

Nations Trust Bank PLC

Market Disclosures 31st December 2020

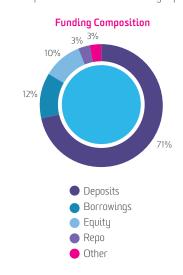
At Nations Trust Bank, the sustainable creation of stakeholder value is underpinned by robust risk management framework and practices which have evolved over the years to become deeply embedded in our culture.

In response to change in complexity of risk, emergence of new risks and business environment dynamics, bank has heightened the oversight and strengthened it's integrated risk management framework, ensuring resiliency in challenging business environment. This report provides a concise yet comprehensive understanding of the integrated risk management framework in place within the Bank and key aspects of our risk performance during the year.



(A) LINKING BUSINESS STRATEGY TO RISK MANAGEMENT

The link between risk management and business performance has grown stronger over the past few years. We have tightly integrated risk management process effectively into management's core business processes to extend beyond value protection and compliance activities to support the business and take advantage of opportunities for value creation. In addition to regulatory requirements, our risk management framework embraces globally accepted best practices in identifying, assessing, measuring and managing the key risks faced, including the critical interdependencies between the risks.



Our business model and risk exposures

The Bank's risk profile is reflected in its business model which represents the business activities and processes in place to transform inputs into long-term value for stakeholders. The risk management framework is aligned to the Bank's overall business strategy, enabling it to proactively identify measure, mitigate and respond to emerging risks arising due to the Bank's strategic agenda. Key risks stemming from the Bank's business model are given below;



Assessing the components of the business model enables the Bank to evaluate the robustness of the existing business model and identifies the events that could impact sustainable value creation. The assessment also identifies opportunities for improving operational and compliance efficiency. This enables the Bank to identify the risks it is willing to take – often defined or characterized as the risk appetite.

	Activity	Risk exposure
	Lend	Credit risk
Risks arising	Fund	 Funding and liquidity risk
from the Bank's	Trade	Market risk
operations and processes	Key operations and processes —	 Operational risk (IT, people related risk, legal risk)
	Compete	→ Strategic risk
	Regulated industry	Compliance risk
Risks	Geopolitical risk	
monitored by the Bank for	Macro-economic risk	

Legal risk

impact

(B) APPROACH TO RISK MANAGEMENT

Our systematic, timely and structured approach to risk management contributes to efficiency and consistent, comparable and reliable results. It is underpinned by setting objectives, strategies, policies, risk appetite and tolerance limits for key types of risk.



The Bank's Integrated Risk Management (IRM) Framework underpins the foundation for managing risk and clearly defines the tools, techniques and activities in place to ensure that all material risks are identified, measured, managed and reported. Clearly defined roles and responsibilities, both at Board and Executive Committee level ensure independence of judgment and judicious empowerment. A comprehensive framework of policies ensures the consistency and clarity in identification, measurement, management and reporting of key risks.

The Bank's key risk management objectives are,

- Establish a framework that supports the business activities to maximize riskadjusted returns within the Board approved Risk Appetite and other aspects such as regulatory requirements and Bank's internal controls
- Accurately identify and measure the sources of these risks

- Recommend appropriate levels of risks, consistent with the Board of Directors' appetite or tolerance for such risks
- Control the level of risks by establishing limits and routinely monitoring the risk exposures to these limits
- Ensure that there is no breach of relevant CBSL regulatory requirements and applicable laws including Exchange Control regulations, ICASL guidelines, Stock Exchange Requirements, CSE regulations, Company Law requirements etc.
- Seek to enable a balance between controlling these risks and generating optimal returns within these risk constraints
- Add value to the Bank's business units, Senior Management and Board of Directors by providing analysis and recommendations to support the achievement of the overall Bank's strategic objectives.

Risk Appetite

An integral part of the Bank's Integrated Risk Management (IRM) is the development of key risk metrics, exposure limits, and governance and oversight processes to ensure enterprise-wide risks are within acceptable and manageable levels. A best-practice approach to addressing these requirements is to implement a clearly defined Risk Appetite Statement (RAS).

While developing the Bank's RAS, we have considered the following fundamental aspects with respect to strategy, risk management, and operations, including:

- The strategies for the overall organization and individual business units and the key assumptions underlying those strategies
- The significant risks and aggregate risk levels that the Bank is willing to accept in order to achieve its' objectives
- The governance structures and risk management policies to oversee and control risks
- Assess and quantify the key risks so that the Bank can monitor our exposures and key trends over time
- Establish the appropriate risk tolerances given our business objectives, profit and growth opportunities, and regulatory requirements
- Integrate our risk appetite into strategic and tactical decision making in order to optimize our risk profile
- Establish an IRM feedback loop and provide effective reporting to the Board and senior management

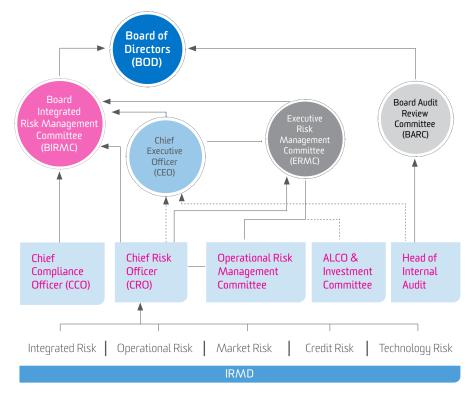
The risk appetite is defined by the Board of Directors and clearly articulates the type and quantum of risk the Bank is willing to take in the normal course of business. It is expressed in the form of tolerance levels and triggers across a range of parameters which reflect the key risks the Bank is exposed to. The Risk appetite is reviewed and updated regularly by the Board of Directors in line with the Bank's strategic and financial objectives. During the year, certain credit and market risk parameters were revised to reflect evolving risks in the industry as depicted below.

	Position as at End 2020	Limit/Range for 2020	Limit/Range for 2019
Credit Risk			
Impairment Ratio*	-	2.50% - 3.50%	
Market Risk			
Sensitivity of the Trading portfolio against interest rate fluctuations	0.51%		Below 2%
Operational Risk			
Operational Losses to Operating Expenses Ratio	0.19%	<1%	<1%

* The bank booked additional impairment provisions to cover risks stemming from the COVID–19 pandemic beyond the risk appetite level set at the beginning of the year.

(C) RISK GOVERNANCE

Clearly defined risk governance structures enable the segregation of duties and judicious empowerment of employees. The Board of Directors holds apex responsibility for the effective management of risk within the Bank including setting the risk appetite, formulating policy and reviewing risk- related management processes. The Board of Directors is assisted by several subcommittees and executive committees in the discharge of its duties related to risk management as illustrated below.



Board Integrated Risk Management Committee (BIRMC)

The BIRMC provides independent oversight of all risk related aspects within the Bank and group including overseeing the formulation of risk management policies and supporting the Board of Directors in determining overall risk appetite. The composition, responsibilities of the BIRMC and its key areas of focus during the year is given on the Committee Report.

Board Audit Review Committee (BARC)

The BARC plays a key role in assessing the adequacy and effectiveness of the Group's internal controls on financial reporting, risk management measures and governance structures in place to mitigate current and emerging risks. For further details on the composition and activities of BARC, please refer the Committee Report.

Board Credit Committee (BCC)

The BCC assists the Board of Directors in formulating credit policies and procedures, provides direction on the Bank's lending exposures (including approving large loan exposures) and consistently monitors the quality of the Bank's credit portfolio. For further details on the composition and activities of BCC, please refer the Committee Report.

In addition to these Board Committees, the following Executive Committees are responsible for specific risk management aspects;

Executive Risk Management Committee (ERMC)

The Executive Risk Management Committee provides recommendations to the BIRMC on the Bank's overall risk management policies, risk appetite and risk management procedures. The Committee is also responsible for reviewing the Bank's risk grid and implementing specific actions to mitigate identified risks. This Committee is chaired by the Chief Risk Officer and represented by all members of the Corporate Management team.

Asset and Liabilities Management Committee (ALCO)

Chaired by the CEO, all heads of business units and managers from the risk, management reporting and financial risk reporting divisions, the ALCO is entrusted with the responsibility of managing the Bank's balance sheet within the performance and risk parameters defined by the Board of Directors. The ALCO implements Board-approved ALM policies, regularly reviews the liquidity, pricing of assets and liability products, cash flow and asset liability maturity mismatches within the Bank.

IT Steering Committee (ITSC)

In addition to implementing the Bank's digital strategy, the Committee is responsible for ensuring that mechanisms are in place to effectively monitor and manage the Bank's IT projects, systems and information security. Committee membership is held by the CEO, CIO, and Business line heads, CFO and CRO among others.

Information Security Steering Committee (ISSC)

The ISSC, as the apex management level body of information security management provides strategic direction and is exclusively responsible for establishing and maintaining the Information Security Management System (ISMS) of the bank while adhering to draft CBSL technology resilience consultation directions which will be regulated in near future. The ISSC is chaired by Chief Executive Officer (CEO) and coordinated by AVP -Information Security. ISSC directly reports to Board Integrated Risk Management Committee (BIRMC) that oversees the ISSC functions, effectiveness and provide directions to maintain and strengthening ISMS requirements.

Operational Risk Management Committee (ORMC)

The ORMC is the main interaction point between all operational functions of the bank encompassing end to end process coverage. The Committee is chaired by the Bank's CRO and includes the Chief Transformation Officer (CTO), VP Banking Operations, Chief Compliance officer (CCO) and several operational heads. The primary purpose of this committee is to critically assess operational processes and internal controls with a view of strengthening the operational risk management framework at a functional level. The committee will provide its recommendation to ERMC and subsequently to BIRMC if required.

Three lines of Defense Model

We adopt the globally accepted three lines of defense governance model which ensures transparency and accountability in risk management through clear segregation of duties as depicted below.



The Integrated Risk Management Department (IRMD)

Led by the Bank's Chief Risk Officer, the IRMD independently assures that the Bank's risk parameters are maintained within the risk appetite approved by the Board of Directors. The IRMD is responsible for multiple aspects of the Bank's risk management framework as illustrated below;

Nurturing a Risk Culture	Risk Measurement	Risk Monitoring	Risk Management
Nurtures an organisation wide risk culture through development of a common risk language and Bank- wide risk training and support	Carry out impairment of loans and advances comprehensively ensuring adequate loan loss reserves	Monitor compliance with risk management policies and procedures	Development and review of risk management tools
Provides interpretation of risk-related regulations/leading practices and disseminates to business units	Carry out "Loan review Mechanism" and continuously improve and strengthen lending processes and practices	Monitor the Bank's overall risk profile, including risk aggregation, reporting, trends, and change in material risk positions	Devise and implement Credit Portfolio Management techniques and advice management/ BIRMC as appropriate
Safeguard against adverse movement of market factors arising out of price sensitivities of funding sources, investments, lending or trading portfolios	Carry out stress testing for "Interest rate risk in Banking book & trading book", Liquidity and Sensitivity analysis	Monitor the Bank's Market risk and liquidity risk profile, Monitor compliance with risk management policies and procedures	Implement Market Risk Management techniques and advice management/ BIRMC as appropriate

(D) RISK CULTURE

The success of the risk management frameworks and practices implemented within the Bank are ultimately dependent on the values, attitudes and awareness of our employees. We persistently strive to nurture a culture of risk awareness through numerous engagement mechanisms, ongoing communication and risk-related training. Procedure manuals are in place for all critical operations, compelling employees to follow standards guidelines in day to day activities. Ongoing communication through news

bulletins, collaboration tools and e-mails are aimed towards strengthening the risk dialogue within the Organization. Risk also forms a vital part of the Bank's training proposition, comprising several mandatory training modules for all employees. The Risk Reporting process which include the Risk and Control Self-Assessment (RCSA) Process and Transaction In Difficulty (TID)/Operation Loss Events (OLE) reporting have helped to instill a culture of risk-awareness.

(E) RISK MEASUREMENT

The Bank adopts an array of tools and techniques to measure its key risk exposures as listed below;

Risk exposure	Tools and techniques
Credit Risk	Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).
	Trends and Sector Concentration, NPL Ratios, Early Warnings monitoring
Market Risk	Maturity/Interest Rate Risk Gap analysis, Interest Rate Risk Ratio, PVBP, VaR, Duration Analysis, Sensitivity Analysis, and Stress Testing on IRR in Trading/Banking book (EAR and EVE).
Liquidity Risk	Maturity Mismatch, Concentration of Funding, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Liquidity Early Warning Signals, Intraday liquidity Management, Liquidity Stress Testing Contingency Funding Plan, Liquidity Transfer Pricing, Liquidity Simulations
Operational Risk	Transaction In Difficulty (TID), Risk Control Self-Assessment (RCSA), Heat map, Scenario Analysis, Stress testing, Key Risk Indicators
Reputational Risk	Customer feedback/complaints, Positive/Negative publicity through qualitative scorecard approach
Strategic Risk	Banks financial performance/Peer performance and strategic initiatives through Qualitative scorecard approach
Technology Risk	Vulnerability Assessments, Security Reviews and Key Risk Indicators

(F) RISK REPORTING

Clearly defined risk reporting mechanisms ensure that key risk exposures are identified and escalated to the relevant personnel and ultimately the Board of Directors in a timely and relevant manner. Risk reporting encompasses all key risk exposures and is clearly communicated to all relevant employees across the organization.

Risk Exposure	Reporting line	Risk Reporting	Content
Credit Risk	Board of Directors	Credit Risk Summary	Portfolio Health/aging & trend analysis, Allowance for Impairment, Concentration Risk Analysis, NPL vintage Analysis
		Exposure vs Risk appetite	NPL ratio Net of IIS, Specific Provision Cover, Impairment Ratio, NPA stress test
		Loan Review Mechanism (LRM) Reports	LRM findings & recommendations
	Management/ Management Sub	Credit Risk Management Report	Top 20 Exposures, Portfolio Health/aging & trend analysis, Analysis of Impairment assessment.
	committees	Early Warning Signals Summary	Analysis of Early warnings/exposures
	•	Watch lists	Management watch list customer updates

Risk Exposure	Reporting line	Risk Reporting	Content
Market Risk	Board of Directors	Exception Report	Breaches of FX Net Open Position Limits, Stop loss Limits, counterparty limits and other Market Risk limits
		FIS performance	Fixed income Government Security, Mark to Market movement and performance
		USD and other currency Investments Report	Performance on investment in foreign currency securities and corporate debt securities
		Market Risk Dash board	Interest rate Risk Ratio, IRRBB, Liquidity Gap Reports, Liquidity Stress testing, Liquidity Coverage, Statutory Liquidity Ratio, Loans/ Deposit Ratio (L/D), Average FX, NOP sensitivity
		Stress testing	Stress testing based on historical market rate movements measured through VaR , as well as forward views of market expectations
	Management/ Management Sub	Treasury Profitability, Performance Report	Liquidity Reserve ratio, M 2 M of FX and FIS portfolios, Daily Treasury Profitability, Treasury Exceptions
	committees	ALCO Report	Maturity Gap, Liquidity Reserve ratio, Liquidity Coverage Ratio, Net Stable funding ratio ,Liquidity Stress Testing, Other Liquidity Stock ratios, Monitoring of Contingency Funding plan, Interest rate risk ratios, FX Risk and Sensitivity Analysis
		Management Report	Performance of Investments in Government Securities
Operational Risk	Board of Directors	Exposure vs Risk Appetite	Uninsured Operational Losses Vs Net Income, Total Operational Losses Vs Operating Expenses, Summary of Operational Losses & Loss Events
	Management/ Management Sub committees	Monthly Operational Risk Management Report	Operational Risk - Risk Appetite, Detailed analysis of Operational Losses
Technology Risk	Board of Directors	Technology Risk Dashboard	Priority 1 and 2 Information Security Incidents, Critical System Downtimes, Information Security Vulnerability Remediation Progress, etc.

(G) STRESS TESTING

In addition to normal stress testing process, bank has developed additional severe stress testing scenarios to assess the soundness of risk profile of the bank and to evaluate the sensitivity of the current and forward risk profile relative to risk appetite and their impact on resilience of capital, funding, liquidity and earnings

As it provides a broader view of all risks borne by the Bank in relation to its risk tolerance and strategy in a hypothetical stress situation, stress testing has become an effective communication tool to senior management, risk owners and risk managers as well as supervisors and regulators. The results of the stress testing are reported to the ALCO and BIRMC on a quarterly basis for appropriate, proactive decision making.

The bank's stress testing governance framework sets out risk appetite triggers and risk tolerance limits, mitigating risks through actions such as reviewing and changing limits, limiting or reducing exposures, facilitating the development of risk mitigation or contingency plans across a range of stressed conditions supporting communication with internal and external stakeholders.

The framework covers all the material risks such as credit risk, operational risk, liquidity risk, FX risk, IRRBB using EVE perspectives. The Bank reviews different degrees of stress levels which are defined as Minor, Moderate and Severe in the Stress Testing Policy. The resultant impact on the capital through these stress tests is carefully analyzed.

Credit Risk	Deterioration in asset quality, Increase in large NPLs and Shifts in NPL categories	
Interest Rate Risk	Movements in interest rate by +/- 100 bps and 200 bps and 250 bps	Potential impact on,
Foreign Exchange Risk	Forex risk on Net Open Position	• Earnings
Liquidity Risk	Funding capability of a cash outflow in a liquidity stress scenario - up to 1 month with linking to macro-economic variables	Capital adequacyFunding capability/liquidity
Operational Risk	Scenarios based on historical events from internal and external loss data	

(H) MITIGATING KEY RISK EXPOSURES

The Bank's key risk exposures during the year under review are illustrated below;



Credit Risk Management

The Board Credit Committee (BCC) functions as the steering committee holding overall responsibility for implementing the Bank's credit risk management framework. At an executive level, the responsibility of managing the Bank's credit risks have been delegated to the Head Office Credit Committee (HOCC). The HOCC is headed by the CEO and comprises of the Heads of business units with the CRO also contributing as an independent observer. The credit risk management framework is composed of the following;

Comprehensive credit policy framework

This is formulated by the BCC on behalf of the Board of Directors. Key aspects of the Group's credit policies include directions on pre-credit sanctioning which includes welldefined credit criteria and prudential limits in line with the defined risk appetite, postcredit monitoring and delegated approval authority at multiple levels. The framework is reviewed and updated regularly based on evolving best practices as well as emerging risks and opportunities.

Risk Scoring

Tailor-made risk scorecards which adopt advanced statistical data analytics are utilized when underwriting consumer credit facilities. These scorecards are based on creditworthiness of individual customers, disposable incomes and broader characteristics of the customer demographic group and provide an indication on the level of credit that can be granted based on the projected repayment capacity.

Risk Rating System

The Bank has implemented an internal risk rating system to rate its obligors. The system incorporates five rating models which are able to effectively gauge the risk profile of the Bank's diverse client portfolios of Large and Mid-sized Corporate, Commercial and individual customers. The system provides an indicative probability of default for the borrower. The ratings thus derived are mapped into a Bank wide single point indicator rating scale.

• Culture of responsible lending

The Bank has been successful in nurturing a culture of risk awareness and responsible lending through a high level of internal communications and comprehensive training programs.

The Board defined credit appraisal and monitoring procedures include the following;

Pre-credit sanctioning

- Multiple levels of approval authority
- Sophisticated risk rating and scoring System
- Prudential limits for concentration risk
- Structured and comprehensive credit Appraisal and defined credit criteria

Post-credit monitoring Portfolio management

- Portfolio evaluation with emphasis on Early warning signals
- Robust credit review mechanism
- Stress testing and scenario analysisReview of selected
- exposures

- Regular monitoring of
- concentration Risk and other prudential limits
- Structured loan review mechanism
- Creation of loan loss
 reserves through
 Impairment assessment
- Periodic reporting to
 HOCC, BCC and BIRMC

Areas of focus in 2020

- Strengthened pre-credit sanctioning and collections: Proactively providing independent assessments for approvals while increasing vigilance on certain high risk sectors. Focused collection efforts and restructuring to revive stressed facilities.
- Post-credit monitoring: Strengthened the early warning signal system, enabling business units to foresee potential deteriorations in credit quality and be more proactive in collections and monitoring. Additional monitoring responsibilities have also been added to zonal teams with a view to improve credit quality.
- Enhanced the continuous feedback loop: Improved coordination and communication between the pre-credit sanctioning and post credit monitoring divisions.
- SLFRS 9 improvements: Introduced mechanisms to strengthen the impairment assessment methodology in line with the requirements of SLFRS 9. Portfolios further stratified into homogenous sub portfolios to better reflect risk profiles.
- Training: Employee training on credit appraisal, risk acceptance and overall awareness on credit risk. Focused knowledge sharing on how expected credit loss models should be aligned with credit value chain.

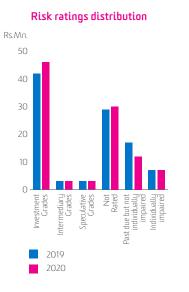
Credit Risk Performance in 2020

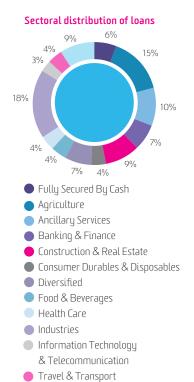
Operating Context: Outbreak of pandemic during Q1 of 2020 has created disruptions to the economic value chain, causing CBSL to introduce new debt moratorium along with a set of other relief measures, while extending the previously given tourism moratorium.

Standstill in economic activities of the country did not support for sizable new credit, causing a slow growth in assets. Therein the focus was shifted towards realigning the asset book to minimise the risks stemming from the downturn in the overall economy.

Travel, Tourism and Leisure sectors were heavily impacted by the pandemic. Apparel, Automobile, Real estate and Construction industries were also impacted, though the magnitude was comparatively lesser than the Travel, Tourism and Leisure sectors. At the same time Agriculture, Healthcare, E-commerce and Food industry indicated potential to grow.

Slow credit growth along with reduced reserve requirement caused bank to pile up the liquidity with less alternative investment opportunities curtailed the growth potential.







Concentration risk

Concentration risk is measured through the Normalized (Herfindahl-Hirschman Index HHI) and is computed as part of the Bank's ICAAP process in which concentration related to different industrial sectors of the economy, different customer segments, product types and maturity patterns are monitored. Moderate growth in the Corporate and Commercial books during the year in line with the Bank's overall strategy, has enabled the Bank to reduce dependence on the consumer sector and achieve more balance in its portfolio.

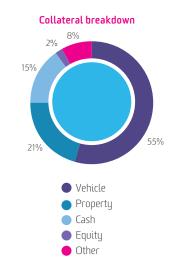
Loan book composition



Further details on portfolio status and impairment reserves as at 31.12.2020 are available on page 15.

Large exposures

Large exposures	% of total portfolio (Cumulative)
Тор 5	6.58%
Тор 10	9.98%
Тор 20	14.89%
Other	85.11%



Further details of exposures subject to credit risk by major types, geographical areas, sectors and residual maturity are available in notes, 13, 45 and 47 to financial statements of annual report 2020.

Market Risk Management

Market Risk is the potential loss arising from changes in the fair value or future cash flows of financial instruments due to fluctuations in market variables, the correlations among them and their levels of volatility. The key market risks the Bank is exposed to an Interest rate risk, Foreign Exchange risk and liquidity risk.

Market risk exposure originates mainly from:

Trading market risk: arises primarily through the market-making and trading activities in the various government securities and derivative markets.

Non-trading market risk: arises from assets and liabilities that are typically on our books for a longer period of time (deposit taking and lending)

Please refer page 16 for Composition of Trading and Non-Trading Book.

The Asset Liability Management Committee (ALCO) holds executive responsibility for overseeing the Bank's market risk exposures. On the other hand, the Investment Committee is responsible for overseeing investment and reinvestment of the Bank's funds and evaluating investment performance. The evaluation will take into account compliance with investment policies and guidelines and risk tolerance levels. In addition, the IRMD is responsible for the implementation and review of market risk management policies, tools and techniques. As treasury operations can give rise to significant market risks, the Treasury Middle Office (which operates independently from the Treasury Department) monitors treasury related market risks such as Foreign Currency Net Open Position (NOP) limits and counterparty limits on a daily basis.

Sound and Robust market risk policies

A comprehensive framework of policies is in place to govern all aspects of market risk management. These include the Asset and Liability Management policy, Liquidity risk management policy, Market risk management policy, Policy on Recognition and Measurement of Treasury Financial Instruments, Repo and Reverse Repo Policy and policy on Stress Testing, which provide guidance on the systems, procedures, tools and techniques for the identification, assessment, mitigation, monitoring and reporting on all market related risks. The policies are reviewed and updated regularly in view of emerging Market risks.

Risk limits and trigger points

The Board of Directors have defined a range of limits for investment and treasury related activities including foreign currency Net Open Position limits, counterparty limits, stop loss limits, maximum exposure limits, minimum liquidity ratios and other market risk related limits. Actual performance against these limits are monitored by the Treasury Middle Office and the IRMD and brought to the attention of the ALCO & BIRMC on a regular basis. Meanwhile thresholds that trigger specific management action is specified to ensure proactive management of market risks.

Areas of focus in 2020

New Policies, Revision of Policies and procedures

Policy on Repurchase and Reverse Repurchase Transactions was implemented to articulate the manner in which repurchase and reverse repurchase transactions in Scrip less Treasury Bonds and Scrip less Treasury Bills shall be carried out by the Bank and to comply with CBSL Direction No 1 of 2019

Market Risk Management Policy and Interbank Borrowing Lending Policy has been revised in line with CBSL Direction No. O6 of 2019 -Market Conduct and Practices for Treasury Operations of LCBs and reduction in Statutory Reserve Requirement (SRR)

Foreign Exchange Risk

Foreign Exchange (FOREX) risk is the potential loss arising from fluctuations of value in a financial instrument due to changes in foreign exchange rates. The Bank is exposed to foreign exchange risk through its holding of assets denominated in foreign currency. Executive responsibility for managing the Bank's forex risks lie with the Treasury department with a clear segregation of duties between the front, middle and back offices to ensure the adequacy of internal controls. FOREX risks are managed through limits on exposure to currencies on an individual and aggregate basis, as well as dealer and counter-party limits, overnight and intraday limits and stop loss limits. These limits are independently monitored on a daily basis by the Treasury Middle Office, ensuring Market Risk exposures are within the board approved limits. These transactions are also governed by the

CBSL which has in place a stringent regulatory framework which includes an approval mechanism and exposure limits.

Despite unprecedented level of volatility, CBSL managed to control the depreciation of rupee better than market expectations. However, bank was maintaining minimum level of exposure mainly undertaken to support client requirements to withstand the volatility of the currency.

Please refer page 17 for Net Open Position of Foreign Currency denominated Assets and Liabilities of Domestic Banking Unit.

Liquidity Risk Management

Liquidity risk is the risk arising from the Bank's potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs.

Oversight responsibility for managing the Bank's liquidity risks is with the ALCO, which ensures that a sufficient liquidity buffer is maintained to meet the Bank's financial obligations. The ALCO regularly reviews the Bank's cash flow projections, funding capabilities, pricing decisions and liquidity levels to ensure compliance to internal targets as well as regulatory liquidity requirements. The Committee also works closely with the Treasury Department in the implementation of ALCO decisions on a day to day basis.

With the onset of the pandemic, considering possible shocks in the liquidity level, the Bank developed a more updated simulation model to forecast the liquidity position for the next 3-6 months based on the maturity profile of the contractual cash flows ensuring healthy level of liquidity buffers were maintained throughout the year. A targeted liquidity ratio was established as a trigger for discussion and further action when reached. This helped business heads to take proactive actions on loans and deposit rollovers and prioritizing loan drawdowns. Maturity analysis of assets and liabilities also indicates a relatively healthy liquidity position. Refer page 144 of annual report 2020.

Listed below the tools for measuring and managing Liquidity

- I. Maturity Mismatch
- II. Concentration of Funding

- III. Liquidity Coverage Ratio (LCR)
- IV. Net Stable Funding Ratio (NSFR)
- V. Liquidity Early Warning Signals
- VI. Intraday liquidity Management
- VII. Contingency Funding Plan
- VIII. Liquidity Transfer Pricing
- IX. Liquidity Simulations: Stress Testing and Scenario Analysis
- X. Other Liquidity Stock Ratios

Please refer page 18 for Maturity Gaps in Major Currencies

Market Risk Performance in 2020

Interest Rate Risk

Interest Rate Risk arises from the possibility that fluctuations in interest rates will affect the future cash flows or fair values of financial instruments. Exposure to interest rate risks arise from its lending, trading securities and deposit liabilities. Sub types of interest rate risks are,

- Reprising risk arises from the inherent mismatch between the Bank's assets and liabilities which results in reprising timing differences.
- Basis risk arises from the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rate indices.
- Yield curve risk arises from shifts in the yield curve that have a negative impact on the Bank's earnings/asset values.

The Bank manages its interest rate risks primarily through asset liability reprising gap analyses, which distributes interest rate sensitive assets, liabilities and off-balance sheet positions into several maturity buckets. Board defined limits are in place for interest rate gaps and positions are monitored at least on a monthly basis to ensure compliance to the prescribed limits. In addition to the asset liability maturity mismatches,

Please refer page 19 for Interest Rate Sensitivity Gap Analysis.

The ALCO regularly monitors trends in market interest rates, as well as results of interest rate stress testing analyses.

Interest Rate Risk in Banking Book

Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the bank's banking book positions.

When interest rates change, the present value and timing of future cash flows change. This, in turn changes the underlying value of a bank's assets, liabilities and off-balance sheet items and hence it's Economic Value (EVE). Changes in interest rates also affect a bank's earnings by altering interest rate-sensitive income and expenses, affecting its Net Interest Income (NII). Excessive IRRBB can pose a significant threat to a bank's current capital base and/or future earnings if not managed appropriately.

Please refer page 19 for Interest Rate Risk in Banking Book – Economic Value at Risk.

Covid 19 Measures

- Review the adequacy of Market risk limits.
- Developed required stress testing scenarios and evaluation of bank's soundness under stressed market conditions.

• Understand the implications of the outbreak on the banking business and means to effectively manage the risks stemming from it in order to ensure resilience.

Operational Risk Management

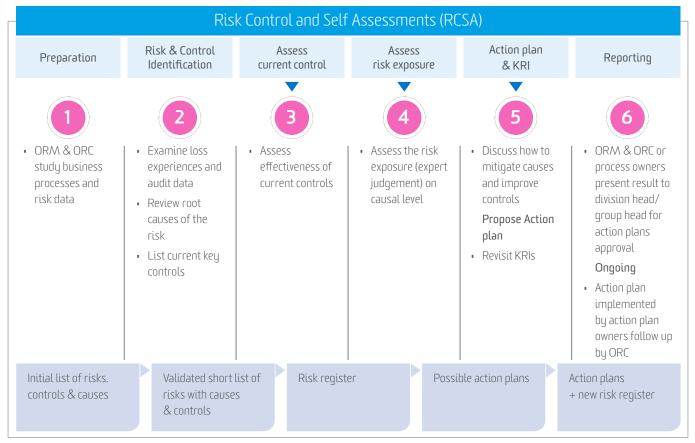
Oversight responsibility for operational risk management has been delegated to a dedicated Operational Risk Management Unit (ORMU). The Operational Risk Management Committee (ORMC) periodically met as the main interaction point between all operational functions of the bank encompassing end to end process coverage. The Committee is accountable to Executive Risk Management Committee (ERMC) on matters related to operational risk management and to foster a culture within Nations Trust Bank that emphasizes and demonstrates the benefits of a risk based approach to internal control and management of operational risks of the bank. Meanwhile, the ORMU which functions within the purview of IRMD provides independent verification on the Bank's operational risk exposures.

The operational risk management framework is underpinned by the following;

Identification and assessment

The Bank uses Risk and Control Self Assessments (RCSA) which are administered to all key business and operational units to evaluate the exposure to defined operational risk parameters. It is a structured mechanism for a Business Line, Supporting Unit, Product Line or Process to identify and assess its own risks and introduce measures aimed at improving risk control. In addition, the ownership of key risks and measures introduced to mitigate unacceptable risk exposure is clearly defined. RCSA process ranks the risks based on its likelihood of occurrence and its impact/severity if that risk materializes. It also critically tests the current controls available to address such risks in terms of its control design and control performance of risks in designing/reviewing suitable action. Stemming from individual departmental risk grids, a bank-wide risk grid is prepared highlighting key risks impacting the bank. This overall bank risk grid is updated every other month and presented to the Board Integrated Risk Management Committee as a "Risk Assessment Report" which details the prevailing or emerging risks and its management.

The Key Risk Indicators (KRIs) being implemented will ensure that early indicators of risks are given due recognition and appropriate action is taken to reduce possible losses arising from such risks.



Limits and tolerance levels

The Board of Directors have defined specific limits and tolerance levels for operational risk indicators including the number of internal and external loss events and the total value of operational losses monitored. Regular reporting to the BIRMC and Board of Directors ensure that parameters are maintained within the defined limits and corrective action is initiated if required.

Risk reporting

The Bank maintains a well-structured Operational Risk Loss Data Base which is aligned to the BASEL requirements. Streamlined processes are in place to capture all operational loss events including near misses, which are then categorized as specified in a BASEL document in order to use them for future modeling activities. The loss events are linked to the RCSA & KRI Program to ensure that repeat errors are minimized.

Outsourced services

The Bank outsources some of its activities including cash management, labor supply, embossing of cards, document management and archiving, Collections & Recoveries, IT Services, POS activation and RMV registrations. To mitigate the operational risks, business units submit due diligence test grid along with the relevant documents to outsourcing services unit. Outsourcing services unit participates for the Business Continuity Plan rehearsals of service providers as well as carry out periodical visits along with the business unit member, Information Security team member, and respective operational units. These activities provide an assurance on the ability of service provider to maintain required levels of service.

Areas of focus in 2020

 Strengthened the RCSA mechanism & KRI: Strengthened RCSA mechanism with the introduction of several new risk assessment grids for business and support units. Currently the Bank maintains 40 RCSA's, which carries a qualitative analysis of the Operational Risks of the units

KRI's were designed for several Business Units and has been rolled out with the assistance of the Risk & Compliance Coordinators along with defined thresholds to monitor.

- Maintained performance against operational risk appetite: Operational losses to operating expenses ratio was at 0.19% in 2020
- Supported proactively to business & support units to iron out operational issues during the pandemic, Following the Governance framework on internal process changes.
- Increased employee engagement and awareness on "Operational Risks": Information related to operational risk continued to be shared through operational risk updates for all employees. This has enabled the prompt sharing of knowledge, notifications of operational risk incidents and nurturing a risk culture across the Bank. Further mandatory e learning program on Operational Risk were carried out to all staff through Nations Faculty.

Operational Risk Performance in 2020

- Increased vibrancy and proactiveness of ORMU: During the year, the ORMU conducted regular meetings and identified risks were escalated to the relevant personnel for immediate action.
 Implemented a risk register/risk assessment review process to assist in reviewing risks and give visibility on potential exposures.
- Was a key stakeholder of the User Access Management (UAM) process and ongoing projects by advising units/businesses in managing operational risks.
- Introduced the user matrix and business owner concept as part of reviewing user access rights of the bank.

Technology Risk Management

Information Security (IS) and Governance Function

The Bank functions in a constantly evolving digitalized environment and considers technology risks as one of the most important risks to be managed and is committed to protect its information assets from evolving threat landscape.

The Bank possesses ISO/IEC 27001:2013 which provides a holistic approach to information security governance and leverages other technology advancements to protect from information security breaches and cyber attacks.

All operational risk indicators were maintained within the defined parameters while there were no material loss events during the year. The value of the total operational loss events remained well within risk appetite as at end of 2020.

		NTB 2020		
		Value in LKR '000	%	
	Internal Fraud	746	3.9%	
ΥΡΕ	External Fraud	8,809	46.1%	
L L Z 、	Employment Practices and Workplace Safety	31	0.2%	
BASEL II LOSS EVENT CATEGORY	Clients Products and Business Practices	2,869	15.0%	
_OSS ATE(Damage to Physical Assets	39	0.2%	
	Business Disruption and System Failure	4,072	21.3%	
BAS	Execution Delivery & Process Management	2,545	13.3%	
	Total Operating Losses	19,113	100%	

Identification and Risk Assessments

The Information Security unit operates in the first line and addresses the information security needs in a structured manner by assessing risks, planning, directing and coordinating information security initiatives to ensure that all information assets are secured and in compliance with technical regulatory requirements.

Engagement of cyber security experts to carry out System Reviews, Vulnerability Assessments and Penetration Tests on critical banking systems take place in addition to periodic security assessment carried out by Information Security unit.

Further, the technology risk management function operates under CRO provides insights and feedback for technology risk resilience and continuous improvement of information security while ensuring compliance for regulatory requirements across the bank.

Similarly, the Information Security audit function also provides independent and objective assurance on the risk management process and controls in place.

Areas of Focus in 2020

The Bank has launched its Data Governance program with the implementation of Data Governance Framework covering Data Classification and Data Leakage Prevention baselines to protect data breaches that adversely affect the business and customers.

Similarly, the Bank continued to strengthen multi-layered cyber security defenses with enhanced hygiene and control baselines with continuous monitoring to protect users from advanced cyber threats.

Further, the bank is also in the process of initiating the implementation of PCI DSS for enhancing payment account data security as integral part of its information security governance.

Reporting

Report actual risk profiles against the risk appetite and advises on steering-actions for technology risk resilience to the Information Security Steering Committee (ISSC) as the apex management level body of information security management. Further, the effectiveness of information security and technology risk management are regularly reported and reviewed by the Board -Integrated Risk Management Committee.

Strategic and Reputational Risk

Strategic risks are the potential losses arising from the possibility of the Bank's future business plans and strategies being inadequate. Strategic risks arise from external and/or internal factors and inability to respond to emerging risks and opportunities in the operating landscape.

Reputational risks are those that impact the Bank's current or prospective earnings capacity and organizational value arising from the loss of confidence, breakdown in relationships and negative perceptions of transactional stakeholders.

Strategic and reputational risks are measured using a scorecard based approach which takes into consideration a range of factors including the Bank's size, complexity and sophistication of operations, trends in the operating landscape as well as customer profiling. Effective management of the Bank's strategic and reputational risks is periodically reviewed.

CAPITAL MANAGEMENT

The level of capital that the Bank is required to maintain is aligned to the Risk Appetite and risk profile to commensurate with the Bank's strategic plan. An overview of the capital planning and assessment process is explained below.

Establishment of risk exposures and capital requirement

The capital planning process is integrated with the strategic planning process where the Bank determines the risk appetite and the risk profile based on key customer segments, products it desire to serve and it's business model.

Credit risk, Market risk, Liquidity risk and Operational risk exposure limits are established which are primarily linked to the capital based on the risk appetite envisaged at this planning level.

The Bank calculates the risk exposures and risk weighted assets for capital adequacy purposes based on following Basel III guidelines issued by the Central Bank of Sri Lanka.

Pillar 1 risk exposures

- Credit risk Standardised Approach
- Market risk Standardised Approach
- Operational risk Basic Indicator Approach

Pillar 2 risk exposures

Risks such as Residual credit risk, Credit Concentration risk, Interest Rate risk of the banking book and Strategic risk are assessed based on the Internal Capital Adequacy Assessment Process (ICAAP). This process also includes assessment of adequate capital buffers to ensure maintenance of minimum capital ratios as per regulations under unexpected, stressed economic conditions.

Appropriate capital buffers are also estimated to maintain the financial covenants set by the medium term funding agencies and to secure better entity credit rating.

The Bank also assesses the capital expenditure and investment requirement to support the growth and business strategy at strategic plan level and during annual budgeting cycle.

Sources of capital

The primary source of capital is through the internally generated capital. The business plans and financial plans are prepared ensuring adequate profit generation by setting appropriate targets for return on assets and capital.

The capital augmentation plan identifies the level of tier 1 and tier 2 capital requirement. In addition, liquidity risk is also considered during the planning stage through liquidity stock and cash flow approaches for the next 3-4 years. The amount of dividend distributions and mode of payment through cash and scrip dividend are decided based on this future capital requirement of the bank.

Capital allocation

Capital is allocated to business lines based on Risk Adjusted Return on Capital (RAROC) targets in order to optimize risk adjusted returns. Excess capital in subsidiary companies is also re-allocated based on this model. Capital allocation drives down further to key products and customer portfolios depending on the availability of data and management objectives.

This process ensures the efficient allocation of capital in times of divergences and unexpected events when additional capital is required.

The CRO is entrusted with identifying and assessing the risk exposures of the bank while CFO ensures the development of the capital augmentation plan to maintain the appropriate level of capital for business growth and to meet minimum regulatory standards.

The capital augmentation plan constructed at the strategic planning cycle, generally covers 3-4 year period which is updated during the annual budgeting cycle and approved by the Board of Directors.

Key highlights for the year

 Total Group capital ratio under Basel III Pillar I risks is 18.37% as at 31.12.2020 (17.96% 31.12.2019). The total capital ratio including Pillar II risks is currently being assessed.

RISK REGULATION

BASEL III Framework

Following the introduction of BASEL III, Banks are required to enhance their capital requirements with the objective of improving the quality, quantity, consistency and transparency of the capital base. Meanwhile the Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key recommendations to strengthen global liquidity regulations to nurture a more resilient banking sector. In light of changes that took place in global economic conditions and risk landscape, CBSL has shifted the risk management in the banking industry to the next level. BASEL III continued to follow 3-pillar approach with considerable changes in minimum capital and capital buffer requirements, further improvements in supervisory review process and additional disclosure requirements under market discipline.

Market Disclosures based on BASEL III is annexed below:

Area	No	Disclosure requirement		Page No	
	1	Key Regulatory Ratios - Capital and Liquidity	Table -1	21	
Regulatory	2	Basel III Computation of Capital Ratios	Table -2	22	
requirements	3	Basel III Computation of Leverage Ratio	Table -3	23	
on capital and liquidity	4	Basel III Computation of Liquidity Coverage Ratio	Table -4	24	
	5	Basel III Computation of Net Stable Funding ratio (NSFR)	Table -5	25	
	6	Main Features of Regulatory Capital Instruments	Table -6	26	
	7	Summary discussion on adequacy/meeting current and future capital requirements	Capital Management Section of this review	13-14	
	8	Credit Risk under Standardised Approach: Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects	Table -7	28	
Risk Weighted Assets	9	Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights	Table -8	30	
	10	Market Risk under Standardised Measurement Method	Table -9	32	
	11	Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach	Table -10	32	
Linkages between Financial	12	Differences Between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only		34	
statements and regulatory exposures	13	Explanations of Differences Between Accounting and Regulatory Exposure Amounts			
Risk	14	Bank Risk Management Approach	Risk Mgt review is outlined in Sections (a)	2-14	
Management	15	Risk Management related to Key Risk Exposures	to (h) in this Review		

Credit Risk

Table 1

Gross Loans & Advances - Individual Impairment (as per financial reporting)

2020	Εχρ	Exposure Imp		Impairment			Age Analysis		
	On Balance Sheet	Off Balance Sheet	Impairment Provision	Net Present Value of Future Cash Flows*	Write Offs During the Period	0 - 30 Days	31 -90 Days	Above 90 Days	
Corporate Loans	5,712,178	-	911,782	4,842,854	285,088	3,738,379	8,725	1,965,074	
Retail, SME & Consumer	8,310,514	-	2,224,762	7,445,331	191,551	3,960,880	95,154	4,254,480	
Housing Loans	-	-	-	-	-	-	-	-	
Leasing	597,748	-	348,034	251,722	-	-	-	597,748	
	14,620,440	-	3,484,578	12,539,907	476,639	7,699,259	103,879	6,817,302	

*Sum of net present value of cash flows expected through normal business activities and collateral liquidation.

Table 2

Gross Loans & Advances - Collective Impairment (as per financial reporting)

2020	Ехр	Exposure		Impairment		Age Analysis		
	On Balance Sheet	Off Balance Sheet	Impairment Provision	Write Offs During the Period	0 - 30 Days	31 -90 Days	Above 90 Days	
Corporate Loans	70,918,748	-	222,633	-	70,750,036	78,127	90,585	
Retail, SME & Consumer	86,759,596	-	3,610,934	1,835,225	79,037,898	2,246,187	5,475,511	
Housing Loans	4,503,075	-	191,519	-	3,929,203	186,430	387,442	
Leasing	38,705,365	-	1,067,495	112,802	31,001,102	4,889,669	2,814,594	
	200,886,784	-	5,092,581	1,948,027	184,718,239	7,400,413	8,768,132	

* Staff Loans are not assessed for impairment.

Table 3

Performing & Non Performing Loans(as per regulatory reporting)

2020	Performing Loans				Non Performing Loans							
	Expos	ure	Expos	ure		Provision			Age An	alysis		
	On Balance Sheet	Off Balance Sheet	On Balance Sheet	Off Balance Sheet	Specific Provision	Collateral Information	Write Offs During the Period	Special Mention	Substandard	Doubtful	Loss	
Corporate Loans	74,573,484	-	2,057,442	-	1,171,898	175,040	-	559,346	208,033	682,244	607,819	
Retail, SME & Consumer	85,192,833	-	9,877,277	-	6,884,330	3,541,740	2,026,776	824,593	1,334,878	1,465,299	6,252,507	
Housing Loans	4,058,122	-	444,953	-	124,343	560,784	-	128,119	58,621	84,693	173,520	
Leasing	35,141,820	-	4,161,293	-	1,021,426	-	112,802	1,711,008	1,325,240	547,857	577,188	
	198,966,259	-	16,540,965	-	9,201,997	4,277,564	2,139,578	3,223,066	2,926,772	2,780,093	7,611,034	

Note: Rs 9,761Mn worth of NPL contracts were not impaired individually as they were below individually significant threshold.

Market Risk

Table 1

Composition of Trading and Non-Trading Book

		2020	
Assets		Non-trading book	Total
	(LKR million)	(LKR million)	(LKR million)
Cash and Cash Equivalents	-	9,145	9,145
Balances with Central Bank of Sri Lanka	-	2,195	2,195
Reverse Repurchase Agreements	-	5,091	5,091
Derivative Financial Instruments	240	-	240
Financial Assets	2,417	73,258	75,675
Other Financial Assets	-	-	-
Financial Assets at Amortised Cost - Debt Instruments	-	26,648	26,648
Financial Assets at Amortised Cost – Loans and Advances	-	210,185	210,185
Other Assets	-	2,384	2,384
Investments in Subsidiaries	-	679	679
Fixed Assets (PPE,ROU&Intangibles)	-	5,392	5,392
Total	2,657	334,977	337,634
Liabilities			
Due to Banks	-	4,942	4,942
Derivative Financial Instruments	251	-	251
Due to Depositers	-	240,584	240,584
Repurchase Agreements	-	7,563	7,563
Due to other Borrowers	-	28,040	28,040
Debt Securities Issued	-	13,262	13,262
Retirement benefit obligations	-	774	774
Tax Liabilities (Current &Deffered)	-	2,155	2,155
Other Liabilities	-	6,245	6,245
Equity & Other Reserves	-	33,818	33,818
Total	251	337,383	337,634
Contingent Liabilities & Commitments	32,464	164,766	197,230
Commitment & Guarantees	-	164,766	164,766
Forward on Government Securities	4833	-	4833
Derivative Assets- Held for Trading (Net)	27,631	-	27,631

Table 2

Net Open Position of Foreign Currency Denominated Assets and Liabilities of Domestic Banking Unit * (in millions of respective currency)

CCY		Up to One month	1 - 3 months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Over 5 Years	NOP
	Assets (On & Off Balance sheet)	86.524	27.809	62.528	15.097	41.393	20.875	2.535	
USD	Liabilities (On & Off Balance sheet)	54.412	30.749	40.555	24.869	40.585	10.319	56.889	(1.617)
	Periodic Gap	32.112	(2.940)	21.973	(9.772)	.808	10.556	(54.354)	
۵.	Assets (On & Off Balance sheet)	4.593	3.679	1.714	0.028	0.082	0.014	(0.002)	
GBP	Liabilities (On & Off Balance sheet)	0.737	0.736	2.364	1.157	0.422	0.161	4.531	(0.001)
U	Periodic Gap	3.856	2.943	(0.650)	(1.129)	(0.340)	(0.147)	(4.533)	
		_							
~	Assets (On & Off Balance sheet)	5.436	2.496	0.013	0.047	0.062	0.006	0.069	
EUR	Liabilities (On & Off Balance sheet)	2.850	0.493	0 .451	0.849	0.674	0.255	2.551	0.006
_	Periodic Gap	2.586	2.003	(0.438)	(0.802)	(0.612)	(0.249)	(2.482)	
_	Assets (On & Off Balance sheet)	9.036	8.103	2.404	800.0	0.035	0.013	-	
AUD	Liabilities (On & Off Balance sheet)	3.197	1.375	2.312	1.744	0.715	0.273	10.033	(0.051)
4	Periodic Gap	5.839	6.728	0.092	(1.736)	(0.680)	(0.260)	(10.033)	
					_				
	Assets (On & Off Balance sheet)	15.202	0.228	0.401	6.447	0.237	0.023	17.265	
Pγ	Liabilities (On & Off Balance sheet)	30.769	0.605	1.149	0.288	2.363	0.894	4.414	(0.680)
1	Periodic Gap	(15.567)	(0.377)	(0.748)	6.159	(2.126)	(0.871)	12.851	

Liquidity Risk

Table 1

Maturity Gaps in Major Currencies (in millions of respective currency)

CCY		Up to One month	1 - 3 months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Over 5 Years
	Assets (On & Off Balance sheet)	66,204	61,633	26,752	20,918	55,053	26,940	44,278
R	Liabilities (On & Off Balance sheet)	45,731	27,084	32,609	23,841	25,393	18,618	270,843
LKR	Periodic Gap	20,473	34,549	(5,857)	(2,924)	29,660	8,322	(226,566)
	Cumulative GAP	20,473	55,022	49,165	46,241	75,902	84,224	(142,342)
	Assets (On & Off Balance sheet)	30	36	74	23	85	43	9
USD	Liabilities (On & Off Balance sheet)	61	44	41	34	60	11	114
	Periodic Gap	(31)	(8)	33	(10)	25	32	(105)
	Cumulative GAP	(31)	(39)	(7)	(17)	8	40	(65)
	Assets (On & Off Balance sheet)	5	4	2	-	-	-	-
GBP	Liabilities (On & Off Balance sheet)	1	1	3	1	-	-	9
	Periodic Gap	4	3	(1)	(1)	-	-	(9)
	Cumulative GAP	4	7	6	5	5	5	(5)
	Assets (On & Off Balance sheet)	6	3	-	-	-	-	-
EUR	Liabilities (On & Off Balance sheet)	3	1	-	1	1	-	6
П	Periodic Gap	3	2	-	(1)	(1)	-	(6)
	Cumulative GAP	3	5	5	4	3	3	(3)
	Assets (On & Off Balance sheet)	9	8	2	_		_	
	Liabilities (On & Off Balance sheet)	3	1	2	2	1	-	9
AUD	Periodic Gap	6	7	-	(2)	(1)	-	(9)
	Cumulative GAP	6	12	13	11	10	10	1
	Assets (On & Off Balance sheet)	15		-	6	-		17
\succ	Liabilities (On & Off Balance sheet)	35	5	1	-	2	1	98
JРҮ	Periodic Gap	(20)	(5)	(1)	6	(2)	(1)	(81)
	Cumulative GAP	(20)	(25)	(25)	(19)	(22)	(22)	(103)

Interest Rate Risk

Table 1

Interest Rate Sensitivity Gap Analysis (in millions of respective currency)

CCY		Up to One month	1 - 3 months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Over 5 Years	Total
	Assets	101,710	25,730	28,961	44,757	44,873	16,222	8,007	270,260
LKR	Liabilities	78,620	40,592	51,649	40,620	11,265	5,556	4,073	232,374
_	Periodic Gap	23,090	(14,862)	(22,688)	4,137	33,608	10,666	3,935	37,886
			_	<u>-</u>					
~	Assets	125	93	83	11	34	13	-	360
USD	Liabilities	159	72	91	26	-	-	-	348
_	Periodic Gap	(34)	22	(8)	(15)	34	13	-	12
0	Assets	5	4	2	-	-	-	-	10
GBP	Liabilities	2	2	3	3	-	-	-	10
	Periodic Gap	2	2	(2)	(3)	-	-	-	(0)
				<u>-</u> .					
~	Assets	5	2	-	-	-	-	-	8
EUR	Liabilities	5	1	1	1	-	-	-	8
	Periodic Gap	-	1	(1)	(1)	-	-	-	(0)
	Assets	9	0	<u>۔</u>	_	-			10
₽			8	2		-	-	-	19
AUD	Liabilities	6	3	6	4	-	-	-	19
	Periodic Gap	2	5	(3)	(4)	-	-	-	-
	Assets	7							7
JPΥ	Liabilities	38		2	_	_	_	_	40
Ë,	Periodic Gap	(31)	(1)	(1)	-	-	-	-	(33)
	I					-			. /

Table 2

Interest Rate Risk in Banking Book- Economic Value at Risk- in Millions (LKR equivalent)

CCY		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
R	Up	(18.41)	56.28	83.46	(65.67)	(1,205.21)	(572.73)	(279.50)	(2,001.78)
LKR	Down	18.79	(57.61)	(85.65)	68.18	1,287.37	634.53	352.55	2,218.16
USD	Up	(5.09)	(34.09)	104.37	48.98	(251.79)	(166.35)	(1.70)	(305.68)
Ŭ	Down	5.20	34.94	(107.43)	(50.78)	268.90	184.33	1.99	337.15
GBP	Up	0.74	2.41	3.12	9.07	(0.36)	(0.08)	-	14.91
8	Down	(0.76)	(2.48)	(3.22)	(9.39)	0.39	0.09	-	(15.36)
EUR	Up	0.30	1.03	1.76	3.46	(0.25)	-	-	6.29
Е	Down	(0.30)	(1.05)	(1.82)	(3.57)	0.18	0.09	-	(6.47)
							_		
AUD	Up	1.16	2.46	6.94	6.87	(0.25)	-	-	17.18
AL	Down	(1.18)	(2.52)	(7.14)	(7.12)	0.27	-	-	(17.70)

Liquidity Risk Trend Analysis



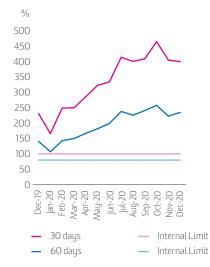
Liquidity Coverage Ratio



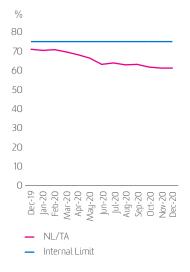
Net Stable Funding Ratio



Liquid Assets to Short term Liabilities



Net loans to Total Assets Ratio



BASEL III - Market Discipline - Minimum Disclosure Requirement Under Pillar 3 as per the Banking Act Direction No. 01 of 2016

Table 1

Key Regulatory Ratios - Capital and Liquidity

	BAI	NK	GROUP		
ltem	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019	
Regulatory Capital (LKR ′000)					
Common Equity Tier 1	31,792,734	28,561,701	32,663,601	29,178,446	
Tier 1 Capital	31,792,734	28,561,701	32,663,601	29,178,446	
Total Capital	39,694,167	38,785,371	40,565,034	39,402,116	
Regulatory Capital Ratios (%)					
Common Equity Tier 1 Capital Ratio					
(Minimum Requirement - 6.50% - 31-Dec-2020)					
(Minimum Requirement - 7.00% - 31-Dec-2019)	14.40%	12.99%	14.79%	13.30%	
Tier 1 Capital Ratio					
(Minimum Requirement - 8.00% - 31-Dec-2020)					
(Minimum Requirement - 8.50% - 31-Dec-2019)	14.40%	12.99%	14.79%	13.30%	
Total Capital Ratio					
(Minimum Requirement - 12.00% - 31-Dec-2020)					
(Minimum Requirement - 12.50% - 31-Dec-2019)	17.98%	17.64%	18.37%	17.96%	
Leverage Ratio		- (-)			
(Minimum Requirement -3%)	9.03%	8.47%	9.27%	8.64%	
Regulatory Liquidity					
Statutory Liquid Assets					
Domestic Banking Unit (LKR'000)	109,941,284	63,911,288			
Off-Shore Banking Unit (LKR'000)	5,799,336	5,666,387			
Statutory Liquid Assets Ratio % (Minimum Requirement - 20%)					
Domestic Banking Unit (%)	38.79%	23.78%			
Off-Shore Banking Unit (%)	30.75%	24.34%			
	0.4 504 404	47.72.4.4.07			
Total Stock of High-Quality Liquid Assets (LKR'000)	86,501,491	47,734,687			
Liquidity Coverage Ratio (%)					
Rupee					
(Minimum Requirement - 90% - 31-Dec-2020)					
(Minimum Requirement - 100% - 31-Dec-2019)	455.66%	400.77%			
All Currency					
(Minimum Requirement - 90% - 31-Dec-2020)					
(Minimum Requirement - 100% - 31-Dec-2019)	341.63%	295.15%			
Net Stable Funding Ratio					
(Minimum Requirement - 90% - 31-Dec-2020)					
(Minimum Requirement - 100% - 31-Dec-2019)	151.62%	136.08%			

Table 2

Basel III Computation of Capital Ratios

Common Equity Tier 1 (CET1) Capital after Adjustments Common Equity Tier 1 (CET1) Capital Equity Capital (Stated Capital)/Assigned Capital Reserve Fund Published Retained Earnings/(Accumulated Retained Losses) Published Accumulated Other Comprehensive Income (OCI) General and other Disclosed Reserves 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	BAN LKR 'O		GROUP LKR '000		
Common Equity Tier 1 (CET1) CapitalEquity Capital (Stated Capital)/Assigned CapitalReserve FundPublished Retained Earnings/(Accumulated Retained Losses)Published Accumulated Other Comprehensive Income (OCI)General and other Disclosed ReservesUnpublished Current Year's Profit/Loss and Gains reflected in OCIOrdinary Shares issued by Consolidated Banking and Financial Subsidiaries	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019	
Equity Capital (Stated Capital)/Assigned CapitalReserve FundPublished Retained Earnings/(Accumulated Retained Losses)Published Accumulated Other Comprehensive Income (OCI)General and other Disclosed ReservesUnpublished Current Year's Profit/Loss and Gains reflected in OCIOrdinary Shares issued by Consolidated Banking and Financial Subsidiaries	31,792,734	28,561,701	32,663,601	29,178,446	
Reserve Fund Published Retained Earnings/(Accumulated Retained Losses) Published Accumulated Other Comprehensive Income (OCI) General and other Disclosed Reserves Unpublished Current Year's Profit/Loss and Gains reflected in OCI Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries	33,014,153	29,937,283	33,885,885	30,554,608	
Published Retained Earnings/(Accumulated Retained Losses) Published Accumulated Other Comprehensive Income (OCI) General and other Disclosed Reserves Unpublished Current Year's Profit/Loss and Gains reflected in OCI Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries	9,408,134	9,408,135	9,408,134	9,408,135	
Published Accumulated Other Comprehensive Income (OCI) General and other Disclosed Reserves Unpublished Current Year's Profit/Loss and Gains reflected in OCI Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries	1,371,854	1,371,853	1,561,788	1,371,854	
General and other Disclosed Reserves Unpublished Current Year's Profit/Loss and Gains reflected in OCI Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries	21,838,944	18,976,109	22,520,742	19,593,434	
Unpublished Current Year's Profit/Loss and Gains reflected in OCI Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries	395,221	181,185	395,221	181,185	
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries	-	-	-	-	
5 5	-	-	-	-	
of the Bank and held bu Third Parties	-	-	-	-	
Total Adjustments to CET1 Capital	1,221,420	1,375,582	1,222,284	1,376,162	
Goodwill (net)	-	-	-	-	
Intangible Assets (net)	1,221,420	1,375,582	1,222,284	1,376,162	
Shortfall of the Cumulative Impairment to Specific Provisions	-	-	-	-	
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	7,901,433	10,223,670	7,901,433	10,223,670	
Tier 2 Capital	7,901,433	10,223,670	7,901,433	10,223,670	
Qualifying Tier 2 Capital Instruments	6,169,524	8,666,667	6,169,524	8,666,667	
Revaluation Gains	337,316	337,316	337,316	337,316	
Loan Loss Provisions	1,394,594	1,219,688	1,394,594	1,219,688	
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)	-	-			
CET1 Capital		-	-	-	
Total Tier 1 Capital	31,792,734	- - 28,561,701	- 32,663,601	- 29,178,446	
Total Capital	31,792,734 31,792,734	- 28,561,701 28,561,701	- 32,663,601 32,663,601	- 29,178,446 29,178,446	

Note :

As per the Directive No. 4 of 2018 issued by Central Bank of Sri Lanka on "Adoption of Sri Lanka Accounting Standard - SLFRS 9: Financial Instruments", for the purpose of calculating capital adequacy ratio, Banks shall stagger additional credit loss provision arising from SLFRS 9 at the transition date, O1 January 2018. The Bank has charged only 75% of the first day impact (Rs. 765 Mn) against the retained earnings of the Bank for the purpose of calculating Capital Adequacy Ratio as at 31st December 2020. If 100% of the first day impact is considered, the Bank total Tier 1 Capital ratio and Bank Total Capital ratio would be decreased by 0.12%.

Table 2 (Contd.)

Basel III Computation of Capital Ratios

	BANK	BANK	GROUP	GROUP
Item	LKR '000	LKR '000	LKR '000	LKR '000
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
Total Risk Weighted Assets (RWA)	220,748,585	219,814,897	220,820,864	219,397,465
RWAs for Credit Risk	18 4 ,660,038	188,095,481	184,419,042	187,795,048
RWAs for Market Risk	9,196,617	7,292,301	9,196,617	7,292,301
RWAs for Operational Risk	26,891,930	24,427,115	27,205,205	24,310,115
CET1 Capital Ratio (including Capital Conservation Buffer,				
Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.40%	12.99%	14.79%	13.30%
of which: Capital Conservation Buffer (%)	2.000%	2.500%	2.000%	2.500%
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	14.40%	12.99%	14.79%	13.30%
Total Capital Ratio (including Capital Conservation Buffer,				•
Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.98%	17.64%	18.37%	17.96%
of which: Capital Conservation Buffer (%)	2.000%	2.500%	2.000%	2.500%
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-

Table 3Basel III Computation of Leverage Ratio

	BAI	NK	GROUP		
Item	Amount (L	KR '000)	Amount (LKR '000)		
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019	
Tier 1 Capital	31,792,734	28,561,701	32,663,601	29,178,446	
Total Exposures	352,007,308	337,243,362	352,363,453	337,572,151	
On-Balance Sheet Items (excluding Derivatives and Securities Financing					
Transactions, but including Collateral)	331,086,749	309,651,464	331,442,581	309,977,763	
Derivative Exposures	506,355	819,853	506,355	819,853	
Securities Financing Transaction Exposures	5,086,600	13,820,317	5,086,912	13,822,806	
Other Off-Balance Sheet Exposures	15,327,604	12,951,728	15,327,604	12,951,728	
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	9.03%	8.47%	9.27%	8.64%	

Table 4

Basel III Computation of Liquidity Coverage Ratio (All Currency)

	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
ltem	LKR '	000	LKR 'O	000
	31-Dec-	-2020	31-Dec-	2019
Total Stock of High-Quality Liquid Assets (HQLA)	86,501,491	86,501,491	47,734,687	47,734,687
Total Adjusted Level 1A Assets	86,600,360	86,600,360	46,963,554	46,963,554
Level 1 Assets	86,501,491	86,501,491	47,734,687	47,734,687
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	411,641,306	45,616,812	403,299,052	47,419,929
Deposits	217,571,652	21,757,165	210,838,658	21,083,866
Unsecured Wholesale Funding	24,990,895	10,931,348	23,495,793	10,918,949
Secured Funding Transactions	419,355	-	379,822	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent				
Funding Obligations	165,806,560	10,075,454	164,140,425	10,972,760
Additional Requirements	2,852,845	2,852,845	4,444,354	4,444,354
Total Cash Inflows	44,722,393	20,296,842	63,268,225	31,246,760
Maturing Secured Lending Transactions Backed by Collateral	5,092,629	-	13,832,999	-
Committed Facilities	1,000,000	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	37,777,272	20,166,695	47,123,353	30,064,691
Operational Deposits	722,345	-	-	-
Other Cash Inflows	130,147	130,147	2,311,873	1,182,070
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Next 30 Calendar Days) * 100		342%		295%

Table 5Net Stable Funding Ratio

	BANK			
Item	Amount (L	.KR'000)		
	31-Dec-2020	31-Dec-2019		
Total Available Stable Funding	264,280,333	251,062,717		
Required Stable Funding – On Balance Sheet Assets	169,171,219	179,139,798		
Required Stable Funding – Off Balance Sheet Items	5,128,616	5,349,917		
Total Required Stable Funding	174,299,835	184,489,715		
Net Stable Funding Ratio				
(Minimum Requirement - 90% - 31-Dec-2020)				
(Minimum Requirement - 100% - 31-Dec-2019)	151.62%	136.08%		

Table 6

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Shares (Voting)	Ordinary Shares (Non Voting)	Subordinated Debt (Debentures)	Subordinated Debt (Debentures)
lssuer	Nations Trust Bank PLC	Nations Trust Bank PLC	Nations Trust Bank PLC	Nations Trust Bank PLC
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	LK0309N00001	LK0309N00001	NTB-BD- 08/11/21-C2365-12.65	NTB-BD- 08/11/21-C2364-12.8
Governing Law(s) of the Instrument	Companies Act, No.7 of 2007	Companies Act, No.7 of 2007	Companies Act, No.7 of 2007 Monetary Law Act No. 58 of 1949	Companies Act, No.7 of 2007 Monetary Law Act No. 58 of 1949
Original Date of Issuance	3-May-99	20-Feb-18	8-Nov-16	8-Nov-16
Par Value of Instrument	22.12	80	100	100
Perpetual or Dated	Perpetual	Perpetual	Dated	Dated
Original Maturity Date, if Applicable	N/A	N/A	8-Nov-21	8-Nov-21
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	6,309,791	3,098,343	647,633	185,298
Accounting Classification (Equity/Liability)	Equity	Equity	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
Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A
Coupons/Dividends				-
Fixed or Floating Dividend/Coupon	Discretionary dividend amount	Discretionary dividend amount	Fixed	Fixed
Coupon Rate and any Related Index	Distributable profit that has been declared as dividend	Distributable profit that has been declared as dividend	12.65%	12.80%
Non-Cumulative or Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non-Convertible	Non-Convertible	Convertible	Non-Convertible	Non-Convertible
If Convertible, Conversion Trigger (s)	Non-Convertible	Starting from last market date of quarter ending 30th June and forward	Non-Convertible	Non-Convertible
If Convertible, Fully or Partially	Non-Convertible	Fully or Partially	Non-Convertible	Non-Convertible
If Convertible, Mandatory or Optional	Non-Convertible	Optional	Non-Convertible	Non-Convertible
If Convertible, Conversion Rate	Non-Convertible	1:1	Non-Convertible	Non-Convertible

Table 6Main Features of Regulatory Capital Instruments (Contd.)

Description of the Capital Instrument	Subordinated Debt (Debentures)	Subordinated Debt (Debentures)	Subordinated Debt (Debentures)	Subordinated Debt (Debentures)	Subordinated Debt (Debentures)
 Issuer Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	Nations Trust Bank PLC NTB-BD-08/11/21-C2363	Nations Trust Bank PLC NTB-BD- 20/04/23-C2402-12.65	Nations Trust Bank PLC NTB-BD- 20/04/23-C2401-13	Nations Trust Bank PLC NTB-BD-23/12/24 - C2441 - 12.8	Nations Trust Bank PLC NTB-BD-23/12/26 - C2442 - 12.9
 Governing Law(s) of the Instrument	Instrument Monetary Law Act No. 58 Mone of 1949 of 194		Companies Act, No.7 of 2007 Monetary Law Act No. 58 of 1949	Companies Act, No.7 of 2007 Monetary Law Act No. 58 of 1949	Companies Act, No.7 of 2007 Monetary Law Act No. 58 of 1949
 Original Date of Issuance	8-Nov-16	20-Apr-18	20-Apr-18	23-Dec-19	23-Dec-19
 Par Value of Instrument	100	100	100	100	100
 Perpetual or Dated	Dated	Dated	Dated	Dated	Dated
 Original Maturity Date, if Applicable	8-Nov-21	20-Apr-23	20-Арг-23	23-Dec-24	23-Dec-26
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	402	1,032,733	600,600	2,160,000	1,542,857
Accounting Classification (Equity/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
 Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A	N/A
Coupons/Dividends					
 Fixed or Floating Dividend/ Coupon	Floating	Fixed	Fixed	Fixed	Fixed
Coupon Rate and any Related Index	6.19%	12.65%	13.00%	12.80%	12.90%
Non-Cumulative or Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non- Convertible	Non-Convertible	Convertible	Convertible	Convertible	Convertible
lf Convertible, Conversion Trigger (s)	Non-Convertible	As per Banking Act Direction No. 1 of 2016	As per Banking Act Direction No. 1 of 2016	As per Banking Act Direction No. 1 of 2016	As per Banking Act Direction No. 1 of 2016
 If Convertible, Fully or Partially	Non-Convertible	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
lf Convertible, Mandatory or Optional	Non-Convertible	Mandatory	Mandatory	Mandatory	Mandatory
If Convertible, Conversion Rate	Non-Convertible	Simple Average of Volume WA Price of ordinary voting shares published by the CSE, during the 3 months period, immediately preceding the date of the Trigger Event.	Simple Average of Volume WA Price of ordinary voting shares published by the CSE, during the 3 months period, immediately preceding the date of the Trigger Event.	Simple Average of Volume WA Price of ordinary voting shares published by the CSE, during the 3 months period, immediately preceding the date of the Trigger Event.	Simple Average of Volume WA Price of ordinary voting shares published by the CSE, during the 3 months period, immediately preceding the date of the Trigger Event.

Table 7

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

Asset Class	BANK LKR'000 as at -31-Dec-2020											
		res before actor (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	28,329,170	3,757,000	28,329,170	75,140	2,521,469	9%						
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	2,190,281	22,479,558	2,190,281	472,036	1,458,030	55%						
Claims on Financial Institutions	6,490,381	1,835,395	6,490,381	1,263,810	5,671,122	73%						
Claims on Corporates	66,103,191	93,578,506	66,103,191	11,190,375	75,480,756	98%						
Retail Claims	96,752,526	75,771,072	96,752,526	2,867,449	76,418,142	77%						
Claims Secured by Residential Property	7,990,742	-	7,990,742	-	6,333,392	79%						
Claims Secured by Commercial Real Estate	543,634	73,046	543,634	24,177	567,812	100%						
Non-Performing Assets (NPAs)(i)	8,894,123	-	8,894,123	-	10,625,408	119%						
Higher-risk Categories	25,803	-	25,803	-	64,507	250%						
Cash Items and Other Assets	15,030,709	-	15,030,709	-	5,519,402	37%						
Total	232,350,560	197,494,577	232,350,560	15,892,988	184,660,038	74%						

Asset Class			LKR'000 as a	OUP t -31-Dec-2020						
		es before actor (CCF) and CRM		es post CCF CRM	RWA and RWA	A Density (%)				
		Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)				
Claims on Central Government and CBSL	28,329,170	3,757,000	28,329,170	75,140	2,521,469	9%				
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	2,190,339	22,479,558	2,190,339	472,036	1,458,042	55%				
Claims on Financial Institutions	6,490,381	1,835,395	6,490,381	1,263,810	5,671,122	73%				
Claims on Corporates	66,103,555	93,579,284	66,103,555	11,190,375	75,481,119	98%				
Retail Claims	96,752,526	75,771,072	96,752,264	2,867,449	76,418,142	77%				
Claims Secured by Residential		-		-	-					
Property	7,990,742	-	7,990,742	-	6,333,392	79%				
Claims Secured by Commercial Real		•		-	-					
Estate	543,634	73,046	543,634	24,177	567,812	100%				
Non-Performing Assets (NPAs)(i)	8,894,123	-	8,894,123	-	10,625,408	119%				
Higher-risk Categories	-	-	-	-	-	0%				
Cash Items and Other Assets	14,853,867	-	14,853,867	-	5,342,537	36%				
Total	232,148,337	197,495,355	232,148,337	15,892,988	184,419,042	74%				

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.

Table 7

Credit Risk under Standardised Approach – Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects (Contd.) Asset Class BANK

Asset Class			BA	ANK		
			LKR'000 as a	t -31-Dec-2019		
	Exposur	es before	Exposure	es post CCF	RWA and RWA	Density (%)
	Credit Conversion F	actor (CCF) and CRM	and	CRM		
	On-Balance	Off-Balance Sheet	On-Balance	Off-Balance Sheet	RWA	RWA Density(ii)
	Sheet Amount	Amount	Sheet Amount	Amount		
Claims on Central Government and CBSL	26,489,626	-	26,489,626	-	843,054	3%
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	4,411,592	36,974,802	4,411,592	769,380	2,105,068	41%
Claims on Financial Institutions	9,236,145	3,270,978	9,236,145	1,213,161	6,576,362	63%
Claims on Corporates	65,293,748	88,212,393	65,293,748	9,038,623	72,107,571	97%
Retail Claims	106,088,045	74,730,209	106,088,045	2,703,118	82,898,691	76%
Claims Secured by Residential Property	8,580,908	-	8,580,908	-	6,247,199	73%
Claims Secured by Commercial Real Estate	668,810	40,359	668,810	17,500	686,310	100%
Non-Performing Assets (NPAs)(i)	8,684,090	-	8,684,090	-	10,645,923	123%
Higher-risk Categories	25,803	-	25,803	-	64,507	250%
Cash Items and Other Assets	13,252,470	-	13,252,470	-	5,920,797	45%
Total	242,731,236	203,228,741	242,731,236	13,741,782	188,095,481	73%

GROUP

Asset Class

			÷			
			LKR'000 as a	t -31-Dec-2019		
		es before actor (CCF) and CRM		es post CCF 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	26,489,626	-	26,489,626	-	843,054	3%
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	4,411,651	36,974,802	4,411,651	769,380	2,105,080	41%
Claims on Financial Institutions	9,236,145	3,270,978	9,236,145	1,213,161	6,576,362	63%
Claims on Corporates	65,296,237	88,216,518	65,296,237	9,038,623	72,110,061	97%
Retail Claims	106,088,045	74,730,209	106,088,045	2,703,118	82,898,691	76%
Claims Secured by Residential						
Property	8,580,908	-	8,580,908	-	6,247,199	73%
Claims Secured by Commercial Real						
Estate	668,810	40,359	668,810	17,500	686,310	100%
Non-Performing Assets (NPAs)(i)	8,684,090	-	8,684,090	-	10,645,923	123%
Higher-risk Categories	-	-	-	-	-	0%
Cash Items and Other Assets	13,014,065	-	13,014,065	-	5,682,368	44%
Total	242,469,577	203,232,866	242,469,577	13,741,782	187,795,048	73%

Table 8

Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Description					BANK					
				LKR'000 as at	31-Dec-2020 (Pc	ost CCF & CRM)				
Risk Weight Asset Classes	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount	
Claims on Central Government and Central Bank of Sri Lanka	15,796,965	12,607,345	-	-	-	-	-	-	28,404,310	
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	-	871,429	1,014,287	-	-	776,600	-	-	2,662,317	
Claims on Financial Institutions	-	-	4,166,138	-	-	3,588,053	-	-	7,754,191	
Claims on Corporates	-	976,798	2,085,997	-	-	74,207,520	23,252	-	77,293,566	
Retail Claims	257,760	393	-	1,791,246	88,909,045	8,661,532	-	-	99,619,976	
Claims Secured by Residential Property	-	-	3,314,700	-	-	4,676,042	-	-	7,990,742	
Claims Secured by Commercial Real Estate	-	-	-	-	-	567,812	-	-	567,812	
Non-Performing Assets (NPAs)	-	-	270,685	-	-	4,890,184	3,733,254	-	8,894,123	
Higher-risk Categories	-	-	-	-	-	-	-	25,803	25,803	
Cash Items and Other Assets	8,420,270	1,363,797	-	-	-	5,246,643	-	-	15,030,709	
Total	24,474,994	15,819,761	10,851,808	1,791,246	88,909,045	102,614,385	3,756,506	25,803	248,243,548	

Description					GROUP					
				LKR'000 as at	31-Dec-2020 (Po	ost CCF & CRM)				
Risk Weight Asset Classes	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit	
									Exposures Amount	
Claims on Central Government and										
Central Bank of Sri Lanka	15,796,965	12,607,345	-	-	-	-	-	-	28,404,310	
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	-	871,487	1,014,287	-	-	776,600	-	-	2,662,375	
Claims on Financial Institutions	-	-	4,166,138	-	-	3,588,053	-	-	7,754,191	
Claims on Corporates	-	976,798	2,085,997	-	-	74,207,883	23,252	-	77,293,930	
Retail Claims	257,760	393	-	1,791,246	88,909,045	8,661,532	-	-	99,619,976	
Claims Secured by Residential										
Property	-	-	3,314,700	-	-	4,676,042	-	-	7,990,742	
Claims Secured by Commercial Real									-	
Estate	-	-	-	-	-	567,812	-	-	567,812	
Non-Performing Assets (NPAs)	-	-	270,685	-	-	4,890,184	3,733,254	-	8,894,123	
Higher-risk Categories	-	-	-	-	-	-	-	-	-	
Cash Items and Other Assets	8,420,293	1,363,797	-	-	-	5,069,778	-	-	14,853,867	
Total	24,475,017	15,819,820	10,851,808	1,791,246	88,909,045	102,437,884	3,756,506	-	248,041,325	

Table 8

Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights (Contd.)

Description					BANK				
				LKR'000 as at	31-Dec-2019 (Po	st CCF & CRM)			
Risk Weight Asset Classes	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	22,274,355	4,215,271	-	-	-	-	-	-	26,489,626
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	-	3,399,791	712,144	-	-	1,069,038	-	-	5,180,97
Claims on Financial Institutions	-	306,764	7,255,065	-	-	2,887,476	-	-	10,449,30
Claims on Corporates	-	5,551	4,722,027	-	-	69,323,483	281,310	-	74,332,37
Retail Claims	339,334	68,819	-	2,642,807	97,763,842	7,976,362	-	-	108,791,16
Claims Secured by Residential Property	-	-	4,667,419	-	-	3,913,489	-	-	8,580,908
Claims Secured by Commercial Real									
Estate	-	-	-	-	-	686,310	-	-	686,31
Non-Performing Assets (NPAs)	-	-	240,849	-	-	4,278,725	4,164,516	-	8,684,09
Higher-risk Categories	-	-	-	-	-	-	-	25,803	25,80
Cash Items and Other Assets	5,865,018	1,833,320	-	-	-	5,554,133	-	-	13,252,47
Total	28,478,707	9,829,514	17,597,505	2,642,807	97,763,842	95,689,016	4,445,826	25,803	256,473,01
Description					GROUP				
				LKR'000 as at	31-Dec-2019 (Po	st CCF & CRM)			
Risk Weight Asset Classes	0%	20%	50%	LKR'000 as at 60%	31-Dec-2019 (Po 75%	st CCF & CRM) 100%	150%	>150%	Total Cred Exposure Amour
Claims on Central Government and			50%				150%	>150%	Exposure Amour
Claims on Central Government and Central Bank of Sri Lanka	0% 22,274,355	20% 4,215,271	- 50%				- 150%	>150%	Exposure Amour
Claims on Central Government and			-				-	>150%	Exposure Amour
Claims on Central Government and Central Bank of Sri Lanka Claims on Foreign Sovereigns and			-					>150%	Exposure Amou
Claims on Central Government and Central Bank of Sri Lanka Claims on Foreign Sovereigns and their Central Banks Claims on Public Sector Entities Claims on Official Entities and			-					>150%	Exposure Amou
Claims on Central Government and Central Bank of Sri Lanka Claims on Foreign Sovereigns and their Central Banks Claims on Public Sector Entities			50% - - - - - 712,144					>150%	Exposure Amou 26,489,62
Claims on Central Government and Central Bank of Sri Lanka Claims on Foreign Sovereigns and their Central Banks Claims on Public Sector Entities Claims on Official Entities and Multilateral Development Banks	22,274,355 - -	4,215,271 - -	- - - 712.144	60% - - - -			150% - - - - - - - - -	-	Exposure Amou 26,489,62 5,181,02
Claims on Central Government and Central Bank of Sri Lanka 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	22,274,355 - - - -	4,215,271 - - - 3,399,849	-	60% - - - -		100% - - - - 1,069,038	150% - - - - - - - - - - - - - 281,310	-	Exposure Amou 26,489,62 5,181,0 10,449,30
Claims on Central Government and Central Bank of Sri Lanka 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 Claims on Financial Institutions	22,274,355	4,215,271 - - 3,399,849 306,764	- - - 712,144 7,255,065	60% - - - -	75%	100% - - - 1,069,038 2,887,476	-		Exposure Amou 26,489,62 5,181,0 10,449,30 74,334,86
Claims on Central Covernment and Central Bank of Sri Lanka 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 Claims on Financial Institutions Claims on Corporates	22,274,355	4,215,271 - - 3,399,849 306,764 5,551	- - - 712,144 7,255,065	60% - - - - - - -	75%	100% - - - 1,069,038 2,887,476 69,325,973	-		Exposure Amou 26,489,62 5,181,0 10,449,30 74,334,86 108,791,16
Claims on Central Government and Central Bank of Sri Lanka 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 Claims on Banks Exposures Claims on Financial Institutions Claims on Corporates Retail Claims Claims Secured by Residential	22,274,355	4,215,271 - - 3,399,849 306,764 5,551	- - - 712,144 7,255,065 4,722,027 -	60% - - - - - - -	75%	100% - - - 1,069,038 2,887,476 69,325,973 7,976,362	-		Exposuri Amou 26,489,62 5,181,0 10,449,30 74,334,86 108,791,16 8,580,90
Claims on Central Government and Central Bank of Sri Lanka 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 Claims on Banks Exposures Claims on Financial Institutions Claims on Corporates Retail Claims Claims Secured by Residential Property Claims Secured by Commercial Real	22,274,355	4,215,271 - - 3,399,849 306,764 5,551	- - - 712,144 7,255,065 4,722,027 -	60% - - - - - - -	75%	100% - - - - - - - - - - - - - - - - - -	-		Exposure Amou 26,489,62 5,181,0 10,449,30 74,334,86 108,791,16 8,580,90 686,31
Claims on Central Government and Central Bank of Sri Lanka 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 Claims on Financial Institutions Claims on Financial Institutions Claims on Corporates Retail Claims Claims Secured by Residential Property Claims Secured by Commercial Real Estate	22,274,355	4,215,271 - - 3,399,849 306,764 5,551 68,819 - -	- - - 712.144 7,255,065 4,722.027 - 4,667,419 -	60% - - - - - - - - - - - - - - - - - - -	75%	100% - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -		Exposure Amou 26,489,62 5,181,0 10,449,30 74,334,86 108,791,16 8,580,90 686,31
Claims on Central Government and Central Bank of Sri Lanka 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 Claims on Banks Exposures Claims on Financial Institutions Claims on Corporates Retail Claims Claims Secured by Residential Property Claims Secured by Commercial Real Estate Non-Performing Assets (NPAs)	22,274,355	4,215,271 - - 3,399,849 306,764 5,551 68,819 - -	- - - 712.144 7,255,065 4,722.027 - 4,667,419 -	60% - - - - - - - - - - - - - - - - - - -	75%	100% - - - 1,069,038 2,887,476 69,325,973 7,976,362 3,913,489 686,310 4,278,725	- - - - - - - - - - - - - - - - - - -		Exposure

Table 9

Market Risk under Standardised Measurement Method

ltem	BAI LKR ²		GROUP LKR '000		
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019	
(a) RWA for Interest Rate Risk	1,065,625	887,576	1,065,625	887,576	
General Interest Rate Risk	1,065,625	887,576	1,065,625	887,576	
(i) Net Long or Short Position	1,065,625	887,576	1,065,625	887,576	
(ii) Horizontal Disallowance	-	-	-	-	
(iii) Vertical Disallowance	-	-	-	-	
(iv) Options	-	-	-	-	
Specific Interest Rate Risk	-	-	-	-	
(b) RWA for Equity	-	-	-	-	
(i) General Equity Risk	-	-	-	-	
(ii) Specific Equity Risk	-	-	-	-	
(c) RWA for Foreign Exchange & Gold	37,969	23,962	37,969	23,962	
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	9,196,617	7,292,301	9,196,617	7,292,301	

Table 10

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

					BA	NK				
Business Lines	Capital	Fixed	Gros	s Income (LKR'	000)	Capital	Fixed	Gros	s Income (LKR'(000)
	Charge	Factor	9	s at 31-Dec-202	20	Charge	Factor	9	s at 31-Dec-201	9
	Factor		1st Year	2nd Year	3rd Year	Factor		1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		21,254,398	22,191,304	21,094,930	15%		17,622,084	21,254,398	22,191,304
The Standardised Approach			-	-	-			-	-	-
Corporate Finance	18%		-	-	-	18%		-	-	-
Trading and Sales	18%		-	-	-	18%		-	-	-
Payment and Settlement	18%		-	-	-	18%		-	-	-
Agency Services	15%		-	-	-	15%		-	-	-
Asset Management	12%		-	-	-	12%		-	-	-
Retail Brokerage	12%		-	-	-	12%		-	-	-
Retail Banking	12%		-	-	-	12%		-	-	-
Commercial Banking	15%		-	-	-	15%		-	-	-
The Alternative Standardised Approach			-	-	-			-	-	-
Corporate Finance	18%		-	-	-	18%		-	-	-
Trading and Sales	18%		-	-	-	18%		-	-	-
Payment and Settlement	18%		-	-	-	18%		-	-	-
Agency Services	15%		-	-	-	15%		-	-	-
Asset Management	12%		-	-	-	12%		-	-	-
Retail Brokerage	12%		-	-	-	12%		-	-	-
Retail Banking	12%	0.035	-	-	-	12%	0.035	-	-	-
Commercial Banking	15%	0.035	-	-	-	15%	0.035	-	-	-
Capital Charges for Operational Risk			•						•	
(LKR'000)										
The Basic Indicator Approach	3,227,032					3,053,389		-	-	
The Standardised Approach	-		-			-			-	
The Alternative Standardised Approach	-		•			-			•	
Risk Weighted Amount for Operational			-					-	-	
Risk (LKR'000)										
The Basic Indicator Approach	26,891,930		-			24,427,115		-	-	
The Standardised Approach	-					-			•	
The Alternative Standardised Approach	-					-		-		

Table 10 (Contd.)

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

Business Lines Capital Fixed Gross Income (LKR'000) Capital Charge Factor as at 31-Dec-2020 Charge	Fixed Factor		ss Income (LKR'	000)
	Factor			
,				
	_	1st Year	2nd Year	3rd Year
The Basic Indicator Approach 15% 21,309,585 22,552,135 21,430,771 15%		16,913,568	21,309,585	22,552,135
The Standardised Approach		-	-	-
Corporate Finance 18% - - 18%		-	-	-
Trading and Sales 18% - - 18%		-	-	-
Payment and Settlement 18% 18%		-	-	-
Agency Services 15% 15%		-	-	-
Asset Management 12% 12%	-	-	-	-
Retail Brokerage 12% 12%		-	-	-
Retail Banking 12% 12%		-	-	-
Commercial Banking 15% 15%		-	-	-
The Alternative Standardised Approach		-	-	-
Corporate Finance 18% - - 18%		-	-	-
Trading and Sales 18% - - 18%		-	-	-
Payment and Settlement 18% 18%		-	-	-
Agency Services 15% 15%		-	-	-
Asset Management 12% 12%		-	-	-
Retail Brokerage 12% 12%		-	-	-
Retail Banking 12% 0.035 12%	0.035	-	-	-
Commercial Banking 15% 0.035 15%	0.035	-	-	-
Capital Charges for Operational Risk				
(LKR'000)				
The Basic Indicator Approach 3,264,625 3,038,764				
The Standardised Approach -				
The Alternative Standardised Approach				
Risk Weighted Amount for Operational				
Risk (LKR'000)				
The Basic Indicator Approach 27,205,205 24,310,115			-	
The Standardised Approach -				
The Alternative Standardised Approach				

Table 11

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

	LKR '000 as at 31-Dec-2020				
Bank	а	Ь	С	d	е
	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
	Stotements				Capital
Assets	337,634,305	335,799,719	229,915,520	74,970,535	30,913,664
Cash and Cash Equivalents	9,144,540	9,144,735	9,144,735	-	-
Balances with Central Banks	2,195,247	2,195,247	2,195,247	-	-
Placements with Banks	5,091,335	5,086,600	-	-	5,086,600
Derivative Financial Instruments	239,535	-	-	-	-
Financial Assets - Recognised through Profit or Loss	2,416,792	74,970,535	-	74,970,535	-
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	-	-	-	-	-
Financial Assets at Amortised Cost – Loans and Advances	210,185,486	208,350,822	183,749,912	-	24,600,910
Financial Assets at Fair Value through Other Comprehensive Income	73,257,835	-	-	-	-
Financial Assets at Amortised Cost - Debt Instruments	26,648,083	26,393,097	26,393,097	-	-
Investments in Subsidiaries	678,710	678.710	678,710	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	4,171,263	2,657,275	2,657,275	-	-
Investment Properties	-	-/		-	-
Goodwill and Intangible Assets	1,221,420	-	-	-	-
Other Assets	2,384,060	6.322.699	5,096,544	-	1,226,155
Liabilities	303,816,118	303,098,479	-	-	-
Due to Banks	4,941,573	7,264,763	-	-	-
Derivative Financial Instruments	250,700	-	-	-	-
Other Financial Liabilities Held-For- Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or	•	•	-	-	
Loss	-	-	-	-	-
Due to Depositors	240,584,022	236,676,328	-	-	-
Due to Other Borrowers	35,602,715	31,195,252	-	-	-
Debt Securities Issued	-	-	-	-	-
Current Tax Liabilities	1,293,147	-	-	-	-
Deferred Tax Liabilities	863,083	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	7,018,906	14,962,136	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	13,261,973	13,000,000	-	-	-
Off-Balance Sheet Liabilities	197,230,088	207,906,355	199,501,491	-	-
Guarantees	2,526,706	2,526,706	2,526,706	-	-
Performance Bonds	17,443,244	17,443,244	15,554,598	-	-
Letters of Credit	10,396,025	10,396,025	9,522,404	-	-
Other Contingent Items	7,383,916	7,383,916	7,383,916	-	-
Undrawn Loan Commitments	127,015,736	123,595,736	123,595,736	-	-
Other Commitments	32,464,462	46,560,728	40,918,131	-	-
Shareholders' Equity			-		
Equity Capital (Stated Capital)/Assigned Capital	9,408,135	9,408,134	-	-	-
of which Amount Eligible for CET1	9,408,134	9,408,134	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	21,393,694	21,921,252	-	-	(255,313)
Accumulated Other Comprehensive	658,701	-	_	-	-
Income				_	
Other Reserves	2,357,657	1,371,854	-	-	458,555
Total Shareholders' Equity	33,818,187	32,701,240	-	-	203,241

Notes:

1) Differences in Cash and Cash Equivalents, Financial Assets - Recognised through Profit or Loss, Financial Assets at Amortised Cost – Loans and Advances, Financial Assets at Amortised Cost - Debt Instruments, Property, Plant and Equipment, Other Assets, Due to Banks, Due to Depositors, Due to Other Borrowers, Subordinated Term Debts and Other Liabilities is due to Classification differences and adjustments to published financial statements subsequently.

2) Difference in Retained Earnings is due to profit difference in SLAS and SLFRS accounting standards and Revaluation Reserve classification differences.

3)Accumulated Other Comprehensive Income is not considered in (b) as it is based on SLAS accounting standards.

4) Differences in Other Commitments is due to Notional Value of Derivative contracts reported in Published Financial Statements (a) and Carrying Value reported in Regulatory Reporting (b).

