

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	C2367	C2393	C2394
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 May 2019	10 June 2015	9 November 2016	9 November 2016	26 March 2018	26 March 2018
Par value of instrument (LKR)		100	100	100	100	100
Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated	Dated
Original maturity date, if applicable	N/A	10 June 2020	9 November 2021	9 November 2023	29 March 2023	29 March 2025
Amount recognised in regulatory capital (in LKR '000 as at the reporting date)	7,530,371	400,000	382,744	4,834,512	2,330,776	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

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)
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

N/A – Not applicable

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

Item	Amount (LKR '000) as at 31 December 2019					Explanation for Differences between Accounting and Regulatory Reporting
	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	5,450,209	5,462,138	5,462,138	-	-	
Balances with Central Bank of Sri Lanka	8,666,547	8,666,547	8,666,547	-	-	
Placements with banks	165,030	165,000	165,000	-	-	
Derivative financial assets	631,438	-	-	-	-	Included under other asset in regulatory reporting
Financial Assets measured at fair value through profit or loss	5,307,066	66,975,402	62,431,165	2,612,462	1,931,775	The difference is due to the Government and equity securities held for trading which are classified as FVOCI in published Financial Statements
Financial assets at amortised cost – Loans to and receivable from banks	8,403,175	-	-	-	-	Stated under held to maturity in regulatory reporting
Financial assets at amortised cost – Loans to and receivables from other customers	272,818,311	275,140,797	248,703,439	-	26,437,358	The impairment allowance for loans and advances on a collective and individual basis in accordance with SLFRS 9 – “Financial Instrument”. The general and specific provisions are made in accordance with Central Bank of Sri Lanka. The difference between the balance under SLFRS and previous GAAP.
Financial assets at amortised cost – Debt and other instruments	21,743,857	35,019,471	31,861,558	-	3,157,913	The difference is due to the Government and equity securities held for investment purposes which are classified as FVOCI in published Financial Statements
Financial assets measured at fair value through other comprehensive income	72,716,407	-	-	-	-	Classified into held to maturity and held for trading regulatory reporting
Investments in subsidiaries	187,435	977,705	125,669	-	852,036	Investments in associates and joint ventures are included in regulatory reporting in addition to those in subsidiaries
Investments in associates	35,270	-	-	-	-	Included in Investments in subsidiaries

Item	Amount (LKR '000) as at 31 December 2019					Explanation for Differences between Accounting and Regulatory Reporting
	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	
Investments in joint ventures	755,000	-	-	-	-	Included in investments in subsidiaries
Investment property	9,879	9,879	9,879	-	-	
Property, plant and equipment	3,230,843	3,230,844	3,230,844	-	-	
Intangible assets and goodwill	1,184,659	1,184,659	-	-	1,184,659	
Deferred tax assets	308,853	-	-	-	-	
Other assets	3,283,300	4,971,050	3,094,234		1,876,816	
Total assets	404,897,280	401,803,492	363,750,473	2,612,462	35,440,557	
Liabilities						
Due to banks	24,594,828	-	-	-	-	Included under Other Borrowings in regulatory reporting
Derivative financial liabilities	518,731	-	-	-	-	Included under Other Liabilities in regulatory reporting
Financial liabilities at amortised cost – Due to depositors	247,786,974	239,793,978	-	-	239,793,978	Interest payable on borrowing and deposits added to the Other Liabilities in regulatory reporting
Financial liabilities at amortised cost – Due to other borrowers	47,307,556	84,003,414	-	-	84,003,414	Due to banks and Debt Securities Issued are included under this heading in regulatory reporting
Debt securities in issue	14,148,198	-	-	-	-	Included under Other Borrowings in regulatory reporting
Retirement benefit obligation	561,104	-	-	-	-	Included under Other Liabilities in regulatory reporting
Current tax liabilities	581,269	1,247,916	-	-	1,247,916	Taxes are computed based on different profits under each reporting method.
Deferred tax liabilities	-	557,596	-	-	557,596	Due to deferred tax adjustments on Government Securities classified as available-for-sale financial assets.
Other liabilities	5,059,187	16,989,435	-	-	16,989,435	Interest payable on Borrowing and deposits added to the Other Liabilities in regulatory reporting
Subordinated term debt	16,859,914	16,000,000	12,034,562	-	3,965,438	Regulatory reporting reports only the principal amount
Total liabilities	357,417,761	358,592,339	12,034,562	-	346,557,777	

Item	Amount (LKR '000) as at 31 December 2019					Explanation for Differences between Accounting and Regulatory Reporting
	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	
Off-balance sheet liabilities						
Guarantees	11,119,967	11,119,967	9,623,989	–	1,495,978	
Performance bonds	5,122,213	5,122,213	4,923,733	–	198,480	
Letters of credit and acceptances	12,958,343	12,958,343	12,803,418	–	154,925	
Other contingent items (Bills on collection and capital expenditure approved by the Board)	5,355,755	5,355,754	–	–	5,355,754	
Undrawn loan commitments	78,944,548	78,944,548	78,944,548	–	–	
Other commitments (FX commitments)	17,089,574	17,089,575	74,353,936	–	–	
Total Off-Balance Sheet Liabilities	130,590,400	130,590,400	180,649,624	–	7,205,137	
Shareholders' equity						
Equity Capital (Stated Capital)/Assigned Capital	7,530,371	7,530,371	–	–	–	
of which amount eligible for CET1	–	–	–	–	–	
of which amount eligible for AT1	–	–	–	–	–	
Retained earnings	18,228,086	19,656,153	–	–	–	Due to differences which arise in profits computed in previous GAAP and SLFRSs
Accumulated other comprehensive income	5,704,644	–	–	–	5,704,644	Accumulated other comprehensive income is only applicable in published Financial Statements
Other reserves	16,016,418	16,024,629	–	–	–	Due to differences which arise in profits computed in previous GAAP and SLFRSs
Total Shareholders' Equity	47,479,519	43,211,153	–	–	5,704,644	