

BASEL III - PILLAR III DISCLOSURES

30 SEPTEMBER 2024

Template 1
Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 Sept 2024	As at 30 June 2024	As at 30 Sept 2024	As at 30 June 2024
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	50,133,483	50,915,363	53,903,395	54,712,204
Tier 1 Capital	50,133,483	50,915,363	53,903,395	54,712,204
Total Capital	71,084,478	68,080,111	74,771,973	71,832,277
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	11.07	11.09	11.61	11.64
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.07	11.09	11.61	11.64
Total Capital Ratio (Minimum Requirement - 12.5%)	15.70	14.83	16.10	15.28
Leverage Ratio (Minimum Requirement - 3%)	6.31	6.44	6.72	6.85
Regulatory Liquidity				
Total stock of high quality liquid assets (LKR ' 000) - Rupee	200,154,622	200,011,284	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	223,387,607	225,012,286	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100%)	326.87	284.31	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100%)	280.39	262.09	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100%)	143.77	143.28	NA	NA

Template 2
Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 Sept 2024	As at 30 June 2024	As at 30 Sept 2024	As at 30 June 2024
Common Equity Tier 1 (CET1) Capital after Adjustments	50,133,483	50,915,363	53,903,395	54,712,204
Common Equity Tier 1 (CET1) Capital	64,579,248	64,973,763	68,402,950	68,842,821
Equity Capital (Stated Capital)/Assigned Capital	21,756,865	21,756,865	21,756,865	21,756,865
Reserve Fund	3,046,479	3,046,479	3,046,479	3,046,479
Published Retained Earnings/(Accumulated Retained Losses)	38,263,711	38,263,709	42,034,251	42,034,250
Published Accumulated Other Comprehensive Income (OCI)	1,512,193	1,906,710	1,565,355	2,005,227
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-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	14,445,765	14,058,400	14,499,555	14,130,617
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,797,219	1,855,637	1,817,365	1,875,879
Deferred tax assets (net)	10,897,185	10,547,627	10,963,509	10,615,055
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	756,102	814,280	1,085,342	1,129,380
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	361,920	358,832	-	-
Shortfall of capital in financial subsidiaries	244,501	93,186	244,501	121,465
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	20,950,995	17,164,748	20,868,578	17,120,073
Tier 2 Capital	20,950,995	17,164,748	20,950,995	17,164,748
Qualifying Tier 2 Capital Instruments	15,094,008	11,248,529	15,094,008	11,248,529
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	4,980,315	5,039,547	4,980,315	5,039,547
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	82,417	44,675
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	-	-	82,417	44,675
CET1 Capital	50,133,483	50,915,363	53,903,395	54,712,204
Total Tier 1 Capital	50,133,483	50,915,363	53,903,395	54,712,204
Total Capital	71,084,478	68,080,111	74,771,973	71,832,277
Total Risk Weighted Assets (RWA)	452,913,065	459,082,351	464,404,156	470,162,340
RWAs for Credit Risk	398,425,347	403,163,797	402,354,385	407,611,329
RWAs for Market Risk	4,720,069	6,428,218	9,759,506	10,607,802
RWAs for Operational Risk	49,767,649	49,490,336	52,290,266	51,943,209
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	11.07	11.09	11.61	11.64
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 (%)	11.07	11.09	11.61	11.64
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.69	14.83	16.10	15.28
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 Sept 2024	As at 30 June 2024	As at 30 Sept 2024	As at 30 June 2024
Tier 1 Capital	50,133,483	50,915,363	53,903,395	54,712,204
Total Exposures	794,269,302	791,178,355	801,609,803	798,749,914
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	747,142,620	748,414,840	754,519,246	755,705,691
Derivative Exposures	3,349,202	4,268,399	3,349,202	4,268,399
Securities Financing Transactions Exposures	873,839	943,462	873,839	943,462
Other Off-Balance Sheet Exposures	42,903,641	37,551,654	42,867,516	37,832,362
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	6.31%	6.44%	6.72%	6.85%

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 Sept 2024	As at 30 June 2024
Total Available Stable Funding	558,092,784	557,795,185
Required Stable Funding - On Balance Sheet Assets	386,482,943	387,526,882
Required Stable Funding - Off Balance Sheet Items	1,709,343	1,766,957
Total Required Stable Funding	388,192,286	389,293,838
Net Stable Funding Ratio (%)	143.77%	143.28%

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

	BANK			
	Amount (LKR'000)			
	As at 30 Sept 2024		As at 30 June 2024	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	227,452,785	223,387,607	229,380,671	225,012,286
Total Adjusted Level 1A Assets	200,873,072	200,873,072	200,985,991	200,985,991
Level 1 Assets	200,351,600	200,351,600	200,258,103	200,258,103
Total Adjusted Level 2A Assets	27,101,186	23,036,008	29,122,568	24,754,183
Level 2A Assets	27,101,186	23,036,008	29,122,568	24,754,183
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	782,813,283	144,079,573	796,015,607	151,672,314
Deposits	436,730,994	35,759,087	437,493,041	36,533,867
Unsecured Wholesale Funding	177,696,751	101,610,158	187,220,711	111,393,909
Secured Funding Transactions	5,029,704	-	7,348,577	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	162,397,261	5,751,754	162,957,875	2,749,135
Additional Requirements	958,574	958,574	995,403	995,403
Total Cash Inflows	127,568,414	64,407,994	117,209,773	65,818,368
Maturing Secured Lending Transactions Backed by Collateral	47,500,894	32,025,051	55,532,978	39,058,994
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	54,135,624	32,204,537	46,739,355	26,704,482
Operational Deposits	25,753,492	-	14,882,548	-
Other Cash Inflows	178,405	178,405	54,892	54,892
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		280.39%		262.09%

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	Debenture Issue - September 2024
Issuer	National Development Bank PLC	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 - LK0207D25153	Type A - LK0207D25484 Type B - LK0207D25468 Type C - LK0207D25476
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	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	23-Sep-2024
Par Value of Instrument	NA	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-
Perpetual or Dated	Perpetual	Dated	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	Type A - 11 Sep 2029 Type B - 11 Sep 2029 Type C - 11 Sep 2029
Amount Recognised in Regulatory Capital (in LKR '000 as at 30 Sept 2024)	21,756,865	897,608	1,300,000	3,646,400	4,250,000	5,000,000
Accounting Classification (Equity/Liability)	Equity	Liability	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	NA
Subsequent Call Dates, if Applicable	NA	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	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	Type A - 13.25% p.a Type B - 12.84% p.a Type C - 12.64% p.a
Non-Cumulative or Cumulative	NA	Non-Cumulative	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	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	Fully
If Convertible, Mandatory or Optional	NA	NA	Mandatory	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.	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 Sept 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	204,373,886	8,005,500	204,373,886	1,990,313	4,554,288	2.21%
Claims on Public Sector Entities	24,595,191	1,845,826	1,559,371	-	1,559,371	100.00%
Claims on Banks Exposures	42,735,846	6,093,909	42,735,846	1,375,020	15,193,448	34.44%
Claims on Financial Institutions	16,309,773	9,923,630	15,474,508	427,671	9,048,609	56.90%
Claims on Corporates	208,231,645	196,493,863	177,506,078	27,421,271	192,455,379	93.91%
Retail Claims	164,720,225	31,027,037	137,651,837	12,570,961	110,705,869	73.69%
Claims Secured by Residential Property	15,763,861	805,116	15,763,861	317,700	8,382,718	52.13%
Non-Performing Assets (NPAs) ⁽ⁱ⁾	38,449,780	-	38,449,780	-	46,480,245	120.89%
Higher-risk Categories	383,489	-	383,489	-	958,723	250.00%
Cash Items and Other Assets	20,272,014	-	20,272,014	-	9,086,697	44.82%
Total	735,835,710	254,194,881	654,170,670	44,102,936	398,425,347	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 Sept 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	204,896,112	8,005,500	204,896,112	1,990,313	4,554,288	2.20%
Claims on Public Sector Entities	24,595,191	1,845,826	1,559,371	-	1,559,371	100.00%
Claims on Banks Exposures	42,651,794	6,093,909	42,651,794	1,375,020	15,145,651	34.40%
Claims on Financial Institutions	16,309,773	9,923,630	15,474,508	427,671	9,048,609	56.90%
Claims on Corporates	208,684,421	195,839,077	177,958,853	27,016,485	192,503,369	93.92%
Retail Claims	164,720,225	31,027,037	137,651,837	12,570,961	110,705,869	73.69%
Claims Secured by Residential Property	15,763,861	805,116	15,763,861	317,700	8,382,718	52.13%
Non-Performing Assets (NPAs) ⁽ⁱ⁾	38,449,780	-	38,449,780	-	46,480,245	120.89%
Higher-risk Categories	-	737,321	-	368,660	552,990	150.00%
Cash Items and Other Assets	24,606,811	-	24,606,811	-	13,421,275	54.54%
Total	740,677,968	254,277,416	659,012,927	44,066,810	402,354,385	

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 Sept 2024	
	BANK	GROUP
(a) Capital Charge for Interest Rate Risk	508,021	519,594
General Interest Rate Risk	508,021	510,940
(i) Net Long or Short Position	508,021	510,940
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	8,654
(b) Capital Charge for Equity	-	618,356
(i) General Equity Risk	-	311,954
(ii) Specific Equity Risk	-	306,403
(c) Capital charge for Foreign Exchange & Gold	81,988	81,988
Total Risk Weighted Amount for Market Risk [(a) + (b) + (c)] * CAR	4,720,069	9,759,506

Template 10
Operational Risk under Basic Indicator Approach

As at 30 Sept 2024	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%		39,517,953	44,860,424	40,040,747
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	6,220,956				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	49,767,649				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 Sept 2024	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%		40,872,550	47,169,712	42,683,402
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	6,536,283				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	52,290,266				
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 Sept 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	763,204,698	654,170,670	22,907,324	86,126,704
Cash and cash equivalents	36,811,966	36,811,966	-	-
Balances with Central Banks of Sri Lanka	9,006,093	9,006,093	-	-
Placements with banks	14,468,790	14,468,790	-	-
Derivative financial instruments	1,547,614	1,547,614	-	-
Financial assets recognized through profit or loss measured at fair value	9,231,627	0.25	9,231,627	-
Financial assets at amortised cost -loans and receivables to other customers	453,869,144	382,065,169		71,803,975
Financial assets at amortised cost - debt and other instruments	149,227,442	149,227,442	-	-
Financial assets measured at fair value through other comprehensive income	65,600,755	51,168,956	13,675,697	756,102
Investments in subsidiary companies	1,095,024	611,639	-	483,385
Intangible assets	1,797,219	-	-	1,797,219
Property, plant and equipment	3,082,293	3,082,293	-	
Right to Use Assets	1,248,969	1,248,969	-	-
Deferred tax Assets	10,897,185	-	-	10,897,185
Other assets	5,320,577	4,931,739	-	388,838
Liabilities	691,471,204			
Due to banks	2,001,973	-	-	-
Derivative financial instruments	277,839	-	-	-
Financial liabilities at amortised cost -due to depositors	611,533,701	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	11,605,823	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	21,883,196	-	-	-
Debt securities issued	29,201,828	-	-	-
Current tax liabilities	4,793,170	-	-	-
Right of used assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
Employee benefit obligations	1,391,703	-	-	-
Other liabilities	8,694,136	-	-	-
Dividends payable	87,835	-		
Off-Balance Sheet Liabilities	263,296,425	253,779,953		
Guarantees	41,603,282	37,368,353	-	364,370
Performance Bonds	10,748,451	10,710,584	-	37,868
Letters of Credit	13,703,412	13,690,722	-	12,691
Other Contingent Items	11,175,280	11,175,280	-	-
Undrawn Commitments	145,475,029	145,475,029	-	-
Other Commitments	40,590,970	35,359,985	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	21,756,865	-	-	-
of which Amount eligible for CET1	21,756,865	-	-	-
of which Amount eligible for AT1	-	-	-	-
Retained earnings	43,584,342	-	-	-
Accumulated Other comprehensive income	3,345,808	-	-	-
Other reserves	3,046,479	-	-	-
Total Shareholders' Equity	71,733,494			