

BASEL III - PILLAR III DISCLOSURES

31 MARCH 2022

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
Regulatory Capital (LKR '000)				
Common Equity Tier 1	47,424,222	48,441,141	50,993,922	51,937,517
Tier 1 Capital	47,424,222	48,441,141	50,993,922	51,937,517
Total Capital	72,949,511	74,578,891	76,438,821	77,983,909
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement -6.5%</i>)	8.69	10.01	9.19	10.53
Tier 1 Capital Ratio (<i>Minimum Requirement - 8%</i>)	8.69	10.01	9.19	10.53
Total Capital Ratio (<i>Minimum Requirement - 12%</i>)	13.36	15.42	13.78	15.82
Leverage Ratio (<i>Minimum Requirement - 3%</i>)	5.64	6.36	6.02	6.77
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	166,003,036	157,514,944	NA	NA
Statutory Liquid Assets Ratio (<i>Minimum Requirement -20%</i>)				
Domestic Banking Unit (%)	22.31	23.14	NA	NA
Off-Shore Banking Unit (%)	22.64	25.31	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	82,265,018	89,088,289	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	106,580,972	112,552,154	NA	NA
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement -100%</i>)	206.32	193.03	NA	NA
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement - 100%</i>)	156.73	171.33	NA	NA
Net Stable Funding Ratio (%) – (<i>Minimum Requirement - 100%</i>)	118.43	118.27	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
Common Equity Tier 1 (CET1) Capital after Adjustments	47,424,222	48,441,141	50,993,922	51,937,517
Common Equity Tier 1 (CET1) Capital	53,995,006	56,655,972	57,389,424	60,069,363
Equity Capital (Stated Capital)/Assigned Capital	18,263,609	18,263,609	18,263,609	18,263,609
Reserve Fund	2,571,479	2,571,479	2,571,479	2,571,479
Published Retained Earnings/(Accumulated Retained Losses)	37,756,002	38,113,125	41,271,246	41,628,368
Published Accumulated Other Comprehensive Income (OCI)	(4,596,084)	(2,292,241)	(4,716,910)	(2,394,093)
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	6,570,784	8,214,831	6,395,502	8,131,846
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,206,935	1,203,940	1,217,912	1,217,111
Deferred tax assets (net)	4,240,574	3,417,315	4,271,904	3,443,207
Defined benefit pension fund assets	379,545	379,545	379,545	379,545
Shortfall of the cumulative impairment to specific provisions	-	2,274,970	-	2,274,970
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	320,326	524,848	526,141	817,013
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	423,404	414,213	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	25,525,289	26,137,750	25,444,899	26,046,392
Tier 2 Capital	25,525,289	26,137,750	25,525,289	26,137,750
Qualifying Tier 2 Capital Instruments	18,346,396	19,705,076	18,346,396	19,705,076
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	6,302,221	5,556,002	6,302,221	5,556,002
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	80,390	91,358
Investment in Own Shares	-	-	-	-
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	-	-	80,390	91,358
CET1 Capital	47,424,222	48,441,141	50,993,922	51,937,518
Total Tier 1 Capital	47,424,222	48,441,141	50,993,922	51,937,518
Total Capital	72,949,511	74,578,891	76,438,821	77,983,909
Total Risk Weighted Assets (RWA)	545,904,997	483,708,053	554,659,281	493,031,638
RWAs for Credit Risk	504,177,811	444,480,212	507,965,500	447,812,750
RWAs for Market Risk	9,022,068	8,151,784	12,224,933	12,487,403
RWAs for Operational Risk	32,705,118	31,076,057	34,468,848	32,731,485
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	8.69	10.01	9.19	10.53
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 (%)	8.69	10.01	9.19	10.53
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.36	15.42	13.78	15.82
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 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
Tier 1 Capital	47,424,222	48,441,141	50,993,922	51,937,517
Total Exposures	840,445,994	761,498,728	846,566,703	767,708,927
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	756,467,314	693,619,365	762,358,914	699,717,781
Derivative Exposures	13,921,870	2,808,603	13,921,870	2,808,603
Securities Financing Transactions Exposures	1,821,279	3,384,052	1,821,279	3,384,052
Other Off-Balance Sheet Exposures	68,235,531	61,686,708	68,464,640	61,798,491
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	5.64%	6.36%	6.02%	6.77%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 31 Mar 2022	As at 31 Dec 2021
Total Available Stable Funding	547,934,361	483,825,740
Required Stable Funding - On Balance Sheet Assets	457,568,528	404,392,394
Required Stable Funding - Off Balance Sheet Items	5,110,956	4,686,376
Total Required Stable Funding	462,679,484	409,078,770
Net Stable Funding Ratio (%)	118.43%	118.27%

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

	BANK			
	Amount (LKR'000)			
	As at 31 Mar 2022		As at 31 Dec 2021	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	110,838,883	106,580,972	116,687,070	112,552,154
Total Adjusted Level 1A Assets	82,371,704	82,371,704	88,870,488	88,870,488
Level 1 Assets	82,452,813	82,452,813	89,120,967	89,120,967
Total Adjusted Level 2A Assets	28,386,070	24,128,160	27,566,103	23,431,187
Level 2A Assets	28,386,070	24,128,160	27,566,103	23,431,187
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	777,581,626	140,138,998	702,832,420	132,927,343
Deposits	374,722,005	26,792,426	335,076,085	23,786,812
Unsecured Wholesale Funding	225,969,296	104,315,456	221,841,587	105,600,793
Secured Funding Transactions	1,389,563	-	1,134,683	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	175,500,762	9,031,117	144,780,065	3,539,738
Additional Requirements	-	-	-	-
Total Cash Inflows	134,278,062	72,138,062	120,754,827	67,233,093
Maturing Secured Lending Transactions Backed by Collateral	66,139,593	35,930,870	60,364,552	34,468,424
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	61,303,013	36,207,192	53,924,205	32,764,669
Operational Deposits	6,835,456	-	6,466,070	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		156.73%		171.33%

Template 5
Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	CET 1 Capital	Tier 2 Instruments			
	Stated Capital	Debenture Issue - December 2013	Debenture Issue - March 2019	Debenture Issue - September 2020	Debenture Issue - November 2021
Issuer	National Development Bank PLC	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	Type A - LK0207D24941 Type B - LK0207D24958
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	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	24-Nov-2021
Par Value of Instrument	NA	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-
Perpetual or Dated	Perpetual	Dated	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	Type A - 23 Nov 2026 Type B - 23 Nov 2028
Amount Recognised in Regulatory Capital (in LKR '000 as at 31 March 2022)	18,263,609	3,966,116	2,224,480	4,550,000	7,605,800
Accounting Classification (Equity/Liability)	Equity	Liability	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	NA
Subsequent Call Dates, if Applicable	NA	NA	NA	NA	NA
Coupons/Dividends					
Fixed or Floating Dividend/Coupon	Dividend declared as decided by the Board	Fixed coupon	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	Type A - 11.90% p.a Type B - 12.00% p.a
Non-Cumulative or Cumulative	NA	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non-Convertible					
If Convertible, Conversion Trigger (s)	NA	Non-Convertible	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	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	Fully
If Convertible, Mandatory or Optional	NA	NA	Mandatory	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.	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 31 Mar 2022					
	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	125,521,915	10,530,000	125,521,915	4,122,660	11,405,208	8.80%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	23,815,098	5,525,071	1,634,358	-	326,872	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	28,466,942	56,717,865	28,466,942	6,648,704	13,854,354	39.45%
Claims on Financial Institutions	32,449,257	11,379,220	30,104,249	1,036,323	17,696,145	56.83%
Claims on Corporates	241,668,834	220,258,063	213,748,522	45,922,710	252,198,585	97.12%
Retail Claims	212,088,181	37,913,922	182,239,767	11,009,974	150,452,562	77.85%
Claims Secured by Residential Property	20,449,517	1,235,966	20,449,517	530,091	9,632,247	45.91%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	31,807,333	-	31,807,333	-	38,799,298	121.98%
Higher-risk Categories	478,477	-	478,477	-	1,196,191	250.00%
Cash Items and Other Assets	14,813,335	-	14,813,335	-	8,616,349	58.17%
Total	731,558,889	343,560,106	649,264,415	69,270,462	504,177,811	

Asset Class	GROUP					
	Amount (LKR'000) as at 31 Mar 2022					
	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	125,521,915	10,530,000	125,521,915	4,122,660	11,405,208	8.80%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	23,815,098	5,525,071	1,634,358	-	326,872	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	28,652,178	56,717,865	28,652,178	6,648,704	13,973,291	39.58%
Claims on Financial Institutions	32,449,257	11,379,220	30,104,249	1,036,323	17,696,145	56.83%
Claims on Corporates	241,644,843	219,823,547	213,724,531	45,776,760	252,028,643	97.12%
Retail Claims	212,088,181	37,913,922	182,239,767	11,009,974	150,452,562	77.85%
Claims Secured by Residential Property	20,449,517	1,235,966	20,449,517	530,091	9,632,247	45.91%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	31,807,333	-	31,807,333	-	38,799,298	121.98%
Higher-risk Categories	-	750,121	-	375,061	562,591	150.00%
Cash Items and Other Assets	19,285,757	-	19,285,757	-	13,088,643	67.87%
Total	735,714,079	343,875,711	653,419,605	69,499,573	507,965,500	

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 31 Mar 2022	
	BANK	GROUP
(a) RWA for Interest Rate Risk	150,786	155,832
General Interest Rate Risk	150,786	154,739
(i) Net Long or Short Position	150,786	154,739
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	1,093
(b) RWA for Equity	543,536	938,848
(i) General Equity Risk	271,768	470,234
(ii) Specific Equity Risk	271,768	468,614
(c) RWA for Foreign Exchange & Gold	433,437	433,437
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	9,022,068	12,224,933

Template 10
Operational Risk under Basic Indicator Approach

As at 31 Mar 2022	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%		23,429,862	25,470,146	32,862,789
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	4,088,140				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	32,705,118				
The Standardised Approach					
The Alternative Standardised Approach					

As at 31 Mar 2022	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%		24,313,090	27,046,706	34,812,325
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	4,308,606				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	34,468,848				
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 31 Mar 2022	Amount (LKR '000)			
	Carrying Values as reported in Published Financial Statements	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	764,859,376	649,264,415	33,743,606	81,851,355
Cash and cash equivalents	12,970,808	12,970,808	-	-
Balances with Central Banks of Sri Lanka	14,207,569	14,207,569	-	-
Placements with banks	8,251,588	8,251,588	-	-
Derivative financial instruments	9,339,792	9,339,792	-	-
Financial assets recognized through profit or loss measured at fair value	22,351,659	-	22,351,659	-
Financial assets at amortised cost -loans and receivables to other customers	556,434,648	481,154,077	-	75,280,571
Financial assets at amortised cost - debt and other instruments	65,905,194	65,905,194	-	-
Financial assets measured at fair value through other comprehensive income	58,646,171	46,933,898	11,391,947	320,326
Investments in subsidiary companies	1,130,031	706,627	-	423,404
Intangible assets	1,206,935	-	-	1,206,935
Property, plant and equipment	3,097,186	3,097,186	-	-
Right to Use Assets	1,095,436	1,095,436	-	-
Deferred tax Assets	4,240,574	-	-	4,240,574
Other assets	5,981,784	5,602,239	-	379,545
Liabilities	709,485,292			
Due to banks	15,380,793	-	-	-
Derivative financial instruments	9,341,070	-	-	-
Financial liabilities at amortised cost -due to depositors	600,085,167	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	1,603,731	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	38,439,529	-	-	-
Debt securities issued	28,098,961	-	-	-
Current tax liabilities	2,730,888	-	-	-
Employee benefit obligations	757,573	-	-	-
Other liabilities	10,995,827	-	-	-
Dividends payable	2,051,753	-	-	-
Off-Balance Sheet Liabilities	357,763,306	343,163,422		
Guarantees	62,070,668	52,229,906	-	277,152
Performance Bonds	25,594,410	25,506,373	-	88,036
Letters of Credit	22,725,665	22,694,169	-	31,496
Other Contingent Items	32,772,186	32,772,186	-	-
Undrawn Commitments	150,089,582	150,089,582	-	-
Other Commitments	64,510,795	59,871,206	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	18,263,609	-	-	-
of which Amount eligible for CET1	18,263,609	-	-	-
Retained earnings	37,880,105	-	-	-
Accumulated Other comprehensive income	(3,341,108)	-	-	-
Other reserves	2,571,479	-	-	-
Total Shareholders' Equity	55,374,085			