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PNS/BV/ASC

Board of Directors
National Development Bank PLC
No. 40, Nawam Mawatha
Colombo 02

11 July 2024

Accountants' Report
National Development Bank PLC

Dear Sirs/Mesdames

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the Issue of Hundred Million (100,000,000) Basel III Compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion aggregating to a value of up to Rupees Ten Thousand Million (LKR 10,000,000,000/-) of National Development Bank PLC.

We have examined the Financial Statements of the National Development Bank PLC (the "Bank") and the Consolidated Financial Statements of the Bank and its Subsidiaries (the "Group") for the years ended 31 December 2019 to 31 December 2023, and report as follows.

1. Incorporation

Bank

The Bank was incorporated in Sri Lanka on 15 June 2005 as a public limited liability company under the National Development Bank of Sri Lanka Act no 1 of 2005. The Bank was re-registered pursuant to the provisions of The Companies Act No 07 of 2007. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The registered office of the Bank is located at No 40, Nawam Mawatha, Colombo 02. The principal activities of the Bank involve providing financial services encompassing retail banking, small and medium enterprise (SME) banking, corporate banking, project and infrastructure financing, investment banking, leasing, housing finance, cash management, correspondent banking, remittance services, margin trading, pawning, treasury and investment services, bancassurance and card operations.

2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Profit or Loss, Statement of Comprehensive Income, Statements of Financial Position, Statement of Changes in Equity and Statement of Cash Flow of the Bank and a summary of Consolidated Statements of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow of the Group for the financial years ended 31 December 2019 to 31 December 2023, based on the audited Financial Statements are set out on annexure of this Accountants' Report.

2.2 Audited Financial Statements for the Year Ended 31 December 2023

Our audit report on the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its Subsidiaries for the year ended 31 December 2023 together with such Financial Statements comprising the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows along with the accounting policies and notes thereon is available on the websites of CSE, www.cse.lk, where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditor's report on the website is identical to the final signed hard copy version.

2.3 Audit Reports

We have audited the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2019 to 31 December 2023. Unmodified audit opinions have been issued for the said financial years by our reports dated 18 February 2020, 18 February 2021, 22 February 2022, 21 February 2023 and 20 February 2024 respectively.

2.4 Accounting Policies

The Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2019 to 31 December 2023 comply with Sri Lanka Accounting Standards.

The accounting policies of the Bank and its Subsidiaries are stated in detail in the audited Financial Statements of National Development Bank PLC for the year ended 31 December 2023.

2.5 Dividends

2.5.1 Bank has paid dividend for the years ended 31 December 2019 to 31 December 2023 as follows.

Year	Dividend Per Share (Rs.)	Dividend Paid (LKR'000)
2019*	8	1,682,537
2020**	7	1,552,599
2021	1.50	348,956
2022***	5.50	1,964,180
2023****	2.50	950,237

* Dividend paid on ordinary shares includes LKR 6.50 paid as scrip dividends in 2019.
** Dividend paid on ordinary shares includes LKR 5.00 paid as scrip dividends in 2020.
*** Dividend paid on ordinary shares includes LKR 4.50 paid as scrip dividends in 2022.
**** Dividend paid on ordinary shares includes LKR 2.50 paid as scrip dividends in 2023.

2.5.2 Dividend details for the year ended 2023 is described in the section 2.6 of this report.

2.6 Events after Reporting Date

Dividends

On 15 March 2024, the Board of Directors approved and declared a final Dividend of LKR 5.00 per share, of which LKR 2.00 was in the form of cash dividend and the balance LKR 3.00 was in the form of scrip dividend for the financial year ended 31 December 2023. Accordingly, 16,049,064 ordinary voting shares have been listed as scrip dividends on 15 April 2024. As a result, the stated capital of the Bank increased to LKR 21.76 Bn (31 December 2023 - LKR 20.74 Bn).

Proposed Debenture Issue

The Bank announced to the Colombo Stock Exchange on 15 March 2024 that the Board of Directors of the Bank at its meeting held on 15 March 2024 approved that the Bank issues up to a maximum of One Hundred Million (100,000,000) Basel III Compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non- Viability Conversion (hereinafter referred to as "Debentures") of Rupees Hundred (Rs.100/-) each, to raise a maximum sum of Rupees Ten Billion (LKR 10,000,000,000/-).

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of National Development Bank PLC for usage in the application for the purpose of Issue of Hundred Million (100,000,000) Basel III Compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion aggregating to a value of up to Rupees Ten Thousand Million (LKR 10,000,000,000/-) of National Development Bank PLC.

Yours faithfully,

Ernst & Young

NDB bank

P. O. Box 1825
40, Navam Mawatha,
Colombo - 2, Sri Lanka.

STATEMENT OF PROFIT OR LOSS

	Bank			Group		
	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %
Gross Income	132,326,003	109,902,478	20	134,472,594	111,551,511	21
Interest Income	119,372,564	97,917,822	22	119,722,233	98,217,310	22
Interest Expenses	87,425,434	67,174,164	30	87,341,751	67,086,940	30
Net Interest Income	31,947,130	30,743,658	4	32,380,482	31,130,370	4
Fee and Commission Income	7,164,891	6,274,698	14	8,566,191	7,438,752	15
Less: Fee and commission Expenses	7,084	16,929	(58)	7,084	16,929	(58)
Net Fee and Commission Income	7,157,807	6,257,769	14	8,559,107	7,421,823	15
Net gain/(loss) from trading	2,905,753	(340,346)	954	2,905,753	(340,346)	954
Net gain/(loss) from financial assets at fair value Through Profit or Loss	1,745,982	(389,767)	548	1,947,286	(340,388)	672
Net gains/(losses) from derecognition of financial assets	4,057,348	15,127	26,722	4,108,332	15,127	27,059
Other operating income	(2,920,535)	6,424,944	(145)	(2,777,201)	6,561,056	(142)
Total Operating Income	44,893,485	42,711,385	5	47,123,759	44,447,642	6
Less : Impairment Charges	21,144,038	29,291,660	(28)	21,137,016	29,276,538	(28)
Net operating income	23,749,447	13,419,725	77	25,986,743	15,171,104	71
Operating Expenses						
Personnel Expenses	6,633,355	5,650,176	17	7,379,192	6,277,028	18
Depreciation and amortization	984,510	846,634	16	1,054,459	926,034	14
Other Expenses	6,035,825	4,886,836	24	6,649,013	5,296,104	26
Total operating expenses	13,653,690	11,383,646	20	15,082,664	12,499,165	21
Operating Profit Before Tax on Financial Services	10,095,757	2,036,079	396	10,904,079	2,671,939	308
Less: Taxes on Financial services	2,749,840	1,203,092	129	2,749,840	1,203,092	129
Operating Profit After Tax on Financial Services	7,345,917	832,987	782	8,154,239	1,468,847	455
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit Before Taxation	7,345,917	832,987	782	8,154,239	1,468,847	455
Less : Income tax expenses	1,975,590	(2,076,058)	195	2,296,029	(1,606,957)	243
Profit for the year	5,370,327	2,909,045	85	5,858,210	3,075,804	90
Profit Attributable to:						
Equity Holders of the parent	5,370,327	2,909,045	85	5,759,436	3,008,737	91
Non Controlling Interests	-	-	-	98,774	67,067	47
	5,370,327	2,909,045	85	5,858,210	3,075,804	90
Basic Earnings per share (in LKR)	13.44	7.65	76	14.42	7.92	82
Diluted Earnings per share (in LKR)	13.44	7.65	76	14.42	7.92	82

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %
Profit for the year	5,370,327	2,909,045	85	5,858,210	3,075,804	90
Items that will be reclassified to Statement of Profit or loss						
Gains/(losses) from Available for Sale Investments	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(67,465)	220,997	(131)
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	5,259,686	2,420,880	117	5,268,192	2,391,542	120
Changes in Impairment allowance for Expected credit losses	-	(181,155)	100	-	(181,155)	100
Cash Flow Hedge Reserve-SWAP	(3,191,786)	4,385,238	(173)	(3,191,786)	4,385,238	(173)
Less :Tax expense relating to items that will be reclassified to Income Statements	(620,370)	(1,991,003)	69	(620,383)	(1,991,003)	69
A	1,447,530	4,633,960	(69)	1,380,558	4,825,619	(71)
Items that will not be reclassified to Statement of Profit or Loss						
Net Gains/(losses) on Investments in equity instruments measured at fair value through other Comprehensive Income	315,123	(304,245)	204	315,123	(304,245)	204
Revaluation of Land & Buildings	50,483	249,651	(80)	92,531	316,789	(71)
Actuarial Gains/(losses) on defined benefit plans	(581,395)	68,094	(954)	(605,550)	58,168	(1,141)
Less :Tax expense relating to items that will not be reclassified to Income Statements	72,461	(143,537)	150	67,093	(172,657)	139
B	(143,328)	(130,037)	(10)	(130,803)	(101,945)	(28)
Total Other Comprehensive Income after Tax A + B	1,304,202	4,503,923	(71)	1,257,755	4,723,674	(73)
Total Comprehensive Income for the year	6,674,529	7,412,968	(10)	7,115,965	7,799,478	(9)
Attributable to:						
Equity holders of the parent	6,674,529	7,412,968	(10)	7,029,011	7,685,035	(9)
Non Controlling Interests	-	-	-	86,954	114,443	(24)
	6,674,529	7,412,968	(10)	7,115,965	7,799,478	(9)

The Management is responsible for the financial information extracted from the audited financial statements given above.
Signed for an on behalf of the Management of the Bank.

ERNST & YOUNG
Chartered Accountants
COLOMBO

NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX 1825
40, NAWAM MAWATHA,
COLOMBO 02.

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NDB bank

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

P. O. Box 1825
40, Navam Mawatha,
Colombo - 2, Sri Lanka.

	BANK			Group		
	Current Period	Previous Year		Current Period	Previous Year	
	As at 31/12/2023 (Audited) LKR '000	As at 31/12/2022 (Audited) LKR '000	Change %	As at 31/12/2023 (Audited) LKR '000	As at 31/12/2022 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	28,100,515	34,849,521	(19)	28,580,676	35,727,665	(20)
Balances with the Central Bank of Sri Lanka	7,040,421	18,187,547	(61)	7,040,421	18,187,547	(61)
Placements with banks	33,743,602	4,108,989	721	33,743,602	4,108,989	721
Derivative Financial Instruments	3,083,815	7,909,252	(61)	3,083,815	7,909,252	(61)
Financial assets recognized through profit or loss measured at fair value	24,021,340	19,318,483	24	26,040,046	20,788,523	25
Financial assets at amortised cost -loans and receivables to other customers	452,660,461	545,873,027	(17)	452,739,928	545,919,824	(17)
Financial assets at amortised cost - debt and other instruments	125,672,370	135,047,886	(7)	125,672,370	135,047,886	(7)
Financial assets measured at fair value through other comprehensive income	83,805,398	44,685,230	88	84,645,423	45,454,490	86
Investments in subsidiary companies	1,108,772	1,115,794	(1)	-	-	-
Investment Property	-	-	-	3,112,440	2,879,091	8
Intangible assets	1,883,447	1,804,321	4	1,898,270	1,813,213	5
Property, plant & equipment	3,141,117	3,261,362	(4)	3,817,097	3,907,994	(2)
Right of Use Assets	1,145,601	1,170,763	(2)	1,260,055	1,323,368	(5)
Current Tax Assets	-	-	-	43,102	43,488	(1)
Deferred tax Assets	9,648,118	9,004,747	7	9,717,805	9,048,896	7
Other assets	4,844,183	6,435,328	(25)	5,563,827	7,037,671	(21)
Total assets	**779,899,160**	**832,772,250**	**(6)**	**786,958,877**	**839,197,897**	**(6)**
Liabilities						
Due to Banks	7,679,195	20,251,657	(62)	7,679,195	20,298,844	(62)
Derivative Financial Instruments	93,361	96,246	(3)	93,361	96,246	(3)
Financial Liabilities at amortised cost -due to depositors	615,643,999	672,314,023	(8)	615,232,470	671,713,337	(8)
Financial Liabilities at amortised cost						
- due to debt securities holders	15,632,569	130,541	11,875	15,632,569	130,541	11,875
- due to other borrowers	24,636,539	32,372,265	(24)	24,636,539	32,372,265	(24)
Debt securities issued	29,388,875	27,979,631	5	29,388,875	27,979,631	5
Retirement benefit obligations	1,299,909	916,007	42	1,439,374	1,019,294	41
Current Tax Liabilities	7,265,070	6,470,353	12	7,430,773	6,635,188	12
Deferred Tax Liabilities	-	-	-	921,189	873,280	5
Other liabilities	8,033,112	8,606,663	(7)	8,529,555	9,084,114	(6)
Dividends payable	78,654	99,001	(21)	78,654	99,001	(21)
Total liabilities	**709,751,283**	**769,236,387**	**(8)**	**711,062,554**	**770,301,741**	**(8)**
Equity						
Stated Capital	20,738,231	19,870,665	4	20,738,231	19,870,665	4
Statutory Reserve Fund	3,046,479	2,746,479	11	3,046,479	2,746,479	11
Retained Earnings	41,027,500	37,381,043	10	45,079,167	41,116,154	10
Other Reserves	5,335,667	3,537,676	51	5,607,516	3,771,599	49
Total shareholders' equity	**70,147,877**	**63,535,863**	**10**	**74,471,393**	**67,504,897**	**10**
Non Controlling Interests	-	-	-	1,424,930	1,391,259	2
Total Equity	**70,147,877**	**63,535,863**	**10**	**75,896,323**	**68,896,156**	**10**
Total liabilities and equity	**779,899,160**	**832,772,250**	**(6)**	**786,958,877**	**839,197,897**	**(6)**
Net Book Value Per Share (LKR)	**175.60**	**167.16**	5	**186.43**	**177.60**	5
Contingent liabilities and commitments	**277,965,419**	**293,609,756**	(5)	**278,127,046**	**294,376,707**	(6)

The Management is responsible for the financial information extracted from the audited financial statements given above.
Signed for an on behalf of the Management of the Bank.

ERNST & YOUNG Chartered Accountants COLOMBO

NATIONAL DEVELOPMENT BANK PLC
PQ 27
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40, NAWAM MAWATHA,
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NDB bank

P. O. Box 18[illegible]
40, Navam [illegible]vatha,
Colombo - 2[illegible] Sri Lanka.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Share Based Payment Reserves	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
BANK	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2022	18,263,609	2,571,479	1,402,195	44,479	(2,483,938)	-	39,134,382	58,932,206	-	58,932,206
Charge relating to surcharge tax	-	-	-	-	-	-	(2,456,403)	(2,456,403)	-	(2,456,403)
Adjusted Balance as at 01 January 2022	18,263,609	2,571,479	1,402,195	44,479.00	(2,483,938)	-	36,677,979	56,475,803	-	56,475,803
Total Comprehensive Income for the year										
Profit for the year	-	-	-	-	-	-	2,909,045	2,909,045	-	2,909,045
Other Comprehensive Income before Tax	-	-	249,651	-	2,116,635	4,385,238	(113,060)	6,638,464	-	6,638,464
Tax on Other Comprehensive Income	-	-	(185,581)	-	(675,432)	(1,315,571)	42,044	(2,134,540)	-	(2,134,540)
Total Comprehensive Income for the Year	-	-	64,070	-	1,441,203	3,069,667	2,838,029	7,412,969	-	7,412,969
Transactions with equity holders										
Transfer to statutory reserve fund	-	175,000	-	-	-	-	(175,000)	-	-	-
Final Dividends for year 2021 : Scrip	1,607,056	-	-	-	-	-	(1,607,056)	-	-	-
Final Dividends for year 2021 : Cash	-	-	-	-	-	-	(357,124)	(357,124)	-	(357,124)
Reversal of dividends declared in prior years	-	-	-	-	-	-	4,215	4,215	-	4,215
Balance as at 31 December 2022	19,870,665	2,571,479	1,466,265	44,479	(1,042,735)	3,069,667	37,381,043	(352,909)	-	63,535,863
Balance as at 01 January 2023	19,870,665	2,746,479	1,466,265	44,479	(1,042,735)	3,069,667	37,381,043	63,535,863	-	63,535,863
Total Comprehensive Income for the Year										
Profit for the year	-	-	-	-	-	-	5,370,327	5,370,327	-	5,370,327
Other Comprehensive Income before Tax	-	-	50,483	-	5,574,809	(3,191,786)	(581,395)	1,852,111	-	1,852,111
Tax on Other Comprehensive Income	-	-	(15,145)	-	(1,577,904)	957,535	87,606	(547,908)	-	(547,909)
Other Comprehensive Income before Tax	-	-	35,338	-	3,996,905	(2,234,251)	4,876,538	6,674,530	-	6,674,529
Transactions with equity holders										
Transfer to statutory reserve fund	-	300,000	-	-	-	-	(300,000)	-	-	-
Issue of Shares - Scrip Dividends	867,566	-	-	-	-	-	(950,237)	(82,671)	-	(82,671)
Reversal of dividends declared in prior years	-	-	-	-	-	-	20,156	20,156	-	20,156
Balance as at 31 December 2023	20,738,231	3,046,479	1,501,603	44,479	2,954,170	835,416	41,027,500	70,147,878	-	70,147,877

The Management is responsible for the financial information extracted from the audited financial statements given above.
Signed for an on behalf of the Management of the Bank.

NATIONAL DEVELOPMENT BANK PLC
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National Development Bank PLC. (Company Reg No. PQ 27)

NDB bank
P. O. Box 1825
40, Nawam Mawatha,
Colombo 02, Sri Lanka.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves				Retained Earnings	Total	Non Controlling Interests	Total Equity
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve				
GROUP	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2022	18,263,609	2,571,479	1,583,831	44,479	(2,467,181)	-	42,730,952	62,727,169	1,339,373	64,066,542
Charge relating to surcharge tax	-	-	-		-	-	(2,554,396)	(2,554,396)	(21,780)	(2,576,176)
Adjusted Balance as at 01 January 2022	18,263,609	2,571,479	1,583,831	44,479	(2,467,181)	-	40,176,556	60,172,773	1,317,593	61,490,366
Total Comprehensive Income for the year										
Profit for the year	-	-	-		-	-	3,008,737	3,008,737	67,067	3,075,804
Other Comprehensive Income before Tax	-	-	316,789		2,117,126	4,385,238	20,804	6,839,957	47,377	6,887,334
Tax on Other Comprehensive Income	-	-	(217,680)		(675,432)	(1,315,571)	45,022	(2,163,661)	-	(2,163,661)
Total Comprehensive Income for the year	-	-	99,109	-	1,441,694	3,069,667	3,074,563	7,685,033	114,444	7,799,477
Transactions with equity holders										
Transfer to statutory reserve fund	-	175,000	-	-	-	-	(175,000)	-	-	-
Final Dividends for year 2021 : Scrip	1,607,056	-	-	-	-	-	(1,607,056)	-	-	-
Final Dividends for year 2021 : Cash							(357,124)	(357,124)	-	(357,124)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(40,778)	(40,778)
Reversal of dividends declared in prior years							4,215	4,215	-	4,215
Balance as at 31 December 2022	19,870,665	2,746,479	1,682,940	44,479	(1,025,487)	3,069,667	41,116,154	67,504,897	1,391,259	68,896,156
Balance as at 01 January 2023	**19,870,665**	**2,746,479**	**1,682,940**	**44,479**	**(1,025,487)**	**3,069,667**	**41,116,154**	**67,504,897**	**1,391,259**	**68,896,156**
Total Comprehensive Income for the year										
Profit for the year	-	-	-	-	-	-	5,759,436	5,759,436	98,774	5,858,210
Other Comprehensive Income before Tax	-	-	92,531	-	5,583,315	(3,191,786)	(661,195)	1,822,865	(11,820)	1,811,045
Tax on Other Comprehensive Income	-	-	(27,760)	-	(1,577,918)	957,535	94,853	(553,290)	-	(553,290)
Total Comprehensive Income for the year	-	-	64,771	-	4,005,397	(2,234,251)	5,193,094	7,029,011	86,954	7,115,965
Transactions with equity holders										
Transfer to statutory reserve fund	-	300,000	-	-	-	-	(300,000)	-	-	-
Issue of Shares - Scrip Dividends	867,566	-	-	-	-	-	(950,237)	(82,671)	-	(82,671)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(53,283)	(53,283)
Reversal of dividends declared in prior years	-	-	-	-	-	-	20,156	20,156	-	20,156
Balance as at 31 December 2023	20,738,231	3,046,479	1,747,711	44,479	2,979,910	835,416	45,079,167	74,471,393	1,424,930	75,896,323

The Management is responsible for the financial information extracted from the audited financial statements given above.
Signed for an on behalf of the Management of the Bank.

NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX 1825
40, NAWAM MAWATHA,
COLOMBO 02.

ERNST & YOUNG
Chartered Accountants

Telephone : 94 11 2448448 Fax : 94 11 2440262 E-mail: contact@ndbbank.com Website : www.ndbbank.com
National Development Bank PLC. (Company Reg No. PQ 27)

NDB bank

P. O. Box 1825
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Colombo - 2, Sri Lanka.

STATEMENT OF CASH FLOW

For the Year ended 31 December	BANK 2023 LKR '000	BANK 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	115,721,380	92,732,700	116,098,876	92,930,324
Fee based income received	6,724,305	6,350,791	8,097,965	7,715,104
Dividend income received	77,194.00	345,679	15,402	56,010
Other Operating income received	296,105	5,575,291	457,150	5,771,691
Interest paid	(88,033,051)	(51,885,500)	(88,031,617)	(51,895,768)
Personnel costs paid	(6,530,159)	(5,591,768)	(7,272,194)	(6,124,495)
Other expenses paid	(7,082,535)	(4,625,884)	(7,551,205)	(5,003,505)
Operating Profit before changes in operating assets and liabilities	21,173,239	42,901,309	21,814,377	43,449,361
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	11,147,126	(1,784,185)	11,147,126	(1,784,185)
Financial Assets at amortised cost -loans and receivables to other customers	77,234,867	(49,031,658)	77,234,867	(49,266,112)
Net (increase)/decrease in operating assets	4,984,338	(3,667,367)	5,063,435	(2,656,530)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	(57,694,801)	106,277,952	(57,505,645)	106,460,463
Financial liabilities at amortised cost - due to debt securities holders	15,502,028	(1,210,519)	15,502,028	(1,210,519)
Financial liabilities at amortised cost - due to other borrowers	(15,280,423)	4,699,078	(15,280,423)	4,699,078
Repayment of principal portion of lease liabilities	(435,836)	(420,768)	(511,440)	(485,967)
Net increase/(decrease) in other liabilities	115,767	(2,697,938)	(2,593)	(3,611,245)
Net cash generated/(used in) from operating activities before taxation	56,746,305	95,065,904	57,461,732	95,594,344
Tax on Financial Services paid	(2,689,010)	(1,357,619)	(2,689,010)	(1,357,619)
Income taxes paid	(2,372,153)	(1,582,804)	(2,674,348)	(1,824,899)
Surcharge tax paid	-	(2,456,403)	-	(2,576,177)
Net cash generated/(used in) from operating activities	51,685,142	89,669,078	52,098,374	89,835,649
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(24,482,448)	(67,569,963)	(25,191,301)	(67,146,633)
Purchase of Intangible assets	(1,925,214)	(830,787)	(1,933,715)	(832,700)
Purchase of property, plant & equipment	(357,644)	(323,417)	(398,262)	(346,237)
Proceeds from sale of property, plant & equipment	5,069	1,714	5,109	1,788
Net cash generated /(used in) from investing activities	(26,760,237)	(68,722,453)	(27,518,169)	(68,323,782)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debts securities issued	(3,637,980)	-	(3,637,980)	-
Proceeds of debts securities issued	5,000,000	-	5,000,000	-
Interest paid on debts securities issued	(3,348,150)	(3,348,149)	(3,348,150)	(3,348,149)
Dividends paid to non-controlling interests	-	-	(53,283)	(40,549)
Dividends paid to shareholders of the Bank	-	(345,731)	-	(345,731)
Net cash provided by /(used in) financing activities	(1,986,130)	(3,693,880)	(2,039,413)	(3,734,429)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,938,775	17,252,745	22,540,792	17,777,438
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	38,958,510	21,713,982	39,836,654	22,067,433
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	61,897,285	38,966,727	62,377,446	39,844,871
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	28,100,515	34,849,521	28,580,676	35,727,665
Placements with banks	33,743,602	4,108,989	33,743,602	4,108,989
Cash and cash equivalents at the end of the year (Net)	61,844,117	38,958,510	62,324,278	39,836,654
Add : Impairment allowance	53,168	8,217	53,168	8,217
Cash and cash equivalents at the end of the year(Gross)	61,897,285	38,966,727	62,377,446	39,844,871

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Signed for an on behalf of the Management of the Bank.

ERNST & YOUNG Chartered Accountants COLOMBO

NATIONAL DEVELOPMENT BANK PLC
PQ 27
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COLOMBO 02.

NDB bank

P. O. Box 1825
40, Navam Mawatha
Colombo - 2, Sri Lanka.

STATEMENT OF PROFIT OR LOSS

	Bank			Group		
	Year ended 31/12/2021 (Audited) LKR '000	Year ended 31/12/2020 (Audited) LKR '000	Change %	Year ended 31/12/2021 (Audited) LKR '000	Year ended 31/12/2020 (Audited) LKR '000	Change %
Gross Income	62,110,530	60,657,705	2	64,082,873	61,650,731	4
Interest Income	52,692,866	53,003,875	(1)	52,794,763	53,153,100	(1)
Interest Expenses	31,070,098	35,255,426	(12)	31,053,468	35,228,223	(12)
Net Interest Income	21,622,768	17,748,449	22	21,741,295	17,924,877	21
Fee and Commission Income	5,634,797	4,268,945	32	7,384,660	5,452,706	35
Less: Fee and commission Expenses	33,260	18,661	78	33,260	18,661	78
Net Fee and Commission Income	5,601,537	4,250,284	32	7,351,400	5,434,045	35
Net gain/(loss) from trading	2,096,455	967,284	117	2,096,455	967,284	117
Net gain/(loss) from financial assets at fair value Through Profit or Loss	433,106	96,353	350	560,482	113,683	393
Net gains/(losses) from derecognition of financial assets	186,248	1,486,023	(87)	186,248	1,486,300	(87)
Other operating income	1,067,059	853,886	25	1,060,265	477,658	122
Total Operating Income	31,007,172	25,402,279	22	32,996,146	26,403,847	25
Less: Impairment charges	10,264,662	6,796,336	51	10,252,695	6,793,647	51
Net operating income	20,742,510	18,605,943	11	22,743,451	19,610,200	16
Operating Expenses						
Personnel Expenses	5,672,007	5,171,547	10	6,322,751	5,748,453	10
Depreciation and amortization	831,643	818,582	2	914,110	931,599	(2)
Other Expenses	3,930,726	3,409,324	15	4,277,911	3,720,998	15
Total operating expenses	10,434,377	9,399,453	11	11,514,772	10,401,050	11
Operating Profit Before Tax on Financial Services	10,308,133	9,206,490	12	11,228,679	9,209,150	22
Less: Value Added Tax (VAT) on Financial services	2,014,671	1,818,832	11	2,014,671	1,818,832	11
Operating Profit After Tax on Financial Services	8,293,462	7,387,658	12	9,214,008	7,390,318	25
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit Before Taxation	8,293,462	7,387,658	12	9,214,008	7,390,318	25
Less : Income tax expenses	1,930,986	1,857,182	4	2,151,277	2,172,970	(1)
Profit for the year	6,362,476	5,530,476	15	7,062,731	5,217,348	35
Profit Attributable to:						
Equity Holders of the parent	6,362,476	5,530,476	15	6,904,264	5,116,806	35
Non Controlling Interests	-	-	-	158,467	100,542	58
	6,362,476	5,530,476	15	7,062,731	5,217,348	35
Basic Earnings per share (in LKR)	20.68	23.77	(13)	22.44	21.99	2
Diluted Earnings per share (in LKR)	20.68	23.77	(13)	22.44	21.99	2

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31/12/2021 LKR '000	Year ended 31/12/2020 LKR '000	Change %	Year ended 31/12/2021 LKR '000	Year ended 31/12/2020 LKR '000	Change %
Profit for the year	6,362,476	5,530,476	15	7,062,731	5,217,348	35
Items that will be reclassified to Statement of Profit or loss						
Exchange differences on translation of foreign operations	-	-	-	22,916	10,880	111
Net Gains/(losses) on investments in debt instruments measured at fair value through other Comprehensive Income	(2,353,240)	8,188	(28,840)	(2,367,024)	5,866	(40,452)
Changes in Impairment allowance for Expected credit losses	135,571	(4,193)	3,333	135,571	(311,450)	144
Net Gains /(losses) on cash flow hedges	-	1,613	(100)	-	1,613	(100)
Less :Tax expense relating to items that will be reclassified to Income Statements	593,038	340,178	74	589,819	332,575	77
A	(1,624,630)	345,786	(570)	(1,618,717)	39,484	(4,200)
Items that will not be reclassified to Statement of Profit or Loss						
Net Gains/(losses) on investments in equity instruments measured at fair value through other Comprehensive Income	(49,406)	(143,533)	66	(49,406)	(143,533)	66
Revaluation of Freehold Land & Buildings	22,794	68,804	(67)	54,103	90,499	(40)
Actuarialgains/(losses) on defined benefit plans	316,361	(58,565)	640	350,148	(53,822)	751
Less :Tax expense relating to items that will not be reclassified to Income Statements	(51,674)	(11,020)	(369)	(60,755)	(19,404)	(213)
B	238,075	(144,314)	265	294,089	(126,260)	333
Total Other Comprehensive Income after Tax A + B	(1,386,555)	201,472	(788)	(1,324,628)	(86,776)	(1,426)
Total Comprehensive Income for the year	4,975,922	5,731,948	(13)	5,738,103	5,130,572	12
Attributable to:						
Equity holders of the parent	4,975,922	5,731,948	(13)	5,575,669	5,027,648	11
Non Controlling Interests	-	-	-	162,434	102,924	58
	4,975,922	5,731,948	(13)	5,738,103	5,130,572	12

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Chartered Accountants
COLOMBO

NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX: 1825
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COLOMBO 02.

NDB bank

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

P. O. Box 1825
40, Navam Mawatha,
Colombo - 2, Sri Lanka.

	BANK			Group		
	Current Year	Previous Year		Current Year	Previous Year	
	As at 31/12/2021 (Audited) LKR '000	As at 31/12/2020 (Audited) LKR '000	Change %	As at 31/12/2021 (Audited) LKR '000	As at 31/12/2020 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	13,411,819	10,487,608	28	13,765,270	10,778,947	28
Balances with the Central Bank of Sri Lanka	16,403,362	6,812,099	141	16,403,362	6,812,099	141
Placements with banks	8,299,403	12,401,533	(33)	8,299,403	12,401,533	(33)
Derivative Financial Instruments	1,338,204	1,429,470	(6)	1,338,204	1,429,470	(6)
Financial assets recognized through profit or loss measured at fair value	2,441,833	5,574,175	(56)	4,784,124	7,713,222	(38)
Financial assets at amortised cost -loans and receivables to other customers	502,509,458	425,605,508	18	502,344,786	425,681,832	18
Financial assets at amortised cost - debt and other instruments	54,262,976	44,711,640	21	54,262,976	44,711,640	21
Financial assets measured at fair value through other comprehensive income	89,552,196	108,593,183	(18)	89,696,611	108,762,972	(18)
Investments in subsidiary companies	1,130,916	1,142,884	(1)	-	-	-
Investment Property	-	-	-	2,528,228	2,361,535	7
Intangible assets	1,203,940	1,048,326	15	1,217,111	1,061,673	15
Property, plant & equipment	3,143,829	2,968,993	6	3,735,298	3,541,018	5
Right of Use Assets	1,094,607	1,060,843	3	1,285,385	1,289,749	(0)
Current Tax Assets	-	-	-	27,701	45,098	(39)
Deferred tax Assets	3,417,315	1,875,720	82	3,443,207	1,945,730	77
Other assets	4,693,249	3,124,716	50	5,670,716	3,595,100	58
Total assets	**702,903,107**	**626,836,698**	**12**	**708,802,382**	**632,131,618**	**12**
Liabilities						
Due to Banks	24,770,644	24,173,318	2	24,821,158	24,173,318	3
Derivative Financial Instruments	1,048,644	1,016,787	3	1,048,644	1,016,787	3
Financial Liabilities at amortised cost -due to depositors	552,039,792	490,278,126	13	551,256,595	489,658,746	13
Financial Liabilities at amortised cost						
- due to debt securities holders	1,341,060	1,500,007	(11)	1,341,060	1,500,007	(11)
- due to other borrowers	25,228,865	34,284,109	(26)	25,228,865	34,284,109	(26)
Debt securities issued	27,960,731	19,880,891	41	27,960,731	19,880,891	41
Retirement benefit obligations	735,666	709,294	4	829,873	820,109	1
Current Tax Liabilities	2,407,243	2,297,296	5	2,585,975	2,563,345	1
Deferred Tax Liabilities	-	-		569,213	596,112	(5)
Other liabilities	8,346,435	7,829,493	7	9,001,903	8,348,447	8
Dividends payable	91,823	86,354	6	91,823	86,354	6
Total liabilities	**643,970,902**	**582,055,675**	**11**	**644,735,840**	**582,928,226**	**11**
Equity						
Stated Capital	18,263,609	8,794,333	108	18,263,609	8,794,333	108
Statutory Reserve Fund	2,571,479	2,196,479	17	2,571,479	2,196,479	17
Retained Earnings	39,134,379	33,126,579	18	42,730,949	36,143,348	18
Other Reserves	(1,037,261)	663,632	(256)	(838,868)	842,077	(200)
Total shareholders' equity	**58,932,206**	**44,781,023**	**32**	**62,727,169**	**47,976,237**	**31**
Non Controlling Interests	-	-	-	1,339,373	1,227,155	9
Total Equity	**58,932,206**	**44,781,023**	**32**	**64,066,542**	**49,203,392**	**30**
Total liabilities and equity	**702,903,107**	**626,836,698**	**12**	**708,802,382**	**632,131,618**	**12**
Net Book Value Per Share (LKR)	**165.02**	**192.49**	(14)	**175.65**	**206.23**	(15)
Contingent liabilities and commitments	**312,072,435**	**343,949,526**	(9)	**311,978,390**	**344,053,658**	(9)

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Share Based Payment Reserves	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
BANK	LKR '000	LKR '000	LKR '000	LKR '000		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2020	7,685,334	1,896,479	1,262,453	-	(854,367)	(1,613)	5,805,707	23,689,842	39,483,836	-	39,483,836
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	5,530,476	5,530,476	-	5,530,476
Other Comprehensive Income before Tax	-	-	68,804	-	(135,345)	1,614	-	(62,758)	(127,685)	-	(127,685)
Tax on Other Comprehensive Income	-	-	(19,265)	-	341,352	-	-	7,071	329,158	-	329,158
Total Comprehensive Income for the period	-	-	49,539	-	206,007	1,614	-	5,474,789	5,731,949	-	5,731,949
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	(300,000)	-	-	-
Transfer to retained earnings							(5,805,707)	5,805,707			
Final Dividend for the year 2019-Scrip	1,108,999	-	-	-	-	-	-	(1,108,999)	-	-	-
Final Dividend for the year 2019 - Cash	-	-	-	-	-	-	-	(434,761)	(434,761)	-	(434,761)
Balance as at 31 December 2020	8,794,334	2,196,479	1,311,992	-	(648,360)	-	-	33,126,579	44,781,022	-	44,781,023
Balance as at 1 January 2021	8,794,333	2,196,479	1,311,992	-	(648,360)	-	-	33,126,579	44,781,023	-	44,781,023
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	6,362,476	6,362,476	-	6,362,476
Other Comprehensive Income before Tax	-	-	22,794	-	(2,402,647)	-	-	451,932	(1,927,920)	-	(1,927,920)
Tax on Other Comprehensive Income	-	-	67,409	-	567,069	-	-	(93,114)	541,365	-	541,365
Total Comprehensive Income for the period	-	-	90,203	-	(1,835,577)	-	-	6,721,295	4,975,922	-	4,975,922
Transactions with equity holders											
Issue of Shares	9,469,276	-	-	-	-	-	-	-	9,469,276	-	9,469,276
Transfer to statutory reserve fund	-	375,000	-	-	-	-	-	(375,000)	-	-	-
Transfer from share based payment reserves				44,481	-	-	-	-	44,481	-	44,481
Dividend for the year 2020 - Cash	-	-	-	-	-	-	-	(338,494)	(338,494)	-	(338,494)
Balance as at 31 December 2021	18,263,609	2,571,479	1,402,196	44,481	(2,483,937)	-	-	39,134,379	58,932,206	-	58,932,206

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
GROUP	LKR '000	LKR '000	LKR '000		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2020	7,685,334	1,896,479	1,397,955		(825,209)	(1,613)	5,805,707	27,424,697	43,383,350	1,155,280	44,538,630
Total Comprehensive Income for the period											
Profit for the period	-	-	-		-	-	-	5,116,806	5,116,806	100,542	5,217,348
Other Comprehensive Income before Tax	-	-	90,499		(137,667)	1,613	-	(356,774)	(402,329)	2,382	(399,947)
Tax on Other Comprehensive Income	-	-	(25,339)		341,838	-	-	(3,328)	313,171	-	313,171
Total Comprehensive Income for the period	-	-	65,160		204,171	1,613	-	4,756,704	5,027,648	102,924	5,130,572
Transactions with equity holders											
Transfer to statutory reserve fund	-	300,000	-		-	-	-	(300,000)	-	-	-
Transfer to retained earnings	-	-	-		-	-	(5,805,707)	5,805,707	-	-	-
Final Dividend for the year 2019-Scrip	1,108,999	-	-		-	-	-	(1,108,999)	-	-	-
Final Dividend for the year 2019 - Cash	-	-	-		-	-	-	(434,761)	(434,761)	-	(434,761)
Group Adjustments	-	-	-		-	-	-	-	-	(2,382)	(2,382)
Dividend attributable to non controlling interest	-	-	-		-	-	-	-	-	(28,667)	(28,667)
Balance as at 31 December 2020	8,794,333	2,196,479	1,463,115		(621,038)	-	-	36,143,348	47,976,237	1,227,155	49,203,392
Balance as at 1 January 2021	8,794,333	2,196,479	1,463,115		(621,038)	-	-	36,143,348	47,976,237	1,227,155	49,203,392
Profit for the period	-	-	-		-	-	-	6,904,264	6,904,264	158,467	7,062,731
Other Comprehensive Income before Tax	-	-	54,102		(2,416,430)	-	-	504,668	(1,857,659)	3,967	(1,853,692)
Tax on Other Comprehensive Income	-	-	66,614		570,288	-	-	(107,838)	529,064	-	529,064
Total Comprehensive Income for the period	-	-	120,716		(1,846,142)	-	-	7,301,094	5,575,669	162,434	5,738,103
Transactions with equity holders											
Issue of shares	9,469,276	-	-		-	-	-	-	9,469,276	-	9,469,276
Transfer from share based payment reserves	-	-	-	44,481	-	-	-	-	44,481	-	44,481
Transfer to statutory reserve fund	-	375,000	-		-	-	-	(375,000)	-	-	-
Dividend for the year 2020 - Cash	-	-	-		-	-	-	(338,494)	(338,494)	-	(338,494)
Dividend attributable to non controlling interest	-	-	-		-	-	-	-	-	(50,216)	(50,216)
Balance as at 31 December 2021	18,263,610	2,571,479	1,583,831	44,481	(2,467,180)	-	-	42,730,949	62,727,169	1,339,373	64,066,542

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Signed for an on behalf of the Management of the Bank.

NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX 1825
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COLOMBO 02.

YOUNG
Chartered Accountants
COLOMBO

NDB bank

P. O. Box 1[illegible]
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Colombo - 2, Sri Lanka.

STATEMENT OF CASH FLOW

For the year ended 31 December	BANK 2021 LKR '000	BANK 2020 LKR '000	GROUP 2021 LKR '000	GROUP 2020 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	53,092,776	50,953,861	53,119,744	51,107,977
Fee based income received	5,619,088	4,257,929	7,239,763	5,443,759
Dividend income received	279,634	572,267	88,036	97,941
Other Operating income received	2,859,551	2,738,510	3,340,113	2,761,515
Interest paid	(30,571,312)	(35,090,639)	(30,587,546)	(35,092,828)
Personnel costs paid	(5,515,441)	(5,016,210)	(5,938,969)	(5,591,500)
Other expenses paid	(3,686,369)	(3,659,444)	(4,281,674)	(4,022,492)
Operating Profit before changes in operating assets and liabilities	22,077,927	14,756,274	22,979,467	14,704,372
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	(9,591,263)	7,074,476	(9,591,263)	7,074,476
Financial Assets at amortised cost -loans and receivables to other customers	(85,091,814)	(33,757,683)	(85,319,264)	(33,757,688)
Net (increase)/decrease in operating assets	(998,290)	(286,208)	(1,936,083)	(155,786)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	61,744,822	84,678,922	61,744,822	84,678,922
Financial liabilities at amortised cost - due to debt securities holders	(158,947)	49,383	(158,947)	49,383
Financial liabilities at amortised cost - due to other borrowers	(6,463,987)	11,746,713	(6,463,987)	11,746,713
Repayment of principal portion of lease liabilities	(417,479)	(366,601)	(478,738)	(427,069)
Net increase/(decrease) in other liabilities	547,569	(646,463)	1,360,858	(152,338)
Net cash generated/(used in) from operating activities before taxation	(18,351,462)	83,248,813	(17,863,135)	83,760,985
Tax on Financial Services paid	(2,220,632)	(1,618,514)	(2,220,632)	(1,618,514)
Income taxes paid	(2,821,270)	(2,755,230)	(3,106,562)	(2,929,687)
Net cash generated/(used in) from operating activities	(23,393,364)	78,875,069	(23,190,329)	79,212,784
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial investments	8,510,963	(62,102,595)	8,476,433	(62,439,208)
Purchase of Intangible assets	(432,197)	(525,167)	(437,758)	(525,437)
Purchase of property, plant & equipment	(610,610)	(426,776)	(669,403)	(485,320)
Proceeds from sale of property, plant & equipment	8,503	2,762	16,338	2,921
Net cash generated /(used in) from investing activities	7,476,659	(63,051,776)	7,385,610	(63,447,044)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of ordinary of shares (as a right issue/private placement)	9,469,276	-	9,469,276	-
Repayment of debts securities issued	-	(10,000,000)	-	(10,000,000)
Proceeds of debts securities issued	8,000,000	6,500,000	8,000,000	6,500,000
Interest paid on debts securities issued	(2,396,033)	(1,004,127)	(2,396,033)	(1,004,127)
Dividends paid to non-controlling interests	-	-	(49,875)	(28,999)
Dividends paid to shareholders of the Bank	(333,024)	(423,212)	(333,024)	(423,212)
Net cash provided by /(used in) financing activities	14,740,218	(4,927,339)	14,690,344	(4,956,338)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,176,487)	10,895,954	(1,114,375)	10,809,402
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22,890,469	11,994,515	23,181,808	12,372,406
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21,713,982	22,890,469	22,067,433	23,181,808
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	13,411,819	10,487,608	13,765,270	10,778,947
Placements with banks	8,299,403	12,401,533	8,299,403	12,401,533
Cash and cash equivalents at the end of the year (Net)	21,711,222	22,889,141	22,064,673	23,180,480
Add : Impairment alloawance	2,760	1,328	2,760	1,328
Cash and cash equivalents at the end of the year (Gross)	21,713,982	22,890,469	22,067,433	23,181,808

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ERNST & YOUNG
Chartered Accountants
COLOMBO

NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O BOX 1825
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NDB bank

P. O. Box 1825
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Colombo - 2, Sri Lanka.

STATEMENT OF PROFIT OR LOSS

	Bank	Group
	Period ended 31/12/2019 LKR '000	Period ended 31/12/2019 LKR '000
Gross Income	59,113,538	60,237,165
Interest Income	53,174,791	53,401,614
Interest Expenses	35,467,033	35,430,833
Net Interest Income	17,707,758	17,970,781
Net Fee and Commission Income	3,909,229	4,868,944
Net gain/(loss) from trading	990,160	990,160
Net gain/(loss) from financial investments at fair value Through Profit or Loss	3,186	45,473
Net gains/(losses) from derecognition of financial assets	715,798	729,146
Other operating income	320,373	201,828
Total Operating Income	23,646,504	24,806,331
Impairment charges		
Individual Impairment	2,721,578	2,721,578
Collective Impairment	1,123,979	1,123,979
Other provisions - charge/(release)	312,224	559,919
	4,157,781	4,405,476
Net operating income	19,488,723	20,400,855
Operating Expenses		
Personnel Expenses	4,957,147	5,459,820
Depreciation and amortization	525,085	609,023
Other Expenses	3,952,250	4,339,643
Total operating expenses	9,434,482	10,408,486
Operating Profit Before VAT, NBT & DRL on Financial Services	10,054,240	9,992,369
Less: Value Added Tax (VAT) on Financial services	1,837,750	1,837,750
Nation Building Tax (NBT) on Financial services	230,710	230,710
Debt repayment Levy	1,002,980	1,002,980
Operating Profit After Tax on Financial Services	6,982,800	6,920,929
Share of associate companies' profits/(losses)	-	-
Profit Before Taxation	6,982,800	6,920,929
Less : Income tax expenses	1,871,204	2,035,915
Profit for the period	5,111,596	4,885,014
Profit Attributable to:		
Equity Holders of the parent	5,111,596	4,775,935
Non Controlling Interests	-	109,079
	5,111,596	4,885,013
Basic Earnings per share (in LKR)	23.05	21.53
Diluted Earnings per share (in LKR)	23.05	21.53

STATEMENT OF COMPREHENSIVE INCOME

		Period ended 31/12/2019 LKR '000	Period ended 31/12/2019 LKR '000
Profit for the period		5,111,596	4,885,013
Items that will be reclassified to Income Statement			
Exchange differences on translation of foreign operations		-	(7,052)
Net Gains/(losses) on investments in debt instruments measured at fair value through other Comprehensive Income		1,227,304	1,219,194
Changes in impairment allowance for Expected credit losses		33,469	264,848
Net Gains /(losses) on cash flow hedges		(102,924)	(102,924)
Less :Tax expense relating to items that will be reclassified to Income Statements		(668,675)	(619,856)
	A	489,174	754,210
Items that will not be reclassified to Income Statement			
Net Gains/(losses) on investments in equity instruments measured at fair value through other Comprehensive Income		(376,829)	(376,829)
Revaluation of Land & Buildings		307,211	320,991
Actuarial losses on defined benefit plans		(287,717)	(307,371)
Less :Tax expense relating to items that will not be reclassified to Income Statements		(47,923)	(41,315)
	B	(405,257)	(404,524)
Total Other Comprehensive Income after Tax A + B		83,916	349,685
Total Comprehensive Income for the period		5,195,512	5,234,698
Attributable to:			
Equity holders of the parent		5,195,512	5,125,713
Non Controlling Interests		-	108,985
		5,195,512	5,234,698

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ERNST & YOUNG Chartered Accountants COLOMBO

NATIONAL DEVELOPMENT BANK PLC PQ 27 P. O. BOX 1825 40, NAWAM MAWATHA, COLOMBO 02.

NDB bank

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

P. O. Box 1825
40, Nawam Mawatha,
Colombo - 2, Sri Lanka.

	BANK	Group
	Current Period	Current Period
	As at 31/12/2019	As at 31/12/2019
	LKR '000	LKR '000
Assets		
Cash and cash equivalents	5,703,468	6,081,359
Balances with the Central Bank of Sri Lanka	13,886,575	13,886,575
Placements with banks	6,291,047	6,291,047
Derivative Financial Instruments	1,596,359	1,596,359
Financial assets recognized through profit or loss measured at fair value	932,253	3,488,735
Financial assets at amortised cost -loans and receivables to other customers	396,648,811	396,672,022
Financial assets at amortised cost - debt and other instruments	27,485,885	27,485,885
Financial assets measured at fair value through other comprehensive income	67,018,254	68,430,331
Investments in subsidiary companies	2,144,774	-
Investment Property	-	2,272,881
Intangible assets	687,785	700,908
Property, plant & equipment	3,012,213	3,565,166
Right to Used Assets	960,849	1,229,414
Current Tax Assets	-	23,396
Deferred tax Assets	599,216	647,444
Other assets	2,626,940	3,228,104
Total assets	**529,594,428**	**535,599,626**
Liabilities		
Due to Banks	18,380,356	18,380,356
Derivative Financial Instruments	728,873	728,873
Financial Liabilities at amortised cost -due to depositors	405,048,024	404,667,529
Financial Liabilities at amortised cost		
- due to debt securities holders	1,398,068	1,398,068
- due to other borrowers	29,342,027	29,342,027
Debt securities issued	23,108,734	23,108,734
Retirement benefit obligations	583,933	718,983
Current Tax Liabilities	2,247,997	2,342,373
Deferred Tax Liabilities	-	566,983
Other liabilities	9,197,775	9,732,266
Dividends payable	74,804	74,804
Total liabilities	**490,110,591**	**491,060,996**
Equity		
Stated Capital	7,685,334	7,685,334
Statutory Reserve Fund	1,896,479	1,896,479
General Reserve	5,805,707	5,805,707
Retained Earnings	23,689,843	27,416,982
Other Reserves	406,472	578,848
Total shareholders' equity	**39,483,835**	**43,383,350**
Non Controlling Interests	-	1,155,280
Total Equity	**39,483,835**	**44,538,630**
Total liabilities and equity	**529,594,428**	**535,599,626**
Net Book Value Per Share (LKR)	**178.02**	**195.60**
Contingent liabilities and commitments	**293,145,821**	**293,267,959**

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NDB bank

P. O. Box 1825
40, Nevam Mawatha,
Colombo - 2, Sri Lanka.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Available for Sale	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
BANK											
Balance as at 1 January 2018	2,208,520	1,336,479	1,041,261	(225,196)	-	(14,191)	5,805,707	18,585,255	28,737,835	-	28,737,837
Transitional Impact on the adoption of SLFRS 9	-	-	-	225,196	(225,196)	-	-	(2,457,013)	(2,457,013)		(2,457,013)
Deffered tax on transitional adjustments	-	-	-	-	-	-	-	687,964	687,964		687,964
Restated opening balance under SLFRS 9	2,208,520	1,336,479	1,041,261	-	(225,196)	(14,191)	5,805,707	16,816,206	26,968,786		26,968,788
Total Comprehensive Income for the Year											
Profit for the period	-	-	-	-	-	-	-	5,548,392	5,548,392	-	5,548,392
Other Comprehensive Income before Tax	-	-	-	-	(1,359,475)	115,502	-	92,800	(1,151,173)	-	(1,151,173)
Tax on Other Comprehensive Income	-	-		-	562,442	-	-	2,308	564,750	-	564,750
Total Comprehensive Income for the year	-	-	-	-	(797,033)	115,502	-	5,643,500	4,961,969	-	4,961,968
Transactions with equity holders											
Issue of Shares	3,449,676	-	-	-	-	-	-	-	3,449,676	-	3,449,676
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	(300,000)	-	-	-
Final Dividend for year 2017 -Scrip	811,127	-	-	-	-	-	-	(857,429)	(46,302)	-	(46,302)
Final Dividend for year 2017 - Cash	-	-	-	-	-	-	-	(336,085)	(336,085)	-	(336,085)
Balance as at 31 December 2018	6,469,323	1,636,479	1,041,261	-	(1,022,229)	101,311	5,805,707	20,966,189	34,998,044	-	34,998,042
Balance as at 1 January 2019	6,469,323	1,636,479	1,041,261	-	(1,022,229)	101,311	5,805,707	20,966,190	34,998,042	-	34,998,042
Transitional Impact on the adoption of SLFRS 16	-		-			-	-	(259,925)	(259,925)	-	(259,925)
Restated Balance as at 1 January 2019 under SLFRS 16	6,469,323	1,636,479	1,041,261	-	(1,022,229)	101,311	5,805,707	20,706,265	34,738,118	-	34,738,118
Total Comprehensive Income for the Year											
Profit for the period	-	-	-	-	-	-	-	5,111,596	5,111,596	-	5,111,596
Other Comprehensive Income before Tax	-	-	307,211	-	850,474	(102,924)	-	(254,247)	800,514	-	800,514
Tax on Other Comprehensive Income	-	-	(86,019)	-	(682,613)	-	-	52,034	(716,598)	-	(716,598)
Total Comprehensive Income for the year	-	-	221,192	-	167,862	(102,924)	-	4,909,383	5,195,512	-	5,195,512
Transactions with equity holders											
Transfer to statutory reserve fund	-	260,000	-	-	-	-	-	(260,000)	-	-	-
Final Dividend for year 2018- Scrip	1,216,012	-	-	-	-	-	-	(1,367,061)	(151,049)	-	(151,049)
Final Dividend for year 2018- Cash	-	-	-	-	-	-	-	(298,747)	(298,747)	-	(298,747)
Balance as at 31 December 2019	7,685,334	1,896,479	1,262,453	-	(854,367)	(1,614)	5,805,707	23,689,842	39,483,834	-	39,483,835

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Available for Sale	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
GROUP											
Balance as at 1 January 2018	2,208,521	1,336,479	1,136,654	(236,382)	-	(14,191)	5,805,707	22,775,440	33,012,227	965,746	33,977,973
Transitional impact on the adoption of SLFRS 9				236,382	(236,382)			(2,456,276)	(2,456,276)	2	(2,456,274)
Deffered tax on transitional adjustments								688,663	688,663	-	688,663
Restated opening balance under SLFRS 9	2,208,521	1,336,479	1,136,654	-	(236,382)	(14,191)	5,805,707	21,007,827	31,244,614	965,748	32,210,362
Total Comprehensive Income for the Year											
Profit for the period	-	-	-	-	-	-	-	5,136,168	5,136,168	139,819	5,275,987
Other Comprehensive Income before Tax	-	-	30,186	-	(1,347,809)	115,502	-	218,252	(983,869)	13,340	(970,529)
Tax on Other Comprehensive Income	-	-	-	-	554,595	-	-	2,308	556,903	-	556,903
Total Comprehensive Income for the year	-	-	30,186	-	(793,214)	115,502	-	5,356,728	4,709,201	153,159	4,862,361
Transactions with equity holders											
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	(300,000)	-	-	-
Issue of Shares	3,449,676	-	-	-	-	-	-	-	3,449,676	-	3,449,676
Final Dividend for year 2017 -Scrip	811,127	-	-	-	-	-	-	(857,429)	(46,302)	-	(46,302)
Final Dividend for year 2017 - Cash	-	-	-	-	-	-	-	(336,087)	(336,087)	-	(336,087)
Adjustment due to changes in group companies	-	-	-	-	-	-	-	(8,657)	(8,657)	30,660	22,003
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(50,523)	(50,523)
Balance as at 31 December 2018	5,658,197	1,636,479	1,166,840	-	(1,029,596)	101,311	5,805,707	24,862,382	39,012,445	1,099,042	40,111,488
Balance as at 1 January 2019	6,469,323	1,636,479	1,166,840	-	(1,029,596)	101,311	5,805,707	24,862,382	39,012,446	1,099,042	40,111,488
Transitional impact on the adoption of SLFRS 16	-	-	-	-	-	-	-	(305,038)	(305,038)	(37)	(305,075)
Restated Balance as at 1 January 2019 under SLFRS 16	6,469,323	1,636,479	1,166,840	-	-	101,311	5,805,707	24,557,344	38,707,408	1,099,005	39,806,413
Total Comprehensive Income for the Year											
Profit for the period	-	-	-	-	-	-	-	4,775,935	4,775,935	109,079	4,885,014
Other Comprehensive Income before Tax	-	-	320,991	-	842,365	(102,924)	-	(49,464)	1,010,968	(111)	1,010,857
Tax on Other Comprehensive Income	-	-	(82,161)	-	(637,978)	-	-	58,967	(661,172)	-	(661,172)
Total Comprehensive Income for the year	-	-	238,831	-	204,387	(102,924)	-	4,785,438	5,125,731	108,968	5,234,698
Transactions with equity holders											
Transfer to statutory reserve fund	-	260,000	-	-	-	-	-	(260,000)	-	-	-
Final Dividend for year 2018- Scrip	1,216,012	-	-	-	-	-	-	(1,367,061)	(151,049)	-	(151,049)
Final Dividend for year 2018- Cash	-	-	-	-	-	-	-	(298,741)	(298,741)	-	(298,741)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(52,685)	(52,685)
Balance as at 31 December 2019	7,685,334	1,896,479	1,405,671	-	(825,209)	(1,613)	5,805,707	27,416,982	43,383,350	1,155,280	44,538,630

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P. O. Box 40, Navam Mawatha, Colombo 2, Sri Lanka.

STATEMENT OF CASH FLOW

For the period ended 31 December	BANK 2019 LKR '000	BANK 2018 LKR '000	GROUP 2019 LKR '000	GROUP 2018 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	49,936,225	40,951,417	50,116,030	41,252,618
Fee based income received	3,927,886	3,165,779	4,716,160	4,068,512
Dividend income received	419,938	568,518	76,462	123,146
Other Operating income received	1,562,829	2,943,489	1,569,068	2,943,489
Interest paid	(32,573,505)	(28,022,485)	(32,579,164)	(28,031,190)
Personnel costs paid	(4,867,086)	(4,348,634)	(5,226,060)	(4,691,092)
Other expenses paid	(4,611,582)	(3,404,759)	(4,955,702)	(3,821,127)
Operating Profit before changes in operating assets and liabilities	**13,794,705**	**11,853,325**	**13,716,794**	**11,844,356**
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	1,659,812	(181,466)	1,659,812	(181,466)
Financial Assets at amortised cost -loans and receivables to other customers	(52,771,353)	(73,574,161)	(52,771,353)	(73,574,161)
Net (increase)/decrease in operating assets	901,129	(1,557,659)	850,957	(1,516,458)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	56,643,612	72,511,339	56,643,612	72,511,339
Financial liabilities at amortised cost - due to debt securities holders	(5,613,250)	(3,132,870)	(5,613,250)	(3,132,870)
Financial liabilities at amortised cost - due to other borrowers	6,660,132	(2,491,485)	6,660,132	(2,491,485)
Net increase/(decrease) in other liabilities	(2,120,727)	1,244,708	(1,951,134)	1,157,400
Net cash generated from operating activities before taxation	**19,154,060**	**4,671,731**	**19,195,570**	**4,616,655**
Tax on Financial Services paid	(1,909,163)	(1,893,940)	(1,932,033)	(1,893,940)
Income taxes paid	(2,956,685)	(1,451,843)	(3,017,136)	(1,527,268)
Net cash provided by/(used in) operating activities	**14,288,212**	**1,325,948**	**14,246,401**	**1,195,447**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial investments	(16,238,618)	(1,002,720)	(16,109,134)	(358,785)
Net cash flow from liquidation of associates company	-	23,400	-	23,400
Purchase of Intangible assets	(184,162)	(218,304)	(184,162)	(231,436)
Purchase of property, plant & equipment	(1,250,430)	(724,174)	(1,447,225)	(763,420)
Proceeds from sale of property, plant & equipment	994	40,690	3,050	40,690
Net cash (used in) from investing activities	**(17,672,216)**	**(1,881,108)**	**(17,737,471)**	**(1,289,551)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of ordinary of shares (as a right issue)	-	3,449,676	-	3,499,677
Repayment of debts securities issued	-	(2,771,590)	-	(2,771,590)
Interest paid on debts securities issued	(1,750,931)	(2,032,758)	(1,750,931)	(2,032,758)
Repayment of Institutional borrowings	(11,653,165)	(6,922,794)	(11,653,165)	(6,922,794)
Proceeds from Institutional borrowings	1,760,967	24,822,518	1,760,967.00	24,822,518
Proceeds from debt securities issued	5,561,200	-	5,561,200	-
Dividends paid to non-controlling interests	-	-	(48,902)	(46,046)
Dividends paid to shareholders of the Bank	(314,437)	(330,157)	(314,437)	(330,157)
Net cash provided by /(used in) financing activities	**(6,396,366)**	**16,214,895**	**(6,445,268)**	**16,218,850**
NET INCREASE IN CASH AND CASH EQUIVALENTS	(9,780,370)	15,659,735	(9,936,338)	16,124,746
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,774,885	6,115,150	22,308,744	6,183,998
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**11,994,515**	**21,774,885**	**12,372,406**	**22,308,744**
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	5,703,468	6,537,579	6,081,359	7,071,438
Placements with banks	6,291,047	15,237,306	6,291,047	15,237,306
	11,994,515	21,774,885	12,372,406	22,308,744

The Management is responsible for the financial information extracted from the audited financial statements given above.

Signed for an on behalf of the Management of the Bank.

ERNST & YOUNG
Chartered Accountants
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