Basel III Computation of Capital Ratios

Item	Current Period As at 30/09/2022 (Unaudited)	Previous Period As at 31/12/2021 (audited)
Common Equity Tier I (CETI) Capital after Adjustments	**14,781,428**	**14,893,949**
Total Common Equity Tier I (CET1) Capital	**15,199,762**	**14,422,190**
Equity capital or stated capital/assigned capital	1,524,250	1,524,250
Reserve fund	824,321	850,140
Published retained earnings/(Accumulated retained losses)	11,265,691	11,265,692
Accumulated other comprehensive income (OCI)	1,596,397	776,938
General and other disclosed reserves	5,170	5,170
Unpublished current year's profit/(losses) and gains reflected in OCI	(16,067)	-
Total Adjustments to CET1 Capital	**418,334**	**(475,129)**
Goodwill (net)		
Deferred tax assets (net)	73,677	70,308
Shortfall of capital in financial subsidiaries		
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	(2,178,698)	(545,437)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	2,523,355	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Total Additional Tier 1 (ATI) Capital	-	-
Qualifying Additional Tier 1 Capital Instruments		
Total Adjustments to AT1 Capital	-	-
Tier 2 Capital after Adjustments	**433,710**	**137,120**
Total Tier 2 Capital	**433,710**	**137,120**
General provisions	433,710	137,120
Total Adjustments to Tier 2 Capital	-	-
Total Tier 1 Capital	**14,781,428**	**14,893,949**
Total Capital	**15,215,138**	**15,031,070**
Total Risk Weighted Assets (RWA)	**63,943,532**	**43,418,764**
RWAs for Credit Risk	34,696,786	25,079,003
RWAs for Market Risk	22,545,006	13,676,647
RWAs for Operational Risk	6,701,741	4,663,114
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.116	34.30
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	23.116	34.30
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.795	34.62
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 30/09/22	As at 31/12/21
Tier 1 Capital	**14,781,428**	**14,210,571**
Total Exposures	**88,502,092**	**77,534,599**
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	76,035,476	50,793,162
Derivative Exposures	5,689,662	22,077,987
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	6,776,954	4,663,449
Basel III Leverage Ratio (%) (Tier 1 / Exposure)	**16.70%**	**18.33%**

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	Current Period As at 30/09/22		Previous Period As at 31/12/21	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**37,761,326**	**37,761,326**	**11,563,681**	**11,563,681**
Total Adjusted Level 1A Assets	37,761,326	37,761,326	11,563,681	11,563,681
Level 1 Assets	37,761,326	37,761,326	11,563,681	11,563,681
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets				
Total Cash Outflows	**152,397,465**	**25,203,682**	**104,589,548**	**15,533,593**
Deposits	-	-	-	-
Unsecured Wholesale Funding	54,028,410	22,403,515	33,097,663	14,408,601
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable)	96,549,729	980,841	70,975,421	608,529
Facilities and Other Contingent Funding				
Obligations				
Additional Requirements	1,819,326	1,819,326	516,463	516,463
Total Cash Inflows	**36,820,811**	**26,268,138**	**39,776,436**	**27,122,366**
Maturing Secured Lending Transactions				
Backed by Collateral				
Committed Facilities		-	6,045,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	33,474,577	26,252,382	33,186,522	27,031,791
Operational Deposits	3,330,478	-	454,339	-
Other Cash Inflows	15,756	15,756	90,575	90,575
Liquidity Coverage Ratio (%) (Stock of				
High Quality Liquid Assets/Total Net Cash		**599.30%**		**297.77%**
Outflows over the Next 30 Calendar Days) * 100				

Credit Risk under Standardised Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	Amount (LKR'000) as at 30.09.2022					
	Exposures before Credit		Exposures post CCF and		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	37,158,499	-	37,158,499	-	-	-
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	14,892,940	3,476,561	14,892,940	1,255,844	5,324,630	0.33
Claims on Financial Institutions	4,348,320	112,619	4,348,320	62,184	4,370,450	0.99
Claims on Corporates	18,949,265	21,695,994	18,949,265	6,194,999	24,611,203	0.98
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	1,805,061	73,826,749	1,805,061	-	390,502	0.22
Total	**77,154,085**	**99,111,923**	**77,154,085**	**7,513,028**	**34,696,786**	**0.41**

-        -

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30.09.2022
(a) RWA for Interest Rate Risk	**41,661**
General Interest Rate Risk	41,661
(i) Net Long or Short Position	41,661
(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)	**2,776,465**
(c) RWA for Foreign Exchange & Gold	**2,818,126**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**22,545,006**

Operational Risk under Basic Indicator Approach / The Standardized Approach / The Alternative Standardized Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30.06.2022		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		9,004,584	4,035,871	3,713,897
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	837,718				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	**6,701,741**				
The Standardised Approach					
The Alternative Standardised Approach					

Key Regulatory Ratios - Capital and Liquidity

	Current Reporting Period	Previous Reporting Period
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	14,781	14,894
Core (Tier 1) Capital	14,781	14,894
Total Capital Base	15,215	15,031
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement 7%)	23.12%	34.30%
Tier 1 Capital Ratio (%) (Minimum Requirement 8.5%)	23.12%	34.30%
Total Capital Ratio (%) (Minimum Requirement 12.5%)	23.79%	34.62%
Leverage Ratio (%) (Minimum Requirement - 3%)	16.70%	18.33%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	46,134	37,027
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	103.58%	105.28%
Off-Shore Banking Unit (%)	78.30%	67.37%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	37,761	11,564
Liquidity Coverage Ratio (%) (Minimum Requirement 90%)		
Rupee (%)	383.24%	335.97%
All Currency (%)	599.30%	297.77%
Net Stable Funding Ratio (%) - (Minimum Requirement - 90%)	184.08%	203.64%

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Accounting Classification	Current Reporting Period	Previous Reporting Period
Assigned Capital Relates to capital assigned to the branch by the Head Office at the time setting up the branch in Sri Lanka.	Equity	1,524,250	1,524,250
Reserve Fund Comprise of mandatory appropriations made out of profit after tax, per the Banking Act requirements.	Equity	824,321	850,140
Retained Earnings Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	11,265,691	11,265,692
Accumulated Other Comprehensive Income (OCI) Comprise of gains/(losses) arising from fair valuation of assets faired valued through OCI, actuarial valuation of defined benefit schemes and exchange gains/(losses) arising from the translation of OBU net assets. The amounts are net of deferred tax where relevant.	Equity	1,596,397	776,938
General and other Disclosed Reserves Exchange gains/(losses) arising from foreign currency translation and Un-published Current Year's Profit/Loss and Gains reflected in OCI	Equity	(10,897)	5,170

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

Item	Amount (LKR '000) as at 30/09/2022 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	**78,756,950**				
Cash and cash equivalents	4,823,017	4,823,017	1,411,071	86,244	3,325,702
Balances with central banks	1,008,920	1,008,920	1,008,920	-	-
Placements with banks	40,352,016	40,352,016		4,030,110	-
Derivative financial instruments	10,795	10,795	-	10,795	-
Financial assets recognized through profit or loss					
- measured at fair value	6,324,197	6,324,197	6,324,197	5,557,114	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost					
- loans and advances	17,300,230	17,300,230	17,300,230	13,285,473	-
Financial assets measured at fair value through other comprehensive Income	8,481,945	8,481,945	8,481,945	8,481,945	-
Property, plant and equipment	78,323	78,323	78,323	-	-
Deferred tax assets	73,677	73,677	-	-	73,677
Other assets	303,830	303,830	303,830	88,769	-

Item	Amount (LKR '000) as at 30/09/2022 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
Liabilities and equity	**57,528,792**				
Due to banks	113,675	113,675	-	125,897	-
Derivative financial instruments	12,121	12,121	-	-	-
Financial liabilities at amortized cost		0			
- due to depositors	53,912,142	53,912,142	-	15,291,948	-
Retirement benefit obligations	224,515	224,515	-	-	-
Current tax liabilities	1,693,841	1,693,841	-	299,621	-
Other provisions	699,842	699,842	-	-	-
Other liabilities	872,657	872,657	-	133,279	-
Off-Balance Sheet Liabilities		0			
Guarantees	7,804,563	7,804,563	7,804,563	7,804,563	-
Performance Bonds	240,541	240,541	240,541	240,541	-
Letters of Credit	0	0	0	0	-
Other Contingent Items		0	-	-	-

Undrawn Loan Commitments	73,826,749	73,826,749	73,826,749	73,826,749	-
Other Commitments	15,428,420	15,428,420	15,428,420	15,428,420	-
Foreign Exchange Contracts	4,025,120	4,025,120	1,798,250	1,798,250	-
Shareholders' Equity					
Assigned Capital	1,524,250	1,524,250	1,524,250	-	1,524,250
of which Amount Eligible for CET1	*1,524,250*	*1,524,250*	1,524,250	-	1,524,250
Retained Earnings	13,663,906	13,663,906	13,663,906	-	13,663,906
Accumulated OCI	(6,976)	(6,976)	-6,976	-	-6,976
Other Reserves	6,046,980	6,046,980	6,046,980	-	6,046,980