

Governance – Other Disclosure Requirements Under the Prescribed Format ←
Issued by the Central Bank of Sri Lanka for Preparation of
Annual Financial Statements of Licensed Commercial Banks

Disclosure requirements	Description	Page No/s.
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.	<i>Notes to the Financial Statements:</i> Note 24 – Classification of Financial Assets and Financial Liabilities	285 to 288
1.1.2 Other Disclosures		
(i) Special disclosures about 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.	<i>Significant Accounting Policies:</i> Note 6.1.3.1.2 – Financial Assets Designated Fair Value Through Profit or Loss Note 6.1.4.1.2 – Financial Liabilities Designated at Fair Value Through Profit or Loss	259 & 260 260
(ii) Reclassifications of financial instruments from one category to another.	<i>Significant Accounting Policies:</i> Note No. 6.1.5 - Reclassification of Financial Assets and Liabilities	261
(iii) Information about financial assets pledged as collateral and about financial or non-financial assets held as collateral.	<i>Notes to the Financial Statements:</i> Note 67.1.3 – Collateral Held	384
(iv) Reconciliation of the allowance account for credit losses by class of financial assets.	<i>Notes to the Financial Statements:</i> Note 32.2 – Movement in Provision for Individual and Collective Impairment During the Year	303
(v) Information about compound financial instruments with multiple embedded derivatives.	The Bank does not have compound financial instruments with multiple embedded derivatives.	
(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.	<i>Notes to the Financial Statements:</i> Notes 11 – 21 to the Financial Statements.	270 to 282
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.	<i>Notes to the Financial Statements:</i> Note 12 – Net Interest Income	270 to 272
(ii) Fee income and expense.	<i>Notes to the Financial Statements:</i> Note 13 – Net Fees and Commission Income	272 & 273
(iii) Amount of impairment losses by class of financial assets.	<i>Notes to the Financial Statements:</i> Note 17 – Impairment Charges for Loans and Other Losses	276 & 277
(iv) Interest income on impaired financial assets.	<i>Notes to the Financial Statements:</i> Note 12.1 – Interest Income from Impaired Loans and Receivables to Other Customers	271

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1.3 Other Disclosures		
1.3.1 Accounting Policies for financial instruments.	<i>Significant Accounting Policies:</i> Note 6.1 – Financial Instruments – Initial Recognition, Classification and Subsequent Measurement	259
1.3.2 Information on hedge accounting.	The Bank did not elect to follow hedge accounting.	
1.3.3 Information about the fair values of each class of financial asset and financial liability, along with:		
(i) Comparable carrying amounts.	<i>Notes to the Financial Statements:</i> Note 25.1 – Assets and Liabilities Measured at Fair Value and Fair Value Hierarchy Note 25.3 – Financial Instrument Not Measured at Fair Value and Fair Value Hierarchy	290 & 291 292 & 293
(ii) Description of how fair value was determined.	<i>Significant Accounting Policies:</i> Note 4 – Fair Value Measurement	256
(iii) The level of inputs used in determining fair value.	<i>Notes to the Financial Statements:</i> Note 25.3 – Financial Instruments Not Measured at Fair Value and Fair Value Hierarchy Note 25.4 – Valuation Techniques and Inputs in Measuring the Fair Values Note 37.5 (b) – Information on Valuations of Freehold Land and Buildings of the Bank	292 & 293 293 326 to 330
(iv) (a) Reconciliations of movements between levels of fair value measurement hierarchy. (b) Additional disclosures for financial instruments that fair value is determined using level 3 inputs.	There were no movements between levels of fair value hierarchy during the period under review. <i>Notes to the Financial Statements:</i> Note 25.2 – Significant Unobservable Inputs Used as at December 31, 2015 in Measuring Fair Value of Land and Buildings Categorised as Level 3	291
(v) Information if fair value cannot be reliably measured.	<i>Notes to the Financial Statements:</i> Note 33 – Financial Investments – Available-for-Sale	307 to 312
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.	<i>Significant Accounting Policies:</i> Note 3 – Financial Risk Management <i>Notes to the Financial Statements:</i> Note 67 – Financial Risk Review	253 to 256 374 to 404
2.1.2 Management's objectives, policies and processes for managing those risks.	<i>Significant Accounting Policies:</i> Note 3 – Financial Risk Management Refer the Section on 'Managing Risk at Commercial Bank' for comprehensive disclosure of management's objectives, policies and processes	253 to 256 112 to 144
2.1.3 Changes from the prior period.	There was no major policy changes during the period under review	

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2.2 Quantitative Disclosures		
2.2.1 Summary of quantitative data about exposure to each risk at the Reporting date.	<i>Notes to the Financial Statements:</i> Note 67 – Financial Risk Review	374 to 404
2.2.2 Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed.		
(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.	<i>Notes to the Financial Statements:</i> Note 67.1.1 – Credit Quality Analysis Note 67.1.3 – Collateral Held	376 to 382 384
(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.	<i>Notes to the Financial Statements:</i> Note 67.1.1 (b) – Age Analysis by Class of Financial Assets Note 17 – Impairment Charges for Loans and Other Losses - Collateral Valuation for description of collaterals <i>Significant Accounting Policies:</i> Note 6.1.10 – Identification and Measurement of Impairment of Financial Assets for factors considered in determining the Financial Assets as Impaired	377 276 & 277 262
(c) Information about collateral or other credit enhancements obtained or called.	<i>Notes to the Financial Statements:</i> Note 67.1.3 – Collateral Held	384
(d) Other disclosures (As required by the Section H of the Banking Act Direction No. 07 of 2011 on Integrated Risk Management Framework for Licensed Banks).	Refer the Section on 'Managing Risk at Commercial Bank'	112 to 144
(ii) Liquidity Risk		
(a) A maturity analysis of financial liabilities.	<i>Notes to the Financial Statements:</i> Note 60 – Maturity Analysis – Group Note 67.2.2 – Maturity Analysis of Financial Assets and Financial Liabilities – Bank	362 & 363 391 to 394
(b) Description of approach to risk management.	<i>Significant Accounting Policies:</i> Note 03 – Financial Risk Management Refer the Section on 'Managing Risk at Commercial Bank'	253 to 256 112 to 144
(c) Other disclosures (As per Section H of the Banking Act Direction No. 07 of 2011 on Integrated Risk Management Framework for Licensed Banks).	Refer the Section on 'Managing Risk at Commercial Bank'	112 to 144
(iii) Market Risk		
(a) A sensitivity analysis of each type of market risk to which the Bank is exposed.	<i>Notes to the Financial Statements:</i> Note 67.3.2 – Exposure to Interest Rate Risk – Sensitivity Analysis	397 to 400

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(b) Additional information, if the sensitivity analysis is not representative of the Bank's risk exposure.	None	
(c) Other disclosures (As required by the Section H of the Banking Act Direction No. 7 of 2011 on Integrated Risk Management Framework for Licensed Banks).	<i>Notes to the Financial Statements:</i> Note 67.4 – Operational Risk	403
	Refer the Section on 'Managing Risk at Commercial Bank'	112 to 144
(iv) Operational Risk		
Disclosures as required by the Section H of the Banking Act Direction No. 7 of 2011 on Integrated Risk Management Framework for Licensed Banks.	Refer the Section on 'Managing Risk at Commercial Bank'	112 to 144
(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. 	<i>Significant Accounting Policies:</i> Note 6.1.3.1.1 – Financial Assets – Held-for-Trading	259
	<i>Significant Accounting Policies:</i> Note 6.1.3.4 – Financial Investments – Available-for-Sale	260
<ul style="list-style-type: none"> Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. 	<i>Significant Accounting Policies:</i> Note 4 – Fair Value Measurement	256
(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. 	<i>Notes to the Financial Statements:</i> Note 30 – Other Financial Instruments – Held-for-Trading	296 to 299
	Note 33 – Financial Investments – Available-for-Sale	307 to 312
	Note 34 – Financial Investments – Loans and Receivables	312 to 314
	Note 35 – Investments in Subsidiaries	314 to 317
	Note 36 – Investments in Associates	317 to 319
<ul style="list-style-type: none"> The types and nature of investments 		
<ul style="list-style-type: none"> The cumulative realised gains/(losses) arising from sales and liquidations in the reporting period. 	<i>Notes to the Financial Statements:</i> Note 14 – Net Gains/(Losses) from Trading	274
	Note 15 – Net Gains/(Losses) from Financial Investments	274 & 275
(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. 	<i>Notes to the Financial Statements:</i> Note 67.3.1 – Exposure to Market Risk – Trading and Non-Trading Portfolios	360 to 397
	Refer the Section on 'Managing Risk at Commercial Bank'	112 to 144

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(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). 	<i>Notes to the Financial Statements:</i> Note 67.3.2 – Exposure to Interest Rate Risk – Sensitivity Analysis Refer the Section on 'Managing Risk at Commercial Bank'	397 to 400 112 to 144
2.2.3 Information on Concentrations of Risk.	<i>Notes to the Financial Statements:</i> Note 67.1.4 – Concentrations of Credit Risk	384 to 388
3. Other Disclosures		
3.1 Capital		
3.1.1 Capital Structure		
(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.	<i>Notes to the Financial Statements:</i> Note 67.5 – Capital Management	403 & 404
(ii) Quantitative Disclosure		
(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 1 capital (b) The total amount of Tier 2 and Tier 3 capital (c) Other deductions from capital (d) Total eligible capital	<i>Notes to the Financial Statements:</i> Note 67.5 – Capital Management	403 & 404
3.1.2 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.	<i>Notes to the Financial Statements:</i> Note 67.5 – Capital Management Refer the Section on 'Managing Risk at Commercial Bank'	403 & 404 112 to 144
(ii) Quantitative Disclosures		
(a) Capital requirements for credit risk, market risk and operational risk (b) Total and Tier 1 capital ratio	Refer the Section on 'Managing Risk at Commercial Bank'	112 to 144