

CHAIRMAN'S REVIEW

Dear Stakeholder

National Development Bank PLC (NDB) continued its strong growth momentum by posting impressive results for Q1 2013 in the backdrop of slowing economic growth and intense competition which placed severe pressure on interest margins and posed many challenges to the banking industry during the first quarter.

Despite these challenges, NDB recorded a strong performance for the first quarter of 2013, posting a commendable Profit After Tax (PAT) of Rs. 6.2 Bn to its shareholders, which is an increase of 387% compared to the corresponding period of last year. The Bank's Profit Before Tax (PBT) rose to Rs. 6.8 Bn during the said period reflecting an increase of Rs. 5.1 Bn (294%) over the PBT of Rs. 1.7 Bn for the quarter ended March 2012. The reported earnings of the Bank are mainly due to the significant growth in Net Interest Income (21%) and Equity Income of Rs. 5.3 Bn. The Bank's PBT excluding the exceptional equity income of Rs 5.3 Bn and the one off reversals of loan loss provisions made in the prior period, have recorded a growth of 4% over the prior period. In addition to this, cost saving strategic initiatives implemented by the Bank to eliminate non-value adding activities and streamline its internal processes contributed positively towards improving the Core Banking Profits and setting the stage for a strong 2013.

The Bank continued to benefit from the group synergies and provides unique value proposition to its shareholders. The strategic disposal within the Group by selling the investment in AVIVA NDB Insurance PLC to American International Assurance Company Limited (AIA) of Hong Kong during the fourth quarter of 2012 earned impressive capital gains for NDB Capital Holdings PLC (NCAP) which is a subsidiary of the Bank. Following the share buyback agreement that was entered into, NCAP, bought back its shares in March 2013 posting a Rs. 5.3 Bn capital gain to the Bank's Equity Income.

The Group share of profits increased tremendously by 224% compared to March 2012 as a result of improved performance by NCAP. The NDB Investment Bank and NDB Stock Brokers recorded modest profits due to the prevailing slow moving and inactive capital market conditions in the first quarter.

The Bank's Earning per Share (EPS) of Rs. 43.52 indicates a significant increase of 145% over December 2012. The Bank's Return on Average Assets (ROA) and Equity (ROE) for the first quarter stood at 4.05% and 42.42% respectively due to the exceptional Equity Income of Rs. 5.3 Bn. The deposit base of the Bank grew by Rs. 20 Bn compared to the corresponding period under review posting a 22% growth to reach Rs. 110 Bn as at 31 March 2013. The Bank's newly introduced 'NDB Real

Saver" account which offers double interest to its customers has been able to attract over Rs. 500 Mn in deposits while inculcating the saving habit amongst all Sri Lankans.

The growth in loans and advances of the banking sector was at its lowest since end 2010, and thus comparative interest income earned dropped at a higher rate. Average Weighted Prime Lending Rate (AWPLR) has remained high and volatile in 2013, increasing the cost of borrowings to customers. Despite these challenges, the Bank's loans and advances portfolio increased to Rs. 119 Bn as at 31 March 2013, an increase of Rs. 13 Bn, or 13% compared to March 2012. The NPLs to gross lending portfolio was 1.56% with a provision cover of 54% as at 31 March 2013. The NPL ratio of the Bank continues to remain healthy due to the prudent risk management practices adopted by the Bank and is well below the industry average. The liquidity position of the Bank is managed exceptionally well and the ratio of 24.69% (DBU) is well above the required statutory limit of 20%.

The regulatory Tier I and II Capital Adequacy Ratio (CAR) improved to 15.86% from 12.41% as at December 2012 due to the realized capital gains from the share buyback transaction effected during this period. Accordingly, the Bank's capital base increased by Rs. 4.3 Bn. The Bank's very strong Tier I capital base will possess cushioning capacity to absorb any vulnerability or uncertainty in the market supports the future growth potential through profitable avenues to grow its balance sheet aggressively in the coming months.

During the first quarter of 2013, the Bank continued to expand its distribution network to provide greater accessibility and convenience for its valuable customers by expanding the Bank's footprint in the Southern Province with the opening of a branch in Akuressa. With this addition, the Bank's total number of branches increased to 70.

In recognition of NDB's Human Resource practices, the Bank received two awards for "Recruiting and Staffing Best in Class Award" and "Global HR Excellence Award" at the prestigious World HRD Congress held in February 2013 in Mumbai, India.

With a very strong balance sheet, the Bank remains well-positioned to capitalize on the broad economic trends that promise large-scale potential in the country and the region.

Hemaka Amarasureiya
Chairman
14 May 2013

SUMMARISED INCOME STATEMENT

	BANK			GROUP		
	Current Period From 01/01/13 to 31/03/13 Rs. '000	Previous Period From 01/01/12 to 31/03/12 Rs. '000	Change %	Current Period From 01/01/13 to 31/03/13 Rs. '000	Previous Period From 01/01/12 to 31/03/12 Rs. '000	Change %
Interest Income	4,915,306	3,629,206	35	4,937,355	3,681,743	34
Interest Expenses	3,340,286	2,332,688	43	3,329,124	2,303,853	45
Net Interest Income	1,575,021	1,296,518	21	1,608,231	1,377,890	17
Net Fee and commission income	311,744	297,578	5	311,744	297,578	5
Net trading income/(Expenses)	149,099	292,927	(49)	149,099	292,927	(49)
Other operating income	6,054,267	527,430	1,048	401,973	357,490	12
Total operating income	8,090,130	2,414,454	235	2,471,047	2,325,886	6
Impairment charges for loans and other losses	50,171	(303,944)	(117)	23,480	(303,944)	(108)
Net operating income	8,039,959	2,718,398	196	2,447,567	2,629,830	(7)
Operating Expenses						
Personnel Expenses	594,377	536,897	11	655,721	579,517	13
Depreciation of Property Plant & Equipments	52,391	51,874	1	60,623	60,545	0
Amortization of Intangible Assets	20,579	19,377	6	20,579	19,377	6
Other operating costs	487,427	362,703	34	585,441	412,735	42
Total operating expenses	1,154,773	970,851	19	1,322,364	1,072,174	23
Operating Profit Before Value Added Tax (VAT)	6,885,186	1,747,547	294	1,125,203	1,557,656	(28)
Value Added Tax (VAT) of Financial Services	(381,200)	(172,715)	121	(381,200)	(172,715)	121
Operating Profit After Value Added Tax (VAT)	6,503,985	1,574,832	313	744,003	1,384,941	(46)
Share of associate companies' profit	-	-	-	2,468	49,796	(95)
Profit Before Taxation	6,503,985	1,574,832	313	746,470	1,434,737	(48)
Taxation	(234,793)	(287,519)	(18)	(246,507)	(360,609)	(32)
Profit for the period	6,269,192	1,287,313	387	499,964	1,074,128	(53)
Profit Attributable to Equity Holders of the parent	6,269,192	1,287,313	387	506,887	1,062,990	(52)
Non Controlling Interest	-	-	-	(6,924)	11,138	(162)
	6,269,192	1,287,313	387	499,964	1,074,128	(53)
Earnings per share (in Rs)	38.18	7.84	387	3.09	6.47	(52)
	1,287,313	387	499,964	1,074,128	(53)	

STATEMENT OF COMPREHENSIVE INCOME

	BANK			GROUP		
	Current Period From 01/01/13 to 31/03/13 Rs. '000	Previous Period From 01/01/12 to 31/03/12 Rs. '000	Change %	Current Period From 01/01/13 to 31/03/13 Rs. '000	Previous Period From 01/01/12 to 31/03/12 Rs. '000	Change %
Profit for the period	6,269,192	1,287,313	387	499,964	1,074,128	(53)
Total Other Comprehensive Income /(expenses)	-	-	-	-	-	-
Total Comprehensive Income for the period	6,269,192	1,287,313	387	499,964	1,074,128	(53)
Attributable to:						
Equity holders of the parent	6,269,192	1,287,313	387	506,887	1,062,990	(52)
Non Controlling Interests	-	-	-	(6,924)	11,138	(162)
	6,269,192	1,287,313	387	499,964	1,074,128	(53)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK				GROUP			
	Current Period	Previous Period	Change	%	Current Period	Previous Period	Change	%
	As at	As at			As at	As at		
	31/03/2013	31/12/2012			31/03/2013	31/12/2012		
	Rs. '000	Rs. '000			Rs. '000	Rs. '000		
ASSETS								
Cash and cash equivalents	2,680,989	3,480,395	(23)		2,771,739	3,634,983	(24)	
Balances with Central Bank	6,388,110	6,074,792	5		6,388,110	6,074,792	5	
Placements with banks	7,794,232	3,559,354	119		7,848,748	3,559,354	121	
Derivative Financial Instruments	17,052,283	1,706,372	899		17,052,283	1,706,372	899	
Financial Investments - Held for trading	3,582,819	982,967	264		3,582,819	982,967	264	
Other Financial Assets held for trading	-	-	-		3,975,287	10,411,658	(62)	
Securities purchased under resale agreement	4,775,071	3,324,868	44		4,778,674	3,324,868	44	
Loans and advances to banks	987,656	1,183,343	(17)		987,656	1,183,343	(17)	
Loans and advances to customer	109,759,758	109,602,523	0		109,820,005	109,649,198	0	
Lease rentals receivables	6,147,477	6,389,837	(4)		6,147,477	6,389,837	(4)	
Other Financial Assets classified as loans and receivable	7,517,318	3,121,163	141		8,049,676	3,764,025	114	
Financial Investments - Available for sale	76,469	66,714	15		76,469	173,541	(56)	
Financial assets held to maturity	18,109,164	19,257,271	(6)		18,323,590	19,223,228	(5)	
Investments in subsidiary companies	2,056,773	2,641,178	(22)		-	-	-	
Investments in associate companies	18,526	18,525	-		35,769	33,301	7	
Investment Property	-	-	-		1,295,693	1,295,693	-	
Intangible assets	257,728	272,314	(5)		257,728	318,723	(19)	
Property, plant & equipment	848,226	856,195	(1)		1,256,538	1,222,500	3	
Other assets	966,080	936,485	3		1,092,823	1,154,688	(5)	
Total assets	189,018,678	163,474,296	16		193,741,083	174,103,072	11	
Liabilities								
Due to Banks	2,402,817	2,319,984	4		2,402,817	2,319,984	4	
Derivative Financial Instruments	17,307,865	1,736,838	897		17,307,865	1,736,838	897	
Securities sold under repurchase agreements	16,942,101	12,515,861	35		16,942,101	12,515,861	35	
Due to Customers	110,091,898	107,600,583	2		109,742,736	107,393,866	2	
Debt Securities issued and other borrowed funds	15,209,879	17,841,963	(15)		15,180,344	17,802,038	(15)	
Tax liabilities	640,373	656,211	(2)		623,573	633,838	(2)	
Deferred Tax	132,875	79,874	66		125,284	79,120	58	
Other liabilities	3,474,081	3,276,861	6		3,617,775	3,408,354	6	
Dividends payable	1,740,315	249,021	599		1,740,315	249,021	599	
Subordinated Term debts	2,327,914	2,254,699	3		2,327,914	2,254,699	3	
Total liabilities	170,270,117	148,531,895	15		170,010,725	148,393,619	15	
Equity								
Stated Capital (164,201,902, Shares)	1,093,095	1,093,095	-		863,937	863,937	-	
Statutory reserve fund	878,718	878,718	-		878,718	878,718	-	
Investment Fund	1,087,282	924,333	18		1,087,282	924,333	18	
Revenue reserves	15,689,466	12,046,255	30		20,096,498	22,216,055	(10)	
Total shareholders' equity	18,748,561	14,942,401	25		22,926,435	24,883,043	(8)	
Non Controlling Interest	-	-	-		803,923	826,410	(3)	
Total Equity	18,748,561	14,942,401	25		23,730,358	25,709,453	(8)	
Total liabilities and equity	189,018,678	163,474,296	16		193,741,083	174,103,072	11	
Contingent liabilities and commitments	179,674,270	158,740,820	13		179,674,270	158,740,820	13	
Memorandum Information								
Number of Employees	1,538	1,447						
Number of Branches	70	69						

CASH FLOW STATEMENT

For the three months ended 31 March, 2013	BANK		GROUP	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	4,288,093	3,379,692	4,539,960	3,442,133
Fee based income received	456,124	2,125	606,578	255,647
Dividend income received	661,925	30,800	698,132	164
Other income received	-	1,181,194	338,886	1,352,526
Interest paid	(1,963,344)	(1,696,957)	(1,962,493)	(1,697,533)
Personnel cost paid	(555,588)	(81,369)	(710,475)	(111,779)
General expenses paid	(363,439)	(775,929)	(552,473)	(827,115)
Income taxes paid	(197,631)	(226,798)	(359,407)	(256,261)
VAT paid	(395,863)	(209,935)	(395,863)	(209,935)
Net (increase) / decrease in loans and advances	839,896	(3,688,462)	839,896	(3,688,462)
Net Increase in Deposits from customers	2,221,609	8,135,336	2,221,609	8,135,336
Net (increase) /decrease in other receivables	463,536	33,852	419,770	(90,701)
Net increase /(decrease) in other liabilities	(979,523)	(6,218)	(1,084,520)	(122,823)
Net cash provided by / (used in) operating activities	4,475,797	6,077,332	4,599,601	6,181,196
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in other investments	-	(137,272)	(6,813,316)	219,556
Government treasury bills and bonds	(7,569,263)	(214,291)	(7,569,263)	(214,291)
Disposal of group companies	5,954,774	-	12,724,110	0
Net due to/(from) related companies	191	(291,575)	191	(291,575)
Securities sold under repurchase agreements	4,420,931	(1,097,536)	4,420,931	(1,097,536)
Proceeds from disposal of fixed assets	82	3,774	1,249	5,810
Expenditure on fixed assets	(50,497)	(73,357)	(80,302)	(95,254)
Net cash provided by/(used in) investing activities	2,756,217	(1,810,257)	2,683,599	(1,473,289)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase/(decrease) in borrowings	(2,511,310)	(1,892,707)	(2,511,310)	(1,892,707)
Dividend paid	(971,915)	(504,032)	(1,032,424)	(531,618)
Net cash provided by/(used in) financing activities	(3,483,225)	(2,396,739)	(3,543,734)	(2,424,325)
Net increase/(decrease) in cash and cash equivalents	3,748,789	1,870,335	3,739,467	2,283,581
Cash and cash equivalents at the beginning of the period	13,114,541	7,840,167	13,269,129	7,963,857
Cash and cash equivalents at the end of the period	16,863,330	9,710,502	17,008,596	10,247,438
Cash and cash equivalents	2,680,989	1,291,073	2,771,739	1,291,142
Balances with Central Bank	6,388,110	5,451,438	6,388,110	5,451,438
Placement with banks	7,794,232	2,967,991	7,848,748	3,504,858
	16,863,330	9,710,502	17,008,596	10,247,438

STATEMENT OF CHANGES IN EQUITY

For the three months ended 31st March, 2013	Stated Capital	Statutory Reserve Fund	General Reserve	Investment Fund Account	Retained Profit	Non-Controlling Interests	Total
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
BANK							
Balance Balance as at 1 January 2012	1,093,095	878,718	5,805,707	386,825	4,510,794	-	12,675,139
Total Comprehensive Income for the period							
Profit for Period	-	-	-	-	1,287,313	-	1,287,313
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-
Total Comprehensive Income for the period					1,287,313	-	1,287,313
Transactions with equity holders							
Transfer to Investment Fund	-	-	-	511,913	(511,913)	-	-
Dividend paid	-	-	-	-	(591,126)	-	(591,126)
Balance as at 31 March 2012	1,093,095	878,718	5,805,707	898,738	4,695,068	-	13,371,326
GROUP							
Balance as at 1 January 2013	1,093,095	878,718	5,805,707	924,332	6,240,549	-	14,942,401
Total Comprehensive Income for the period							
Profit for Period	-	-	-	-	6,269,192	-	6,269,192
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-
Total Comprehensive Income for the period					6,269,192	-	6,269,192
Transactions with equity holders							
Transfer to Investment Fund	-	-	-	162,950	(162,950)	-	-
Dividend paid	-	-	-	-	(2,463,029)	-	(2,463,029)
Balance as at 31 March 2013	1,093,095	878,718	5,805,707	1,087,282	9,883,762	-	18,748,564
BANK							
Balance as at 1 January 2012	863,937	878,718	5,805,707	386,825	8,989,942	912,752	17,837,881
Total Comprehensive Income for the period							
Profit for Period	-	-	-	-	1,062,990	11,138	1,074,128
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-
Total Comprehensive Income for the period					1,062,990	11,138	1,074,128
Transactions with equity holders							
Transfer to Investment Fund	-	-	-	511,913	(511,913)	-	-
Exchange gain from valuation of foreign associates and subsidiaries	-	-	-	-	21,364	3,341	24,705
Dividend paid	-	-	-	-	(591,126)	(24,169)	(615,295)
Balance as at 31 March 2012	863,937	878,718	5,805,707	898,738	8,971,257	903,062	18,321,419
GROUP							
Balance as at 1 January 2013	863,937	878,718	5,805,707	924,332	16,410,347	826,411	25,709,452
Total Comprehensive Income for the period							
Profit for Period	-	-	-	-	506,887	(6,924)	499,964
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-
Total Comprehensive Income for the period					506,887	(6,924)	499,964
Transactions with equity holders							
Transfer to Investment Fund	-	-	-	162,950	(162,950)	-	-
Exchange gain from valuation of foreign associates and subsidiaries	-	-	-	-	(463)	(120)	(584)
Dividend paid	-	-	-	-	(2,463,029)	(2,427)	(2,465,456)
Change in group company holding	-	-	-	-	-	(13,017)	(13,017)
Balance as at 31 March 2013	863,937	878,718	5,805,707	1,087,282	14,290,792	803,923	23,730,358

SEGMENTAL ANALYSIS - GROUP

For the three Months ended 31st March

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
REVENUE										
External income	5,335,898	4,445,747	432,729	150,714	13,454	33,278	-	-	5,782,081	4,629,739
Inter-segment Inco	-	-	4,169	-	13,920	-	-	-	18,089	-
Total income	5,335,898	4,445,747	436,898	150,714	27,374	33,278	-	-	5,800,170	4,629,739
Segment expenses	(4,507,376)	(2,970,760)	(155,221)	(77,607)	(12,370)	(23,715)	-	-	(4,674,968)	(3,072,082)
Segment results	828,522	1,474,987	281,677	73,107	15,004	9,563	-	-	1,125,203	1,557,657
Share of associate companies profit before taxation	-	-	-	-	-	-	2,468	49,796	2,468	49,796
Taxation	-	-	-	-	-	-	-	-	(246,507)	(360,609)
VAT on financial services	-	-	-	-	-	-	-	-	(381,200)	(172,715)
Profit after taxation	-	-	-	-	-	-	-	-	499,964	1,074,129
Other information										
Segment asset	188,915,557	140,365,453	3,374,639	800,948	1,415,117	1,652,762	-	3,112,388	193,705,313	145,931,551
Investment in associates	-	(3,435)	-	-	-	-	35,769	1,814,634	35,769	1,811,199
Consolidated total assets	188,915,557	136,930,018	3,374,639	800,948	1,415,117	1,652,762	35,769	1,814,634	193,741,082	147,742,750
Segment liabilities	170,270,117	129,350,946	(52,774)	106,285	(206,618)	89,329	-	52,944	170,010,725	129,599,504
Consolidated total liabilities	170,270,117	129,350,946	(52,774)	106,285	(206,618)	89,329	-	52,944	170,010,725	129,599,504
Segmental cashflows										
Cash flows from operating activities	4,475,797	6,077,332	(95,356)	49,066	(712)	17,882	219,872	36,917	4,599,601	6,181,197
Cash flows from investing activities	2,756,217	(1,810,257)	196,967	(97,156)	37,493	18,899	(307,078)	415,225	2,683,599	(1,473,289)
Cash flows from financing activities	(3,483,225)	(2,424,325)	(11,907)	(8,546)	(36,781)	(36,781)	(11,821)	45,327	(3,543,734)	(2,424,325)

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31 MARCH 2013

Bank - Quarter ended 31 March 2013	HFT	HTM	L & R	AFS	Others	Total
Cash and cash equivalents	-	-	2,680,989	-	-	2,680,989
Balances with Central Bank	-	-	6,388,110	-	-	6,388,110
Placements with banks	-	-	7,794,232	-	-	7,794,232
Derivative Financial Instruments	17,052,283	-	-	-	-	17,052,283
Financial Investments - Held for trading	3,582,819	-	-	-	-	3,582,819
Other Financial Assets held for trading	-	-	-	-	-	-
securities purchased under resale agreement	-	-	4,775,071	-	-	4,775,071
Loans and advances to banks	-	-	987,656	-	-	987,656
Loans and advances to customer	-	-	109,759,758	-	-	109,759,758
Lease rentals receivables	-	-	6,147,477	-	-	6,147,477
Other Financial Assets classified as loans and receivable	-	-	7,517,318	-	-	7,517,318
Financial Investments - Available for sale	-	-	-	76,469	-	76,469
Financial assets held to maturity	-	18,109,164	-	-	-	18,109,164
Total Financial Assets	20,635,102	18,109,164	146,050,610	76,469	-	184,871,345
Investments in subsidiary companies	-	-	-	-	2,056,773	2,056,773
Investments in associate companies	-	-	-	-	18,526	18,526
Investment Property	-	-	-	-	-	-
Intangible assets	-	-	-	-	257,728	257,728
Property, plant & equipment	-	-	-	-	848,226	848,226
Other assets	-	-	-	-	966,080	966,080
Total assets	20,635,102	18,109,164	146,050,610	76,469	4,147,332	189,018,678
LIABILITIES			HFT	Amortised Cost	Others	Total
Due to Banks			-	2,402,817	-	2,402,817
Derivative Financial Instruments			17,307,865	-	-	17,307,865
Securities sold under repurchase agreements			-	16,942,101	-	16,942,101
Due to Customers				110,091,898	-	110,091,898
Debt Securities issued and other borrowed funds				15,209,879	-	15,209,879
Subordinated Term debts				2,327,914	-	2,327,914
Total Financial Liabilities			17,307,865	146,974,609	-	164,282,474
Tax liabilities			-	-	640,373	640,373
Deferred Tax			-	-	132,875	132,875
Other liabilities			-	-	3,474,081	3,474,081
Dividends payable			-	-	1,740,315	1,740,315
Total liabilities			17,307,865	146,974,609	5,987,643	170,270,117

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31 DECEMBER 2012

Bank - year ended 2012	HFT	HTM	L & R	AFS	Others	Total
Cash and Cash equivalents	-	-	3,480,395	-	-	3,480,395
Balances with Central Bank	-	-	6,074,792	-	-	6,074,792
Placements with banks	-	-	3,559,354	-	-	3,559,354
securities purchased under resale agreement	-	-	3,324,868	-	-	3,324,868
Financial Assets held for trading	982,967	-	-	-	-	982,967
Derrivative Financial Instruments	1,706,372	-	-	-	-	1,706,372
other Financial Assets held for trading	-	-	-	-	-	-
Loans and advances to banks	-	-	1,183,343	-	-	1,183,343
Loans and advances to customers	-	-	109,602,479	-	-	109,602,479
Lease rentals receivables	-	-	6,389,880	-	-	6,389,880
Other Financial Assets classified as loans and receivable	-	-	3,121,163	-	-	3,121,163
Financial Assets - Held to Maturity	-	19,257,271	-	-	-	19,257,271
Financial Assets - Available for sale	-	-	-	66,714	-	66,714
Total Financial Assets	2,689,339	19,257,271	136,736,275	66,714	-	158,749,599
Investments in subsidiary companies	-	-	-	-	2,641,178	2,641,178
Investments in associate companies	-	-	-	-	18,525	18,525
Other assets	-	-	-	-	936,486	936,486
Intangible assets	-	-	-	-	272,314	272,314
property, plant & equipment	-	-	-	-	856,195	856,195
Total assets	2,689,339	19,257,271	136,736,275	66,714	4,724,698	163,474,296

LIABILITIES	HFT	Amortised Cost	Others	Total
Due to Banks	-	2,319,984	-	2,319,984
Securities sold under repurchase agreements	-	12,515,861	-	12,515,861
Derrivative Financial Instruments	1,736,838	-	-	1,736,838
Due to Customers	-	107,600,583	-	107,600,583
Debt Securities issued and other borrowed funds	-	17,841,963	-	17,841,963
Subordinated Term debts	-	2,254,699	-	2,254,699
Total Financial Liabilities	1,736,838	142,533,090	-	144,269,928
Tax liabilities	-	-	656,211	656,211
Other liabilities	-	-	3,525,882	3,525,882
Deferred Tax	-	-	79,874	79,874
Total liabilities	1,736,838	142,533,090	4,261,966	148,531,895

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31 MARCH 2013

Group - Quarter ended 31 March 2013	HFT	HTM	L & R	AFS	Others	Total	
Cash and cash equivalents	-	-	2,771,739	-	-	2,771,739	
Balances with Central Bank	-	-	6,388,110	-	-	6,388,110	
Placements with banks	-	-	7,848,748	-	-	7,848,748	
Derivative Financial Instruments	17,052,283	-	-	-	-	17,052,283	
Financial Investments - Held for trading	3,582,819	-	-	-	-	3,582,819	
Other Financial Assets held for trading	3,975,287	-	-	-	-	3,975,287	
securities purchased under resale agreement	-	-	4,778,674	-	-	4,778,674	
Loans and advances to banks	-	-	987,656	-	-	987,656	
Loans and advances to customer	-	-	109,820,005	-	-	109,820,005	
Lease rentals receivables	-	-	6,147,477	-	-	6,147,477	
Other Financial Assets classified as loans and receivable	-	-	8,049,676	-	-	8,049,676	
Financial Investments - Available for sale	-	-	-	76,469	-	76,469	
Financial assets held to maturity	-	18,323,590	-	-	-	18,323,590	
Total Financial Assets	24,610,389	18,323,590	146,792,084	76,469	-	189,802,532	
Investments in subsidiary companies	-	-	-	-	-	-	
Investments in associate companies	-	-	-	-	35,769	35,769	
Investment Property	-	-	-	-	1,295,693	1,295,693	
Intangible assets	-	-	-	-	257,728	257,728	
Property, plant & equipment	-	-	-	-	1,256,538	1,256,538	
Other assets	-	-	-	-	1,092,823	1,092,823	
Total assets	24,610,389	18,323,590	146,792,084	76,469	3,938,552	193,741,083	
LIABILITIES				HFT	Amortised Cost	Others	Total
Due to Banks				-	2,402,817	-	2,402,817
Derivative Financial Instruments				17,307,865	-	-	17,307,865
Securities sold under repurchase agreements				-	16,942,101	-	16,942,101
Due to Customers				-	109,742,736	-	109,742,736
Debt Securities issued and other borrowed funds				-	15,180,344	-	15,180,344
Subordinated Term debts				-	2,327,914	-	2,327,914
Total Financial Liabilities				17,307,865	146,595,912	-	163,903,777
Tax liabilities				-	-	623,573	623,573
Deferred Tax				-	-	125,284	125,284
Other liabilities				-	-	3,617,775	3,617,775
Dividends payable				-	-	1,740,315	1,740,315
Total liabilities				17,307,865	146,595,912	6,106,948	170,010,725

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31 DECEMBER 2012

Group-year ended 2012	HFT	HTM	L & R	AFS	Others	Total
Cash and Cash equivalents	-	-	3,634,983	-	-	3,634,983
Balances with Central Bank	-	-	6,074,792	-	-	6,074,792
Placements with banks	-	-	3,559,354	-	-	3,559,354
Securities purchased under resale agreement	-	-	3,324,868	-	-	3,324,868
Financial Assets held for trading	982,967	-	-	-	-	982,967
Derivative Financial Instruments	1,706,372	-	-	-	-	1,706,372
Other Financial Assets held for trading	10,411,658	-	-	-	-	10,411,658
Loans and advances to banks	-	-	1,183,343	-	-	1,183,343
Loans and advances to customers	-	-	109,649,198	-	-	109,649,198
Lease rentals receivables	-	-	6,389,837	-	-	6,389,837
Other Financial Assets classified as loans and receivable	-	-	3,764,025	-	-	3,764,025
Financial Assets - Held to Maturity	-	19,223,228	-	-	-	19,223,228
Financial Assets - Available for sale	-	-	-	173,541	-	173,541
Total Financial Assets	13,100,997	19,223,228	137,580,400	173,541	-	170,078,171
Investments in subsidiary companies	-	-	-	-	-	-
Investments in associate companies	-	-	-	-	33,301	33,301
Other assets	-	-	-	-	1,154,688	1,154,688
Intangible assets	-	-	-	-	318,723	318,723
property, plant & equipment	-	-	-	-	1,222,500	1,222,500
Investment Property	-	-	-	-	1,295,693	1,295,693
Total assets	13,100,997	19,223,228	137,580,400	173,541	4,024,905	174,103,071
LIABILITIES			HFT	Amortised Cost	Others	Total
Due to Banks	-	-	-	2,319,984	-	2,319,984
Securities sold under repurchase agreements	-	-	-	12,515,861	-	12,515,861
Derivative Financial Instruments	-	-	1,736,838	-	-	1,736,838
Due to Customers	-	-	-	107,393,866	-	107,393,866
Debt Securities issued and other borrowed funds	-	-	-	17,802,038	-	17,802,038
Subordinated Term debts	-	-	-	2,254,699	-	2,254,699
Total Financial Liabilities			1,736,838	142,286,448	-	144,023,286
Tax liabilities	-	-	-	-	633,838	633,838
Other liabilities	-	-	-	-	3,657,375	3,657,375
Deferred Tax	-	-	-	-	79,120	79,120
Total liabilities			1,736,838	142,286,448	4,370,333	148,393,619

NOTES FOR 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 interim financial statements of the Banks and the Group have been prepared based on the same accounting policies and methods applied for the year ended 31 December 2012 and comply with Sri Lanka Accounting Standard 34 "Interim Financial Reporting". Previous years figures and phrases have been re-arranged where ever necessary to conform to current year's presentation.
4. On 27 September 2012, the Bank (NDB) and NDB Capital Holding PLC entered into a Share Sale and Purchase Agreement with American International Assurance Company Limited (AIA) of Hongkong to divest the 41.56% shareholding in Aviva NDB Holding and 5% of Aviva NDB Insurance PLC. Accordingly on 5 December 2012 the divestment of these shares resulted in capital gain of Rs. 5.9 billion to the NDB group during the fourth quarter of 2012. Pursuant to this divestment, the shareholders of NCAP approved a share repurchase plan in March 2013, which resulted in NCAP buying back 25% of its share capital, posting a capital gain of Rs 5.3 bn to the Bank during the first quarter of 2013.
5. There have been no events subsequent to the end of the reporting period that require disclosure.

Share information	31.03.2013	31.03.2012
Market value per share (Rs.)	165.00	122.80
Highest price per share for the period (Rs.)	166.00	140.50
Lowest price per share for the period (Rs.)	138.00	117.50

SELECTED PERFORMANCE INDICATORS (As per Regulatory Reporting)

	BANK		GROUP	
	As at 31/03/2013	As at 31/12/2012	As at 31/03/2013	As at 31/12/2012
Regulated Capital Adequacy				
Core Capital (Rs m)	17,547	13,454	23,194	25,295
Capital Base (Rs m)	19,249	14,955	25,537	27,922
Capital adequacy - Tier 1 (%)	14.46	11.16	17.55	18.76
- Tier 1 & 2 (%)	15.86	12.41	19.32	20.71
Asset Quality				
Gross Non-performing Advances Ratio (%)	1.56	1.31	1.56	1.31
Net Non-performing Advances Ratio (%)	0.72	0.50	0.72	0.50
Profitability				
Earnings Per Share (Rs)- annualised	43.52	17.81	12.35	55.31
Return on Average Shareholders' Funds (%)	42.42	21.17	8.48	42.17
Return on Average Assets (%)	4.05	1.94	1.10	5.62
Net interest margin (%)	3.62	3.70	3.62	3.76
Regulatory Liquidity				
Statutory liquid assets- Rs m	35,874	31,971	35,874	31,971
Statutory liquid assets ratio (%)				
DBU	24.69	22.02	24.69	22.02
FCBU	25.19	24.92	25.19	24.92

CERTIFICATION

CERTIFICATION

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

(Sgd.)

Dhanan Senathirajah

Vice President - Finance & Planning

(Sgd.)

Faizan Ozman

Chief Financial Officer

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.)

HDS Amarasuriya

Chairman

14th May 2013

(Sgd.)

NIR De Mel

Chief Executive Officer

TOP 20 LARGEST REGISTERED SHAREHOLDERS

As at 28th March, 2013

Name	No of Shares	%
1. BANK OF CEYLON NO. 1 ACCOUNT	16,371,076	9.97
2. EMPLOYEES PROVIDENT FUND	15,810,248	9.63
3. SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,388,488	5.72
4. DR. S YADDEHIGE	8,669,000	5.28
5. SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,805,426	4.75
6. HSBC INTL NOM LTD-SNFE- NTASIAN DISCOVERY MASTER FUND	5,982,395	3.64
7. HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.48
8. EMPLOYEES TRUST FUND BOARD	5,303,700	3.23
9. HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND PARTNERS LP	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. NATIONAL DEVELOPMENT BANK PLC – ESOP A/C NO 5	4,133,726	2.52
13. ASIAN ALLIANCE INSURANCE PLC–ACCOUNT NUMBER 3/LIFE SHAREHOLDERS FUND	3,500,000	2.13
14. MR. A K PATHIRAGE	3,470,000	2.11
15. BNY-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	3,000,000	1.83
16. ASIAN ALLIANCE INSURANCE PLC–GENERAL FUND ACCOUNT NUMBER 1	2,741,700	1.67
17. UNITED MOTORS LANKA PLC	2,640,992	1.61
18. ASIRI HOSPITAL HOLDINGS PLC	2,408,136	1.47
19. HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.25
20. DFCC BANK A/C 1	2,000,000	1.22
TOTAL	114,125,871	69.52

Public holding as at 28.03.2013 - 95.54%

DIRECTOR'S INTEREST IN SHARES OF NDB

As at 28th March, 2013

Name	No of Shares
H D S AMARASURIYA	28,150
A K PATHIRAGE	3,470,000
N I R DE MEL (CEO)	7,116
T L F JAYASEKARA	-
K FERNANDO	-
H A SIRIWARDENA	-
D S P WIKRAMANAYAKE	-
G D C EKANAYAKE	-
S RAJAPAKSE	-

