

SEYLAN BANK PLC

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

As at 31.12.2020

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 31.12.2020	Previous Reporting Period 31.12.2019
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		45,810,093	43,051,519
Tier 1 Capital		45,810,093	43,051,519
Total Capital		57,122,556	56,704,009
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.000%	11.46%	11.27%
Tier 1 Capital Ratio	8.500%	11.46%	11.27%
Total Capital Ratio	12.500%	14.30%	14.84%
Leverage Ratio	3.00%	7.94%	8.17%
Net Stable Funding Ratio	90.00%	110.38%	109.11%
	(2019 -100%)		
Regulatory Liquidity			
Statutory Liquid Assets			
Domestic Banking Unit (LKR 000)		144,503,849	90,379,939
Off-Shore Banking Unit (USD 000)		33,828	29,493
Statutory Liquid Assets Ratio			
Domestic Banking Unit	20%	31.31%	21.40%
Off-Shore Banking Unit	20%	22.47%	21.81%
Liquidity Coverage Ratio - Rupee	90%	176.95%	169.60%
	(2019 -100%)		
Liquidity Coverage Ratio - All Currency	90%	142.75%	116.01%
	(2019 -100%)		

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 31.12.2020	Previous Reporting Period 31.12.2019
Common Equity Tier I (CETI) Capital after Adjustments	45,810,093	43,051,519
Common Equity Tier I (CET1) Capital	46,774,785	43,976,176
Equity capital (Stated Capital)/Assigned Capital	17,548,347	17,044,724
Reserve fund	2,103,522	1,952,957
Published Retained Earnings/(Accumulated Retained Losses)	24,237,845	22,836,779
Published Accumulated Other Comprehensive Income (OCI)	1,396,833	179,455
General and Other Disclosed Reserves	1,488,238	1,962,261
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	964,692	924,657
Goodwill (net)		
Intangible Assets (net)	620,530	607,267
Others *	344,162	317,390
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	11,312,463	13,652,491
Total Tier 2 Capital	11,312,463	13,652,491
Qualifying Tier 2 Capital Instruments	9,122,763	12,270,650
Revaluation gains	393,149	393,149
Loan Loss Provisions (General Provision)	1,796,551	988,692
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	45,810,093	43,051,519
Total Capital	57,122,556	56,704,010
Total Risk Weighted Assets (RWA)	399,575,469	382,084,421
RWAs for Credit Risk	369,871,446	352,681,982
RWAs for Market Risk	1,016,973	2,329,400
RWAs for Operational Risk	28,687,050	27,073,039
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.46%	11.27%
of which: Capital Conservation Buffer (%)	2.500%	1.875%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	11.46%	11.27%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.30%	14.84%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

*** Consists**

Revaluation losses of property, plant and equipment	30,464
Shortfall of the cumulative impairment to specific provisions	-
Defined benefit pension fund assets	-
Investment in own shares	320,459
Cash flow hedge reserve	(6,761)

Template 3
Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 31.12.2020	Previous Reporting Period 31.12.2019
Tier 1 Capital	45,810,094	43,051,519
Total Exposures	577,103,922	527,061,840
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	525,893,986	487,327,129
Derivative Exposures	1,732,936	800,747
Securities Financing Transaction Exposures	6,142,893	5,165,159
Other Off-Balance Sheet Exposures	43,334,107	33,768,806
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.94%	8.17%

Implementation date for Regulatory Reporting will be w.e.f 01 January 2018.

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 31.12.2020			Previous Reporting Period - 31.12.2019		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			100,209,155			68,352,139
Total Adjusted Level 1A Assets	100,002,267		100,002,267	68,421,922		68,421,923
Level 1A Assets	100,123,279	100%	100,123,279	68,258,877	100%	68,258,877
Total Adjusted Level 2A Assets			-			
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			85,876			93,262
Level 2B Assets	171,753	50%	85,876	186,524	50%	93,262
Total Cash Outflows			98,346,660			103,244,816
Deposits	341,486,750	10%	34,148,675	296,507,444	10%	29,650,744
Unsecured Wholesale Funding	90,266,536	25% -100%	48,186,985	94,242,828	25% -100%	52,666,981
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	189,540,464	0% -100%	9,617,217	146,086,878	0% -100%	7,655,240
Additional Requirements	6,393,784	100%	6,393,784	13,271,851	100%	13,271,851
Total Cash Inflows			28,147,748			44,327,152
Maturing Secured Lending Transactions Backed by Collateral			-			-
Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	41,245,414	50%-100%	27,367,533	71,920,926	50%-100%	41,683,180
Operational Deposits	2,257,009		-	3,620,477		-
Other Cash Inflows	1,158,293	50% -100%	780,215	5,287,944	50% -100%	2,643,972
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			142.75			116.01

Template 5
Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non- Voting Shares	Debnture Issue - 2016 (5 years and 7 years)	Debnture Issue - 2018 (5 years, 7 years & 10 years)	Debnture Issue - 2019 (5 years)	(5
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 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	
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)	11,136,187	6,412,160	1,896,513	3,976,250	3,250,000	
Accounting Classification (Equity /Liability)	Equity	Equity	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	
Subsequent Call Dates, If Applicable	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 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	
Convertible or Non-Convertible	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.	

Summary Discussion on Adequacy/Meeting Current and Future Capital Requirements

Overview of Capital Planning and Assessment Process:

The capital structure of banks is rigorously regulated by CBSL in view of the systemic risk that a bank failure carries and loss it can cause to the depositors and the consequent cost of bail-outs by the Government. Basel III focuses on risk management in the Bank and intends to link the business profile of the Bank to the risk profile and subsequently to the regulatory capital. There is thus an automatic calibration of business profile to the regulatory capital. Internal capital can, however, be different from the regulatory capital, which may require equity cushion to the risk profile of the Bank.

In practical terms, the role of capital in the Bank is to provide creditor protection. In other words, the role of capital is to act as a buffer against future unexpected losses, thereby protecting depositors and its other creditors. The amount of capital the Bank would hold therefore depends on the Bank's risk appetite, loss distribution (whether arising from credit, market or operational or any other kinds of risk), among other things.

Risk Exposures in Line with the Budget 2021 and Profit / Balance Sheet Forecasts thereafter:

The Bank's Board Approved Capital Augmentation Plan, based on the Budget and the Profit & Balance Sheet Forecasts thereafter has estimated the required Tier 1 and Tier 2 capital infusion during the period till 2023.

Furthermore the Bank's 3 Year Projection on the Performance has projected the capital infusion required from 2021 to 2023.

The Bank is planning to revise the Strategic Plan 2021-2023 considering the Bank's future growth outlook, average industry growth, peer growth and necessary inputs from the CBSL published documents etc. Furthermore, the relevant macroeconomic parameters will be factored in the calculations. Currently, the Bank employs a mix of top-down and bottom-up approach to arrive at the forecasts.

Current and Future Capital Needs, Anticipated Capital Expenditure and Desirable Capital Levels:

As of 31/12/2020, the Bank was well capitalised as mentioned below.

Capital Adequacy Ratio	Regulatory Requirement	Bank's Position as at 31/12/2020
Common Equity Tier 1 Capital Ratio	7.00%	11.46%
Total Tier 1 Capital Ratio	8.50%	11.46%
Total Capital Ratio	12.50%	14.30%

Overall, the Statement of Financial Position remains strong.

Sources of Capital:

The Bank raises the eligible Tier 1 as well as Tier 2 capital as and when required in order to expand the business and at the same time to meet the regulatory and internal capital requirements.

However, the Bank acknowledges the challenges associated with increasing demand on capital as per the roadmap given by CBSL and is mindful about the contributory factors that require in recording a healthy CAR in the ensuing period.

Assessment of the adequacy of Bank's capital commensurate with all material risks and other capital needs in relation to its current and future activities:

The risk profile assessment of the Bank includes the assessment of all material risks i.e. credit risk, market risk, operational risk, credit concentration risk, residual risk, interest rate risk in the banking book, liquidity risk, strategic risk, compliance risk and reputational risk.

The Bank has adopted the standardised approach (SA) for credit risk capital calculation under Pillar 1. Credit concentration in the corporate loan portfolio has been analysed using the Normalised Herfindahl–Hirschman Index (HHI) method and an adjustment to the capital charge is administered in the light of concentration of the Bank's business in large size borrowers.

The Bank has adopted the standardised measurement Approach (SMA) for calculation of the market risk capital charge. The capital charge for market risk continues to remain low, considering the limited market operations of the Bank and exists due to interest rate risk, equity risk and foreign exchange risk to a lesser extent.

With regard to operational risk, the Basic Indicator Approach (BIA) has been adopted under Pillar 1. The Bank is also geared to move into the Alternative Standardised approach for operational risk calculation and has already done parallel computation which has shown improved capital adequacy requirement under operational risk.

Liquidity risk is managed by Treasury, Risk Management Unit and ALCO using the gap assessment and ratios. To ascertain the current liquidity position, the Bank has conducted strong stress tests to gauge the Bank's position under liquidity crunch of different intensities. The capital charge for interest rate risk in the banking book is calculated using the Economic Value of Equity (EVE) approach. Overall, the ALM process in the Bank is well-managed and monitored using various indicators of liquidity and interest rate risks.

For reputational and strategic risk, detailed scorecards have been developed and the scorecard results have been calibrated to capital charge. The result of strategic risk assessment indicates that the Bank has a dedicated strategy and planning unit under finance and is well-capitalised to achieve its strategic objectives going forward.

The Board and Senior Management critically review the strategic direction of the Bank at the time the Strategic Plan is prepared and approved. Risk management is an integral part of the strategic planning process.

Template 7
Credit Risk under Standardised Approach -
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Description	Amount (LKR'000) as at 31st December 2020						
	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	119,319,814	-	119,319,814	-	119,319,814	3,152,145	2.64%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	0.00%
Claims on Public Sector Entities	3,023,533	-	3,023,533	-	3,023,533	604,707	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-
Claims on Banks Exposures	13,658,115	15,526	13,658,115	7,392	13,665,506	8,178,288	59.85%
Claims on Financial Institutions	24,349,324	-	24,309,152	-	24,309,152	14,050,213	57.80%
Claims on Corporates	184,545,362	225,139,720	177,420,973	29,921,601	207,342,574	199,616,641	96.27%
Retail Claims	147,597,711	34,275,635	120,562,259	13,405,114	133,967,373	88,580,055	66.12%
Claims Secured by Residential Property	18,245,640	-	18,245,640	-	18,245,640	12,041,122	65.99%
Claims Secured by Commercial Real Estate	1,927	-	1,927	-	1,927	1,927	0.00%
Non-Performing Assets (NPAs) (i)	17,382,561	-	17,382,561	-	17,382,561	20,437,295	117.57%
Higher-Risk Categories	-	-	-	-	-	-	-
Cash Items and Other Assets	31,907,550	-	31,907,550	-	31,907,550	23,209,053	72.74%
Total	560,031,536	259,430,881	525,831,524	43,334,106	569,165,631	369,871,446	64.98%

(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 Standardised Approach: Exposures by Asset Classes and Risk Weights

Description	Amount (LKR'000) as at 31st December 2020 (Post CCF& CRM)									
	Risk Weight	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Asset Classes										
Claims on Central Government and CBSL		103,559,087	15,760,727							119,319,814
Claims on Foreign Sovereigns and their Central Banks										-
Claims on Public Sector Entities			3,023,533							3,023,533
Claims on Official Entities and Multilateral Development Banks										-
Claims on Banks Exposures			6,859,024	-			6,806,483			13,665,506
Claims on Financial Institutions			5,225,897	12,156,443			6,926,812			24,309,152
Claims on Corporates			6,780,828	4,750,608			195,663,068	148,069		207,342,574
Retail Claims					31,200,725	78,004,417	9,446,958			118,652,100
Claims Secured by Gold		5,768,527	9,546,746				-			15,315,273
Claims Secured by Residential Property				12,409,036			5,836,604			18,245,640
Claims Secured by Commercial Real Estate							1,927			1,927
Non-Performing Assets (NPAs) (i)				1,022,954			9,227,184	7,132,422		17,382,561
Higher-Risk Categories										-
Cash Items and Other Assets		8,287,357	513,925				23,106,268			31,907,550
Total		117,614,971	47,710,679	30,339,042	31,200,725	78,004,417	257,015,305	7,280,491	-	569,165,631

Template 9
Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31st December 2020
(a) Capital Charger Interest Rate Risk	56,541
General Interest Rate Risk	56,541
(i) Net Long or Short Position	56,541
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	38,909
(i) General Equity Risk	21,469
(ii) Specific Equity Risk	17,440
(c) Capital Charge for Foreign Exchange & Gold	31,671
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	1,016,973

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 2020		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		23,070,781	24,023,031	24,623,812
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,585,881				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	28,687,050				

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 2020				
	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	557,707,420	558,959,532	560,031,537	4,372,563	2,313,065
Cash and Cash Equivalents	10,036,144	8,286,388	8,286,388		
Balances with Central Bank	7,371,203	7,371,203	7,371,203		
Placements with Banks	10,730,528	10,782,043	10,782,043		
Derivative Financial Instruments	403,984				
Other Financial Assets Held-For-Trading	4,545,853	4,527,293	4,527,293	4,372,563	
Securities Purchased under Resale Agreements	6,142,893	6,141,869	6,141,869		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	393,766,147	398,656,478	400,349,013		1,692,535
Financial Investments - Available-For-Sale	53,692,471				
Financial Investments - Held-To-Maturity	52,881,338	98,585,524	98,585,524		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	4,031,453	4,066,041	4,066,041		
Investment Properties	-	-			
Goodwill and Intangible Assets	620,530	620,530			620,530
Deffered Tax Assets	-	-			
Other Assets	12,331,274	18,768,561	18,768,561		
Liabilities	508,740,445	-	-	-	-
Due to Banks	32,679,687				
Derivative Financial Instruments	39,981				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	440,303,126				
Other Borrowings	2,589,996				
Debt Securities Issued	17,058,558				
Current Tax Liabilities	869,896				
Deferred Tax Liabilities	1,469,778				
Other Provisions					
Other Liabilities	13,467,961				
Due to Subsidiaries	261,462				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	194,962,248	277,603,766	-	-	-
Guarantees	56,376,382	56,376,382			
Performance Bonds					
Letters of Credit	13,755,117	13,755,117			
Foreign Exchange Contracts	402,137	83,382,719			
Other Contingent Items	24,973,243	20,241,510			
Undrawn Loan Commitments	99,116,305	99,116,305			
Other Commitments	339,064	4,731,733			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	17,548,347	17,548,347			
of which Amount Eligible for AT1					
Retained Earnings	24,683,224	27,256,377			
Accumulated Other Comprehensive Income					
Other Reserves	6,735,404	1,952,957			
Total Shareholders' Equity	48,966,975	46,757,681	-	-	-

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 31st December 2020 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)	557,707,420
Total assets as per carrying values reported under scope of regulatory reporting (column b)	558,959,532
Difference	1,252,112

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)