INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2019

NATIONAL DEVELOPMENT BANK PLC

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

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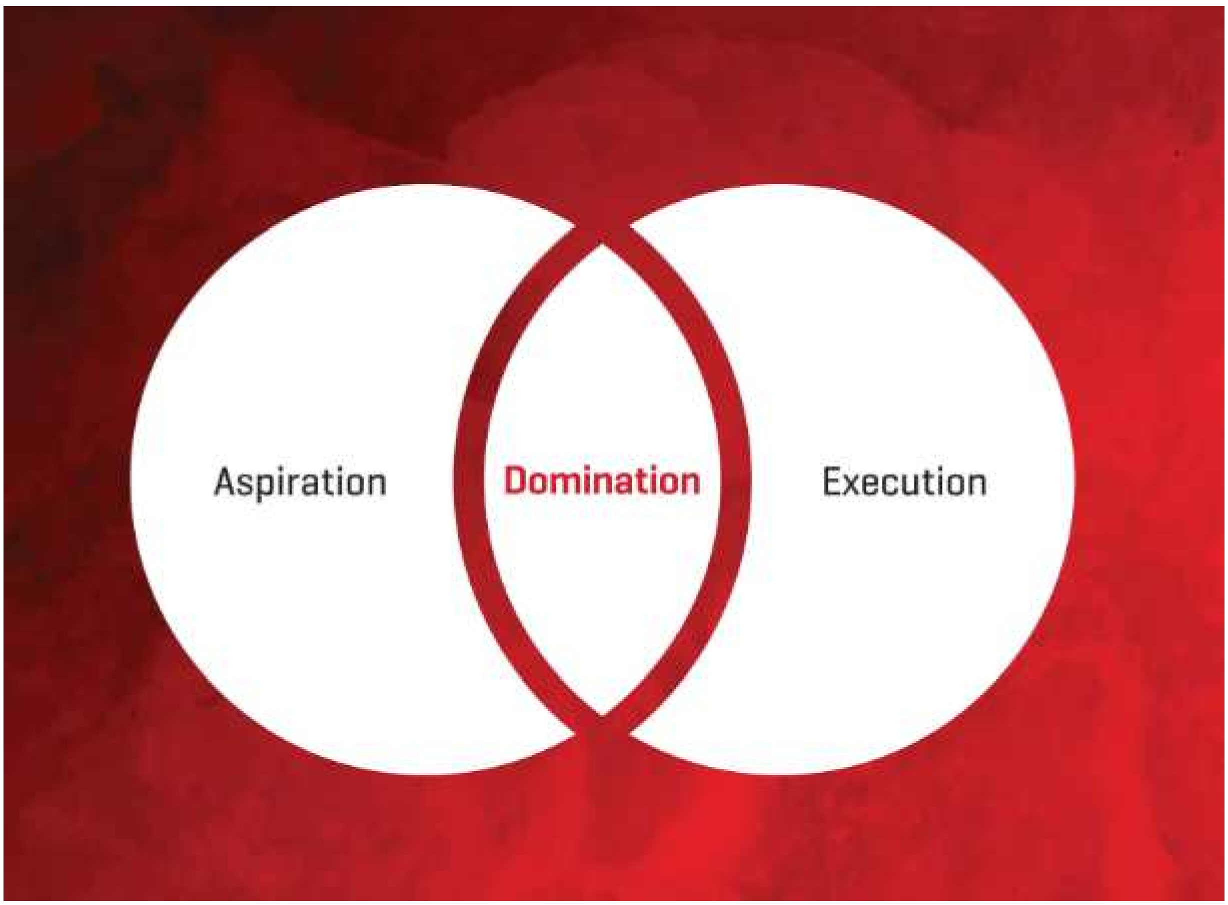

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***The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2019 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB crosses LKR 500 Bn asset base - Q3 2019 pre-tax profit exceeds LKR 7.6 Bn - 11% YoY growth affirming resilience in challenging conditions

- **Net interest income up by 23% YoY**
- **Net fee and commission income up by 21% YoY**
- **LKR 4 Bn contribution towards fiscal revenue in taxes**
- **Sound balance sheet growth amidst an industry-wide low growth atmosphere**
- **Total assets crossed the LKR 500 Bn mark, up by 7%**
- **Loans and advances up by 10% to LKR 378 Bn**
- **NPL ratio maintained at 4.9%**

National Development Bank PLC recorded yet another quarter of resilient performance against a challenging operating environment and an industry climate marked by slow growth, recording a pre-tax profitability of LKR 7.6 Bn, a YOY growth of 11%. The Bank's Profit after Tax was LKR 3.4 Bn for the period, a reduction of 13% over the comparative period [Q3 2018], impacted by the Debt repayment Levy which came into effect on 1 October 2018. Profit Attributable to Shareholders [PAS], including the performance of the Group companies was LKR 2.9 Bn, a reduction of 14%, over the comparative period.

Mr. Dimantha Seneviratne – Director/ Group Chief Executive Officer of NDB stated that the results recorded by the Bank for the nine months period is a strong reflection of the Bank's ability to maneuver through challenging conditions and ensure sustained results generated for the benefit of all stakeholders of the Bank. The GCEO was hopeful that the overall economy as well as the banking industry will be in a better pitch for elevated performance in 2020, with greater political and policy stability with the conclusion of the presidential elections in November 2019.

We have placed a lot of focus on streamlining our internal processes, strengthening internal systems, upskilling our staff, product offerings, digital capabilities, etc., such that we will be in a firm footing to re-launch accelerated growth once the external environment is stabilized; he stated.

Analysis of financial performance

Income

Gross income grew by 19% to LKR 43.9 Bn, mainly bolstered by growth in Net Interest Income [NII] and net fee and commission income. NII grew by 23% YoY to LKR 13.1 Bn, supported by the expansion of the loan book by 10% [LKR 36.4 Bn quantum growth] and a net interest margin of 3.40%. Net fee and commission income recorded a growth of 21% to LKR 2.8 Bn, making a 16% contribution towards total operating income. Increases in the loan book as well as the thrust in the Bank's digital financial services propelled the growth in the fee based income.

Net gains from trading were LKR 766.5 Mn, a reduction of 11% over the prior period. Net gain from financial investments at fair value through Profit or Loss was LKR 2.9 Mn whilst net gains from de-recognition of financial assets increased by 58% to LKR 663 Mn, due to the proactive interest rate risk management initiatives undertaken in a volatile market environment. Other operating income in the meantime saw a reduction of 79% to LKR 303.7 Mn resulting from the exchange losses incurred on the revaluation of the foreign currency reserves of the Bank, which was due to the appreciation of the Sri Lankan Rupee during early 2019 in comparison to the depreciation of the Sri Lankan Rupee in the comparative period in 2018.

Impairment charges for loans and other losses

The impairment charge for the nine months ended 30 September 2019 was LKR 2.9 Bn comprising individual impairment of LKR 2.1 Bn and collective impairment reversal of LKR 561 Mn, as compared to LKR 2.7 Bn for the comparative period. Other provisions were LKR 185 mn and represents provision made for permanent diminution in fair value of investments. The higher impairment charge was mainly due to provisions made at individual levels considering the elevated risks identified in the current slow economic environment. The Bank is mindful of the stresses experienced in the industry and is continuously reviewing the collection and recovery process to minimize the high impairment loss effect to the Bank.

NDB's strong risk management initiatives including comprehensive credit evaluation standards, post disbursement follow-ups and underwriting standards have enabled the Bank to manage the loan book quality amidst challenging macro-economic conditions and industry stresses. The Bank's non-performing loan [NPL] ratio, which has been on an upward trend since end 2018 increased to 4.93%, reflective of the wider industry trajectory for NPLs.

Total operating expenses

Total operating expenses for the nine months period was LKR 7.2 Bn, an increase of LKR 16% YoY. 52% of the expenses were in personnel expenses, which saw a 14% increase to LKR 3.7 Bn, applicable to an employee base of 2,885. Depreciation and amortization of LKR 393 Mn increased by 23% mainly due to the investments the Bank made in its digital journey, which includes the Bank's flagship phygital branch NDB NEOS and a network of cash recycle machines exceeding 50. The resultant cost to income ratio of the Bank was 40.7%, and compares with a ratio of 39.2% in Q3 2018. During 2019, the Bank deployed a large number of process improvements using work flow solutions, robotic process automation technology, installation of new IT systems for few products, etc., efficiencies of which are expected to be reflected in an enhanced cost to income ratio in the coming months.

Taxation

Total taxes for the period under review was LKR 4.2 Bn, comprising VAT on financial services, Nation Building Tax on Financial services, Debt repayment Levy [DRL] and income taxes. LKR 757 Mn was incurred as DRL, which was introduced in the latter part of 2018. 56% of the Bank's operating profit before taxes has been paid as taxes in Q3 2019, compared to 43% in Q3 2018.

Balance Sheet Growth and Funding

NDB made a historic milestone in Q3 2019, by crossing LKR 500 Bn in total assets, to reach LKR 505 Bn at the Bank level and LKR 511 Bn at the Group level, at a year-to-date [YTD] growth rate of 7%, commendable within the subdued growth experienced across the industry. This marked the achievement of one of the goals of NDB's Transformation 2020 strategy launched in 2017, which was to attain a balance sheet size of LKR 500 Bn by end 2020.

Gross loans grew by 10% to LKR 390 Bn YoY, which translated to a quantum growth of LKR 37 Bn. This was a 17% YoY change over September 2018, with a quantum growth of LKR 56 Bn. Traction was seen in both consumer loans and long term loans segments. The Bank's penetration to granular levels of the society through its financial inclusion initiatives and digital banking solutions have enabled the Bank to broad base its customers and risks, and thereby maintain a healthy portfolio growth.

In terms of funding the balance sheet growth, deposits grew by 8% YTD, to reach LKR 374 Bn, which was an increase of LKR 27 Bn over December 2018. The YoY deposits growth from September 2018 to September 2019 was 14%, an equivalent of LKR 46 Mn. Sourcing deposits was a challenging task for the industry within the deposit rate cap which was in effect from April till late September 2019 and the uptick seen in capital markets providing more attractive investment options.

The challenge for sourcing deposits was deepened for CASA deposits, where the CASA base saw a marginal increase to reach LKR 76 Bn as at 30 September 2019. The Bank experienced an outflow of few large CASA deposits, especially in foreign currency during the first half of 2019 resulting in a contraction in the CASA portfolio. However, the steady growth seen in granular CASA portfolio coming from the Bank's branch network supported the CASA growth.

The other key source of funding during the year was raising LKR 5.6 Bn via Basel III compliant Tier II debentures to strengthen the Bank's Tier II capital base of the Bank. Equity capital infusion plans to boost Tier I capital of the Bank is well underway and making sound progress.

Capital Adequacy

The Tier 1 and total capital adequacy ratios of the Bank as of 30 September 2019 were 9.52% and 14.01% respectively. The same ratios for the NDB Group were 10.56% and 14.81%.

Hither to the existing regulatory directions, the Bank is deemed to be a Domestic Systemically Important Bank [D-SIB] with its total assets in excess of LKR 500 Bn, and the minimum capital adequacy ratios applicable are 10% and 14% for Tier I and total capital respectively.

However, the Regulator is in the process of finalising the new assessment methodology for D-SIBs, where the assessment of D-SIBs will be based on multiple factors such as size, inter-connectedness, substitutability and complexity. Accordingly, new banks passing the threshold of LKR 500 Bn in asset size at present may not be selected as D-SIBs under the new framework and hence will not be required to meet the enhanced capital adequacy requirements currently applicable for D-SIBs. The above position has been confirmed by the regulator to the Bank.

Therefore the Bank's minimum regulatory capital requirement for Tier 1 and Total capital remains at 8.5% and 12.5% respectively, where the current ratios for the Bank stands at 9.52% and 14.01% respectively. In the meantime, the Bank is continuing with its Capital augmentation process to support the Bank's long term growth aspirations.

Investor returns

Resulting from the overall performance of the Bank for the nine months under review, the Bank recorded a Return on Average Shareholder Funds [ROE] of 11.83% [2018: 17.41%] and an Earnings per Share of LKR 19.27 [2018: LKR 28.44]. The same ratios for the Group were 9.64% [2018: 14.26%] and LKR 17.38/- [2018: LKR 27.98] respectively. Return on Average Assets was of the Bank was 1.99% [2018: 2.22%] and for the Group 2.0% [2018: 2.17%]. The Net asset value per share of the Bank in the meantime was LKR 167.90 [2018: 166.41] and the same ratio for the Group was LKR 184.83 [2018: LKR 185.49].

NDB was recognized as the Best Bank in Sri Lanka 2019 by Asia Money, and the Winner - Sri Lanka in the World's Best Consumer Digital Banks Awards 2019 conducted by Global Finance of USA.

With a rich history of 40 years in serving the nation and its people towards financial prosperity, the Bank is committed to many more years of excellence.

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/09/2019	Period ended 30/09/2018 Restated	**Change**	**Quarter ended 30/09/2019**	Quarter ended 30/09/2018 Restated	**Period ended 30/09/2019**	Period ended 30/09/2018 Restated	**Change**	**Quarter ended 30/09/2019**	Quarter ended 30/09/2018 Restated
	LKR '000	LKR '000	**%**	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**%**	**LKR '000**	LKR '000
Gross Income	**43,913,125**	**36,797,101**	**19**	**15,054,040**	**13,148,091**	**44,531,632**	**37,220,362**	**20**	**15,375,107**	**13,388,400**
Interest Income	39,423,645	31,790,436	24	13,460,937	11,438,174	39,596,080	31,986,103	24	13,517,443	11,503,024
Interest Expenses	26,332,063	21,162,860	24	9,022,147	7,607,127	26,304,615	21,140,346	24	9,013,487	7,599,739
Net Interest Income	**13,091,582**	**10,627,576**	**23**	**4,438,790**	**3,831,047**	**13,291,465**	**10,845,757**	23	**4,503,956**	**3,903,285**
Net Fee and Commission Income	**2,752,929**	2,271,991	**21**	990,001	825,112	3,475,003	2,896,808	20	1,236,663	1,022,892
Net gain/(loss) from trading	766,530	861,353	(11)	90,502	273,142	766,530	861,353	(11)	90,502	273,141
Net gain/(loss) from financial investments at fair value Through Profit or Loss	2,851	(15,777)	118	-	(13,296)	2,888	9,225	(69)	24,329	(21,004)
Net gains/(losses) from derecognition of financial assets	663,480	420,496	58	310,315	76,930	672,751	479,971	40	307,183	79,238
Other operating income	303,689	1,468,602	(79)	202,285	548,028	18,380	986,902	(98)	198,987	531,109
Total Operating Income	**17,581,061**	**15,634,241**	12	**6,031,892**	**5,540,963**	18,227,017	**16,080,016**	**13**	**6,361,619**	**5,788,661**
Impairment charges										
Individual Impairment	2,119,279	1,478,512	43	147,450	729,526	2,119,279	1,478,512	43	147,450	729,526
Collective Impairment	561,359	1,233,874	(55)	770,905	489,676	561,359	1,233,874	(55)	770,905	489,676
Other provision - charge/(release)	185,623	(21,982)	944	70,364	(42,701)	367,970	56,997	546	85,836	35,822
	2,866,261	2,690,404	7	988,719	1,176,501	3,048,608	2,769,383	10	1,004,191	1,255,024
Net operating income	**14,714,800**	**12,943,837**	14	**5,043,173**	**4,364,461**	**15,178,409**	**13,310,633**	**14**	**5,357,428**	**4,533,637**
Operating Expenses										
Personnel Expenses	3,702,235	3,251,034	14	1,299,237	1,123,188	4,099,247	3,575,711	15	1,439,935	1,234,674
Depreciation and amortization	393,146	318,763	23	133,346	106,559	457,669	368,027	24	154,795	122,803
Other Expenses	3,057,919	2,575,953	19	1,057,261	957,806	3,349,430	2,845,321	18	1,150,271	1,052,286
Total operating expenses	**7,153,300**	**6,145,751**	16	2,489,844	2,187,553	**7,906,346**	**6,789,059**	16	2,745,001	2,409,763
Operating Profit Before VAT, NBT & DRL on Financial Services	**7,561,500**	**6,798,087**	11	**2,553,329**	**2,176,908**	7,272,063	**6,521,574**	12	**2,612,427**	**2,123,874**
Less: Value Added Tax (VAT) on Financial services	1,374,050	1,227,500	12	461,750	414,710	1,374,050	1,227,500	12	461,750	414,710
Nation Building Tax (NBT) on Financial services	184,940	163,169	13	63,140	50,529	184,940	163,169	13	63,140	50,529
Debt repayment Levy	757,320	-	100	259,470	-	757,320	-	100	259,470	-
Operating Profit After Tax on Financial Services	5,245,190	5,407,418	(3)	1,768,969	1,711,669	4,955,753	5,130,905	(3)	1,828,067	1,658,635
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	**5,245,190**	5,407,418	(3)	**1,768,969**	**1,711,669**	**4,955,753**	**5,130,905**	(3)	**1,828,067**	**1,658,635**
Less : Income tax expenses	1,894,482	1,555,782	22	638,682	473,864	1,973,555	1,684,829	17	666,541	511,966
Profit for the period	**3,350,708**	3,851,636	(13)	**1,130,287**	**1,237,805**	**2,982,198**	**3,446,076**	(13)	**1,161,526**	**1,146,669**
Profit Attributable to:										
Equity Holders of the parent	3,350,708	3,851,636	(13)	1,130,287	1,237,805	2,937,287	3,395,772	(14)	1,147,523	1,130,489
Non Controlling Interests	-	-		-	-	44,912	50,304	(11)	14,003	16,180
	3,350,708	**3,851,636**	(13)	**1,130,287**	**1,237,805**	**2,982,198**	**3,446,076**	(13)	**1,161,526**	**1,146,669**
Basic Earnings per share (in LKR)	**15.11**	**21.70**	(30)	**5.10**	**6.98**	**13.24**	**19.14**	(31)	**5.17**	**6.37**
Diluted Earnings per share (in LKR)	**15.11**	**21.70**	(30)	**5.10**	**6.98**	**13.24**	**19.14**	(31)	**5.17**	**5.86**

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2019	Period ended 30/09/2018 Restated	**Change**	**Quarter ended 30/09/2019**	Quarter ended 30/09/2018 Restated	**Period ended 30/09/2019**	Period ended 30/09/2018 Restated	**Change**	**Quarter ended 30/09/2019**	Quarter ended 30/09/2018 Restated
	LKR '000	LKR '000	**%**	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**%**	**LKR '000**	LKR '000
Profit for the period	**3,350,708**	**3,851,636**	(13)	**1,130,287**	**1,237,805**	**2,982,198**	**3,446,076**	(13)	**1,161,526**	**1,146,669**
Items that will be reclassified to Income Statement										
Gains/(losses) from Available for Sale Investments	**-**	(787,323)	100	**-**	(259,329)	**-**	(745,788)	100	**-**	(258,306)
Exchange differences on translation of foreign operations	-	-	-	**-**	-	**(5,378)**	30,924	(117)	**12,411**	24,782
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	**967,745**	-	100	**(224,807)**	-	**1,008,159**	-	100	**(229,039)**	-
Changes in Impairment allowance for Expected credit losses	**13,663**	-	100	**11,012**	-	**188,540**	-	100	**23,981**	-
Net Gains /(losses) on cash flow hedges	**(337,659)**	399,335	(185)	**6,302**	363,808	**(337,659)**	399,335	(185)	**6,302**	363,808
Less :Tax expense relating to items that will be reclassified to Income Statements	**(601,546)**	443,924	(236)	**66,028**	72,613	**(612,927)**	443,924	(238)	**67,216**	72,613
	42,204	55,936	(25)	**(141,464)**	177,092	**240,736**	128,395	87	**(119,128)**	202,897
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	**(436,344)**	(271,993)	(60)	**13,165**	(171,307)	**(436,344)**	(271,993)	(60)	**13,165**	(171,307)
Less :Tax expense relating to items that will not be reclassified to Income Statements	**-**	-	-	**-**	-	**-**	-	-	**-**	-
	(436,344)	(271,993)	(60)	**13,165**	(171,307)	(436,344)	(271,993)	(60)	**13,165**	(171,307)
Total Other Comprehensive Income after Tax	**(394,141)**	(216,057)	(82)	**(128,300)**	5,785	**(195,609)**	(143,598)	(36)	**(105,964)**	31,590
				-	-				**-**	-
Total Comprehensive Income for the period	**2,956,567**	3,635,578	(19)	**1,001,986**	1,243,589	**2,786,589**	3,302,478	(16)	**1,055,562**	1,178,259
Attributable to:										
Equity holders of the parent	2,956,567	3,635,578	(19)	**1,001,986**	1,243,589	2,741,804	3,244,515	(15)	**1,038,579**	1,154,814
Non Controlling Interests	-	-	-	**-**	-	44,785	57,963	(23)	**16,983**	23,445
	2,956,567	3,635,578	(19)	**1,001,986**	1,243,589	**2,786,589**	3,302,478	(16)	**1,055,562**	1,178,259

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/09/2019	As at 31/12/2018 (Audited)	Change	As at 30/09/2019	As at 31/12/2018 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	6,285,121	6,537,579	(4)	6,630,910	7,071,438	(6)
Balances with the Central Bank of Sri Lanka	14,986,519	15,546,386	(4)	14,986,519	15,546,386	(4)
Placements with banks	3,624,835	15,237,306	(76)	3,624,835	15,237,306	(76)
Derivative Financial Instruments	2,203,272	3,937,847	(44)	2,203,272	3,937,847	(44)
Financial assets recognized through profit or loss measured at fair value	-	1,947,242	(100)	2,201,333	4,052,409	(46)
Financial assets at amortised cost -loans and receivables to other customers	377,934,146	344,203,289	10	378,030,221	344,276,363	10
Financial assets at amortised cost - debt and other instruments	31,631,740	24,070,365	31	31,631,740	24,175,346	31
Financial assets measured at fair value through other comprehensive income	59,544,832	52,908,306	13	61,087,197	54,487,227	12
Investments in subsidiary companies	2,151,155	2,166,714	(1)	-	-	-
Investment Property	-	-	-	2,110,661	2,110,661	-
Intangible assets	438,880	379,896	16	453,498	396,742	14
Property, plant & equipment	2,625,886	2,569,874	2	3,173,197	3,144,359	1
Right to Used Assets	891,434	-	100	1,169,593	-	100
Deferred tax Assets	328,958	1,059,485	(69)	328,958	1,059,485	(69)
Other assets	2,717,960	2,347,641	16	3,300,166	2,932,641	13
Total assets	**505,364,737**	**472,911,930**	**7**	**510,932,100**	**478,428,210**	**7**
Liabilities						
Due to Banks	22,310,908	15,047,481	48	22,310,908	15,047,481	48
Derivative Financial Instruments	933,409	2,906,572	(68)	933,409	2,906,572	(68)
Financial Liabilities at amortised cost -due to depositors	374,213,903	347,511,223	8	373,776,623	347,169,564	8
Financial Liabilities at amortised cost						
- due to debt securities holders	1,856,937	6,394,211	(71)	1,856,937	6,382,024	(71)
- due to other borrowers	32,469,058	37,040,987	(12)	32,469,058	37,040,987	(12)
Debt securities issued	24,070,457	16,811,808	43	24,070,457	16,811,808	43
Retirement benefit obligations	437,992	408,308	7	543,954	501,531	8
Current Tax Liabilities	2,319,757	3,077,151	(25)	2,380,774	3,147,224	(24)
Deferred Tax Liabilities	-	-	-	489,954	471,281	4
Other liabilities	9,432,178	8,638,014	9	9,922,199	8,760,117	13
Dividends payable	79,511	78,133	2	79,511	78,133	2
Total liabilities	**468,124,111**	**437,913,889**	**7**	**468,833,784**	**438,316,722**	**7**
Equity						
Stated Capital	7,685,334	6,469,323	19	7,685,334	6,469,323	19
Statutory Reserve Fund	1,636,479	1,636,479	-	1,636,479	1,636,479	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	22,408,958	20,949,883	7	26,016,249	24,764,107	5
Other Reserves	(295,853)	136,650	(317)	(148,608)	336,830	(144)
Total shareholders' equity	**37,240,625**	**34,998,042**	**6**	**40,995,161**	**39,012,446**	**5**
Non Controlling Interests	-	-	-	1,103,154	1,099,042	0
Total Equity	**37,240,625**	**34,998,042**	**6**	**42,098,315**	**40,111,488**	**5**
Total liabilities and equity	**505,364,737**	**472,911,930**	**7**	**510,932,100**	**478,428,210**	**7**
Net Book Value Per Share (LKR)	**167.90**	**166.41**	1	**184.83**	**185.49**	(0)
Contingent liabilities and commitments	**283,072,345**	**288,882,867**		**283,306,443**	**289,758,239**	
Memorandum Information						
Number of Employees	2,885	2,494				
Number of Branches	111	108				

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 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.)
Kavan Ratnayaka
Director/Chairman

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

13 November 2019

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Available for Sale	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
BANK											
Balance as at 1 January 2018	2,208,520	1,336,479	1,041,261	(225,196)	-	(14,191)	5,805,707	18,585,255	28,737,835	-	28,737,835
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	3,851,636	3,851,636	-	3,851,636
Other Comprehensive Income before Tax	-	-	-	(1,059,316)	-	399,335	-	-	(659,981)	-	(659,981)
Tax on Other Comprehensive Income	-	-		443,924	-	-	-	-	443,924	-	443,924
Total Comprehensive Income for the period	-	-	-	(615,392)	-	399,335	-	3,851,636	3,635,579	-	3,635,579
Transactions with equity holders											
Issue of Shares	811,127	-	-	-	-	-	-	-	811,127	-	811,127
Final Dividend for year 2017 -Scrip		-	-	-	-	-	-	(811,127)	(811,127)	-	(811,127)
Final Dividend for year 2017 - Cash	-	-	-	-	-	-	-	(382,387)	(382,387)	-	(382,387)
Balance as at 30 September 2018	**3,019,647**	**1,336,479**	**1,041,261**	**(840,588)**	**-**	**385,144**	**5,805,707**	**21,243,374**	**31,991,025**	**-**	**31,991,026**
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 adjustment on the implementation of SLFRS 16	-	-	-			-	-	(259,679)	(259,679)	-	(259,679)
Restated Balance as at 1 January 2019 under SLFRS 16	6,469,323	1,636,479	1,041,261	-	(1,022,229)	101,311	5,805,707	20,706,511	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
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)
Balance as at 30 September 2019	**7,685,334**	**1,636,479**	**1,041,261**	**-**	**(1,100,766)**	**(236,348)**	**5,805,707**	**22,408,958**	**37,240,624**	**-**	**37,240,625**

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Available for Sale	Other Reserves: Fair Value Reserve	Other Reserves: Cash Flow Hedge Reserve	General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
GROUP											
Balance as at 1 January 2018	2,208,521	1,336,479	1,136,654	(236,382)	-	(14,191)	5,805,707	22,775,440	33,012,227	965,746	33,977,973
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	3,395,772	3,395,772	50,304	3,446,076
Other Comprehensive Income before Tax	-	-	-	(1,017,781)	-	399,335	-	23,265	(595,181)	7,659	(587,522)
Tax on Other Comprehensive Income	-	-	-	443,924	-	-	-	-	443,924	-	443,924
Total Comprehensive Income for the period	-	-	-	(573,857)	-	399,335	-	3,419,037	3,244,514	57,963	3,302,478
Transactions with equity holders											
Issue of Shares	811,127	-	-	-	-	-	-	-	811,127	-	811,127
Final Dividend for year 2017 -Scrip	-	-	-	-	-	-	-	(811,127)	(811,127)	-	(811,127)
Final Dividend for year 2017 - Cash	-	-	-	-	-	-	-	(382,389)	(382,389)	-	(382,389)
Adjustment due to changes in group companies										13,098	13,098
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(50,523)	(50,523)
Balance as at 30 September 2018	**3,019,648**	**1,336,479**	**1,136,654**	**(810,239)**	-	**385,144**	**5,805,707**	**25,000,961**	**35,874,350**	**986,284**	**36,860,635**
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 adjustment on the implementation of SLFRS 16	-	-	-	-	-	-	-	(304,790)	(304,790)	(37)	(304,828)
Restated Balance as at 1 January 2019 under SLFRS 16	6,469,323	1,636,479	1,166,840	-	-	101,311	5,805,707	24,557,592	38,707,656	1,099,005	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 September 2019	**7,685,334**	**1,636,479**	**1,166,840**	-	**(1,079,100)**	**(236,348)**	**5,805,707**	**26,016,249**	**40,995,160**	**1,103,154**	**42,098,315**

STATEMENT OF CASH FLOW				
	BANK		GROUP	
For the period ended 30 September	2019	2018	2019	2018
	LKR '000	LKR '000	LKR '000	LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	36,185,080	30,657,232	36,289,072	30,831,229
Fee based income received	2,755,130	2,299,299	3,367,747	2,987,560
Dividend income received	405,223	568,518	60,763	41,331
Other Operating income received	1,301,034	2,122,076	1,309,798	2,127,336
Interest paid	(23,438,535)	(18,940,242)	(23,444,991)	(18,946,583)
Personnel costs paid	(3,606,988)	(3,184,784)	(3,931,400)	(3,439,257)
Other expenses paid	(3,446,906)	(2,637,831)	(3,751,436)	(3,004,802)
Operating Profit before changes in operating assets and liabilities	**10,154,037**	**10,884,268**	**9,899,553**	**10,596,814**
(Increase)/decrease in operating assets				
Financial Assets at amortised cost -loans and receivables to other customers	(32,771,549)	(55,256,768)	(32,776,404)	(55,256,768)
Net (increase)/decrease in other assets	(68,954)	(1,587,217)	(68,954)	(1,531,013)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	25,809,491	54,692,077	25,809,491	54,692,077
Deposits held for regulatory or monitory control purposes	559,868	(2,962,893)	559,868	(2,962,893)
Net increase/(decrease) in other liabilities	(1,892,806)	(818,721)	(1,898,066)	(846,294)
Net cash generated from operating activities before taxation	**1,790,086**	**4,950,746**	1,525,488	**4,691,923**
Tax on Financial Services paid	(1,397,293)	(1,371,178)	(1,397,293)	(1,371,178)
Income taxes paid	(2,522,893)	(1,192,355)	(2,583,672)	(1,210,957)
Net cash provided by/(used in) operating activities	**(2,130,100)**	**2,387,213**	**(2,455,476)**	**2,109,788**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(12,264,004)	(4,181,194)	(12,068,964)	(3,611,189)
Net cash flow from disposal of subsidiaries/associates	-	23,400	-	23,400
Purchase of property, plant & equipment	(574,659)	(409,628)	(579,639)	(451,440)
Proceeds from sale of property, plant & equipment	529	13,953	1,679	13,953
Net cash (used in) from investing activities	**(12,838,134)**	**(4,553,468)**	**(12,646,924)**	**(4,025,276)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	-	-	-	38,295
Proceeds /(Repayment) of other borrowings	(2,148,167)	15,197,759	(2,148,167)	15,197,759
Proceeds from debt securities issued	5,561,200	-	5,561,200	-
Dividends paid to non-controlling interests	-	-	(53,902)	(70,568)
Dividends paid to shareholders of the Bank	(309,730)	(376,316)	(309,730)	(376,316)
Net cash provided by /(used in) financing activities	**3,103,303**	**14,821,443**	**3,049,401**	**14,789,171**
NET INCREASE IN CASH AND CASH EQUIVALENTS	(11,864,930)	12,655,188	(12,052,999)	12,873,683
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,774,885	6,115,150	22,308,744	6,183,998
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**9,909,956**	**18,770,338**	**10,255,745**	**19,057,681**
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	6,285,121	12,208,577	6,630,910	12,495,920
Placements with banks	3,624,835	6,561,761	3,624,835	6,561,761
	9,909,956	**18,770,338**	10,255,745	**19,057,681**

NDB bank

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 September

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000
Revenue										
Interest Income	39,423,645	31,790,436	144,988	173,154	-	-	-	-	39,568,633	31,963,590
Net Fee and Commission Income	2,752,929	2,271,991	457,530	401,540	135,660	117,054	98,697	86,864	3,444,816	2,877,449
Foreign exchange profit	766,530	861,353	-	-	-	-	-	-	766,530	861,353
Net gain/(loss) from financial investments at fair value Through Profit or Loss	2,851	(15,777)	37	25,002	-	-	-	-	2,888	9,225
Net gains/(losses) from derecognition of financial assets	663,480	420,496	9,271	59,475	-	-	-	-	672,751	479,971
Other Operating Income	(55,944)	947,117	74,324	39,785	-	-	-	-	18,380	986,902
Total revenue from external customers	43,553,491	36,275,616	686,149	698,954	135,660	117,054	98,697	86,864	44,473,998	37,178,488
Inter-segment Revenue	-	-	10,377	699	47,272	41,175	-	-	57,649	41,874
Total Revenue	43,553,491	36,275,616	696,526	699,653	182,932	158,229	98,697	86,864	44,531,632	37,220,362
Impairment (charge)/reversal for loans & other losses	(2,866,261)	(2,690,404)	(182,347)	(78,979)	-	-	-	-	(3,048,608)	(2,769,383)
Segment expenses	(33,457,915)	(27,286,097)	(652,614)	(552,848)	(17,311)	(15,510)	(83,122)	(74,952)	(34,210,960)	(27,929,407)
Total segment expenses	(36,324,176)	(29,976,501)	(834,960)	(631,827)	(17,311)	(15,510)	(83,122)	(74,952)	(37,259,569)	(30,698,790)
Segment results	7,229,315	6,299,116	(138,434)	67,825	165,621	142,719	15,575	11,912	7,272,063	6,521,573
Income tax expenses	-	-	-	-	-				1,973,555	1,684,829
Taxes on financial services	-	-	-	-					2,316,309	1,390,669
Profit after taxation									2,982,198	3,446,075
Other information										
Segment assets	505,358,024	457,886,833	3,095,240	2,947,300	2,371,312	2,150,444	107,529	88,690	510,932,105	463,073,267
Consolidated total assets									510,932,100	463,073,267
Segment liabilities	467,667,993	425,401,789	597,618	145,637	567,221	477,282	952	10,974	468,833,784	426,035,681
Consolidated total liabilities									468,833,784	426,035,681
Segmental Cash flows										
Cash flows from operating activities	(2,130,100)	2,387,213	(464,192)	(297,182)	121,486	37,997	17,329	(18,239)	(2,455,476)	2,109,788
Cash flows from investing activities	(12,838,134)	(4,553,468)	197,591	512,744	(1,013)	26,859	(5,368)	(11,411)	(12,646,924)	(4,025,276)
Cash flows from financing activities	3,103,303	14,821,443	(5,345)	8,000	(48,557)	(40,272)	-	-	3,049,401	14,789,171

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 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	-	6,285,121	-	-	-	6,285,121
Balances with the Central Bank of Sri Lanka	-	14,986,519	-	-	-	14,986,519
Placements with banks	-	3,624,835	-	-	-	3,624,835
Derivative Financial Instruments	2,203,272	-	-	-	-	2,203,272
Financial assets recognized through profit or loss measured at fair value	-	-	-	-	-	-
Financial assets at amortised cost -loans and receivables to other customers	-	377,934,146	-	-	-	377,934,146
Financial Assets at amortised cost - debt and other instruments	-	31,631,740	-	-	-	31,631,740
Financial assets measured at fair value through other comprehensive income	-	-	59,544,832	-	-	59,544,832
Other Financial Assets	-	13,978	-	-	-	13,978
Total Financial Assets	**2,203,272**	**434,476,340**	**59,544,832**	**-**	**-**	**496,224,443**

LIABILITIES	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	22,310,908	-	22,310,908
Derivative Financial Instruments	933,409	-	-	933,409
Financial Liabilities at amortised cost -due to depositors	-	374,213,903	-	374,213,903
Financial Liabilities at amortised cost				
- due to debt securities holders	-	1,856,937	-	1,856,937
- due to other borrowers	-	32,469,058	-	32,469,058
Debt securities issued	-	24,070,457	-	24,070,457
Other Financial Liabilities	-	2,209,787	-	2,209,787
Total Financial Liabilities	**933,409**	**457,131,050**	**-**	**458,064,460**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 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	-	6,630,910	-	-	-	6,630,910
Balances with the Central Bank of Sri Lanka	-	14,986,519	-	-	-	14,986,519
Placements with banks	-	3,624,835	-	-	-	3,624,835
Derivative Financial Instruments	2,203,272	-	-	-	-	2,203,272
Financial assets recognized through profit or loss measured at fair value	2,201,333	-	-	-	-	2,201,333
Financial assets at amortised cost -loans and receivables to other customers	-	378,030,221	-	-	-	378,030,221
Financial Assets at amortised cost - debt and other instruments	-	31,631,740	-	-	-	31,631,740
Financial Assets measured at fair value through Other comprehensive income	-	-	61,087,197	-	-	61,087,197
Other Financial Assets	-	37,259	-	-	-	37,259
Total Financial Assets	**4,404,605**	**434,941,484**	**61,087,197**	**-**	**-**	**500,433,286**

LIABILITIES	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	22,310,908	-	22,310,908
Derivative Financial Instruments	933,409	-	-	933,409
Financial Liabilities at amortised cost -due to depositors	-	373,776,623	-	373,776,623
Financial Liabilities at amortised cost				
- due to debt securities holders	-	1,856,937	-	1,856,937
- due to other borrowers	-	32,469,058	-	32,469,058
Debt securities issued	-	24,070,457	-	24,070,457
Other Financial Liabilities	-	2,238,716	-	2,238,716
Total Financial Liabilities	**933,409**	**456,722,699**	**-**	**457,656,108**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2018 - 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	-	6,537,579	-	-	-	6,537,579
Balances with the Central Bank of Sri Lanka	-	15,546,386	-	-	-	15,546,386
Placements with banks	-	15,237,306	-	-	-	15,237,306
Derivative Financial Instruments	3,937,847	-	-	-	-	3,937,847
Financial Assets measured at fair value through profit or loss	1,947,242	-	-	-	-	1,947,242
Financial Assets at amortised cost -loans and advances	-	344,203,289	-	-	-	344,203,289
Financial Assets at amortised cost - debt instruments	-	24,070,365	-	-	-	24,070,365
Financial assets measured at fair value through other comprehensive income	-	-	52,908,306	-	-	52,908,306
Other Financial Assets	-	21,756	-	-	-	21,756
Total Financial Assets	**5,885,089**	**405,616,682**	**52,908,306**	**-**	**-**	**464,410,076**

LIABILITIES	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	15,047,481	-	15,047,481
Derivative Financial Instruments	2,906,572	-	-	2,906,572
Financial Liabilities at amortised cost -due to depositors	-	347,511,223	-	347,511,223
Financial Liabilities at amortised cost				
- due to debt securities holders	-	6,394,211	-	6,394,211
- due to other borrowers	-	37,040,987	-	37,040,987
Debt securities issued	-	16,811,808	-	16,811,808
Other Financial Liabilities	-	2,751,011	-	2,751,011
Total Financial Liabilities	**2,906,572**	**425,556,721**	**-**	**428,463,293**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2018 - 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	-	7,071,438	-	-	-	7,071,438
Balances with the Central Bank of Sri Lanka	-	15,546,386	-	-	-	15,546,386
Placements with banks	-	15,237,306	-	-	-	15,237,306
Derivative Financial Instruments	3,937,847	-	-	-	-	3,937,847
Financial Assets measured at fair value through profit or loss	4,052,409	-	-	-	-	4,052,409
Financial Assets at amortised cost -loans and advances	-	344,276,363	-	-	-	344,276,363
Financial Assets at amortised cost - debt instruments	-	24,175,346	-	-	-	24,175,346
Financial assets measured at fair value through other comprehensive income	-	-	54,487,227	-	-	54,487,227
Other Financial Assets	-	381,626	-	-	-	381,626
Total Financial Assets	**7,990,256**	**406,688,465**	**54,487,227**	**-**	**-**	**469,165,948**

LIABILITIES	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	15,047,481	-	15,047,481
Derivative Financial Instruments	2,906,572	-	-	2,906,572
Financial Liabilities at amortised cost -due to depositors	-	347,169,564	-	347,169,564
Financial Liabilities at amortised cost				
- due to debt securities holders	-	6,382,024	-	6,382,024
- due to other borrowers	-	37,040,987	-	37,040,987
Debt securities issued	-	16,811,808	-	16,811,808
Other Financial Liabilities	-	2,798,750	-	2,798,750
Total Financial Liabilities	**2,906,572**	**425,250,614**	**-**	**428,157,186**

NDB bank

Notes to the Financial Statements

1 The figures are extracted from the unaudited financial statements.

2 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 last year Annual Report. These Financial Statements also comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting".

3 The comparative financial statements for the period ended 30 September 2018 presented in these financial statements have been restated by incorporating the impact of adopting SLFRS - 9-" Financial Instruments" on 01 January 2018. SLFRS 9 became applicable for financial period beginning on or after 01 January 2018.However , Bank previously presented the interim financial statements for the period ended 30 September 2018 by applying "LKAS 39 - Financial Instruments: Recognition and Measurement" as permitted by the “Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements" issued by CA Sri Lanka.

4 The Bank raised LKR 5.56 Bn via a debenture issue in March 2019 comprising of 55,612,000 Basel III compliant - Tier II, listed, rated, unsecured, subordinated redeemable 5 year debentures of Rs. 100/- each, with a non-viability conversion feature.

5 Sri Lanka Accounting Standard - SLFRS 16 Leases became effective for the financial periods beginning on or after 1 January 2019. Accordingly the Bank recognised the right to use assets and the lease liability with regard to operating lease agreements of the Bank. In order to recognise the impact on the transition, the Bank has adopted the modified retrospective approach in line with paragraph C 5, C7 of Appendix C ,"Effective date and transition", of SLFRS 16 Leases.

6 On 22 February 2019, the Bank declared a first and final dividend of LKR 8.00 per share comprising of a cash dividend of LKR 1.50 per share and a scrip dividend of LKR 6.50 per share for the financial year ended 31 December 2018. Accordingly ,the stated capital of the Bank increased to LKR 7,685 Mn (LKR 6,469 Mn as at 31 December 2018) as a result of the scrip dividends declared for the year ended 31 December 2018.

7 The Tier 1 and total capital adequacy ratios of the Bank as of 30 September 2019 were 9.52% and 14.01% respectively. The same ratios for the NDB Group were 10.56% and 14.81%. Hither to the existing regulatory directions,the Bank is deemed to be a Domestic Systemically Important Bank [D-SIB] with its total assets in excess of LKR 500 Bn, and the minimum capital adequacy ratios applicable are 10% and 14% for Tier I and total capital respectively.

However, the Regulator is in the process of finalising the new assessment methodology for D-SIBs, where the assessment of D-SIBs will be based on multiple factors such as size, inter-connectedness, substitutability and complexity. Accordingly new banks passing the threshold of LKR 500 Bn in asset size at present may not be selected as D-SIBs under the new framework and hence will not be required to meet the enhanced capital adequacy requirements currently applicable for D-SIBs. The above position has been confirmed by the regulator to the Bank. Therefore the Bank's minimum regulatory capital requirement for Tier 1 and Total capital remains at 8.5% and 12.5% respectively, where the current ratios for the Bank stands at 9.52% and 14.01% respectively. In the meantime, the Bank is continuing with its Capital augmentation process to support the Bank’s long term growth aspirations.

8 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

9. ANALYSIS OF LOANS & ADVANCES,COMMITMENTS,CONTINGENCIES AND IMPAIRMENT AS AT 30 SEPTEMBER 2019

	Bank		Group	
9.1 Product wise Gross Loans and Receivables	**As at 30/09/2019 LKR '000**	**As at 31/12/2018 LKR '000**	**As at 30/09/2019 LKR '000**	**As at 31/12/2018 LKR '000**
By product-Domestic Currency				
Term loans	107,460,137	86,285,741	107,460,139	86,285,741
Medium and short term loans	40,720,442	41,660,230	40,720,442	41,660,230
Overdrafts	48,830,457	51,786,306	48,824,712	51,759,437
Trade Finance	14,571,686	16,299,562	14,571,686	16,299,562
Consumer loans	35,005,605	29,071,486	35,005,605	29,071,486
Lease rentals receivable	24,265,138	20,688,421	24,265,138	20,688,421
Housing loans	15,200,795	12,906,879	15,200,795	12,906,879
Islamic Banking facilities	7,892,466	6,742,016	7,892,466	6,742,016
Credit cards	5,037,168	3,216,388	5,037,168	3,216,388
AF Loans	3,615,741	3,979,135	3,615,741	3,979,135
Staff loans	1,921,660	1,762,873	2,023,479	1,862,816
Pawning	789,981	411,063	789,981	411,063
Hire Purchase	18,713	78,685	18,713	78,685
PCI Debtors	-	259	-	259
Sub total	**305,329,990**	**274,889,045**	**305,426,066**	**274,962,119**
By product-Foreign Currency				
Term loans	6,479,638	78,753	6,479,638	78,753
Overdrafts	3,256,904	2,622,767	3,256,904	2,622,767
Medium and short term loans	41,476,275	41,197,144	41,476,275	41,197,144
Trade Finance	29,307,474	30,544,902	29,307,474	30,544,902
Islamic Banking facilities	3,897,695	4,027,786	3,897,695	4,027,786
Housing loans	31,213	9,254	31,213	9,254
Sub total	**84,449,200**	**78,480,606**	**84,449,200**	**78,480,606**
Total	**389,779,190**	**353,369,651**	**389,875,265**	**353,442,725**

	Bank		Group	
9.2 Product wise commitments and contingencies	**As at 30/09/2019 LKR '000**	**As at 31/12/2018 LKR '000**	**As at 30/09/2019 LKR '000**	**As at 31/12/2018 LKR '000**
By product- Domestic Currency				
Guarantees	24,321,747	20,800,622	24,275,796	20,754,671
Performance Bonds	7,298,170	6,246,936	7,298,170	6,246,936
Documentary Credits	344,494	158,559	344,494	158,559
Acceptances	46,257	46,456	46,257	46,456
Undrawn commitments	100,790,343	98,012,490	101,070,392	98,933,813
Sub Total	**132,801,012**	**125,265,063**	**133,035,110**	**126,140,435**
By product- Foreign Currency				
Guarantees	8,424,774	7,725,000	8,424,774	7,725,000
Performance Bonds	7,036,379	7,003,860	7,036,379	7,003,860
Documentary Credits	10,108,440	9,748,480	10,108,440	9,748,480
Acceptances	6,640,790	11,078,611	6,640,790	11,078,610
Undrawn commitments	2,775,849	778,817	2,775,849	778,817
Sub Total	**34,986,231**	**36,334,768**	**34,986,231**	**36,334,767**
Total	**167,787,243**	**161,599,831**	**168,021,341**	**162,475,203**

	As at 30/09/2019 LKR '000	**As at 31/12/2018 LKR '000**	**As at 30/09/2019 LKR '000**	**As at 31/12/2018 LKR '000**
Gross loans and advances ,Commitments and Contingencies	557,566,433	514,969,481	557,896,606	515,917,927
(Less): Accumulated impairment under stage 1	2,015,304	1,801,385	2,015,304	1,801,385
Accumulated impairment under stage 2	1,262,750	2,121,671	1,262,750	2,121,671
Accumulated impairment under stage 3	8,566,990	5,243,304	8,566,989	5,243,304
Net value of loans and advances, commitments and contingencies	**545,721,389**	**505,803,121**	**546,051,564**	**506,751,567**

9.3 Movement of impairment during the period	Bank			Group
	As at 30/09/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
Under stage 1				
Balance at 1 January	1,801,385	1,707,882	1,801,385	1,707,882
Charge/(Write back) to Statement of Profit or Loss	213,919	93,503	213,919	93,503
Write-off during the period	-	-		-
Closing balance	**2,015,304**	**1,801,385**	**2,015,304**	**1,801,385**
Under stage 2				
Balance at 1 January	2,121,671	2,189,057	2,121,671	2,189,057
Charge/(Write back) to Statement of Profit or Loss	(858,921)	(67,386)	(858,921)	(67,386)
Write-off during the period	-	-		-
Closing balance	**1,262,750**	**2,121,671**	**1,262,750**	**2,121,671**
Under stage 3				
Balance at 1 January	5,243,304	3,228,566	5,243,304	3,228,566
Charge/(Write back) to Statement of Profit or Loss	3,325,639	3,571,004	3,325,639	3,571,004
Write-off during the period	(127,275)	(1,556,266)	(127,275)	(1,556,266)
Other movement	125,321	-	125,321	-
Closing balance	**8,566,990**	**5,243,304**	**8,566,989**	**5,243,304**

9.4 Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers	Bank		Group	
	As at 30/09/2019 LKR '000	As at 31/12/2018 LKR '000	As at 30/09/2019 LKR '000	As at 31/12/2018 LKR '000
Individual impairment				
Balance at 01 January	3,066,173	1,556,979	3,066,173	1,556,979
Charge/(Write back) to Statement of Profit or Loss	2,119,279	2,827,052	2,119,279	2,827,052
Write-off during the period	553	(1,317,858)	553	(1,317,858)
Other movement	125,321	-	125,321	-
Closing balance	**5,311,327**	**3,066,173**	**5,311,327**	**3,066,173**
Collective impairment				
Balance at 01 January	6,100,187	5,568,526	6,100,187	5,568,526
Charge/(Write back) to Statement of Profit or Loss	561,359	770,069	561,359	770,069
Write-off during the Period	(127,829)	(238,408)	(127,829)	(238,408)
Closing balance	**6,533,717**	**6,100,187**	**6,533,717**	**6,100,187**
Total impairment	**11,845,044**	**9,166,360**	**11,845,044**	**9,166,360**

10. ANALYSIS OF DEPOSITS	Bank		Group	
Due to Other Customers - By product	As at 30/09/2019 LKR '000	As at 31/12/2018 LKR '000	As at 30/09/2019 LKR '000	As at 31/12/2018 LKR '000
By product-Domestic Currency				
Demand deposits	20,661,497	18,593,207	20,649,379	18,609,526
Savings deposits	37,975,141	36,178,767	37,932,717	36,123,035
Time deposits	226,917,537	206,114,077	226,535,853	205,812,878
Other deposits	716,870	930,375	716,870	930,375
Sub total	**286,271,046**	**261,816,426**	**285,834,819**	**261,475,814**
By product- Foreign Currency				
Demand deposits	3,707,241	4,299,977	3,707,241	4,299,977
Savings deposits	13,569,616	16,622,197	13,568,562	16,621,150
Time deposits	70,456,650	64,381,840	70,456,650	64,381,840
Other deposits	209,350	390,783	209,350	390,783
Sub total	**87,942,857**	**85,694,797**	**87,941,804**	**85,693,750**
Total	**374,213,903**	**347,511,223**	**373,776,623**	**347,169,564**

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2019	As at 31/12/2018	As at 30/09/2019	As at 31/12/2018
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	34,241,704	31,564,510	38,894,597	36,604,271
Tier 1 Capital	34,241,704	31,564,510	38,894,597	36,604,271
Total Capital	50,417,156	43,458,448	54,566,339	47,992,241
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7% (2018 - 6.375%))	9.52	9.17	10.56	10.39
Tier 1 Capital Ratio (Minimum Requirement - 8.5% (2018-7.875%))	9.52	9.17	10.56	10.39
Total Capital Ratio (Minimum Requirement - 12.5% (2018-11.875%))	14.01	12.63	14.81	13.62
Leverage Ratio (Minimum Requirement - 3%)	6.30	-	7.11	-
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	100,759,249	93,997,616	100,759,249	93,997,616
Statutory Liquid Assets Ratio (Minimum Requirement -20%)				
Domestic Banking Unit (%)	20.72	20.87	20.72	20.87
Off-Shore Banking Unit (%)	25.96	24.48	25.96	24.48
Total stock of high quality liquid assets (LKR ' 000) - All currency	70,322,653	54,060,818	70,322,653	54,060,818
Total stock of high quality liquid assets (LKR ' 000) - Rupee	62,952,580	49,983,967	62,952,580	49,983,967
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 100% (2018-90%))	207.65	168.74	207.65	168.74
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -100% (2018-90%))	154.99	215.99	154.99	215.99
Net stable Funding Ratio (%) (Minimum Requirement- 100%)	107.98	-	107.98	-
Asset Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio (%)	4.93	2.85	4.93	2.85
Net Non-performing Advances Ratio (%)	3.36	1.98	3.36	1.98
Profitability				
Earnings Per Share (annualised) (LKR)	19.27	28.44	17.38	26.33
Return on Average Shareholders' Funds (%)	11.83	17.41	9.64	14.26
Return on Average Assets ((after Tax (%))	0.88	1.30	0.78	1.18
Return on Average Assets ((before Tax (%))	1.99	2.22	2.00	2.17
Net interest margin (%)	3.40	3.46	3.42	3.48
Debt Security - Related Ratios				
Interest Cover (Times)	1.50	1.50	1.51	1.51
Debt to Equity (Times)	12.22	12.08	11.09	10.83

NDB bank

SHARE INFORMATION

SHARE PRICE

As at	30/09/2019	31/12/2018
Number of shares	221,799,756	210,317,117
Last traded price (LKR)	97.80	106.80
For the quarter ended	**30/09/2019**	**31/12/2018**
Highest price per share (LKR)	119.50	112.00
Lowest price per share (LKR)	89.00	98.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2019

	NAME	NO OF SHARES	%
1	EMPLOYEES PROVIDENT FUND	22,179,974	10.00
2	BANK OF CEYLON NO. 1 ACCOUNT	18,548,111	8.36
3	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	14,182,632	6.39
4	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	11,791,193	5.32
5	DR. S. YADDEHIGE	9,687,303	4.37
6	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	9,250,580	4.17
7	EMPLOYEES TRUST FUND BOARD	8,632,697	3.89
8	PERPETUAL TREASURIES LIMITED	8,329,876	3.76
9	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	7,728,977	3.48
10	BNYMSANV RE-LF RUFFER INVESTMENT FUNDS : LF RUFFER PACIFIC AND EMERGING MARKETS FUND	7,326,605	3.30
11	HATTON NATIONAL BANK PLC A/C NO 1	6,468,864	2.92
12	PHOENIX VENTURES PRIVATE LIMITED	6,454,617	2.91
13	RUSH JAPAN CORPORATION	6,411,362	2.89
14	SBI VEN HOLDINGS PTE LTD	5,664,901	2.55
15	MR. A.K. PATHIRAGE	3,364,951	1.52
16	ASIRI SURGICAL HOSPITAL PLC	3,308,720	1.49
17	AKBAR BROTHERS PVT LTD A/C NO 1	3,292,801	1.48
18	DFCC BANK PLC A/C 1	3,021,280	1.36
19	MR. M.J. FERNANDO	2,600,725	1.17
20	PERPETUAL EQUITIES (PRIVATE) LIMITED	2,414,836	1.09

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2019
Float adjusted Market Capitalization in LKR	17,592,225,087
Percentage of shares held by the public	81.10%
Number of public shareholders	9,467
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2019

NAME	NO OF SHARES
K D W RATNAYAKA	-
A K PATHIRAGE	5,764,435*
P L D N SENEVIRATNE	16,873
D M R PHILLIPS, PC	-
N S S COORAY	-
B S SINNIAH	-
E A RATHNASEELA	-
DR. D N PANDITARATNE	-

* Includes shares held in the slash account

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 September 2019 LKR mn	Market Value Highest LKR	Market Value Lowest LKR	Market Value Quarter end LKR	Interest Rate Coupon Rate %	Interest Rate Effective Annual Yield %	Interest rate of comparable Govt. Security %	Other ratios as at last trade Interest Yield %	Other ratios as at last trade Yield To Maturity %
Fixed rate - Debenture March 2019											
A - 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	
B - Mar 2019/Mar 2024	Listed	Annually	4,318	Not traded during the quarter			13.95	13.15	13.90	Not traded during the quarter	
Fixed rate - Debenture June 2015											
A - Jun 2015/Jun 2020	Listed	Annually	7,000	Not traded during the quarter			9.40	9.19	8.30	Not traded during the quarter	
B - Jun 2015/Jun 2020	Listed	Payable on date of redemption	1,914	Not traded during the quarter			9.4 annual compounding on the Issue Price of Rs. 63.8136	9.18	8.30	Not traded during the quarter	
Fixed rate - Debenture December 2013											
C - Dec 2013/Dec 2023	Listed	Annually	3,638	101.0	101.0	101.0	13.90	13.17	9.75	13.52	13.52
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			**21,704**								

Disclosures regarding the utilization of funds as per the objectives stated in the Debenture Prospectus

Debenture Issue - March 2019

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 in the light of the new regulatory requirements introduced in line with the Basel III accord	5,561,200,000	NA	5,561,200,000	100%	5,561,200,000	100%	-
2	Facilitate future expansion of business activities of the Bank	5,561,200,000	NA	5,561,200,000	100%	5,561,200,000	100%	-

Debenture Issue - June 2015

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	Strengthen the Tier II Capital Base of the Bank and maintain the Capital Adequacy requirements to facilitate future growth of the lending portfolio of the Bank	10,000,000,000	NA	10,000,000,000	100%	8,914,408,000	100%	-
2	To mobilize/ raise medium term funds to match medium term lending of the Bank	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
3	To minimize the interest rate risk rate risk and manage the gap exposures of the Bank's assets and liabilities	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-

The face value of the debentures issued is LKR 10 billion. Of the total debentures issued, Type B debentures were issued as zero coupon bonds with a face value of LKR 100/- per debenture and an issue price of LKR 63.8136. Hence the total proceeds of the debenture is LKR 8,914 million.

Debenture Issue - December 2013

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	Strengthen the Tier II Capital Base of the Bank and maintain the Capital Adequacy requirements in line with the Bank's future expansion of operations and the asset base, and facilitate the future expansion of business activities.	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
2	To mobilize/ raise medium term funds to match medium term lending of the Bank	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
3	To minimize the interest rate risk rate risk and manage the gap exposures of the Bank's assets and liabilities	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-

Note: Types A and B of the listed Debenture Issue - December 2013, amounting respectively to LKR 1,243 mn and LKR 1,529 mn, matured in December 2018. The outstanding capital of this Debenture is LKR 7,228 mn.

Important Dates – Q3 2019 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	13 November 2019
Investor Webinar	15 November 2019
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
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	28 November 2019

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)/ Negative 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 Kavan Ratnayaka - Chairman Ashok Pathirage - Director/ Deputy Chairman Dimantha Seneviratne - Director/ Group Chief Executive Officer Dinal Phillips (President's Counsel) Director Sriyan Cooray - Director Bernard Sinniah - Director E A Rathnaseela - Director Dr. D Panditaratne - 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: 33000	**Investor Relations Team** Ms. Suvendrini Muthukumarana Vice President - Finance Email: suvendrini.muthukumarana@ndbbank com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 35301