

SEYLAN BANK PLC

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

As at 30.06.2020

Template 1
Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 30.06.2020	Previous Reporting Period 31.12.2019
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		42,602,558	43,051,519
Tier 1 Capital		42,602,558	43,051,519
Total Capital		54,828,298	56,704,009
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.000%	11.06%	11.27%
Tier 1 Capital Ratio	8.500%	11.06%	11.27%
Total Capital Ratio	12.500%	14.24%	14.84%
Leverage Ratio	3.00%	7.85%	8.17%
Net Stable Funding Ratio	90.00%	108.29%	109.11%
	(2019 -100%)		
Regulatory Liquidity			
Statutory Liquid Assets			
Domestic Banking Unit (LKR 000)		111,643,749	90,379,939
Off-Shore Banking Unit (USD 000)		34,073	29,493
Statutory Liquid Assets Ratio			
Domestic Banking Unit	20%	24.85%	21.40%
Off-Shore Banking Unit	20%	22.88%	21.81%
Liquidity Coverage Ratio - Rupee	90%	178.91	169.60
	(2019 -100%)		
Liquidity Coverage Ratio - All Currency	90%	130.90	116.01
	(2019 -100%)		

Template 2
Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 30.06.2020	Previous Reporting Period 31.12.2019
Common Equity Tier I (CET1) Capital after Adjustments	42,602,558	43,051,519
Common Equity Tier I (CET1) Capital	43,472,553	43,976,176
Equity capital (Stated Capital)/Assigned Capital	17,548,348	17,044,724
Reserve fund	1,952,957	1,952,957
Published Retained Earnings/(Accumulated Retained Losses)	21,829,532	22,836,779
Published Accumulated Other Comprehensive Income (OCI)	179,455	179,455
General and Other Disclosed Reserves	1,962,261	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	869,995	924,657
Goodwill (net)		
Intangible Assets (net)	552,605	607,267
Others *	317,390	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	12,225,741	13,652,491
Total Tier 2 Capital	12,225,741	13,652,491
Qualifying Tier 2 Capital Instruments	10,843,900	12,270,650
Revaluation gains	393,149	393,149
Loan Loss Provisions (General Provision)	988,692	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	42,602,558	43,051,519
Total Capital	54,828,298	56,704,010
Total Risk Weighted Assets (RWA)	385,036,939	382,084,421
RWAs for Credit Risk	356,266,254	352,681,982
RWAs for Market Risk	833,323	2,329,400
RWAs for Operational Risk	27,937,362	27,073,039
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.06%	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 (%)	11.06%	11.27%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.24%	14.84%
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 3
Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 30.06.2020	Previous Reporting Period 31.12.2019
Tier 1 Capital	42,602,558	43,051,519
Total Exposures	542,715,099	527,061,840
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	496,211,034	487,327,129
Derivative Exposures	1,025,964	800,747
Securities Financing Transaction Exposures	10,420,838	5,165,159
Other Off-Balance Sheet Exposures	35,057,263	33,768,806
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.85%	8.17%

Template 4
Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 30.06.2020			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)			75,917,365			68,352,139
Total Adjusted Level 1A Assets	76,170,294		76,170,294	68,421,922		68,421,923
Level 1A Assets	75,846,984	100%	75,846,984	68,258,877	100%	68,258,877
Total Adjusted Level 2A Assets			-			
Level 2A Assets			-			-
Total Adjusted Level 2B Assets			70,381			93,262
Level 2B Assets	140,762	50%	70,381	186,524	50%	93,262
Total Cash Outflows			96,467,296			103,244,816
Deposits	312,811,080	10%	31,281,108	296,507,444	10%	29,650,744
Unsecured Wholesale Funding	88,656,954	25% -100%	50,403,537	94,242,828	25% -100%	52,666,981
Secured Funding Transactions			-			-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	152,425,213	0% -100%	7,792,436	146,086,878	0% -100%	7,655,240
Additional Requirements	6,990,215	100%	6,990,215	13,271,851	100%	13,271,851
Total Cash Inflows			38,471,038			44,327,152
Maturing Secured Lending Transactions Backed by Collateral Committed Facilities	-		-	-		-
Other Inflows by Counterparty which are Maturing within 30 Days	59,577,968	50%-100%	36,591,114	71,920,926	50%-100%	41,683,180
Operational Deposits	4,066,593		-	3,620,477		-
Other Cash Inflows	3,732,386	50% -100%	1,879,924	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			130.90			116.01

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)	11,136,187	6,412,160	2,655,150	4,438,750	3,750,000
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					
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 30th June 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	107,359,907	512,815	107,359,907		107,359,907	1,620,375	1.51%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	88,994	88,994	-	0.00%
Claims on Public Sector Entities	-	-	3,027,376		3,027,376	605,475	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-		-	-	
Claims on Banks Exposures	9,040,497	6,971,217	9,040,497	1,209,787	10,250,284	8,901,941	86.85%
Claims on Financial Institutions	22,702,800	8,373,376	22,664,620	1,453,118	24,117,738	15,528,874	64.39%
Claims on Corporates	175,041,855	143,133,212	169,074,262	24,839,378	193,913,640	189,194,246	97.57%
Retail Claims	141,320,996	43,021,630	115,481,806	7,465,986	122,947,792	83,186,246	67.66%
Claims Secured by Residential Property	18,534,626	-	18,528,350		18,528,350	11,271,186	60.83%
Claims Secured by Commercial Real Estate	2,347	-	2,347	-	2,347	2,347	100.00%
Non-Performing Assets (NPAs) (i)	18,838,064		18,714,417		18,714,417	21,746,444	116.20%
Higher-Risk Categories	-	-	-		-		
Cash Items and Other Assets	32,317,452	-	32,317,452		32,317,452	24,209,121	74.91%
Total	525,158,544	202,012,250	496,211,034	35,057,263	531,268,297	356,266,255	67.06%

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

Description	Amount (LKR'000) as at 30th June 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		99,347,026	8,101,875							107,448,901
Claims on Foreign Sovereigns and their Central Banks										-
Claims on Public Sector Entities			3,027,376							3,027,376
Claims on Official Entities and Multilateral Development Banks										-
Claims on Banks Exposures			573,102	1,779,722			7,897,460			10,250,284
Claims on Financial Institutions			-	17,177,729			6,940,009			24,117,738
Claims on Corporates			-	9,563,491			184,225,449	124,702		193,913,640
Retail Claims					32,066,027	60,894,439	17,813,302			110,773,768
Claims Secured by Gold		9,861,532	2,312,492				-			12,174,024
Claims Secured by Residential Property				14,514,328			4,014,022			18,528,350
Claims Secured by Commercial Real Estate							2,347			2,347
Non-Performing Assets (NPAs) (i)				760,171			11,130,022	6,824,224		18,714,417
Higher-Risk Categories										-
Cash Items and Other Assets		8,056,927	64,255				24,196,270			32,317,452
Total		117,265,485	14,079,100	43,795,441	32,066,027	60,894,439	256,218,881	6,948,926	-	531,268,297

Template 9
Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30th June 2020
(a) Capital Charger Interest Rate Risk	36,462
General Interest Rate Risk	36,462
(i) Net Long or Short Position	36,462
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	32,018
(i) General Equity Risk	17,598
(ii) Specific Equity Risk	14,420
(c) Capital Charge for Foreign Exchange & Gold	35,685
Total Risk Weighted Assets on Market Risk	
[(a)+(b)+(c)]*CAR	833,323

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 June 2020		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		22,036,567	23,377,218	24,429,619
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,492,170				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	27,937,362				

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 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	526,122,280	527,088,181	526,535,576	2,205,980	552,605
Cash and Cash Equivalents	12,048,430	12,233,419	12,233,419		
Balances with Central Bank	7,012,350	7,012,350	7,012,350		
Placements with Banks	6,596,919	6,627,500	6,627,500		
Derivative Financial Instruments	148,825				
Other Financial Assets Held-For-Trading	2,205,980	2,569,384	2,569,384	2,205,980	
Securities Purchased under Resale Agreements	6,922,597	10,409,481	10,409,481		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	378,549,997	381,628,480	381,628,480		
Financial Investments - Available-For-Sale	50,504,949				
Financial Investments - Held-To-Maturity	43,211,107	81,858,692	81,858,692		
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602		
Investments in Associates and Joint Ventures		-			
Property, Plant and Equipment	4,195,611	4,195,610	4,195,610		
Investment Properties	-	-			
Goodwill and Intangible Assets	552,605	552,605			552,605
Deffered Tax Assets	-				
Other Assets	13,019,308	18,847,058	18,847,058		
Liabilities	478,900,964	-	-	-	-
Due to Banks	25,862,672				
Derivative Financial Instruments	117,591				
Other Financial Assets Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	410,918,570				
Other Borrowings	7,213,033				
Debt Securities Issued	19,593,980				
Current Tax Liabilities	309,261				
Deferred Tax Liabilities	1,906,969				
Other Provisions					
Other Liabilities	12,660,454				
Due to Subsidiaries	318,434				
Subordinated Term Debts					
Off-Balance Sheet Liabilities	156,740,632	214,671,301	202,012,251	-	-
Guarantees	46,103,934	46,103,934	41,395,488		
Performance Bonds					
Letters of Credit	10,207,308	10,207,308	10,193,056		
Foreign Exchange Contracts	27,462	58,400,618	58,400,617		
Other Contingent Items	14,296,857	9,956,636	6,360,507		
Undrawn Loan Commitments	85,662,583	85,662,583	85,662,583		
Other Commitments	442,488	4,340,222			
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	23,746,366	20,466,561			
Accumulated Other Comprehensive Income					
Other Reserves	5,926,603	7,011,467			
Total Shareholders' Equity	47,221,316	45,026,375	-	-	-

Template 12 - Explanations

Column a. presents the assets , liabilities and equity on standalone SLFRS basis. Pillar III disclosures as at 30th June 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)	526,122,280
Total assets as per carrying values reported under scope of regulatory reporting (column b)	527,088,181
Difference	965,901

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)