

## Template 14 - Risk Management Related to Key Risk Exposures

### i) Credit Risk

a) Breakdown of exposures subject to credit risk by major types, geographical areas, sectors and residual maturity.

#### (a) (i) Total gross credit risk exposures broken down by major types of credit exposure.

In LKR	31-Mar-23
Money at call and short notice	4,502,034,246
Placements with banks	19,129,513,793
Loans and advances	7,168,523,424
Debt and other instruments	260,000,000
<b>Total on balance sheet items</b>	<b>31,060,071,463</b>
Exposure on Contingencies	42,015,482,765
Exposure on Commitments	5,116,247,785
<b>Total off balance sheet items</b>	<b>47,131,730,550</b>
<b>Total Credit Exposure</b>	<b>78,191,802,013</b>

#### (a) (ii) Geographic distribution of exposures, broken downs in significant areas by types of credit exposures.

In LKR	31-Mar-23						
Geography	Money at call and short notice	Placements with banks	Loans and advances	Debt and other instruments	Exposure on Contingencies	Exposure on Commitments	Total Credit Exposure
Central Province	-	-	68,383,972	-	-	-	68,383,972
Western Province	4,502,034,246	1,500,705,898	7,100,139,452	260,000,000	42,015,482,765	5,116,247,785	60,494,610,146
Outside Sri Lanka	-	17,628,807,895	-	-	-	-	17,628,807,895
<b>Total</b>	<b>4,502,034,246</b>	<b>19,129,513,793</b>	<b>7,168,523,424</b>	<b>260,000,000</b>	<b>42,015,482,765</b>	<b>5,116,247,785</b>	<b>78,191,802,013</b>

(a) (iii) Sector wise distribution of exposures, broken down by major types of credit exposure

Sector	Money at call and short notice	Placements with banks	Loans and advances	Debt and other instruments	Exposure on Contingencies	Exposure on Commitments	Total Credit Exposure
Agriculture, Forestry & Fishing Sector	-	-	1,967,208,077	-	19,166,814	110,331,424	2,096,706,315
Construction & Infrastructure Development	-	-	103,571,314	-	9,588,049,839	-	9,691,621,153
Financial Services	4,502,034,246	19,129,513,793	629,007,991	260,000,000	-	311,388,435	24,831,944,465
Manufacturing	-	-	2,818,230,075	-	17,193,730,334	1,608,673,991	21,620,634,400
Wholesale & Retail Trade	-	-	1,440,605,601	-	9,794,050,475	2,566,364,072	13,801,020,148
Consumption	-	-	209,900,366	-	8,977,150	110,099,502	328,977,018
Other	-	-	-	-	5,411,508,153	409,390,361	5,820,898,514
<b>Grand Total</b>	<b>4,502,034,246</b>	<b>19,129,513,793</b>	<b>7,168,523,424</b>	<b>260,000,000</b>	<b>42,015,482,765</b>	<b>5,116,247,785</b>	<b>78,191,802,013</b>

(a) (iv) Residual contractual maturity breakdown of the credit portfolio, by major types of credit exposure.

Maturity	Money at call and short notice	Placements with banks	Loans and advances	Debt and other instruments	Exposure on Contingencies	Exposure on Commitments	Total Credit Exposure
< 1 Year	4,502,034,246	19,129,513,793	5,920,334,511	260,000,000	37,641,040,479	5,116,247,785	72,569,170,814
1 - 5 Year	-	-	1,104,735,382	-	841,817,232	-	1,946,552,614
> 5 Year	-	-	143,453,531	-	3,532,625,054	-	3,676,078,585
<b>Total</b>	<b>4,502,034,246</b>	<b>19,129,513,793</b>	<b>7,168,523,424</b>	<b>260,000,000</b>	<b>42,015,482,765</b>	<b>5,116,247,785</b>	<b>78,191,802,013</b>

b) **Description of policies, process, methods and key definitions on impairment/classification of exposures subject to credit risk.**

(As per SLFRS9 – adopted for Published Accounts and Audited Financial Statements)

**Impairment of Loans**

Loans and Advances are assessed for impairment under Individual and Collective categories. In order to identify losses an assessment has to make whether objective evidence of impairment exists either on an individual basis or collective basis for a pool of assets.

## **Objective evidence of Impairment**

The bank assesses on for any objective evidence of impairment on financial asset or group of assets on the reporting day. Such asset or group of assets deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of assets.

Indicators that an asset may be impaired includes significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments, renegotiation of the asset due to financial difficulty of the borrower, significant restructuring due to financial difficulty or insolvency proceedings, disappearance of an active market for the asset and many other events elaborated in the impairment manual of SBI, Sri Lanka.

In addition to the loans where there is objective evidence of impairment, Bank classify all loans that are past due three months or over on the reporting date are deemed to be impaired.

## **Criteria for Individual and collective impairment**

The bank reviews its loans and advances at each reporting date for any impairment loss to be recorded in the income statement. Management's judgment is applicable in estimating the amount of impairment loss while considering amount and timing of future cash flows. These estimates shall be based on assumptions on several factors.

Loans and Advances that need to be assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively in groups of assets with similar characteristics to determine requirement of provision on incurred loss events for which objective evidence are available however their such effects are not yet evidenced. In the collective assessment data should be assessed from the loan portfolio, economic data and determination on concentration of risks.

## **Individual assessment**

All loans past due more than 90 days (NPL) excluding cash back loans and exposures with or guaranteed by banks will be individually assessed. In addition if any objective evidence of impairment is found as a result of credit review activities such facilities will be assessed irrespective of the threshold.

## **Calculation of impairment losses**

The impairment loss on a financial asset measured at amortized cost is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. Estimated future cash flows only taken into account credit losses already occurred at the date the impairment loss is calculated.

Impairment assessment is done on quarterly basis. For individual impairment assessment the Bank uses a template to evaluate individual clients. Impairment allowance is calculated as per the method of calculation set out in the impairment manual formulated in line with SLFRS 09. Impairment assessment is done at client level and where the customer has more than one loan cash flow for each impaired loan to be considered separately. In the case of single security is being held for more than one loan, security will be allocated to such facilities. The Cash flow analysis will be carried out in originating currency.

## **Determination of the expected cash recoveries**

The estimate of future cash flow is arrived on recovery by enforcement of security, collateral valuation, recovery from normal business cash flow, through renegotiation or by collateral repossess. Credit department uses actual data in assessing the expected time to recover which depend on the mode of recovery and nature of security. Modes of recovery includes Parate Execution, Recovery action through litigation and Liquidation.

## **Recognition of income on impaired loans (Stage 03 loans)**

SBI SL recognizes the interest income for credit facilities based on Sri Lanka Accounting Standards and interest income on individually impaired loans to be recognized based on the carrying value after deducting impairment allowance at the rate used to discount cash flows for impairment assessment. Once the asset is identified as impaired and impairment provision is made thereafter interest to be recognized on the carrying value after impairment provision so that it recognize the future flows used for impairment assessment at the effective interest rate used for impairment calculation.

## **Collective Assessment**

Loans and advances not identified for individual assessment and individually assessed and unimpaired assets are evaluated on a collective basis for the respective product groups and where products with similar credit risk characteristics are grouped together for the purpose of collective assessment.

Impairment allowance is calculated outstanding capital plus accrued interest on the reporting date X PD X Loss Given Default (LGD). Bank need to group portfolios based on similar characteristics for both PD and LGD calculations. Method for computation of LGD and PD is per the impairment manual.

## Reversing an impairment loss

If the impairment losses were to decrease in a subsequent period, previously recognized impairment losses would be reversed in the income statement, with a corresponding increase in the carrying amount on the underlying asset. The carrying amount of an asset following the reversal of an impairment loss shall not exceed the amortized cost that would have been determined had no impairment loss been recognized.

## Individual Impairment

Individual Impairment on loan losses are made in accordance with the directions issued by Central Bank of Sri Lanka on 14.09.2021, Direction No. 13 of 2021 “Classification, recognition and measurement of Credit facilities”.

## Collective Impairment

In terms of the Direction No. 13 of 2021 above, 1.33% provision of total on balance sheet performing loans and advances has been made for FY ending 31.03.2023.

### c) Breakdown of exposures subject to credit risk (both on and off- balance sheet) in to impaired and non-impaired (as per financial reporting) with related details on collateral/cash flows, impairment allowances, write-offs and net exposure, by type wise and age analysis – wise.

Below table provides analysis of exposures subject to impairment under both financial and regulatory reporting.

31-Mar-23	Gross Outstanding	Impairment	Net Exposure
Money at call & other placements with banks	23,639,370,487	7,822,448	23,631,548,039
Loans and advances	7,282,860,873	114,337,449	7,168,523,424
Debt and other instruments	260,000,000	-	260,000,000
<b>Total on balance sheet items</b>	<b>31,182,231,360</b>	<b>122,159,897</b>	<b>31,060,071,463</b>
Exposure on Contingencies	42,019,526,706	4,043,941	42,015,482,765
Exposure on Commitments	5,134,083,764	17,835,979	5,116,247,785
<b>Total off balance sheet items</b>	<b>47,153,610,470</b>	<b>21,879,920</b>	<b>47,131,730,550</b>
<b>Total Credit Exposure</b>	<b>78,335,841,830</b>	<b>144,039,817</b>	<b>78,191,802,013</b>

d) Breakdown of exposures subject to credit risk (both on and off-balance sheet) in to performing and nonperforming with related details on collateral value, Individual Impairment, write-offs and net exposure, by type-wise and age analysis –wise.

(Please refer combined table under C)

In LKR - As at 31st March 2023							
Non-Performing	Money at call and short notice	Placements with banks	Loans and advances	Debt and other instruments	Exposure on Contingencies	Exposure on Commitments	Total
Gross Exposure	-	-	125,188,569	-	-	-	125,188,569
Less : Individual Impairment	-	-	(19,268,602)	-	-	-	(19,268,602)
Write-Offs	-	-	-	-	-	-	-
Net Exposure	-	-	105,919,967	-	-	-	105,919,967
Net Security Value	-	-	125,188,569	-	-	-	125,188,569

<b>Performing</b>	<b>Money at call and short notice</b>	<b>Placements with banks</b>	<b>Loans and advances</b>	<b>Debt and other instruments</b>	<b>Exposure on Contingencies</b>	<b>Exposure on Commitments</b>	<b>Total</b>
Gross Exposure	4,502,034,246	19,137,336,241	7,157,672,304	260,000,000	42,019,526,706	5,134,083,764	78,210,653,261
Less : Collective Impairment	-	(7,822,448)	(95,068,847)	-	(4,043,941)	(17,835,979)	(124,771,215)
Write-Offs	-	-	-	-	-	-	-
Net Exposure	4,502,034,246	19,129,513,793	7,062,603,457	260,000,000	42,015,482,765	5,116,247,785	78,085,882,046
Net Security Value	-	-	7,157,672,304	-	-	-	7,157,672,304
<b>Net Performing &amp; Non-Performing Exposure</b>	<b>4,502,034,246</b>	<b>19,129,513,793</b>	<b>7,168,523,424</b>	<b>260,000,000</b>	<b>42,015,482,765</b>	<b>5,116,247,785</b>	<b>78,191,802,013</b>

e) The extent of non-performing loans, that are not considered to be impaired and the reasons for this

N/A

ii) Market Risk

a) Interest Rate Risk – Interest rate sensitivity gap analysis for contractual and behavioural maturities - local and major currencies.

Sensitivity of Assets & Liabilities (Local Currency – LKR)

Assets	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
<b>Interest Bearing Assets (RSA)</b>								
Cash and Cash Equivalents	4,502,034,247	-	-	-	-	-	-	4,502,034,247
Balances with Central Bank	5,565,250,416	-	-	-	-	-	-	5,565,250,416
Placements with Banks	1,500,705,898	-	-	-	-	-	-	1,500,705,898
Financial assets at amortised cost - Loans and Receivables to Customers	384,986,755	330,558,519	199,147,705	237,312,019	447,537,325	170,389,817	119,189,039	1,889,121,179
Financial assets at amortised cost - Debt Instruments and Other Instruments	-	-	-	260,000,000	-	-	-	260,000,000
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	530,000	530,000
	<b>11,952,977,316</b>	<b>330,558,519</b>	<b>199,147,705</b>	<b>497,312,019</b>	<b>447,537,325</b>	<b>170,389,817</b>	<b>119,719,039</b>	<b>13,717,641,740</b>
<b>Non Interest Bearing Assets</b>								
Cash and Cash Equivalents	75,232,189	-	-	-	-	-	-	75,232,189
Balances with Central Bank	361,796,113	-	-	-	-	-	-	361,796,113
Financial assets at amortised cost - Loans and Receivables to Customers	203,325	406,650	609,976	813,301	-	-	-	2,033,252
Derivative Financial Instrument	-	-	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-	-
Deffered Tax asset	26,703,821	-	-	-	-	-	-	26,703,821
Other Assets	13,383,733	-	-	-	-	-	21,583,338	34,967,071
Property, Plant and Equipment	-	-	-	-	-	-	581,531,093	581,531,093
	<b>477,319,181</b>	<b>406,650</b>	<b>609,976</b>	<b>813,301</b>	<b>-</b>	<b>-</b>	<b>603,114,431</b>	<b>1,082,263,539</b>
<b>Total Assets</b>	<b>12,430,296,497</b>	<b>330,965,169</b>	<b>199,757,681</b>	<b>498,125,320</b>	<b>447,537,325</b>	<b>170,389,817</b>	<b>722,833,470</b>	<b>14,799,905,279</b>
<b>Interest Bearing Liabilities (RSL)</b>								
Due to Banks	-	-	-	-	-	-	-	-
Due to Other Customers	886,511,748	1,214,397,758	472,310,321	364,463,086	64,734,917	-	-	3,002,417,830
	<b>886,511,748</b>	<b>1,214,397,758</b>	<b>472,310,321</b>	<b>364,463,086</b>	<b>64,734,917</b>	<b>-</b>	<b>-</b>	<b>3,002,417,830</b>
<b>Non Interest Bearing Liabilities</b>								
Due to Banks	18,978,013	-	-	-	-	-	-	18,978,013
Due to Other Customers	2,888,448,847	-	-	-	-	-	-	2,888,448,847
Assigned Capital	-	-	-	-	-	-	1,610,876,145	1,610,876,145
Statutory Reserve Fund	-	-	-	-	-	-	279,520,081	279,520,081
Retained Earnings	-	-	-	-	-	-	5,149,815,260	5,149,815,260
Other Reserves	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Provision for Retiring Gratuity	-	-	-	-	-	-	170,029,258	170,029,258
Other Liabilities	199,432,978	40,742,237	-	-	-	-	24,358,929	264,534,144
Current Tax Liabilities	-	591,630,084	-	-	-	-	-	591,630,084
Other Payable	-	-	-	-	-	-	-	-
	<b>3,106,859,838</b>	<b>632,372,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,234,599,673</b>	<b>10,973,831,832</b>
<b>Total Liabilities</b>	<b>3,993,371,586</b>	<b>1,846,770,079</b>	<b>472,310,321</b>	<b>364,463,086</b>	<b>64,734,917</b>	<b>-</b>	<b>7,234,599,673</b>	<b>13,976,249,662</b>
<b>Gap (Total Assets- Total Liabilities)</b>	<b>8,436,924,911</b>	<b>(1,515,804,910)</b>	<b>(272,552,640)</b>	<b>133,662,234</b>	<b>382,802,408</b>	<b>170,389,817</b>	<b>(6,511,766,203)</b>	<b>823,655,617</b>
<b>Rate Sensitive Gap (RSA - RSL)</b>	<b>11,066,465,568</b>	<b>(883,839,239)</b>	<b>(273,162,616)</b>	<b>132,848,933</b>	<b>382,802,408</b>	<b>170,389,817</b>	<b>119,719,039</b>	<b>10,715,223,910</b>



## Sensitivity of Assets & Liabilities (Foreign Currency (Other than LKR))

FCY IRSM	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
<b>Interest Bearing Assets (RSA)</b>								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Balances with Central Bank	-	-	-	-	-	-	-	-
Placements with Banks	2,555,788,918	5,220,657,723	6,568,131,156	3,284,230,098	-	-	-	17,628,807,895
Financial assets at amortised cost - Loans and Receivables to Customers	2,898,378,327	1,604,318,206	230,702,422	34,542,145	243,429,951	242,098,894	23,899,048	5,277,368,993
Financial assets at amortised cost - Debt Instruments and Other Instruments	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
	<b>5,454,167,245</b>	<b>6,824,975,929</b>	<b>6,798,833,578</b>	<b>3,318,772,243</b>	<b>243,429,951</b>	<b>242,098,894</b>	<b>23,899,048</b>	<b>22,906,176,888</b>
<b>Non Interest Bearing Assets</b>								
Cash and Cash Equivalents	768,097,731	-	-	-	-	-	-	768,097,731
Balances with Central Bank	-	-	-	-	-	-	-	-
Financial assets at amortised cost - Loans and Receivables to Customers	-	-	-	-	-	-	-	-
Derivative Financial Instrument	-	-	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-	-
Deffered Tax asset	-	-	-	-	-	-	-	-
Other Assets	2,587,260	-	-	-	-	-	-	2,587,260
Property, Plant and Equipment	-	-	-	-	-	-	-	-
	<b>770,684,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>770,684,991</b>
<b>Total Assets</b>	<b>6,224,852,236</b>	<b>6,824,975,929</b>	<b>6,798,833,578</b>	<b>3,318,772,243</b>	<b>243,429,951.00</b>	<b>242,098,894.00</b>	<b>23,899,048.00</b>	<b>23,676,861,879</b>
<b>Interest Bearing Liabilities (RSL)</b>								
Due to Banks	-	-	-	-	-	-	-	-
Due to Other Customers	989,376,596	63,411,930	1,109,188,409	2,239,973,368	-	-	-	4,401,950,303
Financial liabilities measured at amortised cost - other borrowings	2,457,831,328	-	-	-	-	-	-	2,457,831,328
	<b>3,447,207,924</b>	<b>63,411,930</b>	<b>1,109,188,409</b>	<b>2,239,973,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,859,781,631</b>
<b>Non Interest Bearing Liabilities</b>								
Due to Banks	980,092,940	-	-	-	-	-	-	980,092,940
Due to Other Customers	4,811,255,724	-	-	-	-	-	-	4,811,255,724
Assigned Capital	-	-	-	-	-	-	831,951,309	831,951,309
Statutory Reserve Fund	-	-	-	-	-	-	272,408,747	272,408,747
Retained Earnings	-	-	-	-	-	-	4,902,967,957	4,902,967,957
Other Reserves	-	-	-	-	-	-	5,644,246,189	5,644,246,189
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Provision for Retiring Gratuity	-	-	-	-	-	-	-	-
Other Liabilities	41,057,293	5,139,855	-	-	-	-	-	46,197,148
Current Tax Liabilities	-	151,615,851	-	-	-	-	-	151,615,851
Other Payable	-	-	-	-	-	-	-	-
	<b>5,832,405,957</b>	<b>156,755,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,651,574,202</b>	<b>17,640,735,865</b>
<b>Total Liabilities</b>	<b>9,279,613,881</b>	<b>220,167,636</b>	<b>1,109,188,409</b>	<b>2,239,973,368</b>	<b>-</b>	<b>-</b>	<b>11,651,574,202</b>	<b>24,500,517,496</b>
<b>Gap (Total Assets- Total Liabilities)</b>	<b>(3,054,761,645)</b>	<b>6,604,808,293</b>	<b>5,689,645,169</b>	<b>1,078,798,875</b>	<b>243,429,951</b>	<b>242,098,894</b>	<b>(11,627,675,154)</b>	<b>(823,655,617)</b>
<b>Rate Sensitive Gap (RSA - RSL)</b>	<b>2,006,959,321</b>	<b>6,761,563,999</b>	<b>5,689,645,169</b>	<b>1,078,798,875</b>	<b>243,429,951</b>	<b>242,098,894</b>	<b>23,899,048</b>	<b>16,046,395,257</b>

Off Balance Sheet Items								
LKR	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Guarantees	7,158,460	148,180,374	37,784,097	2,422,956,278	32,944,145	-	-	2,649,023,354
Letter of Credit	-	-	-	-	-	-	-	-
Bills for collection	-	-	-	-	-	-	-	-
Forward & spot contracts	-	-	-	-	-	-	-	-
Exchange and swaps contracts	-	-	-	-	-	-	-	-
Advances under collection	-	-	-	-	-	-	137,009,865	137,009,865
Acceptances	-	-	-	-	-	-	-	-
Undrawn commitments	1,862,238,749	1,241,492,499	-	-	-	-	-	3,103,731,248
<b>Total Off - Balance Sheet (LKR)</b>	<b>1,869,397,209</b>	<b>1,389,672,873</b>	<b>37,784,097</b>	<b>2,422,956,278</b>	<b>32,944,145</b>	<b>-</b>	<b>137,009,865</b>	<b>5,889,764,467</b>
Foreign Currency	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Guarantees	1,317,226,022	1,105,646,859	753,786,185	14,648,409,231	766,265,604	42,607,484	-	18,633,941,385
Letter of Credit	3,048,515,766	7,078,691,698	-	-	-	-	-	10,127,207,464
Bills for collection	5,689,960,914	412,271,395	15,439,661	-	-	-	-	6,117,671,970
Forward & spot contracts	-	-	-	-	-	-	-	-
Exchange and swaps contracts	-	-	-	-	-	-	-	-
Advances under collection	-	-	-	-	-	-	3,395,615,189	3,395,615,189
Acceptances	274,236,899	383,115,786	297,660,852	-	-	-	-	955,013,537
Undrawn commitments	1,207,509,923	805,006,615	-	-	-	-	-	2,012,516,538
<b>Total Off - Balance Sheet (FCY)</b>	<b>11,537,449,524</b>	<b>9,784,732,353</b>	<b>1,066,886,698</b>	<b>14,648,409,231</b>	<b>766,265,604</b>	<b>42,607,484</b>	<b>3,395,615,189</b>	<b>41,241,966,083</b>

b) **Equity Position Risk** – Type, carrying value, fair value, realised gains/ (losses) and unrealised gains (losses) for the reporting period and mounts included in capital adequacy calculation.

Equity	Carrying Value	Fair Value	Realized gain/losses	Unrealised gains/losses	Capital Adequacy Calculation
Investment Portfolio	530,000.00	530,000.00	-	-	RWA LKR.0.53 Mn

**C) Foreign Exchange Risk** – Foreign currency denominated assets and liabilities (both on and off- balance sheet) broken down by maturity bands, illustrating currency – wise maturity gaps, cumulative maturity gaps and net open position.

Foreign Exchange Position  
As at end of: 31<sup>st</sup> March, 2023

<b>Forex Position</b>	<b>In LKR</b>	
<b>Currency</b>	<b>Net overall Long</b>	<b>Net overall Short</b>
<b>US Dollar</b>	305,799,963	
<b>ACU Dollar</b>		-248168.69
<b>Pound Sterling</b>	13,320,257	
<b>Euro</b>	11,686,084	
<b>Australian Dollar</b>		
<b>Canadian Dollar</b>	2,391,297	
<b>Indian Rupee</b>	49,401,947	
<b>Japanese Yen</b>		-236,615
<b>SGD</b>	401,253	
<b>Subtotal</b>	383,000,801	-484,784
<b>Other Currencies</b>		
<b>Grand Total</b>	383,000,801	-484,784
<b>Higher of Long or Short</b>		<b>383,000,801</b>
<b>Total Exposure</b>		<b>383,000,801</b>
<b>Total Capital Funds as per the latest Audited Financial Statements</b>		<b>14,022,360,050</b>
<b>Total Exposure as % of Total Capital Funds as per the latest Audited Financial Statements</b>		<b>2.73%</b>

For foreign Currency denominated gap analysis, please refer Foreign Currency (Other than LKR) table under Interest rate risk

### iii) Liquidity Risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs.

#### a) Trend in key liquidity ratios including, SLAR, LCR, net loans to total assets, loans to customer deposits, liquid assets to short term liabilities, commitments to liquid assets.

Ratios	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
SLAR DBU	114.89%	78.41%	67.25%	60.68%	76.11%
SLAR FCBU	103.93%	124.60%	94.72%	59.03%	79.27%
LCR (LKR)	2,058.61%	2,259.33%	3,396.98%	3,099.69%	3,769.06%
LCR (All Currency)	313%	1,040.25%	557.04%	573.80%	438.05%
Net Loans to Total assets	40.78%	43.57%	48.81%	24.30%	18.63%
Loans to customer deposits	104.29%	97.53%	103.10%	54.13%	47.46%
Commitments to Liquid Assets	73.74%	55.13%	71.40%	112.69%	108.70%
Liquid Assets to Short Term Liabilities	129.95%	203.12%	198.09%	255.27%	276.96%

#### b) Currency- wise (local and major currencies) maturity gaps of assets and liabilities (to cover both on and off-balance sheet assets and liabilities)

**Maturities of Assets & Liabilities – MAL (Local Currency – LKR) –As at 31<sup>st</sup> March 2023**

LKR

Assets	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Cash and Cash Equivalents	4,577,266,436	-	-	-	-	-	-	4,577,266,436
Balances with Central Bank	5,927,046,529	-	-	-	-	-	-	5,927,046,529
Placements with Banks	1,500,705,898	-	-	-	-	-	-	1,500,705,898
Financial assets at amortised cost - Loans and Receivables to Customers	385,190,080	330,965,169	199,757,681	238,125,320	447,537,325	170,389,817	119,189,039	1,891,154,431
Financial assets at amortised cost - Debt Instruments and Other Instruments	-	-	-	260,000,000	-	-	-	260,000,000
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	530,000	530,000
Derivative Financial Instrument	-	-	-	-	-	-	-	-
Financial Investments - Available For Sale	-	-	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-	-
Deferred Tax asset	26,703,821	-	-	-	-	-	-	26,703,821
Other Assets	13,383,733	-	-	-	-	-	21,583,338	34,967,071
Property, Plant and Equipment	-	-	-	-	-	-	581,531,093	581,531,093
<b>Total Assets</b>	<b>12,430,296,497</b>	<b>330,965,169</b>	<b>199,757,681</b>	<b>498,125,320</b>	<b>447,537,325</b>	<b>170,389,817</b>	<b>722,833,470</b>	<b>14,799,905,279</b>
Liabilities	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Due to Banks	18,978,013	-	-	-	-	-	-	18,978,013
Due to Other Customers	3,774,960,595	1,214,397,758	472,310,321	364,463,086	64,734,917	-	-	5,890,866,677
Financial liabilities measured at amortised cost - other borrowings	-	-	-	-	-	-	-	-
Assigned Capital	-	-	-	-	-	-	1,610,876,145	1,610,876,145
Statutory Reserve Fund	-	-	-	-	-	-	279,520,081	279,520,081
Retained Earnings	-	-	-	-	-	-	5,149,815,260	5,149,815,260
Other Reserves	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Provision for Retiring Gratuity	-	-	-	-	-	-	170,029,258	170,029,258
Other Liabilities	199,432,978	40,742,237	-	-	-	-	24,358,929	264,534,144
Current Tax Liabilities	-	591,630,084	-	-	-	-	-	591,630,084
Other Payable	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,993,371,586</b>	<b>1,846,770,079</b>	<b>472,310,321</b>	<b>364,463,086</b>	<b>64,734,917</b>	<b>-</b>	<b>7,234,599,673</b>	<b>13,976,249,662</b>
<b>Net Liquidity Gap</b>	<b>8,436,924,911</b>	<b>(1,515,804,910)</b>	<b>(272,552,640)</b>	<b>133,662,234</b>	<b>382,802,408</b>	<b>170,389,817</b>	<b>(6,511,766,203)</b>	<b>823,655,617</b>
<b>Cumulative Gap</b>	<b>8,436,924,911</b>	<b>6,921,120,001</b>	<b>6,648,567,361</b>	<b>6,782,229,595</b>	<b>7,165,032,003</b>	<b>7,335,421,820</b>	<b>823,655,617</b>	
<b>Cumulative Liabilities</b>	<b>3,993,371,586</b>	<b>5,840,141,665</b>	<b>6,312,451,986</b>	<b>6,676,915,072</b>	<b>6,741,649,989</b>	<b>6,741,649,989</b>	<b>13,976,249,662</b>	
<b>Net Gap as % of Total Outflows</b>	<b>211.27</b>	<b>118.51</b>	<b>105.32</b>	<b>101.58</b>	<b>106.28</b>	<b>108.81</b>	<b>5.89</b>	

## Maturities of Assets & Liabilities – (Foreign Currency (Other than LKR) –As at 31st March 2023

Assets	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Cash and Cash Equivalents	768,097,731	-	-	-	-	-	-	768,097,731
Balances with Central Bank	-	-	-	-	-	-	-	-
Placements with Banks	2,555,788,918	5,220,657,723	6,568,131,156	3,284,230,098	-	-	-	17,628,807,895
Financial assets at amortised cost - Loans and Receivables to Customers	2,898,378,328	1,604,318,206	230,702,422	34,542,145	243,429,951	242,098,894	23,899,047	5,277,368,993
Financial assets at amortised cost - Debt Instruments and Other Instruments	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Derivative Financial Instrument	-	-	-	-	-	-	-	-
Financial Investments - Available For Sale	-	-	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-	-
Deferred Tax asset	-	-	-	-	-	-	-	-
Other Assets	2,587,260	-	-	-	-	-	-	2,587,260
Property, Plant and Equipment	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>6,224,852,237</b>	<b>6,824,975,929</b>	<b>6,798,833,578</b>	<b>3,318,772,243</b>	<b>243,429,951</b>	<b>242,098,894</b>	<b>23,899,047</b>	<b>23,676,861,879</b>
Liabilities	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Due to Banks	980,092,940	-	-	-	-	-	-	980,092,940
Due to Other Customers	5,800,632,320	63,411,930	1,109,188,409	2,239,973,368	-	-	-	9,213,206,027
Financial liabilities measured at amortised cost - other borrowings	2,457,831,328	-	-	-	-	-	-	2,457,831,328
Assigned Capital	-	-	-	-	-	-	831,951,309	831,951,309
Statutory Reserve Fund	-	-	-	-	-	-	272,408,747	272,408,747
Retained Earnings	-	-	-	-	-	-	4,902,967,957	4,902,967,957
Other Reserves	-	-	-	-	-	-	5,644,246,189	5,644,246,189
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Provision for Retiring Gratuity	-	-	-	-	-	-	-	-
Other Liabilities	41,057,293	5,139,855	-	-	-	-	-	46,197,148
Current Tax Liabilities	-	151,615,851	-	-	-	-	-	151,615,851
Other Payable	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>9,279,613,881</b>	<b>220,167,636</b>	<b>1,109,188,409</b>	<b>2,239,973,368</b>	<b>-</b>	<b>-</b>	<b>11,651,574,202</b>	<b>24,500,517,496</b>
<b>Net Liquidity Gap</b>	<b>(3,054,761,644)</b>	<b>6,604,808,293</b>	<b>5,689,645,169</b>	<b>1,078,798,875</b>	<b>243,429,951</b>	<b>242,098,894</b>	<b>(11,627,675,155)</b>	<b>(823,655,617)</b>
<b>Cumulative Gap</b>	<b>(3,054,761,644)</b>	<b>3,550,046,649</b>	<b>9,239,691,818</b>	<b>10,318,490,693</b>	<b>10,561,920,644</b>	<b>10,804,019,538</b>	<b>(823,655,617)</b>	<b>(823,655,617)</b>
<b>Cumulative Liabilities</b>	<b>9,279,613,881</b>	<b>9,499,781,517</b>	<b>10,608,969,926</b>	<b>12,848,943,294</b>	<b>12,848,943,294</b>	<b>12,848,943,294</b>	<b>24,500,517,496</b>	<b>24,500,517,496</b>
<b>Net Gap as % of Total Outflows</b>	<b>-32.92</b>	<b>37.37</b>	<b>87.09</b>	<b>80.31</b>	<b>82.20</b>	<b>84.08</b>	<b>-3.36</b>	<b>-3.36</b>

**Off Balance Sheet Items**

LKR	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Guarantees	7,158,460	148,180,374	37,784,097	2,422,956,278	32,944,145	-	-	2,649,023,354
Letter of Credit	-	-	-	-	-	-	-	-
Bills for collection	-	-	-	-	-	-	-	-
Forward & spot contracts	-	-	-	-	-	-	-	-
Exchange and swaps contracts	-	-	-	-	-	-	-	-
Advances under collection	-	-	-	-	-	-	137,009,865	137,009,865
Acceptances	-	-	-	-	-	-	-	-
Undrawn commitments	1,862,238,749	1,241,492,499	-	-	-	-	-	3,103,731,248
<b>Total Off - Balance Sheet (LKR)</b>	<b>1,869,397,209</b>	<b>1,389,672,873</b>	<b>37,784,097</b>	<b>2,422,956,278</b>	<b>32,944,145</b>	<b>-</b>	<b>137,009,865</b>	<b>5,889,764,467</b>

Foreign Currency	Upto 1 month	1 to 3 months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Guarantees	1,317,226,022	1,105,646,859	753,786,185	14,648,409,231	766,265,604	42,607,484	-	18,633,941,385
Letter of Credit	3,048,515,766	7,078,691,698	-	-	-	-	-	10,127,207,464
Bills for collection	5,689,960,914	412,271,395	15,439,661	-	-	-	-	6,117,671,970
Forward & spot contracts	-	-	-	-	-	-	-	-
Exchange and swaps contracts	-	-	-	-	-	-	-	-
Advances under collection	-	-	-	-	-	-	3,395,615,189	3,395,615,189
Acceptances	274,236,899	383,115,786	297,660,852	-	-	-	-	955,013,537
Undrawn commitments	1,207,509,923	805,006,615	-	-	-	-	-	2,012,516,538
<b>Total Off - Balance Sheet (FCY)</b>	<b>11,537,449,524</b>	<b>9,784,732,353</b>	<b>1,066,886,698</b>	<b>14,648,409,231</b>	<b>766,265,604</b>	<b>42,607,484</b>	<b>3,395,615,189</b>	<b>41,241,966,083</b>

**c) Measurement tools/metrics that assess the structure of balance sheet, as well as metrics that project cash flows and future liquidity positions, taking into account off-balance sheet risks which specific to the bank.**

For liquidity management, SBI SL currently follows a combination of the stock approach and the flow approach. Under the Stock Approach, certain standard ratios are computed and prudential limits are set for standard ratios. In addition to the key ratios monitored under stock approach, bank monitors liquidity risk in bank's balance sheet via prudential liquidity ratios defined by Central Bank of Sri Lanka i.e. Statutory Liquid Asset Ratio (SLAR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) etc.

Under the Flow approach, Bank conducts gap analysis in two methods viz. behavioral and actual. In the actual method, SBI SL considers contractual residual maturity of assets and liabilities. Under 'behavioral analysis, 'assets, liabilities and off balance sheet items are categorized according to the behavioral study. The maturity gap limits are calculated and monitored against both negative and positive gap limits. Levels of compliance to these limits are monitored regularly.

The Bank also conducts stress tests to gauge the impact under different intensities of liquidity stress. Liquidity Risk is monitored by ALCO. SBI Sri Lanka has also formulated a Contingency Funding Plan (CFP) as part of the ALM Policy to meet the gap between asset and liability under stressed scenarios. SBI SL has formulated a Recovery Plan (RCP) containing a broad range of recovery options that SBI SL can deploy to mitigate a severe stress scenario in a timely and effective manner.

**d) Key metrics that management monitors liquidity, including, but not limited to, concentration limits and sources of funding (both products and counterparties), liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.**

Several tools and metrics are used to measure and manage liquidity and funding risk at SBI SL. Various limits have been defined to monitor short term (up to 6 months) liquidity and negative gap limits have been defined bucket wise. Also, positive gaps in each maturity bucket of the balance sheet are monitored against Positive gap limits. In addition to the above, minimum fund management ratios have been defined for medium to long term. All the ratios above are monitored regularly. Also, regulatory limits such as SLAR, LCR & NSFR are maintained within the prudential limits all time. Also, SBI SL obtains funding lines mainly from Central Treasuries of SBI in Hong Kong against predefined limits. The Bank also conducts stress tests to gauge the impact under different intensities of liquidity stress on quarterly basis.

Also, a Contingency Funding Plan (CFP) and Recovery Plan (RCP) is in place to withstand in case of a contingency.

**iv) Operational Risk**

**a) Major operational viz. system or human, failures and financial losses incurred by the banks due to such failures during the reporting period.**

There have been no operational viz. system or human, failures and financial losses incurred by the bank due to such failures during the reporting period.

**b) Details of activities that have been outsourced together with parties and basis for payment for such services.**

SBI SL has outsourced several activities, functions and processes to vendors in connection with the execution of banking transactions, financial services or other typical activity such as internal audit, cash transportation, payroll management, employee leave management, Printing of Cheque Books, software maintenance & hardware maintenance etc. Maintenance of Core Banking Application are handled by Global IT Centre, SBI India. With respect to activities outsourced locally, a few non-core activities have been outsourced to third party vendors and such activities are performed within the SBI SL branch premises and main office in Colombo under the supervision of SBI SL staff excluding the cash transport, cheque book printing and payroll which are handled outside. With reference to locally performed activities by third parties, payments are made on the basis of duties performed according to the agreed rates by the bank and the vendors. Payments are based on the scope of the work delivered.

**c) Details of due diligence tests of third party service providers.**

Risk inherent to outsourcing processes are evaluated during the selection process. The process of selection of service provider is evaluated taking into consideration various key risks like Strategic risk, Reputation risk, Operational risk, Compliance risk, Legal risk, Counter party risk, Country risk, Contractual risk, Access risk, Concentration and systemic risk. Risk evaluation is performed prior to entering into an outsourcing agreement and reviewed periodically (annually) in the light of known and expected changes, as part of the strategic planning or review processes. Also, bank assesses the degree of 'materiality' inherent in the outsourced functions periodically by an independent unit, and Bank has standardized a unified Risk Assessment template used for materiality assessment for outsourced activities.



#### **v) Interest Rate risk in the Banking Book (IRRBB)**

Interest Rate Risk (IRR) arises due to the difference in re-pricing of Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL), which will have an impact on the future income and expenses and its economic value.

SBI SL manages the above risk using following tools / methodologies.

- Maturity Gap Analysis, where the interest sensitive assets (RSA) and liabilities (RSL) are categorized under different time buckets and the impact on Net Interest Income for a determined change in rate movement is assessed in the short term, i.e. up to one year.
- Bank has adopted the Modified Duration Gap approach for analyzing the changes in Economic Value of Equity, which requires the mapping of assets and liabilities into different time buckets based on their Maturity.

The Bank's tolerance limits, in respect of gaps for re-pricing maturity time buckets are not breached during the year under review. As per the modified duration calculations, drop in economic value of equity for a 200 basis point change in interest rate are within the prudential tolerance limits.

Periodical stress testing are performed to assess the impact on sudden rate movements on the portfolio.

ALCO has been delegated with powers to decide the interest rate on deposits and benchmark lending rate or base rate on advances. ALCO has also been delegated with powers to set various risk parameters to manage the interest rate risk like prudential limit for rate sensitive gaps, earnings at risk limits, and duration of investment portfolio etc.