INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2021

NATIONAL DEVELOPMENT BANK PLC

CSE stock code: NDB.N0000 | Bloomberg: NDB SL | Reuter's: NDB.CM

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***The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2021 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB records resilient performance in Q3 2021

12 November 2021, Colombo, Sri Lanka

- NDB Group after tax PAS reaches LKR 6 Bn, up by an impressive 54% YoY
- Bank Profits before all taxes of LKR 8.9 Bn (up by 16%), Post-tax profits of LKR 5.6 Bn (up by 26%)
- Increase in fund and fee income supported by volume growth
- Cost to income ratio of 33%, continually in the low 30% range
- Balance Sheet growth - Total assets of LKR 679 Bn up by 8% YTD
- Loan book growth of 15% YTD – LKR 509 Bn
- Deposits growth of 7% YTD LKR 526 Bn, CASA growth of 15% YTD to LKR 18 Bn

National Development Bank PLC, recorded resilient financial performance for the nine months ended 30 September 2021, a period marked by macro-economic challenges. Sharing his views on the performance, Director/ Group Chief Executive Officer of NDB Mr. Dimantha Seneviratne noted that concerted pursuit of the Bank's clearly defined strategy has enabled sound performance amidst turbulences. Extending expeditious support to our customers in the face of the pandemic, through the course of our own initiatives as well as in congruence with relief measures introduced by the Government of Sri Lanka remains a priority for us in the foreseeable future. Customer-centricity is our strategy's core, hence all our actions ultimately add up to precise solutions to them, at good times and bad with sustainable growth - he noted.

Income and profitability

At a Group level, NDB managed its profitability despite the challenges, benefiting from a combination of sources such as enhanced banking revenue, effective cost management and profit contribution from NDB capital market cluster companies. Group profit attributable to shareholders after tax (PAS) for the nine months increased to LKR 6 Bn, by 54% over September 2020 (YoY). At the Bank level, operating profit before all taxes for the period was LKR 8.9 Bn, up by 16% YoY. The Bank's PAT after a total tax charge of LKR 3.3 Bn was LKR 5.6 Bn, up by 26%.

Driving profitability, all key income components enhanced, with notable growth in net interest income (NII) to LKR 16 Bn, up by 17% and fee and commission income to LKR 4 Bn, up by 38%. Albeit a tapering off in interest income by 5% to LKR 38.7 Bn, NII benefitted by a larger reduction in interest expenses by 16% to LKR 22.8 Bn. An improved NIM of 3.26% (Q3 2020: 3.23%) driven by the timely re-pricing of assets and liabilities, together with the Bank's continually strengthening CASA base (38% YoY growth – LKR 39 Bn) enabled growth in NII.

Net fee and commission income growth of 38% YoY to LKR 4 Bn was supported by enhanced business volumes reflected in gross loans growth of 15% (over end 2020 position). Trade finance activities was a main contributor towards enhanced fees, whilst accelerated digital banking usage by customers also supported the fee drive. The Bank recently exceeded LKR 100 Bn mark in transactions routed through NDB NEOS for the first 10 months in 2021, with 80% of the Bank's transactions being performed via digital platforms. The total of non-fund based income bases, which accounts for 32% of total operating income enhanced by 25% to LKR 7.4 Bn.

Impairment charges for loans and other losses for Q3 2021 was LKR 6.7 Bn, an increase of 38% YoY. Provision charges increased in line with the growth in the loan book and provisions made at both collective and individual levels in response to elevated risks caused by the third wave of the pandemic and other stresses. The regulatory gross non-performing loan [NPL] ratio for Q3 2021 was 5.46% (2020: 5.35%). The net NPL ratio for the quarter was 3.04% (2020: 3.23%), confirming the increase in the impairment charges. Further to the recent direction issued by the Central Bank of Sri Lanka on Classification, Recognition and of Measurement of Credit Facilities in Licensed Banks - No 13 of 2021, NDB's Impaired Loans (Stage 3) Ratio was 4.49% (2020: 4.47%) whilst Impairment (stage 3) to Stage 3 loans Ratio was 33.55% (2020: 31.68%).

Total operating costs for the period was LKR 7.7 Bn, an increase of 10%, and a quantum of increase of LKR 682 Mn versus significant growth in Bank's operations. Strategic cost management initiatives have benefitted the Bank's profitability when revenue is under pressure. The cost to income ratio for Q3 2021, resulting from cost management initiatives as well as revenue growth was 33.08%, one of the lowest since 2016 (49%).

Balance Sheet Performance

Total assets reached LKR 679 Bn by end Q3 2021, up by 8% over 2020 (YTD), demonstrating the sustained growth the Bank has been managing over the years. On YoY terms this was a growth of 13%. Loans and advances to customers also grew at a satisfactory 15%, both on a YTD and YoY basis, translating to quantum of LKR 66 Bn and LKR 67 Bn respectively. The quarter saw equitable growth stemming from all segments, and continued healthy diversification across multiple sectors.

In terms of funding, customer deposits closed in at LKR 526 Bn, up by 7% YTD (quantum of LKR 36 Bn) and 13% YoY (quantum of LKR 62 Bn). Deposits composition improved during Q3 with a CASA ratio 27%, one of the highest recorded by the Bank since its conversion to a fully-fledged commercial banking entity in 2005, from the previous DFI model. CASA deposits totaled to LK 141 Bn, a YTD growth of 15%, translating to a quantum of LKR 18 Bn. The Bank's dynamic deposits solutions, convenience of account opening from the safety of homes through digital platforms and round the clock customer service have enabled the Bank to grow deposits on an overall basis in a low interest rate climate.

The period under review booked a total equity capital infusion of LKR 9.46 Bn, comprising of LKR 8 Bn raised through the Rights Issue and LKR 1.46 Bn, raised through the Private Placement with Norfund – the Norwegian Investment Fund for developing countries. The Bank also entered in to an agreement with the Development Finance Corporation of the USA for USD 75 Mn as a long term funding line, towards lending to SMEs including women led businesses. The Bank has also announced plans to raise LKR 6 Bn in Basel III complaint Tier II Listed, Rated, Unsecured, Subordinated, Redeemable debentures, with the option of raising a a further LKR 2 Bn in the event of an oversubscription.

Key performance ratios

Return on equity of the Bank for Q3 2021 increased to 14.07% (2020: 13.13%) whilst the same at the Group level was 14.13% (2020: 11.20%). Pre-tax ROA of the Bank was 1.75% (2020: 1.59%) and of the Group was 1.86% (2020: 1.58%). Earnings per share of the Bank was LKR 26.26 (2020: LKR 23.77), whilst the same for the Group was LKR 28.08 (2020: LKR 21.99).

The net asset value per share of the Bank and the Group were LKR 163.40 and LKR 173.29. On capital adequacy, Tier I capital adequacy ratio and Total capital adequacy ratio of the Bank were 9.63% and 13.63% respectively. The same ratios for the Group were 10.03% and 13.93%. Liquidity coverage ratio – Rupee, Liquidity coverage ratio – All currency and Net Stable Funding Ratio were 140.16%, 135.93% and 114.55% respectively. All these ratios continued to be well above the regulator stipulated minimum requirement levels, with capital adequacy ratios having enhanced post Tier I capital infusion as explained above - reflecting the strength, stability and sufficient liquidity of the Bank.

Support extended to COVID-19 affected customers and other aspects of performance

NDB continues its focused support towards customers affected by the pandemic. As a responsible lender, the Bank's financial support has been augmented with advisory and close monitoring of customer performance in their recovery process. The Bank carefully curates restructured plans and other payment solutions that are apt in the customer's industry climate and address their unique challenges.

NDB continued its digital drive unabated by the pandemic. Newest tech- enabled capabilities introduced were ability to open accounts virtually with the use of *virtual KYC, NEOSBIZ* a dedicated mobile app for SMEs and implementation of digital signatures for both internal and external use.

"NDB Cares", NDB's structured program to support the Bank's employees, customers and the community at large in the face of the adversities brought by the pandemic continued, with various initiatives, including donations made to the healthcare sector.

Way forward

The infusion of Tier I capital earlier this year has provided NDB with much needed impetus for its growth aspirations. With further funding plans to support businesses and strengthen capital base as explained above, the Bank will pursue its targets set under Voyage 2025 – the mid-term strategy leading up to 2025. Support to customers in post-COVID recovery remains key in NDB's mandate. With its redefined manifesto of "The Future is Banking on Us" NDB is set to deliver new dimensions of banking to its customers whilst propelling national economic growth as a responsible financier.

NDB bank

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/09/2021 LKR '000	Period ended 30/09/2020 LKR '000	**Change %**	**Quarter ended 30/09/2021 LKR '000**	Quarter ended 30/09/2020 LKR '000	**Period ended 30/09/2021 LKR '000**	Period ended 30/09/2020 LKR '000	**Change %**	**Quarter ended 30/09/2021 LKR '000**	Quarter ended 30/09/2020 LKR '000
Gross Income	**46,059,687**	**46,697,436**	**(1)**	**15,586,535**	**15,406,204**	**47,354,648**	**47,041,892**	**1**	**16,044,113**	**15,867,068**
					-					
Interest Income	38,712,186	40,808,072	(5)	13,251,091	13,552,762	38,786,062	40,929,445	(5)	13,268,363	13,592,456
Interest Expenses	22,780,032	27,140,683	(16)	7,661,120	8,709,014	22,769,025	27,118,728	(16)	7,658,607	8,702,690
Net Interest Income	**15,932,154**	**13,667,389**	**17**	**5,589,971**	**4,843,748**	**16,017,037**	**13,810,717**	16	**5,609,756**	4,889,766
Net Fee and Commission Income	3,992,791	2,903,649	**38**	1,412,725	1,164,427	5,315,148	3,678,756	44	1,804,679	1,540,731
Net gain/(loss) from trading	1,917,864	778,807	146	902,003	241,822	1,917,864	778,807	146	902,003	241,822
Net gain/(loss) from financial assets at fair value Through Profit or Loss	189,556	(45)	100	(29,836)	(6,489)	249,130	(55,638)	548	18,285	60,834
Net gains/(losses) from derecognition of financial assets	212,904	1,462,694	(85)	(762)	460,372	212,904	1,465,627	(85)	(16,907)	449,921
Other operating income	1,034,387	744,259	39	51,314	(6,690)	873,540	244,895	257	67,690	(18,696)
Total Operating Income	**23,279,655**	**19,556,753**	19	**7,925,415**	**6,697,191**	24,585,624	**19,923,164**	**23**	**8,385,506**	7,164,380
										-
Less: Impairment charges	6,652,652	4,825,306	38	2,500,807	1,649,747	6,645,541	4,814,321	38	2,500,229	1,649,747
Net operating income	**16,627,003**	**14,731,448**	13	**5,424,607**	**5,047,443**	**17,940,083**	**15,108,843**	**19**	**5,885,277**	5,514,633
										-
Operating Expenses										-
Personnel Expenses	4,205,998	3,854,941	9	1,411,899	1,358,500	4,618,833	4,243,757	9	1,501,367	1,502,345
Depreciation and amortization	630,671	609,243	4	202,215	212,276	677,876	470,500	44	210,465	36,318
Other Expenses	2,864,201	2,554,644	12	978,303	792,618	3,209,774	3,000,218	7	1,099,648	1,091,386
Total operating expenses	**7,700,871**	**7,018,828**	10	2,592,417	**2,363,394**	**8,506,483**	**7,714,475**	10	2,811,480	2,630,049
										-
Operating Profit Before Tax on Financial Services	**8,926,133**	**7,712,620**	16	**2,832,190**	**2,684,049**	**9,433,600**	**7,394,368**	28	**3,073,797**	2,884,584
										-
Less: Value Added Tax (VAT) on Financial services	1,667,612	1,473,006	13	548,574	507,673	1,667,612	1,473,006	13	548,574	507,673
Operating Profit After Tax on Financial Services	7,258,521	6,239,614	16	2,283,616	**2,176,376**	7,765,988	5,921,362	31	2,525,223	2,376,911
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	**7,258,521**	6,239,614	16	**2,283,616**	**2,176,376**	**7,765,988**	**5,921,362**	31	**2,525,223**	2,376,911
Less : Income tax expenses	1,618,689	1,762,667	(8)	570,680	669,248	1,714,183	2,005,747	(15)	635,907	855,104
Profit for the period	**5,639,832**	4,476,946	26	**1,712,936**	**1,507,127**	**6,051,805**	**3,915,615**	55	**1,889,316**	1,521,807
Profit Attributable to:										-
Equity Holders of the parent	5,639,832	4,476,946	26	1,712,936	1,507,127	5,968,076	3,868,982	54	1,872,110	1,504,868
Non Controlling Interests	-	-	-	-	-	83,729	46,634	80	17,206	16,939
	5,639,832	**4,476,946**	26	**1,712,936**	**1,507,127**	**6,051,805**	**3,915,615**	55	**1,889,316**	1,521,807
Basic Earnings per share (in LKR)	**20.41**	**19.24**	6	**6.20**	**6.80**	**21.60**	**16.63**	30	**6.78**	**6.78**
Diluted Earnings per share (in LKR)	**20.41**	**19.24**	6	**6.20**	**6.80**	**21.60**	**16.63**	30	**6.78**	**6.78**

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2021 LKR '000	Period ended 30/09/2020 LKR '000	**Change %**	**Quarter ended 30/09/2021 LKR '000**	Quarter ended 30/09/2020 LKR '000	**Period ended 30/09/2021 LKR '000**	Period ended 30/09/2020 LKR '000	**Change %**	**Quarter ended 30/09/2021 LKR '000**	Quarter ended 30/09/2020 LKR '000
Profit for the period	**5,639,832**	**4,476,946**	26	**1,712,936**	**1,507,127**	**6,051,805**	**3,915,615**	55	**1,889,316**	**1,521,806**
Items that will be reclassified to Income Statement										
Exchange differences on translation of foreign operations	-	-	-	**-**	**-**	**19,715**	7,023	181	**(1,503)**	**(2,623)**
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	**(1,565,222)**	171,935	(1,010)	**(1,298,442)**	**(829,412)**	**(1,571,210)**	(129,600)	(1,112)	**(1,300,777)**	**(825,390)**
Changes in Impairment allowance for Expected credit losses	**9,123**	(49,778)	118	**5,310**	**(67,885)**	**9,122**	(50,546)	118	**5,310**	**(67,885)**
Net Gains /(losses) on cash flow hedges	**-**	(69,036)	100	**-**	**26,037**	**-**	(69,036)	100	**-**	**26,037**
Less :Tax expense relating to items that will be reclassified to Income Statements	**378,313**	281,566	34	**312,901**	**246,403**	**378,313**	281,475	34	**312,901**	**247,209**
A	**(1,177,785)**	334,687	(452)	**(980,232)**	**(624,857)**	**(1,164,060)**	39,316	(3,061)	**(984,069)**	**(622,650)**
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	**22,070**	(127,854)	117	**(48,420)**	**(18,149)**	**22,070**	(127,854)	117	**(48,420)**	**(18,149)**
Less :Tax expense relating to items that will not be reclassified to Income Statements	**(35,273)**	-	(100)	**-**	**-**	**(35,273)**	-	(100)	**-**	**-**
B	**(13,202)**	(127,854)	90	**(48,420)**	**(18,149)**	**(13,202)**	(127,854)	90	**(48,420)**	**(18,149)**
					-					**-**
Total Other Comprehensive Income after Tax A + B	**(1,190,988)**	206,833	(676)	**(1,028,651)**	**(643,006)**	**(1,177,262)**	(88,538)	(1,230)	**(1,032,489)**	**(640,799)**
					-					**-**
Total Comprehensive Income for the period	**4,448,845**	4,683,779	(5)	**684,285**	**864,122**	**4,874,543**	3,827,077	27	**856,827**	**881,008**
Attributable to:										**-**
Equity holders of the parent	4,448,845	4,683,779	(5)	**684,285**	**864,122**	4,786,584	3,782,020	27	**839,833**	**864,884**
Non Controlling Interests	-	-	-	**-**	**-**	87,959	45,057	95	**16,994**	**16,124**
	4,448,845	4,683,779	(5)	**684,285**	**864,122**	**4,874,543**	3,827,077	27	**856,827**	**881,008**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Year	Previous Year		Current Year	Previous Year	
	As at 30/09/2021 LKR '000	As at 31/12/2020 (Audited) LKR '000	Change %	As at 30/09/2021 LKR '000	As at 31/12/2020 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	12,170,473	10,487,608	16	12,590,128	10,778,947	17
Balances with the Central Bank of Sri Lanka	15,254,727	6,812,099	124	15,254,727	6,812,099	124
Placements with banks	2,851,531	12,401,533	(77)	2,851,531	12,401,533	(77)
Derivative Financial Instruments	1,397,953	1,429,470	(2)	1,397,953	1,429,470	(2)
Financial assets recognized through profit or loss measured at fair value	2,198,609	5,574,175	(61)	4,500,817	7,713,222	(42)
Financial assets at amortised cost -loans and receivables to other customers	486,506,550	425,605,508	14	486,575,247	425,681,832	14
Financial assets at amortised cost - debt and other instruments	53,628,316	44,711,640	20	53,628,316	44,711,640	20
Financial assets measured at fair value through other comprehensive income	91,529,607	108,593,183	(16)	91,692,760	108,762,972	(16)
Investments in subsidiary companies	1,135,773	1,142,884	(1)	-	-	-
Investment Property	-	-	-	2,361,535	2,361,535	-
Intangible assets	1,177,712	1,048,326	12	1,190,883	1,061,673	12
Property, plant & equipment	3,048,500	2,968,993	3	3,614,894	3,541,018	2
Right of Use Assets	1,100,824	1,060,843	4	1,297,273	1,289,749	1
Current Tax Assets	-	-	-	27,179	45,098	(40)
Deferred tax Assets	2,540,101	1,875,720	35	2,571,381	1,945,730	32
Other assets	4,584,527	3,124,716	47	5,109,811	3,595,101	42
Total assets	**679,125,201**	**626,836,698**	**8**	**684,664,435**	**632,131,618**	**8**
Liabilities						
Due to Banks	31,441,919	24,173,318	30	31,441,919	24,173,318	30
Derivative Financial Instruments	1,005,370	1,016,787	(1)	1,005,370	1,016,787	(1)
Financial Liabilities at amortised cost -due to depositors	525,869,779	490,278,126	7	525,144,852	489,658,746	7
Financial Liabilities at amortised cost						
- due to debt securities holders	4,146,357	1,500,007	176	4,146,357	1,500,007	176
- due to other borrowers	27,772,898	34,284,109	(19)	27,772,898	34,284,109	(19)
Debt securities issued	20,284,689	19,880,891	2	20,284,689	19,880,891	2
Retirement benefit obligations	772,460	709,294	9	891,558	820,109	9
Current Tax Liabilities	2,165,205	2,297,296	(6)	2,350,256	2,563,345	(8)
Deferred Tax Liabilities	-	-	-	508,420	596,112	(15)
Other liabilities	7,213,957	7,829,493	(8)	7,867,703	8,348,447	(6)
Dividends payable	99,304	86,354	15	99,304	86,354	15
Total liabilities	**620,771,938**	**582,055,675**	**7**	**621,513,326**	**582,928,225**	**7**
Equity						
Stated Capital	18,263,609	8,794,333	108	18,263,609	8,794,333	108
Statutory Reserve Fund	2,196,479	2,196,479	-	2,196,479	2,196,479	-
Retained Earnings	38,321,868	33,126,578	16	41,682,357	36,143,349	15
Other Reserves	(428,692)	663,633	(165)	(256,235)	842,077	(130)
Total shareholders' equity	**58,353,264**	**44,781,023**	**30**	**61,886,210**	**47,976,238**	**29**
Non Controlling Interests	-	-	-	1,264,899	1,227,155	**3**
Total Equity	**58,353,264**	**44,781,023**	**30**	**63,151,109**	**49,203,393**	28
Total liabilities and equity	**679,125,201**	**626,836,698**	**8**	**684,664,435**	**632,131,618**	**8**
Net Book Value Per Share (LKR)	**163.40**	**192.49**	(15)	**173.29**	**206.23**	(16)
Contingent liabilities and commitments	**339,668,826**	**343,949,526**		**339,386,189**	**344,053,658**	
Memorandum Information						
Number of Employees	**2,951**	2,892				
Number of Branches	**113**	113				

Certification:

We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
Suvendrini Muthukumarana
Vice President - Finance

We, the undersigned, being the Chairman and the Group Chief Executive Officer of National Development Bank PLC certify jointly that:
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group.

(Sgd.)
Sriyan Cooray
Director

(Sgd.)
Dimantha Seneviratne
Director/Group Chief Executive Officer

12 November 2021

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves			General Reserve	Retained Earnings	Total	Non Controlling Interests	Total
			Revaluation Reserve	Fair Value Reserve	Cash Flow Hedge Reserve					Equity
BANK	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)	(1,614)	5,805,707	23,689,842	39,483,834	-	39,483,835
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	4,476,946	4,476,946	-	4,476,946
Other Comprehensive Income before Tax	-	-	-	44,081	(69,036)	-	(49,778)	(74,733)	-	(74,733)
Tax on Other Comprehensive Income	-	-	-	295,504	-	-	(13,938)	281,566	-	281,566
Total Comprehensive Income for the period	-	-	-	339,585	(69,036)	-	4,413,230	4,683,779	-	4,683,779
Final Dividend for the year 2019-Scrip	1,108,999	-	-	-	-	-	(1,108,999)	(0)	-	(0)
Final Dividend for the year 2019 - Cash	-	-	-	-	-	-	(439,769)	(439,769)	-	(439,769)
Balance as at 30 September 2020	**8,794,334**	**1,896,479**	**1,262,453**	**(514,782)**	**(70,650)**	**5,805,707**	**26,554,305**	**43,727,845**	**-**	**43,727,845**
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	-	-	-	-	-	-	5,639,832	5,639,832	-	5,639,832
Other Comprehensive Income before Tax	-	-	-	(1,543,151)	-	-	9,123	(1,534,028)	-	(1,534,028)
Tax on Other Comprehensive Income	-	-	72,880	377,946	-	-	(107,786)	343,040	-	343,040
Total Comprehensive Income for the period	-	-	72,880	(1,165,206)	-	-	5,541,169	4,448,845	-	4,448,845
Transactions with equity holders										
Issue of Shares	9,469,276	-	-	-	-	-	-	9,469,276	-	9,469,276
Dividend for the year 2020 - Cash	-	-	-	-	-	-	(345,878)	(345,878)	-	(345,878)
Balance as at 30 September 2021	**18,263,609**	**2,196,479**	**1,384,872**	**(1,813,566)**	**-**	**-**	**38,667,749**	**58,699,144**	**-**	**58,353,264**

NDB bank

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves			General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
			Revaluation Reserve	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 1 January 2020	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
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	3,868,982	3,868,982	46,634	3,915,616
Other Comprehensive Income before Tax	-	-	-	(257,454)	(69,036)	-	(41,946)	(368,436)	(1,577)	(370,013)
Tax on Other Comprehensive Income	-	-	-	295,413	-	-	(13,938)	281,475	-	281,475
Total Comprehensive Income for the period	-	-	-	37,959	(69,036)	-	3,813,098	3,782,021	45,057	3,827,077
Transactions with equity holders										
Final Dividend for the year 2019-Scrip	1,108,999	-	-	-	-	-	(1,108,999)	-	-	-
Final Dividend for the year 2019 - Cash	-	-	-	-	-	-	(439,769)	(439,769)	-	(439,769)
Group Adjustments	-	-	-	-	-	-	-	-	(2,382)	(2,382)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(28,667)	(28,667)
Balance as at 30 September 2020	**8,794,333**	**1,896,479**	**1,405,671**	**(787,250)**	**(70,649)**	**5,805,707**	**29,681,312**	**46,725,602**	**1,169,288**	**47,894,891**
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	49,203,393
Profit for the period	-	-	-	-	-	-	5,968,076	5,968,076	83,729	6,051,805
Other Comprehensive Income before Tax	-	-	-	(1,549,140)	-	-	24,607	(1,524,532)	4,230	(1,520,302)
Tax on Other Comprehensive Income	-	-	72,880	377,946	-	-	(107,786)	343,040	-	343,040
Total Comprehensive Income for the period	-	-	72,880	(1,171,194)	-	-	5,884,898	4,786,584	87,959	4,874,543
Transactions with equity holders										
Issue of shares	9,469,276	-	-	-	-	-	-	9,469,276	-	9,469,276
Dividend for the year 2020 - Cash	-	-	-	-	-	-	(345,878)	(345,878)	-	(345,878)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(50,216)	(50,216)
Balance as at 30 September 2021	**18,263,610**	**2,196,479**	**1,535,995**	**(1,792,232)**	-	**-**	**41,682,357**	**61,886,210**	**1,264,899**	**63,151,109**

STATEMENT OF CASH FLOW

For the period ended 30 September	BANK 2021 LKR '000	BANK 2020 LKR '000	GROUP 2021 LKR '000	GROUP 2020 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	39,238,096	35,178,638	39,246,716	35,278,912
Fee based income received	4,005,329	2,905,821	5,196,963	3,598,622
Dividend income received	72,716	71,525	251,932	97,482
Other Operating income received	2,867,452	2,386,547	3,254,040	2,402,088
Interest paid	(22,832,426)	(26,495,655)	(22,860,598)	(26,496,909)
Personnel costs paid	(4,092,189)	(3,771,441)	(4,456,597)	(3,930,100)
Other expenses paid	(2,772,090)	(2,732,080)	(3,103,951)	(3,178,225)
Operating Profit before changes in operating assets and liabilities	**16,486,888**	**7,543,355**	**17,528,505**	**7,771,871**
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	(8,442,629)	7,206,355	(8,442,629)	7,206,355
Financial Assets at amortised cost -loans and receivables to other customers	(67,370,242)	(29,132,767)	(67,370,313)	(29,121,223)
Net (increase)/decrease in operating assets	(1,058,879)	(1,429,541)	(1,354,205)	(658,378)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	35,574,809	58,893,477	35,264,432	58,893,477
Net increase/(decrease) in other liabilities	(770,368)	(1,104,286)	(573,962)	(603,125)
Net cash generated/(used in) from operating activities before taxation	**(25,580,422)**	**41,976,594**	**(24,948,172)**	**43,488,976**
Tax on Financial Services paid	(1,467,294)	(1,286,057)	(1,467,294)	(1,287,117)
Income taxes paid	(2,072,121)	(2,021,516)	(2,291,278)	(2,085,807)
Net cash generated/(used in) from operating activities	**(29,119,837)**	**38,669,022**	**(28,706,744)**	**40,116,052**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	9,601,606	(42,601,559)	9,518,463	(43,951,675)
Purchase of property, plant & equipment	(817,447)	(568,519)	(969,892)	(616,496)
Proceeds from sale of property, plant & equipment	6,596	1,684	7,282	73,978
Net cash generated /(used in) from investing activities	**8,790,755**	**(43,168,395)**	**8,555,853**	**(44,494,193)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds/(Repayment) of other borrowings	4,713,291	11,386,799	4,713,291	11,386,799
Proceeds from issue of ordinary of shares (as a right issue)	9,469,276	-	9,469,276	-
Repayment of debts securities issued	-	(10,000,000)	-	(10,000,000)
Proceeds of debts securities issued	-	6,500,000	-	6,500,000
Interest paid on debts securities issued	(1,387,694)	(1,004,127)	(1,387,694)	(1,004,127)
Dividends paid to non-controlling interests	-	-	(49,875)	(28,833)
Dividends paid to shareholders of the Bank	(332,928)	(422,640)	(332,928)	(422,640)
Net cash provided by /(used in) financing activities	**12,461,945**	**6,460,032**	**12,412,070**	**6,431,199**
NET INCREASE IN CASH AND CASH EQUIVALENTS	(7,867,137)	1,960,659	(7,738,821)	2,053,058
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22,889,141	11,994,515	23,180,480	12,372,406
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**15,022,004**	**13,955,175**	**15,441,659**	**14,425,465**
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	12,170,473	10,658,774	12,590,128	11,129,064
Placements with banks	2,851,531	3,296,401	2,851,531	3,296,401
Cash and cash equivalents at end of the period (Gross)	**15,022,004**	**13,955,175**	**15,441,659**	**14,425,465**

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 September

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revenue										
Interest Income	38,712,186	40,808,072	62,769	99,290	-	-	-	-	38,774,955	40,907,362
Net Fee and Commission Income	3,992,791	2,903,649	1,090,439	528,878	138,498	138,795	52,063	78,012	5,273,790	3,649,334
Net gain/(loss) from trading	1,917,864	778,807	-	-	-	-	-	-	1,917,864	778,807
Net gain/(loss) from financial assets at fair value Through	189,556	(45)	59,574	(55,593)	-	-	-	-	249,130	(55,638)
Net gains/(losses) from derecognition of financial assets	212,904	1,462,694	0	2,933	-	-	-	-	212,904	1,465,627
Other Operating Income	827,469	243,517	46,071	1,378	-	-	-	-	873,540	244,895
Total revenue from external customers	45,852,769	46,196,694	1,258,854	576,886	138,543	138,795	52,063	78,012	47,302,229	46,990,387
										-
Inter-segment Revenue	-	-	9,695	1,028	42,694	50,447	-	-	52,389	51,475
										-
Total Revenue	45,852,769	46,196,694	1,268,549	577,914	181,237	189,242	52,063	78,012	47,354,648	47,041,892
										-
Impairment (charge)/reversal for										-
loans & other losses	(6,645,541)	(4,814,321)	-	-	-	-	-	-	(6,645,541)	(4,814,321)
Segment expenses	(30,469,896)	(34,148,541)	(745,399)	(597,275)	(6,584)	(19,773)	(53,633)	(67,616)	(31,275,509)	(34,833,204)
Total segment expenses	(37,115,437)	(38,962,861)	(745,399)	(597,275)	(6,584)	(19,773)	(53,633)	(67,616)	(37,921,049)	(39,647,525)
										-
Segment results	8,737,332	7,233,833	523,150	(19,361)	174,653	169,470	(1,570)	10,396	9,433,600	7,394,368
Income tax expenses	-	-	-	-	-	-	-	-	1,714,183	2,005,747
Taxes on financial services	-	-	-	-	-	-	-	-	1,667,612	1,473,006
Profit after taxation									6,051,805	3,915,615
Other information										
Segment assets	678,761,068	599,679,046	2,911,470	2,876,899	2,871,615	2,620,382	120,281	135,560	684,664,435	605,311,887
Consolidated total assets									684,664,435	605,311,887
Segment liabilities	620,037,266	556,017,493	901,805	761,100	563,166	618,169	11,089	20,229	621,513,326	557,416,991
Consolidated total liabilities									621,513,326	557,416,991
Segmental Cash flows										
Cash flows from operating activities	(29,119,837)	38,669,022	307,176	1,394,481	111,727	77,360	(5,811)	(24,811)	(28,706,744)	40,116,052
										-
Cash flows from investing activities	8,790,755	(43,168,394)	(105,989)	(1,290,280)	(128,913)	(35,263)	-	(254)	8,555,853	(44,494,192)
										-
Cash flows from financing activities	12,461,945	6,460,032	(49,875.00)	39,283	-	(68,116)	-	-	12,412,070	6,431,199

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2021 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	12,170,473	-	-	12,170,473
Balances with the Central Bank of Sri Lanka	-	15,254,727	-	-	15,254,727
Placements with banks	-	2,851,531	-	-	2,851,531
Derivative Financial Instruments	1,397,953	-	-	-	1,397,953
Financial assets recognized through profit or loss measured at fair value	2,198,609	-	-	-	2,198,609
Financial assets at amortised cost -loans and receivables to other customers	-	486,506,550	-	-	486,506,550
Financial Assets at amortised cost - debt and other instruments	-	53,628,316	-	-	53,628,316
Financial assets measured at fair value through other comprehensive income	-	-	91,529,607	-	91,529,607
Other Financial Assets	-	487,234	-	-	487,234
Total Financial Assets	**3,596,562**	**570,898,832**	**91,529,607**	**-**	**666,024,999**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	31,441,919	31,441,919
Derivative Financial Instruments	1,005,370	-	1,005,370
Financial Liabilities at amortised cost -due to depositors	-	525,869,779	525,869,779
Financial Liabilities at amortised cost			
- due to debt securities holders	-	4,146,357	4,146,357
- due to other borrowers	-	27,772,898	27,772,898
Debt securities issued	-	20,284,689	20,284,689
Other Financial Liabilities	-	2,152,862	2,152,862
Total Financial Liabilities	**1,005,370**	**611,668,503**	**612,673,873**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2021 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	12,590,128	-	-	12,590,128
Balances with the Central Bank of Sri Lanka	-	15,254,727	-	-	15,254,727
Placements with banks	-	2,851,531	-	-	2,851,531
Derivative Financial Instruments	1,397,953	-	-	-	1,397,953
Financial assets recognized through profit or loss measured at fair value	4,500,817	-	-	-	4,500,817
Financial assets at amortised cost -loans and receivables to other customers	-	486,575,247	-	-	486,575,247
Financial Assets at amortised cost - debt and other instruments	-	53,628,316	-	-	53,628,316
Financial Assets measured at fair value through Other comprehensive income	-	-	91,692,760	-	91,692,760
Other Financial Assets	-	587,253	-	-	587,253
Total Financial Assets	**5,898,770**	**571,487,202**	**91,692,760**	**-**	**669,078,732**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	31,441,919	31,441,919
Derivative Financial Instruments	1,005,370	-	1,005,370
Financial Liabilities at amortised cost -due to depositors	-	525,144,852	525,144,852
Financial Liabilities at amortised cost			
- due to debt securities holders	-	4,146,357	4,146,357
- due to other borrowers	-	27,772,898	27,772,898
Debt securities issued	-	20,284,689	20,284,689
Other Financial Liabilities	-	2,393,316	2,393,316
Total Financial Liabilities	**1,005,370**	**611,184,031**	**612,189,400**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2020 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	10,487,608	-	-	10,487,608
Balances with the Central Bank of Sri Lanka	-	6,812,099	-	-	6,812,099
Placements with banks	-	12,401,533	-	-	12,401,533
Derivative Financial Instruments	1,429,470	-	-	-	1,429,470
Financial Assets measured at fair value through profit or loss	5,574,175	-	-	-	5,574,175
Financial Assets at amortised cost -loans and advances	-	425,605,508	-	-	425,605,508
Financial Assets at amortised cost - debt instruments	-	44,711,640	-	-	44,711,640
Financial assets measured at fair value through other comprehensive income	-	-	108,593,183	-	108,593,183
Other Financial Assets	-	39,716	-	-	39,716
Total Financial Assets	**7,003,645**	**500,058,105**	**108,593,183**	**-**	**615,654,932**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	24,173,318	24,173,318
Derivative Financial Instruments	1,016,787	-	1,016,787
Financial Liabilities at amortised cost -due to depositors	-	490,278,126	490,278,126
Financial Liabilities at amortised cost			
- due to debt securities holders	-	1,500,007	1,500,007
- due to other borrowers	-	34,284,109	34,284,109
Debt securities issued	-	19,880,891	19,880,891
Other Financial Liabilities	-	3,997,731	3,997,731
Total Financial Liabilities	**1,016,787**	**574,114,182**	**575,130,968**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2020 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	10,778,947	-	-	10,778,947
Balances with the Central Bank of Sri Lanka	-	6,812,099	-	-	6,812,099
Placements with banks	-	12,401,533	-	-	12,401,533
Derivative Financial Instruments	1,429,470	-	-	-	1,429,470
Financial Assets measured at fair value through profit or loss	7,713,222	-	-	-	7,713,222
Financial Assets at amortised cost -loans and advances	-	425,681,832	-	-	425,681,832
Financial Assets at amortised cost - debt instruments	-	44,711,640	-	-	44,711,640
Financial assets measured at fair value through other comprehensive income	-	-	108,762,972	-	108,762,972
Other Financial Assets	-	424,808	-	-	424,808
Total Financial Assets	**9,142,692**	**500,810,859**	**108,762,972**	**-**	**618,716,523**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	24,173,318	24,173,318
Derivative Financial Instruments	1,016,787	-	1,016,787
Financial Liabilities at amortised cost -due to depositors	-	489,658,746	489,658,746
Financial Liabilities at amortised cost			
- due to debt securities holders	-	1,500,007	1,500,007
- due to other borrowers	-	34,284,109	34,284,109
Debt securities issued	-	19,880,891	19,880,891
Other Financial Liabilities	-	4,362,575	4,362,575
Total Financial Liabilities	**1,016,787**	**573,859,646**	**574,876,433**

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments are determined according to the following hierarchy as described below:

Level 1 - quoted market price (unadjusted): financial instruments with quoted prices in active markets
Level 2 - valuation techniques using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3 - valuation techniques with significant unobservable inputs: This category includes all instruments valued using valuation techniques where one or more significant inputs are unobservable.

There were no material transfers between levels of fair value hierarchy during 2021. The Bank did not changed the valuation models and assumptions used to measure the fair values of Level 03 financial instruments during the period ended 30 September 2021.

Bank

	2021				2020			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	**Significant Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Total**	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	30/09/2021	**30/09/2021**	**30/09/2021**	**30/09/2021**	31/12.2020	31/12.2020	31/12.2020	31/12.2020
	LKR '000	**LKR '000**	**LKR '000**	**LKR '000**	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,397,953	-	1,397,953	-	1,429,470	-	1,429,470
Financial assets recognized through profit or loss measured at fair value	2,198,609	-	-	2,198,609	5,574,175	-	-	5,574,175
Financial assets measured at fair value through other comprehensive income	91,523,383	-	6,224	91,529,607	108,586,959	-	6,224	108,593,183
Total Financial Assets	93,721,992	1,397,953	6,224	95,126,169	114,161,134	1,429,470	16,568	115,607,172
Financial Liabilities								
Derivative Financial Instruments	-	1,005,370	-	1,005,370	-	1,016,787	-	1,016,787
Total Financial Liabilities	-	1,005,370	-	1,005,370	-	1,016,787	-	1,016,787

Group

	2021				2020			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	**Significant Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Total**	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	30/09/2021	**30/09/2021**	**30/09/2021**	**30/09/2021**	31/12.2020	31/12.2020	31/12.2020	31/12.2020
	LKR '000	**LKR '000**	**LKR '000**	**LKR '000**	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,397,953	-	1,397,953	-	1,429,470	-	1,429,470
Financial assets recognized through profit or loss measured at fair value	3,714,042	-	786,775	4,500,817	6,655,388	-	1,057,834	7,713,222
Financial assets measured at fair value through other comprehensive income	91,523,383	163,153	6,224	91,692,760	108,586,959	169,789	6,224	108,762,972
Total Financial Assets	95,237,425	1,561,106	792,999	97,591,530	115,242,348	1,599,259	1,074,401	117,916,008
Financial Liabilities								
Derivative Financial Instruments	-	1,005,370	-	1,005,370	-	1,016,787	-	1,016,787
Total Financial Liabilities	-	1,005,370	-	1,005,370	-	1,016,787	-	1,016,787

Notes to the Financial Statements

1 The figures are extracted from the unaudited financial statements of the Bank and the Group.

2 The accounting policies and methods of computation are consistent with those followed during the previous financial year.
The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods which have been revised in line with the requirements of SLFRS 9 -Financial Instruments as published in the previous year Annual Report. These Financial Statements also comply with Sri Lanka Accounting Standard (LKAS) 34- "Interim Financial Reporting".

3 **Impact to Financial Statements due to COVID 19 pandemic**

The socio-economic impact of the COVID-19 pandemic has a direct and substantial impact on the Bank's normal business/operations. This impact is likely to prolong, given the current situation of the pandemic in Sri Lanka as well as in other countries across the globe. The Bank has complied with the guidelines and directives issued in this regard by the Government of Sri Lanka, the Central Bank of Sri Lanka and other regulators, while closely monitoring its working capital to balance the cash inflow and outflow measurements. The Bank abides by health and safety protocols for all its staff and customers. The Bank will continue to take necessary protocols and actions to manage the impact of the pandemic.

Management overlays on COVID -19 in assessing the Expected Credit Loss

The Expected Credit Loss (ECL) of the Bank was computed based on the Probability of Default (PD),Loss Given Default (LGD) as of 30 September 2021 and the Economic Factor Adjustment (EFA) by applying the recent forecasts and projections published by the Central Bank of Sri Lanka.

Further given the degree of uncertainty surrounding the economic impact due to the pandemic, the Bank has accounted for management overlays to mitigate any expected losses by moving the Staging of facilities included in the identified risk elevated industries to a higher stage where necessary to capture significant increases in credit risk due to COVID 19.

4 **Capital Infusion**

The period under review booked a total capital infusion of LKR 9.46 Bn, comprising of LKR 8 Bn raised through the Rights Issue and LKR 1.46 Bn, raised through the Private Placement with Norfund – the Norwegian Investment Fund for Developing Countries, strengthening Tier I equity capital of the Bank. Accordingly, the stated capital of the Bank increased to LKR 18.3 Bn as at 30 September 2021.

5 **Issue of Debentures**

In September 2021,the Bank announced its plans to issue 60 million, Basel III compliant – Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion, with an option to issue up to a further 20 million of the said debentures at the discretion of the Bank in the event of over subscription of the initial issue, at a par value of LKR 100/- each. The purposes for which the proceeds of the debenture Issue are to be utilized are to further improve Capital Adequacy Ratios in line with Basel lll guidelines of the Central Bank of Sri Lanka and to facilitate future expansion of business activities of the Bank.

6 **Corporate Income Tax rate**

The Inland Revenue (Amendment) Act, No.10 of 2021 was certified by the Hon. Speaker on 13th May 2021. Accordingly, the income tax rate of 28% was reduced to 24% retrospectively with effect from 01.01.2020. Accordingly, the Bank and Group companies have applied 24% for the computation of current and deferred tax for the period ended 30 September 2021.

Both income tax and deferred tax provisions for the comparative period were calculated at the rate of 28%.

7 There are no other events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank and the Group .

Notes to the Financial Statements

8. ANALYSIS OF LOANS & ADVANCES,COMMITMENTS,CONTINGENCIES AND IMPAIRMENT AS AT 30 SEPTEMBER 2021

8.1 Product wise Gross Loans and Receivables	Bank		Group	
	As at 30/09/2021 LKR '000	As at 31/12/2020 LKR '000	As at 30/09/2021 LKR '000	As at 31/12/2020 LKR '000
By product-Domestic Currency				
Term loans	137,654,220	131,858,232	137,654,220	131,858,232
Medium and short term loans	68,390,855	57,407,760	68,390,855	57,407,760
Overdrafts	59,226,279	44,610,265	59,219,349	44,603,265
Trade Finance	19,093,084	15,980,014	19,093,084	15,980,014
Consumer loans	54,520,594	46,455,852	54,520,594	46,455,852
Lease rentals receivable	28,781,618	28,859,756	28,781,618	28,859,756
Housing loans	18,679,524	17,286,471	18,679,524	17,286,471
Islamic Banking facilities	9,706,919	8,209,166	9,706,919	8,209,166
Credit cards	7,413,834	6,834,834	7,413,834	6,834,834
AF Loans	3,334,809	3,470,062	3,334,809	3,470,062
Staff loans	2,447,367	2,236,689	2,522,994	2,320,013
Pawning	5,559,672	2,848,203	5,559,672	2,848,203
Hire Purchase	9,937	6,487	9,937	6,487
Sub total	**414,818,712**	**366,063,791**	**414,887,408**	**366,140,115**
By product-Foreign Currency				
Term loans	10,625,281	8,511,276	10,625,281	8,511,276
Overdrafts	7,076,702	3,849,863	7,076,702	3,849,863
Medium and short term loans	46,247,164	38,318,879	46,247,164	38,318,879
Trade Finance	26,654,429	23,122,436	26,654,429	23,122,436
Islamic Banking facilities	3,940,130	3,624,194	3,940,130	3,624,194
Housing loans	39,873	46,538	39,873	46,538
Sub total	**94,583,579**	**77,473,185**	**94,583,579**	**77,473,185**
Total	**509,402,290**	**443,536,977**	**509,470,987**	**443,613,300**

	Bank		Group	
8.2 Product wise commitments and contingencies considered for Impairment	As at 30/09/2021 LKR '000	As at 31/12/2020 LKR '000	As at 30/09/2021 LKR '000	As at 31/12/2020 LKR '000
By product- Domestic Currency				
Guarantees	49,759,284	31,618,678	49,613,333	31,572,727
Performance Bonds	13,972,889	10,748,931	13,972,889	10,748,931
Documentary Credits	1,228,797	1,106,267	830,692	1,106,267
Acceptances	66,045	76,573	66,045	76,573
Undrawn commitments	137,190,127	120,787,881	137,451,546	120,937,965
Sub Total	**202,217,142**	**164,338,330**	**201,934,505**	**164,442,463**
By product- Foreign Currency				
Guarantees	22,422,147	13,477,010	22,422,147	13,477,010
Performance Bonds	6,534,172	6,144,458	6,534,172	6,144,458
Documentary Credits	28,888,267	17,209,824	28,888,267	17,209,824
Acceptances	24,712,596	14,694,372	24,712,596	14,694,372
Undrawn commitments	1,171,246	1,004,606	1,171,246	1,004,606
Sub Total	**83,728,428**	**52,530,270**	**83,728,428**	**52,530,270**
Total	**285,945,569**	**216,868,600**	**285,662,932**	**216,972,733**

	As at 30/09/2021 LKR '000	As at 31/12/2020 LKR '000	As at 30/09/2021 LKR '000	As at 31/12/2020 LKR '000
Gross loans and advances ,Commitments and Contingencies	795,347,860	660,405,577	795,133,919	660,586,033
(Less): Accumulated impairment under stage 1	4,439,382	3,472,657	4,439,382	3,472,657
Accumulated impairment under stage 2	3,784,479	2,743,988	3,784,479	2,743,988
Accumulated impairment under stage 3	14,671,879	11,714,824	14,671,879	11,714,824
Net value of loans and advances, commitments and contingencies	**772,452,119**	**642,474,108**	**772,238,179**	**642,654,564**

8.3 Movement of impairment during the period	Bank As at 30/09/2021 LKR '000	Bank As at 31/12/2020 LKR '000	Group As at 30/09/2021 LKR '000	Group As at 31/12/2020 LKR '000
Under stage 1				
Balance at 1 January	3,472,657	2,682,507	3,472,657	2,682,507
Charge/(Write back) to Statement of Profit or Loss	966,725	790,150	966,725	790,150
Write-off during the period	-	-	-	-
Closing balance	**4,439,382**	**3,472,657**	**4,439,382**	**3,472,657**
Under stage 2				
Balance at 1 January	2,743,988	1,674,451	2,743,988	1,674,451
Charge/(Write back) to Statement of Profit or Loss	1,040,491	1,069,537	1,040,491	1,069,537
Write-off during the period	-	-	-	-
Closing balance	**3,784,479**	**2,743,988**	**3,784,479**	**2,743,988**
Under stage 3				
Balance at 1 January	11,714,824	8,215,662	11,714,824	8,215,662
Charge/(Write back) to Statement of Profit or Loss	4,451,038	4,371,453	4,451,038	4,371,453
Write-off during the period	(1,518,895)	(872,292)	(1,518,895)	(872,292)
Other movement	24,912	-	24,912	-
Closing balance	**14,671,879**	**11,714,824**	**14,671,879**	**11,714,824**

9. ANALYSIS OF DEPOSITS

Due to Other Customers - By product	Bank As at 30/09/2021 LKR '000	Bank As at 31/12/2020 LKR '000	Group As at 30/09/2021 LKR '000	Group As at 31/12/2020 LKR '000
By product-Domestic Currency				
Demand deposits	24,901,860	21,522,345	24,888,887	21,522,345
Savings deposits	86,231,312	70,850,478	85,886,743	70,850,478
Time deposits	296,114,334	290,082,237	295,746,949	289,462,857
Other deposits	3,687,527	672,166	3,687,527	672,166
Sub total	**410,935,033**	**383,127,225**	**410,210,107**	**382,507,845**
By product- Foreign Currency				
Demand deposits	5,435,158	5,369,719	5,435,158	5,369,719
Savings deposits	24,232,241	25,176,343	24,232,241	25,176,343
Time deposits	84,895,506	76,382,901	84,895,506	76,382,901
Other deposits	371,841	221,938	371,841	221,938
Sub total	**114,934,745**	**107,150,901**	**114,934,745**	**107,150,901**
Total	**525,869,779**	**490,278,125**	**525,144,852**	**489,658,746**

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2021	As at 31/12/2020	As at 30/09/2021	As at 31/12/2020
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	45,868,472	37,588,780	48,630,250	40,697,562
Tier 1 Capital	45,868,472	37,588,780	48,630,250	40,697,562
Total Capital	64,896,274	58,724,326	67,549,709	61,715,676
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5%)	9.63	9.17	10.03	9.73
Tier 1 Capital Ratio (Minimum Requirement - 8.0%)	9.63	9.17	10.03	9.73
Total Capital Ratio (Minimum Requirement - 12.0%)	13.63	14.32	13.93	14.75
Leverage Ratio (Minimum Requirement - 3%)	6.19	5.56	6.51	5.97
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	151,144,648	163,230,459	151,144,648	163,230,459
Statutory Liquid Assets Ratio (Minimum Requirement -20%)				
Domestic Banking Unit (%)	23.05	28.84	23.05	28.84
Off-Shore Banking Unit (%)	22.33	26.88	22.33	26.88
Total stock of high quality liquid assets (LKR ' 000) - All currency	113,574,485	134,410,249	113,574,485	134,410,249
Total stock of high quality liquid assets (LKR ' 000) - Rupee	90,008,550	112,786,200	90,008,550	112,786,200
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 100%)	140.16	161.97	140.16	161.97
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -100%)	135.93	157.12	135.93	157.12
Net stable Funding Ratio (%) (Minimum Requirement- 100%)	114.55	112.52	114.55	112.52
Asset Quality (Quality of the Loan Portfolio)				
Gross Non-performing Advances Ratio (%)	5.46	5.35	5.46	5.35
Net Non-performing Advances Ratio (%)	3.04	3.23	3.04	3.23
Impaired Loans (Stage 3) Ratio (%)	4.49	4.47	4.49	4.47
Impairment (stage 3) to Stage 3 loans Ratio (%)	33.55	31.68	33.55	31.68
Profitability				
Earnings Per Share (annualised) (LKR)	26.26	23.77	28.08	21.99
Return on Average Shareholders' Funds (%)	14.07	13.13	14.13	11.20
Return on Average Assets ((after Tax (%))	1.11	0.96	1.18	0.88
Return on Average Assets ((before Tax (%))	1.75	1.59	1.86	1.58
Net interest margin (%)	3.26	3.07	3.25	3.07
Debt Security - Related Ratios				
Interest Cover (Times)	1.70	1.50	1.70	1.51
Debt to Equity (Times)	10.45	12.73	9.84	11.87

SHARE INFORMATION

SHARE PRICE

As at	30/09/2021	31/12/2020
Number of shares	357,123,647	232,637,231
Last traded price (LKR)	76.40	78.10
For the quarter ended	**30/09/2021**	**31/12/2020**
Highest price per share (LKR)	81.90	90.00
Lowest price per share (LKR)	75.70	72.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2021

	NAME	NO OF SHARES	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	35,676,652	9.99
2	EMPLOYEE'S PROVIDENT FUND	33,942,150	9.50
3	BANK OF CEYLON NO. 1 ACCOUNT	28,384,288	7.95
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	21,703,769	6.08
5	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	20,241,043	5.67
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	18,044,134	5.05
7	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	14,156,218	3.96
8	EMPLOYEES TRUST FUND BOARD	12,113,445	3.39
9	DR.S.YADDEHIGE	10,160,638	2.85
10	HATTON NATIONAL BANK PLC A/C NO 1	9,899,341	2.77
11	PERPETUAL TREASURIES LIMITED	8,736,886	2.45
12	SBI VEN HOLDINGS PTE LTD	8,669,031	2.43
13	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	8,039,562	2.25
14	PHOENIX VENTURES PRIVATE LIMITED	6,769,999	1.90
15	RUSH JAPAN CORPORATION	6,724,630	1.88
16	AKBAR BROTHERS PVT LTD A/C NO 1	5,445,512	1.53
17	MR.A.K.PATHIRAGE	5,149,404	1.44
18	ASIRI SURGICAL HOSPITAL PLC	5,063,354	1.42
19	ARPICO INSURANCE LIMITED	3,395,001	0.95
20	DFCC BANK PLC A/C 1	3,168,904	0.89

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2021
Float adjusted Market Capitalization in LKR	19,674,670,245
Percentage of shares held by the public	72.11%
Number of public shareholders	11,391
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2021

NAME	NO OF SHARES
MR. ESHANA DE SILVA	-
MR. DIMANTHA SENEVIRATNE	70,820
MR. SRIYAN COORAY	-
MR. BERNARD SINNIAH	-
MR. SUJEEWA MUDALIGE	-
MR. HIRAN PERERA	-
MR. KUSHAN D’ALWIS, PC	-
MS. PIYACHATR CHETNAKARNKUL	-
MS. CHANDIMA DILRUKSHI	-

Rated unsecured subordinated redeemable debentures

INFORMATION ON DEBENTURES- BANK												
Type of Debenture	CSE	Interest payable	Balance as at	Market Value			Interest Rate		Interest rate	Other ratios as at last trade	
	Listing	frequency	30 Sep 2021	Highest	Lowest	Quarter end	Coupon Rate	Effective Annual	of comparable Govt.	Interest Yield	Yield To Maturity
			LKR mn	LKR	LKR	LKR	%	Yield %	Security %	%	%
Fixed rate - Debenture September 2020											
Sep 2020/ Sep 2025	Listed	Annually	6,490	Not traded during the quarter			9.50	9.16	6.57	Not traded during the quarter	
Fixed rate - Debenture March 2019											
A - Mar 2019/Mar 2024	Listed	Semi-annually	1,241	Not traded during the quarter			13.50	13.16	11.04	Not traded during the quarter	
B - Mar 2019/Mar 2024	Listed	Annually	4,602	Not traded during the quarter			13.95	13.15	11.04	Not traded during the quarter	
Fixed rate - Debenture December 2013											
C - Dec 2013/Dec 2023	Listed	Annually	4,004	110.10	110.10	110.10	13.90	13.17	11.80	12.62	9.02
D - Dec 2013/Dec 2025	Listed	Annually	3,950	Not traded during the quarter			14.00	13.26	12.09	Not traded during the quarter	
Total Debentures			**20,285**								

NDB bank

RIGHTS ISSUE & PRIVATE PLACEMENT INFORMATION

Rights Issue & Private Placement 2021 - Fund Raising (totalling to LKR 9,469 Mn) proceeds utilisations as at 30 September 2021

Objective Number	Objective as per Circular	Amount Allocated as per Circular (LKR Mn)	Proposed Date of Utilisation as per Circular	Amount Allocated from Proceeds (LKR Mn) (A)	% of Total Proceeds	Amounts Utilised (LKR Mn) (B)	% of Utilisation against Allocation (B/A)	Clarification if not fully utilised including where the funds are invested
1	Further Strengthen the Equity Base of the Bank and thereby Improve Capital Adequacy Ratios in line with Basel III Guidelines of the CBSL	9,469	Upon the allotment of shares through the Fund Raising	9,469	100	9,469	100	-
2	Finance the growth in the loan portfolio of the Bank	9,469	Before the end of FY 2021	9,469	100	9469	100	-

Important Dates – Q3 2021 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	12 November 2021
Investor Webinar	17 November 2021
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	Within two working days from the release to the CSE
Edited Transcript and video playback of the Investor webinar released/ uploaded to the Bank's website	Within seven working days from the date of the Webinar
Investor Forum	Not held for this quarter
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	23 November 2021 & 25 November 2021

Corporate Information

Name National Development Bank PLC **Legal Form** Established under the National Development Bank of Sri Lanka Act No. 02 of 1979 and incorporated as a Company under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 07 of 2007 and also licensed as a Licensed Commercial Bank in terms of the Banking Act No. 30 of 1988 as amended from time to time.	**Head Office/Registered Office** No. 40, Navam Mawatha, Colombo 02 Tel: +94 11 2448448 Fax: +94 11 2341044 SWIFT Code: NDBS LK LX Web Page: www.ndbbank.com E-mail: contact@ndbbank.com VAT Registration No.: 409000266-7000 **Credit Rating:** Long-term National Rating: A+(lka)/ Stable Outlook - Fitch Ratings Lanka Limited
Registration No. PQ 27 **Accounting Year End** 31 December	**Auditors** M/s Ernst & Young, 201, De Saram Place, Colombo 10 **Company Secretary:** Mrs. Shehani Ranasinghe **Compliance Officer** Mrs. Manique Kiriella Bandara
Board of Directors Eshana de Silva - Chairman Dimantha Seneviratne - Director/ Group Chief Executive Officer Sriyan Cooray - Director Bernard Sinniah - Director Sujeewa Mudalige - Director Hiran Perera - Director Kushan D'Alwis PC - Director Piyachatr Chetnakarnkul - Director Chandima Dilrukshi - Director	**Subsidiary Companies** NDB Capital Holdings Ltd. NDB Capital Ltd. (Bangladesh) Development Holding (Pvt) Ltd. NDB Investment Bank Ltd. NDB Wealth Management Ltd. NDB Securities (Pvt) Ltd. NDB Zephyr Partners Ltd. (Mauritius) NDB Zephyr Partners Lanka (Pvt) Ltd. Ayojana Fund (Pvt) Ltd. (Under liquidation)
Investor Relations - Contact Details	
Company Secretarial Unit Ms. Shehani Ranasinghe Company Secretary/ Vice President Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Extn: 35013	**Investor Relations Team** Ms. Suvendrini Muthukumarana Vice President - Finance Email: suvendrini.muthukumarana@ndbbank com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 35301