



BASEL III - PILLAR III DISCLOSURES

30 JUNE 2023

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 Jun 2023	As at 31 Mar 2023	As at 30 Jun 2023	As at 31 Mar 2023
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	52,644,722	50,002,442	56,231,327	53,690,563
Tier 1 Capital	52,644,722	50,002,442	56,231,327	53,690,563
Total Capital	70,418,780	69,395,495	73,982,587	73,060,574
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	11.04	10.08	11.57	10.62
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.04	10.08	11.57	10.62
Total Capital Ratio (Minimum Requirement - 12.5%)	14.77	13.99	15.22	14.46
Leverage Ratio (Minimum Requirement - 3%)	6.30	6.05	6.68	6.44
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	245,815,949	210,771,786	NA	NA
Statutory Liquid Assets Ratio - Bank (Minimum Requirement -20%)	34.35	27.76	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	181,080,457	155,695,391	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	202,124,812	174,423,533	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100% (2022 - 90%))	253.24	301.03	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100% (2022 - 90%))	243.89	237.92	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100% (2022 - 90%))	137.76	131.95	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 Jun 2023	As at 31 Mar 2023	As at 30 Jun 2023	As at 31 Mar 2023
Common Equity Tier 1 (CET1) Capital after Adjustments	52,644,722	50,002,442	56,231,327	53,690,563
Common Equity Tier 1 (CET1) Capital	65,131,988	62,367,981	68,606,367	65,869,174
Equity Capital (Stated Capital)/Assigned Capital	20,738,231	19,870,665	20,738,231	19,870,665
Reserve Fund	2,746,479	2,746,479	2,746,479	2,746,479
Published Retained Earnings/(Accumulated Retained Losses)	35,649,848	36,600,085	39,048,188	39,998,425
Published Accumulated Other Comprehensive Income (OCI)	3,660,570	3,150,752	3,736,609	3,253,605
General and other Disclosed Reserves	-	-	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	2,336,860	-	2,336,860	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to CET1 Capital	12,487,266	12,365,539	12,375,040	12,178,611
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,913,960	1,965,716	1,922,855	1,975,177
Deferred tax assets (net)	9,173,566	8,984,206	9,219,769	9,029,672
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	373,314	358,464	530,696	463,746
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	359,926	383,782	-	-
Shortfall of capital in financial subsidiaries	82,068	88,939	117,288	125,584
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	17,774,058	19,393,053	17,751,260	19,370,011
Tier 2 Capital	17,774,058	19,393,053	17,774,058	19,393,053
Qualifying Tier 2 Capital Instruments	11,552,993	12,911,674	11,552,993	12,911,674
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	5,344,393	5,604,707	5,344,393	5,604,707
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	22,798	23,042
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	-	-	22,798	23,042
CET1 Capital	52,644,722	50,002,442	56,231,327	53,690,563
Total Tier 1 Capital	52,644,722	50,002,442	56,231,327	53,690,563
Total Capital	70,418,780	69,395,495	73,982,587	73,060,574
Total Risk Weighted Assets (RWA)	476,678,268	495,926,091	485,964,908	505,388,605
RWAs for Credit Risk	427,551,484	448,376,610	431,561,761	452,366,808
RWAs for Market Risk	7,357,404	7,293,757	10,364,890	10,607,890
RWAs for Operational Risk	41,769,380	40,255,724	44,038,256	42,413,907
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.04	10.08	11.57	10.62
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 (%)	11.04	10.08	11.57	10.62
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.77	13.99	15.22	14.46
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 30 June 2023	As at 31 Mar 2023	As at 30 June 2023	As at 31 Mar 2023
Tier 1 Capital	52,644,722	50,002,442	56,231,327	53,690,563
Total Exposures	834,984,776	827,168,248	841,816,436	834,279,492
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	774,824,074	761,675,932	781,496,105	768,436,037
Derivative Exposures	10,625,019	14,271,051	10,625,019	14,271,051
Securities Financing Transactions Exposures	265,044	714,625	265,044	714,625
Other Off-Balance Sheet Exposures	49,270,639	50,506,640	49,430,268	50,857,779
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	6.30%	6.05%	6.68%	6.44%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 June 2023	As at 31 Mar 2023
Total Available Stable Funding	576,498,015	575,852,335
Required Stable Funding - On Balance Sheet Assets	417,180,341	435,135,043
Required Stable Funding - Off Balance Sheet Items	1,288,446	1,282,447
Total Required Stable Funding	418,468,786	436,417,490
Net Stable Funding Ratio (%)	137.76%	131.95%

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

	BANK			
	Amount (LKR'000)			
	As at 30 Jun 2023		As at 31 Mar 2023	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	205,794,164	202,124,812	177,670,934	174,423,533
Total Adjusted Level 1A Assets	181,466,127	181,466,127	156,030,308	156,030,308
Level 1 Assets	181,331,820	181,331,820	156,021,595	156,021,595
Total Adjusted Level 2A Assets	24,462,343	20,792,992	21,649,339	18,401,938
Level 2A Assets	24,462,343	20,792,992	21,649,339	18,401,938
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	841,239,982	137,042,125	832,963,699	128,312,737
Deposits	445,615,023	34,724,185	446,391,358	33,841,962
Unsecured Wholesale Funding	189,445,488	96,728,985	186,368,367	92,445,852
Secured Funding Transactions	1,601,699	-	2,183,473	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	203,724,247	4,735,429	198,020,502	2,024,924
Additional Requirements	853,526	853,526	-	-
Total Cash Inflows	105,392,151	54,167,445	121,331,697	55,002,421
Maturing Secured Lending Transactions Backed by Collateral	51,406,646	31,279,981	58,828,027	34,275,274
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	37,299,289	22,887,464	40,313,246	20,727,147
Operational Deposits	16,686,216	-	22,190,423	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		243.89%		237.92%

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 Jun 2023)	20,738,231	2,159,013	834,180	2,925,000	5,634,800
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.

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 Jun 2023					
	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	198,395,327	11,074,500	198,395,327	3,402,660	8,974,594	4.45%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	26,938,164	4,368,930	1,536,134	-	2,304,201	150.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	34,286,760	9,329,494	34,286,760	2,759,551	13,363,592	36.07%
Claims on Financial Institutions	26,594,563	17,388,147	24,297,474	340,098	13,516,772	54.86%
Claims on Corporates	167,823,206	232,953,293	144,080,260	32,267,026	172,557,767	97.85%
Retail Claims	189,615,152	32,774,213	160,426,986	8,312,337	132,245,797	78.37%
Claims Secured by Residential Property	15,498,613	666,290	15,498,613	303,863	6,439,331	40.75%
Claims Secured by Commercial Real Estate	-	-	-	-	-	0%
Non-Performing Assets (NPAs) ⁽ⁱ⁾	55,002,331	-	55,002,331	-	68,774,135	125.04%
Higher-risk Categories	447,978	-	447,978	-	1,119,945	250.00%
Cash Items and Other Assets	16,762,285	-	16,762,285	-	8,255,350	49.25%
Total	731,364,379	308,554,867	650,734,148	47,385,535	427,551,484	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 Jun 2023					
	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	199,186,173	11,074,500	199,186,173	3,402,660	8,974,594	4.43%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	26,938,164	4,368,930	1,536,134	-	2,304,201	150.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	34,545,343	9,329,494	34,545,343	2,759,551	13,525,948	36.26%
Claims on Financial Institutions	26,594,563	17,388,147	24,297,474	340,098	13,516,772	54.86%
Claims on Corporates	168,131,132	232,303,897	144,388,186	32,044,051	172,642,719	97.85%
Retail Claims	189,615,152	32,774,213	160,426,986	8,312,337	132,245,797	78.37%
Claims Secured by Residential Property	15,498,613	666,290	15,498,613	303,863	6,439,331	40.75%
Claims Secured by Commercial Real Estate	-	-	-	-	-	0%
Non-Performing Assets (NPAs) ⁽ⁱ⁾	55,002,331	-	55,002,331	-	68,774,135	125.04%
Higher-risk Categories	-	765,208	-	382,604	573,906	150.00%
Cash Items and Other Assets	21,071,536	-	21,071,536	-	12,564,358	59.63%
Total	736,583,007	308,670,679	655,952,776	47,545,164	431,561,761	

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 2023	
	BANK	GROUP
(a) RWA for Interest Rate Risk	440,754	446,036
General Interest Rate Risk	440,754	442,246
(i) Net Long or Short Position	440,754	442,246
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	3,790
(b) RWA for Equity	-	370,654
(i) General Equity Risk	-	186,312
(ii) Specific Equity Risk	-	184,341
(c) RWA for Foreign Exchange & Gold	478,921	478,921
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	7,357,404	10,364,890

Template 10
Operational Risk under Basic Indicator Approach

As at 30 Jun 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%		27,193,943	38,049,650	39,179,857
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	5,221,173				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	41,769,380				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 Jun 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%		29,142,496	39,881,625	41,071,520
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	5,504,782				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	44,038,256				
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 2023	Amount (LKR '000)				
	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	793,190,938	793,190,938	650,734,148	60,865,683	81,591,107
Cash and cash equivalents	26,794,790	26,794,790	26,794,790	-	-
Balances with Central Banks of Sri Lanka	17,024,367	17,024,367	17,024,367	-	-
Placements with banks	10,476,995	10,476,995	10,476,995	-	-
Derivative financial instruments	5,702,669	5,702,669	5,702,669	-	-
Financial assets recognized through profit or loss measured at fair value	23,271,276	23,271,276	-	23,271,276	-
Financial assets at amortised cost -loans and receivables to other customers	469,659,202	469,659,202	400,555,361	-	69,103,841
Financial assets at amortised cost - debt and other instruments	133,568,507	133,568,507	133,568,507	-	-
Financial assets measured at fair value through other comprehensive income	84,366,764	84,366,764	46,399,043	37,594,407	373,314
Investments in subsidiary companies	1,118,123	1,118,123	676,129	-	441,994
Intangible assets	1,913,960	1,913,960	-	-	1,913,960
Property, plant and equipment	3,129,988	3,129,988	3,129,988	-	-
Right to Use Assets	1,141,136	1,141,136	1,141,136	-	-
Deferred tax Assets	9,173,566	9,173,566	-	-	9,173,566
Other assets	5,849,595	5,849,595	5,265,163	-	584,432
Liabilities	725,805,543	725,805,543			
Due to banks	7,895,457	7,895,457	-	-	-
Derivative financial instruments	150,478	150,478	-	-	-
Financial liabilities at amortised cost -due to depositors	627,800,141	627,800,141	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	17,121,608	17,121,608	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	25,987,235	25,987,235	-	-	-
Debt securities issued	28,475,967	28,475,967	-	-	-
Current tax liabilities	7,665,275	7,665,275	-	-	-
Employee benefit obligations	936,493	936,493	-	-	-
Other liabilities	9,676,654	9,676,654	-	-	-
Dividends payable	96,235	96,235	-	-	-
Off-Balance Sheet Liabilities	310,367,097	310,367,097	307,887,630		
Guarantees	44,465,311	44,465,311	40,911,648	-	566,042
Performance Bonds	21,572,299	21,572,299	21,495,131	-	77,168
Letters of Credit	9,002,084	9,002,084	8,978,057	-	24,027
Other Contingent Items	7,335,118	7,335,118	7,335,118	-	-
Undrawn Commitments	192,100,215	192,100,215	192,100,215	-	-
Other Commitments	35,892,071	35,892,071	37,067,461	-	-
Shareholders' Equity		-			
Equity capital (Stated capital)/Assigned capital	20,738,231	20,738,231	-	-	-
of which Amount eligible for CET1	20,738,231	20,738,231	-	-	-
Retained earnings	38,770,332	38,770,332	-	-	-
Accumulated Other comprehensive income	5,130,353	5,130,353	-	-	-
Other reserves	2,746,479	2,746,479	-	-	-
Total Shareholders' Equity	67,385,395	67,385,395			