Template 1

Key Regulatory Ratios - Capital and Liquidity

Item	Bank		Group	
	2019 September - Basel III	2018 September - Basel III	2019 September - Basel III	2018 September - Basel III
Regulatory Capital (LKR '000)				
Common Equity Tier 1	**107,210,781**	**98,085,845**	**118,393,727**	**106,260,220**
Tier 1 Capital	**107,210,781**	**98,085,845**	**118,393,727**	**106,260,220**
Total Capital	**138,385,018**	**117,666,839**	**149,378,824**	**125,714,611**
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2019-8.5% ; 2018-7.375%)	**13.84%**	**13.02%**	**14.00%**	**13.25%**
Tier 1 Capital Ratio (Minimum Requirement - 2019-10% ; 2018 - 8.875%)	**13.84%**	**13.02%**	**14.00%**	**13.25%**
Total Capital Ratio (Minimum Requirement - 2019-14% ; 12.875%)	**17.86%**	**15.62%**	**17.67%**	**15.67%**
Leverage Ratio (Minimum Requirement - 3%)	**8.79%**	**8.42%**	**9.16%**	**8.97%**
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	**263,237,720**	**216,855,350**	**N/A**	**N/A**
Statutory Liquid Assets Ratio (Minimum Requirement – 20%)				
Domestic Banking Unit (%)	**26.09%**	**22.57%**	**N/A**	**N/A**
Off-Shore Banking Unit (%)	**40.64%**	**41.74%**	**N/A**	**N/A**
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2019-100% ; 2018-90%)	**304.72%**	**163.81%**	**N/A**	**N/A**
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2019-100% ; 2018-90%)	**206.42%**	**109.61%**	**N/A**	**N/A**

Template 2

Basel III Computation of Capital Ratios

Item	Bank	Group
	2019 September (LKR '000)	**2019 September (LKR '000)**
Common Equity Tier 1 (CET1) Capital after Adjustments	**107,210,781**	**118,393,727**
Common Equity Tier 1 (CET1) Capital	**112,101,787**	**122,333,490**
Equity Capital (Stated Capital)/Assigned Capital	33,820,905	33,820,904
Reserve Fund	6,260,000	6,260,000
Published Retained Earnings/(Accumulated Retained Losses)	20,248,926	25,276,719
Published Accumulated Other Comprehensive Income (OCI)	0	0
General and other Disclosed Reserves	51,771,957	52,111,966
Unpublished Current Year's Profit/Loss and Gains reflected in OCI		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		4,863,902
Total Adjustments to CET1 Capital	**4,891,007**	**3,939,763**
Goodwill (net)		122,942
Intangible Assets (net)	1,019,533	1,119,533
Others (specify)		
Defined benefit pension fund assets	1,026,010	1,026,010
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	268,397	238,879
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	2,577,066	1,432,399
Additional Tier 1 (AT1) Capital after Adjustments		
Additional Tier 1 (AT1) 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		
Others (specify)		
Tier 2 Capital after Adjustments	**31,174,237**	**30,985,097**
Tier 2 Capital	**31,174,237**	**30,985,097**
Qualifying Tier 2 Capital Instruments	21,349,221	21,160,081
Revaluation Gains	2,090,479	2,090,479
General Provisions	7,734,537	7,734,537
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to Tier 2	**0**	**0**
Investment in Own Shares		
Others (specify)		
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	0	0
CET1 Capital	**107210780.7**	**118393727**
Total Tier 1 Capital	**107,210,781**	**118,393,727**
Total Capital	**138,385,018**	**149,378,824**
Total Risk Weighted Assets (RWA)	**774,782,728**	**845,426,615**
RWAs for Credit Risk	713,706,525	769,662,990
RWAs for Market Risk	1,017,163	1,078,293
RWAs for Operational Risk	60,059,040	74,685,333
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**13.84%**	**14.00%**
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	1.50%	1.50%
Total Tier 1 Capital Ratio (%)	**13.84%**	**14.00%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**17.86%**	**17.67%**
of which: Capital Conservation Buffer (%)	2.500%	2.500%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	1.50%	1.50%

Template 3

Computation of Leverage Ratio*

Item	Amount (LKR '000)	
	Bank - September 2019	**Group - September 2019**
Tier 1 Capital	**107,210,781**	**118,393,727**
Total Exposures	**1,219,774,598**	**1,292,143,410**
On-Balance Sheet Items		
(excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,081,562,590	1,153,162,797
Derivative Exposures	1,770,132	1,770,132
Securities Financing Transaction Exposures	10,293,376	11,061,981
Other Off-Balance Sheet Exposures	126,148,501	126,148,501
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	**8.79%**	**9.16%**

Template 4

Basel III Computation of Liquidity Coverage Ratio All CCY

Item	Amount (LKR'000)			
	2019 - September		2018 - September	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**148,783,208**	**141,350,846**	**98,710,798**	**94,257,656**
Total Adjusted Level 1A Assets	**107,019,565**	**107,019,565**	**78,428,977**	**78,428,977**
Level 1 Assets	**106,322,618**	**106,322,618**	**78,041,138**	**78,041,138**
Total Adjusted Level 2A Assets	**39,422,664**	**33,509,265**	**16,804,822**	**14,284,099**
Level 2A Assets	**39,422,664**	**33,509,265**	**16,804,822**	**14,284,099**
Total Adjusted Level 2B Assets	**3,037,926**	**1,518,963**	**3,864,838**	**1,932,419**
Level 2B Assets	**3,037,926**	**1,518,963**	**3,864,838**	**1,932,419**
Total Cash Outflows	**905,397,585**	**145,840,061**	**903,550,248**	**144,928,915**
Deposits	633,162,509	63,316,251	610,100,086	61,010,009
Unsecured Wholesale Funding	128,373,942	51,798,042	153,422,944	54,283,711
Secured Funding Transactions	4,477,412	0	3,610,591	0
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	123,607,217	14,949,262	121,695,830	14,914,398
Additional Requirements	15,776,506	15,776,506	14,720,798	14,720,798
Total Cash Inflows	**140,440,771**	**77,364,013**	**116,396,904**	**58,933,699**
Maturing Secured Lending Transactions Backed by Collateral				
Committed Facilities	3,000,000	0	3,000,000	0
Other Inflows by Counterparty which are Maturing within 30 Days	124,631,903	71,898,376	104,368,000	54,811,063
Operational Deposits	1,932,317	0	956,638	0
Other Cash Inflows	10,876,552	5,465,637	8,072,266	4,122,636
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**206.42%**		**109.61%**

Template 5

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Stated Capital	Debentures - 2007	Debentures - 2006 Type E	Debentures - 2006 Type F	Debentures - 2011	Debentures - 2016	Debentures - 2016	Debentures - 2016	Debentures - 2019	Debentures - 2019	Foreign Borrowing
Issuer	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	German Development Financial Institution
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)											
Governing Law(s) of the Instrument	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	German
Original Date of Issuance	N/A	August 1, 2007	April 1, 2006	April 1, 2006	September 5, 2011	March 28, 2016	November 1, 2016	November 1, 2016	September 23, 2019	September 23, 2019	June 12, 2012
Par Value of Instrument	N/A	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	N/A
Perpetual or Dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original Maturity Date, if Applicable											
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	33,820,906	420,000	396,875	843,616	800,000	2,800,000	1,200,000	4,000,000	1,922,570	8,077,430	910,250
Accounting Classification (Equity/Liability)	Equity	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
Issuer Call subject to Prior Supervisory Approval	**No**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Coupons/Dividends	Dividends	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons
Fixed or Floating Dividend/Coupon	N/A	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Floating
Coupon Rate and any Related Index	N/A	16.75%	11.00%	11.25%	11.50%	11.25%	11.75%	13.00%	12.30%	12.80%	6 Month LIBOR + 4.25% p.a.
Non-Cumulative or Cumulative											
Convertible or Non-Convertible	N/A	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
If Convertible, Conversion Trigger (s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
If Convertible, Mandatory or Optional	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
If Convertible, Conversion Rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Template 6

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

Asset Class	Amount (LKR'000) as at September 30, 2019					
	Exposures before Credit Conversion Factor (CCF)		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	324,261,105	-	286,334,725	-	32,361,205	0.11
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	24,605,826	-	24,605,826	-	8,725,890	0.35
Claims on Financial Institutions	22,509,433	3,455,771	22,509,433	3,455,771	15,128,767	0.58
Claims on Corporates	275,497,113	366,618,172	268,565,393	107,604,062	359,661,135	0.96
Retail Claims	327,396,471	71,953,562	286,796,021	17,935,873	212,121,524	0.70
Claims Secured by Residential Property	40,936,451	-	40,936,451	-	27,586,560	0.67
Claims Secured by Commercial Real Estate						
Non-Performing Assets (NPAs)[(i)]	21,653,330	-	21,653,330	-	23,256,646	1.07
Higher-risk Categories	1,097,878	-	1,097,878	-	2,744,696	2.50
Cash Items and Other Assets	54,424,311	-	54,424,311	-	32,120,104	0.59
Total	**1,092,381,919**	**442,027,505**	**1,006,923,369**	**128,995,706**	**713,706,525**	

Template 7

Market Risk under Standardised Measurement Method

Item	**RWA Amount (LKR'000)**
	as at September 30, 2019
(a) RWA for Interest Rate Risk	**171,004**
General Interest Rate Risk	23,941
(i) Net Long or Short Position	23,941
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) RWA for Equity	**94,660**
(i) General Equity Risk	6,933
(ii) Specific Equity Risk	6,320
(c) RWA for Foreign Exchange & Gold	**751,499**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**1,017,163**

Template 8

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

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at September 30, 2019		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**48,041,181**	**57,244,743**	**62,879,388**
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)					**8,408,266**
The Basic Indicator Approach					8,408,266
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					**60,059,040**
The Basic Indicator Approach					60,059,040
The Standardised Approach					
The Alternative Standardised Approach					

Template 9

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

Item	Amount (LKR '000) as at September 30 ,2019				
	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
Assets	**1,092,136,118**	**1,097,618,059**	**997,098,723**	**3,405,637**	**91,608,412**
Cash and Cash Equivalents	24,935,004	24,936,060	24,935,004		
Balances with Central Banks	24,218,819	24,218,819	24,218,819		
Placements with Banks	19,147,116	19,164,850	19,147,116		
Reverse repurchase agreements	4,953,074	4,952,000	4,953,074		
Derivative Financial Instruments	338,566				
Financial investments - Loans and receivables	153,088,081	150,322,072	150,322,072		
Financial investments - Fair value through profit or loss	3,405,637	3,405,637		3,405,637	
Loans and Receivables to Banks					
Loans and Receivables to Customers	710,119,314	722,787,542	637,328,992		85,458,550
Financial Investments - Available-For-Sale	109,080,821	104,986,855	101,775,959		3,210,896
Financial Investments - Held-To-Maturity		-			
Investments in Subsidiaries	3,017,285	3,017,285	1,973,000		1,044,285
Investments in Joint Ventures	755,000	755,000	-		755,000
Property, Plant and Equipment	21,308,722	21,308,722	21,308,722		
Investment Properties	324,584	324,584	324,584		
Goodwill and Intangible Assets	1,139,681	1,139,681	-		1,139,681
Deferred Tax Assets		-			
Other Assets	16,304,414	16,298,952	10,811,381		
Liabilities	**968,747,196**	**972,438,828**	**-**	**-**	**-**
Due to Banks	80,723,765	80,342,187			
Derivative Financial Instruments	1,254,439				
Securities sold under repurchase agreements	4,970,548	4,949,420			
Financial Liabilities Designated at Fair Value Through Profit or Loss		-			
Due to Other Customers	801,121,282	785,279,946			
Dividends payable	998,274	998,274			
Other Borrowings	18,257,901	18,213,226			
Debt Securities Issued	4,553,946	4,484,332			
Current Tax Liabilities	7,722,042	7,457,688			
Deferred Tax Liabilities	1,737,777	7,399,343			
Other Provisions	3,890,588	4,293,307			
Other Liabilities	10,689,339	27,486,323			
Due to Subsidiaries		-			
Subordinated Term Debts	32,827,295	31,534,782			
Off-Balance Sheet Liabilities	**751,202,239**	**751,202,239**	**-**	**-**	**-**
Guarantees	130,156,815	130,156,815	130,156,815		
Performance Bonds					
Letters of Credit	27,959,299	27,959,299	27,959,299		
Other Contingent Items	142,340,255	142,340,255	142,340,255		
Undrawn Loan Commitments	450,745,870	450,745,870	450,745,870		
Other Commitments					
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	33,820,906	33,484,953			
of which Amount Eligible for CET1		-			
of which Amount Eligible for AT1		-			
Retained Earnings	20,745,065	25,543,284			
Accumulated Other Comprehensive Income					
Other Reserves	68,822,951	66,150,994			
Total Shareholders' Equity	**123,388,922**	**125,179,231**	**-**	**-**	**-**