

INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 MARCH 2019

NATIONAL DEVELOPMENT BANK PLC

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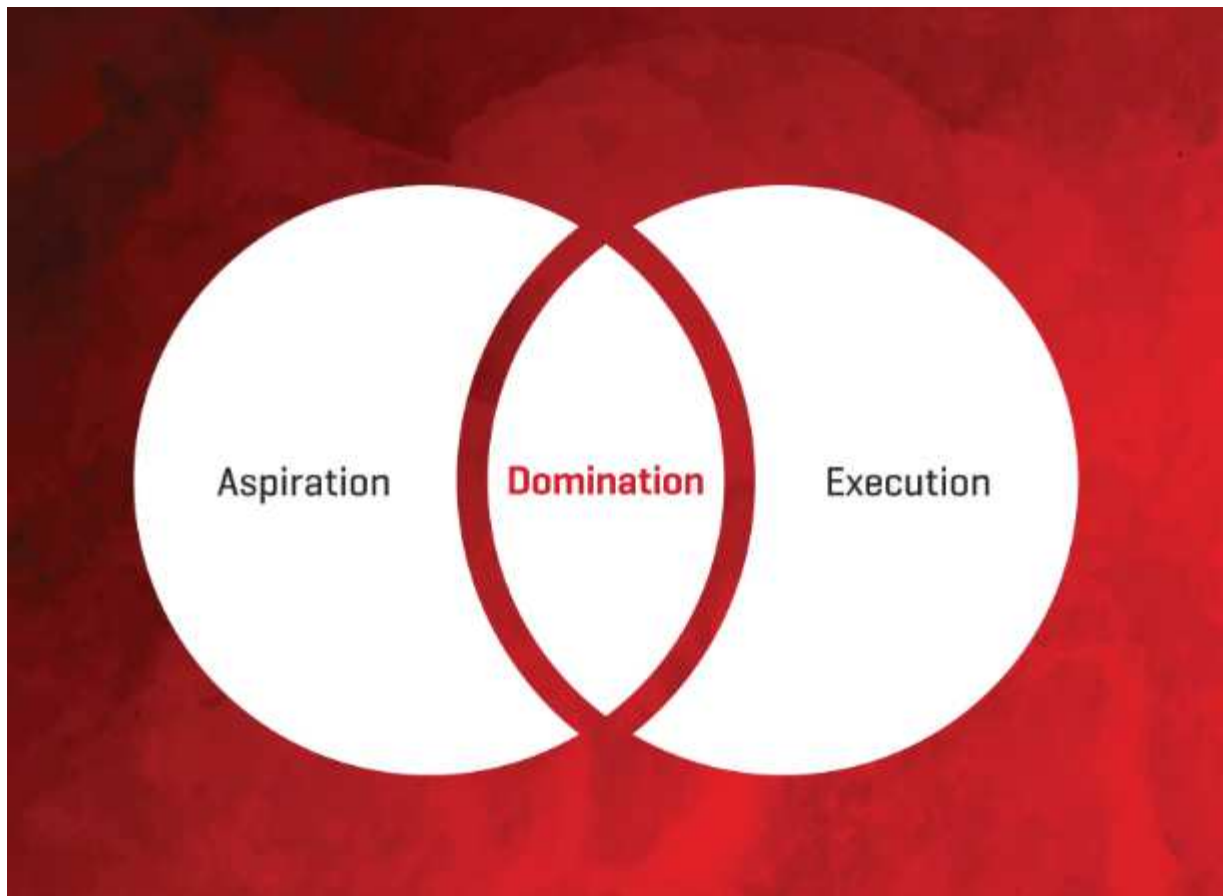


Table of Contents

Performance commentary	2
Financial statements published as per Rule 7.4 of the Listing Rules of the Colombo Stock Exchange	5
Important dates – Q1 2019 financial results release	20
Corporate information	20

***The financial statements presented herewith are the unaudited financial statements for the first three months ended 31 March 2019 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB posts LKR 3.0 Bn in pre-tax profit for Q1 2019, a 9% growth over Q1 2018

- **Post tax profitability of LKR 1.4 Bn amidst challenging market conditions**
- **Balance Sheet growth moderated at 2%**
- **Cost to income ratio of 37% amidst business expansions and investments in digital technology**
- **NPL ratio of 3.37% maintained below market average**

National Development Bank PLC recorded a pre-tax profit of LKR 3.0 Bn for Q1 2019 ended 31 March 2019, a growth of 9% over Q1 2018. The Bank's profit after tax of LKR 1.4 Bn was however, a 12% decline over LKR 1.6 Bn reported for the comparative period, due to higher taxes including the new Debt Repayment Levy and the impact from exchange losses incurred on the revaluation of the foreign currency reserves of the Bank. The reported results are largely reflective of the subdued macroeconomic and industry conditions experienced during the first quarter of the year.

Commenting on the quarter's performance, the Group Chief Executive Officer of NDB Bank - Mr. Dimantha Seneviratne mentioned that, the Bank saw a moderation in growth having accounted for the prevailing economic conditions and the industrywide trends in escalating NPLs. Hence the Bank's growth has been calibrated to match such conditions, and taken a cautious approach with sound risk management and credit underwriting practices, to ensure healthy and sustainable growth.

He also mentioned that NDB will focus on considerable internal integration during the year, wherein investments are planned in the core banking system as well as digital banking capabilities. The Bank is also evaluating internal processes to introduce business process re-engineering [BPR] solutions to achieve leaner, speedier and more cost effective processes, with the ultimate intentions of achieving cost efficiencies and an enhanced customer experience. The Bank will also focus on further strengthening the capital base via the infusion of both equity and debt capital, the effects of all of which will place NDB on a robust launch pad to achieve accelerated growth in 2020 and beyond, he further commented.

Analysis of financial performance

Income

Gross income recorded an 18% growth to LKR 14.1 Bn from LKR 11.9 Bn in the corresponding quarter. Total operating income was LKR 6.0 Bn, and was strengthened by the robust growth in net interest income [NII] as well as net fee and commission income. NII was LKR 4.7 Bn for the quarter under review, an increase of 39% year-on-year [YoY]. Within NII, interest income grew by 29%, and interest expense increased by 24%. The Bank's Net Interest Margin [NIM] was 3.41%, compared to 3.49% in Q1 2018. The high rates offered on deposits, particularly time deposits by both banks and non-banking financial institutions have resulted in higher interest costs. This is however expected to ease out with the measures taken by the Central Bank of Sri Lanka to introduce a cap on deposit interest rates.

Net fee and commission income grew by 22% to LKR 864 Mn YoY, due to the expansion of fee generating business activities and volume growths. The Bank's net gains from financial investments was LKR 62 Mn and was a decline of 77% over the prior period due to the higher gains earned during the corresponding period. Other operating income also was contained to LKR 44 Mn, given the exchange losses incurred on the revaluation of the foreign currency reserves of the Bank, due to the appreciation of the Sri Lankan Rupee in Q1 2019.

Total operating expenses

Total operating expenses increased by 16% to LKR 2.2 Bn in Q1 2019. Personnel expenses increased by 14% to LKR 1.2 Bn, reflecting the increase in the staff base over the year, mainly to support business expansions [Staff base: Q1 2018 - 2,331; Q1 2019 – 2,652]. Depreciation and amortization increased by 30% to LKR 137 Mn, in line with the large investment initiatives taken by the Bank, in expanding the branch network and enhancing digital offerings for a better customer experience. The branch network expanded from 107 in Q1 2018 to 110 in Q1 2019, including NDB NEOS, the fully digitized branch of NDB, whilst the Cash Recycle Machine network increased from 4 to 35 respectively.

Amidst such expenditure, the cost to income ratio improved to 37.28% for the period under review from 39.34% in end 2018, and is expected to remain at similar levels due to enhancement in revenue, and process and cost efficiencies expected as a result of the Bank-wide BPR initiatives being carried out.

Impairment charges for loans and other losses

The Impairment charge for the quarter ended 31 March 2019 was LKR 842 Mn, compared with LKR 800 Mn of Q1 2018. The Bank is mindful of the stresses experienced in the industry and is continuously reviewing the collection and recovery processes to minimize the high impairment loss effect to the Bank.

Balance Sheet Growth and Capital Management

The quarter saw moderation in the business expansions of the Bank. The total assets base of the Bank grew by 2% over 31 December 2018 [year-to-date/ YTD] to reach LKR 483 Bn, a quantum growth of LKR 9.7 Bn. Balance sheet expansion was supported by the expansion of the loan book [net] by 2% to reach LKR 351 Bn, which translated to a growth of LKR 6.7 Bn. On an year-on-year basis [i.e. from 31 March 2018 to 31 March 2019], the total assets of the Bank grew by 22%, whilst net loans grew by 24%. The gross non-performing loan [NPL] ratio was 3.37% in Q1 2019, a 52 bps increase from end 2018. This increase is a reflection of the wider trend in industry NPLS, as a result of the challenging conditions experienced in the country.

On the funding side, customer deposits reached LKR 351 Bn, with a moderated YTD growth of 1% [equivalent to LKR 3.5 Bn] and a year-on-year growth of 24%.

As a part of the Bank's capital augmentation plans, to meet the enhanced capital adequacy levels under Basel II guidelines, and to support the Bank's growing franchise, the Bank issued 50 Mn Basel III

compliant, listed rated unsecured and subordinated debentures with a par value of LKR 100/- and a tenor of five years in March 2019, which was oversubscribed, and raised LKR 5.561 Bn as Tier II capital.

The Tier 1 and total capital adequacy ratios of the Bank as of 31 March 2019 [minimum requirements of which are 8.5% and 12.5%] were 9.34% and 14.40% respectively. The same ratios for the NDB Group were 10.61% 15.39%, affirming NDB's strong capital position. In February 2019, Fitch Ratings Lanka Limited affirmed NDB's credit rating at A+, whilst the Outlook was revised from Stable to Negative, given continuous pressure on capitalization. The Bank's capital augmentation plan, which is a key strategic priority is currently underway, and will ensure the infusion of sound equity and debt capital to further strengthen the overall capital position.

Investor returns

The Bank generated a return on shareholder funds [ROE] of 11.06% for Q1 2019. Earnings per share for the quarter was LKR 17.52 whilst the closing share price was LKR 94.20 as of 31 March 2019.

NDB is on the trajectory to attain the status of a Domestic – Systemically important Bank in Sri Lanka with an asset base of LKR 500 Bn, under the midterm strategy – Transformation 2020. There is clear indication that the Bank will achieve this goal well before the set timeline of 2020.

Q1 2019 was also notable for many awards the NDB Bank and the Group Companies won, including being chosen as the Best Domestic Bank Sri Lanka and the Best Investment Bank Sri Lanka [third consecutive year] 2019 by the AsiaMoney Magazine and Best SME Bank Sri Lanka 2019 [third consecutive year] by the Global Banking & Finance Review of the UK.

STATEMENT OF PROFIT OR LOSS						
	Bank			Group		
	Quarter ended 31/03/2019	Quarter ended 31/03/2018	Change	Quarter ended 31/03/2019	Quarter ended 31/03/2018	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Gross Income	14,101,036	11,943,119	18	14,117,910	11,811,703	20
Interest Income	12,769,671	9,884,392	29	12,828,753	9,952,934	29
Interest Expenses	8,108,286	6,533,197	24	8,101,836	6,525,138	24
Net Interest Income	4,661,385	3,351,195	39	4,726,917	3,427,796	38
Net Fee and Commission Income	864,302	709,768	22	1,064,555	926,943	15
Net gain/(loss) from trading	356,335	355,392	0	356,335	355,392	0
Net gain/(loss) from financial investments at fair value Through Profit or Loss	4,756	(11,417)	142	(11,882)	7,988	(249)
Net gains/(losses) from derecognition of financial assets	61,918	272,297	(77)	61,836	327,215	(81)
Other operating income	44,053	732,686	(94)	(181,687)	241,231	(175)
Total Operating Income	5,992,750	5,409,921	11	6,016,074	5,286,565	14
Impairment charges						
Individual Impairment	1,039,381	330,008	215	1,039,381	330,008	215
Collective Impairment	(243,127)	455,509	(153)	(243,127)	455,509	(153)
Other provision - charge/(release)	45,368	14,560	212	159,613	9,198	1,635
	841,621	800,077	5	955,867	794,715	20
Net operating income	5,151,129	4,609,844	12	5,060,207	4,491,850	13
Operating Expenses						
Personnel Expenses	1,161,063	1,015,171	14	1,277,825	1,120,041	14
Depreciation and amortization	136,556	105,394	30	150,786	121,918	24
Other Expenses	934,369	811,022	15	1,035,197	897,535	15
Total operating expenses	2,231,989	1,931,587	16	2,463,808	2,139,494	15
Operating Profit Before VAT & NBT & DRL on Financial Services	2,919,140	2,678,257	9	2,596,399	2,352,356	10
Less: Value Added Tax (VAT) on Financial services	489,000	456,473	7	489,000	456,473	7
Nation Building Tax (NBT) on Financial services	66,127	62,863	5	66,127	62,863	5
Debt repayment Levy	275,000	-	100	275,000	-	100
Operating Profit After Tax on Financial Services	2,089,013	2,158,921	(3)	1,766,272	1,833,020	(4)
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit Before Taxation	2,089,013	2,158,921	(3)	1,766,272	1,833,020	(4)
Less: Income tax expenses	716,200	597,627	20	741,016	663,754	12
Profit for the period	1,372,813	1,561,294	(12)	1,025,256	1,169,266	(12)
Profit Attributable to:						
Equity Holders of the parent	1,372,813	1,561,294	(12)	1,007,871	1,152,203	(13)
Non Controlling Interests	-	-	-	17,387	17,063	2
	1,372,813	1,561,294	(12)	1,025,258	1,169,266	(12)
Basic Earnings per share (in LKR)	6.19	8.80	(30)	4.54	6.49	(30)
Diluted Earnings per share (in LKR)	6.19	8.80	(30)	4.54	6.49	(30)

STATEMENT OF COMPREHENSIVE INCOME						
	Quarter ended 31/03/2019	Quarter ended 31/03/2018	Change %	Quarter ended 31/03/2019	Quarter ended 31/03/2018	Change %
	LKR '000	LKR '000		LKR '000	LKR '000	
Profit for the period	1,372,813	1,561,294	(12)	1,025,258	1,169,266	(12)
Items that will be reclassified to Income Statement						
Gains/(losses) from Available for Sale Investments	-	(618,419)	100	-	(580,817)	100
Exchange differences on translation of foreign operations	-	-	-	(17,112)	1,821	(1,040)
Net Gains/(losses) on Investments in debt Instruments at fair value through other Comprehensive Income						
Net change in fair value during the period	342,382	-	100	366,183	-	100
Changes in Impairment allowance for Expected credit losses	(3,594)	-	(100)	104,363	-	100
Net Gains/(losses) on cash flow hedges	(192,136)	(1,925)	(9,881)	(192,136)	(1,925)	(9,881)
Less: Tax expense relating to items that will be reclassified to Income Statements	(499,638)	394,524	(227)	(505,871)	394,524	(228)
	(352,987)	(225,820)	(56)	(244,573)	(186,397)	(31)
Total Other Comprehensive Income after Tax	(352,987)	(225,820)	(56)	(244,573)	(186,397)	(31)
Total Comprehensive Income for the period	1,019,826	1,335,475	(24)	780,685	982,869	(21)
Attributable to:						
Equity holders of the parent	1,019,826	1,335,475	(24)	766,139	965,143	(21)
Non Controlling Interests	-	-	-	14,546	17,726	(18)
	1,019,826	1,335,475	(24)	780,685	982,869	(21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 31/03/2019 LKR '000	As at 31/12/2018 (Audited) LKR '000	Change %	As at 31/03/2019 LKR '000	As at 31/12/2018 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	6,207,158	6,537,579	(5)	6,535,486	7,071,438	(8)
Balances with the Central Bank of Sri Lanka	13,199,318	15,546,386	(15)	13,199,318	15,546,386	(15)
Placements with banks	13,694,180	15,237,306	(10)	13,694,180	15,237,306	(10)
Derivative Financial Instruments	2,933,656	3,937,847	(26)	2,933,656	3,937,847	(26)
Financial assets recognized through profit or loss measured at fair value	924,148	1,947,242	(53)	3,552,813	4,052,409	(12)
Financial assets at amortised cost -loans and receivables to other customers	350,905,687	344,203,289	2	350,977,984	344,276,363	2
Financial assets at amortised cost - debt and other instruments	27,322,152	24,070,365	14	27,322,152	24,175,346	13
Financial assets measured at fair value through other comprehensive income	58,381,541	52,908,306	10	60,004,099	54,487,227	10
Investments in subsidiary companies	2,161,518	2,166,714	(0)	-	-	-
Investment Property	-	-	-	2,110,661	2,110,661	-
Intangible assets	398,282	379,896	5	413,852	396,742	4
Property, plant & equipment	2,585,656	2,569,874	1	3,149,494	3,144,359	0
Right to Used Assets	826,219	-	100	858,817	-	100
Deferred tax Assets	-	1,059,485	(100)	-	1,059,485	(100)
Other assets	3,064,283	2,347,641	31	3,230,234	2,932,641	10
Total assets	482,603,798	472,911,930	2	487,982,746	478,428,210	2
Liabilities						
Due to Banks	11,885,132	15,047,481	(21)	11,885,132	15,047,481	(21)
Derivative Financial Instruments	1,758,742	2,906,572	(39)	1,758,742	2,906,572	(39)
Financial Liabilities at amortised cost -due to depositors	351,017,173	347,511,223	1	350,652,339	347,169,564	1
Financial Liabilities at amortised cost						
- due to debt securities holders	12,592,816	6,394,211	97	12,579,732	6,382,024	97
- due to other borrowers	34,895,043	37,040,987	(6)	34,895,043	37,040,987	(6)
Debt securities issued	22,831,716	16,811,808	36	22,831,716	16,811,808	36
Retirement benefit obligations	427,919	408,308	5	531,501	501,531	6
Current Tax Liabilities	2,771,479	3,077,151	(10)	2,813,823	3,147,224	(11)
Deferred Tax Liabilities	113,353	-	100	612,882	471,281	30
Other liabilities	8,908,559	8,638,014	3	9,151,702	8,760,117	4
Dividends payable	98,829	78,133	26	98,829	78,133	26
Total liabilities	447,300,761	437,913,889	2	447,811,441	438,316,722	2
Equity						
Stated Capital	7,685,334	6,469,323	19	7,685,334	6,469,323	19
Statutory Reserve Fund	1,636,479	1,636,479	-	1,636,479	1,636,479	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	20,408,160	20,949,883	(3)	23,919,498	24,764,107	(3)
Other Reserves	(232,644)	136,650	(270)	11,094	336,830	(97)
Total shareholders' equity	35,303,036	34,998,042	1	39,058,112	39,012,446	0
Non Controlling Interests	-	-	-	1,113,193	1,099,042	1
Total Equity	35,303,036	34,998,042	1	40,171,305	40,111,488	0
Total liabilities and equity	482,603,798	472,911,930	2	487,982,746	478,428,210	2
Net Book Value Per Share (LKR)	159.17	166.41	(4)	176.10	185.49	(5)
Contingent liabilities and commitments	272,543,959	288,882,867	(6)	273,371,198	289,758,239	(6)
Memorandum Information						
Number of Employees	2,652	2,494				
Number of Branches	110	108				
Certification:						
We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.						
(Sgd.)						
Ms. Suvendrini Muthukumarana						
Vice president - Finance						
We, the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:						
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.						
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank unless indicated as audited.						
(Sgd.)						
Mr. Kavan Ratnayaka			(Sgd.)			
Director/Chairman			Mr. Dimantha Seneviratne			
			Director/Group Chief Executive Officer			
14 May 2019						

STATEMENT OF CHANGES IN EQUITY											
For the period ended 31 March	Stated Capital LKR '000	Statutory Reserve Fund LKR '000	Other Reserves				General Reserve LKR '000	Retained Earnings LKR '000	Total LKR '000	Non Controlling Interests LKR '000	Total Equity LKR '000
			Revaluation Reserve LKR '000	Available for Sale LKR '000	Fair Value Reserve	Cash Flow Hedge Reserve LKR '000					
BANK											
Balance as at 1 January 2018	2,208,520	1,336,479	1,041,261	(225,196)	-	(14,191)	5,805,707	18,585,255	28,737,835	-	28,737,835
Profit for the period	-	-	-	-	-	-	-	1,561,294	1,561,294	-	1,561,294
Other Comprehensive Income before Tax	-	-	-	(618,419)	-	(1,925)	-	-	(620,344)	-	(620,344)
Tax on Other Comprehensive Income	-	-	-	394,524	-	-	-	-	394,524	-	394,524
Total Comprehensive Income for the period	-	-	-	(223,895)	-	(1,925)	-	1,561,294	1,335,474	-	1,335,475
Final Dividend for year 2017 - Scrip	811,127	-	-	-	-	-	-	(811,127)	-	-	-
Final Dividend for year 2017 - Cash	-	-	-	-	-	-	-	(382,387)	(382,387)	-	(382,387)
Balance as at 31 March 2018	3,019,647	1,336,479	1,041,261	(449,091)	-	(16,116)	5,805,707	18,953,035	29,690,922	-	29,690,923
Balance as at 1 January 2019	6,469,323	1,636,479	1,041,261	-	(1,022,229)	101,311	5,805,707	20,966,190	34,998,042	-	34,998,042
Transitional adjustment on the implementation of SLFRS 16	-	-	-	-	-	-	-	(252,677)	(252,677)	-	(252,677)
Restated Balance as at 1 January 2018 under SLFRS 16	6,469,323	1,636,479	1,041,261	-	(1,022,229)	101,311	5,805,707	20,713,513	34,745,366	-	34,745,366
Total Comprehensive Income for the period	-	-	-	-	-	-	-	1,372,813	1,372,813	-	1,372,813
Profit for the period	-	-	-	-	-	-	-	1,372,813	1,372,813	-	1,372,813
Other Comprehensive Income before Tax	-	-	-	-	338,788	(192,136)	-	-	146,652	-	146,652
Tax on Other Comprehensive Income	-	-	-	-	(499,638)	-	-	-	(499,638)	-	(499,638)
Total Comprehensive Income for the period	-	-	-	-	(160,850)	(192,136)	-	1,372,813	1,019,826	-	1,019,826
Transactions with equity holders											
Final Dividend for year 2018- Scrip	1,216,012	-	-	-	-	-	-	(1,367,061)	(151,049)	-	(151,049)
Final Dividend for year 2018- Cash	-	-	-	-	-	-	-	(311,106)	(311,106)	-	(311,106)
Balance as at 31 March 2019	7,685,334	1,636,479	1,041,261	-	(1,183,079)	(90,825)	5,805,707	20,408,160	35,303,036	-	35,303,036

STATEMENT OF CHANGES IN EQUITY											
For the period ended 31 March	Stated Capital LKR '000	Statutory Reserve Fund LKR '000	Other Reserves				General Reserve LKR '000	Retained Earnings LKR '000	Total LKR '000	Non Controlling Interests LKR '000	Total Equity LKR '000
			Revaluation Reserve LKR '000	Available for Sale LKR '000	Fair Value Reserve LKR '000	Cash Flow Hedge Reserve LKR '000					
GROUP											
Balance as at 1 January 2018	2,208,521	1,336,479	1,136,654	(236,382)	-	(14,191)	5,805,707	22,775,440	33,012,228	965,746	33,977,974
Profit for the period	-	-	-	-	-	-	-	1,152,203	1,152,203	17,065	1,169,268
Other Comprehensive Income before Tax	-	-	-	(580,817)	-	(1,925)	-	1,171	(581,571)	651	(580,920)
Tax on Other Comprehensive Income	-	-	-	394,524	-	-	-	-	394,524	-	394,524
Total Comprehensive Income for the period	-	-	-	(186,293)	-	(1,925)	-	1,153,374	965,156	17,716	982,869
Transactions with equity holders											
Adjustment due to change in group companies	-	-	-	-	-	-	-	2,065	2,065	590	2,655
Final Dividend for year 2017 - Scrip	811,127	-	-	-	-	-	-	(811,127)	-	-	-
Final Dividend for year 2017 - Cash	-	-	-	-	-	-	-	(382,387)	(382,387)	-	(382,387)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(41,005)	(41,005)
Balance as at 31 March 2018	3,019,648	1,336,479	1,136,654	(422,675)	-	(16,116)	5,805,707	22,737,365	33,597,062	943,047	34,540,106
Balance as at 1 January 2019	6,469,323	1,636,479	1,166,840	-	(1,029,596)	101,311	5,805,707	24,862,382	39,012,446	1,099,042	40,111,488
Transitional adjustment on the implementation of SLFRS 16	-	-	-	-	-	-	-	(258,319)	(258,319)	(6)	(258,326)
Restated Balance as at 1 January 2018 under SLFRS 16	6,469,323	1,636,479	1,166,840	-	-	101,311	5,805,707	24,604,063	38,754,127	1,099,036	39,853,162
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	1,007,871	1,007,871	17,387	1,025,258
Other Comprehensive Income before Tax	-	-	-	-	470,547	(192,136)	-	(14,271)	264,139	(2,841)	261,298
Tax on Other Comprehensive Income	-	-	-	-	(505,871)	-	-	-	(505,871)	-	(505,871)
Total Comprehensive Income for the period	-	-	-	-	(35,325)	(192,136)	-	993,600	766,139	14,546	780,685
Transactions with equity holders											
Final Dividend for year 2018- Scrip	1,216,012	-	-	-	-	-	-	(1,367,061)	(151,049)	-	(151,049)
Final Dividend for year 2018- Cash	-	-	-	-	-	-	-	(311,106)	(311,106)	-	(311,106)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(384)	(384)
Balance as at 31 March 2019	7,685,334	1,636,479	1,166,840	-	(1,064,921)	(90,825)	5,805,707	23,919,498	39,058,114	1,113,193	40,171,305

STATEMENT OF CASH FLOW				
For the period ended 31 March	BANK		GROUP	
	2019	2018	2019	2018
	LKR '000	LKR '000	LKR '000	LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	12,643,569	10,029,682	12,691,400	10,100,316
Fee based income received	865,122	721,701	1,045,035	952,621
Dividend income received	7,639	535,589	17,571	8,401
Other Operating income received	120,878	747,011	121,106	750,545
Interest paid	(6,982,721)	(5,949,290)	(6,992,159)	(5,949,321)
Personnel costs paid	(1,129,314)	(987,671)	(1,232,832)	(1,047,659)
Other expenses paid	(713,549)	(830,400)	(849,091)	(971,806)
Operating Profit before changes in operating assets and liabilities	4,811,624	4,266,622	4,801,030	3,843,097
(Increase)/decrease in operating assets				
Financial Assets at amortised cost -loans and receivables to other customers	(6,843,327)	(8,858,309)	(6,843,327)	(8,858,309)
Net (increase)/decrease in other assets	(634,218)	(356,462)	(692,008)	(299,341)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	3,118,437	10,760,228	3,118,437	10,760,228
Deposits held for regulatory or monetary control purposes	2,347,000	(576,662)	2,347,000	(576,662)
Net increase/(decrease) in other liabilities	(1,785,242)	(2,955,570)	(1,775,857)	(2,277,044)
Net cash generated from operating activities before taxation	1,014,274	2,279,847	955,275	2,591,969
Tax on Financial Services paid	(404,502)	(454,545)	(412,020)	(460,437)
Income taxes paid	(348,672)	(188,579)	(350,488)	(198,916)
Net cash provided by/(used in) operating activities	261,100	1,636,724	192,767	1,932,616
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(7,860,803)	(5,086,863)	(7,996,658)	(4,639,182)
Net cash flow from disposal of subsidiaries/associates	-	23,400	-	23,400
Purchase of property, plant & equipment	(204,363)	(98,576)	(206,472)	(113,403)
Proceeds from sale of property, plant & equipment	83	16,289	1,233	16,341
Net cash (used in) from investing activities	(8,065,083)	(5,145,750)	(8,201,897)	(4,712,844)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds /(Repayment) of other borrowings	6,220,847	922,412	6,220,847	922,412
Dividends paid to non-controlling interests	-	-	(384)	(40,827)
Dividends paid to shareholders of the Bank	(290,411)	(354,010)	(290,411)	(354,010)
Net cash provided by /(used in) financing activities	5,930,436	568,401	5,930,052	527,575
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,873,547)	(2,940,625)	(2,079,078)	(2,252,653)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,774,885	8,315,700	22,308,744	8,436,651
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19,901,338	5,375,075	20,229,666	6,183,998
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	6,207,158	4,944,817	6,535,486	5,343,314
Balances with the Central Bank of Sri Lanka	-	-	-	-
Placements with banks	13,694,180	430,258	13,694,180	840,684
	19,901,338	5,375,075	20,229,666	6,183,998

SEGMENTAL ANALYSIS- GROUP										
For the period ended 31 March										
	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000
Revenue										
Interest Income	12,769,671	9,884,392	52,632	60,483	-	-	-	-	12,822,303	9,944,875
Net Fee and Commission Income	864,302	709,768	105,691	136,799	39,762	40,279	38,568	32,884	1,048,323	919,731
Foreign exchange profit	356,335	355,392	-	-	-	-	-	-	356,335	355,392
Net gain/(loss) from financial investments at fair value										
Through Profit or Loss	4,756	(11,417)	(16,638)	13,299	-	-	-	-	(11,882)	1,882
Net gains/(losses) from derecognition of financial assets	61,918	272,297	(82)	54,918	-	-	-	-	61,836	327,215
Other Operating Income	(265,982)	211,202	84,295	36,135	(362)	-	-	-	(182,049)	247,337
Total revenue from external customers	13,791,000	11,421,634	225,899	301,634	39,400	40,279	38,568	32,884	14,094,866	11,796,431
Inter-segment Revenue	-	-	9,956	237	13,088	15,034	-	-	23,044	15,272
Total Revenue	13,791,000	11,421,634	235,855	301,871	52,488	55,313	38,568	32,884	14,117,910	11,811,703
Impairment (charge)/reversal for loans & other losses	(750,886)	(785,517)	(114,245)	(9,198)	-	-	-	-	(865,131)	(794,715)
Segment expenses	(10,424,560)	(8,456,726)	(198,908)	(180,336)	(3,447)	(3,916)	(29,466)	(23,655)	(10,656,381)	(8,664,632)
Total segment expenses	(11,175,446)	(9,242,242)	(313,153)	(189,534)	(3,447)	(3,916)	(29,466)	(23,655)	(11,521,513)	(9,459,347)
Segment results	2,615,553	2,179,392	(77,299)	112,338	49,041	51,397	9,101	9,230	2,596,398	2,352,357
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	-	-	-
Taxation									741,016	663,754
VAT on financial services									830,123	519,336
Profit after taxation									1,025,259	1,169,266
Other information										
Segment assets	482,288,395	395,648,362	3,151,534	3,118,082	2,443,220	2,091,669	99,597	86,464	487,982,746	400,944,577
Consolidated total assets									487,982,746	400,944,577
Segment liabilities	446,948,648	365,631,676	291,439	269,365	556,354	496,891	14,999	6,536	447,811,441	366,404,469
Consolidated total liabilities									447,811,441	366,404,469
Segmental Cash flows										
Cash flows from operating activities	261,100	1,636,724	(14,624)	236,959	(12,106)	45,005	(41,603)	13,928	192,767	1,932,616
Cash flows from investing activities	(8,065,083)	(5,145,750)	(229,717)	435,867	11,667	-	81,236	(2,960)	(8,201,897)	(4,712,843)
Cash flows from financing activities	5,930,436	568,402	(384)	95	-	(40,922)	-	-	5,930,052	527,575

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 2019 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	6,207,158	-	-	-	6,207,158
Balances with the Central Bank of Sri Lanka	-	13,199,318	-	-	-	13,199,318
Placements with banks	-	13,694,180	-	-	-	13,694,180
Derivative Financial Instruments	2,933,656	-	-	-	-	2,933,656
Financial Assets measured at fair value through profit or loss	924,148	-	-	-	-	924,148
Financial Assets at amortised cost -loans and advances	-	350,905,687	-	-	-	350,905,687
Financial Assets at amortised cost - debt instruments	-	27,322,152	-	-	-	27,322,152
Financial assets measured at fair value through other comprehensive income	-	-	58,381,541	-	-	58,381,541
Other Financial Assets	-	439,802	-	-	-	439,802
Total Financial Assets	3,857,804	411,768,298	58,381,541	-	-	474,007,642

LIABILITIES	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	11,885,132	-	11,885,132
Derivative Financial Instruments	1,758,742	-	-	1,758,742
Financial Liabilities at amortised cost -due to depositors	-	351,017,173	-	351,017,173
Financial Liabilities at amortised cost	-	-	-	-
- due to debt securities holders	-	12,592,816	-	12,592,816
- due to other borrowers	-	34,895,043	-	34,895,043
Debt securities issued	-	22,831,716	-	22,831,716
Other Financial Liabilities	-	1,381,586	-	1,381,586
Total Financial Liabilities	1,758,742	434,603,467	-	436,362,209

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 2019 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	6,535,486	-	-	-	6,535,486
Balances with the Central Bank of Sri Lanka	-	13,199,318	-	-	-	13,199,318
Placements with banks	-	13,694,180	-	-	-	13,694,180
Derivative Financial Instruments	2,933,656	-	-	-	-	2,933,656
Financial Assets measured at fair value through profit or loss	3,552,813	-	-	-	-	3,552,813
Financial Assets at amortised cost -loans and advances	-	350,977,984	-	-	-	350,977,984
Financial Assets at amortised cost - debt instruments	-	27,322,152	-	-	-	27,322,152
Financial Assets measured at fair value through	-	-	-	-	-	-
Other comprehensive income	-	-	60,004,099	-	-	60,004,099
Other Financial Assets	-	261,098	-	-	-	261,098
Total Financial Assets	6,486,469	411,990,218	60,004,099	-	-	478,480,786

LIABILITIES	At fair value through profit or loss	Amortized cost	Others	Total
Due to Banks	-	11,885,132	-	11,885,132
Derivative Financial Instruments	1,758,742	-	-	1,758,742
Financial Liabilities at amortised cost -due to depositors	-	350,652,339	-	350,652,339
Financial Liabilities at amortised cost	-	-	-	-
- due to debt securities holders	-	12,579,732	-	12,579,732
- due to other borrowers	-	34,895,043	-	34,895,043
Debt securities issued	-	22,831,716	-	22,831,716
Other Financial Liabilities	-	1,452,638	-	1,452,638
Total Financial Liabilities	1,758,742	434,296,600	-	436,055,341

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2018 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	6,537,579	-	-	-	6,537,579
Balances with the Central Bank of Sri Lanka	-	15,546,386	-	-	-	15,546,386
Placements with banks	-	15,237,306	-	-	-	15,237,306
Derivative Financial Instruments	3,937,847	-	-	-	-	3,937,847
Financial Assets measured at fair value through profit or loss	1,947,242	-	-	-	-	1,947,242
Financial Assets at amortised cost -loans and advances	-	344,203,289	-	-	-	344,203,289
Financial Assets at amortised cost - debt instruments	-	24,070,365	-	-	-	24,070,365
Financial assets measured at fair value through other comprehensive income	-	-	52,908,306	-	-	52,908,306
Other Financial Assets	-	21,756	-	-	-	21,756
Total Financial Assets	5,885,089	405,616,682	52,908,306	-	-	464,410,076

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

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2018 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Held for sale	Total
Cash and cash equivalents	-	7,071,438	-	-	-	7,071,438
Balances with the Central Bank of Sri Lanka	-	15,546,386	-	-	-	15,546,386
Placements with banks	-	15,237,306	-	-	-	15,237,306
Derivative Financial Instruments	3,937,847	-	-	-	-	3,937,847
Financial Assets measured at fair value through profit or loss	4,052,409	-	-	-	-	4,052,409
Financial Assets at amortised cost -loans and advances	-	344,276,363	-	-	-	344,276,363
Financial Assets at amortised cost - debt instruments	-	24,175,346	-	-	-	24,175,346
Other Financial Assets	-	-	54,487,227	-	-	54,487,227
Other Financial Assets	-	381,626	-	-	-	381,626
Total Financial Assets	7,990,256	406,688,465	54,487,227	-	-	469,165,948

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

Notes to the Financial Statements

- 1 The figures are extracted from the unaudited financial statements.
- 2 The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods which have been revised in line with the requirements of SLFRS 9 -Financial Instruments as published in the last year Annual Report. These Financial Statements also comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting".
- 3 The comparative figures of the interim financial statements for the quarter ended 31 March 2019 are based on "LKAS 39 - Financial Instruments: Recognition and Measurement" as permitted by the "Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements" issued by CA Sri Lanka and the figures and phrases of the comparative period have been rearranged wherever necessary to conform to the current period's presentation.
The additional impact on impairment provisions to the comparative Financial Statements for the period ended 31 March 2019 based on SLFRS 9 (Financial Instruments) was approximately LKR160Mn.The effect on the additional impairment provisions, if it had been effective as at 31 March 2018, would result in the Net Assets Value per share of the Bank and the Group declining to LKR 166.53 and LKR 188.5 respectively. The reported Net Assets Value Per Share for the quarter ended 31 March 2018 was LKR 167.3 and LKR 189.3 for the Bank and the Group respectively .
- 4 The Bank announced a debenture issue in January 2019 to issue 50,000,000 Basel III compliant - Tier II, listed, rated, unsecured, subordinated redeemable 5 year debentures of Rs. 100/- each, with a non-viability conversion feature amounting to LKR 5 Bn. with an option to issue up to a further 15,000,000 of said debentures to raise up to LKR 1.5 Bn at the discretion of the bank in the event of an oversubscription of the initial issue.
This debenture issue was opened for investors on 25 March 2019. The allotment was completed on 31 March 2019 . The total amount raised by through debentures issue was LKR 5.55 Bn.
- 5 Sri Lanka Accounting Standard - SLFRS 16 Leases became effective for the financial periods beginning on or after 1 January 2019. Accordingly the Bank recognised the right to use assets and the lease liability with regard to operating lease agreements of the Bank. In order to recognise the impact on the transition, the Bank has adopted the modified retrospective approach in line with paragraph C 5, C7 of Appendix C , "Effective date and transition", of SLFRS 16 Leases.
- 6 On 22 February 2019, the Bank declared a first and final dividend of LKR 8.00 per share comprising of a cash dividend of LKR 1.50 per share and a scrip dividend of LKR 6.50 per share for the financial year ended 31 December 2018.Accordingly ,the stated capital of the Bank increased to LKR 7,685 Mn (LKR 6,469 Mn as at 31 December 2018) as a result of the scrip dividends declared for the year ended 31 December 2018
- 7 There are no other events that require adjustment to the Financial Statement 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 31 MARCH 2019
8.1 Product wise Gross Loans and Receivables
By product-Domestic Currency

	Bank		Group	
	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
Term loans	96,399,222	86,285,741	96,399,224	86,285,741
Medium and short term loans	42,267,021	41,660,230	42,267,021	41,660,230
Overdrafts	52,271,006	51,786,306	52,240,629	51,759,437
Trade Finance	14,000,218	16,299,562	14,000,218	16,299,562
Consumer loans	30,657,439	29,071,486	30,657,439	29,071,486
Lease rentals receivable	21,812,964	20,688,421	21,812,964	20,688,421
Housing loans	13,720,303	12,906,879	13,720,303	12,906,879
Islamic Banking facilities	7,491,733	6,742,016	7,491,733	6,742,016
Credit cards	3,740,191	3,216,388	3,740,191	3,216,388
AF Loans	3,764,774	3,979,135	3,764,774	3,979,135
Staff loans	1,776,858	1,762,873	1,879,530	1,862,816
Pawning	484,268	411,063	484,268	411,063
Hire Purchase	53,162	78,685	53,162	78,685
PCI Debtors	174	259	174	259
Sub total	288,439,333	274,889,045	288,511,630	274,962,119
By product-Foreign Currency				
Term loans	670,701	78,753	670,701	78,753
Overdrafts	2,335,242	2,622,767	2,335,242	2,622,767
Medium and short term loans	38,949,094	41,197,144	38,949,094	41,197,144
Trade Finance	28,483,418	30,544,902	28,483,418	30,544,902
Islamic Banking facilities	2,082,852	4,027,786	2,082,852	4,027,786
Housing loans	13,114	9,254	13,114	9,254
Sub total	72,534,421	78,480,606	72,534,421	78,480,606
Total	360,973,755	353,369,651	361,046,052	353,442,725

8.2 Product wise commitments and contingencies
By product- Domestic Currency

	Bank		Group	
	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
Guarantees	19,839,026	20,800,622	19,839,026	20,754,671
Performance Bonds	6,520,949	6,246,936	6,520,949	6,246,936
Documentary Credits	186,139	158,559	186,139	158,559
Acceptances	16,700	46,456	16,700	46,456
Undrawn commitments	93,937,804	98,012,490	93,937,804	98,933,813
Sub Total	120,500,618	125,265,063	120,500,618	126,140,435
By product- Foreign Currency				
Guarantees	6,774,902	7,725,000	6,774,902	7,725,000
Performance Bonds	6,859,264	7,003,860	6,859,264	7,003,860
Documentary Credits	9,799,124	9,748,480	9,799,124	9,748,480
Acceptances	11,022,796	11,078,611	11,022,796	11,078,610
Undrawn commitments	2,216,558	778,817	2,216,558	778,817
Sub Total	36,672,644	36,334,767	36,672,644	36,334,767
Total	157,173,262	161,599,831	157,173,262	162,475,203

Gross loans and advances ,Commitments and Contingencies

(Less): Accumulated impairment under stage 1
Accumulated impairment under stage 2
Accumulated impairment under stage 3

Net value of loans and advances, commitments and contingencies

	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
Gross loans and advances ,Commitments and Contingencies	518,147,017	514,969,481	518,219,314	515,917,927
(Less): Accumulated impairment under stage 1	1,668,405	1,801,385	1,668,405	1,801,385
Accumulated impairment under stage 2	1,237,759	2,121,671	1,237,759	2,121,671
Accumulated impairment under stage 3	7,161,904	5,243,304	7,161,904	5,243,304
Net value of loans and advances, commitments and contingencies	508,078,949	505,803,121	508,151,246	506,751,567

	Bank		Group	
	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
8.3 Movement of impairment during the period				
Under stage 1				
Balance at 1 January	1,801,385	1,707,882	1,801,385	1,707,882
Charge/(Write back) to Statement of Profit or Loss	(132,980)	93,503	(132,980)	93,503
Write-off during the period	-	-	-	-
Balance at 31 December	1,668,405	1,801,385	1,668,405	1,801,385
Under stage 2				
Balance at 1 January	2,121,671	2,189,057	2,121,671	2,189,057
Charge/(Write back) to Statement of Profit or Loss	(883,912)	(67,386)	(883,912)	(67,386)
Write-off during the period	-	-	-	-
Balance at 31 December	1,237,759	2,121,671	1,237,759	2,121,671
Under stage 3				
Balance at 1 January	5,243,304	3,228,566	5,243,304	3,228,566
Charge/(Write back) to Statement of Profit or Loss	1,813,146	3,571,004	1,813,146	3,571,004
Write-off during the period	72,454	(1,556,266)	72,454	(1,556,266)
Other movement	33,000	-	33,000	-
Balance at 31 December	7,161,904	5,243,304	7,161,904	5,243,304

	Bank		Group	
	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
8.4 Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers				
Individual impairment				
Balance at 01 January	3,066,173	1,556,979	3,066,173	1,556,979
Charge/(Write back) to Statement of Profit or Loss	1,039,381	2,827,052	1,039,381	2,827,052
Write-off during the period	74,418	(1,317,858)	74,418	(1,317,858)
Other movement	33,000	-	33,000	-
Balance at 31 December	4,212,972	3,066,173	4,212,972	3,066,173
Collective impairment				
Balance at 01 January	6,100,187	5,568,526	6,100,187	5,568,526
Charge/(Write back) to Statement of Profit or Loss	(243,127)	770,069	(243,127)	770,069
Write-off during the Period	(1,964)	(238,408)	(1,964)	(238,408)
Other movement	-	-	-	-
Balance at 31 December	5,855,096	6,100,187	5,855,096	6,100,187
Total impairment	10,068,068	9,166,360	10,068,068	9,166,360

	Bank		Group	
	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000	As at 31/03/2019 LKR '000	As at 31/12/2018 LKR '000
9. ANALYSIS OF DEPOSITS				
Due to Other Customers - By product				
By product-Domestic Currency				
Demand deposits	20,497,246	18,593,207	20,498,255	18,609,526
Savings deposits	32,268,243	36,178,767	32,213,348	36,123,035
Time deposits	215,004,186	206,114,077	214,694,249	205,812,878
Other deposits	803,460	930,375	803,460	930,375
Sub total	268,573,135	261,816,426	268,209,312	261,475,814
By product- Foreign Currency				
Demand deposits	3,636,807	4,299,977	3,636,807	4,299,977
Savings deposits	13,136,569	16,622,197	13,135,559	16,621,150
Time deposits	65,354,621	64,381,840	65,354,621	64,381,840
Other deposits	316,040	390,783	316,040	390,783
Sub total	82,444,038	85,694,797	82,443,027	85,693,750
Total	351,017,173	347,511,223	350,652,339	347,169,564

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at	As at	As at	As at
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	31,087,257	31,564,510	36,285,716	36,604,271
Tier 1 Capital	31,087,257	31,564,510	36,285,716	36,604,271
Total Capital	47,921,119	43,458,448	52,616,426	47,992,241
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7% (2018 - 6.375%))	9.34	9.17	10.61	10.39
Tier 1 Capital Ratio (Minimum Requirement - 8.5% (2018-7.875%))	9.34	9.17	10.61	10.39
Total Capital Ratio (Minimum Requirement - 12.5% (2018-11.875%))	14.40	12.63	15.39	13.62
Leverage Ratio (Minimum Requirement - 3%)	5.88	-	6.80	-
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	105,109,928	93,997,616	105,109,928	93,997,616
Statutory Liquid Assets Ratio (Minimum Requirement -20%)				
Domestic Banking Unit (%)	23.05	20.87	23.05	20.87
Off-Shore Banking Unit (%)	25.51	24.48	25.51	24.48
Total stock of high quality liquid assets (LKR ' 000) - All currency	56,575,240	54,060,818	56,575,240	54,060,818
Total stock of high quality liquid assets (LKR ' 000) - Rupee	52,467,663	49,983,967	52,467,663	49,983,967
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 100% (2018-90%))	167.85	168.74	167.85	168.74
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -100% (2018-90%))	181.82	215.99	181.82	215.99
Net stable Funding Ratio (%) (Minimum Requirement- 90%)	110.42	-	110.42	-
Asset Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio (%)	3.37	2.85	3.37	2.85
Net Non-performing Advances Ratio (%)	2.31	1.98	2.31	1.98
Profitability				
Earnings Per Share (annualised) (LKR)	17.52	30.22	13.92	27.98
Return on Average Shareholders' Funds (%)	11.06	17.41	7.91	14.26
Return on Average Assets ((after Tax (%))	0.81	1.30	0.64	1.18
Return on Average Assets ((before Tax (%))	1.85	2.22	1.60	2.17
Net interest margin (%)	3.41	3.46	3.43	3.48
Debt Security - Related Ratios				
Interest Cover (Times)	1.57	1.50	1.58	1.51
Debt to Equity (Times)	12.27	12.08	11.08	10.83

SHARE INFORMATION
SHARE PRICE

As at	31/03/2019	31/12/2018
Number of shares	221,799,756	210,317,117
Last traded price (LKR)	94.20	106.80
For the quarter ended	31/03/2019	31/12/2018
Highest price per share (LKR)	111.00	112.00
Lowest price per share (LKR)	92.00	98.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 29.03.2019

	NAME	NO OF SHARES	%
1	EMPLOYEES PROVIDENT FUND	22,179,974	10.00%
2	BANK OF CEYLON NO. 1 ACCOUNT	18,548,111	8.36%
3	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	14,182,632	6.39%
4	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	11,791,193	5.32%
5	DR. S. YADDEHIGE	9,687,303	4.37%
6	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	9,250,580	4.17%
7	EMPLOYEES TRUST FUND BOARD	8,632,697	3.89%
8	PERPETUAL TREASURIES LIMITED	8,329,876	3.76%
9	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	7,728,977	3.48%
10	BNYMSANV RE-LF RUFFER INVESTMENT FUNDS : LF RUFFER PACIFIC AND EMERGING MARKETS FUND	7,326,605	3.30%
11	HATTON NATIONAL BANK PLC A/C NO 1	6,468,864	2.92%
12	PHOENIX VENTURES PRIVATE LIMITED	6,454,617	2.91%
13	RUSH JAPAN CORPORATION	6,411,362	2.89%
14	SBI VEN HOLDINGS PTE LTD	5,664,901	2.55%
15	MR. A.K. PATHIRAGE	4,309,531	1.94%
16	ASIRI SURGICAL HOSPITAL PLC	3,308,720	1.49%
17	AKBAR BROTHERS PVT LTD A/C NO 1	3,226,004	1.45%
18	DFCC BANK PLC A/C 1	3,021,280	1.36%
19	MR. M.J. FERNANDO	2,600,725	1.17%
20	PERPETUAL EQUITIES (PRIVATE) LIMITED	2,414,836	1.09%

PUBLIC HOLDING PERCENTAGE

	As at 29/03/2019
Float adjusted Market Capitalization in LKR	16,587,379,036
Percentage of shares held by the public	76.39%
Number of public shareholders	9,319
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 29.03.2019

NAME	NO OF SHARES
A W ATUKORALA (CHAIRMAN) (Retired w.e.f.17th April 2019)	1,054
A K PATHIRAGE	5,764,435*
P L D N SENEVIRATNE	16,873
K FERNANDO	-
D S P WIKRAMANAYAKE	-
I SUGATHADASA	-
D M R PHILLIPS	-
K D W RATNAYAKA	-
R SEMASINGHE (Resigned w.e.f. 30th April 2019)	-
N S S COORAY	-
B S SINNIH	-

* Includes shares held in the slash account

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 31 March 2019 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Quarter end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture March 2019											
A - Mar 2019/Mar 2024	Listed	Semi-annually	1,243	Listed on 08 April 2019			13.50	13.16	14.05	Listed on 08 April 2019	
B - Mar 2019/Mar 2024	Listed	Annually	4,318	Listed on 08 April 2019			13.95	13.15	13.90	Listed on 08 April 2019	
Fixed rate - Debenture June 2015											
A - Jun 2015/Jun 2020	Listed	Annually	7,000	Not traded during the quarter			9.40	9.19	8.30	Not traded during the quarter	
B - Jun 2015/Jun 2020	Listed	Payable on date of redemption	1,914	Not traded during the quarter			9.4 annual compounding on the Issue Price of Rs. 63.8136	9.18	8.30	Not traded during the quarter	
Fixed rate - Debenture December 2013											
C - Dec 2013/Dec 2023	Listed	Annually	3,638	Not traded during the quarter			13.90	13.17	9.75	Not traded during the quarter	
D - Dec 2013/Dec 2025	Listed	Annually	3,590	Not traded during the quarter			14.00	13.26	9.75	Not traded during the quarter	
Total Debentures			21,704								

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

Debenture Issue - March 2019

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Improve and further strengthen the Capital Adequacy Ratio in the light of the new regulatory requirements introduced in line with the Basel III accord	5,561,200,000	NA	5,561,200,000	100%	5,561,200,000	100%	-
2	Facilitate future expansion of business activities of the Bank	5,561,200,000	NA	5,561,200,000	100%	5,561,200,000	100%	-

Debenture Issue - June 2015

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Strengthen the Tier II Capital Base of the Bank and maintain the Capital Adequacy requirements to facilitate future growth of the lending portfolio of the Bank	10,000,000,000	NA	10,000,000,000	100%	8,914,408,000	100%	-
2	To mobilize/ raise medium term funds to match medium term lending of the Bank	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
3	To minimize the interest rate risk rate risk and manage the gap exposures of the Bank's assets and liabilities	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-

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

Debenture Issue - December 2013

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Strengthen the Tier II Capital Base of the Bank and maintain the Capital Adequacy requirements in line with the Bank's future expansion of operations and the asset base, and facilitate the future expansion of business activities.	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
2	To mobilize/ raise medium term funds to match medium term lending of the Bank	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
3	To minimize the interest rate risk rate risk and manage the gap exposures of the Bank's assets and liabilities	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-

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

Important Dates - Q1 2019 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	14 May 2019
Investor Webinar	16 May 2019
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	Within two working days from the release to the CSE
Edited transcript and playback video of the Investor webinar released/ uploaded to the Bank's website	Within seven working days from the date of the Webinar
Investor Forum	Not held for Q1
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	28 May 2019

Corporate Information

<p>Name National Development Bank PLC</p> <p>Legal Form Established under the National Development Bank of Sri Lanka Act No. 02 of 1979 and incorporated as a Company under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 07 of 2007 and also licensed as a Licensed Commercial Bank in terms of the Banking Act No. 30 of 1988 as amended from time to time.</p>	<p>Head Office/Registered Office No. 40, Navam Mawatha, Colombo 02 Tel: +94 11 2448448 Fax: +94 11 2341044 SWIFT Code: NDBS LK LX Web Page: www.ndbbank.com E-mail: contact@ndbbank.com VAT Registration No.: 409000266-7000</p> <p>Credit Rating: Long-term National Rating: A+(lka)/ Negative Outlook - Fitch Ratings Lanka Limited</p>
<p>Registration No. PQ 27</p> <p>Accounting Year End 31 December</p> <p>VAT Registration No. 409000266-7000</p>	<p>Auditors M/s Ernst & Young, 201, De Saram Place, Colombo 10</p> <p>Company Secretary: Mrs. Shehani Ranasinghe</p> <p>Compliance Officer Mrs. Manique Kiriella Bandara</p>
<p>Board of Directors Kavan Ratnayaka - Chairman Ashok Pathirage - Director/ Deputy Chairman Dimantha Seneviratne - Director/ Group Chief Executive Officer Sarath Wikramanayake - Director Kimarli Fernando - Director Indrani Sugathadasa - Director Dinal Phillips (President's Counsel) Director Ranasinghe Semasinghe - Director Sriyan Cooray - Director Bernard Sinniah- Director</p>	<p>Subsidiary Companies NDB Capital Holdings Ltd. NDB Capital Ltd. (Bangladesh) Development Holding (Pvt) Ltd. NDB Investment Bank Ltd. NDB Wealth Management Ltd. NDB Securities (Pvt) Ltd. NDB Zephyr Partners Ltd. NDB Zephyr Partners Lanka (Pvt) Ltd. Ayojana Fund (Pvt) Ltd. (Under liquidation)</p>

Investor Relations - Contact Details

<p>Company Secretarial Unit Ms. Shehani Ranasinghe Company Secretary/ Vice-President Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Extn: 33000</p>	<p>Investor Relations Team Ms. Suvendrini Muthukumarana Vice -President - Finance Email: suvendrini.muthukumarana@ndbbank.com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 35301</p>
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