



Compliance with the Disclosure Requirements Specified by the Central Bank of Sri Lanka for Preparation of Annual Financial Statements of Licensed Commercial Banks.

1. Information about the Significance of Financial Instruments for the Financial Position and Performance

1.1 Statement of Financial Position

1.1.1 Disclosures on categories of financial assets and financial liabilities Note 42 to the Financial Statements - Measurement of Financial Instruments

1.1.2 Other disclosures-

(i) Special disclosures about the financial assets and financial liabilities designated to be measured at fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair values attributable to these risks and the methods of measurement. Note 43 to the Financial Statements - Fair value of financial instruments
Note 44 to the Financial Statements - Risk Management

(ii) Reclassifications of financial instruments from one category to another. Not Applicable

(iii) Information about financial assets pledged as collateral and about financial or non-financial assets held as collateral. Note 44.1 to the Financial Statements

(iv) Reconciliation of the allowance account for credit losses by class of financial assets. Note 19.5 to the Financial Statements

(v) Information about compound financial instruments with multiple embedded derivatives. Not Applicable

(vi) Breaches of terms of loan agreements. None

1.2 Statement of Comprehensive Income

1.2.1 Disclosures on items of income, expense, gains and losses Note 3 to Note 10 to the Financial Statements

1.2.2 Other disclosures-

(i) Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss. Note 3.1 and 3.4 to the Financial Statements

(ii) Fee income and expense. Note 4 to the Financial Statements

(iii) Amount of impairment losses by class of financial assets. Note 7 to the Financial Statements

(iv) Interest income on impaired financial assets. Note 3.3 to the Financial Statements

1.3 Other Disclosures

1.3.1 Accounting Policies for financial instruments Accounting Policies No 2.3.4 and 2.3.5 to the Financial Statements

1.3.2 Information on hedge accounting Not Applicable

1.3.3 Information about the fair values of each class of financial asset and financial liability, along with-

(i) Comparable carrying amounts. Note 43 to the Financial Statements - Fair value of financial instruments

(ii) Description of how fair value was determined. Accounting Policy No 2.2 to the Financial Statements

(iii) The level of inputs used in determining fair value. Accounting Policy No 2.2 to the Financial Statements

(iv) Reconciliations of movements between levels of fair value measurement hierarchy, additional disclosures for financial instruments that fair value is determined using level 3 inputs. Note 43.b to the Financial Statements

(v) Information if fair value cannot be reliably measured. Not Applicable

2. Information about the Nature and Extent of Risks Arising from Financial Instruments

2.1 Qualitative Disclosures

2.1.1	Risk exposures for each type of financial instrument	Note 43 - Risk Management of the Financial Statements
2.1.2	Management's objectives, policies, and processes for managing those risks	Please refer Risk Management on Pages 141 to 162
2.1.3	Changes from the prior period	Not Applicable

2.2 Quantitative Disclosures

2.2.1	Summary of quantitative data about exposure to each risk at the Reporting date	Note 43 - Risk Management of the Financial Statements
2.2.2	Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed	Note 44 - Risk Management of the Financial Statements and Pages 141 to 164 on Risk Management

(i) Credit Risk-

- (a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets.
- (b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset.
- (c) Information about collateral or other credit enhancements obtained or called.
- (d) For other disclosures, refer Banking Act Direction No. 07 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H).

Note 44.1 - Risk Management of the Financial Statements

(ii) Liquidity Risk-

- (a) A maturity analysis of financial liabilities.
- (b) Description of approach to risk management.
- (a) For other disclosures, refer Banking Act Direction No. 07 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H).

Note 44.3 - Liquidity Risk and Funding Management of the Financial Statements

(iii) Market Risk-

- (c) A sensitivity analysis of each type of market risk to which the entity is exposed.
- (d) Additional information, if the sensitivity analysis is not representative of the entity's risk exposure.
- (e) For other disclosures, refer Banking Act Direction No. 07 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H).

Note 44.2 - Market Risk of the Financial Statements

(iv) Operational Risk-

Refer Banking Act Direction No. 07 of 2011 on Integrated Risk Management Framework for Licensed Banks (Section H).

Pages 160 to 163 on Risk Management

(v) Equity risk in the banking book-

- (a) Qualitative disclosures
 - Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons.
 - Discussion of important policies covering the valuation and accounting of equity holdings in the banking book.

Not Applicable

<p>(b) Quantitative disclosures</p> <ul style="list-style-type: none"> - Value disclosed in the Statement of Financial Position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value. - The types and nature of investments. - The cumulative realised gains/(losses) arising from sales and liquidations in the reporting period. 	<p>} Not Applicable</p>
<p>(vi) Interest rate risk in the banking book</p> <p>(a) Qualitative disclosures</p> <ul style="list-style-type: none"> - Nature of interest rate risk in the banking book (IRRBB) and key assumptions. 	<p>Note 44.2 - Interest Rate Risk of the Financial Statements</p>
<p>(b) Quantitative disclosures</p> <ul style="list-style-type: none"> - The increase/(decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant). 	<p>Note 44.2 - Interest Rate Risk of the Financial Statements</p>
<p>2.2.3 Information on concentration of risk</p>	<p>Note 44.1 - Risk Management of the Financial Statements</p>
<p>3. Other Disclosures</p>	
<p>3.1 Capital</p>	
<p>3.1.1 Capital structure</p>	
<p>(i) Qualitative disclosures-</p> <p>Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments.</p>	<p>} Not Applicable</p>
<p>(ii) Quantitative disclosures-</p> <p>(a) The amount of Tier 1 capital, with separate disclosure of-</p> <ul style="list-style-type: none"> - Paid-up share capital/common stock - Reserves - Non-controlling interests in the equity of subsidiaries - Innovative instruments - Other capital instruments - Deductions from Tier I capital <p>(b) The total amount of Tier II and Tier III capital</p> <p>(c) Other deductions from capital</p> <p>(d) Total eligible capital</p>	<p>} Pages 271 to 275 on Capital Adequacy</p>
<p>3.1.2 Capital adequacy</p>	
<p>(i) Qualitative disclosures</p> <p>A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.</p>	<p>} Pages 144 to 145 on Risk Management</p>
<p>(ii) Quantitative disclosures</p> <p>(a) Capital requirements for credit risk, market risk and operational risk</p> <p>(b) Total and Tier I capital ratio</p>	<p>} Pages 271 to 275 on Capital Adequacy</p>