

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> As at 30 June	2022 (Audited) As at 31 December
<b>Regulatory Capital Adequacy</b>		
Common Equity Tier 1, Rs.'Mn	61,458	62,891
Tier 1 Capital, Rs.'Mn	61,458	62,891
Total Capital, Rs.'Mn	66,403	68,462
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 6.5%)	16.70%	15.77%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.0%)	16.70%	15.77%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.0%)	18.05%	17.17%

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

	<b>2023</b> As at 30 June	2022 As at 31 December
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, Rs.'Mn		
Domestic Banking unit	137,182	219,945
Off-Shore Banking Unit	178,599	184,362
Total Bank	302,068	404,212
Statutory Liquid Assets Ratio,%		
Domestic Banking Unit	49.00%	52.23%
Off-Shore Banking Unit	90.00%	121.47%
Total Bank (Minimum Requirement, 20%)	63.68%	70.54%
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 90%)	196.00%	297.00%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 90%)	231.96%	500.40%
Net Stable Funding Ratio (%) (Minimum Requirement 90%)	121%	163%
Leverage Ratio (%) (Minimum Requirement 3%)	9.59%	8.27%

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Basel III Computation of Capital Adequacy Ratio

Item	As at 30th June 2023 Rs.'Mn
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>61,458</b>
<b>Total Common Equity Tier 1 (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>2,475</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	(123)
<b>Tier 2 Capital after Adjustments</b>	<b>4,945</b>
<b>Total Tier 2 Capital</b>	<b>4,945</b>
Revaluation gains	1,050
General provisions	3,896
<b>Total Adjustments to Tier 2 Capital</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>61,458</b>
<b>Total Capital</b>	<b>66,403</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>367,929</b>
RWAs for Credit Risk	324,760
RWAs for Market Risk	3,967
RWAs for Operational Risk	39,202
<b>CET1 Capital Ratio (including Capital Conservation Buffer,</b>	
<b>Countercyclical Capital Buffer &amp; Surcharge on D-SIBs)</b>	
<b>(%)</b>	<b>16.70%</b>
of which: Capital Conservation Buffer (%)	1.00%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
<b>Total Tier 1 Capital Ratio (%)</b>	<b>16.70%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical</b>	
<b>Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>18.05%</b>
of which: Capital Conservation Buffer (%)	1.00%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

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Computation of Leverage Ratio

Item	As at 30th June 2023	As at 31 December 2022
	Rs.'Mn	Rs.'Mn
Tier 1 Capital	61,458	62,891
Total Exposures	641,180	759,452
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	573,758	668,472
Derivative Exposures	4,535	929
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	62,886	90,051
Basel III Leverage Ratio	9.58%	8.27%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 30th June 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>120,436</b>	<b>120,436</b>	<b>199,645</b>	<b>199,645</b>
<b>Total Adjusted Level 1A Assets</b>	<b>120,436</b>	<b>120,436</b>	<b>199,645</b>	<b>199,645</b>
<b>Level 1 Assets</b>	<b>120,436</b>	<b>120,436</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>784,318</b>	<b>139,365</b>	<b>911,642</b>	<b>159,589</b>
Deposits	144,753	14,475	163,377	16,338
Unsecured Wholesale Funding	255,981	109,120	313,468	125,607
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	371,655	3,839	420,107	2,955
Additional Requirements	11,931	11,931	14,690	14,690
<b>Total Cash Inflows</b>	<b>206,473</b>	<b>87,443</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 Days	95,204	87,116	179,292	163,160
Operational Deposits	110,901	-	43,776	-
Other Cash Inflows	368	328	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>231.96%</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 30th June 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	124,236	-	124,236	-	-	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	197,242	65,041	197,242	14,155	43,574	20.61%
Claims on Financial Institutions	1,422	-	1,422	-	284	20.00%
Claims on Corporates	124,289	549,939	127,599	47,174	166,675	95.37%
Retail Claims	29,913	167	23,214	158	17,854	76.39%
Claims Secured by Residential Property	2,094	-	2,094	-	2,094	100.00%
Claims Secured by Commercial Real Estate	41,846	-	41,846	-	41,846	100.00%
Non-Performing Assets (NPAs)	7,616	-	8,249	-	11,989	145.35%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	43,274	-	43,274	-	40,443	93.46%
<b>Total</b>	<b>571,931</b>	<b>615,147</b>	<b>569,175</b>	<b>61,488</b>	<b>324,760</b>	<b>-</b>

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

Market Risk under Standardised Measurement Method

As at 30th June 2023	RWA Amount Rs.'Mn
<b>(a) RWA for Interest Rate Risk</b>	<b>173</b>
General Interest Rate Risk	-
(i) Net Long or Short Position	173
(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>323</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>3,967</b>

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 31 March 2023		
		1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	Factor 15%	54,440	24,880	18,685
<b>Capital Charges for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	4,900			
<b>Risk Weighted Amount for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	39,202			

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

Description	Amount (Rs Mn) as at 31 Mach 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	124,236	-	-	-	-	-	-	124,236
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	-	207,739	3,462	-	-	-	197	211,397
Claims on Financial Institutions	-	1,422	-	-	-	-	-	1,422
Claims on Corporates	-	10,098	39	-	164,636	-	-	174,774
Retail Claims	-	-	-	22,072	1,300	-	-	23,372
Claims Secured by Residential Property	-	-	-	-	2,094	-	-	2,094
Claims Secured by Commercial Real Estate	-	-	-	-	41,846	-	-	41,846
Non-Performing Assets (NPAs)	-	-	1	-	765	7,483	-	8,249
Higher-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	1,836	1,243	-	-	40,195	-	-	43,274
<b>Total</b>	<b>126,072</b>	<b>220,502</b>	<b>3,502</b>	<b>22,072</b>	<b>250,836</b>	<b>7,679</b>	<b>-</b>	<b>630,663</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 30th June 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	200,517	200,517	199,078	-	1,439
Balances with Central Banks	103,126	103,126	103,126	-	-
Derivative Financial Instruments	2,713	2,713	-	-	-
Other Financial Assets Held-For-Trading	51	51	51	51	-
Loans and Receivables to Other Customers	200,608	200,608	203,002	-	-
Financial Investments - Fair value through other comprehensive income	21,397	21,397	20,990	20,990	-
Financial Investments - Amortised cost	69	69	69	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,064	5,064	5,059	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	2,432	2,432	-	-	2,432
Other Assets	34,297	34,297	36,379	-	5
<b>Liabilities</b>					
Due to Banks	15,345	15,345	-	-	-
Derivative Financial Instruments	134	134	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	389,995	389,995	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	494	494	-	-	-
Current Tax Liabilities	9,076	9,076	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	49,035	49,035	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	40,452	40,452	40,452	-	-
Performance Bonds	61,156	61,156	61,156	-	-
Letters of Credit	32,354	32,354	32,354	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	210,967	210,967	210,967	-	-
Other Commitments	103,412	103,412	46,916	-	-
<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	59,717	59,717	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	2,997	2,997	-	-	-
Other Reserves	40,327	40,327	-	-	-
<b>Total Shareholders' Equity</b>	<b>106,194</b>	<b>106,194</b>	-	-	-