

Quantitative Disclosures as per Schedule III of Banking Act Direction No. 01 of 2016, Capital Requirements under Basel III

Basel III Computation of Liquidity Coverage Ratio – All Currencies

As at	Amount (LKR 000)			
	31.12.2017		31.12.2016	
	Total un-weighted value	Total weighted value	Total un-weighted value	Total weighted value
Total Stock of High-Quality Liquid Assets (HQLA)	57,330,169	56,380,414	33,793,942	32,777,711
Total Adjusted Level 1A Assets	55,311,905	55,311,905	31,627,816	31,627,816
Level 1 Assets	55,311,905	55,311,905	31,627,816	31,627,816
Total Adjusted Level 2A Assets	169,650	144,203	190,950	162,308
Level 2A Assets	169,650	144,203	190,950	162,308
Total Adjusted Level 2 B Assets	1,848,614	924,307	1,975,175	987,588
Level 2B Assets	1,848,614	924,307	1,975,175	987,588
Total Cash Outflows	297,199,823	72,429,675	234,880,834	27,389,642
Deposits	110,539,102	11,053,910	139,634,635	13,963,463
Unsecured wholesale funding	85,471,888	50,626,218	5,524,273	5,524,273
Secured funding transactions	3,193,156	-	15,314,274	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	95,512,713	8,266,582	72,266,783	5,761,037
Additional Requirements	2,482,964	2,482,964	2,140,870	2,140,870
Total cash inflows	35,261,499	20,470,813	16,480,735	7,967,339
Maturing secured lending transactions backed by collateral	178,770	89,385	70,203	35,102
Committed facilities	1,000,000	-	1,000,000	-
Other inflows by counterparty which are maturing within 30 days	33,543,891	20,314,000	14,251,905	7,808,813
Operational deposits	470,422	-	1,034,756	-
Other cash inflows	68,417	67,428	123,871	123,424
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)* 100		108.51		168.76

Basel III Computation of Liquidity Coverage Ratio – LKR Only

As at	Amount (LKR 000)			
	31.12.2017		31.12.2016	
	Total un-weighted value	Total weighted value	Total un-weighted value	Total weighted value
Total Stock of High-Quality Liquid Assets (HQLA)	57,252,785	56,303,031	33,769,998	32,753,768
Total Adjusted Level 1A Assets	55,234,521	55,234,521	31,603,873	31,603,873
Level 1 Assets	55,234,521	55,234,521	31,603,873	31,603,873
Total Adjusted Level 2A Assets	169,650	144,203	190,950	162,308
Level 2A Assets	169,650	144,203	190,950	162,308
Total Adjusted Level 2B Assets	1,848,614	924,307	1,975,175	987,588
Level 2B Assets	1,848,614	924,307	1,975,175	987,588
Total Cash Outflows	223,260,953	57,527,010	181,344,999	21,827,013
Deposits	90,452,711	9,045,271	111,289,090	11,128,909
Unsecured wholesale funding	63,718,277	41,175,092	4,740,000	4,740,000
Secured funding transactions	3,193,156	-	15,314,274	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	63,775,251	5,185,089	47,964,329	3,920,798
Additional requirements	2,121,558	2,121,558	2,037,306	2,037,306
Total cash inflows	25,759,051	13,486,662	11,439,661	5,222,282
Maturing secured lending transactions backed by collateral	178,770	89,385	70,203	35,102
Committed facilities	1,000,000	-	1,000,000	-
Other inflows by counterparty which are maturing within 30 days	24,578,304	13,396,288	10,368,565	5,186,734
Operational deposits	-	-	-	-
Other cash inflows	1,977	988	894	447
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)* 100		127.84		197.26

As at	31.12.2017		31.12.2016	
	Bank	Group	Bank	Group
Regulatory liquidity				
Statutory liquid assets (lkr 000)	71,672,283	N/A	59,259,909	N/A
Statutory liquid assets ratio (20%)				
Domestic banking unit (%)	24.34%	N/A	24.56%	N/A
Off-shore banking unit (%)	67.70%	N/A	73.20%	N/A

Maturity of Financial Assets and Financial Liabilities

Bank as at 31 December 2017

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Total*
								LKR 000
Financial Assets								
Cash and cash equivalents	4,106,225							4,106,225
Balances with Central Bank of Sri Lanka	10,557,688							10,557,688
Placement with banks	6,691,381							6,691,381
Reverse repurchase agreements	-							-
Derivative financial instruments	66,440							66,440
Financial assets – held for trading	-	7,172	549				271,374	279,095
Loans to receivables from banks	786,286	1,364,645	952,263	9,808	6,339,072	1,536,000		10,988,074
Loans to receivables from other customers	20,727,415	19,308,936	13,822,894	12,881,088	34,375,820	50,212,104	59,345,388	210,673,645
Financial assets – available for sale	1,938,150	836,695	10,133,632	10,756,311	3,261,869	4,202,149	12,940,625	44,069,431
Financial assets – held to maturity	204,111	973,548	817,554	2,542,722	6,104,030	11,420,684	1,451,159	23,513,808
Other assets	2,042,795	254,972	164,728	790,507	279,972	433,590	1,736,059	5,702,623
Total financial assets	47,120,491	22,745,968	25,891,620	26,980,436	50,360,763	67,804,527	75,744,605	316,648,410
Financial Liabilities								
Due to banks	68,965	45,501	2,871,692	4,659,044	2,001,746			9,646,948
Derivative financial instruments	367,435							367,435
Securities sold under repurchase agreements	3,193,156	1,322,489	27,022	3,397				4,546,064
Due to other customers	30,289,983	47,714,707	43,909,341	15,226,199	10,401,732	9,459,778	29,690,589	186,692,329
Debt issued and other borrowed funds	1,103,460	487,564	1,472,028	17,489,427	20,456,228	11,678,491	16,251,765	68,938,963
Dividend payable							47,318	47,318
Other liabilities	3,892,393	3,163,947	3,115,282	3,313,094	233,646	139,804	776,021	14,634,187
Total financial liabilities	38,915,392	52,734,208	51,395,365	40,691,161	33,093,352	21,278,073	46,765,693	284,873,244
Total net financial assets/(liabilities)	8,205,099	(29,988,240)	(25,503,745)	(13,710,725)	17,267,411	46,526,454	28,978,912	31,775,166
Contingencies								
Guarantees	16,571,273							16,571,273
Acceptance	1,545,458	2,559,024	1,829,954	8,233	11,520			5,954,189
Forward contracts		9,984,303	5,044,794	22,760,617	328,300			38,118,014
Documentary credit	2,333,711	5,788,172	662,801	359,235				9,143,919
Bills for collection	2,305,466							2,305,466
Total Contingencies	22,755,908	18,331,499	7,537,549	23,128,085	339,820	-	-	72,092,861

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Total* LKR 000
Commitments								
Undrawn overdrafts	12,350,333							12,350,333
Undrawn loans	38,883,858							38,883,858
Undrawn credit card limits	585,502							585,502
Undrawn indirect credit facilities	10,510,442							10,510,442
Capital commitments	751,422							751,422
Undrawn leases	522,440							522,440
Total Commitments	63,603,997	-	-	-	-	-	-	63,603,997
Total Commitments and Contingencies	86,359,905	18,331,499	7,537,549	23,128,085	339,820	-	-	135,696,858

* Represents the aggregate of the contractual maturities based on undiscounted cash flows.

Bank as at 31 December 2016

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Total* LKR 000
Financial Assets								
Cash and cash equivalents	4,335,934							4,335,934
Balances with Central Bank of Sri Lanka	8,062,567							8,062,567
Placement with banks	1,351,117							1,351,117
Reverse repurchase agreements	1,000,000							1,000,000
Derivative financial instruments	122,977							122,977
Financial assets – held for trading	-							-
Loans to receivables from banks	705,780	4,708,313	3,984,302	33,621	2,882,671			12,314,687
Loans to receivables from other customers	14,587,474	12,985,037	6,909,033	10,439,270	26,675,967	40,788,377	57,202,195	169,587,353
Financial assets – available for sale	9,615,871	546,067	10,890,126	3,324,310	1,478,485	1,377,885	6,158,418	33,391,162
Financial assets – held to maturity	3,007,813	5,430,960	9,914,312	2,817,591	8,793,961	3,743,940	3,210,292	36,918,869
Other assets	2,727,570	633,976	301,237	1,030,046	214,747	340,437	780,580	6,028,593
Total financial assets	45,517,103	24,304,353	31,999,010	17,644,838	40,045,831	46,250,639	67,351,485	273,113,259

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Total* LKR 000
Financial Liabilities								
Due to banks	5,600,272	750,500		500,333	6,500,667			13,351,772
Derivative financial instruments	105,741							105,741
Securities sold under repurchase agreements	15,314,274	922,518	69,942	5,225				16,311,959
Due to other customers	24,607,724	31,100,991	33,172,443	12,753,679	7,327,950	6,011,841	21,238,712	136,213,340
Debt issued and other borrowed funds	998,300	5,852,654	1,473,877	6,904,141	22,472,482	11,058,121	17,219,846	65,979,421
Dividend payable							57,538	57,538
Other liabilities	3,349,477	2,265,617	2,397,989	2,958,117	192,806	118,168	792,152	12,074,326
Total financial liabilities	49,975,788	40,892,280	37,114,251	23,121,495	36,493,905	17,188,130	39,308,250	244,094,097
Total net financial assets/(liabilities)	(4,458,685)	(16,587,927)	(5,115,241)	(5,476,657)	3,551,926	29,062,509	28,043,235	29,019,162
Contingencies								
Guarantees	9,444,116							9,444,116
Acceptance	1,176,614	1,610,244	1,399,312	46,381	17,337			4,249,888
Forward contracts		1,320,734	17,877,698	7,505,700				26,704,132
Documentary credit	779,344	4,065,867	486,638	181,738				5,513,587
Bills for collection	3,148,059							3,148,059
Total Contingencies	14,548,133	6,996,845	19,763,648	7,733,819	17,337	-	-	49,059,782
Commitments								
Undrawn overdrafts	11,978,026							11,978,026
Undrawn loans	26,594,981							26,594,981
Undrawn credit card limits	565,740							565,740
Undrawn indirect credit facilities	12,400,027							12,400,027
Capital commitments	329,437							329,437
Undrawn leases	520,419							520,419
Total Commitments	52,388,630	-	-	-	-	-	-	52,388,630
Total Commitments and Contingencies	66,936,763	6,996,845	19,763,648	7,733,819	17,337	-	-	101,448,412

* Represents the aggregate of the contractual maturities based on undiscounted cash flows.

Maturity Gap Analysis of Foreign Currency Denominated Financial Assets and Financial Liabilities – USD

As at 31 December 2017	Up to 1 Month USD 000	1-3 Months USD 000	3-6 Months USD 000	6-12 Months USD 000	1-3 Years USD 000	3-5 Years USD 000	Over 5 Years USD 000	Total USD 000
Total assets	64,483	29,634	15,313	1,980	48,855	39,970	259,724	459,959
Total liabilities	74,061	50,965	35,354	133,232	66,329	59,174	34,340	453,455
Total net financial assets/(liabilities)	(9,578)	(21,331)	(20,041)	(131,252)	(17,474)	(19,204)	225,384	6,504

As at 31 December 2016	Up to 1 Month USD 000	1-3 Months USD 000	3-6 Months USD 000	6-12 Months USD 000	1-3 Years USD 000	3-5 Years USD 000	Over 5 Years USD 000	Total USD 000
Total assets	42,554	52,162	40,073	1,033	29,611	24,158	167,622	357,213
Total liabilities	82,832	29,500	45,093	23,624	135,679	20,858	14,522	352,108
Total net financial Assets/(liabilities)	(40,278)	22,662	(5,020)	(22,591)	(106,068)	3,300	153,100	5,105

Sensitivity of Financial Assets and Financial Liabilities

Bank as at 31 December 2017

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Non-interest Bearing LKR 000	Total LKR 000
Financial Assets									
Cash and cash equivalents	655,327							3,450,898	4,106,225
Balances with Central Bank of Sri Lanka								10,557,688	10,557,688
Placements with banks	6,691,381								6,691,381
Derivative financial instruments								66,440	66,440
Financial assets – held for trading	-	7,172	549				707,039		714,760
Loans to & receivables from banks	786,285	1,364,645	952,263	9,808	6,339,072	1,536,000			10,988,073
Loans to and receivables from other customers	118,551,359	7,678,804	8,163,974	17,702,281	22,549,741	14,456,335	19,917,642	4,007,064	213,027,200
Financial assets – available for sale	1,324,866	152,193	9,939,379	10,756,311	3,261,869	4,202,149	7,514,493	6,330,180	43,481,440
Financial assets – held to maturity	94,591	751,618	789,281	2,504,267	5,305,704	11,305,164	1,451,159	1,312,022	23,513,806
Other assets								6,098,846	6,098,846
Total financial assets	128,103,809	9,954,432	19,845,446	30,972,667	37,456,386	31,499,648	29,590,333	31,823,136	319,245,859

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Non-interest Bearing LKR 000	Total LKR 000
Financial Liabilities									
Due to banks		1,500,000	2,850,000	4,000,000				74,967	8,424,967
Derivative financial instruments								367,435	367,435
Securities sold under repurchase agreements	4,399,347	1,370,312	34,132	3,434					5,807,225
Due to other customers	64,009,635	44,884,132	41,302,210	10,666,994	1,238,153	296,199	19,409,793	4,885,212	186,692,327
Debt issued and other borrowed funds	4,880,057	5,711,305	9,472,820	15,789,650	13,037,474	5,249,052	14,719,928		68,860,286
Dividend payable								47,338	47,338
Other liabilities								49,046,280	49,046,280
Total financial liabilities	73,289,039	53,465,749	53,659,162	30,460,078	14,275,627	5,545,251	34,129,721	54,421,231	319,245,858
Interest rate sensitivity gap	54,814,772	(43,511,317)	(33,813,716)	512,589	23,180,759	25,954,397	(4,539,388)	(22,598,095)	-

Bank as at 31 December 2016

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Non-interest Bearing LKR 000	Total LKR 000
Financial Assets									
Cash and cash equivalents	889,413							3,434,847	4,344,260
Balances with Central Bank of Sri Lanka								8,062,567	8,062,567
Placements with banks	1,351,117							64,868	1,415,985
Derivative financial instruments								122,977	122,977
Financial assets – held for trading									-
Loans to and receivables from banks	675,450	4,617,076	3,940,090	53,350	2,604,973				11,890,939
Loans to and receivables from other customers	116,050,716	6,283,736	5,116,762	8,833,491	21,648,751	9,080,556	13,422,936	3,269,092	183,706,040
Financial assets – available for sale	10,651,169	510,240	10,887,124	3,270,995	1,515,170	1,464,296	1,979,807		30,278,801
Financial assets – held to maturity	2,332,364	751,384	5,930,925	2,216,966	5,209,929	3,091,440	1,469,005	8,138,283	29,140,296
Other assets								5,251,057	5,251,057
Total financial assets	131,950,229	12,162,436	25,874,901	14,374,802	30,978,823	13,636,292	16,871,748	28,363,691	274,212,922

	Up to 1 Month LKR 000	1-3 Months LKR 000	3-6 Months LKR 000	6-12 Months LKR 000	1-3 Years LKR 000	3-5 Years LKR 000	Over 5 Years LKR 000	Non-interest Bearing LKR 000	Total LKR 000
Financial Liabilities									
Due to banks	10,093,225	750,500			7,215,936			43,926	18,103,587
Derivative financial instruments								103,564	103,564
Securities sold under repurchase agreements	12,464,980	922,518	69,942	5,225					13,462,665
Due to other customers	46,146,229	28,912,802	31,216,723	20,710,644	3,058,727	1,197,377	47,258	4,923,581	136,213,340
Debt issued and other borrowed funds	1,260,748	6,265,601	6,066,018	5,233,941	23,301,026	8,441,121	13,507,079	1,400	64,076,934
Dividend payable								60,828	60,828
Other liabilities								42,192,004	42,192,004
Total financial liabilities	69,965,182	36,851,421	37,352,683	25,949,810	33,575,689	9,638,498	13,554,337	47,325,303	274,212,922
Interest Rate Sensitivity Gap	61,985,047	(24,688,985)	(11,477,782)	(11,575,008)	(2,596,866)	3,997,794	3,317,411	(18,961,612)	-

Key Regulatory Ratios – Capital

As at	31.12.2017	
	Bank	Group
Regulatory capital (LKR 000)		
Common equity Tier 1	33,017,170	34,211,431
Tier 1 capital	33,017,170	34,211,431
Total capital	41,993,352	43,187,613
Regulatory capital ratios (%)		
Common equity Tier 1 capital ratio (minimum requirement – 5.75%)	12.68%	13.09%
Tier 1 capital ratio (minimum requirement – 7.25%)	12.68%	13.09%
Total capital ratio (minimum requirement – 11.25%)	16.13%	16.53%

Basel III Computation of Capital Ratios

As at	31.12.2017	
	Bank LKR 000	Group LKR 000
Common equity Tier 1 (CET 1) capital after adjustments	33,017,170	34,211,431
Common equity Tier 1 (CET 1) capital	38,035,888	41,884,674
Equity capital (stated capital)/assigned capital	4,715,814	4,715,814
Reserve fund	2,224,275	2,224,275
Published retained earnings/ (accumulated retained losses)	13,858,152	17,357,048
Published accumulated Other Comprehensive Income (OCI)	3,457,808	3,807,698
General and other disclosed reserves	13,779,839	13,779,839
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	-	-

As at	31.12.2017	
	Bank LKR 000	Group LKR 000
Total adjustments to CET 1 capital	5,018,718	7,673,243
Goodwill (net)	-	156,226
Intangible assets (net)	498,084	502,411
Others (investment in capital of banks and financial institutions)	4,520,634	7,014,606
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	8,976,182	8,976,182
Tier 2 capital	8,976,182	8,976,182
Qualifying Tier 2 capital instruments	8,008,628	8,008,628
Revaluation gains	-	
Loan Loss Provisions	967,554	967,554
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)	-	
CET1 capital	33,017,170	34,211,431
Total Tier 1 capital	33,017,170	34,211,431
Total capital	41,993,352	43,187,613
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	237,481,831	237,671,154
RWAs for Market Risk	8,109,913	8,109,913
RWAs for Operational Risk	14,783,335	15,508,584
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	12.68%	13.09%
of which: Capital Conservation Buffer (%)	1.25%	1.25%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A
Total Tier 1 Capital Ratio (%)	12.68%	13.09%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	16.13%	16.53%
of which: Capital Conservation Buffer (%)	1.25%	1.25%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A

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

Asset Class	As at 31 December 2017 – Bank					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount LKR 000	Off-Balance Sheet Amount LKR 000	On-Balance Sheet Amount LKR 000	Off-Balance Sheet Amount LKR 000	RWA LKR 000	RWA Density(ii)
Claims on Central Government and CBSL	76,773,069	16,035,593	76,773,069	1,420,281	2,158,694	3%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	6,280,534	-	364,969	-	364,969	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	7,406,789	33,860,192	7,406,789	725,070	4,554,548	56%
Claims on Financial Institutions	9,079,267	562,500	9,079,267	375,000	5,382,553	57%
Claims on Corporates	95,723,730	55,980,424	90,556,225	25,793,187	113,273,818	97%
Retail Claims	45,068,598	-	36,436,649	-	32,730,202	90%
Claims Secured by Residential Property	9,171,660	-	9,147,320	-	7,547,539	83%
Claims Secured by Commercial Real Estate	43,913,872	585,219	43,913,872	585,219	44,499,092	100%
Non-Performing Assets (NPAs) (i)	2,804,072	-	2,804,072	-	3,689,728	132%
Higher-risk Categories	375,378	-	375,378	-	938,445	250%
Cash Items and Other Assets	21,303,137	4,826,702	21,160,735	4,826,702	22,358,057	86%
Total	317,900,106	111,850,630	298,018,345	33,725,459	237,481,831	

Note:

(i) NPAs – As per Banking Act Directions on Classification of loans and advances, income recognition and provisioning.

(ii) RWA Density – Total RWA/Exposures post CCF and CRM.

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

Asset Class	As at 31 December 2017 – Group					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount LKR 000	Off-Balance Sheet Amount LKR 000	On-Balance Sheet Amount LKR 000	Off-Balance Sheet Amount LKR 000	RWA LKR 000	RWA Density(ii)
Claims on Central Government and CBSL	76,773,069	16,035,593	76,773,069	1,420,281	2,158,694	3%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	6,280,534	-	364,969	-	364,969	100%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	7,408,512	33,860,192	7,485,860	725,070	4,554,548	55%
Claims on Financial Institutions	9,079,267	562,500	9,079,267	375,000	5,382,553	57%
Claims on Corporates	95,723,730	55,980,424	90,556,225	25,793,187	113,273,818	97%
Retail Claims	45,068,598	-	36,436,649	-	32,411,557	89%
Claims Secured by Residential Property	9,171,660	-	9,147,320	-	7,547,539	83%
Claims Secured by Commercial Real Estate	43,913,872	585,219	43,913,872	585,219	44,499,092	100%
Non-Performing Assets (NPAs)(i)	2,804,072	-	2,804,072	-	3,689,728	132%
Higher-risk Categories	413,823	-	413,823	-	1,034,557	250%
Cash Items and Other Assets	21,719,944	4,826,702	21,577,542	4,826,702	22,754,099	86%
Total	318,357,081	111,850,630	298,552,668	33,655,685	237,671,154	

Note:

(i) NPAs – As per Banking Act Directions on Classification of loans and advances, income recognition and provisioning.

(ii) RWA Density – Total RWA/Exposures post CCF and CRM.

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

Description	Amount (LKR 000) as at 31 December 2017 (Post CCF and CRM) – Bank							Total Credit Exposures Amount	
	Risk Weight	0%	20%	50%	75%	100%	150%		>150%
Claims on Central Government and Central Bank of Sri Lanka	67,399,879	10,793,472	-	-	-	-	-	-	78,193,351
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	364,969	-	-	-	364,969
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	1,239,330	5,203,321	-	1,689,207	-	-	-	8,131,859
Claims on Financial Institutions	-	1,406,530	5,892,980	-	2,154,757	-	-	-	9,454,267
Claims on Corporates	-	2,245,892	2,557,762	-	111,545,759	-	-	-	116,349,412
Retail Claims	546,846	1,849,901	-	6,718,725	27,321,178	-	-	-	36,436,649
Claims Secured by Residential Property	-	-	3,199,563	-	5,947,757	-	-	-	9,147,320
Claims Secured by Commercial Real Estate	-	-	-	-	44,499,092	-	-	-	44,499,092
Non-Performing Assets (NPAs)	-	-	9,486	-	1,013,791	1,780,796	-	-	2,804,072
Higher-risk Categories	-	-	-	-	-	-	375,378	-	375,378
Cash Items and Other Assets	3,603,883	31,871	-	-	22,351,683	-	-	-	25,987,437
Total	71,550,607	17,566,996	16,863,112	6,718,725	216,888,193	1,780,796	375,378	375,378	331,743,806

Description	Amount (LKR' 000) as at 31 December 2017 (Post CCF and CRM) – Group							Total Credit Exposures Amount
	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and Central Bank of Sri Lanka	67,399,879	10,793,472	-	-	-	-	-	78,193,351
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	364,969	-	-	364,969
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-
Claims on Banks Exposures	79,071	1,239,330	5,203,321	-	1,689,207	-	-	8,210,930
Claims on Financial Institutions	-	1,406,530	5,892,980	-	2,154,757	-	-	9,454,267
Claims on Corporates	-	2,245,892	2,557,762	-	111,545,759	-	-	116,349,412
Retail Claims	546,846	1,849,901	-	6,718,725	27,321,178	-	-	36,436,649
Claims Secured by Residential Property	-	-	3,199,563	-	5,947,757	-	-	9,147,320
Claims Secured by Commercial Real Estate	-	-	-	-	44,499,092	-	-	44,499,092
Non-Performing Assets (NPAs)	-	-	9,486	-	1,013,791	1,780,796	-	2,804,072
Higher-risk Categories	-	-	-	-	-	-	413,823	413,823
Cash Items and Other Assets	3,624,648	31,871	-	-	22,747,725	-	-	26,404,244
Total	71,650,443	17,566,996	16,863,112	6,718,725	217,284,235	1,780,796	365,177	332,278,130

Market Risk under Standardised Measurement Method

Item	31 December 2017 RWA	
	Bank LKR 000	Group LKR 000
(a) RWA for Interest Rate Risk	912,365	912,365
General Interest Rate Risk	885,626	885,626
(i) Net Long or Short Position	885,626	885,626
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	-
(b) RWA for Equity	12,567	12,567
(i) General Equity Risk	7,570	7,570
(ii) Specific Equity Risk	4,998	4,998
(c) RWA for Foreign Exchange & Gold	14,172	14,172
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	8,109,913	8,109,913

Operational Risk under Basic Indicator Approach – Bank

Business Lines	Capital charge factor (%)	Gross Income Year ended 31 December		
		2017	2016	2015
		LKR 000	LKR 000	LKR 000
The basic indicator approach	15	13,147,262	11,308,687	8,806,555
Capital charges for operational risk (LKR 000)				
The basic indicator approach		1,663,125		
Risk weighted amount for operational risk (LKR 000)				
The basic indicator approach		14,783,335		

Operational Risk under Basic Indicator Approach – Group

Business Lines	Capital charge factor (%)	Gross Income Year ended 31 December		
		2017	2016	2015
		LKR 000	LKR 000	LKR 000
The Basic Indicator Approach	15	13,239,349	11,564,991	10,089,973
Capital charges for operational risk (LKR 000)				
The basic indicator approach		1,744,716		
Risk weighted amount for operational risk (LKR 000)				
The basic indicator approach		15,508,584		

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

Item	Amount (LKR 000) as at 31 December 2017					Explanation for differences between accounting and regulatory reporting
	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						
Cash and cash equivalents	4,106,225	4,108,401	4,108,401	-	-	-
Balances with central banks	10,557,688	10,557,688	10,557,688	-	-	-
Placements with banks	6,691,381	6,691,381	6,691,381	-	-	-
Derivative financial instruments	66,440	-	-	-	-	Included under other asset in regulatory reporting
Other financial assets – held-for-trading	310,922	36,974,546	36,907,117	67,429	-	The difference is due to the Government and equity securities held for trading which are classified as AFS in published Financial Statements.
Loans and receivables to banks	10,984,266	-	-	-	-	Stated under held to maturity in regulatory reporting

Item	Amount (LKR 000) as at 31 December 2017					Explanation for differences between accounting and regulatory reporting
	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	
Loans and receivables to other customers	213,675,866	213,027,200	196,846,026	-	19,953,307	The impairment allowance for loans and advances on a collective and individual basis in accordance with LKAS 39 – Financial Instrument – Recognition and Measurement. The general and specific provisions are made in accordance with Central Bank of Sri Lanka. The difference between the balance under SLFRS and previous GAAP.
Financial investments – available-for-sale (AFS)*	56,866,054	-	-	-	-	Classified into held to maturity and held for trading regulatory reporting
Financial investments – held-to-maturity*	23,507,632	41,521,228	36,944,571	-	4,576,657	The difference is due to the government and equity securities held for investment purposes which are classified as AFS in published financial statements.
Investments in subsidiaries	167,036	202,305	202,305	-	-	Investments in associates are included in regulatory reporting in addition to those in subsidiaries
Investments in associates and joint ventures	790,270	-	-	-	-	In regulatory reporting, the investments in joint ventures are stated under held to maturity
Property, plant and equipment	1,273,250	1,273,250	-	-	-	-
Goodwill and intangible assets	498,084	498,084	-	-	498,084	-
Other assets	3,612,228	4,391,724	4,518,513	-	-	-
Total assets	333,107,342	319,245,807	298,018,347	67,429	24,932,164	-
Liabilities						
Due to banks	9,640,735	-	-	-	-	Included under Other Borrowings in regulatory reporting
Derivative financial instruments	367,435	-	-	-	-	Included under Other Liabilities in regulatory reporting
Due to other customers*	193,307,534	186,692,330	-	-	186,692,330	Interest payable on deposits are stated under Other Liabilities in regulatory reporting
Other borrowings*	41,319,591	74,092,476	-	-	74,092,476	Due to banks and Debt Securities Issued are included under this heading in regulatory reporting
Debt securities issued*	24,443,767	-	-	-	-	Included under Other Borrowings in regulatory reporting
Current tax liabilities	633,636	503,367	-	-	503,367	Taxes are computed based on different profits under each reporting method.
Deferred tax liabilities	1,194,027	1,016,856	-	-	1,016,856	Due to deferred tax adjustments on government securities classified as available for sale financial assets.
Other liabilities	5,120,981	13,486,355	-	-	13,486,355	Interest payable on Borrowing and deposits added to the Other Liabilities in regulatory reporting
Due to subsidiaries*	-	-	-	-	-	-
Subordinated term debts	9,202,870	9,000,000	-	-	991,372	Regulatory reporting reports only the principal amount
Total liabilities	285,230,576	284,791,384	-	-	276,782,756	-

Item	Amount (LKR 000) as at 31 December 2017					Explanation for differences between accounting and regulatory reporting
	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	
Off-balance sheet liabilities						
Guarantees	12,480,687	12,480,687	12,480,687	-	-	-
Performance bonds	4,090,585	4,090,585	4,090,585	-	-	-
Letters of credit and acceptances	15,098,107	15,098,107	15,098,107	-	-	-
Other contingent items (bills on collection and capital expenditure approved by the board)	2,305,466	2,305,466	-	-	2,305,466	-
Undrawn loan commitments	62,852,575	62,852,575	62,852,575	-	-	-
Other commitments (FX commitments)	38,743,903	38,743,903	38,743,903	-	-	-
Total off-balance sheet liabilities	135,571,324	135,571,324	133,265,858	-	2,305,466	-
Shareholders' equity						
Equity capital (stated capital)/ assigned capital of which amount eligible for CET1 of which amount eligible for AT1	4,715,814	4,715,814	-	-	-	-
Retained earnings	13,858,152	13,847,980	-	-	-	Due to differences which arise in profits computed in previous GAAP and SLFRSs
Accumulated other comprehensive income	13,298,686	-	-	-	-	Accumulated other comprehensive income is only applicable in published Financial Statements
Other reserves	16,004,114	15,890,629	-	-	15,784,114	Due to differences which arise in profits computed in previous GAAP and SLFRSs
Total shareholders' equity	47,876,766	34,454,475	-	-	15,784,114	-

Note:

* Regulatory reporting to Central Bank of Sri Lanka is based on previous GAAP where as published financial statements are based on Sri Lanka Financial Reporting Standards (SLFRSs).

* The effective interest rate (EIR) adjustments required by LKAS 39 on these financial instruments are adjusted in published financial statements.