



INTERIM FINANCIAL STATEMENTS NINE MONTHS ENDED 30 SEPTEMBER 2020

NATIONAL DEVELOPMENT BANK PLC

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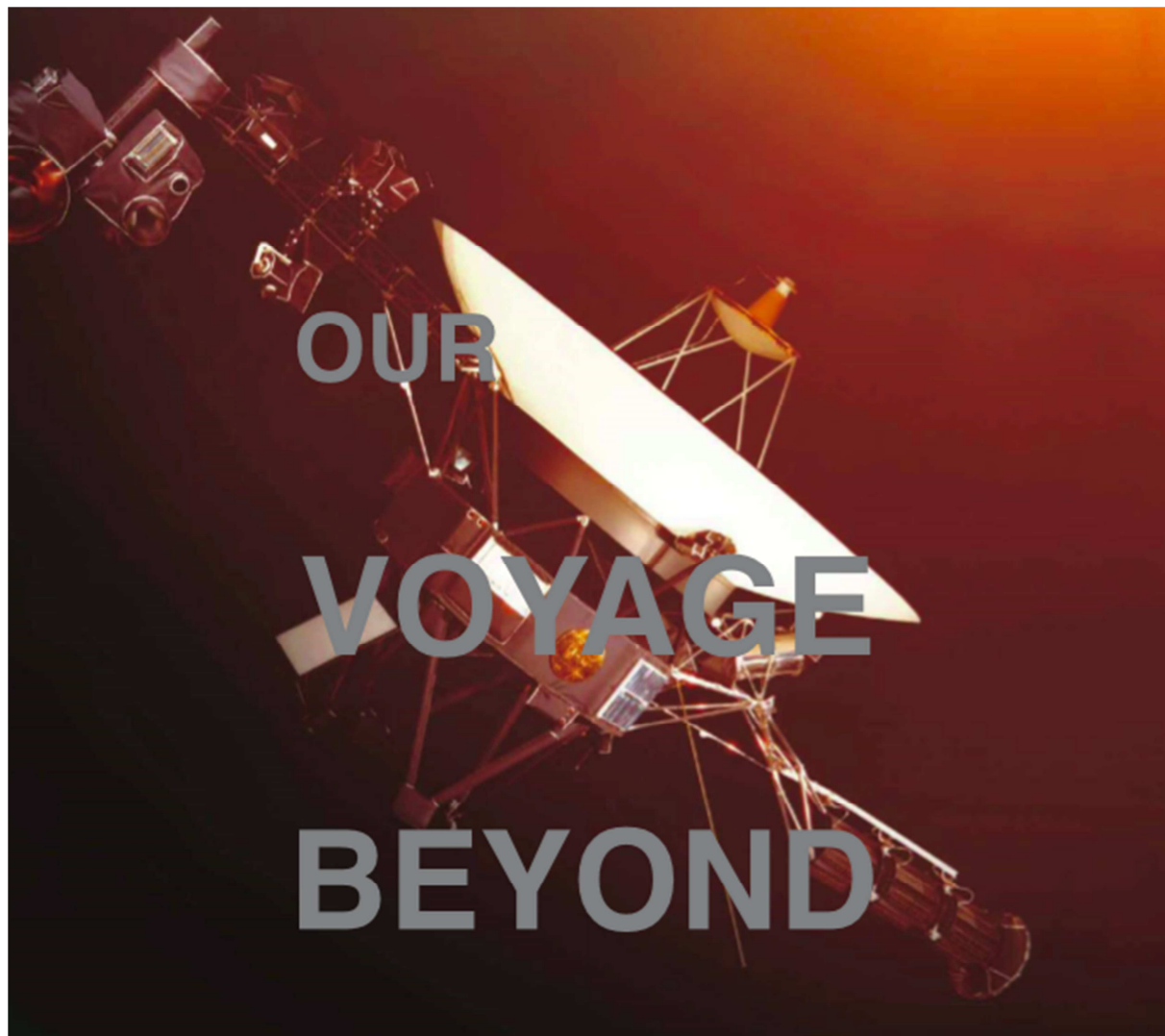


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***The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2020 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB maintains growth momentum. Crosses LKR 600 Bn in Total Assets amidst macro challenges.

- Pre-tax profitability up by 2% to LKR 7.7 Bn
- Post-tax profitability up by 34% to LKR 4.5 Bn
- Total assets growth of 13% to cross LKR 600 Bn
- Gross loan book expansion of 8% to LKR 443 Bn and customer deposits expansion of 15% to LKR 464 Bn
- CASA deposits crosses LKR 100 Bn, an impressive YTD growth of 26%
- Cost to income improved to an industry best ratio of 35.9%
- Over LKR 18 Bn approved under the CBSL's "Saubhagya" loan scheme, the fourth highest Bank for such loan approvals

National Development Bank PLC recorded yet another quarter of sound performance amidst macro-economic challenges brought in by the COVID-19 pandemic. The Bank continued its support towards pandemic affected customers through financial and advisory support, whilst maintaining banking services as usual.

NDB released quarterly financial statements for the nine months ended 30 September 2020 to the Colombo Stock Exchange on 12 November 2020, where its profits for the nine months were duly certified by the Bank's external auditors M/s Ernst & Young.

Mr. Dimantha Seneviratne, the Director/ Group Chief Executive Officer commented that living with pandemic concerns has now become the new norm till a lasting solution is found, and in that backdrop, the duty of the banking sector is to provide uninterrupted banking services and support the economic revival despite such challenges. The nine months ended 30 September 2020 was one of the most challenging times we encountered in recent history. Yet NDB managed to steer through with resilience and make a meaningful contribution to the economy and in the process generate solid returns to its shareholders and touch the lives of many other stakeholders. In September 2020, the Bank achieved a milestone in its growth journey by crossing LKR 600 Bn in total assets, well in line with its growth aspirations, attributable to precise execution of strategic imperatives, he further mentioned.

Financial performance

Gross income for the nine months ended 30 September 2020 (Q3 2020) saw an increase of 6% to LKR 46.7 Bn. Within gross income, net interest income (NII) recorded a growth of 4% to LKR 13.7 Bn. NII was impacted by the net interest margin (NIM) of 3.23% for Q3 2020 which was a 30 bps dip from 3.53% in 2019. NIM came under pressure given the interest rate caps introduced on certain products, impact of the moratorium on interest, restructuring of facilities, etc.

Fee and commission income also grew by 5% year-on-year (YoY) to LKR 2.9 Bn. The uptake of digital financial services driven by the dual factors of restricted physical banking by customers due to the pandemic and NDB upgrading its NEOS platforms with many user-

friendly features - was a key contributor towards driving fee income up. The increase in business volumes with the country opening up and the economy gradually returning to normalcy during the window before the second wave of the pandemic set in, also benefited fee income.

Net gains from trading was LKR 779 Mn a marginal increase of 2% YoY. The Bank realized capital gains from Government Securities portfolio, as reflected under net gains from de-recognition of financial assets. Accordingly, Total Operating Income had a healthy 11% growth to record LKR 19.6 Bn for the period under review.

Impairment charges for loans and other losses for Q3 2020 was LKR 4.8 Bn, a 68% YoY increase. The increase in the impairment charges continued to be caused by the increase in the collective provision charge in line with the growth in the loan book and provisions made at individual levels in response to elevated risks caused by the pandemic and other stresses. The Bank also accounted for the day 01 impact on the moratoriums where significant interest concessions were given amounting to LKR 583 Mn, under other impairment charges, as prescribed by SLFRS 09: Financial Instruments. The regulatory non-performing loan [NPL] ratio was 5.57% for Q3 2020, which is on a gradual increase, reflecting the wider industry NPL behavior.

The Bank continued vigorous cost management initiatives, particularly by embracing digital technology and process re-engineering to achieve leaner and efficient processes. The outcome was reflected in other operating expenses reducing by 10% YoY. Total operating expenses reduced by 2% to LKR 7 Bn, leading to a cost to income ratio of 35.9%, one of the best cost to income ratios in the banking industry. Year-on-year headcount increase was marginal at 22, compared to the considerable increase in business volumes, again attributable to streamlined automated processes together with the effective deployment of staff in a productivity enhancement manner.

The total tax charge for Q3 2020 was LKR 3.2 Bn with an effective tax rate of 42% (Q3 2019: 56%). Post-tax profit was LKR 4.5 Bn, up by 34% whilst profit attributable to shareholders at the Group level was LKR 3.9 Bn, up by 32%.

Balance Sheet Growth and Funding

Total assets as of 30 September 2020 stood at LKR 600.1 Bn, which is a 13% growth over December 2019 position (YTD growth). Gross Loans and receivables grew by 8% YTD which was equivalent to LKR 33.6 Bn. Gross Loans grew by 14% YoY which translated to LKR 53 Bn. Customer deposits grew by an impressive 15% YTD to LKR 464 Bn, which was an LKR 59.3 Bn increase. The YoY growth was 24% equal to LKR 90 Bn. Within overall deposits, CASA deposits recorded an impressive YTD growth of 26% crossing the LKR 100 Bn mark, bringing up the CASA ratio to 22% from 20% in 2019.

NDB raised LKR 6.5 Bn via Tier II Listed Rated Unsecured Subordinated Redeemable Debentures issued in September 2020, wherein, the Issue was oversubscribed within the day

of opening itself. During June 2020, debentures worth of LKR 10 Bn issued in 2015 with a tenor of 5 years were redeemed. Furthermore, in October 2020, the Bank announced its plans to raise LKR 8.0 Bn via a Rights Issue at the ratio of 28 new ordinary voting shares for every 61 ordinary voting shares held (up to 106,780,489 shares to be issued), at a consideration of LKR 75/- per share. The purposes for which the proceeds of the Rights Issue are to be utilized are to further strengthen the equity base of the Bank and thereby improve Capital Adequacy Ratios in line with Basel III guidelines and to part finance the growth in the loan portfolio of the Bank.

Capital Adequacy and Liquidity

Tier I and total capital ratios as at 30 September 2020 were 9.21% and 14.21% at Bank level whilst the same were 9.77% and 14.62% at Group level [minimum requirements of 8.0% and 12.0% respectively].

Liquidity Coverage Ratios were 138.83% and 139.16% for Rupee and All Currency respectively as of 30 September 2020 and were well above the statutory minimum requirement of 90%. The Net Stable Funding Ratio was 108%, and compared with the statutory minimum requirement of 90%.

Investor returns

The Return on Average Shareholder Funds [ROE] for the Bank was of 13.37% [2019:13.73%] and the Earnings per Share LKR 23.92 [2019: LKR 23.05] for Q3 2020. The same ratios for the Group were 10.85% [2019: 11.59%] and LKR 21.01 [2019: LKR 21.53] respectively. Return [before tax] on Average Assets for the Bank was 1.70% [2019: 2.01%] and for the Group was 1.65% [2019: 1.97%]. The net asset value per share of the Bank was LKR 187.97 and compared with a closing share price for the quarter of LKR 89/-.

COVID-19 pandemic related support

NDB has approved over LKR 18 Bn of loans under CBSL's Saubhagya COVID-19 Renaissance Facility, and is the fourth highest bank to approve such loans in the industry. Approximately 30% of its loan book was granted debt moratoriums as of end September 2020. The Bank also continues support to affected customers through their indigenous solutions such as "NDB Jayagamu Sri Lanka", special support to female customers through NDB Araliya, and strategic tie-ups with third parties such as Maersk, Daraz, iLoans and ThinkCube Solutions for the benefit of SMEs, entrepreneurs and exporters. The Bank has been proactive in identifying customer needs and supporting them stay afloat through the challenges.

NDB has been on an accelerated growth trajectory over the past three years, maintaining a CAGR of 17% in total assets, 20% in loans and 26% in customer deposits, well ahead of the industry averages. It has also made bold and prominent strides in the Sri Lankan banking arena with digitized solutions, innovative product launches and the unique value proposition offered by the NDB Group in both banking and capital market services.

STATEMENT OF PROFIT OR LOSS										
	Bank					Group				
	Period ended 30/09/2020	Period ended 30/09/2019	Change	Quarter ended 30/09/2020	Quarter ended 30/09/2019	Period ended 30/09/2020	Period ended 30/09/2019	Change	Quarter ended 30/09/2020	Quarter ended 30/09/2019
	LKR '000	LKR '000	%	LKR '000	LKR '000	LKR '000	LKR '000	%	LKR '000	LKR '000
Gross Income	46,697,436	43,913,125	6	15,406,204	15,054,040	47,041,892	44,531,632	6	15,867,068	15,375,107
Interest Income	40,808,072	39,423,645	4	13,552,762	13,460,937	40,929,445	39,596,080	3	13,592,456	13,517,443
Interest Expenses	27,140,683	26,332,063	3	8,709,014	9,022,147	27,118,728	26,304,615	3	8,702,690	9,013,487
Net Interest Income	13,667,389	13,091,582	4	4,843,748	4,438,790	13,810,717	13,291,465	4	4,889,766	4,503,956
Net Fee and Commission Income	2,903,649	2,752,929	5	1,164,427	990,001	3,678,756	3,475,003	6	1,540,731	1,236,663
Net gain/(loss) from trading	778,807	766,530	2	241,822	90,502	778,807	766,530	2	241,822	90,502
Net gain/(loss) from financial investments at fair value Through Profit or Loss	(45)	2,851	(102)	(6,489)	-	(55,638)	2,888	(2,027)	60,834	24,329
Net gains/(losses) from derecognition of financial assets	1,462,694	663,480	120	460,372	310,315	1,465,627	672,751	118	449,921	307,183
Other operating income	744,259	303,689	145	(6,690)	202,285	244,895	18,380	1,232	(18,696)	198,987
Total Operating Income	19,556,752	17,581,061	11	6,697,190	6,031,892	19,923,164	18,227,017	9	7,164,380	6,361,619
Impairment charges										
Individual Impairment	2,690,223	2,119,279	27	945,301	147,450	2,690,223	2,119,279	27	945,301	147,450
Collective Impairment	1,457,584	561,359	160	506,002	770,905	1,457,584	561,359	160	506,002	770,905
Others	677,499	185,623	265	198,444	70,364	666,514	367,970	81	198,444	85,836
	4,825,306	2,866,261	68	1,649,747	988,719	4,814,321	3,048,608	58	1,649,747	1,004,191
Net operating income	14,731,447	14,714,800	0	5,047,442	5,043,173	15,108,843	15,178,409	(0)	5,514,633	5,357,428
Operating Expenses										
Personnel Expenses	3,854,941	3,702,235	4	1,358,500	1,299,237	4,243,757	4,099,247	4	1,502,345	1,439,935
Depreciation and amortization	411,440	393,146	5	135,760	133,346	470,500	457,669	3	157,604	154,795
Other Expenses	2,752,446	3,057,919	(10)	869,134	1,057,261	3,000,218	3,349,430	(10)	970,100	1,150,271
Total operating expenses	7,018,828	7,153,300	(2)	2,363,394	2,489,844	7,714,475	7,906,346	(2)	2,630,049	2,745,001
Operating Profit Before VAT, NBT & DRL on Financial Services	7,712,619	7,561,500	2	2,684,048	2,553,329	7,394,368	7,272,063	2	2,884,584	2,612,427
Less: Value Added Tax (VAT) on Financial services	1,473,006	1,374,050	7	507,673	461,750	1,473,006	1,374,050	7	507,673	461,750
Nation Building Tax (NBT) on Financial services	-	184,940	(100)	-	63,140	-	184,940	(100)	-	63,140
Debt Repayment Levy	-	757,320	(100)	-	259,470	-	757,320	(100)	-	259,470
Operating Profit After Tax on Financial Services	6,239,613	5,245,190	19	2,176,375	1,768,969	5,921,362	4,955,753	19	2,376,911	1,828,067
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	6,239,613	5,245,190	19	2,176,375	1,768,969	5,921,362	4,955,753	19	2,376,911	1,828,067
Less : Income tax expenses	1,762,667	1,894,482	(7)	669,248	638,682	2,005,747	1,973,555	2	855,104	666,541
Profit for the period	4,476,946	3,350,708	34	1,507,127	1,130,287	3,915,615	2,982,198	31	1,521,807	1,161,526
Profit Attributable to:										
Equity Holders of the parent	4,476,946	3,350,708	34	1,507,127	1,130,287	3,868,982	2,937,287	32	1,504,868	1,147,523
Non Controlling Interests	-	-	-	-	-	46,634	44,912	4	16,939	14,003
	4,476,946	3,350,708	34	1,507,127	1,130,287	3,915,615	2,982,198	31	1,521,807	1,161,526
Basic Earnings per share (in LKR)	19.24	15.11	27	6.80	5.10	16.63	13.24	26	6.78	5.17
Diluted Earnings per share (in LKR)	19.24	15.11	27	6.80	5.10	16.63	13.24	26	6.78	5.17

STATEMENT OF COMPREHENSIVE INCOME										
	Period ended 30/09/2020	Period ended 30/09/2019	Change	Quarter ended 30/09/2020	Quarter ended 30/09/2019	Period ended 30/09/2020	Period ended 30/09/2019	Change	Quarter ended 30/09/2020	Quarter ended 30/09/2019
	LKR '000	LKR '000	%	LKR '000	LKR '000	LKR '000	LKR '000	%	LKR '000	LKR '000
	LKR '000	LKR '000	%	LKR '000	LKR '000	LKR '000	LKR '000	%	LKR '000	LKR '000
Profit for the period	4,476,946	3,350,708	34	1,507,127	1,130,287	3,915,615	2,982,198	31	1,521,807	1,161,526
Items that will be reclassified to Income Statement										
Exchange differences on translation of foreign operations	-	-	-	-	-	7,023	(5,378)	231	(2,623)	12,411
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	171,935	967,745	(82)	(829,412)	(224,807)	(129,600)	1,008,159	(113)	(825,390)	(229,039)
Changes in Impairment allowance for Expected credit losses	(49,778)	13,663	(464)	(67,885)	11,012	(50,546)	188,540	(127)	(67,885)	23,981
Net Gains /(losses) on cash flow hedges	(69,036)	(337,659)	80	26,037	6,302	(69,036)	(337,659)	80	26,037	6,302
Less :Tax expense relating to items that will be reclassified to Income Statements	281,566	(601,546)	147	246,403	66,028	281,475	(612,927)	146	247,210	67,216
A	334,687	42,204	693	(624,857)	(141,464)	39,316	240,736	(84)	(622,650)	(119,128)
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	(127,854)	(436,344)	71	(18,149)	13,165	(127,854)	(436,344)	71	(18,149)	13,165
B	(127,854)	(436,344)	71	(18,149)	(128,300)	(127,854)	(436,344)	71	(18,149)	13,165
Total Other Comprehensive Income after Tax A + B	206,833	(394,141)	152	(643,006)	(128,300)	(88,538)	(195,609)	55	(640,799)	(105,964)
Total Comprehensive Income for the period	4,683,779	2,956,567	58	864,122	1,001,986	3,827,077	2,786,589	37	881,008	1,055,562
Attributable to:										
Equity holders of the parent	4,683,779	2,956,567	58	864,122	1,001,986	3,782,020	2,741,804	38	864,884	1,038,579
Non Controlling Interests	-	-	-	-	-	45,057	44,785	1	16,124	16,983
	4,683,779	2,956,567	58	864,122	1,001,986	3,827,077	2,786,589	37	881,008	1,055,562

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at	As at		As at	As at	
	30/09/2020	31/12/2019 (Audited)	Change	30/09/2020	31/12/2019 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	10,658,774	5,703,468	87	11,129,064	6,081,359	83
Balances with the Central Bank of Sri Lanka	6,680,220	13,886,575	(52)	6,680,220	13,886,575	(52)
Placements with banks	3,296,401	6,291,047	(48)	3,296,401	6,291,047	(48)
Derivative Financial Instruments	901,490	1,596,359	(44)	901,490	1,596,359	(44)
Financial assets recognized through profit or loss measured at fair value	4,418,811	932,253	374	7,103,670	3,488,735	104
Financial assets at amortised cost -loans and receivables to other customers	425,828,642	396,648,811	7	425,870,010	396,672,022	7
Financial assets at amortised cost - debt and other instruments	44,808,698	27,485,885	63	44,808,698	27,485,885	63
Financial assets measured at fair value through other comprehensive income	91,445,534	67,018,254	36	92,428,162	68,430,331	35
Investments in subsidiary companies	1,134,587	2,144,774	(47)	-	-	-
Investment Property	-	-	-	2,272,881	2,272,881	-
Intangible assets	884,974	687,785	29	898,202	700,908	28
Property, plant & equipment	3,028,369	3,012,213	1	3,653,402	3,565,166	2
Right to Use Assets	1,040,440	960,849	8	1,213,172	1,229,414	(1)
Current Tax Assets	-	-	-	40,561	23,396	73
Deferred tax Assets	1,479,009	599,216	147	1,484,769	647,444	129
Other assets	4,534,873	2,626,940	73	3,531,185	3,228,104	9
Total assets	600,140,823	529,594,428	13	605,311,887	535,599,626	13
Liabilities						
Due to Banks	27,389,543	18,380,356	49	27,389,543	18,380,356	49
Derivative Financial Instruments	924,821	728,873	27	924,821	728,873	27
Financial Liabilities at amortised cost -due to depositors	464,308,212	405,048,024	15	463,944,930	404,667,529	15
Financial Liabilities at amortised cost						
- due to debt securities holders	1,261,369	1,398,068	(10)	1,261,369	1,398,068	(10)
- due to other borrowers	31,142,309	29,342,027	6	31,142,309	29,342,027	6
Debt securities issued	20,297,805	23,108,734	(12)	20,297,805	23,108,734	(12)
Retirement benefit obligations	600,752	583,933	3	725,763	718,983	1
Current Tax Liabilities	2,587,377	2,247,997	15	2,865,509	2,342,373	22
Deferred Tax Liabilities	-	-	-	518,820	566,983	(8)
Other liabilities	7,808,856	9,197,775	(15)	8,254,194	9,732,266	(15)
Dividends payable	91,933	74,804	23	91,933	74,804	23
Total liabilities	556,412,977	490,110,591	14	557,416,996	491,060,996	14
Equity						
Stated Capital	8,794,333	7,685,334	14	8,794,333	7,685,334	14
Statutory Reserve Fund	1,896,479	1,896,479	-	1,896,479	1,896,479	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	26,554,305	23,689,843	12	29,681,312	27,416,982	8
Other Reserves	677,021	406,472	67	547,771	578,848	(5)
Total shareholders' equity	43,727,845	39,483,835	11	46,725,602	43,383,350	8
Non Controlling Interests	-	-	-	1,169,289	1,155,280	-
Total Equity	43,727,845	39,483,835	11	47,894,891	44,538,630	8
Total liabilities and equity	600,140,823	529,594,428	13	605,311,887	535,599,626	13
Net Book Value Per Share (LKR)	187.97	178.02	6	200.85	195.60	3
Contingent liabilities and commitments	330,274,858	293,145,821		330,267,164	293,267,959	
Memorandum Information						
Number of Employees	2,907	2,936				
Number of Branches	113	112				
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 unless indicated as audited.						
(Sgd)						
Eshana de Silva			(Sgd)			
Director/Chairman			Dimantha Seneviratne			
			Director/Group Chief Executive Officer			
12 November 2020						

STATEMENT OF CHANGES IN EQUITY										
For the period ended 30 Sep	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					
			LKR '000	LKR '000	LKR '000					
BANK										
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 9	-	-	-			-	(259,679)	(259,679)	-	(259,679)
Restated opening balance under SLFRS 9	6,469,323	1,636,479	1,041,261	(1,022,229)	101,311	5,805,707	20,706,511	34,738,363	-	34,738,363
Total Comprehensive Income for the period										
Profit for the period	-	-	-		-	-	3,350,708	3,350,708	-	3,350,708
Other Comprehensive Income before Tax	-	-	-	531,401	(337,659)	-	13,663	207,405	-	207,405
Tax on Other Comprehensive Income	-	-	-	(609,938)	-	-	8,392	(601,546)	-	(601,546)
Total Comprehensive Income for the period	-	-	-	(78,537)	(337,659)	-	3,372,763	2,956,567	-	2,956,567
Transactions with equity holders										
Final Dividend for year 2018- Scrip	1,216,011	-	-	-	-	-	(1,367,061)	(151,049)	-	(151,049)
Final Dividend for year 2018 - Cash	-	-	-	-	-	-	(303,257)	(303,257)	-	(303,257)
Balance as at 30 Sep 2019	7,685,334	1,636,479	1,041,261	(1,100,766)	(236,348)	5,805,707	22,408,953	37,240,624	-	37,240,624
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
Transactions with equity holders										
Final Dividend for year 2019- Scrip	1,108,999	-	-	-	-	-	(1,108,999)	-	-	-
Final Dividend for year 2019- Cash	-	-	-	-	-	-	(439,769)	(439,769)	-	(439,769)
Balance as at 30 Sep 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

STATEMENT OF CHANGES IN EQUITY										
For the period ended 30 Sep	Stated Capital LKR '000	Statutory Reserve Fund LKR '000	Other Reserves			General Reserve LKR '000	Retained Earnings LKR '000	Total LKR '000	Non Controlling Interests LKR '000	Total Equity LKR '000
			Revaluation Reserve LKR '000	Fair Value Reserve LKR '000	Cash Flow Hedge Reserve LKR '000					
GROUP										
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 9	-	-	-	-	-	-	(304,790)	(304,790)	(37)	(304,828)
Restated opening balance under SLFRS 9	6,469,323	1,636,479	1,166,840	(1,029,596)	101,311	5,805,707	24,557,592	38,707,656	1,098,998	39,806,660
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	2,937,287	2,937,287	44,912	2,982,199
Other Comprehensive Income before Tax	-	-	-	571,815	(337,659)	-	183,289	417,445	(127)	417,318
Tax on Other Comprehensive Income	-	-	-	(621,319)	-	-	8,392	(612,927)	-	(612,927)
Total Comprehensive Income for the period	-	-	-	(49,504)	(337,659)	-	3,128,968	2,741,805	44,785	2,786,590
Transactions with equity holders										
Final Dividend for year 2018-Scrip	1,216,012	-	-	-	-	-	(1,367,061)	(151,049)	-	(151,049)
Final Dividend for year 2018 - Cash	-	-	-	-	-	-	(303,257)	(303,257)	-	(303,257)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(40,617)	(40,617)
Balance as at 30 Sep 2019	7,685,335	1,636,479	1,166,840	(1,079,100)	(236,348)	5,805,707	26,016,241	40,995,154	1,103,173	42,098,327
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
Transitional Impact on the adoption of SLFRS 16	-	-	-	-	-	-	-	-	-	-
Deferred tax on Transitional adjustments	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 1 January 2020 under SLFRS 16	7,685,334	1,896,479	1,405,671	-	(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 year 2019- Scrip	1,108,999	-	-	-	-	-	(1,108,999)	-	-	-
Final Dividend for 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 Sep 2020	8,794,334	1,896,479	1,405,671	(787,250)	(70,649)	5,805,707	29,681,312	46,725,602	1,169,289	47,894,891

STATEMENT OF CASH FLOW				
For the period ended 30 Sep	BANK		GROUP	
	2020 LKR '000	2019 LKR '000	2020 LKR '000	2019 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	35,178,638	36,185,080	35,278,912	36,289,072
Fee based income received	2,905,821	2,755,130	3,598,622	3,367,747
Dividend income received	71,525	405,223	97,482	60,763
Other Operating income received	2,386,547	1,301,034	2,402,088	1,309,798
Interest paid	(26,495,655)	(23,438,535)	(26,496,909)	(23,444,991)
Personnel costs paid	(3,771,441)	(3,606,988)	(3,930,100)	(3,931,400)
Other expenses paid	(2,732,080)	(3,446,906)	(3,178,225)	(3,751,436)
Operating Profit before changes in operating assets and liabilities	7,543,355	10,154,037	7,771,871	9,899,553
(Increase)/decrease in operating assets				
Deposits held for regulatory or monetary control purposes	7,206,355	559,868	7,206,355	559,868
Financial Assets at amortised cost -loans and receivables to other customers	(29,132,767)	(32,771,549)	(29,121,223)	(32,776,404)
Net (increase)/decrease in operating assets	(1,429,541)	(68,954)	(658,378)	(68,954)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	58,893,477	25,809,491	58,893,477	25,809,491
Net increase/(decrease) in other liabilities	(1,104,286)	(1,892,806)	(603,125)	(1,898,066)
Net cash generated from operating activities before taxation	41,976,594	1,790,087	43,488,976	1,525,488
Tax on Financial Services paid	(1,286,057)	(1,397,293)	(1,287,117)	(1,397,293)
Income taxes paid	(2,021,516)	(2,522,893)	(2,085,807)	(2,583,672)
Net cash provided by/(used in) operating activities	38,669,022	(2,130,099)	40,116,052	(2,455,477)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(42,601,558)	(12,264,004)	(43,951,674)	(12,068,964)
Purchase of Intangible assets	-	(359)	-	(359)
Purchase of property, plant & equipment	(568,519)	(574,659)	(616,496)	(579,280)
Proceeds from sale of property, plant & equipment	1,684	529	73,978	1,679
Net cash (used in) from investing activities	(43,168,394)	(12,838,493)	(44,494,192)	(12,646,924)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds/(Repayment of other borrowings	11,386,799	(2,148,167)	11,386,799	(2,148,167)
Repayment of debts securities issued	(10,000,000)	-	(10,000,000)	-
Interest paid on debts securities issued	(1,004,127)	-	(1,004,127)	-
Proceeds from debt securities issued	6,500,000	5,561,200	6,500,000	5,561,200
Dividends paid to non-controlling interests	-	-	(28,833)	(53,902)
Dividends paid to shareholders of the Bank	(422,640)	(309,201)	(422,640)	(309,201)
Net cash provided by /(used in) financing activities	6,460,032	5,251,999	6,431,199	3,049,930
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,960,660	(11,864,930)	2,053,059	(12,052,999)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11,994,515	21,774,885	12,372,406	22,308,744
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,955,175	9,909,955	14,425,465	10,255,745
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	10,658,774	6,285,121	11,129,064	6,630,910
Placements with banks	3,296,401	3,624,835	3,296,401	3,624,835
	13,955,175	9,909,956	14,425,465	10,255,745

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 Sep

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revenue										
Interest Income	40,808,072	39,423,645	99,290	144,988	-	-	-	-	40,907,362	39,568,633
Net Fee and Commission Income	2,903,649	2,752,929	528,878	457,530	138,667	135,660	78,012	98,697	3,649,206	3,444,816
Net gain/(loss) from trading	778,807	766,530	-	-	-	-	-	-	778,807	766,530
Net gain/(loss) from financial investments at fair value										
Through Profit or Loss	(45)	2,851	(55,593)	37	-	-	-	-	(55,638)	2,888
Net gains/(losses) from derecognition of financial assets	1,462,694	663,480	2,933	9,271	-	-	-	-	1,465,627	672,751
Other Operating Income	243,517	(55,944)	1,378	74,324	-	-	-	-	244,895	18,380
Total revenue from external customers	46,196,694	43,553,491	576,886	686,149	138,795	135,660	78,012	98,697	46,990,387	44,473,998
Inter-segment Revenue	-	-	1,028	10,377	50,447	47,272	-	-	51,475	57,649
Total Revenue	46,196,694	43,553,491	577,914	696,526	189,242	182,932	78,012	98,697	47,041,892	44,531,632
Impairment (charge)/reversal for loans & other losses	(4,814,321)	(2,866,261)	-	(182,347)	-	-	-	-	(4,814,321)	(3,048,608)
Segment expenses	(34,148,541)	(33,457,915)	(597,275)	(652,614)	(19,773)	(17,311)	(67,616)	(83,122)	(34,833,202)	(34,210,960)
Total segment expenses	(38,962,861)	(36,324,176)	(597,275)	(834,960)	(19,773)	(17,311)	(67,616)	(83,122)	(39,647,524)	(37,259,569)
Segment results	7,233,833	7,229,315	(19,361)	(138,434)	169,470	165,621	10,396	15,575	7,394,368	7,272,063
Income tax expenses	-	-	-	-	-	-	-	-	2,005,747	1,973,555
Taxes on financial services	-	-	-	-	-	-	-	-	1,473,005	2,316,309
Profit after taxation									3,915,615	2,982,198
Other information										
Segment assets	599,679,046	505,358,024	2,876,899	3,095,240	2,620,382	2,371,312	135,560	107,529	605,311,887	510,932,105
Consolidated total assets									605,311,882	510,932,100
Segment liabilities	556,017,493	467,667,993	761,100	597,618	618,169	567,221	20,229	952	557,416,991	468,833,784
Consolidated total liabilities									557,416,991	468,833,784
Segmental Cash flows										
Cash flows from operating activities	38,669,022	(2,130,100)	1,394,481	(464,192)	77,360	121,486	(24,811)	17,329	40,116,052	(2,455,476)
Cash flows from investing activities	(43,168,394)	(12,838,134)	(1,290,280)	197,591	(35,263)	(1,013)	(254)	(5,368)	(44,494,192)	(12,646,924)
Cash flows from financing activities	6,460,032	3,103,303	39,283.22	(5,345)	(68,116)	(48,557)	-	-	6,431,199	3,049,401

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2020 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	10,658,774	-	-	-	10,658,774
Balances with the Central Bank of Sri Lanka	-	6,680,220	-	-	-	6,680,220
Placements with banks	-	3,296,401	-	-	-	3,296,401
Derivative Financial Instruments	901,490	-	-	-	-	901,490
Financial assets recognized through profit or loss measured at fair value	4,418,811	-	-	-	-	4,418,811
Financial assets at amortised cost -loans and receivables to other customers	-	425,828,642	-	-	-	425,828,642
Financial Assets at amortised cost - debt and other instruments	-	44,808,698	-	-	-	44,808,698
Financial assets measured at fair value through other comprehensive income	-	-	91,445,534	-	-	91,445,534
Other Financial Assets	-	1,518,872	-	-	-	1,518,872
Total Financial Assets	5,320,301	492,791,608	91,445,534	-	-	589,557,443

LIABILITIES

	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	27,389,543	-	27,389,543
Derivative Financial Instruments	924,821	-	-	924,821
Financial Liabilities at amortised cost -due to depositors	-	464,308,212	-	464,308,212
Financial Liabilities at amortised cost				
- due to debt securities holders	-	1,261,369	-	1,261,369
- due to other borrowers	-	31,142,309	-	31,142,309
Debt securities issued	-	20,297,805	-	20,297,805
Other Financial Liabilities	-	2,634,754	-	2,634,754
Total Financial Liabilities	924,821	547,033,993	-	547,958,813

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2020 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	11,129,064	-	-	-	11,129,064
Balances with the Central Bank of Sri Lanka	-	6,680,220	-	-	-	6,680,220
Placements with banks	-	3,296,401	-	-	-	3,296,401
Derivative Financial Instruments	901,490	-	-	-	-	901,490
Financial assets recognized through profit or loss measured at fair value	7,103,670	-	-	-	-	7,103,670
Financial assets at amortised cost -loans and receivables to other customers	-	425,870,010	-	-	-	425,870,010
Financial Assets at amortised cost - debt and other instruments	-	44,808,698	-	-	-	44,808,698
Financial Assets measured at fair value through						
Other comprehensive income	-	-	92,428,162	-	-	92,428,162
Other Financial Assets	-	1,539,093	-	-	-	1,539,093
Total Financial Assets	8,005,160	493,323,486	92,428,162	-	-	593,756,808

LIABILITIES

	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	27,389,543	-	27,389,543
Derivative Financial Instruments	924,821	-	-	924,821
Financial Liabilities at amortised cost -due to depositors	-	463,944,930	-	463,944,930
Financial Liabilities at amortised cost				
- due to debt securities holders	-	1,261,369	-	1,261,369
- due to other borrowers	-	31,142,309	-	31,142,309
Debt securities issued	-	20,297,805	-	20,297,805
Other Financial Liabilities	-	2,646,905	-	2,646,905
Total Financial Liabilities	924,821	546,682,861	-	547,607,681

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2019 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	5,703,468	-	-	-	5,703,468
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 measured at fair value through profit or loss	932,253	-	-	-	-	932,253
Financial Assets at amortised cost -loans and advances	-	396,648,811	-	-	-	396,648,811
Financial Assets at amortised cost - debt instruments	-	27,485,885	-	-	-	27,485,885
Financial assets measured at fair value through other comprehensive income	-	-	67,018,254	-	-	67,018,254
Other Financial Assets	-	21,756	-	-	-	21,756
Total Financial Assets	2,528,612	450,037,543	67,018,254	-	-	519,584,408

LIABILITIES

	At fair value through profit or loss	Amortized cost	Others	Total
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	-	405,048,024
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
Other Financial Liabilities	-	2,751,011	-	2,751,011
Total Financial Liabilities	728,873	480,028,220	-	480,757,092

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2019 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	6,081,359	-	-	-	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 measured at fair value through profit or loss	3,488,735	-	-	-	-	3,488,735
Financial Assets at amortised cost -loans and advances	-	396,672,022	-	-	-	396,672,022
Financial Assets at amortised cost - debt instruments	-	27,485,885	-	-	-	27,485,885
Financial assets measured at fair value through other comprehensive income	-	-	68,430,331	-	-	68,430,331
Other Financial Assets	-	381,626	-	-	-	381,626
Total Financial Assets	5,085,094	450,798,514	68,430,331	-	-	524,313,939

LIABILITIES

	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	18,380,356	-	18,380,356
Derivative Financial Instruments	728,873	-	-	728,873
Financial Liabilities at amortised cost -due to depositors	-	404,667,529	-	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
Other Financial Liabilities	-	2,798,750	-	2,798,750
Total Financial Liabilities	728,873	479,695,464	-	480,424,337

Notes to the Financial Statements

- 1 The figures are extracted from the unaudited financial statements.
- 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 34- "Interim Financial Reporting".
- 3 On 18 February 2020, the Bank paid a first and final dividend of LKR 7.00 per share comprising of a cash dividend of LKR 2.00 per share and a scrip dividend of LKR 5.00 per share, for the financial year 2019. As per the Notice dated 18 February 2020 published by the Department of Inland Revenue, the above dividend payment was not subject to withholding tax. Accordingly, the stated capital of the Bank as at 30 September 2020 increased to LKR 8,794 Mn (LKR 7,685 Mn as at 31 December 2019), as a result of the scrip dividends declared for the year ended 31 December 2019.
- 4 The Bank raised LKR 6.5 Bn via five year Listed, Rated, Unsecured, Subordinated, and Redeemable Debentures with a non-viability conversion in September 2020 with the objectives of Improving and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines and facilitating the future expansion of business activities of the Bank.
- 5 **Impact to Financial Statements due to COVID 19 pandemic**
The pandemic caused by COVID-19 has affected the banking industry, predominantly via the debt serviceability of the customers and the envisaged growth prospects. National Development Bank PLC has also been impacted by the pandemic on these aspects. The Bank continued its business operations to the maximum possible extent during the lockdown period, with the aid of its digital channels, deployment of three mobile ATMs and by functioning branches in selected localities.

All functions up to date and beyond are carried out within the highest standards of health guidelines ensuring the protection and wellbeing of our customers and staff members.
The impact of the pandemic on the business operations of the Bank and future prospects are strategically addressed by the Bank's leadership at the Board level as well as the executive level. The Bank's business plans have been duly reviewed and revised to ensure that the Bank extends maximum support to the affected customers, supports wider economic growth of the country and well manages the impact of the pandemic on the Bank's overall performance.
The Bank is also functioning as per the directions issued by the Central Bank of Sri Lanka [CBSL] and other regulators in this extraordinary situation. Keeping in line with various monetary policy easing measures and other relief measures introduced by the CBSL, the Bank has reduced its lending rates across all products. The Bank has actively approved and disbursed loan facilities to customers affected by the pandemic out of its own funds and those received under the CBSL Saubhagya COVID-19 Renaissance refinancing scheme. Furthermore, the Bank provided the moratorium spanning up to six months introduced by the CBSL to approximately 30% of its loan book. The Bank is also duly implementing various other relief measures introduced by the CBSL for the benefit of various sectors. Accordingly the Bank has assessed and accounted for the Day 01 impact on EMI loans subject to moratorium introduced by the the Central Bank of Sri Lanka as required by accounting standards SLFRS 09. This impact has been included under other Impairment charges which is approximately LKR 583 mn.
Internally, the Bank has combined its technology driven internal process efficiency enhancement initiatives already in place with further strategic cost management initiatives to ensure costs are driven down and returns are preserved.
Further, the Bank has already taken initiatives to comply with the requirements of new Circular (dated 09 November 2020) issued by the Central Bank of Sri Lanka to extent the debt moratorium to a COVID -19 affected business and individuals for further period of six months commencing from 01 October 2020.

6	Reclassification of investment in Sovereign Bonds previously measured at Fair Value Through Other Comprehensive Income as measured at Amortized cost category The Bank re-classified its Sovereign Bond Portfolio consequent to the changes on the business model of managing the assets with effect from 30 September 2020 as per the Guidance Notes issued by CA Sri Lanka on Accounting Consideration of the Covid 19 Outbreak (updated on May 11,2020). Accordingly, Sovereign Bond investments amounting to LKR 9 Bn which were previously classified as Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI) were re-classified as Amortized Cost. There was no change to the effective interest rate used and interest income recognized for the reclassified assets for the nine months ended 30th September 2020.
7	Amendments to the Income Tax Law Announced by the Government The Cabinet has approved to reduce the income tax rate applicable to banks by 4% from the tax rate of 28% with effect from 1st January 2020. However, the said amendment is yet to be legalized. As such the Bank continued using 28% in calculating the income tax and deferred tax liabilities/assets as at 30th September 2020 as this amendment is not substantively enacted by the end of the reporting period. Had the Bank applied the reduced income tax rate of 24% to calculate income tax and deferred tax assets/liabilities as at 30th September 2020, total income tax expense (current and deferred tax) for the quarter ended 30th September 2020 would have been decreased by Rs.163Mn. Further the deferred tax on the items that are routed through other comprehensive income would have been increased by Rs. 35Mn. The overall Balance Sheet impact would have been a reduction of LKR 128Mn.
8	In October 2020, the Bank announced its plans to raise LKR 8.0 Bn via a Rights Issue at the ratio of 28 new ordinary voting shares for every 61 ordinary voting shares held (up to 106,780,489 shares to be issued), at a consideration of LKR 75/- per share. The purposes for which the proceeds of the Rights Issue are to be utilized are to further strengthen the equity base of the Bank and thereby improve Capital Adequacy Ratios in line with Basel III guidelines of the Central Bank of Sri Lanka and to part finance the growth in the loan portfolio of the Bank.
9	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

10. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30 SEPTEMBER 2020

10.1 Product wise Gross Loans and Receivables

By product-Domestic Currency

	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
Term loans	131,126,039	112,966,347	131,126,039	112,966,349
Medium and short term loans	62,634,776	45,889,420	62,634,776	45,889,420
Overdrafts	42,036,774	50,324,543	41,991,252	50,255,807
Trade Finance	14,400,538	16,111,316	14,400,538	16,111,316
Consumer loans	45,217,403	37,915,878	45,217,403	37,915,878
Lease rentals receivable	29,546,486	25,842,041	29,546,486	25,842,041
Housing loans	17,149,885	15,860,023	17,149,885	15,860,023
Islamic Banking facilities	9,546,558	8,742,843	9,546,558	8,742,843
Credit cards	7,046,801	6,212,728	7,046,801	6,212,728
AF Loans	3,626,320	3,760,515	3,626,320	3,760,515
Staff loans	2,138,235	1,970,459	2,225,125	2,062,404
Pawning	2,527,208	1,117,274	2,527,208	1,117,274
Hire Purchase	6,601	13,156	6,601	13,156
Sub total	367,003,624	326,726,543	367,044,991	326,749,754

By product-Foreign Currency

	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
Term loans	8,165,798	7,519,992	8,165,798	7,519,992
Overdrafts	4,749,184	3,178,970	4,749,184	3,178,970
Medium and short term loans	35,963,437	40,777,560	35,963,437	40,777,560
Trade Finance	22,904,733	27,246,038	22,904,733	27,246,038
Islamic Banking facilities	4,032,056	3,741,555	4,032,056	3,741,555
Housing loans	44,952	30,773	44,952	30,773
Sub total	75,860,159	82,494,889	75,860,159	82,494,889
Total	442,863,783	409,221,432	442,905,150	409,244,643

10.2 Product wise commitments and contingencies considered for Impairment

By product- Domestic Currency

	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
Guarantees	33,495,485	29,728,454	33,449,534	29,728,454
Performance Bonds	9,900,100	8,860,859	9,900,100	8,860,859
Documentary Credits	378,947	191,484	378,947	191,484
Acceptances	58,064,073	100,110	58,064,073	100,110
Undrawn commitments	104,400	109,734,383	104,400	109,734,383
Sub Total	214,529,983	148,615,290	214,522,289	148,615,290

By product- Foreign Currency

	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
Guarantees	11,495,346	10,832,955	11,495,346	10,832,955
Performance Bonds	7,709,549	6,428,518	7,709,549	6,428,518
Documentary Credits	12,106,429	10,683,864	12,106,429	10,683,864
Acceptances	12,157,429	8,659,851	12,157,429	8,659,851
Undrawn commitments	908,719	1,352,426	908,719	1,352,426
Sub Total	44,377,473	37,957,614	44,377,473	37,957,614
Total	258,907,455	186,572,904	258,899,761	186,572,904

Gross loans and advances ,Commitments and Contingencies

	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
Gross loans and advances ,Commitments and Contingencies	701,771,238	595,794,336	701,804,912	595,817,547
(Less): Accumulated impairment under stage 1	2,762,427	2,682,507	2,762,427	2,682,507
Accumulated impairment under stage 2	2,284,233	1,674,451	2,284,233	1,674,451
Accumulated impairment under stage 3	11,588,481	8,215,663	11,588,481	8,215,662
Net value of loans and advances, commitments and contingencies	685,136,097	583,221,714	685,169,770	583,244,927

	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
10.3 Movement of impairment during the period				
Under stage 1				
Balance at 1 January	2,682,507	1,801,385	2,682,507	1,801,385
Charge/(Write back) to Statement of Profit or Loss	79,920	881,122	79,920	881,122
Write-off during the period	-	-	-	-
Closing balance	2,762,427	2,682,507	2,762,427	2,682,507
Under stage 2				
Balance at 1 January	1,674,451	2,121,671	1,674,451	2,121,671
Charge/(Write back) to Statement of Profit or Loss	609,782	(447,220)	609,782	(447,220)
Write-off during the period	-	-	-	-
Closing balance	2,284,233	1,674,451	2,284,233	1,674,451
Under stage 3				
Balance at 1 January	8,215,662	5,243,304	8,215,662	5,243,304
Charge/(Write back) to Statement of Profit or Loss	3,458,105	3,235,143	3,458,105	3,235,143
Write-off during the period	(85,286)	(388,106)	(85,286)	(388,106)
Other movement	-	125,321	-	125,321
Closing balance	11,588,481	8,215,663	11,588,481	8,215,662
10.4 Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers				
	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
Individual impairment				
Balance at 01 January	5,517,468	3,066,173	5,517,468	3,066,173
Charge/(Write back) to Statement of Profit or Loss	2,690,223	2,545,066	2,690,223	2,545,066
Write-off during the period	(85,286)	(219,093)	(85,286)	(219,093)
Other movement	-	125,321	-	125,321
Closing balance	8,122,405	5,517,467	8,122,405	5,517,467
Collective impairment				
Balance at 01 January	7,055,152	6,100,187	7,055,152	6,100,187
Charge/(Write back) to Statement of Profit or Loss	1,457,584	1,123,979	1,457,584	1,123,979
Write-off during the Period	-	(169,013)	-	(169,013)
Closing balance	8,512,737	7,055,153	8,512,737	7,055,153
Total impairment	16,635,141	12,572,620	16,635,141	12,572,620

10. ANALYSIS OF DEPOSITS				
Due to Other Customers - By product				
	Bank		Group	
	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000	As at 30/09/2020 LKR '000	As at 31/12/2019 LKR '000
By product-Domestic Currency				
Demand deposits	19,992,419	20,675,504	20,001,593	20,720,171
Savings deposits	59,010,623	39,849,785	58,993,461	39,807,361
Time deposits	288,632,597	257,721,796	288,277,302	257,340,112
Other deposits	700,892	652,261	700,892	652,261
Sub total	368,336,531	318,899,346	367,973,249	318,519,904
By product- Foreign Currency				
Demand deposits	3,244,024	4,582,635	3,244,024	4,582,635
Savings deposits	19,528,168	15,448,039	19,528,168	15,446,986
Time deposits	72,993,107	65,934,145	72,993,107	65,934,145
Other deposits	206,382	183,859	206,382	183,859
Sub total	95,971,681	86,148,678	95,971,681	86,147,625
Total	464,308,212	405,048,024	463,944,930	404,667,529

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2020	As at 31/12/2019	As at 30/09/2020	As at 31/12/2019
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	38,222,212	34,909,032	41,320,601	39,563,816
Tier 1 Capital	38,222,212	34,909,032	41,320,601	39,563,816
Total Capital	59,016,803	51,090,032	61,819,534	55,320,388
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5% (2019 - 7%))	9.21	9.18	9.77	10.15
Tier 1 Capital Ratio (Minimum Requirement - 8.0% (2019 - 8.5%))	9.21	9.18	9.77	10.15
Total Capital Ratio (Minimum Requirement - 12.0% (2019 - 12.5%))	14.21	13.43	14.62	14.20
Leverage Ratio (Minimum Requirement - 3%)	5.70	6.09	6.35	6.81
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	154,775,009	106,381,911	154,775,009	106,381,911
Statutory Liquid Assets Ratio (Minimum Requirement -20%)				
Domestic Banking Unit (%)	29.25	20.93	29.25	20.93
Off-Shore Banking Unit (%)	25.01	24.78	25.01	24.78
Total stock of high quality liquid assets (LKR ' 000) - All currency	118,172,378	75,511,819	118,172,378	75,511,819
Total stock of high quality liquid assets (LKR ' 000) - Rupee	102,209,823	66,143,681	102,209,823	66,143,681
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 90% (2019-100%))	138.83	162.42	138.83	162.42
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -90% (2019-100%))	139.16	153.26	139.16	153.26
Net stable Funding Ratio (%) (Minimum Requirement- 90%)	108.09	108.92	108.09	108.92
Asset Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio (%)	5.57	4.77	5.57	4.77
Net Non-performing Advances Ratio (%)	3.71	3.18	3.71	3.18
Profitability				
Earnings Per Share (annualised) (LKR)	23.92	23.05	21.01	21.53
Return on Average Shareholders' Funds (%)	13.37	13.73	10.85	11.59
Return on Average Assets ((after Tax (%))	0.99	1.02	0.86	0.94
Return on Average Assets ((before Tax (%))	1.70	2.01	1.65	1.97
Net interest margin (%)	3.23	3.53	3.23	3.54
Debt Security - Related Ratios				
Interest Cover (Times)	1.50	1.50	1.51	1.51
Debt to Equity (Times)	12.45	12.09	11.64	10.99

SHARE INFORMATION

SHARE PRICE

As at	30/09/2020	31/12/2019
Number of shares	232,637,231	221,799,756
Last traded price (LKR)	89.00	100.00
For the quarter ended	30/09/2020	31/12/2019
Highest price per share (LKR)	94.00	112.00
Lowest price per share (LKR)	67.00	97.50

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2020

	NAME	NO OF SHARES	%
1	EMPLOYEES PROVIDENT FUND	23,263,721	10.00
2	BANK OF CEYLON NO. 1 ACCOUNT	19,454,400	8.36
3	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	14,875,617	6.39
4	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	12,367,328	5.32
5	DR.S.YADDEHIGE	10,160,638	4.37
6	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	9,702,577	4.17
7	EMPLOYEES TRUST FUND BOARD	9,054,503	3.89
8	PERPETUAL TREASURIES LIMITED	8,736,886	3.76
9	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	8,606,626	3.70
10	BNYMSANV RE-LF RUFFER INVESTMENT FUNDS : LF RUFFER PACIFIC AND EMERGING MARKETS FUND	7,684,594	3.30
11	HATTON NATIONAL BANK PLC A/C NO 1	6,784,942	2.92
12	PHOENIX VENTURES PRIVATE LIMITED	6,769,999	2.91
13	RUSH JAPAN CORPORATION	6,724,630	2.89
14	SBI VEN HOLDINGS PTE LTD	5,941,696	2.55
15	MR.A.K.PATHIRAGE	3,529,367	1.52
16	ASIRI SURGICAL HOSPITAL PLC	3,470,389	1.49
17	AKBAR BROTHERS PVT LTD A/C NO 1	3,453,692	1.48
18	DFCC BANK PLC A/C 1	3,168,904	1.36
19	MR.M.J.FERNANDO	2,932,800	1.26
20	PERPETUAL EQUITIES (PRIVATE) LIMITED	2,532,828	1.09

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2020
Float adjusted Market Capitalization in LKR	16,795,663,639
Percentage of shares held by the public	81.12%
Number of public shareholders	10,300
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2020

NAME	NO OF SHARES
MR. ESHANA DE SILVA	-
MR. DIMANTHA SENEVIRATNE	17,697
MR. SRIYAN COORAY	-
MR. BERNARD SINNIH	-
DR. DINUSHA PANDITARATNE	-
MR. SUJEEWA MUDALIGE	-
MS. HIRANSA KALUTHANTRI	-
MR. HIRAN PERERA	-
MR. KUSHAN D'ALWIS, PC	-

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 September 2020 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Quarter end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture September 2020 Sep 2020/ Sep 2025	Listed	Annually	6,500	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 B - Mar 2019/Mar 2024	Listed	Semi-annually	1,243	Not traded during the quarter			13.50	13.16	14.05	Not traded during the quarter	
	Listed	Annually	4,318	Not traded during the quarter			13.95	13.15	13.90	Not traded during the quarter	
Fixed rate - Debenture December 2013											
C - Dec 2013/Dec 2023	Listed	Annually	3,638	Not traded during the quarter			13.90	13.17	9.75	Not traded during the quarter	
D - Dec 2013/Dec 2025	Listed	Annually	3,590	Not traded during the quarter			14.00	13.26	9.75	Not traded during the quarter	
Total Debentures			19,289								

Disclosures regarding the utilization of debenture proceeds as at 30 September 2020

Debenture Issue - September 2020

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines	6,500,000,000	NA	6,500,000,000	100%	6,500,000,000	100%	-
2	Facilitate future expansion of business activities of the Bank	6,500,000,000	NA	6,500,000,000	100%	-	0%	The funds raised via the debenture issue was allotted on 25 Sep 2020 and were invested in Government Securities at zero risk. The funds will be gradually deployed in the expansion of the Bank's business and this will be completed within 12 months as stated in the Prospectus of the debenture issue.

Important Dates - Q3 2020 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	12 November 2020
Investor Webinar	13 November 2020
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 playback video 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 Q3 2020
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	20 November 2020

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 VAT Registration No. 409000266-7000	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 Dr. D Panditaratne - Director Sujeewa Mudalige - Director Hiransa Kaluthantri - Director Hiran Perera - Director Kushan D'Alwis - 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. 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