



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

**As at 30th September 2017**

**(Un-audited)**

**National Savings Bank**

## Key Regulatory Ratios- Capital and Liquidity

Item	30.09.2017	30.09.2016
<b>Regulatory Capital(LKR '000)</b>		
Common Equity Tier 1	23,863,247	N/A
Tier 1 Capital	23,863,247	N/A
Total Capital	28,144,506	N/A
<b>Regulatory Capital Ratios(%)</b>		
Common Equity Tier 1 Capital Ratio( <i>Minimum Requirement - 6.25%</i> )	11.37	N/A
Tier 1 Capital Ratio( <i>Minimum Requirement -7.75%</i> )	11.37	N/A
Total Capital Ratio ( <i>Minimum Requirement - 11.75%</i> )	13.41	N/A
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets(LKR'000)	508,485,563	413,146,481
Statutory Liquid Assets Ratio( <i>Minimum requirement - 20%, Rs'000</i> )		
Domestic Banking Unit (%)	72.91	66.67
Off-Shore Banking Unit (%)		
Liquidity Coverage Ratio(%)-Rupee ( <i>Minimum Requirement - 80%</i> )	359.41	394.93
Liquidity Coverage Ratio(%)-All Currency ( <i>Minimum Requirement -80% )</i>	365.92	405.67

N/A - Not Applicable

Basel III new guidelines were implemented w.e.f. 01st July 2017

### Basel III Computation of Capital Ratios

Item	Amount (LKR ' 000)
	30.09.2017
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>23,863,247</b>
<b>Total Common Equity Tier 1 (CET1) Capital</b>	<b>28,788,620</b>
Equity Capital (Stated capital) /Assigned capital	6,200,000
Reserve fund	2,522,467
Published Retained Earnings/(Accumulated Retained Losses)	-
Published Accumulated other comprehensive income (OCI)	827,291
General and other disclosed reserves	15,740,879
Unpublished current year's profit/(losses) and gains reflected in OCI	3,497,983
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>4,925,373</b>
Goodwill (net)	-
Intangible assets (net)	401,293
Revaluation losses of property, plant and equipment	26,263
Deferred tax assets (net)	-
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	3,680,106
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	817,712
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>
<b>Total Additional Tier 1 (AT1) Capital</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>
Investment in own shares	-
<b>Tier 2 Capital after Adjustments</b>	<b>4,281,259</b>
<b>Total Tier 2 Capital</b>	<b>6,998,555</b>
Qualifying Tier 2 Capital Instruments	5,100,000
Revaluation gains	451,286
Loan Loss Provisions	1,447,269
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>2,717,296</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	2,717,296
<b>CET 1 Capital</b>	<b>23,863,247</b>
<b>Total Tier 1 Capital</b>	<b>23,863,247</b>
<b>Total Capital</b>	<b>28,144,506</b>
<b>Total Risk Weighted Assets(RWA)</b>	<b>209,844,636</b>
RWAs for Credit Risk	147,553,428
RWAs for Market Risk	28,325,477
RWAs for Operational Risk	33,965,732
<b>CET I Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer &amp; Surcharge on D-SIBs(%))</b>	<b>11.37</b>
of which :Capital Consvration Buffer(%)	1.25
of which: Countercyclical Buffer(%)	-
of which:Capital Surcharge on D-SIBs(%)	0.50
<b>Total Tier I Capital Ratio(%)</b>	<b>11.37</b>
<b>Total Capital Ratio(including Capital Conservation Buffer,Countercyclical Capital Buffer &amp; Surcharge on D-SIBs)(%)</b>	<b>13.41</b>
of which :Capital Consvration Buffer(%)	1.25
of which: Countercyclical Buffer(%)	-
of which:Capital Surcharge on D-SIBs(%)	0.50

### Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR '000)			
	30.09.2017		30.09.2016	
	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>420,886,284</b>	<b>418,908,721</b>	<b>381,615,066</b>	<b>379,355,519</b>
<b>Total Adjusted Level 1A Assets</b>	<b>422,892,531</b>	<b>422,892,531</b>	<b>379,751,050</b>	<b>379,751,050</b>
Level 1 Assets	416,581,158	416,581,158	376,745,972	376,745,972
<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>3,805,126</b>	<b>1,902,563</b>	<b>4,369,094</b>	<b>2,184,547</b>
Level 2B Assets	3,805,126	1,902,563	4,369,094	2,184,547
<b>Total Cash Outflows</b>	<b>782,273,253</b>	<b>123,829,478</b>	<b>653,845,095</b>	<b>102,709,889</b>
Deposits	595,597,120	59,559,712	533,143,268	53,314,327
Unsecured Wholesale Funding	111,736,501	57,411,958	93,837,171	46,585,052
Secured Funding Transactions	50,978,291	-	22,498,951	-
Undrawn Portion of Committed (Irrevocable)Facilities and Other Contingent Funding Obligations	19,313,984	2,210,451	1,560,325	5,130
Additional Requirements	4,647,357	4,647,357	2,805,380	2,805,380
<b>Total Cash Inflows</b>	<b>14,441,286</b>	<b>9,347,877</b>	<b>10,896,355</b>	<b>9,196,923</b>
Maturing Secured Lending Transactions Backed by Collateral	4,786,671	2,050,096	2,713,088	2,070,438
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30Days	8,851,059	7,297,781	7,458,554	6,935,565
Operational Deposits	803,556	-	533,793	-
Other Cash Inflows	-	-	190,920	190,920
<b>Liquidity Coverage Ratio(%)Stock of High Quality Liquid Assets/Total Net Cash Outflow over the Next 30 Calendar Days)*100</b>		<b>365.92</b>		<b>405.67</b>

## Main Features of Regulatory Capital Instruments as at 30<sup>th</sup> September 2017

<b>Description of the Capital Instrument</b>	
Issuer	National Savings Bank
Unique Identifier	
Governing Law(s) of the Instrument	Sri Lanka
Original Date of Issuance	29 <sup>th</sup> December 2016
Par Value of Instrument - LKR	100
Perpetual or Dated	Dated
Original Maturity Date	29 <sup>th</sup> December 2021
Amount Recognised in Regulatory Capital ( in LKR' 000 as at the Reporting Date)	5,100,000
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**  
**Credit Risk Exposures and Credit Risk Mitigation(CRM) Effects**

Item	Amount (LKR '000) as at 30.09.2017					
	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 CBSL	677,929,372	83,470,425	551,171,768	1,393,168	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	57,491	-	57,491	-	57,491	100.00
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	47,914,777	-	47,914,777	-	16,434,796	34.30
Claims on Financial Institutions	10,528,719	1,850,000	10,528,719	925,000	5,873,777	51.28
Claims on Corporates	5,795,039	-	5,795,039	-	1,561,303	26.94
Retail Claims	135,303,787	1,973,565	113,045,129	53,297	71,074,150	62.84
Claims Secured by Residential Property	61,818,987	1,678,414	61,818,987	839,207	31,567,327	50.38
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non -Performing Assets(NPAs) <sup>(i)</sup>	4,919,223	-	4,919,223	-	6,118,230	124.37
Higher Risk Categories	246,810	-	246,810	-	617,024	250.00
Cash Items and Other Assets	15,038,137	202,426	15,038,137	202,426	14,249,330	93.50
<b>Total</b>	<b>959,552,341</b>	<b>89,174,830</b>	<b>810,536,079</b>	<b>3,413,099</b>	<b>147,553,428</b>	<b>18.13</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

Item	RWA Amount(LKR'000) as at 30.09.2017
<b>(a)RWA for Interest Rate Risk</b>	<b>6,322,068</b>
General Interest Rate Risk	6,322,068
(i)Net Long or Short Position	6,322,068
(ii)Horizontal Disallowance	
(iii)Vertical Disallowance	
(iv)Options	
Specific Interest Rate Risk	-
<b>(b)RWA for Equity</b>	<b>5,445,813</b>
(i)General Equity Risk	2,871,473
(ii)Specific Equity Risk	2,574,339
<b>(c)RWA for Foreign Exchange &amp; Gold</b>	<b>16,557,596</b>
<b>Capital Charge for Market Risk{(a)+(b)+(c) } *CAR</b>	<b>3,328,244</b>

**Operational Risk under Basic Indicator Approach/ The Standardised Approach/The Alternative Standardised Approach**

Capital Charge	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 30.09.2017		
			1st Year	2nd Year	3rd Year
<b>The Basic Indicator Approach</b>	15%		27,408,424	27,102,282	25,308,762
<b>The Standardised Approach</b>					
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%				
<b>The Alternative Standardised Approach</b>					
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			
<b>Capital Charges for Operational Risk</b>					
<b>The Basic Indicator Approach</b>	3,990,973				
<b>The Standardised Approach</b>					
<b>The Alternative Standardised Approach</b>					
<b>Risk Weighted Amount for Operational Risk(LKR '000)</b>					
<b>The Basic Indicator Approach</b>	33,965,728				
<b>The Standardised Approach</b>					
<b>The Alternative Standardised Approach</b>					

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

Item	Amount (LKR'000) as at 30.09.2017				
	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>988,385,304</b>	<b>985,194,204</b>	<b>809,088,809</b>	<b>19,472,726</b>	<b>156,632,668</b>
Cash and cash equivalents	4,703,401	5,869,278	4,101,841	19,427.52	1,748,010
Balances with Central Bank	-	-	-	-	-
Placements with banks	22,122,660	23,431,774	23,431,774	-	-
Derivative financial instruments	2,268,160	-	-	-	-
Other Financial assets Held-For-Trading	13,646,954	23,133,404	-	19,453,298	3,680,106
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Loans and receivables to banks	24,513,927	18,763,628	18,763,628	-	-
Loans and receivables to other customers	346,635,853	338,285,349	191,017,097	-	147,268,252
Financial investments - Available-For-Sale	10,801,215	-	-	-	-
Financial investments - Held-To-Maturity	526,715,353	528,035,659	525,191,986	-	2,843,673
Investments in subsidiaries	900,000	900,000	208,665	-	691,335
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	7,261,861	7,261,861	7,261,861	-	-
Investment properties	-	-	-	-	-
Goodwill and Intangible assets	401,293	401,293	-	-	401,293
Deferred tax assets	-	-	-	-	-
Other assets	28,414,627	39,111,958	39,111,958	-	-
<b>Liabilities</b>	<b>950,331,728</b>	<b>946,354,160</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to banks	163,033	163,033	-	-	-
Derivative financial instruments	1,065,857	-	-	-	-
Other Financial liabilities Held-For-Trading	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Due to other customers	718,053,972	696,548,158	-	-	-
Other borrowings	215,729,399	214,500,737	-	-	-
Debt securities issued	-	-	-	-	-
Deferred tax liabilities	468,692	468,692	-	-	-
Current tax liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other liabilities	8,649,898	28,673,540	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debt	6,200,877	6,000,000	-	-	-
<b>Off Balance Sheet Liabilities</b>	<b>28,016,853</b>	<b>89,174,830</b>	<b>89,174,830</b>	<b>-</b>	<b>-</b>
Guarantees	1,866,971	1,866,971	1,866,971	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	106,595	106,595	106,595	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	25,307,179	17,340,418	17,340,418	-	-
Other Commitments	736,109	69,860,846	69,860,846	-	-
<b>Shareholders' Equity</b>	<b>6,200,000</b>	<b>6,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Equity Capital(Stated Capital)/Assigned Capital	6,200,000	6,200,000	-	-	-
of which Amount Eligible for CET 1	6,200,000	6,200,000	-	-	-
of which Amount Eligible for AT 1	-	-	-	-	-
Retained Earnings	7,327,457	-	-	-	-
Accumulated Other Comprehensive Income	1,927,641	-	-	-	-
Other Reserves	22,598,481	32,640,044	-	-	-
<b>Total Shareholders' Equity</b>	<b>38,053,579</b>	<b>38,840,044</b>	<b>-</b>	<b>-</b>	<b>-</b>