Basel III Minimum Disclosure Requirements under Pillar III as at 31st March 2021

(Un-audited)

SRI LANKA SAVINGS BANK

Key Regulatory Ratios - Capital and Liquidity		
Item	*31-Mar-21*	*31-Dec-20*
Regulatory Capital (LKR '000)		
Common Equity Tier 1	5,474,020	4,305,855
Tier 1 Capital	5,474,020	4,305,855
Total Capital	5,474,020	4,305,855
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio *(Minimum Requirement - 2021-7.00%,2020-7.00%)*	91.88%	73.07%
Tier 1 Capital Ratio *(Minimum Requirement - 2021-8.50%,2020-8.50%)*	91.88%	73.07%
Total Capital Ratio *(Minimum Requirement - 2021-12.50%,2020-12.50%)*	91.88%	73.07%
Leverage Ratio *(Minimum Requirement - 2021 - 3.00% , 2020-3.00%)*	60.20%	47.93%
Regulatory Liquidity		
Statutory Liquid Assets (LKR'000)	5,349,603	4,857.185
Statutory Liquid Assets Ratio *(Minimum Requirement - 20%)*		
Domestic Banking Unit (%)	562.31%	511.32%
Off-Shore Banking Unit (%)	N/A	N/A
Liquidity Coverage Ratio (%) – Rupee *(Minimum Requirement - 2021-90% ; 2020-90%)*	662.00%	567.00%
Liquidity Coverage Ratio (%) – All Currency (*Minimum Requirement - 2021-90% ; 2020-90%)*	N/A	N/A

Basel III Computation of Capital Ratios		
Item	*Amount (LKR '000)*	
	31-Mar-21	*31-Dec-20*
Common Equity Tier 1 (CET1) Capital after Adjustments	5,474,020	4,305,855
Common Equity Tier 1 (CET1) Capital	5,582,965	4,424,370
Equity Capital (Stated Capital)/Assigned Capital	3,805,290	3,805,290
Reserve Fund	325,750	239,997
Published Retained Earnings/(Accumulated Retained Losses)	1,523,925	379,083
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
Total Adjustments to CET1 Capital	108,945	118,515
Goodwill (net)		
Intangible Assets (net)	144	216
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	73,471	78,200
Regulatory adjustments applied to CET1 Capital due to insufficient AT1 and Tier 2 Capital to cover adjustments	35,330	40,099
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	-	-
Tier 2 Capital	61,080	59,886
Qualifying Tier 2 Capital Instruments		
Revaluation Gains		
Loan Loss Provisions	61,080	59,886
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to Tier 2	61,080	59,886
Investment in Own Shares		

Item	Amount (LKR '000)	
	31-Mar-21	31-Dec-20
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	61,080	59,886
CET1 Capital	5,474,020	4,305,855
Total Tier 1 Capital	5,474,020	4,305,855
Total Capital	**5,474,020**	**4,305,855**
Total Risk Weighted Assets (RWA)	**5,958,035**	**5,892,641**
RWAs for Credit Risk	4,886,379	4,790,841
RWAs for Market Risk	-	-
RWAs for Operational Risk	1,071,656	1,101,800
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	91.88%	73.07%
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	91.88%	73.07%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	91.88%	73.07%
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

Computation of Leverage Ratio*		
Item	*Amount (LKR '000)*	
	31-Mar-21	*31-Dec-20*
Tier 1 Capital	5,474,020	4,305,855
Total Exposures	9,093,547	8,983,386
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	8,170,552	8,616,088
Derivative Exposures	-	-
Securities Financing Transaction Exposures	911,760	344,728
Other Off-Balance Sheet Exposures	11,235	22,570
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	60.20%	47.93%

Basel III Computation of Liquidity Coverage Ratio				
				Amount (LKR'000)
Item	*31-Mar-21*		*31-Dec-20*	
	Total Un-weighted Value	*Total Weighted Value*	*Total Un-weighted Value*	*Total Weighted Value*
Total Stock of High-Quality Liquid Assets (HQLA)	285,151	284,139	289,029	287,953
Total Adjusted Level 1A Assets	283,126	283,126	286,876	286,876
Level 1 Assets	335,662	335,662	295,295	295,295
Total Adjusted Level 2A Assets	-	-	-	
Level 2A Assets	-	-	-	
Total Adjusted Level 2B Assets	2,025	1,013	2,153	1,077
Level 2B Assets	2,025	1,013	2,153	1,077
Total Cash Outflows	769,040	203,569	993,259	209,021
Deposits	560,922	56,092	771,784	77,178
Unsecured Wholesale Funding	100,935	40,374	113,763	45,505
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	-	-	22,500	1,125
Additional Requirements	107,183	107,103	85,212	85,212
Total Cash Inflows	1,286,586	1,191,630	1,065,268	982,381
Maturing Secured Lending Transactions Backed by Collateral	-	-		
Committed Facilities	-	-		
Other Inflows by Counterparty which are Maturing within 30 Days	1,190,548	1,143,611	974,727	937,110
Operational Deposits	-	-	-	-
Other Cash Inflows	96,038	48,019	90,541	45,271
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		662.00%		567.00%

Main Features of Regulatory Capital Instruments	
Description of the Capital Instrument	**Stated Capital**
Issuer	Sri Lanka Savings Bank
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	-
Governing Law(s) of the Instrument	Sri Lanka
Original Date of Issuance	11th October 2019
Par Value of Instrument	-
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	Not Applicable
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	3,805,290.00
Accounting Classification (Equity/Liability)	Equity
Issuer Call subject to Prior Supervisory Approval	Not Applicable
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	Not Applicable
Subsequent Call Dates, if Applicable	Not Applicable
Coupons/Dividends	Dividends
Fixed or Floating Dividend/Coupon	Not Applicable
Coupon Rate and any Related Index	Not Applicable
Non-Cumulative or Cumulative	Non Cumulative
Convertible or Non-Convertible	Not Applicable
If Convertible, Conversion Trigger (s)	Not Applicable
If Convertible, Fully or Partially	Not Applicable
If Convertible, Mandatory or Optional	Not Applicable
If Convertible, Conversion Rate	Not Applicable

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

Asset Class	*Amount (LKR'000) as at 31st March 2021*					
	Exposures before Credit Conversion Factor (CCF) and CRM		*Exposures post CCF and CRM*		*RWA and RWA Density (%)*	
	On-Balance Sheet Amount	*Off-Balance Sheet Amount*	*On-Balance Sheet Amount*	*Off-Balance Sheet Amount*	*RWA*	*RWA Density*
Claims on Central Government and CBSL	13,401.66		82.00		-	
Claims on Foreign Sovereigns and their Central Banks	-		-			
Claims on Public Sector Entities	164.30		164.30		164.30	100%
Claims on Official Entities and Multilateral Development Banks	-					
Claims on Banks Exposures	4,470,571.43		4,470,571.43		1,820,407.41	41%
Claims on Financial Institutions	318,037.48		318,037.48		159,019.74	50%
Claims on Corporates	473.53		473.53		473.53	100%
Retail Claims	1,558,409.25	20,870.00	1,558,409.25	10,435.00	1,268,888.03	81%
Claims Secured by Residential Property	317,714.92	1,600.00	308,675.07	800.00	309,475.07	100%
Claims Secured by Commercial Real Estate	-		-			
Non-Performing Assets (NPAs)[(i)]	162,316.78		162,316.78		162,525.99	100%
Higher-risk Categories	-					
Cash Items and Other Assets	1,193,532.17		1,174,846.00		1,165,427.40	99%
Total	8,934,621.50	22,470.00	7,993,575.83	11,235.00	4,886,381.47	61%

Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights								
Description	*Amount (LKR'000) as at 31st March 2021*					*(Post CCF & CRM)*		
Risk Weight / *Asset Classes*	*0%*	*20%*	*50%*	*75%*	*100%*	*150%*	*>150%*	*Total Credit Exposures Amount*
Claims on Central Government and Central Bank of Sri Lanka	82							**82.00**
Claims on Foreign Sovereigns and their Central Banks	-							**-**
Claims on Public Sector Entities					164			**164.30**
Claims on Official Entities and Multilateral Development Banks								**-**
Claims on Banks Exposures		2,453,462	1,374,790		642,319			**4,470,571.43**
Claims on Financial Institutions			318,038					**318,038.48**
Claims on Corporates					474			**473.53**
Retail Claims	2,433	17,978		1,132,563	415,870			**1,568,844.25**
Claims Secured by Residential Property					309,475			**309,475.07**
Claims Secured by Commercial Real Estate								**-**
Non-Performing Assets (NPAs)			9,039.85		143,818.65	9,458.28		**162,316.78**
Higher-risk Categories								**-**
Cash Items and Other Assets	7,457	2,452			1,164,936			**1,174,845.00**
Total	**9,972**	**2,473,893**	**1,701,869**	**1,132,563**	**2,677,056**	**9,458**	**-**	**8,004,810.83**

Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach					
Business Lines	*Capital Charge Factor*	*Fixed Factor*	*Gross Income (LKR'000) as at 31st March 2021*		
			1st Year	*2nd Year*	*3rd Year*
The Basic Indicator Approach	15%		975,374.60	987,150.80	716,620.41
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	133,957.29				
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	1,071,658.33				

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

Item	Amount (LKR '000) as at 31st March 2021				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets					
Cash and Cash Equivalents	74,661.54	74,661.54	74,661.54		
Balances with Central Banks					
Placements with Banks	4,342,202.74	4,342,202.74	4,342,202.74		
Derivative Financial Instruments	-	-	-		
Other Financial Assets Held-For-Trading	-	-	-		
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-		
Loans and Receivables to Banks	-	-	-		
Loans and Receivables to Other Customers	1,837,698.11	1,925,992.55	1,925,992.55		
Financial Investments - Available-For-Sale	148,352.86	98,267.00	98,267.00		

Item	Amount (LKR '000) as at 31st March 2021				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	891,598.49	891,598.49	891,598.49		
Investment Properties	237,077.00	237,077.00	237,077.00		
Goodwill and Intangible Assets	143.75	143.75			143.75
Deferred Tax Assets	-	-	-		
Other Assets	26,998.61	26,998.61	26,998.61		
Liabilities					
Due to Banks	5,235.47	5,235.47			
Derivative Financial Instruments	-	-			
Other Financial Liabilities Held-For- Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	863,115.08	863,115.08			
Other Borrowings	329,579.61	329,579.61			
Debt Securities Issued	89,558.09	89,558.09			
Current Tax Liabilities	367,356.41	367,356.41			

Item	Amount (LKR '000) as at 31st March 2021				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Other Liabilities	604,493.71	604,493.71			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	3,950.00	3,950.00			
Performance Bonds	-	-			
Letters of Credit	-	-			
Other Contingent Items	-	-			
Undrawn Loan Commitments	22,470.00	22470.00			
Other Commitments	-	-			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	3,805,290.30	3,805,290.30			
of which Amount Eligible for AT1	-	-			
Retained Earnings	1,635,740.04	1,635,740.04			
Accumulated Other Comprehensive Income	50,097.93	50,097.93			
Other Reserves	1,166,762.65	1,166,762.65			
Total Shareholders' Equity	6,657,890.93	6,657,890.93			

Explanation of Significant Differences between Accounting and Regulatory Exposure Amounts

Loans and receivables to other customers

The loans and receivables to customers considered in regulatory reporting differs with the published financial statements since CBSL time based provisions were netted off when arriving at loans and receivables for regulatory reporting purposes, while impairment allowances based on incurred losses have been netted off in loans and receivables for publication purposes. The impairment allowance has been computed using established processes with judgments being exercised when determining the presence of objective evidences of impairment.

Financial assets at fair value through OCI

Financial assets at fair value through OCI have been measured at fair value in published financial statements while these investments have been measured at cost for regulatory reporting purpose. The details of financial investments - available for sale have been disclosed in Note 18 to the financial statements.