Basel III Computation of Capital Ratios

Item	Current Period As at 30/06/19 (Unaudited)	Previous Period As at 31/12/18 (Audited)
Common Equity Tier I (CETI) Capital after Adjustments	**11,107,927**	**13,691,677**
Total Common Equity Tier I (CET1) Capital	**12,880,317**	**12,880,317**
Equity capital or stated capital/assigned capital	1,524,250	1,524,250
Reserve fund	768,111	768,111
Published retained earnings/(Accumulated retained losses)	9,746,744	9,746,744
Accumulated other comprehensive income (OCI)	836,042	836,042
General and other disclosed reserves	5,170	5,170
Unpublished current year's profit/(losses) and gains reflected in OCI	-	-
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties		
Total Adjustments to CET1 Capital	**1,772,390**	**(811,360)**
Goodwill (net)		
Other intangible assets (net)		
Revaluation losses of property, plant and equipment		
Deferred tax assets (net)	20,671	20,671
Cash flow hedge reserve		
Unrealised gains on sale related securitisation transactions		
Shortfall of the cumulative impairment to specific provisions		
Changes in own credit risk		
Defined benefit pension fund assets		
Investment in own shares		
Reciprocal cross holdings in the capital of banking and other financial institutions		
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity		
Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity		
Shortfall of capital in financial subsidiaries		
Regulatory adjustments applied to CET1 Capital due to insufficient AT1 and Tier 2 Capital to cover adjustments		
Amount due from head office & branches outside Sri Lanka in Sri Lanka Rupees	-	-
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(981,482)	(832,031)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	2,733,200.58	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Total Additional Tier 1 (ATI) Capital	-	-
Qualifying Additional Tier 1 Capital Instruments		
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties		
Total Adjustments to AT1 Capital	-	-
Investment in own shares		
Reciprocal cross holdings in AT1 capital instruments		
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity		
Significant investments in the capital of banking and financial institutions where the bank own more than 10 per cent of the issued ordinary share capital of the entity		
Regulatory adjustments applied to AT1 due to insufficient Tier 2 capital to cover adjustments		

Basel III Computation of Capital Ratios

Item	Current Period As at 30/06/19 (Unaudited)	Previous Period As at 31/12/18 (Audited)
Tier 2 Capital after Adjustments	**29,296**	**23,622**
Total Tier 2 Capital	**29,296**	**23,622**
Qualifying Tier 2 Capital Instruments		
Revaluation gains		
General provisions	29,296	23,622
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties		
Total Adjustments to Tier 2 Capital	-	-
Investment in own shares		
Reciprocal cross holdings in Tier 2 capital instruments		
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity		
Significant investments in the capital of banking and financial institutions where the bank own more than 10 per cent of the issued ordinary share capital of the entity		
Total Tier 1 Capital	**11,107,927**	**13,691,677**
Total Capital	**11,137,223**	**13,715,299**
Total Risk Weighted Assets (RWA)	**47,636,776**	**34,765,855**
RWAs for Credit Risk	23,852,403	26,089,750
RWAs for Market Risk	19,083,343	3,928,221
RWAs for Operational Risk	4,701,030	4,747,884
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.32	39.38
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	23.32	39.38
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.38	39.45
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

Computation of Leverage Ratio

Item	Amount (LKR '000)	
	Reporting Period	Previous Reporting Period
	As at 30/06/19	As at 31/12/18
Tier 1 Capital	**12,880,317**	**N/A**
Total Exposures	**158,387,009**	**N/A**
On-Ba;ance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	44,007,037	N/A
Derivative Exposures	94,534,915	N/A
Securities Financing Transaction Exposures	480,857	N/A
Other Off-Balance Sheet Exposures	19,364,201	N/A
Basel III Leverage Ratio (%) (Tier 1 / Exposure)	**8.13%**	**N/A**

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	Current Period As at 30/06/19		Previous Period As at 31/12/18	
	Total Un-weighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**13,595,355**	**13,595,355**	**14,238,004**	**7,932,528**
Total Adjusted Level 1A Assets	13,880,415	13,880,415	14,664,060	8,211,247
Level 1 Assets	13,595,355	13,595,355	14,238,004	7,932,528
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets				
Total Cash Outflows	**120,777,924**	**15,196,823**	**131,431,601**	**21,864,719**
Deposits	-	-	-	-
Unsecured Wholesale Funding	27,851,260	12,959,122	32,239,610	18,427,382
Secured Funding Transactions	195,797	-	70,864	-
Undrawn Portion of Committed (Irrevocable)	92,730,867	2,237,701	99,121,127	3,437,338
Facilities and Other Contingent Funding				
Obligations				
Additional Requirements				
Total Cash Inflows	**31,823,299**	**13,246,319**	**36,494,065**	**16,462,441**
Maturing Secured Lending Transactions				
Backed by Collateral				
Committed Facilities	5,294,700	-	5,489,400.00	-
Other Inflows by Counterparty which are Maturing within 30 Days	20,652,248	13,087,929	23,612,119	15,220,413
Operational Deposits	5,559,570	-	4,908,489	-
Other Cash Inflows	316,781	158,390	2,484,056	1,242,028
Liquidity Coverage Ratio (%) (Stock of				
High Quality Liquid Assets/Total Net Cash		**357.85%**		**260.47%**
Outflows over the Next 30 Calendar Days) * 100				

Credit Risk under Standardised Approach –

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asse Class	Amount (LKR'000) as at 30.06.2019					
	Exposures before Credit Conversion		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
Claims on Central Government and CBSL	14,407,125	-	14,407,125	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	1,761,092	1,158	1,761,092	1,158	352,450	0.20
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	5,042,068	44,853,318	5,042,068	2,797,365	1,670,077	0.21
Claims on Financial Institutions	277,897	18,573,878	277,897	1,759,769	1,358,119	0.67
Claims on Corporates	15,727,588	22,884,859	15,727,588	4,507,718	19,183,998	0.95
Retail Claims	-	-	-	-	-	-
Claims Secured by Residential Property	-	-	-	-	-	-
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	-	-	-	-	-	-
Higher-risk Categories	-	-	-	-	-	
Cash Items and Other Assets	1,997,804	-	1,997,804	-	1,287,759	0.64
Total	**39,213,573**	**86,313,213**	**39,213,573**	**9,066,010**	**23,852,403**	**0.49**

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30.06.2019
(a) RWA for Interest Rate Risk	**111,463**
General Interest Rate Risk	111,463
(i) Net Long or Short Position	111,463
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) RWA for Equity	**-**
(i) General Equity Risk	-
(ii) Specific Equity Risk	
Foreign Exchange & Gold = (e)	**2,273,955**
(c) RWA for Foreign Exchange & Gold	**2,385,418**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**19,083,343**

Operational Risk under Basic Indicator Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30.06.2019		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		4,487,627	4,580,512	4,047,384
The Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
The Alternative Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	587,629				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	**4,701,030**				
The Standardised Approach					
The Alternative Standardised Approach					

Differences between Accounting and Regulatory Scopes and
Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only
Amount (LKR '000) as at 30/06/2019

Item	a Carrying Values as Reported in Published Financial Statements	b Carrying Values under Scope of Regulatory Reporting	c Subject to Credit Risk Framework	d Subject to Market Risk Framework	e Not subject to Capital Requirements or Subject to Deduction from Capital
Assets					
Cash and Cash Equivalents	6,274,975	6,277,212	766,967	5,393,635	5,501,025
Balances with Central Banks	623,049	623,049	623,049	-	-
Placements with Banks	5,242,613	5,228,045	5,228,045	3,618,045	-
Derivative Financial Instruments	237,379	-	-	-	-
Other Financial Assets Held-For- Trading	4,780,186	13,325,412	13,325,412	13,325,412	-
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	-	-	-	-	-
Loans and Receivables to Other Customers	17,752,695	17,677,884	17,766,576	4,155,641	-
Financial Investments - Available- For-Sale	8,743,731	-	-	-	-
Financial Investments - Held-To-Maturity	-	1,040	1,040	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	202,656	202,656	202,656	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	20,671	20,671	-	-	-
Other Assets	847,317	1,299,828	1,299,828	114,993	-
Liabilities					
Due to Banks	2,828,915	2,827,874	-	2,767,824	2,767,824
Derivative Financial Instruments	338,002	-	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	25,023,386	24,940,408	-	10,987,810	-
Other Borrowings	195,886	195,797	-	-	-
Debt Securities Issued	-	-	-	-	-
Current Tax Liabilities	1,326,123	1,326,123	-	181,090	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	885,347	1,359,883	-	368,729	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
Off-Balance Sheet Liabilities					
Guarantees	4,574,199	9,797,328	9,797,328	7,649,476	-
Performance Bonds	1,450,758	-	-	-	-
Letters of Credit	-	7,889,873	7,889,873	7,139,873	-
Other Contingent Items	-	67,553,143	83,385,919	4,329,086	-
Undrawn Loan Commitments	73,579,208	73,579,208	73,579,208	-	-
Other Commitments	13,982,694	1,677,000	1,677,000	-	-
Shareholders' Equity					
Equity Capital (Stated	-	-	-	-	-
Capital)/Assigned Capital					
of which Amount Eligible for CET1	1,524,250	1,524,250	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	10,492,672	11,713,352	-	2,976,570	-
Accumulated Other Comprehensive Income	1,337,410	-	-	-	-
Other Reserves	773,281	768,111	-	182,655	-
Total Shareholders' Equity					