

INTERIM FINANCIAL STATEMENTS NINE MONTHS ENDED 30 SEPTEMBER 2022

National Development Bank PLC

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Released to the Colombo Stock Exchange on: 14 September 2022

INSIDE INSIGHT



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***The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2022 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB posts moderate performance, yet navigates challenges with agility and stability

14 November 2022, Colombo, Sri Lanka

National Development Bank PLC (NDB/ the Bank) released its financial statements for the nine months ended 30 September 2022 to the Colombo Stock Exchange on 14 November 2022. Financial performance continued to be challenged by the prevailing macro-economic conditions, adversely impacting profitability for a continued third quarter, as seen across the entire banking industry. Commenting on the period's financial performance, Director and CEO of NDB Mr. Dimantha Seneviratne noted that, we are navigating through a set of unique challenges hitherto not experienced by Sri Lanka or the banking sector. In such context we are exercising maximum diligence, with high priority on prudent risk management strategies, concerted support to customers in need and preserving shareholder value. We also remain strongly aligned to the Government of Sri Lanka's mission in expeditiously reviving the national economy, with the support of the International Monetary Fund, he noted.

Analysis of financial performance

Profitability

The nine months period under review posted a pre-tax profit of LKR 790 Mn, a 91% reduction over the comparative period of the nine months ended 30 September 2021. Whilst the top line continued to grow, the profit deceleration reported since the beginning of 2022 is predominantly attributable to the increased impairment charges booked in both the loan book and investment portfolio, warranted by macro-economic conditions. Despite this, performance of core banking operations was noteworthy, where net interest income grew by 39% to LKR 22.2 Bn. With the upward movement in interest rates in the market, interest income as well as interest expenses increased, reflecting timely re-pricing of the asset book, and mobilization of deposits respectively. Net interest margin closed in at 3.78% compared to 3.25% of 2021, benefitting from strategic deployment of funds. Net fee and commission income also increased by 10% to LKR 4.4 Bn, mainly driven by trade business, retail banking operations and digital banking initiatives. Other non-fund based income totaled LKR 4.9 Bn, predominantly benefitting from the revaluation gains on the Bank's foreign currency denominated reserves, due to the sharp depreciation of the LKR against the US dollar.

The Bank accounted LKR 22.2 Bn as impairment charges for the period under review, a 234% increase over the comparative period. The greater portion of impairment charges continued to comprise provisions made for foreign currency denominated government securities, factoring in the revisions to the sovereign rating of the country earlier this year on account of the country's debt restructuring measures and the impact arising from rupee depreciation. Impairment provisions for loans also increased during the period, to factor in macroeconomic impact on loan book quality. The resultant ratios indicating impairment levels were; Impaired Loans (Stage 3) Ratio and Impairment (Stage 3) to Stage 3 Loans Ratio were 5.75% (2021: 4.55%) and 34.66% (2021: 32.81%) respectively.

The Bank's tight grip on costs helped manage the increase in expenses by only 10% to LKR 8.5 Bn, amidst high inflation. Cost to income ratio continued below the 30% mark, benefitting by both revenue enhancements and cost curtailments, the latter attributable to automation of processes and greater skewing to digital

modes in delivering banking services to customers. Taxes netted LKR 228 Mn, with a FSVAT of LKR 762 Mn at 18%, compared to 15% in the comparative quarter of 2021.

Balance Sheet performance

The Bank posted total assets of LKR 819 Bn by the end of the review period, whilst the same at the group level was LKR 825 Bn, a 16% increase over end 2021 position (YTD growth). Within total assets, Gross loans to customers closed in at LKR 600 Bn, a YTD increase of 14%, attributable to both the impact of LKR depreciation and moderate growth stemming from all business segments. On Balance Sheet funding, customer deposits were LKR 649 Bn, a YTD increase of 18%, again attributable to the dual factors of inflationary effects of the LKR depreciation against the USD, and also concerted deposit mobilization at granular level within the retail segment as well as across business segments.

Investor and regulatory ratios

Return on average equity and Earnings per share were 1.24% and LKR 1.97 respectively. Pre-tax Return on Average Assets was 0.14%. Regulatory ratios of Liquidity Coverage Ratio (Rupee), Liquidity Coverage Ratio (All Currency) and Net stable Funding Ratio stood well above the regulatory minimum requirement of 90% at 208.00%, 158.02% and 123.19% respectively. Tier I and Total Capital Adequacy ratios as of end September 2022 were 9.42% and 13.60%, ahead of the regulatory minimum levels of 8.5% and 12.5% respectively, before considering capital relief measures on capital conservation buffers mandated by the CBSL recently. The Bank continued to maintain high liquidity standards as denoted in the Statutory Liquid Assets Ratio of Domestic Banking Unit and Off-Shore Banking Unit at 22.80% and 25.40% respectively, well above the regulatory minimum requirement of 20%. Net asset value per share as at end Q3 2022 was LKR 162.17 (2021: LKR 165.02).

Outlook

Given subdued economic activity, business growth in the banking industry for the remainder of the year will be moderate. Reduced debt serviceability of customers and potential restructuring anticipated on exposure to Government's international sovereign bonds will also exert pressure on industry-wide capital adequacy level, which will prompt further calibration to banks' growth targets. NDB will follow suite in this regard, where growth will be cautious and calculated to balance off adequate capital levels. The Bank's other strategic priorities, such as innovations on digital front, customer-centricity, empowering the women's market segment, internal process streamlining and automations, staff development, etc., will continue unabated, affording NDB a strong platform to launch ahead, once the country's economic conditions improve.

Notwithstanding the challenges, the Bank has been consistently delivering on exceptional customer service and maintaining agility which have enabled the Bank to adapt to the evolving conditions. Reflecting these strengths, NDB was recently adjudged as the Best Bank in Sri Lanka 2022 by the prestigious Euromoney Magazine, having secured the same title from Global Finance USA earlier this year. Accordingly, NDB achieves the rare feat of securing the top triple international awards for Best Bank from Euromoney, Global Finance USA and The Banker UK (2020) in quick succession, demonstrating excellence, stability and strength.

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/09/2022 LKR '000	Period ended 30/09/2021 LKR '000	Change %	Quarter ended 30/09/2022 LKR '000	Quarter ended 30/09/2021 LKR '000	Period ended 30/09/2022 LKR '000	Period ended 30/09/2021 LKR '000	Change %	Quarter ended 30/09/2022 LKR '000	Quarter ended 30/09/2021 LKR '000
Gross Income	74,503,232	46,059,687	62	29,963,109	15,586,535	75,611,756	47,354,648	60	30,398,658	16,044,113
Interest Income	65,172,138	38,712,186	68	28,016,452	13,251,091	65,346,148	38,786,062	68	28,111,396	13,268,363
Interest Expenses	42,984,936	22,780,032	89	20,818,036	7,661,120	42,933,115	22,769,025	89	20,788,813	7,658,607
Net Interest Income	22,187,202	15,932,154	39	7,198,416	5,589,971	22,413,033	16,017,037	40	7,322,583	5,609,756
Fee and Commission Income	4,411,473	4,013,748	10	1,329,064	1,418,625	5,344,758	5,335,746	0	1,642,759	1,810,579
Less: Fee and commission Expenses	16,908	20,958	(19)	2,384	5,900	16,908	20,598	(18)	2,384	5,900
Net Fee and Commission Income	4,394,565	3,992,791	10	1,326,680	1,412,725	5,327,850	5,315,148	0	1,640,375	1,804,679
Net gain/(loss) from trading	(970,532)	1,917,864	(151)	438,757	902,003	(970,532)	1,917,864	(151)	438,757	902,003
Net gain/(loss) from financial assets at fair value Through Profit or Loss	(490,748)	189,556	(359)	(131,100)	(29,836)	(423,908)	249,130	(270)	(55,605)	18,285
Net gains/(losses) from derecognition of financial assets	24,184	212,904	(89)	36,279	(762)	24,184	212,904	(89)	36,279	(16,907)
Other operating income	6,356,717	1,034,387	515	273,657	51,314	6,291,106	873,540	620	225,072	67,690
Total Operating Income	31,501,388	23,279,655	35	9,142,690	7,925,415	32,661,735	24,585,624	33	9,607,462	8,385,506
Less : Impairment Charges	22,224,799	6,652,652	234	8,297,113	2,507,339	22,216,234	6,645,541	234	8,294,539	2,500,229
Net operating income	9,276,589	16,627,003	(44)	845,576	5,424,607	10,445,501	17,940,083	(42)	1,312,923	5,885,277
Operating Expenses										
Personnel Expenses	4,335,014	4,205,998	3	1,396,657	1,411,899	4,791,972	4,618,833	4	1,552,522	1,501,367
Depreciation and amortization	623,972	630,671	(1)	214,163	202,215	672,695	677,876	(1)	228,946	210,465
Other Expenses	3,527,995	2,864,201	23	1,123,087	978,303	3,824,262	3,209,774	19	1,252,407	1,099,648
Total operating expenses	8,486,980	7,700,871	10	2,733,905	2,592,417	9,288,929	8,506,483	9	3,033,875	2,811,480
Operating Profit Before Tax on Financial Services	789,609	8,926,133	(91)	(1,888,329)	2,832,190	1,156,572	9,433,600	(88)	(1,720,952)	3,073,797
Less: Value Added Tax (VAT) on Financial services	762,831	1,667,612	(54)	(78,189)	548,574	762,831	1,667,612	(54)	(78,189)	548,574
Operating Profit After Tax on Financial Services	26,778	7,258,521	(100)	(1,810,140)	2,283,616	393,741	7,765,988	(95)	(1,642,763)	2,525,223
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	26,778	7,258,521	(100)	(1,810,140)	2,283,616	393,741	7,765,988	(95)	(1,642,763)	2,525,223
Less : Income tax expenses	(534,443)	1,618,689	(133)	(666,167)	570,680	(297,625)	1,714,183	(117)	(577,268)	635,907
Profit for the period	561,221	5,639,832	(90)	(1,143,973)	1,712,936	691,366	6,051,805	(89)	(1,065,495)	1,889,316
Profit Attributable to:										
Equity Holders of the parent	561,221	5,639,832	(90)	(1,143,973)	1,712,936	641,303	5,968,076	(89)	(1,083,460)	1,872,110
Non Controlling Interests	-	-	-	-	-	50,064	83,729	(40)	17,965	17,206
	561,221	5,639,832	(90)	(1,143,973)	1,712,936	691,367	6,051,805	(89)	(1,065,495)	1,889,316
Basic Earnings per share (in LKR)	1.48	20.41	(93)	(3.01)	6.20	1.69	21.60	(92)	(2.85)	6.78
Diluted Earnings per share (in LKR)	1.48	20.41	(93)	(3.01)	6.20	1.69	21.60	(92)	(2.85)	6.78

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2022 LKR '000	Period ended 30/09/2021 LKR '000	Change %	Quarter ended 30/09/2022 LKR '000	Quarter ended 30/09/2021 LKR '000	Period ended 30/09/2022 LKR '000	Period ended 30/09/2021 LKR '000	Change %	Quarter ended 30/09/2022 LKR '000	Quarter ended 30/09/2021 LKR '000
Profit for the period	561,221	5,639,832	(90)	(1,143,973)	1,712,936	691,367	6,051,805	(89)	(1,065,494)	1,889,316
Items that will be reclassified to Statement of Profit or loss										
Exchange differences on translation of foreign operations	-	-	-	-	-	221,609	19,715	1,024	(21,469)	(1,503)
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	2,054,067	(1,565,222)	231	8,463	(1,298,442)	2,023,006	(1,571,210)	229	10,129	(1,300,777)
Changes in Impairment allowance for Expected credit losses	(181,155)	9,123	(2,086)	-	5,310	(181,155)	9,122	(2,086)	-	5,310
Cash Flow Hedge Reserve-SWAP	5,217,960	-	100	241,328	-	5,217,960	-	-	241,328	-
Less :Tax expense relating to items that will be reclassified to Income Statements	(1,817,578)	378,313	(580)	(1,254,340)	312,901	(1,817,578)	378,313	(580.44)	(1,254,340)	312,901
A	5,273,295	(1,177,785)	548	(1,004,550)	(980,232)	5,463,842	(1,164,060)	569	(1,024,352)	(984,069)
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	(319,044)	22,070	(1,546)	73,997	(48,420)	(319,044)	22,070	(1,546)	73,997	(48,420)
Less :Tax expense relating to items that will not be reclassified to Income Statements	-	(35,273)	(100)	-	-	-	(35,273)	(100)	-	-
B	(319,044)	(13,203)	(2,316)	73,997	(48,420)	(319,044)	(13,203)	(2,316)	73,997	(48,420)
Total Other Comprehensive Income after Tax	4,954,251	(1,190,988)	516	(930,553)	(1,028,651)	5,144,798	(1,177,263)	537	(950,356)	(1,032,489)
Total Comprehensive Income for the period	5,515,471	4,448,844	24	(2,074,526)	684,285	5,836,165	4,874,543	20	(2,015,850)	856,827
Attributable to:										
Equity holders of the parent	5,515,471	4,448,844	24	(2,074,526)	684,285	5,739,885	4,786,584	20	(2,032,019)	839,833
Non Controlling Interests	-	-	-	-	-	96,280	87,959	9	16,169	16,994
	5,515,471	4,448,844	23.98	(2,074,526)	684,285	5,836,165	4,874,543	20	(2,015,850)	856,827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	BANK			Group		
	Current Year	Previous Year		Current Year	Previous Year	
	As at 30/09/2022	As at 31/12/2021 (Audited)	Change %	As at 30/09/2022	As at 31/12/2021 (Audited)	Change %
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	26,659,900	13,411,819	99	27,469,205	13,765,270	100
Balances with the Central Bank of Sri Lanka	16,912,233	16,403,362	3	16,912,233	16,403,362	3
Placements with banks	2,341,451	8,299,403	(72)	2,341,451	8,299,403	(72)
Derivative Financial Instruments	8,859,343	1,338,204	562	8,859,343	1,338,204	562
Financial assets recognized through profit or loss measured at fair value	14,609,615	2,441,833	498	16,153,714	4,784,124	238
Financial assets at amortised cost - loans and receivables to other customers	569,400,426	504,538,968	13	569,468,616	504,374,296	13
Financial assets at amortised cost - debt and other instruments	153,286,946	54,262,976	182	153,286,946	54,262,976	182
Financial assets measured at fair value through other comprehensive income	8,431,005	89,552,196	(91)	8,998,428	89,696,611	(90)
Investments in subsidiary companies	1,122,351	1,130,916	(1)	-	-	-
Investment Property	-	-	-	2,528,228	2,528,228	-
Intangible assets	1,677,120	1,203,940	39	1,687,370	1,217,111	39
Property, plant & equipment	3,036,836	3,143,829	(3)	3,619,143	3,735,298	(3)
Right of Use Assets	1,122,006	1,094,607	3	1,284,149	1,285,385	(0)
Current Tax Assets	-	-	-	43,538	27,701	57
Deferred tax Assets	4,910,486	3,417,315	44	4,941,089	3,443,207	44
Other assets	6,485,679	4,693,249	38	7,196,016	5,670,716	27
Total assets	818,855,396	704,932,617	16	824,789,469	710,831,892	16
Liabilities						
Due to Banks	28,440,454	24,770,644	15	28,512,180	24,821,158	15
Derivative Financial Instruments	82,598	1,048,644	(92)	82,598	1,048,644	(92)
Financial Liabilities at amortised cost - due to depositors	649,316,357	552,039,792	18	648,156,560	551,256,595	18
Financial Liabilities at amortised cost						
- due to debt securities holders	893,101	1,341,060	(33)	893,101	1,341,060	(33)
- due to other borrowers	36,068,641	25,228,865	43	36,068,641	25,228,865	43
Debt securities issued	28,609,064	27,960,731	2	28,609,064	27,960,731	2
Retirement benefit obligations	799,738	735,666	9	891,370	829,873	7
Current Tax Liabilities	3,639,483	2,407,243	51	3,792,713	2,585,975	47
Deferred Tax Liabilities	-	-	-	645,082	569,213	13
Other liabilities	9,268,536	10,375,945	(11)	10,106,257	11,031,413	(8)
Dividends payable	99,059	91,823	8	99,059	91,823	8
Total liabilities	757,217,031	646,000,412	17	757,856,625	646,765,350	17
Equity						
Stated Capital	19,870,665	18,263,609	9	19,870,665	18,263,609	9
Statutory Reserve Fund	2,571,479	2,571,479	-	2,571,479	2,571,479	-
Retained Earnings	35,098,080	39,134,379	(10)	38,852,133	42,730,949	(9)
Other Reserves	4,098,141	(1,037,261)	495	4,265,473	(838,868)	608
Total shareholders' equity	61,638,365	58,932,206	5	65,559,750	62,727,169	5
Non Controlling Interests	-	-	-	1,373,094	1,339,373	3
Total Equity	61,638,365	58,932,206	5	66,932,844	64,066,542	4
Total liabilities and equity	818,855,396	704,932,617	16	824,789,469	710,831,892	16
Net Book Value Per Share (LKR)	162.17	165.02	(2)	172.48	175.65	(2)
Contingent liabilities and commitments	293,257,397	312,072,435	(6)	252,375,367	311,978,390	(19)
Memorandum Information						
Number of Employees	3,025	2,949				
Number of Branches	113	113				
Certification:						
We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.						
<i>(Sgd.)</i>						
Suvendrini Muthukumarana						
Vice President - Finance						
We, the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:						
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.						
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group.						
<i>(Sgd.)</i>						
Sriyan Cooray			<i>(Sgd.)</i>			
Director/ Chairman			Dimantha Seneviratne			
			Director/ Chief Executive Officer			
14 November 2022						

STATEMENT OF CHANGES IN EQUITY										
For the period ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves					Total	Non Controlling Interests	Total
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Retained Earnings			
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	Equity LKR '000
BANK										
Balance as at 01 January 2021	8,794,333	2,196,479	1,311,992	-	(648,360)	-	33,126,579	44,781,023	-	44,781,023
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	5,639,832	5,639,832	-	5,639,832
Other Comprehensive Income before Tax	-	-	-	-	(1,543,151)	-	9,123	(1,534,028)	-	(1,534,028)
Tax on Other Comprehensive Income	-	-	72,880	-	377,946	-	(107,786)	343,040	-	343,040
Total Comprehensive Income for the period	-	-	72,880	-	(1,165,205)	-	5,541,169	4,448,844	-	4,448,844
Transactions with equity holders										
Issue of Shares	9,469,276	-	-	-	-	-	-	9,469,276	-	9,469,276
Dividends Paid	-	-	-	-	-	-	(345,878)	(345,878)	-	(345,878)
Balance as at 30 September 2021	18,263,609	2,196,479	1,384,872	-	(1,813,565)	-	38,321,870	58,353,264	-	58,353,265
Balance as at 01 January 2022	18,263,609	2,571,479	1,402,195	44,479	(2,483,938)	-	39,134,382	58,932,206	-	58,932,206
Charge relating to surcharge tax	-	-	-	-	-	-	(2,456,403)	(2,456,403)	-	(2,456,403)
Restated Balance as at 01 January 2022	18,263,609	2,571,479	1,402,195	44,479	(2,483,938)	-	36,677,979	56,475,803	-	56,475,803
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	561,221	561,221	-	561,221
Other Comprehensive Income before Tax	-	-	-	-	1,735,023	5,217,960	(181,155)	6,771,829	-	6,771,829
Tax on Other Comprehensive Income	-	-	-	-	(565,268)	(1,252,310)	-	(1,817,578)	-	(1,817,578)
Total Comprehensive Income for the period	-	-	-	44,479	1,169,755	3,965,650	380,066	5,515,471	-	5,515,471
Transactions with equity holders										
First and Final Dividends for year 2021	1,607,056	-	-	-	-	-	(1,959,965)	(352,908)	-	(352,908)
Balance as at 30 September 2022	19,870,665	2,571,479	1,402,195	44,479	(1,314,183)	3,965,650	35,098,080	64,094,769	-	61,638,365

STATEMENT OF CHANGES IN EQUITY										
For the period ended 30 September	Stated Capital	Statutory Reserve Fund	Other Reserves				Total	Non Controlling Interests	Total Equity	
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve				Retained Earnings
GROUP	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2021	8,794,333	2,196,479	1,463,115	-	(621,038)	-	36,143,348	47,976,238	1,227,155	49,203,393
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	5,968,076	5,968,076	83,729	6,051,805
Other Comprehensive Income before Tax	-	-	-	-	(1,549,140)	-	24,607	(1,524,533)	4,230	(1,520,303)
Tax on Other Comprehensive Income	-	-	72,880	-	377,946	-	(107,786)	343,040	-	343,040
Total Comprehensive Income for the period	-	-	72,880	-	(1,171,194)	-	5,884,897	4,786,583	87,959	4,874,542
Transactions with equity holders										
Issue of Shares	9,469,276	-	-	-	-	-	-	9,469,276	-	9,469,276
Dividends Paid	-	-	-	-	-	-	(345,878)	(345,878)	-	(345,878)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(50,216)	(50,216)
Balance as at 30 September 2021	18,263,609	2,196,479	1,535,995	-	(1,792,232)	-	41,682,367	61,886,219	1,264,898	63,151,109
Balance as at 01 January 2022	18,263,609	2,571,479	1,583,831	44,479	(2,467,181)	-	42,730,952	62,727,169	1,339,373	64,066,542
Charge relating to surcharge tax	-	-	-	-	-	-	(2,554,396)	(2,554,396)	(21,781)	(2,576,177)
Restated Balance as at 01 January 2022	18,263,609	2,571,479	1,583,831	44,479	-	-	40,176,556	60,172,773	1,317,592	61,490,365
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	641,303	641,303	50,064	691,367
Other Comprehensive Income before Tax	-	-	-	-	1,703,962	5,217,960	(5,762)	6,916,160	46,216	6,962,376
Tax on Other Comprehensive Income	-	-	-	-	(565,268)	(1,252,310)	-	(1,817,578)	-	(1,817,578)
Total Comprehensive Income for the period	-	-	-	-	1,138,694	3,965,650	635,541	5,739,885	96,280	5,836,165
Transactions with equity holders										
First and Final Dividends for year 2021	1,607,056	-	-	-	-	-	(1,959,965)	(352,908)	-	(352,908)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(40,778)	(40,778)
Balance as at 30 September 2022	19,870,666	2,571,479	1,583,831	44,479	(1,328,487)	3,965,650	38,852,133	65,559,750	1,373,094	66,932,844

STATEMENT OF CASH FLOW

For the period ended 30 September	BANK		GROUP	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	61,068,638	39,238,096	61,117,388	39,246,716
Fee based income received	4,481,293	4,005,329	5,872,643	5,196,963
Dividend income received	344,027	72,716	359,593	251,932
Other Operating income received	4,886,258	2,867,452	4,999,257	3,254,040
Interest paid	(35,965,500)	(22,832,426)	(35,975,724)	(22,860,598)
Personnel costs paid	(4,202,862)	(4,092,189)	(4,557,503)	(4,456,597)
Other expenses paid	(3,493,927)	(2,772,090)	(3,983,923)	(3,103,951)
Operating Profit before changes in operating assets and liabilities	27,117,927	16,486,888	27,831,730	17,528,505
(Increase)/decrease in operating assets				
Deposits held for regulatory or monetary control purposes	(508,871)	(8,442,629)	(508,871)	(8,442,629)
Financial Assets at amortised cost -loans and receivables to other customers	(70,756,662)	(67,370,242)	(70,756,662)	(67,370,313)
Net (increase)/decrease in operating assets	(4,062,323)	(1,058,879)	(3,576,594)	(1,354,205)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	91,559,670	35,574,809	91,183,069	35,264,432
Financial liabilities at amortised cost - due to debt securities holders	(447,958)	47,378	(447,958)	47,378
Financial liabilities at amortised cost - due to other borrowers	1,848,155	9,486,312	1,848,155	9,486,312
Repayment of principal portion of lease liabilities	(417,479)	(405,380)	(447,178)	(410,638)
Net increase/(decrease) in other liabilities	(854,005)	(9,851,300)	(1,228,548)	(163,324)
Net cash generated/(used in) from operating activities before taxation	43,478,454	(25,533,043)	43,897,144	(15,414,482)
Tax on Financial Services paid	(1,155,544)	(1,467,294)	(1,155,544)	(1,467,294)
Income taxes paid	(4,000,469)	(2,072,121)	(4,277,250)	(2,291,278)
Net cash generated/(used in) from operating activities	38,322,441	(29,072,458)	38,464,350	(19,173,054)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(41,823,120)	9,601,606	(41,438,036)	9,518,463
Purchase of Intangible assets	(601,298)	(374,761)	(601,298)	(374,761)
Purchase of property, plant & equipment	(269,481)	(442,686)	(279,537)	(595,131)
Proceeds from sale of property, plant & equipment	-	6,596	(61,081)	7,282
Net cash generated /(used in) from investing activities	(42,693,899)	8,790,755	(42,379,952)	8,555,853
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of ordinary of shares (as a right issue/private placement)	-	9,469,276	-	9,469,276
Interest paid on debts securities issued	(1,859,839)	(1,387,694)	(1,859,839)	(1,387,694)
Proceed/ (Repayment) of Institutional borrowings	13,867,063	(4,820,399)	13,867,063	(4,820,399)
Dividends paid to non-controlling interests	-	-	-	(49,875)
Dividends paid to shareholders of the Bank	(345,638)	(332,928)	(345,638)	(332,928)
Net cash provided by /(used in) financing activities	11,661,586	2,928,255	11,661,586	2,878,380
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,290,128	(7,867,137)	7,745,984	(7,738,821)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,711,222	22,889,141	22,064,673	23,180,480
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29,001,351	15,022,004	29,810,656	15,441,659
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	26,659,900	12,170,473	27,469,205	12,590,128
Placements with banks	2,341,451	2,851,531	2,341,451	2,851,531
Cash and cash equivalents at the end of the period	29,001,351	15,022,004	29,810,656	15,441,659

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 September

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Revenue										
Interest Income	65,172,138	38,712,186	122,189	62,769	-	-	-	-	65,294,327	38,774,955
Fee and Commission Income	4,411,473	3,992,791	608,133	1,090,439	149,196	138,498	66,792	52,063	5,235,594	5,273,790
Net gain/(loss) from trading	(970,532)	1,917,864	-	-	-	-	-	-	(970,532)	1,917,864
Net gain/(loss) from financial assets at fair value Through	(490,748)	189,556	66,840	59,574	-	-	-	-	(423,908)	249,130
Net gains/(losses) from derecognition of financial assets	24,184	212,904	(0)	-	-	-	-	-	24,184	212,904
Other Operating Income	6,049,877	827,469	241,229	46,071	-	-	-	-	6,291,106	873,540
Total revenue from external customers	74,196,393	45,852,769	1,038,391	1,258,854	149,081	138,543	66,792	52,063	75,450,656	47,302,229
Inter-segment Revenue	-	-	97,524	9,695	63,576	42,694	-	-	161,100	52,389
Total Revenue	74,196,393	45,852,769	1,135,915	1,268,549	212,657	181,237	66,792	52,063	75,611,756	47,354,648
Impairment (charge)/reversal for Loans & other losses	(22,216,234)	(6,645,541)	-	-	-	-	-	-	(22,216,234)	(6,645,541)
Segment expenses	(51,423,696)	(30,469,896)	(744,210)	(745,399)	(6,629)	(6,584)	(64,416)	(53,633)	(52,238,952)	(31,275,509)
Total segment expenses	(73,639,930)	(37,115,437)	(744,210)	(745,399)	(6,629)	(6,584)	(64,416)	(53,633)	(74,455,186)	(37,921,049)
Segment results	556,462	8,737,332	391,705	523,150	206,027	174,653	2,376	(1,570)	1,156,572	9,433,600
Income tax expenses	-	-	-	-	-	-	-	-	(297,625)	1,714,183
Taxes on financial services	-	-	-	-	-	-	-	-	762,831	1,667,612
Profit after taxation									691,367	6,051,805
Other information										
Segment assets	818,293,418	678,761,068	3,166,728	2,911,470	3,145,095	2,871,615	184,227	120,281	824,789,469	684,664,435
Consolidated total assets									824,789,469	684,664,435
Segment liabilities	756,031,880	620,037,266	1,059,910	901,805	738,849	563,166	25,983	11,089	757,856,625	621,513,326
Consolidated total liabilities									757,856,625	621,513,326
Segmental Cash flows										
Cash flows from operating activities	38,322,441	(29,119,837)	14,386	307,176	126,586	111,727	937	(5,811)	38,464,350	(28,706,744)
Cash flows from investing activities	(42,693,899)	8,790,755	375,888	(105,989)	(61,941)	(128,913)	-	-	(42,379,952)	8,555,853
Cash flows from financing activities	11,661,586	12,461,945	-	(49,875)	-	-	-	-	11,661,586	12,412,070

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2022 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	26,659,900	-	-	26,659,900
Balances with the Central Bank of Sri Lanka	-	16,912,233	-	-	16,912,233
Placements with banks	-	2,341,451	-	-	2,341,451
Derivative Financial Instruments	8,859,343	-	-	-	8,859,343
Financial assets recognized through profit or loss measured at fair value	14,609,615	-	-	-	14,609,615
Financial assets at amortised cost -loans and receivables to other customers	-	569,400,426	-	-	569,400,426
Financial Assets at amortised cost - debt and other instruments	-	153,286,946	-	-	153,286,946
Financial assets measured at fair value through other comprehensive income	-	-	8,431,005	-	8,431,005
Other Financial Assets	-	2,884,492	-	-	2,884,492
Total Financial Assets	23,468,958	771,485,449	8,431,005	-	803,385,411

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	28,440,454	28,440,454
Derivative Financial Instruments	82,598	-	82,598
Financial Liabilities at amortised cost -due to depositors	-	649,316,357	649,316,357
Financial Liabilities at amortised cost			
- due to debt securities holders	-	893,101	893,101
- due to other borrowers	-	36,068,641	36,068,641
Debt securities issued	-	28,609,064	28,609,064
Other Financial Liabilities	-	1,523,981	1,523,981
Total Financial Liabilities	82,598	744,851,598	744,934,196

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2022 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	27,469,205	-	-	27,469,205
Balances with the Central Bank of Sri Lanka	-	16,912,233	-	-	16,912,233
Placements with banks	-	2,341,451	-	-	2,341,451
Derivative Financial Instruments	8,859,343	-	-	-	8,859,343
Financial assets recognized through profit or loss measured at fair value	16,153,714	-	-	-	16,153,714
Financial assets at amortised cost -loans and receivables to other customers	-	569,468,616	-	-	569,468,616
Financial Assets at amortised cost - debt and other instruments	-	153,286,946	-	-	153,286,946
Financial Assets measured at fair value through Other comprehensive income	-	-	8,998,428	-	8,998,428
Other Financial Assets	-	3,657,016	-	-	3,657,016
Total Financial Assets	25,013,057	773,135,467	8,998,428	-	807,146,952

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	28,512,180	28,512,180
Derivative Financial Instruments	82,598	-	82,598
Financial Liabilities at amortised cost -due to depositors	-	648,156,560	648,156,560
Financial Liabilities at amortised cost			
- due to debt securities holders	-	893,101	893,101
- due to other borrowers	-	36,068,641	36,068,641
Debt securities issued	-	28,609,064	28,609,064
Other Financial Liabilities	-	1,764,435	1,764,435
Total Financial Liabilities	82,598	744,003,981	744,086,579

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

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

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

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Bank

	2022				2021			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	30/09/2022 LKR '000	30/09/2022 LKR '000	30/09/2022 LKR '000	30/09/2022 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000
Financial Assets								
Derivative Financial Instruments	-	8,859,343	-	8,859,343	-	1,338,204	-	1,338,204
Financial assets recognized through profit or loss measured at fair value	14,609,615	-	-	14,609,615	2,441,833	-	-	2,441,833
Financial assets measured at fair value through other comprehensive income	8,424,781	-	6,224	8,431,005	89,545,972	-	6,224	89,552,196
Total Financial Assets	23,034,396	8,859,343	6,224	31,899,963	91,987,805	1,338,204	6,224	93,332,233
Financial Liabilities								
Derivative Financial Instruments	-	82,598	-	82,598	-	1,048,644	-	1,048,644
Total Financial Liabilities	-	82,598	-	82,598	-	1,048,644	-	1,048,644

Group

	2022				2021			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	30/09/2022 LKR '000	30/09/2022 LKR '000	30/09/2022 LKR '000	30/09/2022 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000	31/12/2021 LKR '000
Financial Assets								
Derivative Financial Instruments	-	8,859,343	-	8,859,343	-	1,338,204	-	1,338,204
Financial assets recognized through profit or loss measured at fair value	15,295,365	-	858,349	16,153,714	3,810,685	-	973,439	4,784,124
Financial assets measured at fair value through other comprehensive income	8,519,579	472,625	6,224	8,998,428	89,545,972	144,415	6,224	89,696,611
Total Financial Assets	23,814,944	9,331,968	864,573	34,011,485	93,356,657	1,482,619	979,663	95,818,939
Financial Liabilities								
Derivative Financial Instruments	-	82,598	-	82,598	-	1,048,644	-	1,048,644
Total Financial Liabilities	-	82,598	-	82,598	-	1,048,644	-	1,048,644

Notes to the Financial Statements

- 1** The figures are extracted from the unaudited financial statements of the Bank and the Group.
The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods which is in line with the requirements of SLFRS 9 -Financial Instruments as published in the previous year Annual Report.
The tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 05 on Surcharge Tax.
- 2** These Financial Statements also comply with Sri Lanka Accounting Standard (LKAS) 34- "Interim Financial Reporting" and provided the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- 3 Expected Credit Losses**
Loans and Receivables
The Bank assessed the Expected Credit Losses (ECL) of credit facilities based on two approaches of individual and collective basis. The customers who have been identified as individually significant were assessed under individual basis and they were staged based on the identified indicators of increase in credit risks.
The Expected Credit Losses assessed on collective impairment approach were based on Probability of Default (PD), Loss Given Default (LGD) and the Economic Factor Adjustment (EFA) by applying the recent forecasts and projections published by the Central Bank of Sri Lanka as of 30 September 2022. Further, the Bank has accounted for management overlays to mitigate any expected losses by moving the staging of facilities included in the identified risk elevated industries to a higher stage where necessary to capture significant increases in credit risk due to stressed economic conditions.
Other Financial Assets
The Bank further increased the impairment provision on the foreign currency denominated government securities during the Q3 2022, considering the ongoing discussions on restructuring of the foreign currency denominated bonds, between the Government of Sri Lanka and the International Monetary Fund (IMF).
- 4 Dividends**
On 30 March 2022, the Board of Directors approved and declared a first and final Dividend Payment for the financial year ended 31 December 2021 - Cash and Scrip Dividend of LKR 5.50 per share amounting to LKR 1.00 in cash and LKR 4.50 in scrip dividend. Accordingly 22,971,075 ordinary voting shares has been listed as scrip dividends and LKR 357,123,647 has been paid as cash dividends on 26th April 2022. As a result, the stated capital of the Bank as at 30 September 2022 was LKR 19.87 Bn (31 December 2021 - LKR 18.26 Bn).
- 5 Corporate income tax rate**
The Inland Revenue (Amendment) Bill was published in the Gazette Notification issued on 11 October 2022. Accordingly, the income tax rate has been proposed to increase from 24% to 30% with effect from 01 October 2022. However deferred tax asset/ liability has been calculated at the rate of 24% on the basis that the said amendment was not considered to be "substantially enacted" as per LKAS 12, income taxes as at 30 September 2022.
- 6 Surcharge Tax**
Surcharge Tax Act No. 14 of 2022 was enacted on 8 April 2022 and is applicable to the NDB Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds LKR 2,000 Mn, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries. Total Surcharge Tax liability of LKR 2,456 Mn and LKR 2,576 Mn has been recognized for the Bank and the Group respectively as an opening adjustment to the 1 January 2022 retained earnings in the statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka. According to the said Act, the surcharge tax shall be deemed to be expenditure in the financial statements relating to the year of assessment 2020/2021.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:
- | | Bank | Group |
|---|------------------|------------------|
| Profit after Tax for 31/12/2020 (LKR '000) | 5,530,476 | 5,217,348 |
| Surcharge tax levied under Surcharge Tax Act (LKR '000) | (2,456,403) | (2,576,177) |
| Adjusted comparable Profit for the year ended 31.12.2020 (LKR '000) | <u>3,074,073</u> | <u>2,641,171</u> |
- 7 Reclassification of Debt Portfolio Held As Fair Value Through Other Comprehensive Income to Amortised Cost**
From total debt investment portfolio ,the Bank has reclassified the Debt portfolio amounting to LKR 37.7 Bn, consisting of Sri Lanka Government Treasury Bonds of LKR 32.6 Bn and Sri Lanka USD Sovereign Bonds of USD 14 Mn held as "Fair Value through Other Comprehensive Income" to "Amortised cost" with effect from 01 April 2022. This reclassification is a one-time event in accordance with the Statement of Alternative Treatment (SoAT) on reclassification of debt portfolio issued by the Institute of Chartered Accountants of Sri Lanka and in line with the requirements of the SLFR 9-Financial Instruments paragraph 5.6.5. The cumulative losses from these instruments previously recognised in Other Comprehensive Income has been removed from equity and adjusted against the fair value of the financial asset at the reclassification date.
- 8** There are no other events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank and the Group .

Notes to the Financial Statements
08. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30 SEPTEMBER 2022

	Bank		Group	
	As at 30/09/2022 LKR '000	As at 31/12/2021 LKR '000	As at 30/09/2022 LKR '000	As at 31/12/2021 LKR '000
8.1 Product wise Gross Loans and Receivables				
By product-Domestic Currency				
Term loans	139,394,263	137,834,028	139,394,263	137,834,028
Medium and short term loans	75,350,674	76,703,108	75,350,674	76,703,108
Overdrafts	81,416,050	68,131,132	81,416,022	67,896,681
Trade Finance	30,137,502	21,378,582	30,137,502	21,378,582
Consumer loans	56,369,095	55,080,118	56,369,095	55,080,118
Lease rentals receivable and Hire Purchase	25,446,017	28,080,778	25,446,017	28,080,778
Housing loans	19,577,026	19,158,111	19,577,026	19,158,111
Islamic Banking facilities	11,051,841	9,847,168	11,051,841	9,847,168
Credit cards	7,842,536	7,948,654	7,842,536	7,948,654
AF Loans	3,663,167	3,423,346	3,663,167	3,423,346
Staff loans	2,421,746	2,469,881	2,489,964	2,539,660
Pawning	10,912,256	6,598,837	10,912,256	6,598,837
Sub total	463,582,173	436,653,742	463,650,363	436,489,071
By product-Foreign Currency				
Term loans	21,308,438	12,675,560	21,308,438	12,675,560
Overdrafts	9,278,498	4,967,174	9,278,498	4,967,174
Medium and short term loans	63,495,416	40,761,255	63,495,416	40,761,255
Trade Finance	37,027,520	26,943,852	37,027,520	26,943,852
Islamic Banking facilities	5,450,082	4,066,951	5,450,082	4,066,951
Housing loans	109,082	72,508	109,082	72,508
Sub total	136,669,036	89,487,300	136,669,036	89,487,300
Total	600,251,209	526,141,042	600,319,399	525,976,370
8.2 Product wise commitments and contingencies considered for Impairment				
By product- Domestic Currency				
Guarantees	33,156,668	45,401,544	33,010,717	49,613,333
Performance Bonds	13,947,657	15,046,077	13,947,657	13,972,889
Documentary Credits	546,472	1,298,545	546,472	830,692
Acceptances	43,641	150,687	43,641	66,045
Undrawn commitments	168,720,118	124,328,802	169,115,922	137,451,546
Sub Total	216,414,555	186,225,655	216,664,408	201,934,505
By product- Foreign Currency				
Guarantees	12,275,644	16,304,037	12,275,644	22,422,147
Performance Bonds	12,093,677	7,353,616	12,093,677	6,534,172
Documentary Credits	8,634,812	22,954,557	8,634,812	28,888,267
Acceptances	6,787,443	27,790,358	6,787,443	24,712,596
Undrawn commitments	1,340,307	1,041,634	1,340,307	1,171,246
Sub Total	82,263,766	75,444,201	41,131,883	83,728,428
Total	298,678,321	261,669,856	257,796,291	285,662,932
Gross loans and advances ,Commitments and Contingencies	898,929,531	787,810,898	858,115,691	811,639,302
(Less): Accumulated impairment under stage 1	4,738,424	4,831,892	4,738,424	4,831,892
Accumulated impairment under stage 2	5,051,961	4,327,481	5,051,961	4,327,481
Accumulated impairment under stage 3	22,311,371	14,472,212	22,311,371	14,472,212
Net value of loans and advances, commitments and contingencies	866,827,776	764,179,314	826,013,935	788,007,718

	Bank		Group	
	As at 30/09/2022 LKR '000	As at 31/12/2021 LKR '000	As at 30/09/2022 LKR '000	As at 31/12/2021 LKR '000
8.3 Movement of impairment during the period				
Under stage 1				
Balance at 1 January	4,831,892	3,472,657	4,831,892	3,472,657
Charge/(Write back) to Statement of Profit or Loss	(93,469)	1,359,235	(93,469)	1,359,235
Write-off during the period	-	-	-	-
Closing balance	4,738,424	4,831,892	4,738,424	4,831,892
Under stage 2				
Balance at 1 January	4,327,481	2,743,988	4,327,481	2,743,988
Charge/(Write back) to Statement of Profit or Loss	724,481	1,583,492	724,481	1,583,492
Write-off during the period	-	-	-	-
Closing balance	5,051,961	4,327,481	5,051,961	4,327,481
Under stage 3				
Balance at 1 January	14,472,212	11,714,824	14,472,212	11,714,824
Charge/(Write back) to Statement of Profit or Loss	8,495,227	5,234,191	8,495,227	5,234,191
Write-off during the period	(656,068)	(2,501,716)	(656,068)	(2,501,716)
Other movement	-	24,912	-	24,912
Closing balance	22,311,371	14,472,212	22,311,371	14,472,212

9. ANALYSIS OF DEPOSITS Due to Other Customers - By product	Bank		Group	
	As at 30/09/2022 LKR '000	As at 31/12/2021 LKR '000	As at 30/09/2022 LKR '000	As at 31/12/2021 LKR '000
By product- Domestic Currency				
Demand deposits	29,915,989	30,337,930	29,358,822	30,341,537
Savings deposits	67,239,124	86,686,437	67,009,384	86,313,340
Time deposits	356,136,879	313,670,167	355,803,122	313,452,645
Other deposits	924,092	2,682,331	924,092	2,682,331
Sub total	454,216,083	433,376,865	453,095,420	432,789,854
By product- Foreign Currency				
Demand deposits	10,070,740	6,371,382	10,070,740	6,358,482
Savings deposits	37,204,581	24,427,736	37,165,447	24,244,451
Time deposits	147,398,060	87,570,503	147,398,060	87,570,503
Other deposits	426,893	293,306	426,893	293,306
Sub total	195,100,274	118,662,927	195,061,140	118,466,741
Total	649,316,357	552,039,792	648,156,560	551,256,595

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at	As at	As at	As at
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	51,379,055	48,441,141	54,980,505	51,937,517
Tier 1 Capital	51,379,055	48,441,141	54,980,505	51,937,517
Total Capital	74,180,553	74,578,891	77,708,773	77,983,909
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7%, 2021 -6.5%)	9.42	10.01	9.92	10.53
Tier 1 Capital Ratio (Minimum Requirement - 8.5% , 2021 - 8%)	9.42	10.01	9.92	10.53
Total Capital Ratio (Minimum Requirement - 12.5%, 2021- 12%)	13.60	15.42	14.03	15.82
Leverage Ratio (Minimum Requirement - 3%)	5.88	6.36	6.25	6.77
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	207,799,708	157,514,944	207,799,708	157,514,944
Statutory Liquid Assets Ratio (Minimum Requirement -20%)				
Domestic Banking Unit (%)	22.80	23.14	22.80	23.14
Off-Shore Banking Unit (%)	25.40	25.31	25.40	25.31
Total stock of high quality liquid assets (LKR ' 000) - All currency	122,558,206	112,552,154	122,558,206	112,552,154
Total stock of high quality liquid assets (LKR ' 000) - Rupee	103,843,990	89,088,289	103,843,990	89,088,289
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 30.09.2022- 90% , 2021 - 100%)	208.00	193.03	208.00	193.03
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 30.09.2022 -90%, 2021 - 100%)	158.02	171.33	158.02	171.33
Net stable Funding Ratio (%) (Minimum Requirement 30.09.2022 - 90% , 2021 - 100%)	123.19	118.27	123.19	118.27
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) Ratio (%)	5.75	4.55	5.75	4.55
Impairment (stage 3) to Stage 3 loans Ratio (%)	34.66	32.81	34.66	32.81
Profitability				
Earnings Per Share (annualised) (LKR)	1.97	20.68	2.26	22.44
Return on Average Shareholders' Funds (%)	1.24	12.27	1.34	12.47
Return on Average Assets ((after Tax (%))	0.10	0.96	0.11	1.03
Return on Average Assets ((before Tax (%))	0.14	1.55	0.20	1.67
Net interest margin (%)	3.78	3.25	3.79	3.24
Debt Security - Related Ratios				
Interest Cover (Times)	1.52	1.70	1.52	1.70
Debt to Equity (Times)	12.06	10.71	11.32	10.05

SHARE INFORMATION
SHARE PRICE

As at	30/09/2022	31/12/2021
Number of shares	380,094,722	357,123,647
Last traded price (LKR)	43.00	68.90
For the quarter ended	30/09/2022	31/12/2021
Highest price per share (LKR)	47.50	79.90
Lowest price per share (LKR)	32.00	67.90

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2022

	NAME	NO OF SHARES	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	37,971,462	9.99
2	EMPLOYEE'S PROVIDENT FUND	36,125,392	9.50
3	BANK OF CEYLON NO. 1 ACCOUNT	30,210,035	7.95
4	RICHARD PIERIS AND CO LTD - ACCOUNT NO. 01	23,581,865	6.20
5	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	23,099,809	6.08
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	19,204,777	5.05
7	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	15,066,780	3.96
8	EMPLOYEES TRUST FUND BOARD	12,892,611	3.39
9	DR.S.YADDEHIGE	10,814,195	2.85
10	HATTON NATIONAL BANK PLC A/C NO 1	10,536,091	2.77
11	PERPETUAL TREASURIES LIMITED	9,298,864	2.45
12	SBI VEN HOLDINGS PTE LTD	9,226,644	2.43
13	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	7,963,839	2.10
14	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	7,066,635	1.86
15	PHOENIX VENTURES PRIVATE LIMITED	6,151,153	1.62
16	AKBAR BROTHERS PVT LTD A/C NO 1	5,795,780	1.53
17	MR.A.K.PATHIRAGE	5,480,626	1.44
18	ASIRI SURGICAL HOSPITAL PLC	5,389,041	1.42
19	ARPICO INSURANCE PLC-SHARE HOLDERS	3,613,375	0.95
20	DFCC BANK PLC A/C 1	3,372,735	0.89

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2022
Float adjusted Market Capitalization in LKR	11,754,657,335
Percentage of shares held by the public	71.92%
Number of public shareholders	11,418
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2022

Name	No. of shares
MR. SRIYAN COORAY	-
MR. DIMANTHA SENEVIRATNE	75,375
MR. BERNARD SINNIHAH	-
MR. SUJEEWA MUDALIGE	-
MR. HIRAN PERERA	-
MR. KUSHAN D'ALWIS, PC	-
MS. (FAY) PIYACHATR CHETNAKARNKUL	-
MS. CHANDIMA DILRUKSHI	-

Rated unsecured subordinated redeemable debentures

INFORMATION ON DEBENTURES- BANK											
Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 Sep 2022 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 November 2021 A- Nov 2021/Nov 2026 B- Nov 2021/Nov 2028	Listed	Semi-annually Semi-annually	8,190 120	Not traded during the quarter			11.90 12.00	11.66 11.73	11.14 11.61	Not traded during the quarter	
Fixed rate - Debenture September 2020 Sep 2020/ Sep 2025	Listed	Annually	6,494	Not traded during the quarter			9.50	9.16	6.57	Not traded during the quarter	
Fixed rate - Debenture March 2019 A - Mar 2019/Mar 2024 B - Mar 2019/Mar 2024	Listed Listed	Semi-annually Annually	1,241 4,605	Not traded during the quarter			13.50 13.95	13.17 13.1	11.04 11.04	Not traded during the quarter	
Fixed rate - Debenture December 2013 C - Dec 2013/Dec 2023 D - Dec 2013/Dec 2025	Listed Listed	Annually Annually	4,006 3,953	Not traded during the quarter Not traded during the quarter			13.90 14.00	13.17 13.26	11.80 12.09	Not traded during the quarter Not traded during the quarter	
Total Debentures			28,609								

Important Dates - Q3 2022 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	14 November 2022
Investor Webinar	22 November 2022
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	14 November 2022
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	25 November 2022 & 29 November 2022

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 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.</p>	<p>Head Office/Registered Office No. 40, Nawam Mawatha, Colombo 02 Tel: +94 11 2448448 Fax: +94 11 2341044 SWIFT Code: NDBSLKX 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)/Rating Watch Negative (RWN) - Fitch Ratings Lanka Limited</p>
<p>Registration No. PQ 27</p> <p>Accounting Year End 31 December</p>	<p>Auditors M/s Ernst & Young, 201, De Saram Place, Colombo 10</p> <p>Company Secretary: Ms. Shehani Ranasinghe</p> <p>Compliance Officer: Mr. Chandima Kannangara</p>
<p>Board of Directors Mr.Sriyan Cooray - Chairman Mr.Dimantha Seneviratne - Director/Chief Executive Office Mr.Bernard Sinniah - Director Mr.Sujeewa Mudalige - Director Mr.Hiran Perera - Director Mr.Kushan D'Alwis, PC - Director Ms.(Fay) Piyachatr Chetnakarnkul - Director Ms.Chandima Dilrukshi - Director Ms.Kasturi Wilson - Director (Effective 03.10.2022)</p>	<p>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)</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: 35013</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>



The future is banking on us

National Development Bank PLC, PQ 27
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