



**Basel III - Minimum Disclosure Requirements under Pillar III**

**As at 31st March 2018**

**(Un-audited)**

**National Savings Bank**

**Key Regulatory Ratios- Capital and Liquidity**

Item	Bank		Group	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Regulatory Capital(LKR '000)</b>				
Common Equity Tier 1	25,247,387	21,777,538	27,056,245	23,534,421
Tier 1 Capital	25,247,387	21,777,538	27,056,245	23,534,421
Total Capital	32,234,895	26,472,439	34,035,438	28,224,246
<b>Regulatory Capital Ratios(%)</b>				
Common Equity Tier 1 Capital Ratio( <i>Minimum Requirement : 2018 - 7.375% , 2017 - 6.25%</i> )	10.93	11.00	11.60	11.80
Tier 1 Capital Ratio( <i>Minimum Requirement :2018 - 8.875% , 2017-7.75%</i> )	10.93	11.00	11.60	11.80
Total Capital Ratio ( <i>Minimum Requirement :2018 - 12.875% , 2017- 11.75%</i> )	13.95	13.38	14.59	14.15
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets(LKR'000)	533,830,407	451,189,546	N/A	N/A
Statutory Liquid Assets Ratio( <i>Minimum equirement - 20%</i> )			N/A	N/A
Domestic Banking Unit (%)	72.80	71.18	N/A	N/A
Off-Shore Banking Unit (%)			N/A	N/A
Liquidity Coverage Ratio(%)-Rupee ( <i>Minimum Requirement : 2018 -90%, 2017 - 80%</i> )	364.25	367.81	N/A	N/A
Liquidity Coverage Ratio(%)-All Currency ( <i>Minimum Requirement : 2018 - 90%, 2017 - 80%</i> )	362.86	377.45	N/A	N/A

Basel III Computation of Capital Ratios

Item	Bank		Group	
	Amount (LKR ' 000)		Amount (LKR ' 000)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>25,247,387</b>	<b>21,777,538</b>	<b>27,056,245</b>	<b>23,534,421</b>
<b>Total Common Equity Tier 1 (CET1) Capital</b>	<b>30,171,353</b>	<b>25,241,780</b>	<b>31,171,160</b>	<b>26,895,067</b>
Equity Capital (Stated capital) /Assigned capital	6,700,000	6,200,000	6,700,000	6,200,000
Reserve fund	3,002,952	2,522,467	3,002,952	2,522,467
Published Retained Earnings/(Accumulated Retained Losses)	(3,122,124)	(5,351,010)	(2,545,305)	(4,022,024)
Published Accumulated other comprehensive income (OCI)	796,800	778,438	726,710	609,713
General and other disclosed reserves	23,091,885	21,091,885	23,585,036	21,584,911
Unpublished current year's profit/(losses) and gains reflected in OCI	(298,160)	-	(298,232)	-
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	-	-
<b>Total Adjustments to CET1 Capital</b>	<b>4,923,966</b>	<b>3,464,242</b>	<b>4,114,915</b>	<b>3,360,646</b>
Goodwill (net)	-	-	-	-
Intangible assets (net)	492,701	196,266	493,027	196,266
Revaluation losses of property, plant and equipment	19,183	26,263	19,183	26,263
Deferred tax assets (net)	-	-	-	-
Cash flow hedge reserve	109,902	(81,422)	109,902	(80,569)
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	3,498,173	3,227,347	3,492,803	3,218,687
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	804,007	95,788	-	-
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 (AT1) Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Qualifying Additional Tier 1 Capital Instruments	-	-	-	-
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	-	-
<b>Total Adjustments to AT1 Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment in own shares	-	-	-	-
<b>Tier 2 Capital after Adjustments</b>	<b>6,987,508</b>	<b>4,694,901</b>	<b>6,979,193</b>	<b>4,689,825</b>
<b>Total Tier 2 Capital</b>	<b>9,598,963</b>	<b>7,417,798</b>	<b>9,598,963</b>	<b>7,417,798</b>
Qualifying Tier 2 Capital Instruments	4,500,000	5,700,000	4,500,000	5,700,000
Revaluation gains	3,565,866	451,286	3,565,866	451,286
Loan Loss Provisions	1,533,098	1,266,512	1,533,098	1,266,512
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	-	-
<b>Total Adjustments to Tier 2 Capital</b>	<b>2,611,455</b>	<b>2,722,897</b>	<b>2,619,771</b>	<b>2,727,973</b>
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	2,611,455	2,722,897	2,619,771	2,727,973
<b>CET 1 Capital</b>	<b>25,247,387</b>	<b>21,777,538</b>	<b>27,056,245</b>	<b>23,534,421</b>
<b>Total Tier 1 Capital</b>	<b>25,247,387</b>	<b>21,777,538</b>	<b>27,056,245</b>	<b>23,534,421</b>
<b>Total Capital</b>	<b>32,234,895</b>	<b>26,472,439</b>	<b>34,035,438</b>	<b>28,224,246</b>
<b>Total Risk Weighted Assets(RWA)</b>	<b>231,061,455</b>	<b>197,923,197</b>	<b>233,325,027</b>	<b>199,505,332</b>
RWAs for Credit Risk	178,382,979	135,069,974	178,675,467	135,250,244
RWAs for Market Risk	20,588,222	28,077,495	22,241,368	30,521,372
RWAs for Operational Risk	32,090,254	34,775,728	32,408,193	33,733,717
<b>CET I Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer &amp; Surcharge on D-SIBs(%))</b>	<b>10.93</b>	<b>11.00</b>	<b>11.60</b>	<b>11.80</b>
of which :Capital Conservation Buffer(%)	1.25	1.25	1.25	1.25
of which: Countercyclical Buffer(%)	-	-	-	-
of which:Capital Surcharge on D-SIBs(%)	0.50	0.50	0.50	0.50
<b>Total Tier I Capital Ratio(%)</b>	<b>10.93</b>	<b>11.00</b>	<b>11.60</b>	<b>11.80</b>
<b>Total Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer &amp; Surcharge on D-SIBs(%))</b>	<b>13.95</b>	<b>13.38</b>	<b>14.59</b>	<b>14.15</b>
of which :Capital Conservation Buffer(%)	1.25	1.25	1.25	1.25
of which: Countercyclical Buffer(%)	-	-	-	-
of which:Capital Surcharge on D-SIBs(%)	0.50	0.50	0.50	0.50

Basel III Computation of Liquidity Coverage Ratio (Bank)

Item	Amount (LKR '000)			
	31.03.2018		31.03.2017	
	Total Un-weighted value	Total weighted value	Total Un-weighted value	Total Weighted value
<b>Total Stock of High-Quality Liquid Assets(HQLA)</b>	<b>436,060,698</b>	<b>432,552,510</b>	<b>364,295,459</b>	<b>362,814,686</b>
<b>Total Adjusted Level 1A Assets</b>	<b>435,136,485</b>	<b>435,154,392</b>	<b>364,186,163</b>	<b>364,203,414</b>
Level 1 Assets	428,694,322	428,694,322	360,483,913	360,483,913
<b>Total Adjusted Level 2A Assets</b>	<b>500,000</b>	<b>425,000</b>	<b>500,000</b>	<b>425,000</b>
Level 2A Assets	500,000	425,000	500,000	425,000
<b>Total Adjusted Level 2B Assets</b>	<b>6,866,376</b>	<b>3,433,188</b>	<b>3,811,547</b>	<b>1,905,773</b>
Level 2B Assets	6,866,376	3,433,188	3,811,547	1,905,773
<b>Total Cash Outflows</b>	<b>829,302,807</b>	<b>126,725,981</b>	<b>706,901,812</b>	<b>104,370,170</b>
Deposits	630,024,889	63,002,489	564,504,891	56,450,489
Unsecured Wholesale Funding	121,901,232	58,776,675	87,004,624	43,369,495
Secured Funding Transactions	55,315,888	-	35,044,734	-
Undrawn Portion of Committed (Irrevocable)Facilities and Other Contingent Funding Obligations	18,787,944	1,689,411	17,813,021	2,021,495
Additional Requirements	3,272,854	3,272,854	2,534,542	2,534,542
<b>Total Cash Inflows</b>	<b>15,778,097</b>	<b>7,518,166</b>	<b>13,071,195</b>	<b>8,247,774</b>
Maturing Secured Lending Transactions Backed by Collateral	5,885,280	1,896,680	4,726,488	1,470,688
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30Days	7,590,441	5,621,486	7,584,952	6,777,086
Operational Deposits	2,302,375	-	759,756	-
Other Cash Inflows	-	-	-	-
<b>Liquidity Coverage Ratio(%)Stock of High Quality Liquid Assets/Total Net Cash Outflow over the Next 30 Calendar Days)*100</b>		<b>362.86</b>		<b>377.45</b>

## Main Features of Regulatory Capital Instruments

<b>Description of the Capital Instrument</b>	
Issuer	National Savings Bank
Unique Identifier	
Governing Law(s) of the Instrument	Sri Lanka
Original Date of Issance	29 <sup>th</sup> December 2016
Par Value of Instrument	100
Perpetual or Dated	Dated
Original Maturity Date	29 <sup>th</sup> December 2021
Amount Recognised in Regulatory Capital (Rs'000)	4,500,000
Accounting Classification(Euity/Liability)	Liability
<b>Issuer Call subject to Prior Supervisory Approval</b>	
Optional Call Date ,Contingent Call Dates and Redemption Amount(LKR'000)	N/A
Subsequent Call Dates	N/A
<b>Coupons/Dividends</b>	
Fixed or Floating Dividend/Coupon	Fixed
Coupon Rate and any Related Index	13%
Non-Cumulative or Cumulative	Non-Cumulative
<b>Convertible or Non -Convertible</b>	
If Convertible, Conversion Trigger(s)	N/A
If Convertible, Fully or Partially	N/A
If Convertible, Mandatory or Optional	N/A
If Convertible, Conversion Rate	N/A

**Credit Risk under Standardised Approach (Bank)**  
**Credit Risk Exposures and Credit Risk Mitigation(CRM) Effects**

Item	Amount (LKR '000) as at 31.03.2018					
	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 <sup>(ii)</sup>
Claims on Central Government and CBSL	581,425,535	68,948,320	578,405,125	1,378,966	11,745,551	2.0
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	125,978,813	12,641,021	57,491	-	57,491	100.0
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	58,797,825	-	58,797,825	-	19,187,851	32.6
Claims on Financial Institutions	10,399,104	150,000	10,399,104	75,000	5,314,135	50.7
Claims on Corporates	10,876,984	1,400,441	10,876,984	700,220	3,499,799	30.2
Retail Claims	150,346,301	2,047,957	125,991,854	154,475	78,351,884	62.1
Claims Secured by Residential Property	63,202,239	1,209,665	63,202,239	604,832	32,154,956	50.4
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) <sup>(i)</sup>	5,111,659	-	5,111,659	-	6,227,254	121.8
Higher Risk Categories	260,514	-	260,514	-	651,285	250.0
Cash Items and Other Assets	20,919,487	1,338,862	20,919,487	1,338,862	21,192,774	95.2
<b>Total</b>	<b>1,027,318,460</b>	<b>87,736,264</b>	<b>874,022,282</b>	<b>4,252,356</b>	<b>178,382,979</b>	<b>20.3</b>

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.

**Credit Risk under Standardised Approach (Group)**  
**Credit Risk Exposures and Credit Risk Mitigation(CRM) Effects**

Item	Amount (LKR '000) as at 31.03.2018					
	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 <sup>(ii)</sup>
Claims on Central Government and CBSL	584,102,132	68,948,320	582,578,733	1,378,966	11,745,551	2.0
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	125,978,813	12,641,021	57,491	-	57,491	100.0
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	58,815,649	-	58,815,649	-	19,192,296	32.6
Claims on Financial Institutions	10,403,625	150,000	10,403,625	75,000	5,315,334	50.7
Claims on Corporates	10,877,984	1,400,441	10,877,984	700,220	3,500,799	30.2
Retail Claims	150,346,301	2,047,957	125,991,854	154,475	78,351,884	62.1
Claims Secured by Residential Property	63,202,239	1,209,665	63,202,239	604,832	32,154,956	50.4
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) <sup>(i)</sup>	5,111,659	-	5,111,659	-	6,227,254	121.8
Higher Risk Categories	270,562	-	270,562	-	676,406	250.0
Cash Items and Other Assets	21,180,219	1,338,862	21,180,219	1,338,862	21,453,497	95.3
<b>Total</b>	<b>1,030,289,185</b>	<b>87,736,264</b>	<b>878,490,016</b>	<b>4,252,356</b>	<b>178,675,467</b>	<b>20.2</b>

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.

**Market Risk under Standardised Measurement Method (Bank)**

Item	RWA Amount(LKR'000) as at 31.03.2018
<b>(a)RWA for Interest Rate Risk</b>	871,385
General Interest Rate Risk	871,385
(i)Net Long or Short Position	871,385
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	-
<b>(b)RWA for Equity</b>	4,589,449
(i)General Equity Risk	2,433,005
(ii)Specific Equity Risk	2,156,444
<b>(c)RWA for Foreign Exchange &amp; Gold</b>	15,127,388
<b>Capital Charge for Market Risk{(a)+(b)+(c) } *CAR</b>	2,650,734

**Market Risk under Standardised Measurement Method (Group)**

Item	RWA Amount(LKR'000) as at 31.03.2018
<b>(a)RWA for Interest Rate Risk</b>	2,515,139
General Interest Rate Risk	2,479,378
(i)Net Long or Short Position	2,479,378
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	35,761.17
<b>(b)RWA for Equity</b>	4,598,840
(i)General Equity Risk	2,438,375
(ii)Specific Equity Risk	2,160,465
<b>(c)RWA for Foreign Exchange &amp; Gold</b>	15,127,388
<b>Capital Charge for Market Risk{(a)+(b)+(c) } *CAR</b>	2,863,576

**Operational Risk under Basic Indicator Approach-Bank**

Capital Charge	Capital Charge Factor	Gross Income (LKR'000) as at 31.03.2018			LKR'000
		1st Year	2nd Year	3rd Year	
The Basic Indicator Approach	15%	26,894,495	26,831,854	28,906,056	
Capital Charge	-	-	-	-	4,131,620
Risk Weighted Amount for Operational Risk	-	-	-	-	32,090,254

**Operational Risk under Basic Indicator Approach-Group**

Capital Charge	Capital Charge	Gross Income (LKR'000) as at 31.03.2018			LKR'000
		1st Year	2nd Year	3rd Year	
The Basic Indicator Approach	15%	27,022,908	26,972,788	29,455,401	
Capital Charge	-	-	-	-	4,172,555
Risk Weighted Amount for Operational Risk	-	-	-	-	32,408,193



Differences between Accounting and Regulatory Scopes and Mapping Financial Statement Categories with Regulatory Risk Categories-Bank Only

Item	Amount (LKR'000) as at 31.03.2018				
	a	b	c	d	e
	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
<b>Assets</b>	<b>1,040,729,678</b>	<b>1,039,832,378</b>	<b>872,489,184</b>	<b>6,640,680</b>	<b>160,702,514</b>
Cash and cash equivalents	3,500,399	7,093,167	4,054,851	17,907	3,020,409
Balances with Central Bank	-	-	-	-	-
Placements with banks	32,700,258	32,615,193	32,615,193	-	-
Derivative financial instruments	1,225,588	-	-	-	-
Other Financial assets Held-For-Trading	5,101,373	10,120,946	-	6,622,773	3,498,173
Loans and receivables to banks at amortised cost	26,145,276	20,444,192	20,444,192	-	-
Loans and receivables to other customers at amortised cost	370,262,587	360,944,768	210,668,999	-	150,275,769
Debt instruments at fair value through other comprehensive income	1,541,583	-	-	-	-
Equity instruments at fair value through other comprehensive income	4,326,374	-	-	-	-
Debt instruments at amortised cost	551,957,602	552,822,710	550,086,996	-	2,735,714
Investments in subsidiaries	900,000	900,000	220,252	-	679,748
Property, Plant and Equipment	12,161,108	12,161,108	12,161,108	-	-
Goodwill and Intangible assets	492,701	492,701	-	-	492,701
Deferred tax assets	-	-	-	-	-
Other assets	30,414,826	42,237,593	42,237,593	-	-
<b>Liabilities</b>	<b>999,341,512</b>	<b>995,110,843</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to banks	135,970	135,970	-	-	-
Derivative financial instruments	2,017,167	-	-	-	-
Due to other customers	764,666,357	740,692,185	-	-	-
Other borrowings	216,842,602	216,136,194	-	-	-
Debt securities issued	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
Deferred tax liabilities	517,252	517,252	-	-	-
Other Provisions	-	-	-	-	-
Other liabilities	8,963,424	31,629,241	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debt	6,198,740	6,000,000	-	-	-
<b>Off Balance Sheet Liabilities</b>	<b>17,218,135</b>	<b>87,736,264</b>	<b>4,252,356</b>	<b>-</b>	<b>-</b>
Guarantees	1,739,006	1,739,006	-	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	308,951	308,951	154,475	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	14,709,436	15,401,126	1,380,053	-	-
Other Commitments	460,742	70,287,182	2,717,828	-	-
<b>Shareholders' Equity</b>	<b>6,700,000</b>	<b>6,700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Capital(Stated Capital)/Assigned Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which Amount Eligible for CET 1	6,700,000	6,700,000	-	-	-
of which Amount Eligible for AT 1	-	-	-	-	-
Retained Earnings	3,631,970	-	-	-	-
Accumulated Other Comprehensive Income	1,327,999	-	-	-	-
Other Reserves	29,728,196	38,021,535	-	-	-
<b>Total Shareholders' Equity</b>	<b>41,388,166</b>	<b>44,721,535</b>	<b>-</b>	<b>-</b>	<b>-</b>