

**Key Regulatory Ratios - Capital and Liquidity**

Item	Reporting Period as at 31st Dec 2017	Previous Reporting Period as at 30th Sep 2017
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	29,805,698	22,803,221
Tier 1 Capital	29,805,698	22,803,221
Total Capital	30,166,737	23,175,230
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	20.02%	15.69%
Tier 1 Capital Ratio (Minimum Requirement - 7.25%)	20.02%	15.69%
Total Capital Ratio (Minimum Requirement -11.25%)	20.26%	15.95%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR'000)	99,850,166	71,062,066
Statutory Liquid Assets Ratio (Minimum Requirement -20%)		
Domestic Banking Unit (%)	77.90%	63.76%
Off-Shore Banking Unit (%)	84.13%	71.45%
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -80%)	436.20%	520.15%
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -80%)	256.55%	329.70%

**Basel III Computation of Capital Ratios**

Item	Amount (LKR '000)	
	Reporting Period 31st Dec 2017	Previous Reporting Period as at 30th Sep 2017
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>29,805,698</b>	<b>22,803,221</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>29,455,481</b>	<b>24,652,467</b>
Equity Capital (Stated Capital)/Assigned Capital	3,317,705	3,317,705
Reserve Fund	1,860,443	1,761,301
Published Retained Earnings/(Accumulated Retained Losses)	22,360,540	17,502,568
Published Accumulated Other Comprehensive Income (OCI)	(251,312)	(97,212)
General and other Disclosed Reserves	2,168,105	2,168,105
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to CET1 Capital</b>	<b>(350,216)</b>	<b>1,849,246</b>
Goodwill (net)	-	-
Intangible Assets (net)	-	-
Deferred tax assets (net)	8,349	129,502
Defined benefit pension fund assets	274,179	351,362
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(760,755)	(189,674)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	128,011	1,558,056
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>-</b>	<b>-</b>
Qualifying Additional Tier 1 Capital Instruments		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
<b>Total Adjustments to AT1 Capital</b>	<b>-</b>	<b>-</b>
Investment in Own Shares		
Others (specify)		
<b>Tier 2 Capital after Adjustments</b>	<b>361,039</b>	<b>372,009</b>
<b>Tier 2 Capital</b>	<b>361,039</b>	<b>372,009</b>
Qualifying Tier 2 Capital Instruments		
Revaluation Gains		
Loan Loss Provisions		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
General Provisions	361,039	372,009
<b>Total Adjustments to Tier 2</b>	<b>-</b>	<b>-</b>
Investment in Own Shares		
Others (specify)		
<b>CET1 Capital</b>	<b>29,805,698</b>	<b>22,803,221</b>
<b>Total Tier 1 Capital</b>	<b>29,805,698</b>	<b>22,803,221</b>
<b>Total Capital</b>	<b>30,166,737</b>	<b>23,175,230</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>148,897,182</b>	<b>145,297,429</b>
RWAs for Credit Risk	131,146,424	125,220,041
RWAs for Market Risk	3,500,661	5,784,605
RWAs for Operational Risk	14,250,097	14,292,783
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>20.02%</b>	<b>15.69%</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>20.02%</b>	<b>15.69%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>20.26%</b>	<b>15.95%</b>
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

Note: Banks are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

Basel III Computation of Liquidity Coverage Ratio				
Item	Amount (LKR '000)			
	31.12.17		30-09-17	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	28,208,135	28,208,135	34,745,904	34,745,904
Total Adjusted Level 1A Assets	28,267,799	28,267,799	34,783,870	34,783,870
Level 1 Assets	28,208,135	28,208,135	34,745,904	34,745,904
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	231,555,701	43,980,024	226,341,046	42,154,212
Deposits	25,532,574	2,553,257	26,046,532	2,604,653
Unsecured Wholesale Funding	82,979,501	33,178,859	81,409,127	32,809,824
Secured Funding Transactions	503,468	-	317,050	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other	-	-	-	-
Contingent Funding Obligations	122,540,157	8,247,908	118,568,337	6,739,735
Additional Requirements	-	-	-	-
Total Cash Inflows	72,777,923	46,974,425	62,136,252	37,595,846
Maturing Secured Lending Transactions Backed by Collateral	5,000,000	-	4,000,000	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	65,584,379	46,651,868	56,012,419	37,153,781
Operational Deposits	1,608,276	-	1,318,435	-
Other Cash Inflows	585,268	322,557	805,399	442,065
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		256.55%		329.70%

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects						
Asset Class	Amount (LKR'000) as at 31.12.2017					
	Exposures before Credit Conversion Factor (CCF) and CRM		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(ii)
Claims on Central Government and CBSL	37,118,507	-	9,337,993	-	-	0%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	-	-	-	-	-	0%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	24,471,822	56,833,183	24,471,822	1,837,384	12,956,958	49%
Claims on Financial Institutions	-	-	-	-	-	0%
Claims on Corporates	60,189,569	141,963,461	60,929,520	59,417,443	99,764,895	83%
Retail Claims	16,456,045	-	13,800,691	-	10,358,995	75%
Claims Secured by Residential Property	2,428,522	-	2,428,522	-	1,291,171	53%
Claims Secured by Commercial Real Estate	-	-	-	-	-	0%
Non-Performing Assets (NPAs)(i)	1,084,913	-	1,084,913	-	1,623,221	150%
Higher-risk Categories	-	-	-	-	-	0%
Cash Items and Other Assets	6,926,534	-	7,416,789	-	5,151,184	69%
<b>Total</b>	<b>148,675,911</b>	<b>198,796,644</b>	<b>119,470,250</b>	<b>61,254,827</b>	<b>131,146,424</b>	<b>73%</b>

**Note:**

(i) NPAs – As per Banking Act Directions on Classification of loans and advances, income recognition and provisioning.

(ii) RWA Density – Total RWA/Exposures post CCF and CRM.

(iii) Banks are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights									
Risk Weight	Amount (LKR'000) as at 31.12.2017 (Post CCF & CRM)								
	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
<b>Asset Classes</b>									
Claims on Central Government and CBSL	9,337,993	0							9,337,994
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	-	9,548,501	11,426,894	-	-	5,333,810	-	-	26,309,206
Claims on Financial Institutions	-	-	-	-	-	-	-	-	-
Claims on Corporates	-	6,866,842	30,177,188	-	-	83,302,933	-	-	120,346,962
Retail Claims	-	-	-	-	13,766,783	33,908	-	-	13,800,691
Claims Secured by Residential Property	-	-	2,274,701	-	-	153,820	-	-	2,428,522
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	-	-	-	-	-	8,296	1,076,617	-	1,084,913
Higher-risk Categories	-	-	-	-	-	-	-	-	-
Cash Items and Other Assets	982,366	1,604,050	-	-	-	4,830,374	-	-	7,416,789
<b>Total</b>	<b>10,320,359</b>	<b>18,019,393</b>	<b>43,878,783</b>		<b>13,766,783</b>	<b>93,663,141</b>	<b>1,076,617</b>		<b>180,725,077</b>

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Market Risk under Standardised Measurement Method	
Item	RWA Amount (LKR'000) as at 31st Dec 2017
<b>(a) RWA for Interest Rate Risk</b>	<b>334,870</b>
General Interest Rate Risk	334,870
(i) Net Long or Short Position	334,870
(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>58,955</b>
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	3,500,661

Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach					
Capital Charge	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31st Dec 2017		
			1st Year	2nd Year	3rd Year
<b>The Basic Indicator Approach</b>	15%		8,571,428	10,636,068	12,855,223
<b>The Standardised Approach</b>			8,571,428	10,636,068	12,855,223
Corporate Finance	18%		-	-	-
Trading and Sales	18%		1,545,724	1,713,212	2,323,429
Payment and Settlement	18%		154,912	156,558	181,993
Agency Services	15%		41,752	30,424	50,711
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		2,021,000	2,776,750	2,910,827
Commercial Banking	15%		4,808,040	5,959,124	7,388,263
<b>The Alternative Standardised Approach</b>			112,585,388	98,884,883	127,619,680
Corporate Finance	18%		-	-	-
Trading and Sales	18%		1,545,724	1,713,212	2,323,429
Payment and Settlement	18%		154,912	156,558	181,993
Agency Services	15%		41,752	30,424	50,711
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%	0.035	15,297,000	14,595,000	16,543,000
Commercial Banking	15%	0.035	95,546,000	82,489,689	108,520,547
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach			1,603,134		
The Standardised Approach			1,586,808		
The Alternative Standardised Approach			1,013,939		
<b>Risk-Weighted Amount for operational Risk (LKR'000)</b>					
The Basic Indicator Approach			14,250,097		
The Standardised Approach			14,104,964		
The Alternative Standardised Approach			9,012,790		

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

Item	Amount (LKR'000) as at 31.12.2017				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statement	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
<b>Assets</b>					
Cash and Cash Equivalents	9,065,723	3,774,774	2,792,409		982,365
Balances with Central Banks	4,157,995	4,157,993	4,157,993		
Placements with Banks	29,957,613	26,721,879	26,721,879		
Derivative Financial Instruments	1,492,680	-	-		
Other Financial Assets Held-For-Trading	1,758,455	27,780,513	27,780,513	27,780,513	
Financial Assets Designated at Fair Value Through Profit and Loss Account	-	-	-		
Loans and Receivables to Banks	5,305,090	5,000,000	5,000,000		
Loans and Receivables to Other Customers	80,109,582	80,639,167	80,639,167		
Financial Investments - Available-For-Sale	26,235,643	-	-		
Financial Investments - Held-To-Maturity	-	1,840	1,840		
Investments in Subsidiaries	-	-	-		
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	586,878	576,422	576,422		
Investment Properties	-	-	-		
Goodwill and Intangible Assets	-	-	-		
Deferred Tax Assets	8,349	-	-		
Other Assets	3,613,172	4,737,970	4,737,970	-	
<b>Liabilities</b>					
Due to Banks	14,439,370	2,876,477	13,078,696		
Derivative Financial Instruments	1,456,758	-	-		
Other Financial Liabilities Held-For-Trading	-	-	-		
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-		
Due to Other Customers	107,677,939	108,512,075	760,755		107,751,320
Other Borrowings	503,945	503,468			503,468
Debt Securities Issued	-	-	-		
Current Tax Liabilities	1,342,892	2,833,761			2,833,761
Deferred Tax Liabilities	-	(20,805)	(20,805)		-
Other Provisions	21,951	-	-		
Other Liabilities	5,664,340	7,068,232			7,068,232
Due to Subsidiaries	-	-	-		
Subordinated Term Debts	-	-	-		
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	77,152,930	10,698,356	10,698,356		
Performance Bonds	-	66,541,849	66,541,849		
Letters of Credit	5,992,189	5,992,189	5,992,189		
Other Contingent Items	5,660,934	5,660,934	5,660,934		
Undrawn Loan Commitments	29,000,670	29,782,046	29,000,670		
Other Commitments	100,349,043	100,349,043	100,349,043		
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital	3,317,705	3,317,706	3,317,706		
of which Amount Eligible for CET1	3,317,705	3,317,706	3,317,706		
of which Amount Eligible for AT1	-	-	-		
Retained Earnings	22,360,540				
Accumulated Other Comprehensive Income	1,104,831				
Other Reserves	4,400,908	28,299,642	26,137,776		
<b>Total Shareholders' Equity</b>					

Notes:  
(1) Other Financial Assets Held-For-Trading represent Government securities classified as "Trading Portfolio", which is treated as zero risk weighted for credit risk and separately treated under market risk (general interest rate risk). Hence, classified under both categories of risk.