



BASEL III - PILLAR III DISCLOSURES

30 SEPTEMBER 2023

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 Sep 2023	As at 30 Jun 2023	As at 30 Sep 2023	As at 30 Jun 2023
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	53,365,914	52,644,722	56,826,088	56,231,327
Tier 1 Capital	53,365,914	52,644,722	56,826,088	56,231,327
Total Capital	69,807,974	70,418,780	73,227,397	73,982,587
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	11.06	11.04	11.54	11.57
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.06	11.04	11.54	11.57
Total Capital Ratio (Minimum Requirement - 12.5%)	14.46	14.77	14.87	15.22
Leverage Ratio (Minimum Requirement - 3%)	6.46	6.30	6.82	6.68
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	268,733,426	245,815,949	NA	NA
Statutory Liquid Assets Ratio - Bank (Minimum Requirement -20%)	37.90	34.35	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	182,648,085	181,080,457	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	206,032,456	202,124,812	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100% (2022 - 90%))	333.73	253.24	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100% (2022 - 90%))	269.95	243.89	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100% (2022 - 90%))	141.66	137.76	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 Sep 2023	As at 30 Jun 2023	As at 30 Sep 2023	As at 30 Jun 2023
Common Equity Tier 1 (CET1) Capital after Adjustments	53,365,914	52,644,722	56,826,089	56,231,327
Common Equity Tier 1 (CET1) Capital	66,340,622	65,131,988	69,831,671	68,606,367
Equity Capital (Stated Capital)/Assigned Capital	20,738,231	20,738,231	20,738,231	20,738,231
Reserve Fund	2,746,479	2,746,479	2,746,479	2,746,479
Published Retained Earnings/(Accumulated Retained Losses)	35,649,848	35,649,848	39,048,188	39,048,188
Published Accumulated Other Comprehensive Income (OCI)	4,869,204	3,660,570	4,961,913	3,736,609
General and other Disclosed Reserves	-	-	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	2,336,860	2,336,860	2,336,860	2,336,860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	12,974,708	12,487,266	13,005,582	12,375,040
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,968,596	1,913,960	1,977,076	1,922,855
Deferred tax assets (net)	9,208,285	9,173,566	9,255,120	9,219,769
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	776,282	373,314	1,067,847	530,696
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	348,630	359,926	-	-
Shortfall of capital in financial subsidiaries	88,483	82,068	121,107	117,288
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	16,442,060	17,774,058	16,401,309	17,751,260
Tier 2 Capital	16,442,060	17,774,058	16,442,060	17,774,058
Qualifying Tier 2 Capital Instruments	10,194,313	11,552,993	10,194,313	11,552,993
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	5,371,075	5,344,393	5,371,075	5,344,393
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	40,751	22,798
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	-	-	40,751	22,798
CET1 Capital	53,365,914	52,644,722	56,826,089	56,231,327
Total Tier 1 Capital	53,365,914	52,644,722	56,826,089	56,231,327
Total Capital	69,807,974	70,418,780	73,227,398	73,982,587
Total Risk Weighted Assets (RWA)	482,708,421	476,678,268	492,489,854	485,964,908
RWAs for Credit Risk	429,686,080	427,551,484	433,881,502	431,561,761
RWAs for Market Risk	7,719,859	7,357,404	10,983,104	10,364,890
RWAs for Operational Risk	45,302,482	41,769,380	47,625,248	44,038,256
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.06	11.04	11.54	11.57
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 (%)	11.06	11.04	11.54	11.57
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.46	14.77	14.87	15.22
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 Sep 2023	As at 30 Jun 2023	As at 30 Sep 2023	As at 30 Jun 2023
Tier 1 Capital	53,365,914	52,644,722	56,826,088	56,231,327
Total Exposures	826,215,844	834,984,776	833,249,221	841,816,436
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	772,821,285	774,824,074	779,597,985	781,496,105
Derivative Exposures	6,566,188	10,625,019	6,566,188	10,625,019
Securities Financing Transactions Exposures	1,328,178	265,044	1,328,178	265,044
Other Off-Balance Sheet Exposures	45,500,193	49,270,639	45,756,870	49,430,268
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	6.46%	6.30%	6.82%	6.68%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 Sept 2023	As at 30 June 2023
Total Available Stable Funding	578,251,178	576,498,015
Required Stable Funding - On Balance Sheet Assets	406,769,069	417,180,341
Required Stable Funding - Off Balance Sheet Items	1,439,922	1,288,446
Total Required Stable Funding	408,208,991	418,468,786
Net Stable Funding Ratio (%)	141.66%	137.76%

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

	BANK			
	Amount (LKR'000)			
	As at 30 Sep 2023		As at 30 Jun 2023	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	210,118,201	206,032,456	205,794,164	202,124,812
Total Adjusted Level 1A Assets	184,082,148	184,082,148	181,466,127	181,466,127
Level 1 Assets	182,879,904	182,879,904	181,331,820	181,331,820
Total Adjusted Level 2A Assets	27,238,297	23,152,552	24,462,343	20,792,992
Level 2A Assets	27,238,297	23,152,552	24,462,343	20,792,992
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	836,129,437	135,528,725	841,239,982	137,042,125
Deposits	431,233,539	34,356,754	445,615,023	34,724,185
Unsecured Wholesale Funding	198,406,127	97,961,526	189,445,488	96,728,985
Secured Funding Transactions	11,560,814	-	1,601,699	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	193,917,571	2,199,060	203,724,247	4,735,429
Additional Requirements	1,011,385	1,011,385	853,526	853,526
Total Cash Inflows	123,095,253	59,207,558	105,392,151	54,167,445
Maturing Secured Lending Transactions Backed by Collateral	50,888,788	33,799,287	51,406,646	31,279,981
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	41,828,135	25,408,271	37,299,289	22,887,464
Operational Deposits	30,378,331	-	16,686,216	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		269.95%		243.89%

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 Sep 2023)	20,738,231	1,797,593	556,120	2,600,000	5,240,600
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 Sep 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	174,989,292	10,682,925	174,989,292	2,195,187	5,994,167	3.38%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	30,015,034	1,865,319	1,564,533	-	2,346,799	150.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	57,210,836	8,505,850	57,210,836	1,895,009	24,592,889	41.61%
Claims on Financial Institutions	20,913,576	13,968,504	19,354,148	404,182	11,513,189	58.27%
Claims on Corporates	182,689,854	220,462,978	154,069,665	27,119,388	174,663,319	96.40%
Retail Claims	182,744,323	31,111,016	155,222,609	10,909,666	128,269,666	77.21%
Claims Secured by Residential Property	15,363,664	661,054	15,363,664	300,953	6,523,332	41.64%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	53,745,693	-	53,745,693	-	66,683,525	124.07%
Higher-risk Categories	448,663	-	448,663	-	1,121,657	250.00%
Cash Items and Other Assets	15,600,191	-	15,600,191	-	7,977,537	51.14%
Total	733,721,126	287,257,647	647,569,294	42,824,385	429,686,080	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 Sep 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	175,798,472	10,682,925	175,798,472	2,195,187	5,994,167	3.37%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	30,015,034	1,865,319	1,564,533	-	2,346,799	150.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	57,415,324	8,505,850	57,415,324	1,895,009	24,784,595	41.79%
Claims on Financial Institutions	20,913,576	13,968,504	19,354,148	404,182	11,513,189	58.27%
Claims on Corporates	183,004,336	219,813,151	154,384,145	26,973,437	174,831,849	96.40%
Retail Claims	182,744,323	31,111,016	155,222,609	10,909,666	128,269,666	77.21%
Claims Secured by Residential Property	15,363,664	661,054	15,363,664	300,953	6,523,332	41.64%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	53,745,693	-	53,745,693	-	66,683,525	124.07%
Higher-risk Categories	-	805,257	-	402,628	603,942	150.00%
Cash Items and Other Assets	19,953,331	-	19,953,331	-	12,330,438	61.80%
Total	738,953,753	287,413,077	652,801,919	43,081,062	433,881,502	

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 Sep 2023	
	BANK	GROUP
(a) RWA for Interest Rate Risk	900,402	908,014
General Interest Rate Risk	900,402	902,502
(i) Net Long or Short Position	900,402	902,502
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	5,512
(b) RWA for Equity	-	400,293
(i) General Equity Risk	-	201,997
(ii) Specific Equity Risk	-	198,297
(c) RWA for Foreign Exchange & Gold	64,581	64,581
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	7,719,859	10,983,104

Template 10
Operational Risk under Basic Indicator Approach

As at 30 Sep 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%		28,877,829	39,517,953	44,860,424
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	5,662,810				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	45,302,482				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 Sep 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%		30,796,178	41,361,303	46,905,640
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	5,953,156				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	47,625,248				
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 Sep 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	789,239,208	647,569,294	52,682,597	88,987,317
Cash and cash equivalents	37,948,238	37,948,238	-	-
Balances with Central Banks of Sri Lanka	8,399,881	8,399,881	-	-
Placements with banks	22,528,740	22,528,740	-	-
Derivative financial instruments	3,344,651	3,344,651	-	-
Financial assets recognized through profit or loss measured at fair value	22,717,113	0	22,717,113	-
Financial assets at amortised cost -loans and receivables to other customers	473,205,473	397,192,864		76,012,609
Financial assets at amortised cost - debt and other instruments	120,112,401	120,112,401	-	-
Financial assets measured at fair value through other comprehensive income	78,434,450	47,692,684	29,965,484	776,282
Investments in subsidiary companies	1,113,926	676,813	-	437,113
Intangible assets	1,968,596	-	-	1,968,596
Property, plant and equipment	3,053,090	3,053,090	-	
Right to Use Assets	1,159,618	1,159,618	-	-
Deferred tax Assets	9,208,285	-	-	9,208,285
Other assets	6,044,746	5,460,314	-	584,432
Liabilities	717,355,203			
Due to banks	3,934,984	-	-	-
Derivative financial instruments	197,686	-	-	-
Financial liabilities at amortised cost -due to depositors	627,688,289	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	13,991,138	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	26,186,945	-	-	-
Debt securities issued	28,713,945	-	-	-
Current tax liabilities	7,617,006	-	-	-
Employee benefit obligations	943,633	-	-	-
Other liabilities	7,985,404	-	-	-
Dividends payable	96,173	-		
Off-Balance Sheet Liabilities	291,786,365	286,593,373		
Guarantees	41,994,887	38,227,225	-	495,403
Performance Bonds	19,503,249	19,354,777	-	148,472
Letters of Credit	9,429,406	9,409,008	-	20,399
Other Contingent Items	9,323,149	9,323,149	-	-
Undrawn Commitments	177,526,784	177,526,784	-	-
Other Commitments	34,008,890	32,752,431	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	20,738,231	-	-	-
of which Amount eligible for CET1	20,738,231	-	-	-
Retained earnings	41,646,100	-	-	-
Accumulated Other comprehensive income	6,753,195	-	-	-
Other reserves	2,746,479	-	-	-
Total Shareholders' Equity	71,884,005			