



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

31st March 2018

Key Regulatory Ratios - Capital and Liquidity

Item	31.03.2018		31.12.2017	
	Bank	Group	Bank	Group
Regulatory Capital (LKR '000)				
Common Equity Tier 1	30,522,623	31,749,760	33,017,170	34,211,431
Tier 1 Capital	30,522,623	31,749,760	33,017,170	34,211,431
Total Capital	46,540,344	47,767,481	41,993,352	43,187,613
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement: 2018 - 6.375%, 2017 - 5.75%)</i>	11.11%	11.52%	12.68%	13.09%
Tier 1 Capital Ratio <i>(Minimum Requirement: 2018 - 7.875%, 2017 - 7.25%)</i>	11.11%	11.52%	12.68%	13.09%
Total Capital Ratio <i>(Minimum Requirement: 2018 - 11.875%, 2017 - 11.25%)</i>	16.95%	17.33%	16.13%	16.53%
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	72,985,381	N/A	71,672,283	N/A
Statutory Liquid Assets Ratio (20%)				
Domestic Banking Unit (%)	23.24%	N/A	24.34%	N/A
Off-Shore Banking Unit (%)	76.66%	N/A	67.70%	N/A
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - 2018 -90%, 2017 - 80%)</i>	192.26%	N/A	127.84%	N/A
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - 2018 -90%, 2017 - 80%)</i>	152.57%	N/A	108.51%	N/A

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)			
	31.03.2018		31.12.2017	
	Bank	Group	Bank	Group
Common Equity Tier 1 (CET1) Capital after Adjustments	30,522,623	31,749,760	33,017,170	34,211,431
Common Equity Tier 1 (CET1) Capital	36,577,850	40,429,347	38,035,888	41,884,674
Equity Capital (Stated Capital)/Assigned Capital	4,715,814	4,715,814	4,715,814	4,715,814
Reserve Fund	2,224,275	2,224,275	2,224,275	2,224,275
Published Retained Earnings/(Accumulated Retained Losses)	12,532,663	16,034,024	13,858,152	17,357,048
Published Accumulated Other Comprehensive Income (OCI)	3,325,259	3,675,395	3,457,808	3,807,698
General and other Disclosed Reserves	13,779,839	13,779,839	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	-	-	-	-
Total Adjustments to CET1 Capital	6,055,227	8,679,587	5,018,718	7,673,243
Goodwill (net)	-	156,226	-	156,226
Intangible Assets (net)	339,482	342,751	498,084	502,411
Others (investment in capital of banks and financial institutions)	5,715,746	8,180,611	4,520,634	7,014,606
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
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	16,017,721	16,017,721	8,976,182	8,976,182
Tier 2 Capital	16,017,721	16,017,721	8,976,182	8,976,182
Qualifying Tier 2 Capital Instruments	15,008,628	15,008,628	8,008,628	8,008,628
Revaluation Gains	-	-	-	-
Loan Loss Provisions	1,009,093	1,009,093	967,554	967,554
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)	-	-	-	-
CET1 Capital	30,522,623	31,749,760	33,017,170	34,211,431
Total Tier 1 Capital	30,522,623	31,749,760	33,017,170	34,211,431
Total Capital	46,540,344	47,767,481	41,993,352	43,187,613

	Amount (LKR '000)			
	31.03.2018		31.12.2017	
	Bank	Group	Bank	Group
Total Risk Weighted Assets (RWA)				
RWAs for Credit Risk	243,458,378	243,723,222	237,481,831	237,671,154
RWAs for Market Risk	16,116,417	16,116,417	8,109,913	8,109,913
RWAs for Operational Risk	15,053,792	15,872,186	14,783,335	15,508,584
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.11%	11.52%	12.68%	13.09%
of which: Capital Conservation Buffer (%)	1.875%	1.875%	1.25%	1.25%
of which: Countercyclical Buffer (%)	N/A	N/A	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A	N/A	N/A
Total Tier 1 Capital Ratio (%)	11.11%	11.52%	12.68%	13.09%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	16.95%	17.33%	16.13%	16.53%
of which: Capital Conservation Buffer (%)	1.875%	1.875%		1.25%
of which: Countercyclical Buffer (%)	N/A	N/A	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A	N/A	N/A

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

Item	Amount (LKR'000)			
	31.03.2018		31.12.2017	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	62,690,077	61,855,643	57,330,169	56,380,414
Total Adjusted Level 1A Assets	60,963,256	60,963,256	55,311,905	55,311,905
Level 1 Assets	60,963,256	60,963,256	55,311,905	55,311,905
Total Adjusted Level 2A Assets	82,790	70,372	169,650	144,203
Level 2A Assets	82,790	70,372	169,650	144,203
Total Adjusted Level 2B Assets	1,644,032	822,016	1,848,614	924,307
Level 2B Assets	1,644,032	822,016	1,848,614	924,307
Total Cash Outflows	311,250,361	60,050,286	297,199,823	72,429,675
Deposits	130,982,696	10,890,957	110,539,102	11,053,910
Unsecured Wholesale Funding	72,556,584	36,654,853	85,471,888	50,626,218
Secured Funding Transactions	4,374,946	-	3,193,156	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	99,827,984	8,996,325	95,512,713	8,266,582
Additional Requirements	3,508,151	3,508,151	2,482,964	2,482,964
Total Cash Inflows	31,246,798	19,507,674	35,261,499	20,470,813
Maturing Secured Lending Transactions Backed by Collateral	8,773,519	6,887,186	178,770	89,385
Committed Facilities	1,000,000	-	1,000,000	-
Other Inflows by Counterparty which are maturing within 30 Days	20,777,552	12,571,781	33,543,891	20,314,000
Operational Deposits	633,059	-	470,422	-
Other Cash Inflows	62,668	48,707	68,417	67,428
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) *100		152.57		108.51

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

Item	Amount (LKR'000)			
	31.03.2018		31.12.2017	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	62,624,140	61,789,706	57,252,785	56,303,031
Total Adjusted Level 1A Assets	60,897,319	60,897,319	55,234,521	55,234,521
Level 1 Assets	60,897,319	60,897,319	55,234,521	55,234,521
Total Adjusted Level 2A Assets	82,790	70,372	169,650	144,203
Level 2A Assets	82,790	70,372	169,650	144,203
Total Adjusted Level 2B Assets	1,644,032	822,016	1,848,614	924,307
Level 2B Assets	1,644,032	822,016	1,848,614	924,307
Total Cash Outflows	242,253,905	46,058,453	223,260,953	57,527,010
Deposits	111,982,958	8,974,921	90,452,711	9,045,271
Unsecured Wholesale Funding	53,159,571	27,674,805	63,718,277	41,175,092
Secured Funding Transactions	4,374,946	-	3,193,156	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	69,508,066	6,180,363	63,775,251	5,185,089
Additional Requirements	3,228,364	3,228,364	2,121,558	2,121,558
Total Cash Inflows	22,232,574	13,919,681	25,759,051	13,486,662
Maturing Secured Lending Transactions Backed by Collateral	6,224,770	6,138,437	178,770	89,385
Committed Facilities	1,000,000	-	1,000,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	14,979,881	7,767,283	24,578,304	13,396,288
Operational Deposits	-	-	-	-
Other Cash Inflows	27,922	13,961	1,977	988
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) *100		192.26		127.84

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)	Subordinated Term-debt (2018 - Type A)	Subordinated Term-debt (2018 - Type B)
Issuer	DFCC Bank PLC	DFCC Bank PLC	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	C-2393	C-2394
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	26th March 2018	26th March 2018
Par Value of Instrument (LKR)	10	100	100	100	100	100
Perpetual or Dated	Perpetual	Dated	Dated	Dated	Dated	Dated
Original Maturity Date, if Applicable	N/A	10th June 2020	9th November 2021	9th November 2023	29th March 2023	29th March 2025
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	4,715,814	1,200,000	765,488	6,043,140	2,913,470	4,086,530
Accounting Classification (Equity/Liability)	Equity	Liability	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	Floating dividend	Fixed coupon	Fixed coupon	Fixed coupon	Fixed coupon	Fixed coupon
Coupon Rate and any Related Index (%)	N/A	9.4	12.15	12.75	12.6	13
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	Non-convertible	Convertible	Convertible
If Convertible, Conversion Trigger (s)	N/A	N/A	N/A	N/A	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A	Fully	Fully
If Convertible, Mandatory or Optional	N/A	N/A	N/A	N/A	Mandatory	Mandatory
If Convertible, Conversion Rate	N/A	N/A	N/A	N/A	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting shares	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting shares

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

Asset Class	Amount (LKR'000) as at 31st March 2018 (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 ⁽ⁱⁱ⁾
Claims on Central Government and CBSL	87,293,831	13,658,735	87,293,831	273,175	2,063,648	2%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	6,381,485	1,963,361	338,240	981,680	1,319,920	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	6,043,426	20,174,482	6,404,128	808,429	2,251,915	31%
Claims on Financial Institutions	8,625,199	2,250,000	8,625,199	1,125,000	5,562,074	57%
Claims on Corporates	87,861,538	58,326,486	82,104,871	27,340,514	105,305,749	96%
Retail Claims	35,189,594	-	26,305,890	-	21,714,698	83%
Claims Secured by Residential Property	9,722,401	-	9,679,860	-	7,521,886	78%
Claims Secured by Commercial Real Estate	71,800,674	585,219	71,800,674	585,219	72,385,893	100%
Non-Performing Assets (NPAs)(i)	3,814,089	-	3,814,089	-	5,163,129	135%
Higher-risk Categories	360,417	-	360,417	-	901,043	250%
Cash Items and Other Assets	18,657,602	8,919,133	18,478,866	4,351,261	19,268,422	84%
Total	335,750,257	105,877,416	315,206,065	35,465,279	243,458,378	

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 31st March 2018 (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 ⁽ⁱⁱ⁾
Claims on Central Government and CBSL	87,293,831	13,658,735	87,293,831	273,175	2,063,648	2%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	6,381,485	1,963,361	338,240	981,680	1,319,920	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	6,058,666	20,174,482	6,447,850	808,429	2,260,660	31%
Claims on Financial Institutions	8,625,199	2,250,000	8,625,199	1,125,000	5,562,074	57%
Claims on Corporates	87,861,538	58,326,486	82,104,871	27,340,514	105,305,749	96%
Retail Claims	35,189,594	-	26,305,890	-	21,714,698	83%
Claims Secured by Residential Property	9,722,401	-	9,679,860	-	7,521,886	78%
Claims Secured by Commercial Real Estate	71,800,674	585,219	71,800,674	585,219	72,385,893	100%
Non-Performing Assets (NPAs)(i)	3,814,089	-	3,814,089	-	5,163,129	135%
Higher-risk Categories	397,609	-	397,609	-	994,023	250%
Cash Items and Other Assets	18,990,977	8,919,133	18,645,943	4,351,261	19,431,542	84%
Total	336,136,064	105,877,416	315,454,057	35,465,279	243,723,221	

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) 31st March 2018 (Bank)	RWA Amount (LKR'000) 31st March 2018 (Group)
(a) RWA for Interest Rate Risk	1,913,824	1,913,824
General Interest Rate Risk	992,724	992,724
(i) Net Long or Short Position	992,724	992,724
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	-
(b) RWA for Equity	913,106	913,106
(i) General Equity Risk	549,019	549,019
(ii) Specific Equity Risk	364,086	364,086
(c) RWA for Foreign Exchange & Gold	7,995	7,995
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	16,116,417	16,116,417

**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)		
			For the 12 months ended 31st March		
			2018	2017	2016
The Basic Indicator Approach	15%		13,742,478	12,060,235	9,950,044
The Standardised Approach					
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%				
The Alternative Standardised Approach					
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			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	1,787,638				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	15,053,792				
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)		
			For the 12 months ended 31st March		
			2018	2017	2016
The Basic Indicator Approach	15%		13,999,911	12,359,426	11,337,105
The Standardised Approach					
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%				
The Alternative Standardised Approach					
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			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	1,884,822				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	15,872,186				
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 31st March 2018				
	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					
Cash and Cash Equivalents	4,199,575	6,000,685	6,000,685		
Balances with Central Banks	10,464,191	10,464,191	10,464,191		
Placements with Banks	3,785,541	3,785,541	3,785,541		
Derivative Financial Instruments	34,746		-		
Other Financial Assets Held-For- Trading	1,340,675	49,465,818	44,880,452	4,585,366	
Financial Assets Designated at Fair Value through Profit or Loss	-	-			
Loans and Receivables to Banks	16,878,864		-		
Loans and Receivables to Other Customers	222,587,877	226,867,273	206,154,931		20,712,342
Financial Investments - Available- For-Sale	62,163,258				
Financial Investments - Held-To- Maturity	23,294,654	39,114,692	39,114,692		
Investments in Subsidiaries	167,035	202,305	202,305		
Investments in Associates and Joint Ventures	790,270				
Property, Plant and Equipment	1,413,024	1,413,024	1,413,024		
Investment Properties	-				
Goodwill and Intangible Assets	467,789	339,482			339,482
Deferred Tax Assets					
Other Assets	3,912,867	4,829,383	4,829,383		
Total Assets	351,500,366	342,482,394	316,845,204	4,585,366	21,051,824
Liabilities					
Due to Banks	13,889,097	-			-
Derivative Financial Instruments	268,852	-			-
Other Financial Liabilities Held-For- Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	200,549,733	193,947,704			193,947,704
Other Borrowings	40,917,342	78,017,524			78,017,524
Debt Securities Issued	24,697,200	-			-
Current Tax Liabilities	809,027	1,396,567			1,396,567
Deferred Tax Liabilities	1,058,899	957,358			957,358
Other Provisions	-	-			
Other Liabilities	5,261,949	14,057,294			14,057,294
Due to Subsidiaries	-				
Subordinated Term Debts	16,568,395	16,000,000			9,200,000
Total Liabilities	304,020,494	304,376,447	-	-	297,576,447
Off-Balance Sheet Liabilities					
Guarantees	11,380,447	11,380,447	11,380,447		
Performance Bonds	3,848,231	3,848,231	3,848,231		
Letters of Credit and Acceptances	14,131,601	14,131,601	14,131,601		
Other Contingent Items (Bills on Collection and capital expenditure approved by the board	2,569,038	2,569,038			2,569,038
Undrawn Loan Commitments	69,467,705	69,467,705	69,467,705		
Other Commitments (FX commitments)	33,825,764	33,825,764	33,825,764		
Total Off-Balance Sheet Liabilities	135,222,785	135,222,785	132,653,747	-	2,569,038
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1	4,715,814	4,715,814			
of which Amount Eligible for AT1					
Retained Earnings	13,606,291	17,499,504			4,386,830
Accumulated Other Comprehensive Income	13,153,653				-
Other Reserves	16,004,114	15,890,629			15,784,114
Total Shareholders' Equity	47,479,872	38,105,947	-	-	20,170,944

Notes:

Where a single item attracts capital charges according to more than one risk category, it should be reported in all columns that it attracts a capital charge. As a consequence, the sum of amounts in columns (c) to (e) may be greater than the amount in column (b). An explanation note must be provided for such reporting for reconciliation purpose.