



BASEL III - PILLAR III DISCLOSURES

31 MARCH 2023

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 31 Mar 2023	As at 31 Dec 2022	As at 31 Mar 2023	As at 31 Dec 2022
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	50,002,442	49,187,072	53,690,563	52,968,361
Tier 1 Capital	50,002,442	49,187,072	53,690,563	52,968,361
Total Capital	69,395,495	70,341,919	73,060,574	74,119,273
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	10.08	9.34	10.62	9.87
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	10.08	9.34	10.62	9.87
Total Capital Ratio (Minimum Requirement - 12.5%)	13.99	13.35	14.46	13.81
Leverage Ratio (Minimum Requirement - 3%)	6.05	5.56	6.44	5.94
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	210,771,786	205,530,328	NA	NA
Statutory Liquid Assets Ratio - Bank (Minimum Requirement -20%)	27.76	27.24	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	155,695,391	140,737,325	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	174,423,533	159,365,882	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100% (2022 - 90%))	301.03	297.08	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100% (2022 - 90%))	237.92	232.68	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100% (2022 - 90%))	131.95	130.87	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 31 Mar 2023	As at 31 Dec 2022	As at 31 Mar 2023	As at 31 Dec 2022
Common Equity Tier 1 (CET1) Capital after Adjustments	50,002,442	49,187,072	53,690,563	52,968,361
Common Equity Tier 1 (CET1) Capital	62,367,981	61,364,587	65,869,174	64,923,963
Equity Capital (Stated Capital)/Assigned Capital	19,870,665	19,870,665	19,870,665	19,870,665
Reserve Fund	2,746,479	2,746,479	2,746,479	2,746,479
Published Retained Earnings/(Accumulated Retained Losses)	36,600,085	36,597,418	39,998,425	39,995,758
Published Accumulated Other Comprehensive Income (OCI)	3,150,752	2,150,025	3,253,605	2,311,061
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	12,365,539	12,177,515	12,178,611	11,955,602
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,965,716	1,804,321	1,975,177	1,813,213
Deferred tax assets (net)	8,984,206	9,004,747	9,029,672	9,048,896
Defined benefit pension fund assets	584,432	584,432	584,432	584,432
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	358,464	284,715	463,746	364,201
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	383,782	391,855	-	-
Shortfall of capital in financial subsidiaries	88,939	107,445	125,584	144,860
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	19,393,053	21,154,847	19,370,011	21,150,912
Tier 2 Capital	19,393,053	21,154,847	19,393,053	21,154,847
Qualifying Tier 2 Capital Instruments	12,911,674	14,270,354	12,911,674	14,270,354
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	5,604,707	6,007,821	5,604,707	6,007,821
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	23,042	3,935
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	-	-	23,042	3,935
CET1 Capital	50,002,442	49,187,072	53,690,563	52,968,361
Total Tier 1 Capital	50,002,442	49,187,072	53,690,563	52,968,361
Total Capital	69,395,495	70,341,919	73,060,574	74,119,273
Total Risk Weighted Assets (RWA)	495,926,091	526,907,094	505,388,605	536,578,937
RWAs for Credit Risk	448,376,610	480,625,719	452,366,808	485,485,541
RWAs for Market Risk	7,293,757	7,185,265	10,607,890	10,109,240
RWAs for Operational Risk	40,255,724	39,096,110	42,413,907	40,984,156
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	10.08	9.34	10.62	9.87
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	10.08	9.34	10.62	9.87
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	13.99	13.35	14.46	13.81
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
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 2023	As at 31 Dec 2022	As at 31 Mar 2023	As at 31 Dec 2022
Tier 1 Capital	50,002,442	49,187,072	53,690,563	52,968,361
Total Exposures	827,168,248	884,300,644	834,279,492	891,258,702
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	761,675,932	812,519,141	768,436,037	819,166,699
Derivative Exposures	14,271,051	16,567,757	14,271,051	16,567,757
Securities Financing Transactions Exposures	714,625	181,212	714,625	181,212
Other Off-Balance Sheet Exposures	50,506,640	55,032,534	50,857,779	55,343,034
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	6.05%	5.56%	6.44%	5.94%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 31 Mar 2023	As at 31 Dec 2022
Total Available Stable Funding	575,852,335	618,506,530
Required Stable Funding - On Balance Sheet Assets	435,135,043	471,009,118
Required Stable Funding - Off Balance Sheet Items	1,282,447	1,599,083
Total Required Stable Funding	436,417,490	472,608,201
Net Stable Funding Ratio (%)	131.95%	130.87%

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

	BANK			
	Amount (LKR'000)			
	As at 31 Mar 2023		As at 31 Dec 2022	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	177,670,934	174,423,533	162,601,173	159,365,882
Total Adjusted Level 1A Assets	156,030,308	156,030,308	141,044,367	141,044,367
Level 1 Assets	156,021,595	156,021,595	141,032,571	141,032,571
Total Adjusted Level 2A Assets	21,649,339	18,401,938	21,568,602	18,333,311
Level 2A Assets	21,649,339	18,401,938	21,568,602	18,333,311
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	832,963,699	128,312,737	863,310,596	134,513,353
Deposits	446,391,358	33,841,962	461,625,705	33,721,153
Unsecured Wholesale Funding	186,368,367	92,445,852	211,310,277	98,200,460
Secured Funding Transactions	2,183,473	-	114,563	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	198,020,502	2,024,924	190,260,052	2,591,739
Additional Requirements	-	-	-	-
Total Cash Inflows	121,331,697	55,002,421	137,953,357	66,021,946
Maturing Secured Lending Transactions Backed by Collateral	58,828,027	34,275,274	61,573,989	37,014,485
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	40,313,246	20,727,147	55,947,669	29,007,462
Operational Deposits	22,190,423	-	20,431,700	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		237.92%		232.68%

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 Mar 2023)	19,870,665	2,520,434	1,112,240	3,250,000	6,029,000
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 2023					
	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	181,009,048	11,783,250	181,009,048	3,677,008	9,186,966	4.97%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	26,709,564	4,368,926	1,634,405	-	2,451,607	150.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	29,650,856	9,202,875	29,650,856	3,091,785	10,249,067	31.30%
Claims on Financial Institutions	24,077,948	15,480,904	21,676,339	723,653	12,467,740	55.66%
Claims on Corporates	195,354,102	235,070,857	166,549,310	33,382,159	196,026,551	98.05%
Retail Claims	201,328,455	28,139,345	171,371,604	11,119,026	142,327,955	77.99%
Claims Secured by Residential Property	16,414,893	666,290	16,414,893	303,863	7,754,109	46.38%
Claims Secured by Commercial Real Estate	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) ⁽ⁱ⁾	51,569,175	-	51,569,175	-	57,662,460	111.82%
Higher-risk Categories	503,863	-	503,863	-	1,259,656	250.00%
Cash Items and Other Assets	15,531,625	-	15,531,625	-	8,990,499	57.89%
Total	742,149,530	304,712,448	655,911,118	52,297,494	448,376,610	

Asset Class	GROUP					
	Amount (LKR'000) as at 31 Mar 2023					
	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	181,775,940	11,783,250	181,775,940	3,677,008	9,186,966	4.95%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	26,709,564	4,368,926	1,634,405	-	2,451,607	150.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	29,896,325	9,202,875	29,896,325	3,091,785	10,483,134	31.78%
Claims on Financial Institutions	24,077,948	15,480,904	21,676,339	723,653	12,467,740	55.66%
Claims on Corporates	195,502,237	234,924,907	166,697,434	33,236,208	196,028,735	98.05%
Retail Claims	201,328,455	28,139,345	171,371,604	11,119,026	142,327,955	77.99%
Claims Secured by Residential Property	16,414,893	666,290	16,414,893	303,863	7,754,109	46.38%
Claims Secured by Commercial Real Estate	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs) ⁽ⁱ⁾	51,569,175	-	51,569,175	-	57,662,460	111.82%
Higher-risk Categories	-	814,180	-	407,090	610,635	150.00%
Cash Items and Other Assets	19,934,834	-	19,934,834	-	13,393,467	67.19%
Total	747,209,372	305,380,678	660,970,949	52,558,633	452,366,808	

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 2023	
	BANK	GROUP
(a) RWA for Interest Rate Risk	679,680	687,603
General Interest Rate Risk	679,680	681,964
(i) Net Long or Short Position	679,680	681,964
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	5,639
(b) RWA for Equity	-	406,344
(i) General Equity Risk	-	204,657
(ii) Specific Equity Risk	-	201,687
(c) RWA for Foreign Exchange & Gold	232,039	232,039
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	7,293,757	10,607,890

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Template 10
Operational Risk under Basic Indicator Approach

As at 31 Mar 2023	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%		25,470,146	32,862,789	42,306,375
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	5,031,966				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	40,255,724				
The Standardised Approach					
The Alternative Standardised Approach					

As at 31 Mar 2023	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%		27,046,706	34,810,461	44,177,601
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	5,301,738				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	42,413,907				
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 2023	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	781,874,622	655,911,118	45,851,448	80,112,056
Cash and cash equivalents	29,029,394	29,029,394	-	-
Balances with Central Banks of Sri Lanka	15,287,637	15,287,637	-	-
Placements with banks	655,698	655,698	-	-
Derivative financial instruments	7,067,537	7,067,537	-	-
Financial assets recognized through profit or loss measured at fair value	18,947,494	0.00	18,947,494	-
Financial assets at amortised cost -loans and receivables to other customers	496,658,580	428,823,124	-	67,835,456
Financial assets at amortised cost - debt and other instruments	126,583,156	126,583,156	-	-
Financial assets measured at fair value through other comprehensive income	64,747,707	37,485,289	26,903,954	358,464
Investments in subsidiary companies	1,115,794	732,012	-	383,782
Intangible assets	1,965,716	-	-	1,965,716
Property, plant and equipment	3,188,136	3,188,136	-	-
Right to Use Assets	1,211,880	1,211,880	-	-
Deferred tax Assets	8,984,206	-	-	8,984,206
Other assets	6,431,687	5,847,255	-	584,432
Liabilities	716,489,360			
Due to banks	7,755,103	-	-	-
Derivative financial instruments	359,485	-	-	-
Financial liabilities at amortised cost -due to depositors	628,744,373	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	5,303,266	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	30,336,141	-	-	-
Debt securities issued	28,118,775	-	-	-
Current tax liabilities	6,946,873	-	-	-
Employee benefit obligations	922,762	-	-	-
Other liabilities	7,906,299	-	-	-
Dividends payable	96,283	-	-	-
Off-Balance Sheet Liabilities	308,381,790	304,423,730		
Guarantees	45,983,644	42,188,245	-	184,084
Performance Bonds	24,404,844	24,328,408	-	76,436
Letters of Credit	5,824,907	5,796,709	-	28,198
Other Contingent Items	7,179,541	7,179,541	-	-
Undrawn Commitments	188,296,214	188,296,214	-	-
Other Commitments	36,692,639	36,634,613	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	19,870,665	-	-	-
of which Amount eligible for CET1	19,870,665	-	-	-
Retained earnings	38,189,005	-	-	-
Accumulated Other comprehensive income	4,579,113	-	-	-
Other reserves	2,746,479	-	-	-
Total Shareholders' Equity	65,385,262			