

INTERIM FINANCIAL STATEMENTS QUARTER ENDED 31 MARCH 2022

National Development Bank PLC

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INSIDE INSIGHT



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***The financial statements presented herewith are the unaudited financial statements for the three months ended 31 March 2022 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB navigates macro-economic turbulence with moderate results for Q1 2022

13 May 2022, Colombo, Sri Lanka

National Development Bank PLC released its financial results for the first quarter ended 31 March 2022, a period that was undoubtedly a most challenging one. Commenting on the results released to the Colombo Stock Exchange on 13 May 2022, NDB's Director/ CEO – Mr. Dimantha Seneviratne stated that the repository of experience the Bank has gathered through the four decades of its presence, its diversified loan portfolio and strong customer relationships built over the years have enabled the Bank to navigate through the current challenges. We delivered on our banking revenue targets, which saw a YoY growth of 22% compared to 2021, but we had to book in significantly higher impairment charges and losses on the lending and investment portfolios due to the challenged macro-economic conditions, impact arising from the significant rupee depreciation and significant interest rate hikes. This impairment build-up in turn, moderated our profits for the period under review. As a responsible financier, we continue to proactively recalibrate our efforts to provide relevant support to all our stakeholders, help build national economic resilience and propel expedited economic recovery, he added.

Analysis of financial performance – Income, expenses and profitability

Gross income for the three months period under review ended 31 March 2022 (Q1 2022) performed satisfactorily – LKR 19.2 Bn, a 22% growth over the comparative period in 2021 (YoY growth). Core income sources of net interest income and net fee & commission income both performed well, propelling overall income. Net interest income was LKR 6.2 Bn, a YoY increase of 21%. The upward trend in market interest rates following a tightening monetary policy adopted by the Central Bank of Sri Lanka pushed interest income and interest expenses both up. The Bank's focused asset & liability management initiatives and timely re-pricing of the Bank's loans as well as deposits book in close tandem with market rates helped manage fund based income and expenses. Resultantly, net interest margin improved to 3.43% in Q1 2022 from 3.25% as of end 2021.

However, the Bank recorded an impairment charge of LKR 6.4 Bn for Q1 2022 on loans and on the Bank's investment portfolio, which was a sharp increase of 192% over the comparative period. The recorded impairment charge included a significant impairment provision made for foreign currency denominated government securities, factoring in the revisions of the sovereign rating of the country and the impact arising from rupee depreciation. The impairment charge for the loan book is a reflection of the escalated stress levels faced by the customers in the current challenged economic conditions and significant impact arising from the rupee depreciation. This charge comprised impairment charges on an individually significant basis as well as on a collective portfolio level basis, using objective evidence of customer credit quality. The resultant ratios indicating impairment levels; Impaired Loans (Stage 3) Ratio and Impairment (Stage 3) to Stage 3 Loans Ratio were 4.40% (2021: 4.55%) and 34.02% (2021: 32.81%) respectively.

On operating expenses, same for the period under review was LKR 2.7 Bn. The Bank's cost management strategies and vast benefits derived from automation of internal processes and digitization of customer solutions enabled the Bank to manage the operating expenses increase at 6%, amidst high inflation. Denoting

a period of challenge, Bank pre-tax profitability moderated at LKR 962 Mn, a reduction of 72% over the comparative period, affected by higher impairment charges as explained above, whilst post-tax profitability reached LKR 605 Mn.

Balance Sheet performance

Total assets of the Bank reached LKR 765 Bn by end March 2022, a 9% increase over December 2021 position. The increase in the Total Assets includes the exchange rate impact arising from the sharp depreciation of the rupee during the period under review. Gross loans closed in at LKR 580 Bn, an increase of 10% translating to a quantum of LKR 54 Bn. Loan book growth after excluding the effects of the exchange rate movement stemmed from all business segments. The dynamism of the Bank's Balance Sheet, particularly the sound diversification of the loan book has ensured the Bank's resilience in turbulent times.

The Balance Sheet remained adequately capitalized through an optimum composition of shareholder equity, customer deposits and borrowings. Total shareholder equity stood at LKR 55.4 Bn, having been strengthened by a Tier I equity capital infusion of LKR 9.5 Bn in 2021. The Bank also raised LKR 8.0 Bn via Basel III compliant Tier II debentures in the latter part of 2021, the timing of which helped the Bank optimize its cost of funds. Customer deposits reached LKR 600 Bn, with a YTD increase of 9%. CASA composition continued to improve, with the ratio reported at 28% by end Q1 2022.

Investor and regulatory ratios

Return on average equity and Earnings per share were 7.80% and LKR 12.48 respectively. Pre-tax Return on Average Assets was 0.96%. Regulatory ratios of Liquidity Coverage Ratio (Rupee), Liquidity Coverage Ratio (All Currency) and Net stable Funding Ratio stood well above the regulatory minimum requirement of 100% at 206.32%, 156.73% and 118.43% respectively. Tier I and Total Capital Adequacy ratios as of end Q1 2022 were 8.69% and 13.36%, ahead of the regulatory minimum levels of 8.00% and 12.00% respectively. Net asset value per share as at end Q1 2022 was LKR 155.06 (2021: LKR 165.02).

Outlook

Sri Lanka is going through a phase marked by acute socio-economic hardships. Policy direction is clear at this juncture, where a tightening monetary policy will be adopted, with interest rates to be high, in a bid to preserve rupee stability and ensure enhanced foreign exchange reserves. The road ahead for the country will be steep, but there is hope for the opportunities and potential that lie ahead, which will be best executed with political stability established sooner than later. As a financial services group of companies engaged in both banking and capital market services, NDB is geared to extend its support to the national economic revival. The Group is expected to maximize on the synergies in balancing and bolstering its performance with a bid to preserve stakeholder returns. NDB's financial services as well as advisory services, together with flagship initiatives such as *NDB Jayagamu Sri Lanka*, *Sri Lanka Vanithabhimana*, etc., will ensure all segments of the economy are reached out with needed support. The Bank's performance was recently endorsed by Global Finance USA in naming NDB as the Best Bank in Sri Lanka for 2022.

STATEMENT OF PROFIT OR LOSS						
	Bank			Group		
	Quarter ended 31/03/2022 LKR '000	Quarter ended 31/03/2021 LKR '000	Change %	Quarter ended 31/03/2022 LKR '000	Quarter ended 31/03/2021 LKR '000	Change %
Gross Income	19,162,059	15,720,037	22	19,467,050	16,059,035	21
Interest Income	15,366,019	12,665,644	21	15,399,404	12,694,661	21
Interest Expenses	9,159,368	7,536,262	22	9,154,818	7,531,113	22
Net Interest Income	6,206,651	5,129,382	21	6,244,586	5,163,548	21
Fee and Commission Income	1,723,911	1,333,682	29	2,130,572	1,849,892	15
Less: Fee and commission Expenses	7,018	8,359	(16)	7,018	8,359	(16)
Net Fee and Commission Income	1,716,893	1,325,323	30	2,123,554	1,841,533	15
Net gain/(loss) from trading	(1,122,619)	460,130	(344)	(1,122,619)	460,130	(344)
Net gain/(loss) from financial assets at fair value Through Profit or Loss	(284,917)	116,928	(344)	(384,851)	81,449	(573)
Net gains/(losses) from derecognition of financial assets	(12,772)	210,997	(106)	(12,772)	212,409	(106)
Other operating income	3,492,437	932,657	274	3,457,316	760,494	355
Total Operating Income	9,995,673	8,175,416	22	10,305,215	8,519,564	21
Less: Impairment charges	6,367,402	2,183,356	192	6,366,516	2,186,299	191
Net operating income	3,628,271	5,992,060	(39)	3,938,699	6,333,265	(38)
Operating Expenses						
Personnel Expenses	1,339,754	1,378,177	(3)	1,482,110	1,545,623	(4)
Depreciation and amortization	192,960	221,463	(13)	213,312	240,794	(11)
Other Expenses	1,133,242	923,949	23	1,235,451	1,013,782	22
Total operating expenses	2,665,957	2,523,589	6	2,930,873	2,800,199	5
Operating Profit Before Tax on Financial Services	962,315	3,468,471	(72)	1,007,826	3,533,066	(71)
Less: Value Added Tax (VAT) on Financial services	293,292	612,541	(52)	293,292	612,541	(52)
Operating Profit After Tax on Financial Services	669,022	2,855,931	(77)	714,534	2,920,525	(76)
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit Before Taxation	669,022	2,855,931	(77)	714,534	2,920,525	(76)
Less : Income tax expenses	63,624	520,633	(88)	158,836	504,240	(68)
Profit for the quarter	605,398	2,335,298	(74)	555,698	2,416,285	(77)
Profit Attributable to:						
Equity Holders of the parent	605,398	2,335,298	(74)	539,321	2,362,957	(77)
Non Controlling Interests	-	-	-	16,378	53,328	(69)
	605,398	2,335,298	(74)	555,699	2,416,285	(77)
Basic Earnings per share (in LKR)	1.70	10.04	(83)	1.51	10.16	(85)
Diluted Earnings per share (in LKR)	1.70	10.04	(83)	1.51	10.16	(85)

STATEMENT OF COMPREHENSIVE INCOME						
	Quarter ended 31/03/2022 LKR '000	Quarter ended 31/03/2021 LKR '000	Change %	Quarter ended 31/03/2022 LKR '000	Quarter ended 31/03/2021 LKR '000	Change %
Profit for the quarter	605,398	2,335,298	(74)	555,699	2,416,285	(77)
Items that will be reclassified to Statement of Profit or loss						
Exchange differences on translation of foreign operations	-	-	-	179,671	26,074	589
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	(1,912,050)	(426,555)	(348)	(1,931,025)	(432,664)	(346)
Changes in Impairment allowance for Expected credit losses	100,288	3,929	2,453	100,288	3,928	2,453
Less :Tax expense relating to items that will be reclassified to Income Statements	(105,887)	68,513	(255)	(105,887)	68,513	(255)
A	(1,917,648)	(354,112)	(442)	(1,756,953)	(334,149)	(426)
Items that will not be reclassified to Statement of Profit or Loss						
Net Gains/(losses) on Investments in equity Instruments measured at fair value through other Comprehensive Income	(285,906)	67,196	(525)	(285,906)	67,196	(525)
Less :Tax expense relating to items that will not be reclassified to Income Statements	-	-	-	-	-	-
B	(285,906)	67,196	(525)	(285,906)	67,196	(525)
Total Other Comprehensive Income after Tax	(2,203,555)	(286,916)	(668)	(2,042,859)	(266,953)	(665)
Total Comprehensive Income for the quarter	(1,598,156)	2,048,381	(178)	(1,487,160)	2,149,332	(169)
Attributable to:						
Equity holders of the parent	(1,598,156)	2,048,381	(178)	(1,536,985)	2,092,097	(173)
Non Controlling Interests	-	-	-	49,825	57,235	(13)
	(1,598,156)	2,048,381	(178)	(1,487,160)	2,149,332	(169)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	BANK			Group		
	Current Year	Previous Year		Current Year	Previous Year	
	As at 31/03/2022	As at 31/12/2021 (Audited)	Change	As at 31/03/2022	As at 31/12/2021 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	12,970,808	13,411,819	(3)	13,487,923	13,765,270	(2)
Balances with the Central Bank of Sri Lanka	14,207,569	16,403,362	(13)	14,207,569	16,403,362	(13)
Placements with banks	8,251,588	8,299,403	(1)	8,251,588	8,299,403	(1)
Derivative Financial Instruments	9,339,792	1,338,204	598	9,339,792	1,338,204	598
Financial assets recognized through profit or loss measured at fair value	22,351,659	2,441,833	815	24,034,170	4,784,124	404
Financial assets at amortised cost -loans and receivables to other customers	556,434,648	504,538,968	10	556,368,101	504,374,296	10
Financial assets at amortised cost - debt and other instruments	65,905,194	54,262,976	21	65,905,194	54,262,976	21
Financial assets measured at fair value through other comprehensive income	58,646,171	89,552,196	(35)	58,844,847	89,696,611	(34)
Investments in subsidiary companies	1,130,031	1,130,916	(0)	-	-	-
Investment Property	-	-	-	2,528,228	2,528,228	-
Intangible assets	1,206,935	1,203,940	0	1,217,912	1,217,111	0
Property, plant & equipment	3,097,186	3,143,829	(1)	3,684,795	3,735,298	(1)
Right of Use Assets	1,095,436	1,094,607	0	1,276,654	1,285,385	(1)
Current Tax Assets	-	-	-	42,708	27,701	54
Deferred tax Assets	4,240,574	3,417,315	24	4,271,904	3,443,207	24
Other assets	5,981,784	4,693,249	27	7,114,310	5,670,716	25
Total assets	764,859,376	704,932,617	9	770,575,695	710,831,892	8
Liabilities						
Due to Banks	15,380,793	24,770,644	(38)	15,455,952	24,821,158	(38)
Derivative Financial Instruments	9,341,070	1,048,644	791	9,341,070	1,048,644	791
Financial Liabilities at amortised cost -due to depositors	600,085,167	552,039,792	9	598,957,958	551,256,595	9
Financial Liabilities at amortised cost						
- due to debt securities holders	1,603,731	1,341,060	20	1,603,731	1,341,060	20
- due to other borrowers	38,439,529	25,228,865	52	38,439,529	25,228,865	52
Debt securities issued	28,098,961	27,960,731	0	28,098,961	27,960,731	0
Retirement benefit obligations	757,573	735,666	3	857,418	829,873	3
Current Tax Liabilities	2,730,888	2,407,243	13	2,927,319	2,585,975	13
Deferred Tax Liabilities	-	-	-	567,414	569,213	(0)
Other liabilities	10,995,827	10,375,945	6	11,655,614	11,031,413	6
Dividends payable	2,051,753	91,823	2,134	2,051,753	91,823	2,134
Total liabilities	709,485,292	646,000,412	10	709,956,719	646,765,350	10
Equity						
Stated Capital	18,263,609	18,263,609	-	18,263,609	18,263,609	-
Statutory Reserve Fund	2,571,479	2,571,479	-	2,571,479	2,571,479	-
Retained Earnings	37,880,105	39,134,379	(3)	41,556,823	42,730,949	(3)
Other Reserves	(3,341,108)	(1,037,261)	(222)	(3,161,689)	(838,868)	(277)
Total shareholders' equity	55,374,085	58,932,206	(6)	59,230,222	62,727,169	(6)
Non Controlling Interests	-	-	-	1,388,754	1,339,373	4
Total Equity	55,374,085	58,932,206	(6)	60,618,976	64,066,542	(5)
Total liabilities and equity	764,859,376	704,932,617	9	770,575,695	710,831,892	8
Net Book Value Per Share (LKR)	155.06	165.02	(6)	165.85	175.65	(6)
Contingent liabilities and commitments	357,763,306	312,072,435	15	358,078,910	311,978,390	15
Memorandum Information						
Number of Employees	2,992	2,949				
Number of Branches	113	113				
Certification:						
We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.						
(Sgd.) Suvendrini Muthukumarana Vice President - Finance						
We, the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:						
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.						
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group.						
(Sgd.) Eshana De Silva Director/ Chairman			(Sgd.) Dimantha Seneviratne Director/ Chief Executive Officer			
13 May 2022						

STATEMENT OF CHANGES IN EQUITY									
For the quarter ended 31 March	Stated Capital	Statutory Reserve Fund	Other Reserves				Total	Non Controlling Interests	Total
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Retained Earnings			
	LKR '000	LKR '000	LKR '000	LKR '000		LKR '000	LKR '000	LKR '000	Equity LKR '000
BANK									
Balance as at 1 January 2021	8,794,333	2,196,479	1,311,992	-	(648,360)	33,126,579	44,781,023	-	44,781,023
Total Comprehensive Income for the quarter									
Profit for the quarter	-	-	-	-	-	2,335,298	2,335,298	-	2,335,298
Other Comprehensive Income before Tax	-	-	-	-	(359,359)	3,929	(355,430)	-	(355,430)
Tax on Other Comprehensive Income	-	-	-	-	67,413	1,100	68,513	-	68,513
Total Comprehensive Income for the quarter	-	-	-	-	(291,946)	2,340,327	2,048,381	-	2,048,381
Dividends Paid	-	-	-	-	-	(345,878)	(345,878)	-	(345,878)
Balance as at 31 March 2021	8,794,333	2,196,479	1,311,992	-	(940,306)	35,121,029	46,483,525	-	46,483,526
Balance as at 1 January 2022	18,263,609	2,571,479	1,402,195	44,479	(2,483,938)	39,134,382	58,932,206	-	58,932,206
Total Comprehensive Income for the quarter									
Profit for the quarter	-	-	-	-	-	605,398	605,398	-	605,398
Other Comprehensive Income before Tax	-	-	-	-	(2,197,957)	100,288	(2,097,668)	-	(2,097,668)
Tax on Other Comprehensive Income	-	-	-	-	(105,887)	-	(105,887)	-	(105,887)
Total Comprehensive Income for the quarter	-	-	-	44,479	(2,303,844)	705,687	(1,598,157)	-	(1,598,156)
Transactions with equity holders									
First and Final Dividends for year 2021	-	-	-	-	-	(1,959,965)	(1,959,965)	-	(1,959,965)
Balance as at 31 March 2022	18,263,609	2,571,479	1,402,195	44,479	(4,787,782)	37,880,104	55,374,084	-	55,374,085

STATEMENT OF CHANGES IN EQUITY									
For the quarter ended 31 March	Stated Capital	Statutory Reserve Fund	Other Reserves				Total	Non Controlling Interests	Total
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Retained Earnings			
GROUP	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	Equity LKR '000
Balance as at 1 January 2021	8,794,333	2,196,479	1,463,115	-	(621,038)	36,143,348	47,976,238	1,227,155	49,203,393
Transitional Impact on the adoption of SLFRS 9	-	-	-	-	-	-	-	-	-
Deferred tax on transitional adjustments	-	-	-	-	-	-	-	-	-
Restated opening balance under SLFRS 9	6,469,323	1,636,479	1,166,840	-	(621,038)	36,143,348	47,976,238	1,227,155	49,203,393
Total Comprehensive Income for the quarter									
Profit for the quarter	-	-	-	-	-	2,362,957	2,362,957	53,328	2,416,285
Other Comprehensive Income before Tax	-	-	-	-	(365,468)	26,095	(339,373)	3,907	(335,466)
Tax on Other Comprehensive Income	-	-	-	-	67,413	1,100	68,513	-	68,513
Total Comprehensive Income for the quarter	-	-	-	-	(298,055)	2,390,152	2,092,097	57,235	2,149,332
Transactions with equity holders									
Dividends Paid	-	-	-	-	-	(345,878)	(345,878)	-	(345,878)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	(40,558)	(40,558)
Balance as at 31 March 2021	8,794,333	2,196,479	1,463,115	-	(919,093)	38,187,622	49,722,457	1,243,832	50,966,289
Balance as at 1 January 2022	18,263,609	2,571,479	1,583,831	44,479	(2,467,181)	42,730,952	62,727,169	1,339,373	64,066,542
Profit for the quarter	-	-	-	-	-	539,321	539,321	16,378	555,699
Other Comprehensive Income before Tax	-	-	-	-	(2,216,931)	246,515	(1,970,416)	33,443	(1,936,973)
Tax on Other Comprehensive Income	-	-	-	-	(105,887)	-	(105,887)	-	(105,887)
Total Comprehensive Income for the quarter	-	-	-	-	(2,322,818)	785,836	(1,536,982)	49,821	(1,487,160)
Transactions with equity holders									
First and Final Dividends for year 2021	-	-	-	-	-	(1,959,965)	(1,959,965)	-	(1,959,965)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	(440)	(440)
Balance as at 31 March 2022	18,263,610	2,571,479	1,583,831	44,479	(4,789,999)	41,556,823	59,230,222	1,388,754	60,618,976

STATEMENT OF CASH FLOW

For the quarter ended 31 March	BANK		GROUP	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	16,876,359	14,686,215	16,893,215	14,696,089
Fee based income received	1,719,115	1,332,817	2,107,406	1,791,627
Dividend income received	149,882	34,559	161,868	41,837
Other Operating income received	2,148,543	1,347,999	2,308,859	1,384,441
Interest paid	(7,506,427)	(7,477,905)	(7,514,550)	(7,480,267)
Personnel costs paid	(1,298,442)	(1,346,729)	(1,381,669)	(1,470,696)
Other expenses paid	(893,933)	(838,054)	(1,147,222)	(938,090)
Operating Profit before changes in operating assets and liabilities	11,195,096	7,738,903	11,427,907	8,024,942
(Increase)/decrease in operating assets				
Deposits held for regulatory or monetary control purposes	2,195,793	(262,677)	2,195,793	(262,677)
Financial Assets at amortised cost - loans and receivables to other customers	(58,117,013)	(20,747,113)	(58,117,013)	(20,743,717)
Net (increase)/decrease in operating assets	(9,281,963)	212,064	(8,602,469)	187,636
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	46,137,263	8,544,421	45,793,250	8,544,421
Financial liabilities at amortised cost - due to debt securities holders	262,672	-	262,672	-
Financial liabilities at amortised cost - due to other borrowers	4,214,215	(561,990)	4,214,215	(562,880)
Repayment of principal portion of lease liabilities	(96,795)	(88,093)	(96,795)	(88,093)
Net increase/(decrease) in other liabilities	10,916,060	(42,098)	10,342,044	(283,127)
Net cash generated/(used in) from operating activities before taxation	7,425,327	(5,206,584)	7,419,604	(5,183,495)
Tax on Financial Services paid	(499,253)	(412,223)	(499,253)	(412,223)
Income taxes paid	(669,125)	(660,346)	(740,744)	(753,526)
Net cash generated/(used in) from operating activities	6,256,950	(6,279,153)	6,179,607	(6,349,244)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(6,656,190)	(2,438,038)	(6,395,679)	(2,338,859)
Purchase of Intangible assets	(28,770)	(59,271)	(28,770)	(59,271)
Purchase of property, plant & equipment	(59,733)	(243,933)	(79,242)	(302,879)
Proceeds from sale of property, plant & equipment	-	5,140	5	5,826
Net cash generated/(used in) from investing activities	(6,744,694)	(2,736,102)	(6,503,686)	(2,695,183)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the Bank	-	(326,538)	-	(326,538)
Net cash provided by/(used in) financing activities	-	(326,538)	-	(326,538)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(487,744)	(9,341,793)	(324,079)	(9,370,965)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,711,222	22,889,141	22,064,673	23,180,480
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	21,223,478	13,547,348	21,740,594	13,809,515
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	12,970,808	9,893,494	13,487,923	10,155,661
Placements with banks	8,251,588	3,652,832	8,251,588	3,652,832
Cash and cash equivalents at the end of the quarter (Net)	21,222,396	13,546,326	21,739,511	13,808,493
Add : Impairment allowance	1,083	1,022	1,083	1,022
Cash and cash equivalents at the end of the quarter (Gross)	21,223,478	13,547,348	21,740,594	13,809,515

SEGMENTAL ANALYSIS- GROUP
For the quarter ended 31 March

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Revenue										
Interest Income	15,366,019	12,665,644	28,835	23,867	-	-	-	-	15,394,854	12,689,511
Fee and Commission Income	1,723,911	1,333,682	318,366	439,210	50,688	49,228	18,161	18,432	2,111,125	1,840,552
Net gain/(loss) from trading	(1,122,619)	460,130	-	-	-	-	-	-	(1,122,619)	460,130
Net gain/(loss) from financial assets at fair value Through	(284,917)	116,928	(99,934)	(35,479)	-	-	-	-	(384,851)	81,449
Net gains/(losses) from derecognition of financial assets	(12,772)	210,997	-	1,412	-	-	-	-	(12,772)	212,409
Other Operating Income	3,342,555	725,695	114,761	34,799	-	-	-	-	3,457,316	760,494
Total revenue from external customers	19,012,177	15,513,075	362,028	463,810	50,573	49,228	18,161	18,432	19,442,939	16,044,546
Inter-segment Revenue	-	-	7,751	768	16,360	13,691	-	-	24,111	14,459
Total Revenue	19,012,177	15,513,075	369,779	464,578	66,933	62,919	18,161	18,432	19,467,050	16,059,035
Impairment (charge)/reversal for loans & other losses	(6,366,516)	(2,186,299)	-	-	-	-	-	-	(6,366,516)	(2,186,299)
Segment expenses	(11,814,486)	(10,063,059)	(257,331)	(254,892)	(2,014)	(3,266)	(18,878)	(18,455)	(12,092,708)	(10,339,672)
Total segment expenses	(18,181,002)	(12,249,358)	(257,331)	(254,892)	(2,014)	(3,266)	(18,878)	(18,455)	(18,459,225)	(12,525,970)
Segment results	831,175	3,263,718	112,448	206,728	64,919	62,612	(717)	(23)	1,007,826	3,533,066
Income tax expenses	-	-	-	-	-	-	-	-	158,836	504,240
Taxes on financial services	-	-	-	-	-	-	-	-	293,292	612,540
Profit after taxation									555,699	2,416,285
Other information										
Segment assets	764,432,710	636,088,780	2,917,111	2,685,318	3,078,343	2,784,838	147,531	141,183	770,575,695	641,700,118
Consolidated total assets									770,575,695	641,700,113
Segment liabilities	708,347,105	589,252,667	967,788	778,686	624,269	688,182	17,553	14,292	709,956,718	590,733,827
Consolidated total liabilities									709,956,718	590,733,827
Segmental Cash flows										
Cash flows from operating activities	6,256,950	(6,279,153)	(165,713)	(93,595)	65,405	13,054	22,966	10,450	6,179,607	(6,349,244)
Cash flows from investing activities	(6,744,694)	(2,736,103)	255,246	98,461	(14,239)	(57,541)	-	-	(6,503,686)	(2,695,183)
Cash flows from financing activities	-	(326,538)	-	-	-	-	-	-	-	(326,538)

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 2022 - BANK (LKR '000)

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
ASSETS					
Cash and cash equivalents	-	12,970,808	-	-	12,970,808
Balances with the Central Bank of Sri Lanka	-	14,207,569	-	-	14,207,569
Placements with banks	-	8,251,588	-	-	8,251,588
Derivative Financial Instruments	9,339,792	-	-	-	9,339,792
Financial assets recognized through profit or loss measured at fair value	22,351,659	-	-	-	22,351,659
Financial assets at amortised cost -loans and receivables to other customers	-	556,434,648	-	-	556,434,648
Financial Assets at amortised cost - debt and other instruments	-	65,905,194	-	-	65,905,194
Financial assets measured at fair value through other comprehensive income	-	-	58,646,171	-	58,646,171
Other Financial Assets	-	246,713	-	-	246,713
Total Financial Assets	31,691,451	658,016,521	58,646,171	-	748,354,143

	At fair value through profit or loss	Amortized cost	Total
LIABILITIES			
Due to Banks	-	15,380,793	15,380,793
Derivative Financial Instruments	9,341,070	-	9,341,070
Financial Liabilities at amortised cost -due to depositors	-	600,085,167	600,085,167
Financial Liabilities at amortised cost			
- due to debt securities holders	-	1,603,731	1,603,731
- due to other borrowers	-	38,439,529	38,439,529
Debt securities issued	-	28,098,961	28,098,961
Other Financial Liabilities	-	4,759,288	4,759,288
Total Financial Liabilities	9,341,070	688,367,470	697,708,540

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 2022 - GROUP (LKR '000)

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
ASSETS					
Cash and cash equivalents	-	13,487,923	-	-	13,487,923
Balances with the Central Bank of Sri Lanka	-	14,207,569	-	-	14,207,569
Placements with banks	-	8,251,588	-	-	8,251,588
Derivative Financial Instruments	9,339,792	-	-	-	9,339,792
Financial assets recognized through profit or loss measured at fair value	24,034,170	-	-	-	24,034,170
Financial assets at amortised cost -loans and receivables to other customers	-	556,368,101	-	-	556,368,101
Financial Assets at amortised cost - debt and other instruments	-	65,905,194	-	-	65,905,194
Financial Assets measured at fair value through Other comprehensive income	-	-	58,844,847	-	58,844,847
Other Financial Assets	-	1,019,237	-	-	1,019,237
Total Financial Assets	33,373,962	659,239,612	58,844,847	-	751,458,421

	At fair value through profit or loss	Amortized cost	Total
LIABILITIES			
Due to Banks	-	15,455,952	15,455,952
Derivative Financial Instruments	9,341,070	-	9,341,070
Financial Liabilities at amortised cost -due to depositors	-	598,957,958	598,957,958
Financial Liabilities at amortised cost			
- due to debt securities holders	-	1,603,731	1,603,731
- due to other borrowers	-	38,439,529	38,439,529
Debt securities issued	-	28,098,961	28,098,961
Other Financial Liabilities	-	4,999,742	4,999,742
Total Financial Liabilities	9,341,070	687,555,873	696,896,943

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2021 - BANK (LKR '000)

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
ASSETS					
Cash and cash equivalents	-	13,411,819	-	-	13,411,819
Balances with the Central Bank of Sri Lanka	-	16,403,362	-	-	16,403,362
Placements with banks	-	8,299,403	-	-	8,299,403
Derivative Financial Instruments	1,338,204	-	-	-	1,338,204
Financial Assets measured at fair value through profit or loss	2,441,833	-	-	-	2,441,833
Financial Assets at amortised cost -loans and advances	-	504,538,968	-	-	504,538,968
Financial Assets at amortised cost - debt instruments	-	54,262,976	-	-	54,262,976
Financial assets measured at fair value through other comprehensive income	-	-	89,552,196	-	89,552,196
Other Financial Assets	-	931,137	-	-	931,137
Total Financial Assets	3,780,037	597,847,666	89,552,196	-	691,179,898

	At fair value through profit or loss	Amortized cost	Total
LIABILITIES			
Due to Banks	-	24,770,644	24,770,644
Derivative Financial Instruments	1,048,644	-	1,048,644
Financial Liabilities at amortised cost -due to depositors	-	552,039,792	552,039,792
Financial Liabilities at amortised cost			
- due to debt securities holders	-	1,341,060	1,341,060
- due to other borrowers	-	25,228,865	25,228,865
Debt securities issued	-	27,960,731	27,960,731
Other Financial Liabilities	-	3,997,731	3,997,731
Total Financial Liabilities	1,048,644	635,338,822	636,387,466

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2021 - GROUP (LKR '000)

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
ASSETS					
Cash and cash equivalents	-	13,765,270	-	-	13,765,270
Balances with the Central Bank of Sri Lanka	-	16,403,362	-	-	16,403,362
Placements with banks	-	8,299,403	-	-	8,299,403
Derivative Financial Instruments	1,338,204	-	-	-	1,338,204
Financial Assets measured at fair value through profit or loss	4,784,124	-	-	-	4,784,124
Financial Assets at amortised cost -loans and advances	-	504,374,296	-	-	504,374,296
Financial Assets at amortised cost - debt instruments	-	54,262,976	-	-	54,262,976
Financial assets measured at fair value through other comprehensive income	-	-	89,696,611	-	89,696,611
Other Financial Assets	-	1,401,521	-	-	1,401,521
Total Financial Assets	6,122,328	598,506,828	89,696,611	-	694,325,767

	At fair value through profit or loss	Amortized cost	Total
LIABILITIES			
Due to Banks	-	24,821,158	24,821,158
Derivative Financial Instruments	1,048,644	-	1,048,644
Financial Liabilities at amortised cost -due to depositors	-	551,256,595	551,256,595
Financial Liabilities at amortised cost			
- due to debt securities holders	-	1,341,060	1,341,060
- due to other borrowers	-	25,228,865	25,228,865
Debt securities issued	-	27,960,731	27,960,731
Other Financial Liabilities	-	4,362,575	4,362,575
Total Financial Liabilities	1,048,644	634,970,984	636,019,628

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1 - quoted market price (unadjusted): financial instruments with quoted prices in active markets

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

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

There were no material transfers between levels of fair value hierarchy during 2022. The Bank did not changed the valuation models and assumptions used to measure the fair values of Level 03 financial instruments during the year ended 31 December 2021.

Bank

	2022				2021			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	31/03/2022 LKR '000	31/03/2022 LKR '000	31/03/2022 LKR '000	31/03/2022 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000
Financial Assets								
Derivative Financial Instruments	-	9,339,792	-	9,339,792	-	1,338,204	-	1,338,204
Financial assets recognized through profit or loss measured at fair value	22,351,659	-	-	22,351,659	2,441,833	-	-	2,441,833
Financial assets measured at fair value through other comprehensive income	58,639,947	-	6,224	58,646,171	89,545,972	-	6,224	89,552,196
Total Financial Assets	80,991,606	9,339,792	6,224	90,337,623	91,987,805	1,338,204	6,224	93,332,233
Financial Liabilities								
Derivative Financial Instruments	-	9,341,070	-	9,341,070	-	1,048,644	-	1,048,644
Total Financial Liabilities	-	9,341,070	-	9,341,070	-	1,048,644	-	1,048,644

Group

	2022				2021			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	31/03/2022 LKR '000	31/03/2022 LKR '000	31/03/2022 LKR '000	31/03/2022 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000
Financial Assets								
Derivative Financial Instruments	-	9,339,792	-	9,339,792	-	1,338,204	-	1,338,204
Financial assets recognized through profit or loss measured at fair value	23,316,801	-	717,369	24,034,170	3,810,685	-	973,439	4,784,124
Financial assets measured at fair value through other comprehensive income	58,639,947	198,676	6,224	58,844,847	89,545,972	144,415	6,224	89,696,611
Total Financial Assets	81,956,748	9,538,468	723,593	92,218,809	93,356,657	1,482,619	979,663	95,818,939
Financial Liabilities								
Derivative Financial Instruments	-	9,341,070	-	9,341,070	-	1,048,644	-	1,048,644
Total Financial Liabilities	-	9,341,070	-	9,341,070	-	1,048,644	-	1,048,644

Notes to the Financial Statements

- 1 The figures are extracted from the unaudited financial statements of the Bank and the Group.
The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods which is in line with the requirements of SLFRS 9 -Financial Instruments as published in the previous year Annual Report.
- 2 These Financial Statements also comply with Sri Lanka Accounting Standard (LKAS) 34- "Interim Financial Reporting" and provided the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- 3 **Expected Credit Losses**
The Expected Credit Loss (ECL) of the Bank was computed based on the Probability of Default (PD), Loss Given Default (LGD) as of 31 December 2021 and the Economic Factor Adjustment (EFA) by applying the forecasts and projections published by the Central Bank of Sri Lanka. Further given the high degree of uncertainty surrounding the economic impact due to the pandemic, the Bank has accounted for management overlays to mitigate any expected losses by moving the staging of facilities included in the identified risk elevated industries to a higher stage where necessary to capture significant increases in credit risk due to stressed economic conditions.
Furthermore, the Bank increased the impairment provision for the foreign currency denominated bonds during the first quarter 2022 considering the significant Increase in Credit Risk due to the current economic conditions prevailing in the country.
- 4 **Dividends**
On 30 March 2022, the Board of Directors approved and declared an first and final Dividend Payment for the financial year ended 31 December 2021 - Cash and Scrip Dividend of Rs. 5.50 per share amounting to Rs 1.00 in cash and Rs 4.50 in scrip dividend. Accordingly 22,971,075 ordinary voting shares has been listed as scrip dividends and LKR 357,123,647 has been paid as cash dividends on 26th April 2022.
Further, said dividend payment was recorded as dividend payable in the Statement of Financial Position as at 31 March 2022.
- 5 **Statement of Financial Position**
The following line items in the Statement of Financial Position for the period ended 31 December 2021 were reclassified as presented below for the better presentation of the Financial Statement.

For the year ended 31 December 2021	Bank		Group	
	Reclassified Rs 000	As reported in 2021 Rs 000	Reclassified Rs 000	As reported in 2021 Rs 000
Impairment allowance for loans and receivables to other customers	21,602,074	23,631,584	21,602,074	23,631,584
Other assets	2,029,510	-	2,029,510	-
	23,631,584	23,631,584	23,631,584	23,631,584

Accordingly, the Net loans and receivables to other customers was amounting to LKR 504,538,969 (Reported as in 2021 -LKR 502,509,458)

- 6 **Surcharge Tax on Companies with taxable income for 2020/2021 exceeding LKR 2,000 Million**
The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of LKR. 2,000 Mn for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the quarter ended 31 March 2022 do not reflect the tax liability that would arise in consequence, the amount of which is best estimated at LKR 2,456 Mn for the Bank.
- 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

08. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31 MARCH 2022

8.1 Product wise Gross Loans and Receivables

By product-Domestic Currency

	Bank		Group	
	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000
Term loans	139,896,124	137,834,028	139,896,124	137,834,028
Medium and short term loans	75,970,953	76,703,108	75,970,953	76,703,108
Overdrafts	73,059,308	68,131,132	72,922,415	67,896,681
Trade Finance	19,197,620	21,378,582	19,197,620	21,378,582
Consumer loans	59,557,833	55,080,118	59,557,833	55,080,118
Lease rentals receivable and Hire Purchase	27,198,913	28,080,778	27,198,913	28,080,778
Housing loans	19,664,459	19,158,111	19,664,459	19,158,111
Islamic Banking facilities	10,210,357	9,847,168	10,210,357	9,847,168
Credit cards	8,405,048	7,948,654	8,405,048	7,948,654
AF Loans	3,650,497	3,423,346	3,650,497	3,423,346
Staff loans	2,472,782	2,469,881	2,543,128	2,539,660
Pawning	7,531,034	6,598,837	7,531,034	6,598,837
Sub total	446,814,927	436,653,742	446,748,380	436,489,071

By product-Foreign Currency

Term loans	18,592,622	12,675,560	18,592,622	12,675,560
Overdrafts	7,922,096	4,967,174	7,922,096	4,967,174
Medium and short term loans	57,918,849	40,761,255	57,918,849	40,761,255
Trade Finance	43,074,592	26,943,852	43,074,592	26,943,852
Islamic Banking facilities	5,594,872	4,066,951	5,594,872	4,066,951
Housing loans	97,879	72,508	97,879	72,508
Sub total	133,200,910	89,487,300	133,200,910	89,487,300

Total

580,015,838	526,141,042	579,949,291	525,976,370
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8.2 Product wise commitments and contingencies considered for Impairment

By product- Domestic Currency

	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000
Guarantees	41,460,783	45,401,544	41,314,832	49,613,333
Performance Bonds	14,888,769	15,046,077	14,888,769	13,972,889
Documentary Credits	1,893,867	1,298,545	1,893,867	830,692
Acceptances	209,842	150,687	209,842	66,045
Undrawn commitments	148,834,141	124,328,802	149,295,696	137,451,546
Sub Total	207,287,402	186,225,655	207,603,006	201,934,505

By product- Foreign Currency

Guarantees	20,609,885	16,304,037	20,609,885	22,422,147
Performance Bonds	10,705,641	7,353,616	10,705,641	6,534,172
Documentary Credits	20,831,797	22,954,557	20,831,797	28,888,267
Acceptances	32,562,344	27,790,358	32,562,344	24,712,596
Undrawn commitments	1,255,441	1,041,634	1,255,441	1,171,246
Sub Total	85,965,108	75,444,201	85,965,108	83,728,428
Total	293,252,510	261,669,856	293,568,114	285,662,932

Gross loans and advances ,Commitments and Contingencies

(Less): Accumulated impairment under stage 1

Accumulated impairment under stage 2

Accumulated impairment under stage 3

Net value of loans and advances, commitments and contingencies

As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000
873,268,348	787,810,898	873,517,405	811,639,302
4,850,277	4,831,892	4,850,277	4,831,892
4,193,134	4,327,481	4,193,134	4,327,481
16,567,289	14,472,212	16,567,289	14,472,212
847,657,647	764,179,314	847,906,704	788,007,718

	Bank		Group	
	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000
8.3 Movement of impairment during the period				
Under stage 1				
Balance at 1 January	4,831,892	3,472,657	4,831,892	3,472,657
Charge/(Write back) to Statement of Profit or Loss	18,385	1,359,235	18,385	1,359,235
Write-off during the period	-	-	-	-
Closing balance	4,850,277	4,831,892	4,850,277	4,831,892
Under stage 2				
Balance at 1 January	4,327,481	2,743,988	4,327,481	2,743,988
Charge/(Write back) to Statement of Profit or Loss	(134,347)	1,583,492	(134,347)	1,583,492
Write-off during the period	-	-	-	-
Closing balance	4,193,134	4,327,481	4,193,134	4,327,481
Under stage 3				
Balance at 1 January	14,472,212	11,714,824	14,472,212	11,714,824
Charge/(Write back) to Statement of Profit or Loss	2,510,475	5,234,191	2,510,475	5,234,191
Write-off during the period	(415,398)	(2,501,716)	(415,398)	(2,501,716)
Other movement	-	24,912	-	24,912
Closing balance	16,567,289	14,472,212	16,567,289	14,472,212

	Bank		Group	
	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000	As at 31/03/2022 LKR '000	As at 31/12/2021 LKR '000
9. ANALYSIS OF DEPOSITS				
Due to Other Customers - By product				
By product-Domestic Currency				
Demand deposits	31,070,098	30,337,930	30,729,694	30,341,537
Savings deposits	91,272,139	86,686,437	90,899,042	86,313,340
Time deposits	296,725,800	313,670,167	296,508,278	313,452,645
Other deposits	1,280,425	2,682,331	1,280,425	2,682,331
Sub total	420,348,462	433,376,865	419,417,439	432,789,854
By product- Foreign Currency				
Demand deposits	13,567,089	6,371,382	13,554,189	6,358,482
Savings deposits	32,305,343	24,427,736	32,122,058	24,244,451
Time deposits	133,214,534	87,570,503	133,214,534	87,570,503
Other deposits	649,738	293,306	649,738	293,306
Sub total	179,736,705	118,662,927	179,540,519	118,466,741
Total	600,085,167	552,039,792	598,957,958	551,256,595

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 31/03/2022	As at 31/12/2021	As at 31/03/2022	As at 31/12/2021
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	47,424,222	48,441,141	50,993,922	51,937,517
Tier 1 Capital	47,424,222	48,441,141	50,993,922	51,937,517
Total Capital	72,949,511	74,578,891	76,438,821	77,983,909
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5%)	8.69	10.01	9.19	10.53
Tier 1 Capital Ratio (Minimum Requirement - 8.0%)	8.69	10.01	9.19	10.53
Total Capital Ratio (Minimum Requirement - 12.0%)	13.36	15.42	13.78	15.82
Leverage Ratio (Minimum Requirement - 3%)	5.64%	6.36	6.02%	6.77
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	166,003,036	157,514,944	166,003,036	157,514,944
Statutory Liquid Assets Ratio (Minimum Requirement -20%)				
Domestic Banking Unit (%)	22.31	23.14	22.31	23.14
Off-Shore Banking Unit (%)	22.64	25.31	22.64	25.31
Total stock of high quality liquid assets (LKR ' 000) - All currency	106,580,972	112,552,154	106,580,972	112,552,154
Total stock of high quality liquid assets (LKR ' 000) - Rupee	82,265,018	89,088,289	82,265,018	89,088,289
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 100%)	206.32	193.03	206.32	193.03
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -100%)	156.73	171.33	156.73	171.33
Net stable Funding Ratio (%) (Minimum Requirement- 100%)	118.43	118.27	118.43	118.27
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) Ratio (%)	4.40	4.55	4.40	4.55
Impairment (stage 3) to Stage 3 loans Ratio (%)	34.02	32.81	34.02	32.81
Profitability				
Earnings Per Share (annualised) (LKR)	12.48	20.68	11.72	22.44
Return on Average Shareholders' Funds (%)	7.80	12.27	6.87	12.47
Return on Average Assets ((after Tax (%))	0.61	0.96	0.57	1.03
Return on Average Assets ((before Tax (%))	0.96	1.55	0.55	1.67
Net interest margin (%)	3.43	3.25	3.42	3.24
Debt Security - Related Ratios				
Interest Cover (Times)	1.68	1.70	1.68	1.70
Debt to Equity (Times)	12.35	10.71	11.52	10.05

SHARE INFORMATION

SHARE PRICE

As at	31/03/2022	31/12/2021
Number of shares	357,123,647	357,123,647
Last traded price (LKR)	55.70	68.90
For the quarter ended	31/03/2022	31/12/2021
Highest price per share (LKR)	73.10	79.90
Lowest price per share (LKR)	52.00	67.90

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.03.2022

	NAME	NO OF SHARES	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	35,676,652	9.99
2	EMPLOYEE'S PROVIDENT FUND	33,942,150	9.50
3	BANK OF CEYLON NO. 1 ACCOUNT	28,384,288	7.95
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	21,703,769	6.08
5	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	21,412,555	6.00
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	18,044,134	5.05
7	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	14,156,218	3.96
8	EMPLOYEES TRUST FUND BOARD	12,113,445	3.39
9	DR.S.YADDEHIGE	10,160,638	2.85
10	HATTON NATIONAL BANK PLC A/C NO 1	9,899,341	2.77
11	PERPETUAL TREASURIES LIMITED	8,736,886	2.45
12	SBI VEN HOLDINGS PTE LTD	8,669,031	2.43
13	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	7,482,544	2.10
14	PHOENIX VENTURES PRIVATE LIMITED	6,769,999	1.90
15	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	6,639,562	1.86
16	AKBAR BROTHERS PVT LTD A/C NO 1	5,445,512	1.53
17	MR.A.K.PATHIRAGE	5,149,404	1.44
18	ASIRI SURGICAL HOSPITAL PLC	5,063,354	1.42
19	ARPICO INSURANCE LIMITED	3,395,001	0.95
20	DFCC BANK PLC A/C 1	3,168,904	0.89

PUBLIC HOLDING PERCENTAGE

	As at 31/03/2022
Float adjusted Market Capitalization in LKR	14,304,184,131
Percentage of shares held by the public	71.91%
Number of public shareholders	11,424
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 31.03.2022

Name	No. of shares
MR. ESHANA DE SILVA	-
MR. DIMANTHA SENEVIRATNE	70,820
MR. SRIYAN COORAY	-
MR. BERNARD SINNIH	-
MR. SUJEEWA MUDALIGE	-
MR. HIRAN PERERA	-
MR. KUSHAN D'ALWIS, PC	-
MS. (FAY) PIYACHATR CHETNAKARNKUL	-
MS. CHANDIMA DILUKSHI	-

Rated unsecured subordinated redeemable debentures

INFORMATION ON DEBENTURES- BANK											
Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 31 March 2022 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Quarter end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture November 2021 A- Nov 2021/Nov 2026 B- Nov 2021/Nov 2028	Listed	Semi-annually Semi-annually	8,183 120	Not traded during the quarter			11.90 12.00	11.66 11.73	11.14 11.61	Not traded during the quarter	
Fixed rate - Debenture September 2020 Sep 2020/ Sep 2025	Listed	Annually	6,793	Not traded during the quarter			9.50	9.16	6.57	Not traded during the quarter	
Fixed rate - Debenture March 2019 A - Mar 2019/Mar 2024 B - Mar 2019/Mar 2024	Listed Listed	Semi-annually Annually	1,241 4,311	Not traded during the quarter			13.50 13.95	13.16 13.15	11.04 11.04	Not traded during the quarter	
Fixed rate - Debenture December 2013 C - Dec 2013/Dec 2023 D - Dec 2013/Dec 2025	Listed Listed	Annually Annually	3,752 3,699	Not traded during the quarter			13.90 14.00	13.17 13.26	11.80 12.09	Not traded during the quarter	
Total Debentures			28,099								

Rated unsecured subordinated redeemable debentures**Disclosures regarding the utilization of funds as per the objectives stated in the Debenture Prospectus****Debenture Issue - November 2021**

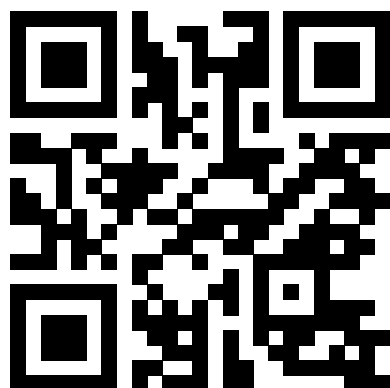
Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines	8,000,000,000	Within 12 months from the date of allotment (i.e. by 24 November 2022)	8,000,000,000	100%	8,000,000,000	100%	-
2	Facilitate future expansion of business activities of the Bank	8,000,000,000	Within 12 months from the date of allotment (i.e. by 24 November 2022)	8,000,000,000	100%	8,000,000,000	100%	-

Important Dates - Q1 2022 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	13 May 2022
Investor Webinar	To be notified
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	Within two working days from the release to the CSE
Edited Transcript and video playback of the Investor webinar released/ uploaded to the Bank's website	Within ten working days from the date of the Webinar
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	26 May 2022

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: NDBSLKLX Web Page: www.ndbbank.com E-mail: contact@ndbbank.com VAT Registration No.: 409000266-7000 Credit Rating: Long-term National Rating: A+(lka)/ Outlook -Rating Watch Negative (RWN) - Fitch Ratings Lanka Limited
Registration No. PQ 27 Accounting Year End 31 December	Auditors M/s Ernst & Young, 201, De Saram Place, Colombo 10 Company Secretary: Mrs. Shehani Ranasinghe Compliance Officer Mrs. Manique Kiriella Bandara
Board of Directors Eshana de Silva - Chairman Dimantha Seneviratne - Director/Chief Executive Officer Sriyan Cooray - Director Bernard Sinniah - Director Sujeewa Mudalige - Director Hiran Perera - Director Kushan D'Alwis, PC - Director (Fay) Piyachatr Chetnakarnkul - Director Chandima Dilrukshi - Director	Subsidiary Companies NDB Capital Holdings Ltd. NDB Capital Ltd. (Bangladesh) Development Holding (Pvt) Ltd. NDB Investment Bank Ltd. NDB Wealth Management Ltd. NDB Securities (Pvt) Ltd. NDB Zephyr Partners Ltd. (Mauritius) NDB Zephyr Partners Lanka (Pvt) Ltd. Ayojana Fund (Pvt) Ltd. (Under liquidation)
Investor Relations - Contact Details	
Company Secretarial Unit Ms. Shehani Ranasinghe Company Secretary/ Vice President Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Extn: 35013	Investor Relations Team Ms. Suvendrini Muthukumarana Vice President - Finance Email: suvendrini.muthukumarana@ndbbank.com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 35301



The future is banking on us

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