INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

National Development Bank PLC

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

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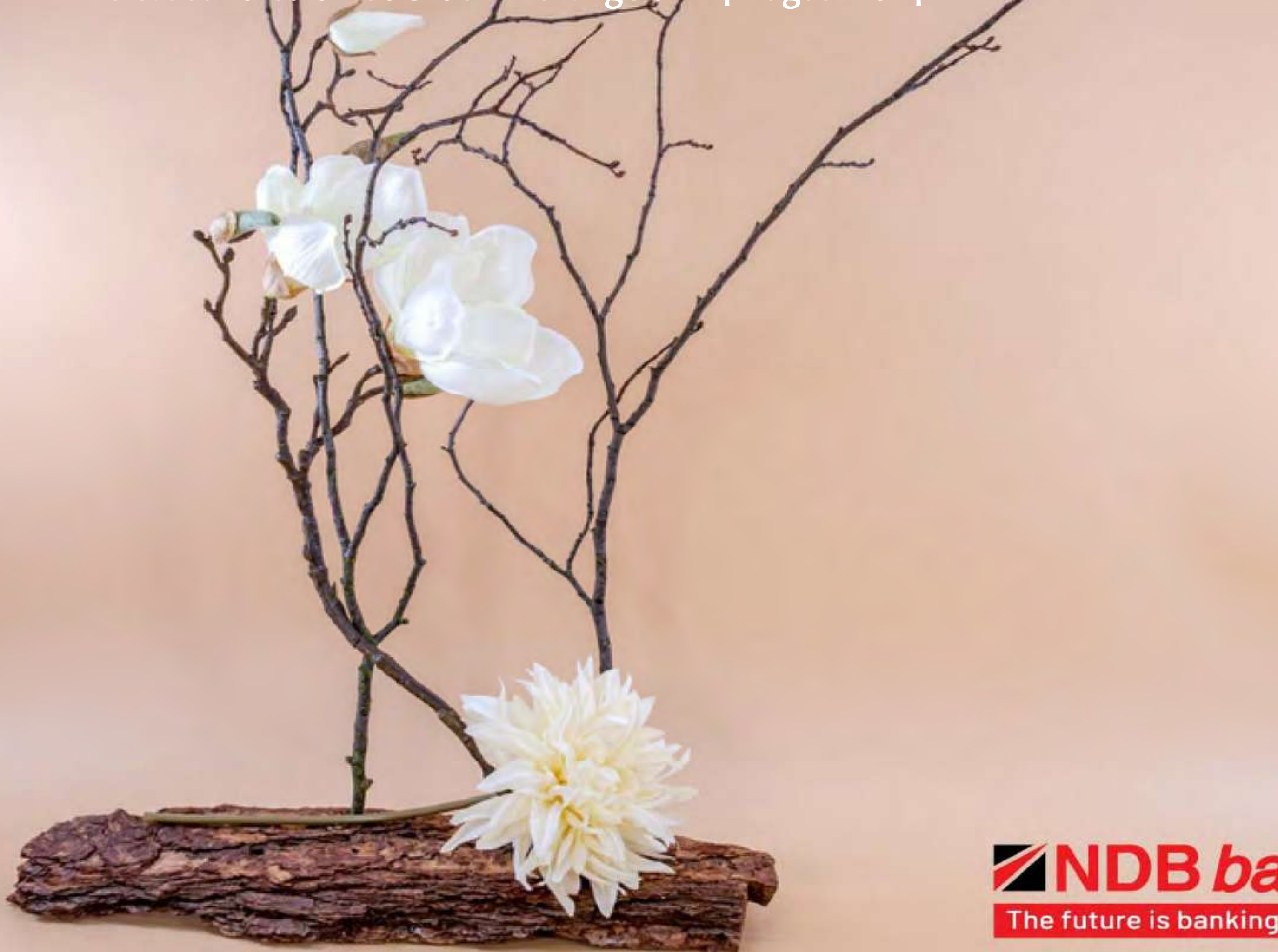

NDB bank
The future is banking on us

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***The financial statements presented herewith are the unaudited financial statements for the six months ended 30 June 2024 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB posts strong profitability in first half of 2024 – PBT crosses Rs. 6.5 Bn

14 August 2024, Colombo, Sri Lanka

National Development Bank PLC continued to demonstrate strategic agility and resilience amidst less than conducive operating conditions, as was reflected in financial performance for the six months ended 30 June 2024, released to the Colombo Stock Exchange recently. The Bank posted a pre-tax profit of Rs. 6.5 Bn for the period under review, an impressive growth of 58%, predominantly driven by healthy net interest income. NDB's Director/ Chief Executive Officer Mr. Kelum Edirisinghe attributed such performance to alignment to the Bank's current mid-term strategy, delivered by the passionate and dedicated NDB team. Our strategy is one which has been curated pivoting around three core focus areas viz. optimising cost of funds, enhancing fee based income through transaction banking and enhancing portfolio quality. This strategy will enable us to drive profitability and enhance shareholder value, helping the Bank reach and exceed its true potential. We are encouraged by the recent affirmation of the Bank's credit rating at A-(lka) by Fitch Ratings Lanka Limited. As the operating environment continues to stabilise, we remain well-disposed in supporting our clientele and the wider economy with our full suite of financial and advisory solutions, he further commented.

Analysis of financial performance

Income and Profitability

The Bank recorded a total banking revenue of Rs. 22.9 Bn for the period under review, a solid growth of 24% over the comparative period in 2023 (YoY). Net interest income posted a healthy 10% growth to Rs. 16.5 Bn, commendable in the low interest rate environment that prevailed through the period. The decline in the Bank's interest income was more than offset by the reduction in interest expenses, on account of faster repricing of the deposits book. Net interest margin (NIM) reached an all-time high of 4.26% a growth of 29 bps over the end 2023 position affirming the effectiveness of the Bank's strategy.

Net fee and commission income for the period was Rs. 3.4 Bn which normalised over a relatively high base in 2023, as reflected in an 8% YoY decline. Other non-fund based income categories all performed well netting a gain of Rs. 3.9 Bn, save and except for those classified as Other Operating Income, which recorded a loss of Rs. 779 Mn on foreign revaluation reserves - attributable to the appreciation of the Sri Lankan Rupee.

Impairment charges for the period was Rs. 8.4 Bn, a YoY increase of 7% versus the comparative period. Impairment (Stage 3) to Stage 3 loans Ratio improved to 44.33% from 41.11% in 2023, reflecting continued build-up of impairment to absorb potential losses in Stage 03 category, as a part of the Bank's prudent credit risk management efforts. Impaired Loans (Stage 3) Ratio was 7.68% a consistent improvement from 8.58% of financial year 2023, demonstrating the soundness of the Bank's focused recoveries measures.

Strong cost disciplines, together with enhancements in income enabled a cost to income ratio of 34.9% for the period under review, well within the target level of 35.0%. Total operating expenses was Rs. 8.0 Bn, a YoY increase of 23% mainly driven by increase in personnel expenses due to annual revisions to staff emoluments. As was in the first quarter of the year, the increase in the Other expenses category which comprises manageable costs was well contained, at 9% YoY.

Taxes netted Rs. 3.3 Bn, with a resultant post tax profitability of Rs. 3.2 Bn, which was a notable YoY growth of 37%.

Balance Sheet Performance, Liquidity and Capital Adequacy

The Bank's Balance Sheet, resilient and well diversified closed in at Rs. 764 Bn as at end June 2024. Within total assets, gross loans to customers grew by 2% over the end 2023 position (YTD) to Rs. 505 Bn, reversing the negative growth trend experienced over the last five quarters. Customer deposits followed a similar trend growing, although at a marginal 1% to Rs. 619 Bn. Rupee deposit base grew by 4% YTD with marked improvement in current and savings deposits, benefitting CASA. Foreign currency deposits declined by 8% YTD predominantly attributable to exchange rate appreciation.

Investor KPIs and regulatory ratios

Return on average equity and annualised Earnings per share for 1H 2024 were 7.38% (Group: 7.58 %) and Rs. 12.52 (Group: Rs. 13.67) respectively. Pre-tax Return on Average Assets was 1.39% (Group: 1.50%) and Net asset value per share was LKR 170.55 (Group: LKR 181.54).

Regulatory Liquidity Coverage Ratio (Rupee), Liquidity Coverage Ratio (All Currency) and Net Stable Funding Ratio stood well above the regulatory minimum requirement of 100% at 284.31%, 262.09% and 143.28% respectively. Tier I and Total Capital Adequacy ratios by the end of 1H 2024 stood at 11.09% (Group: 11.64%) and 14.83% (Group: 15.28%), above the regulatory minimum levels of 8.5% and 12.5% respectively. Prudent measures adopted in balance sheet management enabled the Bank to maintain sound liquidity and capital adequacy. The Bank will raise up to LKR 10 Bn in Tier II capital via Basel III compliant listed, rated, unsecured, subordinated, redeemable debentures during the year with requisite regulatory approval, towards which shareholder approval was obtained in early August 2024. The funds are to be raised with the objectives of improving and further strengthening the capital adequacy ratio in line with the Basel III guidelines and facilitating future expansion of business activities of the Bank.

Outlook

The Bank remains committed to driving sustained bottom line performance and enhancing shareholder value. The mid-term strategy will guide the Bank in this regard. In its course of business NDB will also prioritise on the well-being of all other connected stakeholders and the economy at large, by deploying perfected commercial and development banking expertise available to its credit.

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/06/2024 LKR '000	Period ended 30/06/2023 LKR '000	Change %	Quarter ended 30/06/2024 LKR '000	Quarter ended 30/06/2023 LKR '000	Period ended 30/06/2024 LKR '000	Period ended 30/06/2023 LKR '000	Change %	Quarter ended 30/06/2024 LKR '000	Quarter ended 30/06/2023 LKR '000
Gross Income	52,428,962	66,719,726	(21)	26,354,605	33,185,636	53,661,781	67,523,502	(21)	27,005,026	33,568,157
Interest Income	45,980,187	63,205,418	(27)	21,914,566	30,431,826	46,112,075	63,462,789	(27)	21,990,494	30,561,986
Interest Expenses	29,483,791	48,177,118	(39)	13,494,199	23,948,232	29,468,565	48,129,914	(39)	13,495,025	23,924,283
Net Interest Income	16,496,396	15,028,300	10	8,420,367	6,483,594	16,643,510	15,332,875	9	8,495,469	6,637,703
Fee and Commission Income	3,359,804	3,658,789	(8)	1,559,482	1,722,038	4,342,664	4,249,207	2	2,087,492	2,027,715
Less: Fee and commission Expenses	5,335	1,713	211	1,978	1,713	5,335	1,713	211	1,978	1,713
Net Fee and Commission Income	3,354,469	3,657,076	(8)	1,557,504	1,720,325	4,337,329	4,247,494	2	2,085,514	2,026,002
Net gain/(loss) from trading	570,782	2,018,330	(72)	253,861	1,113,122	570,782	2,018,330	(72)	253,861	1,113,122
Net gain/(loss) from financial assets at fair value Through Profit or Loss	506,666	256,341	98	126,741	141,293	643,800	318,143	102	204,918	173,674
Net gains/(losses) from derecognition of financial assets	2,790,192	795,074	251	2,079,789	750,564	2,790,192	795,074	251	2,079,789	750,564
Other operating income	(778,669)	(3,214,226)	76	420,166	(973,207)	(797,732)	(3,320,041)	76	388,472	(1,058,904)
Total Operating Income	22,939,836	18,540,895	24	12,858,428	9,235,691	24,187,881	19,391,873	25	13,508,023	9,642,160
Less : Impairment Charges	8,397,291	7,870,796	7	4,040,812	3,060,085	8,388,243	7,892,910	6	4,031,764	3,062,413
Net operating income	14,542,545	10,670,099	36	8,817,616	6,175,606	15,799,638	11,498,963	37	9,476,259	6,579,747
Operating Expenses										
Personnel Expenses	4,343,453	3,127,014	39	2,250,937	1,673,342	4,749,912	3,453,811	38	2,472,112	1,843,544
Depreciation and amortization	523,544	507,099	3	265,254	265,036	545,193	539,060	1	270,322	279,775
Other Expenses	3,129,193	2,882,568	9	1,584,187	1,483,445	3,488,484	3,162,635	10	1,767,054	1,614,083
Total operating expenses	7,996,190	6,516,681	23	4,100,378	3,421,823	8,783,589	7,155,506	23	4,509,488	3,737,402
Operating Profit Before Tax on Financial Services	6,546,355	4,153,418	58	4,717,238	2,753,783	7,016,049	4,343,457	62	4,966,771	2,842,345
Less: Taxes on Financial services	1,800,000	1,203,355	50	1,154,482	724,857	1,800,000	1,203,355	50	1,154,482	724,857
Operating Profit After Tax on Financial Services	4,746,355	2,950,063	61	3,562,756	2,028,926	5,216,049	3,140,102	66	3,812,289	2,117,488
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	4,746,355	2,950,063	61	3,562,756	2,028,926	5,216,049	3,140,102	66	3,812,289	2,117,488
Less : Income tax expenses	1,537,968	613,204	151	1,073,971	497,363	1,755,208	743,402	136	1,194,434	565,624
Profit for the period	3,208,387	2,336,859	37	2,488,785	1,531,563	3,460,841	2,396,700	44	2,617,855	1,551,864
Profit Attributable to:										
Equity Holders of the parent	3,208,387	2,336,859	37	2,488,785	1,531,563	3,445,986	2,390,955	44	2,608,335	1,536,880
Non Controlling Interests	-	-	-	-	-	14,855	5,745	159	9,520	14,984
	3,208,387	2,336,859	37	2,488,785	1,531,563	3,460,841	2,396,700	44	2,617,855	1,551,864
Basic Earnings per share (in LKR)	7.72	5.62	37	5.99	3.69	8.29	5.77	44	6.28	3.73
Diluted Earnings per share (in LKR)	7.72	5.62	37	5.99	3.69	8.29	5.77	44	6.28	3.73

STATEMENT OF COMPREHENSIVE INCOME

	Bank					Group				
	Period ended 30/06/2024 LKR '000	Period ended 30/06/2023 LKR '000	Change %	Quarter ended 30/06/2024 LKR '000	Quarter ended 30/06/2023 LKR '000	Period ended 30/06/2024 LKR '000	Period ended 30/06/2023 LKR '000	Change %	Quarter ended 30/06/2024 LKR '000	Quarter ended 30/06/2023 LKR '000
Profit for the period	3,208,387	2,336,859	37	2,488,785	1,531,563	3,460,841	2,396,700	44	2,617,855	1,551,864
Items that will be reclassified to Statement of Profit or loss										
Exchange differences on translation of foreign operations	-	-	-	-	-	(31,899)	(84,998)	62	(7,858)	(26,816)
Net Gains/(losses) on investments in debt instruments measured at fair value through other Comprehensive Income	(1,920,286)	2,758,472	(170)	(2,631,699)	1,404,315	(1,891,935)	2,766,332	(168)	(2,642,443)	1,399,747
Cash Flow Hedge Reserve-SWAP	(495,206)	(600,549)	18	(87,429)	(676,003)	(495,206)	(600,549)	18	(87,429)	(676,003)
Less :Tax expense relating to items that will be reclassified to Income Statements	724,648	(647,377)	212	815,739	(218,494)	724,648	(647,377)	212	815,739	(218,494)
A	(1,690,844)	1,510,545	(212)	(1,903,389)	509,818	(1,694,392)	1,433,408	(218)	(1,921,991)	478,434
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	162,080	82,130	97	81,827	41,421	162,080	82,130	97	81,827	41,421
B	162,080	82,130	97	81,827	41,421	162,080	82,130	97	81,827	41,421
Total Other Comprehensive Income after Tax A + B	(1,528,764)	1,592,675	(196)	(1,821,562)	551,239	(1,532,312)	1,515,538	(201)	(1,840,164)	519,855
Total Comprehensive Income for the period	1,679,623	3,929,534	(57)	667,223	2,082,803	1,928,530	3,912,238	(51)	777,692	2,071,719
Attributable to:										
Equity holders of the parent	1,679,623	3,929,534	(57)	667,223	2,082,803	1,922,121	3,920,324	(51)	772,310	2,061,252
Non Controlling Interests	-	-	-	-	-	6,409	(8,086)	179	5,382	10,467
	1,679,623	3,929,534	(57)	667,223	2,082,803	1,928,530	3,912,238	(51)	777,692	2,071,719

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Year		Current Period	Previous Year	
	As at 30/06/2024	As at 31/12/2023 (Audited)	Change	As at 30/06/2024	As at 31/12/2023 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	24,269,279	28,100,515	(14)	25,009,452	28,580,676	(12)
Balances with the Central Bank of Sri Lanka	8,890,911	7,040,421	26	8,890,911	7,040,421	26
Placements with banks	23,337,709	33,743,602	(31)	23,337,709	33,743,602	(31)
Derivative Financial Instruments	1,947,283	3,083,815	(37)	1,947,283	3,083,815	(37)
Financial assets recognized through profit or loss measured at fair value	15,826,732	24,021,340	(34)	18,128,898	26,040,046	(30)
Financial assets at amortised cost -loans and receivables to other customers	459,029,394	452,660,461	1	459,120,472	452,739,928	1
Financial assets at amortised cost - debt and other instruments	131,264,911	125,672,370	4	131,264,911	125,672,370	4
Financial assets measured at fair value through other comprehensive income	77,095,151	83,805,398	(8)	77,813,103	84,645,423	(8)
Investments in subsidiary companies	1,099,724	1,108,772	(1)	-	-	-
Investment Property	-	-	-	3,112,440	3,112,440	-
Intangible assets	1,855,637	1,883,447	(1)	1,875,879	1,898,270	(1)
Property, plant & equipment	3,073,206	3,141,117	(2)	3,757,189	3,817,097	(2)
Right of Use Assets	1,150,305	1,145,601	0	1,259,018	1,260,055	(0)
Current Tax Assets	-	-	-	42,179	43,102	(2)
Deferred tax Assets	10,547,627	9,648,118	9	10,615,055	9,717,805	9
Other assets	5,096,140	4,844,183	5	5,672,577	5,563,827	2
Total assets	**764,484,009**	**779,899,160**	**(2)**	**771,847,076**	**786,958,877**	**(2)**
Liabilities						
Due to Banks	5,003,980	7,679,195	(35)	5,003,980	7,679,195	(35)
Derivative Financial Instruments	439,979	93,361	371	439,979	93,361	371
Financial Liabilities at amortised cost -due to depositors	619,165,933	615,643,999	1	618,716,756	615,232,470	1
Financial Liabilities at amortised cost						
- due to debt securities holders	8,598,938	15,632,569	(45)	8,598,938	15,632,569	(45)
- due to other borrowers	22,368,447	24,636,539	(9)	22,368,447	24,636,539	(9)
Debt securities issued	24,136,275	29,388,875	(18)	24,136,275	29,388,875	(18)
Retirement benefit obligations	1,349,243	1,299,909	4	1,492,507	1,439,374	4
Current Tax Liabilities	4,984,186	7,265,070	(31)	5,209,891	7,430,773	(30)
Deferred Tax Liabilities	-	-	-	898,229	921,189	(2)
Other liabilities	7,488,133	8,033,112	(7)	8,076,056	8,529,555	(5)
Dividends payable	82,925	78,654	5	82,925	78,654	5
Total liabilities	**693,618,039**	**709,751,283**	**(2)**	**695,023,983**	**711,062,554**	**(2)**
Equity						
Stated Capital	21,756,865	20,738,231	5	21,756,865	20,738,231	5
Statutory Reserve Fund	3,046,479	3,046,479	-	3,046,479	3,046,479	-
Retained Earnings	42,255,723	41,027,500	3	46,521,535	45,079,167	3
Other Reserves	3,806,903	5,335,667	(29)	4,107,103	5,607,516	(27)
Total shareholders' equity	**70,865,970**	**70,147,877**	**1**	**75,431,982**	**74,471,393**	**1**
Non Controlling Interests	-	-	-	1,391,111	1,424,930	(2)
Total Equity	**70,865,970**	**70,147,877**	**1**	**76,823,093**	**75,896,323**	1
Total liabilities and equity	**764,484,009**	**779,899,160**	**(2)**	**771,847,076**	**786,958,877**	**(2)**
Net Book Value Per Share (LKR)	**170.55**	**175.60**	(3)	**181.54**	**186.43**	(3)
Contingent liabilities and commitments	**293,681,961**	**277,965,419**	6	**293,794,430**	**278,127,046**	6

Memorandum Information		
Number of Employees	**2,924**	2,756
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.)
Hasitha Athapattu
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.)
Sriyan Cooray
Director/ Chairman

(Sgd.)
Kelum Edirisinghe
Director/ Chief Executive Officer

14 August 2024

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June BANK	Stated Capital LKR '000	Statutory Reserve Fund LKR '000	Revaluation Reserve LKR '000	Share Based Payment Reserves LKR '000	Fair Value Reserve LKR '000	Cash Flow Hedge Reserve LKR '000	Retained Earnings LKR '000	Total LKR '000	Non Controlling Interests LKR '000	Total Equity LKR '000
Balance as at 01 January 2023	**19,870,665**	**2,746,479**	**1,466,265**	**44,479**	**(1,042,735)**	**3,069,667**	**37,381,043**	**63,535,863**	**-**	**63,535,863**
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	2,336,859	2,336,859	-	2,336,859
Other Comprehensive Income before Tax	-	-	-	-	2,840,602	(600,549)	-	2,240,053	-	2,240,053
Tax on Other Comprehensive Income	-	-	-	-	(827,542)	180,165	-	(647,377)	-	(647,377)
Total Comprehensive Income for the Period	-	-	-	-	2,013,060	(420,384)	2,336,859	3,929,535	-	3,929,535
Transactions with equity holders										
Final Dividends for year 2022 in the form of new shares	867,566						(950,237)	(82,671)	-	(82,671)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	2,667	2,667	-	2,667
Balance as at 30 June 2023	**20,738,231**	**2,746,479**	**1,466,265**	**44,479**	**970,325**	**2,649,283**	**38,770,332**	**67,468,065**	-	67,385,395
Balance as at 01 January 2024	**20,738,231**	**3,046,479**	**1,501,603**	**44,479**	**2,954,169**	**835,416**	**41,027,500**	**70,147,877**	**-**	**70,147,877**
Total Comprehensive Income for the Period										
Profit for the Period	-	-	-	-	-	-	3,208,387	3,208,387	-	3,208,387
Other Comprehensive Income before Tax	-	-	-	-	(1,758,206)	(495,206)	-	(2,253,412)	-	(2,253,412)
Tax on Other Comprehensive Income	-	-	-	-	576,086	148,562	-	724,648	-	724,648
Other Comprehensive Income before Tax	-	-	-	-	(1,182,120)	(346,644)	3,208,387	1,679,623	-	1,679,623
Transactions with equity holders										
Final Dividends for year 2023 - Cash	-	-	-	-	-	-	(798,929)	(798,929)		(798,929)
Final Dividends for year 2023 - Scrip	1,018,634	-	-	-	-	-	(1,198,393)	(179,759)	-	(179,759)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	17,155	17,155	-	17,155
Balance as at 30 June 2024	**21,756,865**	**3,046,479**	**1,501,603**	**44,479**	**1,772,049**	**488,772**	**42,255,721**	**70,865,968**	**-**	**70,865,970**

STATEMENT OF CHANGES IN EQUITY										
For the period ended 30 June	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
GROUP	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2023	**19,870,665**	**2,746,479**	**1,682,940**	**44,479**	**(1,025,487)**	**3,069,667**	**41,116,154**	**67,504,897**	**1,391,259**	**68,896,156**
Total Comprehensive Income for the period										
Profit for the period	-	-	-		-	-	2,390,955	2,390,955	5,745	2,396,700
Other Comprehensive Income before Tax	-	-	-		2,848,462	(600,549)	(71,495)	2,176,418	(13,503)	2,162,915
Tax on Other Comprehensive Income	-	-	-		(827,542)	180,165	-	(647,377)	-	(647,377)
Total Comprehensive Income for the period	-	-	-	-	2,020,920	(420,384)	2,319,460	3,919,996	(7,758)	3,912,238
Transactions with equity holders										
Final Dividends for year 2022 in the form of new shares	867,566	-	-	-	-	-	(950,237)	(82,671)	-	(82,671)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(52,533)	(52,533)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	2,667	2,667	-	2,667
Balance as at 30 June 2023	20,738,231	2,746,479	1,682,940	44,479	995,433	2,649,283	42,488,044	71,344,889	1,330,968	72,675,857
Balance as at 01 January 2024	**20,738,231**	**3,046,479**	**1,747,711**	**44,479**	**2,979,910**	**835,416**	**45,079,167**	**74,471,393**	**1,424,930**	**75,896,323**
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	3,445,986	3,445,986	14,855	3,460,841
Other Comprehensive Income before Tax	-	-	-	-	(1,729,855)	(495,206)	(23,451)	(2,248,512)	(8,446)	(2,256,958)
Tax on Other Comprehensive Income	-	-	-	-	576,086	148,562	-	724,648	-	724,648
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**(1,153,769)**	**(346,644)**	**3,422,535**	**1,922,122**	**6,409**	**1,928,530**
Transactions with equity holders										
Final Dividends for year 2023 - Cash	-	-	-	-	-	-	(798,929)	(798,929)	-	(798,929)
Final Dividends for year 2023 - Scrip	1,018,634	-	-	-	-	-	(1,198,393)	(179,759)	-	(179,759)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(40,228)	(40,228)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	17,155	17,155	-	17,155
Balance as at 30 June 2024	**21,756,865**	**3,046,479**	**1,747,711**	**44,479**	**1,826,141**	**488,772**	**46,521,535**	**75,431,982**	**1,391,111**	**76,823,093**

NDB bank

STATEMENT OF CASH FLOW

For the period ended 30 June	BANK 2024 LKR '000	BANK 2023 LKR '000	GROUP 2024 LKR '000	GROUP 2023 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	45,163,707	50,857,285	45,308,136	51,088,725
Fee based income received	3,462,605	3,672,341	4,411,971	4,200,121
Dividend income received	-	57,933	25,487	66,494
Other Operating income received	(318,460)	(1,309,972)	(261,354)	(1,246,706)
Interest paid	(38,076,232)	(47,371,774)	(38,076,035)	(47,370,771)
Personnel costs paid	(4,186,953)	(3,034,014)	(4,463,275)	(3,353,421)
Other expenses paid	(3,549,343)	(3,233,372)	(4,120,302)	(3,475,706)
Operating Profit before changes in operating assets and liabilities	2,495,324	(361,573)	2,824,628	(91,264)
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	(1,850,490)	1,163,180	(1,850,490)	1,163,180
Financial Assets at amortised cost -loans and receivables to other customers	(17,677,222)	74,887,401	(17,677,222)	74,652,948
Net (increase)/decrease in operating assets	395,005	4,540,608	405,715	4,580,465
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	12,346,131	(46,380,451)	12,497,639	(46,051,937)
Financial liabilities at amortised cost - due to debt securities holders	(7,033,631)	16,991,068	(7,033,631)	16,991,068
Financial liabilities at amortised cost - due to other borrowers	(3,586,929)	(12,327,663)	(3,586,929)	(12,327,663)
Repayment of principal portion of lease liabilities	(237,241)	(420,768)	(245,436)	(420,768)
Net increase/(decrease) in other liabilities	66,420	851,516	176,739	848,944
Net cash generated/(used in) from operating activities before taxation	(15,082,633)	38,943,318	(14,488,987)	39,344,973
Tax on Financial Services paid	(1,515,569)	(1,113,692)	(1,515,569)	(1,113,692)
Income taxes paid	(4,254,443)	(314,482)	(4,399,400)	(447,080)
Net cash generated/(used in) from operating activities	(20,852,645)	37,515,144	(20,403,956)	37,784,201
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	14,549,827	(32,688,170)	14,411,645	(33,014,565)
Purchase of Intangible assets	(132,480)	(1,610,708)	(140,368)	(1,610,708)
Purchase of property, plant & equipment	(305,730)	(93,642)	(348,541)	(100,025)
Proceeds from sale of property, plant & equipment	3,355	1,745	3,559	(4,976)
Net cash generated /(used in) from investing activities	14,114,972	(34,390,775)	13,926,295	(34,730,274)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid on debts securities issued	(1,279,534)	(1,157,747)	(1,279,534)	(1,157,747)
Proceed/ (Repayment) of Institutional borrowings	-	(3,649,675)	-	(3,649,675)
Proceeds from debt securities issued	(5,561,200)	-	(5,561,200)	-
Dividends paid to non-controlling interests	-	-	-	(26,185)
Dividends paid to shareholders of the Bank	(696,390)	-	(696,390)	-
Net cash provided by /(used in) financing activities	(7,537,124)	(4,807,422)	(7,537,124)	(4,833,607)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(14,274,797)	(1,683,053)	(14,014,785)	(1,779,680)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	61,844,117	38,958,510	62,324,278	39,836,654
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	47,569,320	37,275,457	48,309,493	38,056,974
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	24,269,279	26,794,790	25,009,452	27,576,307
Placements with banks	23,337,709	10,476,995	23,337,709	10,476,995
Cash and cash equivalents at the end of the period (Net)	47,606,988	37,271,785	48,347,161	38,053,302
Add : Impairment allowance	(37,668)	3,672	(37,668)	3,672
Cash and cash equivalents at the end of the period (Gross)	47,569,320	37,275,457	48,309,493	38,056,974

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 June

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	LKR '000	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**
Revenue										
Interest Income	45,980,187	63,205,418	115,464	210,167	1,435	-	-	-	46,097,086	63,415,585
Fee and Commission Income	3,359,804	3,658,789	839,982	434,231	73,351	87,104	22,746	28,683	4,295,882	4,208,808
Net gain/(loss) from trading	570,782	2,018,330	-	-	-	-	-	-	570,782	2,018,330
Net gain/(loss) from financial assets at fair value Through Profit or Loss	506,666	256,341	137,134	61,802	-	-	-	-	643,800	318,143
Net gains/(losses) from derecognition of financial assets	2,790,192	795,074	-	-	-	-	-	-	2,790,192	795,074
Other Operating Income	(778,669)	(3,271,264)	(19,063)	(48,778)	-	-	-	-	(797,732)	(3,320,041)
Total revenue from external customers	52,428,962	66,662,688	1,073,517	657,423	74,786	86,989	22,746	28,683	53,600,011	67,435,784
Inter-segment Revenue	-	-	24,839	26,455	36,931	61,264	-	-	61,770	87,718
Total Revenue	52,428,962	66,662,688	1,098,356	683,878	111,717	148,252	22,746	28,683	53,661,781	67,523,502
Impairment (charge)/reversal for Loans & other losses	(8,388,243)	(7,870,796)	-	-	-	(22,113)	-	-	(8,388,243)	(7,892,910)
Segment expenses	(37,456,783)	(54,635,001)	(760,800)	(561,481)	(14,403)	(10,892)	(25,502)	(79,759)	(38,257,488)	(55,287,133)
Segment results	6,583,936	4,156,891	337,556	122,397	97,314	115,247	(2,756)	(51,075)	7,016,049	4,343,458
Income tax expenses	-	-	-	-	-	-	-	-	1,755,208	743,402
Taxes on financial services	-	-	-	-	-	-	-	-	1,800,000	1,203,355
Profit after taxation									**3,460,841**	**2,396,700**
Other information										
Segment assets	764,464,305	793,164,394	3,703,958	3,105,215	3,630,644	3,374,317	48,169	106,815	771,847,076	799,750,741
Consolidated total assets									771,847,076	799,750,741
Segment liabilities	693,144,159	725,350,860	867,553	744,188	983,223	954,854	29,048	24,982	695,023,983	727,074,884
Consolidated total liabilities									695,023,983	727,074,884
Segmental Cash flows										
Cash flows from operating activities	(20,852,645)	37,515,144	485,278	197,802	(20,247)	34,653	(16,342)	36,601	(20,403,956)	37,784,201
Cash flows from investing activities	14,114,972	(34,390,775)	(170,270)	(331,437)	(18,408)	(8,062)	-	-	13,926,295	(34,730,274)
Cash flows from financing activities	(7,537,124)	(4,807,422)	-	39,277	-	-	-	(65,462)	(7,537,124)	(4,833,607)

NDB bank

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 JUNE 2024 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	24,269,279	-	-	24,269,279
Balances with the Central Bank of Sri Lanka	-	8,890,911	-	-	8,890,911
Placements with banks	-	23,337,709	-	-	23,337,709
Derivative Financial Instruments	1,947,283	-	-	-	1,947,283
Financial assets recognized through profit or loss measured at fair value	15,826,732	-	-	-	15,826,732
Financial assets at amortised cost -loans and receivables to other customers	-	459,029,394	-	-	459,029,394
Financial Assets at amortised cost - debt and other instruments	-	131,264,911	-	-	131,264,911
Financial assets measured at fair value through other comprehensive income	-	-	77,095,151	-	77,095,151
Other Financial Assets	-	1,393,733	-	-	1,393,733
Total Financial Assets	**17,774,015**	**648,185,937**	**77,095,151**	**-**	**743,055,103**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	5,003,980	5,003,980
Derivative Financial Instruments	439,979	-	439,979
Financial Liabilities at amortised cost -due to depositors	-	619,165,933	619,165,933
Financial Liabilities at amortised cost			
- due to debt securities holders	-	8,598,938	8,598,938
- due to other borrowers	-	22,368,447	22,368,447
Debt securities issued	-	24,136,275	24,136,275
Other Financial Liabilities	-	2,160,342	2,160,342
Total Financial Liabilities	**439,979**	**681,433,915**	**681,873,894**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 JUNE 2024 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	25,009,452	-	-	25,009,452
Balances with the Central Bank of Sri Lanka	-	8,890,911	-	-	8,890,911
Placements with banks	-	23,337,709	-	-	23,337,709
Derivative Financial Instruments	1,947,283	-	-	-	1,947,283
Financial assets recognized through profit or loss measured at fair value	18,128,898	-	-	-	18,128,898
Financial assets at amortised cost -loans and receivables to other customers	-	459,120,472	-	-	459,120,472
Financial Assets at amortised cost - debt and other instruments	-	131,264,911	-	-	131,264,911
Financial Assets measured at fair value through Other comprehensive income	-	-	77,813,103	-	77,813,103
Other Financial Assets	-	1,931,981	-	-	1,931,981
Total Financial Assets	**20,076,181**	**649,555,436**	**77,813,103**	**-**	**747,444,720**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	5,003,980	5,003,980
Derivative Financial Instruments	439,979	-	439,979
Financial Liabilities at amortised cost -due to depositors	-	618,716,756	618,716,756
Financial Liabilities at amortised cost			
- due to debt securities holders	-	8,598,938	8,598,938
- due to other borrowers	-	22,368,447	22,368,447
Debt securities issued	-	24,136,275	24,136,275
Other Financial Liabilities	-	2,410,131	2,410,131
Total Financial Liabilities	**439,979**	**681,234,527**	**681,674,506**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2023 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive	Others	Total
Cash and cash equivalents	-	28,100,515	-	-	28,100,515
Balances with the Central Bank of Sri Lanka	-	7,040,421	-	-	7,040,421
Placements with banks	-	33,743,602	-	-	33,743,602
Derivative Financial Instruments	3,083,815	-	-	-	3,083,815
Financial assets recognized through profit or loss measured at fair value	24,021,340	-	-	-	24,021,340
Financial assets at amortised cost -loans and receivables to other customers	-	452,660,461	-	-	452,660,461
Financial Assets at amortised cost - debt and other instruments	-	125,672,370	-	-	125,672,370
Financial assets measured at fair value through other comprehensive income	-	-	83,805,398	-	83,805,398
Other Financial Assets	-	1,427,296	-	-	1,427,296
Total Financial Assets	**27,105,155**	**648,644,665**	**83,805,398**	**-**	**759,555,218**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	7,679,195	7,679,195
Derivative Financial Instruments	93,361	-	93,361
Financial Liabilities at amortised cost -due to depositors	-	615,643,999	615,643,999
Financial Liabilities at amortised cost			
- due to debt securities holders	-	15,632,569	15,632,569
- due to other borrowers	-	24,636,539	24,636,539
Debt securities issued	-	29,388,875	29,388,875
Other Financial Liabilities	-	2,391,221	2,391,221
Total Financial Liabilities	**93,361**	**695,372,398**	**695,465,759**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2023 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	28,580,676	-	-	28,580,676
Balances with the Central Bank of Sri Lanka	-	7,040,421	-	-	7,040,421
Placements with banks	-	33,743,602	-	-	33,743,602
Derivative Financial Instruments	3,083,815	-	-	-	3,083,815
Financial assets recognized through profit or loss measured at fair value	26,040,046	-	-	-	26,040,046
Loans and Receivables to banks	-	-	-	-	-
Financial assets at amortised cost -loans and receivables to other customers	-	452,739,928	-	-	452,739,928
Financial Assets at amortised cost - debt and other instruments	-	125,672,370	-	-	125,672,370
Financial Assets measured at fair value through Other comprehensive income	-	-	84,645,423	-	84,645,423
Other Financial Assets	-	-	-	-	-
Other Financial Assets	-	1,965,544	-	-	1,965,544
Total Financial Assets	**29,123,861**	**649,742,541**	**84,645,423**	**-**	**763,511,825**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	7,679,195	7,679,195
Derivative Financial Instruments	93,361	-	93,361
Financial Liabilities at amortised cost -due to depositors	-	615,232,470	615,232,470
Financial Liabilities at amortised cost			
- due to debt securities holders	-	15,632,569	15,632,569
- due to other borrowers	-	24,636,539	24,636,539
Debt securities issued	-	29,388,875	29,388,875
Other Financial Liabilities	-	2,641,010	2,641,010
Total Financial Liabilities	**93,361**	**695,210,658**	**695,304,019**

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 2024. 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 2023.

FINANCIAL ASSETS & LIABILITIES MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

Bank	**2024 Fair Value Measurement Using**				2023 Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	**Significant Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Total**	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	30/06/2024 LKR '000	**30/06/2024 LKR '000**	**30/06/2024 LKR '000**	**30/06/2024 LKR '000**	31/12/2023 LKR '000	31/12/2023 LKR '000	31/12/2023 LKR '000	31/12/2023 LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,947,283	-	1,947,283	-	3,083,815	-	3,083,815
Financial assets recognized through profit or loss measured at fair value	15,826,732	-	-	15,826,732	24,021,340	-	-	24,021,340
Financial assets measured at fair value through other comprehensive income	77,088,926	-	6,225	77,095,151	83,799,173	-	6,225	83,805,398
Total Financial Assets	92,915,658	1,947,283	6,225	94,869,166	107,820,513	3,083,815	6,225	110,910,553
Financial Liabilities								
Derivative Financial Instruments	-	439,979	-	439,979	-	93,361	-	93,361
Total Financial Liabilities	-	439,979	-	439,979	-	93,361	-	93,361

Group	**2024 Fair Value Measurement Using**				2023 Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	**Significant Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Total**	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	30/06/2024 LKR '000	**30/06/2024 LKR '000**	**30/06/2024 LKR '000**	**30/06/2024 LKR '000**	31/12/2023 LKR '000	31/12/2023 LKR '000	31/12/2023 LKR '000	31/12/2023 LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,947,283	-	1,947,283	-	3,083,815	-	3,083,815
Financial assets recognized through profit or loss measured at fair value	17,577,009	-	551,889	18,128,898	25,212,128	-	827,918	26,040,046
Financial assets measured at fair value through other comprehensive income	77,705,196	101,682	6,225	77,813,103	84,545,321	93,877	6,225	84,645,423
Total Financial Assets	95,282,205	2,048,965	558,114	97,889,284	109,757,449	3,177,692	834,143	113,769,284
Financial Liabilities								
Derivative Financial Instruments	-	439,979	-	439,979	-	93,361	-	93,361
Total Financial Liabilities	-	439,979	-	439,979	-	93,361	-	93,361

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 Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Institute of Chartered Accountants of Sri Lanka.
There are no changes to the accounting policies and methods of computation since the publication of the last 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**

Loans and Receivables

The Bank assessed the Expected Credit Losses (ECL) of credit facilities based on two approaches of individual and collective basis. The customers who have been identified as individually significant were assessed under individual basis and they were staged based on the identified indicators of increase in credit risks.
The Expected Credit Losses assessed on collective impairment approach were based on Probability of Default (PD), Loss Given Default (LGD) and the Economic Factor Adjustment (EFA) by applying the recent forecasts and projections. Further, the Bank has accounted for management overlays to mitigate any expected losses by downgrading the staging of facilities included in the identified risk elevated industries where necessary to capture significant increases in credit risk due to stressed economic conditions.

Other Financial Assets

The Bank has accounted for an impairment provision on the foreign currency denominated government securities, considering the ongoing discussions on restructuring of the foreign currency denominated bonds, between the Government of Sri Lanka and the International Monitory Fund (IMF).

4 From total debt investment portfolio ,the Bank has reclassified the Debt portfolio amounting to LKR 37.7 Bn, consisting of Sri Lanka Government Treasury Bonds of LKR 32.6 Bn and Sri Lanka USD Sovereign Bonds of USD 14 Mn held as "Fair Value through Other Comprehensive Income" to "Amortised cost" with effect from 01 April 2022. This reclassification is a one-time event in accordance with the Statement of Alternative Treatment (SoAT) on reclassification of debt portfolio issued by the Institute of Chartered Accountants of Sri Lanka and in line with the requirements of the SLFR 9-Financial Instruments paragraph 5.6.5. The cumulative losses from these instruments previously recognised in Other Comprehensive Income has been removed from equity and adjusted against the fair value of the financial asset at the reclassification date. If these investments continued to be carried at fair value through other comprehensive income the fair value of the remaining portfolio as at 30 June 2024 would have amounted to LKR 6.1 Bn and would have resulted in the recognition of fair value loss of LKR 2.1 Bn in other comprehensive income during the period.

5 **Dividends**

On 15 March 2024, the Board of Directors approved and declared a final Dividend of LKR 5.00 per share, of which LKR 2.00 was in the form of cash dividend and the balance LKR 3.00 was in the form of scrip dividend for the financial year ended 31 December 2023 . Accordingly 16,049,064 ordinary voting shares have been listed as scrip dividends on 15 April 2024. As a result, the stated capital of the Bank increased to LKR 21.76 Bn (31 December 2023 - LKR 20.74 Bn).

6 **Proposed Debenture Issue**

The Board of Directors of the Bank at its meeting held on 15 March 2024 approved that the Bank issues up to a maximum of One Hundred Million (100,000,000) Basel III Compliant – Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non- Viability Conversion (hereinafter referred to as "Debentures") of Rupees Hundred (Rs.100/-) each, to raise a maximum sum of Rupees Ten Billion (LKR 10,000,000,000/-) as follows;

• The Debentures will be offered to "Qualified Investors" as defined under the Listing Rules of the CSE;
• The 100,000,000 Debentures will be issued, the timing of which is within one year time frame from the date of shareholder approval obtained at the extraordinary general meeting (held on 09 August 2024), for the issuance of the Debentures, subject to the approval of the Colombo Stock Exchange and will be decided by the Board of Directors of the Bank based on the requirements of the Bank and the prevailing market conditions ;
• The size, tenure/maturity period (minimum five years), coupon rate/s, frequency of coupon/s, etc., as determined by the Board as per the requirements of the Bank, will be notified prior to the opening of such issuance.

The aforesaid issue will be carried out subject to necessary regulatory approvals therefor and the Bank proposes to have these Basel III Compliant Debentures quoted on the Colombo Stock Exchange.

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

Notes to the Financial Statements

8. ANALYSIS OF LOANS & ADVANCES,COMMITMENTS,CONTINGENCIES AND IMPAIRMENT AS AT 30 JUNE 2024

8.1 Product wise Gross Loans and Receivables	Bank As at 30/06/2024 LKR '000	Bank As at 31/12/2023 LKR '000	Group As at 30/06/2024 LKR '000	Group As at 31/12/2023 LKR '000
By product-Domestic Currency				
Term loans	108,997,065	117,506,893	108,997,065	117,506,893
Medium and short term loans	83,758,940	62,250,769	83,758,940	62,250,769
Overdrafts	58,226,941	57,558,487	58,226,941	57,558,487
Trade Finance	17,395,421	19,343,575	17,395,421	19,343,575
Consumer loans	47,731,497	49,429,148	47,731,497	49,429,148
Lease rentals receivable and Hire Purchase	22,343,198	22,021,922	22,343,198	22,021,922
Housing loans	17,015,548	17,746,008	17,015,548	17,746,008
Pawning	14,068,003	12,996,626	14,068,003	12,996,626
Islamic Banking facilities	8,379,895	8,636,477	8,379,895	8,636,477
Credit cards	8,164,813	8,860,732	8,164,813	8,860,732
AF Loans	2,481,787	2,644,898	2,481,787	2,644,898
Staff loans	3,061,639	2,556,618	3,152,716	2,636,085
Sub total	**391,624,746**	**381,552,153**	**391,715,824**	**381,631,620**
By product-Foreign Currency				
Term loans	27,327,400	18,943,251	27,327,400	18,943,251
Overdrafts	9,481,737	9,573,648	9,481,737	9,573,648
Medium and short term loans	30,893,488	41,827,198	30,893,488	41,827,198
Trade Finance	38,160,382	37,917,217	38,160,382	37,917,217
Islamic Banking facilities	7,319,938	6,184,949	7,319,938	6,184,949
Housing loans	55,390	69,968	55,390	69,968
Sub total	**113,238,334**	**114,516,231**	**113,238,334**	**114,516,231**
Total	**504,863,080**	**496,068,384**	**504,954,158**	**496,147,851**

8.2 Product wise commitments and contingencies considered for Impairment	Bank As at 30/06/2024 LKR '000	Bank As at 31/12/2023 LKR '000	Group As at 30/06/2024 LKR '000	Group As at 31/12/2023 LKR '000
By product- Domestic Currency				
Guarantees	27,886,829	33,719,455	27,586,829	33,607,343
Performance Bonds	8,589,533	10,458,016	8,589,533	10,458,016
Documentary Credits	819,997	389,683	819,997	388,981
Acceptances	257,160	211,343	257,160	211,343
Undrawn commitments	150,798,041	161,390,908	150,449,095	160,859,409
Sub Total	**188,351,560**	**206,169,405**	**187,702,614**	**205,525,092**
By product- Foreign Currency				
Guarantees	16,808,340	9,243,575	16,808,340	9,243,575
Performance Bonds	2,950,327	3,566,902	2,950,327	3,566,902
Documentary Credits	14,027,652	8,893,734	14,027,652	8,893,734
Acceptances	9,316,357	6,302,605	9,316,357	6,302,605
Undrawn commitments	892,564	1,181,758	1,653,979	1,987,698
Sub Total	**43,995,240**	**29,188,574**	**44,756,655**	**29,994,514**
Total	**232,346,800**	**235,357,979**	**232,459,269**	**235,519,606**

	As at 30/06/2024 LKR '000	As at 31/12/2023 LKR '000	As at 30/06/2024 LKR '000	As at 31/12/2023 LKR '000
Gross loans and advances ,Commitments and Contingencies	737,209,880	845,430,865	737,413,427	846,244,643
(Less): Accumulated impairment under stage 1	6,071,483	4,812,665	6,071,483	4,812,665
Accumulated impairment under stage 2	6,673,343	5,542,129	6,673,343	5,542,129
Accumulated impairment under stage 3	34,835,031	24,702,027	34,835,031	24,702,027
Net value of loans and advances, commitments and contingencies	**689,630,023**	**810,374,043**	**689,833,570**	**811,187,821**

8.3 Movement of impairment during the period	Bank		Group	
	As at 30/06/2024 LKR '000	As at 31/12/2023 LKR '000	As at 30/06/2024 LKR '000	As at 31/12/2023 LKR '000
Under stage 1				
Balance at 1 January	4,751,122	4,812,665	4,751,122	4,812,665
Charge/(Write back) to Statement of Profit or Loss	1,320,361	(61,544)	1,320,361	(61,544)
Write-off during the period	-	-	-	-
Closing balance	**6,071,483**	**4,751,122**	**6,071,483**	**4,751,122**
Under stage 2				
Balance at 1 January	6,307,902	5,542,129	6,307,902	5,542,129
Charge/(Write back) to Statement of Profit or Loss	365,441	765,772	365,441	765,772
Write-off during the period	-	-	-	-
Closing balance	**6,673,343**	**6,307,902**	**6,673,343**	**6,307,902**
Under stage 3				
Balance at 1 January	34,009,586	24,702,027	34,009,586	24,702,027
Charge/(Write back) to Statement of Profit or Loss	5,429,698	15,255,244	5,429,698	15,255,244
Write-off during the period	(4,604,253)	(5,947,685)	(4,604,253)	(5,947,685)
Other movement	-	-	-	-
Closing balance	**34,835,031**	**34,009,586**	**34,835,031**	**34,009,586**

9. ANALYSIS OF DEPOSITS

Due to Other Customers - By product	Bank		Group	
	As at 30/06/2024 LKR '000	As at 31/12/2023 LKR '000	As at 30/06/2024 LKR '000	As at 31/12/2023 LKR '000
By product-Domestic Currency				
Demand deposits	38,711,348	33,683,062	38,706,920	33,678,136
Savings deposits	76,624,472	67,889,640	76,568,399	67,771,214
Time deposits	341,027,187	335,388,665	340,717,439	335,143,112
Other deposits	910,653	1,905,967	910,653	1,905,967
Sub total	**457,273,660**	**438,867,333**	**456,903,411**	**438,498,429**
By product- Foreign Currency				
Demand deposits	8,876,198	8,391,635	8,876,198	8,391,635
Savings deposits	25,783,698	27,403,358	25,704,770	27,396,399
Time deposits	126,897,275	140,519,125	126,897,275	140,483,459
Other deposits	335,102	462,548	335,102	462,548
Sub total	**161,892,273**	**176,776,665**	**161,813,345**	**176,734,041**
Total	**619,165,933**	**615,643,999**	**618,716,756**	**615,232,470**

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/06/2024	As at 31/12/2023	As at 30/06/2024	As at 31/12/2023
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	50,915,363	54,699,450	54,712,204	58,524,995
Tier 1 Capital	50,915,363	54,699,450	54,712,204	58,524,995
Total Capital	68,080,111	74,523,602	71,832,277	78,313,241
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	11.09	11.67	11.64	12.22
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.09	11.67	11.64	12.22
Total Capital Ratio (Minimum Requirement - 12.5%)	14.83	15.90	15.28	16.35
Leverage Ratio (Minimum Requirement - 3%)	6.44	6.74	6.85	7.15
Regulatory Liquidity				
Total stock of high quality liquid assets (LKR ' 000) - All currency	225,012,286	223,342,569	225,012,286	223,342,569
Total stock of high quality liquid assets (LKR ' 000) - Rupee	200,011,284	199,940,490	200,011,284	199,940,490
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%)	284.31	309.61	284.31	309.61
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%)	262.09	228.58	262.09	228.58
Net stable Funding Ratio (%) (Minimum Requirement 100%)	143.28	142.26	143.28	142.26
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) Ratio (%)	7.68	8.58	7.68	8.58
Impairment (stage 3) to Stage 3 loans Ratio (%)	44.33	41.11	44.33	41.11
Profitability				
Earnings Per Share (annualised) (LKR)	12.52	12.92	13.67	13.86
Return on Average Shareholders' Funds (%)	7.38	8.03	7.58	8.11
Return on Average Assets (after Tax (%))	0.67	0.67	0.73	0.71
Return on Average Assets (before Tax (%))	1.39	1.25	1.50	1.34
Net interest margin (%)	4.26	3.96	4.25	3.98
Debt Security - Related Ratios				
Interest Cover (Times)	1.56	1.37	1.56	1.37
Debt to Equity (Times)	9.59	9.88	9.00	9.30

SHARE INFORMATION

SHARE PRICE

As at	30/06/2024	31/12/2023
Number of shares	415,513,426	399,464,362
Last traded price (LKR)	80.20	64.90
For the quarter ended	**30/06/2024**	**31/12/2023**
Highest price per share (LKR)	84.00	71.00
Lowest price per share (LKR)	67.20	59.00

TOP 20 REGISTERED SHAREHOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.06.2024

	Name	Number of Shares	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	41,509,789	9.99
2	EMPLOYEE'S PROVIDENT FUND	39,491,696	9.50
3	BANK OF CEYLON NO. 1 ACCOUNT	33,025,123	7.95
4	RICHARD PIERIS AND CO LTD A/C NO.01	25,779,312	6.20
5	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	25,252,338	6.08
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	20,994,352	5.05
7	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	20,151,741	4.85
8	EMPLOYEES TRUST FUND BOARD	14,093,993	3.39
9	BNYM RE-TERRA GLOBAL OPPORTUNITY FUND, L.P	13,314,258	3.20
10	DR.S.YADDEHIGE	11,709,518	2.82
11	HATTON NATIONAL BANK PLC A/C NO 1	11,517,884	2.77
12	PERPETUAL TREASURIES LIMITED	10,165,367	2.45
13	SBI VEN HOLDINGS PTE LTD	10,086,418	2.43
14	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	8,836,939	2.13
15	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 05 (NON-PARTICIPATING FUND)	7,326,771	1.76
16	AKBAR BROTHERS PVT LTD A/C NO 1	5,789,261	1.39
17	FINCO HOLDINGS (PRIVATE) LIMITED	5,114,838	1.23
18	ARPICO INSURANCE PLC-SHARE HOLDERS	3,950,082	0.95
19	DFCC BANK PLC A/C 1	3,774,379	0.91
20	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 04 (PARTICIPATING FUND)	3,531,146	0.85

PUBLIC HOLDING PERCENTAGE

	As at 30/06/2024
Float adjusted Market Capitalization in LKR ('000)	27,219,188
Percentage of shares held by the public	81.68%
Number of public shareholders	11,185
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS' INTEREST IN SHARES OF NDB AS AT 30.06.2024

Name	No. of shares
MR. SRIYAN COORAY	-
MR. BERNARD SINNIAH	-
MR. SUJEEWA MUDALIGE	-
MR. KUSHAN D'ALWIS, PC	-
MS. (FAY) PIYACHATR CHETNAKARNKUL	-
MS. CHANDIMA DILRUKSHI	-
MS. KASTURI CHELLARAJA	-
MS. SHWETA PANDEY	-
MR. HASITHA PREMARATNE	-
MR. KELUM EDIRISINGHE	-

Rated unsecured subordinated redeemable debentures

INFORMATION ON DEBENTURES- BANK											
Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 June 2024 LKR mn	Market Value Highest LKR	Lowest LKR	Period end LKR	Interest Rate Coupon Rate %	Effective Annual Yield %	Interest rate of comparable Govt. Security %	Other ratios as at last trade Interest Yield %	Yield To Maturity %
Fixed rate - Debenture December 2023											
A- Dec 2023/Dec 2028	Listed	Annually	3,594	Not traded during the quarter			15.00	14.05	14.52	Not traded during the quarter	
B - Dec 2023/Dec 2028	Listed	Quarterly	1,674	Not traded during the quarter			14.22	14.05	14.52	Not traded during the quarter	
Fixed rate - Debenture November 2021											
A- Nov 2021/Nov 2026	Listed	Semi-annually	7,963	Not traded during the quarter			11.90	11.66	11.14	Not traded during the quarter	
B- Nov 2021/Nov 2028		Semi-annually	117	Not traded during the quarter			12.00	11.73	11.61	Not traded during the quarter	
Fixed rate - Debenture September 2020											
Sep 2020/ Sep 2025	Listed	Annually	6,960	Not traded during the quarter			9.50	9.16	6.57	Not traded during the quarter	
Fixed rate - Debenture December 2013											
D - Dec 2013/Dec 2025	Listed	Annually	3,828	Not traded during the quarter			14.00	13.26	12.09	Not traded during the quarter	
Total Debentures			**24,136**								

Rated unsecured subordinated redeemable debentures
Disclosures regarding the utilization of funds as per the objectives stated in the Debenture Prospectus

Debenture Issue - December 2023

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	5,000,000,000	Within 12 months from the date of allotment (i.e. by 12 December 2024)	5,000,000,000	100%	5,000,000,000	100%	-
2	Facilitate future expansion of business activities of the Bank	5,000,000,000	Within 12 months from the date of allotment (i.e. by 12 December 2024)	5,000,000,000	100%	5,000,000,000	100%	-

Important Dates – 1H 2024 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	14 August 2024
Investor Webinar	20 August 2024
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	14 August 2024
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 Aug 2024 and 30 Aug 2024

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 re-registered 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, Nawam 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) / Stable Outlook Fitch Ratings Lanka Limited
Registration No. PQ 27 **Accounting Year End** 31 December	**Auditors** M/s Ernst & Young, Rotunda Towers, No. 109, Galle Road, Colombo 03 **Company Secretary**: Ms. Shehani Ranasinghe **Compliance Officer:** Ms. Vidisha Jayawardena (Appointed w.e.f. 2 August 2024)
Board of Directors Mr. Sriyan Cooray - Chairman Mr. Kelum Edirisinghe – Director/Chief Executive Officer Mr. Bernard Sinniah – Director Mr. Sujeewa Mudalige – Director Mr. Kushan D'Alwis, PC – Director Ms.(Fay) Piyachatr Chetnakarnkul - Director Ms. Chandima Dilrukshi - Director Ms. Kasturi Chellaraja - Director Ms. Shweta Pandey - Director Mr. Hasitha Premaratne- Director	**Subsidiary Companies** NDB Capital Holdings Limited NDB Capital Limited (Bangladesh) Development Holding (Private) Limited NDB Investment Bank Limited NDB Wealth Management Limited NDB Securities (Private) Limited NDB Zephyr Partners Limited (Mauritius) NDB Zephyr Partners Lanka (Private) Limited Ayojana Fund (Private) Limited (Under liquidation)
Investor Relations - Contact Details	
Company Secretarial Unit Ms. Shehani Ranasinghe Vice President - Company Secretary Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Ext: 35013	**Investor Relations Team** Mr. Hasitha Athapattu Vice President - Finance Email: hasitha.athapattu@ndbbank.com investor.relations@ndbbank.com Tel.: +94(0)112448448 Ext: 35301

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