

**BASEL III – DISCLOSURE UNDER PILLAR 3
AS PER THE BANKING ACT DIRECTIONS NO. 01 OF 2016
AS AT 31 DECEMBER 2023**



**PEOPLE'S
BANK**

Pride of the Nation

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 July 1, 2017 based on the Central bank direction 01 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 January 1, 2008 onwards.

Commencing from 01st July 2017, with the amendment thereto under Direction no 11 of 2019 on Domestically Systemically Important Banks (D-SIBS) dated 20th 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 I Capital Ratio (CETI)	8.00%
- Total Tier I Capital Ratio (CET I+ AT I)	9.50%
- Total Capital Ratio	13.50%

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

Total capital is comprised of Tier I 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 general loan loss provision)

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 Standardized Approach for Credit Risk
- The Standardized 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 share holders 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 01 of 2016 are set out below.

TEMPLATE 1 : KEY REGULATORY RATIO - CAPITAL AND LIQUIDITY

	Bank		Group	
	As at 31st December 2023	As at 31st December 2022	As at 31st December 2023	As at 31st December 2022
Regulatory Capital (Rs 000)				
Common Equity Tier 1 Capital	122,360,337	111,298,172	156,650,481	148,454,894
Total Tier I Capital	127,360,337	116,298,172	161,650,481	153,454,894
Total Capital	178,793,109	159,532,587	214,717,978	198,618,984
Regulatory Capital Ratio (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement -2022 -8.00%,2021-7.00%)	11.88	11.37	13.30	12.83
Total Tier I Capital (Minimum Requirement -2022, 9.50%, 2021- 8.50%)	12.37	11.89	13.72	13.27
Total Capital (Minimum Requirement - 2022- 13.50%, 2021-12.50%)	17.37	16.30	18.23	17.17
Regulatory Liquidity				
Statutory Liquid Assets - Bank				
Domestic Banking Unit (Rs '000)	1,030,521,078	540,470,751	N/A	N/A
Off - Shore Banking Unit (USD '000)	77,677	70,182	N/A	N/A
Statutory Liquid Assets - (Minimum Requirement 20%)				
Domestic Banking Unit (%)	37.41	21.37	N/A	N/A
Off - Shore Banking Unit (%)	38.40	20.05	N/A	N/A
Liquidity Coverage Ratio (%) Rupee				
(Minimum Requirement 2022-90%, 2021-100%)	257.00	213.00	N/A	N/A
Liquidity Coverage Ratio (%) All currency				
(Minimum Requirement 2022-90%, 2021-100%)	207.91	119.47	N/A	N/A

Basel III – Market Discipline Disclosure Requirement Under Pillar III

TEMPLATE 2 : KEY REGULATORY RATIO - CAPITAL AND LIQUIDITY

	Bank		Group	
	As at 31st December 2023	As at 31st December 2022	As at 31st December 2023	As at 31st December 2022
Common Equity Tier 1 (CET I) Capital after adjustments	122,360,337	111,298,172	156,650,481	148,454,894
Common Equity Tier 1 (CET I) Capital	132,299,216	121,208,499	163,735,110	155,377,215
Equity / Assigned Capital	12,201,998	12,201,998	12,201,998	12,201,998
Reserve Fund	10,574,271	10,070,131	10,574,271	9,972,747
Public Retained Earning /(Accumulated Retained Losses)	95,161,263	84,624,172	122,239,676	113,457,633
Publish accumulated Other Comprehensive Income (OCI)	220,311	170,825	200,158	66,665
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	-	-	4,377,635	5,536,799
Total Adjustments to CETI Capital	9,938,879	9,910,326	7,084,629	6,922,321
Goodwill (net)	-	-	-	-
Deferred Tax Asset (Net)	-	-	-	-
Intangible Assets (Net)	1,763,287	1,719,177	1,930,788	1,859,475
Other (Investment in the Capital of Subsidiaries & Other Financial Institution)	3,021,751	3,428,646	-	300,343
Defined Benefit Asset	5,153,841	4,762,503	5,153,841	4,762,503
Additional Tier I (AT i) Capital after adjustments	5,000,000	5,000,000	5,000,000	5,000,000
Additional Tier I (AT i) Capital	5,000,000	5,000,000	5,000,000	5,000,000
Qualifying additional Tier I 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 II Capital after adjustments	51,432,771	43,234,415	53,066,434	45,164,090
Tier II Capital	51,432,771	43,234,415	53,066,434	45,164,090
Qualifying Tier II capital instruments	29,112,200	23,176,650	29,112,200	23,176,650
Revaluation Gains	11,049,988	9,374,467	11,232,440	9,374,467
Loan Loss Provisions	11,270,584	10,683,298	12,722,857	12,612,973
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustment to Tier II	-	-	-	-
Investment in own shares	-	-	-	-
Other (specify)	-	-	-	-
CET Capital	122,360,337	111,298,172	156,650,481	148,454,894
Total Tier I Capital	127,360,337	116,298,172	161,650,481	153,454,894
Total Capital	178,793,109	159,532,587	214,717,978	198,618,984
Total Risk Wegtghted Assets (RWA)	1,029,554,806	978,475,894	1,178,028,452	1,156,661,175
RWA for Credit Risk	901,646,691	854,663,864	1,017,828,564	1,009,037,876
RWA for Market Risk	23,050,845	22,038,936	29,268,677	24,425,006
RWA for Operational Risk	104,857,270	101,773,095	130,931,211	123,198,293
CET I Capital Ratio (including Capital Conservstion Buffer, Countercyclical Capital Buffer & Surcharge on D-SIB) (%)	11.88	11.37	13.30	12.83
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00
Total Tier I Capital Ratio (%)	12.37	11.89	13.72	13.27
Total Capital Ratio (including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.37	16.30	18.23	17.17
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00

TEMPLATE 03 : COMPUTATION OF LEVERAGE RATIO

	Bank		Group	
	As at 31st December 2023	As at 31st December 2022	As at 31st December 2023	As at 31st December 2022
Tier 1 Capital	127,360,337	109,747,717	161,650,481	143,667,285
Total Exposures	3,030,416,129	2,772,318,458	3,203,275,517	2,962,165,320
On balance Sheet items (Excluding derivatives and securities financing transactions, but including collateral)	2,907,877,016	2,434,881,051	3,080,336,189	2,621,996,953
Derivative Exposures	17,639,936	3,466,934	17,639,936	3,466,934
Securities financing transaction exposures	55,264,285	249,384,608	55,664,500	249,384,608
Other off-balance sheet exposures	49,634,892	84,585,865	49,634,892	87,316,825
Basel III Leverage ratio (%) (Tier 1/ total Exposure)	4.20%	3.96%	5.05%	4.85%

Basel III – Market Discipline Disclosure Requirement Under Pillar III

BASEL III DISCLOSURE REQUIREMENT

TEMPLATE 4 : COMPUTATION OF LIQUIDITY COVERAGE RATIO

	As at 31st December 2023		As at 31st December 2022	
	Total Un Weighted Value	Total Weighted Value	Total Un Weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	972,884,868	971,952,946	505,483,388	502,751,126
Level 1 Assets	970,321,023	970,321,023	497,480,281	497,480,281
Level 2A Assets	1,000,000	850,000	3,626,548	3,082,566
Level 2B Assets	1,563,845	781,923	4,376,559	2,188,280
Total Cash Outflows	2,923,275,102	612,757,881	2,705,630,537	583,061,521
Deposits	1,931,549,144	193,154,914	1,728,355,981	172,835,598
Unsecured Wholesale Funding	735,508,931	355,722,329	655,891,101	307,819,682
Secured Funding Transactions	34,467,102	-	5,054,298	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	189,786,678	31,917,391	234,679,545	20,756,629
Additional requirements	31,963,247	31,963,247	81,649,612	81,649,612
Total Cash Inflows	180,356,815	145,264,852	213,285,842	162,260,205
Maturing Secured Lending Transactions Backed by Collateral	15,474,843	15,474,843	27,071,732	27,071,732
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	130,365,609	104,138,655	92,324,469	53,538,861
Operational deposits	8,865,009	-	12,240,029	-
Other Cash Inflows	25,651,354	25,651,354	81,649,612	81,649,612
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Next Calendar Days)* 100		207.91		119.47

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Basel III – Market Discipline Disclosure Requirement Under Pillar III

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 2023, close 43% 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, 2022 & 2023

- During 2017 - 2023 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 New Capital from General Treasury, Ministry of Finance on July 21, 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 & buildings on 1 July 2017. This enabled the Bank recognize close to LKR 3.6 Bn in Tier II 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 endeavored 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

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 finalized in September 2019

- On November 8, 2019 - the Bank issued its first Basel III, Tier II 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 July 1, 2020 -as originally planned -the Bank revalued all its land & buildings. This resulted in a Tier II benefit of close to LKR 2.3 Bn. The next detailed revaluation is set to be carried out on July 1, 2023
- On July 27, 2020 - the Bank issued LKR 20.0 Bn in Basel III, Tier II 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 March 29, 2021 and 03, August 2021-as originally planned the Bank issued LKR 3.5 Bn and LKR 1.5 Bn Basel III, Additional Tier I 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

- During the year the Bank issued LKR 10.0 Bn Basel III, Additional Tier II Compliant debentures.
- The Bank revalued all its land & buildings. This resulted in a Tier II benefit of close to LKR 1.68 Bn.
- The Bank further reduced its dividend payout ratio to 0.18% in 2023.

As a result of all the above, during 2023 the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

2024 PLAN

- The Bank is in a constant and continuous process of undertaking measures reasonably necessary to bolster its regulatory capital levels
- Issue additional tier II Basel III compliant instrument.
- Following are slated to be undertaken during 2024.
- 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 STANDARDIZED APPROACH

Credit Risk Exposures and Credit Risk Mitigation Effects (Bank)

Item	Exposures Before CCF and CRM			Exposures After CCF and CRM			Risk weighted Assets	RWA Density (%)
	Exposures On Balance Sheet	Exposures Off Balance Sheet	Total	Exposures On Balance Sheet	Exposures Off Balance Sheet	Total		
Total Risk-weighted amount for Credit Risk	2,866,561,237	221,911,956	3,088,473,194	2,410,937,033	50,555,687	2,461,492,719	901,646,691	37%
Claims on Central Government and Central Bank of Sri Lanka	1,193,737,126	30,000,000	1,223,737,126	1,193,737,126	75,610	1,193,812,736	47,995,325	4%
Claims on Foreign sovereigns and their Central Banks	-	-	0	0	0	0	0	0%
Claims on Public Sector Entities (PSEs)	518,548,179	26,508,689	545,056,868	109,949,416	3,339,797	113,289,213	155,041,167	137%
Claims on BIS,IMF and Multilateral Development Banks(MDBs)	-	-	0	0	0	0	0	0%
Claims on Banks Exposures	74,776,309	-	74,776,309	74,776,309	0	74,776,309	41,111,205	55%
Claims on Financial Institutions	4,874,079	-	4,874,079	4,874,079	0	4,874,079	2,586,989	53%
Claims on Corporates	51,854,559	112,036,691	163,891,250	51,854,559	36,466,964	88,321,523	85,966,654	97%
Retail claims	523,511,650	53,366,577	576,878,227	476,486,209	10,673,315	487,159,525	394,447,443	81%
Claims Secured by Gold	260,366,719	-	260,366,719	260,366,719	0	260,366,719	3,607,839	1%
Claims Secured by Residential Property	56,187,375	-	56,187,375	56,187,375	0	56,187,375	19,665,581	35%
Claims Secured by Commercial real Estate	-	-	0	0	0	0	0	0%
Non Performing Assets (NPAs)	55,272,290	-	55,272,290	55,272,290	0	55,272,290	76,047,711	138%
Higher-risk Categories	1,253,821	-	1,253,821	1,253,821	0	1,253,821	3,134,552	250%
Cash Items	54,336,057	-	54,336,057	54,336,057	0	54,336,057	199,152	0%
Other Assets	71,843,074	-	71,843,074	71,843,074	0	71,843,074	71,843,074	100%

TEMPLATE 07: CREDIT RISK UNDER STANDARDIZED APPROACH

Credit Risk Exposures and Credit Risk Mitigation Effects (Group)

Item	Exposures Before CCF and CRM			Exposures After CCF and CRM			Risk weighted Assets	RWA Density (%)
	Exposures On Balance Sheet	Exposures Off Balance Sheet	Total	Exposures On Balance Sheet	Exposures Off Balance Sheet	Total		
Total Risk-weighted amount for Credit Risk	3,037,728,982	221,911,956	3,259,640,939	2,582,104,778	50,555,687	2,632,660,465	1,017,828,564	39%
Claims on Central Government and Central Bank of Sri Lanka	1,225,420,471	30,000,000	1,255,420,471	1,225,420,471	75,610	1,225,496,081	47,995,325	4%
Claims on Foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0%
Claims on Public Sector Entities (PSEs)	518,548,179	26,508,689	545,056,868	109,949,416	3,339,797	113,289,213	155,101,147	137%
Claims on BIS,IMF and Multilateral Development Banks(MDBs)	0	0	0	0	0	0	0	0%
Claims on Banks Exposures	85,788,707	0	85,788,707	85,788,707	0	85,788,707	46,446,557	54%
Claims on Financial Institutions	4,874,079	0	4,874,079	4,874,079	0	4,874,079	2,586,989	53%
Claims on Corporates	51,854,559	112,036,691	163,891,250	51,854,559	36,466,964	88,321,523	85,966,654	97%
Retail claims	619,653,781	53,366,577	673,020,358	572,628,340	10,673,315	583,301,656	466,554,042	80%
Claims Secured by Gold	260,366,719	0	260,366,719	260,366,719	0	260,366,719	3,607,839	1%
Claims Secured by Residential Property	56,187,375	0	56,187,375	56,187,375	0	56,187,375	19,665,581	35%
Claims Secured by Commercial real Estate	-	0	0	0	0	0	0	0%
Non Performing Assets (NPAs)	73,835,245	0	73,835,245	73,835,245	0	73,835,245	103,892,143	141%
Higher-risk Categories	0	0	0	0	0	0	0	0%
Cash Items	55,386,732	0	55,386,732	55,386,732	0	55,386,732	199,152	0%
Other Assets	85,813,136	0	85,813,136	85,813,136	0	85,813,136	85,813,136	100%

Basel III – Market Discipline Disclosure Requirement Under Pillar III

BASEL III DISCLOSURE REQUIREMENT

Template 8 : Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights - Bank

Description Asset Classes	Risk Weight	Amount (LKR'000) as at 31.12.2023 (Post CCF & CRM)				
		0%	20%	35%	50%	60%
Claims on Central Government and Central Bank of Sri Lanka		953,836,109	239,976,627		-	
Claims on Foreign Sovereigns and their Central Banks		-	-		-	
Claims on Public Sector Entities		-	-		3,897,702	
Claims on Official Entities and Multilateral Development Banks		-	-		-	
Claims on Banks Exposures		-	42,151,400		-	
Claims on Financial Institutions			-		4,574,181	
Claims on Corporates		-	1,632,962		2,096,998	
SME Exposures						1,250,635
Retail Claims		242,327,522	18,039,197		-	
Claims Secured by Residential Property		-	-	56,187,375		
Claims Secured by Commercial Real Estate		-	-		-	
Non- Performing Assets (NPAs)		-	-		531,399	
Higher-risk Categories		-	-		-	
Cash Items and Other Assets		53,340,299	995,758		-	
Total		1,249,503,930	302,795,944	56,187,375	11,100,280	1,250,635

Template 8 : Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights - Group

Description Asset Classes	Risk Weight	Amount (LKR'000) as at 31.12.2023 (Post CCF & CRM)				
		0%	20%	35%	50%	60%
Claims on Central Government and Central Bank of Sri Lanka		985,519,454	239,976,627		-	
Claims on Foreign Sovereigns and their Central Banks		-	-		-	
Claims on Public Sector Entities		-	299,898		3,897,702	
Claims on Official Entities and Multilateral Development Banks		-	-		-	
Claims on Banks Exposures		-	49,247,708		-	
Claims on Financial Institutions			-		4,574,181	
Claims on Corporates		-	1,632,962		2,096,998	
SME Exposures						1,250,635
Retail Claims		242,327,522	18,039,197		-	
Claims Secured by Residential Property		-	-	56,187,375		
Claims Secured by Commercial Real Estate		-	-		-	
Non- Performing Assets (NPAs)		-	-		531,399	
Higher-risk Categories		-	-		-	
Cash Items and Other Assets		54,390,974	995,758		-	
Total		1,282,237,950	310,192,150		11,100,280	1,250,635

75%	100%	150%	>150%	Total Credit Exposures Amount
-	-	-	-	1,193,812,736
-	-	-	-	-
-	21,989,901	87,401,610	-	113,289,213
-	-	-	-	-
-	32,512,876	112,032	-	74,776,309
-	299,898	-	-	4,874,079
-	84,591,562	-	-	88,321,523
-	-	-	-	1,250,635
368,847,309	117,061,581	-	-	746,275,608
-	-	-	-	56,187,375
-	-	-	-	-
-	12,658,652	42,082,240	-	55,272,290
-	-	-	1,253,821	1,253,821
-	71,843,074	-	-	126,179,131
368,847,309	340,957,544	129,595,882	1,253,821	2,461,492,719

75%	100%	150%	>150%	Total Credit Exposures Amount
-	-	-	-	1,225,496,081
-	-	-	-	-
-	21,989,901	87,401,610	-	113,589,111
-	-	-	-	-
-	36,428,967	112,032	-	85,788,707
-	299,898	-	-	4,874,079
-	84,591,562	-	-	88,321,523
-	-	-	-	1,250,635
464,989,440	117,061,581	-	-	842,417,739
-	-	-	-	56,187,375
-	-	-	-	-
-	12,658,652	60,645,195	-	73,835,245
-	-	-	-	-
-	85,813,136	-	-	141,199,868
464,989,440	358,843,696	148,158,837	-	2,632,960,363

Basel III – Market Discipline Disclosure Requirement Under Pillar III

Template 9 : Market Risk under Standardised Measurement Method

	Bank		Group	
	As at 31st December 2023	As at 31st December 2022	As at 31st December 2023	As at 31st December 2022
(a) R W A for Interest Rate Risk	1,474,711	703,158	1,474,711	748,043
General Interest Rate Risk	751,616	343,458	751,616	387,643
(i) Net Long or short Position	751,616	343,458	751,616	387,643
(ii) Horizontal Disallowance			-	-
(iii) Vertical Disallowance			-	-
(iv) Options			-	-
Specific Interest Rate Risk	723,095	359,700	723,095	360,400
(b) R W A for Equity	568,158	424,187	1,407,566	859,631
(i) General Equity Risk	286,205	213,567	705,909	432,375
(ii) Specific Equity Risk	281,953	210,620	701,657	427,256
© RWA for foreign exchange & gold	1,068,995	1,847,912	1,068,995	1,847,912
(d) Capital charge for Market Risk (a)+(b)+c	3,111,864	2,975,256	3,951,272	3,455,586
RWA for Market risk (d) *100/13.5 (2023) , *100 /13.5 (2022)"	23,050,844	22,038,936	29,268,677	27,644,686

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								
	92,272,637	110,714,085	80,127,906	94,371,543	117,305,076	140,164,838	96,044,356	117,838,090
Capital Charges for Operational Risk (LKR'000)								
The Basic Indicator Approach	13,840,896	16,607,113	12,019,186	14,155,731	17,595,761	21,024,726	14,406,653	17,675,714
Risk Weighted Amount for Operational Risk (LKR'000)								
The Basic Indicator Approach	102,525,152	123,015,650	89,031,007	104,857,270	130,338,973	155,738,709	106,715,951	130,931,211

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	Carrying value under scope of regulatory reporting	Subject to Credit Risk framework	Subject to Market Risk framework	Subject to deduction from Capital
Assets					
Assets	3,038,195,018	3,038,195,018	2,875,931,261	152,328,791	9,934,966
Cash and Cash Equivalents	61,889,582	61,889,582	61,889,582	-	-
Balances with Central Bank of Sri Lanka	31,003,219	31,003,219	31,003,219	-	-
Placements with Banks	66,227,025	66,227,025	66,227,025	-	-
Derivative Financial Instruments	11,259,451	11,259,451	11,259,451	-	-
Financial Assets - At Fair Value through Profit or Loss	144,184,748	144,184,748	-	144,184,748	-
Financial Assets - At Amortised Cost	-	-	-	-	-
Loans and Receivables to Banks	54,022,123	54,022,123	54,022,123	-	-
Loans and Receivables to Other Customers	1,709,457,735	1,709,457,735	1,709,457,735	-	-
Debt instruments measured at amortised cost	831,747,923	831,747,923	831,747,923	-	-
Financial Assets - At Fair Value through Other Comprehensive Income [OCI]	-	-	-	-	-
Equity instruments at fair value through OCI	1,894,023	1,894,023	-	1,894,023	-
Debt instruments at fair value through OCI	8,286,626.00	8,286,626	2,036,606	6,250,020	-
Investments in Subsidiaries	4,280,522.00	4,280,522	1,262,684	-	3,017,838
Investments in Associates	0	-	-	-	-
Goodwill and Intangible Assets	1,763,287	1,763,287	-	-	1,763,287
Property, Plant and Equipment	56,174,042	56,174,042	56,174,042	-	-
Other Assets	56,004,712	56,004,712	50,850,871	-	5,153,841
Liabilities	2,878,172,902	2,878,172,902	-	-	-
Due to Banks	77,224,139	77,224,139	-	-	-
Derivative Financial Instruments	36,049	36,049	-	-	-
Due to Other Customers	2,653,105,546	2,653,105,546	-	-	-
Other Borrowings	64,278,443	64,278,443	-	-	-
Current Tax Liabilities	1,184,872	1,184,872	-	-	-
Net Deferred Tax Liabilities	5,014,288	5,014,288	-	-	-
Other Liabilities	30,332,274	30,332,274	-	-	-
Subordinated Term Debts	46,997,291	46,997,291	-	-	-
Shareholders' Equity	160,022,116	160,022,116	-	-	-
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	-	-
Statutory Reserve Fund	10,574,271	10,574,271	-	-	-
Other Reserves	42,084,584	42,084,584	-	-	-
Retained Earnings	95,161,263	95,161,263	-	-	-
Total Equity and Liabilities	3,038,195,018	3,038,195,018	-	-	-
Off-Balance Sheet Liabilities	221,405,708	221,405,708	221,405,708	-	-
Acceptances	2,867,067	2,867,067	2,867,067	-	-
Documentary Credit	24,304,456	24,304,456	24,304,456	-	-
Guarantees	53,221,051	53,221,051	53,221,051	-	-
Forward Exchange Contracts	46,039,737	46,039,737	46,039,737	-	-
Undrawn overdrafts & loans	95,479,645	95,479,645	95,479,645	-	-
(-) Allowance for ECL/impairment losses	(506,248)	(506,248)	(506,248)	-	-

Basel III – Market Discipline Disclosure Requirement Under Pillar III

TEMPLATE 12 : GROUP ASSESMENT OF DOMESTIC SYSTEMICALLY IMPORTANT BANKS (D-SIBS) AS AT 31ST DECEMBER 2023

	Rs. (LKR) Group
Size Indicator	
Section 1 - Total Exposures	
Total exposures measure	3,206,384,410
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)	20,112,603
(i) Funds deposited	17,536,873
(ii) Lending	2,575,730
b. Holdings of securities issued by other financial institutions	1,007,802
c. Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	6,940,635
d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to market value	12,304,390
Intra-financial system assets	40,365,431
Section 3 - Intra-Financial System Liabilities	
a. Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	103,988,894
(i) Funds deposited	16,271,168
(ii) Borrowings	87,717,726
b. Net negative current exposure of securities financing transactions with other financial institutions	5,690,087
c. Over-the-counter derivatives with other financial institutions that have a net negative mark to market value	309,988
Intra-financial system liabilities	109,988,969
Section 4 - Securities Outstanding	
Securities outstanding	57,806,483
Substitutability/Financial Institution Infrastructure Indicators	
Section 5 - Payments made in the reporting year (excluding intragroup payments)	
Payments activity	4,778,220,688
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	313
b. value of the transactions	-87,583

Complexity indicators**Section 9 - Notional Amount of Over-the-Counter (OTC) Derivatives**

OTC derivatives	56,554,104
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Section 10 - Level 2 Assets

Level 2 assets	2,563,845
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Section 11 - Trading and available for sale (AFS) securities

a. debt instruments	9,060,216
b. equity instruments	3,786,870
c. government securities	144,584,727
d. derivatives	11,259,451

Section 12 - Cross-Jurisdictional Liabilities

Cross-jurisdictional liabilities (excluding derivatives and intragroup liabilities)	211,272,908
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Section 13 - Cross-Jurisdictional Claims

Cross-jurisdictional claims (excluding derivatives and intragroup claims)	75,472,118
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