

## SUMMARISED INCOME STATEMENT (in Rs. '000)

	BANK			GROUP						
	Year ended 31.12.2012	Year ended 31.12.2011	Change (%)	Quarter ended 31.12.2012	Quarter ended 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2011	Change (%)	Quarter ended 31.12.2012	Quarter ended 31.12.2011
<b>INCOME</b>	20,067,786	13,531,130	48	5,259,035	3,807,068	26,179,220	14,698,748	78	11,351,022	4,443,840
<b>Interest income</b>										
Interest income on loans and advances	14,094,891	9,037,823	56	4,035,916	2,680,207	14,097,670	9,040,711	56	4,036,904	2,681,860
Interest income from other interest earning assets	2,831,541	2,299,209	23	791,114	591,786	2,993,508	2,500,415	20	822,770	628,887
	16,926,433	11,337,032	49	4,827,030	3,271,993	17,091,178	11,541,126	48	4,859,675	3,310,747
<b>Interest expenses</b>										
Interest expenses on deposits	7,835,596	4,203,619	86	2,316,968	1,258,973	7,835,596	4,203,619	86	2,316,968	1,258,973
Interest expenses on other interest bearing liabilities	3,456,393	2,646,342	31	907,712	751,406	3,400,661	2,565,695	33	899,006	719,550
	11,291,989	6,849,961	65	3,224,680	2,010,380	11,236,257	6,769,314	66	3,215,974	1,978,524
<b>NET INTEREST INCOME</b>	5,634,444	4,487,071	26	1,602,349	1,261,614	5,854,921	4,771,812	23	1,643,700	1,332,224
<b>Non interest income</b>										
Equity income										
Quoted and Non-quoted securities	122,310	(46,452)	363	7,658	(29,370)	6,195,754	(88,544)	7,097	5,954,891	(84,978)
Group companies	631,414	274,711	130	0	16,800	-	17,300	(100)	-	16,800
Other income	1,192,398	1,140,737	5	336,530	268,129	1,697,057	2,403,765	(29)	448,639	921,755
Foreign exchange income	1,195,231	825,102	45	87,817	279,516	1,195,231	825,102	45	87,817	279,516
Net other income	3,141,354	2,194,098	43	432,006	535,075	9,088,042	3,157,622	188	6,491,347	1,133,093
<b>NET INCOME</b>	8,775,797	6,681,169	31	2,034,355	1,796,688	14,942,963	7,929,434	88	8,135,048	2,465,317
<b>Less, NON INTEREST EXPENSES</b>										
Personnel costs	2,075,769	1,704,905	22	537,193	525,354	2,276,332	1,976,398	15	597,402	619,159
Staff retirement benefits	63,666	84,389	(25)	31,416	66,393	70,213	91,166	(23)	34,172	69,121
Premises, equipment and establishment expenses	1,140,957	1,020,302	12	285,811	296,270	1,414,997	1,277,999	11	362,492	363,513
Other operating expenses	765,336	671,332	14	192,533	197,560	727,422	623,098	17	186,334	179,245
	4,045,729	3,480,928	16	1,046,953	1,085,577	4,488,965	3,968,662	13	1,180,401	1,231,038
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	4,730,069	3,200,240	48	987,402	711,111	10,453,998	3,960,772	164	6,954,647	1,234,278
Less, Provision for bad and doubtful debts and loans written off										
Provisions- General	67,528	(112,414)	160	23,880	(49,911)	67,528	(112,414)	160	23,880	(49,911)
Provisions- Specific	86,174	218,148	(60)	34,442	127,105	86,174	218,148	(60)	34,442	127,105
Recoveries/Releases (-)	(59,990)	(432,023)	86	36	(139,170)	(59,990)	(432,023)	86	36	(139,170)
	93,712	(326,289)	129	58,358	(61,976)	93,712	(326,289)	129	58,358	(61,976)
<b>OPERATING PROFIT BEFORE PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	4,636,357	3,526,530	31	929,044	773,087	10,360,287	4,287,061	142	6,896,289	1,296,255
Provision / (release) for fall in value of investment securities	48,500	165,562	(71)	48,500	562	(6,233)	9,281	-	(6,233)	9,281
<b>OPERATING PROFIT AFTER PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	4,587,857	3,360,968	37	880,544	772,525	10,366,520	4,277,780	142	6,902,522	1,286,974
Share of associate companies' profit before taxation	-	-	-	-	-	438,719	330,793	33	266,196	285,087
<b>PROFIT BEFORE TAXES</b>	4,587,857	3,360,968	37	880,544	772,525	10,805,239	4,608,573	134	7,168,718	1,572,060
VAT on financial services	620,000	504,960	23	85,186	121,619	620,000	504,960	23	85,186	121,619
<b>PROFIT BEFORE CORPORATE TAXES</b>	3,967,857	2,856,007	39	795,358	650,906	10,185,240	4,103,613	148	7,083,532	1,450,441
Taxation	1,017,332	791,743	28	233,832	157,812	1,232,031	1,111,147	11	259,388	240,294
Deferred taxation	38,000	52,850	(28)	(9,000)	19,810	38,000	51,999	(26)	(9,000)	19,326
	1,055,332	844,593	25	224,832	177,622	1,270,031	1,162,746	9	250,388	259,620
<b>PROFIT AFTER TAXATION</b>	2,912,526	2,011,415	45	570,527	473,284	8,915,308	2,940,866	203	6,833,145	1,190,821
Minority Interests	-	-	-	-	-	(77,068)	(235,331)	67	(35,925)	(192,196)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	2,912,526	2,011,415	45	570,527	473,284	8,838,141	2,705,535	227	6,797,220	998,625
Earnings Per Share (Rs)	17.74	12.25	45			53.82	16.48	227		

## CASH FLOW STATEMENT

	BANK		GROUP	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	16,317,018	11,391,173	16,568,884	11,572,159
Fee based income received	2,387,630	1,156,265	2,538,084	1,680,745
Dividend income received	126,648	311,124	162,855	132,595
Other income received	444,713	980,565	783,599	1,446,844
Interest paid	(9,918,252)	(6,215,430)	(9,917,401)	(6,215,430)
Personnel cost paid	(876,337)	(1,704,905)	(1,031,225)	(1,958,117)
General expenses paid	(2,759,784)	(1,506,478)	(2,948,818)	(1,827,087)
Income taxes paid	(671,119)	(939,576)	(832,895)	(1,075,328)
VAT paid	(64,862)	(578,869)	(643,862)	(578,869)
Net (increase) / decrease in loans and advances	(17,298,517)	(30,164,965)	(17,298,517)	(30,164,965)
Net increase in Deposits from customers	24,739,780	20,946,521	24,739,782	20,946,521
Net (increase) / decrease in other receivables	333,112	(802,676)	330,474	(723,686)
Net increase / decrease in other liabilities	177,125	207,653	177,125	174,920
<b>Net cash provided by / (used in) operating activities</b>	12,358,154	(6,919,599)	12,522,181	(6,589,699)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in other investments	55,718	45,558	(6,757,598)	(408,461)
Government treasury bills and bonds	(2,064,075)	496,434	(2,064,075)	495,907
Disposal of group companies	884,951	-	7,654,287	0
Net due to/(from) related companies	256	(17,872)	256	(17,872)
Securities sold under repurchase agreements	1,105,367	(931,621)	1,105,367	(833,656)
Proceeds from disposal of fixed assets	22,200	17,959	23,367	18,594
Expenditure on fixed assets	(290,741)	(476,801)	(320,546)	(525,150)
<b>Net cash provided by/(used in) investing activities</b>	(286,323)	(866,344)	(358,941)	(1,270,639)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net increase/(decrease) in borrowings	(5,704,625)	10,975,708	(5,704,625)	10,975,708
Dividend paid	(1,162,876)	(575,245)	(1,223,385)	(661,174)
<b>Net cash provided by/(used in) financing activities</b>	(6,867,500)	10,400,463	(6,928,009)	10,314,534
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,204,330	2,614,520	5,235,231	2,454,196
Cash and cash equivalents at the beginning of the period	7,883,357	5,268,838	8,007,046	5,552,850
Cash and cash equivalents at the end of the period	13,087,687	7,883,357	13,242,276	8,007,046
Cash in hand	1,546,788	1,140,934	1,546,864	1,140,996
Balances with Central Bank	6,074,792	4,614,170	6,074,792	4,614,170
Dues from banks and other financial institutions	5,466,107	2,128,254	5,620,619	2,251,879
	13,087,687	7,883,357	13,242,276	8,007,046

## SUMMARISED BALANCE SHEET (in Rs. '000)

	BANK			GROUP		
	31-Dec 2012	31-Dec 2011	Change (%)	31-Dec 2012	31-Dec 2011	Change (%)
<b>ASSETS</b>						
Cash in hand	1,546,788	1,140,934	36	1,546,864	1,140,996	36
Balances with Central Bank	6,074,792	4,614,170	32	6,074,792	4,614,170	32
Dues from Banks and Other Financial Institutions	5,466,107	2,128,254	157	5,620,619	2,251,879	150
	13,087,687	7,883,357	66	13,242,276	8,007,046	65
<b>Investments - Trading Account</b>						
Government Securities	4,121,058	7,790,182	(47)	4,121,058	7,790,182	(47)
Other Securities	-	233,771	(100)	126,574	543,809	(77)
<b>Investments - Held to maturity</b>						
Government Securities	21,920,882	16,144,494	36	21,920,883	16,144,495	36
Other Securities	139,790	375,478	(63)	11,006,363	2,161,022	409
<b>Investments in Associates &amp; Subsidiaries</b>	2,659,704	3,057,439	(13)	33,301	1,796,693	(98)
Total Performing Loans & Advances						
Bills of exchange	2,879,943	3,850,423	(25)	2,879,943	3,850,423	(25)
Overdrafts	18,399,453	14,255,070	29	18,399,453	14,255,070	29
Lease rentals receivables	5,903,896	4,582,235	29	5,903,896	4,582,235	29
Other loans and advances	90,471,344	77,319,141	17	90,518,018	78,487,584	15
	117,654,636	100,006,868	18	117,701,310	101,175,312	16
<b>Total Non-Performing Loans &amp; Advances</b>						
Bills of exchange	37,620	55,636	(32)	37,620	55,636	(32)
Overdrafts	270,750	120,887	124	270,750	120,887	124
Lease rentals receivables	151,610	83,098	82	151,610	83,098	82
Other loans and advances	1,097,533	1,104,496	(1)	1,097,533	1,104,496	(1)
	1,557,513	1,364,117	14	1,557,513	1,364,117	14
<b>Total Loans and Advances</b>	119,212,149	101,370,985	18	119,258,823	102,539,429	16
Interest receivables	1,332,517	1,264,673	5	1,332,517	1,264,673	5
<b>Total Gross Loans &amp; Advances</b>	120,544,666	102,635,658	17	120,591,340	103,804,102	16
<b>Less,</b>						
Interest in suspense	(1,332,517)	(1,264,673)	5	(1,332,517)	(1,264,673)	5
General loan loss provision	(528,401)	(460,873)	15	(528,401)	(460,873)	15
Specific loan loss provision	(1,025,318)	(1,065,903)	(4)	(1,025,318)	(1,065,903)	(4)
<b>Net Loans &amp; Advances</b>	117,658,430	99,844,209	18	117,705,104	101,012,653	17
Other assets	1,053,241	1,406,667	(25)	1,401,040	1,750,615	(20)
Intangible assets	272,314	278,634	(2)	320,846	318,348	1
Investment properties	-	-	-	1,295,693	1,295,693	-
Fixed assets	856,194	828,764	3	1,219,985	1,185,267	3
<b>TOTAL ASSETS</b>	161,769,301	137,842,985	17			

## SEGMENTAL ANALYSIS – GROUP

For the year ended 31 December 2012	Banking Income		Investment Banking Cluster		Property Investment		Insurance		Others		Consolidated	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>Revenue</b>												
External income	19,314,062	13,302,871	6,535,295	671,644	123,646	494,613	-	-	113,422	125,474	26,086,425	14,594,601
Inter-segment income	-	-	30,599	33,585	41,001	41,424	-	-	21,195	29,138	92,795	104,147
<b>Total income</b>	<b>19,314,062</b>	<b>13,302,871</b>	<b>6,565,894</b>	<b>705,229</b>	<b>164,647</b>	<b>536,037</b>	<b>-</b>	<b>-</b>	<b>134,617</b>	<b>154,612</b>	<b>26,179,220</b>	<b>14,698,748</b>
Segment expenses	(15,431,429)	(10,004,601)	(307,155)	(409,545)	(61,300)	(41,818)	-	-	(12,815)	34,995	(15,812,700)	(10,420,968)
<b>Segment results</b>	<b>3,882,633</b>	<b>3,298,270</b>	<b>6,258,739</b>	<b>295,684</b>	<b>103,346</b>	<b>494,219</b>	<b>-</b>	<b>-</b>	<b>121,802</b>	<b>189,607</b>	<b>10,366,520</b>	<b>4,277,780</b>
Share of associate companies profit before taxation	(14,684)	(125,152)	-	4,177	-	-	453,403	451,768	-	-	438,719	330,793
Taxation											(1,270,031)	(1,162,746)
VAT on financial services											(625,000)	(504,960)
<b>Profit after taxation</b>											<b>8,915,208</b>	<b>2,940,866</b>
<b>Other information</b>												
Segment assets	158,969,887	134,073,176	801,419	686,188	1,674,281	1,645,729	-	-	10,914,234	3,804,035	172,359,821	140,209,128
Investment in associates	-	-	-	-	-	-	-	1,763,393	33,301	33,301	33,301	1,796,694
<b>Consolidated total assets</b>											<b>172,393,112</b>	<b>142,005,823</b>
Segment liabilities	146,549,415	123,877,153	74,857	71,169	36,795	90,714	-	-	(21,488)	68,084	146,639,579	124,107,119
<b>Consolidated total liabilities</b>											<b>146,639,579</b>	<b>124,107,119</b>
<b>Segmental Cash flows</b>												
Cash flows from operating activities	12,358,154	(6,919,599)	(95,356)	49,066	(712)	17,882	-	-	260,095	262,952	12,522,181	(6,589,699)
Cash flows from investing activities	(286,323)	(866,344)	196,967	(97,156)	37,493	18,899	-	-	(307,078)	(326,038)	(358,941)	(1,270,639)
Cash flows from financing activities	(6,867,500)	10,400,463	(11,907)	(8,546)	(36,781)	(36,781)	-	-	(11,821)	(40,602)	(6,928,009)	10,314,534

## NOTES TO THE FINANCIAL STATEMENTS

- The figures are extracted from unaudited financial statements.
- The accounting policies and methods of computation are consistent with those followed during the previous financial year.
- These interim financial statements of the Bank and the group have been prepared based on the same accounting policies and methods applied for the year ended 31 December 2011 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous years figures and phrases have been re-arranged wherever necessary to conform to current year's presentation.
- The Bank is required to prepare its Interim Financial Statements in accordance with LKAS 34 - "Interim Financial Reporting". However, The Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare Interim Financial Statements during the first financial year commencing on or after January 01, 2012 in accordance with the Sri Lanka Accounting Standards existed immediately prior to the said date (SLASs) with disclosures on impact to the Statement of Comprehensive Income for the period and to the Net assets based on SLFRS/LKAS. If determination of that impact is impracticable, the Companies are required to disclose such fact.
- The Bank's 99.6% owned subsidiary Capital Development and Investment Company PLC (CDIC), approved a business plan to position itself as a diversified financial services conglomerate with ultimate exposure to investment banking (both regionally and in Sri Lanka), stock broking, wealth management, private equity investments and insurance sectors. Accordingly, in March 2012, CDIC acquired full ownership of NDBIB and 5% holding in AVIVA NDB Insurance PLC which was directly held by the Bank, which will complement its existing investments in AVIVA NDB Insurance PLC and NDB AVIVA Wealth Management Ltd. Further in April 2012, the shares of the Bank's fully owned subsidiary NDB Stock Brokers (Private) Limited was also transferred to CDIC in line with this business plan. Following this strategic restructuring of the group's corporate equity holdings, CDIC was relaunched under a new corporate identity named "NDB Capital Holdings PLC"
- On 27 September 2012, the Bank (NDB) and NDB Capital Holdings 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 Holdings 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.
- There have been no other events subsequent to the end of the reporting period that require disclosure.
- Impact to the Financial Statements on the adoption of LKAS 32 and 39  
Based on the preliminary estimation impact on work completed by the Bank on LKAS 32 and 39, the following areas have been identified as having significant Financial Statement impact. Such analysis with its estimated impact is made on a best effort basis and is subject to audit. The impact on other SLFRSs / LKASs which is considered to be not significant is not disclosed.

Area	Description	Bank		
		Impact to profit before tax for the year ended 31 December 2012	Impact to Net Assets as at 31 December 2012	Impact to Net Assets as at 31 December 2011
1. Impairment of financial assets Loans and advances	Time based CBSL provision will be replaced with collective and specific impairment. All individually significant loans with objective evidences will be individually tested while other loans will be tested collectively for impairment.	Profit before tax increased by Rs. 36 Mn	The provision for impairment increased by Rs. 36 Mn	The provision for impairment increased by Rs. 73 Mn
2. Measurement of staff loans at fair value	All staff loans are to be recognised initially at fair value. Subsequent recognition should be on EIR. Day 1 difference is treated as pre-paid staff cost and to be amortised.	No significant Impact	No significant Impact	No significant Impact
3. Measurement of investments at fair value Fair value through P & L	Investment to be classified either as Fair value through profit and loss (FVTPL), and held to maturity (HTM). Measurement should be either at fair value or amortised cost using effective interest rate, based on the classification.	No significant Impact	No significant Impact	No significant Impact
4. Measurement of deposits at Effective Interest Rate	Interest expenses will be recognized on effective interest basis rather than on straight line method.	Profit before tax decreased by Rs. 18 Mn	Deposit portfolio decreased by Rs. 60 Mn	Deposit portfolio decreased by Rs. 78 Mn
5. Fair valuation of derivative assets and liabilities	All derivatives should be fair valued and brought in to the balance sheet.	No significant Impact	No significant Impact	No significant Impact
6. Other Measurement Adjustment		No significant Impact	No significant Impact	No significant Impact
7. Impact on taxes based on the above		-	Net Assets decreased by 81 Mn	Net Assets decreased by 73 Mn

## TOP 20 LARGEST REGISTERED SHARE HOLDERS

AS AT 31.12.2012

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-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.48
7. EMPLOYEES TRUST FUND BOARD	5,303,700	3.23
8. HSBC INT NON LTD-SNFE-NTASIAN + DISCOVERY MASTER FUND	4,686,400	2.85
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. NATIONAL DEVELOPMENT BANK PLC - ESOP	4,133,726	2.52
13. ASIAN ALLIANCE INSURANCE PLC-AC NO 03/LIFE SHARE HOLDERS 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 AC 01	2,741,700	1.67
17. ASIRI HOSPITAL HOLDINGS PLC	2,408,136	1.47
18. HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.25
19. DFCC BANK A/C 1	2,000,000	1.22
20. HSBC INTL NOMINEES LTD-BP25 LONDON-ABERDEEN ASIA SMALLER COMPANIES INVESTMENT TRUST	1,683,000	1.02
<b>TOTAL</b>	<b>111,809,750</b>	<b>68.10</b>

Public holding as at 31.12.2012 - 96.12%

## KEY FINANCIAL INDICATORS

BANK	31.12.2012	30.09.2011
Basic Earnings per share - (Rs.)	17.74	12.25
Book value per share (Rs.)	91.32	77.58
Return on Average Shareholders' Funds (%)	21.00	16.52
Return on Average Assets (%)	1.94	1.66
Core Capital (Rs m)	13,454	11,037
Capital Base (Rs m)	14,955	12,449
Capital adequacy - Tier 1 (%)	11.16	10.05
- Tier 1 & 2 (%)	12.41	11.33
Asset growth (%)	17.36	31.61
Debt/Equity Ratio (Times)	9.31	9.38
Interest cover (Times)	1.50	1.66
Gross Non-performing Advances Ratio (%)	1.31	1.35
Net Non-performing Advances Ratio (%)	0.50	0.34
Statutory liquid assets- Rs m	13,971	26,813
Statutory liquid assets ratio (%)		
DBU	22.02	22.54
FCBU	24.92	28.49
Net interest margin (%)	3.76	3.70

GROUP	31.12.2012	31.12.2011
Basic Earnings per share - (Rs.)	53.82	16.48
Book value per share (Rs.)	151.81	104.07
Return on Average Shareholders' Funds (%)	42.17	16.72
Return on Average Assets (%)	5.62	2.16
Core Capital (Rs m)	25,295	16,697
Capital Base (Rs m)	27,922	18,544
Capital adequacy - Tier 1 (%)	18.77	14.39
- Tier 1 & 2 (%)	20.72	15.98
Asset growth (%)	21.40	30.94
Debt/Equity Ratio (Times)	5.74	6.92
Interest cover (Times)	1.52	1.70
Gross Non-performing Advances Ratio (%)	1.31	1.33
Net Non-performing Advances Ratio (%)	0.50	0.34

## DIRECTOR'S HOLDING &amp; CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF NATIONAL DEVELOPMENT BANK PLC

Name	No. of Shares as at 31.12.2012
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	-

## SHARE INFORMATION

	31.12.2012	31.12.2011
Market value per share (Rs.)	137.90	138.10
Highest price per share for the period (Rs.)	151.00	141.00
Lowest price per share for the period (Rs.)	129.00	119.50

# SUMMARISED INCOME STATEMENT (in Rs. '000)

	BANK					GROUP				
	Year ended	Year ended	Change	Quarter ended	Quarter ended	Year ended	Year ended	Change	Quarter ended	Quarter ended
	31.12.2012	31.12.2011	(%)	31.12.2012	31.12.2011	31.12.2012	31.12.2011	(%)	31.12.2012	31.12.2011
<b>INCOME</b>	20,067,786	13,531,130	48	5,259,035	3,807,068	26,179,220	14,698,748	78	11,351,022	4,443,840
<b>Interest income</b>										
Interest income on loans and advances	14,094,891	9,037,823	56	4,035,916	2,680,207	14,097,670	9,040,711	56	4,036,904	2,681,860
Interest income from other interest earning assets	2,831,541	2,299,209	23	791,114	591,786	2,993,508	2,500,415	20	822,770	628,887
	16,926,433	11,337,032	49	4,827,030	3,271,993	17,091,178	11,541,126	48	4,859,675	3,310,747
<b>Interest expenses</b>										
Interest expenses on deposits	7,835,596	4,203,619	86	2,316,968	1,258,973	7,835,596	4,203,619	86	2,316,968	1,258,973
Interest expenses on other interest bearing liabilities	3,456,393	2,646,342	31	907,712	751,406	3,400,661	2,565,695	33	899,006	719,550
	11,291,989	6,849,961	65	3,224,680	2,010,380	11,236,257	6,769,314	66	3,215,974	1,978,524
<b>NET INTEREST INCOME</b>	5,634,444	4,487,071	26	1,602,349	1,261,614	5,854,921	4,771,812	23	1,643,700	1,332,224
<b>Non interest income</b>										
Equity income										
Quoted and Non-quoted securities	122,310	(46,452)	363	7,658	(29,370)	6,195,754	(88,544)	7,097	5,954,891	(84,978)
Group companies	631,414	274,711	130	0	16,800	-	17,300	(100)	-	16,800
Other income	1,192,398	1,140,737	5	336,530	268,129	1,697,057	2,403,765	(29)	448,639	921,755
Foreign exchange income	1,195,231	825,102	45	87,817	279,516	1,195,231	825,102	45	87,817	279,516
Net other income	3,141,354	2,194,098	43	432,006	535,075	9,088,042	3,157,622	188	6,491,347	1,133,093
<b>NET INCOME</b>	8,775,797	6,681,169	31	2,034,355	1,796,688	14,942,963	7,929,434	88	8,135,048	2,465,317
<b>Less, NON INTEREST EXPENSES</b>										
Personnel costs	2,075,769	1,704,905	22	537,193	525,354	2,276,332	1,976,398	15	597,402	619,159
Staff retirement benefits	63,666	84,389	(25)	31,416	66,393	70,213	91,166	(23)	34,172	69,121
Premises, equipment and establishment expenses	1,140,957	1,020,302	12	285,811	296,270	1,414,997	1,277,999	11	362,492	363,513
Other operating expenses	765,336	671,332	14	192,533	197,560	727,422	623,098	17	186,334	179,245
	4,045,729	3,480,928	16	1,046,953	1,085,577	4,488,965	3,968,662	13	1,180,401	1,231,038
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	4,730,069	3,200,240	48	987,402	711,111	10,453,998	3,960,772	164	6,954,647	1,234,278
Less, Provision for bad and doubtful debts and loans written off										
Provisions- General	67,528	(112,414)	160	23,880	(49,911)	67,528	(112,414)	160	23,880	(49,911)
Provisions- Specific	86,174	218,148	(60)	34,442	127,105	86,174	218,148	(60)	34,442	127,105
Recoveries/Releases (-)	(59,990)	(432,023)	86	36	(139,170)	(59,990)	(432,023)	86	36	(139,170)
	93,712	(326,289)	129	58,358	(61,976)	93,712	(326,289)	129	58,358	(61,976)
<b>OPERATING PROFIT BEFORE PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	4,636,357	3,526,530	31	929,044	773,087	10,360,287	4,287,061	142	6,896,289	1,296,255
Provision / (release) for fall in value of investment securities	48,500	165,562	(71)	48,500	562	(6,233)	9,281	-	(6,233)	9,281
<b>OPERATING PROFIT AFTER PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	4,587,857	3,360,968	37	880,544	772,525	10,366,520	4,277,780	142	6,902,522	1,286,974
Share of associate companies' profit before taxation	-	-	-	-	-	438,719	330,793	33	266,196	285,087
<b>PROFIT BEFORE TAXES</b>	4,587,857	3,360,968	37	880,544	772,525	10,805,239	4,608,573	134	7,168,718	1,572,060
VAT on financial services	620,000	504,960	23	85,186	121,619	620,000	504,960	23	85,186	121,619
<b>PROFIT BEFORE CORPORATE TAXES</b>	3,967,857	2,856,007	39	795,358	650,906	10,185,240	4,103,613	148	7,083,532	1,450,441
Taxation	1,017,332	791,743	28	233,832	157,812	1,232,031	1,111,147	11	259,388	240,294
Deferred taxation	38,000	52,850	(28)	(9,000)	19,810	38,000	51,599	(26)	(9,000)	19,326
	1,055,332	844,593	25	224,832	177,622	1,270,031	1,162,746	9	250,388	259,620
<b>PROFIT AFTER TAXATION</b>	2,912,526	2,011,415	45	570,527	473,284	8,915,308	2,940,866	203	6,833,145	1,190,821
Minority interests	-	-	-	-	-	(77,068)	(235,331)	67	(35,925)	(192,196)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	2,912,526	2,011,415	45	570,527	473,284	8,838,141	2,705,535	227	6,797,220	998,625
Earnings Per Share (Rs)	17.74	12.25	45			53.82	16.48	227		

# SUMMARISED BALANCE SHEET (in Rs. '000)

	BANK			GROUP		
	31-Dec 2012	31-Dec 2011	Change %	31-Dec 2012	31-Dec 2011	Change %
<b>ASSETS</b>						
Cash in hand	1,546,788	1,140,934	36	1,546,864	1,140,996	36
Balances with Central Bank	6,074,792	4,614,170	32	6,074,792	4,614,170	32
Dues from Banks and Other Financial Institutions	5,466,107	2,128,254	157	5,620,619	2,251,879	150
	13,087,687	7,883,357	66	13,242,276	8,007,046	65
<b>Investments - Trading Account</b>						
Government Securities	4,121,058	7,790,182	(47)	4,121,058	7,790,182	(47)
Other Securities	-	233,771	(100)	126,574	543,809	(77)
<b>Investments - Held to maturity</b>						
Government Securities	21,920,882	16,144,494	36	21,920,883	16,144,495	36
Other Securities	139,790	375,478	(63)	11,006,363	2,161,022	409
<b>Investments in Associates &amp; Subsidiaries</b>						
	2,659,704	3,057,439	(13)	33,301	1,796,693	(98)
<b>Total Performing Loans &amp; Advances</b>						
Bills of exchange	2,879,943	3,850,423	(25)	2,879,943	3,850,423	(25)
Overdrafts	18,399,453	14,255,070	29	18,399,453	14,255,070	29
Lease rentals receivables	5,903,896	4,582,235	29	5,903,896	4,582,235	29
Other loans and advances	90,471,344	77,319,141	17	90,518,018	78,487,584	15
	117,654,636	100,006,868	18	117,701,310	101,175,312	16
<b>Total Non-Performing Loans &amp; Advances</b>						
Bills of exchange	37,620	55,636	(32)	37,620	55,636	(32)
Overdrafts	270,750	120,887	124	270,750	120,887	124
Lease rentals receivables	151,610	83,098	82	151,610	83,098	82
Other loans and advances	1,097,533	1,104,496	(1)	1,097,533	1,104,496	(1)
	1,557,513	1,364,117	14	1,557,513	1,364,117	14
<b>Total Loans and Advances</b>						
	119,212,149	101,370,985	18	119,258,823	102,539,429	16
Interest receivables	1,332,517	1,264,673	5	1,332,517	1,264,673	5
<b>Total Gross Loans &amp; Advances</b>						
	120,544,666	102,635,658	17	120,591,340	103,804,102	16
<b>Less,</b>						
Interest in suspense	(1,332,517)	(1,264,673)	5	(1,332,517)	(1,264,673)	5
General loan loss provision	(528,401)	(460,873)	15	(528,401)	(460,873)	15
Specific loan loss provision	(1,025,318)	(1,065,903)	(4)	(1,025,318)	(1,065,903)	(4)
<b>Net Loans &amp; Advances</b>						
	117,658,430	99,844,209	18	117,705,104	101,012,653	17
<b>Other assets</b>						
Other assets	1,053,241	1,406,667	(25)	1,401,040	1,750,615	(20)
Intangible assets	272,314	278,634	(2)	320,846	318,348	1
Investment properties	-	-	-	1,295,693	1,295,693	-
Fixed assets	856,194	828,754	3	1,219,985	1,185,267	3
<b>TOTAL ASSETS</b>						
	161,769,301	137,842,985	17	172,393,123	142,005,823	21
<b>LIABILITIES</b>						
Demand Deposits	7,742,146	7,059,107	10	7,742,146	7,059,107	10
Savings Deposits	18,023,160	11,299,306	60	18,023,160	11,299,306	60
Time Deposits	79,097,407	61,577,767	28	79,097,407	61,577,767	28
Margin Deposits	143,600	312,007	(54)	143,600	312,007	(54)
Other Deposits	43,648	61,995	(30)	43,648	61,995	(30)
<b>Total Deposits</b>						
	105,049,961	80,310,181	31	105,049,961	80,310,181	31
<b>Borrowings</b>						
Borrowings from CBSL	884,836	1,069,482	(17)	884,836	1,069,482	(17)
Borrowings from Banks & financial institutions-SL	8,723,620	20,617,511	(58)	8,498,135	19,390,252	(56)
Borrowings from Banks & financial institutions-Abroad	10,412,100	3,853,237	170	10,412,100	3,853,237	170
Securities sold under repurchase agreements	12,348,039	11,242,672	10	12,348,039	11,242,672	10
Subordinated term debt	2,188,350	2,373,300	(8)	2,188,350	2,373,300	(8)
<b>Total Borrowings</b>						
	34,556,945	39,156,202	(12)	34,331,460	37,928,943	(9)
<b>Taxation</b>						
Taxation	559,748	213,536	162	537,091	264,850	103
Deferred tax	150,108	112,107	34	149,637	111,351	34
Dividends payable	249,201	755,381	(67)	249,201	755,381	(67)
Other liabilities	6,208,937	4,557,005	36	6,322,230	4,736,414	33
<b>TOTAL LIABILITIES</b>						
	146,774,901	125,104,412	17	146,639,579	124,107,119	18
<b>SHAREHOLDER FUNDS</b>						
<b>Equity Capital &amp; Reserves</b>						
Stated capital (164,201,902 shares)	1,093,094	1,093,094	-	863,936	863,936	-
Statutory reserve fund	878,718	878,718	-	878,718	878,718	-
Revenue reserves	13,022,588	10,766,760	21	23,185,605	15,243,374	52
	14,994,400	12,738,572	18	24,928,260	16,986,029	47
Minority Interests	-	-	-	825,284	912,675	(10)
<b>TOTAL FUNDS EMPLOYED</b>						
	14,994,400	12,738,572	18	25,753,544	17,898,704	44
<b>TOTAL LIABILITIES AND FUNDS EMPLOYED</b>						
	161,769,301	137,842,985	17	172,393,123	142,005,823	21
<b>CONTINGENCIES</b>						
	109,303,556	112,580,575	(3)	109,303,556	112,580,575	(3)
<b>COMMITMENTS</b>						
	50,712,264	33,086,804	53	50,712,264	33,086,804	53
	160,015,820	145,667,380	10	160,015,820	145,667,380	10
<b>MEMORANDUM INFORMATION</b>						
Number of employees	1,447	1,357				
Number of branches	69	60				

## CERTIFICATION

We 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

(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.)

**H D S Amarasuriya**  
Chairman  
13 February 2013

(Sgd.)

**N I R De Mel**  
Chief Executive Officer

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012 <b>BANK</b>	Statutory		Investment			Minority Interests	Total
	Stated Capital	Fund Reserve	General Reserve	Fund Account	Retained Profit		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Balance as at 1 January 2011	1,093,095	878,718	5,805,707	-	3,914,998	-	11,692,518
Restatement of interest income	-	-	-	-	(85,528)	-	(85,528)
Balance as at 1 January 2011 restated	1,093,095	878,718	5,805,707	-	3,829,470	-	11,606,990
Net profit for the year	-	-	-	-	2,011,415	-	2,011,415
Transfer to Investment Fund Account	-	-	-	386,825	(386,825)	-	-
Dividends paid	-	-	-	-	(879,833)	-	(879,833)
Balance as at 31 December 2011	1,093,095	878,718	5,805,707	386,825	4,574,227	-	12,738,572
Balance as at 1 January 2012	1,093,095	878,718	5,805,707	386,825	4,574,227	-	12,738,572
Net profit for the year	-	-	-	-	2,912,526	-	2,912,526
Transfer to Investment Fund Account	-	-	-	537,507	(537,507)	-	-
Dividends paid	-	-	-	-	(656,696)	-	(656,696)
Balance as at 31 December 2012	1,093,095	878,718	5,805,707	924,332	6,292,556	-	14,994,402
<b>GROUP</b>							
Balance as at 1 January 2011	1,093,095	878,718	5,805,707	-	7,589,287	717,083	16,083,890
Restatement of interest income	-	-	-	-	(85,528)	-	(85,528)
Balance as at 1 January 2011 restated	1,093,095	878,718	5,805,707	-	7,503,759	717,083	15,998,362
Adjustment on the EFOP Fund	(229,158)	-	-	-	126,037	-	(103,121)
Net profit for the year	-	-	-	-	2,705,535	235,331	2,940,866
Exchange gain from valuation of foreign associate	-	-	-	-	(17,832)	(1,988)	(19,820)
Transfer to Investment Fund Account	-	-	-	386,825	(386,825)	-	-
Dividends paid	-	-	-	-	(879,833)	(37,751)	(917,584)
Balance as at 31 December 2011	863,937	878,718	5,805,707	386,825	9,050,841	912,675	17,898,703
Balance as at 1 January 2012	863,937	878,718	5,805,707	386,825	9,050,841	912,675	17,898,703
Net profit for the year	-	-	-	-	8,838,141	77,068	8,915,208
Exchange gain from valuation of foreign associates and subsidiaries	-	-	-	-	18,824	2,960	21,784
Transfer to Investment Fund Account	-	-	-	537,507	(537,507)	-	-
Change in holding in group companies	-	-	-	-	(258,037)	(130,086)	(388,123)
Dividends paid	-	-	-	-	(656,696)	(37,333)	(694,029)
Balance as at 31 December 2012	863,937	878,718	5,805,707	924,332	16,455,565	825,285	25,753,544

## CASH FLOW STATEMENT

For the year ended 31 December

	BANK		GROUP	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	16,317,018	11,391,173	16,568,884	11,572,159
Fee based income received	2,387,630	1,156,265	2,538,084	1,680,745
Dividend income received	126,648	311,124	162,855	132,595
Other income received	444,713	980,565	783,599	1,446,844
Interest paid	(9,918,252)	(6,215,430)	(9,917,401)	(6,215,430)
Personnel cost paid	(876,337)	(1,704,905)	(1,031,225)	(1,958,117)
General expenses paid	(2,759,784)	(1,506,478)	(2,948,818)	(1,827,087)
Income taxes paid	(671,119)	(939,576)	(832,895)	(1,075,328)
VAT paid	(643,862)	(578,869)	(643,862)	(578,869)
Net (increase) / decrease in loans and advances	(17,298,517)	(30,164,965)	(17,298,517)	(30,164,965)
Net Increase in Deposits from customers	24,739,780	20,946,521	24,739,782	20,946,521
Net (increase) / decrease in other receivables	333,112	(802,676)	330,474	(723,686)
Net increase / (decrease) in other liabilities	177,125	207,653	71,221	174,920
<b>Net cash provided by / (used in) operating activities</b>	<b>12,358,154</b>	<b>(6,919,599)</b>	<b>12,522,181</b>	<b>(6,589,699)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in other investments	55,718	45,558	(6,757,598)	(408,461)
Government treasury bills and bonds	(2,064,075)	496,434	(2,064,075)	495,907
Disposal of group companies	884,951	-	7,654,287	0
Net due to/(from) related companies	256	(17,872)	256	(17,872)
Securities sold under repurchase agreements	1,105,367	(931,621)	1,105,367	(833,656)
Proceeds from disposal of fixed assets	22,200	17,959	23,367	18,594
Expenditure on fixed assets	(290,741)	(476,801)	(320,546)	(525,150)
<b>Net cash provided by/(used in) investing activities</b>	<b>(286,323)</b>	<b>(866,344)</b>	<b>(358,941)</b>	<b>(1,270,639)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net increase/(decrease) in borrowings	(5,704,625)	10,975,708	(5,704,625)	10,975,708
Dividend paid	(1,162,876)	(575,245)	(1,223,385)	(661,174)
<b>Net cash provided by/(used in) financing activities</b>	<b>(6,867,500)</b>	<b>10,400,463</b>	<b>(6,928,009)</b>	<b>10,314,534</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,204,330</b>	<b>2,614,520</b>	<b>5,235,231</b>	<b>2,454,196</b>
Cash and cash equivalents at the beginning of the period	7,883,357	5,268,838	8,007,046	5,552,850
Cash and cash equivalents at the end of the period	13,087,687	7,883,357	13,242,276	8,007,046
Cash in hand	1,546,788	1,140,934	1,546,864	1,140,996
Balances with Central Bank	6,074,792	4,614,170	6,074,792	4,614,170
Dues from banks and other financial institutions	5,466,107	2,128,254	5,620,619	2,251,879
	13,087,687	7,883,357	13,242,276	8,007,046

## SEGMENTAL ANALYSIS – GROUP

For the year ended 31 December 2012

	Banking Income		Investment Banking Cluster		Property Investment		Insurance		Others		Consolidated	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>Revenue</b>												
External income	19,314,062	13,302,871	6,535,295	671,644	123,646	494,613	-	-	113,422	125,474	26,086,425	14,594,601
Inter-segment income	-	-	30,599	33,585	41,001	41,424	-	-	21,195	29,138	92,795	104,147
Total income	19,314,062	13,302,871	6,565,894	705,229	164,647	536,037	-	-	134,617	154,612	26,179,220	14,698,748
Segment expenses	(15,431,429)	(10,004,601)	(307,155)	(409,545)	(61,300)	(41,818)	-	-	(12,815)	34,995	(15,812,700)	(10,420,968)
Segment results	3,882,633	3,298,270	6,258,739	295,684	103,346	494,219	-	-	121,802	189,607	10,366,520	4,277,780
Share of associate companies profit before taxation	(14,684)	(125,152)	-	4,177	-	-	453,403	451,768	-	-	438,719	330,793
Taxation											(1,270,031)	(1,162,746)
VAT on financial services											(625,000)	(504,960)
Profit after taxation											8,915,208	2,940,866
<b>Other information</b>												
Segment assets	158,969,887	134,073,176	801,419	686,188	1,674,281	1,645,729	-	-	10,914,234	3,804,035	172,359,821	140,209,128
Investment in associates	-	-	-	-	-	-	-	1,763,393	33,301	33,301	33,301	1,796,694
<b>Consolidated total assets</b>											172,393,112	142,005,823
Segment liabilities	146,549,415	123,877,153	74,857	71,169	36,795	90,714	-	-	(21,488)	68,084	146,639,579	124,107,119
<b>Consolidated total liabilities</b>											146,639,579	124,107,119
<b>Segmental Cash flows</b>												
Cash flows from operating activities	12,358,154	(6,919,599)	(95,356)	49,066	(712)	17,882	-	-	260,095	262,952	12,522,181	(6,589,699)
Cash flows from investing activities	(286,323)	(866,344)	196,967	(97,156)	37,493	18,899	-	-	(307,078)	(326,038)	(358,941)	(1,270,639)
Cash flows from financing activities	(6,867,500)	10,400,463	(11,907)	(8,546)	(36,781)	(36,781)	-	-	(11,821)	(40,602)	(6,928,009)	10,314,534

## KEY FINANCIAL INDICATORS

<b>BANK</b>	<b>31.12.2012</b>	<b>30.09.2011</b>
Basic Earnings per share - (Rs.)	17.74	12.25
Book value per share (Rs.)	91.32	77.58
Return on Average Shareholders' Funds (%)	21.00	16.52
Return on Average Assets (%)	1.94	1.66
Core Capital (Rs m)	13,454	11,037
Capital Base (Rs m)	14,955	12,449
Capital adequacy - Tier 1 (%)	11.16	10.05
- Tier 1 & 2 (%)	12.41	11.33
Asset growth (%)	17.36	31.61
Debt/Equity Ratio (Times)	9.31	9.38
Interest cover (Times)	1.50	1.66
Gross Non-performing Advances Ratio (%)	1.31	1.35
Net Non-performing Advances Ratio (%)	0.50	0.34
Statutory liquid assets- Rs m	31,971	26,813
Statutory liquid assets ratio (%)		
DBU	22.02	22.54
FCBU	24.92	28.49
Net interest margin (%)	3.76	3.70
<b>GROUP</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Basic Earnings per share - (Rs.)	53.82	16.48
Book value per share (Rs.)	151.81	104.07
Return on Average Shareholders' Funds (%)	42.17	16.72
Return on Average Assets (%)	5.62	2.16
Core Capital (Rs m)	25,295	16,697
Capital Base (Rs m)	27,922	18,544
Capital adequacy - Tier 1 (%)	18.77	14.39
- Tier 1 & 2 (%)	20.72	15.98
Asset growth (%)	21.40	30.94
Debt/Equity Ratio (Times)	5.74	6.92
Interest cover (Times)	1.52	1.70
Gross Non-performing Advances Ratio (%)	1.31	1.33
Net Non-performing Advances Ratio (%)	0.50	0.34



## 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 interim financial statements of the Bank and the group have been prepared based on the same accounting policies and methods applied for the year ended 31 December 2011 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous years figures and phrases have been re- arranged wherever necessary to conform to current year's presentation.
- 4 The Bank is required to prepare its Interim Financial Statements in accordance with LKAS 34 – 'Interim Financial Reporting'. However, The Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare Interim Financial Statements during the first financial year commencing on or after January 01, 2012 in accordance with the Sri Lanka Accounting Standards existed immediately prior to the said date (SLASs) with disclosures on impact to the Statement of Comprehensive Income for the period and to the Net assets based on SLFRS/LKAS. If determination of that impact is impracticable, the Companies are required to disclose such fact.
- 5 The Bank's 99.6% owned subsidiary Capital Development and Investment Company PLC (CDIC), approved a business plan to position itself as a diversified financial services conglomerate with ultimate exposure to investment banking (both regionally and in Sri Lanka), stock broking, wealth management, private equity investments and insurance sectors. Accordingly, in March 2012, CDIC acquired full ownership of NDBIB and 5% holding in AVIVA NDB Insurance PLC which was directly held by the Bank, which will compliment its existing investments in AVIVA NDB Insurance PLC and NDB AVIVA Wealth Management Ltd. Further in April 2012, the shares of the Bank's fully owned subsidiary NDB Stock Brokers (Private) Limited was also transferred to CDIC in line with this business plan. Following this strategic restructuring of the group's corporate equity holdings, CDIC was relaunched under a new corporate identity named 'NDB Capital Holdings PLC'
- 6 On 27 September 2012, the Bank (NDB) and NDB Capital Holdings 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 Holdings 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.
- 7 There have been no other events subsequent to the end of the reporting period that require disclosure.
- 8 Impact to the Financial Statements on the adoption of LKAS 32 and 39

Based on the preliminary estimation impact on work completed by the Bank on LKAS 32 and 39, the following areas have been identified as having significant Financial Statement impact. Such analysis with its estimated impact is made on a best effort basis and is subject to audit. The impact on other SLFRSs / LKASs which is considered to be not significant is not disclosed.

## TOP 20 LARGEST REGISTERED SHARE HOLDERS

AS AT 31.12.2012

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-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.48
7. EMPLOYEES TRUST FUND BOARD	5,303,700	3.23
8. HSBC INT NON LTD-SNFE-NTASIAN + DISCOVERY MASTER FUND	4,686,400	2.85
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. NATIONAL DEVELOPMENT BANK PLC – ESOP	4,133,726	2.52
13. ASIAN ALLIANCE INSURANCE PLC-AC NO 03/LIFE SHARE HOLDERS 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 AC 01	2,741,700	1.67
17. ASIRI HOSPITAL HOLDINGS PLC	2,408,136	1.47
18. HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.25
19. DFCC BANK A/C 1	2,000,000	1.22
20. HSBC INTL NOMINEES LTD-BP2S LONDON-ABERDEEN ASIA SMALLER COMPANIES INVESTMENT TRUST	1,683,000	1.02
TOTAL	111,809,750	68.10

Public holding as at 31.12.2012 - 96.12%

## DIRECTOR'S HOLDING & CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF NATIONAL DEVELOPMENT BANK PLC

Name	No. of Shares as at 31.12.2012
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	-

## SHARE INFORMATION

	31.12.2012	31.12.2011
Market value per share (Rs.)	137.90	138.10
Highest price per share for the period (Rs.)	151.00	141.00
Lowest price per share for the period (Rs.)	129.00	119.50

Bank						
Area	Description	Impact to profit before tax for the year ended 31 December 2012	Impact to Net Assets as at 31 December 2012	Impact to Net Assets as at 31 December 2011		
1. Impairment of financial assets Loans and advances	Time based CBSL provision will be replaced with collective and specific impairment. All individually significant loans with objective evidences will be individually tested while other loans will be tested collectively for impairment.	Profit before tax increased by Rs. 36 Mn	The provision for impairment increased by Rs. 36 Mn	The provision for impairment increased by Rs. 73 Mn		
2. Measurement of staff loans at fair value	All staff loans are to be recognised initially at fair value. Subsequent recognition should be on EIR. Day 1 difference is treated as pre-paid staff cost and to be amortised.	No significant Impact	No significant Impact	No significant Impact		
3. Measurement of investments at fair value						
Fair value through P & L	Investment to be classified either as Fair value through profit and loss (FVTPL), and held to maturity (HTM), Measurement should be either at fair value or amortised cost using effective interest rate, based on the classification.	No significant Impact	No significant Impact	No significant Impact		
4. Measurement of deposits at Effective Interest Rate	Interest expenses will be recognized on effective interest basis rather than on straight line method.	Profit before tax decreased by Rs. 18 Mn	Deposit portfolio decreased by Rs. 60 Mn	Deposit portfolio decreased by Rs. 78 Mn		
5. Fair valuation of derivative assets and liabilities	All derivatives should be fair valued and brought in to the balance sheet.	No significant Impact	No significant Impact	No significant Impact		
6. Other Measurement Adjustment	-	No significant Impact	No significant Impact	No significant Impact		
7. Impact on takes based on the above	-	-	Net Assets decreased by 81 Mn	Net Assets decreased by 73 Mn		

\* The above impact is excluding tax adjustments as tax authorities have not issued relevant guidelines on the same.