



BASEL III - PILLAR III DISCLOSURES

30 SEPTEMBER 2020

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 Sept 2020	As at 30 June 2020	As at 30 Sept 2020	As at 30 June 2020
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	38,222,212	36,840,641	41,320,601	40,940,782
Tier 1 Capital	38,222,212	36,840,641	41,320,601	40,940,782
Total Capital	59,016,803	51,229,586	61,819,534	55,042,986
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement -6.5%)</i>	9.21	9.30	9.77	10.09
Tier 1 Capital Ratio <i>(Minimum Requirement - 8%)</i>	9.21	9.30	9.77	10.09
Total Capital Ratio <i>(Minimum Requirement - 12%)</i>	14.21	12.94	14.62	13.57
Leverage Ratio <i>(Minimum Requirement - 3%)</i>	5.85	6.03	6.27	6.63
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	154,775,009	126,896,630	NA	NA
Statutory Liquid Assets Ratio <i>(Minimum Requirement -20%)</i>				
Domestic Banking Unit (%)	29.25	23.98	NA	NA
Off-Shore Banking Unit (%)	25.01	23.11	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	102,209,823	80,395,356	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	118,172,378	93,335,815	NA	NA
Liquidity Coverage Ratio (%) – Rupee <i>(Minimum Requirement -90%)</i>	138.83	135.79	NA	NA
Liquidity Coverage Ratio (%) – All Currency <i>(Minimum Requirement - 90%)</i>	139.16	121.45	NA	NA
Net Stable Funding Ratio (%) – <i>(Minimum Requirement - 90%)</i>	108.60	107.16	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 Sept 2020	As at 30 June 2020	As at 30 Sept 2020	As at 30 June 2020
Common Equity Tier 1 (CET1) Capital after Adjustments	38,222,212	36,840,641	41,320,601	40,940,782
Common Equity Tier 1 (CET1) Capital	42,632,183	41,162,734	45,583,312	44,108,290
Equity Capital (Stated Capital)/Assigned Capital	8,794,333	8,794,333	8,794,333	8,794,333
Reserve Fund	1,896,479	1,896,479	1,896,479	1,896,479
Published Retained Earnings/(Accumulated Retained Losses)	22,506,253	22,506,253	25,882,516	25,882,516
Published Accumulated Other Comprehensive Income (OCI)	(847,536)	(809,858)	(664,705)	(634,859)
General and other Disclosed Reserves	5,805,707	5,805,707	5,805,707	5,805,707
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	4,476,947	2,969,819	3,868,982	2,364,115
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to CET1 Capital	4,409,971	4,322,093	4,262,711	3,167,509
Goodwill (net)	-	-	-	-
Intangible Assets (net)	884,974	720,938	898,202	723,095
Deferred tax assets (net)	1,479,009	719,795	1,484,769	725,555
Defined benefit pension fund assets	184,841	184,841	184,841	184,841
Shortfall of the cumulative impairment to specific provisions	684,921	485,659	684,921	485,659
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	657,202	688,848	1,009,979	1,048,359
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	519,025	1,522,012	-	-
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	-	-	-	-
Tier 2 Capital after Adjustments	20,794,592	14,388,946	20,498,933	14,102,204
Tier 2 Capital	20,794,592	14,388,946	20,794,592	14,388,946
Qualifying Tier 2 Capital Instruments	16,347,957	10,307,916	16,347,957	10,307,916
Revaluation Gains	542,092	542,092	542,092	542,092
Loan Loss Provisions	3,904,544	3,538,939	3,904,544	3,538,939
Total Adjustments to Tier 2	-	-	295,658	286,742
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	-	-	295,658	286,742
CET1 Capital	38,222,212	36,840,641	41,320,601	40,940,782
Total Tier 1 Capital	38,222,212	36,840,641	41,320,601	40,940,782
Total Capital	59,016,803	51,229,586	61,819,534	55,042,986
Total Risk Weighted Assets (RWA)	415,227,343	395,955,830	422,965,175	405,559,786
RWAs for Credit Risk	378,794,315	364,995,224	380,179,806	367,616,215
RWAs for Market Risk	9,927,528	5,405,234	15,059,635	10,440,948
RWAs for Operational Risk	26,505,500	25,555,372	27,725,734	27,502,623
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	9.21	9.30	9.77	10.09
of which: Capital Conservation Buffer (%)	2.00	2.00	2.00	2.00
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	9.21	9.30	9.77	10.09
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.21	12.94	14.62	13.57
of which: Capital Conservation Buffer (%)	2.00	2.00	2.00	2.00
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-

Template 3
Computation of Leverage Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 Sept 2020	As at 30 June 2020	As at 30 Sept 2020	As at 30 June 2020
Tier 1 Capital	38,222,212	36,840,641	41,320,601	40,940,782
Total Exposures	653,277,241	611,309,856	658,794,584	617,912,586
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	598,548,534	561,964,859	603,840,675	568,219,750
Derivative Exposures	3,601,971	3,143,666	3,601,971	3,143,666
Securities Financing Transactions Exposures	2,995,000	906,250	2,995,000	906,250
Other Off-Balance Sheet Exposures	48,131,736	45,295,081	48,356,938	45,642,921
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	5.85%	6.03%	6.27%	6.63%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 Sept 2020	As at 30 June 2020
Total Available Stable Funding	385,225,736	363,796,537
Required Stable Funding - On Balance Sheet Assets	351,618,413	337,188,005
Required Stable Funding - Off Balance Sheet Items	3,096,456	2,293,470
Total Required Stable Funding	354,714,869	339,481,475
Net Stable Funding Ratio (%)	108.60%	107.16%

Template 4
Basel III Computation of Liquidity Coverage Ratio -All Currency

	BANK			
	Amount (LKR'000)			
	As at 30 Sept 2020		As at 30 June 2020	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	120,973,644	118,172,379	95,598,633	93,335,816
Total Adjusted Level 1A Assets	102,160,332	102,160,332	81,336,569	81,336,569
Level 1 Assets	102,298,544	102,298,544	80,513,183	80,513,183
Total Adjusted Level 2A Assets	18,675,099	15,873,834	15,085,450	12,822,632
Level 2A Assets	18,675,099	15,873,834	15,085,450	12,822,632
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	594,561,554	130,542,011	553,805,884	115,247,627
Deposits	262,418,390	19,016,091	247,240,221	18,120,186
Unsecured Wholesale Funding	208,704,321	106,371,500	184,883,708	94,179,528
Secured Funding Transactions	892,356	-	8,437,452	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	122,332,137	4,940,069	113,026,604	2,730,014
Additional Requirements	214,351	214,351	217,899	217,899
Total Cash Inflows	83,972,294	45,624,879	71,315,824	38,397,424
Maturing Secured Lending Transactions Backed by Collateral	40,145,861	25,366,272	29,354,147	16,900,472
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	36,732,476	20,044,256	38,248,854	21,279,054
Operational Deposits	6,879,606	-	3,494,924	-
Other Cash Inflows	214,351	214,351	217,899	217,899
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		139.16%		121.45%

Template 5
Main Features of Regulatory Capital Instruments

BANK AND GROUP	CET 1 Capital		Tier 2 Instruments	
	Description of the Capital Instrument	Ordinary Shares	Debenture Issue - December 2013	Debenture Issue - March 2019
Issuer	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	NDB. N0000 ISIN -LK0207N00007	Type C - LK0207D21038 Type D - LK0207D21053	Type A - LK0207D24198 Type B - LK0207D24206	ISIN - LK0207D24529
Governing Law(s) of the Instrument	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act
Original Date of Issuance	Date listed 26-Apr-1993	19-Dec-2013	31-Mar-2019	25-Sep-2020
Par Value of Instrument	NA	LKR 100/-	LKR 100/-	LKR 100/-
Perpetual or Dated	Perpetual	Dated	Dated	Dated
Original Maturity Date, if Applicable	NA	Type C - 19 Dec 2023 Type D - 19 Dec 2025	Type A - 30 Mar 2024 Type B - 30 Mar 2024	24-Sep-2025
Amount Recognised in Regulatory Capital (in LKR '000 as at 30 September 2020)	8,794,333	5,955,117	3,892,840	6,500,000
Accounting Classification (Equity/Liability)	Equity	Liability	Liability	Liability
Issuer Call subject to Prior Supervisory Approval				
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	NA	NA	NA	NA
Subsequent Call Dates, if Applicable	NA	NA	NA	NA
Coupons/Dividends				
Fixed or Floating Dividend/Coupon	Dividend declared as decided by the Board	Fixed coupon	Fixed coupon	Fixed coupon
Coupon Rate and any Related Index	NA	Type C - 13.9% p.a Type D - 14.0% p.a	Type A - 13.50% p.a Type B - 13.95% p.a	9.5% p.a
Non-Cumulative or Cumulative	NA	Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non-Convertible	NA	Non-Convertible	Convertible	Convertible
If Convertible, Conversion Trigger (s)	NA	NA	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016
If Convertible, Fully or Partially	NA	NA	Fully	Fully
If Convertible, Mandatory or Optional	NA	NA	Mandatory	Mandatory
If Convertible, Conversion Rate	NA	NA	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.

Credit Risk under Standardised Approach
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	BANK					
	Amount (LKR'000) as at 30 Sept 2020					
	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 Central Bank of Sri Lanka	111,904,330	5,000,400	111,904,330	3,610,100	7,306,726	6.33%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	16,966,992	6,909,065	-	-	-	0.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	13,631,773	95,817,658	13,631,773	10,606,164	11,060,101	45.63%
Claims on Financial Institutions	47,152,594	18,207,049	46,856,647	643,726	26,605,565	56.01%
Claims on Corporates	172,837,198	159,590,129	149,155,546	27,204,402	173,689,075	98.49%
Retail Claims	156,937,110	27,309,201	147,670,684	8,930,984	121,690,232	77.71%
Claims Secured by Residential Property	18,731,754	948,271	18,731,754	377,414	10,348,381	54.15%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	17,181,917	-	17,181,917	-	19,493,660	113.45%
Higher-risk Categories	387,412	-	387,412	-	968,531	250.00%
Cash Items and Other Assets	11,456,436	-	11,456,437	-	7,632,044	66.62%
Total	567,187,517	313,781,771	516,976,501	51,372,791	378,794,315	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 Sept 2020					
	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 Central Bank of Sri Lanka	111,904,330	5,000,400	111,904,330	3,610,100	7,306,726	6.33%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	16,966,992	6,909,065	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	13,943,050	95,817,658	13,943,050	10,606,164	11,132,611	45.35%
Claims on Financial Institutions	48,762,346	18,207,049	46,856,647	643,726	26,605,565	56.01%
Claims on Corporates	171,040,664	159,311,281	148,968,764	27,158,451	173,456,342	98.48%
Retail Claims	156,937,110	27,309,201	147,670,684	8,930,984	121,690,232	77.71%
Claims Secured by Residential Property	18,731,754	948,271	18,731,754	377,414	10,348,381	54.15%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	17,181,917	-	17,181,917	-	19,493,660	113.45%
Higher-risk Categories	-	271,153	-	271,153	406,729	150.00%
Cash Items and Other Assets	13,564,080	-	13,564,080	-	9,739,559	71.80%
Total	569,032,243	313,774,077	518,821,226	51,597,993	380,179,806	

- Note:**
- (i) NPAs – 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.

Template 9

Market Risk under Standardised Measurement Method

	As at 30 Sept 2020	
	BANK	GROUP
(a) RWA for Interest Rate Risk	1,137,864	1,168,368
General Interest Rate Risk	1,137,864	1,137,701
(i) Net Long or Short Position	1,137,864	1,137,701
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	30,667
(b) RWA for Equity	-	611,009
(i) General Equity Risk	-	308,098
(ii) Specific Equity Risk	-	302,912
(c) RWA for Foreign Exchange & Gold	103,077	103,077
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	9,927,528	15,059,635

Template 10
Operational Risk under Basic Indicator Approach

As at 30 Sept 2020	BANK				
Business Lines	Gross Income (LKR'000)				
	Capital Charge Factor	Fixed Factor	1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		19,280,978	22,860,359	24,122,413
The Standardised Approach					
Corporate Finance	18%				
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%				
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	3,313,187				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	26,505,500				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 Sept 2020	GROUP				
Business Lines	Gross Income (LKR'000)				
	Capital Charge Factor	Fixed Factor	1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		20,241,881	24,055,527	25,016,926
The Standardised Approach					
Corporate Finance	18%				
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%				
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	3,465,717				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	27,725,734				
The Standardised Approach					
The Alternative Standardised Approach					

Template 11
Differences between Accounting and Regulatory Scopes and
Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

As at 30 Sept 2020	Amount (LKR '000)				
	a	b	c	d	e
	Carrying Values as reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	600,140,823	605,279,588	516,976,500	35,639,324	52,663,764
Cash and cash equivalents	10,658,774	10,737,033	10,737,033	-	-
Balances with Central Banks of Sri Lanka	6,680,220	6,680,220	6,680,220	-	-
Placements with banks	3,296,401	3,296,400	3,296,400	-	-
Derivative financial instruments	901,490	-			
Financial assets recognized through profit or loss measured at fair value	4,418,811				
Financial assets - Held for trading	-	94,606,861	58,310,335	35,639,324	657,202
Financial assets at amortised cost -loans and receivables to other customers	425,828,642	431,461,128	382,522,415	-	48,938,713
Financial assets at amortised cost - debt and other instruments	44,808,698				
Financial investments - Loans and receivables	-				
Financial investments - Held to maturity	-	44,895,153	44,895,153	-	-
Financial assets measured at fair value through other comprehensive income	91,445,534	-			
Financial investments - Available-for-sale	-	-			
Investments -Held-for-sale	-	-			
Investments in subsidiary companies	1,134,587	1,134,587	615,562	-	519,025
Investments in associate companies	-	-			
Investment property	-	-			
Intangible assets	884,974	884,974			884,974
Property, plant and equipment	3,028,369	3,028,369	3,028,369		
Right to Used Assets	1,040,440	-			
Deferred tax Assets	1,479,009	1,479,009	-		1,479,009
Other assets	4,534,873	7,075,854	6,891,013		184,841
Liabilities	556,412,978	556,709,424			
Due to banks	27,389,543	-			
Derivative financial instruments	924,821	-			
Financial liabilities at amortised cost -due to depositors	464,308,212	454,497,475			
Financial Liabilities at amortised cost - due to debt securities holders	1,261,369	1,246,862			
Financial Liabilities at amortised cost - due to other borrowers	31,142,309	57,513,469			
Debt securities issued	20,297,805	19,262,377			
Current tax liabilities	2,587,377	2,609,377			
Right of used assets	-	-			
Deferred tax liabilities	-	-			
Employee benefit obligations	600,752	-			
Other liabilities	7,900,790	21,579,864			
Off-Balance Sheet Liabilities	330,274,858	269,136,165	313,578,118		
Guarantees	44,990,831	44,990,831	38,133,813		147,305
Performance Bonds	17,609,649	17,609,649	17,584,485		25,164
Letters of Credit	12,485,376	12,485,376	12,454,192		31,184
Other Contingent Items	12,261,829	12,261,829	12,261,829		-
Undrawn Commitments	113,495,696	113,495,696	113,495,696		-
Other Commitments	129,431,476	68,292,783	119,648,102		-
Shareholders' Equity					
Equity capital (Stated capital)/Assigned capital	8,794,333	8,794,333			
of which Amount eligible for CET1	8,794,333	8,794,333			
of which Amount eligible for AT1	-	-			
Retained earnings	26,554,305	30,795,819			
Accumulated Other comprehensive income	677,021	-			
Other reserves	7,702,186	8,980,010			
Total Shareholders' Equity	43,727,845	48,570,162			