



**Basel III - Disclosures Under Pillar III  
As per the Banking Act Directions No.01 of 2016  
(Unaudited)**

**30th September 2017**

**Key Regulatory Ratios - Capital and Liquidity**

Item	30.09.2017		31.12.2016	
	Bank	Group	Bank	Group
<b>Regulatory Capital (LKR '000)</b>				
Common Equity Tier 1	28,281,377	29,468,165	N/A	N/A
Tier 1 Capital	28,281,377	29,468,165	N/A	N/A
Total Capital	37,398,704	38,585,491	N/A	N/A
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio ( <i>Minimum Requirement - 5.75%</i> )	11.37%	11.83%	N/A	N/A
Tier 1 Capital Ratio ( <i>Minimum Requirement - 7.25%</i> )	11.37%	11.83%	N/A	N/A
Total Capital Ratio ( <i>Minimum Requirement - 11.25%</i> )	15.04%	15.49%	N/A	N/A
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets (LKR'000)	81,108,626	N/A	59,259,909	N/A
Statutory Liquid Assets Ratio (20%)				
Domestic Banking Unit (%)	29.90%	N/A	24.56%	N/A
Off-Shore Banking Unit (%)	76.78%	N/A	73.20%	N/A
Liquidity Coverage Ratio (%) - Rupee ( <i>Minimum Requirement - 2017 -80%, 2016 - 70%</i> )	151.38%	N/A	197.30%	N/A
Liquidity Coverage Ratio (%) - All Currency ( <i>Minimum Requirement - 2017 -80%, 2016 - 70%</i> )	119.89%	N/A	168.80%	N/A

**Basel III Computation of Capital Ratios**

Item	Amount (LKR '000)			
	30.09.2017		31.12.2016	
	Bank	Group	Bank (Not applicable)	Group (Not applicable)
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>28,281,377</b>	<b>29,468,165</b>		
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>33,117,963</b>	<b>36,891,797</b>		
Equity Capital (Stated Capital)/Assigned Capital	4,715,814	4,715,814		
Reserve Fund	2,004,275	2,004,275		
Published Retained Earnings/(Accumulated Retained Losses)	9,607,311	13,038,069		
Published Accumulated Other Comprehensive Income (OCI)	3,010,724	3,353,800		
General and other Disclosed Reserves	13,779,839	13,779,839		
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-			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>4,836,586</b>			
Goodwill (net)	-	156,226		
Intangible Assets (net)	262,599	208,382		
Others (investment in capital of banks and financial institutions)	4,573,987	7,059,024		
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>			
<b>Additional Tier 1 (AT1) Capital</b>	<b>-</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>	<b>-</b>			
Investment in Own Shares	-			
Others (specify)	-			
<b>Tier 2 Capital after Adjustments</b>	<b>9,117,327</b>	<b>9,117,327</b>		
<b>Tier 2 Capital</b>	<b>9,117,327</b>	<b>9,117,327</b>		
Qualifying Tier 2 Capital Instruments	8,200,000	8,200,000		
Revaluation Gains	-			
Loan Loss Provisions	917,327	917,327		
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>			
Investment in Own Shares	-			
Others (specify)	-			
<b>CET1 Capital</b>	<b>28,281,377</b>	<b>29,468,165</b>		
<b>Total Tier 1 Capital</b>	<b>28,281,377</b>	<b>29,468,165</b>		
<b>Total Capital</b>	<b>37,398,704</b>	<b>38,585,491</b>		

	Amount (LKR '000)			
	30.09.2017		31.12.2016	
	Bank	Group	Bank (Not applicable)	Group (Not applicable)
<b>Total Risk Weighted Assets (RWA)</b>				
RWAs for Credit Risk	224,439,020	224,992,973		
RWAs for Market Risk	8,304,287	8,304,287		
RWAs for Operational Risk	15,960,621	15,757,943		
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>11.37%</b>	<b>11.83%</b>		
<b>of which: Capital Conservation Buffer (%)</b>	<b>1.25%</b>	<b>1.25%</b>		
of which: Countercyclical Buffer (%)	N/A	N/A		
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A		
<b>Total Tier 1 Capital Ratio (%)</b>	<b>11.37%</b>	<b>11.83%</b>		
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>15.04%</b>	<b>15.49%</b>		
of which: Capital Conservation Buffer (%)	1.25%	1.25%		
of which: Countercyclical Buffer (%)	N/A	N/A		
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A		

**Template 4**  
**Basel III Computation of Liquidity Coverage Ratio - All Currencies**

Item	Amount (LKR'000)			
	30.09.2017		31.12.2016	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	<b>59,849,924</b>	<b>58,892,773</b>	<b>33,793,942</b>	<b>32,777,711</b>
<b>Total Adjusted Level 1A Assets</b>	<b>57,816,867</b>	<b>57,816,867</b>	<b>31,627,816</b>	<b>31,627,816</b>
<b>Level 1 Assets</b>	<b>57,816,867</b>	<b>57,816,867</b>	<b>31,627,816</b>	<b>31,627,816</b>
<b>Total Adjusted Level 2A Assets</b>	<b>169,650</b>	<b>144,203</b>	<b>190,950</b>	<b>162,308</b>
<b>Level 2A Assets</b>	<b>169,650</b>	<b>144,203</b>	<b>190,950</b>	<b>162,308</b>
<b>Total Adjusted Level 2B Assets</b>	<b>1,863,407</b>	<b>931,703</b>	<b>1,975,175</b>	<b>987,588</b>
<b>Level 2B Assets</b>	<b>1,863,407</b>	<b>931,703</b>	<b>1,975,175</b>	<b>987,588</b>
<b>Total Cash Outflows</b>	<b>285,471,120</b>	<b>63,217,009</b>	<b>234,880,834</b>	<b>27,389,642</b>
Deposits	109,783,751	10,978,375	139,634,635	13,963,463
Unsecured Wholesale Funding	79,606,607	40,746,550	5,524,273	5,524,273
Secured Funding Transactions	2,131,319	-	15,314,274	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	90,930,585	8,473,225	72,266,783	5,761,037
Additional Requirements	3,018,859	3,018,859	2,140,870	2,140,870
<b>Total Cash Inflows</b>	<b>26,944,323</b>	<b>14,094,178</b>	<b>16,480,735</b>	<b>7,967,339</b>
Maturing Secured Lending Transactions Backed by Collateral	141,451	70,726	70,203	35,102
Committed Facilities	1,000,000	-	1,000,000	-
Other Inflows by Counterparty which are maturing within 30 Days	24,905,386	13,937,742	14,251,905	7,808,813
Operational Deposits	811,010	-	1,034,756	-
Other Cash Inflows	86,476	85,711	123,871	123,424
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) *100</b>		<b>119.89</b>		<b>168.76</b>

Template 4  
Basel III Computation of Liquidity Coverage Ratio - LKR Only

Item	Amount (LKR'000)			
	30.09.2017		31.12.2016	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	<b>59,793,994</b>	<b>58,836,843</b>	<b>33,769,998</b>	<b>32,753,768</b>
<b>Total Adjusted Level 1A Assets</b>	<b>57,760,937</b>	<b>57,760,937</b>	<b>31,603,873</b>	<b>31,603,873</b>
Level 1 Assets	57,760,937	57,760,937	31,603,873	31,603,873
<b>Total Adjusted Level 2A Assets</b>	<b>169,650</b>	<b>144,203</b>	<b>190,950</b>	<b>162,308</b>
Level 2A Assets	169,650	144,203	190,950	162,308
<b>Total Adjusted Level 2B Assets</b>	<b>1,863,407</b>	<b>931,703</b>	<b>1,975,175</b>	<b>987,588</b>
Level 2B Assets	1,863,407	931,703	1,975,175	987,588
<b>Total Cash Outflows</b>	<b>218,004,890</b>	<b>48,599,840</b>	<b>181,344,999</b>	<b>21,827,013</b>
Deposits	90,618,149	9,061,815	111,289,090	11,128,909
Unsecured Wholesale Funding	61,142,317	31,652,510	4,740,000	4,740,000
Secured Funding Transactions	2,131,319	-	15,314,274	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	61,708,198	5,480,608	47,964,329	3,920,798
Additional Requirements	2,404,906	2,404,906	2,037,306	2,037,306
<b>Total Cash Inflows</b>	<b>19,433,713</b>	<b>9,733,466</b>	<b>11,439,661</b>	<b>5,222,282</b>
Maturing Secured Lending Transactions Backed by Collateral	141,451	70,726	70,203	35,102
Committed Facilities	1,000,000	-	1,000,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	18,291,497	9,661,975	10,368,565	5,186,734
Operational Deposits	-	-	-	-
Other Cash Inflows	765	765	894	447
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) *100</b>		<b>151.38</b>		<b>197.26</b>

### Main Features of Regulatory Capital Instruments

Description of the Capital Instrument (Bank Only)	Stated Capital	Subordinated Term-debt (2015)	Subordinated Term-debt (2016 - Type A)	Subordinated Term-debt (2016 - Type B)
Issuer	DFCC Bank PLC	DFCC Bank PLC	DFCC Bank PLC	DFCC Bank PLC
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	LK0055N00000	C2306	C 2366	C-2367
Governing Law(s) of the Instrument	Companies Act, No. 07 of 2007, Colombo Stock Exchange Regulations	Securities and Exchange Commission Act No. 36 of 1987 (as amended), Colombo Stock Exchange Regulations		
Original Date of Issuance	May 1956 to November 2010	10th June 2015	9th November 2016	9th November 2016
Par Value of Instrument (LKR)	10	100	100	100
Perpetual or Dated	Perpetual	Dated	Dated	Dated
Original Maturity Date, if Applicable	N/A	10/06/2020	09/11/2021	09/11/2023
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	4,715,814	1,200,000	956,860	6,043,140
Accounting Classification (Equity/Liability)	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
Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A
<b>Coupons/Dividends</b>				
Fixed or Floating Dividend/Coupon	Floating dividend	Fixed coupon	Fixed coupon	Fixed coupon
Coupon Rate and any Related Index (%)	N/A	9.4	12.15	12.75
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
<b>Convertible or Non-Convertible</b>				
If Convertible, Conversion Trigger (s)	N/A	N/A	N/A	N/A
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A
If Convertible, Mandatory or Optional	N/A	N/A	N/A	N/A
If Convertible, Conversion Rate	N/A	N/A	N/A	N/A

**Credit Risk under Standardised Approach**  
**Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

Asset Class	Amount (LKR'000) as at 30th September 2017 (Bank)					
	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	RWA	RWA Density <sup>(ii)</sup>
Claims on Central Government and CBSL	81,184,438	20,974,823	81,184,438	419,496	2,150,965	3%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	5,883,210	-	392,070	-	392,070	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	4,561,941	1,184,918	4,561,941	1,184,918	3,866,195	67%
Claims on Financial Institutions	8,190,646	-	8,190,646	-	3,376,119	41%
Claims on Corporates	50,758,685	21,529,525	73,784,249	9,900,574	80,117,476	96%
Retail Claims	47,676,903	-	23,015,096	-	20,810,672	90%
Claims Secured by Residential Property	8,186,997	-	7,033,298	-	5,337,228	76%
Claims Secured by Commercial Real Estate	64,728,322	1,277,587	64,728,322	1,114,639	65,842,961	100%
Non-Performing Assets (NPAs) <sup>(i)</sup>	8,011,754	-	3,612,340	-	4,971,374	138%
Higher-risk Categories	328,489	-	328,489	-	821,223	250%
Cash Items and Other Assets	32,974,711	104,129,365	18,342,297	21,527,082	36,752,738	92%
<b>Total</b>	<b>312,486,094</b>	<b>149,096,219</b>	<b>285,173,184</b>	<b>34,146,709</b>	<b>224,439,020</b>	

**Note:**

(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.

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

Asset Class	Amount (LKR'000) as at 30th September 2017 (Group)					
	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	RWA	RWA Density <sup>(ii)</sup>
Claims on Central Government and CBSL	81,184,438	20,974,823	81,184,438	419,496	2,150,965	3%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	5,883,210	-	392,070	-	392,070	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	4,607,362	1,184,918	4,607,362	1,184,918	3,886,764	67%
Claims on Financial Institutions	8,190,646	-	8,190,646	-	3,376,119	41%
Claims on Corporates	50,758,985	21,529,525	73,784,549	9,900,574	80,117,776	96%
Retail Claims	47,676,903	-	23,015,096	-	20,810,672	90%
Claims Secured by Residential Property	8,186,997	-	7,033,298	-	5,337,228	76%
Claims Secured by Commercial Real Estate	64,728,322	1,277,587	64,728,322	1,114,639	65,842,961	100%
Non-Performing Assets (NPAs) <sup>(i)</sup>	8,011,754	-	3,612,340	-	4,971,374	138%
Higher-risk Categories	366,834	-	366,834	-	917,085	250%
Cash Items and Other Assets	33,411,941	104,129,365	18,779,527	21,527,082	37,189,960	92%
<b>Total</b>	<b>313,007,390</b>	<b>149,096,219</b>	<b>285,694,481</b>	<b>34,146,709</b>	<b>224,992,973</b>	

**Note:**

(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.



**Market Risk under Standardised Measurement Method**

Item	RWA Amount (LKR'000) 30th September 2017 (Bank)	RWA Amount (LKR'000) 30th September 2017 (Group)
<b>(a) RWA for Interest Rate Risk</b>	<b>934,232</b>	<b>934,232</b>
General Interest Rate Risk	893,953	893,953
(i) Net Long or Short Position	893,953	893,953
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	-
<b>(b) RWA for Equity</b>	<b>10,844</b>	<b>10,844</b>
(i) General Equity Risk	7,130	7,130
(ii) Specific Equity Risk	3,714	3,714
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	<b>29,435</b>	<b>29,435</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>8,304,287</b>	<b>8,304,287</b>

**Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach  
(Bank)**

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30th September		
			2017	2016	2015
<b>The Basic Indicator Approach</b>	15%		13,354,829	11,676,126	10,880,443
<b>The Standardised Approach</b>					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
<b>The Alternative Standardised Approach</b>					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	1,795,570				
The Standardised Approach					
The Alternative Standardised Approach					
<b>Risk Weighted Amount for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	15,960,621				
The Standardised Approach					
The Alternative Standardised Approach					

**Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach  
(Group)**

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30th September		
			2017	2016	2015
<b>The Basic Indicator Approach</b>	15%		13,680,349	12,314,397	9,460,626
<b>The Standardised Approach</b>					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
<b>The Alternative Standardised Approach</b>					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	1,772,769				
The Standardised Approach					
The Alternative Standardised Approach					
<b>Risk Weighted Amount for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	15,757,943				
The Standardised Approach					
The Alternative Standardised Approach					

**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 September 2017				
	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>					
Cash and Cash Equivalents	3,932,576	4,187,914	4,187,914		
Balances with Central Banks	10,648,093	10,648,093	10,648,093		
Placements with Banks	2,943,186	2,943,194	2,943,194		
Derivative Financial Instruments	84,946				
Other Financial Assets Held-For- Trading	1,002,272	41,256,327	41,256,327	71,299	
Financial Assets Designated at Fair Value through Profit or Loss	-	-			
Loans and Receivables to Banks	10,860,550				
Loans and Receivables to Other Customers	202,675,790	201,938,227	183,586,043		18,851,570
Financial Investments - Available- For-Sale	60,365,823				
Financial Investments - Held-To- Maturity	24,136,791	41,537,497	36,963,510		4,573,987
Investments in Subsidiaries	167,035	202,305	202,305		
Investments in Associates and Joint Ventures	790,270				
Property, Plant and Equipment	950,642	1,213,240	950,641		262,599
Investment Properties	-				
Goodwill and Intangible Assets	262,599				
Deferred Tax Assets					
Other Assets	3,859,711	4,435,157	4,435,157		
<b>Total Assets</b>	<b>322,680,284</b>	<b>308,361,954</b>	<b>285,173,184</b>	<b>71,299</b>	<b>23,688,156</b>
<b>Liabilities</b>					
Due to Banks	8,422,171	8,424,270			8,424,270
Derivative Financial Instruments	613,953	613,953			613,953
Other Financial Liabilities Held-For- Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	187,171,487	187,364,987			187,364,987
Other Borrowings	38,720,343	38,725,315			38,725,315
Debt Securities Issued	24,525,700	24,552,769			24,552,769
Current Tax Liabilities	624,290	520,021			520,021
Deferred Tax Liabilities	1,078,572	908,824			908,824
Other Provisions	-	-			
Other Liabilities	4,498,070	3,936,952			3,936,952
Due to Subsidiaries	-				
Subordinated Term Debts	9,819,468	9,827,788			1,227,788
<b>Total Liabilities</b>	<b>275,474,054</b>	<b>274,874,879</b>	<b>-</b>	<b>-</b>	<b>266,274,879</b>
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	10,024,417	10,024,417	10,024,417		
Performance Bonds	3,926,562	3,926,562	3,926,562		
Letters of Credit and Acceptances	12,285,134	12,285,134	12,285,134		
Other Contingent Items (Bills on Collection and capital expenditure approved by the board)	3,385,314	3,385,314			3,385,314
Undrawn Loan Commitments	63,694,471	63,694,471	63,694,471		
Other Commitments (FX commitments)	35,337,569	35,337,569	35,337,569		
<b>Total Off-Balance Sheet Liabilities</b>	<b>128,653,467</b>	<b>128,653,467</b>	<b>125,268,153</b>	<b>-</b>	<b>3,385,314</b>
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital	4,715,814	4,715,814			
of which Amount Eligible for CET1					
of which Amount Eligible for AT1					
Retained Earnings	13,025,755	13,082,979			3,475,668
Accumulated Other Comprehensive Income	13,680,547				-
Other Reserves	15,784,114	15,670,629			15,670,629
<b>Total Shareholders' Equity</b>	<b>47,206,230</b>	<b>33,469,422</b>	<b>-</b>	<b>-</b>	<b>19,146,297</b>