



Basel III - Pillar 3 Disclosures

as at 31 December 2017

(Based on Audited Financial Statements)



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1. Key Regulatory Ratios - Capital and Liquidity

Item	As at 31 Dec 2017	As at 31 Dec 2016
Regulatory Capital (LKR '000)		
Common Equity Tier 1	10,493,086	
Tier 1 Capital	10,145,342	
Total Capital	10,923,196	
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	20.0%	
Tier 1 Capital Ratio (Minimum Requirement - 7.25%)	20.0%	
Total Capital Ratio (Minimum Requirement - 11.25%)	21.5%	
Leverage Ratio (Minimum Requirement)	N/A	
Regulatory Liquidity		
Statutory Liquid Assets (LKR'000) - Domestic Banking Unit	11,519,443	10,771,109
Statutory Liquid Assets (USD'000) - Off-Shore Banking Unit	1,971	1,230
Statutory Liquid Assets Ratio (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	22.23%	22.59%
Off-Shore Banking Unit (%)	41.52%	26.93%
Liquidity Coverage Ratio (%) – Rupee (Min Requirement - 80%)	200.72%	110.61%
Liquidity Coverage Ratio (%) – All Currency (Min Requirement -80%)	174.70%	82.34%

2. Basel III Computation of Capital Ratios

Item	Amount (LKR '000) As at 31 Dec 2017
Common Equity Tier 1 (CET1) Capital after Adjustments	10,145,342
Common Equity Tier 1 (CET1) Capital	10,493,086
Equity Capital (Stated Capital)/Assigned Capital	10,619,450
Reserve Fund	42,405
Published Retained Earnings/(Accumulated Retained Losses)	(140,737)
Published Accumulated Other Comprehensive Income (OCI)	(28,032)
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	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	347,744
Goodwill (net)	
Intangible Assets (net)	230,676
Others (Net Deferred Tax Asset & Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity)	117,068
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	777,854
Tier 2 Capital	777,854
Qualifying Tier 2 Capital Instruments	
Revaluation Gains	570,270
Loan Loss Provisions	207,584
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	10,493,086
Total Tier 1 Capital	10,145,342
Total Capital	10,923,196
Total Risk Weighted Assets (RWA)	50,840,802
RWAs for Credit Risk	46,611,224
RWAs for Market Risk	723,676
RWAs for Operational Risk	3,505,902
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.96%
of which: Capital Conservation Buffer (%)	1.25%
of which: Countercyclical Buffer (%)	
of which: Capital Surcharge on D-SIBs (%)	
Total Tier 1 Capital Ratio (%)	19.96%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	21.49%
of which: Capital Conservation Buffer (%)	1.25%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

3. Computation of Leverage Ratio

Item	Amount (LKR '000)
	As at 31 Dec 2017
Tier 1 Capital	N/A
Total Exposures	
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	
Derivative Exposures	
Securities Financing Transaction Exposures	
Other Off-Balance Sheet Exposures	
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	

Note

Finalized Regulatory guidelines pertaining to computation of Leverage Ratio are to be issued

4. Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	As at 31 Dec 2017		As at 31 Dec 2016	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	2,738,629	2,667,517	1,484,284	1,390,865
Total Adjusted Level 1A Assets				
Level 1 Assets	2,596,404	2,596,404	1,297,446	1,297,446
Total Adjusted Level 2A Assets	-	-		
Level 2A Assets	-	-		
Total Adjusted Level 2B Assets	-	-		
Level 2B Assets	142,225	71,113	186,838	93,419
Total Cash Outflows	63,668,673	6,107,732	16,543,459	6,756,807
Deposits	48,599,674	4,859,967	4,371,453	4,371,453
Unsecured Wholesale Funding	2,385,057	937,183	3,218,900	1,368,436
Secured Funding Transactions	-	-		
Undrawn Portion of Committed (Irrevocable)				
Facilities and Other Contingent Funding Obligations	12,678,450	305,090	8,202,605	266,417
Additional Requirements	5,492	5,492	750,500	750,500
Total Cash Inflows	12,590,131	7,752,764	11,715,571	6,932,134
Maturing Secured Lending Transactions Backed by Collateral	4,965,901	4,965,901	3,539,523	3,539,523
Committed Facilities				
Other Inflows by Counterparty which are Maturing within 30 Days	3,264,515	2,786,863	3,633,122	3,392,611
Operational Deposits	4,359,715		4,542,925	-
Other Cash Inflows				
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		174.70		82.34

5. Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Shares
Issuer	Amana Bank PLC
CSE Security Code	ABL.N0000
Original Date of Issuance	Multiple
Par Value of Instrument	N/A
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at 31 Dec 2017)	10,619,451
Accounting Classification (Equity/Liability)	Shareholders' Equity
Issuer Call subject to Prior Supervisory Approval	
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A
Subsequent Call Dates, if Applicable	N/A
Coupons/Dividends	
Fixed or Floating Dividend/Coupon	Discretionary, subject to fulfilling applicable Regulatory requirements
Coupon Rate and any Related Index	N/A
Non-Cumulative or Cumulative	Non Cumulative
Convertible or Non-Convertible	
If Convertible, Conversion Trigger (s)	Non Convertible
If Convertible, Fully or Partially	
If Convertible, Mandatory or Optional	
If Convertible, Conversion Rate	

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

Asset Class	Amount (LKR'000) as at 31 Dec 2017					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures Post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density (ii)
Claims on Central Government and CBSL	4,254,143		4,254,143		-	0%
Claims on Foreign Sovereigns and their Central Banks	-		-		-	
Claims on Public Sector Entities	147,853		147,853		147,853	100%
Claims on Official Entities and Multilateral Development Banks	-		-		-	
Claims on Banks Exposures	9,706,572	13,018,518	9,706,572	471,202	2,646,148	26%
Claims on Financial Institutions	2,117,657		2,117,657		428,194	20%
Claims on Corporates	11,135,332	6,574,068	11,135,332	1,676,206	12,782,756	100%
Retail Claims	27,825,828	5,959,381	27,649,244	2,059,888	24,244,801	82%
Claims Secured by Residential Property	3,410,833		3,410,833		2,563,316	75%
Claims Secured by Commercial Real Estate	19,564		19,564		19,564	100%
Non-Performing Assets (NPAs) (i)	565,067	85,372	565,067	19,234	828,526	142%
Higher-risk Categories	102,624		102,624		256,560	250%
Cash Items and Other Assets	3,773,467	447,434	3,773,467	381,190	2,693,505	65%
Total	63,058,940	26,084,773	62,882,357	4,607,720	46,611,224	69%

Notes:

- (i) 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.

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

Description		Amount (LKR'000) as at 31-12-2017 (Post CCF & CRM)								
Asset Classes	Risk Weight	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka		4,254,143								4,254,143
Claims on Foreign Sovereigns and their Central Banks										-
Claims on Public Sector Entities							147,853			147,853
Claims on Official Entities and Multilateral Development Banks										-
Claims on Banks Exposures			8,235,643	1,886,225			55,907			10,177,774
Claims on Financial Institutions			2,111,264	903			5,490			2,117,657
Claims on Corporates				57,563			12,753,975			12,811,538
Retail Claims		176,583	1,408,177		5,322,177	8,835,676	14,143,103			29,885,716
Claims Secured by Residential Property				1,695,034			1,715,799			3,410,833
Claims Secured by Commercial Real Estate							19,564			19,564
Non-Performing Assets (NPAs)							95,851	488,450		584,301
Higher-risk Categories									102,624	102,624
Cash Items and Other Assets		1,439,275					2,693,505			4,132,780
Total		5,870,001	11,755,084	3,639,724	5,322,177	8,835,676	31,631,047	488,450	102,624	67,644,783

8. Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31 Dec 2017
(a) RWA for Interest Rate Risk	-
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	29,852
(i) General Equity Risk	16,000
(ii) Specific Equity Risk	13,851
(c) RWA for Foreign Exchange & Gold	51,562
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	723,676

9. Operational Risk under Basic Indicator Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31 Dec 2017		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		2,067,125	2,433,225	3,387,921
The Standardised Approach					
Corporate Finance	18%		N/A		
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
The Alternative Standardised Approach					
Corporate Finance	18%		N/A		
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach					394,414
The Standardised Approach					N/A
The Alternative Standardised Approach					N/A
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach					3,505,902
The Standardised Approach					N/A
The Alternative Standardised Approach					N/A

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

Item	Explanation Reference #	Amount (LKR '000) as at 31 Dec 2017				
		a	b	c	d	e
		Carrying Values as Reported in Published Financial Statements	Carrying Values as under Scope of Regulatory Reporting	Subject to Credit Risk	Subject to Market Risk Framework	Not Subject to Capital Requirements or Subject to Deduction From Capital
Assets		63,540,083	63,573,490	63,058,940	142,226	140,160
Cash and Cash Equivalents	1	5,859,767	1,439,275	1,439,275		
Balances with Central Banks		4,127,812	4,127,812	4,127,812		
Placements with Banks	1	7,397,963	11,783,120	11,783,120		
Derivative Financial Instruments	2	127,617				
Other Financial Assets Held-For-Trading		41,646	361,917	102,623	142,226	117,068
Financial Assets Designated at Fair Value through Profit or Loss						
Financing and Receivables to Banks						
Financing and Receivables to Other Customers	3	42,914,144	43,131,554	43,106,973		- 207,584
Financial Investments - Available-For-Sale		323,265				
Financial Investments - Held-To-Maturity			2,993	2,993		
Investments in Subsidiaries			-			
Investments in Associates and Joint Ventures			-			
Property, Plant and Equipment		1,795,136	1,795,136	1,795,136		
Investment Properties			-			
Goodwill and Intangible Assets		230,676	230,676			230,676
Deferred Tax Assets						
Other Assets		722,060	701,007	701,007		
Liabilities		52,226,280	52,168,187	-	-	-
Due to Banks		-				
Derivative Financial Instruments	2	29,924				
Other Financial Liabilities Held-For-Trading		-				
Financial Liabilities Designated at Fair Value Through Profit or Loss		-				
Due to Other Customers	4	50,922,561	50,352,634			
Other Borrowings		-				
Debt Securities Issued		-				
Current Tax Liabilities	4	187,075	242,629			
Deferred Tax Liabilities	4	216,242	216,242			
Other Provisions						
Other Liabilities	4	870,478	1,356,682			
Due to Subsidiaries		-				
Subordinated Term Debts		-				
Off-Balance Sheet Liabilities		27,813,190	27,813,190	22,498,890	-	-
Guarantees		1,614,239	1,614,239	1,771,542	-	-
Performance Bonds		467,220	467,220	430,169	-	-
Letters of Credit		2,076,652	2,076,652	983,384	-	-
Other Contingent Items		16,811,729	16,811,729	14,161,721	-	-
Undrawn Loan Commitments		6,576,658	6,576,658	5,152,074	-	-
Other Commitments		266,691	266,691	-	-	-
Shareholders' Equity						
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1		10,619,450	10,619,451	-	-	-
of which Amount Eligible for AT1		-	-	-	-	-
Retained Earnings		- 140,737	- 146,823	-	-	-
Accumulated Other Comprehensive Income		- 28,032	-	-	-	-
Other Reserves		863,121	932,675	-	-	571,607
Total Shareholders' Equity		11,313,802	11,405,304	-	-	571,607

Explanation Reference # 1 : Cash and Cash Equivalents & Placements with Banks

Item	Carrying Values as Reported in Published Financial Statements (Rs.000)	Carrying Values as under Scope of Regulatory Reporting (Rs.000)	Difference (Rs.000)	Remarks
Cash and Cash Equivalents	5,859,767	1,439,275		
Placements with Banks	7,397,963	11,783,120		
	13,257,730	13,222,395	35,335	Indicates the accrued profits receivable on placements reported under other receivable as required to be done in regulatory reporting

Explanation Reference # 2 : Derivative Financial Instruments - Assets & Liabilities

Derivative Financial Instruments - Assets	127,617			
Derivative Financial Instruments - Liabilities	-29,924			
Other Receivable		97,692		
	97,692	97,692	0	Net unrealized revaluation gains on Forex contracts has been reported under other receivables in regulatory reporting

Explanation Reference # 3 : Financing and Receivables to Other Customers

Financing and Receivables to Other Customers	42,914,144	43,131,554	(217,411)	Difference between provision requirements of Sri Lanka Accounting standards & Central Bank Of Sri Lanka.
Impairment Provisions as per Sri Lanka Accounting Standards			(680,377)	
Central Bank of Sri Lanka Regulatory Provisions			462,967	
			(217,411)	

Explanation Reference # 4 : Due to other customers, Tax Liabilities & Other Liabilities

Due to Other Customers	50,922,561	50,352,634		
Current Tax Liabilities	187,075	242,629		
Other Liabilities	870,478	1,356,680		
	51,980,114	51,951,943	28,171	
Deferred Income on Letter of Credits & Letter of Guarantees			(17,821)	
Deferred Expense on Rent			(10,350)	
			(28,171)	