

**MARKET DISCIPLINE-DISCLOSURE
REQUIREMENTS UNDER PILLAR III**

MARKET DISCIPLINE-DISCLOSURE REQUIREMENTS UNDER PILLAR III

TEMPLATE 1

Key regulatory ratios - Capital and liquidity

As at December 31,	Bank		Group	
	2022	2021	2022	2021
Regulatory capital (Rs. '000)				
Common equity	110,339,128	122,797,863	125,236,381	134,611,494
Tier 1 capital	110,339,128	122,797,863	125,236,381	134,611,494
Total capital	139,614,626	153,483,612	155,160,353	165,799,543
Regulatory capital ratios (%)				
Common equity Tier 1 capital ratio (minimum requirement : 2022-8%, 2021-7%)	11.06%	14.53%	11.42%	14.45%
Tier 1 capital ratio (minimum requirement : 2022-9.5% , 2021-8.5%)	11.06%	14.53%	11.42%	14.45%
Total capital ratio (minimum requirement : 2022-13.5% , 2021-12.5%)	14.00%	18.16%	14.15%	17.80%
Leverage ratio (minimum requirement - 3%)	6.22%	7.97%	6.65%	8.22%
Net stable funding ratio (minimum requirement : 2022-90% , 2021-100%)	130.85%	117.57%		
Regulatory liquidity				
Statutory liquid assets (Rs.'000)	494,462,429	326,079,579		
Statutory liquid assets ratio (minimum requirement – 20%)				
Consolidated (Bank) (%)	33.95%	28.02%		
Domestic Banking Unit (%)	31.04%	27.51%		
Off-Shore Banking Unit (%)	29.10%	24.95%		
Liquidity coverage ratio – Rupee (minimum requirement : 2022-90% , 2021-100%)	255.83%	191.38%		
Liquidity coverage ratio – All currency (minimum requirement : 2022-90% , 2021-100%)	519.47%	207.99%		

TEMPLATE 2

Basel III computation of capital ratios

As at December 31,	Bank		Group	
	2022 Rs 000	2021 Rs 000	2022 Rs 000	2021 Rs 000
Common equity Tier 1 (CET1) capital after adjustments	110,339,128	122,797,863	125,236,381	134,611,494
Total common equity Tier 1 (CET1) capital	148,633,241	132,774,260	163,216,182	144,168,933
Equity capital (stated capital)/Assigned Capital	38,679,005	38,679,005	38,679,005	38,679,005
Reserve fund	9,310,000	8,560,000	9,310,000	8,560,000
Published retained earnings/(Accumulated retained losses)	40,600,740	30,266,696	50,141,139	38,687,797
Published accumulated other comprehensive income (OCI)	1,943,496	(1,831,441)	994,315	(4,838,668)
General and other disclosed reserves	58,100,000	57,100,000	57,296,627	57,541,056
Unpublished current year's profit/(losses) and gains reflected in OCI	-	-	-	-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	-	-	6,795,096	5,539,743
Total adjustments to CET1 capital	38,294,113	9,976,396	37,979,801	9,557,439
Goodwill (net)	-	-	181,396	181,396
Intangible assets (net)	1,139,451	1,307,880	1,589,696	1,407,880
Deferred tax assets (net)	30,471,351	4,461,561	30,763,166	4,941,106
Defined benefit pension fund assets	3,479,578	1,248,708	3,479,578	1,248,708
Revaluation losses of property, plant & equipment	-	-	-	-
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	499,670	377,538	443,345	348,552
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	2,704,063	2,580,709	1,522,620	1,429,797
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	29,275,498	30,685,749	29,923,972	31,188,049
Total Tier 2 Capital	29,275,498	30,685,749	29,923,972	31,188,049
Qualifying Tier 2 capital instruments	16,104,275	18,963,673	15,785,044	18,644,442
Revaluation gains	2,090,479	2,090,479	2,090,479	2,090,479
General provision / eligible impairment	11,080,745	9,631,598	12,048,450	10,453,129
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	-	-	-	-

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As at December 31,	Bank		Group	
	2022 Rs 000	2021 Rs 000	2022 Rs 000	2021 Rs 000
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	-	-	-	-
CET1 capital	110,339,128	122,797,863	125,236,381	134,611,494
Total Tier 1 capital	110,339,128	122,797,863	125,236,381	134,611,494
Total capital	139,614,626	153,483,612	155,160,353	165,799,543
Total risk weighted amount (RWA)	997,470,892	845,057,594	1,096,482,202	931,653,271
RWAs for Credit Risk	886,459,570	770,527,810	963,875,964	836,250,291
RWAs for Market Risk	14,398,617	1,495,688	14,566,345	1,770,833
RWAs for Operational Risk	96,612,704	73,034,096	118,039,893	93,632,147
CET1 capital ratio (including capital conservation buffer, countercyclical capital buffer & surcharge on D-SIBs) (%)	11.06%	14.53%	11.42%	14.45%
Of which: capital conservation buffer (%)	2.50%	1.50%	2.50%	1.50%
Of which: countercyclical buffer (%)				
Of which: capital surcharge on D-SIBs (%)	1.00%	1.00%	1.00%	1.00%
Total Tier 1 capital ratio (%)	11.06%	14.53%	11.42%	14.45%
Total capital ratio (including capital conservation buffer, countercyclical capital buffer & surcharge on D-SIBs) (%)	14.00%	18.16%	14.15%	17.80%
Of which: capital conservation buffer (%)	1.50%	1.50%	1.50%	1.50%
Of which: countercyclical buffer (%)				
Of which: capital surcharge on D-SIBs (%)	1.00%	1.00%	1.00%	1.00%

TEMPLATE 3

Leverage ratio

As at December 31,	Bank		Group	
	2022 Rs 000	2021 Rs 000	2022 Rs 000	2021 Rs 000
Tier 1 capital	110,339,128	122,797,863	125,236,381	134,611,494
Total exposures	1,775,343,805	1,541,401,389	1,883,394,300	1,637,315,685
On-balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	1,642,069,382	1,327,980,535	1,750,119,877	1,417,648,555
Derivative exposures	30,458,098	79,773,591	30,458,098	79,773,591
Securities financing transaction exposures	11,344,982	52,976,429	11,344,982	59,222,705
Other off-balance sheet exposures	91,471,343	80,670,834	91,471,343	80,670,834
Basel III leverage ratio (Tier 1/Total exposure) (minimum requirement 3%)	6.22%	7.97%	6.65%	8.22%

TEMPLATE 4

Liquidity coverage ratio (LCR) - All currency

As at December 31,	2022		2021	
	Total Unweighted Value Rs 000	Total Weighted Value Rs 000	Total Unweighted Value Rs 000	Total Weighted Value Rs 000
Total stock of High-Quality Liquid Assets (HQLA)	331,494,802	323,526,317	258,645,986	248,265,881
Total adjusted level 1 assets	279,336,065	279,336,065	192,950,928	192,950,928
Level 1 assets	278,545,799	278,545,799	189,584,236	189,584,236
Total adjusted level 2A assets	52,874,333	44,943,183	69,002,201	58,651,871
Level 2A assets	52,874,333	44,943,183	69,002,201	58,651,871
Total adjusted level 2B assets	74,670	37,335	-	29,774
Level 2B assets	74,670	37,335	59,548	29,774
Total cash outflows	1,470,420,144	236,178,117	1,188,655,343	187,419,777
Deposits	1,069,409,787	106,940,979	853,805,013	85,380,501
Unsecured wholesale funding	243,495,449	92,090,974	160,097,825	64,375,197
Secured funding transactions	4,124,652	-	31,928,291	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	130,077,854	13,833,763	118,811,903	13,651,767
Additional requirements	23,312,402	23,312,402	24,012,312	24,012,312
Total cash inflows	315,131,003	173,897,663	128,226,432	68,057,930
Maturing secured lending transactions backed by collateral	-	-	-	-
Committed facilities	3,000,000	-	3,000,000	-
Other inflows by counterparty which are maturing within 30 days	202,682,130	132,795,609	103,361,643	60,560,978
Operational deposits	32,495,733	-	7,316,633	-
Other cash inflows	76,953,140	41,102,054	14,548,155	7,496,952
Liquidity coverage ratio (%) (stock of high Quality liquid assets / total net cash outflows over the next 30 calendar days) * 100		519.47%		207.99%

TEMPLATE 5

Net stable funding ratio (NSFR)

As at December 31,	Bank	
	2022 Rs 000	2021 Rs 000
Total available stable funding (ASF)	1,243,182,006	1,005,970,929
Required stable funding – On balance sheet assets	931,918,978	839,667,564
Required stable funding – Off balance sheet items	18,132,061	15,944,363
Total required stable funding (RSF)	950,051,040	855,611,928
NSFR (minimum requirement - 2022 - 90%, 2021 - 100%)	130.85%	117.57%

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TEMPLATE 6

Main Features of Regulatory Capital Instruments

Description of the capital instrument	Stated Capital	Debentures - 2006 Type F	Debentures - 2016
Issuer	HNB PLC	HNB PLC	HNB PLC
Unique identifier			
Governing law(s) of the instrument	Sri Lanka	Sri Lanka	Sri Lanka
Original date of issuance	Not Applicable	April 1, 2006	November 1, 2016
Par value of instrument		LKR 100/-	LKR 100/-
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date, if applicable	Not Applicable	March 31, 2024	November 1, 2023
Amount recognised in regulatory capital (in Rs 000 as at the reporting date)	38,679,005	1,073,303	800,000
Accounting classification (equity/liability)	Equity	Liability	Liability
Issuer call subject to prior supervisory approval			
Optional call date, contingent call dates and redemption amount (Rs. '000)	Not Applicable	Not Applicable	Not Applicable
Subsequent call dates, if applicable	Not Applicable	Not Applicable	Not Applicable
Coupons/dividends:	Dividends	Coupons	Coupons
Fixed or floating dividend/coupon	Not Applicable	Fixed	Fixed
Coupon rate and any related index		11.25% p.a.	13% p.a.
Non-cumulative or cumulative	Non-cumulative	Cumulative	Cumulative
Convertible or non-convertible	Not Applicable	Not Applicable	Not Applicable
If convertible, conversion trigger (s)			
If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable
If convertible, mandatory or optional	Not Applicable	Not Applicable	Not Applicable
If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable

Debentures - 2019 Basel III compliant – Tier 2 listed rated unsecured subordinated redeemable debentures with a non-viability conversion	Debentures - 2019 Basel III compliant – Tier 2 listed rated unsecured subordinated redeemable debentures with a non-viability conversion	Debentures - 2021 Basel III compliant – Tier 2 listed rated unsecured subordinated redeemable debentures with a non-viability conversion
HNB PLC	HNB PLC	HNB PLC
Sri Lanka	Sri Lanka	Sri Lanka
September 23, 2019	September 23, 2019	July 28, 2021
LKR 100/-	LKR 100/-	LKR 100/-
Dated	Dated	Dated
September 22, 2024	September 22, 2026	July 28, 2031
769,028	6,461,944	7,000,000
Liability	Liability	Liability
Not Applicable	Not Applicable	Not Applicable
Not Applicable	Not Applicable	Not Applicable
Coupons	Coupons	Coupons
Fixed	Fixed	Fixed
12.3% p.a.	12.8% p.a.	9.50% p.a.
Cumulative	Cumulative	Cumulative
Convertible	Convertible	Convertible
<p>A “Trigger Event” is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka (i.e., conversion of the said Debentures upon occurrence of the Trigger Event will be affected by the Bank solely upon being instructed by the Monetary Board of the Central Bank of Sri Lanka), and is defined in the Banking Act Direction No. 1 of 2016 of Web-Based Return Code 20.2.3.1.1.1.(10) (iii) (a&b) as a point/event being the earlier of – (a) “A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board, OR (b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Monetary Board.</p>	<p>A “Trigger Event” is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka (i.e., conversion of the said Debentures upon occurrence of the Trigger Event will be affected by the Bank solely upon being instructed by the Monetary Board of the Central Bank of Sri Lanka), and is defined in the Banking Act Direction No. 1 of 2016 of Web-Based Return Code 20.2.3.1.1.1.(10) (iii) (a&b) as a point/event being the earlier of – (a) “A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board, OR (b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Monetary Board.</p>	<p>A “Trigger Event” is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka (i.e., conversion of the said Debentures upon occurrence of the Trigger Event will be affected by the Bank solely upon being instructed by the Monetary Board of the Central Bank of Sri Lanka), and is defined in the Banking Act Direction No. 1 of 2016 of Web-Based Return Code 20.2.3.1.1.1.(10) (iii) (a&b) as a point/event being the earlier of – (a) “A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board, OR (b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Monetary Board.</p>
Fully	Fully	Fully
<p>Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.</p>	<p>Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.</p>	<p>Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.</p>
<p>The price based on the simple average of the daily volume of weighted average price (VWAP) of an ordinary voting share of the Bank during the three (03) months period, immediately preceding the date of the Trigger Event.</p>	<p>The price based on the simple average of the daily volume of weighted average price (VWAP) of an ordinary voting share of the Bank during the three (03) months period, immediately preceding the date of the Trigger Event.</p>	<p>The price based on the simple average of the daily volume of weighted average price (VWAP) of an ordinary voting share of the Bank during the three (03) months period, immediately preceding the date of the Trigger Event.</p>

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TEMPLATE 6 (Contd.)

Main Features of Regulatory Capital Instruments

Notes

1. A "Trigger Event" is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka (i.e., conversion of the said Debentures upon occurrence of the Trigger Event will be affected by the Bank solely upon being instructed by the Monetary Board of the Central Bank of Sri Lanka), and is defined in the Banking Act Direction No. 1 of 2016 of Web-Based Return Code 20.2.3.1.1.1.(10) (iii) (a&b) as a point/event being the earlier of –
 - (a) A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board, OR
 - (b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Monetary Board.
2. Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.
3. The price based on the simple average of the daily volume of weighted average price (VWAP) of an ordinary voting share of the Bank during the three (03) months period, immediately preceding the date of the Trigger Event.

TEMPLATE 7

Summary discussion on adequacy/meeting current and future capital requirements

The Bank's capital adequacy remained at 11.06% and 14% respectively against the regulatory minimum of 9.5% and 13.5% for tier I capital and total capital adequacy ratios respectively. However, the Bank has the option to drawdown on the capital conservation buffer of 2.5% as per the guidelines issued by the Central Bank of Sri Lanka which effectively enables to maintain tier I capital and total capital adequacy ratios at 7% and 11% respectively. Accordingly, at present HNB has a leeway in terms of its capital level.

HNB has built in sizeable impairment of 35% with regard to its investments in foreign currency denominated government securities. Finalisation of the debt restructuring programme of the government would be a key determinant with regard to the future capital requirements.

The options available with regard to capital raising include rights issue, debenture issue (for tier II capital), disposal of capital inefficient investments to free up capital and containing the loan book growth. In the event there is a requirement, the Bank will consider the most feasible option at the time.

TEMPLATE 8

Credit risk under standardised approach

Credit risk exposures and credit risk mitigation (CRM) effects - Bank

As at December 31, 2022	Bank					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-balance sheet amount (a)	Off-Balance Sheet Amount (b)	On-balance sheet amount (c)	Off-Balance Sheet Amount (d)	RWA (e)	RWA Density {e/(c+d)}
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	(%)
Claims on Central Government and CBSL	558,928,579	-	520,464,195	-	33,191,042	0.06
Claims on foreign sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities (PSEs)	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks (MDBs)	-	-	-	-	-	-
Claims on Banks Exposures	97,728,339	-	97,728,339	-	27,760,180	0.28
Claims on Financial Institutions	33,213,682	1,783,110	33,213,682	1,783,110	21,046,046	0.60
Claims on Corporates	425,644,129	257,146,913	400,099,753	74,502,469	433,572,247	0.91
Retail Claims	415,305,836	138,011,682	347,152,908	15,185,763	240,824,486	0.66
Claims Secured by Residential property	57,964,699	-	57,964,699	-	30,123,783	0.52
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	49,044,888	-	49,044,888	-	52,547,928	1.07
Higher-risk Categories	1,130,432	-	1,130,432	-	2,826,080	2.50
Cash items and Other Assets	81,497,115	-	81,497,116	-	44,567,778	0.55
Total	1,720,457,699	396,941,705	1,588,296,012	91,471,342	886,459,570	

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TEMPLATE 8 (Contd.)

Credit risk under standardised approach

Credit risk exposures and credit risk mitigation (CRM) effects - Group

As at December 31, 2022	Group					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-balance sheet amount (a)	Off-Balance Sheet Amount (b)	On-balance sheet amount (c)	Off-Balance Sheet Amount (d)	RWA (e)	RWA Density {e/(c+d)}
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	(%)
Claims on Central Government and CBSL	573,954,646	-	535,490,262	-	33,191,042	0.06
Claims on foreign sovereigns and their central banks	-	-	-	-	-	-
Claims on Public Sector Entities (PSEs)	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks (MDBs)	-	-	-	-	-	-
Claims on Banks Exposures	105,601,783	-	105,601,783	-	31,470,793	0.30
Claims on Financial Institutions	35,937,282	1,783,110	35,937,282	1,783,110	22,407,846	0.59
Claims on Corporates	439,967,451	257,146,913	414,423,075	74,502,469	447,475,542	0.92
Retail Claims	456,486,795	138,011,682	388,333,867	15,185,763	271,710,205	0.67
Claims Secured by Residential Property	57,964,699	-	57,964,699	-	30,123,783	0.52
Claims Secured by commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	49,044,888	-	49,044,888	-	52,547,928	1.07
Higher-Risk Categories	1,267,590	-	1,267,590	-	3,168,975	2.50
Cash items and Other Assets	109,308,994	-	109,308,995	-	71,779,850	0.66
Total	1,829,534,128	396,941,705	1,697,372,441	91,471,342	963,875,964	

TEMPLATE 9

Credit risk under standardised approach

Exposures by asset classes and risk weights (Post CCF & CRM) - Bank

As at December 31,2022	Bank										
	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total credit exposures amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Claims on Central Government and Central Bank of Sri Lanka	354,508,986	-	165,955,209	-	-	-	-	-	-	-	520,464,195
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	-	-	80,782,754	-	10,801,115	-	-	6,027,267	117,203	-	97,728,339
Claims on Financial Institutions	-	-	454,898	-	27,173,655	-	-	7,368,239	-	-	34,996,792
Claims on Corporates	-	-	28,687,413	-	36,160,090	-	-	409,754,719	-	-	474,602,222
Retail Claims	-	-	-	-	-	72,736,688	154,963,543	80,959,816	-	-	308,660,047
Claims Secured by gold	53,678,625	-	-	-	-	-	-	-	-	-	53,678,625
Claims secured by Residential Property	-	-	-	42,832,178	-	-	-	15,132,521	-	-	57,964,699
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	-	-	130,266	-	-	41,778,277	7,136,345	-	49,044,888
Higher-risk Categories	-	-	-	-	-	-	-	-	-	1,130,432	1,130,432
Cash Items and Other Assets	36,929,336	-	-	-	-	-	-	44,567,779	-	-	81,497,115
Total	445,116,947	-	275,880,274	42,832,178	74,265,126	72,736,688	154,963,543	605,588,618	7,253,548	1,130,432	1,679,767,354

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TEMPLATE 9 (Contd.)

Credit risk under standardised approach

Exposures by asset classes and risk weights (Post CCF & CRM) - Group

As at December 31,2022	Group										
	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total credit exposures amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Claims on Central Government and Central Bank of Sri Lanka	369,535,053	-	165,955,209	-	-	-	-	-	-	-	535,490,262
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	-	-	81,536,452	-	17,920,861	-	-	6,027,267	117,203	-	105,601,783
Claims on Financial Institutions	-	-	454,898	-	29,897,255	-	-	7,368,239	-	-	37,720,392
Claims on Corporates	-	-	29,212,446	-	36,160,090	-	-	423,553,008	-	-	488,925,544
Retail Claims	-	-	-	-	-	72,736,688	196,144,502	80,959,816	-	-	349,841,006
Claims Secured by gold	53,678,625	-	-	-	-	-	-	-	-	-	53,678,625
Claims Secured by Residential Property	-	-	-	42,832,178	-	-	-	15,132,521	-	-	57,964,699
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	-	-	130,266	-	-	41,778,277	7,136,345	-	49,044,888
Higher-risk Categories	-	-	-	-	-	-	-	-	-	1,267,590	1,267,590
Cash Items and other Assets	37,529,144	-	-	-	-	-	-	71,779,850	-	-	109,308,994
Total	460,742,822	-	277,159,005	42,832,178	84,108,472	72,736,688	196,144,502	646,598,978	7,253,548	1,267,590	1,788,843,783

TEMPLATE 10**Market risk under standardised measurement method**

As at December 31,	Bank		Group	
	2022 Rs 000	2021 Rs 000	2022 Rs 000	2021 Rs 000
(a) Capital charge for interest rate risk	1	-	1	-
General interest rate risk				
(i) Net long or short position	1	-	1	-
(ii) Horizontal disallowance	-	-	-	-
(iii) Vertical disallowance	-	-	-	-
(iv) Options	-	-	-	-
Specific interest rate risk				
(b) Capital charge for equity	20,161	12,251	42,804	46,644
(i) General equity risk	10,080	7,444	21,579	26,838
(ii) Specific equity risk	10,080	4,807	21,225	19,806
(c) Capital charge for foreign exchange & gold	1,923,651	174,710	1,923,651	174,710
Capital charge for market risk [(a) + (b) + (c)] * CAR	14,398,617	1,495,688	14,566,345	1,770,833

MARKET DISCIPLINE-DISCLOSURE REQUIREMENTS UNDER PILLAR III

TEMPLATE 11

Operational Risk under basic indicator approach - Bank

As at December 31,			2022 Gross income			2021 Gross income		
	Capital Charge Factor	Fixed Factor	1st Year	2nd Year	3rd Year	1st Year	2nd Year	3rd Year
	%		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Gross income	N/A	N/A	56,578,162	66,006,125	138,270,013	60,000,953	56,578,162	66,006,125
Capital charges	15%	N/A	8,486,724	9,900,919	20,740,502	9,000,143	8,486,724	9,900,919
Capital charges for operational risk					13,042,715			9,129,262
The basic indicator approach					13,042,715			9,129,262
Risk weighted amount for operational risk					96,612,704			73,034,096

Operational Risk under basic indicator approach - Group

As at December 31,			2022 Gross income			2021 Gross income		
	Capital Charge Factor	Fixed Factor	1st Year	2nd Year	3rd Year	1st Year	2nd Year	3rd Year
	%		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Gross income	N/A	N/A	72,447,965	84,765,100	161,494,645	76,867,302	72,447,965	84,765,100
Capital charges	15%	N/A	10,867,195	12,714,765	24,224,197	11,530,095	10,867,195	12,714,765
Capital charges for operational risk					15,935,386			11,704,018
The basic indicator approach					15,935,386			11,704,018
Risk weighted amount for operational risk					118,039,893			93,632,147

TEMPLATE 12

Differences between accounting and regulatory scopes and mapping of financial statement categories with regulatory risk categories – Bank only

As at December 31, 2022	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
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets	1,690,538,964	1,690,538,964	1,510,555,667	111,617	138,736,794
Cash and cash equivalents	80,238,881	80,238,881	80,238,881	-	-
Placements with banks	54,371,028	54,371,028	54,371,028	-	-
Balances with Central Bank of Sri Lanka	32,344,341	32,344,341	39,108,812	-	-
Reverse repurchase agreements	-	-	-	-	-
Derivative financial instruments	5,370,501	5,370,501	-	-	-
Financial assets measured at fair value through profit or loss	111,617	111,617	-	111,617	-
Financial assets at amortised cost - Loans and advances to banks	-	-	-	-	-
Financial assets measured at amortised cost - loans and advances to customers	974,131,252	974,131,252	841,969,564	-	132,161,688
Financial assets measured at amortised cost - debt and other instruments	448,791,874	448,791,874	448,791,874	-	-
Financial assets measured at fair value through other comprehensive income	2,706,660	2,706,660	(929,710)	-	3,636,370
Investment in joint venture	755,000	755,000	-	-	755,000
Investments in subsidiaries	3,017,285	3,017,285	1,973,000	-	1,044,285
Investments in associates	-	-	-	-	-
Investment properties	464,439	464,439	464,439	-	-
Property, plant and equipment	24,835,729	24,835,729	24,835,729	-	-
Right-of-use assets	5,397,734	5,397,734	-	-	-
Intangible assets and goodwill	1,250,154	1,250,154	-	-	1,139,451
Deferred tax assets	30,471,351	30,471,351	-	-	-
Other assets	26,281,118	26,281,118	19,732,050	-	-
Liabilities	1,531,211,586	1,531,211,586	-	-	-
Due to banks	6,104,578	6,104,578	-	-	-
Derivative financial instruments	25,632	25,632	-	-	-
Securities sold under repurchase agreements	6,540,014	6,540,014	-	-	-
Financial liabilities measured at amortised cost - due to depositors	1,407,800,492	1,407,800,492	-	-	-
Dividends payable	1,008,325	1,008,325	-	-	-
Financial liabilities measured at amortised cost - other borrowings	32,350,594	32,350,594	-	-	-
Debt securities issued	2,062,950	2,062,950	-	-	-
Current tax liabilities	30,025,919	30,025,919	-	-	-
Deferred tax liabilities	-	-	-	-	-

MARKET DISCIPLINE-DISCLOSURE REQUIREMENTS UNDER PILLAR III

TEMPLATE 12 (Contd.)

As at December 31, 2022	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
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Other provisions	5,000,513	5,000,513	-	-	-
Other liabilities	17,378,270	17,378,270	-	-	-
Due to subsidiaries	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
Subordinated term debts	22,914,299	22,914,299	-	-	-
Off-balance sheet liabilities	809,328,957	809,328,957	-	-	-
Guarantees	67,645,156	67,645,156	67,645,156	-	-
Performance bonds	41,707,165	41,707,165	41,707,165	-	-
Letters of credit	21,226,810	21,226,810	21,226,810	-	-
Other contingent items	62,102,573	62,102,573	62,102,573	-	-
Undrawn loan commitments	616,647,253	616,647,253	616,647,253	-	-
Other commitments	-	-	-	-	-
Shareholders' equity					
Equity Capital (stated capital)/assigned capital :Of which amount eligible for CET1	38,679,005	38,679,005	-	-	-
Of which amount eligible for AT1	-	-	-	-	-
Retained earnings	40,706,963	40,706,963	-	-	-
Accumulated other comprehensive income	(1,395,905)	(1,395,905)	-	-	-
Other reserves	81,337,315	81,337,315	-	-	-
Total Shareholders' Equity	159,327,378	159,327,378	-	-	-