

# Grow Sri Lanka

Universal Banking from NDB Bank meets everyone's need. That is why we are proud to say: whoever you are, we're here, **Growing Sri Lanka.**





INTERIM REPORT FOR THE  
SIX MONTHS ENDED 30TH JUNE 2011

**OUR VISION**

To be a World-Class Sri Lankan Bank

**OUR MISSION**

To be dominant in the financial services sector, creating superior long-term shareholder value and contributing to economic development in Sri Lanka by exploiting regional opportunities and delivering innovative solutions, with best-in industry service excellence, through an inspired team.

**Grow Sri Lanka**

Universal Banking from NDB Bank

## Chairman's Review

The performance of National Development Bank PLC (NDB Bank) for the second quarter ended 30 June 2011 has been quite noteworthy.

The NDB Group's Profit Attributable to shareholders (PAS) for the six months ended 30 June 2011 recorded an impressive growth of 37% over the corresponding period last year to reach a landmark of Rs 1 bn for the period. The improved performance was supported by NDB Bank's strong and sustainable Core Banking Profits and the improved performance of group companies. The NDB group has been able to sustain core banking profit growth throughout and demonstrates a systematic increase in its performance indicators as a Financial Services Group.

NDB Bank's Profit Before Tax for the second quarter was Rs.971mn, a growth of 37 % over the first quarter of 2011. This has been backed by strong Net Income growth of 16% over the same period. Profit After Tax of the Bank increased even more significantly by 45% over the corresponding period last year, partly aided by the reduced rates of taxation applicable to the Banking Sector from 2011.

NDB Bank's core banking profits (Operating Profit After Provisioning for fall in value of dealing and investment securities less equity income) increased by 10% over the corresponding period last year. The Bank's operating profit before loan loss provisions also increased by 5% over the corresponding period last year. This improvement was supported by a significant growth in loans and advances and deposits by 44% and 41% respectively over the last twelve months. The loans and advances and deposits portfolio grew by 23% (Rs 16 bn) and by 14% (Rs 8.6 bn) respectively over 31 December 2010, reflecting the sustainability of key indicator growth trends. This impressive growth in the Bank's lending portfolio and the deposit liabilities were

well in line with industry growth rates reported so far. The Bank's total assets as at 30 June 2011 increased by 28% over 30 June 2010 from Rs 95 bn to Rs 121 bn.

SME's and the retail business continue to be key areas of focus in the bank's strategy. Our aim is to develop the SME sector by educating and developing skills and competencies of our customers thereby equipping them to face the emerging opportunities the country has to offer, in the post conflict era.

NDB Bank has also pursued an aggressive branch expansion programme and this continued in the second quarter with the island-wide branch network reaching a significant 52 branches. With 5 branches in the North and East, this reiterates our commitment to increasing our presence throughout the country providing customers not only traditional banking services such as Corporate and Retail Banking but by also extending our services to Project Finance and SME Banking.

While pursuing a strategy to grow and expand aggressively, NDB Bank will continue to focus on delivering increased returns to its shareholders throughout the rest of the year.



H D S Amarasureiya  
Chairman

15th August 2011

# Summarised Income Statement

Rs. '000

	BANK					GROUP				
	Six months ended	Six months ended	Change (%)	Quarter ended	Quarter ended	Six months ended	Six months ended	Change (%)	Quarter ended	Quarter ended
	30.06.2011	30.06.2010		30.06.2011	30.06.2010	30.06.2011	30.06.2010		30.06.2011	30.06.2010
<b>INCOME</b>	<b>6,181,853</b>	<b>6,008,618</b>	<b>3</b>	<b>3,282,466</b>	<b>3,049,926</b>	<b>6,493,286</b>	<b>6,273,799</b>	<b>3</b>	<b>3,323,272</b>	<b>3,165,899</b>
<b>Interest income</b>										
Interest income on loans and advances	3,956,596	3,367,827	17	2,070,729	1,689,368	3,957,687	3,368,630	17	2,071,579	1,690,171
Interest income from other interest earning assets	1,125,821	1,590,635	(29)	555,269	730,846	1,230,524	1,635,923	(25)	606,112	757,959
	5,082,416	4,958,462	2	2,625,999	2,420,214	5,188,211	5,004,553	4	2,677,691	2,448,130
<b>Interest expenses</b>										
Interest expenses on deposits	1,855,755	1,728,099	7	969,843	807,406	1,855,755	1,728,099	7	969,843	807,406
Interest expenses on other interest bearing liabilities	1,201,566	1,299,874	(8)	629,987	648,798	1,167,280	1,163,775	0	611,839	585,260
	3,057,321	3,027,973	1	1,599,829	1,456,204	3,023,035	2,891,874	5	1,581,681	1,392,666
<b>NET INTEREST INCOME</b>	<b>2,025,095</b>	<b>1,930,489</b>	<b>5</b>	<b>1,026,170</b>	<b>964,010</b>	<b>2,165,176</b>	<b>2,112,680</b>	<b>2</b>	<b>1,096,010</b>	<b>1,055,464</b>
<b>Non interest income</b>										
<b>Equity income</b>										
Quoted and Non-quoted securities	(9,213)	105,584	(109)	2,054	74,123	(10,957)	118,855	(109)	(15,821)	87,394
Group companies	228,931	118,869	100	228,431	118,869	500	-	100	-	-
Other income	565,064	499,323	13	277,011	278,143	1,000,879	824,010	21	512,430	471,798
Foreign exchange income	314,654	326,381	(4)	148,971	158,577	314,654	326,381	(4)	148,971	158,577
Net other income	1,099,436	1,050,157	5	656,467	629,712	1,305,076	1,269,245	3	645,581	717,769
<b>NET INCOME</b>	<b>3,124,531</b>	<b>2,980,646</b>	<b>5</b>	<b>1,682,637</b>	<b>1,593,722</b>	<b>3,470,251</b>	<b>3,381,925</b>	<b>3</b>	<b>1,741,591</b>	<b>1,773,233</b>
<b>Less: NON INTEREST EXPENSES</b>										
Personnel costs	761,094	643,013	18	413,881	332,834	880,055	724,496	21	490,307	378,041
Staff retirement benefits	11,775	10,210	15	6,221	5,302	14,515	11,890	22	7,611	6,142
Premises, equipment and establishment expenses	393,709	372,940	6	206,680	188,163	520,696	455,361	14	268,407	232,967
Other operating expenses	419,879	342,776	22	213,173	184,338	399,981	321,688	24	202,973	169,757
	1,586,457	1,368,940	16	839,954	710,637	1,815,247	1,513,435	20	969,298	786,907
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	<b>1,538,075</b>	<b>1,611,706</b>	<b>(5)</b>	<b>842,682</b>	<b>883,085</b>	<b>1,655,004</b>	<b>1,868,490</b>	<b>(11)</b>	<b>772,293</b>	<b>986,327</b>
Less, Provision for bad and doubtful debts and loans written off										
Provisions- General	(15,205)	77,770	(120)	(6,633)	26,025	(15,205)	77,770	(120)	(6,633)	26,025
Provisions- specific	20,118	114,791	(82)	1,524	25,657	20,118	114,791	(82)	1,524	25,657
Recoveries/Releases (-)	(229,971)	(136,212)	(69)	(207,029)	(65,703)	(229,971)	(136,212)	69	(207,029)	(65,703)
	(225,058)	56,349	(499)	(212,138)	(14,021)	(225,058)	56,349	(499)	(212,138)	(14,021)

## Summarised Income Statement

Rs. '000

	BANK					GROUP				
	Six months ended 30.06.2011	Six months ended 30.06.2010	Change (%)	Quarter ended 30.06.2011	Quarter ended 30.06.2010	Six months ended 30.06.2011	Six months ended 30.06.2010	Change (%)	Quarter ended 30.06.2011	Quarter ended 30.06.2010
<b>OPERATING PROFIT BEFORE PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	1,763,132	1,555,358	13	1,054,820	897,106	1,880,062	1,812,141	4	984,430	1,000,348
Provision / (release) for fall in value of investment securities	84,000	-	100	84,000	-	84,000	-	100	84,000	(10,601)
<b>OPERATING PROFIT AFTER PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	1,679,132	1,555,358	8	970,820	897,106	1,796,062	1,812,141	(1)	900,430	1,010,948
Share of associate companies' profit before taxation	-	-	-	-	-	65,997	(13,414)	592	(4,344)	4,869
<b>PROFIT BEFORE TAXES</b>	1,679,172	1,555,358	8	970,820	897,106	1,862,059	1,798,727	4	896,087	1,015,818
VAT on financial services	250,422	371,399	(33)	148,029	204,062	250,422	371,399	(33)	148,029	204,062
<b>PROFIT BEFORE CORPORATE TAXES</b>	1,428,711	1,183,959	21	822,791	693,044	1,611,637	1,427,328	13	748,057	811,756
Taxation	339,237	393,744	(14)	177,518	229,799	509,629	574,213	(11)	265,303	332,899
Deferred taxation	73,701	91,330	(19)	68,551	29,815	72,934	91,330	(20)	68,551	29,815
	412,938	485,074	(15)	246,069	259,614	582,563	665,543	(12)	333,854	362,714
<b>PROFIT AFTER TAXATION</b>	1,015,773	698,884	45	576,722	433,431	1,029,074	761,785	35	414,203	449,042
Minority interests	-	-	-	-	-	(27,054)	(27,754)	3	(17,525)	(14,319)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	1,015,773	698,884	45	576,722	433,431	1,002,020	734,031	37	396,678	434,723
Earnings per Share (Rs)	6.19	4.26	45			6.10	4.47	37		

# Summarised Balance Sheet

Rs. '000

	30-June 2011	BANK 31-Dec 2010 (Audited)	Change %	30-June 2011	GROUP 31-Dec 2010 (Audited)	Change %
<b>ASSETS</b>						
Cash in hand	784,489	241,385	225	784,548	241,448	225
Balances with Central bank	3,973,533	3,077,406	29	3,973,533	3,077,406	29
Dues from Banks and Other Financial Institutions	1,576,794	1,950,046	(19)	1,863,314	2,233,995	(17)
	6,334,817	5,268,838	20	6,621,396	5,552,849	19
<b>Investments - Trading Account</b>						
Government Securities	12,301,157	9,323,496	32	12,425,282	9,548,845	30
Other Securities	404,509	368,651	10	943,461	832,428	13
<b>Investments - Held to maturity</b>						
Government Securities	10,478,866	15,140,642	(31)	10,371,071	14,557,149	(29)
Other Securities	332,290	524,790	(37)	1,681,179	2,727,230	(38)
<b>Investments in Associates &amp; Subsidiaries</b>						
	3,139,001	3,223,001	(3)	1,661,400	1,762,589	(6)
<b>Total performing loans &amp; advances</b>						
Bills of exchange	2,917,481	3,266,461	(11)	2,917,481	3,266,461	(11)
Overdrafts	10,892,607	8,570,742	27	10,892,607	8,570,742	27
Lease rentals receivables	3,062,201	2,322,422	32	3,062,201	2,322,422	32
Other loans and advances	69,293,975	55,849,911	24	70,366,558	56,873,775	24
	86,166,264	70,009,535	23	87,238,846	71,033,400	23
<b>Total non-performing loans &amp; advances</b>						
Bills of exchange	-	-	-	-	-	-
Overdrafts	92,901	96,117	(3)	92,901	96,117	(3)
Lease rentals receivables	88,196	87,046	1	88,196	87,046	1
Other loans and advances	1,203,551	1,172,009	3	1,203,551	1,172,009	3
	1,384,648	1,355,173	2	1,384,648	1,355,173	2
<b>Total loans and advances</b>	87,550,912	71,364,708	23	88,623,494	72,388,573	22
Interest receivables	994,972	929,895	7	994,972	929,895	7
<b>Total Gross Loans &amp; Advances</b>	88,545,884	72,294,603	22	89,618,466	73,318,468	22
Less,						
Interest in suspense	(994,972)	(929,895)	7	(994,972)	(929,895)	7
General Loan loss provision	(558,181)	(573,387)	(3)	(558,181)	(573,387)	(3)
Specific loan loss provision	(1,077,389)	(1,296,609)	(17)	(1,077,389)	(1,296,609)	(17)
<b>Net Loans &amp; Advances</b>	85,915,341	69,494,712	23	86,937,924	70,518,577	23
<b>Other assets</b>						
Intangible Assets	1,450,487	717,453	102	1,833,495	1,089,524	68
Investment properties	210,083	206,720	2	213,927	210,299	2
Fixed assets	-	-	-	1,200,000	1,200,000	-
Goodwill	676,357	650,433	4	740,640	707,729	5
	-	-	-	4,330	4,330	-
<b>TOTAL ASSETS</b>	121,242,907	104,918,735	16	124,684,104	108,711,550	15
<b>LIABILITIES</b>						
<b>Total Deposits</b>						
Demand Deposits	6,567,436	7,301,268	(10)	6,567,436	7,301,268	(10)
Savings Deposits	11,648,425	10,094,596	15	11,648,425	10,094,596	15
Time Deposits	49,334,040	41,743,706	18	49,334,040	41,743,706	18
Margin Deposits	318,571	189,676	68	318,571	189,676	68
Other Deposits	35,099	34,414	2	35,099	34,414	2
	67,903,571	59,363,660	14	67,903,571	59,363,660	14

## Summarised Balance Sheet

Rs. '000

	30-June 2011	BANK 31-Dec 2010 (Audited)	Change %	30-June 2011	GROUP 31-Dec 2010 (Audited)	Change %
<b>Total Borrowings</b>						
Borrowings from CBSL	1,298,341	1,406,883	(8)	1,298,341	1,406,883	(8)
Borrowings from Banks & financial institutions-SL	17,577,427	11,863,188	48	16,386,887	10,986,826	49
Borrowings from Banks & financial institutions-Abroad	1,752,000	1,109,500	58	1,752,000	1,109,500	58
Securities sold under repurchase agreements	12,843,407	12,174,293	5	12,843,407	12,174,293	5
Subordinated term debt	2,465,775	2,558,250	(4)	2,465,775	2,558,250	(4)
	35,936,950	29,112,115	23	34,746,410	28,235,752	23
Taxation	256,835	417,648	(39)	341,905	538,567	(37)
Deferred Tax	132,957	59,256	124	133,583	59,753	124
Dividends payable	518,870	450,793	15	518,870	450,793	15
Other liabilities	4,154,888	3,822,744	9	4,347,857	3,979,134	9
<b>TOTAL LIABILITIES</b>	<b>108,904,071</b>	<b>93,226,217</b>	<b>17</b>	<b>107,992,195</b>	<b>92,627,659</b>	<b>17</b>
<b>SHAREHOLDER FUNDS</b>						
<b>Equity Capital &amp; Reserves</b>						
Stated capital (164,201,902 shares)	1,093,095	1,093,095	-	1,093,095	1,093,095	-
Statutory reserve fund	878,718	878,718	-	878,718	878,718	-
Revenue reserves	10,367,023	9,720,705	7	14,016,558	13,394,995	5
	12,338,836	11,692,518	6	15,988,372	15,366,808	4
Minority Interests	-	-	-	703,538	717,083	(2)
<b>TOTAL FUNDS EMPLOYED</b>	<b>12,338,836</b>	<b>11,692,518</b>	<b>6</b>	<b>16,691,909</b>	<b>16,083,891</b>	<b>4</b>
<b>TOTAL LIABILITIES AND FUNDS EMPLOYED</b>	<b>121,242,907</b>	<b>104,918,735</b>	<b>16</b>	<b>124,684,104</b>	<b>108,711,550</b>	<b>15</b>
<b>CONTINGENCIES</b>	<b>101,955,192</b>	<b>74,208,226</b>	<b>37</b>	<b>101,955,192</b>	<b>74,208,226</b>	<b>37</b>
<b>COMMITMENTS</b>	<b>29,253,301</b>	<b>21,495,867</b>	<b>36</b>	<b>29,253,301</b>	<b>21,495,867</b>	<b>36</b>
	<b>131,208,493</b>	<b>95,704,093</b>	<b>37</b>	<b>131,208,493</b>	<b>95,704,093</b>	<b>37</b>

### MEMORANDUM INFORMATION

Number of employees 1,257  
Number of branches 51

1,126  
47

### CERTIFICATION

I hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(sgd)

D. Senathirajah

Vice President - Finance & Planning

We the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:

- The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka
- the information contained in these statements have been extracted from the unaudited financial statements of the Bank, unless indicated as audited.

(sgd)

H D S Amarasuriya  
Chairman

(sgd)

N.I.R. De Mel  
Chief Executive Officer

11 August 2011

## Statement of Changes in Equity

For the six months ended  
30 June, 2011

	Stated Capital	Statutory Reserve Fund	General Reserve	Investment Fund Account	Retained Profit	Minority Interests	Total
	Rs`000	Rs`000	Rs`000		Rs`000	Rs`000	Rs`000
<b>BANK</b>							
Balance as at 1 January 2010	1,032,931	818,554	5,805,707	-	3,437,432	-	11,094,624
Net profit for the period	-	-	-	-	698,884	-	698,884
Exchange equalisation reserve	-	-	-	-	(14,319)	-	(14,319)
Dividends paid	-	-	-	-	(654,843)	-	(654,843)
<b>Balance as at 30 June 2010</b>	<b>1,032,931</b>	<b>818,554</b>	<b>5,805,707</b>		<b>3,467,154</b>	<b>-</b>	<b>11,124,346</b>
Balance as at 1 January 2011	1,093,095	878,718	5,805,707	-	3,914,998	-	11,692,518
Net profit for the period	-	-	-	-	1,015,773	-	1,015,773
Transfer to the fund	-	-	-	162,935	(162,935)	-	-
Dividends paid	-	-	-	-	(369,454)	-	(369,454)
<b>Balance as at 30 June 2011</b>	<b>1,093,095</b>	<b>878,718</b>	<b>5,805,707</b>	<b>162,935</b>	<b>4,398,382</b>	<b>-</b>	<b>12,338,837</b>
<b>GROUP</b>							
Balance as at 1 January 2010	1,032,931	818,554	5,805,707	-	6,539,509	686,622	14,883,324
Net profit for the period	-	-	-	-	734,031	27,754	761,785
Exchange equalisation reserve	-	-	-	-	(14,319)	-	(14,319)
Exchange gain from valuation of foreign associate	-	-	-	-	(587)	-	(587)
Acquisition of total minority interest in a subsidiary company	-	-	-	-	5,332	(24,047)	(18,715)
Dividends paid	-	-	-	-	(654,843)	(18,911)	(673,754)
<b>Balance as at 30 June 2010</b>	<b>1,032,931</b>	<b>818,554</b>	<b>5,805,707</b>	<b>-</b>	<b>6,609,123</b>	<b>671,418</b>	<b>14,937,733</b>
Balance as at 1 January 2011	1,093,095	878,718	5,805,707	-	7,589,287	717,083	16,083,890
Net profit for the period	-	-	-	-	1,002,020	27,054	1,029,074
Exchange gain from valuation of foreign associates and subsidiaries	-	-	-	-	(11,001)	(2,848)	(13,849)
Transfer to the fund	-	-	-	162,935	(162,935)	-	-
Dividends paid	-	-	-	-	(369,454)	(37,751)	(407,205)
<b>Balance as at 30 June 2011</b>	<b>1,093,095</b>	<b>878,718</b>	<b>5,805,707</b>	<b>162,935</b>	<b>8,047,917</b>	<b>703,538</b>	<b>16,691,910</b>

# Segmental Analysis - Group

	Banking Income		Investment Banking Cluster		Property Investment		Insurance		Others		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the six months ended 30 June												
<b>Revenue</b>												
External income	5,962,134	5,784,166	370,771	234,808	52,570	67,397	-	-	53,627	187,428	6,439,102	6,273,799
Inter-segment income	-	-	7,833	6,437	17,213	13,870	-	-	29,138	134,171	54,184	154,478
Total income	5,962,134	5,784,166	378,604	241,245	69,783	81,267	-	-	82,765	321,599	6,493,286	6,428,277
Segment expenses	(4,418,720)	(4,317,162)	(269,138)	(121,144)	(26,574)	(39,631)	-	-	17,207	(138,199)	(4,697,225)	(4,616,136)
Segment results	1,543,414	1,467,004	109,466	120,101	43,210	41,636	-	-	99,972	183,400	1,796,062	1,812,141
Share of associate companies profit before taxation	(63,224)	(36,083)	(2,519)	-	-	-	131,740	22,009	-	660	65,997	(13,414)
Taxation											(582,563)	(665,543)
VAT on financial services											(250,422)	(371,399)
Profit after taxation											1,029,074	761,785
<b>Other information</b>												
Segment assets	117,370,953	88,274,206	663,980	295,490	1,251,202	1,274,631	-	-	3,736,567	4,372,525	123,022,702	94,216,852
Investment in associates	-	210,816	-	-	-	-	1,634,797	1,422,332	26,605	44,040	1,661,402	1,677,188
Consolidated total assets	107,713,552	81,320,632	144,218	6,792	110,657	46,649	-	-	23,788	(13,752)	107,992,195	81,360,321
Segment liabilities											124,684,104	95,894,040
Consolidated total liabilities											107,992,195	81,360,321
<b>Segmental Cash flows</b>												
Cash flows from operating activities	(7,035,565)	(5,523,533)	49,066	60,845	17,882	45,297	-	-	(163,133)	(107,328)	(7,131,750)	(5,524,719)
Cash flows from investing activities	2,247,200	5,084,733	(97,156)	99,357	18,899	(43,516)	-	-	222,938	(12,965)	2,391,881	5,127,609
Cash flows from financing activities	5,854,344	(1,811,720)	(8,546)	-	(36,781)	-	-	-	(601)	(338)	5,808,416	(1,812,058)

# Cash Flow Statement

For the six months ended 30 June	Bank		Group	
	2011 Rs.'000	2010 Rs.'000	2011 Rs.'000	2010 Rs.'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	5,136,557	5,297,815	5,217,334	5,377,777
Fee based income received	(2,901)	426,398	53,666	426,398
Dividend income received	264,622	36,411	57,133	52,950
Other income received	938,363	472,002	1,180,323	576,244
Interest paid	(2,779,316)	(3,400,137)	(2,779,316)	(3,400,137)
Personnel cost paid	(11,775)	(643,013)	(87,143)	(674,203)
General expenses paid	(1,510,935)	(636,055)	(1,634,052)	(675,590)
Income taxes paid	(500,049)	(245,359)	(560,481)	(309,034)
VAT paid	(249,609)	(326,881)	(249,609)	(326,881)
Net (increase) / decrease in loans and advances	(16,242,008)	(4,959,389)	(16,242,008)	(4,962,798)
Net Increase in Deposits from customers	8,539,910	(1,638,389)	8,539,910	(1,638,389)
Net (increase) / decrease in other receivables	(740,622)	(141,246)	(691,220)	(200,444)
Net increase /(decrease) in other liabilities	122,197	234,310	63,712	229,388
<b>Net cash provided by operating activities</b>	<b>(7,035,565)</b>	<b>(5,523,533)</b>	<b>(7,131,750)</b>	<b>(5,524,719)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in other investments	54,972	(318,260)	122,041	(179,663)
Government treasury bills and bonds	1,684,860	4,780,603	1,684,860	4,704,129
Change in group company investments		(21,883)	(256)	(21,883)
Net due to/(from) related companies	(28,160)	(1,221)	(28,160)	(1,221)
Securities sold under repurchase agreements	669,114	737,847	763,403	737,847
Proceeds from disposal of fixed assets	309	112	941	112
Expenditure on fixed assets	(133,895)	(92,465)	(150,948)	(111,712)
<b>Net cash provided by/(used in) investing activities</b>	<b>2,247,200</b>	<b>5,084,733</b>	<b>2,391,881</b>	<b>5,127,609</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net increase/(decrease) in borrowings	6,155,721	(1,235,506)	6,155,721	(1,235,506)
Dividend paid	(301,377)	(576,214)	(347,305)	(576,552)
Net cash provided by/(used in) financing activities	5,854,344	(1,811,720)	5,808,416	(1,812,058)
Net increase/(decrease) in cash and cash equivalents	1,065,979	(2,250,520)	1,068,547	(2,209,168)
Cash and cash equivalents at the beginning of the period	5,268,838	7,994,137	5,552,850	8,243,156
Cash and cash equivalents at the end of the period	6,334,817	5,743,617	6,621,396	6,033,988
Cash in hand	784,489	515,042	784,548	515,088
Balances with Central Bank	3,973,533	2,117,058	3,973,533	2,117,058
Dues from banks and other financial institutions	1,576,794	3,111,517	1,863,314	3,401,842
	6,334,817	5,743,617	6,621,396	6,033,988

## Notes to the Financial Statements

- 1 The figures are extracted from unaudited financial statements.
- 2 The accounting policies and methods of computation are consistent with those followed during the previous financial year.
- 3 These financial statements are presented in accordance with SLAS- 35, Interim Financial Reporting.
- 4 Comparative figures have been re-stated wherever necessary to conform to the current period's presentation.
- 5 As per the Equity Linked Compensation Plan (ELCP) of the Bank, the eligible members of the staff were allocated 245,566 ordinary shares at a price of Rs 245/- per share on 6 July 2010, as a grant (which will have a vesting period of three years). Accordingly the said shares were issued to the trustees of the ELCP share grant scheme. This share issue resulted in the increase of the stated capital of the Bank from Rs 1,032.9 mn to Rs 1,093.1 mn, and the number of shares in issue from 81,855,385 to 82,100,951.
- 6 Rs. 84 Mn was provided in June 2011 in respect of the impairment of the Bank's investment in Maldives Finance Leasing Company Ltd which is disclosed in the Income Statement under Provision/(Release) for fall in value of investment securities.
- 7 At the Annual General Meeting held on 30 March 2011, the shareholders of the Bank approved to increase the number of existing ordinary shares amounting to 82,100,951 by sub dividing the said existing ordinary shares in the proportion of one share for every ordinary share in issue so that the number of ordinary shares representing the Stated Capital of NDB Bank be increased to 164,201,902. Accordingly the number of shares as at 30 June 2011 was 164,201,902.
- 8 There were no significant changes to the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31 December 2010.
- 9 There have been no events subsequent to the end of the reporting period that require disclosure.

Share Information	30.06.2011	31.12.2010	30.06.2010
Market value per share (Rs.)	150.00	349.50	245.00
Highest price per share for the period (Rs.)	176.00	410.00	253.75
Lowest price per share for the period (Rs.)	150.00	202.00	200.00

## Key Financial Indicators

	30.06.2011	31.12.2010	30.06.2010
<b>Bank</b>			
Basic Earnings per share - annualised (Rs.)	11.19	9.60	7.79
Book value per share (Rs.)	75.14	71.21	67.75
Return on Average Shareholders' Funds (%)	15.29	13.83	11.51
Return on Average Assets (%)	1.62	1.56	1.33
Core Capital (Rs m)	9,559	9,930	8,871
Capital Base (Rs m)	11,029	11,505	10,430
Capital adequacy - Tier 1 (%)	10.16	12.79	12.99
- Tier 1 & 2 (%)	11.72	14.82	15.27
Asset growth (%)	15.56	8.33	-1.97
Debt/Equity Ratio (Times)	8.42	7.57	7.09
Interest cover (Times)	1.66	1.66	1.64
Gross Non-performing Advances Ratio (%)	1.58	1.90	2.34
Net Non-performing Advances Ratio (%)	0.42	0.47	0.46
Statutory liquid assets- Rs m	22,975	20,324	21,764
Statutory liquid assets ratio (%)			
DBU	23.96	26.18	27.47
FCBU	24.84	26.31	25.81
Net interest margin (%)	3.58	3.86	4.03
<b>Group</b>			
Basic Earnings per share - annualised (Rs.)	12.20	13.09	8.76
Book value per share (Rs.)	97.37	93.58	86.88
Return on Average Shareholders' Funds (%)	12.78	14.54	10.11
Return on Average Assets (%)	1.72	2.07	1.46
Core Capital (Rs m)	14,441	14,804	13,303
Capital Base (Rs m)	16,447	16,871	15,509
Capital adequacy - Tier 1 (%)	14.53	17.84	18.48
- Tier 1 & 2 (%)	16.55	20.33	21.54
Asset growth (%)	14.69	9.49	-1.76
Debt/Equity Ratio (Times)	6.42	5.70	5.43
Interest cover (Times)	1.72	1.75	1.73
Gross Non-performing Advances Ratio (%)	1.56	1.90	2.34
Net Non-performing Advances Ratio (%)	0.41	0.46	0.46

## Top 20 Shareholders

As at 30th June 2011

Name	No. of Shares	%
1 BANK OF CEYLON A/C 1	16,371,076	9.97
2 EMPLOYEES PROVIDENT FUND	14,408,400	8.77
3 SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,388,488	5.72
4 DR. S. YADDEHIGE	8,469,000	5.16
5 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,805,426	4.75
6 PERSHING LLC S/A AVERBACH GRAUSON & CO.	6,864,000	4.18
7 HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.48
8 EMPLOYEES TRUST FUND BOARD	4,547,200	2.77
9 HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND PARTNERS L.P.	4,501,200	2.74
10 HSBC INTL NOM LTD-BPSS LDN- ABERDEEN ASIA PACIFIC FUND	4,294,800	2.62
11 HATTON NATIONAL BANK PLC A/C NO 1	4,282,200	2.61
12 HSBC INTL NOM LTD-SNFE –NTASIAN DISCOVERY MASTER FUND	4,152,000	2.53
13 NDB-ESOP	4,133,726	2.52
14 BNY-CF RUFFER INVESTMENT FUNDS: CF RUFFER PACIFIC FUND	3,000,000	1.83
15 HSBC INTL NOM LTD-SSBT-THE RBS AS DEP OF FS INDIA SUBCONTINENT FUND	2,303,260	1.40
16 HSBC INTL NOM LTD-MSNY BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.25
17 DFCC BANK A/C 1	2,000,000	1.22
18 NATIONAL SAVINGS BANK	1,662,000	1.01
19 MR Y S H I K SILVA	1,538,950	0.94
20 MELLON BANK N A-FLORIDA RETIREMENT SYSTEM	1,420,000	0.86
TOTAL	108,902,376	66.32
Percentage of Shares held by the Public	-	99.98%

### Director's Holding & Chief Executive Officer's Holding in Shares of National Development Bank PLC

Name	No of Shares as at 30.06.2011
P M Nagahawatte (Chairman)	-
N I R de Mel (Chief Executive Officer/Executive Director)	7116
H D S Amarasuriya	18150
T L F Jayasekera	-
MS K Fernando	-
H A Siriwardena	-
D S P Wikramanayake	-
MS G D C Ekanayake	-
A K Pathirage	-
S Rajapakse	-

# Corporate Information

## **Name of the Company**

National Development Bank PLC.

## **Legal Form**

Incorporated in Sri Lanka under the Companies Act No 7 of 2007 and also regulated under the Banking Act No 33 of 1988 as amended from time to time.

## **Registered Office**

40 Navam Mawatha, Colombo 2

Tel: +94-11-2437701, +94-11-2437350, +94-11-2523966

24 Hour Call Centre: +94-11-2448888

Fax: +94-11-2341044, +94-11-2440262

Telex: 21399 NDB CE

SWIFT Code: NDBSLKXX

E-mail: [contact@ndbbank.com](mailto:contact@ndbbank.com)

Website: [www.ndbbank.com](http://www.ndbbank.com)

## **Company Registration Number**

PQ 27

## **Auditors**

Ernst & Young

Chartered Accountants

201 De Saram Place, Colombo 10

## **Lawyers**

Legal Department - National Development Bank PLC

## **Company Secretary**

Ms. C L Jayawardena

Attorney at Law



Customer Service Hotline +94 11 2448888  
[www.ndbbank.com](http://www.ndbbank.com)