

**Basel III - Disclosures Under Pillar 3 as per the Banking Act Direction No.01 of 2016**

**Key Regulatory Ratios - Capital and Liquidity**

	<b>2023</b>	2022
	<b>As at 31 December</b>	As at 31 December
<b>Regulatory Capital Adequacy</b>		
Common Equity Tier 1, Rs. Mn	62,633	62,891
Tier 1 Capital, Rs. Mn	62,633	62,891
Total Capital, Rs. Mn	66,206	68,462
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 6.5%)	16.40%	15.77%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.0%)	16.40%	15.77%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.0%)	17.34%	17.17%

Note- Audited Capital Adequacy ratio (2022) - 17.78%, Amended CAR post to the statutory audit (2022)- 17.17%

	<b>2023</b>	2022
	<b>As at 31 December</b>	As at 31 December
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking unit	132,648	219,945
Off-Shore Banking Unit	188,341	184,362
Total Bank	322,416	404,212
Statutory Liquid Assets Ratio,%		
Domestic Banking Unit	49.96%	52.23%
Off-Shore Banking Unit	109.40%	121.47%
Total Bank (Minimum Requirement, 20%)	73.00%	70.54%
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 90%)	163.00%	297.00%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 90%)	251.85%	500.40%
Net Stable Funding Ratio (%) (Minimum Requirement 90%)	134%	163%
Leverage Ratio (%) (Minimum Requirement 3%)	9.64%	8.27%

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Basel III Computation of Capital Adequacy Ratio

Item	As at 31st December 2023 Rs.'Mn
<b>Common Equity Tier I (CET1) Capital after Adjustments</b>	<b>62,633</b>
<b>Total Common Equity Tier I (CET1) Capital</b>	<b>63,933</b>
Equity capital or stated capital/assigned capital	3,152
Reserve fund	2,997
Published retained earnings/(accumulated retained losses)	51,746
Accumulated other comprehensive income (OCI)	5,812
General and other disclosed reserves	225
<b>Total Adjustments to CET1 Capital</b>	<b>1,300</b>
Revaluation losses of property, plant and equipment	-
Deferred tax assets (net)	-
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(114)
<b>Tier 2 Capital after Adjustments</b>	<b>3,573</b>
<b>Total Tier 2 Capital</b>	<b>3,573</b>
Revaluation gains	1,050
General provisions	2,523
<b>Total Adjustments to Tier 2 Capital</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>62,633</b>
<b>Total Capital</b>	<b>66,206</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>381,849</b>
RWAs for Credit Risk	313,697
RWAs for Market Risk	19,958
RWAs for Operational Risk	48,194
<b>CET1 Capital Ratio (including Capital Conservation Buffer,</b>	
<b>Countercyclical Capital Buffer &amp; Surcharge on D-SIBs)</b>	
(%)	<b>16.40%</b>
of which: Capital Conservation Buffer (%)	
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
<b>Total Tier 1 Capital Ratio (%)</b>	<b>16.40%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical</b>	
<b>Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>17.34%</b>
of which: Capital Conservation Buffer (%)	
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

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Computation of Leverage Ratio

Item	As at 31st December 2023	As at 31 December 2022
	Rs.'Mn	Rs.'Mn
Tier 1 Capital	62,633	62,891
Total Exposures	649,978	759,452
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	589,016	668,472
Derivative Exposures	2,271	929
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	58,691	90,051
Basel III Leverage Ratio	9.64%	8.27%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 31st December 2023		As at 31 December 2022	
	Rs'Mn		Rs'Mn	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	<b>106,206</b>	<b>106,206</b>	<b>199,645</b>	<b>199,645</b>
<b>Total Adjusted Level 1A Assets</b>	<b>106,206</b>	<b>106,206</b>	<b>199,645</b>	<b>199,645</b>
<b>Level 1 Assets</b>	<b>106,206</b>	<b>106,206</b>	<b>199,645</b>	<b>199,645</b>
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
<b>Total Cash Outflows</b>	<b>793,403</b>	<b>168,683</b>	<b>911,642</b>	<b>159,589</b>
Deposits	143,387	14,339	163,377	16,338
Unsecured Wholesale Funding	256,869	120,638	313,468	125,607
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	362,080	2,640	420,107	2,955
Additional Requirements	31,066	31,066	14,690	14,690
<b>Total Cash Inflows</b>	<b>201,212</b>	<b>179,752</b>	<b>224,506</b>	<b>164,432</b>
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 I	190,362	179,087	179,292	163,160
Operational Deposits	10,184	-	43,776	-
Other Cash Inflows	665	665	1,438	1,272
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		<b>251.85%</b>		<b>500.40%</b>

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

Asset Class	As at 31st December 2023					
	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	107,397	-	107,397	-	-	0.00%
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	201,219	78,490	201,219	11,923	43,363	20.34%
Claims on Financial Institutions	1,500	-	1,500	-	300	20.00%
Claims on Corporates	134,351	287,062	132,635	45,954	165,466	92.65%
Retail Claims	30,742	10,286	23,820	34	17,894	75.02%
Claims Secured by Residential Property	1,978	-	1,930	-	1,930	100.00%
Claims Secured by Commercial Real Estate	37,883	-	37,883	-	37,883	100.00%
Non-Performing Assets (NPAs)	7,680	-	7,646	-	10,937	143.04%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	39,401	-	39,401	-	35,924	91.18%
<b>Total</b>	<b>562,150</b>	<b>375,837</b>	<b>553,430</b>	<b>57,911</b>	<b>313,697</b>	-

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

Market Risk under Standardised Measurement Method

As at 31st December 2023	RWA Amount Rs.'Mn
<b>(a) RWA for Interest Rate Risk</b>	<b>30</b>
General Interest Rate Risk	-
(i) Net Long or Short Position	30
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
<b>(b) RWA for Equity</b>	<b>-</b>
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	<b>2,464</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>19,958</b>

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 30 September 2023		
		1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	Factor 15%	57,136	43,396	19,954
<b>Capital Charges for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	6,024			
<b>Risk Weighted Amount for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	48,194			

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Credit Risk under Standardised Approach  
Exposures by Asset Classes and Risk Weights (Post CCF & CRM)

Description	Amount (LKR'000) as at 31 December 2023 (Post CCF & CRM)							Total Credit Exposures Amount
	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and Central Bank of Sri Lanka	107,397	-	-	-	-	-	-	107,397
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	-	212,377	97	-	324	343	-	213,142
Claims on Financial Institutions	-	1,500	-	-	-	-	-	1,500
Claims on Corporates	-	16,386	28	-	162,175	-	-	178,589
Retail Claims	-	-	-	23,839	15	-	-	23,854
Claims Secured by Residential Property	-	-	-	-	1,930	-	-	1,930
Claims Secured by Commercial Real Estate	-	-	-	-	37,883	-	-	37,883
Non-Performing Assets (NPAs)	-	-	10	-	1,045	6,591	-	7,646
Higher-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	1,792	2,106	-	-	35,503	-	-	39,401
<b>Total</b>	<b>109,188</b>	<b>232,369</b>	<b>135</b>	<b>23,839</b>	<b>238,875</b>	<b>6,934</b>	<b>-</b>	<b>611,341</b>

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

Item	As at 31st December 2023				
	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
	Rs'Mn	Rs'Mn	Rs'Mn	Rs'Mn	Rs'Mn
<b>Assets</b>					
Cash and Cash Equivalents	218,176	218,176	186,813	-	31,363
Balances with Central Banks	88,073	88,073	88,073	-	-
Placements with banks	11,339	11,339	11,339	-	-
Derivative Financial Instruments	1,011	1,011	-	-	-
Other Financial Assets Held-For-Trading	24	24	24	24	-
Loans and Receivables to Other Customers	210,214	210,214	203,913	-	-
Financial Investments - Fair value through other comprehensive income	19,662	19,662	19,662	19,207	-
Financial Investments - Amortised cost	94	94	94	-	-
Retirement benefit obligations surplus	86	86	-	-	86
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,518	5,518	5,493	-	25
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	1,224	1,224	-	-	1,224
Other Assets	31,156	31,156	32,117	-	-
<b>Liabilities</b>					
Due to Banks	38,359	38,359	-	-	-
Derivative Financial Instruments	229	229	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	372,448	372,448	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	-	-	-	-	-
Current Tax Liabilities	7,190	7,190	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	48,271	48,271	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	8,475	8,475	8,475	-	-
Performance Bonds	84,842	84,842	84,842	-	-
Letters of Credit	30,151	30,151	30,151	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	238,564	238,564	238,564	-	-
Other Commitments	80,089	80,089	80,089	-	-
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital	3,152	3,152	-	-	-
of which Amount Eligible for CET1	-	-	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	69,403	69,403	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	3,152	3,152	-	-	-
Other Reserves	44,371	44,371	-	-	-
<b>Total Shareholders' Equity</b>	<b>120,079</b>	<b>120,079</b>	-	-	-