

Pillar III – Market Discipline Disclosures

The disclosures mandated by Direction No.1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks are provided in the following annexes.

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Annexure - 1

Key Regulatory Ratios - Capital and Liquidity

Item	Reporting Period, 30/09/19	Reporting Period, 30/06/19
Regulatory Capital (LKR '000)		
Common Equity Tier 1	29,932,000	29,741,211
Tier 1 Capital	29,932,000	29,741,211
Total Capital	30,471,684	30,210,766
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7.000(2019), 6.375(2018))	15.16	15.16
Tier 1 Capital Ratio (Minimum Requirement - 8.500(2019), 7.875(2018))	15.16	15.16
Total Capital Ratio (Minimum Requirement - 12.500(2019), 11.875(2018))	15.40	15.40
Leverage Ratio (Minimum Requirement - 3%(2019))	11.86	11.86
Regulatory Liquidity		
Statutory Liquid Assets (LKR'000)	83,655,109	73,569,531
Statutory Liquid Assets Ratio (Minimum Requirement -20%)		
Domestic Banking Unit (%)	59.31	54.03
Off-Shore Banking Unit (%)	54.89	40.71
Liquidity Coverage Ratio (%) – Rupee (%) (Minimum Requirement -100%(2019), 90%(2018))	414.03	172.17
Liquidity Coverage Ratio (%) – All Currency (%) (Minimum Requirement - 100%(2019), 90%(2018))	265.77	188.31

Annexure - 2

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	Reporting Period 30/09/2019	Previous Reporting Period 30/06/2019
Common Equity Tier 1 (CET1) Capital after Adjustments	29,932,000	29,741,211
Common Equity Tier 1 (CET1) Capital	29,684,866	29,684,866
Equity Capital (Stated Capital)/Assigned Capital	3,317,705	3,317,705
Reserve Fund	1,961,452	1,961,452
Published Retained Earnings/(Accumulated Retained Losses)	22,364,805	22,364,805
Published Accumulated Other Comprehensive Income (OCI)	(127,201)	(127,201)
General and other Disclosed Reserves	2,168,105	2,168,105
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	(247,134.01)	(56,345)
Goodwill (net)	-	-
Intangible Assets (net)	-	-
Deferred tax assets (net)	35,915	35,915
Defined benefit pension fund assets	425,951	425,951
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(709,000)	(518,211)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	(2,681,029)	(1,862,563)
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	539,684	469,555
Tier 2 Capital	539,684	469,555
Qualifying Tier 2 Capital Instruments		
Revaluation Gains		
Loan Loss Provisions		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
General Provisions	539,684	469,555
Total Adjustments to Tier 2	-	-
Investment in Own Shares		
Others (specify)		
CET1 Capital	29,932,000	29,741,211
Total Tier 1 Capital	29,932,000	29,741,211
Total Capital	30,471,684	30,210,766
Total Risk Weighted Assets (RWA)	191,621,411	196,151,800
RWAs for Credit Risk	169,266,828	174,367,443
RWAs for Market Risk	6,488,872	5,946,890
RWAs for Operational Risk	15,865,712	15,837,468
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.62%	15.16%
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	15.62%	15.16%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.90%	15.40%
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

Annexure - 3

Basel III Computation of Leverage Ratio

Item	Amount (LKR '000)	
	30.09.19	30.06.19
Tier 1 Capital	29,932,000	29,741,211
Total Exposures	248,145,835	250,802,917
On-balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including collateral)	169,508,664	167,789,838
Derivative Exposures	8,198,462	6,841,264
Securities Financing Transaction Exposures	-	4,100,000
Other Off-Balance Sheet Exposures	70,438,709	72,071,815
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	12.06%	11.86%

Annexure - 4

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR '000)			
	30.09.19		30.06.19	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	37,358,579	37,358,579	32,143,277	32,143,277
Total Adjusted Level 1A Assets	37,367,811	37,367,811	32,116,692	32,116,692
Level 1 Assets	37,358,579	37,358,579	32,143,277	32,143,277
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	275,985,597	53,486,311	277,085,803	56,989,046
Deposits	28,036,831	2,803,683	28,053,639	2,805,364
Unsecured Wholesale Funding	93,048,854	38,078,264	93,526,582	38,657,625
Secured Funding Transactions	92,054	-	50,491	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	154,807,857	12,604,364	154,825,730	14,896,697
Additional Requirements	-	-	629,361	629,361
Total Cash Inflows	65,659,447	39,429,797	68,623,397	39,919,493
Maturing Secured Lending Transactions Backed by Collateral	-	-	4,100,000	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	62,617,526	38,995,871	61,974,444	39,413,493
Operational Deposits	2,188,697	-	1,536,953	-
Other Cash Inflows	853,224	433,927	1,012,000	506,000
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100				
		265.77%		188.31%

Annexure - 5

Main Features of Regulatory Capital Instruments

Standard Chartered Bank, Sri Lanka, being a branch of Standard Chartered Bank, U.K., has only the following sources of capital.

- Assigned capital
- Capital Reserves
- Revaluation Reserve
- Other Comprehensive Income
- Retained Profits
- Exchange Gain/(Loss) on Translation Reserve

Apart from the above sources, there were no other financial instruments outstanding as at the reporting date that had been issued to raise capital for the Branch.

Source of Capital	Accounting Classification	Amount reflected in the Financial Statements as at 30/09/2019	Amount considered for Regulatory Capital as at 30/06/2019
		Rs. '000	Rs. '000
Assigned capital – Relates to capital assigned to the branch by the Head Office at the time setting up the branch in Sri Lanka and subsequent infusions by Head Office.	Equity	3,317,705	3,317,705
Capital Reserves – Relates to amounts brought forward as capital reserves by Standard Chartered Bank and ANZ Grindlays Bank branches in Sri Lanka, prior to the acquisition of the latter by the former entity.	Equity	2,168,105	2,168,105
Revaluation Reserve – Surplus arising from revaluation of fixed assets, prior adoption of 'cost model' on transition to SLFRS.	Equity	372,360	372,360
Statutory Reserve – Comprise of mandatory appropriations made out of profit after tax, as per the Banking Act requirements.	Equity	2,073,959	2,045,720
Other Comprehensive Income – Comprise of gains/(losses) arising from fair valuation of assets valued through OCI, actuarial valuation of defined benefit schemes and exchange gains/(losses) arising from the translation of FCBU net assets. The amounts are net of deferred tax and ECL provisions, where relevant.	Equity	2,344,754	2,100,106
Retained Profits – Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	25,711,693	24,338,775

Annexure - 6
Sensitivity of Assets and Liabilities (SAL)

Sensitivity of Assets and Liabilities (SAL) - All Currencies As at 30th September 2019													
												(LKR'000)	
NO.	Assets and OBS	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5-7 Years	Over 7 Years	Non Sensitive	Total
1	Cash on Hand	-	-	-	-	-	-	-	-	-	-	909,145	909,145
2	Deposits with CBO	-	-	-	-	-	-	-	-	-	-	3,299,318	3,299,318
3	Balances due from HO / Affiliates / Branches	-	-	-	-	-	-	-	-	-	-	5,086,427	5,086,427
4	Balances due from Other Banks	1,560,000	-	-	-	-	-	-	-	-	-	9,153,803	10,713,803
5	Investments	685,325	-	10,104,786	3,922,109	9,109,630	12,890,020	2,130,446	636,514	-	-	-	39,478,830
6	Bills of Exchange and Promissory Notes	15,210,629	4,020,506	250,060	-	-	-	-	-	-	-	-	19,481,195
7	Overdrafts	23,843,523	-	-	-	-	-	-	-	-	-	-	23,843,523
8	Loans and Advances	32,014,874	13,463,202	1,295,228	777,745	817,532	1,036,811	1,620,392	9,439,278	-	-	-	60,465,062
9	Non Performing Loans	-	-	-	-	512,290	-	23,995	-	41,244	-	-	724,976
10	Fixed Assets	-	-	-	-	-	-	-	-	-	-	646,749	646,749
11	Net Inter-branch Transactions	-	-	-	-	-	-	-	-	-	-	-	-
12	Accrued Interest	-	-	-	-	-	-	-	-	-	-	473,096	473,096
13	Other Assets	-	-	-	-	-	-	-	-	-	-	7,304,199	7,304,199
14	Reverse Repo	-	-	-	-	-	-	-	-	-	-	-	-
15	FRAs	-	-	-	-	-	-	-	-	-	-	-	-
16	Swaps	-	-	-	-	-	-	-	-	-	-	-	-
17	Futures	-	-	-	-	-	-	-	-	-	-	-	-
18	Options	-	-	-	-	-	-	-	-	-	-	-	-
19	Others (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
	Total	73,314,350	17,483,708	11,650,075	4,699,854	10,439,452	13,926,830	3,774,832	10,075,792	41,244	-	27,020,183	172,426,322
	Liabilities and OBS	-	-	-	-	-	-	-	-	-	-	-	-
1	Demand Deposits	-	-	-	-	-	-	-	-	-	-	33,372,505	33,372,505
2	Savings Deposits	37,948,217	-	-	-	-	-	-	-	-	-	-	37,948,217
3	Time Deposits	21,364,404	7,914,201	7,769,616	2,877,803	2,562,539	328,528	114,154	5,206,076	-	-	-	48,137,321
4	Other Deposits	-	-	-	-	-	-	-	-	-	-	-	-
5	Balances due to HO / Affiliates / Branches	-	-	-	-	-	-	-	-	-	-	4,164,612	4,164,612
6	Balance due to other Banks	-	-	-	-	-	-	-	-	-	-	325,152	325,152
7	Certificate of Deposits	-	-	-	-	-	-	-	-	-	-	-	-
8	Other Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
9	Net Inter-branch Transactions	-	-	-	-	-	-	-	-	-	-	-	-
10	Bills Payable	-	-	-	-	-	-	-	-	-	-	779,541	779,541
11	Interest Payable	-	-	-	-	-	-	-	-	-	-	792,126	792,126
12	Provisions (others)	-	-	-	-	-	-	-	-	-	-	21,951	21,951
13	Capital	-	-	-	-	-	-	-	-	-	-	3,317,706	3,317,706
14	Reserves	-	-	-	-	-	-	-	-	-	-	1,961,885	1,961,885
15	Retained Earnings	-	-	-	-	-	-	-	-	-	-	30,862,339	30,862,339
16	Subordinated Debts	-	-	-	-	-	-	-	-	-	-	-	-
17	Other Liabilities	-	-	-	-	-	-	-	-	-	-	10,650,911	10,650,911
18	Repos	92,054	-	-	-	-	-	-	-	-	-	-	92,054
19	FRAs	-	-	-	-	-	-	-	-	-	-	-	-
20	Futures	-	-	-	-	-	-	-	-	-	-	-	-
21	Swaps	-	-	-	-	-	-	-	-	-	-	-	-
22	Options	-	-	-	-	-	-	-	-	-	-	-	-
	Total	59,404,675	7,914,201	7,769,616	2,877,803	2,562,539	328,528	114,154	5,206,076	-	-	86,248,728	172,426,322
	Gap	13,909,675	9,569,506	3,880,459	1,822,051	7,876,913	13,598,302	3,660,677	4,869,716	41,244	-	(59,228,545)	0

Annexure - 7

Part - A

Credit Risk under Standardized Approach: Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	Amount (LKR'000) as at 30.09.2019					
	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	42,894,044	-	42,894,044	-	581,801	1%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	364,100	-	-
Claims on Banks Exposures	15,976,124	85,359,240	15,976,124	3,365,657	5,771,545	30%
Claims on Financial Institutions	-	-	-	509,740	509,740	-
Claims on Corporates	84,409,170	97,057,309	83,304,789	74,325,110	141,993,345	90%
Retail Claims	16,375,631	-	14,402,100	-	10,831,746	75%
Claims Secured by Residential Property	3,256,761	-	3,256,761	-	1,887,240	58%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	593,775	-	593,775	-	675,724	114%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	9,675,789	-	9,675,789	-	7,015,686	73%
Total	173,181,293	182,416,549	170,103,382	78,564,606	169,266,828	68%

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.

Part - B
Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Amount (LKR'000) as at 30.09.2019 (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	39,985,039	2,909,005							42,894,044
Claims on Foreign Sovereigns and their Central Banks	-	-	-		-	-	-	-	-
Claims on Public Sector Entities	-	-	-		-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	364,100	-	-		-	-	-	-	364,100
Claims on Banks Exposures	-	15,827,996	1,815,678		-	1,698,107	-	-	19,341,781
Claims on Financial Institutions	-	-	-		-	509,740	-	-	509,740
Claims on Corporates	-	4,018,538	26,449,623		-	125,555,562	1,606,176	-	157,629,899
Retail Claims	-	-	-		14,281,416	120,684	-	-	14,402,100
Claims Secured by Residential Property	-	-	2,739,042		-	517,719	-	-	3,256,761
Claims Secured by Commercial Real Estate	-	-	-		-	-	-	-	-
Non-Performing Assets (NPAs)(i)	-	-	-		-	429,876	163,899	-	593,775
Higher-risk Categories	-	-	-		-	-	-	-	-
Cash Items and Other Assets	909,145	2,188,697	-		-	6,577,947	-	-	9,675,789
Total	41,258,284	24,944,237	31,004,343		14,281,416	135,409,635	1,770,074	-	248,667,989

Annexure – 8

Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000) as at 30th Sep 2019
(a) RWA for Interest Rate Risk	781,971
General Interest Rate Risk	781,971
(i) Net Long or Short Position	781,971
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	-
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
(c) RWA for Foreign Exchange & Gold	29,138
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	6,488,872

Annexure – 9

**Operational Risk under Basic Indicator Approach,
Standardized Approach and Alternative Standardized Approach**

Capital Charge	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30th Sep 2019		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		12,139,144	12,630,355	14,894,780
The Standardised Approach			0	0	0
Corporate Finance	18%		0	0	0
Trading and Sales	18%		1,955,321	2,282,787	2,719,455
Payment and Settlement	18%		178,683	178,810	180,783
Agency Services	15%		34,723	49,824	54,135
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		3,169,157	2,859,910	3,355,414
Commercial Banking	15%		6,801,260	7,259,025	8,584,993
The Alternative Standardised Approach			0	0	0
Corporate Finance	18%		0	0	0
Trading and Sales	18%		1,955,321	2,282,787	2,719,455
Payment and Settlement	18%		178,683	178,810	180,783
Agency Services	15%		34,723	49,824	54,135
Asset Management	12%		-	-	-
Retail Brokerage	12%		0	0	0
Retail Banking	12%	0.035	16,192,133	18,141,246	19,632,391
Commercial Banking	15%	0.035	105,866,402	116,404,814	120,342,446
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	1,983,214				
The Standardised Approach	1,964,328				
The Alternative Standardised Approach	1,131,810				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	15,865,712				
The Standardised Approach	15,714,620				
The Alternative Standardised Approach	9,054,483				

Annexure – 10

**Differences between Accounting and Regulatory Scopes and
Mapping of Financial Statement Categories with Regulatory Risk Categories**

Item	Amount (LKR '000) as at 30.09.2019				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statement	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	6,757,801	8,571,425	8,571,425		-
Balances with Central Banks	3,299,318	3,299,318			3,299,318
Placements with Banks	15,785,141	10,326,647	10,326,647		-
Derivative Financial Instruments	3,210,763	-			-
Other Financial Assets Held-For-Trading	-	39,476,990	39,476,990	39,476,990	
Financial Assets Designated at Fair Value Through Profit and Loss Account	7,749,874	-			-
Loans and Receivables to Banks	439,397	-	-		-
Loans and Receivables to Other Customers	103,853,739	104,514,755	104,514,755		-
Financial Investments - Available-For-Sale	31,728,957	-			-
Financial Investments - Held-To-Maturity	-	1,840	1,840		-
Investments in Subsidiaries	-	-			-
Investments in Associates and Joint Ventures	-	-			-
Property, Plant and Equipment	662,337	646,749	646,749		-
Investment Properties	-	-			-
Goodwill and Intangible Assets	-	-			-
Deferred Tax Assets	-	-			-
Other Assets	5,780,949	6,138,598	6,138,598		-
	179,268,275	172,976,322			
Liabilities					
Due to Banks	11,313,809	5,039,764	9,123,592		-
Derivative Financial Instruments	3,699,513	-			-
Other Financial Liabilities Held-For-Trading	-	-			-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			-
Due to Other Customers	119,458,044	119,458,044	1,315,066		118,142,978
Other Borrowings	92,054	92,054			92,054
Debt Securities Issued	-	-			-
Current Tax Liabilities	1,999,142	2,593,997			2,593,997
Deferred Tax Liabilities	71,820	(13,468)	(13,468)		-
Other Provisions	26,033				-
Other Liabilities	6,619,283	9,664,000			9,664,000
Due to Subsidiaries	-	-			-
Subordinated Term Debts	-	-			-
Off-Balance Sheet Liabilities					
Guarantees	91,435,029	91,435,029	91,435,029		
Performance Bonds			-		
Letters of Credit	10,036,095	10,036,095	10,036,095		
Other Contingent Items	11,861,147	61,679,130	61,679,130		
Undrawn Loan Commitments	37,716,977	37,716,977	37,716,977		
Other Commitments	135,176,069	135,176,069	135,176,069		
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	3,317,705	3,317,706	3,317,706		
of which Amount Eligible for CET1	3,317,705	3,317,706	3,317,706		
of which Amount Eligible for AT1	-	-			
Retained Earnings	28,466,881				
Accumulated Other Comprehensive Income	-	-			
Other Reserves	4,203,990	32,824,224	24,413,476		
Total Shareholders' Equity					
	179,268,275	172,976,322			