Pan Asia Banking Corporation PLC
Basel III - Pillar 3 Disclosures
As at 30th September 2018

PAN ASIA BANK
The Understanding Bank

Company Registration No. PQ 48

Registered Address: No. 450, Galle Road, Colombo 3

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Introduction

The Bank trusts effective risk management together with better corporate governance contributes to the stability and sustainable credibility of the Bank. Therefore, the Bank places great emphasis continually on improving risk management processes and on having sufficient level of capital to support its risk absorption capacity and business expansions.

Based on historical data and careful analysis of market behavioural factors, the Bank is affirmative that effective investment in better risk management systems and processes would facilitate to mitigate the credit risk, market risk and the operational risk factors face by the Bank.

Further use of market discipline is deemed to be an important driver in the enhancement of the risk management system from Bank as well as stakeholders perspective. Therefore, the Bank believes comprehensive disclosure of capital level, credit risk, market and operational risk level would fulfill the expectations of the regulators as well as the investors.

Scope of Basel III Framework

The Basel Committee on Bank Supervision (BCBS) has implemented a set of capital, liquidity and funding reforms known as “Basel III”. The objectives of reforms are to increase the quality, consistency and transparency of capital to enhance the risk management framework.

Accordingly, Central Bank of Sri Lanka has issued Direction No. 01 of 2016 on Capital Requirement under Basel III for Licensed Commercial Banks (LCB’s) and Licensed Specialized Banks (LSB’s) on 29th December 2016. As per the direction, Capital Requirements applicable for a Licensed Commercial Bank from 1st July 2017 onwards consist of three pillars.

Pillar 1	• Minimum Capital Requirements and Buffers - Credit Risk, Market Risk & Operational Risk
Pillar 2	• Maintain Adequate Capital above the Minimum Requirement (ICAAP) - Additonal Risks
Pillar 3	• Disclosure Requirements - Regular disclosure to the market covering both qualitative and quantitative discloures on Capital , Liqudity and Risk

Pillar 1 - Minimum Capital Requirements and Buffers

Commencing from 01st July 2017, every LCB & LSB has to comply with minimum capital ratios and the buffers as prescribed in the direction. Required minimum capitals ratios are varying among the banks depending on the size of the asset base. For the purpose of the direction Central Bank of Sri Lanka has identified Banks with over Rs.500 billion asset base as Domestic Systemically Important Banks (D-SIB's) and prescribed higher minimum Capital buffers.

Accordingly, banks have to maintain capital ratios and the buffers as prescribed in the below tables at all time.

Minimum Capital Ratio Requirement for Banks with Assets of Rs.500 billion and above (Table 1)

Components of Capital	**01.07.2017**	**01.01.2018**	**01.01.2019**
Common Equity Tier 1 Including Capital Conservation Buffer and Capital Surcharge on Domestic Systemically Important Banks	6.250%	7.375%	8.500%
Total Tier 1 Including Capital Conservation Buffer and Capital Surcharge on Domestic Systemically Important Banks	7.750%	8.875%	10.000%
Total Capital Ratio Including Capital Conservation Buffer and Capital Surcharge on Domestic Systemically Important Banks	11.750%	12.875%	14.000%

Minimum Capital Ratio Requirement for Banks with Assets less than Rs.500 billion (Table 2)

Components of Capital	**01.07.2017**	**01.01.2018**	**01.01.2019**
Common Equity Tier 1 Including Capital Conservation Buffer	5.750%	6.375%	7.000%
Total Tier 1 Including Capital Conservation Buffer	7.250%	7.875%	8.500%
Total Capital Ratio Including Capital Conservation Buffer	11.250%	11.875%	12.500%

Since the Bank's asset base is below Rs.500 billion at the moment, minimum capital ratio requirements stipulated in Table 2 is applicable. As a player in a highly regulated industry, the Bank has to design and execute strategies at the right time in order to accomplish the business goals while achieving capital standards set by the regulator.

Pillar 2 - Maintain Adequate Capital above the Minimum Requirement (ICAAP)

The Bank has to maintain adequate capital to cover its all risk exposures as specified in the direction. Under Pillar 2, a Board approved ICAAP document need to be submitted to Central Bank of Sri Lanka for supervisory review process. ICAAP lets banks to identify, analyze and quantify its risk exposures using different methodologies, techniques and to quantify required level of capital to absorb the risks.

Further under pillar 2, Banks are instructed to scrutinize different type of risks which are not covered/fully captured under Pillar 1. Accordingly, following risk categories also need to be quantified and allocation of capital need to be done in computing the pillar 2 Capital Ratios.

- Risks not fully captured under Pillar 1 - Concentration risk (credit risk), interest rate/rate of return risk in the banking book (market risk) etc.
- Risk types not covered under Pillar 1 - Liquidity risk, concentration risk, reputational risk, compliance risk, strategic and business risk, residual risk. etc.

The Bank has already developed an ICAAP policy and framework which closely indicate the risk and capital assessment processes and ensures that adequate level of capital are maintained to support the Bank's current and projected demand for capital under expected and stressed conditions.

Pillar 3 - Disclosure Requirements

Commencing from 1st July 2017, the Bank has to disclose the regulator prescribed key information in relation to regulatory capital, liquidity and risk management with the published financial statements and the in the web site.

Pillar 3 aims to provide consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk practices.

The Bank has implemented a Pillar 3 policy and procedure framework to address the requirements laid down for pillar 3 disclosure.

The complete disclosure report of information regarding capital management in accordance with Basel III-Pillar 3 is provided, of which quantitative information regarding capital structure, capital adequacy and monitoring of liquidity standards is disclosed on quarterly basis. The disclosures on Bank's risk management approach and risk management related to key risk exposures will be disclosed on annual basis.

Scope of Application

In compliance with the requirements under Basel III Pillar 3 and the Bank's approved policies, the Bank disclose below set of information on quarterly and annual basis as prescribed by CBSL.

1) Regulatory Requirements on Capital Adequacy and Liquidity
   i) Key Regulatory Ratios - Capital and Liquidity
   ii) Basel III Computation of Capital Adequacy Ratio
   iii) Basel III Computation of Liquidity Coverage Ratio
   iv) Main Features of Regulatory Capital Instruments

2) Risk Weighted Assets (RWA)
   i) Capital Management
   ii) Credit under Standardized Approach - Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects
   iii) Credit Risk under Standardized Approach: Exposures by Asset Classes and Risk Weights
   iv) Market Risk under Standardized Measurement Method
   v) Operational Risk under Basic Indicator Approach

3) Linkages Between Financial Statements & Regulatory Exposures
   i) Differences Between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories
   ii) Explanations of Differences Between Accounting and Regulatory Exposure Amounts

4) Risk Management
   i) Bank Risk Management Approach
   ii) Risk Management related to Key Risk Exposures

Bank's Capital & Liquidity Position

The Bank's grew at a slower pace so far during the year due to adverse macroeconomic conditions prevailed throughout the year. In response to the tight monetary policy stance maintained by Central Bank, credit expansion decelerated gradually in the private sector. The Bank achieved a solid growth in loan book during the first nine months of 2018, prudently reacting to steep deterioration in the asset quality in the industry and with the objective of maintaining healthy capital ratios.

Amid the many headwinds faced during this period, the Bank's capital and liquidity ratios stood above the regulatory minimum during first nine months of 2018.

Table A - Key Regulatory Ratios - Capital and Liquidity

	Current Period As at 30/09/2018	Previous Period As at 31/12/2017
Regulatory Capital (Rs '000)		
Common Equity Tier 1 (CET1) Capital	10,858,824	10,039,254
Common Equity Tier 1 (CET1) Capital after Adjustments	10,551,058	9,754,864
Tier 1 Capital	10,551,058	9,754,864
Total Capital	11,992,111	11,588,904
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio *(Minimum Requirement -6.375%)*	10.65	11.38
Tier 1 Capital Ratio *(Minimum Requirement -7.875%)*	10.65	11.38
Total Capital Ratio *(Minimum Requirement -11.875%)*	12.11	13.53
Regulatory Liquidity		
Statutory Liquid Assets DBU (LKR'000)	35,649,586	27,347,197
Statutory Liquid Assets OBU (USD'000)	12,873	7,907
Statutory Liquid Assets Ratio *(Minimum Requirement - 20%)*		
Domestic Banking Unit (%)	25.94	23.25
Off-Shore Banking Unit (%)	20.81	27.04
Liquidity Coverage Ratio (%) *(Minimum Requirement - 90%)*		
Rupee	141.06	208.84
All Currency	122.14	195.36

Capital Structure

The Bank's capital structure according to the CBSL direction No. 01 of 2016 on Capital Requirement under Basel III for Licensed Commercial Banks (LCB) and Licensed Specialized Banks (LSB) is revised in to Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital.

Common Equity Tier 1 (CET 1) Capital of the Bank comprises;

- Paid up Share Capital (Stated Capital)
- Retained Earnings after appropriation
- Statutory Reserve Fund

At present Bank has no instrument eligible for Additional Tier 1 (AT1) Capital.

Tier 2 Capital Consist of

- Subordinated Debentures (limited to 50% of CET 1 Capital)
- General provision for Performing and Special Mention Credit Facilities (limited to 1.25% of risk weighted assets on credit risk)
- Revaluation Surpluses on Freehold Land and Building (Subject to discount of 50%)

As per the regulatory directive maximum eligible Tier 2 capital is capped at 100% of CET1 Capital.

Main features of capital instruments have been disclosed in the Table C of the report.

The Structure of the total Regulatory Capital of the Bank as at 30th September 2018 is as follows,

Item	Amount (Rs. '000)
Common Equity Tier I (CETI) Capital after Adjustments	**10,551,058**
Total Common Equity Tier I (CET1) Capital before Adjustments	**10,858,824**
Stated Capital	3,614,253
Reserve Fund	374,106
Published Retained earnings	6,870,465
Total Adjustments to CET1 Capital	**307,767**
Other Intangible Assets (net)	307,767
Additional Tier 1 (AT1) Capital after Adjustments	**-**
Tier 2 Capital after Adjustments	**1,441,053**
Total Tier 2 Capital	**1,441,053**
Qualifying Tier 2 Capital Instruments	600,000
Revaluation Gains	312,759
General Provisions	528,294
Total Adjustments to Tier 2 Capital	**-**
Total Tier 1 Capital	**10,551,058**
Total Capital	**11,992,111**

Internal Capital Generation

The Bank obtained the Certification of External Auditors for the profit for 06 months ended 30th June 2018. Accordingly, Rs. 819.57 has been added to the Bank's CET 1 Capital in June 2018.

Table B- Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	Current Period As at 30/09/2018	Previous Period As at 31/12/2017
Common Equity Tier 1 (CET1) Capital after Adjustments	**10,551,058**	**9,754,864**
Common Equity Tier 1 (CET1) Capital	**10,858,824**	**10,039,254**
Equity Capital - Stated Capital (a)	3,614,253	3,614,253
Reserve Fund	374,106	374,106
Published Retained Earnings	6,050,894	6,050,894
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Losses and Gains reflected in OCI	819,570	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustmentsto CET1 Capital	**307,767**	**284,390**
Goodwill (net)	-	-
Intangible Assets (net)	307,767	284,390
Others	-	-
Additional Tier 1 (AT1) Capital after Adjustments	**-**	**-**
Additional Tier 1 (ATI) Capital	**-**	**-**
Qualifying Additional Tier 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustmentsto AT1 Capital	**-**	**-**
Investment in Own Shares	-	-
Others	-	-
Tier 2 Capital after Adjustments	**1,441,053**	**1,834,040**
Tier 2 Capital	**1,441,053**	**1,834,040**
Qualifying Tier 2 Capital Instruments (b)	600,000	1,050,000
Revaluation Gains (c)	312,759	315,317
Loan Loss Provisions	528,294	468,723
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2 Capital	**-**	**-**
Investment in Own Shares	-	-
Others	-	-
CET1 Capital	**10,551,058**	**9,754,864**
Total Tier 1 Capital	**10,551,058**	**9,754,864**
Total Capital	**11,992,111**	**11,588,904**
Total Risk Weighted Assets (RWA)	**99,028,665**	**85,683,217**
RWAs for Credit Risk	90,245,937	76,883,248
RWAs for Market Risk	51,656	508,835
RWAs for Operational Risk	8,731,071	8,291,134
CET1 Capital Adequacy Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**10.65**	**11.38**
ofwhich: Capital Conservation Buffer (%)	1.88	1.25
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A
Total Tier 1 Capital Adequacy Ratio (%)	**10.65**	**11.38**
Total Capital Adequacy Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**12.11**	**13.53**
ofwhich: Capital Conservation Buffer (%)	1.88	1.25
of which: Countercyclical Buffer (%)	N/A	N/A
of which: Capital Surcharge on D-SIBs (%)	N/A	N/A

* As per the regulatory directions, commencing from 01.01.2018 onwards all foreign claims on Central Government of Sri Lanka is needed to be risk weigh at 20%. Accordingly, the Bank's investments in Sri Lanka Development Bonds have been risk weighted at 20% commencing from 01st January 2018.

Apart from above, the growth in risk weighted assets with the growth in balance sheet is also contributed for the deterioration in the capital Ratios.

Table C - Main Features of Regulatory Capital Instruments

	Ordinary Shares	Subordinated Debt
Issuer	Pan Asia Banking Corporation PLC	Pan Asia Banking Corporation PLC
CSE Security Code	PABC N0000	PABC D0300 PABC D0301
Governing Law(s) of the Instrument	Companies Act, No.7 of 2007	Companies Act, No.7 of 2007 Monetary Law Act No. 58 of 1949
Original Date of Issuance	Multiple	30.10.2014
Par Value of Instrument (Rs.)	N/A	100
Perpetual or Dated	Perpetual	Dated
Original Maturity Date	N/A	29.10.2019
Regulatory Treatment		
Instrument Type	Common Equity Tier 1	Tier 2 Capital
Amount recognized in Regulatory Capital (in Rs '000 as at 30th September 2018)	3,614	600
Accounting Classification (Equity/Liability)	Shareholders' Equity	Liability (Subordinated Term Debts)
Issuer Call subject to Prior Supervisory Approval	No	Yes
Optional Call Date, Contingent Call Dates and Redemption Amount (Rs. '000)	N/A	Early repayment or redemption shall not be made without the prior consent from CBSL. The redemption amount of the debentures equal to total outstanding principal (Rs. 3,000 Mn) plus accrued interest
Coupons/Dividends		
Fixed or Floating Dividend/Coupon	Discretionary dividend amount	Fixed Rate
Coupon Rate and any Related Index	Distributable profit that has been declared as dividend	9.75% (Annual Interest Payment 9.5233% (Semi Annual Interest Payment)
Non-Cumulative or Cumulative	Non cumulative	Non cumulative
Convertible or Non-Convertible	Non-Convertible	Non-Convertible

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) ensures Banks maintaining sufficient unencumbered High Quality Liquid assets (HQLA) to survive a significant liquidity stress scenario over 30 days horizon. The Central Bank of Sri Lanka issued Banking Act Direction No. 01 of 2015 on "Liquidity Coverage Ratio under Basel III Liquidity Standards for Licensed Commercial Banks" on 31st March 2015.

Commencing from 1st April 2015, the Bank has to maintain LCR Ratio for all currencies and for rupee as stipulated in the direction. The ratio which initially starts from 60% minimum requirement will be increased up to 100% on a staggered basis by 1st January 2019.

Liquid assets are distributed across the Bank to support regulatory and internal requirements and are consistent with the distribution of liquidity needs by currency. The composition of the high quality liquid asset portfolio has remained relatively stable over the previous period. The Bank has to maintain 90% as LCR for year 2018 for both Rupee and all currencies.

Table D - LCR Disclosure Template

Item	Amount (LKR'000)			
	Current Period As at 30/09/2018		Previous Period As at 31/12/2017	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**15,486,372**	**15,124,667**	**15,835,839**	**15,213,466**
Total Adjusted Level 1 Assets	**14,788,705**	**14,788,705**	**14,995,400**	**14,995,400**
Level 1 Assets	**14,775,833**	**14,775,833**	**14,793,246**	**14,793,246**
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	**697,667**	**348,834**	**840,440**	**420,220**
Level 2B Assets	**697,667**	**348,834**	**840,440**	**420,220**
Total Cash Outflows	**166,627,135**	**28,026,487**	**130,405,067**	**20,097,489**
Deposits	106,349,678	9,238,103	97,713,844	8,680,160
Unsecured Wholesale Funding	8,691,657	6,552,515	7,158,664	4,360,842
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	39,520,485	170,555	18,676,454	200,382
Additional Requirements	12,065,314	12,065,314	6,856,105	6,856,105
Total Cash Inflows	**21,513,849**	**15,643,411**	**14,802,163**	**12,310,242**
Maturing Secured Lending	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	7,037,485	3,639,587	7,929,910	5,437,988
Operational Deposits	2,472,540	-	-	-
Other Cash Inflows	12,003,824	12,003,824	6,872,253	6,872,253
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total net Cash Outflows over the Next 30 Calendar Days) *100		**122.14%**		**195.36%**

The Bank monitors its LCR position on a daily basis, ensuring a buffer is maintained over the minimum regulatory requirement and the Board's risk appetite. The Bank holds a diverse mix of High Quality Liquid Assets (HQLA), consisting primarily of cash and Government securities (Level 1 Liquid Assets. In addition, the Bank maintains level 2 Liquid Assets such as in gilt edged investments)

Risk Weighted Assets

Credit Risk

Credit Risk is the potential for loss due to the failure counterparty to meet its obligation to pay the Bank in accordance with agreed terms. It is managed through a framework that setout credit policies and procedure and credit approval authority delegation. Further policies are decided to reflect the country specific risk environment and portfolio characteristics of the Bank.

The Bank computes risk weighted assets on credit exposures using the Standardized approach. In assigning risk weights for calculation of risk weighted assets using the standardized approach under Basel III, the Bank uses credit ratings from external credit assessment institutions (ECAIs) who meet the qualifications specified by the CBSL. The credit ratings from external credit assessment institutions are applied to risk weight the claims on Banks, financial institutions and corporate customers. Claims on Retail and SME customers are risk weighted based on the criteria's specified in the directions.

The following table shows minimum capital requirement for credit risk classified by asset classes under Standardized approach.

Table E- Credit Risk under Standardized Approach: Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	Amount (LKR'000) as at 30.09.2018					
	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 (%) (ii)
Claims on Central Government and Central Bank of Sri Lanka	36,076,617	-	36,076,617	-	2,005,419	6%
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	2,623,465	17,340,327	2,623,465	346,807	1,672,703	56%
Claims on Financial Institutions	2,482,501	122,647	2,482,501	5,182	1,421,826	57%
Claims on Corporates	10,919,539	1,713,761	9,935,896	480,340	9,252,902	89%
Retail Claims	89,253,354	17,501,669	77,386,340	2,349,782	63,728,279	80%
Claims Secured by Gold	2,633,962		2,633,962		438,871	17%
Claims Secured by Residential Property	4,977,735	-	4,977,735	-	3,675,211	74%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	4,073,697	-	4,073,697	-	5,499,875	135%
Higher-risk Categories	6,158	-	6,158	-	9,237	150%
Cash Items and Other Assets	4,061,348	-	4,061,348	-	2,541,615	63%
Total	**157,108,376**	**36,678,404**	**144,257,719**	**3,182,110**	**90,245,937**	**61%**

Notes: (i) NPA's - As per Banking Act Directions No. 03 of 2008 (as amended subsequently) on classification of Loans and Advances, income recognition and provisioning.

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

Market Risk

Market risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. It is managed under the market risk policies and processes to obtain the best balances of risk and return whilst meeting customer requirements.

The market risk subject to the capital charge requirements are:

- The Risk pertaining to Interest rate related instruments in the trading portfolios
- The Risk pertaining to the equities in the trading portfolios
- The Risk pertaining to the foreign exchange position.

The Bank follows the Standardized measurement method for computing the capital charge for exposures capture under market risk.

Below shows the RWA for market risk under Standardized Approach method:

Table F - Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000)
	As at 30/09/2018
(a) RWA for Interest Rate Risk	**-**
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	**2,762**
(i) General Equity Risk	1,381
(ii) Specific Equity Risk	1,381
(c) RWA for Foreign Exchange & Gold	**3,372**
Risk Weighted Amount for Market Risk ((a+b+c) * Reciprocal of Total Capital Ratio)	**51,656**

Operational Risk

Operational risk is the potential for loss arising from the failure of people, processes or technology or the impact of external events. Operational risk exposures are managed through a set of processes that drive risk identification, assessment, control and monitoring. The senior management team under the guidance of the Board is responsible for overseeing potential risk across the Bank.

The Bank computes capital charges for operational risk based on the Basic Indicator Approach (BIA). When compared to other approaches, BIA is not an advanced approach. Therefore, the Bank is in the process of collecting information to move to 'The Standardized Approach (TSA)' with the prior approval of CBSL.

Capital Requirement under BIA is given below;

Table G - Operational Risk under Basic Indicator Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30.09.2018		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%	-	7,848,949	6,798,790	6,088,556
The Standardised Approach					
Corporate Finance	18%	-	-	-	-
Trading and Sales	18%	-	-	-	-
Payment and Settlement	18%	-	-	-	-
Agency Services	15%	-	-	-	-
Asset Management	12%	-	-	-	-
Retail Brokerage	12%	-	-	-	-
Retail Banking	12%	-	-	-	-
Commercial Banking	15%	-	-	-	-
The Alternative Standardised Approach					
Corporate Finance	18%	-	-	-	-
Trading and Sales	18%	-	-	-	-
Payment and Settlement	18%	-	-	-	-
Agency Services	15%	-	-	-	-
Asset Management	12%	-	-	-	-
Retail Brokerage	12%	-	-	-	-
Retail Banking	12%	0.035	-	-	-
Commercial Banking	15%	0.035	-	-	-
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach					**1,036,815**
The Standardised Approach					**N/A**
The Alternative Standardised Approach					**N/A**
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach					**8,731,071**
The Standardised Approach					**N/A**
The Alternative Standardised Approach					**N/A**

Table H - Reconciliation of Regulatory Capital to Financial Statements

Item	Amount (LKR '000) as at 30.09.2018				
	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	**156,377,824**	**156,899,477**	**156,564,944**	**26,767**	**307,767**
Cash and Cash Equivalents	3,984,505	3,984,505	3,984,505	-	-
Balances with Central Banks	7,826,739	7,826,739	7,826,739	-	-
Placements with Banks	150,925	150,925	150,925	-	-
Derivative Financial Instruments	15,138	15,138	-	15,138	-
Other Financial Assets Held-For-Trading	11,629	11,629	-	11,629	-
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	655,678	655,678	655,678	-	-
Loans and Receivables to Other Customers	122,715,071	123,499,857	123,499,857	-	-
Financial Investments - Available-For-Sale	6,158	6,158	6,158	-	-
Financial Investments - Held-To-Maturity	17,866,479	17,866,479	17,866,479	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	1,936,743	1,936,743	1,936,743	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	307,767	307,767	-	-	307,767
Deferred Tax Assets	-	-	-	-	-
Other Assets	900,995	637,861	637,861	-	-
Liabilities	**156,377,824**	**156,899,477**	-	-	-
Due to Banks	4,835,536	4,835,536	-	-	-
Derivative Financial Instruments	118,093	118,093	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	116,278,018	116,550,100	-	-	-
Other Borrowings	12,276,861	12,334,202	-	-	-
Debt Securities Issued	2,900,746	2,906,926	-	-	-
Current Tax Liabilities	664,614	781,450	-	-	-
Deferred Tax Liabilities	536,724	550,879	-	-	-
Other Provisions	247,950	248,736	-	-	-
Other Liabilities	3,769,155	3,784,405	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	3,000,000	3,000,000	-	-	-
Off-Balance Sheet Liabilities			-	-	-
Guarantees	2,727,631	2,727,631	2,727,631	-	-
Performance Bonds	906,777	906,777	906,777	-	-
Letters of Credit	2,628,174	2,628,174	2,628,174	-	-
Other Contingent Items	24,069,138	24,069,138	24,069,138	-	-
Undrawn Loan Commitments	13,497,661	13,497,661	13,497,661	-	-
Shareholders' Equity			-	-	-
Equity Capital - Stated Capital	3,614,253	3,614,253	-	-	-
of which Amount Eligible for CET1	3,614,253	3,614,253	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	7,136,251	7,184,217	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Other Reserves	999,624	990,680	-	-	-
Total Shareholders' Equity	**11,750,128**	**11,789,151**	-	-	-