



KEY REGULATORY RATIOS-CAPITAL AND LIQUIDITY				
As at	BANK		GROUP	
	30/Jun/21	31/Dec/20	30/Jun/21	31/Dec/20
Regulatory Capital (LKR '000)				
Common Equity Tier 1	14,632,010	15,415,491	15,726,600	16,024,248
Tier 1 Capital	14,632,010	15,415,491	15,726,600	16,024,248
Total Capital	14,896,582	15,680,987	16,371,800	16,677,537
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020- 6.5% & 2019 -7.0%)	15.59%	16.66%	15.84%	16.34%
Tier 1 Capital Ratio (Minimum Requirement- 2020 - 8.0% & 2019 -8.5%)	15.59%	16.66%	15.84%	16.34%
Total Capital Ratio (Minimum Requirement- 2020 - 12.0% & 2019 - 12.5%)	15.88%	16.95%	16.49%	17.00%
Leverage Ratio (Minimum Requirement - 3%)	10.49%	10.23%	10.70%	10.14%
Regulatory Liquidity				
Statutory liquid Assets				
Domestic Banking Unit (LKR'000)	26,093,647	26,629,637		
Foreign Currency Banking Unit (USD'000)	20,403	18,585		
Statutory liquid Assets Ratio % (Minimum Requirement-20%)				
Domestic Banking Unit (%)	28.52%	29.08%		
Foreign Currency Banking Unit (%)	24.98%	21.93%		
Liquidity Coverage Ratio (%) (Minimum Requirement - 2020 - 90% & 2019 - 100%)				
Rupee	534.00%	861.13%		
All Currency	228.35%	459.60%		
Net Stable Funding Ratio (Minimum Requirement - 90%)	126.99%	121.05%		

BASEL III COMPUTATION OF CAPITAL RATIO				
As at	30/Jun/21		31/Dec/20	
	BANK	GROUP	BANK	GROUP
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Common Equity Tier I (CETI) Capital after adjustments	14,632,010	15,726,600	15,415,491	16,024,248
Total Common Equity Tier I (CET1) Capital	17,976,644	17,794,635	18,258,861	18,077,103
Equity capital or stated capital/assigned capital	16,334,782	16,334,782	16,334,782	16,334,782
Reserve fund	204,227	228,847	204,227	228,847
Published retained earnings/(Accumulated retained losses)	1,244,677	951,113	1,526,894	1,232,277
Published accumulated other comprehensive income (OCI)	103,974	103,646	103,974	103,646
General and other disclosed reserves	88,984	88,984	88,984	88,984
Unpublished current year's profit/(loss) and gains reflected in OCI	-	-	-	-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	-	87,263	-	88,566
Total adjustments to CET1 Capital	3,344,633	2,068,035	2,843,370	2,052,856
Goodwill (net)	0	113,031	-	113,031
Other intangible assets (net)	1,300,200	1,529,188	1,314,234	1,548,524
Deferred tax assets (net)	0	425,816	-	391,301
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	0	-	713,032	-
Shortfall of capital in financial subsidiaries	710,170	-	816,104	-
Additional Tier 1 (AT1) Capital after adjustments	1,334,263	-	-	-
Total Additional Tier 1 (AT1) Capital	0	-	-	-
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-	-	-
Total adjustments to AT1 Capital	-	-	-	-
Regulatory adjustments applied to AT1 due to insufficient Tier 2 capital to cover adjustments	-	-	-	-
Tier 2 Capital after adjustments	264,572	645,200	265,495	653,290
Total Tier 2 Capital	564,572	645,200	565,495	653,290
General provisions	564,572	645,200	565,495	653,290
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-	-	-
Total adjustments to Tier 2 Capital	300,000	-	300,000	-
Investments in the capital of financial institutions and where the bank own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	300,000	-	300,000	-
CET1 Capital	14,632,010	15,726,600	15,415,836	16,024,248
Total Tier 1 Capital	14,632,010	15,726,600	15,415,491	16,024,248
Total Capital	14,896,582	16,371,800	15,680,987	16,677,537

As at	30/Jun/21		31/Dec/20	
	BANK	GROUP	BANK	GROUP
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total Risk Weighted Amount (RWAs)	93,826,679	99,254,593	92,537,263	98,095,081
RWAs for Credit Risk	74,593,169	78,746,961	70,958,998	75,293,038
RWAs for Market Risk	12,126,375	12,267,624	14,700,057	14,794,113
RWAs for Operational Risk	7,107,135	8,240,007	6,878,208	8,007,930
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	15.59%	15.84%	16.66%	16.34%
of which : Capital Conservation Buffer (%)	2.00%	2.00%	2.00%	2.00%
of which : Countercyclical Buffer (%)	-	-	-	-
of which : Capital Surcharge on D-SIBs (%)	N/A	N/A	N/A	N/A
Total Tier 1 Capital Ratio (%)	15.59%	15.84%	16.66%	16.34%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	15.88%	16.49%	16.95%	17.00%
of which : Capital Conservation Buffer (%)	2.00%	2.00%	2.00%	2.00%
of which : Countercyclical Buffer (%)	-	-	-	-
of which : Capital Surcharge on D-SIBs (%)	N/A	N/A	N/A	N/A

COMPUTATION OF LEVERAGE RATIO

As at	30/Jun/21	
	BANK	GROUP
	Rs.'000	Rs.'000
Tier 1 Capital	14,632,010	15,726,600
Total Exposure	139,550,525	146,967,817
On-balance sheet items (excluding Derivatives and Securities Financing Transactions, but including collateral)	117,738,127	125,131,265
Derivative exposures	5,754,033	5,754,033
Securities Financing Transaction exposures	9,166,698	9,121,819
Other off -balance sheet exposures	6,891,668	6,960,700
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	10.49%	10.70%

BASEL III COMPUTATION OF LIQUIDITY COVERAGE RATIO - BANK

As at	30/Jun/21		31/Dec/20	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total stock of High -Quality Liquid Assets (HQLA)	22,166,819	21,281,160	24,769,331	23,972,769
Total Adjusted Level 1A Assets	22,166,819	22,166,819	24,769,331	24,769,331
Level 1 Assets	21,281,160	21,281,160	23,972,769	23,972,769
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	118,210,355	18,991,996	118,157,506	16,639,143
Deposits	62,003,488	5,460,078	63,208,421	5,601,902
Unsecured wholesale funding	24,298,617	12,692,539	20,220,809	10,122,629
Secured funding transaction	-	-	-	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	31,854,034	785,163	34,728,275	914,612
Additional requirements	54,216	54,216	-	-
Total Cash inflows	13,978,248	9,672,497	15,830,025	11,423,164
Maturing secured lending transactions backed by collateral	1,301,749	1,301,749	1,235,948	1,235,948
Committed facilities	-	-	-	-
Other inflows by counterparty which are maturing within 30 days	12,366,844	8,370,749	14,244,835	10,157,340
Operational deposits	309,655	-	319,367	-
Other cash inflows	-	-	29,876	29,876
Liquidity Coverage Ratio,(%)(Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calender Days)*100		228.35%		459.60%

MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS		
As at	30/Jun/21	
	BANK	GROUP
	Rs.'000	Rs.'000
Description of the Capital Instrument	-	-
Issuer	-	-
Unique identifier	-	-
Governing Law(s) of the instrument	-	-
Original Date of issuance	-	-
Par Value of instrument	-	-
Perpetual or dated	-	-
Original maturity date,if applicable	-	-
Amount recongnised in regulatory capital	14,896,582*	16,371,800**
Accounting classification (equity/liability)	Equity	Equity
Issuer Call subject to prior supervisory approval	-	-
Optional call date, contingent call dates and redemption amount	-	-
Subsequent call dates, if applicable	-	-
Coupons/Dividends	-	-
Fixed or floating dividend/coupon	-	-
Coupon rate and any related index	-	-
Non-cumulative or cumulative	-	-
Convertible or Non-Convertible	-	-
If convertible, conversion trigger (s)	-	-
If convertible, fully or partially	-	-
If convertible, mandatory or optional	-	-
If convertible, conversion rate	-	-

Note :

* Tier 1 & Tier 2 Instruments have not being issued.

Current and Future Capital Requirement	
Overview of Capital planning and assessment process	The capital management plan of the Bank is integrated with the Bank's rolling strategic plan and the Internal Capital Adequacy Assessment Process (ICAAP). In the planning process, the Bank is actively realigning portfolios to optimise capital utilization.
Material risk exposures in line with strategic plan	Strategic plan is sensitive to stability of external variables such as GDP, interest rates, exchange rate and also tax regulations.
Current and future capital needs, anticipated capital expenditure and desirable capital sources.	The Bank is required to maintain Rs. 20Bn capital commencing from 31 December 2020. Culture Financial Holding Limited (CFHL), the immediate parent of the Bank confirmed that it will provide any additional capital required by the Bank to meet the said minimum capital requirement by exercising the rights with regard to the unlisted warrants currently held by CFHL or by such other appropriate means.
Internal and External capital sources	The primary source of capital is through the internally generated capital. In addition, during the financial year ended 31 December 2014, the Bank had issued 218,281,250 warrants to the main shareholder to be exercised within a period of 6 years at a price of Rs.16 per warrant. Right issue or a debenture issue could also be an option.
Assesment of the adequasy of Bank's capital commensurate with and unexpected events such as raising additional capital,restricting and unexpected events such as raising additional capital,restricting business activities or using risk mitigation techniques.	Management monitors capital adequacy ratios on a regular basis and ensures that it operates well above the regulatory limit. Any shortfall to meet the above said minimum capital requirement will be generated through above mentioned sources.

CREDIT RISK UNDER STANDARDISED APPROACH-CREDIT RISK EXPOSURES AND CREDIT RISK MITIGATION (CRM) EFFECTS

As at 30 June 2021	BANK					
	Exposures before Credit Conversion Factor (CCF) and CRM		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
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%
Claims on Central Government and Central Bank of Sri Lanka	14,690,520		14,690,520	-	550,200	4%
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	406,600	4,159,288	406,600	160,493	174,296	31%
Claims on financial institutions	5,678,742	230,202	5,678,742	65,691	5,093,337	89%
Claims on corporates	29,161,508	14,466,225	29,161,508	3,225,352	30,626,140	95%
Retail claims	16,927,629	17,492,677	14,324,397	3,372,748	15,034,333	85%
Claims secured by residential property	8,317,583		8,317,583	-	6,984,749	84%
Claims secured by commercial real estate	5,667,287		5,667,287	-	5,667,287	100%
Non-Performing Assets (NPAs)	5,405,669		5,405,669	-	6,324,319	117%
Higher-risk categories	166,764		166,764	-	416,911	250%
Cash Items and other assets	12,646,983	149,974	5,578,795	149,974	3,721,597	65%
Total	99,069,287	36,498,366	89,397,866	6,974,258	74,593,169	83%

As at 30 June 2021	GROUP					
	Exposures before Credit Conversion Factor (CCF) and CRM		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
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%
Asset Classes						
Claims on Central Government and Central Bank of Sri Lanka	14,974,046	-	14,974,046	-	550,200	4%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	-	-	-	-	-	0%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks exposures	528,774	4,159,288	528,774	160,493	198,731	38%
Claims on financial institutions	4,924,303	230,202	4,924,303	65,691	4,716,118	96%
Claims on corporates	29,161,671	14,466,225	29,161,671	3,225,352	30,626,303	105%
Retail claims	21,146,406	17,630,741	18,543,173	3,441,780	17,914,530	97%
Claims secured by residential property	9,140,985	-	9,140,985	-	7,476,137	82%
Claims secured by commercial real estate	5,767,664	-	5,767,664	-	5,767,664	100%
Non-Performing Assets (NPAs)	6,311,718	-	6,311,718	-	7,489,953	119%
Higher-risk categories	0	-	-	-	0	0%
Cash Items and other assets	13,672,916	149,974	5,910,017	149,974	4,007,325	68%
Total	105,628,484	36,636,431	95,262,353	7,043,290	78,746,961	83%

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

MARKET RISK UNDER STANDARDISED MEASUREMENT METHOD		
As at 30 June 2021	Risk Weighted Assets	
	BANK	GROUP
	Rs.'000	Rs.'000
(a)RWA for Interest Rate Risk	575,842	575,842
General Interest Rate Risk	575,842	575,842
(i) Net Long or Short Position	575,842	575,842
(ii) Horizontal Disallowance		-
(iii) Vertical Disallowance		-
(iv) Options		-
Specific Interest Rate Risk		-
(b)RWA for Equity	769,429	786,380
(i) General Equity Risk	384,715	393,431
(ii) Specific Equity Risk	384,715	392,949
(C)RWA for Foreign Exchange & Gold	109,893	109,893
Capital Charge for Market Risk [(a)+(b)+ (c)] * CAR	12,126,375	12,267,624

DIFFERENCE BETWEEN ACCOUNTING AND REGULATORY SCOPES AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH					
As at 30 June 2021	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets	121,267,975	121,676,434	86,124,455	23,274,612	11,981,790
Cash and cash equivalents	2,306,098	2,332,087	2,332,087		
Balances with Central Bank of Sri Lanka	964,359	964,359	964,359		
Placements with banks	96,952	96,945	96,945		
Reverse repurchased agreements	140,017	140,000	140,000		
Derivative financial instruments	-	-	-		
Financial investments at fair value through profit or loss	5,088,804	5,067,356		5,067,356	
Financial assets at amortised cost - loans and advances to customers	70,701,242	70,357,573	60,686,439		9,671,421
Financial assets at amortised cost - debt and other instruments	18,560,188	18,481,497	18,181,497		300,000
Financial investments at fair value through other comprehensive income	18,504,217	18,209,786	2,530	18,207,256	0
Current tax assets	85,059,810	-	-	-	-
Investments in real estate	-	-	-	-	-
Investments in subsidiaries	876,934	1,172,797	166,764		710,170
Goodwill and intangible assets	1,300,200	1,300,200			1,300,200
Property, plant and equipment	1,161,820	531,755	531,755		
Deferred tax assets	-				
Other assets	1,482,084	3,022,078	3,022,078		
Liabilities	103,052,475	103,482,004	-	-	-
Due to Banks	7,227,777	7,120,496	-	-	-
Derivative financial instruments	13,685	-	-	-	-
Repurchased agreements	8,011,568	-	-	-	-
Due to other customers	85,710,866	83,198,636	-	-	-
Other borrowings	-	8,030,059	-	-	-
Current tax liabilities	282,804,825				
Deferred tax liabilities	0				
Other liabilities	1,805,775	5,132,813			
Off -balance sheet liabilities	35,934,437	35,934,437	35,934,437	-	-
Guarantees	7,551,668	7,551,668	7,551,668		-
Performance bonds	1,975,723	1,975,723	1,975,723		-
Letter of credits	4,406,369	4,406,369	4,406,369		-
Other contingent items	7,654,777	7,654,777	7,654,777		-
Undrawn loan commitments	4,734,268	4,734,268	4,734,268		-
Other commitments	9,611,633	9,611,633	9,611,633		-
Equity					
Stated capital	16,334,782	16,334,782	-	-	-
Share warrants	65,484	65,484	-	-	-
Statutory reserve fund	228,892	95,439	-	-	-
ESOP reserve	23,500	23,500	-	-	-
Fair value reserve	20,397	-	-	-	-
Retained earnings	1,542,445	1,675,225	-	-	-
Total equity attributable to equity holders of the Bank	18,215,500	18,194,430	-	-	-
Total equity and liabilities	121,267,975	121,676,434	-	-	-
Note-	The reasons for more than 1% variances between (a) and (b) are SLFRS related adjustments on the carrying value reported in Published Financial Statements.				