

Template 1

Key regulatory ratios - Capital and liquidity

As at June 30,	Bank		Group	
	2021	2020	2021	2020
Regulatory Capital (Rs 000)				
Common Equity Tier 1	124,524,921	118,259,426	138,836,300	131,653,064
Tier 1 Capital	124,524,921	118,259,426	138,836,300	131,653,064
Total Capital	149,765,315	147,829,460	164,755,548	161,575,138
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement - 2021-7% ; 2020-7%</i>)	15.31%	15.25%	15.58%	15.50%
Tier 1 Capital Ratio (<i>Minimum Requirement - 2021-8.5% ; 2020-8.5%</i>)	15.31%	15.25%	15.58%	15.50%
Total Capital Ratio (<i>Minimum Requirement - 2021-12.5% ; 2020-12.5%</i>)	18.42%	19.07%	18.49%	19.02%
Leverage Ratio (<i>Minimum Requirement - 3%</i>)	8.03%	8.46%	8.52%	8.94%
Regulatory Liquidity				
Statutory Liquid Assets (Rs 000)	466,003,154	349,763,031	N/A	N/A
Statutory Liquid Assets Ratio (<i>Minimum Requirement - 20%</i>)				
Domestic Banking Unit	40.30%	32.88%	N/A	N/A
Off-Shore Banking Unit	32.17%	36.92%	N/A	N/A
Liquidity Coverage Ratio – Rupee (<i>Minimum Requirement - 2021-90% ; 2020-90%</i>)	284.26%	279.99%	N/A	N/A
Liquidity Coverage Ratio – All Currency (<i>Minimum Requirement - 2021-90% ; 2020-90%</i>)	273.71%	254.76%	N/A	N/A

Template 2

Basel III computation of capital ratios

As at June 30,	Bank		Group	
	2021 (Rs 000)	2020 (Rs 000)	2021 (Rs 000)	2020 (Rs 000)
Common Equity Tier 1 (CET1) Capital after Adjustments	124,524,921	118,259,426	138,836,300	131,653,064
Common Equity Tier 1 (CET1) Capital	130,614,454	121,767,080	144,556,128	134,170,419
Equity Capital (Stated Capital)/Assigned Capital	37,364,244	35,572,329	37,364,244	35,572,329
Reserve Fund	7,660,000	7,060,000	7,660,000	7,060,000
Published Retained Earnings/(Accumulated Retained Losses)	28,656,904	20,378,730	35,797,920	26,266,426
Published Accumulated Other Comprehensive Income (OCI)	11,000	-	23,046	-
General and other Disclosed Reserves	56,922,306	58,756,021	58,063,928	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	-	-	5,646,990	5,044,280
Total Adjustments to CET1 Capital	6,089,532	3,507,654	5,719,828	2,517,355
Goodwill (net)	-	-	119,457	122,942
Intangible Assets (net)	1,312,504	847,655	1,312,504	947,655
Deferred tax assets (net)	1,890,053	-	2,654,580	-
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	342,079	192,325	271,603	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	2,544,896	2,467,674	1,361,684	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	25,240,393	29,570,035	25,919,247	29,922,075
Tier 2 Capital	25,240,393	29,570,035	25,919,247	29,922,075
Qualifying Tier 2 Capital Instruments	13,892,092	18,674,776	13,845,642	18,320,114
Revaluation Gains	2,090,479	2,090,479	2,090,479	2,090,479
General Provisions	9,257,823	8,804,780	9,983,127	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	124,524,921	118,259,426	138,836,300	131,653,064
Total Tier 1 Capital	124,524,921	118,259,426	138,836,300	131,653,064
Total Capital	149,765,315	147,829,460	164,755,548	161,575,138
Total Risk Weighted Assets (RWA)	813,126,364	775,292,026	891,034,237	849,572,661
RWAs for Credit Risk	740,625,828	704,382,392	798,650,174	760,918,549
RWAs for Market Risk	123,530	911,166	296,639	976,266
RWAs for Operational Risk	72,377,006	69,998,468	92,087,424	87,677,845
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.31%	15.25%	15.58%	15.50%
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 (%)	15.31%	15.25%	15.58%	15.50%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	18.42%	19.07%	18.49%	19.02%
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 June 30,	Bank		Group	
	2021 (Rs 000)	2020 (Rs 000)	2021 (Rs 000)	2020 (Rs 000)
Tier 1 Capital	124,524,921	118,259,426	138,836,300	131,653,064
Total Exposures	1,549,850,732	1,397,446,662	1,630,203,448	1,472,517,832
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,322,327,223	1,128,847,367	1,396,501,208	1,202,436,349
Derivative Exposures	99,893,768	135,422,695	99,893,768	135,422,695
Securities Financing Transaction Exposures	22,021,105	42,603,325	28,199,836	44,085,514
Other Off-Balance Sheet Exposures	105,608,636	90,573,275	105,608,636	90,573,275
Basel III leverage ratio (Tier 1/Total Exposure) (minimum requirement 3%)	8.03%	8.46%	8.52%	8.94%

Template 4

Liquidity coverage ratio (LCR) - All currency

As at June 30,	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)	350,741,181	336,242,412	264,210,390	256,150,304
Total adjusted level 1A assets	255,961,273	255,961,273	214,716,663	214,716,663
Level 1A assets	254,181,132	254,181,132	214,118,140	214,118,140
Total adjusted level 2A assets	96,517,872	82,040,191	48,531,541	41,251,810
Level 2A assets	96,517,872	82,040,191	48,531,541	41,251,810
Total adjusted level 2B assets	42,176	21,088	1,560,709	780,354
Level 2B assets	42,176	21,088	1,560,709	780,354
Total cash outflows	1,162,006,088	190,983,022	961,652,397	142,370,669
Deposits	815,566,262	81,556,626	691,924,138	69,192,414
Unsecured wholesale funding	182,091,925	70,716,490	124,056,873	41,496,644
Secured funding transactions	14,253,361	-	4,712,263	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	126,115,969	14,731,334	123,878,029	14,600,517
Additional requirements	23,978,572	23,978,572	17,081,094	17,081,094
Total cash inflows	147,252,076	68,135,314	94,104,778	41,825,180
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	98,105,438	60,918,498	69,103,724	35,151,863
Operational deposits	31,923,670	-	8,759,581	-
Other cash inflows	14,222,969	7,216,816	13,241,472	6,673,317
Liquidity coverage ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		273.71%		254.76%

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

Item	Bank	
	2021 - June (Rs 000)	2020 - June (Rs 000)
Total Available Stable Funding (ASF)	956,480,397	869,529,729
Required stable funding – On balance sheet assets	787,758,448	730,272,588
Required stable funding – Off balance sheet items	16,320,215	12,295,506
Total Required Stable Funding (RSF)	804,078,663	742,568,094
NSFR (minimum requirement - 2021 - 90%, 2020 - 90%)	118.95%	117.10%

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	936,606	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 June 30,	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	484,855,991	-	448,797,878	-	17,788,845	3.96%
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	41,462,047	-	41,462,047	-	15,598,939	37.62%
Claims on financial institutions	15,439,587	2,565,584	15,439,587	2,565,584	11,308,794	62.81%
Claims on corporates	309,229,504	342,329,558	304,875,377	86,299,444	365,733,491	93.50%
Retail claims	380,143,470	77,821,194	339,613,033	16,743,609	249,570,790	70.03%
Claims secured by residential property	50,979,845	-	50,979,845	-	28,496,341	55.90%
Claims secured by commercial real estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	18,530,322	-	18,530,322	-	19,431,813	104.86%
Higher-risk categories	1,289,599	-	1,289,599	-	3,223,997	250.00%
Cash items and other assets	58,611,442	-	58,611,442	-	29,472,818	50.29%
Total	1,360,541,808	422,716,336	1,279,599,131	105,608,637	740,625,828	

Template 7

Credit Risk under Standardised Approach –

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

Asset Class as at June 30,	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	490,488,903	-	454,430,790	-	17,788,845	3.91%
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	50,403,405	-	50,403,405	-	18,951,013	37.60%
Claims on financial institutions	19,179,790	2,565,584	19,179,790	2,565,584	13,178,895	60.61%
Claims on corporates	318,683,887	342,329,558	314,329,760	86,299,444	374,815,149	93.56%
Retail claims	408,644,615	77,821,194	368,114,178	16,743,609	270,946,648	70.40%
Claims secured by residential property	50,979,845	-	50,979,845	-	28,496,341	55.90%
Claims secured by commercial real estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	18,530,322	-	18,530,322	-	19,431,813	104.86%
Higher-risk categories	1,428,526	-	1,428,526	-	3,571,314	250.00%
Cash items and other assets	81,011,664	-	81,011,664	-	51,470,154	63.53%
Total	1,439,350,956	422,716,336	1,358,408,279	105,608,637	798,650,174	

Template 9

Market risk under standardised measurement method

As at June 30,	Bank		Group	
	(Rs 000)	(Rs 000)	(Rs 000)	(Rs 000)
	2021	2020	2021	2020
(a) RWA for interest rate risk	0	0	0	0
General interest rate risk	0	0	0	0
(i) Net long or short position	0	0	0	0
(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	7,607	11,633	29,245	19,771
(i) General equity risk	4,218	5,562	15,263	10,316
(ii) Specific equity risk	3,389	6,071	13,983	9,454
(c) RWA for foreign exchange & gold	7,835	102,263	7,835	102,263
Capital charge for market risk [(a) + (b) + (c)] * CAR	123,530	911,166	296,639	976,266

Template 10

Operational Risk under basic indicator approach

As at June 30,			Bank					
			Gross Income (Rs 000) as at, 2021			Gross Income (Rs 000) as at, 2020		
			1 st Year	2 nd Year	3 rd Year	1 st Year	2 nd Year	3 rd Year
Business Lines	Capital Charge Factor	Fixed Factor						
The Basic Indicator Approach	15%		62,947,407	57,681,353	60,313,756	54,367,409	62,947,407	57,681,353
Capital Charges for Operational Risk			9,047,126			8,749,808		
Risk Weighted Amount for Operational Risk			72,377,006			69,998,468		

As at June 30,			Group					
			Gross Income (Rs 000) as at, 2021			Gross Income (Rs 000) as at, 2020		
			1 st Year	2 nd Year	3 rd Year	1 st Year	2 nd Year	3 rd Year
Business Lines	Capital Charge Factor	Fixed Factor						
The Basic Indicator Approach	15%		78,550,124	74,210,482	77,457,955	66,434,007	78,550,124	74,210,482
Capital Charges for Operational Risk			11,510,928			10,959,731		
Risk Weighted Amount for Operational Risk			92,087,424			87,677,845		

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 ,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	1,336,831,271	1,353,373,559	1,264,807,247	81,413	87,320,384
Cash and cash equivalents	61,586,443	61,598,882	61,598,882		
Placements with banks	3,800,367	3,800,000	3,800,000		
Balances with Central Bank of Sri Lanka	9,202,312	9,202,312	12,579,617		
Reverse repurchase agreements	2,500,340	2,500,340	2,500,340		
Derivative financial instruments	849,952				
Financial assets measured at fair value through profit or loss	81,413	81,413		81,413	
Financial assets measured at amortised cost - loans and advances to customers	790,228,877	808,711,977	727,769,300		80,942,677
Financial assets measured at amortised cost - debt and other instruments	176,086,548	177,129,836	177,129,836		
Financial assets measured at fair value through other comprehensive income	249,695,431	250,776,930	247,511,012		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	472,441	472,441	472,441		
Property, plant and equipment	20,298,316	20,298,316	20,298,316		
Right-of-use assets	5,030,557	5,030,557			
Intangible assets and goodwill	1,410,869	1,410,869			1,312,504
Deferred tax assets	1,890,053				
Other assets	9,925,067	8,587,401	9,174,503		
Liabilities	1,195,865,880	1,201,458,067	-	-	-
Due to banks	70,461,371	69,718,254			
Derivative financial instruments	608,644				
Securities sold under repurchase agreements	14,638,986	14,626,588			
Financial liabilities measured at amortised cost - due to depositors	1,032,194,376	1,015,678,882			
Dividends payable	999,997	999,997			
Financial liabilities measured at amortised cost - other borrowings	24,358,887	24,369,045			
Debt securities issued	1,997,306	1,863,607			
Current tax liabilities	8,017,152	8,882,248			
Deferred tax liabilities	-	6,215,656			
Other provisions	3,470,627	5,040,604			
Other liabilities	17,923,329	34,346,581			
Subordinated term debts	21,195,205	19,716,606			
Off-Balance Sheet Liabilities	670,741,247	670,741,247	-	-	-
Guarantees	75,800,647	75,800,647	75,800,647		
Performance Bonds	41,891,921	41,891,921	41,891,921		
Letters of Credit	36,841,185	36,841,185	36,841,185		
Other Contingent Items	129,006,263	129,006,263	129,006,263		
Undrawn Loan Commitments	387,201,231	387,201,231	387,201,231		
Other Commitments					
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1	37,364,244	37,028,291			
Of which Amount Eligible for AT1					
Retained Earnings	27,657,274	39,765,632			
Accumulated Other Comprehensive Income	822,305	-			
Other Reserves	75,121,568	75,121,569			
Total Shareholders' Equity	140,965,391	151,915,492	-	-	-