Template 1

Key Regulatory Ratios - Capital and Liquidity

Item	Bank		Group	
	2020 September - Basel III	2019 September - Basel III	2020 September - Basel III	2019 September - Basel III
Regulatory Capital (LKR '000)				
Common Equity Tier 1	**117,409,717**	**107,210,781**	**130,655,229**	**118,393,727**
Tier 1 Capital	**117,409,717**	**107,210,781**	**130,655,229**	**118,393,727**
Total Capital	**146,516,880**	**138,385,018**	**160,149,101**	**149,378,824**
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020-7% ; 2019-8%)	**14.69%**	**13.84%**	**14.90%**	**14.00%**
Tier 1 Capital Ratio (Minimum Requirement - 2020-8.5% ; 2019-9.5%)	**14.69%**	**13.84%**	**14.90%**	**14.00%**
Total Capital Ratio (Minimum Requirement - 2020-12.5% ; 2019-13.5%)	**18.33%**	**17.86%**	**18.27%**	**17.67%**
Leverage Ratio (Minimum Requirement - 3%)	**7.84%**	**8.79%**	**8.30%**	**9.16%**
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	**448,686,965**	**263,237,720**	**N/A**	**N/A**
Statutory Liquid Assets Ratio (Minimum Requirement – 20%)				
Domestic Banking Unit (%)	**41.09%**	**26.09%**	**N/A**	**N/A**
Off-Shore Banking Unit (%)	**38.77%**	**40.64%**	**N/A**	**N/A**
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2020-90% ; 2019-100%)	**351.25%**	**304.72%**	**N/A**	**N/A**
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2020-90% ; 2019-100%)	**297.32%**	**206.42%**	**N/A**	**N/A**

Template 2

Basel III Computation of Capital Ratios

Item	Bank	Group
	2020 September (LKR '000)	2020 September (LKR '000)
Common Equity Tier 1 (CET1) Capital after Adjustments	**117,409,717**	**130,655,229**
Common Equity Tier 1 (CET1) Capital	**121,312,514**	**133,571,440**
Equity Capital (Stated Capital)/Assigned Capital	35,572,329	35,572,329
Reserve Fund	7,060,000	7,060,000
Published Retained Earnings/(Accumulated Retained Losses)	20,440,505	26,319,707
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	58,239,681	59,688,989
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	4,930,415
Total Adjustments to CET1 Capital	**3,902,797**	**2,916,211**
Goodwill (net)		122,942
Intangible Assets (net)	1,203,825	1,303,825
Others (specify)	-	-
Defined benefit pension fund assets	-	-
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	200,432	155,993
Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity	2,498,540	1,333,450
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	**29,107,163**	**29,493,872**
Tier 2 Capital	**29,107,163**	**29,493,872**
Qualifying Tier 2 Capital Instruments	17,921,310	17,566,130
Revaluation Gains	2,090,479	2,090,479
General Provisions	9,095,375	9,837,264
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	-	-
CET1 Capital	**117,409,717**	**130,655,229**
Total Tier 1 Capital	**117,409,717**	**130,655,229**
Total Capital	**146,516,880**	**160,149,101**
Total Risk Weighted Assets (RWA)	**799,113,638**	**876,676,293**
RWAs for Credit Risk	727,629,962	786,981,088
RWAs for Market Risk	957,820	1,048,562
RWAs for Operational Risk	70,525,856	88,646,642
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**14.69%**	**14.90%**
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	1.00%	1.00%
Total Tier 1 Capital Ratio (%)	**14.69%**	**14.90%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**18.33%**	**18.27%**
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	1.00%	1.00%

Template 3

Computation of Leverage Ratio*

Item	Amount (LKR '000)	
	Bank - September 2020	**Group - September 2020**
Tier 1 Capital	**117,409,717**	**130,655,229**
Total Exposures	**1,497,361,157**	**1,574,698,641**
On-Balance Sheet Items		
(excluding Derivatives and Securities Financing Transactions, but including Collateral)	1,240,937,663	1,316,265,556
Derivative Exposures	143,213,384	143,213,384
Securities Financing Transaction Exposures	11,574,299	13,583,891
Other Off-Balance Sheet Exposures	101,635,810	101,635,810
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	**7.84%**	**8.30%**

Template 4

Basel III Computation of Liquidity Coverage Ratio All CCY

Item	Amount (LKR'000)			
	2020 - September		2019 - September	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**327,037,521**	**314,796,722**	**148,783,208**	**141,350,846**
Total Adjusted Level 1A Assets	**250,022,944**	**250,022,944**	**107,019,565**	**107,019,565**
Level 1 Assets	**249,009,892**	**249,009,892**	**106,322,618**	**106,322,618**
Total Adjusted Level 2A Assets	**76,494,330**	**65,020,181**	**39,422,664**	**33,509,265**
Level 2A Assets	**76,494,330**	**65,020,181**	**39,422,664**	**33,509,265**
Total Adjusted Level 2B Assets	**1,533,299**	**766,650**	**3,037,926**	**1,518,963**
Level 2B Assets	**1,533,299**	**766,650**	**3,037,926**	**1,518,963**
Total Cash Outflows	**1,056,940,820**	**167,625,129**	**905,397,585**	**145,840,061**
Deposits	728,077,979	72,807,798	633,162,509	63,316,251
Unsecured Wholesale Funding	156,766,472	59,712,415	128,373,942	51,798,042
Secured Funding Transactions	9,188,173	-	4,477,412	0
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	144,520,208	16,716,928	123,607,217	14,949,262
Additional Requirements	18,387,987	18,387,987	15,776,506	15,776,506
Total Cash Inflows	**124,704,662**	**61,747,822**	**140,440,771**	**77,364,013**
Maturing Secured Lending Transactions Backed by Collateral	-	-		
Committed Facilities	3,000,000	-	3,000,000	0
Other Inflows by Counterparty which are Maturing within 30 Days	102,571,553	53,866,464	124,631,903	71,898,376
Operational Deposits	4,618,943	-	1,932,317	0
Other Cash Inflows	14,514,166	7,881,358	10,876,552	5,465,637
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**297.32%**		**206.42%**

Template 5

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Stated Capital	Debentures - 2007	Debentures - 2006 Type E	Debentures - 2006 Type F	Debentures - 2011	Debentures - 2016	Debentures - 2016	Debentures - 2016	Debentures - 2019	Debentures - 2019	Foreign Borrowing
Issuer	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	HNB PLC	German Development Financial Institution
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)											
Governing Law(s) of the Instrument	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	German
Original Date of Issuance	N/A	August 1, 2007	April 1, 2006	April 1, 2006	September 5, 2011	March 28, 2016	November 1, 2016	November 1, 2016	September 23, 2019	September 23, 2019	June 12, 2012
Par Value of Instrument	N/A	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	N/A
Perpetual or Dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original Maturity Date, if Applicable											
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	35,572,328	280,000	488,417	938,736	400,000	1,400,000	800,000	3,200,000	1,538,056	8,077,430	939,750
Accounting Classification (Equity/Liability)	Equity	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
Issuer Call subject to Prior Supervisory Approval	**No**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A	N/A
Coupons/Dividends	Dividends	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons	Coupons
Fixed or Floating Dividend/Coupon	N/A	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Floating
Coupon Rate and any Related Index	N/A	16.75%	11.00%	11.25%	11.50%	11.25%	11.75%	13.00%	12.30%	12.80%	6 Month LIBOR + 4.25% p.a.
Non-Cumulative or Cumulative											
Convertible or Non-Convertible	N/A	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
If Convertible, Conversion Trigger (s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A	N/A	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	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	N/A	N/A	N/A	N/A	N/A

Template 7

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

Asset Class	Amount (LKR'000) as at September 30, 2020					
	Exposures before Credit Conversion Factor (CCF) and		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)
Claims on Central Government and CBSL	461,704,559	-	425,453,786	-	34,013,691	0.08
Claims on Foreign Sovereigns and their Central Banks						
Claims on Public Sector Entities						
Claims on Official Entities and Multilateral Development Banks						
Claims on Banks Exposures	9,404,029	-	9,404,029	-	2,794,232	0.30
Claims on Financial Institutions	25,770,155	1,144,024	25,770,155	1,144,024	17,236,853	0.64
Claims on Corporates	268,313,469	347,146,556	261,586,902	84,540,732	333,341,038	0.96
Retail Claims	368,585,159	68,874,666	330,431,875	17,644,213	247,658,547	0.71
Claims Secured by Residential Property	44,163,433	-	44,163,433	-	30,111,077	0.68
Claims Secured by Commercial Real Estate						
Non-Performing Assets (NPAs)(i)	23,973,524	-	23,973,524	-	25,790,719	1.08
Higher-risk Categories	1,199,083	-	1,199,083	-	2,997,706	2.50
Cash Items and Other Assets	56,752,244	-	56,752,244	-	33,686,097	0.59
Total	1,259,865,653	417,165,246	1,178,735,030	103,328,968	727,629,962	

Template 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at September 30, 2020
(a) RWA for Interest Rate Risk	**0**
General Interest Rate Risk	**0**
(i) Net Long or Short Position	**0**
(ii) Horizontal Disallowance	**0**
(iii) Vertical Disallowance	**0**
(iv) Options	
Specific Interest Rate Risk	**0**
(b) RWA for Equity	**48,832**
(i) General Equity Risk	**2,774**
(ii) Specific Equity Risk	**3,330**
(c) RWA for Foreign Exchange & Gold	**908,988**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**957,820**

Template 10

Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at September 30, 2020		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		**57,244,743**	**62,879,388**	**56,190,509**
Capital Charges for Operational Risk (LKR'000)					**8,815,732**
Risk Weighted Amount for Operational Risk (LKR'000)					**70,525,856**

Template 11

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

Item	Amount (LKR '000) as at September 30, 2020				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	**1,248,148,592**	**1,257,648,071**	**1,183,751,476**	**3,995,728**	**87,399,652**
Cash and Cash Equivalents	28,418,100	28,429,823	28,429,823		
Balances with Central Banks	8,779,806	8,779,806	8,779,806		
Placements with Banks	2,937,717	2,849,500	2,849,500		
Reverse repurchase agreements	306,038	306,038	306,038		
Derivative Financial Instruments	432,842				
Financial assets at amortised cost - debt and other instruments	171,533,986	176,805,248	176,805,248		
Financial assets recognised through profit or loss - measured at fair value	3,995,728	3,995,728		3,995,728	
Loans and Receivables to Banks					
Financial assets at amortised cost - loans and advances	743,047,970	758,115,680	676,985,056		81,130,624
Financial assets measured at fair value through other comprehensive income	246,070,221	235,948,368	232,682,451		3,265,918
Financial Investments - Held-To-Maturity					
Investments in Subsidiaries	3,017,285	3,017,285	1,973,000		1,044,285
Investments in Joint Ventures	755,000	755,000			755,000
Property, Plant and Equipment	20,778,014	20,778,014	20,778,014		
Investment Properties	476,442	476,442	476,442		
Goodwill and Intangible Assets	1,314,454	1,314,454			1,203,825
Deferred Tax Assets					
Other Assets	16,284,989	16,076,684	33,686,097		
Liabilities	**1,114,786,497**	**1,120,121,239**	**-**	**-**	**-**
Due to Banks	104,656,942	103,906,665			
Derivative Financial Instruments	657,208				
Securities sold under repurchase agreements	9,252,986	9,234,096			
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Financial liabilities at amortised cost - due to depositors	922,448,025	906,059,090			
Dividends payable	996,498	996,498			
Financial liabilities at amortised cost - other borrowings	17,280,979	17,185,893			
Debt Securities Issued	1,817,688	1,801,896			
Current Tax Liabilities	6,696,071	6,891,291			
Deferred Tax Liabilities	606,827	7,225,635			
Other Provisions	3,490,437	4,222,428			
Other Liabilities	13,859,851	30,846,843			
Due to Subsidiaries					
Subordinated Term Debts	33,022,985	31,750,904			
Off-Balance Sheet Liabilities	**653,898,917**	**653,898,917**	**-**	**-**	**-**
Guarantees	102,015,091	102,015,091	102,015,091		
Performance Bonds					
Letters of Credit	32,288,880	32,288,880	32,288,880		
Other Contingent Items	146,255,002	146,255,002	146,255,002		
Undrawn Loan Commitments	373,339,944	373,339,944	373,339,944		
Other Commitments					
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	35,572,329	35,236,377			
of which Amount Eligible for CET1					
of which Amount Eligible for AT1					
Retained Earnings	21,707,378	29,347,748			
Accumulated Other Comprehensive Income					
Other Reserves	76,082,388	72,942,707			
Total Shareholders' Equity	**133,362,095**	**137,526,832**	**-**	**-**	**-**