Template 1

Key Regulatory Ratios - Capital and Liquidity

Item	Bank		Group	
	2020 March - Basel III	2019 March - Basel III	2020 March - Basel III	2019 March - Basel III
Regulatory Capital (LKR ’000)				
Common Equity Tier 1	**113,082,186**	**101,589,172**	**125,146,593**	**112,316,315**
Tier 1 Capital	**113,082,186**	**101,589,172**	**125,146,593**	**112,316,315**
Total Capital	**140,803,969**	**119,694,401**	**153,870,640**	**130,314,044**
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020-7% ; 2019-8%)	**13.85%**	**12.56%**	**14.08%**	**12.94%**
Tier 1 Capital Ratio (Minimum Requirement - 2020-8.5% ; 2019-9.5%)	**13.85%**	**12.56%**	**14.08%**	**12.94%**
Total Capital Ratio (Minimum Requirement - 2020-12.5% ; 2019-13.5%)	**17.25%**	**14.79%**	**17.31%**	**15.01%**
Leverage Ratio (Minimum Requirement - 3%)	**7.90%**	**8.19%**	**8.31%**	**8.59%**
Regulatory Liquidity				
Statutory Liquid Assets (LKR’000)	**305,990,821**	**249,266,533**	**N/A**	**N/A**
Statutory Liquid Assets Ratio (Minimum Requirement – 20%)				
Domestic Banking Unit (%)	**28.79%**	**24.88%**	**N/A**	**N/A**
Off-Shore Banking Unit (%)	**46.85%**	**37.50%**	**N/A**	**N/A**
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2020-100% ; 2019-100%)	**266.03%**	**191.62%**	**N/A**	**N/A**
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2020-100% ; 2019-100%)	**257.10%**	**115.82%**	**N/A**	**N/A**

Template 2

Basel III Computation of Capital Ratios

Item	Bank	Group
	2020 March (LKR '000)	2020 March (LKR '000)
Common Equity Tier 1 (CET1) Capital after Adjustments	**113,082,186**	**125,146,593**
Common Equity Tier 1 (CET1) Capital	**116,723,491**	**127,823,791**
Equity Capital (Stated Capital)/Assigned Capital	35,572,328	35,572,328
Reserve Fund	7,060,000	7,060,000
Published Retained Earnings/(Accumulated Retained Losses)	16,498,573	21,809,893
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	57,592,591	58,328,632
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	5,052,939
Total Adjustments to CET1 Capital	**3,641,305**	**2,677,198**
Goodwill (net)		122,942
Intangible Assets (net)	911,318	1,011,318
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	211,053	177,399
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	2,518,934	1,365,539
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	**27,721,782**	**28,724,046**
Tier 2 Capital	**27,721,782**	**28,724,046**
Qualifying Tier 2 Capital Instruments	18,648,609	19,650,873
Revaluation Gains	2,090,479	2,090,479
General Provisions	6,982,695	6,982,695
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	**113,082,186**	**125,146,593**
Total Tier 1 Capital	**113,082,186**	**125,146,593**
Total Capital	**140,803,969**	**153,870,640**
Total Risk Weighted Assets (RWA)	**816,322,382**	**889,036,856**
RWAs for Credit Risk	745,577,131	800,727,641
RWAs for Market Risk	1,184,636	1,235,220
RWAs for Operational Risk	69,560,616	87,073,994
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**13.85%**	**14.08%**
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 (%)	**13.85%**	**14.08%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**17.25%**	**17.31%**
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 - March 2020	Group - March 2020
Tier 1 Capital	**113,082,186**	**125,146,593**
Total Exposures	**1,431,115,835**	**1,505,126,806**
On-Balance Sheet Items		
(excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,140,292,325	1,212,992,293
Derivative Exposures	169,771,942	169,771,942
Securities Financing Transaction Exposures	9,778,905	11,089,908
Other Off-Balance Sheet Exposures	111,272,663	111,272,663
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	**7.90%**	**8.31%**

Template 4

Basel III Computation of Liquidity Coverage Ratio All CCY

Item	Amount (LKR'000)			
	2020 - March		2019 - March	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**180,373,074**	**169,599,357**	**105,943,190**	**101,554,649**
Total Adjusted Level 1A Assets	**113,107,699**	**113,107,699**	**86,147,387**	**86,147,387**
Level 1 Assets	**112,151,533**	**112,151,533**	**84,096,920**	**84,096,920**
Total Adjusted Level 2A Assets	**66,677,294**	**56,675,700**	**18,670,269**	**15,869,729**
Level 2A Assets	**66,677,294**	**56,675,700**	**18,670,269**	**15,869,729**
Total Adjusted Level 2B Assets	**1,544,246**	**772,123**	**3,176,001**	**1,588,000**
Level 2B Assets	**1,544,246**	**772,123**	**3,176,001**	**1,588,000**
Total Cash Outflows	**938,913,108**	**154,446,504**	**909,548,124**	**152,220,181**
Deposits	637,892,907	63,789,291	581,636,099	58,163,610
Unsecured Wholesale Funding	156,852,509	57,642,277	168,845,258	60,872,010
Secured Funding Transactions	8,494,564	-	15,899,750	0
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	116,110,391	13,452,198	126,164,893	16,182,437
Additional Requirements	19,562,737	19,562,737	17,002,123	17,002,123
Total Cash Inflows	**160,866,590**	**88,479,450**	**130,329,626**	**64,534,952**
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	136,731,604	81,102,053	117,796,604	60,276,052
Operational Deposits	6,645,596	-	1,547,784	0
Other Cash Inflows	14,489,389	7,377,398	7,985,239	4,258,900
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**257.10%**		**115.82%**

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	280,000	377,452	849,906	800,000	1,400,000	800,000	3,200,000	1,922,570	8,077,430	941,250
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 March 31, 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	348,975,265	-	311,350,816	-	36,262,045	0.12
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	10,380,428	-	10,380,428	-	3,888,683	0.37
Claims on Financial Institutions	21,451,879	2,121,962	21,451,879	2,121,962	14,048,547	0.60
Claims on Corporates	294,874,758	326,904,948	287,947,550	94,199,835	360,235,982	0.94
Retail Claims	343,325,788	66,904,611	301,039,273	17,349,647	223,113,841	0.70
Claims Secured by Residential Property	43,167,837	-	43,167,837	-	29,510,501	0.68
Claims Secured by Commercial Real Estate						
Non-Performing Assets (NPAs)(i)	32,390,080	-	32,390,080	-	40,521,808	1.25
Higher-risk Categories	1,156,011	-	1,156,011	-	2,890,028	2.50
Cash Items and Other Assets	59,398,985	-	59,398,985	-	35,105,697	0.59
Total	1,155,121,033	395,931,521	1,068,282,860	113,671,443	745,577,131	

Template 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at March 31, 2020
(a) RWA for Interest Rate Risk	**0**
General Interest Rate Risk	**0**
(i) Net Long or Short Position	**0**
(ii) Horizontal Disallowance	**0**
(iii) Vertical Disallowance	**0**
(iv) Options	**0**
Specific Interest Rate Risk	**0**
(b) RWA for Equity	**67,373**
(i) General Equity Risk	**4,425**
(ii) Specific Equity Risk	**3,997**
(c) RWA for Foreign Exchange & Gold	**1,120,278**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**1,187,651**

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 March 31, 2020		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**52,097,092**	**61,951,148**	**59,853,299**
Capital Charges for Operational Risk (LKR'000)					**8,695,077**
Risk Weighted Amount for Operational Risk (LKR'000)					**69,560,616**

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 March 31, 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	**1,146,079,458**	**1,153,330,440**	**1,060,816,087**	**125,811**	**92,759,672**
Cash and Cash Equivalents	31,880,874	31,901,440	31,901,440		
Balances with Central Banks	18,897,265	18,897,265	18,897,265		
Placements with Banks	1,035,365	1,047,399	1,047,399		
Reverse repurchase agreements	-	-	-		
Derivative Financial Instruments	1,044,060				
Financial assets at amortised cost - debt and other instruments	142,368,080	144,558,642	144,558,642		
Financial assets recognised through profit or loss - measured at fair value	125,811	125,811		125,811	
Loans and Receivables to Banks					
Financial assets at amortised cost - loans and advances	753,994,680	767,755,399	680,917,227		86,838,172
Financial assets measured at fair value through other comprehensive income	152,146,897	149,147,203	145,936,307		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	20,894,505	20,894,505	20,894,505		
Investment Properties	479,110	479,110	479,110		
Goodwill and Intangible Assets	1,022,191	1,022,191			911,318
Deferred Tax Assets					
Other Assets	18,418,335	13,729,190	14,211,192		
Liabilities	**1,015,872,793**	**1,019,697,350**	-	-	-
Due to Banks	82,139,732	81,795,045			
Derivative Financial Instruments	2,034,818				
Securities sold under repurchase agreements	8,677,137	8,664,316			
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Financial liabilities at amortised cost - due to depositors	841,078,383	822,793,091			
Dividends payable	974,386	974,386			
Financial liabilities at amortised cost - other borrowings	21,080,547	20,962,198			
Debt Securities Issued	1,857,238	1,761,503			
Current Tax Liabilities	6,044,182	5,746,967			
Deferred Tax Liabilities	545,212	7,110,598			
Other Provisions	3,046,780	3,551,406			
Other Liabilities	15,425,245	34,578,151			
Due to Subsidiaries					
Subordinated Term Debts	32,969,133	31,759,689			
Off-Balance Sheet Liabilities	**646,859,504**	**646,859,504**	-	-	-
Guarantees	120,384,702	120,384,702	120,384,702		
Performance Bonds					
Letters of Credit	29,105,315	29,105,315	29,105,315		
Other Contingent Items	151,124,111	151,124,111	151,124,111		
Undrawn Loan Commitments	346,245,376	346,245,376	346,245,376		
Other Commitments					
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	33,820,905	33,484,953			
of which Amount Eligible for CET1					
of which Amount Eligible for AT1					
Retained Earnings	20,942,175	27,197,143			
Accumulated Other Comprehensive Income					
Other Reserves	75,443,585	72,950,994			
Total Shareholders' Equity	**130,206,665**	**133,633,090**	-	-	-