



BASEL III - PILLAR III DISCLOSURES

30 JUNE 2022

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 Jun 2022	As at 31 Mar 2022	As at 30 Jun 2022	As at 31 Mar 2022
Regulatory Capital (LKR '000)				
Common Equity Tier 1	47,740,078	47,424,222	51,379,362	50,993,922
Tier 1 Capital	47,740,078	47,424,222	51,379,362	50,993,922
Total Capital	72,027,068	72,949,511	75,596,354	76,438,821
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - 7%, 2021 - 6.5%)</i>	8.63	8.69	8.99	9.19
Tier 1 Capital Ratio <i>(Minimum Requirement - 8.5%, 2021 - 8%)</i>	8.63	8.69	8.99	9.19
Total Capital Ratio <i>(Minimum Requirement - 12.5%, 2021 - 12%)</i>	13.02	13.36	13.23	13.78
Leverage Ratio <i>(Minimum Requirement - 3%)</i>	5.44	5.64	5.81	6.02
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	191,978,840	166,003,036	NA	NA
Statutory Liquid Assets Ratio <i>(Minimum Requirement -20%)</i>				
Domestic Banking Unit (%)	21.57	22.31	NA	NA
Off-Shore Banking Unit (%)	24.49	22.64	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	85,188,527	82,265,018	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	102,640,576	106,580,972	NA	NA
Liquidity Coverage Ratio (%) – Rupee <i>(Minimum Requirement 30.06.2022 - 90%, 2021-100%)</i>	241.02	206.32	NA	NA
Liquidity Coverage Ratio (%) – All Currency <i>(Minimum Requirement 30.06.2022 - 90%, 2021-100%)</i>	156.50	156.73	NA	NA
Net Stable Funding Ratio (%) – <i>(Minimum Requirement 30.06.2022 - 90%, 2021-100%)</i>	117.49	118.43	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 Jun 2022	As at 31 Mar 2022	As at 30 Jun 2022	As at 31 Mar 2022
Common Equity Tier 1 (CET1) Capital after Adjustments	47,740,079	47,424,222	51,379,364	50,993,922
Common Equity Tier 1 (CET1) Capital	55,033,999	53,995,006	58,497,829	57,389,424
Equity Capital (Stated Capital)/Assigned Capital	19,870,665	18,263,609	19,870,665	18,263,609
Reserve Fund	2,571,479	2,571,479	2,571,479	2,571,479
Published Retained Earnings/(Accumulated Retained Losses)	33,986,464	37,756,002	37,466,266	41,271,246
Published Accumulated Other Comprehensive Income (OCI)	(1,394,609)	(4,596,084)	(1,410,581)	(4,716,910)
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	7,293,920	6,570,784	7,118,465	6,395,502
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,348,495	1,206,935	1,358,242	1,217,912
Deferred tax assets (net)	4,824,563	4,240,574	4,855,097	4,271,904
Defined benefit pension fund assets	379,545	379,545	379,545	379,545
Shortfall of the cumulative impairment to specific provisions	-	-	-	-
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	211,125	320,326	367,139	526,141
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	415,223	423,404	-	-
Shortfall of capital in financial subsidiaries	114,969	-	158,442	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	24,286,989	25,525,289	24,216,992	25,444,899
Tier 2 Capital	24,286,989	25,525,289	24,286,989	25,525,289
Qualifying Tier 2 Capital Instruments	16,987,715	18,346,396	16,987,715	18,346,396
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	6,422,602	6,302,221	6,422,602	6,302,221
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	69,997	80,390
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	-	-	69,997	80,390
CET1 Capital	47,740,079	47,424,222	51,379,364	50,993,922
Total Tier 1 Capital	47,740,079	47,424,222	51,379,364	50,993,922
Total Capital	72,027,068	72,949,511	75,596,356	76,438,821
Total Risk Weighted Assets (RWA)	553,039,220	545,904,997	571,235,807	554,659,281
RWAs for Credit Risk	513,808,284	504,177,811	517,578,204	507,965,500
RWAs for Market Risk	3,691,028	9,022,068	7,091,006	12,224,933
RWAs for Operational Risk	35,539,908	32,705,118	46,566,597	34,468,848
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	8.63	8.69	8.99	9.19
of which: Capital Conservation Buffer (%)	2.50	2.00	2.50	2.00
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	8.63	8.69	8.99	9.19
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.02	13.36	13.23	13.78
of which: Capital Conservation Buffer (%)	2.50	2.00	2.50	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 Jun 2022	As at 31 Mar 2022	As at 30 Jun 2022	As at 31 Mar 2022
Tier 1 Capital	47,740,078	47,424,222	51,379,364	50,993,922
Total Exposures	877,519,459	840,445,994	883,963,616	846,566,703
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	799,268,416	756,467,314	805,408,612	762,358,914
Derivative Exposures	15,270,239	13,921,870	15,270,239	13,921,870
Securities Financing Transactions Exposures	1,200,312	1,821,279	1,200,312	1,821,279
Other Off-Balance Sheet Exposures	61,780,492	68,235,531	62,084,453	68,464,640
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	5.44%	5.64%	5.81%	6.02%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 Jun 2022	As at 31 Mar 2022
Total Available Stable Funding	585,986,007	547,934,361
Required Stable Funding - On Balance Sheet Assets	495,233,531	457,568,528
Required Stable Funding - Off Balance Sheet Items	3,500,428	5,110,956
Total Required Stable Funding	498,733,959	462,679,484
Net Stable Funding Ratio (%)	117.49%	118.43%

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

	BANK			
	Amount (LKR'000)			
	As at 30 Jun 2022		As at 31 Mar 2022	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	105,693,675	102,640,576	110,838,883	106,580,972
Total Adjusted Level 1A Assets	85,359,915	85,359,915	82,371,704	82,371,704
Level 1 Assets	85,339,677	85,339,677	82,452,813	82,452,813
Total Adjusted Level 2A Assets	20,353,998	17,300,899	28,386,070	24,128,160
Level 2A Assets	20,353,998	17,300,899	28,386,070	24,128,160
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	832,715,844	140,615,531	777,581,626	140,138,998
Deposits	413,900,059	30,231,485	374,722,005	26,792,426
Unsecured Wholesale Funding	230,162,460	104,969,105	225,969,296	104,315,456
Secured Funding Transactions	1,346,592	-	1,389,563	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	187,306,733	5,414,941	175,500,762	9,031,117
Additional Requirements	-	-	-	-
Total Cash Inflows	143,397,105	75,029,811	134,278,062	72,138,062
Maturing Secured Lending Transactions Backed by Collateral	73,053,546	42,965,017	66,139,593	35,930,870
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	60,878,750	32,064,794	61,303,013	36,207,192
Operational Deposits	9,464,809	-	6,835,456	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		156.50%		156.73%

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 30 June 2022)	19,870,665	3,604,695	1,946,420	4,225,000	7,211,600
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 30 Jun 2022					
	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 ⁽ⁱⁱ⁾
Claims on Central Government and Central Bank of Sri Lanka	167,651,616	13,023,000	167,651,616	3,834,043	14,356,599	8.37%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	25,378,501	4,368,926	1,529,112	-	305,822	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	28,357,108	17,080,738	28,357,108	4,226,249	12,748,472	39.13%
Claims on Financial Institutions	45,143,087	9,998,813	41,706,294	623,434	23,946,824	56.57%
Claims on Corporates	256,903,549	215,687,924	214,025,635	43,642,298	250,462,287	97.20%
Retail Claims	201,818,987	28,288,292	174,653,784	10,280,796	143,938,239	77.83%
Claims Secured by Residential Property	18,614,516	1,104,227	18,614,516	530,091	8,761,181	45.76%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	40,233,696	-	40,233,696	-	50,208,314	124.79%
Higher-risk Categories	481,552	-	481,552	-	1,203,881	250.00%
Cash Items and Other Assets	16,054,267	-	16,054,267	-	7,876,665	49.06%
Total	800,636,879	289,551,920	703,307,580	63,136,911	513,808,284	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 Jun 2022					
	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 ⁽ⁱⁱ⁾
Claims on Central Government and Central Bank of Sri Lanka	167,651,616	13,023,000	167,651,616	3,834,043	14,356,599	8.37%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	25,378,501	4,368,926	1,529,112	-	305,822	20.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	28,713,204	17,080,738	28,713,204	4,226,249	12,999,251	39.46%
Claims on Financial Institutions	45,143,087	9,998,813	41,706,294	623,434	23,946,824	56.57%
Claims on Corporates	256,730,955	215,037,955	213,853,040	43,496,347	250,143,743	97.20%
Retail Claims	201,818,987	28,288,292	174,653,784	10,280,796	143,938,239	77.83%
Claims Secured by Residential Property	18,614,516	1,104,227	18,614,516	530,091	8,761,181	45.76%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	40,233,696	-	40,233,696	-	50,208,314	124.79%
Higher-risk Categories	-	899,823	-	449,912	674,867	150.00%
Cash Items and Other Assets	20,421,193	-	20,421,193	-	12,243,364	59.95%
Total	804,705,755	289,801,774	707,376,455	63,440,872	517,578,204	

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 Jun 2022	
	BANK	GROUP
(a) RWA for Interest Rate Risk	64,830	73,398
General Interest Rate Risk	64,830	67,378
(i) Net Long or Short Position	64,830	67,378
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	6,021
(b) RWA for Equity	-	475,911
(i) General Equity Risk	-	238,751
(ii) Specific Equity Risk	-	237,160
(c) RWA for Foreign Exchange & Gold	396,549	337,066
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	3,691,028	7,091,006

Template 10
Operational Risk under Basic Indicator Approach

As at 30 Jun 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%		23,606,178	27,193,943	38,049,650
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	4,442,489				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	35,539,908				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 Jun 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%		24,345,666	29,142,496	62,928,330
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	5,820,825				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	46,566,597				
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 Jun 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	815,872,702	703,307,580	14,860,922	97,704,200
Cash and cash equivalents	24,000,659	24,000,659	-	-
Balances with Central Banks of Sri Lanka	15,608,524	15,608,524	-	-
Placements with banks	-	-	-	-
Derivative financial instruments	8,138,780	8,138,780	-	-
Financial assets recognized through profit or loss measured at fair value	14,058,291	-	14,058,291	-
Financial assets at amortised cost -loans and receivables to other customers	582,433,468	491,908,219	-	90,525,249
Financial assets at amortised cost - debt and other instruments	145,436,864	145,436,864	-	-
Financial assets measured at fair value through other comprehensive income	4,679,794	3,666,038	802,631	211,125
Investments in subsidiary companies	1,124,926	709,703	-	415,223
Intangible assets	1,348,495	-	-	1,348,495
Property, plant and equipment	3,060,978	3,060,978	-	-
Right to Use Assets	1,108,211	1,108,211	-	-
Deferred tax Assets	4,824,563	-	-	4,824,563
Other assets	10,049,149	9,669,604	-	379,545
Liabilities	752,159,810			
Due to banks	17,652,029	-	-	-
Derivative financial instruments	2,564,970	-	-	-
Financial liabilities at amortised cost -due to depositors	644,670,581	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	3,535,341	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	40,077,887	-	-	-
Debt securities issued	28,456,275	-	-	-
Current tax liabilities	3,744,842	-	-	-
Employee benefit obligations	784,097	-	-	-
Other liabilities	10,574,253	-	-	-
Dividends payable	99,534	-	-	-
Off-Balance Sheet Liabilities	300,859,984	302,027,512		
Guarantees	54,026,403	47,039,571	-	412,820
Performance Bonds	27,441,244	27,341,013	-	100,231
Letters of Credit	12,408,503	12,374,146	-	34,357
Other Contingent Items	21,027,678	21,027,678	-	-
Undrawn Commitments	157,780,541	157,780,541	-	-
Other Commitments	28,175,614	36,464,563	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	19,870,665	-	-	-
of which Amount eligible for CET1	19,870,665	-	-	-
Retained earnings	36,242,054	-	-	-
Accumulated Other comprehensive income	5,028,694	-	-	-
Other reserves	2,571,479	-	-	-
Total Shareholders' Equity	63,712,892			