

Template 1

Key regulatory ratios - Capital and liquidity

As at March 31,	Bank		Group	
	2021	2020	2021	2020
Regulatory Capital (Rs 000)				
Common Equity Tier 1	116,177,998	113,082,186	129,709,099	125,146,593
Tier 1 Capital	116,177,998	113,082,186	129,709,099	125,146,593
Total Capital	140,137,092	140,803,969	154,282,528	153,870,640
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement - 2021-7%; 2020-7%</i>)	14.82%	13.85%	15.00%	14.08%
Tier 1 Capital Ratio (<i>Minimum Requirement - 2021-8.5%; 2020-8.5%</i>)	14.82%	13.85%	15.00%	14.08%
Total Capital Ratio (<i>Minimum Requirement - 2021-12.5%; 2020-12.5%</i>)	17.88%	17.25%	17.84%	17.31%
Leverage Ratio (<i>Minimum Requirement - 3%</i>)	7.67%	7.90%	8.13%	8.31%
Regulatory Liquidity				
Statutory Liquid Assets (Rs 000)	457,213,722	305,990,821	N/A	N/A
Statutory Liquid Assets Ratio (<i>Minimum Requirement - 20%</i>)				
Domestic Banking Unit	39.96%	28.79%	N/A	N/A
Off-Shore Banking Unit	28.61%	46.85%	N/A	N/A
Liquidity Coverage Ratio – Rupee (<i>Minimum Requirement - 2021-90%; 2020-90%</i>)	308.04%	266.03%	N/A	N/A
Liquidity Coverage Ratio – All Currency (<i>Minimum Requirement - 2021-90%; 2020-90%</i>)	271.79%	257.10%	N/A	N/A

Template 2

Basel III computation of capital ratios

As at March 31,	Bank		Group	
	2021 (Rs 000)	2020 (Rs 000)	2021 (Rs 000)	2020 (Rs 000)
Common Equity Tier 1 (CET1) Capital after Adjustments	116,177,998	113,082,186	129,709,099	125,146,593
Common Equity Tier 1 (CET1) Capital	121,558,356	116,723,491	134,873,480	127,823,791
Equity Capital (Stated Capital)/Assigned Capital	37,364,244	35,572,328	37,364,244	35,572,328
Reserve Fund	7,660,000	7,060,000	7,660,000	7,060,000
Published Retained Earnings/(Accumulated Retained Losses)	19,580,051	16,498,573	26,321,784	21,809,893
Published Accumulated Other Comprehensive Income (OCI)	5,871	-	14,112	-
General and other Disclosed Reserves	56,948,190	57,592,591	58,117,657	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	-	-	5,395,683	5,052,939
Total Adjustments to CET1 Capital	5,380,358	3,641,305	5,164,382	2,677,198
Goodwill (net)	-	-	119,457	122,942
Intangible Assets (net)	1,264,177	911,318	1,364,177	1,011,318
Deferred tax assets (net)	1,420,938	-	2,216,463	-
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	198,577	211,053	143,412	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	2,496,666	2,518,934	1,320,873	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	23,959,094	27,721,782	24,573,430	28,724,046
Tier 2 Capital	23,959,094	27,721,782	24,573,430	28,724,046
Qualifying Tier 2 Capital Instruments	13,865,443	18,648,609	13,662,803	19,650,873
Revaluation Gains	2,090,479	2,090,479	2,090,479	2,090,479
General Provisions	8,003,173	6,982,695	8,820,148	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	116,177,998	113,082,186	129,709,099	125,146,593
Total Tier 1 Capital	116,177,998	113,082,186	129,709,099	125,146,593
Total Capital	140,137,092	140,803,969	154,282,528	153,870,640
Total Risk Weighted Assets (RWA)	783,939,840	816,322,382	864,806,195	889,036,856
RWAs for Credit Risk	711,963,738	745,577,131	773,358,682	800,727,641
RWAs for Market Risk	431,608	1,184,636	583,849	1,235,220
RWAs for Operational Risk	71,544,494	69,560,616	90,863,665	87,073,994
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.82%	13.85%	15.00%	14.08%
of which: Capital Conservation Buffer (%)	1.50%	2.50%	1.50%	2.50%
of which: Countercyclical Buffer (%)	-	N/A	-	N/A
of which: Capital Surcharge on D-SIBs (%)	1.00%	1.00%	1.00%	1.00%
Total Tier 1 Capital Ratio (%)	14.82%	13.85%	15.00%	14.08%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.88%	17.25%	17.84%	17.31%
of which: Capital Conservation Buffer (%)	1.50%	2.50%	1.50%	2.50%
of which: Countercyclical Buffer (%)	-	N/A	-	N/A
of which: Capital Surcharge on D-SIBs (%)	1.00%	1.00%	1.00%	1.00%

Template 3

Leverage Ratio

As at March 31,	Bank		Group	
	2021 (Rs 000)	2020 (Rs 000)	2021 (Rs 000)	2020 (Rs 000)
Tier 1 Capital	116,177,998	113,082,186	129,709,099	125,146,593
Total Exposures	1,514,839,550	1,431,115,835	1,594,797,313	1,505,126,806
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,295,644,546	1,140,292,325	1,372,650,550	1,212,992,293
Derivative Exposures	103,773,511	169,771,942	103,773,511	169,771,942
Securities Financing Transaction Exposures	15,401,682	9,778,905	18,353,441	11,089,908
Other Off-Balance Sheet Exposures	100,019,812	111,272,663	100,019,812	111,272,663
Basel III leverage ratio (Tier 1/Total Exposure) (minimum requirement 3%)	7.67%	7.90%	8.13%	8.31%

Template 4

Liquidity coverage ratio (LCR) - All currency

As at March 31,	2021		2020	
	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)	357,163,566	343,968,274	180,373,074	169,599,357
Total adjusted level 1A assets	270,475,231	270,475,231	113,107,699	113,107,699
Level 1A assets	269,294,168	269,294,168	112,151,533	112,151,533
Total adjusted level 2A assets	87,826,876	74,652,845	66,677,294	56,675,700
Level 2A assets	87,826,876	74,652,845	66,677,294	56,675,700
Total adjusted level 2B assets	42,521	21,261	1,544,246	772,123
Level 2B assets	42,521	21,261	1,544,246	772,123
Total cash outflows	1,122,893,663	181,310,665	938,913,108	154,446,504
Deposits	792,225,950	79,222,595	637,892,907	63,789,291
Unsecured wholesale funding	163,789,847	59,184,937	156,852,509	57,642,277
Secured funding transactions	9,454,638	-	8,494,564	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	131,384,954	16,864,859	116,110,391	13,452,198
Additional requirements	26,038,274	26,038,274	19,562,737	19,562,737
Total cash inflows	116,441,484	54,754,550	160,866,590	88,479,450
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	94,319,849	48,059,925	136,731,604	81,102,053
Operational deposits	6,112,806	-	6,645,596	-
Other cash inflows	13,008,829	6,694,625	14,489,389	7,377,398
Liquidity coverage ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		271.79%		257.10%

Template 5**Net Stable Funding Ratio (NSFR)**

Item	Bank	
	2021 - March (Rs 000)	2020 - March (Rs 000)
Total Available Stable Funding (ASF)	932,864,783	828,431,393
Required stable funding – On balance sheet assets	789,289,713	768,846,219
Required stable funding – Off balance sheet items	16,389,167	12,688,870
Total Required Stable Funding (RSF)	805,678,880	781,535,089
NSFR (minimum requirement - 2021 - 90%, 2020 - 90%)	115.79%	106.00%

Template 5

Main Features of Regulatory Capital Instruments

Description of the capital instrument	Stated Capital	Debentures - 2007	Debentures - 2006 Type F	Debentures - 2011	Debentures - 2016	Debentures - 2016	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)
Issuer	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC
Unique identifier								
Governing law(s) of the instrument	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka
Original date of issuance	Not Applicable	August 1, 2007	April 1, 2006	September 5, 2011	November 1, 2016	November 1, 2016	September 23, 2019	September 23, 2019
Par value of instrument		LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-
Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	Not Applicable	July 31, 2022	March 31, 2024	September 4, 2021	November 1, 2021	November 1, 2023	September 22, 2024	September 22, 2026
Amount recognised in regulatory capital (in Rs 000 as at the Reporting Date)	37,364,244	140,000	909,957	400,000	400,000	2,400,000	1,538,056	8,077,430
Accounting classification (Equity/Liability)	Equity	Liability	Liability	Liability	Liability	Liability	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	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Subsequent call Dates, if applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Coupons/Dividends	Dividends	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons
Fixed or floating dividend/Coupon	Not Applicable	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index		16.75% p.a.	11.25% p.a.	11.5% p.a.	11.75% p.a.	13% p.a.	12.3% p.a.	12.8% p.a.
Non-cumulative or Cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
Convertible or Non-Convertible	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Convertible	Convertible
If Convertible, Conversion Trigger (s)							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.”	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.”
If Convertible, Fully or Partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Fully	Fully
If Convertible, Mandatory or Optional	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.	Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.
If Convertible, Conversion Rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	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.	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

Credit risk under standardised approach

Credit risk exposures and Credit Risk Mitigation (CRM) effects - Bank

Asset Class as at March 31,	Bank - 2021 (Rs 000)					
	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)}
Claims on Central Government and CBSL	512,368,003	-	476,976,061	-	19,140,302	4.01%
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	11,985,786	-	11,985,786	-	6,470,116	53.98%
Claims on financial institutions	18,915,736	2,502,657	18,915,736	2,502,657	12,897,992	60.22%
Claims on corporates	280,666,931	338,924,827	276,204,858	78,811,961	337,477,688	95.06%
Retail claims	380,062,746	73,476,918	339,832,708	18,705,194	250,809,791	69.95%
Claims secured by residential property	49,958,197	-	49,958,197	-	30,117,810	60.29%
Claims secured by commercial real estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	19,531,933	-	19,531,933	-	20,614,003	105.54%
Higher-risk categories	1,200,956	-	1,200,956	-	3,002,390	250.00%
Cash items and other assets	55,143,091	-	55,143,091	-	31,433,646	57.00%
Total	1,329,833,381	414,904,402	1,249,749,327	100,019,812	711,963,738	

Template 7

Credit Risk under Standardised Approach –

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects - Group

Asset Class as at March 31,	Group - 2021 (Rs 000)					
	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)}
Claims on Central Government and CBSL	515,319,762	-	479,927,820	-	19,140,302	3.99%
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	22,638,956	-	22,638,956	-	9,877,252	43.63%
Claims on financial institutions	22,634,794	2,502,657	22,634,794	2,502,657	14,757,521	58.71%
Claims on corporates	291,056,919	338,924,827	286,594,846	78,811,961	347,498,795	95.10%
Retail claims	408,681,847	73,476,918	368,451,808	18,705,194	272,274,117	70.33%
Claims secured by residential property	49,958,197	-	49,958,197	-	30,117,810	60.29%
Claims secured by commercial real estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	19,531,933	-	19,531,933	-	20,614,003	105.54%
Higher-risk categories	1,332,464	-	1,332,464	-	3,331,161	250.00%
Cash items and other assets	79,750,780	-	79,750,780	-	55,747,721	69.90%
Total	1,410,905,655	414,904,402	1,330,821,600	100,019,812	773,358,682	

Template 9

Market risk under standardised measurement method

As at March 31,	Bank		Group	
	(Rs 000)	(Rs 000)	(Rs 000)	(Rs 000)
	2021	2020	2021	2020
(a) RWA for interest rate risk	0	-377	0	-377
General interest rate risk	0	-377	0	-377
(i) Net long or short position	0	-377	0	-377
(ii) Horizontal disallowance	0	0	0	0
(iii) Vertical disallowance	0	0	0	0
(iv) Options	0	0	0	0
Specific interest rate risk	0	0	0	0
(b) RWA for Equity	7,731	8,422	26,761	14,745
(i) General equity risk	4,252	4,425	13,998	7,739
(ii) Specific equity risk	3,479	3,997	12,763	7,006
(c) RWA for foreign exchange & gold	46,220	140,035	46,220	140,035
Capital charge for market risk [(a) + (b) + (c)] * CAR	431,608	1,184,636	583,849	1,235,220

Template 10

Operational Risk under basic indicator approach

As at March 31,			Bank					
Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (Rs 000) as at, 2020			Gross Income (Rs 000) as at, 2019		
			1 st Year	2 nd Year	3 rd Year	1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		61,951,148	59,853,299	57,056,789	52,097,092	61,951,148	59,853,299
Capital Charges for Operational Risk			8,943,062			8,695,077		
Risk Weighted Amount for Operational Risk			71,544,494			69,560,616		

As at March 31,			Group					
Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (Rs 000) as at, 2020			Gross Income (Rs 000) as at, 2019		
			1 st Year	2 nd Year	3 rd Year	1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		77,017,387	77,020,763	73,121,011	63,646,836	77,017,387	77,020,763
Capital Charges for Operational Risk			11,357,958			10,884,249		
Risk Weighted Amount for Operational Risk			90,863,665			87,073,994		

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 ,2021				
	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	1,307,981,065	1,324,728,119	1,234,875,905	83,578	86,413,434
Cash and cash equivalents	30,377,503	30,387,122	30,387,122		
Placements with banks	1,800,227	1,800,000	1,800,000		
Balances with Central Bank of Sri Lanka	11,079,241	11,079,241	13,395,566		
Reverse repurchase agreements	-	-	-		
Derivative financial instruments	1,320,307				
Financial assets measured at fair value through profit or loss	83,578	83,578		83,578	
Financial assets measured at amortised cost - loans and advances to customers	763,239,997	780,886,216	700,802,162		80,084,054
Financial assets measured at amortised cost - debt and other instruments	190,027,511	191,848,650	191,848,650		
Financial assets measured at fair value through other comprehensive income	268,076,262	266,027,902	262,761,984		3,265,918
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
Investment properties	473,775	473,775	473,775		
Property, plant and equipment	20,527,019	20,527,019	20,527,019		
Right-of-use assets	5,191,374	5,191,374			
Intangible assets and goodwill	1,366,569	1,366,569			1,264,177
Deferred tax assets	1,420,938				
Other assets	9,224,479	11,284,388	10,906,627		
Liabilities	1,171,376,558	1,178,896,193	-	-	-
Due to banks	78,162,720	77,421,141			
Derivative financial instruments	469,315				
Securities sold under repurchase agreements	9,765,828	9,758,218			
Financial liabilities measured at amortised cost - due to depositors	996,064,875	978,725,273			
Dividends payable	3,265,081	3,265,081			
Financial liabilities measured at amortised cost - other borrowings	29,435,083	29,264,137			
Debt securities issued	1,936,553	1,841,019			
Current tax liabilities	7,713,000	9,051,612			
Deferred tax liabilities	-	6,521,859			
Other provisions	4,239,656	5,541,456			
Other liabilities	19,516,200	37,816,440			
Subordinated term debts	20,808,247	19,689,957			
Off-Balance Sheet Liabilities	773,420,960	773,420,960	-	-	-
Guarantees	67,221,674	67,221,674	67,221,674		
Performance Bonds	43,689,514	43,689,514	43,689,514		
Letters of Credit	35,792,205	35,792,205	35,792,205		
Other Contingent Items	447,898,927	447,898,927	447,898,927		
Undrawn Loan Commitments	178,818,640	178,818,640	178,818,640		
Other Commitments					
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1	37,364,243	37,028,291			
Of which Amount Eligible for AT1					
Retained Earnings	23,270,506	34,397,797			
Accumulated Other Comprehensive Income	848,190	-			
Other Reserves	75,121,568	74,405,838			
Total Shareholders' Equity	136,604,507	145,831,926	-	-	-