

COMPLIANCE WITH DISCLOSURE REQUIREMENTS OF THE CENTRAL BANK OF SRI LANKA

COMPLIANCE WITH DISCLOSURE REQUIREMENTS SPECIFIED BY THE CENTRAL BANK OF SRI LANKA

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

1.1 Statement of Financial Position

1.1.1	Disclosures on categories of financial assets and financial liabilities	Note 18 to the Financial Statements
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 methods of measurement.	Note 55 – Fair value of financial instruments
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 56.1 to the Financial Statements
iv.	Reconciliation of the allowance account for credit losses by class of financial assets.	Note 25.5 (a) to the Financial Statements
v.	Information about derivative financial instruments.	Note 22 to the Financial Statements
vi.	Information about compound financial instruments with multiple embedded derivatives.	Not Applicable
vii.	Breaches of terms of loan agreements.	Not Applicable

1.2 Statement of Comprehensive Income

1.2.1	Disclosures on items of income, expense, gains and losses	Note 4 to Note 14 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 5.1 and Note 5.4 to the Financial Statements
ii.	Fee income and expense.	Note 6 to the Financial Statements
iii.	Amount of impairment losses by class of financial assets.	Note 10 to the Financial Statements
iv.	Interest income on impaired financial assets.	Note 5.4 to the Financial Statements

1.3 Other Disclosures

1.3.1	Accounting Policies for financial instruments	Accounting Policies for each type of Financial Instrument presented in the Statement of Financial Position is disclosed under the respective Notes on pages 307 to 411.
1.3.2	Information on hedge accounting	Note 22 to the Financial Statements
1.3.3	Information about the fair values of each class of financial asset and financial liability, along with	
i.	Comparable carrying amounts.	Note 55 – Fair value of financial instruments
ii.	Description of how fair value was determined.	Note 55 – Fair value of financial instruments
iii.	The level of inputs used in determining fair value.	Note 55 – Fair value of financial instruments
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 55 (b) – Fair value of financial instruments
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 56 – Risk Management of the Financial Statements
2.1.2	Management's objectives, policies and processes for managing those risks	Note 56 – Risk Management of the Financial Statements
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 56 – 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 56 – Risk Management of the Financial Statements

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 56.1 – Risk Management of the Financial Statements

ii. Liquidity Risk

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

Note 56.2 – Liquidity Risk and Funding Management of the Financial Statements

iii. Market Risk

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

Note 56.2 – 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).

Risk Management pages 212 to 254.

v. Equity Risk in the Banking Book	a. Qualitative disclosures <ul style="list-style-type: none"> - 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. 	} Note 56.2 – Equity Price Risk of the Financial Statements
b. Quantitative disclosures	<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. 	} Note 56.2 – Equity Price Risk of the Financial Statements
vi. Interest Rate Risk in the Banking Book	a. Qualitative disclosures <ul style="list-style-type: none"> - Nature of interest rate risk in the banking book (IRRBB) and key assumptions. 	} Note 56.2 – Interest Rate Risk of the Financial Statements
b. Quantitative disclosures	<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). 	} Note 56.2 – Interest Rate Risk of the Financial Statements
2.2.3	Information on concentration of risk	} Note 56.1 – Risk Management of the Financial Statements
3. Other Disclosures		
3.1 Capital		
3.1.1	Capital structure	} Not Applicable
i.	Qualitative disclosures 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.	} Not Applicable
ii.	Quantitative disclosures <ul style="list-style-type: none"> a. The amount of Tier 1 capital, with separate disclosure of <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 b. The total amount of Tier II and Tier III capital c. Other deductions from capital d. Total eligible capital 	} Pages 255 to 259 on Capital Adequacy
3.1.2	Capital adequacy	} Pages 255 to 259 on Capital Adequacy
i.	Qualitative disclosures A summary discussion of the Bank’s approach to assessing the adequacy of its capital to support current and future activities.	} Pages 255 to 259 on Capital Adequacy
ii.	Quantitative disclosures <ul style="list-style-type: none"> a. Capital requirements for credit risk, market risk and operational risk b. Total and Tier I capital ratio 	} Pages 255 to 259 on Capital Adequacy