Template 1

Key Regulatory Ratios - Capital and Liquidity

Item	Bank		Group	
	2020 June - Basel III	2019 June - Basel III	2020 June - Basel III	2019 June - Basel III
Regulatory Capital (LKR '000)				
Common Equity Tier 1	118,259,426	101,677,164	131,653,064	112,464,522
Tier 1 Capital	118,259,426	101,677,164	131,653,064	112,464,522
Total Capital	147,829,460	121,585,879	161,575,138	132,373,238
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020-7% ; 2019-8%)	15.25%	13.02%	15.50%	13.25%
Tier 1 Capital Ratio (Minimum Requirement - 2020-8.5% ; 2019-9.5%)	15.25%	13.02%	15.50%	13.25%
Total Capital Ratio (Minimum Requirement - 2020-12.5% ; 2019-13.5%)	19.07%	15.57%	19.02%	15.59%
Leverage Ratio (Minimum Requirement - 3%)	8.46%	8.42%	8.94%	8.81%
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	349,763,031	262,091,271	N/A	N/A
Statutory Liquid Assets Ratio (Minimum Requirement – 20%)				
Domestic Banking Unit (%)	32.88%	26.35%	N/A	N/A
Off-Shore Banking Unit (%)	36.92%	37.50%	N/A	N/A
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2020-90% ; 2019-100%)	279.99%	216.62%	N/A	N/A
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2020-90% ; 2019-100%)	254.76%	119.44%	N/A	N/A

Template 2

Basel III Computation of Capital Ratios

Item	Bank	Group
	2020 June (LKR '000)	2020 June (LKR '000)
Common Equity Tier 1 (CET1) Capital after Adjustments	**118,259,426**	**131,653,064**
Common Equity Tier 1 (CET1) Capital	**121,767,080**	**134,170,419**
Equity Capital (Stated Capital)/Assigned Capital	35,572,329	35,572,329
Reserve Fund	7,060,000	7,060,000
Published Retained Earnings/(Accumulated Retained Losses)	20,378,730	26,266,426
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	58,756,021	60,227,385
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	5,044,280
Total Adjustments to CET1 Capital	**3,507,654**	**2,517,355**
Goodwill (net)		122,942
Intangible Assets (net)	847,655	947,655
Others (specify)	-	-
Defined benefit pension fund assets	-	-
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	192,325	145,640
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	2,467,674	1,301,118
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	**29,570,035**	**29,922,075**
Tier 2 Capital	**29,570,035**	**29,922,075**
Qualifying Tier 2 Capital Instruments	18,674,776	18,320,114
Revaluation Gains	2,090,479	2,090,479
General Provisions	8,804,780	9,511,482
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	-
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	-	-
CET1 Capital	**118,259,426**	**131,653,064**
Total Tier 1 Capital	**118,259,426**	**131,653,064**
Total Capital	**147,829,460**	**161,575,138**
Total Risk Weighted Assets (RWA)	**775,292,026**	**849,572,661**
RWAs for Credit Risk	704,382,392	760,918,549
RWAs for Market Risk	911,166	976,266
RWAs for Operational Risk	69,998,468	87,677,845
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**15.25%**	**15.50%**
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	1.00%	1.00%
Total Tier 1 Capital Ratio (%)	**15.25%**	**15.50%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**19.07%**	**19.02%**
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	1.00%	1.00%

Template 3

Computation of Leverage Ratio*

Item	Amount (LKR '000)	
	Bank - June 2020	Group - June 2020
Tier 1 Capital	**118,259,426**	**131,653,064**
Total Exposures	**1,397,446,662**	**1,472,517,832**
On-Balance Sheet Items		
(excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,128,847,367	1,202,436,349
Derivative Exposures	135,422,695	135,422,695
Securities Financing Transaction Exposures	42,603,325	44,085,514
Other Off-Balance Sheet Exposures	90,573,275	90,573,275
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	**8.46%**	**8.94%**

Template 4

Basel III Computation of Liquidity Coverage Ratio All CCY

Item	Amount (LKR'000)			
	2020 - June		2020 - June	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**264,210,390**	**256,150,304**	**132,108,602**	**126,689,443**
Total Adjusted Level 1A Assets	**214,716,663**	**214,716,663**	**104,207,804**	**104,207,804**
Level 1 Assets	**214,118,140**	**214,118,140**	**103,391,759**	**103,391,759**
Total Adjusted Level 2A Assets	**48,531,541**	**41,251,810**	**25,540,748**	**21,709,636**
Level 2A Assets	**48,531,541**	**41,251,810**	**25,540,748**	**21,709,636**
Total Adjusted Level 2B Assets	**1,560,709**	**780,354**	**3,176,095**	**1,588,047**
Level 2B Assets	**1,560,709**	**780,354**	**3,176,095**	**1,588,047**
Total Cash Outflows	**961,652,397**	**142,370,669**	**915,401,380**	**167,127,814**
Deposits	691,924,138	69,192,414	594,217,765	59,421,777
Unsecured Wholesale Funding	124,056,873	41,496,644	153,070,722	59,252,578
Secured Funding Transactions	4,712,263	-	5,667,479	0
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	123,878,029	14,600,517	147,003,539	33,011,584
Additional Requirements	17,081,094	17,081,094	15,441,875	15,441,875
Total Cash Inflows	**94,104,778**	**41,825,180**	**122,851,334**	**61,054,574**
Maturing Secured Lending Transactions Backed by Collateral	-	-		
Committed Facilities	3,000,000	-	3,000,000	0
Other Inflows by Counterparty which are Maturing within 30 Days	69,103,724	35,151,863	107,256,229	55,326,927
Operational Deposits	8,759,581	-	1,500,765	0
Other Cash Inflows	13,241,472	6,673,317	11,094,340	5,727,646
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**254.76%**		**119.44%**

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)	35,572,328	280,000	389,664	873,862	800,000	1,400,000	800,000	3,200,000	1,922,570	8,077,430	931,250
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 7

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

Asset Class	Amount (LKR'000) as at June 30, 2020					
	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	396,697,218	-	358,126,112	-	27,531,112	0.08
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	11,994,073	-	11,994,073	-	3,415,714	0.28
Claims on Financial Institutions	25,176,676	1,116,816	25,176,676	1,116,816	14,649,961	0.56
Claims on Corporates	281,775,542	293,714,265	274,930,754	75,405,390	331,545,776	0.95
Retail Claims	331,723,943	67,369,660	292,751,359	15,971,664	215,546,994	0.70
Claims Secured by Residential Property	43,576,540	-	43,576,540	-	29,997,778	0.69
Claims Secured by Commercial Real Estate						
Non-Performing Assets (NPAs)[(i)]	35,733,121	-	35,733,121	-	44,089,837	1.23
Higher-risk Categories	1,207,271	-	1,207,271	-	3,018,177	2.50
Cash Items and Other Assets	55,102,129	-	55,102,129	-	34,587,043	0.63
Total	1,182,986,513	362,200,740	1,098,598,035	92,493,870	704,382,392	

Template 9

Market Risk under Standardised Measurement Method

Item	**RWA Amount (LKR'000)** as at June 30, 2020
(a) RWA for Interest Rate Risk	**0**
General Interest Rate Risk	**0**
(i) Net Long or Short Position	**0**
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) RWA for Equity	**93,066**
(i) General Equity Risk	**5,562**
(ii) Specific Equity Risk	**6,071**
(c) RWA for Foreign Exchange & Gold	**818,100**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**911,166**

Template 10

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 June 30, 2020		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**54,367,409**	**62,947,407**	**57,681,353**
Capital Charges for Operational Risk (LKR'000)					**8,749,808**
Risk Weighted Amount for Operational Risk (LKR'000)					**69,998,468**

Template 11

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

Item	Amount (LKR '000) as at June 30, 2020				
	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	**1,169,788,729**	**1,177,240,888**	**1,107,826,903**	**148,642**	**90,278,659**
Cash and Cash Equivalents	29,737,017	29,753,223	29,753,223		
Balances with Central Banks	6,614,757	6,614,757	6,614,757		
Placements with Banks	1,260,041	1,272,362	1,272,362		
Reverse repurchase agreements	35,886,564	35,886,564	35,886,564		
Derivative Financial Instruments	239,409				
Financial assets at amortised cost - debt and other instruments	145,536,525	147,599,269	147,599,269		
Financial assets recognised through profit or loss - measured at fair value	148,642	148,642		148,642	
Loans and Receivables to Banks					
Financial assets at amortised cost - loans and advances	734,019,454	748,617,034	664,228,556		84,388,478
Financial assets measured at fair value through other comprehensive income	172,962,321	167,995,173	164,751,933		3,243,240
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	20,682,420	20,682,420	20,682,420		
Investment Properties	477,776	477,776	477,776		
Goodwill and Intangible Assets	956,045	956,045			847,655
Deferred Tax Assets					
Other Assets	17,495,473	13,465,338	34,587,043		
Liabilities	**1,039,251,915**	**1,043,090,904**	-	-	-
Due to Banks	87,300,778	86,867,326			
Derivative Financial Instruments	499,370				
Securities sold under repurchase agreements	5,498,735	5,486,935			
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Financial liabilities at amortised cost - due to depositors	865,312,643	847,766,442			
Dividends payable	1,017,212	1,017,212			
Financial liabilities at amortised cost - other borrowings	19,880,374	19,752,407			
Debt Securities Issued	1,915,293	1,781,522			
Current Tax Liabilities	6,260,610	5,863,487			
Deferred Tax Liabilities	946,225	7,099,695			
Other Provisions	3,122,019	3,682,747			
Other Liabilities	14,053,144	32,027,275			
Due to Subsidiaries					
Subordinated Term Debts	33,445,512	31,745,856			
Off-Balance Sheet Liabilities	**641,926,645**	**641,926,645**	-	-	-
Guarantees	104,671,183	104,671,183	104,671,183		
Performance Bonds					
Letters of Credit	19,761,628	19,761,628	19,761,628		
Other Contingent Items	130,624,281	130,624,281	130,624,281		
Undrawn Loan Commitments	386,869,553	386,869,553	386,869,553		
Other Commitments					
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	35,572,329	35,236,376			
of which Amount Eligible for CET1					
of which Amount Eligible for AT1					
Retained Earnings	18,357,470	25,962,614			
Accumulated Other Comprehensive Income					
Other Reserves	76,607,015	72,950,994			
Total Shareholders' Equity	**130,536,814**	**134,149,984**	-	-	-