



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

30th June 2018

Key Regulatory Ratios - Capital and Liquidity

Item	30.06.2018		31.12.2017	
	Bank	Group	Bank	Group
Regulatory Capital (LKR '000)				
Common Equity Tier 1	30,216,945	31,444,582	33,017,170	34,211,431
Tier 1 Capital	30,216,945	31,444,582	33,017,170	34,211,431
Total Capital	45,901,608	47,129,244	41,993,352	43,187,613
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - 2017-5.75% and 2018 - 6.375%)</i>	10.66%	11.05%	12.68%	13.09%
Tier 1 Capital Ratio <i>(Minimum Requirement - 2017 - 7.25% and 2018 - 7.875%)</i>	10.66%	11.05%	12.68%	13.09%
Total Capital Ratio <i>(Minimum Requirement - 2017 - 11.25% and 2018 - 11.875%)</i>	16.20%	16.56%	16.13%	16.53%
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	73,641,963	N/A	71,672,283	N/A
Statutory Liquid Assets Ratio (20%)				
Domestic Banking Unit (%)	22.86%	N/A	24.34%	N/A
Off-Shore Banking Unit (%)	60.28%	N/A	67.70%	N/A
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - 2018 -90% and 2017 - 80%)</i>	233.00%	N/A	127.84%	N/A
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - 2018 -90% and 2017 - 80%)</i>	154.87%	N/A	108.51%	N/A

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)			
	30.06.2018		31.12.2017	
	Bank	Group	Bank	Group
Common Equity Tier 1 (CET1) Capital after Adjustments	30,216,945	31,444,582	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	6,360,905	8,984,766	5,018,718	7,673,243
Goodwill (net)	-	156,226	-	156,226
Intangible Assets (net)	652,804	656,500	498,084	502,411
Others (investment in capital of banks and financial institutions)	5,708,101	8,172,040	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	15,684,663	15,684,663	8,976,182	8,976,182
Tier 2 Capital	15,684,663	15,684,663	8,976,182	8,976,182
Qualifying Tier 2 Capital Instruments	14,608,628	14,608,628	8,008,628	8,008,628
Revaluation Gains	-	-	-	-
Loan Loss Provisions	1,076,035	1,076,035	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	30,216,945	31,444,582	33,017,170	34,211,431
Total Tier 1 Capital	30,216,945	31,444,582	33,017,170	34,211,431
Total Capital	45,901,608	47,129,244	41,993,352	43,187,613

	Amount (LKR '000)			
	30.06.2018		31.12.2017	
	Bank	Group	Bank	Group
Total Risk Weighted Assets (RWA)				
RWAs for Credit Risk	252,545,465	253,281,423	237,481,831	237,671,154
RWAs for Market Risk	14,867,147	14,867,147	8,109,913	8,109,913
RWAs for Operational Risk	15,926,855	16,437,570	14,783,335	15,508,584
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	10.66%	11.05%	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 (%)	10.66%	11.05%	12.68%	13.09%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	16.20%	16.56%	16.13%	16.53%
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

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

Item	Amount (LKR'000)			
	30.06.2018		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)	54,834,978	54,229,150	57,330,169	56,380,414
Total Adjusted Level 1A Assets	53,565,369	53,565,369	55,311,905	55,311,905
Level 1 Assets	53,565,369	53,565,369	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	1,186,819	593,410	1,848,614	924,307
Level 2B Assets	1,186,819	593,410	1,848,614	924,307
Total Cash Outflows	322,043,469	54,262,724	297,199,823	72,429,675
Deposits	137,949,962	11,562,981	110,539,102	11,053,910
Unsecured Wholesale Funding	69,544,194	31,553,733	85,471,888	50,626,218
Secured Funding Transactions	11,296,097	-	3,193,156	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	100,589,261	8,482,055	95,512,713	8,266,582
Additional Requirements	2,663,955	2,663,955	2,482,964	2,482,964
Total Cash Inflows	31,132,486	19,247,279	35,261,499	20,470,813
Maturing Secured Lending Transactions Backed by Collateral	7,746,452	7,659,816	178,770	89,385
Committed Facilities	1,000,000	-	1,000,000	-
Other Inflows by Counterparty which are maturing within 30 Days	20,865,998	11,542,203	33,543,891	20,314,000
Operational Deposits	1,473,524	-	470,422	-
Other Cash Inflows	46,512	45,260	68,417	67,428
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) *100		154.87		108.51

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

Item	Amount (LKR'000)			
	30.06.2018		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)	54,797,096	54,191,268	57,252,785	56,303,031
Total Adjusted Level 1A Assets	53,527,487	53,527,487	55,234,521	55,234,521
Level 1 Assets	53,527,487	53,527,487	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	1,186,819	593,410	1,848,614	924,307
Level 2B Assets	1,186,819	593,410	1,848,614	924,307
Total Cash Outflows	251,926,061	40,623,500	223,260,953	57,527,010
Deposits	116,324,043	9,418,014	90,452,711	9,045,271
Unsecured Wholesale Funding	49,296,277	22,674,764	63,718,277	41,175,092
Secured Funding Transactions	11,296,097	-	3,193,156	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	72,527,673	6,048,752	63,775,251	5,185,089
Additional Requirements	2,481,970	2,481,970	2,121,558	2,121,558
Total Cash Inflows	26,398,271	17,365,252	25,759,051	13,486,662
Maturing Secured Lending Transactions Backed by Collateral	7,311,709	7,225,074	178,770	89,385
Committed Facilities	1,000,000	-	1,000,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	18,084,058	10,138,926	24,578,304	13,396,288
Operational Deposits	-	-	-	-
Other Cash Inflows	2,504	1,252	1,977	988
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) *100		233.00		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	800,000	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 30th June 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	84,326,137	11,876,250	84,326,137	237,525	1,908,751	2%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	6,487,616	1,834,320	315,330	917,160	1,232,490	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	8,991,537	20,455,764	8,991,537	856,587	2,403,203	24%
Claims on Financial Institutions	10,694,172	1,000,000	10,694,172	500,000	5,896,182	53%
Claims on Corporates	90,696,266	56,158,137	85,809,322	26,375,675	107,691,403	96%
Retail Claims	37,299,486	-	28,478,460	-	24,223,144	85%
Claims Secured by Residential Property	9,505,465	-	9,465,075	-	6,997,769	74%
Claims Secured by Commercial Real Estate	77,847,212	579,406	77,847,212	531,696	78,378,908	100%
Non-Performing Assets (NPAs)(i)	4,053,406	-	4,053,406	-	5,425,297	134%
Higher-risk Categories	357,391	-	357,391	-	893,477	250%
Cash Items and Other Assets	16,836,438	9,334,528	16,668,115	4,309,764	17,494,841	83%
Total	347,095,126	101,238,404	327,006,157	33,728,408	252,545,465	

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 June 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	84,326,137	11,876,250	84,326,137	237,525	1,908,751	2%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	6,487,616	1,834,320	315,330	917,160	1,232,490	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	9,044,245	20,455,764	9,044,245	856,587	2,413,745	24%
Claims on Financial Institutions	10,694,172	1,000,000	10,694,172	500,000	5,896,182	53%
Claims on Corporates	90,696,266	56,158,137	85,809,322	26,375,675	107,691,403	96%
Retail Claims	37,299,486	-	28,478,460	-	24,223,144	85%
Claims Secured by Residential Property	9,505,465	-	9,465,075	-	6,997,769	74%
Claims Secured by Commercial Real Estate	77,847,212	579,406	77,847,212	531,696	78,378,908	100%
Non-Performing Assets (NPAs)(i)	4,053,406	-	4,053,406	-	5,425,297	134%
Higher-risk Categories	394,609	-	394,609	-	986,521	250%
Cash Items and Other Assets	17,469,930	9,334,528	17,301,607	4,309,764	18,127,213	84%
Total	347,818,544	101,238,404	327,729,575	33,728,408	253,281,423	

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 June 2018 (Bank)	RWA Amount (LKR'000) 30th June 2018 (Group)
(a) RWA for Interest Rate Risk	1,765,474	1,765,474
General Interest Rate Risk	982,113	982,113
(i) Net Long or Short Position	982,113	982,113
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	-
(b) RWA for Equity	776,378	776,378
(i) General Equity Risk	466,810	466,810
(ii) Specific Equity Risk	309,569	309,569
(c) RWA for Foreign Exchange & Gold	6,982	6,982
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	14,867,147	14,867,147

**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 June		
			2018	2017	2016
The Basic Indicator Approach	15%		14,364,988	12,480,397	10,980,895
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	1,891,314				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	15,926,855				
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 June		
			2018	2017	2016
The Basic Indicator Approach	15%		14,671,205	12,750,990	11,617,033
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	1,951,961				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	16,437,566				
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 June 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	4,961,584	4,933,624	4,933,624		
Balances with Central Banks	12,008,878	12,008,878	12,008,878		
Placements with Banks	2,644,417	2,614,000	2,614,000		
Derivative Financial Instruments	44,009	-	-		
Other Financial Assets Held-For- Trading	1,015,931	48,069,688	42,279,522	3,931,030	1,859,136
Financial Assets Designated at Fair Value through Profit or Loss	-	-			
Loans and Receivables to Banks	14,502,996		-		
Loans and Receivables to Other Customers	236,665,763	240,957,772	224,678,751		20,097,618
Financial Investments - Available- For-Sale	59,347,131				
Financial Investments - Held-To- Maturity	23,490,531	37,309,863	33,705,902		3,603,961
Investments in Subsidiaries	167,036	957,305	202,305		755,000
Investments in Associates and Joint Ventures	790,270	-			
Property, Plant and Equipment	1,439,575	1,439,574	1,413,024		
Investment Properties	-				
Goodwill and Intangible Assets	652,804	652,804			652,804
Deferred Tax Assets					
Other Assets	3,540,921	4,470,473	4,470,473		
Total Assets	361,271,846	353,413,981	326,306,478	3,931,030	26,968,520
Liabilities					
Due to Banks	21,433,297	-			-
Derivative Financial Instruments	181,985	-			-
Other Financial Liabilities Held-For- Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	207,862,442	201,789,449			201,789,449
Other Borrowings	38,289,226	83,167,666			83,167,666
Debt Securities Issued	24,540,643	-			-
Current Tax Liabilities	967,281	1,383,908			1,383,908
Deferred Tax Liabilities	986,734	912,059			912,059
Other Provisions	-	-			
Other Liabilities	4,214,106	12,173,436			12,173,436
Due to Subsidiaries	-				
Subordinated Term Debts	16,740,055	16,000,000			1,391,372
Total Liabilities	315,215,769	315,426,518	-	-	300,817,890
Off-Balance Sheet Liabilities					
Guarantees	11,608,480	11,608,480	11,608,480		
Performance Bonds	4,027,122	4,027,122	4,027,122		
Letters of Credit and Acceptances	14,749,113	14,749,113	14,749,113		
Other Contingent Items (Bills on Collection and capital expenditure approved by the board)	2,718,564	2,718,564	-		2,718,564
Undrawn Loan Commitments	69,204,546	69,204,546	69,204,546		
Other Commitments (FX commitments)	32,356,057	32,356,057	32,356,057		
Total Off-Balance Sheet Liabilities	134,663,882	134,663,882	131,945,318	-	2,718,564
Shareholders' Equity					
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	14,242,604	17,381,020			4,802,757
Accumulated Other Comprehensive Income	11,093,545	-			7,768,286
Other Reserves	16,004,114	15,890,629			15,784,114
Total Shareholders' Equity	46,056,077	37,987,463	-	-	28,355,157