

# MARKET DISCIPLINE

## – DISCLOSURE REQUIREMENTS UNDER PILLAR III

With the implementation of Basel III directives w.e.f 1st July 2017, all licensed banks are required to disclose pillar III disclosure requirements in order to complement the minimum capital requirements and supervisory review process by developing a set of disclosure requirements which will allow the market participants to gauge the capital adequacy and risk exposures of licensed banks.

These requirements will improve the comparability and consistency of disclosures among licensed banks and facilitate assessment of the banks by others, including investors, analysts, customers, other banks and rating agencies which leads to good corporate governance.

### Template 1

#### Key Regulatory Ratios - Capital and Liquidity

Item	Bank		Group	
	2019	2018	2019	2018
<b>Regulatory Capital (LKR '000)</b>				
Common Equity Tier 1	115,072,496	104,029,151	126,475,924	114,423,431
Tier 1 Capital	115,072,496	104,029,151	126,475,924	114,423,431
Total Capital	144,326,073	123,724,773	155,544,360	134,011,553
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2019-8% ; 2018-7.375%)	14.57%	12.80%	14.74%	13.16%
Tier 1 Capital Ratio (Minimum Requirement - 2019-9.5% ; 2018 - 8.875%)	14.57%	12.80%	14.74%	13.16%
Total Capital Ratio (Minimum Requirement - 2019-13.5% ; 12.875%)	18.28%	15.22%	18.12%	15.41%
Leverage Ratio (Minimum Requirement - 3%)	8.14%	8.33%	8.51%	8.78%

Item	Bank	
	2019	2018
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR'000)	281,521,339	225,544,960
<b>Statutory Liquid Assets Ratio (Minimum Requirement – 20%)</b>		
Domestic Banking Unit (%)	27.09%	22.03%
Off-Shore Banking Unit (%)	53.01%	43.52%
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2019-100% ; 2018-90%)	465.37%	153.16%
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2019-100% ; 2018-90%)	251.07%	103.85%

## Template 2

### Basel III Computation of Capital Ratios

Item	Bank 2019 (LKR '000)	Group 2019 (LKR '000)
Common Equity Tier 1 (CET1) Capital after Adjustments	115,072,496	126,475,924
Common Equity Tier 1 (CET1) Capital	118,734,417	129,178,231
Equity Capital (Stated Capital)/Assigned Capital	33,820,906	33,820,906
Reserve Fund	7,060,000	7,060,000
Published Retained Earnings/(Accumulated Retained Losses) (Note 1)	20,001,415	25,185,402
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	57,852,097	58,147,100
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	-	4,964,824
<b>Total Adjustments to CET1 Capital</b>	<b>3,661,921</b>	<b>2,702,307</b>
Goodwill (net)	-	122,942
Intangible Assets (net)	962,851	1,062,851
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	199,842	164,137
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	2,499,228	1,352,377
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>-</b>	<b>-</b>
Qualifying Additional Tier 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to AT1 Capital</b>	<b>-</b>	<b>-</b>
Investment in Own Shares	-	-
Others (specify)	-	-
<b>Tier 2 Capital after Adjustments</b>	<b>29,253,576</b>	<b>29,068,436</b>
<b>Tier 2 Capital</b>	<b>29,253,576</b>	<b>29,068,436</b>
Qualifying Tier 2 Capital Instruments	20,180,403	19,995,263
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	-	-
<b>Total Adjustments to Tier 2</b>	<b>-</b>	<b>-</b>
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	-	-
<b>CET1 Capital</b>	<b>115,072,496</b>	<b>126,475,924</b>
<b>Total Tier 1 Capital</b>	<b>115,072,496</b>	<b>126,475,924</b>
<b>Total Capital</b>	<b>144,326,073</b>	<b>155,544,360</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>789,539,424</b>	<b>858,259,611</b>
RWAs for Credit Risk	725,747,553	778,470,491
RWAs for Market Risk	606,406	686,302
RWAs for Operational Risk	63,185,465	79,102,817
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>14.57%</b>	<b>14.74%</b>
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%
<b>Total Tier 1 Capital Ratio (%)</b>	<b>14.57%</b>	<b>14.74%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>18.28%</b>	<b>18.12%</b>
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%

Note 1: CBSL has allowed the Bank to deduct Day 1 impact of IFRS 9 impairment charge from retained earnings over 4 years from December 2018. Bank has charged Rs 2.1 Bn as at 31st December 2019 and remaining balance is Rs 2.1 Bn approx.

### Template 3

#### Computation of Leverage Ratio

Item	Amount (LKR '000)	
	Bank 2019 (LKR'000)	Group 2019 (LKR'000)
Tier 1 Capital	115,072,496	126,475,924
Total Exposures	1,413,843,587	1,486,302,051
On-Balance Sheet Items		
(excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,119,962,503	1,190,348,485
Derivative Exposures	159,747,611	159,747,611
Securities Financing Transaction Exposures	18,379,746	20,452,228
Other Off-Balance Sheet Exposures	115,753,727	115,753,727
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	8.14%	8.51%

### Template 4

#### Basel III Computation of Liquidity Coverage Ratio All Currency

Item	Amount (LKR'000)			
	2019		2018	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	149,011,660	140,423,389	96,361,469	90,942,189
Total Adjusted Level 1A Assets	98,783,496	98,783,496	68,437,312	68,437,312
Level 1 Assets	96,592,203	96,592,203	67,655,237	67,655,237
Total Adjusted Level 2A Assets	50,347,022	42,794,969	25,525,245	21,696,459
Level 2A Assets	50,347,022	42,794,969	25,525,245	21,696,459
Total Adjusted Level 2B Assets	2,072,435	1,036,218	3,180,987	1,590,493
Level 2B Assets	2,072,435	1,036,218	3,180,987	1,590,493
Total Cash Outflows	917,360,563	140,525,652	908,732,314	162,080,877
Deposits	647,381,008	64,738,101	556,729,752	55,672,975
Unsecured Wholesale Funding	116,784,932	43,416,765	196,929,536	75,437,532
Secured Funding Transactions	16,709,886	-	16,164,607	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	118,856,108	14,742,156	123,422,711	15,484,662
Additional Requirements	17,628,629	17,628,629	15,485,708	15,485,708
<b>Total Cash Inflows</b>	<b>167,399,558</b>	<b>84,594,792</b>	<b>141,188,930</b>	<b>74,512,931</b>
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	147,957,913	76,853,957	121,107,448	65,262,112
Operational Deposits	1,143,172	-	1,861,454	-
Other Cash Inflows	15,298,472	7,740,835	15,220,029	9,250,819
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		251.07%		103.85%



## Template 6

### Capital Planning Overview

- The Bank's balance sheet is projected based on the strategy of the Bank, macro-economic outlook and the expectation of business growth
- Based on the projected balance sheet, future capital requirement would be assessed and the requirement for additional capital apart from the capital generated internally would be determined.
- Options for raising capital such as rights issues, debenture issues and divestment of capital inefficient investments would be evaluated
- The most appropriate option would be recommended to the Board of Directors for approval and Board decision would be implemented in raising the required capital.
- As at end of 2019, the tier I capital (14.57%) and the total capital requirements (18.28%) remain well above the statutory requirements, hence based on the projected growth for the Bank, there is no requirement to raise additional capital either in the form of tier I capital or tier II capital in the year 2020.
- However, in the event of an unforeseen event, the Bank could resort to raising capital through the options listed above.

## Template 7

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

Item	Amount (LKR'000) as at December 31, 2019					
	Exposures before Credit Conversion Factor (CCF) and CRM		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
Claims on Central Government and CBSL	336,654,586	-	297,656,461	-	34,417,999	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	11,662,594	-	11,662,594	-	5,525,907	0.47
Claims on Financial Institutions	22,913,270	2,667,112	22,913,270	2,667,112	15,346,394	0.60
Claims on Corporates	294,368,011	336,651,353	286,496,505	97,447,602	360,968,696	0.94
Retail Claims	338,694,574	69,747,364	297,270,199	17,895,601	220,261,020	0.70
Claims Secured by Residential Property	42,023,947	-	42,023,947	-	28,619,161	0.68
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	19,730,081	-	19,730,081	-	21,839,515	1.11
Higher-risk Categories	1,175,717	-	1,175,717	-	2,939,293	2.50
Cash Items and Other Assets	62,511,236	-	62,511,236	-	35,829,568	0.57
<b>Total</b>	<b>1,129,734,016</b>	<b>409,065,829</b>	<b>1,041,440,011</b>	<b>118,010,315</b>	<b>725,747,553</b>	

## Template 8

### Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Description	Amount (LKR'000) as at December 31, 2019 (Post CCF & CRM)									Total Credit Exposures Amount
	Risk Weight	0%	20%	50%	60%	75%	100%	150%	>150%	
Asset Classes										
Claims on Central Government and Central Bank of Sri Lanka		125,566,467	172,089,994	-	-	-	-	-	-	297,656,461
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		-	5,021,948	4,238,255	-	-	2,402,390	-	-	11,662,594
Claims on Financial Institutions		-	501,627	19,665,373	-	-	5,413,382	-	-	25,580,382
Claims on Corporates		-	16,842,099	19,064,029	-	-	347,977,418	60,562	-	383,944,108
Retail Claims		-	-	-	97,483,024	142,176,486	55,138,841	-	-	294,798,351
Claims Secured by Gold		20,302,136	65,313	-	-	-	-	-	-	20,367,449
Claims Secured by Residential Property		-	-	26,835,696	-	-	15,188,251	-	-	42,023,947
Claims Secured by Commercial Real Estate		-	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)		-	-	120,380	-	-	15,270,456	4,339,246	-	19,730,081
Higher-risk Categories		-	-	-	-	-	-	-	1,175,717	1,175,717
Cash Items and Other Assets		26,681,669	-	-	-	-	35,829,568	-	-	62,511,236
<b>Total</b>										<b>1,159,450,326</b>

## Template 9

### Market Risk under Standardised Measurement Method

Item	Amount (LKR'000)
	as at December 31, 2019
<b>(a) RWA for Interest Rate Risk</b>	14,106
General Interest Rate Risk	1,904
(i) Net Long or Short Position	1,904
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
<b>(b) RWA for Equity</b>	102,513
(i) General Equity Risk	7,244
(ii) Specific Equity Risk	6,596
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	489,787
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	606,406

## Template 10

### Operational Risk under Basic Indicator Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at December 31, 2019		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		49,769,056	60,830,747	60,000,953
Capital Charges for Operational Risk (LKR'000)					8,530,038
Risk Weighted Amount for Operational Risk (LKR'000)					63,185,465

## Template 11

### Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

Item	Amount (LKR '000) as at December 31 ,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
<b>Assets</b>	1,125,008,562	1,130,943,331	1,036,028,318	1,013,375	94,267,038
Cash and Cash Equivalents	29,089,189	29,093,985	29,093,985	-	-
Balances with Central Banks	22,795,332	22,795,332	22,795,332	-	-
Placements with Banks	7,602,543	7,651,612	7,651,612	-	-
Reverse repurchase agreements	-	-	-	-	-
Derivative Financial Instruments	527,193	-	-	-	-
Financial assets measured at amortised cost - debt and other instruments	149,720,835	150,903,781	150,903,781	-	-
Financial assets recognised through profit or loss - measured at fair value	1,013,375	1,013,375	-	1,013,375	-
Financial assets measured at amortised cost - loans and advances to customers	741,769,073	754,250,658	665,956,652	-	88,294,005
Financial assets measured at fair value through other comprehensive income	127,694,982	124,554,839	121,343,943	-	3,210,896
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	21,076,762	21,076,762	21,076,762	-	-
Investment Properties	480,444	480,444	480,444	-	-
Goodwill and Intangible Assets	1,076,641	1,076,641	-	-	962,851
Deferred Tax Assets	-	-	-	-	-
Other Assets	18,389,908	14,273,617	14,752,806	-	-
<b>Liabilities</b>	997,504,410	1,003,465,380	-	-	-
Due to Banks	86,396,304	86,033,494	-	-	-
Derivative Financial Instruments	573,365	-	-	-	-
Securities sold under repurchase agreements	17,569,394	17,522,798	-	-	-

Item	Amount (LKR '000) as at December 31 ,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
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Financial liabilities measured at amortised cost - due to depositors	810,035,114	790,934,645	-	-	-
Dividends payable	1,449,472	1,449,472	-	-	-
Financial liabilities measured at amortised cost - other borrowings	22,604,039	22,463,996	-	-	-
Debt Securities Issued	1,797,645	1,743,437	-	-	-
Current Tax Liabilities	5,348,985	7,081,996	-	-	-
Deferred Tax Liabilities	1,381,754	7,131,960	-	-	-
Other Provisions	3,599,739	3,777,829	-	-	-
Other Liabilities	14,053,378	33,773,790	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	32,695,221	31,551,963	-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>673,230,813</b>	<b>673,230,813</b>	-	-	-
Guarantees	120,954,668	120,954,668	120,954,668	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	25,006,460	25,006,460	25,006,460	-	-
Other Contingent Items	148,149,628	148,149,628	148,149,628	-	-
Undrawn Loan Commitments	379,120,057	379,120,057	379,120,057	-	-
Other Commitments	-	-	-	-	-
<b>Shareholders' Equity</b>					
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	17,977,905	21,042,005	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Other Reserves	75,705,341	72,950,994	-	-	-
<b>Total Shareholders' Equity</b>	<b>127,504,152</b>	<b>127,477,952</b>	-	-	-



## Template 12

### Explanation of Significant Differences between Accounting and Regulatory Exposure Amounts

(a) Derivative financial instruments

Derivatives are financial instruments which derive values in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices.

The fair value of these derivative financial instruments are determined using forward pricing models. The positive fair value changes of these financial instruments as at the balance sheet date are reported as assets while the negative fair value changes are reported as liabilities. The details of derivative financial instruments have been disclosed in Note 28 to the financial statements.

(b) Loans and advances to customers

The loans and advances to customers considered in regulatory reporting differs with the published financial statements since CBSL time based provisions were netted off when arriving at loans and advances for regulatory reporting purposes, while impairment allowances based on expected losses have been netted off in loans and advances for publication purposes. The impairment allowance is based on the credit losses expected to arise by considering the change in the risk of default occurring over the remaining life of the financial instrument provision has been described in detail in Note 30(b) to the financial statements.

(c) Financial assets measured at amortised cost - Debt and other instruments

Debt and other instruments considered in regulatory reporting differs with the published financial statements since impairment allowances based on expected losses were netted off for publication purposes. The details of financial assets measured at amortised cost – debt have been disclosed in Note 31 to the financial statements.

(d) Financial assets measured at fair value through other comprehensive income

Financial assets under this category have been measured at fair value in published financial statements while these investments have been measured at cost for regulatory reporting purposes. The details of financial assets measured at fair value through OCI have been disclosed in Note 32 to the financial statements.

## Template 13 : Bank Risk Management Approach

The Risk & Capital Review Report from pages 41 to 80 in CG&RR sets out the Bank's approach to risk management including governance structures, policies, processes, limits and the current risk profile of the Bank.

## Template 14 : Risk Management Related to Key Risk Exposures

Risk	Compliance
• Section I -Credit Risk	• Refer Note 4 to the Financial Statements on pages 161 to 176 in IR
• Section II Market Risk	• Refer Note 4 to the Financial Statements on pages 179 to 180 in IR
• Section II (a) IRR	• Refer Pages 90 to 91 in CG&RR
• Section II (b) Equity Position Risk	• Refer Page 91 in CG&RR
• Section II (c) Foreign Exchange	• Refer Page 92 in CG&RR
• Section III Liquidity Risk	
• Section III (a)	• Refer Page 93 in CG&RR
• Section III (b)	• Refer Pages 94 to 95 in CG&RR
• Section III (c) & (d)	• Refer Pages 71 to 72 in CG&RR • Refer Note 4 to the Financial Statements on pages 176 to 178 in IR
• Section IV Operational Risk	• Major Financial Losses incurred by Bank on page 60 in CG&RR • Details of activities that have been outsourced together with parties and basis for payment for such services on page 61 in CG&RR. • Details of due diligence tests of third party service providers on page 61 in CG&RR.
• Section V Interest Rate Risk in Banking Book (IRRBB)	• Refer page 96 in CG&RR

## Template 14 - Section II Market Risk -(a) Interest Rate Risk

### Interest Rate Sensitivity Gap Analysis as at 31-Dec-2019-LKR

(Values are in Millions LKR)

			1M	3M	6M	1Y	3Y	5Y	>5Y
Account Type	Product	Product Name Level18							
Rate Sensitive Assets	Inflows	Balances due from Head Office, Affiliates and Own Branches	0.00	0.00	0.00	0.00	0.00	0.00	3,772.29
		Bills of Exchange	623.53	23.20	0.00	0.00	0.00	0.00	0.00
		Cash on hand	26,681.67	0.00	0.00	96.16	0.00	0.00	0.00
		Deposits with CBSL	1,139.77	1,139.77	1,139.77	2,279.53	5,698.83	5,698.83	5,698.83
		Investments (Net of provisions)	4,089.41	14,632.07	21,940.40	20,538.35	25,567.95	11,211.07	3,617.56
		Loans and Advances	294,714.02	32,132.28	23,394.32	42,679.02	79,050.56	42,107.69	29,070.81
		NPLs	0.00	0.00	0.00	1,035.15	0.00	0.00	3,105.44
		Net Inter-Branch Transactions	0.00	0.00	0.00	0.00	0.00	0.00	-0.53
		Other Assets	141.77	1,734.31	116.62	0.00	170.70	1,347.52	10,858.55
		Overdraft	66,410.06	8,263.75	6,098.08	7,688.47	4,863.93	4,789.30	4,682.35
		Accrued Interest	2,412.05	1,004.77	885.93	556.61	105.87	13.24	0.00
		Balances due from Other Banks	4,750.00	0.00	0.00	1,000.00	0.00	0.00	0.00
		Fixed Assets L1	0.00	0.00	0.00	0.00	0.00	0.00	22,630.23
			400,962.28	58,930.15	53,575.12	75,873.29	115,457.85	65,167.65	83,435.53
Rate Sensitive Liabilities	Outflows	Balances due to Other Banks	1,600.00	0.00	0.00	0.00	0.00	0.00	351.15
		Bills Payable	1,195.24	0.00	0.00	0.00	0.00	0.00	0.00
		Demand Deposits	8,680.14	8,680.14	6,510.11	8,680.14	2.30	2.30	10,851.71
		Interest Payable	1,206.13	4,951.76	4,546.85	2,165.13	1,708.87	1,742.36	0.00
		Other Liabilities	137.80	158.77	187.37	9,405.85	15,277.43	544.10	9,613.56
		Savings Deposits	12,979.98	27,185.15	8,911.32	11,869.87	44,557.47	44,556.58	44,556.58
		Time Deposits	54,684.63	113,697.10	96,026.89	130,212.44	8,375.12	7,324.14	0.00
		Bonds Issued	0.00	0.00	0.00	0.00	16,151.63	4,532.59	8,077.43
		Borrowings	594.86	213.59	276.60	788.30	2,423.85	1,236.28	255.56
		Capital & Reserves	0.00	0.00	0.00	0.00	0.00	0.00	33,484.95
		Repo	16,709.89	724.97	77.06	10.89	0.00	0.00	0.00
		Reserves	0.00	0.00	0.00	0.00	0.00	0.00	97,379.64
			97,788.66	155,611.48	116,536.19	163,132.63	88,496.68	59,938.35	204,570.58
Net Gap			303,173.62	(96,681.32)	(62,961.06)	(87,259.35)	26,961.17	5,229.30	(121,135.04)
Cumulative Gap			303,173.62	206,492.29	143,531.23	56,271.89	83,233.06	88,462.36	(32,672.69)
Rate Sensitive Assets total		(Excl- Cash on hand, Deposits with CBSL)	373,140.84	57,790.39	52,435.36	73,497.60	109,759.02	59,468.82	77,736.70
Rate Sensitive Liabilities total		(Excl- Demand Deposits, Capital)	89,108.52	146,931.34	110,026.08	154,452.49	88,494.38	59,936.05	160,233.91
Net Gap			284,032.33	(89,140.95)	(57,590.72)	(80,954.89)	21,264.64	(467.23)	(82,497.21)
Cumulative Gap			284,032.33	194,891.38	137,300.65	56,345.76	77,610.40	77,143.16	(5,354.05)

#### Notes

- 1) The above figures have been prepared as per SLAS including interest cash flows and may differ from SLFRS figures given in the Statement of Financial Position
- 2) Prepared as per requirement given in the Banking Act Direction No 7 of 2011 on "Integrated Risk Management Framework".

## Interest Rate Sensitivity Gap Analysis as at 31-Dec-2019-USD

(Values are in Thousands USD)

			1M	3M	6M	1Y	3Y	5Y	>5Y
Account Type	Product	Product Name Level18							
Rate Sensitive Assets	Inflows	Bills of Exchange	3,200.11	4,854.94	1,539.29	0.00	0.00	0.00	0.00
		Cash on hand	5,000.90	0.00	0.00	0.00	0.00	0.00	0.00
		Investments (Net of provisions)	0.00	65,000.00	280,000.00	0.00	288,840.00	182,022.50	126,761.00
		Loans and Advances	283,646.90	105,408.18	23,122.95	4,174.87	4,613.90	2,660.15	(21,692.66)
		NPLs	0.00	0.00	0.00	5.12	0.00	0.00	15.36
		Other Assets	0.00	1,881.09	0.00	0.00	0.00	0.00	0.00
		Overdraft	6,477.70	536.20	110.73	377.72	255.49	255.47	255.56
		Accrued Interest	1,596.26	1,384.61	2,014.67	34.38	0.00	0.00	0.00
		Balances due from Other Banks	9,810.47	0.00	0.00	0.00	0.00	0.00	2,312.19
				309,732.34	179,065.02	306,787.64	4,592.08	293,709.39	184,938.11
Rate Sensitive Liabilities	Outflows	Balances due to Other Banks	12,000.00	219,539.04	86,111.11	96,718.36	130,000.00	0.00	0.00
		Demand Deposits	7,558.47	7,558.48	5,668.83	7,558.36	282.17	282.16	9,636.15
		Interest Payable	1,077.62	3,216.41	2,378.45	1,464.05	2,606.33	1,215.36	0.00
		Other Liabilities	226.05	353.65	306.55	61,192.49	847.34	847.32	12,103.71
		Savings Deposits	11,929.94	11,930.83	8,943.65	11,912.95	44,719.16	44,718.26	44,718.26
		Time Deposits	47,988.43	121,128.97	117,440.19	119,273.71	16,731.42	24,986.90	0.00
		80,780.50	363,727.38	220,848.78	298,119.92	195,186.41	72,050.01	66,458.13	
Net Gap		228,951.84	(184,662.36)	85,938.86	(293,527.83)	98,522.98	112,888.11	41,193.33	
Cumulative Gap		228,951.84	44,289.48	130,228.34	(163,299.49)	(64,776.51)	48,111.60	89,304.93	
Rate Sensitive Assets total (Excl - Cash on Hand)			304,731.44	179,065.02	306,787.64	4,592.08	293,709.39	184,938.11	107,651.46
Rate Sensitive Liabilities total (Excl- Demand Deposit)			73,222.03	356,168.90	215,179.95	290,561.55	194,904.24	71,767.85	56,821.97
Net Gap			231,509.41	(177,103.88)	91,607.69	(285,969.47)	98,805.15	113,170.27	50,829.49
Cumulative Gap			231,509.41	54,405.52	146,013.22	(139,956.25)	(41,151.10)	72,019.16	122,848.65

### Notes

- 1) The above figures have been prepared as per SLAS including interest cash flows and may differ from SLFRS figures given in the Statement of Financial Position
- 2) Prepared as per requirement given in the Banking Act Direction No 7 of 2011 on "Integrated Risk Management Framework".

## Template 14 - Section II Market Risk -(b) Equity Position Risk

(Rs. 000)

Equity	Carrying Value	Fair Value	Realized Gains/Losses	Unrealized Gains/Losses	Capital Adequacy Calculation
Investment Portfolio	3,633,426	5,524,674	-	1,891,248	Capital Charge - 13,840
Trading Portfolio	176,642	105,310	237	(71,332)	RWA - 102,513

## Template 14 - Section II Market Risk -(c) Foreign Exchange Risk

### Report on Liquidity Gap Summary as at 31st Dec 2019 (Consolidated Foreign Currency)

(Values are in Millions LKR)

		1M	3M	6M	1Y	3Y	5Y	>5Y
Particulars	Product							
Total Inflows	Bills of Exchange	3,252.40	4,952.91	1,539.29	0.00	0.00	0.00	0.00
	Cash on hand	6,690.79	0.00	0.00	0.00	0.00	0.00	0.00
	Investments (Net of provisions)	2,453.19	68,886.51	292,602.33	9,197.62	324,086.10	208,848.94	143,228.47
	Loans and Advances	42,502.83	92,996.55	47,047.67	38,825.37	151,898.10	78,144.46	11,043.76
	NPLs	0.00	0.00	0.00	5.14	0.00	0.00	15.43
	Other Assets	2,023.05	(380.15)	0.00	0.00	0.00	0.00	840.66
	Other	0.00	0.00	4,838.19	9,677.82	0.00	0.00	0.00
	Overdraft	656.52	689.68	716.26	1,408.09	2,216.27	2,016.42	1,821.23
	Accrued Interest	1,614.09	1,385.23	2,074.28	13.56	0.00	0.00	0.00
	Balances due from Other Banks	9,811.24	0.00	0.00	0.00	0.00	0.00	1,829.19
	Forward Contracts	108,812.99	73,899.24	71,572.75	87,512.00	0.00	0.00	0.00
		177,817.10	242,429.95	420,390.77	146,639.60	478,200.47	289,009.81	158,778.74
Total Outflows	Balances due to Other Banks	17,781.03	89,828.99	54,347.81	163,836.86	251,032.06	2,399.83	8,342.06
	Demand Deposits	7,995.95	7,995.95	5,996.94	7,995.84	287.87	287.87	10,186.81
	Interest Payable	1,215.08	3,435.98	2,640.83	1,623.20	2,613.56	1,215.36	0.00
	Letters of Credit/Guarantees/ Acceptances	0.00	4,838.19	4,838.19	4,839.64	0.00	0.00	0.00
	Other Liabilities	232.58	259.20	327.77	61,323.89	871.82	871.80	349.30
	Savings Deposits	15,073.92	15,354.50	11,918.06	16,350.49	60,431.03	58,323.64	56,258.04
	Time Deposits	64,842.83	139,747.55	142,514.89	151,226.75	22,010.58	30,675.53	0.00
	Forward Contracts Payable	173,423.90	147,878.54	44,011.54	6,843.45	0.00	0.00	0.00
		280,565.29	409,338.90	266,596.03	414,040.11	337,246.93	93,774.04	75,136.21
Net Liquidity Gap		(102,748.19)	(166,908.95)	153,794.73	(267,400.51)	140,953.54	195,235.77	83,642.53
Net Gap as % of Total Outflows		(36.62)	(40.78)	57.69	(64.58)	41.80	208.20	111.32
Cumulative Gap		(102,748.19)	(269,657.14)	(115,862.40)	(383,262.91)	(242,309.37)	(47,073.60)	36,568.94

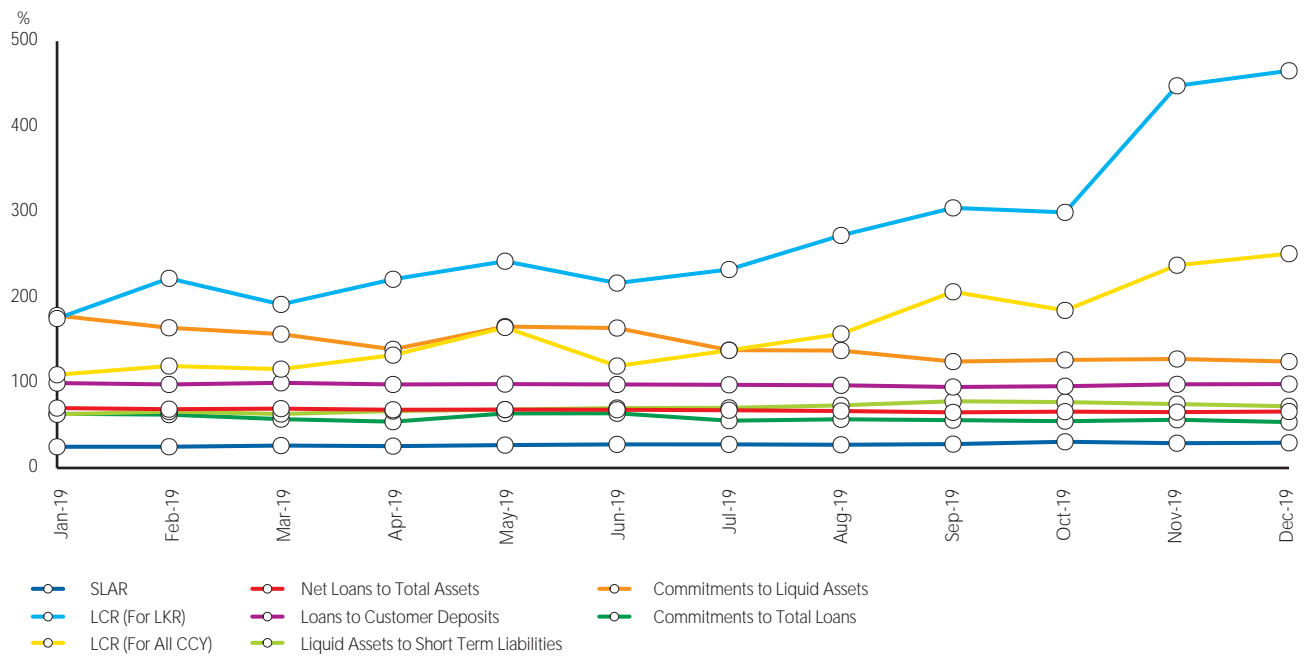
#### Notes

- 1) The above figures have been prepared as per SLAS including interest cash flows and may differ from SLFRS figures given in the Statement of Financial Position
- 2) Prepared as per requirement given in the Banking Act Direction No 7 of 2011 on "Integrated Risk Management Framework".

## Template 14 - Section III (A) Liquidity Risk - Key Liquidity Ratios

### Key Liquidity Ratios

Ratio	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
SLAR	24.84%	24.87%	26.24%	25.59%	26.79%	27.63%	27.62%	27.18%	27.96%	30.69%	29.01%	29.55%
LCR (For LKR)	175.09%	222.15%	191.62%	221.07%	242.21%	216.62%	232.55%	272.41%	304.72%	299.46%	447.79%	465.37%
LCR (For All CCY)	109.22%	119.45%	115.82%	132.18%	164.69%	119.44%	137.80%	157.09%	206.42%	184.60%	237.52%	251.07%
Net Loans to Total Assets	70.18%	68.87%	69.49%	68.21%	68.41%	68.20%	67.62%	66.72%	65.14%	65.98%	65.43%	66.12%
Loans to Customer Deposits	99.49%	97.85%	99.75%	97.83%	98.28%	97.85%	97.42%	96.86%	94.87%	95.80%	98.00%	98.27%
Liquid Assets to Short Term Liabilities	62.83%	66.06%	63.25%	66.66%	68.31%	70.21%	70.42%	73.38%	78.17%	77.14%	74.89%	72.25%
Commitments to Liquid Assets	178.59%	164.26%	156.82%	138.98%	165.62%	163.96%	138.03%	137.55%	124.68%	126.55%	127.68%	124.73%
Commitments to Total Loans	63.55%	62.45%	57.20%	54.24%	63.87%	64.07%	55.40%	57.04%	56.03%	54.82%	56.45%	53.76%



## Template 14 - Section III (b) Liquidity Risk - Currency Wise

### Report on Liquidity Gap Summary as at 31st Dec 2019 (LKR/ Behavioral)

(Amount in Million LKR)

		1M	3M	6M	1Y	3Y	5Y	>5Y
Particulars	Product							
Total Inflows	Balances due from Head Office, Affiliates and Own Branches	0.00	0.00	0.00	0.00	0.00	0.00	3,772.29
	Bills of Exchange	623.53	23.20	0.00	0.00	0.00	0.00	0.00
	Cash on hand	26,681.67	0.00	0.00	96.16	0.00	0.00	0.00
	Deposits with CBSL	1,139.77	1,139.77	1,139.77	2,279.53	5,698.83	5,698.83	5,698.83
	Investments (Net of provisions)	4,324.20	15,832.39	22,916.49	22,872.99	30,879.24	13,275.37	3,758.97
	NPLs	80,247.19	84,707.95	64,790.43	90,590.70	194,657.37	94,872.09	77,881.13
	Net Inter-Branch Transactions	0.00	0.00	0.00	1,035.15	0.00	0.00	3,105.44
	Loans and Advances	0.00	0.00	0.00	0.00	0.00	0.00	(0.53)
	Other Assets	141.77	1,734.31	116.62	0.00	170.70	1,347.52	10,858.55
	Other	0.00	0.00	584.03	1,168.24	0.00	0.00	0.00
	Overdraft	7,984.35	9,873.04	10,729.87	20,864.08	37,339.79	30,969.37	24,737.10
	Accrued Interest	2,412.05	1,004.77	885.93	1,996.66	105.87	13.24	0.00
	Balances due from Other Banks	4,852.93	0.00	0.00	1,100.55	0.00	0.00	0.00
	Fixed Assets L1	0.00	0.00	0.00	0.00	0.00	0.00	22,630.23
	Forward Contracts	5,492.10	6,479.11	5,615.78	0.00	0.00	0.00	0.00
	Reverse Repo	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		133,899.57	120,794.55	106,778.92	142,004.05	268,851.82	146,176.42	152,442.01
Total Outflows	Balances due to Other Banks	1,600.33	0.00	0.00	0.00	0.00	0.00	351.15
	Bills Payable	1,195.24	0.00	0.00	0.00	0.00	0.00	0.00
	Demand Deposits	8,680.14	8,680.14	6,510.11	8,680.14	2.30	2.30	10,851.71
	Interest Payable	1,206.13	4,951.76	4,546.85	3,605.18	1,708.87	1,742.36	0.00
	Letters of Credit/Guarantees/Acceptances	0.00	584.03	584.03	584.21	0.00	0.00	0.00
	Other Liabilities	137.80	158.77	187.37	9,405.85	15,277.43	544.10	9,613.56
	Savings Deposits	13,681.94	14,258.33	11,531.79	16,341.52	59,391.98	55,045.92	50,784.80
	Time Deposits	58,214.97	120,801.20	104,648.24	141,381.59	11,596.85	11,730.75	0.00
	Bonds Issued	0.00	787.50	354.25	2,158.14	18,955.79	7,658.70	14,280.90
	Borrowings	679.41	253.47	319.62	930.32	2,806.01	1,488.61	432.09
	Capital	0.00	0.00	0.00	0.00	0.00	0.00	33,484.95
	Forward Contracts Payable	10,293.79	7,760.04	13,288.42	14,971.40	0.00	0.00	0.00
	Repo	16,730.87	762.22	83.37	11.76	0.00	0.00	0.00
	Reserves	0.00	0.00	0.00	0.00	0.00	0.00	97,379.64
		112,420.62	158,997.47	142,054.06	198,070.12	109,739.21	78,212.74	217,178.80
Net Liquidity Gap		21,478.95	(38,202.92)	(35,275.14)	(56,066.06)	159,112.61	67,963.68	(64,736.79)
Net Gap as % of Total Outflows		19.11	(24.03)	(24.83)	(28.31)	144.99	86.90	(29.81)
Cumulative Gap		21,478.95	(16,723.97)	(51,999.11)	(108,065.17)	51,047.44	119,011.12	54,274.33
Adjustments for Behavioural Maturities	Time Deposits	48,332.57	99,889.26	73,191.95	86,719.88	(148,292.28)	(74,892.03)	(84,949.35)
	Unutilised O/D	(11,039.28)	(11,039.28)	(11,039.28)	(22,078.56)			
	Undisbursed Loans	(2,276.30)	(2,276.30)	(2,276.30)	(4,552.60)	(3,793.84)		
	Pawning Rollovers	(346.51)	(811.99)	(1,549.51)	(6,174.61)	8,882.62		
Total Adjustments		34,670.48	85,761.69	58,326.86	53,914.11	(143,203.50)	(74,892.03)	(84,949.35)
Adjusted Net Liquidity Gap		56,149.43	47,558.77	23,051.72	(2,151.95)	15,909.11	(6,928.35)	(149,686.13)
Adjusted Net Gap as % of Total Outflows		72.22	64.94	27.53	(1.49)	6.29	(4.53)	(49.54)
Adjusted Cumulative Gap		56,149.43	103,708.20	126,759.92	124,607.97	140,517.08	133,588.73	(16,097.40)

#### Notes

- 1) The above figures have been prepared as per SLAS including interest cash flows and may differ from SLFRS figures given in the Statement of Financial Position.
- 2) Prepared as per requirement given in the Banking Act Direction No 7 of 2011 on "Integrated Risk Management Framework".

## Report on Liquidity Gap Summary as at 31st Dec 2019 (USD/ Behavioral)

(Values are in Thousands USD)

		1M	3M	6M	1Y	3Y	5Y	>5Y
Particulars	Product							
Total Inflows	Bills of Exchange	3,200.11	4,859.75	1,539.29	0.00	0.00	0.00	0.00
	Cash on hand	5,000.90	0.00	0.00	0.00	0.00	0.00	0.00
	Investments (Net of provisions)	2,453.19	68,886.51	292,602.33	9,197.62	324,086.10	208,848.94	142,875.19
	Loans and Advances	41,400.90	90,202.13	45,078.66	37,913.97	149,288.73	76,237.92	10,080.80
	NPLs	0.00	0.00	0.00	5.12	0.00	0.00	15.36
	Other Assets	0.00	1,881.09	0.00	0.00	0.00	0.00	0.00
	Other	0.00	0.00	3,530.26	7,061.59	0.00	0.00	0.00
	Overdraft	656.51	689.68	716.26	1,408.08	2,216.26	2,016.41	1,821.22
	Accrued Interest	1,596.26	1,384.61	2,014.67	34.38	0.00	0.00	0.00
	Balances due from Other Banks	9,811.24	0.00	0.00	0.00	0.00	0.00	2,312.19
	Forward Contracts	43,094.21	30,788.04	65,000.00	80,500.00	0.00	0.00	0.00
		107,213.33	198,691.81	410,481.47	136,120.76	475,591.09	287,103.27	157,104.77
Total Outflows	Balances due to Other Banks	12,088.25	89,828.99	54,347.81	156,649.08	251,032.06	2,399.83	10,278.36
	Demand Deposits	7,558.47	7,558.48	5,668.83	7,558.36	282.17	282.16	9,636.15
	Interest Payable	1,077.62	3,216.41	2,378.45	1,464.05	2,606.33	1,215.36	0.00
	Letters of Credit/Guarantees/ Acceptances	0.00	3,530.26	3,530.26	3,531.32	0.00	0.00	0.00
	Other Liabilities	226.05	354.67	311.44	61,215.02	847.34	847.32	12,103.71
	Savings Deposits	12,237.90	12,491.23	9,732.23	13,392.95	49,420.44	47,516.98	45,651.17
	Time Deposits	49,165.52	125,308.71	121,590.97	125,088.99	21,596.83	30,675.53	0.00
	Forward Contracts Payable	163,523.63	145,470.31	44,011.54	6,843.45	0.00	0.00	0.00
		245,877.43	387,759.07	241,571.53	375,743.23	325,785.16	82,937.19	77,669.39
Net Liquidity Gap		(138,664)	(189,067)	168,910	(239,622)	149,806	204,166	79,435
Net Gap as % of Total Outflows		(56.40)	(48.76)	69.92	(126.33)	45.98	246.17	102.27
Cumulative Gap		(138,664)	(327,731)	(158,821)	(648,510)	(248,638)	(44,472)	34,963
Adjustments for Behavioural Maturities	Time Deposits	38,730.93	103,228.31	88,377.05	67,373.05	(147,226.13)	(60,787.31)	(89,695.90)
	Unutilised O/D	(4,467.42)	(4,467.42)	(4,467.42)	(8,934.85)			
	Undisbursed Loans	(16,475.96)	(16,475.96)	(16,475.96)	(32,951.93)	(27,459.94)		
Total Adjustments		17,787.55	82,284.92	67,433.66	25,486.27	(174,686.07)	(60,787.31)	(89,695.90)
Adjusted Net Liquidity Gap		(120,876.56)	(106,782.33)	236,343.60	(214,136.19)	(24,880.14)	143,378.77	(10,260.53)
Adjusted Net Gap as % of Total Outflows		(53.00)	(34.96)	135.72	(61.14)	(4.97)	99.76	(6.13)
Adjusted Cumulative Gap		(120,876.56)	(227,658.90)	8,684.70	(205,451.49)	(230,331.63)	(86,952.86)	(97,213.39)

### Notes

- 1) The above figures have been prepared as per SLAS including interest cash flows and may differ from SLFRS figures given in the Statement of Financial Position.
- 2) Prepared as per requirement given in the Banking Act Direction No 7 of 2011 on "Integrated Risk Management Framework".

## Template 14 - Section (V) Interest Rate Risk in the Banking Book (IRBB)

### Present Market Value of RSA/RSL on Movement of Market Interest Rates - LKR

(Values are in Millions LKR)

	1M	3M	6M	1Y	3Y	5Y	>5Y
Rate Sensitive Assets total	373,140.84	57,790.39	52,435.36	73,497.60	109,759.02	59,468.82	77,736.70
Rate Sensitive Liabilities total	89,108.52	146,931.34	110,026.08	154,452.49	88,494.38	59,936.05	160,233.91
Net Gap	284,032.33	(89,140.95)	(57,590.72)	(80,954.89)	21,264.64	(467.23)	(82,497.21)
Cumulative Gap	284,032.33	194,891.38	137,300.65	56,345.76	77,610.40	77,143.16	(5,354.05)
Duration weight	0.08	0.25	0.50	1.00	3.00	5.00	7.00
Market Rates	9.06%	9.16%	9.71%	10.30%	10.97%	11.37%	10.30%
Present Value at market rates	284,011	89,121	57,563	80,872	21,220	465	81,905
Present Value at market rates + 50 basis pt	283,893	89,010	57,420	80,470	21,010	456	79,097
Change in Market value for 50 basis point interest movement	(118)	(111)	(143)	(402)	(210)	(9)	(2,807)

### Present Market Value of RSA/RSL on Movement of Market Interest Rates - USD

(Values are in Thousands USD)

	1M	3M	6M	1Y	3Y	5Y	>5Y
Rate Sensitive Assets total	304,731.44	179,065.02	306,787.64	4,592.08	293,709.39	184,938.11	107,651.46
Rate Sensitive Liabilities total	73,222.03	356,168.90	215,179.95	290,561.55	194,904.24	71,767.85	56,821.97
Net Gap	231,509.41	(177,103.88)	91,607.69	(285,969.47)	98,805.15	113,170.27	50,829.49
Cumulative Gap	231,509.41	54,405.52	146,013.22	(139,956.25)	(41,151.10)	72,019.16	122,848.65
Duration weight	0.08	0.25	0.5	1	3	5	7
Market Rates	2.07675	2.34238	2.52988	2.82138	2.939	2.97	2.987
Present Value at market rates	231,113	176,082	90,470	278,123	90,582	100,703	41,366
Present Value at market rates + 10 basis pt	231,094	176,039	90,426	277,852	90,318	100,312	41,085
Change in Market value for 10 basis point interest movement	(19)	(43)	(44)	(270)	(263)	(390)	(280)

#### Notes

- 1) The above figures have been prepared as per SLAS including interest cash flows and may differ from SLFRS figures given in the Statement of Financial Position.
- 2) Prepared as per requirement given in the Banking Act Direction No 7 of 2011 on "Integrated Risk Management Framework"