>33,768,804</b>	<b>521,095,933</b>	<b>352,681,981</b>	<b>67.68%</b>

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

Description	Amount (LKR'000) as at 31st December 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		89,187,279	9,613,877							98,801,156
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			816,300	4,013,562			4,416,030			9,245,892
Claims on Financial Institutions			-	20,437,839			7,748,025			28,185,864
Claims on Corporates			-	9,718,031			184,575,920	140,923		194,434,873
Retail Claims					33,712,980	62,387,077	13,756,245			109,856,302
Claims Secured by Gold		8,022,118	4,188,055				-			12,210,173
Claims Secured by Residential Property				15,291,358			3,647,732			18,939,090
Claims Secured by Commercial Real Estate							2,488			2,488
Non-Performing Assets (NPAs) (i)				681,179			9,444,191	6,594,613		16,719,983
Higher-Risk Categories										-
Cash Items and Other Assets		8,423,935	376,069				23,900,108			32,700,112
<b>Total</b>		<b>105,633,332</b>	<b>14,994,301</b>	<b>50,141,969</b>	<b>33,712,980</b>	<b>62,387,077</b>	<b>247,490,739</b>	<b>6,735,536</b>	<b>-</b>	<b>521,095,933</b>



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

Item	RWA Amount (LKR'000) as at 31st December 2019
<b>(a) Capital Charger Interest Rate Risk</b>	<b>232,330</b>
General Interest Rate Risk	<b>232,330</b>
(i) Net Long or Short Position	232,330
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
<b>(b) Capital Charge for Equity</b>	<b>42,762</b>
(i) General Equity Risk	23,479
(ii) Specific Equity Risk	19,283
<b>( c) Capital Charge for Foreign Exchange &amp; Gold</b>	<b>16,083</b>
<b>Total Risk Weighted Assets on Market Risk</b>	
<b>[(a)+(b)+(c)]*CAR</b>	<b>2,329,400</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 31st December 2019		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
The Basic Indicator Approach	15%		20,567,269	23,070,781	24,044,547
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	3,384,130				
<b>Risk-Weighted Amount for operational Risk (LKR'000)</b>					
The Basic Indicator Approach	27,073,039				

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 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>516,294,187</b>	<b>519,219,255</b>	<b>518,611,989</b>	<b>5,273,119</b>	<b>607,267</b>
Cash and Cash Equivalents	11,758,729	12,315,716	12,315,716		
Balances with Central Bank	14,458,970	14,458,970	14,458,970		
Placements with Banks	1,173,278	1,179,100	1,179,100		
Derivative Financial Instruments	134,756				
Other Financial Assets Held-For-Trading	7,118,016	6,979,716	6,979,716	5,273,119	
Securities Purchased under Resale Agreements	5,165,159	5,163,569	5,163,569		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	379,259,064	382,415,908	382,415,908		
Financial Investments - Available-For-Sale	55,591,526				
Financial Investments - Held-To-Maturity	21,873,584	72,198,901	72,198,901		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	4,384,467	4,384,467	4,384,468		
Investment Properties	-	-			
Goodwill and Intangible Assets	607,267	607,267			607,267
Deffered Tax Assets	-				
Other Assets	13,615,769	18,362,039	18,362,039		
<b>Liabilities</b>	<b>471,666,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to Banks	28,769,629				
Derivative Financial Instruments	222,978				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	400,731,358				
Other Borrowings	8,449,291				
Debt Securities Issued	19,870,944				
Current Tax Liabilities	525,389				
Deferred Tax Liabilities	725,326				
Other Provisions					
Other Liabilities	12,171,029				
Due to Subsidiaries	200,969				
Subordinated Term Debts					
<b>Off-Balance Sheet Liabilities</b>	<b>146,169,925</b>	<b>193,374,468</b>	<b>182,677,209</b>	<b>-</b>	<b>-</b>
Guarantees	38,387,248	43,246,095	39,609,903		
Performance Bonds					
Letters of Credit	12,213,693	12,167,370	12,084,217		
Foreign Exchange Contracts	(326,882)	43,720,593	43,720,593		
Other Contingent Items	12,042,064	10,394,142	6,983,220		
Undrawn Loan Commitments	83,126,458	80,279,276	80,279,276		
Other Commitments	727,344	3,566,992			
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	17,044,724	17,044,723			
of which Amount Eligible for AT1		-			
Retained Earnings	22,823,239	20,466,561			
Accumulated Other Comprehensive Income					
Other Reserves	4,759,311	6,402,331			
<b>Total Shareholders' Equity</b>	<b>44,627,274</b>	<b>43,913,615</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 31st December 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)	516,294,187
Total assets as per carrying values reported under scope of regulatory reporting (column b)	519,219,255
Difference	2,925,068

Financial Assets-Instrument Type	Valuation Technique	Inputs used for valuation
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)