NDB bank
Our Commitment. Your Success.

INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2018

NATIONAL DEVELOPMENT BANK PLC
CSE stock code: NDB.N0000 | Bloomberg: NDB SL | Reuter's: NDB.CM

Best Bank in Sri Lanka 2018

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***The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2018 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB posts record profitability for Q3 2018 – Pre-tax profits up by 25% to LKR 5.7 bn

- **Tax increased by 30% from LKR 2,369 mn to LKR 3,078 mn**
- **Post tax profit up by 22% to exceed LKR 4 bn**
- **Pre-tax profits from core banking operations up by 43% to reach LKR 6.4 bn**
- **Strong balance sheet growth of 20% up to LKR 458 bn at the Bank level - Group asset base of LKR 463 bn**
- **A loan growth of 20% for the nine months, well-funded with an equal deposits growth**
- **Cost to income ratio of 39% amidst significant business expansions**

National Development Bank PLC [NDB] posted impressive financial performance for the nine months ended on 30 September 2018, with record profit after tax [PAT] of LKR 4 bn. Profit attributable to shareholders [PAS] was a growth of 42% compared with the prior period amidst a challenging market conditions. Strong growth was recorded in the Balance Sheet along with improvement in net interest margin [NIM], cost to income ratio [CIR] and returns to shareholders.

Profitability

The Bank recorded an operating profit before tax on financial services of LKR 7.1 bn, an impressive increase of 25% over the comparative period of 2017. It is noteworthy that profits from core banking operations [excluding equity income] grew significantly by 43%, affirming the success of the focused business initiatives implemented in line with the Bank's medium-term strategy.

Accordingly, PAT exceeded LKR 4 bn for the nine months period, with a 22% increase, demonstrating resilience to the evolving industry developments such as the adoption of SLFRS 9 and new tax regulations. NDB Group Chief Executive Officer – Mr. Dimantha Seneviratne stated that the recorded results are the clear output of the focused strategy the Bank embarked in 2017 spanning up to year 2020. The Group CEO stated with confidence that NDB is in a sound footing to achieve the medium terms goals of the strategy and bring prosperity t its valued customer base and all stakeholders.

Income and expenses analysis

Operating income

Net interest income [NII] continued to grow in Q3 amidst marked industry challenges, with a 39% growth in NII up to LKR 10.6 bn. Interest income grew by 17%, whereas the interest expenses increased only by 8%, directly benefitting from the sound balance sheet management and ALCO strategies. NIM which has been on a continuous upward movement improved in Q3 2018 to 3.4% compared to 2.9% for the corresponding period of 2017.

Net fee and commission income grew by 25% over the prior period to reach LKR 2.3 bn. Increased loan volumes to customers and greater drive of fee generating services such as trade services, digital banking and card operations contributed to this increase in fee income. Operating income also benefited from the sharp US Dollar exchange rate movement experienced in Q3, leading the relatively high gains from foreign reserves. Resultantly, total operating income grew impressively by 30% to reach LKR 15.6 bn.

Impairment

Reflecting the industry-wide trend of rising non-performing loans, the impairment charges for loans and other losses of the Bank for Q3 2018 increased to LKR 2.4 bn as compared to LKR 872 mn for the corresponding period of the prior year. Individual impairment of LKR 1.5 bn for the period represented precautionary provisions made by the Bank for selective individually significant facilities, on a prudent basis, given the challenging economic environment. Collective impairment charges of LKR 934 mn was also made for the period for collectively assessed loans and receivables portfolio in line with the notable growth in the loan book, which amounted to LKR 54 bn for the nine months ended September 2018 [year-to-date] and LKR 68.6 bn over the 12 months period from September 2017 to September 2018 [year-on-year].

Operating expenses

NDB is well managing its cost levels over the years through structured cost management strategies amidst rapid business growth, with its benefits clearly reflected in enhanced profitability levels. Total operating expenses increased by 13% over the prior period and was LKR 6.2 bn. Personnel expenses attributed to the highest portion within total operating expenses with LKR 3.3 bn and recorded an increase of 24%, reflective of the additional staff recruitments taking place to support the on-going business growth in line with the Bank's mid-term strategy Transformation 2020.

Key drivers of cost during the period under review were, the installation of 12 Cash Recycle Machines, opening of the Katugasthota branch, relocation of several branches and establishment of five Privilege Banking Centres to serve high net-worth customers. Expanding digital footprint also took a major step in August 2018, with the introduction of Bank2U branchless banking services.

The CIR further improved to 39.4% as one of the lowest CIRs amongst peer banks.

Balance Sheet Analysis

Assets

Balance sheet recorded exceptional growth by the end of the nine months compared to the year-end position of 2017, with a 20% growth in total assets to reach LKR 458 bn, which is a quantum increase of LKR 75 bn. The growth rate gives a clear indication that NDB will attain the medium term aspiration of becoming a domestic systemically important bank in the country by crossing the LKR 500 bn mark, well ahead of its target timeline of year 2020.

Within the overall assets growth, loans and receivables to customers grew by 20% to reach LKR 328 bn, an impressive quantum growth of LKR 54 bn. Accelerated performance of all business segments contributed to the growth in the loan book.

The Bank retained the quality of its loan book as measured by the non-performing loan [NPL] ratio which stood at 2.57%, which was considerably below the industry average of 3.5%. The Bank continues to adopt prudent risk management strategies and has well accounted for the impact arising from industry-wide stresses experienced on loan book quality, as evident from prudent impairments.

Liabilities

Customer deposits also recorded exceptional growth of 20% over 2017 to reach LKR 329 bn, which translated to a quantum increase of LKR 55 bn, whilst the year-on-year growth was LKR 73 bn. Of this growth, over LKR 12 bn of growth was recorded in the low cost current and savings deposits [CASA]. The overall CASA ratio was well maintained at 21%, amidst stiff interest rate competition for deposits.

The growth in the loan book which equated the growth in customer deposits helped the Bank improve its Loans to Deposits Ratio [LDR] to 102%, best recorded so far by the Bank since converting to a fully-fledged commercial bank from the development banking model.

Capital management and investor returns

The Tier I capital ratio [minimum requirement – 7.875%] for the Bank and the Group stood at 8.37% and 9.62% respectively whilst the total capital ratio [minimum requirement – 11.875%] stood at 12.13% and 13.12%.

The Bank announced the Rights Issue of 1 share for 3 ordinary shares held, with the aim of raising LKR 6 bn of which approximately 60% has been subscribed so far. The Bank announced that they are exploring options with strategic investors for all Rights that remain unsubscribed.

Return on equity [ROE] at the Bank level was 16.95% for Q3 2018 [2017 – 16.27%], whilst the ROE of the NDB Group was 13.72% [2017 – 11.09%]. The Bank Earnings per Share improved by LKR 4.57 to LKR 29.09 from LKR 24.52 in 2017. The net book value per share at the Group level further increased to an impressive LKR 203/15 from LKR 192/51 in 2017, whilst the same at the Bank level also increased to LKR 181/27 from LKR 167/58.

Comments from the Group Chief Executive Officer

Commenting further, Mr. Seneviratne thanked the NDB Team for their fullest commitment to deliver the results and stated that the market is yet to realize the full potential of NDB in terms of its ability to generate sound results to its shareholders. He was confident that the excellent financial results recorded, considerable strides the Bank is making in the industry space through new product launches and digital solutions and the strong brand reputation NDB enjoys as a best bank in Sri Lanka would take the Bank to a different level.

The Group CEO further stated that the Bank, together with its Group companies is engaged in the provision of assistance to its customers and the nation at large for their prosperity and success.

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Nine Months ended 30/09/2018 LKR '000	Nine Months ended 30/09/2017 LKR '000	**Change %**	**Quarter ended 30/09/2018 LKR '000**	Quarter ended 30/09/2017 LKR '000	**Nine Months ended 30/09/2018 LKR '000**	Nine Months ended 30/09/2017 LKR '000	**Change %**	**Quarter ended 30/09/2018 LKR '000**	Quarter ended 30/09/2017 LKR '000
Gross Income	**36,797,101**	**31,649,595**	**16**	**13,148,091**	**10,953,842**	**37,220,362**	**31,605,740**	**18**	**13,388,400**	**11,231,996**
Interest Income	31,790,436	27,282,584	17	11,438,174	9,579,396	31,986,103	27,510,836	16	11,503,024	9,659,801
Interest Expenses	21,162,860	19,626,984	8	7,607,127	6,669,413	21,140,346	19,601,404	8	7,599,739	6,661,605
Net Interest Income	**10,627,576**	**7,655,600**	**39**	3,831,047	2,909,983	**10,845,757**	**7,909,432**	**37**	3,903,285	2,998,196
Net Fee and Commission Income	**2,271,991**	**1,812,783**	**25**	825,112	671,410	2,896,808	**2,387,021**	**21**	1,022,892	868,949
Net gain/(loss) from trading	861,353	793,135	9	273,142	260,313	861,353	793,135	9	273,141	260,313
Net gain/(loss) from financial investments	454,578	545,132	(17)	63,634	423,472	593,397	679,030	(13)	59,786	403,305
Other operating income	1,418,743	1,215,961	17	548,029	19,251	882,701	235,718	274	529,557	39,628
Total Operating Income	**15,634,241**	**12,022,611**	30	5,540,963	4,284,429	**16,080,016**	**12,004,336**	**34**	5,788,661	4,570,391
Impairment charges for loans and other losses										
Individual Impairment	1,478,512	364,601	306	729,526	26,365	1,478,512	364,601	306	729,526	26,365
Collective Impairment	933,874	439,238	113	389,676	243,593	933,874	439,238	113	389,676	243,593
Other provision - charge/(release)	(46,982)	68,095	(169)	(67,701)	20,726	31,997	27,442	17	10,822	9,188
	2,365,403	871,934	171	1,051,501	290,683	2,444,383	831,281	194	1,130,024	279,146
Net operating income	**13,268,838**	**11,150,677**	**19**	4,489,462	3,993,746	**13,635,633**	**11,173,055**	**22**	4,658,637	4,291,245
Operating Expenses										
Personnel Expenses	3,267,284	2,645,440	24	1,129,438	942,034	3,591,961	2,940,550	22	1,240,924	1,046,512
Depreciation and amortization	318,763	312,330	2	106,559	106,029	368,027	349,056	5	122,803	120,896
Other Expenses	2,575,953	2,513,972	2	957,806	1,080,644	2,845,321	2,802,433	2	1,052,286	1,190,888
Total operating expenses	**6,162,001**	**5,471,742**	13	2,193,804	2,128,707	**6,805,309**	**6,092,039**	12	2,416,013	2,358,296
Operating Profit Before Tax on Financial Services	**7,106,837**	**5,678,935**	**25**	2,295,658	1,865,039	**6,830,324**	**5,081,016**	34	2,242,624	1,932,949
Less: Tax on Financial Services	1,435,969	1,155,950	24	476,539	388,235	1,435,969	1,155,950	24	476,539	388,235
				-	-				-	-
Operating Profit After Tax on Financial Services	5,670,868	4,522,985	25	1,819,119	1,476,804	5,394,355	3,925,066	37	1,766,085	1,544,714
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	**5,670,868**	4,522,985	25	1,819,119	1,476,804	**5,394,355**	3,925,066	37	1,766,085	1,544,714
Less :Taxation	1,642,282	1,213,450	35	560,364	481,152	1,771,329	1,368,211	29	598,466	498,811
Profit for the period	**4,028,586**	3,309,535	22	1,258,755	995,652	**3,623,026**	2,556,855	42	1,167,619	1,045,903
Profit Attributable to:										
Equity Holders of the parent	4,028,586	3,309,535	22	1,258,755	995,652	3,572,721	2,519,946	42	1,151,438	1,034,319
Non Controlling Interests	-	-		-	-	50,304	36,911	36	16,180	11,585
	4,028,586	3,309,535	22	1,258,755	995,652	**3,623,025**	2,556,857	42	1,167,618	1,045,905
Basic Earnings per share (in LKR)	**22.70**	**19.63**	16	7.09	5.61	**20.13**	**14.95**	35	6.49	**5.83**
Diluted Earnings per share (in LKR)	**22.70**	**19.63**	16	7.09	5.61	**20.13**	**14.95**	35	6.49	**5.83**

STATEMENT OF COMPREHENSIVE INCOME

	Nine Months ended 30/09/2018 LKR '000	Nine Months ended 30/09/2017 LKR '000	**Change %**	**Quarter ended 30/09/2018 LKR '000**	Quarter ended 30/09/2017 LKR '000	**Nine Months ended 30/09/2018 LKR '000**	Nine Months ended 30/09/2017 LKR '000	**Change %**	**Quarter ended 30/09/2018 LKR '000**	Quarter ended 30/09/2017 LKR '000
Profit for the period	**4,028,586**	3,309,535	22	**1,258,755**	**995,652**	**3,623,025**	**2,556,857**	42	**1,167,618**	**1,045,905**
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent periods										
Exchange differences on translation of foreign operations	-	-		**-**	**-**	30,924	2,955	946	**24,782**	**(826)**
Gains/(losses) from Available for Sale Investments	(1,059,316)	603,692	(275)	**(430,636)**	**150,424**	(1,017,781)	585,185	(274)	**(429,613)**	**147,999**
Gains /(losses) on cash flow hedges	399,335	(423,631)	194	**363,808**	**(829,230)**	399,335	(423,631)	194	**363,808**	**(829,230)**
				-	**-**				**-**	**-**
				-	**-**				**-**	**-**
Total Other Comprehensive Income /(expenses)	**(659,981)**	180,061	(467)	**(66,827)**	**(678,805)**	**(587,522)**	164,509	(457)	**(41,023)**	**(682,057)**
Less : Tax expenses relating to components of other comprehensive Income	443,924	(281,055)	258	**72,612**	**(92,528)**	443,924	(281,055)	258	**72,612**	**(92,528)**
Total Other Comprehensive Income after Tax	**(216,057)**	(100,994)	(114)	**5,785**	**(771,333)**	**(143,599)**	(116,546)	(23)	**31,589**	**(774,585)**
				-	**-**				**-**	**-**
Total Comprehensive Income for the quarter	**3,812,529**	3,208,541	19	**1,264,540**	**224,318**	**3,479,426**	2,440,309	43	**1,199,207**	**271,318**
Attributable to:										
Equity holders of the parent	3,812,529	3,208,541	19	**1,264,540**	**224,318**	3,421,463	2,402,499	42	**1,175,762**	**260,089**
Non Controlling Interests	-	-	-	**-**	**-**	57,963	37,810	53	**23,445**	**11,229**
	3,812,529	3,208,541	19	**1,264,540**	**224,318**	**3,479,426**	2,440,309	43	**1,199,207**	**271,318**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/09/2018	As at 31/12/2017 (Audited)	Change	As at 30/09/2018	As at 31/12/2017 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	12,208,577	5,274,466	131	12,495,920	5,343,314	134
Balances with the Central Bank of Sri Lanka	18,327,813	15,364,920	19	18,327,813	15,364,920	19
Placements with banks	6,561,761	840,684	681	6,561,761	840,684	681
Derivative Financial Instruments	3,350,961	2,471,706	36	3,350,961	2,471,706	36
Financial Assets - Held for trading	6,877,218	1,216,439	465	8,355,970	2,659,883	214
Loans and Receivables to banks	4,166	15,478	(73)	4,166	15,478	(73)
Loans and Receivables to other customers	328,076,035	274,013,970	20	328,175,362	274,063,310	20
Financial Investments - Loans and receivables	17,176,478	21,171,508	(19)	19,299,550	23,316,328	(17)
Financial Investments - Available for sale	54,355,272	52,620,584	3	54,505,602	52,975,690	3
Financial Investments - Held to maturity	3,179,680	3,524,051	(10)	3,513,890	4,077,096	(14)
Investments -Held for sale	-	18,526	(100)	-	33,302	(100)
Investments in subsidiary companies	2,153,004	2,106,021	2	-	-	-
Investment Property	-	-	-	1,894,848	1,894,848	-
Intangible assets	382,211	384,369	(1)	400,812	397,053	1
Property, plant & equipment	2,406,785	2,356,679	2	2,960,493	2,917,017	1
Other assets	2,831,549	1,693,641	67	3,226,119	2,274,809	42
Total assets	**457,891,510**	**383,073,042**	**20**	**463,073,267**	**388,645,438**	**19**
Liabilities						
Due to Banks	22,008,842	20,236,719	9	22,008,842	20,236,719	9
Derivative Financial Instruments	1,920,091	936,754	105	1,920,091	936,754	105
Due to other Customers	328,685,395	273,369,023	20	328,367,964	273,041,417	20
Debt Securities issued and other borrowed funds	41,529,951	28,107,045	48	41,516,954	28,107,045	48
Current Tax Liabilities	2,214,093	1,578,447	40	2,265,320	1,575,091	44
Deferred Tax	742,017	1,371,659	(46)	1,166,262	1,796,492	(35)
Other liabilities	7,606,960	9,326,502	(18)	7,774,063	9,564,889	(19)
Dividends payable	78,276	72,203	8	78,276	72,203	8
Subordinated Term Debts	20,937,909	19,336,855	8	20,937,909	19,336,855	8
Total liabilities	**425,723,534**	**354,335,206**	**20**	**426,035,681**	**354,667,465**	**20**
Equity						
Stated Capital (Bank & Group - 177,463,062 shares)	3,019,647	2,208,520	37	3,019,647	2,208,520	37
Statutory Reserve Fund	1,336,479	1,336,479	-	1,336,479	1,336,479	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	21,420,326	18,585,255	15	25,177,910	22,775,440	11
Other Reserves	585,817	801,874	(27)	711,559	886,081	(20)
Total shareholders' equity	**32,167,976**	**28,737,835**	**12**	**36,051,302**	**33,012,227**	**9**
Non Controlling Interests	-	-	-	986,284	965,746	2
Total Equity	**32,167,976**	**28,737,835**	**12**	**37,037,586**	**33,977,973**	**9**
Total liabilities and equity	**457,891,510**	**383,073,042**	**20**	**463,073,267**	**388,645,438**	**19**
Net Book Value Per Share (LKR)	**181.27**	**167.58**	8	**203.15**	**192.51**	6
Contingent liabilities and commitments	**272,054,340**	**269,160,399**	**1**	**272,974,690**	**269,877,849**	**1**

Memorandum Information		
Number of Employees	2,444	2,169
Number of Branches	108	107

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
Assistant Vice President- Finance & Planning

(Sgd.)
Lalith T Fernando
Group Chief Financial Officer

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.

(Sgd.)
Ananda.W. Atukorala
Director/Chairman

(Sgd.)
Dimantha Seneviratne
Director/Chief Executive Officer

30 October 2018

STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves				General Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
			Revaluation Reserve	Share Based Payment Reserves	Available For Sale Reserves	Cash Flow Hedge Reserve					
	LKR '000	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 2017	1,246,479	1,246,479	853,456	13,841	(565,741)	56,148	5,805,707	16,088,681	24,745,050	-	24,745,050
Profit for the period	-	-	-	-	-	-	-	3,309,535	3,309,535	-	3,309,535
Other Comprehensive Income before Tax	-	-	-	-	603,692	(423,631)	-	-	180,061	-	180,061
Tax on Other Comprehensive Income	-	-	-	-	(281,055)	-	-	-	(281,055)	-	(281,055)
Total Comprehensive Income for the period	-	-	-	-	322,637	(423,631)	-	3,309,535	3,208,541	-	3,208,541
Transactions with equity holders											
Issue of Shares	962,040					-	-	-	962,040	-	962,040
Expiry of the ELCP option exercise period	-	-	-	(13,841)	-	-	-	-	(13,841)		(13,841)
Dividend to equity holders	-	-	-	-	-	-	-	(1,319,618)	(1,319,618)	-	(1,319,618)
Balance as at 30 September 2017	**2,208,519**	**1,246,479**	**853,456**	**-**	**(243,104)**	**(367,483)**	**5,805,707**	**18,078,598**	**27,582,172**	**-**	**27,582,173**
Balance as at 1 January 2018	2,208,520	1,336,479	1,041,261	-	(225,196)	(14,191)	5,805,707	18,585,255	28,737,835	-	28,737,837
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	4,028,586	4,028,586	-	4,028,586
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	-	4,028,586	3,812,529	-	3,812,529
Transactions with equity holders											
Issue of Shares	811,127	-	-	-	-	-	-	-	811,127	-	811,127
Expiry of the ELCP option exercise period	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(1,193,516)	(1,193,516)	-	(1,193,516)
Balance as at 30 September 2018	**3,019,647**	**1,336,479**	**1,041,261**	**-**	**(840,588)**	**385,144**	**5,805,707**	**21,420,325**	**32,167,976**	**-**	**32,167,976**

STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves: Revaluation Reserve	Other Reserves: Share Based Payment Reserves	Other Reserves: Available For Sale Reserves	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 2017	1,246,480	1,246,479	969,795	13,841	(542,587)	56,148	5,805,707	21,140,725	29,936,588	1,076,709	31,013,296
Profit for the period	-	-	-	-	-	-	-	2,519,946	2,519,946	36,911	2,556,857
Other Comprehensive Income before Tax	-	-	-	-	585,185	(423,631)	-	2,058	163,612	896	164,508
Tax on Other Comprehensive Income	-	-	-	-	(281,055)	-	-	-	(281,055)	-	(281,055)
Total Comprehensive Income for the period	-	-	-	-	304,130	(423,631)	-	2,522,004	2,402,503	37,807	2,440,309
Transactions with equity holders									-		
Issue of Shares	962,041	-	-	-	-	-	-	-	962,041	-	962,041
Expiry of the ELCP option exercise period	-	-	-	(13,841)	-	-	-	-	(13,841)	-	(13,841)
Dividend to equity holders	-	-	-	-	-	-	-	(1,319,616)	(1,319,616)	(41,420)	(1,361,036)
Balance as at 30 September 2017	**2,208,521**	**1,246,479**	**969,795**	**-**	**(238,457)**	**(367,483)**	**5,805,707**	**22,343,113**	**31,967,675**	**1,073,096**	**33,040,770**
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
Profit for the period	-	-	-	-	-	-	-	3,572,721	3,572,721	50,304	3,623,025
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	-	3,595,986	3,421,463	57,963	3,479,426
Transactions with equity holders											
Issue of Shares	811,127	-	-	-	-	-	-	-	811,127	-	811,127
Adjustment due to changes in group companies	-	-	-	-	-	-	-	-	-	13,098	13,098
Dividend to equity holders	-	-	-	-	-	-	-	(1,193,516)	(1,193,516)	(50,523)	(1,244,039)
Balance as at 30 September 2018	**3,019,649**	**1,336,479**	**1,136,654**	**-**	**(810,239)**	**385,144**	**5,805,707**	**25,177,910**	**36,051,302**	**986,284**	**37,037,586**

STATEMENT OF CASH FLOW

For the nine months ended 30 September	BANK 2018 LKR '000	BANK 2017 LKR '000	GROUP 2018 LKR '000	GROUP 2017 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	30,657,232	28,564,176	30,831,229	28,768,736
Fee based income received	2,299,299	1,812,783	2,987,560	2,214,473
Dividend income received	568,518	1,096,020	41,331	69,625
Other Operating income received	2,122,076	1,298,786	2,127,336	1,352,386
Interest paid	(18,940,242)	(16,846,619)	(18,946,583)	(16,851,064)
Personnel costs paid	(3,184,784)	(2,566,740)	(3,439,257)	(2,668,728)
Other expenses paid	(2,637,831)	(2,549,053)	(3,004,802)	(2,909,500)
Operating Profit before changes in operating assets and liabilities	**10,884,268**	**10,809,352**	**10,596,814**	**9,975,928**
Net increase in loans and receivables to other customers	(55,256,768)	(33,426,627)	(55,256,768)	(33,434,164)
Net Increase in deposits from customers	54,692,077	49,767,914	54,692,077	49,767,914
Net (increase)/decrease in other assets	(1,587,217)	(1,599,208)	(1,531,013)	(1,840,778)
Net increase/(decrease) in other liabilities	(818,721)	59,330	(846,294)	255,527
Net cash inflow/(outflow) from operating activities before taxation	**7,913,639**	**25,610,761**	**7,654,816**	**24,724,426**
Tax on Financial Services paid	(1,371,178)	(1,209,357)	(1,371,178)	(1,209,357)
Income taxes paid	(1,192,355)	(602,270)	(1,210,957)	(757,859)
Net cash provided by/(used in) operating activities	**5,350,106**	**23,799,134**	**5,072,681**	**22,757,210**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(4,181,194)	(2,315,185)	(3,611,189)	(1,182,566)
Disposal of subsidiaries/associates	23,400	-	23,400	-
Expenditure on property, plant & equipment	(409,628)	(264,076)	(451,440)	(361,918)
Proceeds from sale of property, plant & equipment	13,953	3,364	13,953	4,263
Net cash used in investing activities	**(4,553,468)**	**(2,575,897)**	**(4,025,276)**	**(1,540,221)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	-	-	38,295	-
(Decrease)/ Increase in other borrowings	15,197,759	(20,234,478)	15,197,759	(20,234,476)
Dividends paid to non-controlling interests	-	-	(70,568)	(43,178)
Dividends paid to shareholders of the Bank	(376,316)	(355,774)	(376,316)	(355,774)
Net cash provided by /(used in) financing activities	**14,821,443**	**(20,590,252)**	**14,789,171**	**(20,633,428)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,618,081	632,985	15,836,576	583,561
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,480,070	20,130,977	21,548,918	20,251,933
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**37,098,151**	**20,763,962**	**37,385,494**	**20,835,494**
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	12,208,577	4,739,557	12,495,920	4,811,090
Balances with the Central Bank of Sri Lanka	18,327,813	14,753,213	18,327,813	14,753,213
Placements with banks	6,561,761	1,271,192	6,561,761	1,271,192
	37,098,151	**20,763,962**	**37,385,494**	**20,835,495**

SEGMENTAL ANALYSIS- GROUP

For the Nine months ended 30 September

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000
Revenue										
Interest Income	31,790,436	27,282,584	173,154	202,672	-	-	-	-	31,963,590	27,485,256
Net Fee and Commission Income	2,271,991	1,812,783	401,540	341,126	117,054	105,344	86,864	97,190	2,877,448	2,356,444
Foreign exchange profit	861,353	793,135	-	-	-	-	-	-	861,353	793,135
Net gain/(loss) from financial investments	454,578	545,132	138,819	133,898	-	-	-	-	593,397	679,030
Other Income	897,258	212,117	(14,557)	23,601	-	-	-	-	882,701	235,718
Total revenue from external customers	36,275,616	30,645,751	698,955	701,296	117,054	105,344	86,864	97,190	37,178,488	31,549,583
Inter-segment Revenue	-	-	699	9,281	41,175	46,876	-	-	41,874	56,157
Total Revenue	36,275,616	30,645,751	699,654	710,578	158,229	152,220	86,864	97,190	37,220,362	31,605,740
Impairment (charge)/reversal for loans & other losses	(2,412,386)	(803,839)	(31,997)	(27,442)	-	-	-	-	(2,444,383)	(831,281)
Segment expenses	(27,302,347)	(25,073,143)	(552,848)	(541,868)	(15,510)	(13,694)	(74,952)	(64,737)	(27,945,656)	(25,693,443)
Total segment expenses	(29,714,733)	(25,876,982)	(584,845)	(569,310)	(15,510)	(13,694)	(74,952)	(64,737)	(30,390,039)	(26,524,724)
Segment results	6,560,883	4,768,769	114,809	141,268	142,719	138,526	11,912	32,453	6,830,324	5,081,016
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	-	-	-
Taxation									1,771,329	1,368,211
VAT on financial services									1,435,969	1,155,950
Profit after taxation									3,623,026	2,556,855
Other information										
Segment assets	457,886,833	370,251,161	2,947,300	3,828,839	2,150,444	1,975,244	88,690	97,691	463,073,267	376,152,938
Investments -Held for sale	-	-	-	-	-	-	-	33,300	-	33,300
Consolidated total assets									463,073,267	376,186,238
Segment liabilities	425,401,789	342,856,498	145,637	243,105	477,282	42,566	10,974	3,297	426,035,681	343,145,468
Consolidated total liabilities									426,035,681	343,145,468
Segmental Cash flows										
Cash flows from operating activities	5,350,106	23,799,133	(297,182)	(1,099,414)	37,997	60,715	(18,239)	(3,224)	5,072,681	22,757,210
Cash flows from investing activities	(4,553,468)	(2,714,998)	512,744	1,035,751	26,859	(75)	(11,411)	-	(4,025,276)	(1,679,322)
Cash flows from financing activities	14,821,443	(20,590,252)	8,000	54,133	(40,272)	(97,309)	-	-	14,789,171	(20,633,428)

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2018 - BANK (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	12,208,577	-	-	-	12,208,577
Balances with the Central Bank of Sri Lanka	-	-	18,327,813	-	-	-	18,327,813
Placements with banks	-	-	6,561,761	-	-	-	6,561,761
Derivative Financial Instruments	3,350,961	-	-	-	-	-	3,350,961
Financial Assets - Held for trading	6,877,218	-	-	-	-	-	6,877,218
Loans and Receivables to banks	-	-	4,166	-	-	-	4,166
Loans and Receivables to other customers	-	-	328,076,035	-	-	-	328,076,035
Financial Investments - Loans and receivables	-	-	17,176,478	-	-	-	17,176,478
Financial Investments - Available for sale	-	-	-	54,355,272	-	-	54,355,272
Financial Investments - Held to maturity	-	3,179,680	-	-	-	-	3,179,680
Other Financial Assets	-	-	29,917	-	-	-	29,917
Total Financial Assets	**10,228,179**	**3,179,680**	**382,384,748**	**54,355,272**	**-**	**-**	**450,147,878**
Investments in subsidiary companies	-	-	-	-	2,153,004	-	2,153,004
Intangible assets	-	-	-	-	382,211	-	382,211
Property, plant & equipment	-	-	-	-	2,406,785	-	2,406,785
Other assets	-	-	-	-	2,801,632	-	2,801,632
Total assets	**10,228,179**	**3,179,680**	**382,384,748**	**54,355,272**	**7,743,632**	**-**	**457,891,510**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	22,008,842	-	22,008,842
Derivative Financial Instruments	1,920,091	-	-	1,920,091
Due to other Customers	-	328,685,395	-	328,685,395
Debt Securities issued and other borrowed funds	-	41,529,951	-	41,529,951
Subordinated Term debts	-	20,937,909	-	20,937,909
Other Financial Liabilities	-	1,127,258	-	1,127,258
Total Financial Liabilities	**1,920,091**	**414,289,356**	**-**	**416,209,447**
Current Tax Liabilities	-	-	2,214,093	2,214,093
Deferred Tax	-	-	742,017	742,017
Other liabilities	-	-	6,479,702	6,479,702
Dividends payable	-	-	78,276	78,276
Total liabilities	**1,920,091**	**414,289,356**	**9,514,088**	**425,723,534**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2018 - GROUP (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	12,495,920	-	-	-	12,495,920
Balances with the Central Bank of Sri Lanka	-	-	18,327,813	-	-	-	18,327,813
Placements with banks	-	-	6,561,761	-	-	-	6,561,761
Derivative Financial Instruments	3,350,961	-	-	-	-	-	3,350,961
Financial Assets - Held for trading	8,355,970	-	-	-	-	-	8,355,970
Loans and Receivables to banks	-	-	4,166	-	-	-	4,166
Loans and Receivables to other customers	-	-	328,175,362	-	-	-	328,175,362
Financial Investments - Loans and receivables	-	-	19,299,550	-	-	-	19,299,550
Financial Investments - Available for sale	-	-	-	54,505,602	-	-	54,505,602
Financial Investments - Held to maturity	-	3,513,890	-	-	-	-	3,513,890
Other Financial Assets	-	-	29,917	-	-	-	29,917
Total Financial Assets	**11,706,931**	**3,513,890**	**384,894,489**	**54,505,602**	**-**	**-**	**454,620,912**
Investment Property	-	-	-	-	1,894,848	-	1,894,848
Intangible assets	-	-	-	-	400,812	-	400,812
Property, plant & equipment	-	-	-	-	2,960,491	-	2,960,491
Other assets	-	-	-	-	3,196,204	-	3,196,204
Total assets	**11,706,931**	**3,513,890**	**384,894,489**	**54,505,602**	**8,452,355**	**-**	**463,073,267**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	22,008,842	-	22,008,842
Derivative Financial Instruments	1,920,091	-	-	1,920,091
Due to other Customers	-	328,367,964	-	328,367,964
Debt Securities issued and other borrowed funds	-	41,516,954	-	41,516,954
Subordinated Term debts	-	20,937,909	-	20,937,909
Other Financial Liabilities	-	814,715	-	814,715
Total Financial Liabilities	**1,920,091**	**413,646,384**	**-**	**415,566,474**
Current Tax Liabilities	-	-	2,265,320	2,265,320
Deferred Tax	-	-	1,166,262	1,166,262
Other liabilities	-	-	6,959,351	6,959,351
Dividends payable	-	-	78,276	78,276
Total liabilities	**1,920,091**	**413,646,384**	**10,469,209**	**426,035,681**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2017 - BANK (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	5,274,466	-	-	-	5,274,466
Balances with the Central Bank of Sri Lanka	-	-	15,364,920	-	-	-	15,364,920
Placements with banks	-	-	840,684	-	-	-	840,684
Derivative Financial Instruments	2,471,706	-	-	-	-	-	2,471,706
Financial Assets - Held for trading	1,216,439	-	-	-	-	-	1,216,439
Loans and Receivables to banks	-	-	15,478	-	-	-	15,478
Loans and Receivables to other customers	-	-	274,013,970	-	-	-	274,013,970
Financial Investments - Loans and receivables	-	-	21,171,508	-	-	-	21,171,508
Financial Investments - Available for sale	-	-	-	52,620,584	-	-	52,620,584
Financial Investments - Held to maturity	-	3,524,051	-	-	-	-	3,524,051
Other Financial Assets	-	-	19,565	-	-	-	19,565
Total Financial Assets	**3,688,145**	**3,524,051**	**316,700,591**	**52,620,584**	**-**	**-**	**376,533,371**
Investments -Held for sale	-	-	-	-	-	18,525	18,526
Investments in subsidiary companies	-	-	-	-	2,106,021	-	2,106,021
Intangible assets	-	-	-	-	384,369	-	384,369
Property, plant & equipment	-	-	-	-	2,356,679	-	2,356,679
Other assets	-	-	-	-	1,674,078	-	1,674,078
Total assets	**3,688,145**	**3,524,051**	**316,700,591**	**52,620,584**	**6,521,147**	**18,525**	**383,073,042**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	20,236,719	-	20,236,719
Derivative Financial Instruments	936,754	-	-	936,754
Due to other Customers	-	273,369,023	-	273,369,023
Debt Securities issued and other borrowed funds	-	28,107,045	-	28,107,045
Subordinated Term debts	-	19,336,855	-	19,336,855
Other Financial Liabilities	-	3,053,299	-	3,053,299
Total Financial Liabilities	**936,754**	**344,102,941**	**-**	**345,039,695**
Current Tax Liabilities	-	-	1,578,447	1,578,447
Deferred Tax	-	-	1,371,659	1,371,659
Other liabilities	-	-	6,273,203	6,273,203
Dividends payable	-	-	72,203	72,202
Total liabilities	**936,754**	**344,102,941**	**9,295,512**	**354,335,206**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2017 - GROUP (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	5,343,314	-	-	-	5,343,314
Balances with the Central Bank of Sri Lanka	-	-	15,364,920	-	-	-	15,364,920
Placements with banks	-	-	840,684	-	-	-	840,684
Derivative Financial Instruments	2,471,706	-	-	-	-	-	2,471,706
Financial Assets - Held for trading	2,659,883	-	-	-	-	-	2,659,883
Loans and Receivables to banks	-	-	15,478	-	-	-	15,478
Loans and Receivables to other customers	-	-	274,063,310	-	-	-	274,063,310
Financial Investments - Loans and receivables	-	-	23,316,328	-	-	-	23,316,328
Financial Investments - Available for sale	-	-	-	52,975,690	-	-	52,975,690
Financial Investments - Held to maturity	-	4,077,096	-	-	-	-	4,077,096
Other Financial Assets	-	-	446,909	-	-	-	446,909
Total Financial Assets	**5,131,589**	**4,077,096**	**319,390,944**	**52,975,690**	**-**	**-**	**381,575,318**
Investments -Held for sale	-	-	-	-	-	33,301	33,302
Investment Property	-	-	-	-	1,894,848	-	1,894,848
Intangible assets	-	-	-	-	397,053	-	397,053
Property, plant & equipment	-	-	-	-	2,917,017	-	2,917,017
Other assets	-	-	-	-	1,827,900	-	1,827,900
Total assets	**5,131,589**	**4,077,096**	**319,390,944**	**52,975,690**	**7,036,818**	**33,301**	**388,645,438**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	20,236,719	-	20,236,719
Derivative Financial Instruments	936,754	-	-	936,754
Due to other Customers	-	273,041,417	-	273,041,417
Debt Securities issued and other borrowed funds	-	28,107,045	-	28,107,045
Subordinated Term debts	-	19,336,855	-	19,336,855
Other Financial Liabilities	-	3,085,308	-	3,085,308
Total Financial Liabilities	**936,754**	**343,807,344**	**-**	**344,744,097**
Current Tax Liabilities	-	-	1,575,091	1,575,091
Deferred Tax	-	-	1,796,492	1,796,492
Other liabilities	-	-	6,479,584	6,479,584
Dividends payable	-	-	72,203	72,203
Total liabilities	**936,754**	**343,807,344**	**9,923,370**	**354,667,465**

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 applied for the year ended 31 December 2017 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

3 On 20 February 2018, the Bank declared a 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 ended 31 December 2017 .Accordingly ,the Stated Capital of the Bank increased to LKR 3,020 million as at 30 September 2018 (LKR 2,209 million as at 31 December 2017) ,as a result of scrip dividends declared for the year ended 31 December 2017.

4 The Bank obtained the required approvals from its shareholders and the Colombo Stock Exchange to issue up to 59,154,354 shares by way of a Rights Issue at a issue price of LKR 105/- per ordinary voting shares in the proportion of 1 (one) new ordinary share for every 3 (three) ordinary voting shares held.

The purposes of the Issue are to further strengthen the equity base of the Bank and thereby to improve the common equity Tier 1 capital requirements. The proceeds will be used to part finance the growth of the loan portfolio of the Bank.

Accordingly, 35,723,443 shares were subscribed as rights and 345,497 additional shares were applied for. However, the number of rights which can be converted to shares amounts to 32,854,055 as a result of complying with the regulatory thresholds for shareholding in banks as mandated by the Banking Act No 30 of 1988 (as amended), which in turn, translates to LKR 3,449 mn . Accordingly the stated capital of the Bank would increase to LKR 6,469 mn, from LKR 3,020 mn as at 30 September 2018.

In terms of the powers vested by the Articles of Association of the Bank, the Board of Directors are currently exploring options seeking subscriptions from suitable strategic investors and /or institutional funds for all Rights that remain unsubscribed pursuant to the Rights Issue.

5 The Earning Per Share of the Bank and the Group for the comparative year and the quarter have been restated to account the effect of scrip dividends paid for the year 2017 in June 2018 .The reported Earning Per Share in the Annual Report of the year 2017 was LKR 25.38 and LKR 20.35 for the Bank and the Group respectively .

6 The Sri Lanka Accounting Standard - SLFRS 9 Financial Instruments is effective for annual periods beginning on or after 01st January 2018 and will replace LKAS 39 - Financial Instruments: Recognition and Measurement. Accordingly, in reporting the interim results, the Bank is required to apply SLFRS 9 and to be in compliance with the same.

However as per the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements”, CA Sri Lanka has granted the option to prepare the interim financial statements continuing the application of LKAS 39 Financial Instruments: Recognition and Measurement. Accordingly, the accounting policies and method of computations adopted for the preparation and presentation of the financial statements for the period ended 30 September 2018, are consistent with LKAS 39 Financial Instruments: Recognition and Measurement.

With respect to the implementation of SLFRS 9, the initial assessments and the gap analysis between the two standards and the policy statements on financial assets and financial liabilities were completed with the approval of the Board in the year 2017.

The Bank has performed a provisional calculation for SLFRS 9 to identify the day 1 impact with the assistance of external consultants and has a fair view of the potential impact of SLFRS 9. Accordingly, the effect on the total estimated additional Impairment provision on the Financial Statements on adoption of SLFRS 9 (Financial Instruments: Classification and Measurement) was approximately in the range of 40% to 50% of the total impairment provision computed as per the LKAS 39 (Financial Instruments: Recognition and Measurement).

The effect on the on the total estimated impairment provisions, if it had been effective as at 30 September 2018, would result in the Net Assets Value per share of the Bank and the Group decling to LKR 161.51 and LKR 183.43, respectively.

Accordingly the Bank will be better placed to provide the required disclosures by end of the year for which all required steps would have been taken.

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

Notes to the Financial Statements

8. ADDITIONAL QUARTERLY DISCLOSURES PRESCRIBED BY CBSL AS PER CIRCULAR (02/17/900/0001/004) DATED 11 OCTOBER 2013

a) Loans and Receivables to Other Customers	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000
Gross loans and receivables	334,091,390	278,801,068	334,190,715	278,850,408
(Less): Individual impairment	2,009,671	1,556,979	2,009,671	1,556,979
Collective impairment	4,005,684	3,230,119	4,005,682	3,230,119
Net loans and receivables	**328,076,035**	**274,013,970**	**328,175,362**	**274,063,310**

b) Gross Loans and Receivables to Other Customers - By product	Bank		Group	
	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000
By product-Domestic Currency				
Term loans	82,382,292	67,875,639	82,382,293	67,875,639
Medium and short term loans	33,798,955	23,916,021	33,798,955	23,916,021
Overdrafts	50,698,297	43,928,966	50,696,756	43,881,140
Trade Finance	16,177,983	13,779,071	16,177,983	13,779,071
Consumer loans	28,085,930	23,280,986	28,085,930	23,280,986
Lease rentals receivable	19,468,963	15,719,450	19,468,963	15,719,450
Housing loans	12,148,609	10,256,059	12,148,609	10,256,059
Islamic Banking facilities	6,290,723	3,799,762	6,290,723	3,799,762
Credit cards	2,571,087	1,910,923	2,571,087	1,910,923
Staff loans	1,679,478	1,588,628	1,780,343	1,685,794
AF Loans	4,006,860	4,052,217	4,006,860	4,052,217
Hire Purchase	119,349	317,815	119,349	317,815
Pawning	325,844	185,402	325,844	185,402
Sub total	**257,754,372**	**210,610,939**	**257,853,697**	**210,660,278**
By product-Foreign Currency				
Overdrafts	2,657,185	3,046,895	2,657,185	3,046,895
Medium and short term loans	41,716,103	38,566,567	41,716,103	38,566,567
Trade Finance	29,519,262	24,432,290	29,519,262	24,432,290
Islamic Banking facilities	2,444,469	2,144,378	2,444,469	2,144,378
Sub total	**76,337,018**	**68,190,130**	**76,337,018**	**68,190,130**
Total	**334,091,390**	**278,801,069**	**334,190,715**	**278,850,408**

c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers	Bank		Group	
	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000
Individual impairment				
Opening balance at 01st January	1,556,979	3,028,934	1,556,979	3,028,934
Charge/(Write back) to Statement of Profit or Loss	1,478,512	340,330	1,478,512	340,330
Write-off during the period	(1,025,820)	(1,812,285)	(1,025,820)	(1,812,285)
Closing balance	**2,009,671**	**1,556,979**	**2,009,671**	**1,556,979**
Collective impairment				
Opening balance at 01st January	3,230,119	3,010,338	3,230,119	3,010,338
Charge/(Write back) to Statement of Profit or Loss	933,874	662,238	933,874	662,238
Write-off during the Period	(158,310)	(442,457)	(158,310)	(442,457)
Closing balance	**4,005,683**	**3,230,119**	**4,005,683**	**3,230,119**
Total impairment	**6,015,354**	**4,787,098**	**6,015,354**	**4,787,098**

d) Due to Other Customers - By product	Bank		Group	
	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000	As at 30/09/2018 LKR '000	As at 31/12/2017 LKR '000
By product-Domestic Currency				
Demand deposits	18,602,549	17,334,004	18,595,795	17,328,827
Savings deposits	33,744,221	26,369,749	33,681,806	26,365,125
Time deposits	202,197,319	176,174,612	201,949,951	175,856,807
Other deposits	1,000,822	621,786	1,000,822	621,786
Sub total	**255,544,911**	**220,500,151**	**255,228,374**	**220,172,545**
By product- Foreign Currency				
Demand deposits	3,628,268	2,587,245	3,628,268	2,587,245
Savings deposits	14,426,007	11,741,888	14,425,113	11,741,888
Time deposits	54,875,385	38,322,573	54,875,385	38,322,573
Other deposits	210,824	217,166	210,824	217,166
Sub total	**73,140,484**	**52,868,872**	**73,139,590**	**52,868,872**
Total	**328,685,395**	**273,369,023**	**328,367,964**	**273,041,417**

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2018	As at 31-Dec-17	As at 30/09/2018	As at 31-Dec-17
Regulatory Capital (LKR '000)				
Common Equity Tier 1	27,654,415	24,424,734	32,621,697	29,859,223
Tier 1 Capital	27,654,415	24,424,734	32,621,697	29,859,223
Total Capital	40,052,008	38,304,758	44,476,068	43,189,555
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio *(Minimum Requirement -6.375% (2017 - 5.75%))*	8.37	8.85	9.62	10.49
Tier 1 Capital Ratio *(Minimum Requirement - 7.875% (2017-7.25%))*	8.37	8.85	9.62	10.49
Total Capital Ratio *(Minimum Requirement - 11.875% (2017-11.25%))*	12.13	13.89	13.12	15.18
	As at 30/09/2018	As at 31-Dec-17	As at 30/09/2018	As at 31-Dec-17
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	87,954,684	77,506,348	87,954,684	77,506,348
Statutory Liquid Assets Ratio *(Minimum Requirement -20%)*				
Domestic Banking Unit (%)	21.31	22.13	21.31	22.13
Off-Shore Banking Unit (%)	26.59	24.01	26.59	24.01
Liquidity Coverage Ratio (%) – Rupee *(Minimum Requirement - 90% (2017-80%))*	159.87	214.35	159.87	214.35
Liquidity Coverage Ratio (%) – All Currency *(Minimum Requirement -90% (2017-80%))*	154.17	154.50	154.17	154.50
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.57	1.83	2.57	1.83
Net Non-performing Advances Ratio (%)	1.79	0.94	1.79	0.94
Profitability				
Earnings Per Share (LKR)- (annualised)	29.09	24.52	26.69	19.66
Return on Average Shareholders' Funds (%)	16.95	16.27	13.72	11.09
Return on Average Assets (%)	1.23	1.21	1.11	0.96
Net interest margin (%)	3.36	3.00	3.39	3.04
Debt Security - Related Ratios				
Interest Cover (Times)	1.50	1.41	1.51	1.42
Debt to Equity (Times)	12.84	11.87	11.45	10.32

SHARE INFORMATION

SHARE PRICE

As at	30/09/2018	31/12/2017
Number of shares	177,463,062	171,485,705
Last traded price (LKR)	104.00	136.40
For the quarter ended	**30/09/2018**	**31/12/2017**
Highest price per share (LKR)	116.00	142.00
Lowest price per share (LKR)	102.50	126.90

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2018

	NAME	NO OF SHARES	%
1	BANK OF CEYLON NO. 1 ACCOUNT	17,587,870	9.91%
2	EMPLOYEES PROVIDENT FUND	17,200,223	9.69%
3	MR R S CAPTAIN	14,066,890	7.93%
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	10,086,295	5.68%
5	DR S YADDEHIGE	9,185,790	5.18%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	8,385,570	4.73%
7	PERPETUAL TREASURIES LIMITED	7,898,636	4.45%
8	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	6,516,031	3.67%
9	EMPLOYEES TRUST FUND BOARD	6,139,335	3.46%
10	SBI VEN HOLDINGS PTE LTD	5,371,628	3.03%
11	BNYMSANV RE-LF RUFFER INVESTMENT FUNDS : LF RUFFER PACIFIC AND EMERGING MARKETS FUND	5,210,479	2.94%
12	HATTON NATIONAL BANK PLC A/C NO 1	4,600,477	2.59%
13	MR A K PATHIRAGE	3,255,416	1.83%
14	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	3,171,635	1.79%
15	CIC HOLDINGS PLC	2,645,950	1.49%
16	ASIRI SURGICAL HOSPITAL PLC	2,499,404	1.41%
17	PERPETUAL EQUITIES (PRIVATE) LIMITED	2,289,820	1.29%
18	DFCC BANK PLC A/C 1	2,148,651	1.21%
19	AKBAR BROTHERS PVT LTD A/C NO 1	1,998,490	1.13%
20	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 04 (PARTICIPATING FUND)	1,880,550	1.06%

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2018
Float adjusted Market Capitalization in LKR	16,545,946,048.63
Percentage of shares held by the public	89.65%
Number of public shareholders	9,167
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2018

NAME	NO OF SHARES
A W ATUKORALA (CHAIRMAN)	537
A K PATHIRAGE	4,354,450*
P L D N SENEVIRATNE	12,000
T L F JAYASEKERA	-
K FERNANDO	-
D S P WIKRAMANAYAKE	-
I SUGATHADASA	-
D M R PHILLIPS	-
K D W RATNAYAKA	-
R SEMASINGHE	-
N S S COORAY	-

* Includes shares held in the slash account

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 September 2018 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 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											
A - Dec 2013/Dec 2018	Listed	Semi annually	1,243	100.00	100.00	100.00	13.00	12.79	8.30	12.58	12.58
B - Dec 2013/Dec 2018	Listed	Annually	1,529	Not traded during the quarter			13.40	12.77	8.30	Not traded during the quarter	
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			**18,914**								

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

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%	-

Important Dates - Q3 2018 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	30 October 2018
Investor Webinar	01 November 2018
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 the quarter
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	16 November 2018

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 A W Atukorala - Chairman A K Pathirage - Director/ Deputy Chairman P L D N Seneviratne - Director/ Chief Executive Officer T L F Jayasekera - Director D S P Wikramanayake - Director Mrs. K Fernando - Director Mrs. W A I Sugathadasa - Director D M R Phillips, PC - Director K D W Ratnayaka - Director R Semasinghe - Director S Cooray - 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. NDB Venture Investments (Pvt) Ltd. (Under liquidation) Ayojana Fund (Pvt) Ltd. (Under liquidation)
Investor Relations - Contact Details	
Company Secretarial Unit Mrs. Shehani Ranasinghe Company Secretary/Assistant Vice-President Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Extn: 33000	**Investor Relations Team** Mrs. Suvendrini Muthukumarana Assistant Vice-President - Finance & Planning Email: suvendrini.muthukumarana@ndbbank com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 35301

NDB bank
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No, 40 NAVAM MAWATHA, COLOMBO 02 , SRI LANKA
T : +94 112 448 448 F : +94 112 34 10 44 W : www.ndbbank.com E : contact@ndbbank.com

INVESTOR RELATIONS TEAM
T : +94 112 448 448 (Ext 3838) E : investor.relations@ndbbank.com