



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

**As at 30<sup>th</sup> September 2020**

**(Un-audited)**

**National Savings Bank**

**Key Regulatory Ratios- Capital and Liquidity**

Item	Bank		Group	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
<b>Regulatory Capital(LKR '000)</b>				
Common Equity Tier 1	29,203,952	30,211,765	33,745,227	32,529,625
Tier 1 Capital	29,203,952	30,211,765	33,745,227	32,529,625
Total Capital	35,595,942	36,555,470	39,914,429	38,800,295
<b>Regulatory Capital Ratios(%)</b>				
Common Equity Tier 1 Capital Ratio(Minimum Requirement : 2020 - 6.5% , 2019 - 7.0%)	10.214	12.859	11.779	13.686
Tier 1 Capital Ratio(Minimum Requirement : 2020-8.0%, 2019 - 8.5% )	10.214	12.859	11.779	13.686
Total Capital Ratio (Minimum Requirement : 2020- 12.0%, 2019 - 12.5% )	12.449	15.559	13.933	16.324
Leverage Ratio(Minimum Requirement : 3%)	4.91	5.15	5.29	5.28
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets(LKR'000)	798,326,467	533,232,328	N/A	N/A
Statutory Liquid Assets Ratio( Minimum equirement - 20%)				
Domestic Banking Unit (%)	71.93	59.76	N/A	N/A
Off-Shore Banking Unit (%)	N/A	N/A	N/A	N/A
Liquidity Coverage Ratio(%)-Rupee (Minimum Requirement :2020- 90%,2019-100%)	321.42	274.61	N/A	N/A
Liquidity Coverage Ratio(%)-All Currency (Minimum Requirement : 2020-90%,2019-100%)	317.03	267.42	N/A	N/A
NSFR (%)-(Minimum Requirement : 2020-90%,2019-100%)	172.00	170.94	N/A	N/A

Basel III Computation of Capital Ratios

Item	Bank		Group	
	Amount (LKR ' 000)		Amount (LKR ' 000)	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>29,203,952</b>	<b>30,211,765</b>	<b>33,745,227</b>	<b>32,529,625</b>
<b>Total Common Equity Tier 1 (CET1) Capital</b>	<b>33,997,697</b>	<b>34,918,107</b>	<b>37,229,588</b>	<b>35,850,198</b>
Equity Capital (Stated capital) /Assigned capital	9,400,000	9,400,000	9,400,000	9,400,000
Reserve fund	3,562,872	3,227,960	3,571,214	3,227,960
Published Retained Earnings/(Accumulated Retained Losses)	(2,057,061)	(6,441)	711,372	570,018
Published Accumulated other comprehensive income (OCI)	(0)	(114,210)	(38,843)	(252,431)
General and other disclosed reserves	23,091,885	23,091,885	23,585,844	23,585,844
Unpublished current year's profit/(losses) and gains reflected in OCI	-	(681,086)	-	(681,193)
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>4,793,745</b>	<b>4,706,343</b>	<b>3,484,359</b>	<b>3,320,572</b>
Goodwill (net)	-	-	-	-
Intangible assets (net)	757,414	608,050	757,829	608,257
Revaluation losses of property, plant and equipment	19,183	19,183	19,183	19,183
Deferred tax assets (net)	-	-	700	193
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	2,623,127	2,695,068	2,706,648	2,692,940
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	1,394,020	1,384,042	-	-
<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>6,391,991</b>	<b>6,343,705</b>	<b>6,169,203</b>	<b>6,270,670</b>
<b>Total Tier 2 Capital</b>	<b>8,015,008</b>	<b>8,113,253</b>	<b>7,972,147</b>	<b>8,113,390</b>
Qualifying Tier 2 Capital Instruments	1,500,000	2,700,000	1,500,000	2,700,000
Revaluation gains	3,565,866	3,565,866	3,565,866	3,565,866
Loan Loss Provisions	2,949,142	1,847,387	2,906,281	1,847,524
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>1,623,018</b>	<b>1,769,548</b>	<b>1,802,945</b>	<b>1,842,720</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	1,623,018	1,769,548	1,802,945	1,842,720
<b>CET 1 Capital</b>	<b>29,203,952</b>	<b>30,211,765</b>	<b>33,745,227</b>	<b>32,529,625</b>
<b>Total Tier 1 Capital</b>	<b>29,203,952</b>	<b>30,211,765</b>	<b>33,745,227</b>	<b>32,529,625</b>
<b>Total Capital</b>	<b>35,595,942</b>	<b>36,555,470</b>	<b>39,914,429</b>	<b>38,800,295</b>
<b>Total Risk Weighted Assets(RWA)</b>	<b>285,929,030</b>	<b>234,941,339</b>	<b>286,479,483</b>	<b>237,688,669</b>
RWAs for Credit Risk	235,931,362	198,169,325	232,506,291	197,670,626
RWAs for Market Risk	11,691,317	6,957,693	14,562,133	9,811,093
RWAs for Operational Risk	38,306,350	29,814,321	39,411,058	30,206,950
<b>CET I Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer &amp; Surcharge on D-SIBs)(%)</b>	<b>10.214</b>	<b>12.859</b>	<b>11.779</b>	<b>13.686</b>
of which :Capital Conservation Buffer(%)	2.000	2.500	2.000	2.500
of which: Countercyclical Buffer(%)	0.000	0.000	0.000	0.000
of which:Capital Surcharge on D-SIBs(%)	0.000	1.500	0.000	1.500
<b>Total Tier I Capital Ratio(%)</b>	<b>10.214</b>	<b>12.859</b>	<b>11.779</b>	<b>13.686</b>
<b>Total Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer &amp; Surcharge on D-SIBs)(%)</b>	<b>12.449</b>	<b>15.559</b>	<b>13.933</b>	<b>16.324</b>
of which :Capital Conservation Buffer(%)	2.000	2.500	2.000	2.500
of which: Countercyclical Buffer(%)	0.000	0.000	0.000	0.000
of which:Capital Surcharge on D-SIBs(%)	0.000	1.500	0.000	1.500

**Computation of Leverage Ratio**

Item	Bank Amount(LKR'000)		Group Amount (LKR'000)	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Tier I Capital	29,203,952	30,211,765	33,745,227	32,529,625
Total Exposures	594,400,112	586,328,584	638,003,392	616,588,763
On Balance Sheet Items(excluding Derivatives and Securities Financing Transactions,but including Collateral)	570,462,305	525,973,718	596,082,242	541,850,224
Derivative Exposures	27,212	14,881	27,212	14,881
Securities Financing Transaction Exposures	19,718,227	57,986,419	37,696,093	72,370,092
Other Off-Balance Sheet Exposures	4,192,368	2,353,567	4,197,845	2,353,567
Basel III Leverage Ratio(%) (Tier I/Total Exposure)	4.91	5.15	5.29	5.28

Basel III Computation of Liquidity Coverage Ratio (Bank)

Item	Amount (LKR '000)			
	30.09.2020		30.09.2019	
	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>748,912,207</b>	<b>746,394,355</b>	<b>518,676,964</b>	<b>516,664,410</b>
<b>Total Adjusted Level 1A Assets</b>	<b>744,122,123</b>	<b>744,122,123</b>	<b>518,629,485</b>	<b>518,629,485</b>
<b>Level 1 Assets</b>	<b>743,876,502</b>	<b>743,876,502</b>	<b>514,161,856</b>	<b>514,161,856</b>
<b>Total Adjusted Level 2A Assets</b>	-	-	<b>700,000</b>	<b>595,000</b>
<b>Level 2A Assets</b>	-	-	<b>700,000</b>	<b>595,000</b>
<b>Total Adjusted Level 2B Assets</b>	<b>5,035,704</b>	<b>2,517,852</b>	<b>3,815,108</b>	<b>1,907,554</b>
<b>Level 2B Assets</b>	<b>5,035,704</b>	<b>2,517,852</b>	<b>3,815,108</b>	<b>1,907,554</b>
<b>Total Cash Outflows</b>	<b>1,197,148,128</b>	<b>247,408,887</b>	<b>1,003,442,564</b>	<b>199,632,038</b>
Deposits	901,884,494	90,188,449	752,967,197	75,296,720
Unsecured Wholesale Funding	271,876,560	151,373,615	200,947,346	115,722,584
Secured Funding Transactions	8,533,625	-	34,781,313	-
Undrawn Portion of Committed (Irrevocable)Facilities and Other Contingent Funding Obligations	10,558,189	1,564,779	7,243,621	1,110,588
Additional Requirements	4,295,260	4,295,260	7,503,088	7,503,088
<b>Total Cash Inflows</b>	<b>29,245,711</b>	<b>11,974,474</b>	<b>13,942,773</b>	<b>6,427,332</b>
Maturing Secured Lending Transactions Backed by Collateral	8,653,910	2,870,491	4,306,121	2,702,350
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30Days	14,366,780	9,103,983	5,400,274	3,724,982
Operational Deposits	6,225,021	-	4,236,378	-
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>317.03</b>	<b>-</b>	<b>267.42</b>

Computation of NSFR(Bank)

Item	Amount (LKR '000)	
	30.09.2020	30.09.2019
Total Available Stable Funding	828,911,467	706,982,036
Required Stable Funding – On Balance Sheet Assets	480,168,763	413,317,792
Required Stable Funding – Off Balance Sheet Items	431,275	265,579
Total Required Stable Funding	480,600,038	413,583,372
NSFR (%)	172.00	170.94

## 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	29th December 2016
Par Value of Instrument	100
Perpetual or Dated	Dated
Original Maturity Date	29th December 2021
Amount Recognised in Regulatory Capital (Rs'000)	1,500,000
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 30.09.2020					
	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	714,633,385	-	708,844,038	-	553,921	0.1
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	144,355,317	2,573,962	9,111,065	-	3,060,438	33.6
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	37,169,699	2,035,338	37,169,699	1,000,707	15,110,793	39.6
Claims on Financial Institutions	6,522,233	500,000	6,522,233	250,000	3,659,626	54.0
Claims on Corporates	8,411,218	-	8,411,218	-	3,998,272	47.5
Retail Claims	243,822,194	2,232,367	213,745,097	132,170	129,768,746	60.7
Claims Secured by Residential Property	73,148,053	884,740	73,148,053	442,370	37,019,744	50.3
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) <sup>(i)</sup>	10,739,800	-	10,739,800	-	9,193,485	85.6
Higher Risk Categories	3,416,980	-	3,416,980	-	8,542,449	250.0
Cash Items and Other Assets	23,870,426	2,367,120	23,870,426	2,367,120	25,023,891	95.4
<b>Total</b>	<b>1,266,089,302</b>	<b>10,593,527</b>	<b>1,094,978,608</b>	<b>4,192,366</b>	<b>235,931,362</b>	<b>21.5</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 30.09.2020					
	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	718,634,486	-	712,833,057	-	553,921	0.1
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	144,355,481	2,573,962	9,111,229	-	3,060,602	33.6
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	41,438,405	2,035,338	41,438,405	1,000,707	17,212,030	40.6
Claims on Financial Institutions	7,046,885	500,000	7,046,885	250,000	3,921,952	53.7
Claims on Corporates	8,541,349	-	8,541,349	-	4,064,559	47.6
Retail Claims	245,683,037	2,252,137	215,594,363	136,330	131,291,219	60.9
Claims Secured by Residential Property	73,354,353	887,374	73,354,353	443,687	37,226,702	50.4
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) <sup>(i)</sup>	10,823,329	-	10,823,329	-	9,273,729	85.7
Higher Risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	24,755,970	2,367,120	24,755,970	2,367,120	25,901,580	95.5
<b>Total</b>	<b>1,274,633,292</b>	<b>10,615,930</b>	<b>1,103,498,939</b>	<b>4,197,843</b>	<b>232,506,291</b>	<b>21.0</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 30.09.2020
<b>(a)RWA for Interest Rate Risk</b>	4,201,551
General Interest Rate Risk	4,201,551
(i)Net Long or Short Position	4,201,551
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	-
<b>(b)RWA for Equity</b>	4,043,148
(i)General Equity Risk	2,136,363
(ii)Specific Equity Risk	1,906,785
<b>(c)RWA for Foreign Exchange &amp; Gold</b>	3,446,619
<b>Capital Charge for Market Risk{(a)+(b)+(c) } *CAR</b>	1,402,958

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

Item	RWA Amount(LKR'000) as at 30.09.2020
<b>(a)RWA for Interest Rate Risk</b>	7,062,366
General Interest Rate Risk	7,062,366
(i)Net Long or Short Position	7,062,366
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	-
<b>(b)RWA for Equity</b>	4,053,151
(i)General Equity Risk	2,142,291
(ii)Specific Equity Risk	1,910,860
<b>(c)RWA for Foreign Exchange &amp; Gold</b>	3,446,619
<b>Capital Charge for Market Risk{(a)+(b)+(c) } *CAR</b>	1,747,456



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

Capital Charge	Capital Charge Factor	Gross Income (LKR'000) as at 30.09.2020			LKR'000
		1st Year	2nd Year	3rd Year	
The Basic Indicator Approach	15%	30,076,244	27,039,583	34,819,413	
Capital Charge	-	-	-	-	4,596,762
Risk Weighted Amount for Operational Risk	-	-	-	-	38,306,350

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

Capital Charge	Capital Charge	Gross Income (LKR'000) as at 30.09.2020			LKR'000
		1st Year	2nd Year	3rd Year	
The Basic Indicator Approach	15%	30,303,645	27,646,810	36,636,070	
Capital Charge	-	-	-	-	4,729,327
Risk Weighted Amount for Operational Risk	-	-	-	-	39,411,058

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

Item	Amount (LKR'000) as at 30.09.2020				
	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>1,285,990,990</b>	<b>1,289,888,304</b>	<b>1,095,261,590</b>	<b>17,118,437</b>	<b>177,508,276</b>
Cash and cash equivalents	7,133,762	12,917,718	7,099,069	29,302	5,789,346
Balances with Central Bank	-	-	-	-	-
Placements with banks	15,394,477	15,086,607	15,086,607	-	-
Derivative financial instruments	19,437	-	-	-	-
<b>Financial assets recognized through profit or loss measured at fair value/Other Financial Assets Held for Trading</b>	<b>11,775,061</b>	<b>19,712,263</b>	<b>-</b>	<b>17,089,136</b>	<b>2,623,127</b>
<b>Financial assets designated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial assets at amortised cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans and Advances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loans and receivables to banks	17,800,922	-	-	-	-
Loans and receivables to other customers	450,923,246	470,961,562	305,640,212	-	165,321,350
<b>Debt and other instruments/Financial Investments Held to Maturity</b>	<b>712,212,483</b>	<b>698,416,593</b>	<b>696,793,575</b>	<b>-</b>	<b>1,623,018</b>
Financial assets measured at fair value through OCI/Financial Investments Available for Sale	8,677,751	-	-	-	-
Investments in subsidiaries	4,811,000	4,811,000	3,416,980	-	1,394,020
Investments in associates and joint ventures	-	-	-	-	-
Property, Plant and Equipment	14,613,111	13,855,696	13,855,696	-	-
Investment properties	-	-	-	-	-
Intangible assets	-	757,414	-	-	757,414
Deferred tax assets	-	-	-	-	-
<b>Other assets</b>	<b>42,629,740</b>	<b>53,369,450</b>	<b>53,369,450</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>	<b>1,238,935,962</b>	<b>1,233,045,898</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to banks	17,556,998	17,423,718	-	-	-
Derivative financial instruments	-	-	-	-	-
<b>Financial liabilities recognized through profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities at amortised cost:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Due to depositors	1,174,941,292	1,142,036,182	-	-	-
- due to debt securities holders	-	-	-	-	-
- due to other borrowers	4,915,963	4,908,849	-	-	-
Debt securities issued	-	20,000,000	-	-	-
Retirement benefit obligations	5,808,707	-	-	-	-
Current tax liabilities	216,770	-	-	-	-
Deferred tax liabilities	581,756	581,756	-	-	-
Other Provisions	-	-	-	-	-
Other liabilities	8,583,163	42,091,894	-	-	-
Due to Subsidiaries	3,500	3,500	-	-	-
<b>Subordinated Term Debt</b>	<b>26,327,813</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Off Balance Sheet Liabilities	10,702,359	10,558,189	4,192,366	-	-
Guarantees	1,968,026	1,968,026	-	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	264,341	264,341	132,170	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	5,958,702	5,958,702	1,692,370	-	-
<b>Other Commitments</b>	<b>2,511,290</b>	<b>2,367,120</b>	<b>2,367,827</b>	<b>-</b>	<b>-</b>
<b>Shareholders' Equity</b>	<b>9,400,000</b>	<b>9,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Equity Capital(Stated Capital)/Assigned Capital	-	-	-	-	-
of which Amount Eligible for CET 1	9,400,000	9,400,000	-	-	-
of which Amount Eligible for AT 1	-	-	-	-	-
Retained Earnings	7,567,817	-	-	-	-
Accumulated Other Comprehensive Income	(281,507)	-	-	-	-
Other Reserves	30,368,718	47,442,405	-	-	-
<b>Total Shareholders' Equity</b>	<b>47,055,028</b>	<b>56,842,405</b>	<b>-</b>	<b>-</b>	<b>-</b>