

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

Key Regulatory Ratios - Capital and Liquidity

	2023 As at 30 September	2022 (Audited) As at 31 December
<b>Regulatory Capital Adequacy</b>		
Common Equity Tier 1, Rs.'Mn	62,650	62,891
Tier 1 Capital, Rs.'Mn	62,650	62,891
Total Capital, Rs.'Mn	66,835	68,462
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 6.5%)	17.78%	15.77%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.0%)	17.78%	15.77%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.0%)	18.97%	17.17%

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

	2023 As at 30 September	2022 As at 31 December
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, Rs.'Mn		
Domestic Banking unit	155,946	219,945
Off-Shore Banking Unit	186,733	184,362
Total Bank	342,350	404,212
Statutory Liquid Assets Ratio,%		
Domestic Banking Unit	54.39%	52.23%
Off-Shore Banking Unit	90.70%	121.47%
Total Bank (Minimum Requirement, 20%)	69.47%	70.54%
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	224.00%	297.00%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	337.64%	500.40%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	150%	163%
Leverage Ratio (%) (Minimum Requirement 3%)	9.87%	8.27%

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

Basel III Computation of Capital Adequacy Ratio

Item	As at 30th September 2023 Rs.'Mn
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>62,650</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>1,283</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	(63)
<b>Tier 2 Capital after Adjustments</b>	<b>4,185</b>
<b>Total Tier 2 Capital</b>	<b>4,185</b>
Revaluation gains	1,050
General provisions	3,135
<b>Total Adjustments to Tier 2 Capital</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>62,650</b>
<b>Total Capital</b>	<b>66,835</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>352,280</b>
RWAs for Credit Risk	300,592
RWAs for Market Risk	6,907
RWAs for Operational Risk	44,781
<b>CET1 Capital Ratio (including Capital Conservation Buffer,</b>	
<b>Countercyclical Capital Buffer &amp; Surcharge on D-SIBs)</b>	
(%)	<b>17.78%</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>17.78%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical</b>	
<b>Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	
Capital Buffer & Surcharge on D-SIBs (%)	<b>18.97%</b>
of which: Capital Conservation Buffer (%)	1.00%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

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

Computation of Leverage Ratio

Item	As at 30th September 2023	As at 31 December 2022
	Rs.'Mn	Rs.'Mn
Tier 1 Capital	62,650	62,891
Total Exposures	634,606	759,452
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	572,833	668,472
Derivative Exposures	1,958	929
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	59,814	90,051
Basel III Leverage Ratio	9.86%	8.27%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 30th September 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>	130,962	130,962	199,645	199,645
<b>Total Adjusted Level 1A Assets</b>	130,962	130,962	199,645	199,645
<b>Level 1 Assets</b>	130,962	130,962	199,645	199,645
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
<b>Total Cash Outflows</b>	782,298	155,147	911,642	159,589
Deposits	144,482	14,448	163,377	16,338
Unsecured Wholesale Funding	243,675	106,222	313,468	125,607
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	362,011	2,348	420,107	2,955
Additional Requirements	32,130	32,130	14,690	14,690
<b>Total Cash Inflows</b>	187,960	168,372	224,506	164,432
Maturing Secured Lending Transactions Backed by Collateral Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	176,236	167,255	179,292	163,160
Operational Deposits	10,608	-	43,776	-
Other Cash Inflows	1,117	1,117	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>		337.64%		500.40%

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

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

Asset Class	As at 30th September 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	132,763	-	132,763	-	-	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	208,312	34,341	208,312	12,536	45,315	20.52%
Claims on Financial Institutions	1,186	-	1,186	-	237	20.00%
Claims on Corporates	120,797	334,782	118,634	46,376	157,500	95.45%
Retail Claims	29,369	43,982	23,058	148	17,608	75.88%
Claims Secured by Residential Property	1,998	-	1,998	-	1,998	100.00%
Claims Secured by Commercial Real Estate	34,922	-	34,922	-	34,922	100.00%
Non-Performing Assets (NPAs)	-	-	8,269	-	11,967	144.72%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	33,621	-	33,621	-	31,045	92.34%
<b>Total</b>	<b>562,967</b>	<b>413,105</b>	<b>562,762</b>	<b>59,060</b>	<b>300,592</b>	<b>-</b>

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

Market Risk under Standardised Measurement Method

As at 30th September 2023	RWA Amount Rs.'Mn
<b>(a) RWA for Interest Rate Risk</b>	<b>102</b>
General Interest Rate Risk	-
(i) Net Long or Short Position	102
(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>761</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>6,907</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	15%	58,995	32,983	19,975
<b>Capital Charges for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	5,598			
<b>Risk Weighted Amount for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	44,781			

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

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

Description	Amount (LKR'000) as at 30 September 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	132,763	-	-	-	-	-	-	132,763
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	-	217,630	3,038	-	-	180	-	220,848
Claims on Financial Institutions	-	1,186	-	-	-	-	-	1,186
Claims on Corporates	-	9,357	48	-	155,604	-	-	165,009
Retail Claims	-	-	-	22,392	814	-	-	23,206
Claims Secured by Residential Property	-	-	-	-	1,998	-	-	1,998
Claims Secured by Commercial Real Estate	-	-	-	-	34,922	-	-	34,922
Non-Performing Assets (NPAs)	-	-	0	-	873	7,396	-	8,269
Higher-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	1,561	1,268	-	-	30,791	-	-	33,621
<b>Total</b>	<b>134,324</b>	<b>229,442</b>	<b>3,086</b>	<b>22,392</b>	<b>225,002</b>	<b>7,576</b>	<b>-</b>	<b>621,822</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 September 2023				
	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
<b>Assets</b>					
Cash and Cash Equivalents	211,305	211,305	209,873	-	1,433
Balances with Central Banks	119,453	119,453	119,453	-	-
Derivative Financial Instruments	763	763	-	-	763
Other Financial Assets Held-For-Trading	23	23	-	23	-
Loans and Receivables to Other Customers	191,074	191,074	187,595	-	-
Financial Investments - Fair value through other comprehensive income	13,649	13,649	471	13,177	-
Financial Investments - Amortised cost	75	75	75	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,008	5,008	5,008	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	5	5	-	-	-
Deferred Tax Assets	1,266	1,266	-	-	-
Other Assets	26,506	26,506	27,052	-	-
<b>Liabilities</b>					
Due to Banks	17,454	17,454	-	-	-
Derivative Financial Instruments	537	537	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	375,174	375,174	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	492	492	-	-	-
Current Tax Liabilities	7,953	7,953	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	53,419	53,419	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	79,204	79,204	79,204	-	-
Performance Bonds	18,131	18,131	18,131	-	-
Undrawn Loan Commitments	234,435	234,435	234,435	-	-
Other Commitments	112,210	112,210	54,137	-	-
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1	3,152	3,152	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	63,750	63,750	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	2,997	2,997	-	-	-
Other Reserves	44,199	44,199	-	-	-
<b>Total Shareholders' Equity</b>	<b>114,098</b>	<b>114,098</b>	-	-	-