

Key Regulatory Ratios - Capital and Liquidity

| | 2018 As at 30 Sep | 2018 As at 30 June |
|--|----------------------|-----------------------|
| Regulatory Capital Adequacy * | | |
| Common Equity Tier 1, Rs. '000 | 44,642,382 | 43,596,707 |
| Tier 1 Capital, Rs. '000 | 44,642,382 | 43,596,707 |
| Total Capital, Rs. '000 | 45,692,147 | 43,953,624 |
| Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 6.375%) | 14.32% | 14.93% |
| Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 7.875%) | 14.32% | 14.93% |
| Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 11.875%) | 14.65% | 15.05% |

| | 2018 As at 30 Sep | 2018 As at 30 June |
|---|----------------------|-----------------------|
| Regulatory Liquidity | | |
| Statutory Liquid Assets, Rs.'000 | | |
| Domestic Banking Unit | 114,898,859 | 91,291,242 |
| Off-Shore Banking Unit | 60,549,436 | 60,726,838 |
| Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%) | | |
| Domestic Banking Unit | 52.86% | 51.13% |
| Off-Shore Banking Unit | 35.92% | 37.48% |
| Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 2018 - 90%; 2017 - 80%) | 146.86% | 200.69% |
| Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 2018 - 90%; 2017 - 80%) | 295.93% | 298.56% |

Basel III Computation of Capital Adequacy Ratio

| Item | Amount as at Sep 2018 (LKR '000) | Amount as at June 2018 (LKR '000) |
|--|-------------------------------------|--------------------------------------|
| Common Equity Tier 1 (CET1) Capital after Adjustments | 44,642,382 | 43,596,707 |
| Total Common Equity Tier 1 (CE11) Capital | 44,429,425 | 43,929,862 |
| Equity capital or stated capital/assigned capital | 3,152,358 | 3,152,358 |
| Reserve fund | 2,350,854 | 2,350,854 |
| Published retained earnings/(Accumulated retained losses) | 30,469,043 | 29,326,261 |
| Accumulated other comprehensive income (OCI) | 3,180,477 | 3,823,696 |
| General and other disclosed reserves | 5,276,693 | 5,276,693 |
| Total Adjustments to CET1 Capital | (212,957) | 333,155 |
| Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees | (334,586) | (330,510) |
| Deferred tax assets (net) | 121,629 | 663,665 |
| Tier 2 Capital after Adjustments | 1,049,765 | 356,917 |
| Total Tier 2 Capital | 1,049,765 | 356,917 |
| Revaluation gains | 1,049,765 | 356,917 |
| Total Adjustments to Tier 2 Capital | - | - |
| Total Tier 1 Capital | 44,642,382 | 43,596,707 |
| Total Capital | 45,692,147 | 43,953,624 |
| Total Risk Weighted Assets (RWA) | 311,861,463 | 292,057,920 |
| RWAs for Credit Risk | 265,676,950 | 244,283,536 |
| RWAs for Market Risk | 17,737,928 | 19,459,329 |
| RWAs for Operational Risk | 28,446,585 | 28,315,055 |
| CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 14.32% | 14.93% |
| of which: Capital Conservation Buffer (%) | 1.875% | 1.875% |
| of which: Countercyclical Buffer (%) | - | - |
| of which: Capital Surcharge on D-SIBs (%) | - | - |
| Total Tier 1 Capital Ratio (%) | 14.32% | 14.93% |
| Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 14.65% | 15.05% |
| of which: Capital Conservation Buffer (%) | 1.875% | 1.875% |
| of which: Countercyclical Buffer (%) | - | - |
| of which: Capital Surcharge on D-SIBs (%) | - | - |

Basel III Computation of Liquidity Coverage Ratio

| Item | Amount (LKR'000) | | Amount (LKR'000) | |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | 30-Sep-18 | | 30-Jun-18 | |
| | Total Un-weighted Value | Total Weighted Value | Total Un-weighted Value | Total Weighted Value |
| Total Stock of High-Quality Liquid Assets (HQLA) | 59,167,326 | 59,167,326 | 80,308,201 | 80,308,201 |
| Total Adjusted Level 1A Assets | 59,113,533 | 59,113,533 | 80,308,201 | 80,308,201 |
| Level 1 Assets | 59,167,326 | 59,167,326 | 80,308,201 | 80,308,201 |
| Total Adjusted Level 2A Assets | - | - | - | - |
| Level 2A Assets | - | - | - | - |
| Total Adjusted Level 2B Assets | - | - | - | - |
| Level 2B Assets | - | - | - | - |
| Total Cash Outflows | 492,612,843 | 79,975,866 | 427,383,412 | 61,369,181 |
| Deposits | 105,080,450 | 10,508,045 | 107,024,233 | 10,702,423 |
| Unsecured Wholesale Funding | 117,828,251 | 52,868,295 | 86,638,506 | 35,170,931 |
| Secured Funding Transactions | 9,061,260 | - | 473,877 | - |
| Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations | 246,951,663 | 2,908,306 | 220,710,430 | 2,959,460 |
| Additional Requirements | 13,691,220 | 13,691,220 | 12,536,367 | 12,536,367 |
| Total Cash Inflows | 103,145,441 | 69,906,538 | 55,507,101 | 34,470,874 |
| Maturing Secured Lending Transactions Backed by Collateral | - | - | - | - |
| Committed Facilities | - | - | - | - |
| Other Inflows by Counterparty which are Maturing within 30 Days | 87,869,247 | 69,255,439 | 46,867,603 | 34,300,311 |
| Operational Deposits | 14,610,988 | - | 8,459,615 | - |
| Other Cash Inflows | 665,206 | 651,099 | 179,883 | 170,563 |
| Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100 | | 295.93% | | 298.56% |

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

| Asset Class | Amount (LKR'000) as at 30Sep2018 | | | | | |
|--|---|--------------------------|----------------------------|--------------------------|-------------------------|-----------------|
| | 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 | 137,778,702 | 111,512 | 137,778,702 | 55,756 | 9,359,866 | 6.79% |
| Claims on Foreign Sovereigns and their Central Banks | - | - | - | - | - | - |
| Claims on Public Sector Entities | - | - | - | - | - | - |
| Claims on Official Entities and Multilateral Development Banks | - | - | - | - | - | - |
| Claims on Banks Exposures | 15,933,160 | 109,265,168 | 15,933,160 | 14,362,003 | 8,515,862 | 28.11% |
| Claims on Financial Institutions | - | 4,030,705 | - | 500,000 | 500,000 | 100.00% |
| Claims on Corporates | 189,149,336 | 207,661,556 | 188,825,774 | 25,914,452 | 206,208,752 | 96.03% |
| Retail Claims | 44,255,007 | 47,798,456 | 36,899,692 | 93,228 | 28,147,093 | 76.09% |
| Claims Secured by Residential Property | 2,936,789 | - | 2,936,789 | - | 2,936,789 | 100.00% |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - |
| Non-Performing Assets (NPAs) | 1,281,790 | - | 1,281,790 | - | 1,829,988 | 142.77% |
| Higher-risk Categories | - | - | - | - | - | - |
| Cash Items and Other Assets | 10,101,775 | - | 10,101,775 | - | 8,178,601 | 80.96% |
| Total | 401,436,558 | 368,867,396 | 393,757,681 | 40,925,439 | 265,676,953 | |

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

| Item | Amount (LKR '000) as at 30Sep2018 | | | | |
|---|---|---|----------------------------------|----------------------------------|--|
| | a | b | c | d | e |
| | 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 | 14,789,470 | 14,789,015 | 12,441,408 | 3,360,265 | 2,347,607 |
| Balances with Central Banks | 9,064,387 | 9,064,387 | 9,064,387 | - | - |
| Placements with Banks | 50,641,630 | 54,029,030 | 3,387,400 | 44,883,050 | 5,758,580 |
| Derivative Financial Instruments | 2,907,091 | 2,907,091 | 2,858,792 | - | 48,299 |
| Other Financial Assets Held-For-Trading | 15,554,002 | 119,853,848 | 119,853,848 | 119,853,848 | - |
| Financial Assets Designated at Fair Value through Profit or Loss | - | - | - | - | - |
| Loans and Receivables to Banks | 3,387,400 | - | - | - | - |
| Loans and Receivables to Other Customers | 236,518,387 | 238,183,554 | 239,579,875 | 16,923,521 | (1,396,321) |
| Financial Investments - Available-For-Sale | 104,299,845 | - | - | 0 | - |
| Financial Investments - Held-To-Maturity | 5,293,520 | 5,295,650 | 5,295,650 | 5,295,650 | - |
| Investments in Subsidiaries | - | - | - | - | - |
| Investments in Associates and Joint Ventures | - | - | - | - | - |
| Property, Plant and Equipment | 3,899,171 | 3,899,171 | 3,899,171 | - | - |
| Investment Properties | - | - | - | - | - |
| Goodwill and Intangible Assets | - | - | - | - | - |
| Deferred Tax Assets | 678,221 | 121,629 | - | - | 121,629 |
| Other Assets | 12,537,784 | 5,056,026 | 5,056,026 | 3,327,678 | - |
| Liabilities | | | | | |
| Due to Banks | 183,647,767 | 183,647,755 | - | 13,220,306 | 170,427,449 |
| Derivative Financial Instruments | 1,949,240 | 1,949,240 | - | 1,870,647 | 78,593 |
| Other Financial Liabilities Held-For-Trading | - | - | - | - | - |
| Financial Liabilities Designated at Fair Value Through Profit or Loss | - | - | - | - | - |
| Due to Other Customers | 196,792,933 | 196,792,933 | - | 62,441,075 | 134,351,858 |
| Other Borrowings | - | - | - | - | - |
| Debt Securities Issued | - | - | - | - | - |
| Current Tax Liabilities | 2,437,099 | 2,437,099 | - | - | 2,437,099 |
| Deferred Tax Liabilities | - | - | - | - | - |
| Other Provisions | - | - | - | - | - |
| Other Liabilities | 19,044,124 | 12,597,704 | - | 2,991,279 | 9,606,425 |
| Due to Subsidiaries | - | - | - | - | - |
| Subordinated Term Debts | - | - | - | - | - |
| Off-Balance Sheet Liabilities | | | | | |
| Guarantees | 49,585,458 | 49,585,458 | 49,585,458 | - | - |
| Performance Bonds | 6,384,418 | 6,384,418 | 6,384,418 | - | - |
| Letters of Credit | 7,392,756 | 7,392,756 | 7,392,756 | - | - |
| Other Contingent Items | 4,234,250 | 10,610,270 | 10,610,270 | 2,677,702 | - |
| Undrawn Loan Commitments | 177,213,009 | 177,213,009 | 177,213,009 | - | - |
| Other Commitments | 272,218,042 | 164,853,459 | 117,681,483 | 13,099,906 | 27,764,766 |
| Shareholders' Equity | | | | | |
| Equity Capital (Stated Capital)/Assigned Capital | 3,152,358 | 3,152,358 | 3,152,358 | - | - |
| of which Amount Eligible for CET1 | - | - | - | - | - |
| of which Amount Eligible for AT1 | - | - | - | - | - |
| Retained Earnings | 35,809,652 | 37,055,121 | 30,469,043 | - | - |
| Accumulated Other Comprehensive Income | 6,974,152 | - | 3,180,477 | - | - |
| Statutory reserve fund | 2,350,855 | 2,350,856 | 2,350,854 | - | - |
| Other Reserves | 7,412,728 | 13,216,334 | 5,276,693 | - | - |
| Total Shareholders' Equity | - | 55,774,670 | 44,429,425 | - | - |

Notes :

- Items subject to both credit risk and market risk are reported in both columns, therefore in such instances sum of column c to e may be greater than column b

- Amounts reported in column 'Subject to credit risk framework' under Shareholders' Equity represent the position of regulatory capital as at 30 Sep 2018 computed based on Banking Act Direction No. 01 of 2016 - Capital requirements under Basel III

Market Risk under Standardised Measurement Method

| Item | RWA Amount (LKR'000) as at 30 Sep 2018 | RWA Amount (LKR'000) as at 30 June 2018 |
|---|--|---|
| (a) RWA for Interest Rate Risk | 17,706,034 | 19,373,459 |
| General Interest Rate Risk | | |
| (i) Net Long or Short Position | 2,102,592 | 2,300,598 |
| (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 | 31,886 | 85,869 |
| Capital Charge for Market Risk [(a) + (b) + (c)] * CAR | 2,112,789 | 2,310,795 |

Operational Risk under Basic Indicator Approach

| | Capital Charge As at 30Sep2018 | Gross Income (LKR'000) as at 30-Sep-18 | | |
|--|-----------------------------------|---|------------|------------|
| | | 1st Year | 2nd Year | 3rd Year |
| The Basic Indicator Approach | 15% | 22,981,493 | 22,421,832 | 22,157,315 |
| Capital Charges for Operational Risk (LKR'000) | | | | |
| The Basic Indicator Approach | 3,378,032 | | | |
| Risk Weighted Amount for Operational Risk (LKR'000) | | | | |
| The Basic Indicator Approach | 28,446,585 | | | |