

INTERIM FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

National Development Bank PLC

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

Released to the Colombo Stock Exchange on: 20 February 2025



"Fitch Ratings Lanka Ltd: A(Lka)/Stable Outlook"



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***The financial statements presented herewith are the audited financial statements for the year ended 31 December 2024 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB reports highest-ever Group PBT, surpassing Rs. 24.0 Bn

20 February 2025, Colombo, Sri Lanka

- Healthy growth in core revenue streams
- NIM of 4.34%, highest recorded thus far
- Positive impact stemming from the finalization of ISB restructuring by the GoSL leading to reversal of impairments
- Notable growth in profitability even excluding one-off gains
- 13% reduction in Stage 3 loans portfolio

National Development Bank PLC (NDB) is pleased to announce a record-breaking profit for the financial year 2024, marking a significant milestone in the Bank's growth trajectory. All key performance indicators (KPIs) and shareholder metrics showed substantial improvements, reflecting the Bank's resilience and commitment to delivering value.

NDB's Director/ Chief Executive Officer Mr. Kelum Edirisinghe commented on the performance. "We are proud of our performance in FY 2024, which demonstrates our financial strength and our ability to adapt in a reviving and evolving economic landscape.

Our FY 2024 results were driven by a focused strategy that improved operational efficiency and enhanced customer engagements. As highlighted in prior press communications, we centered our efforts on three key pillars: driving transactions, enhancing portfolio quality and increasing net interest margins. Our efforts came in to fruition with the Bank delivering healthy growth in the respective areas which translated to enhanced profitability.

For the period under review the Bank reported a pre-tax profit of Rs. 24.3 Bn up 141% over 2023 inclusive of the one-off gain of Rs. 12.8 Bn stemming from the ISB restructure. Excluding this gain, our pre-tax profit from the underlying business grew 31% year on year, affirming the resilience of our business model.

As we reflect on the year gone by, it is clear that 2024 has been a year of tremendous collaboration, where all our key stakeholders - our shareholders, employees, customers, business partners, - have made significant contribution to our shared value journey. I remain deeply thankful to each one of them for their unwavering support and dedication.

As we look to the future, NDB remains committed to driving sustainable growth, aligned with national priorities whilst empowering all our stakeholders to unlock lasting prosperity. Our focus on environmental, social, and governance (ESG) principles continues to be at the heart of our efforts, ensuring we make a positive impact on the wider ecosystem", he concluded.

Analysis of financial performance

Income and Profitability

NDB recorded a post-tax profit of Rs. 9.0 Bn for the financial year ended 31 December 2024, a 68% increase over the prior year 2023 (YoY). Group profit attributable to shareholders was Rs. 9.8 Bn, again an impressive growth of 70% YoY. Profit before tax at Bank and Group level were Rs. 24.3 Bn

and 25.7 Bn respectively, making them the highest-ever profitability figures the Bank and the Group have posted in its 45 years plus history.

The Bank's core business activities saw robust performance, with notable increases in net interest income and fee and commission income. Net interest income (NII), which comprises 75% of the Bank's total operating income grew by 7% YoY to Rs. 34.2 Bn, a commendable performance in a low interest rate environment, and in a year in which loan book growth was moderate. NDB's prudent assets and liability management and timely pricing of the book resulted in Net Interest Margin (NIM) settling at a 4.34%.

Net fee and commission income, another integral component within the Bank's total revenue increased by 9% YoY to Rs. 7.8 Bn. Though moderate, the gradual increase in loan volumes, trade financing operations and digital banking transactions together with concerted transactions drive under the strategy drove fee income up. Total other non-fund based income netted Rs. 3.5 Bn, with a resultant total operating income of Rs. 45.5 Bn.

The impact of the debt restructuring, comprising the Day 01 loss and hair-cut loss, was Rs. 14.3 Bn. The Bank posted a net impairment reversal of Rs. 10.0 Bn comprising an impairment charge on the loan book and aforementioned impairment reversal on the investment portfolio. Loan portfolio quality improvement, another element of the strategy made considerable advancements during the year. The impairment charge on the loan book in 2024 was down by Rs. 2.7 Bn (17%) compared to 2023. Resultantly, Impaired Loans (Stage 3) to Total Loans Ratio improved by 340 bps to 5.18% whilst Impairment (Stage 3) to Stage 3 loans Ratio increased by 13.37 percentage points to 54.48% over the end 2023 position, continuing the progress maintained since 3Q 2023. Equal focus on cost management continued through the year. Total operating costs for the year was Rs. 16.8 Bn, a YoY increase of 23% with a cost to income ratio of 36.9%.

Balance Sheet Performance, Capital Adequacy and Liquidity

Balance Sheet performance moderated through 2024, a result of the conscious strategic approach taken in the evolving economic dynamics. Accordingly, total assets growth was marginal at 2%, closing in at Rs. 796 Bn. Gross loans and deposits growth was 3% reaching Rs. 510 Bn and Rs. 632 Bn respectively, inclusive of a negative impact stemming from movement in the exchange rate. Balance sheet funding remained healthy, leading to further optimization of cost of capital. The CASA ratio increased to 25.0% by 2 percentage points compared to 2023, tapping in to the upside potential NDB possesses in increasing its CASA ratio towards industry average. Total equity also enhanced by 11% to Rs. 77.7 Bn. Additionally, NDB raised a total of Rs. 10.0 Bn in Basel III compliant Tier II capital via two tranches of Rs. 5.0 Bn each during the year. Enhancements in capital was reflected in the regulatory capital ratios of Tier I and Total Capital Adequacy which stood at 13.68% and 19.09%, 518bps and 659 bps above the minimum requirement respectively.

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 358.12%, 308.26% and 152.43% respectively.

Investor KPIs

Investor KPIs reported record highs in 2024. Return on Average Equity was 12.22% up from 8.03% in 2023. Earnings per share reached Rs. 21.73 from Rs. 12.92 in 2023. Respective ratios at the Group level was 12.46% and Rs. 23.57. Bank Pre-tax Return on Average Assets was 3.09% an, exceptional improvement from the 1.25% of the prior year. Net Asset Value per Share was Rs. 186.91 and compared with a closing share price of Rs. 113.25. The comparatives of these indicators in 2023 were Rs. 175.60 and Rs. 64.90 respectively. Group Net Asset Value per share was Rs. 199.13 (2023: Rs. 186.43)

Outlook

It is encouraging to see the country moving in the right direction of growth and development. The recent upgrade of Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to CCC+ from *Restricted Default* is a clear affirmation of the nation's recovery path. This positive development is a welcoming sign that is expected to further strengthen global investor confidence, which in turn has benefited the banking sector, with the majority of banks, including NDB, receiving upgraded ratings. Over the years, we have remained committed to streamlining our processes, strengthening our digital capabilities and continuously upskilling our staff, ensuring that NDB is future-ready to capitalize on emerging opportunities. This dedication has positioned us on a solid growth platform as the country gradually emerges from its recent hardships. In this context, we are confident in the significant role we can play in supporting the nation's economic growth and in helping our stakeholders grow smart towards prosperity.

STATEMENT OF PROFIT OR LOSS										
	Bank					Group				
	Year ended 31/12/2024 (Audited) LKR '000	Year ended 31/12/2023 (Audited) LKR '000	Change %	Quarter ended 31/12/2024 LKR '000	Quarter ended 31/12/2023 LKR '000	Year ended 31/12/2024 (Audited) LKR '000	Year ended 31/12/2023 (Audited) LKR '000	Change %	Quarter ended 31/12/2024 LKR '000	Quarter ended 31/12/2023 LKR '000
Gross Income	99,383,382	132,326,003	(25)	25,204,347	29,450,566	102,203,733	134,472,594	(24)	26,189,743	30,194,799
Interest Income	88,059,931	119,372,564	(26)	22,032,903	25,713,471	88,282,978	119,722,233	(26)	22,079,428	25,700,247
Interest Expenses	53,848,864	87,425,434	(38)	12,210,380	18,170,256	53,789,233	87,341,751	(38)	12,197,479	18,153,520
Net Interest Income	34,211,067	31,947,130	7	9,822,523	7,543,215	34,493,745	32,380,482	7	9,881,949	7,546,727
Fee and Commission Income	7,823,528	7,164,891	9	2,740,396	1,733,162	9,843,646	8,566,191	15	3,267,954	2,167,870
Less: Fee and commission Expenses	26,210	7,084	270	12,493	2,813	26,210	7,084	270	12,493	2,813
Net Fee and Commission Income	7,797,318	7,157,807	9	2,727,903	1,730,349	9,817,436	8,559,107	15	3,255,461	2,165,057
Net gain/(loss) from trading	1,041,326	2,905,753	(64)	255,380	379,231	1,041,326	2,905,753	(64)	255,380	379,231
Net gain/(loss) from financial assets at fair value Through Profit or Loss	(141,276)	182,279	(178)	50,089	770,242	135,793	833,583	(84)	(573,258)	812,054
Net gains/(losses) from derecognition of financial assets										
- at Fair Value through Profit or Loss	881,748	1,113,703	(21)	166,602	(586,790)	978,163	1,113,703	(12)	978,163	(586,790)
- at Fair Value through OCI	3,050,319	4,507,348	(32)	7,629	1,946,812	3,068,427	4,108,332	(25)	25,737	1,997,796
Other operating income	(1,332,194)	(2,920,535)	54	(48,652)	(505,562)	(1,146,600)	(2,777,201)	59	156,339	(275,609)
Total Operating Income	45,508,308	44,893,485	1	12,981,474	11,277,497	48,388,290	47,123,759	3	13,979,771	12,038,467
Less : Impact of the debt restructuring	14,343,580	-	100	14,343,580	-	14,343,580	-	100	14,343,580	-
Less :Impairment charges/(reversals) on loans and other investments	(9,976,865)	21,144,038	(147)	(21,026,442)	2,397,856	(10,054,600)	21,137,016	(148)	(21,090,428)	2,397,856
Net operating income	41,141,593	23,749,447	73	19,664,336	4,059,242	44,099,310	25,986,743	70	20,726,619	4,856,555
Operating Expenses										
Personnel Expenses	9,055,457	6,633,355	37	2,460,894	1,547,842	9,909,475	7,379,192	34	2,699,431	1,765,237
Depreciation and amortization	1,090,584	984,510	11	283,049	248,051	1,167,989	1,054,459	11	312,438	265,011
Other Expenses	6,652,561	6,035,825	10	1,976,680	1,714,601	7,330,417	6,649,013	10	2,147,018	1,903,790
Total operating expenses	16,798,602	13,653,690	23	4,720,623	3,510,494	18,407,881	15,082,664	22	5,158,887	3,934,038
Operating Profit Before Tax on Financial Services	24,342,991	10,095,757	141	14,943,713	548,748	25,691,429	10,904,079	136	15,567,732	922,517
Less: Taxes on Financial services	5,524,202	2,749,840	101	2,892,587	344,518	5,524,202	2,749,840	101	2,892,587	344,518
Operating Profit After Tax on Financial Services	18,818,789	7,345,917	156	12,051,126	204,230	20,167,227	8,154,239	147	12,675,145	577,999
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	18,818,789	7,345,917	156	12,051,126	204,230	20,167,227	8,154,239	147	12,675,145	577,999
Less : Income tax expenses	9,788,568	1,975,590	395	7,557,913	46,531	10,274,892	2,296,029	348	7,722,285	154,972
Profit for the year	9,030,221	5,370,327	68	4,493,213	157,699	9,892,335	5,858,210	69	4,952,860	423,027
Profit Attributable to:										
Equity Holders of the parent	9,030,221	5,370,327	68	4,493,213	157,699	9,794,161	5,759,436	70	4,876,082	338,540
Non Controlling Interests	-	-	-	-	-	98,174	98,774	(1)	76,778	84,487
	9,030,221	5,370,327	68	4,493,213	157,699	9,892,335	5,858,210	69	4,952,860	423,027
Basic Earnings per share (in LKR)	21.73	12.92	68	10.81	0.38	23.57	13.86	70	11.74	0.81
Diluted Earnings per share (in LKR)	21.66	12.92	68	10.78	0.38	23.50	13.86	70	11.70	0.81

STATEMENT OF COMPREHENSIVE INCOME										
	Year ended 31/12/2024 (Audited) LKR '000	Year ended 31/12/2023 (Audited) LKR '000	Change %	Quarter ended 31/12/2024 LKR '000	Quarter ended 31/12/2023 LKR '000	Year ended 31/12/2024 (Audited) LKR '000	Year ended 31/12/2023 (Audited) LKR '000	Change %	Quarter ended 31/12/2024 LKR '000	Quarter ended 31/12/2023 LKR '000
Profit for the year	9,030,221	5,370,327	68	4,493,213	157,699	9,892,335	5,858,210	69	4,952,860	423,027
Items that will be reclassified to Statement of Profit or loss										
Exchange differences on translation of foreign operations	-	-	-	-	-	(45,860)	(67,465)	32	(4,591)	1,512
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	(1,382,089)	5,259,686	(126)	1,080,448	(1,526,399)	(1,379,562)	5,268,192	(126)	1,090,609	(1,587,415)
Cash Flow Hedge Reserve-SWAP	(776,202)	(3,191,786)	76	(259,652)	(290,243)	(776,202)	(3,191,786)	76	(259,652)	(290,243)
Less :Tax expense relating to items that will be reclassified to Income Statements	647,488	(620,370)	204	(246,238)	544,993	645,324	(620,383)	204	(248,402)	544,330
A	(1,510,803)	1,447,530	(204)	574,558	(1,271,649)	(1,556,300)	1,388,558	(212)	577,964	(1,331,816)
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	905,099	315,123	187	809,597	(181,216)	905,099	315,123	187	809,597	(181,216)
Revaluation of Land & Buildings	51,735	50,483	2	51,735	50,483	96,364	92,531	4	96,364	92,531
Actuarial Gains/(losses) on defined benefit plans	(89,354)	(581,395)	85	(89,354)	(581,395)	(99,177)	(605,550)	84	(99,177)	(605,550)
Less :Tax expense relating to items that will not be reclassified to Income Statements	(12,429)	72,461	(117)	(12,429)	72,461	(22,872)	67,093	(134)	(22,872)	67,093
B	855,051	(143,328)	697	759,549	(639,667)	879,414	(130,803)	772	783,912	(627,142)
Total Other Comprehensive Income after Tax	(655,752)	1,304,202	(150)	1,334,107	(1,911,316)	(676,886)	1,257,755	(154)	1,361,876	(1,958,958)
Total Comprehensive Income for the year	8,374,469	6,674,529	25	5,827,320	(1,753,617)	9,215,449	7,115,965	30	6,314,737	(1,535,931)
Attributable to:										
Equity holders of the parent	8,374,469	6,674,529	25	5,827,320	(1,753,617)	9,128,833	7,029,011	30	6,238,070	(1,619,987)
Non Controlling Interests	-	-	-	-	-	86,616	86,954	(0)	76,667	84,056
	8,374,469	6,674,529	25	5,827,320	(1,753,617)	9,215,449	7,115,965	30	6,314,737	(1,535,931)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	BANK			Group		
	Current Year	Previous Year		Current Year	Previous Year	
	As at 31/12/2024 (Audited) LKR '000	As at 31/12/2023 (Audited) LKR '000	Change %	As at 31/12/2024 (Audited) LKR '000	As at 31/12/2023 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	18,037,627	28,100,515	(36)	18,682,376	28,580,676	(35)
Balances with the Central Bank of Sri Lanka	8,053,358	7,040,421	14	8,053,358	7,040,421	14
Placements with banks	22,098,832	33,743,602	(35)	22,098,832	33,743,602	(35)
Derivative Financial Instruments	1,146,236	3,083,815	(63)	1,146,236	3,083,815	(63)
Financial assets recognized through profit or loss measured at fair value	6,776,131	24,021,340	(72)	9,905,171	26,040,046	(62)
Financial assets at amortised cost -loans and receivables to other customers	460,707,258	452,660,461	2	460,780,610	452,739,928	2
Financial assets at amortised cost - debt and other instruments	166,190,761	125,672,370	32	166,355,792	125,672,370	32
Financial assets measured at fair value through other comprehensive income	94,245,415	83,805,398	12	94,659,106	84,645,423	12
Investments in subsidiary companies	1,031,037	1,108,772	(7)	-	-	-
Investment Property	-	-	-	3,107,671	3,112,440	(0)
Intangible assets	1,766,615	1,883,447	(6)	1,814,985	1,898,270	(4)
Property, plant & equipment	3,147,459	3,141,117	0	4,070,740	3,817,097	7
Right of Use Assets	1,260,740	1,145,601	10	1,337,042	1,260,055	6
Current Tax Assets	-	-	-	33,727	43,102	(22)
Deferred tax Assets	4,158,040	9,648,118	(57)	4,216,721	9,717,805	(57)
Other assets	7,066,842	4,844,183	46	7,517,853	5,563,827	35
Total assets	795,686,351	779,899,160	2	803,780,220	786,958,877	2
Liabilities						
Due to Banks	4,841,342	7,679,195	(37)	4,841,342	7,679,195	(37)
Derivative Financial Instruments	344,586	93,361	269	344,586	93,361	269
Financial Liabilities at amortised cost -due to depositors	631,682,926	615,643,999	3	631,081,461	615,232,470	3
Financial Liabilities at amortised cost						
- due to debt securities holders	8,002,850	15,632,569	(49)	8,002,850	15,632,569	(49)
- due to other borrowers	22,023,798	24,636,539	(11)	22,023,798	24,636,539	(11)
Debt securities issued	33,564,708	29,388,875	14	33,564,708	29,388,875	14
Retirement benefit obligations	1,413,872	1,299,909	9	1,556,937	1,439,374	8
Current Tax Liabilities	5,204,643	7,265,070	(28)	5,473,755	7,430,773	(26)
Deferred Tax Liabilities	-	-	-	976,244	921,189	6
Other liabilities	10,860,883	8,033,112	35	11,630,328	8,529,555	36
Dividends payable	81,988	78,654	4	81,988	78,654	4
Total liabilities	718,021,596	709,751,283	1	719,577,997	711,062,554	1
Equity						
Stated Capital	21,756,865	20,738,231	5	21,756,865	20,738,231	5
Statutory Reserve Fund	3,521,479	3,046,479	16	3,521,479	3,046,479	16
Retained Earnings	43,501,855	41,027,500	6	48,276,283	45,079,167	7
Other Reserves	8,884,556	5,335,667	67	9,188,008	5,607,516	64
Total shareholders' equity	77,664,755	70,147,877	11	82,742,635	74,471,393	11
Non Controlling Interests	-	-	-	1,459,588	1,424,930	2
Total Equity	77,664,755	70,147,877	11	84,202,223	75,896,323	11
Total liabilities and equity	795,686,351	779,899,160	2	803,780,220	786,958,877	2
Net Book Value Per Share (LKR)	186.91	175.60	6	199.13	186.43	7
Contingent liabilities and commitments	288,292,666	277,965,419	4	288,367,118	278,127,046	4
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 audited financial statements of the Bank and the Group.						
(Sgd.) Sriyan Cooray Director/ Chairman			(Sgd.) Kelum Edirisinghe Director/ Chief Executive Officer			
20 February 2025						

STATEMENT OF CHANGES IN EQUITY											
For the year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves					Retained Earnings	Total	Non Controlling Interests	Total Equity
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Special Reserve ISB				
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
BANK											
Balance as at 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 Year											
Profit for the Year	-	-	-	-	-	-	-	5,370,327	5,370,327	-	5,370,327
Other Comprehensive Income before Tax	-	-	50,483	-	5,574,809	(3,191,786)	-	(581,395)	1,852,111	-	1,852,111
Tax on Other Comprehensive Income	-	-	(15,145)	-	(1,577,905)	957,535	-	87,606	(547,909)	-	(547,909)
Total Comprehensive Income for the Period	-	-	35,338	-	3,996,904	(2,234,251)	-	4,876,538	6,674,529	-	6,674,529
Transactions with equity holders											
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	(300,000)	-	-	-
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	-	-	-	-	-	-	-	20,156	20,156	-	20,156
Balance as at 31 December 2023	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
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 Year											
Profit for the Year	-	-	-	-	-	-	-	9,030,221	9,030,221	-	9,030,221
Other Comprehensive Income before Tax	-	-	51,735	-	(476,990)	(776,202)	-	(89,354)	(1,290,811)	-	(1,290,811)
Tax on Other Comprehensive Income	-	-	(15,520)	-	414,627	232,861	-	3,091	635,059	-	635,059
Other Comprehensive Income before Tax	-	-	36,215	-	(62,363)	(543,341)	-	8,943,958	8,374,469	-	8,374,469
Transactions with equity holders											
Transfer to Special Reserve - ISB	-	-	-	-	-	-	4,014,429	(4,014,429)	-	-	-
Transfer to statutory reserve fund	-	475,000	-	-	-	-	-	(475,000)	-	-	-
Adjustment to share based payment reserves	-	-	-	103,949	-	-	-	-	103,949	-	103,949
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	-	-	-	-	-	-	-	17,148	17,148	-	17,148
Balance as at 31 December 2024	21,756,865	3,521,479	1,537,818	148,428	2,891,806	292,075	4,014,429	43,501,855	77,664,755	-	77,664,755

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital	Statutory Reserve Fund	Other Reserves					Retained Earnings LKR '000	Total Rs '000	Non Controlling Interests LKR '000	Total Equity LKR '000
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Special Reserve ISB				
GROUP	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 Year											
Profit for the Year	-	-	-	-	-	-	-	5,759,436	5,759,436	98,774	5,858,210
Other Comprehensive Income before Tax	-	-	92,531	-	5,583,315	(3,191,786)	-	(661,195)	1,822,865	(11,820)	1,811,045
Tax on Other Comprehensive Income	-	-	(27,760)	-	(1,577,918)	957,535	-	94,853	(553,290)	-	(553,290)
Total Comprehensive Income for the period	-	-	64,771	-	4,005,397	(2,234,251)	-	5,193,094	7,029,011	86,954	7,115,965
Transactions with equity holders											
Final Dividends for year 2022 in the form of new shares	867,566	-	-	-	-	-	-	(950,237)	(82,671)	-	(82,671)
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	(300,000)	-	-	-
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(53,283)	(53,283)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	20,156	20,156	-	20,156
Balance as at 31 December 2023	20,738,231	3,046,479	1,747,711	44,479	2,979,910	835,416	-	45,379,166	74,471,393	1,424,930	75,896,323
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 Year											
Profit for the Year	-	-	-	-	-	-	-	9,794,161	9,794,161	98,174	9,892,335
Other Comprehensive Income before Tax	-	-	96,364	-	(474,463)	(776,202)	-	(133,479)	(1,287,780)	(11,558)	(1,299,338)
Tax on Other Comprehensive Income	-	-	(28,909)	-	412,463	232,861	-	6,037	622,452	-	622,452
Total Comprehensive Income for the period	-	-	67,455	-	(62,000)	(543,341)	-	9,666,719	9,128,833	86,616	9,215,449
Transactions with equity holders											
Transfer to Special Reserve - ISB	-	-	-	-	-	-	4,014,429	(4,014,429)	-	-	-
Transfer to statutory reserve fund	-	475,000	-	-	-	-	-	(475,000)	-	-	-
Adjustment to share based payment reserves	-	-	-	103,949	-	-	-	-	103,949	-	103,949
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	-	-	-	-	-	-	-	-	-	(51,958)	(51,958)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	17,148	17,148	-	17,148
Balance as at 31 December 2024	21,756,865	3,521,479	1,815,166	148,428	2,917,910	292,075	4,014,429	48,276,283	82,742,635	1,459,588	84,202,223

STATEMENT OF CASH FLOW				
	BANK		GROUP	
For the year ended 31 December	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	96,983,587	115,721,380	97,137,933	116,098,876
Fee based income received	7,964,434	6,724,305	10,012,372	8,097,965
Dividend income received	143,837	77,194	128,718	15,402
Other Operating income received	(604,395)	296,105	(520,369)	457,150
Interest paid	(60,371,140)	(88,033,051)	(60,311,509)	(88,031,617)
Personnel costs paid	(8,788,433)	(6,530,159)	(9,475,958)	(7,272,194)
Other expenses paid	(7,209,128)	(7,082,535)	(7,959,426)	(7,551,205)
Operating Profit before changes in operating assets and liabilities	28,118,762	21,173,239	29,011,761	21,814,377
(Increase)/decrease in operating assets				
Deposits held for regulatory or monetary control purposes	(1,012,937)	11,147,126	(1,012,937)	11,147,126
Financial Assets at amortised cost -loans and receivables to other customers	(30,404,437)	77,234,867	(30,404,437)	77,234,867
Net (increase)/decrease in operating assets	(1,268,359)	4,984,338	(1,525,279)	5,063,435
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	22,321,501	(57,694,801)	22,131,565	(57,505,645)
Financial liabilities at amortised cost - due to debt securities holders	(7,629,719)	15,502,028	(7,629,719)	15,502,028
Financial liabilities at amortised cost - due to other borrowers	(1,966,494)	(15,280,423)	(1,966,494)	(15,280,423)
Repayment of principal portion of lease liabilities	(536,025)	(435,836)	(611,629)	(511,440)
Net increase/(decrease) in other liabilities	1,261,377	115,767	1,971,578	(2,593)
Net cash generated/(used in) from operating activities before taxation	8,883,669	56,746,305	9,964,409	57,461,732
Tax on Financial Services paid	(3,323,057)	(2,689,010)	(3,323,057)	(2,689,010)
Income taxes paid	(5,723,858)	(2,372,153)	(6,043,944)	(2,674,348)
Net cash generated/(used in) from operating activities	(163,246)	51,685,142	597,408	52,098,374
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(21,178,447)	(24,482,448)	(21,632,024)	(25,191,301)
Purchase of Intangible assets	(132,480)	(1,925,214)	(172,283)	(1,933,715)
Purchase of property, plant & equipment	(431,408)	(357,644)	(482,147)	(398,262)
Proceeds from sale of property, plant & equipment	4,146	5,069	4,157	5,109
Net cash generated /(used in) from investing activities	(21,738,189)	(26,760,237)	(22,282,297)	(27,518,169)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debt securities issued	(5,561,200)	(3,637,980)	(5,561,200)	(3,637,980)
Proceeds from debt securities issued	10,000,000	5,000,000	10,000,000	5,000,000
Interest paid on debts securities issued	(3,507,364)	(3,348,150)	(3,507,364)	(3,348,150)
Dividends paid to non-controlling interests	-	-	(51,958)	(53,283)
Dividends paid to shareholders of the Bank	(697,327)	-	(697,327)	-
Net cash provided by /(used in) financing activities	234,109	(1,986,130)	182,151	(2,039,413)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(21,667,326)	22,938,775	(21,502,738)	22,540,792
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	61,844,117	38,958,510	62,324,278	39,836,654
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40,176,791	61,897,285	40,821,540	62,377,446
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	18,037,627	28,100,515	18,682,376	28,580,676
Placements with banks	22,098,832	33,743,602	22,098,832	33,743,602
Cash and cash equivalents at the end of the year (Net)	40,136,459	61,844,117	40,781,208	62,324,278
Add: Impairment allowance	40,332	53,168	40,332	53,168
Cash and cash equivalents at the end of the period (Gross)	40,176,791	61,897,285	40,821,540	62,377,446

SEGMENTAL ANALYSIS- GROUP

For the year ended 31 December

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Revenue										
Interest Income	88,059,931	119,372,564	163,416	267,534	-	-	-	-	88,223,347	119,640,098
Fee and Commission Income	7,823,528	7,164,891	1,719,514	1,061,062	152,972	180,114	46,008	66,161	9,742,022	8,472,228
Net gain/(loss) from trading	1,041,326	2,905,753	-	-	-	-	-	-	1,041,326	(7,464,085)
Net gain/(loss) from financial assets at fair value Through Profit or Loss	(141,276)	1,745,982	277,069	201,304	-	-	-	-	135,793	1,947,286
Net gains/(losses) from derecognition of financial assets - Fair Value through Profit or Loss	881,748	1,113,703	96,415	-	-	-	-	-	978,163	4,108,332
Net gains/(losses) from derecognition of financial assets - Fair Value Through Other Comprehensive Income	3,050,319	4,507,348	18,108	50,984	-	-	-	-	3,068,427	4,558,332
Other Operating Income	(1,332,194)	(2,969,017)	20	(19,736)	185,574	211,552	-	-	(1,146,600)	(2,777,201)
Total revenue from external customers	99,383,382	132,277,521	2,274,542	1,561,148	338,545	391,666	46,008	66,161	102,042,477	134,296,497
Inter-segment Revenue	-	-	84,889	75,377	76,367	100,720	-	-	161,256	176,097
Total Revenue	99,383,382	132,277,521	2,359,431	1,636,525	414,912	492,387	46,008	66,161	102,203,733	134,472,594
Impairment (charge)/reversal for										
Impact of the debt restructuring	14,343,580	-	-	-	-	-	-	-	14,343,580	-
Loans & other losses	(10,054,600)	(21,137,016)	-	-	-	-	-	-	(10,054,600)	(21,137,016)
Segment expenses	(79,178,698)	(100,989,219)	(1,546,077)	(1,256,721)	(17,934)	(71,170)	(58,574)	(114,387)	(80,801,283)	(102,431,499)
Total segment expenses	(74,889,718)	(122,126,235)	(1,546,077)	(1,256,721)	(17,934)	(71,170)	(58,574)	(114,387)	(76,512,304)	(123,568,515)
Inter-segment expenses			-	-					-	-
Segment results	24,493,664	10,151,286	813,354	379,804	396,978	421,216	(12,566)	(48,227)	25,691,429	10,904,079
Income tax expenses									10,274,892	2,296,029
Taxes on financial services									5,524,202	2,749,840
Profit after taxation									9,892,335	5,858,210
Other information										
Segment assets	795,664,703	779,856,013	4,069,993	3,399,131	3,992,495	3,593,518	53,027	110,215	803,780,218	786,958,877
Consolidated total assets									803,780,218	786,958,877
Segment liabilities	717,412,076	709,314,127	1,186,870	791,037	955,151	926,653	23,899	30,737	719,577,996	711,062,554
Consolidated total liabilities									719,577,997	711,062,554
Segmental Cash flows										
Cash flows from operating activities	(163,246)	51,685,142	689,876	298,558	65,774	115,995	5,004	(1,320)	597,408	52,098,374
Cash flows from investing activities	(21,738,189)	(26,760,237)	(381,094)	(729,391)	(163,014)	(28,541)	-	-	(22,282,297)	(27,518,169)
Cash flows from financing activities	234,109	(1,986,130)	66,076	89,813	(88,710)	(97,310)	(29,325)	(45,787)	182,151	(2,039,413)

Notes to the Financial Statements

- 1 The figures are extracted from the audited 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 and Circular No 05 of 2024 of Central Bank of Sri Lanka.
- 3 **Expected Credit Losses**
 - 3.1 **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.
 - 3.2 **Restructuring of Sri Lanka International Sovereign Bonds (SLISBs)**
On 26 November 2024- The Democratic Socialist Republic of Sri Lanka ("Sri Lanka") announced the official launch of the exchange (the "Invitation") of its outstanding International exchange them for new instruments. The holders of the existing Bonds are invited to tender their Bonds and exchange them for new instruments over a three-week period, with the final deadline set for 12 December 2024. Accordingly, the Bank elected to participate in the Local Option of the SLISB restructuring proposal, which was specifically offered to local bond holders by the Government. As part of this option, 30% of the face value of the SLISBs originally held by the Bank was converted into rupee-denominated Treasury Bonds. The remaining 70% of the face value was settled through a USD-denominated Step-Up Bond, with a capital haircut of 10%. Additionally, the accrued coupon (Past Due Interest) on the original SLISBs up to 31st March 2024 was settled through a USD-denominated bond (PDI Bond) at a haircut of 11%.
The Bank's holding of the total investment portfolio of ISBs was LKR48.7 Bn, classified as amortised cost, which includes the face value of USD 144.8 Mn and the total interest outstanding amount of USD 17.8 Mn as at the restructuring date.
The breakdown of the new instruments received in settlement of SLISBs held as at the date of restructuring is as follows.

Type of Bond	Face Value as at the Date of Restructuring LKR 000	Coupon Rate	Fair value as at the Date of Restructuring LKR 000	Amortised Cost as at 31st December 2024 LKR 000	Maturity/Amortisation
Rupee denominated Treasury Bonds	12,611,066	SLFR + 0.5%	12,610,891	12,949,493	2036 to 2043
USD denominated Step-Up Bond	26,750,982	1% to 3.5%	16,503,252	16,515,129	2029 to 2038 (Nonlinear amortisation)
USD denominated PDI Bond	5,568,984	4.00%	4,650,522	4,694,255	2024 to 2028 (Nonlinear amortisation)

Initial recognition of the Bonds
The new bonds issued under the debt restructuring were recognised as new financial assets and initially measured at fair value. The fair value of the new bonds was estimated using discounted cash flow techniques, applying rates from the yield curve that was derived from the market information.

Discount rate used in the determination of fair value.
The Bank applied a discount rate of 10.0% in determining the fair value of the PDI Bond, which was calculated by adding a risk premium to the US Treasury Rate prevailing as at the date of restructuring. Further, a lower discount rate was applied to the Step-Up Bond which is at 8% as the Government of Sri Lanka has reserved the right to settle the Step-Up Bond in Sri Lankan Rupees if it is unable to settle in US dollars and the corresponding reduction in credit risk. Rupee-denominated Treasury Bonds are issued at the Standard Lending Facility Rate (SLFR) +0.5%, with interest to be reset every six months. As these are market-linked instruments, the Bank concluded that there is no material difference between the face value and the fair value of the bonds at the date of initial recognition.

Impact to the Profit & Loss for the year
In line with the recognition requirements under SLFRS 9, the new bonds were recorded at fair value upon initial recognition, leading to a fresh Day 1 loss and haircut adjustment, both of which were charged to the current year's Profit & Loss account amounting to LKR 14.3 Bn.
Also, the Bank had a net impairment provision reversal of LKR 23.7 Bn allocated for the retired International Sovereign Bonds (ISBs). Upon finalization of the restructuring, this entire provision was reversed to the Profit & Loss under "Impairment charges/(reversals) on loans and other Investments", as the underlying ISBs were retired and replaced with new instruments.

Sensitivity of the fair value of the bonds to discount rate
If the discounting factor increased or decreased by 1% of both the Step-Up Bond and the PDI Bond, it would result to a decrease/increase the fair value by approximately Rs 3.5 B

Classification of the new bonds
The Step up bonds and Rupee-denominated Treasury Bonds has been classified under Financial Assets at Amortised cost and the PDI Bond has been classified under Financial Assets at Fair value through Other Comprehensive Income. As of 31st December 2024, the Bank has continued to recognise the new USD/Rupee denominated bonds under Stage 2. Although the Bank recognised an impairment provision of Rs 162 Mn on the PDI Bond, no impairment provision has been recognised on the Step-Up Bond since the government has the option of settling the Step-Up Bond in LKR, if it is unable to settle the bonds in USD. Furthermore, no impairment provisions were recognised on Rupee denominated bonds. Both USD and LKR Bonds have been classified under Level 2 of the fair value hierarchy.

- 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. Sri Lanka USD Sovereign Bonds has been restructured as explained in Note 3.1 above and the cumulative losses from government treasury bonds 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 31 December 2024 would have amounted to LKR 3.6 Bn and would have resulted in the recognition of fair value loss of LKR 392 Mn in other comprehensive income during the year.
- 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 **Debtenture Issue**
During the financial year 2024, the Bank raised a total of Rs.10.0 Bn via Basel III compliant Tier II listed rated unsecured subordinated redeemable Debtentures with a non-viability conversion of Rupees Hundred (Rs.100/-). This was via two tranches of issuances of Rs. 5.0 Bn each, with the first tranche allotted on 12 September 2024 and second tranche allotted on 02 December 2024.
- 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.

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2024 - 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	-	18,037,627	-	-	18,037,627
Balances with the Central Bank of Sri Lanka	-	8,053,358	-	-	8,053,358
Placements with banks	-	22,098,832	-	-	22,098,832
Derivative Financial Instruments	1,146,236	-	-	-	1,146,236
Financial assets recognized through profit or loss measured at fair value	6,776,131	-	-	-	6,776,131
Financial assets at amortised cost -loans and receivables to other customers	-	460,707,258	-	-	460,707,258
Financial Assets at amortised cost - debt and other instruments	-	166,190,761	-	-	166,190,761
Financial assets measured at fair value through other comprehensive income	-	-	94,245,415	-	94,245,415
Other Financial Assets	-	1,046,533	-	-	1,046,533
Total Financial Assets	7,922,367	676,134,369	94,245,415	-	778,302,151

	At fair value through profit or loss	Amortized cost	Total
LIABILITIES			
Due to Banks	-	4,841,342	4,841,342
Derivative Financial Instruments	344,586	-	344,586
Financial Liabilities at amortised cost -due to depositors	-	631,682,926	631,682,926
Financial Liabilities at amortised cost			
- due to debt securities holders	-	8,002,850	8,002,850
- due to other borrowers	-	22,023,798	22,023,798
Debt securities issued	-	33,564,708	33,564,708
Other Financial Liabilities	-	2,467,698	2,467,698
Total Financial Liabilities	344,586	702,583,322	702,927,908

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2024 - 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	-	18,682,376	-	-	18,682,376
Balances with the Central Bank of Sri Lanka	-	8,053,358	-	-	8,053,358
Placements with banks	-	22,098,832	-	-	22,098,832
Derivative Financial Instruments	1,146,236	-	-	-	1,146,236
Financial assets recognized through profit or loss measured at fair value	9,905,171	-	-	-	9,905,171
Financial assets at amortised cost -loans and receivables to other customers	-	460,780,610	-	-	460,780,610
Financial Assets at amortised cost - debt and other instruments	-	166,355,792	-	-	166,355,792
Financial Assets measured at fair value through Other comprehensive income	-	-	94,659,106	-	94,659,106
Other Financial Assets	-	1,321,169	-	-	1,321,169
Total Financial Assets	11,051,407	677,292,137	94,659,106	-	783,002,650

	At fair value through profit or loss	Amortized cost	Total
LIABILITIES			
Due to Banks	-	4,841,342	4,841,342
Derivative Financial Instruments	344,586	-	344,586
Financial Liabilities at amortised cost -due to depositors	-	631,081,461	631,081,461
Financial Liabilities at amortised cost			
- due to debt securities holders	-	8,002,850	8,002,850
- due to other borrowers	-	22,023,798	22,023,798
Debt securities issued	-	33,564,708	33,564,708
Other Financial Liabilities	-	2,905,145	2,905,145
Total Financial Liabilities	344,586	702,419,304	702,763,890

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2023 - 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	-	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)

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
ASSETS					
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	-	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				2023			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1 31/12/2024 LKR '000	Significant Observable Inputs Level 2 31/12/2024 LKR '000	Significant Unobservable Inputs Level 3 31/12/2024 LKR '000	Total 31/12/2024 LKR '000	Quoted Prices in Active Markets Level 1 31/12/2023 LKR '000	Significant Observable Inputs Level 2 31/12/2023 LKR '000	Significant Unobservable Inputs Level 3 31/12/2023 LKR '000	Total 31/12/2023 LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,146,236	-	1,146,236	-	3,083,815	-	3,083,815
Financial assets recognized through profit or loss measured at fair value	6,776,131	-	-	6,776,131	24,021,340	-	-	24,021,340
Financial assets measured at fair value through other comprehensive income	89,544,935	4,694,255	6,225	94,245,415	83,799,173	-	6,225	83,805,398
Total Financial Assets	96,321,066	5,840,491	6,225	102,167,782	107,820,513	3,083,815	6,225	110,910,553
Financial Liabilities								
Derivative Financial Instruments	-	344,586	-	344,586	-	93,361	-	93,361
Total Financial Liabilities	-	344,586	-	344,586	-	93,361	-	93,361

Group	2024				2023			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1 31/12/2024 LKR '000	Significant Observable Inputs Level 2 31/12/2024 LKR '000	Significant Unobservable Inputs Level 3 31/12/2024 LKR '000	Total 31/12/2024 LKR '000	Quoted Prices in Active Markets Level 1 31/12/2023 LKR '000	Significant Observable Inputs Level 2 31/12/2023 LKR '000	Significant Unobservable Inputs Level 3 31/12/2023 LKR '000	Total 31/12/2023 LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,146,236	-	1,146,236	-	3,083,815	-	3,083,815
Financial assets recognized through profit or loss measured at fair value	9,353,282	-	551,889	9,905,171	25,212,128	-	827,918	26,040,046
Financial assets measured at fair value through other comprehensive income	89,856,944	4,795,937	6,225	94,659,106	84,545,321	93,877	6,225	84,645,423
Total Financial Assets	99,210,226	5,942,173	558,114	105,710,513	109,757,449	3,177,692	834,143	113,769,284
Financial Liabilities								
Derivative Financial Instruments	-	344,586	-	344,586	-	93,361	-	93,361
Total Financial Liabilities	-	344,586	-	344,586	-	93,361	-	93,361

Notes to the Financial Statements
8. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31 DECEMBER 2024
8.1 Product wise Gross Loans and Receivables
By product-Domestic Currency

	Bank		Group	
	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000
Term loans	100,672,026	117,506,893	100,672,026	117,506,893
Medium and short term loans	84,404,438	62,250,769	84,404,438	62,250,769
Overdrafts	59,944,846	57,558,487	59,944,846	57,558,487
Trade Finance	18,928,605	19,343,575	18,928,605	19,343,575
Consumer loans	46,510,957	49,429,148	46,510,957	49,429,148
Lease rentals receivable and Hire Purchase	22,666,898	22,021,922	22,666,898	22,021,922
Housing loans	16,885,775	17,746,008	16,885,775	17,746,008
Pawning	16,370,797	12,996,626	16,370,797	12,996,626
Islamic Banking facilities	10,003,994	8,636,477	10,003,994	8,636,477
Credit cards	8,670,182	8,860,732	8,670,182	8,860,732
AF Loans	1,916,540	2,644,898	1,916,540	2,644,898
Staff loans	3,292,370	2,556,618	3,365,722	2,636,085
Sub total	390,267,428	381,552,153	390,340,780	381,631,619

By product-Foreign Currency

Term loans	38,617,146	18,943,251	38,617,146	18,943,251
Overdrafts	7,357,932	9,573,648	7,357,932	9,573,648
Medium and short term loans	26,288,947	41,827,198	26,288,947	41,827,198
Trade Finance	39,341,594	37,917,217	39,341,594	37,917,217
Islamic Banking facilities	7,861,113	6,184,949	7,861,113	6,184,949
Housing loans	42,870	69,968	42,870	69,968
Sub total	119,509,603	114,516,231	119,509,603	114,516,231
Total	509,777,031	496,068,384	509,850,383	496,147,851

8.2 Product wise commitments and contingencies considered for Impairment
By product- Domestic Currency

	Bank		Group	
	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000
Guarantees	41,450,872	33,719,455	41,046,086	33,607,343
Performance Bonds	8,185,025	10,458,016	8,185,025	10,458,016
Documentary Credits	935,008	389,683	935,008	388,981
Acceptances	391,671	211,343	391,671	211,343
Undrawn commitments	145,480,200	161,390,908	145,230,200	160,859,409
Sub Total	196,442,776	206,169,405	195,787,990	205,525,092

By product- Foreign Currency

Guarantees	4,022,566	9,243,575	4,022,566	9,243,575
Performance Bonds	2,602,881	3,566,902	2,602,881	3,566,902
Documentary Credits	8,922,803	8,893,734	8,922,803	8,893,734
Acceptances	8,301,696	6,302,605	8,301,696	6,302,605
Undrawn commitments	1,160,231	1,181,758	1,889,469	1,987,698
Sub Total	25,010,177	29,188,574	25,739,415	29,994,514
Total	221,452,953	235,357,979	221,527,405	235,519,606

Gross loans and advances ,Commitments and Contingencies

	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000
Gross loans and advances ,Commitments and Contingencies	731,229,984	845,430,865	731,377,788	846,244,643
(Less): Accumulated impairment under stage 1	6,095,524	4,812,665	6,095,524	4,812,665
Accumulated impairment under stage 2	5,394,651	5,542,129	5,394,651	5,542,129
Accumulated impairment under stage 3	39,443,878	24,702,027	39,443,878	24,702,027
Net value of loans and advances, commitments and contingencies	680,295,931	810,374,043	680,443,735	811,187,821

	Bank		Group	
	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000
8.3 Movement of impairment during the period				
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	1,344,402	(61,544)	1,344,402	(61,544)
Write-off during the period	-	-	-	-
Closing balance	6,095,524	4,751,122	6,095,524	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	(913,251)	765,772	(913,251)	765,772
Write-off during the period	-	-	-	-
Closing balance	5,394,651	6,307,902	5,394,651	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	12,854,071	15,255,244	12,854,071	15,255,244
Write-off during the period	(7,419,779)	(5,947,685)	(7,419,779)	(5,947,685)
Other movement	-	-	-	-
Closing balance	39,443,878	34,009,586	39,443,878	34,009,586

	Bank		Group	
	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000	As at 31/12/2024 LKR '000	As at 31/12/2023 LKR '000
9. ANALYSIS OF DEPOSITS				
Due to Other Customers - By product				
By product-Domestic Currency				
Demand deposits	42,852,398	33,683,062	42,804,180	33,678,136
Savings deposits	81,378,640	67,889,640	81,016,288	67,771,214
Time deposits	346,074,563	335,388,665	345,910,656	335,143,112
Other deposits	997,857	1,905,967	997,857	1,905,967
Sub total	471,303,458	438,867,333	470,728,981	438,498,428
By product- Foreign Currency				
Demand deposits	10,270,852	8,391,635	10,269,393	8,391,635
Savings deposits	22,109,701	27,403,358	22,089,374	27,396,399
Time deposits	127,545,145	140,519,125	127,539,942	140,483,459
Other deposits	453,770	462,548	453,770	462,548
Sub total	160,379,468	176,776,665	160,352,480	176,734,042
Total	631,682,926	615,643,999	631,081,461	615,232,470

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 31/12/2024	As at 31/12/2023	As at 31/12/2024	As at 31/12/2023
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	62,094,115	54,699,450	66,298,084	58,524,995
Tier 1 Capital	62,094,115	54,699,450	66,298,084	58,524,995
Total Capital	86,665,636	74,523,602	90,776,819	78,313,241
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	13.68	11.67	14.24	12.22
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	13.68	11.67	14.24	12.22
Total Capital Ratio (Minimum Requirement - 12.5%)	19.09	15.90	19.50	16.35
Basel III Leverage Ratio (Minimum Requirement - 3%)	7.46	6.74	7.89	7.15
Regulatory Liquidity				
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%)	358.12	309.61	N/A	N/A
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%)	308.26	228.58	N/A	N/A
Net stable Funding Ratio (%) (Minimum Requirement 100%)	152.43	142.26	N/A	N/A
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) to Total Loans Ratio (%)	5.18	8.58	5.18	8.58
Impairment (stage 3) to Stage 3 loans Ratio (%)	54.48	41.11	54.48	41.11
Income and Profitability				
Earnings Per Share (LKR)	21.73	12.92	23.57	13.86
Return on Equity (%)	12.22	8.03	12.46	8.11
Return on Average Assets (after Tax (%))	1.15	0.67	1.23	0.71
Return on Average Assets (before Tax (%))	3.09	1.25	3.23	1.34
Net interest margin (%)	4.34	3.96	4.34	3.98
Cost to Income Ratio (%)	36.91	30.41	38.04	32.01
Debt Security - Related Ratios				
Interest Cover (Times)	1.64	1.37	1.64	1.37
Debt to Equity (Times)	9.01	9.88	8.45	9.30
Memorandum Information				
Credit Rating	A(lka) / Stable Outlook Fitch Ratings Lanka Limited	A-(lka) / Stable Outlook Fitch Ratings Lanka Limited	N/A	N/A
Number of Employees	2,920	2,756	N/A	N/A
Number of Branches	113	113	N/A	N/A

SHARE INFORMATION

SHARE PRICE

As at	31/12/2024	31/12/2023
Number of shares	415,513,426	399,464,362
Last traded price (LKR)	113.25	64.90
For the quarter ended	31/12/2024	31/12/2023
Highest price per share (LKR)	114.00	71.00
Lowest price per share (LKR)	76.00	59.00

TOP 20 REGISTERED SHAREHOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.12.2024

	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	ARPICO INSURANCE PLC-SHARE HOLDERS	3,950,082	0.95
18	DFCC BANK PLC A/C 1	3,687,019	0.89
19	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 04 (PARTICIPATING FUND)	3,531,146	0.85
20	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	3,353,269	0.81

PUBLIC HOLDING PERCENTAGE

	As at 31/12/2024
Float adjusted Market Capitalization in LKR ('000)	38,421,955
Percentage of shares held by the public	81.65%
Number of public shareholders	11,504
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS' INTEREST IN SHARES OF NDB AS AT 31.12.2024

Name	No. of shares
MR. SRIYAN COORAY	-
MR. BERNARD SINNIH	-
MR. SUJEEWA MUDALIGE	-
MR. KUSHAN D'ALWIS, PC	-
MS. (FAY) PIYACHATR CHETNAKARNKUL	-
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 31 December 2024 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Period end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture December 2024											
A- Dec 2024/Dec 2029	Listed	Annually	4,570	Not traded during the quarter			13.00	13.00	10.75	Not traded during the quarter	
B- Dec 2024/Dec 2029		Quarterly	469	Not traded during the quarter			12.41	13.00		Not traded during the quarter	
Fixed rate - Debenture September 2024											
A- Sep 2024/Sep 2029	Listed	Annually	4,056	Not traded during the quarter			13.25	12.51	12.98	Not traded during the quarter	
B- Sep 2024/Sep 2029		Semi-annually	848	Not traded during the quarter			12.84	12.50		Not traded during the quarter	
C- Sep 2024/Sep 2029		Quarterly	268	Not traded during the quarter			12.64	12.52		Not traded during the quarter	
Fixed rate - Debenture December 2023											
A- Dec 2023/Dec 2028	Listed	Annually	3,353	Not traded during the quarter			15.00	14.05	14.52	Not traded during the quarter	
B - Dec 2023/Dec 2028	Listed	Quarterly	1,675	Not traded during the quarter			14.22	14.05		Not traded during the quarter	
Fixed rate - Debenture November 2021											
A- Nov 2021/Nov 2026	Listed	Semi-annually	7,966	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		Not traded during the quarter	
Fixed rate - Debenture September 2020											
Sep 2020/ Sep 2025	Listed	Annually	6,656	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	3,587	Not traded during the quarter			14.00	13.26	12.09	Not traded during the quarter	
Total Debentures			33,565								

Rated unsecured subordinated redeemable debentures

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

Debenture Issue - September 2024 (Tranche I)

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 24 months from the date of allotment (i.e. by 12 September 2026)	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 24 months from the date of allotment (i.e. by 12 September 2026)	5,000,000,000	100%	< 5,000,000,000	<100%	Unutilized funds were invested in Government securities at available market rate.

Debenture Issue - December 2024 (Tranche II)

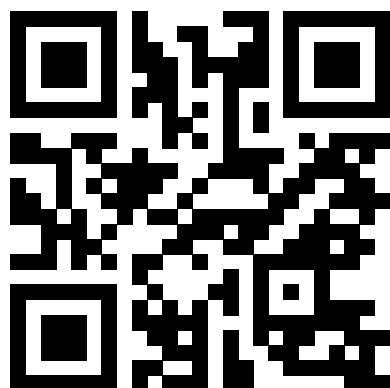
Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized 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 24 months from the date of allotment (i.e. by 2 December 2026)	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 24 months from the date of allotment (i.e. by 2 December 2026)	5,000,000,000	100%	< 5,000,000,000	<100%	Unutilized funds were invested in Government securities at available market rate.

Important Dates - 4Q 2024 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	20 February 2025
Investor Webinar	12 March 2025
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	20 February 2025
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	19 March 2025

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
Board of Directors Mr. Sriyan Cooray - Chair, Board of Directors Mr. Kelum Edirisinghe - Director/Chief Executive Officer Mr. Bernard Sinniah - Director Mr. Sujeewa Mudalige - Director Mr. Kushan D'Alwis, PC - Director Ms.(Fay) Piyachat Chetnakarnkul - 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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