

**BASEL III – DISCLOSURE UNDER PILLAR 3
AS PER THE BANKING ACT DIRECTIONS NO. 01 OF 2016
AS AT 31 DECEMBER 2022**



**PEOPLE'S
BANK**

BASEL III – MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

CAPITAL ADEQUACY

Capital adequacy is one of the key financial indicators which illustrate the soundness and the stability of a bank. This measures banks ability to withstand in an unexpected loss scenarios during various activities carried out by the Bank.

Basel committee on Bank Supervision (BCBS) has implemented set of stringent measures of capital, liquidity and funding reforms. Accordingly Basel III accord was issued in December 2010 and it has come into force and effect in Sri Lanka on 1 July 2017 based on the Central Bank Direction No. 1 of 2016 on capital requirement under Basel III for licensed commercial banks. This replaces Basel II reforms which were in force and effect in Sri Lanka since 1 January 2008 onwards.

Commencing from 1 July 2017, with the amendment thereto under Direction No. 11 of 2019 on Domestically Systemically Important Banks (D-SIBS) dated 20 December 2019; Bank has to maintain the Capital in 3 Tiers as mentioned below.

Accordingly minimum capital requirement of the Bank are as follows:

Minimum requirement	%
Common equity Tier 1 capital ratio (CET1)	8.00
Total Tier 1 capital ratio (CET I + AT I)	9.50
Total capital ratio	13.50

Common Equity Tier 1 (CET I) is mainly comprised of equity capital, other capital and retained earnings. CET I is the highest quality capital and effective capital in absorbing losses.

Additional Tier 1 (AT 1) capital includes capital instruments other than the instruments included in CET I capital.

Total capital is comprised of Tier 1 plus other qualifying capital instruments (i.e. such as subordinated debentures subject to regulatory deductions, revaluation reserves on property, plant and equipment with a cap of up to 50% and allowed impairment provisions.

Basel III has introduced new capital buffers and all banks are required to hold additional capital buffers over and above the minimum CET I and Total Capital Adequacy levels stipulated above.

- Capital Conservation Buffer
- High Loss Absorbency (HLA) requirement on Domestically Significant Banks (D-SIBs)
- Counter Cyclical Buffer

Three pillars introduced by Basel II is continued to be applied in the Basel III framework is mentioned below:

- **Pillar I** – Minimum capital requirements
- **Pillar II** – Supervisory review process
- **Pillar III** – Market discipline

PILLAR I – MINIMUM CAPITAL REQUIREMENT

Minimum capital requirement shall maintain as a percentage of Risk-Weighted Assets (RWAs) and bank calculated its RWAs based on following approaches.

- The standardised approach for credit risk
- The standardised measurement method for market risk
- The basic indicator approach for operational risk

PILLAR II – SUPERVISORY REVIEW PROCESS (SRP)

SRP framework assesses the Bank's capital adequacy and determining whether Bank is maintaining additional capital to cover its risks. Bank has developed an ICAAP (Internal Capital Adequacy Assessment Process) framework in this regard, which closely indicates risks and capital assessment processes to support the Bank's current and projected demand for capital under unexpected and stressed conditions.

PILLAR III – MARKET DISCIPLINE

Pillar III aims to provide consistent and comprehensive disclosure framework which enhances the comparability between banks. It requires number of disclosure requirements to give better understanding of capital adequacy to external shareholders by providing an insight into the internal computation procedures followed by the Bank.

Accordingly disclosures required to be published as per the Central Bank Direction No. 1 of 2016 are set out below:

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

TEMPLATE 1: KEY REGULATORY RATIO - CAPITAL AND LIQUIDITY

As at 31 December	Bank		Group	
	2022	2021	2022	2021
Regulatory capital (LKR '000)				
Common equity Tier 1 capital	111,298,172	104,747,717	148,454,894	138,667,285
Total Tier 1 capital	116,298,172	109,747,717	153,454,894	143,667,285
Total capital	159,532,587	155,798,954	198,618,984	191,833,922
Regulatory capital ratio (%)				
Common equity Tier 1 capital ratio (Minimum requirement - 2022 - 8.00%, 2021 - 7.00%)	11.37	11.99	12.83	12.95
Total Tier 1 capital (Minimum requirement - 2022, 9.50%, 2021 - 8.50%)	11.89	12.56	13.27	13.41
Total capital (Minimum requirement - 2022 - 13.50%, 2021 - 12.50%)	16.30	17.83	17.17	17.91
Regulatory liquidity				
Statutory liquid assets - Bank				
Domestic Banking Unit (LKR '000)	540,470,751	502,575,831	NA	NA
Off-Shore Banking Unit (USD '000)	70,182	239,417	NA	NA
Statutory liquid assets - (Minimum requirement 20%)				
Domestic Banking Unit (%)	21.37	23.52	NA	NA
Off-Shore Banking Unit (%)	20.05	25.94	NA	NA
Liquidity coverage ratio (%) Rupee (Minimum requirement 2022 - 90%, 2021 - 100%)	213.00	155.83	NA	NA
Liquidity coverage ratio (%) all currency (Minimum requirement 2022 - 90%, 2021 - 100%)	119.47	105.71	NA	NA

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

TEMPLATE 2: KEY REGULATORY RATIO - CAPITAL AND LIQUIDITY

As at 31 December	Bank		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Common equity Tier 1 (CET I) capital after adjustments	111,298,172	104,747,717	148,454,894	138,667,285
Common equity Tier 1 (CET I) capital	121,208,499	114,565,325	155,377,215	146,338,443
Equity/Assigned capital	12,201,998	12,201,998	12,201,998	12,201,998
Reserve fund	10,070,131	9,210,528	9,972,747	9,210,528
Public retained earning/(accumulated retained losses)	84,624,172	78,762,283	113,457,633	104,755,262
Publish accumulated other comprehensive income (OCI)	170,825	249,143	66,665	210,196
General and other disclosed reserves	14,141,373	14,141,373	14,141,373	14,141,373
Unpublished current year's profit/loss and gain reflected in OCI	-	-	-	-
Ordinary shares issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-	5,536,799	5,819,087
Total adjustments to CETI capital	9,910,326	9,817,608	6,922,321	7,671,158
Goodwill (Net)	-	-	-	-
Deferred tax asset (Net)	-	-	-	-
Intangible assets (Net)	1,719,177	2,077,544	1,859,475	2,252,557
Other (Investment in the capital of subsidiaries and other financial institution)	3,428,646	2,883,845	300,343	562,382
Defined benefit asset	4,762,503	4,856,219	4,762,503	4,856,219
Additional Tier 1 (AT I) capital after adjustments	5,000,000	5,000,000	5,000,000	5,000,000
Additional Tier 1 (AT I) capital	5,000,000	5,000,000	5,000,000	5,000,000
Qualifying additional Tier 1 capital instruments	5,000,000	5,000,000	5,000,000	5,000,000
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by third parties	-	-	-	-
Total adjustments to AT I capital	-	-	-	-
Investment in own shares	-	-	-	-
Other (specify)	-	-	-	-
Tier 2 capital after adjustments	43,234,415	46,051,238	45,164,090	48,166,637
Tier 2 capital	43,234,415	46,051,238	45,164,090	48,166,637
Qualifying Tier 2 capital instruments	23,176,650	27,069,250	23,176,650	27,069,250
Revaluation gains	9,374,467	9,374,467	9,374,467	9,374,467
Loan loss provisions	10,683,298	9,607,521	12,612,973	11,722,921
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by third parties	-	-	-	-
Total adjustment to Tier 2	-	-	-	-
Investment in own shares	-	-	-	-
Other (specify)	-	-	-	-
CET capital	111,298,172	104,747,717	148,454,894	138,667,285
Total Tier 1 capital	116,298,172	109,747,717	153,454,894	143,667,285
Total capital	159,532,587	155,798,954	198,618,984	191,833,922
Total Risk-Weighted Assets (RWA)	978,475,894	873,669,797	1,156,661,175	1,071,197,412
RWA for credit risk	854,663,864	768,601,693	1,009,037,876	937,833,649
RWA for market risk	22,038,936	9,947,942	24,425,006	13,920,731
RWA for operational risk	101,773,095	95,120,162	123,198,293	119,443,032
CET I capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIB) (%)	11.37	11.99	12.83	12.95
of which: Capital Conservation Buffer (%)	2.50	1.50	2.50	1.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00
Total Tier 1 capital ratio (%)	11.89	12.56	13.27	13.41
Total capital ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	16.30	17.83	17.17	17.91
of which: Capital Conservation Buffer (%)	2.50	1.5	2.50	1.5
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

TEMPLATE 03: COMPUTATION OF LEVERAGE RATIO

As at 31 December	Bank		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Tier 1 capital	116,298,172	109,747,717	153,454,894	143,667,285
Total exposures	3,037,485,650	2,772,318,458	3,201,579,781	2,962,165,320
On balance sheet items (Excluding derivatives and securities financing transactions, but including collateral)	2,671,798,878	2,434,881,051	2,835,893,009	2,621,996,953
Derivative exposures	24,523,267	3,466,934	24,523,267	3,466,934
Securities financing transaction exposures	288,416,615	249,384,608	288,416,615	249,384,608
Other off-balance sheet exposures	52,746,891	84,585,865	52,746,891	87,316,825
Basel III leverage ratio (%) (Tier 1/total exposure)	3.83	3.96	4.79	4.85

BASEL III DISCLOSURE REQUIREMENT

TEMPLATE 4: COMPUTATION OF LIQUIDITY COVERAGE RATIO

As at 31 December	2022		2021	
	Total unweighted Value LKR '000	Total weighted Value LKR '000	Total unweighted Value LKR '000	Total weighted Value LKR '000
Total stock of high-quality liquid assets (HQLA)	505,483,388	502,751,126	372,286,684	367,540,924
Level 1 assets	497,480,281	497,480,281	362,795,163	362,795,163
Level 2A assets	3,626,548	3,082,566	-	-
Level 2B assets	4,376,559	2,188,280	9,491,521	4,745,761
Total cash outflows	2,705,630,537	583,061,521	2,449,124,055	518,681,448
Deposits	1,728,355,981	172,835,598	1,465,808,681	146,580,868
Unsecured wholesale funding	655,891,101	307,819,682	632,974,981	314,332,823
Secured funding transactions	5,054,298	-	17,051,850	-
Undrawn portion of committed (Irrevocable) facilities and other contingent funding obligations	234,679,545	20,756,629	306,123,236	30,602,450
Additional requirements	81,649,612	81,649,612	27,165,307	27,165,307
Total cash inflows	213,285,842	162,260,205	198,896,001	171,005,309
Maturing secured lending transactions backed by collateral	27,071,732	27,071,732	18,124,786	18,124,786
Committed facilities	-	-	-	-
Other inflows by counterparty which are maturing within 30 days	92,324,469	53,538,861	149,501,619	126,208,496
Operational deposits	12,240,029	-	4,597,569	-
Other cash inflows	81,649,612	81,649,612	26,672,027	26,672,027
Liquidity coverage ratio (%) (Stock of high quality liquid assets/Total net cash outflows over the next calendar days)* 100	-	119.47	-	105.71

TEMPLATE 5: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

	Type A Debenture issued in 2019	Type B Debenture issued in 2019	Type A Debenture issued in 2020	Type B Debenture issued in 2020	Additional Tier 1 Debenture 1 2021	Additional Tier 1 Debenture 2 2021
Must be provided for each type of capital instrument separately						
Description of the capital instrument						
Issuer	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank
Unique identifier (e.g. ISIN or Bloomberg identifier for private placement)	A	B	A	B	1	2
Original date of issuance	8 November 2019	8 November 2019	27 July 2020	27 July 2020	29 March 2021	3 August 2021
Par value of instrument (LKR)	6,563,000,000	3,437,000,000	12,900,000,000	7,100,000,000	3,500,000,000	1,500,000,000
Original maturity date, if applicable	8 November 2024	8 November 2027	27 July 2025	27 July 2028	N/A	N/A
Amount recognised in regulatory capital (in LKR '000 as at the reporting date)	3,609,650,000	3,437,000,000	9,030,000,000	7,100,000,000	3,500,000,000	1,500,000,000
Accounting classification (equity/liability)	Liability	Liability	Liability	Liability	Liability	Liability
Issuer call subject to prior supervisory approval						
Optional call date, contingent call dates and redemption amount (LKR '000)	N/A	N/A	N/A	N/A	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
Coupons/dividends						
Fixed or floating dividend/coupon	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate
Coupon rate and any related index (%)	12.00	12.25	9.50	10.25	9.50	9.50
Non-cumulative or cumulative	N/A	N/A	N/A	N/A	N/A	N/A
Convertible or Non-convertible						
If convertible, conversion trigger (s)	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
If convertible, mandatory or optional	N/A	N/A	N/A	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A

TEMPLATE 6: SUMMARY DISCUSSION ON THE ADEQUACY/MEETING CURRENT AND FUTURE CAPITAL REQUIREMENTS

Overview

In accordance with CBSL stipulations, the Bank carries out an annual Internal Capital Adequacy Assessment Process. The assessment covers a five (5) year time horizon with the last carried out for 2019-2023.

Material exposures

At the end of 2022, close 42.6% of the Bank's total loan book was composed of exposures to the State and other state-owned enterprises. State exposures mostly backed by sovereign undertaking(s) by way of either a Treasury guarantee/indemnity and/or another form of Government assurance.

Leaving aside such sovereign backed exposures, the Bank's single largest exposure to a non-sovereign does not account for over 2.0% of the Bank's total loan book.

Initiatives taken to bolster regulatory capital during 2017, 2018, 2019, 2020, 2021 and 2022

During 2017 and 2018 2019, 2020, 2021 and 2022 - the Bank undertook several initiatives to bolster its regulatory capital and meet all requisite Basel III Risk Control measures. From a Capital Adequacy/Solvency perspective, these included amongst other.

2017

- Raise LKR 5.0 Bn. in New Capital from General Treasury, Ministry of Finance on 21 July 2017. This was first so received over the last eight (8) years.
- Reduce its dividend payout, as measured as a function of post tax profit, to 28.6% during 2017 from 54.8% in 2016.
- Revalued all its land and buildings on 1 July 2017. This enabled the Bank recognise close to LKR 3.6 Bn. in Tier 2 capital with requisite regulatory clearance.
- Ensured new facilities extended to state-owned enterprises were backed by the sovereign backed and, in case of other forms of government assurances, ensure they are as a general rule routed through the Monetary Board of the Central Bank of Sri Lanka for prior approval.
- Carry-out an interim profit certification for the six months period ended 30 June 2017 in view of ensuring interim regulatory capital pressures are managed in order to support loan book growth.
- Undertake efforts necessary to amend the People's Bank Act to facilitate the issuance of Debentures to enable the Bank conform with Basel rules. This process was once again revived with the assistance of the line of Ministry.

As a result of all the above, during 2017 - the Bank successfully met all Basel III Risk Control Measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

2018

- The Bank endeavoured to further reduce its dividend payout ratio, as measured as a function of dividends over post tax profit, to 20.0% in 2018 from 28.6% in 2017.
- Loan book growth was risk measured during 2018.
- Interim profit certifications were carried out for the six months period ended 30 June 2018 in view of ensuring interim regulatory capital requirements were met.
- The process in relation to the People's Bank Act amendment continued. This was key to long-term sustainable loan book growth.

As a result of all the above, during 2018 - the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

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2019

- The Bank further reduced its dividend payout ratio to 18.7% in 2019 from 20.0% in 2018.
- Interim profit certifications were carried during the three months ended 31 March 2019, six months ended 30 June 2019 and the nine months ended 30 September 2019 in view of managing/avoiding interim regulatory capital pressures.
- The People's Bank Act amendments was finalised in September 2019
- On 8 November 2019 – the Bank issued its first Basel III, Tier 2 compliant debenture for value LKR 10.0 Bn.

As a result of all the above, during 2019 – the Bank successfully met all Basel III Risk Control Measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

2020

- On 1 July 2020 – as originally planned – the Bank revalued all its land and buildings. This resulted in a Tier 2 benefit of close to LKR 2.3 Bn. The next detailed revaluation is set to be carried out on 1 July 2023.
- On 27 July 2020 – the Bank issued LKR 20.0 Bn. in Basel III, Tier 2 debentures which was the single largest issuance for any Bank/Financial Services Provider to date in the country.

As a result of all the above, during 2020 – the Bank successfully met all Basel III Risk Control Measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

2021

- On 29 March 2021 and 3 August 2021 – as originally planned – the Bank issued LKR 3.5 Bn. and LKR 1.5 Bn. Basel III, Additional Tier 1 compliant debentures.
- The Bank further reduced its dividend payout ratio to 9.2 % in 2021.
- Interim profit certifications were carried out for three months ended 31 March 2021, Six months ended 30 June 2021 and nine months ended 30 September 2021 in view of managing regulatory capital pressure.

As a result of all the above, during 2021 – the Bank successfully met all Basel III Risk Control Measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

2022

- The Bank further reduced its dividend payout ratio to 3.9% in 2022.
- Interim Profit Certifications were carried out for Six months ended 30 June 2022 in view of managing regulatory capital pressure.

As a result of all the above, during 2022 – the Bank successfully met all Basel III Risk Control Measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

2023 plan

- The Bank is in a constant and continuous process of undertaking measures reasonably necessary to bolster its regulatory capital levels
- Following are slated to be undertaken during 2023.
- Issue Additional Tier 1 and Tier 2 Basel III compliant instruments
- As originally planned carry-out revaluation of all its land and buildings to bolster Tier 2 capital.
- Continue to maintain its lower dividend/levy payout policy during the year.
- Carry-out an interim profit certification in view of avoiding regulatory capital shortfalls.

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

TEMPLATE 07: CREDIT RISK UNDER STANDARDISED APPROACH

Credit risk exposures and credit risk mitigation effects (Bank)

Item	Exposures before CCF and CRM			Exposures after CCF and CRM			Risk-weighted assets LKR '000	RWA density (%)
	Exposures on-balance sheet LKR '000	Exposures off-balance sheet LKR '000	Total LKR '000	Exposures on-balance sheet LKR '000	Exposures off-balance sheet LKR '000	Total LKR '000		
	Total risk-weighted amount for credit risk	2,924,017,324	312,280,311	3,236,297,635	2,710,584,767	55,791,343		
Claims on Central Government and Central Bank of Sri Lanka	1,557,154,500	12,520,987	1,569,675,487	1,557,154,500	35,534	1,557,190,034	104,078,413	7
Claims on public sector entities (PSEs)	287,952,805	26,176,785	314,129,591	110,058,417	1,967,321	112,025,739	34,966,728	31
Claims on banks exposures	11,566,209	-	11,566,209	11,566,209	-	11,566,209	4,949,674	43
Claims on financial institutions	6,701,868	-	6,701,868	6,701,868	-	6,701,868	3,604,999	54
Claims on corporates	132,329,105	227,145,432	359,474,537	132,220,158	44,501,067	176,721,225	176,709,703	100
Retail claims	513,376,937	46,437,106	559,814,043	477,947,715	9,287,421	487,235,137	380,310,299	78
Claims secured by gold	183,955,880	-	183,955,880	183,955,880	-	183,955,880	2,922	-
Claims secured by residential property	59,509,996	-	59,509,996	59,509,996	-	59,509,996	20,828,499	35
Non-performing assets (NPAs)	39,155,305	-	39,155,305	39,155,305	-	39,155,305	51,930,634	133
Higher-risk categories	1,147,268	-	1,147,268	1,147,268	-	1,147,268	2,868,170	250
Cash items	57,119,603	-	57,119,603	57,119,603	-	57,119,603	365,976	1
Other assets	74,047,847	-	74,047,847	74,047,847	-	74,047,847	74,047,847	100

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TEMPLATE 07: CREDIT RISK UNDER STANDARDISED APPROACH

Credit risk exposures and credit risk mitigation effects (Group)

Item	Exposures before CCF and CRM			Exposures after CCF and CRM			Risk-weighted assets LKR '000	RWA density (%)
	Exposures on-balance sheet LKR '000	Exposures off-balance sheet LKR '000	Total LKR '000	Exposures on-balance sheet LKR '000	Exposures off-balance sheet LKR '000	Total LKR '000		
	Total risk-weighted amount for credit risk	3,092,686,496	312,280,311	3,404,966,807	2,879,253,940	55,791,343		
Claims on Central Government and Central Bank of Sri Lanka	1,570,065,905	12,520,987	1,582,586,892	1,570,065,905	35,534	1,570,101,439	104,078,413	7
Claims on public sector entities (PSEs)	287,952,805	26,176,785	314,129,591	110,058,417	1,967,321	112,025,739	34,966,728	31
Claims on banks exposures	14,767,304	-	14,767,304	14,767,304	-	14,767,304	7,318,902	50
Claims on financial institutions	6,701,868	-	6,701,868	6,701,868	-	6,701,868	3,604,999	54
Claims on corporates	132,329,105	227,145,432	359,474,537	132,220,158	44,501,067	176,721,225	176,709,703	100
Retail claims	644,347,513	46,437,106	690,784,619	608,918,291	9,287,421	618,205,712	511,280,874	83
Claims secured by gold	183,955,880	-	183,955,880	183,955,880	-	183,955,880	2,922	-
Claims secured by residential property	59,509,996	-	59,509,996	59,509,996	-	59,509,996	20,828,499	35
Non-performing assets (NPAs)	40,849,720	-	40,849,720	40,849,720	-	40,849,720	53,625,050	131
Higher-risk categories	1,487,552	-	1,487,552	1,487,552	-	1,487,552	3,718,881	250
Cash items	58,181,917	-	58,181,917	58,181,917	-	58,181,917	365,976	1
Other assets	92,536,931	-	92,536,931	92,536,931	-	92,536,931	92,536,931	100

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**TEMPLATE 8: CREDIT RISK UNDER STANDARDISED APPROACH:
EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS - BANK**

Description	Amount (LKR '000) as at 31 December 2017 (Post CCF and CRM)					Amount (LKR '000) as at 31 December 2017 (Post CCF and 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		1,036,797,969	520,392,066	-	-	-	-	-	-	1,557,190,034
Claims on public sector entities		-	96,323,763	-	-	-	15,701,975	-	-	112,025,739
Claims on banks exposures		-	8,080,959	423,018	-	-	2,942,750	119,482	-	11,566,209
Claims on financial institutions		-	-	6,193,738	-	-	508,130	-	-	6,701,868
Claims on corporates		-	-	23,044	-	-	176,698,181	-	-	176,721,225
SME exposures		-	-	-	1,595,021	-	-	-	-	1,595,021
Retail claims		183,941,269	14,611	-	-	425,147,318	60,492,797	-	-	669,595,995
Claims secured by residential property		-	-	59,509,996	-	-	-	-	-	59,509,996
Non-performing assets (NPAs)		-	-	6,309	-	-	13,592,029	25,556,967	-	39,155,305
Higher-risk categories		-	-	-	-	-	-	-	1,147,268	1,147,268
Cash items and other assets		55,289,725	1,829,878	-	-	-	74,047,847	-	-	131,167,451
Total		1,276,028,962	626,641,277	66,156,105	1,595,021	425,147,318	343,983,709	25,676,449	1,147,268	2,766,376,111

**TEMPLATE 8: CREDIT RISK UNDER STANDARDISED APPROACH:
EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS - GROUP**

Description	Amount (LKR '000) as at 31 December 2017 (Post CCF and CRM)					Amount (LKR '000) as at 31 December 2017 (Post CCF and 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		1,049,709,374	520,392,066	-	-	-	-	-	-	1,570,101,439
Claims on public sector entities		-	96,323,763	-	-	-	15,701,975	-	-	112,025,739
Claims on banks exposures		-	9,120,793	423,018	-	-	5,104,011	119,482	-	14,767,304
Claims on financial institutions		-	-	6,193,738	-	-	508,130	-	-	6,701,868
Claims on corporates		-	-	23,044	-	-	176,698,181	-	-	176,721,225
SME exposures		-	-	-	1,595,021	-	-	-	-	1,595,021
Retail claims		183,941,269	14,611	-	-	425,147,318	191,463,372	-	-	800,566,571
Claims secured by residential property		-	-	59,509,996	-	-	-	-	-	59,509,996
Non-performing assets (NPAs)		-	-	6,309	-	-	15,286,444	25,556,967	-	40,849,720
Higher-risk categories		-	-	-	-	-	-	-	1,487,552	1,487,552
Cash items and other assets		56,352,039	1,829,878	-	-	-	92,536,931	-	-	150,718,848
Total		1,290,002,681	627,681,111	66,156,105	1,595,021	425,147,318	497,299,045	25,676,449	1,487,552	2,935,045,283

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

TEMPLATE 9: MARKET RISK UNDER STANDARDISED MEASUREMENT METHOD

As at 31 December	Bank		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
(a) RWA for interest rate risk	703,158	748,043	703,158	748,043
General interest rate risk	343,458	387,643	343,458	387,643
(i) Net long or short position	343,458	387,643	343,458	387,643
(ii) Horizontal disallowance	-	-	-	-
(iii) Vertical disallowance	-	-	-	-
(iv) Options	-	-	-	-
Specific interest rate risk	359,700	360,400	359,700	360,400
(b) RWA for equity	424,187	363,033	746,306	859,631
(i) General equity risk	213,567	184,076	374,627	432,375
(ii) Specific equity risk	210,620	178,957	371,679	427,256
(c) RWA for foreign exchange and gold	1,847,912	132,417	1,847,912	132,417
(d) Capital charge for market risk (a)+(b)+(c)	2,975,256	1,243,493	3,297,376	1,740,091
RWA for market risk (d) *100/13.5 (2022), *100/12.5 (2021)	22,038,936	9,947,944	24,425,006	13,920,728

TEMPLATE 10: OPERATIONAL RISK UNDER BASIC INDICATOR APPROACH

	Bank				Group				
	Gross Income				Gross Income				
	1st year	2nd year	3rd year	Average	1st year	2nd year	3rd year	Average	
The basic indicator approach	71,822,080	92,273,369	110,691,908	91,595,786	90,942,446	111,199,190	130,493,754	110,878,463	
Capital charges for operational risk (LKR '000)									
The basic indicator approach	15%	10,773,312	13,841,005	16,603,786	13,739,368	13,641,367	16,679,879	19,574,063	16,631,770
Risk-weighted amount for operational risk (LKR '000)									
The basic indicator approach	7.4	79,802,311	102,525,966	122,991,009	101,773,095	101,047,162	123,554,656	144,993,060	123,198,293

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

TEMPLATE 11: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES - BANK ONLY

	Carrying value as reported in published Financial Statements LKR '000	Carrying value under scope of regulatory reporting LKR '000	Subject to credit risk framework LKR '000	Subject to market risk framework LKR '000	Not Subject to capital requirement or subject to deduction from capital LKR '000
Assets					
Assets	2,972,028,452	2,972,028,452	2,933,869,731	6,918,067	31,240,654
Cash and cash equivalents	66,842,171	66,842,171	66,842,171	-	-
Balances with Central Bank of Sri Lanka	67,602,313	67,602,313	67,602,313	-	-
Placements with Banks	-	-	-	-	-
Derivative financial instruments	14,882,584	14,882,584	12,994,106	-	1,888,478
Financial assets - At fair value through profit or loss	5,556,754	5,556,754	-	5,556,754	-
Financial assets - At amortised cost					
Loans and receivables to banks	7,689,150	7,689,150	7,689,150	-	-
Loans and receivables to other customers	1,783,106,693	1,783,106,693	1,783,106,693	-	-
Debt instruments measured at amortised cost	913,099,927	913,099,927	913,099,927	-	-
Financial Assets - At fair value through other comprehensive income (OCI)					
Equity instruments at fair value through OCI	1,661,656	1,661,656	-	1,361,313	300,343
Debt instruments at fair value through OCI	10,378,370	10,378,370	10,378,370	-	-
Investments in subsidiaries	4,280,522	4,280,522	1,152,218	-	3,128,304
Investments in associates	-	-	-	-	-
Goodwill and intangible assets	1,719,177	1,719,177	-	-	19,441,849
Property, plant and equipment	49,330,080	49,330,080	29,888,231	-	-
Other assets	45,879,055	45,879,055	41,116,552	-	4,762,503
Liabilities	2,826,734,321	2,826,734,321	-	-	-
Due to banks	111,452,491	111,452,491	-	-	-
Derivative financial instruments	1,888,478	1,888,478	-	-	-
Due to other customers	2,371,518,898	2,371,518,898	-	-	-
Other borrowings	191,527,573	191,527,573	-	-	-
Current tax liabilities	6,372,157	6,372,157	-	-	-
Net deferred tax liabilities	606,207	606,207	-	-	-
Other liabilities	106,765,050	106,765,050	-	-	-
Subordinated term debts	36,603,467	36,603,467	-	-	-
Shareholders' equity	145,294,131	145,294,131	-	-	-
Stated capital/Assigned capital	12,201,998	12,201,998	-	-	-
Statutory reserve fund	10,070,131	10,070,131	-	-	-
Other reserves	38,397,830	38,397,830	-	-	-
Retained earnings	84,624,172	84,624,172	-	-	-
Total equity and liabilities	2,972,028,452	2,972,028,452	-	-	-
Off-balance sheet liabilities	370,648,773	370,648,773	370,648,773	-	-
Acceptance	74,070,645	74,070,645	74,070,645	-	-
Guarantees	22,841,324	22,841,324	22,841,324	-	-
Letter of credit	68,387,765	68,387,765	68,387,765	-	-
Other contingent items	137,037,060	137,037,060	137,037,060	-	-
Undrawn loan commitments	68,828,585	68,828,585	68,828,585	-	-
(-) Allowance for ECL/impairment losses	(516,606)	(516,606)	(516,606)	-	-

TEMPLATE 12: GROUP ASSESSMENT OF DOMESTIC SYSTEMICALLY IMPORTANT BANKS (D-SIBS) AS AT 31 DECEMBER 2022

	Group LKR '000
Size Indicator	
Section 1 - Total Exposures	
Total exposures measure	3,201,579,781
Interconnectedness Indicators	
Section 2 - Intra-financial System Assets	
a. Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended)	25,119,194
(i) Funds deposited	14,767,304
(ii) Lending	10,351,890
b. Holdings of securities issued by other financial institutions	914,913
c. Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	12,962,606
d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to market value	16,324,642
Intra-financial system assets	55,321,355
Section 3 - Intra-financial System Liabilities	
a. Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	150,023,562
(i) Funds deposited	24,659,596
(ii) Borrowings	125,363,966
b. Net negative current exposure of securities financing transactions with other financial institutions	-
c. Over-the-counter derivatives with other financial institutions that have a net negative mark to market value	2,815,352
Intra-financial system liabilities	152,838,914
Section 4 - Securities Outstanding	
Securities outstanding	52,781,563
Substitutability/Financial Institution Infrastructure Indicators	
Section 5 - Payments made in the Reporting Year (excluding intra-group payments)	
Payments activity	3,837,588,965
Section 6 - Assets Under Custody	
Assets under custody	-
Section 7 - Underwritten Transactions in Debt and Equity Markets	
Underwriting activity	-
Section 8 - Trading Volume	
a. Number of shares or securities	11,141
b. Value of the transactions	202,578

BASEL III - MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

Group
LKR '000

Complexity indicators

Section 9 - Notional amount of Over-the-Counter (OTC) derivatives

OTC derivatives	152,222,636
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Section 10 - Level 2 Assets

Level 2 assets	8,003,107
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Section 11 - Trading and Available-for-Sale (AFS) securities

a. Debt instruments	10,484,399
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b. Equity instruments	2,424,409
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c. Government Securities	6,280,524
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d. Derivatives	14,882,584
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Section 12 - Cross-jurisdictional Liabilities

Cross-jurisdictional liabilities (excluding derivatives and intra-group liabilities)	159,319,755
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Section 13 - Cross-jurisdictional Claims

Cross-jurisdictional claims (excluding derivatives and intra-group claims)	24,683,406
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