



Basel III - Minimum Disclosure Requirements under Pillar III

As at 30th September 2018

(Un-audited)

National Savings Bank

Market Discipline - Minimum Disclosure Requirements under Pillar III

Key Regulatory Ratios- Capital and Liquidity

Item	Bank		Group	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Regulatory Capital(LKR '000)				
Common Equity Tier 1	23,997,614	23,863,247	25,778,437	25,152,403
Tier 1 Capital	23,997,614	23,863,247	25,778,437	25,152,403
Total Capital	30,460,227	28,144,506	32,167,074	29,435,470
Regulatory Capital Ratios(%)				
Common Equity Tier 1 Capital Ratio(<i>Minimum Requirement : 2018 - 7.375% , 2017 - 6.25%</i>)	10.86	11.37	11.46	11.85
Tier 1 Capital Ratio(<i>Minimum Requirement :2018 - 8.875% , 2017-7.75%</i>)	10.86	11.37	11.46	11.85
Total Capital Ratio (<i>Minimum Requirement :2018 - 12.875% , 2017- 11.75%</i>)	13.79	13.41	14.30	13.87
Regulatory Liquidity				
Statutory Liquid Assets(LKR'000)	463,807,032	508,485,563	N/A	N/A
Statutory Liquid Assets Ratio(<i>Minimum requirement - 20%</i>)			N/A	N/A
Domestic Banking Unit (%)	60.72	72.91	N/A	N/A
Off-Shore Banking Unit (%)			N/A	N/A
Liquidity Coverage Ratio(%)-Rupee (<i>Minimum Requirement : 2018 -90%, 2017 - 80%</i>)	334.61	359.41	N/A	N/A
Liquidity Coverage Ratio(%)-All Currency (<i>Minimum Requirement : 2018 - 90%, 2017 - 80%</i>)	332.31	365.92	N/A	N/A

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)			
	Bank		Group	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Common Equity Tier 1 (CET1) Capital after Adjustments	23,997,614	23,863,247	25,778,437	25,152,403
Total Common Equity Tier 1 (CET1) Capital	28,597,398	28,788,620	29,558,989	29,269,999
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)	(4,024,216)	-	(3,448,112)	1,328,974
Published Accumulated other comprehensive income (OCI)	(173,223)	827,291	(280,887)	658,055
General and other disclosed reserves	23,091,885	15,740,879	23,585,036	15,740,879
Unpublished current year's profit/(losses) and gains reflected in OCI	-	3,497,983	-	2,819,624
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	-	-
Total Adjustments to CET1 Capital	4,599,784	4,925,373	3,780,552	4,117,595
Goodwill (net)	-	-	-	-
Intangible assets (net)	547,022	401,293	547,309	401,293
Revaluation losses of property, plant and equipment	19,183	26,263	19,183	26,263
Deferred tax assets (net)	-	-	90	-
Cash flow hedge reserve	-	-	-	-
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	3,217,198	3,680,106	3,213,970	3,690,040
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	816,381	817,712	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Total Additional Tier 1 (AT1) Capital	-	-	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-	-	-
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Investment in own shares	-	-	-	-
Tier 2 Capital after Adjustments	6,462,613	4,281,259	6,388,637	4,283,067
Total Tier 2 Capital	9,074,764	6,998,555	9,074,764	6,998,555
Qualifying Tier 2 Capital Instruments	3,900,000	5,100,000	3,900,000	5,100,000
Revaluation gains	3,565,866	451,286	3,565,866	451,286
Loan Loss Provisions	1,608,898	1,447,269	1,608,898	1,447,269
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	-	-
Total Adjustments to Tier 2 Capital	2,612,151	2,717,296	2,686,127	2,715,489
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	2,612,151	2,717,296	2,686,127	2,715,489
CET 1 Capital	23,997,614	23,863,247	25,778,437	25,152,403
Total Tier 1 Capital	23,997,614	23,863,247	25,778,437	25,152,403
Total Capital	30,460,227	28,144,506	32,167,074	29,435,470
Total Risk Weighted Assets(RWA)	220,871,667	209,844,636	224,979,076	212,253,044
RWAs for Credit Risk	177,639,007	147,553,428	177,982,664	147,743,263
RWAs for Market Risk	10,835,666	28,325,477	14,293,732	30,545,314
RWAs for Operational Risk	32,396,994	33,965,732	32,702,680	33,964,467
CET I Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	10.86	11.37	11.46	11.85
of which :Capital Conservation Buffer(%)	1.88	1.25	1.88	1.25
of which: Countercyclical Buffer(%)	-	-	-	-
of which:Capital Surcharge on D-SIBs(%)	1.00	0.50	1.00	0.50
Total Tier I Capital Ratio(%)	10.86	11.37	11.46	11.85
Total Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	13.79	13.41	14.30	13.87
of which :Capital Conservation Buffer(%)	1.88	1.25	1.88	1.25
of which: Countercyclical Buffer(%)	-	-	-	-
of which:Capital Surcharge on D-SIBs(%)	1.00	0.50	1.00	0.50

Basel III Computation of Liquidity Coverage Ratio (Bank)

Item	Amount (LKR '000)			
	30.09.2018		30.09.2017	
	Total Un-weighted value	Total weighted value	Total Un-weighted value	Total Weighted value
Total Stock of High-Quality Liquid Assets(HQLA)	410,984,400	408,242,779	420,886,283	418,908,721
Total Adjusted Level 1A Assets	415,055,327	415,079,200	528,689,849	528,709,276
Level 1 Assets	405,011,158	405,011,158	416,581,158	416,581,158
Total Adjusted Level 2A Assets	700,000	595,000	500,000	425,000
Level 2A Assets	700,000	595,000	500,000	425,000
Total Adjusted Level 2B Assets	5,273,242	2,636,621	3,805,126	1,902,563
Level 2B Assets	5,273,242	2,636,621	3,805,126	1,902,563
Total Cash Outflows	875,395,743	129,673,354	782,273,252	123,829,477
Deposits	666,575,625	66,657,563	595,597,119	59,559,712
Unsecured Wholesale Funding	116,512,213	58,312,964	111,736,501	57,411,957
Secured Funding Transactions	82,391,774	-	50,978,291	-
Undrawn Portion of Committed (Irrevocable)Facilities and Other Contingent Funding Obligations	5,592,270	397,148	19,313,984	2,215,781
Additional Requirements	4,323,861	4,323,861	4,647,357	4,647,357
Total Cash Inflows	17,121,206	6,823,736	14,441,285	9,347,877
Maturing Secured Lending Transactions Backed by Collateral	8,525,817	2,414,737	4,786,671	2,050,096
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30Days	6,082,454	4,408,999	8,851,059	7,297,781
Operational Deposits	2,512,935	-	803,556	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio(%)Stock of High Quality Liquid Assets/Total Net Cash Outflow over the Next 30 Calendar Days)*100		332.31		365.92

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	
Issuer	National Savings Bank
Unique Identifier	
Governing Law(s) of the Instrument	Sri Lanka
Original Date of Issance	29 th December 2016
Par Value of Instrument	100
Perpetual or Dated	Dated
Original Maturity Date	29 th December 2021
Amount Recognised in Regulatory Capital (Rs'000)	3,900,000
Accounting Classification(Euity/Liability)	Liability
Issuer Call subject to Prior Supervisory Approval	
Optional Call Date ,Contingent Call Dates and Redemption Amount(LKR'000)	N/A
Subsequent Call Dates	N/A
Coupons/Dividends	
Fixed or Floating Dividend/Coupon	Fixed
Coupon Rate and any Related Index	13%
Non-Cumulative or Cumulative	Non-Cumulative
Convertible or Non -Convertible	
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 30.09.2018					
	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 ⁽ⁱ⁾
Claims on Central Government and CBSL	530,387,675	40,810,925	525,942,924	816,219	32,644	0.0
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	127,117,240	1,626,127	57,491	-	57,491	100.0
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	41,776,930	11,201	41,776,930	224	17,337,670	41.5
Claims on Financial Institutions	11,539,622	186,386	11,539,623	93,193	5,812,270	50.0
Claims on Corporates	11,737,849	380,071	11,737,849	190,035	4,001,955	33.6
Retail Claims	169,545,775	2,141,120	143,487,865	181,814	90,712,958	63.1
Claims Secured by Residential Property	64,501,521	804,914	64,501,521	402,457	32,686,382	50.4
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) ⁽ⁱ⁾	5,796,901	-	5,796,901	-	7,160,745	123.5
Higher Risk Categories	248,140	-	248,140	-	620,350	250.0
Cash Items and Other Assets	19,752,868	453,653	19,752,868	453,653	19,216,542	95.1
Total	982,404,521	46,414,395	824,842,112	2,137,594	177,639,006	21.5

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 30.09.2018					
	Exposures before Credit Conversion		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 CBSL	532,660,776	40,810,925	529,945,266	816,219	32,644	0.0
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	127,117,240	1,626,127	57,491	-	57,491	100.0
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	41,787,166	11,200	41,787,166	224	17,340,661	41.5
Claims on Financial Institutions	11,543,392	186,386	11,543,393	93,193	5,813,096	50.0
Claims on Corporates	11,741,494	380,071	11,741,494	190,035	4,003,484	33.6
Retail Claims	169,545,774	2,141,120	143,487,865	181,814	90,712,958	63.1
Claims Secured by Residential Property	64,501,521	804,914	64,501,521	402,457	32,686,382	50.4
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) ⁽ⁱ⁾	5,796,902	-	5,796,901	-	7,160,745	123.5
Higher Risk Categories	257,784	-	257,784	-	644,460	250.0
Cash Items and Other Assets	20,067,079	453,653	20,067,079	453,653	19,530,743	95.2
Total	985,019,130	46,414,394	829,185,960	2,137,595	177,982,664	21.4

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 30.09.2018
(a)RWA for Interest Rate Risk	5,466,216
General Interest Rate Risk	5,466,216
(i)Net Long or Short Position	5,466,216
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	-
(b)RWA for Equity	3,736,126
(i)General Equity Risk	2,008,681
(ii)Specific Equity Risk	1,727,445
(c)RWA for Foreign Exchange & Gold	1,633,319
Capital Charge for Market Risk{(a)+(b)+(c) } *CAR	1,395,092

Market Risk under Standardised Measurement Method (Group)

Item	RWA Amount(LKR'000) as at 30.09.2018
(a)RWA for Interest Rate Risk	8,918,828
General Interest Rate Risk	8,883,214
(i)Net Long or Short Position	8,883,214
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	35,613.98
(b)RWA for Equity	3,741,584
(i)General Equity Risk	2,011,908
(ii)Specific Equity Risk	1,729,676
(c)RWA for Foreign Exchange & Gold	1,633,319
Capital Charge for Market Risk{(a)+(b)+(c) } *CAR	1,840,318

Operational Risk under Basic Indicator Approach-Bank

Capital Charge	Capital Charge Factor	Gross Income (LKR'000) as at 30.09.2018			LKR'000
		1st Year	2nd Year	3rd Year	
The Basic Indicator Approach	15%	27,160,616	26,364,274	29,897,368	
Capital Charge	-	-	-	-	4,171,113
Risk Weighted Amount for Operational Risk	-	-	-	-	32,396,994

Operational Risk under Basic Indicator Approach-Group

Capital Charge	Capital Charge	Gross Income (LKR'000) as at 30.09.2018			LKR'000
		1st Year	2nd Year	3rd Year	
The Basic Indicator Approach	15%	27,455,640	26,628,995	30,124,769	
Capital Charge	-	-	-	-	4,210,470
Risk Weighted Amount for Operational Risk	-	-	-	-	32,702,680

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

Item	Amount (LKR'000) as at 30.09.2018				
	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
Assets	1,003,620,344	1,003,824,048	823,233,215	15,835,670	164,755,163
Cash and cash equivalents	3,359,860	9,360,015	4,891,391	23,873	4,444,751
Balances with Central Bank	-	-	-	-	-
Placements with banks	16,513,076	16,385,591	16,385,591	-	-
Derivative financial instruments	1,313,795	-	-	-	-
Other Financial assets Held-For-Trading	14,104,643	19,028,994	-	15,811,796	3,217,198
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Loans and receivables to banks	25,304,194	18,860,668	18,860,668	-	-
Loans and receivables to other customers	394,409,164	382,301,469	229,183,810	-	153,117,659
Debt instruments at fair value through other comprehensive income	2,015,144	-	-	-	-
Equity instruments at fair value through other comprehensive income	3,837,019	-	-	-	-
Financial investments - Available-for-sale	-	-	-	-	-
Financial investments - Held-To-Maturity	-	498,609,856	495,871,533	-	2,738,323
Debt instruments at amortised cost	495,695,690	-	-	-	-
Investments in subsidiaries	900,000	900,000	209,790	-	690,210
Property, Plant and Equipment	12,689,922	12,689,922	12,689,922	-	-
Goodwill and Intangible assets	547,022	547,022	-	-	547,022
Deferred tax assets	-	-	-	-	-
Other assets	32,930,815	45,140,510	45,140,510	-	-
Liabilities	960,183,746	957,185,519	-	-	-
Due to banks	90,613,094	139,059	-	-	-
Derivative financial instruments	-	-	-	-	-
Other Financial liabilities Held-For-Trading	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Due to other customers	796,983,925	772,367,976	-	-	-
Other borrowings	56,242,471	146,168,046	-	-	-
Debt securities issued	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
Deferred tax liabilities	547,433	547,433	-	-	-
Other Provisions	-	-	-	-	-
Other liabilities	9,595,946	31,963,004	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debt	6,200,877	6,000,000	-	-	-
Off Balance Sheet Liabilities	5,469,024	46,414,394	2,137,370	-	-
Guarantees	1,777,492	1,777,492	-	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	363,628	363,628	181,814	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	2,943,690	2,997,497	685,685	-	-
Other Commitments	384,214	41,275,777	1,269,871	-	-
Shareholders' Equity	6,700,000	6,700,000	-	-	-
Equity Capital(Stated Capital)/Assigned Capital	-	-	-	-	-
of which Amount Eligible for CET 1	6,700,000	6,700,000	-	-	-
of which Amount Eligible for AT 1	-	-	-	-	-
Retained Earnings	6,214,459	-	-	-	-
Accumulated Other Comprehensive Income	678,925	-	-	-	-
Other Reserves	29,843,214	39,938,529	-	-	-
Total Shareholders' Equity	43,436,598	46,638,529	-	-	-