NDB bank

BASEL III - PILLAR III DISCLOSURES

31 MARCH 2024

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 31 Mar 2024	As at 31 Dec 2023	As at 31 Mar 2024	As at 31 Dec 2023
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	52,777,547	54,699,450	56,571,415	58,524,995
Tier 1 Capital	52,777,547	54,699,450	56,571,415	58,524,995
Total Capital	70,861,938	74,523,602	74,618,159	78,313,241
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	11.93	11.67	12.49	12.22
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.93	11.67	12.49	12.22
Total Capital Ratio (Minimum Requirement - 12.5%)	16.02	15.90	16.48	16.35
Leverage Ratio (Minimum Requirement - 3%)	6.72	6.74	7.14	7.15
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	286,505,082	270,066,127	NA	NA
Statutory Liquid Assets Ratio - Bank (Minimum Requirement -20%)	41.67	39.02	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - Rupee	227,947,610	199,940,490	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	252,715,483	223,342,569	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100%)	336.22	309.61	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100%)	282.80	228.58	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100%)	152.15	142.26	NA	NA

Template 2

Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 31 Mar 2024	As at 31 Dec 2023	As at 31 Mar 2024	As at 31 Dec 2023
Common Equity Tier 1 (CET1) Capital after Adjustments	**52,777,545**	**54,699,450**	**56,571,413**	**58,524,995**
Common Equity Tier 1 (CET1) Capital	**66,362,006**	**67,626,138**	**70,210,571**	**71,498,744**
Equity Capital (Stated Capital)/Assigned Capital	20,738,231	20,738,231	20,738,231	20,738,231
Reserve Fund	3,046,479	3,046,479	3,046,479	3,046,479
Published Retained Earnings/(Accumulated Retained Losses)	39,265,187	40,243,875	43,035,728	44,014,416
Published Accumulated Other Comprehensive Income (OCI)	3,312,109	3,597,553	3,390,133	3,699,618
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	**13,584,461**	**12,926,688**	**13,639,158**	**12,973,749**
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,911,686	1,883,447	1,933,291	1,898,270
Deferred tax assets (net)	10,161,812	9,648,118	10,229,916	9,717,805
Defined benefit pension fund assets	388,838	388,838	388,838	388,838
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	682,145	583,656	965,648	847,371
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	349,354	330,324	-	-
Shortfall of capital in financial subsidiaries	90,626	92,305	121,465	121,465
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	**18,084,391**	**19,824,152**	**18,046,744**	**19,788,246**
Tier 2 Capital	**18,084,391**	**19,824,152**	**18,084,391**	**19,824,152**
Qualifying Tier 2 Capital Instruments	12,403,051	13,835,632	12,403,051	13,835,632
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	4,804,668	5,111,848	4,804,668	5,111,848
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	**37,647**	**35,906**
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	-	-	37,647	35,906
CET1 Capital	52,777,545	54,699,450	56,571,413	58,524,995
Total Tier 1 Capital	52,777,545	54,699,450	56,571,413	58,524,995
Total Capital	70,861,936	74,523,602	74,618,157	78,313,241
Total Risk Weighted Assets (RWA)	**442,399,111**	**468,619,668**	**452,896,903**	**478,972,317**
RWAs for Credit Risk	384,373,555	408,947,802	388,801,780	413,186,455
RWAs for Market Risk	9,976,432	12,186,245	13,650,881	15,920,717
RWAs for Operational Risk	48,049,124	47,485,621	50,444,241	49,865,145
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**11.93**	11.67	**12.49**	12.22
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	**11.93**	11.67	**12.49**	12.22
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**16.02**	15.90	**16.48**	16.35
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 2024	As at 31 Dec 2023	As at 31 Mar 2024	As at 31 Dec 2023
Tier 1 Capital	**52,777,547**	**54,699,450**	**56,571,415**	**58,524,995**
Total Exposures	**785,402,971**	**811,015,116**	**792,830,117**	**818,318,629**
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	736,390,710	763,792,802	743,544,245	770,805,457
Derivative Exposures	6,270,422	6,171,115	6,270,422	6,171,115
Securities Financing Transactions Exposures	5,479,534	1,150,029	5,479,534	1,150,029
Other Off-Balance Sheet Exposures	37,262,305	39,901,170	37,535,916	40,192,028
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	**6.72%**	**6.74%**	**7.14%**	**7.15%**

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 31 Mar 2024	As at 31 Dec 2023
Total Available Stable Funding	555,038,694	560,209,208
Required Stable Funding - On Balance Sheet Assets	363,387,513	392,505,607
Required Stable Funding - Off Balance Sheet Items	1,421,052	1,279,714
Total Required Stable Funding	364,808,566	393,785,321
Net Stable Funding Ratio (%)	**152.15%**	**142.26%**

Template 4

Basel III Computation of Liquidity Coverage Ratio -All Currency

	BANK			
	Amount (LKR'000)			
	As at 31 Mar 2024		As at 31 Dec 2023	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	257,037,246	252,715,483	227,415,675	223,342,569
Total Adjusted Level 1A Assets	227,951,256	227,951,256	201,193,563	201,193,563
Level 1 Assets	228,225,494	228,225,494	200,261,635	200,261,635
Total Adjusted Level 2A Assets	28,811,752	24,489,989	27,154,040	23,080,934
Level 2A Assets	28,811,752	24,489,989	27,154,040	23,080,934
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	767,184,432	152,143,801	807,000,935	155,236,158
Deposits	412,001,081	33,706,972	429,317,334	33,320,324
Unsecured Wholesale Funding	202,647,350	112,216,945	191,879,789	109,217,641
Secured Funding Transactions	2,731,443	-	8,533,639	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	148,669,905	5,085,231	176,247,557	11,675,577
Additional Requirements	1,134,653	1,134,653	1,022,616	1,022,616
Total Cash Inflows	110,916,405	62,780,385	107,428,680	57,527,332
Maturing Secured Lending Transactions Backed by Collateral	57,362,685	33,325,789	46,347,880	30,179,481
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	47,121,190	29,348,282	43,023,992	27,290,037
Operational Deposits	6,326,216	-	17,998,994	-
Other Cash Inflows	106,315	106,315	57,813	57,813
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		282.80%		228.58%

Template 5
Main Features of Regulatory Capital Instruments

	CET 1 Capital	Tier 2 Instruments			
Description of the Capital Instrument	**Stated Capital**	**Debenture Issue - December 2013**	**Debenture Issue - September 2020**	**Debenture Issue - November 2021**	**Debenture Issue - December 2023**
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 D - LK0207D21053	ISIN - LK0207D24529	Type A - LK0207D24941 Type B - LK0207D24958	Type A - LK0207D25146 Type B - LKJ0207D25153
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	25-Sep-2020	24-Nov-2021	12-Dec-2023
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 D - 19 Dec 2025	24-Sep-2025	Type A - 23 Nov 2026 Type B - 23 Nov 2028	Type A - 11 Dec 2028 Type B - 11 Dec 2028
Amount Recognised in Regulatory Capital (in LKR '000 as at 31 Mar 2024)	20,738,231	1,256,651	1,950,000	4,446,400	4,750,000
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 D - 14.0% p.a	9.5% p.a	Type A - 11.90% p.a Type B - 12.00% p.a	Type A - 15.00% p.a Type B - 14.22% 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 31 Mar 2024					
	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	209,466,027	9,015,000	209,466,027	2,049,788	4,466,712	2.11%
Claims on Public Sector Entities	25,474,953	1,845,826	1,634,849	-	1,634,849	100.00%
Claims on Banks Exposures	30,652,822	6,023,603	30,652,822	1,769,157	15,499,368	47.81%
Claims on Financial Institutions	14,744,706	7,688,428	14,273,044	167,686	9,181,053	63.58%
Claims on Corporates	186,158,222	201,300,778	156,456,430	24,666,099	174,487,447	96.34%
Retail Claims	165,987,939	29,568,458	139,177,917	10,088,783	110,273,647	73.88%
Claims Secured by Residential Property	15,484,542	673,354	15,484,542	287,999	7,612,996	48.27%
Non-Performing Assets (NPAs)[i]	45,249,285	-	45,249,285	-	52,068,976	115.07%
Higher-risk Categories	440,642	-	440,642	-	1,101,605	250.00%
Cash Items and Other Assets	14,885,784	-	14,885,784	-	8,046,902	54.06%
Total	**708,544,922**	**256,115,448**	**627,721,342**	**39,029,512**	**384,373,555**	

Asset Class	GROUP					
	Amount (LKR'000) as at 31 Mar 2024					
	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	210,165,617	9,015,000	210,165,617	2,049,788	4,466,712	2.10%
Claims on Public Sector Entities	25,474,953	1,845,826	1,634,849	-	1,634,849	100.00%
Claims on Banks Exposures	30,777,530	6,023,603	30,777,530	1,769,157	15,589,203	47.90%
Claims on Financial Institutions	14,744,706	7,688,428	14,273,044	167,686	9,181,053	63.58%
Claims on Corporates	186,662,057	200,649,560	156,960,263	24,565,969	174,891,151	96.34%
Retail Claims	165,987,939	29,568,458	139,177,917	10,088,783	110,273,647	73.88%
Claims Secured by Residential Property	15,484,542	673,354	15,484,542	287,999	7,612,996	48.27%
Non-Performing Assets (NPAs)[i]	45,249,285	-	45,249,285	-	52,068,976	115.07%
Higher-risk Categories	-	747,485	-	373,743	560,614	150.00%
Cash Items and Other Assets	19,361,735	-	19,361,735	-	12,522,579	64.68%
Total	**713,908,364**	**256,211,715**	**633,084,782**	**39,303,125**	**388,801,780**	

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 2024	
	BANK	GROUP
(a) Capital Charge for Interest Rate Risk	823,331	831,609
General Interest Rate Risk	823,331	825,201
(i) Net Long or Short Position	823,331	825,201
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	6,409
(b) Capital Charge for Equity	-	451,028
(i) General Equity Risk	-	227,286
(ii) Specific Equity Risk	-	223,742
(c) Capital charge for Foreign Exchange & Gold	423,723	423,723
Total Risk Weighted Amount for Market Risk [(a) + (b) + (c)] * CAR	9,976,432	13,650,881

Template 10

Operational Risk under Basic Indicator Approach

As at 31 Mar 2024	**BANK**				
Business Lines	**Gross Income (LKR'000)**				
	Capital Charge Factor	**Fixed Factor**	**1st Year**	**2nd Year**	**3rd Year**
The Basic Indicator Approach	15%		32,862,789	42,306,375	44,953,645
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	6,006,140				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	48,049,124				
The Standardised Approach					
The Alternative Standardised Approach					

As at 31 Mar 2024	**GROUP**				
Business Lines	**Gross Income (LKR'000)**				
	Capital Charge Factor	**Fixed Factor**	**1st Year**	**2nd Year**	**3rd Year**
The Basic Indicator Approach	15%		34,582,091	44,190,652	47,337,861
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	6,305,530				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	50,444,241				
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 2024	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	**757,371,098**	**627,721,342**	**44,426,073**	**85,223,683**
Cash and cash equivalents	13,099,774	13,099,774	-	-
Balances with Central Banks of Sri Lanka	8,107,012	8,107,012	-	-
Placements with banks	24,680,629	24,680,629	-	-
Derivative financial instruments	1,916,395	1,916,395	-	-
Financial assets recognized through profit or loss measured at fair value	22,184,166	-	22,184,166	-
Financial assets at amortised cost -loans and receivables to other customers	439,638,046	367,998,824		71,639,222
Financial assets at amortised cost - debt and other instruments	135,222,849	135,222,849	-	-
Financial assets measured at fair value through other comprehensive income	90,843,240	67,919,187	22,241,908	682,145
Investments in subsidiary companies	1,108,772	668,792	-	439,980
Intangible assets	1,911,686	-	-	1,911,686
Property, plant and equipment	3,086,485	3,086,485	-	
Right to Use Assets	1,179,992	1,179,992	-	-
Deferred tax Assets	10,161,812	-	-	10,161,812
Other assets	4,230,240	3,841,402	-	388,838
Liabilities	**687,189,509**			
Due to banks	230,677	-	-	-
Derivative financial instruments	845,782	-	-	-
Financial liabilities at amortised cost -due to depositors	614,395,787	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	2,783,579	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	22,921,467	-	-	-
Debt securities issued	30,214,289	-	-	-
Current tax liabilities	7,718,044	-	-	-
Right of used assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
Employee benefit obligations	1,284,181	-	-	-
Other liabilities	6,016,417	-	-	-
Dividends payable	779,286	-		
Off-Balance Sheet Liabilities	**267,207,407**	**255,823,424**		
Guarantees	40,816,760	33,128,983	-	246,819
Performance Bonds	12,493,175	12,449,463	-	43,711
Letters of Credit	9,863,170	9,861,675	-	1,494
Other Contingent Items	8,056,805	8,056,805	-	-
Undrawn Commitments	136,693,650	136,693,650	-	-
Other Commitments	59,283,848	55,632,847	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	20,738,231	-	-	-
of which Amount eligible for CET1	20,738,231	-	-	-
of which Amount eligible for AT1	-	-	-	-
Retained earnings	39,749,779	-	-	-
Accumulated Other comprehensive income	6,647,100	-	-	-
Other reserves	3,046,479	-	-	-
Total Shareholders' Equity	**70,181,589**			