

BASEL III - PILLAR III DISCLOSURES

30 JUNE 2021

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 June 2021	As at 31 Mar 2021	As at 30 June 2021	As at 31 Mar 2021
Regulatory Capital (LKR '000)				
Common Equity Tier 1	47,970,480	38,785,758	50,742,778	41,646,739
Tier 1 Capital	47,970,480	38,785,758	50,742,778	41,646,739
Total Capital	67,757,036	59,207,957	70,424,628	61,956,006
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement -6.5%</i>)	10.43	9.00	10.83	9.47
Tier 1 Capital Ratio (<i>Minimum Requirement - 8%</i>)	10.43	9.00	10.83	9.47
Total Capital Ratio (<i>Minimum Requirement - 12%</i>)	14.73	13.74	15.03	14.09
Leverage Ratio (<i>Minimum Requirement - 3%</i>)	6.66	5.60	6.99	5.96
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	169,589,127	169,291,811	NA	NA
Statutory Liquid Assets Ratio (<i>Minimum Requirement -20%</i>)				
Domestic Banking Unit (%)	27.42	29.30	NA	NA
Off-Shore Banking Unit (%)	25.82	24.27	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	103,708,036	105,259,424	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	127,361,829	128,482,425	NA	NA
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement -90%</i>)	204.01	167.91	NA	NA
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement - 90%</i>)	184.31	158.41	NA	NA
Net Stable Funding Ratio (%) – (<i>Minimum Requirement - 90%</i>)	116.81	114.53	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 June 2021	As at 31 Mar 2021	As at 30 June 2021	As at 31 Mar 2021
Common Equity Tier 1 (CET1) Capital after Adjustments	47,970,480	38,785,758	50,742,778	41,646,739
Common Equity Tier 1 (CET1) Capital	54,616,157	45,090,156	57,255,172	47,709,936
Equity Capital (Stated Capital)/Assigned Capital	18,263,609	8,794,333	18,263,609	8,794,333
Reserve Fund	2,196,479	2,196,479	2,196,479	2,196,479
Published Retained Earnings/(Accumulated Retained Losses)	32,565,449	32,565,452	35,538,549	35,538,548
Published Accumulated Other Comprehensive Income (OCI)	(744,679)	(801,407)	(868,857)	(944,816)
General and other Disclosed Reserves	-	-	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	2,335,299	2,335,299	2,125,392	2,125,392
Total Adjustments to CET1 Capital	6,645,677	6,304,398	6,512,394	6,063,197
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,045,083	922,087	1,059,539	934,115
Deferred tax assets (net)	1,785,607	1,502,444	1,814,611	1,533,802
Defined benefit pension fund assets	143,131	143,131	143,131	143,131
Shortfall of the cumulative impairment to specific provisions	2,599,385	2,476,268	2,599,385	2,476,268
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	648,217	735,894	895,728	975,881
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	424,254	524,574	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	19,786,556	20,422,199	19,681,850	20,309,266
Tier 2 Capital	19,786,556	20,422,199	19,786,556	20,422,199
Qualifying Tier 2 Capital Instruments	13,634,037	14,598,517	13,634,037	14,598,517
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	5,275,847	4,947,010	5,275,847	4,947,010
Total Adjustments to Tier 2	-	-	104,706	112,933
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	-	-	104,706	112,933
CET1 Capital	47,970,480	38,785,758	50,742,778	41,646,739
Total Tier 1 Capital	47,970,480	38,785,758	50,742,778	41,646,739
Total Capital	67,757,036	59,207,957	70,424,628	61,956,006
Total Risk Weighted Assets (RWA)	460,127,803	431,004,246	468,531,557	439,580,998
RWAs for Credit Risk	422,067,736	395,760,874	424,635,155	398,710,155
RWAs for Market Risk	8,699,804	6,909,143	13,027,781	11,100,321
RWAs for Operational Risk	29,360,263	28,334,228	30,868,621	29,770,522
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	10.43	9.00	10.83	9.47
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 (%)	10.43	9.00	10.83	9.47
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.73	13.74	15.03	14.09
of which: Capital Conservation Buffer (%)	2.00	2.00	2.00	2.00
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-

Template 3
Computation of Leverage Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 June 2021	As at 31 Mar 2021	As at 30 June 2021	As at 31 Mar 2021
Tier 1 Capital	47,970,480	38,785,758	50,742,778	41,646,739
Total Exposures	720,268,412	692,730,473	725,965,869	698,513,228
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	657,432,097	628,517,637	662,890,615	634,067,500
Derivative Exposures	2,290,656	3,757,891	2,290,656	3,757,891
Securities Financing Transactions Exposures	2,072,000	4,045,000	2,072,000	4,045,000
Other Off-Balance Sheet Exposures	58,473,659	56,409,945	58,712,598	56,642,837
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	6.66%	5.60%	6.99%	5.96%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 June 2021	As at 31 Mar 2021
Total Available Stable Funding	451,577,506	423,573,532
Required Stable Funding - On Balance Sheet Assets	382,086,914	366,147,782
Required Stable Funding - Off Balance Sheet Items	4,518,928	3,675,667
Total Required Stable Funding	386,605,842	369,823,449
Net Stable Funding Ratio (%)	116.81%	114.53%

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

	BANK			
	Amount (LKR'000)			
	As at 30 June 2021		As at 31 Mar 2021	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	131,521,562	127,361,829	132,566,021	128,482,425
Total Adjusted Level 1A Assets	103,630,167	103,630,167	104,951,025	104,951,025
Level 1 Assets	103,790,012	103,790,012	105,342,047	105,342,047
Total Adjusted Level 2A Assets	27,731,549	23,571,817	27,223,974	23,140,378
Level 2A Assets	27,731,549	23,571,817	27,223,974	23,140,378
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	670,716,434	134,409,329	660,403,144	133,568,193
Deposits	306,290,581	22,294,779	285,031,048	20,962,156
Unsecured Wholesale Funding	215,983,199	106,600,168	216,113,586	107,564,420
Secured Funding Transactions	1,004,005	-	869,560	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	147,243,141	5,318,876	158,330,185	4,982,852
Additional Requirements	195,507	195,507	58,766	58,766
Total Cash Inflows	109,822,162	65,307,433	95,541,593	52,458,314
Maturing Secured Lending Transactions Backed by Collateral	50,619,847	30,056,153	52,343,449	31,077,827
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	55,904,289	35,055,773	37,783,938	21,321,722
Operational Deposits	3,102,519	-	5,355,441	-
Other Cash Inflows	195,507	195,507	58,766	58,766
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		184.31%		158.41%

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	Debenture Issue - September 2020
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 June 2021)	18,263,609	5,050,377	3,058,660	5,525,000
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.

Note - The Bank raised total capital of LKR 9.46 Bn, comprising of LKR 8 Bn through the Right Issue and LKR 1.46 Bn raised through the Private Placement with Norfund – the Norwegian Investment Fund for developing countries during the second quarter of 2021.

Template 7

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

Asset Class	BANK					
	Amount (LKR'000) as at 30 June 2021					
	Exposures before		Exposures post CCF and CRM		RWA and RWA Density (%)	
	Credit Conversion Factor (CCF) and CRM					
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density ⁽ⁱⁱⁱ⁾
Claims on Central Government and Central Bank of Sri Lanka	155,855,098	-	155,855,098	1,745,051	4,593,625	2.91%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	22,134,263	3,490,103	1,529,203	-	305,841	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	17,924,393	57,547,196	17,924,393	7,323,636	11,319,891	44.83%
Claims on Financial Institutions	36,132,263	11,891,534	36,070,685	360,920	20,622,874	56.61%
Claims on Corporates	195,776,976	195,307,999	176,104,951	41,206,600	213,974,767	98.46%
Retail Claims	182,513,067	39,882,023	160,222,039	9,599,373	131,918,313	77.68%
Claims Secured by Residential Property	21,048,904	1,029,848	21,048,904	-	9,327,734	44.31%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	18,389,519	-	18,389,519	-	21,625,725	117.60%
Higher-risk Categories	483,947	-	483,947	-	1,209,868	250.00%
Cash Items and Other Assets	13,228,947	-	13,228,947	-	7,169,098	54.19%
Total	663,487,376	309,148,704	600,857,686	60,235,580	422,067,736	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 June 2021					
	Exposures before		Exposures post CCF and CRM		RWA and RWA Density (%)	
	Credit Conversion Factor (CCF) and CRM					
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density ⁽ⁱⁱⁱ⁾
Claims on Central Government and Central Bank of Sri Lanka	155,855,098	-	155,855,098	1,745,051	4,593,625	2.91%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	22,134,263	3,490,103	1,529,203	-	305,841	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	18,187,128	57,547,196	18,187,128	7,323,636	11,361,488	44.54%
Claims on Financial Institutions	36,132,263	11,891,534	36,070,685	360,920	20,622,874	56.61%
Claims on Corporates	195,389,055	194,962,965	175,717,030	41,157,446	213,537,692	98.46%
Retail Claims	182,513,067	39,882,023	160,222,039	9,599,373	131,918,313	77.68%
Claims Secured by Residential Property	21,048,904	1,029,848	21,048,904	-	9,327,734	44.31%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	18,389,519	-	18,389,519	-	21,625,725	117.60%
Higher-risk Categories	-	576,189	-	288,095	432,142	150.00%
Cash Items and Other Assets	16,969,675	-	16,969,675	-	10,909,721	64.29%
Total	666,618,971	309,379,859	603,989,281	60,474,521	424,635,155	

Template 9

Market Risk under Standardised Measurement Method

	As at 30 June 2021	
	BANK	GROUP
(a) RWA for Interest Rate Risk	7,058	9,351
General Interest Rate Risk	7,058	8,487
(i) Net Long or Short Position	7,058	8,487
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	865
(b) RWA for Equity	820,244	1,358,947
(i) General Equity Risk	410,122	681,143
(ii) Specific Equity Risk	410,122	677,804
(c) RWA for Foreign Exchange & Gold	260,174	260,174
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	8,699,804	13,027,781

Template 10
Operational Risk under Basic Indicator Approach

As at 30 June 2021	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%		22,600,536	23,606,178	27,193,943
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	3,670,033				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	29,360,263				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 June 2021	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%		23,682,241	24,346,816	29,142,496
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	3,858,578				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	30,868,621				
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

	Amount (LKR '000)				
	a	b	c	d	e
As at 30 June 2021	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	663,551,210	669,109,457	600,857,686	6,017,623	62,234,148
Cash and cash equivalents	9,128,317	9,193,365	9,193,365	-	-
Balances with Central Banks of Sri Lanka	6,686,006	6,686,006	6,686,006	-	-
Placements with banks	10,158,110	10,159,000	10,159,000	-	-
Derivative financial instruments	865,885	-	-	-	-
Financial assets recognized through profit or loss measured at fair value	5,718,605	-	-	-	-
Financial assets - Held for trading	-	104,316,249	97,650,409	6,017,623	648,217
Financial assets at amortised cost -loans and receivables to other customers	466,486,727	472,482,756	414,294,900	-	58,187,856
Financial assets at amortised cost - debt and other instruments	52,927,869	-	-	-	-
Financial investments - Held to maturity	-	52,701,967	52,701,967	-	-
Financial assets measured at fair value through other comprehensive income	99,436,243	-	-	-	-
Investments in subsidiary companies	1,136,351	1,136,351	712,097	-	424,254
Intangible assets	1,045,083	1,045,083	-	-	1,045,083
Property, plant and equipment	3,045,556	3,045,556	3,045,556	-	-
Right to Used Assets	1,082,371	-	-	-	-
Deferred tax Assets	1,785,607	1,785,607	-	-	1,785,607
Other assets	4,048,481	6,557,517	6,414,386	-	143,131
Liabilities	605,882,231	606,191,785			
Due to banks	28,491,222	-	-	-	-
Derivative financial instruments	772,365	-	-	-	-
Financial liabilities at amortised cost -due to depositors	515,272,960	505,840,700	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	1,230,974	1,223,912	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	29,747,529	57,771,661	-	-	-
Debt securities issued	20,373,258	19,245,106	-	-	-
Current tax liabilities	1,888,956	1,888,956	-	-	-
Employee benefit obligations	740,038	-	-	-	-
Other liabilities	7,364,929	20,221,450	-	-	-
Off-Balance Sheet Liabilities	328,377,853	299,425,506	308,946,398		
Guarantees	67,379,914	67,379,914	49,722,675	-	215,375
Performance Bonds	19,450,500	19,450,500	19,405,218	-	45,281
Letters of Credit	24,781,922	24,781,922	24,706,427	-	75,495
Other Contingent Items	21,916,714	21,916,714	21,916,714	-	-
Undrawn Commitments	131,782,683	131,782,683	131,782,683	-	-
Other Commitments	63,066,120	34,113,772	61,412,681	-	-
Shareholders' Equity					
Equity capital (Stated capital)/Assigned capital	18,263,609	18,263,609	-	-	-
of which Amount eligible for CET1	18,263,609	18,263,609	-	-	-
of which Amount eligible for AT1	-	-	-	-	-
Retained earnings	36,602,347	42,457,584	-	-	-
Accumulated Other comprehensive income	606,544	-	-	-	-
Other reserves	2,196,479	2,196,479	-	-	-
Total Shareholders' Equity	57,668,979	62,917,672			