

Key Regulatory Ratios - Capital and Liquidity

	2021 (Audited) As at 31 December	2020 (Audited) As at 31 December
Regulatory Capital Adequacy *		
Common Equity Tier 1, Rs. '000	62,121	62,385
Tier 1 Capital, Rs. '000	62,121	62,385
Total Capital, Rs. '000	65,052	65,116
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 6.5%)	19.68%	20.55%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.0%)	19.68%	20.55%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.0%)	20.61%	21.45%

	2021 As at 31 December	2020 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'Mn		
Domestic Banking unit	160,087	148,237
Off-Shore Banking Unit	35,053	29,940
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	58.02%	66.30%
Off-Shore Banking Unit	29.80%	23.19%
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	320.57%	424.02%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	356.74%	316.12%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	149.00%	129.66%
Leverage Ratio (%) (Minimum Requirement 3%)	10.66%	12.26%

Basel III Computation of Capital Adequacy Ratio

Item	As at 31 December 2021 Rs.'Mn
Common Equity Tier I (CET1) Capital after Adjustments	62,121
Total Common Equity Tier I (CET1) Capital	62,088
Equity capital or stated capital/assigned capital	3,152
Reserve fund	2,783
Published retained earnings/(accumulated retained losses)	49,713
Accumulated other comprehensive income (OCI)	5,644
General and other disclosed reserves	796
Total Adjustments to CET1 Capital	(32)
Revaluation losses of property, plant and equipment	-
Deferred tax assets (net)	-
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(32)
Tier 2 Capital after Adjustments	2,932
Total Tier 2 Capital	2,932
Revaluation gains	1,050
General provisions	1,882
Total Adjustments to Tier 2 Capital	-
Total Tier 1 Capital	62,121
Total Capital	65,052
Total Risk Weighted Assets (RWA)	315,684
RWAs for Credit Risk	275,265
RWAs for Market Risk	15,548
RWAs for Operational Risk	24,872
CET1 Capital Ratio (including Capital Conservation Buffer,	-
Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.68%
of which: Capital Conservation Buffer (%)	1.25%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
Total Tier 1 Capital Ratio (%)	19.68%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical	20.61%
Capital Buffer & Surcharge on D-SIBs) (%)	-
of which: Capital Conservation Buffer (%)	1.25%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

Computation of Leverage Ratio

Item	As at 31 December 2021 Rs.'Mn	As at 31 December 2020 Rs.'Mn
Tier 1 Capital	56,642	59,762
Total Exposures	531,105	487,651
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	460,437	426,579
Derivative Exposures	511	2,358
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	70,157	58,714
Basel III Leverage Ratio	10.66%	12.26%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 31 December 2021		As at 31 December 2020	
	Rs'Mn		Rs'Mn	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	135,277	135,277	125,764	125,764
Total Adjusted Level 1A Assets	135,277	135,277	125,764	125,764
Level 1 Assets	135,277	135,277	125,764	125,764
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	661,972	100,185	582,199	83,697
Deposits	124,397	12,440	114,430	11,443
Unsecured Wholesale Funding	177,604	70,635	139,873	58,929
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	345,715	2,855	316,253	1,682
Additional Requirements	14,255	14,255	11,643	11,643
Total Cash Inflows	89,837	62,265	70,353	43,913
Maturing Secured Lending Transactions Backed by Collateral Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	74,895	60,803	56,538	41,148
Operational Deposits	12,630	-	8,680	-
Other Cash Inflows	2,311	1,462	5,134	2,765
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		356.74%		316.12%

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

Asset Class	As at 31 December 2021					
	Exposures before		Exposures post CCF		RWA and RWA	
	On-Balance Sheet Amount Rs.'Mn	Off-Balance Sheet Amount Rs.'Mn	On-Balance Sheet Amount Rs.'Mn	Off-Balance Sheet Amount Rs.'Mn	RWA Rs.'Mn	RWA Density(ii) Rs.'Mn
Claims on Central Government and CBSL	167,958	120	167,958	4	213	0.13%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Bank	-	-	-	-	-	-
Claims on Banks Exposures	7,876	80,643	7,876	22,538	7,020	23.08%
Claims on Financial Institutions	1,800	1,690	1,800	250	1,025	50.00%
Claims on Corporates	165,440	236,382	165,229	44,137	209,308	99.97%
Retail Claims	32,776	51,478	28,198	79	21,283	75.27%
Claims Secured by Residential Property	2,515	-	2,515	-	2,515	100.00%
Claims Secured by Commercial Real Estate	22,760	0	22,760	0	22,760	100.00%
Non-Performing Assets (NPAs)	566	109,302	566	-	605	106.89%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	12,712	-	12,712	-	10,535	82.88%
Total	414,402	479,615	409,614	67,008	275,265	-

Note : RWA Density – Total RWA/Exposures post CCF and CRM.

Market Risk under Standardised Measurement Method

As at 31 December 2021	RWA Amount Rs.'Mn
(a) RWA for Interest Rate Risk	1,565
General Interest Rate Risk	-
(i) Net Long or Short Position	1,565
(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	379
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	15,548

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income		
		For the period ending 31 December 2021		
	Factor	1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	15%	19,206	19,981	22,993
Capital Charges for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	3,109			
Risk Weighted Amount for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	24,872			

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

Item	As at 31 December 2021				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements Rs'Mn	Carrying Values under Scope of Regulatory Reporting Rs'Mn	Subject to Credit Risk Framework Rs'Mn	Subject to Market Risk Framework Rs'Mn	Not subject to Capital Requirements or Subject to Deduction from Capital Rs'Mn
Assets					
Cash and Cash Equivalents	35,460	27,387	8,916	-	18,471
Balances with Central Banks	31,059	31,059	31,059	-	-
Placements with Banks	-	23,210	-	-	23,210
Derivative Financial Instruments	39	39	39	-	-
Other Financial Assets Held-For-Trading	152	136,295	-	136,295	-
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	-	-	-	-	-
Loans and Receivables to Other Customers	223,668	225,140	224,034	-	1,882
Financial Investments - Fair value through other comprehensive income	137,684	-	-	-	-
Financial Investments - Amortised cost	593	606	606	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,342	5,331	5,331	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	189	-	-	-	-
Other Assets	24,041	6,300	6,300	-	-
Liabilities					
Due to Banks	60,785	75,703	-	-	-
Derivative Financial Instruments	286	286	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	290,010	290,229	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	-	-	-	-	-
Current Tax Liabilities	2,617	2,550	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	33,866	16,017	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
Off-Balance Sheet Liabilities					
Guarantees	84,808	84,808	84,808	-	-
Performance Bonds	26,529	26,529	26,529	-	-
Letters of Credit	26,279	26,279	26,279	-	-
Other Contingent Items	-	18,196	18,196	-	-
Undrawn Loan Commitments	189,902	189,902	189,902	-	-
Other Commitments	63,716	88,797	26,511	-	-
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1	3,152	3,152	3,152	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	49,404	49,595	49,713	-	-
Accumulated Other Comprehensive Income	11,583	-	5,644	-	-
Statutory reserve fund	2,783	2,650	2,783	-	-
Other Reserves	3,741	15,183	796	-	-
Total Shareholders' Equity	70,663	70,581	62,088	-	-

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 31 December 2021 computed based on Banking Act Direction No. 01 of 2016 - Capital requirements under Basel III