



INTERIM FINANCIAL STATEMENTS

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NATIONAL DEVELOPMENT BANK PLC

CSE stock code: NDB.N0000 | Bloomberg: NDB SL | Reuter's: NDB.CM

 **NDB bank**
Our Commitment. Your Success.

Table of Contents

Performance commentary	2
Financial statements published as per Rule 7.4 of the Listing Rules of the Colombo Stock Exchange	5
Important dates – FY 2017 financial results release	19
Corporate information	19

***The financial statements presented herewith are the unaudited financial statements for the twelve months ended 31 December 2017 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB closes 2017 on a high note: 41% growth in PBT to LKR 7.5 billion

- **Exceptional growth in PAT by 37% to LKR 4.35 billion. Group PAS of LKR 3.7 billion**
- **20% growth in Loans to reach LKR 274 billion with an excellent NPL ratio of 1.83%**
- **Impressive 34% growth in deposits to reach LKR 273 billion, an increment of LKR 70 billion**

National Development Bank PLC (NDB) completed the financial year 31 December 2017 with impressive performance across all fronts. Commenting on this performance, the Chief Executive Officer of the Bank, Mr. Dimantha Seneviratne stated that 2017 has been a highly satisfactory year, during which the Bank stabilized its base, gathered rapid growth momentum and delivered enhanced results to all its stakeholders. He contributed the success of the year to a streamlined strategy which was pursued with focus, and the commitment and dedication of NDB's talented team for precise execution. He also mentioned that the Bank made vast contributions during the year, to individuals, businesses and the nation at large through various financial solutions and services in taking them to new heights of development.

Impressive profitability and sound cost management

The Bank recorded a 28% growth in gross income to cross LKR 42.5 billion. Net interest income (NII) grew by an impressive 27% to LKR 10.75 billion, supported with the dual impact of an enhanced net interest margin (NIM) of 3% and increased loan volumes due to the strategic balance sheet management and prudent repricing of assets and liabilities.

Net fee and commission income for the year was LKR 2,521 million, a growth of 12% over the year. The Bank's focused approach in retail and SME sectors whilst working on the accelerated growth in trade finance and remittance business along with the portfolio growth, supported this growth in fee and commission income.

Resultantly, total operating income grew by 23% to LKR 16,152 million.

Total impairment charges for loans and other losses was LKR 1,259 million, which was a reduction of 8% over 2016. Within total impairment, individual impairment saw a reduction of 47% to LKR 586 million. Prudent risk management and timely provisioning on the individually impaired loans led to this reversal. The increase in the collective impairment is attributable to the large loan volume increase seen during the year, amounting to over LKR 46 billion.

Operating expenses increased by 14% in 2017 over 2016 to LKR 7,346 million. The year saw 3 new branches and 5 ATMs added on to the network, 2 branch re-locations along with 4 new product launches and one product re-launch. The staff strength also increased in tandem with the business expansions. The increase in expenses was well managed amidst such expansions, with a largely improved cost to income ratio of 45.51% in 2017, (2016: 49.04%).

In terms of profitability, operating profit before tax on financial services was up by 41% to LKR 7,547 million. Profit after tax exceeded LKR 4 billion to LKR 4,352 million up by 37% over 2016. At a group level, profit attributable to shareholders also rose by an impressive 38% to LKR 3,716 million.

The Return on assets ratio (ROA) increased to 1.21% from 0.99% in 2016.

A resilient balance sheet growth

The total assets of the Bank stood at LKR 383 billion at the end of the year, with a healthy growth of 15% over the prior year. Total assets were fortified by the highly satisfactory growth in the loan book by 20% to reach LKR 274 billion. The growth rate surpassed the growth recorded by the industry for 2017.

All of the business segments contributed to the loan book increase, bearing fruits of specific strategies which were rolled out during the year to increase respective market share and volumes. On the retail frontier, housing loans, personal loans, credit cards and leasing propelled the retail loan growth. Loans to the SME and Micro sector also increased. Corporate banking comprising commercial banking and project & infrastructure financing made valuable contribution to the loan growth through their customized corporate banking and cash management solutions.

The non-performing loan (NPL) ratio of the Bank was 1.83% as of end 2017, a remarkable improvement from 2.63% of 2016 and much better than the industry average of 2.5%. Each loan facility of the Bank undergoes a prudent process right from loan origination, approval through disbursement up to timely recovery, which has helped maintain the NPL at below industry average. Precise diversification of the portfolio and avoidance of over-concentration on any one sector have also helped maintain the quality of the loan portfolio.

Customer deposits grew by 34% in 2017, which is the highest deposits growth recorded by the Bank over the last five years. Accordingly, Customer deposits reached LKR 273 billion, with an impressive quantum increase of LKR 70 billion. The Bank launched a savings planner account titled “NDB Saving Planner” and savings products dedicated to ladies as well as senior citizens, namely “NDB Araliya” and “NDB Aachara” respectively. The Bank also re-launched its children’s savings product and introduced a new business proposition dubbed as “NDB Business Class”. All these products, along with the rest of the deposits product suite well contributed towards this deposits growth. Resultantly, the Bank’s funding composition further improved with lesser reliance on institutional borrowings and credit line funding.

The Loans to Deposits ratio (LDR) vastly improved to 102% from 115% in 2016.

Extensive marketing and promotional campaigns spread across the year helped to record balance sheet growth at both asset and liability fronts.

A sound capital base energizing business growth

NDB remains healthy capitalized. Capital adequacy as measured by the Basel III mandated ratios were well ahead of the stipulated minimum requirements levels for 2017. Tier I capital ratio of the Bank was 8.85% and total capital ratio was 13.89%, ahead of the minimum requirements of 7.25% and 11.25% respectively. The Bank’s reported statutory liquid asset ratios for both domestic and foreign banking units were ahead of the regulator specified minimum of 20%. Liquidity coverage ratios for local currency as well as for all currencies were also ahead of the Basel III mandated 80%, at 214.35% and 154.50% respectively.

Investor returns

The Return on Shareholder Funds (ROE) at the Bank level improved to 16.22%, up from 13.36% in 2016. The Bank ROE was closer to the industry average as of November 2017. Group ROE was 11.73%, an increase from 9.23% in 2016. Earnings per share (EPS) increased in relation to ROE with the EPS at the Bank level being LKR 25.57 (2016: LKR 19.19) and EPS at the Group level being LKR 21.84 (2016: KJR 16.29). The closing trading price for the NDB share as of the last trading day in 2017 was LKR 136.40.

Customer Reach

As of end 2017, NDB's branch network stood at 107 branches with 121 on and off-site ATMs. Network expansion during the year was moderated but strategic, reaching out to the most needy and sensible locations in the country. The NDB mobile banking app made vast progress as one of the most popular mobile apps in the financial services sector, with a record transaction volume exceeding LKR 4 billion routed via the app during 2017. In January 2018, the Bank launched its first Cash Recycling Machine (CRM), diversifying the customer touch point options to its clientele.

An awards studded year

NDB Bank, along with its capital market cluster group companies in Sri Lanka and Bangladesh won close to 40 awards titles during the year, from leading institutions and magazines across the globe for excellence in performance in a number of areas. These external endorsements are a firm affirmation of the value that the Bank is generating to its shareholders, customers, employees, the society and a wide range of its other stakeholders. NDB dedicates these awards to all its stakeholders for the utmost support they have shown the Bank in its journey.

A promising future

Commenting on the future, Mr. Seneviratne further added that the Bank has commenced implementing its new strategic plan from the second half of 2017 which was devised with the professional input of the International Finance Corporation (IFC). The Bank and the group companies are set on a strong platform to drive performance to ambitious heights under this strategy. Customer convenience delivered through digitalization will be a notable component of the Bank's strategy. NDB stays committed to delivering superior stakeholder value through innovative and meaningful financial solutions in 2018 and beyond.

STATEMENT OF PROFIT OR LOSS										
	Bank					Group				
	Year ended 31/12/2017 LKR '000	Year ended 31/12/2016 LKR '000	Change %	Quarter ended 31/12/2017 LKR '000	Quarter ended 31/12/2016 LKR '000	Year ended 31/12/2017 LKR '000	Year ended 31/12/2016 LKR '000	Change %	Quarter ended 31/12/2017 LKR '000	Quarter ended 31/12/2016 LKR '000
Gross Income	42,520,594	33,281,736	28	10,870,999	9,669,206	43,017,759	33,776,905	27	11,412,019	9,545,761
Interest Income	37,118,699	28,618,247	30	9,836,115	8,100,931	37,421,114	28,960,606	29	9,910,278	8,177,518
Interest Expenses	26,368,585	20,130,935	31	6,741,601	5,857,514	26,334,787	20,099,837	31	6,733,383	5,848,887
Net Interest Income	10,750,114	8,487,312	27	3,094,514	2,243,417	11,086,327	8,860,769	25	3,176,895	2,328,677
Net Fee and Commission Income	2,520,532	2,253,226	12	707,749	609,267	3,416,002	3,046,132	12	1,028,981	803,356
Net gain/(loss) from trading	1,063,944	982,123	8	270,809	299,415	1,063,944	982,123	8	270,809	299,415
Net gain/(loss) from financial investments	569,557	211,370	169	24,425	12,524	733,679	440,748	66	54,649	61,302
Other operating income	1,247,862	1,216,770	3	31,901	647,069	383,020	347,296	10	147,302	204,170
Total Operating Income	16,152,009	13,150,801	23	4,129,398	3,811,692	16,682,972	13,677,068	22	4,678,636	3,696,920
Impairment charges for loans and other losses										
Individual Impairment	586,488	1,101,589	(47)	221,886	397,249	586,488	1,101,589	(47)	221,887	397,249
Collective Impairment	662,238	277,097	139	223,000	(33,345)	662,238	277,097	139	223,000	(33,345)
Other provision - charge/(release)	9,829	(11,733)	184	(58,266)	20,324	41,571	45,887	(9)	14,129	10,795
	1,258,554	1,366,953	(8)	386,621	384,228	1,290,297	1,424,573	(9)	459,016	374,699
Net operating income	14,893,455	11,783,848	26	3,742,776	3,427,463	15,392,675	12,252,495	26	4,219,620	3,322,221
Operating Expenses										
Personnel Expenses	3,611,339	3,434,550	5	965,899	802,721	4,024,851	3,792,589	6	1,084,301	904,872
Depreciation and amortization	417,339	434,792	(4)	105,009	109,495	471,941	490,987	(4)	122,885	123,893
Other Expenses	3,317,357	2,579,502	29	803,385	712,505	3,704,143	2,875,373	29	901,710	802,524
Total operating expenses	7,346,035	6,448,844	14	1,874,293	1,624,722	8,200,935	7,158,949	15	2,108,896	1,831,289
Operating Profit Before Tax on Financial Services	7,547,420	5,335,004	41	1,868,483	1,802,743	7,191,740	5,093,546	41	2,110,724	1,490,933
Less: Tax on Financial Services	1,547,450	1,048,000	48	391,500	379,550	1,547,450	1,048,000	48	391,500	379,551
Operating Profit After Tax on Financial Services	5,999,970	4,287,004	40	1,476,983	1,423,193	5,644,290	4,045,546	40	1,719,224	1,111,383
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	5,999,970	4,287,004	40	1,476,983	1,423,193	5,644,290	4,045,546	40	1,719,224	1,111,383
Less :Taxation	1,648,341	1,116,733	48	434,891	266,893	1,799,390	1,230,587	46	431,179	319,751
Profit for the period	4,351,629	3,170,271	37	1,042,092	1,156,300	3,844,900	2,814,959	37	1,288,045	791,633
Profit Attributable to:										
Equity Holders of the parent	4,351,629	3,170,271	37	1,042,092	1,156,300	3,716,447	2,691,014	38	1,196,501	726,073
Non Controlling Interests	-	-	-	-	-	128,455	123,945	4	91,544	65,561
	4,351,629	3,170,271	37	1,042,092	1,156,300	3,844,902	2,814,959	37	1,288,045	791,633
Basic Earnings per share (in LKR)	25.81	19.19	34	6.18	7.00	22.04	16.29	35	7.10	4.41
Diluted Earnings per share (in LKR)	25.81	19.19	34	6.18	7.00	22.04	16.29	35	7.10	4.41

STATEMENT OF COMPREHENSIVE INCOME										
	Year ended 31/12/2017 LKR '000	Year ended 31/12/2016 LKR '000	Change %	Quarter ended 31/12/2017 LKR '000	Quarter ended 31/12/2016 LKR '000	Year ended 31/12/2017 LKR '000	Year ended 31/12/2016 LKR '000	Change %	Quarter ended 31/12/2017 LKR '000	Quarter ended 31/12/2016 LKR '000
Profit for the period	4,351,629	3,170,271	37	1,042,092	1,156,300	3,844,900	2,814,959	37	1,288,045	791,633
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent periods										
Exchange differences on translation of foreign operations	-	-	-	-	-	(371)	7,537	(105)	(3,326)	5,003
Gains/(losses) from Available for Sale Investments	648,763	(372,240)	274	45,071	(385,218)	604,471	(436,305)	239	19,286	(419,623)
Gains /(losses) on cash flow hedges	(70,339)	(54,012)	(30)	353,293	(537,209)	(70,339)	(54,012)	(30)	353,293	(537,209)
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent periods										
Revaluation of Land & Buildings	361,948	-	-	361,948	-	378,100	21,000	-	378,100	21,000
Actuarial Gains/(losses) on defined benefit plans	(99,429)	(73,151)	(36)	(99,429)	(62,797)	(99,021)	(79,530)	(25)	(99,021)	(66,833)
Total Other Comprehensive Income /(expenses)	840,943	(499,403)	268	660,883	(985,224)	812,841	(541,310)	250	648,332	(997,662)
Less : Tax expenses relating to components of other comprehensive income	(325,242)	24,320	(1,437)	(44,187)	104,479	(315,161)	44,806	(803)	(34,106)	124,965
Total Other Comprehensive Income after Tax	515,701	(475,083)	209	616,696	(880,745)	497,680	(496,504)	200	614,226	(872,697)
Total Comprehensive Income for the period	4,867,330	2,695,188	81	1,658,790	275,555	4,342,580	2,318,455	87	1,902,271	(81,065)
Attributable to:										
Equity holders of the parent	4,867,330	2,695,188	81	1,658,790	275,555	4,213,971	2,192,078	92	1,811,472	(148,385)
Non Controlling Interests	-	-	-	-	-	128,609	126,377	2	90,799	67,320
	4,867,330	2,695,188	81	1,658,790	275,555	4,342,580	2,318,455	87	1,902,271	(81,065)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
	BANK			Group		
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	As at 31/12/2017	As at 31/12/2016 (Audited)		As at 31/12/2017	As at 31/12/2016 (Audited)	
LKR '000	LKR '000	%	LKR '000	LKR '000	%	
Assets						
Cash and cash equivalents	5,274,466	5,018,438	5	5,343,314	5,139,389	4
Balances with the Central Bank of Sri Lanka	15,364,920	11,815,277	30	15,364,920	11,815,277	30
Placements with banks	840,684	3,297,262	(75)	840,684	3,297,262	(75)
Derivative Financial Instruments	2,471,706	1,544,621	60	2,471,706	1,544,621	60
Financial Assets - Held for trading	1,216,439	832,694	46	2,659,883	3,661,530	(27)
Loans and Receivables to banks	15,478	37,032	(58)	15,478	37,032	(58)
Loans and Receivables to other customers	274,013,970	227,639,844	20	274,063,310	227,679,939	20
Financial Investments - Loans and receivables	21,171,508	41,992,533	(50)	23,316,328	43,896,593	(47)
Financial Investments - Available for sale	52,620,584	31,500,020	67	52,975,690	31,899,259	66
Financial Investments - Held to maturity	3,524,051	4,137,601	(15)	4,077,096	4,946,120	(18)
Investments -Held for sale	18,526	18,526	-	33,302	33,302	-
Investments in subsidiary companies	2,106,021	2,115,850	(0)	-	-	-
Investment Property	-	-	-	1,894,848	1,776,000	7
Intangible assets	384,369	368,083	4	480,976	384,742	25
Property, plant & equipment	2,356,679	2,078,570	13	2,833,094	2,528,258	12
Other assets	1,693,641	2,148,384	(21)	2,274,809	2,092,444	9
Total assets	383,073,042	334,544,735	15	388,645,438	340,731,768	14
Liabilities						
Due to Banks	20,236,719	17,124,944	18	20,236,719	17,124,944	18
Derivative Financial Instruments	936,754	474,770	97	936,754	474,770	97
Due to other Customers	273,369,023	203,866,547	34	273,041,417	203,515,828	34
Debt Securities issued and other borrowed funds	28,107,045	59,233,264	(53)	28,107,045	59,233,264	(53)
Current Tax Liabilities	1,578,447	845,660	87	1,575,091	852,454	85
Deferred Tax	1,211,503	791,791	53	1,186,642	744,880	59
Other liabilities	9,326,502	7,966,275	17	9,564,890	8,275,898	16
Dividends payable	72,203	49,933	45	72,203	49,933	45
Subordinated Term Debts	19,336,855	19,446,501	(1)	19,336,855	19,446,501	(1)
Total liabilities	354,175,051	309,799,685	14	354,057,616	309,718,472	14
Equity						
Stated Capital (Bank & Group - 171,485,705 shares)	2,208,520	1,246,479	77	2,208,520	1,246,479	77
Statutory Reserve Fund	1,336,479	1,246,479	7	1,336,479	1,246,479	7
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	18,585,256	16,088,681	16	23,002,003	21,140,725	9
Other Reserves	962,030	357,704	169	1,083,464	497,197	118
Total shareholders' equity	28,897,991	24,745,050	17	33,436,173	29,936,587	12
Non Controlling Interests	-	-	-	1,151,649	1,076,709	7
Total Equity	28,897,991	24,745,050	17	34,587,822	31,013,296	12
Total liabilities and equity	383,073,042	334,544,735	15	388,645,438	340,731,768	14
Net Book Value Per Share (LKR)	168.52	149.80	12	194.98	181.23	8
Contingent liabilities and commitments	269,160,399	234,221,049	15	269,877,849	235,130,473	15
Memorandum Information						
Number of Employees	2,169	2,108				
Number of Branches	107	104				
Certification:						
We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.						
<i>(Sgd.)</i>						
Suvendrini Muthukumarana						
Assistant Vice President- Finance & Planning						
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.						
<i>(Sgd.)</i>						
Ananda.W. Atukorala			<i>(Sgd.)</i>			
Director/Chairman			Dimantha Seneviratne			
			Director/Chief Executive Officer			
01 February 2018						

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital	Reserves							Total	Non Controlling Interests	Total Equity
		Statutory Reserve Fund	General Reserve	Revaluation Reserve	Share Based Payment Reserves	Available For Sale Reserves	Cash Flow Hedge Reserve	Retained Earnings			
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000			
BANK											
Balance as at 1 January 2016	1,242,772	1,242,772	5,805,707	853,456	14,590	(207,277)	110,160	13,638,678	22,700,858	-	22,700,858
Profit for the period	-	-	-	-	-	-	-	3,170,271	3,170,271	-	3,170,271
Other Comprehensive Income before Tax	-	-	-	-	-	(372,240)	(54,012)	(73,151)	(499,403)	-	(499,403)
Tax on Other Comprehensive Income	-	-	-	-	-	13,775	-	10,544	24,319	-	24,319
Total Comprehensive Income for the period	-	-	-	-	-	(358,465)	(54,012)	3,107,664	2,695,187	-	2,695,187
Transactions with equity holders											
Issue of Shares	2,958	-	-	-	-	-	-	-	2,958	-	2,958
Transfer from share based payment reserves	749	-	-	-	(749)	-	-	-	-	-	-
Transfer to statutory reserve fund	-	3,707	-	-	-	-	-	(3,707)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(653,954)	(653,954)	-	(653,954)
Balance as at 31 December 2016	1,246,479	1,246,479	5,805,707	853,456	13,841	(565,742)	56,148	16,088,681	24,745,051	-	24,745,050
Balance as at 1 January 2017	1,246,479	1,246,479	5,805,707	853,456	13,841	(565,741)	56,148	16,088,681	24,745,050	-	24,745,050
Profit for the period	-	-	-	-	-	-	-	4,351,629	4,351,629	-	4,351,629
Other Comprehensive Income before Tax	-	-	-	361,948	-	648,763	(70,339)	(99,429)	840,943	-	840,943
Tax on Other Comprehensive Income	-	-	-	(15,805)	-	(306,400)	-	(3,037)	(325,242)	-	(325,242)
Total Comprehensive Income for the period	-	-	-	346,143	-	342,363	(70,339)	4,249,162	4,867,330	-	4,867,330
Transactions with equity holders											
Issue of Shares	962,041	-	-	-	-	-	-	-	962,041	-	962,041
Transfer to statutory reserve fund	-	90,000	-	-	-	-	-	(90,000)	-	-	-
Expiry of the ELCP option exercise period	-	-	-	-	(13,841)	-	-	-	(13,841)	-	(13,841)
Dividend to equity holders	-	-	-	-	-	-	-	(1,662,588)	(1,662,588)	-	(1,662,588)
Balance as at 31 December 2017	2,208,520	1,336,479	5,805,707	1,199,599	-	(223,378)	(14,191)	18,585,255	28,897,992	-	28,897,992

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Stated Capital LKR '000	Reserves							Total LKR '000	Non Controlling Interests LKR '000	Total Equity LKR '000
		Statutory Reserve Fund LKR '000	General Reserve LKR '000	Revaluation Reserve LKR '000	Share Based Payment Reserves LKR '000	Available For Sale Reserves LKR '000	Cash Flow Hedge Reserve LKR '000	Retained Earnings LKR '000			
GROUP											
Balance as at 1 January 2016	1,162,963	1,242,772	5,805,707	948,795	81,098	(139,559)	110,160	19,170,268	28,382,204	1,018,513	29,400,717
Profit for the period	-	-	-	-	-	-	-	2,691,014	2,691,014	123,945	2,814,959
Other Comprehensive Income before Tax	-	-	-	21,000	-	(436,305)	(54,012)	(74,425)	(543,742)	2,432	(541,310)
Tax on Other Comprehensive Income	-	-	-	-	-	33,277	-	11,529	44,806	-	44,806
Total Comprehensive Income for the period	-	-	-	21,000	-	(403,028)	(54,012)	2,628,118	2,192,078	126,377	2,318,455
Transactions with equity holders											
Issue of Shares	2,958	-	-	-	-	-	-	-	2,958	-	2,958
Adjustment due to changes in group companies	-	-	-	-	-	-	-	-	-	(17,976)	(17,976)
Transfer from share based payment reserves	749	-	-	-	(749)	-	-	-	-	-	-
Adjustment to share based payment reserves	79,809	-	-	-	(66,508)	-	-	-	13,301	-	13,301
Transfer to statutory reserve fund	-	3,707	-	-	-	-	-	(3,707)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(653,954)	(653,954)	(50,205)	(704,159)
Balance as at 31 December 2016	1,246,479	1,246,479	5,805,707	969,795	13,841	(542,587)	56,148	21,140,725	29,936,586	1,076,709	31,013,296
Balance as at 1 January 2017	1,246,480	1,246,479	5,805,707	969,795	13,841	(542,587)	56,148	21,140,725	29,936,587	1,076,709	31,013,296
Profit for the period	-	-	-	-	-	-	-	3,716,447	3,716,447	128,455	3,844,902
Other Comprehensive Income before Tax	-	-	-	378,100	-	604,471	(70,339)	(99,545)	812,688	154	812,842
Tax on Other Comprehensive Income	-	-	-	(15,805)	-	(296,319)	-	(3,037)	(315,161)	-	(315,161)
Total Comprehensive Income for the period	-	-	-	362,295	-	308,152	(70,339)	3,613,865	4,213,974	128,609	4,342,582
Transactions with equity holders											
Issue of shares	962,041	-	-	-	-	-	-	-	962,041	-	962,041
Transfer to statutory reserve fund	-	90,000	-	-	-	-	-	(90,000)	-	-	-
Expiry of the ELCP option exercise period	-	-	-	-	(13,841)	-	-	-	(13,841)	-	(13,841)
Dividend to equity holders	-	-	-	-	-	-	-	(1,662,588)	(1,662,588)	(53,669)	(1,716,257)
Balance as at 31 December 2017	2,208,521	1,336,479	5,805,707	1,332,090	-	(234,435)	(14,191)	23,002,002	33,436,173	1,151,649	34,587,822

STATEMENT OF CASH FLOW				
For the Year ended 31 December	BANK		GROUP	
	2017	2016	2017	2016
	LKR '000	LKR '000	LKR '000	LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	38,400,291	26,492,391	38,712,494	26,770,059
Fee based income received	2,520,532	2,253,226	3,398,627	3,273,243
Dividend income received	1,098,879	481,457	176,157	81,208
Other Operating income received	1,606,806	1,370,942	1,431,769	1,377,172
Interest paid	(23,588,220)	(19,700,090)	(23,596,308)	(19,705,603)
Personnel costs paid	(3,519,151)	(3,387,278)	(3,747,676)	(3,488,904)
Other expenses paid	(3,341,592)	(2,574,442)	(3,774,539)	(3,121,736)
Operating Profit before changes in operating assets and liabilities	13,177,546	4,936,207	12,600,525	5,185,439
Net increase in loans and receivables to other customers	(48,273,953)	(17,564,396)	(48,282,685)	(17,568,625)
Net Increase in deposits from customers	67,723,117	18,271,867	67,722,918	18,271,867
Net (increase)/decrease in other assets	(464,777)	130,036	(1,032,746)	174,537
Net increase/(decrease) in other liabilities	1,717,868	(297,687)	1,720,939	(319,036)
Net cash inflow/(outflow) from operating activities before taxation	33,879,800	5,476,026	32,728,950	5,744,182
Tax on Financial Services paid	(1,600,857)	(985,188)	(1,600,857)	(985,188)
Income taxes paid	(821,084)	(643,843)	(971,612)	(732,167)
Net cash provided by/(used in) operating activities	31,457,859	3,846,995	30,156,481	4,026,827
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	255,437	(6,741,637)	1,751,716	(6,740,813)
Expenditure on property, plant & equipment	(579,445)	(612,468)	(727,911)	(654,471)
Proceeds from sale of property, plant & equipment	18,614	10,557	19,811	11,759
Net cash used in investing activities	(305,394)	(7,343,548)	1,043,616	(7,383,525)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	-	2,958	-	2,958
Net Proceeds from issue of subordinated debts	-	-	-	-
Interest paid on subordinated debts	-	(2,032,761)	-	(2,032,761)
(Decrease)/ Increase in other borrowings	(29,125,093)	6,363,234	(29,125,093)	6,363,234
Dividends paid to non-controlling interests	-	-	(99,740)	(45,977)
Dividends paid to shareholders of the Bank	(678,279)	(664,029)	(678,279)	(664,029)
Net cash provided by/(used in) financing activities	(29,803,372)	3,669,402	(29,903,112)	3,623,425
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,349,093	172,848	1,296,985	266,727
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20,130,977	19,958,129	20,251,933	19,985,201
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21,480,070	20,130,977	21,548,918	20,251,928
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	5,274,466	5,018,438	5,343,314	5,139,389
Balances with the Central Bank of Sri Lanka	15,364,920	11,815,277	15,364,920	11,815,277
Placements with banks	840,684	3,297,262	840,684	3,297,262
	21,480,070	20,130,977	21,548,918	20,251,928

SEGMENTAL ANALYSIS- GROUP

For the year ended 31 December

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Revenue										
Interest Income	37,118,699	28,618,247	268,617	311,261	-	-	-	-	37,387,316	28,929,508
Net Fee and Commission Income	2,520,532	2,253,226	460,569	388,337	143,700	131,377	129,784	124,797	3,254,586	2,897,737
Foreign exchange profit	1,063,944	982,123	-	-	-	-	-	-	1,063,944	982,123
Net gain/(loss) from financial investments	569,557	211,370	164,122	229,378	-	-	-	-	733,679	440,748
Other Income	241,160	234,877	141,860	112,419	118,848	104,000	-	-	501,868	451,296
Total revenue from external customers	41,513,892	32,299,843	1,035,168	1,041,394	262,548	235,377	129,784	124,797	42,941,392	33,701,411
Inter-segment Revenue	-	-	9,590	15,176	66,777	60,318	-	-	76,367	75,494
Total Revenue	41,513,892	32,299,843	1,044,758	1,056,570	329,325	295,695	129,784	124,797	43,017,759	33,776,905
Impairment (charge)/reversal for loans & other losses	(1,248,726)	(1,378,686)	(41,571)	(45,887)	-	-	-	-	(1,290,297)	(1,424,573)
Segment expenses	(33,680,819)	(26,548,678)	(748,448)	(608,339)	(15,252)	(11,834)	(91,202)	(89,933)	(34,535,722)	(27,258,784)
Total segment expenses	(34,929,545)	(27,927,364)	(790,019)	(654,226)	(15,252)	(11,834)	(91,202)	(89,933)	(35,826,018)	(28,683,357)
Segment results	6,584,347	4,372,479	254,739	402,344	314,073	283,861	38,582	34,864	7,191,741	5,093,548
Taxation									1,799,390	1,230,587
VAT on financial services									1,547,450	1,048,000
Profit after taxation									3,844,901	2,814,961
Other information										
Segment assets	383,068,679	333,992,994	3,319,579	4,688,675	2,146,142	1,953,451	77,736	63,346	388,612,136	340,698,466
Investments -Held for sale	-	-	-	-	-	-	33,302	33,302	33,302	33,302
Consolidated total assets									388,645,438	340,731,768
Segment liabilities	353,839,855	309,441,100	149,119	205,823	60,554	69,243	8,085	2,304	354,057,615	309,718,470
Consolidated total liabilities									354,057,615	309,718,470
Segmental Cash flows										
Cash flows from operating activities	31,457,859	3,569,590	(1,366,401)	295,225	70,653	66,436	(5,630)	95,576	30,156,481	4,026,827
Cash flows from investing activities	(305,394)	(7,343,548)	1,349,100	(48,942)	(90)	(13,445)	-	22,410	1,043,616	(7,383,525)
Cash flows from financing activities	(29,803,372)	3,669,402	(195,345)	8,760	95,605	(45,977)	-	(8,760)	(29,903,112)	3,623,425

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2017 - BANK (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	5,274,466	-	-	-	5,274,466
Balances with the Central Bank of Sri Lanka	-	-	15,364,920	-	-	-	15,364,920
Placements with banks	-	-	840,684	-	-	-	840,684
Derivative Financial Instruments	2,471,706	-	-	-	-	-	2,471,706
Financial Assets - Held for trading	1,216,439	-	-	-	-	-	1,216,439
Loans and Receivables to banks	-	-	15,478	-	-	-	15,478
Loans and Receivables to other customers	-	-	274,013,970	-	-	-	274,013,970
Financial Investments - Loans and receivables	-	-	21,171,508	-	-	-	21,171,508
Financial Investments - Available for sale	-	-	-	52,620,584	-	-	52,620,584
Financial Investments - Held to maturity	-	3,524,051	-	-	-	-	3,524,051
Other Financial Assets	-	-	19,565	-	-	-	19,565
Total Financial Assets	3,688,145	3,524,051	316,700,592	52,620,584	-	-	376,533,371
Investments -Held for sale	-	-	-	-	-	18,526	18,526
Investments in subsidiary companies	-	-	-	-	2,106,021	-	2,106,021
Intangible assets	-	-	-	-	384,369	-	384,369
Property, plant & equipment	-	-	-	-	2,356,679	-	2,356,679
Other assets	-	-	-	-	1,674,078	-	1,674,075.96
Total assets	3,688,145	3,524,051	316,700,592	52,620,584	6,521,147	18,526	383,073,042
LIABILITIES							
Due to Banks	-	-	-	-	20,236,719	-	20,236,719
Derivative Financial Instruments	936,754	-	-	-	-	-	936,754
Due to other Customers	-	-	-	-	273,369,023	-	273,369,023
Debt Securities issued and other borrowed funds	-	-	-	-	28,107,045	-	28,107,045
Subordinated Term debts	-	-	-	-	19,336,855	-	19,336,855
Other Financial Liabilities	-	-	-	-	3,053,299	-	3,053,299
Total Financial Liabilities	936,754	-	-	-	344,102,941	-	345,039,695
Current Tax Liabilities	-	-	-	-	-	1,578,447	1,578,447
Deferred Tax	-	-	-	-	-	1,211,503	1,211,503
Other liabilities	-	-	-	-	-	6,273,203	6,273,203
Dividends payable	-	-	-	-	-	72,203	72,203
Total liabilities	936,754	-	-	-	344,102,941	9,135,356	354,175,051

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2017 - GROUP (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	5,343,314	-	-	-	5,343,314
Balances with the Central Bank of Sri Lanka	-	-	15,364,920	-	-	-	15,364,920
Placements with banks	-	-	840,684	-	-	-	840,684
Derivative Financial Instruments	2,471,706	-	-	-	-	-	2,471,706
Financial Assets - Held for trading	2,659,883	-	-	-	-	-	2,659,883
Loans and Receivables to banks	-	-	15,478	-	-	-	15,478
Loans and Receivables to other customers	-	-	274,063,310	-	-	-	274,063,310
Financial Investments - Loans and receivables	-	-	23,316,328	-	-	-	23,316,328
Financial Investments - Available for sale	-	-	-	52,975,690	-	-	52,975,690
Financial Investments - Held to maturity	-	4,077,096	-	-	-	-	4,077,096
Other Financial Assets	-	-	36,677	-	-	-	36,677
Total Financial Assets	5,131,589	4,077,096	318,980,711	52,975,690	-	-	381,165,086
Investments -Held for sale	-	-	-	-	-	33,302	33,302
Investment Property	-	-	-	-	1,894,848	-	1,894,848
Intangible assets	-	-	-	-	480,976	-	480,976
Property, plant & equipment	-	-	-	-	2,833,092	-	2,833,092
Other assets	-	-	-	-	2,238,134	-	2,238,134
Total assets	5,131,589	4,077,096	318,980,711	52,975,690	7,447,050	33,302	388,645,438
LIABILITIES							
Due to Banks	-	-	-	-	20,236,719	-	20,236,719
Derivative Financial Instruments	936,754	-	-	-	-	-	936,754
Due to other Customers	-	-	-	-	273,041,417	-	273,041,417
Debt Securities issued and other borrowed funds	-	-	-	-	28,107,045	-	28,107,045
Subordinated Term debts	-	-	-	-	19,336,855	-	19,336,855
Other Financial Liabilities	-	-	-	-	3,064,931	-	3,064,931
Total Financial Liabilities	936,754	-	-	-	343,786,967	-	344,723,720
Current Tax Liabilities	-	-	-	-	-	1,575,091	1,575,091
Deferred Tax	-	-	-	-	-	1,186,642	1,186,642
Other liabilities	-	-	-	-	-	6,499,962	6,499,962
Dividends payable	-	-	-	-	-	72,203	72,203
Total liabilities	936,754	-	-	-	343,786,967	9,333,898	354,057,616

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2016 - BANK (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	5,018,438	-	-	-	5,018,438
Balances with the Central Bank of Sri Lanka	-	-	11,815,277	-	-	-	11,815,277
Placements with banks	-	-	3,297,262	-	-	-	3,297,262
Derivative Financial Instruments	1,544,621	-	-	-	-	-	1,544,621
Financial Assets - Held for trading	832,694	-	-	-	-	-	832,694
Loans and Receivables to banks	-	-	37,032	-	-	-	37,032
Loans and Receivables to other customers	-	-	227,639,844	-	-	-	227,639,844
Financial Investments - Loans and receivables	-	-	41,992,533	-	-	-	41,992,533
Financial Investments - Available for sale	-	-	-	31,500,020	-	-	31,500,020
Financial Investments - Held to maturity	-	4,137,601	-	-	-	-	4,137,601
Other Financial Assets	-	-	3,091	-	-	-	3,091
Total Financial Assets	2,377,315	4,137,601	289,803,477	31,500,020	-	-	327,818,413
Investments -Held for sale	-	-	-	-	-	18,525	18,526
Investments in subsidiary companies	-	-	-	-	2,115,850	-	2,115,850
Intangible assets	-	-	-	-	368,083	-	368,083
Property, plant & equipment	-	-	-	-	2,078,570	-	2,078,570
Other assets	-	-	-	-	2,145,295	-	2,145,295
Total assets	2,377,315	4,137,601	289,803,477	31,500,020	6,707,798	18,525	334,544,735
LIABILITIES							
Due to Banks	-	-	-	-	17,124,944	-	17,124,944
Derivative Financial Instruments	474,770	-	-	-	-	-	474,770
Due to other Customers	-	-	-	-	203,866,547	-	203,866,547
Debt Securities issued and other borrowed funds	-	-	-	-	59,233,264	-	59,233,264
Subordinated Term debts	-	-	-	-	19,446,501	-	19,446,501
Other Financial Liabilities	-	-	-	-	2,960,063	-	2,960,063
Total Financial Liabilities	474,770	-	-	-	302,631,319	-	303,106,089
Current Tax Liabilities	-	-	-	-	-	845,660	845,660
Deferred Tax	-	-	-	-	-	791,791	791,791
Other liabilities	-	-	-	-	-	5,006,212	5,006,212
Dividends payable	-	-	-	-	-	49,933	49,933
Total liabilities	474,770	-	-	-	302,631,319	6,693,596	309,799,685
MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2016 - GROUP (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	5,139,389	-	-	-	5,139,389
Balances with the Central Bank of Sri Lanka	-	-	11,815,277	-	-	-	11,815,277
Placements with banks	-	-	3,297,262	-	-	-	3,297,262
Derivative Financial Instruments	1,544,621	-	-	-	-	-	1,544,621
Financial Assets - Held for trading	3,661,530	-	-	-	-	-	3,661,530
Loans and Receivables to banks	-	-	37,032	-	-	-	37,032
Loans and Receivables to other customers	-	-	227,679,939	-	-	-	227,679,939
Financial Investments - Loans and receivables	-	-	43,896,593	-	-	-	43,896,593
Financial Investments - Available for sale	-	-	-	31,899,259	-	-	31,899,259
Financial Investments - Held to maturity	-	4,946,120	-	-	-	-	4,946,120
Other Financial Assets	-	-	3,091	-	-	-	3,091
Total Financial Assets	5,206,151	4,946,120	291,868,584	31,899,259	-	-	333,920,113
Investments -Held for sale	-	-	-	-	-	33,301	33,302
Investment Property	-	-	-	-	1,776,000	-	1,776,000
Intangible assets	-	-	-	-	384,742	-	384,742
Property, plant & equipment	-	-	-	-	2,528,258	-	2,528,258
Other assets	-	-	-	-	2,089,353	-	2,089,353
Total assets	5,206,151	4,946,120	291,868,584	31,899,259	6,778,353	33,301	340,731,768
LIABILITIES							
Due to Banks	-	-	-	-	17,124,944	-	17,124,944
Derivative Financial Instruments	474,770	-	-	-	-	-	474,770
Due to other Customers	-	-	-	-	203,515,828	-	203,515,828
Debt Securities issued and other borrowed funds	-	-	-	-	59,233,264	-	59,233,264
Subordinated Term debts	-	-	-	-	19,446,501	-	19,446,501
Other Financial Liabilities	-	-	-	-	2,963,953	-	2,963,953
Total Financial Liabilities	474,770	-	-	-	302,284,490	-	302,759,259
Current Tax Liabilities	-	-	-	-	-	852,454	852,454
Deferred Tax	-	-	-	-	-	744,880	744,880
Other liabilities	-	-	-	-	-	5,311,948	5,311,948
Dividends payable	-	-	-	-	-	49,933	49,933
Total liabilities	474,770	-	-	-	302,284,490	6,959,215	309,718,472

Notes to the Financial Statements

1. The figures are extracted from the unaudited financial statements.
2. The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods applied for the year ended 31 December 2015 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.
3. On 21 February 2017, the Bank declared a final dividend of LKR 8.00 per share comprising of a cash dividend of LKR 2.00 per share and a scrip dividend of LKR 6.00 per share for the financial year ended 31 December 2016. Accordingly, the Stated Capital of the Bank increased to LKR 2,209 million as at 31 December 2017 (LKR 1,246 million as at 31 December 2016) ,as a result of scrip dividends declared for the year ended 31 December 2016.
4. The Bank and the Group have prepared the financial statements on the basis that land and investment property are held for permanent use and the Bank and the Group do not have any intention to dispose such assets to realize any gain in carrying out business activities. Therefore, temporary differences on land and investment property will not arise to recognize deferred tax liabilities in the financial statements of the Bank and the Group respectively.
5. There are no other events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank and the Group .

Notes to the Financial Statements
6. ADDITIONAL QUARTERLY DISCLOSURES PRESCRIBED BY CBSL AS PER CIRCULAR (02/17/900/0001/004) DATED 11 OCTOBER 2013

	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000
a) Loans and Receivables to Other Customers				
Gross loans and receivables	278,801,069	233,679,116	278,850,408	233,719,211
(Less): Individual impairment	1,556,979	3,028,934	1,556,979	3,028,934
Collective impairment	3,230,120	3,010,338	3,230,119	3,010,338
Net loans and receivables	274,013,970	227,639,844	274,063,310	227,679,939
	Bank		Group	
	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000
	b) Gross Loans and Receivables to Other Customers - By product			
By product-Domestic Currency				
Term loans	71,927,856	61,889,699	71,927,856	61,889,701
Medium and short term loans	23,916,021	20,473,581	23,916,021	20,473,581
Overdrafts	43,928,966	33,922,462	43,881,140	33,876,980
Trade Finance	13,779,071	11,680,422	13,779,071	11,680,422
Consumer loans	23,280,986	22,459,289	23,280,986	22,459,289
Lease rentals receivable	15,719,450	15,008,636	15,719,450	15,008,636
Housing loans	10,256,059	9,460,117	10,256,059	9,460,114
Islamic Banking facilities	3,799,762	1,515,319	3,799,762	1,515,319
Credit cards	1,910,923	1,189,488	1,910,923	1,189,488
Staff loans	1,588,628	1,453,984	1,685,794	1,539,563
Hire Purchase	317,815	825,668	317,815	825,668
Pawning	185,402	122,755	185,402	122,755
Sub total	210,610,939	180,001,419	210,660,278	180,041,514
By product-Foreign Currency				
Overdrafts	3,046,895	1,949,378	3,046,895	1,949,378
Medium and short term loans	38,566,567	29,426,091	38,566,567	29,426,091
Trade Finance	24,432,290	20,998,205	24,432,290	20,998,205
Islamic Banking facilities	2,144,378	1,304,023	2,144,378	1,304,023
Sub total	68,190,130	53,677,697	68,190,130	53,677,697
Total	278,801,069	233,679,116	278,850,408	233,719,211
	Bank		Group	
	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000
	c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers			
Individual impairment				
Opening balance at 01st January	3,028,933	2,621,344	3,028,933	2,621,344
Charge/(Write back) to Statement of Profit or Loss	586,488	1,101,589	586,488	1,101,589
Write-off during the period	(2,058,442)	(694,000)	(2,058,442)	(694,000)
Closing balance	1,556,979	3,028,933	1,556,979	3,028,933
Collective impairment				
Opening balance at 01st January	3,010,338	2,789,036	3,010,338	2,789,036
Charge/(Write back) to Statement of Profit or Loss	662,238	277,098	662,238	277,098
Write-off during the Period	(442,456)	(55,796)	(442,456)	(55,796)
Closing balance	3,230,120	3,010,338	3,230,120	3,010,338
Total impairment	4,787,099	6,039,271	4,787,099	6,039,271
	Bank		Group	
	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2017 LKR '000	As at 31/12/2016 LKR '000
	d) Due to Other Customers - By product			
By product-Domestic Currency				
Demand deposits	17,334,004	12,170,167	17,328,827	12,160,072
Savings deposits	26,369,749	21,810,521	26,365,126	21,807,856
Time deposits	176,174,612	124,893,885	175,856,808	124,555,927
Other deposits	621,786	295,906	621,786	295,906
Sub total	220,500,152	159,170,479	220,172,546	158,819,760
By product- Foreign Currency				
Demand deposits	2,587,245	3,668,781	2,587,245	3,668,781
Savings deposits	11,741,888	8,666,616	11,741,888	8,666,616
Time deposits	38,322,573	32,231,107	38,322,573	32,231,107
Other deposits	217,166	129,563	217,166	129,563
Sub total	52,868,871	44,696,068	52,868,871	44,696,068
Total	273,369,023	203,866,547	273,041,417	203,515,828

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 31/12/2017	As at 31/12/2016	As at 31/12/2017	As at 31/12/2016
	Basel III	Basel II	Basel III	Basel II
Regulatory Capital (LKR '000)				
Common Equity Tier 1	24,426,590	NA	30,008,389	NA
Tier 1 Capital	24,426,590	22,403,746	30,008,389	29,107,947
Total Capital	38,307,540	31,153,003	43,339,968	38,483,861
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	8.85	NA	10.55	NA
Tier 1 Capital Ratio (Minimum Requirement - 7.25%)	8.85	9.31	10.55	11.55
Total Capital Ratio (Minimum Requirement - 11.25%)	13.89	12.95	15.24	15.27
	As at 31/12/2017	As at 31/12/2016	As at 31/12/2017	As at 31/12/2016
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	77,506,348	67,105,194	77,506,348	67,105,194
Statutory Liquid Assets Ratio (Minimum Requirement - 20%)				
Domestic Banking Unit (%)	22.13	21.50	22.13	21.50
Off-Shore Banking Unit (%)	24.01	22.93	24.01	22.93
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 80%)	214.35	142.53	214.35	142.53
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 80%)	154.50	125.63	154.50	125.63
Asset Quality				
Gross Non-performing Advances Ratio (%)	1.83	2.63	1.83	2.43
Net Non-performing Advances Ratio (%)	0.94	1.01	0.94	1.01
Profitability				
Earnings Per Share (LKR)- (annualised)	25.57	19.19	21.84	16.29
Return on Average Shareholders' Funds (%)	16.22	13.36	11.73	9.23
Return on Average Assets (%)	1.21	0.99	1.02	0.82
Net interest margin (%)	3.00	2.64	3.04	2.70
Debt Security - Related Ratios				
Interest Cover (Times)	1.41	1.55	1.42	1.57
Debt to Equity (Times)	11.80	12.19	10.19	9.72

SHARE INFORMATION
SHARE PRICE

As at	31/12/2017	31/12/2016
Number of shares	171,485,705	165,185,506
Last traded price (LKR)	136.40	156.00
For the quarter ended	31/12/2017	31/12/2016
Highest price per share (LKR)	142.00	168.90
Lowest price per share (LKR)	126.90	150.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.12.2017

	NAME	NO OF SHARES	%
1	BANK OF CEYLON NO. 1 ACCOUNT	16,995,471	9.91
2	EMPLOYEES PROVIDENT FUND	16,620,881	9.69
3	MR. R. S. CAPTAIN	13,975,641	8.15
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,746,566	5.68
5	DR. S. YADDEHIGE	8,876,393	5.18
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	8,103,126	4.73
7	PERPETUAL TREASURIES LIMITED	7,632,593	4.45
8	EMPLOYEES TRUST FUND BOARD	5,932,549	3.46
9	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIF SHAREHOLDERS FUND	5,215,877	3.04
10	SBI VEN HOLDINGS PTE LTD	5,190,700	3.03
11	BNYMSANV RE-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	5,034,979	2.94
12	HATTON NATIONAL BANK PLC A/C NO 1	4,445,523	2.59
13	MR. A. K. PATHIRAGE	3,083,276	1.8
14	CIC HOLDINGS PLC	2,556,829	1.49
15	PERPETUAL EQUITIES (PRIVATE) LIMITED	2,423,194	1.41
16	ASIRI SURGICAL HOSPITAL PLC	2,415,219	1.41
17	SOFTLOGIC LIFE INSURANCE PLC-A/C 02 (LIFE FUND)	2,242,119	1.31
18	DFCC BANK PLC A/C 1	2,076,280	1.21
19	AKBAR BROTHERS PVT LTD A/C NO 1	1,931,177	1.13
20	HSBC INTL NOMINEES LTD-BP2S LONDON-ABERDEEN ASIA SMALLER COMPANIES INVESTMENT TRUST	1,747,189	1.02

PUBLIC HOLDING PERCENTAGE

	As at 31/12/2017
Public holding percentage	89.64%
Number of Public Shareholders	8,298

DIRECTORS INTEREST IN SHARES OF NDB AS AT 31.12.2017

NAME	NO OF SHARES
A W ATUKORALA (CHAIRMAN)	519
A K PATHIRAGE	4,145,293*
P L D N SENEVIRATNE	-
T L F JAYASEKERA	-
K FERNANDO	-
D S P WIKRAMANAYAKE	-
I SUGATHADASA	-
D M R PHILLIPS	-
K D W RATNAYAKA	-
R SEMASINGHE	-

* Includes shares held in the slash account

INFORMATION ON DEBENTURES- BANK											
Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 31 December 2017 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Quarter end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture June 2015 A - Jun 2015/Jun 2020	Listed	Annually	7,000	86.00	86.00	86.00	9.40	9.19	8.30	16.50	16.50
B - Jun 2015/Jun 2020	Listed	Payable on date of redemption	1,914	Not traded during the quarter			9.4 annual compounding on the Issue Price of Rs. 63.8136	9.18	8.30	Not traded during the quarter	
Fixed rate - Debenture December 2013											
A - Dec 2013/Dec 2018	Listed	Semi annually	1,243	Not traded during the quarter			13.00	12.79	8.30	Not traded during the quarter	
B - Dec 2013/Dec 2018	Listed	Annually	1,529	100.00	100.00	100.00	13.40	12.77	8.30	13.35	13.35
C - Dec 2013/Dec 2023	Listed	Annually	3,638	Not traded during the quarter			13.90	13.17	9.75	Not traded during the quarter	
D - Dec 2013/Dec 2025	Listed	Annually	3,590	101.07	100.04	100.04	14.00	13.26	9.75	13.99	13.99
Total Debentures			18,914								

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

Debenture Issue - June 2015

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

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

Debenture Issue - December 2013

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

Important Dates - FY 2017 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	01 February 2018
Investor Webinar	02 February 2018
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	Within two working days from the release to the CSE
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	Subsequent to the publication of the 2017 Annual Report
Edited transcript and playback video of the Investor webinar released/ uploaded to the Bank's website	Within five working days from the date of the Webinar
Investor Forum	Subsequent to the publication of the 2017 Annual Report

Corporate Information

<p>Name National Development Bank PLC</p> <p>Legal Form Established under the National Development Bank of Sri Lanka Act No. 02 of 1979 and incorporated as a Company under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 07 of 2007 and also licensed as a Licensed Commercial Bank in terms of the Banking Act No. 30 of 1988 as amended from time to time.</p>	<p>Head Office/Registered Office No. 40, Navam Mawatha, Colombo 02 Tel: +94 11 2448448 Fax: +94 11 2341044 SWIFT Code: NDBS LK LX Web Page: www.ndbbank.com E-mail: contact@ndbbank.com VAT Registration No.: 409000266-7000</p> <p>Credit Rating: Long-term National Rating: A+(lka)/ Stable Outlook - Fitch Ratings Lanka Limited</p>
<p>Registration No. PQ 27</p> <p>Accounting Year End 31 December</p> <p>VAT Registration No. 409000266-7000</p>	<p>Auditors M/s Ernst & Young, 201, De Saram Place, Colombo 10</p> <p>Company Secretary: Mrs. Shehani Ranasinghe</p> <p>Compliance Officer Mrs. Manique Kiriella Bandara</p>
<p>Board of Directors A W Atukorala - Chairman A K Pathirage - Director/ Deputy Chairman P L D N Seneviratne - Director/ Chief Executive Officer T L F Jayasekera (Director) D S P Wikramanayake (Director) Mrs. K Fernando - (Director) Mrs. W A I Sugathadasa - (Director) D M R Phillips, PC - (Director) K D W Ratnayaka - (Director) R Semasinghe - (Director) (appointed w.e.f 26th September 2017)</p> <p>Resignations in 2017 Mrs. D M A Harasgama (resigned w.e.f 30th June 2017) N S Welikala (resigned w.e.f 30th April 2017)</p>	<p>Subsidiary Companies NDB Capital Holdings Ltd. NDB Capital Ltd. (Bangladesh) Development Holding (Pvt) Ltd. NDB Investment Bank Ltd. NDB Wealth Management Ltd. NDB Securities (Pvt) Ltd. NDB Zephyr Partners Ltd. NDB Zephyr Partners Lanka (Pvt) Ltd. NDB Venture Investments (Pvt) Ltd. (Under liquidation) Ayojana Fund (Pvt) Ltd. (Under liquidation)</p>
Investor Relations - Contact Details	
<p>Company Secretarial Unit Mrs. Shehani Ranasinghe Company Secretary/Assistant Vice-President Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Extn: 33000</p>	<p>Investor Relations Team Mrs. Suvendrini Muthukumarana Assistant Vice-President - Finance & Planning Email: suvendrini.muthukumarana@ndbbank.com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 35301</p>



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