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INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30TH JUNE 2016

RELEASED TO THE COLOMBO STOCK EXCHANGE ON 11 AUGUST 2016

NATIONAL DEVELOPMENT BANK PLC

CSE stock code : NDB.N0000 | Bloomberg : NDBB | Reuter's : NBLK

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

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***The financial statements presented herewith are the unaudited financial statements for the first six months of 2016 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

Performance Commentary – 1H 2016

NDB posts PAS of LKR 1.1 billion for the first half of 2016

National Development Bank PLC and its Group companies posted a Profit Attributable to Shareholders (PAS) of LKR 1,083 million for the first six months of 2016. Despite growth in core banking operations, the PAS was a reduction of 25% in comparison to the corresponding period of 2015, mainly attributable to the increase in impairment charges. However, this is an improvement, in comparison to the year-on-year (YoY) PAS of Q1 2016 which was a reduction of 37%.

The gross income of the NDB Group was LKR 15,506 million for the period under review and was a healthy growth of 23% over the comparative period. The net interest income (NII) was LKR 4,234 million, an increase of 11%, which is commendable within the competitive interest rate environment that prevailed in the industry. This compares with the 4% YoY growth recorded during the first quarter of 2016, which indicates improved performance of the core banking operations of the Bank mainly attributable to the better management of interest margins and the assets and liability mix of the Bank.

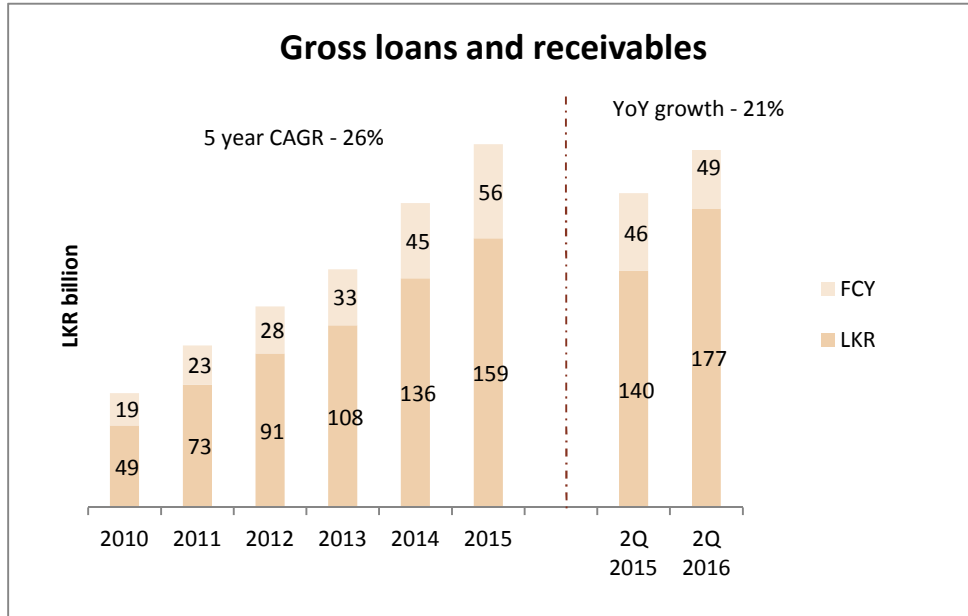
The net fee and commission income from core banking operations grew by 15% over the comparative period to reach LKR 1,073 million. The continuous healthy growth in fee income which the Bank has achieved over the past couple of months is a result of the increase in fee generating business volumes. However, the Bank recorded a negative growth in net gains from financial investments due to the upward movement in market interest rates.

Impairment charges for loans and other losses for the period was LKR 879 million and compares with LKR 218 million for the corresponding period in 2015. The total impairment charges for the period included individual impairment charges of LKR 438 million (which compares with a LKR 350 million for the first quarter of 2016) which represents specific provisions made for few customers, based on sound judgement and objective evidence. Impairment charges also include a collective impairment charge of LKR 423 million, which was primarily due to the growth in the lending portfolio by LKR 11 billion over the last year end and the provisioning basis adopted by the Bank in line with its Impairment Policy. Such prudent measures adopted at this juncture will benefit the Bank's profit in the future; once the envisaged recoveries of these impaired loans are achieved by the Bank's meticulous and stringent recovery process.

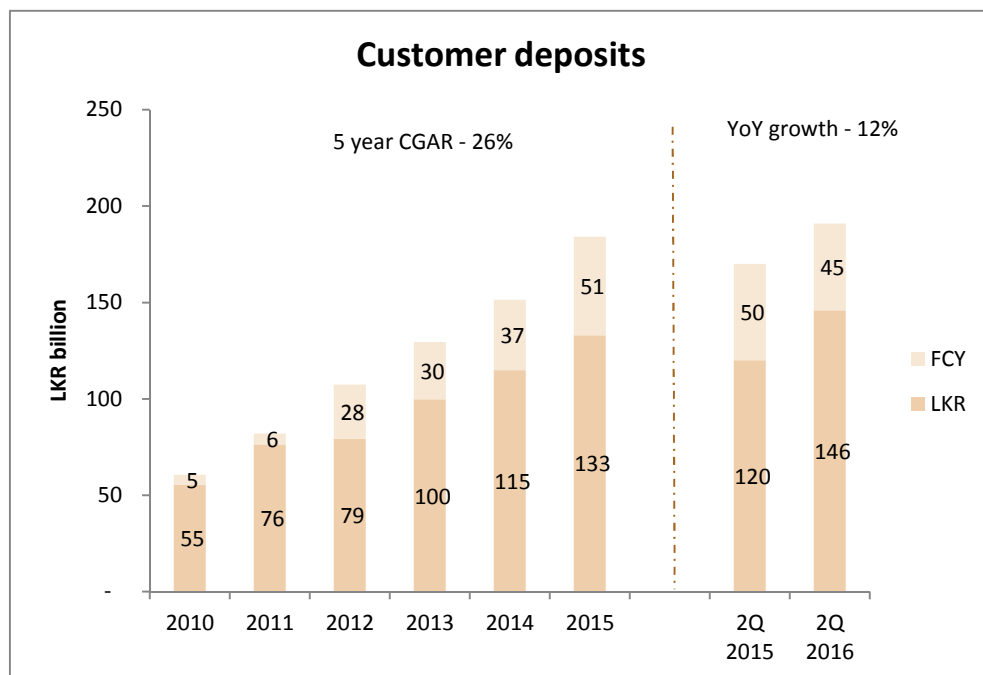
The quality of the Bank's asset portfolio was affirmed by the non-performing loan ratio of 2.54% for the period under review, which is well below the industry average.

Operating expenses of the Group grew by 7% compared to the comparative period and were LKR 3,501 million by end June 2016. Cost management forms a key strategic lever for the Bank in its objective of achieving profitable growth. The Bank has been able to well manage its costs amidst business expansions.

In terms of balance sheet performance, total assets recorded a moderate growth of 2% for the six months ended 30 June 2016, over total assets at the end of 2015. Accordingly, NDB Group's total assets stood at LKR 321 billion. Loans and receivables to customers grew by 5%, an increment of LKR 10,773 million from end December 2015. On a YoY basis, loans and receivables to customers grew by 21%. This is a satisfactory increase in the Bank's business volumes amidst stiff competition. Volume growth was seen across all business segments of retail & SME, corporate and project & infrastructure financing.

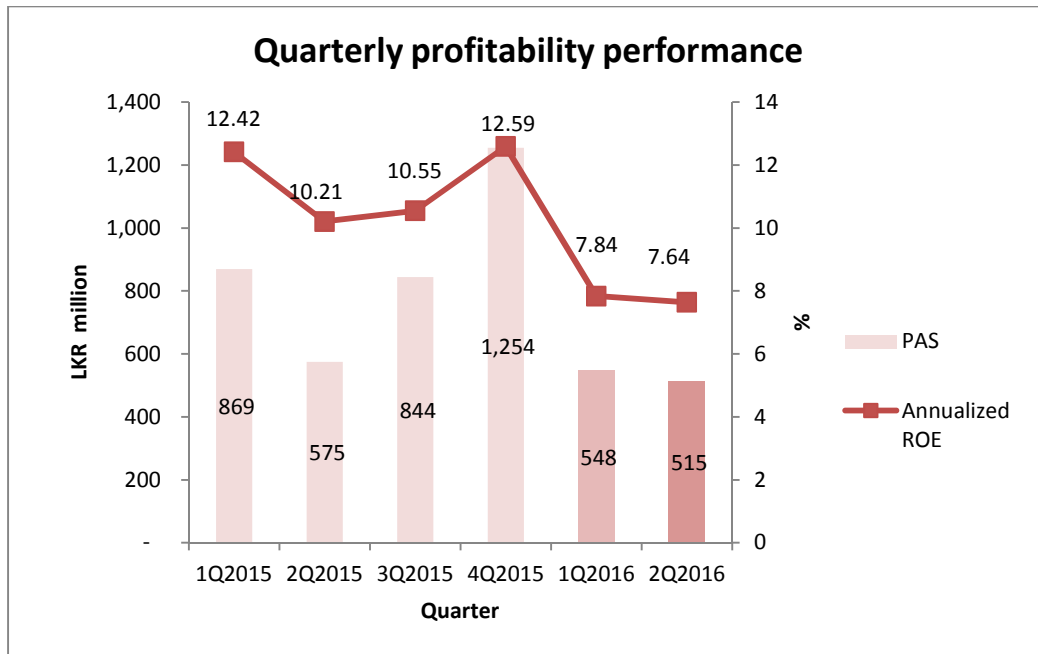


NDB Group's customer deposits reached LKR 190 billion by end June 2016. This was again a relatively modest growth of 3%, an equivalent of LKR 5.9 billion. Customer deposits grew by 12% on a YoY basis. The Bank is focused on increasing its deposits base, with greater emphasis placed on CASA deposits whilst striking an optimum in the funding mix.



Capital adequacy of the NDB Group as measured by Basel ratios were 10.85% for core/ Tier I level, whilst the total capital ratio was 14.92% at the end of the first six months of 2016. The same ratios for the Bank were 8.50% and 12.51%.

The six months ended 30 June 2016 recorded an annualized earnings per share (EPS) of LKR 13.19 and a return on average shareholders' funds (ROE) of 7.64%. The closing share price at the end of June 2016 was LKR 168.80.



The quarter ended marked a special occasion for the Bank during which it expanded its branch network beyond 100. The Bank's 100th branch was ceremoniously opened at Hingurakgoda, followed by two more branches, taking the total network to 102 by the end of the quarter. The Bank also relocated two of its branches in Pettah and Wellawatta. The Chief Executive Officer, Mr. Rajendra Theagarajah, commenting on the Bank's ambitious organic growth mentioned that the Bank is resolute in providing the best and most convenient banking experience to the Bank's clientele, through meaningful expansion of the branch network and technology enabled banking services.

The Chairman of NDB Mr. N G Wickremeratne maintained that the Bank will strengthen its stance through the infusion of quality capital in the near future, which will enable the Bank, further expansions. The Bank is well geared for the remainder of the year to embrace new business opportunities, attune its strategies in response to evolving monetary policy stances from the regulator and yield profitable growth and sustained returns to all its stakeholders.

Sgd.
N G Wickremeratne
Chairman
11 August 2016

Sgd.
Rajendra Theagarajah
Director/ Chief Executive Officer
11 August 2016

STATEMENT OF PROFIT OR LOSS										
	Bank					Group				
	Period ended 30/06/2016 LKR '000	Period ended 30/06/2015 LKR '000	Change %	Quarter ended 30/06/2016 LKR '000	Quarter ended 30/06/2015 LKR '000	Period ended 30/06/2016 LKR '000	Period ended 30/06/2015 LKR '000	Change %	Quarter ended 30/06/2016 LKR '000	Quarter ended 30/06/2015 LKR '000
Gross Income	15,250,883	12,758,678	20	7,651,122	5,934,841	15,505,624	12,642,921	23	7,950,850	6,323,380
Interest Income	13,037,351	10,179,606	28	6,841,421	5,066,545	13,216,688	10,309,865	28	6,943,953	5,148,181
Interest Expenses	8,997,894	6,517,479	38	4,780,883	3,324,631	8,982,383	6,506,744	38	4,774,100	3,328,851
Net Interest Income	4,039,457	3,662,127	10	2,060,538	1,741,914	4,234,305	3,803,121	11	2,169,853	1,819,330
Net Fee and Commission Income	1,073,301	932,721	15	533,895	477,510	1,503,166	1,462,454	3	738,120	787,743
Net gain/(loss) from trading	456,048	467,692	(2)	268,653	259,890	456,048	467,692	(2)	268,653	259,890
Net gain/(loss) from financial investments	128,138	169,660	(24)	(1,050)	46,062	207,306	282,565	(27)	57,573	141,885
Other operating income	556,045	1,008,999	(45)	8,203	84,834	122,416	120,344	2	(57,449)	(14,320)
Total Operating Income	6,252,989	6,241,199	0	2,870,239	2,610,210	6,523,241	6,136,176	6	3,176,750	2,994,528
Impairment charges for loans and other losses										
Individual Impairment	437,932	175,256	150	87,850	55,666	437,932	175,256	150	87,850	55,666
Collective Impairment	423,394	23,041	1,738	236,283	206,133	423,394	23,041	1,738	236,283	206,133
Other provision	(32,057)	-	(100)	(32,057)	-	17,540	19,322	(9)	8,810	19,322
	829,269	198,297	318	292,076	261,799	878,866	217,619	304	332,943	281,121
Net operating income	5,423,720	6,042,903	(10)	2,578,162	2,348,411	5,644,375	5,918,557	(5)	2,843,807	2,713,406
Operating Expenses										
Personnel Expenses	1,735,371	1,652,891	5	881,072	864,370	1,893,359	1,813,054	4	956,371	948,964
Depreciation and amortization	212,660	180,040	18	113,408	91,515	240,266	204,542	17	127,349	104,922
Other Expenses	1,235,542	1,115,830	11	621,546	587,453	1,367,748	1,262,681	8	694,993	665,075
Total operating expenses	3,183,573	2,948,761	8	1,616,026	1,543,338	3,501,373	3,280,277	7	1,778,713	1,718,961
Operating Profit Before Tax on Financial Services	2,240,147	3,094,142	(28)	962,136	805,075	2,143,002	2,638,280	(19)	1,065,094	994,445
Less: Tax on Financial Services	426,797	497,530	(14)	191,598	169,530	426,797	497,530	(14)	191,598	169,530
Operating Profit After Tax on Financial Services	1,813,350	2,596,612	(30)	770,538	635,545	1,716,205	2,140,750	(20)	873,496	824,915
Share of associate companies' profits/(losses)	-	-	-	-	-	-	62,920	(100)	-	15,957
Profit Before Taxation	1,813,350	2,596,612	(30)	770,538	635,545	1,716,205	2,203,670	(22)	873,496	840,872
Less :Taxation	538,314	593,600	(9)	292,814	190,106	590,491	730,562	(19)	317,941	257,358
Profit for the Period	1,275,036	2,003,012	(36)	477,724	445,439	1,125,714	1,473,108	(24)	555,555	583,514
Profit Attributable to:										
Equity Holders of the parent	1,275,036	2,003,012	(36)	477,724	445,439	1,082,965	1,443,804	(25)	535,434	574,529
Non Controlling Interests	-	-	-	-	-	42,749	29,304	46	20,122	8,985
	1,275,036	2,003,012	(36)	477,724	445,439	1,125,714	1,473,108	(24)	555,556	583,514
Basic Earnings per share (in LKR)	7.72	12.13	(36)	2.89	2.70	6.56	8.77	(25)	3.24	3.49
Diluted Earnings per share (in LKR)	7.72	12.12	(36)	2.89	2.69	6.56	8.76	(25)	3.24	3.48

STATEMENT OF COMPREHENSIVE INCOME										
	Period ended 30/06/2016 LKR '000	Period ended 30/06/2015 LKR '000	Change %	Quarter ended 30/06/2016 LKR '000	Quarter ended 30/06/2015 LKR '000	Period ended 30/06/2016 LKR '000	Period ended 30/06/2015 LKR '000	Change %	Quarter ended 30/06/2016 LKR '000	Quarter ended 30/06/2015 LKR '000
Profit for the period	1,275,036	2,003,012	(36)	477,726	445,439	1,125,714	1,473,108	(24)	555,555	583,513
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period										
Exchange differences on translation of foreign operations	-	-	-	-	-	3,619	15,080	(76)	(3,726)	14,624
Gains/(losses) from Available for Sale Investments	(471,320)	(85,814)	(449)	473,091	228,141	(498,843)	(80,706)	(518)	475,930	232,800
Gains /(losses) on cash flow hedges	311,779	80,469	287	(32,156)	(184,795)	311,779	80,469	287	(32,156)	(184,795)
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period										
Actuarial losses on defined benefit plans	(10,354)	-	(100)	-	-	(12,697)	-	(100)	-	-
Total Other Comprehensive Income /(expenses)	(169,895)	(5,345)	(3,079)	440,935	43,346	(196,142)	14,843	(1,421)	440,048	62,629
Less : Tax expenses relating to components of other comprehensive Income	33,840	21,722	56	(120,498)	(66,575)	33,840	21,722	56	(120,498)	(66,575)
Total Other Comprehensive Income after Tax	(136,055)	16,377	(931)	320,437	(23,229)	(162,302)	36,565	(544)	319,550	(3,946)
Total Comprehensive Income for the period	1,138,981	2,019,389	(44)	798,163	422,210	963,412	1,509,673	(36)	875,105	579,567
Attributable to:										
Equity holders of the parent	1,138,981	2,019,389	(44)	798,163	422,210	919,765	1,476,429	(38)	856,177	566,744
Non Controlling Interests	-	-	-	-	-	43,647	33,244	31	18,928	12,823
	1,138,981	2,019,389	(44)	798,163	422,210	963,412	1,509,673	(36)	875,105	579,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	As at 30/06/2016 LKR '000	As at 31/12/2015 (Audited) LKR '000		As at 30/06/2016 LKR '000	As at 31/12/2015 (Audited) LKR '000	
Assets						
Cash and cash equivalents	4,805,572	11,821,503	(59)	4,809,648	11,848,575	(59)
Balances with the Central Bank of Sri Lanka	9,996,674	6,999,898	43	9,996,674	6,999,898	43
Placements with banks	4,844,913	1,153,619	320	4,844,913	1,153,619	320
Derivative Financial Instruments	1,746,604	1,903,573	(8)	1,746,604	1,903,573	(8)
Financial Assets - Held for trading	2,215,210	2,985,262	(26)	5,073,823	5,229,493	(3)
Loans and Receivables to banks	51,652	102,632	(50)	51,652	102,632	(50)
Loans and Receivables to other customers	220,412,466	209,602,069	5	220,438,981	209,665,561	5
Financial Investments - Loans and receivables	31,126,704	35,830,311	(13)	32,457,009	37,368,705	(13)
Financial Investments - Available for sale	27,597,209	28,501,517	(3)	28,033,601	28,964,820	(3)
Financial Investments - Held to maturity	4,848,623	4,436,973	9	6,378,804	5,660,868	13
Investments -Held for sale	18,525	18,526	(0)	33,301	33,302	(0)
Investments in subsidiary companies	2,136,174	2,104,117	2	-	-	-
Investment Property	-	-	-	1,672,000	1,672,000	-
Intangible assets	349,846	240,234	46	377,211	274,746	37
Property, plant & equipment	2,043,512	2,030,003	1	2,486,863	2,454,883	1
Other assets	2,138,018	1,427,368	50	2,474,792	2,021,058	22
Total assets	314,331,702	309,157,605	2	320,875,876	315,353,733	2
Liabilities						
Due to Banks	18,473,402	11,620,003	59	18,473,402	11,620,003	59
Derivative Financial Instruments	534,578	639,272	(16)	534,578	639,272	(16)
Due to other Customers	190,837,894	184,933,230	3	190,447,984	184,152,280	3
Debt Securities issued and other borrowed funds	54,232,261	60,527,844	(10)	54,232,261	60,497,844	(10)
Current Tax Liabilities	579,366	486,503	19	623,391	524,020	19
Deferred Tax	742,352	702,378	6	734,177	712,823	3
Other liabilities	5,284,078	7,913,620	(33)	5,685,467	8,172,877	(30)
Dividends payable	52,362	60,014	(13)	52,362	60,014	(13)
Subordinated Term Debts	20,411,308	19,573,883	4	20,411,308	19,573,883	4
Total liabilities	291,147,601	286,456,747	2	291,194,930	285,953,017	2
Equity						
Stated Capital (Bank & Group - 165,167,342 shares)	1,242,772	1,242,772	-	1,242,772	1,162,963	-
Statutory Reserve Fund	1,242,772	1,242,772	-	1,242,772	1,242,772	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	14,247,622	13,638,678	4	19,587,535	19,170,268	2
Other Reserves	645,228	770,929	(16)	780,763	1,000,494	(22)
Total shareholders' equity	23,184,101	22,700,858	2	28,659,549	28,382,204	1
Non Controlling Interests	-	-	-	1,021,397	1,018,513	0
Total Equity	23,184,101	22,700,858	2	29,680,946	29,400,717	1
Total liabilities and equity	314,331,702	309,157,605	2	320,875,876	315,353,733	2
Net Book Value Per Share (LKR)	140.37	137.44	2	173.52	172.45	1
Contingent liabilities and commitments	233,681,428	237,748,413	(2)	235,369,108	238,589,573	(1)
Memorandum Information						
Number of Employees	2,088	1,960				
Number of Branches	102	93				

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2016	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			
BANK											
Balance as at 1 January 2015	1,225,162	1,010,785	5,805,707	853,456	20,243	105,250	397,852	12,819,737	22,238,192	-	22,238,192
Super gain tax	-	-	-	-	-	-	-	(732,081)	(732,081)	-	(732,081)
Adjusted Opening Balance as at 1 January 2015	1,225,162	1,010,785	5,805,707	853,456	20,243	105,250	397,852	12,087,656	21,506,111	-	21,506,111
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	2,003,012	2,003,012	-	2,003,012
Other Comprehensive Income before Tax	-	-	-	-	-	(85,814)	80,469	-	(5,345)	-	(5,345)
Tax on Other Comprehensive Income	-	-	-	-	-	21,722	-	-	21,722	-	21,722
Total Comprehensive Income for the period	-	-	-	-	-	(64,092)	80,469	2,003,012	2,019,389	-	2,019,389
Transactions with equity holders											
Issue of Shares	11,957	-	-	-	-	-	-	-	11,957	-	11,957
Transfer from share based payment reserves	6,318	-	-	-	(6,318)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(659,278)	(659,278)	-	(659,278)
Balance as at 30 June 2015	1,243,437	1,010,785	5,805,707	853,456	13,925	41,158	478,321	13,431,390	22,878,179	-	22,878,179
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
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	1,275,036	1,275,036	-	1,275,036
Other Comprehensive Income before Tax	-	-	-	-	-	(471,320)	311,779	(10,352)	(169,893)	-	(169,893)
Tax on Other Comprehensive Income	-	-	-	-	-	33,840	-	-	33,840	-	33,840
Total Comprehensive Income for the period	-	-	-	-	-	(437,480)	311,779	1,264,684	1,138,983	-	1,138,983
Transactions with equity holders											
Dividend to equity holders	-	-	-	-	-	-	-	(655,740)	(655,740)	-	(655,740)
Balance as at 30 June 2016	1,242,771	1,242,772	5,805,707	853,456	14,590	(644,757)	421,939	14,247,622	23,184,100	-	23,184,101

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2016	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 2015	1,145,353	1,010,785	5,805,707	853,456	60,148	162,355	397,852	18,440,117	27,875,773	922,646	28,798,419
Super gain tax	-	-	-	-	-	-	-	(833,548)	(833,548)	(21,123)	(854,671)
Adjusted Opening Balance as at 1 January 2015	1,145,353	1,010,785	5,805,707	853,456	60,148	162,355	397,852	17,606,569	27,042,225	901,523	27,943,748
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	1,443,804	1,443,804	29,304	1,473,108
Other Comprehensive Income before Tax	-	-	-	-	-	(80,706)	80,469	11,140	10,903	3,940	14,843
Tax on Other Comprehensive Income	-	-	-	-	-	21,722	-	-	21,722	-	21,722
Total Comprehensive Income for the period	-	-	-	-	-	(58,984)	80,469	1,454,944	1,476,429	33,244	1,509,673
Transactions with equity holders											
Issue of Shares	11,957	-	-	-	-	-	-	-	11,957	-	11,957
Adjustment due to changes in group companies	-	-	-	-	-	-	-	(33,665)	(33,665)	13,083	(20,582)
Adjustment to share based payment reserves	-	-	-	-	13,301	-	-	-	13,301	-	13,301
Transfer from share based payment reserves	6,318	-	-	-	(6,318)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(659,278)	(659,278)	(41,283)	(700,561)
Balance as at 30 June 2015	1,163,628	1,010,785	5,805,707	853,456	67,131	103,371	478,321	18,368,570	27,850,969	906,567	28,757,536
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
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	1,082,965	1,082,965	42,749	1,125,714
Other Comprehensive Income before Tax	-	-	-	-	-	(498,843)	311,779	(9,957)	(197,021)	883	(196,138)
Tax on Other Comprehensive Income	-	-	-	-	-	33,840	-	-	33,840	-	33,840
Total Comprehensive Income for the period	-	-	-	-	-	(465,003)	311,779	1,073,008	919,784	43,632	963,416
Transactions with equity holders											
Adjustment to share based payment reserves	79,809	-	-	-	(66,508)	-	-	-	13,301	-	13,301
Dividend to equity holders	-	-	-	-	-	-	-	(655,740)	(655,740)	(40,748)	(696,488)
Balance as at 30 June 2016	1,242,772	1,242,772	5,805,707	948,795	14,590	(604,562)	421,939	19,587,536	28,659,549	1,021,397	29,680,946

STATEMENT OF CASH FLOW				
For the Period ended 30 June	BANK		GROUP	
	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	12,086,670	10,041,019	12,246,021	10,137,717
Fee based income received	1,021,001	932,720	1,496,289	1,205,605
Dividend income received	52,017	407,596	62,517	85,413
Other Operating income received	711,701	583,673	736,809	588,781
Interest paid	(8,777,374)	(6,035,350)	(8,777,374)	(6,036,843)
Personnel costs paid	(1,651,271)	(1,573,391)	(1,805,546)	(1,723,846)
Other expenses paid	(1,200,548)	(1,219,948)	(1,377,744)	(1,377,281)
Operating Profit before changes in operating assets and liabilities	2,242,196	3,136,320	2,580,972	2,879,545
Net increase in loans and receivables to other customers	(10,879,999)	(5,933,292)	(10,883,097)	(5,933,292)
Net Increase in deposits from customers	6,119,673	18,320,684	6,119,673	18,320,684
Net (increase)/decrease in other assets	178,177	553,981	73,363	412,849
Net increase/(decrease) in other liabilities	(2,897,874)	(1,020,153)	(2,883,042)	(864,165)
Net cash inflow/(outflow) from operating activities before taxation	(5,237,827)	15,057,540	(4,992,131)	14,815,621
Tax on Financial Services paid	(394,663)	(542,941)	(394,663)	(542,941)
Income taxes paid	(371,637)	(436,668)	(398,076)	(447,319)
Net cash provided by/(used in) operating activities	(6,004,127)	14,077,930	(5,784,870)	13,825,361
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	5,706,986	7,618,391	5,499,607	7,746,438
Disposal of subsidiaries/associates	-	(53,947)	-	-
Expenditure on property, plant & equipment	(337,403)	(225,013)	(373,017)	(226,820)
Proceeds from sale of property, plant & equipment	10,357	97,017	11,095	109,338
Net cash used in investing activities	5,379,940	7,436,449	5,137,685	7,628,956
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	-	11,957	-	95,520
(Decrease)/ Increase in other borrowings	959,712	(10,886,101)	959,712	(10,886,101)
Dividends paid to non-controlling interests	-	-	-	(1,046)
Dividends paid to shareholders of the Bank	(663,385)	(664,132)	(663,385)	(664,132)
Net cash provided by /(used in) financing activities	296,327	(11,538,276)	296,327	(11,455,759)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(327,860)	9,976,103	(350,858)	9,998,559
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	19,975,020	12,431,750	20,002,093	12,601,395
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19,647,160	22,407,853	19,651,235	22,599,954
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	4,805,572	7,475,699	4,809,648	7,667,799
Balances with the Central Bank of Sri Lanka	9,996,674	7,147,163	9,996,674	7,147,163
Placements with banks	4,844,915	7,788,743	4,844,913	7,788,743
	19,647,160	22,411,605	19,651,235	22,603,705
Amount due to foreign Banks	-	3,752	-	3,752
	19,647,160	22,407,853	19,651,235	22,599,953

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 June

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000
Revenue										
Interest Income	13,037,351	10,179,606	163,940	130,259	-	-	-	-	13,201,291	10,309,865
Net Fee and Commission Income	1,073,301	932,721	278,467	466,125	66,426	39,595	62,127	56,440	1,480,321	1,494,881
Foreign exchange profit	456,048	467,692	-	-	-	-	-	-	456,048	467,692
Net gain/(loss) from financial investments	128,138	169,660	79,168	51,050	-	-	-	-	207,306	220,709
Other Income	122,634	114,073	(218)	6,270	-	-	-	-	122,416	120,344
Total revenue from external customers	14,817,472	11,863,753	521,357	653,704	66,426	39,595	62,127	56,440	15,467,382	12,613,492
Inter-segment Revenue	-	-	9,905	5,416	28,337	24,013	-	-	38,242	29,429
Total Revenue	14,817,472	11,863,753	531,262	659,120	94,763	63,608	62,127	56,440	15,505,624	12,642,921
Impairment (charge)/reversal for loans & other losses	(861,326)	(198,297)	(17,540)	(19,322)	-	-	-	-	(878,866)	(217,619)
Segment expenses	(12,201,033)	(9,474,828)	(223,187)	(255,792)	(14,907)	(12,598)	(44,627)	(43,804)	(12,483,756)	(9,787,022)
Total segment expenses	(13,062,359)	(9,673,125)	(240,727)	(275,114)	(14,907)	(12,598)	(44,627)	(43,804)	(13,362,622)	(10,004,641)
Segment results	1,755,113	2,190,628	290,535	384,006	79,857	51,010	17,500	12,636	2,143,002	2,638,280
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	62,920	-	62,920
Taxation									590,491	730,562
VAT on financial services									426,797	497,530
Profit after taxation									1,125,714	1,473,108
Other information										
Segment assets	313,938,799	270,337,843	5,016,847	4,024,419	1,782,029	1,594,131	104,899	58,673	320,842,575	276,015,066
Investment in associate	-	-	-	-	-	-	-	792,801	-	792,801
Investments -Held for sale	-	-	-	-	-	-	33,301	33,301	33,301	33,301
Consolidated total assets									320,875,876	276,841,168
Segment liabilities	290,712,638	246,908,726	308,394	220,520	149,872	91,543	24,029	8,167	291,194,930	247,228,956
Consolidated total liabilities									291,194,930	247,228,956
Segmental Cash flows										
Cash flows from operating activities	(6,004,127)	14,077,930	209,930	(326,269)	61,516	62,404	(52,189)	11,297	(5,784,870)	13,825,362
Cash flows from investing activities	5,379,940	7,436,449	(229,095)	193,255	(13,160)	(583)	-	(163)	5,137,685	7,628,958
Cash flows from financing activities	296,327	(11,538,276)	-	(1,046)	-	-	-	83,563	296,327	(11,455,759)

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 JUNE 2016 - BANK (LKR '000)							
ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	4,805,572	-	-	-	4,805,572
Balances with the Central Bank of Sri Lanka	-	-	9,996,674	-	-	-	9,996,674
Placements with banks	-	-	4,844,913	-	-	-	4,844,913
Derivative Financial Instruments	1,746,604	-	-	-	-	-	1,746,604
Financial Assets - Held for trading	2,215,210	-	-	-	-	-	2,215,210
Loans and Receivables to banks	-	-	51,652	-	-	-	51,652
Loans and Receivables to other customers	-	-	220,412,466	-	-	-	220,412,466
Financial Investments - Loans and receivables	-	-	31,126,704	-	-	-	31,126,704
Financial Investments - Available for sale	-	-	-	27,597,209	-	-	27,597,209
Financial Investments - Held to maturity	-	4,848,623	-	-	-	-	4,848,623
Total Financial Assets	3,961,814	4,848,623	271,237,982	27,597,209	-	-	307,645,627
Investments -Held for sale	-	-	-	-	-	18,526	18,526
Investments in subsidiary companies	-	-	-	-	2,136,174	-	2,136,174
Intangible assets	-	-	-	-	349,846	-	349,846
Property, plant & equipment	-	-	-	-	2,043,512	-	2,043,512
Other assets	-	-	-	-	2,138,018	-	2,138,018
Total assets	3,961,814	4,848,623	271,237,982	27,597,209	6,667,550	18,526	314,331,703

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	18,473,402	-	18,473,402
Derivative Financial Instruments	534,578	-	-	534,578
Due to other Customers	-	190,837,894	-	190,837,894
Debt Securities issued and other borrowed funds	-	54,232,261	-	54,232,261
Subordinated Term debts	-	20,411,308	-	20,411,308
Other Financial Liabilities	-	841,588	-	841,588
Total Financial Liabilities	534,578	284,796,453	-	285,331,030
Current Tax Liabilities	-	-	579,366	579,366
Deferred Tax	-	-	742,352	742,352
Other liabilities	-	-	4,442,490	4,442,490
Dividends payable	-	-	52,362	52,362
Total liabilities	534,578	284,796,453	5,816,570	291,147,601

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 JUNE 2016 - GROUP (LKR '000)							
ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	4,809,648	-	-	-	4,809,648
Balances with the Central Bank of Sri Lanka	-	-	9,996,674	-	-	-	9,996,674
Placements with banks	-	-	4,844,913	-	-	-	4,844,913
Derivative Financial Instruments	1,746,604	-	-	-	-	-	1,746,604
Financial Assets - Held for trading	5,073,823	-	-	-	-	-	5,073,823
Loans and Receivables to banks	-	-	51,652	-	-	-	51,652
Loans and Receivables to other customers	-	-	220,438,981	-	-	-	220,438,981
Financial Investments - Loans and receivables	-	-	32,457,009	-	-	-	32,457,009
Financial Investments - Available for sale	-	-	-	28,033,601	-	-	28,033,601
Financial Investments - Held to maturity	-	6,378,804	-	-	-	-	6,378,804
Total Financial Assets	6,820,427	6,378,804	272,598,877	28,033,601	-	-	313,831,709
Investments -Held for sale	-	-	-	-	-	33,301	33,301
Investment Property	-	-	-	-	1,672,000	-	1,672,000
Intangible assets	-	-	-	-	377,211	-	377,211
Property, plant & equipment	-	-	-	-	2,486,861	-	2,486,861
Other assets	-	-	-	-	2,474,794	-	2,474,794
Total assets	6,820,427	6,378,804	272,598,877	28,033,601	7,010,866	33,301	320,875,876

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	18,473,402	-	18,473,402
Derivative Financial Instruments	534,578	-	-	534,578
Due to other Customers	-	190,447,984	-	190,447,984
Debt Securities issued and other borrowed funds	-	54,232,261	-	54,232,261
Subordinated Term debts	-	20,411,308	-	20,411,308
Other Financial Liabilities	-	841,588	-	841,588
Total Financial Liabilities	534,578	284,406,543	-	284,941,120
Current Tax Liabilities	-	-	623,391	623,391
Deferred Tax	-	-	734,177	734,177
Other liabilities	-	-	4,843,882	4,843,882
Dividends payable	-	-	52,362	52,362
Total liabilities	534,578	284,406,543	6,253,812	291,194,930

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2015 - BANK (LKR '000)							
ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	11,821,503	-	-	-	11,821,503
Balances with the Central Bank of Sri Lanka	-	-	6,999,898	-	-	-	6,999,898
Placements with banks	-	-	1,153,619	-	-	-	1,153,619
Derivative Financial Instruments	1,903,573	-	-	-	-	-	1,903,573
Financial Assets - Held for trading	2,985,262	-	-	-	-	-	2,985,262
Loans and Receivables to banks	-	-	102,632	-	-	-	102,632
Loans and Receivables to other customers	-	-	209,602,069	-	-	-	209,602,069
Financial Investments - Loans and receivables	-	-	35,830,311	-	-	-	35,830,311
Financial Investments - Available for sale	-	-	-	28,501,517	-	-	28,501,517
Financial Investments - Held to maturity	-	4,436,973	-	-	-	-	4,436,973
Total Financial Assets	4,888,834	4,436,973	265,510,033	28,501,517	-	-	303,337,355
Investments -Held for sale	-	-	-	-	-	18,525	18,526
Investments in subsidiary companies	-	-	-	-	2,104,117	-	2,104,117
Intangible assets	-	-	-	-	240,234	-	240,234
Property, plant & equipment	-	-	-	-	2,030,003	-	2,030,003
Other assets	-	-	-	-	1,427,370	-	1,427,370
Total assets	4,888,834	4,436,973	265,510,033	28,501,517	5,801,724	18,525	309,157,605

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	11,620,003	-	11,620,003
Derivative Financial Instruments	639,272	-	-	639,272
Due to other Customers	-	184,933,230	-	184,933,230
Debt Securities issued and other borrowed funds	-	60,527,844	-	60,527,844
Subordinated Term debts	-	19,573,883	-	19,573,883
Other Financial Liabilities	-	2,889,782	-	2,889,782
Total Financial Liabilities	639,272	279,544,742	-	280,184,014
Current Tax Liabilities	-	-	486,503	486,503
Deferred Tax	-	-	702,378	702,378
Other liabilities	-	-	5,023,838	5,023,838
Dividends payable	-	-	60,014	60,014
Total liabilities	639,272	279,544,742	6,272,733	286,456,747

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2015 - GROUP (LKR '000)							
ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	11,848,575	-	-	-	11,848,575
Balances with the Central Bank of Sri Lanka	-	-	6,999,898	-	-	-	6,999,898
Placements with banks	-	-	1,153,619	-	-	-	1,153,619
Derivative Financial Instruments	1,903,573	-	-	-	-	-	1,903,573
Financial Assets - Held for trading	5,229,493	-	-	-	-	-	5,229,493
Loans and Receivables to banks	-	-	102,632	-	-	-	102,632
Loans and Receivables to other customers	-	-	209,665,561	-	-	-	209,665,561
Financial Investments - Loans and receivables	-	-	37,368,705	-	-	-	37,368,705
Financial Investments - Available for sale	-	-	-	28,964,820	-	-	28,964,820
Financial Investments - Held to maturity	-	5,660,868	-	-	-	-	5,660,868
Total Financial Assets	7,133,066	5,660,868	267,138,992	28,964,820	-	-	308,897,745
Investments -Held for sale	-	-	-	-	-	33,301	33,302
Investment Property	-	-	-	-	1,672,000	-	1,672,000
Intangible assets	-	-	-	-	274,746	-	274,746
Property, plant & equipment	-	-	-	-	2,454,883	-	2,454,883
Other assets	-	-	-	-	2,021,058	-	2,021,058
Total assets	7,133,066	5,660,868	267,138,992	28,964,820	6,422,687	33,301	315,353,733

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	11,620,003	-	11,620,003
Derivative Financial Instruments	639,272	-	-	639,272
Due to other Customers	-	184,152,280	-	184,152,280
Debt Securities issued and other borrowed funds	-	60,497,844	-	60,497,844
Subordinated Term debts	-	19,573,883	-	19,573,883
Other Financial Liabilities	-	2,893,671	-	2,893,671
Total Financial Liabilities	639,272	278,737,682	-	279,376,953
Current Tax Liabilities	-	-	524,020	524,020
Deferred Tax	-	-	712,823	712,823
Other liabilities	-	-	5,279,209	5,279,209
Dividends payable	-	-	60,014	60,014
Total liabilities	639,272	278,737,682	6,576,066	285,953,017

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. The Bank revised its Revenue recognition criteria for Loans and receivables in line with the Sri Lanka Accounting Standard No.18 (LKAS 18) Revenue. Accordingly the Bank discontinued the recognition of interest income of loan facilities if the arrears position is equal or more than three instalments. The basis was decided upon after a comprehensive review of the risk profile and the assets quality of the Bank's Loans and receivables portfolio. The change in the basis was effective from 01 July 2015 and did not result in retrospective adjustments as the amount involved were not material.
4. The Bank's 99.89% owned subsidiary, NDB Capital Holdings Limited divested part of its 32% owned investment in Resus Energy PLC on 17 September 2015. Accordingly the investment which was accounted as an Investment in Associates, was reclassified as "Available for Sale" Investments on 30 September 2015. The transaction resulted in a capital gain of LKR 164 mn to the NDB Group .
5. As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30 October 2015, the NDB Group was liable for Super Gain tax of Rs. 854.67 Mn. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment 2013/2014. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super Gain Tax was accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015. Accordingly, the NDB Group accounted for the Super Gain Tax expense as an adjustment to the opening retained earnings as at 01 January 2015 in the Statement of Changes in Equity.
6. The Bank has applied 11% as the Financial Services VAT rate based on the Supreme Court order issued on 11 July 2016, which resulted in the suspension of the amendments to the VAT act.
7. 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
8. 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 30/06/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000
a) Loans and Receivables to Other Customers				
Gross loans and receivables	225,901,978	215,012,449	225,928,493	215,075,941
(Less): Individual impairment	2,331,399	2,621,344	2,331,399	2,621,344
Collective impairment	3,158,113	2,789,036	3,158,113	2,789,037
Net loans and receivables	220,412,466	209,602,069	220,438,981	209,665,561
b) Gross Loans and Receivables to Other Customers - By product				
	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000
By product-Domestic Currency				
Term loans	56,645,527	47,867,327	56,645,527	47,866,287
Medium and short term loans	26,632,021	23,975,349	26,632,021	23,975,349
Overdrafts	30,594,454	25,237,884	30,546,375	25,236,535
Trade Finance	11,055,083	10,120,916	11,055,083	10,120,916
Consumer loans	21,845,454	22,702,280	21,845,454	22,702,280
Lease rentals receivable	16,134,791	16,024,542	16,134,791	16,024,542
Hire Purchase	1,189,295	1,667,648	1,189,295	1,667,648
Housing loans	9,174,703	8,308,954	9,174,703	8,308,954
Pawning	153,890	208,024	153,890	208,024
Credit cards	959,112	863,579	959,112	863,579
Staff loans	1,306,200	1,235,347	1,380,794	1,301,229
Islamic Banking facilities	1,512,245	1,132,912	1,512,245	1,132,912
Sub total	177,202,777	159,344,761	177,229,292	159,408,254
By product-Foreign Currency				
Overdrafts	2,238,049	630,862	2,238,049	630,862
Medium and short term loans	25,750,238	32,944,735	25,750,238	32,944,735
Trade Finance	19,461,208	20,920,471	19,461,208	20,920,471
Islamic Banking facilities	1,249,705	1,171,620	1,249,705	1,171,620
Sub total	48,699,201	55,667,688	48,699,201	55,667,688
Total	225,901,978	215,012,449	225,928,493	215,075,941
c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers				
	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000
Individual impairment				
Opening balance at 01st January	2,621,344	2,289,588	2,621,344	2,289,588
Charge/(Write back) to Statement of Profit or Loss	437,931	561,163	437,931	561,163
Write-off during the period	(727,876)	(822,335)	(727,876)	(822,335)
Other movements	-	592,928	-	592,928
Closing balance	2,331,399	2,621,344	2,331,399	2,621,344
Collective impairment				
Opening balance at 01st January	2,789,036	2,724,616	2,789,036	2,724,616
Charge/(Write back) to Statement of Profit or Loss	423,394	150,670	423,394	150,670
Write-off during the Period	(54,317)	(86,249)	(54,317)	(86,249)
Closing balance	3,158,113	2,789,037	3,158,113	2,789,037
Total impairment	5,489,512	5,410,381	5,489,512	5,410,381
d) Due to Other Customers - By product				
	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/06/2016 LKR '000	As at 31/12/2015 LKR '000
By product-Domestic Currency				
Demand deposits	13,603,243	11,770,327	13,590,667	10,989,378
Savings deposits	21,882,651	24,032,428	21,882,651	24,032,428
Time deposits	109,986,081	97,558,574	109,608,747	97,558,574
Other deposits	526,441	461,196	526,441	461,196
Sub total	145,998,416	133,822,524	145,608,506	133,041,575
By product- Foreign Currency				
Demand deposits	2,360,053	4,614,516	2,360,053	4,614,516
Savings deposits	7,799,371	6,950,576	7,799,371	6,950,576
Time deposits	34,555,373	39,459,817	34,555,373	39,459,817
Other deposits	124,680	85,797	124,680	85,797
Sub total	44,839,478	51,110,705	44,839,478	51,110,705
Total	190,837,894	184,933,230	190,447,984	184,152,280

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at	As at	As at	As at
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Regulated Capital Adequacy				
Core Capital (Tier 1 Capital) (LKR mn)	20,034	20,018	26,914	27,154
Total Capital Base (LKR mn)	29,484	29,614	37,021	37,417
Core Capital adequacy Ratio -Core Capital as a % of Risk -weighted Assets (Minimum Requirement, 5%)	8.50	8.51	10.85	11.07
Total Capital Adequacy Ratio -Total Capital as a % of (Tier 1 & 2 (%))				
Risk -weighted Assets (Minimum Requirement,10%)	12.51	12.59	14.92	15.25
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.54	2.43	2.54	2.43
Net Non-performing Advances Ratio (%)	1.09	1.01	1.09	1.01
Profitability				
Earnings Per Share (LKR)- (annualised)	13.16	21.26	13.19	21.51
Return on Average Shareholders' Funds (%)	9.47	15.63	7.64	12.59
Return on Average Assets (%)	0.70	1.23	0.68	1.21
Net interest margin (%)	2.61	2.63	2.68	2.67
Debt Security - Related Ratios				
Interest Cover (Times)	1.45	1.55	1.47	1.57
Debt to Equity (Times)	12.25	12.19	9.89	9.72
Regulatory Liquidity				
Statutory liquid assets- LKR mn	64,135	58,367	64,135	58,367
Statutory liquid assets ratio (%)				
Domestic Banking Unit	21.16	22.24	21.16	22.24
Foreign Currency Banking Unit	27.59	24.91	27.59	24.91
Certification:				
We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.				
(Sgd) Suvendrini Muthukumarana Assistants Vice President- Finance & Planning		(Sgd) Faizan Ozman Group 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.				
(Sgd) N.G Wickremeratne Director/Chairman		(Sgd) R.Theagarajah Director/Chief Executive Officer		
11 August 2016				

SHARE INFORMATION
SHARE PRICE

As at	30/06/2016	31/12/2015
Number of shares	165,167,342	165,167,342
Last traded price (LKR)	168.80	194.10
For the quarter ended	30/06/2016	31/12/2015
Highest price per share (LKR)	195.00	245.00
Lowest price per share (LKR)	150.00	187.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.06.2016

	NAME	NO OF SHARES	%
1	BANK OF CEYLON NO. 1 ACCOUNT	16,371,076	9.91%
2	EMPLOYEES PROVIDENT FUND	16,010,248	9.69%
3	MR. R S CAPTAIN	13,476,049	8.16%
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,388,488	5.68%
5	DR. S YADDEHIGE	8,595,636	5.20%
6	HSBC INTL NOM LTD-SNFE-NTASIAN DISCOVERY MASTER FUND	7,889,751	4.78%
7	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,805,426	4.73%
8	HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.46%
9	EMPLOYEES TRUST FUND BOARD	5,714,594	3.46%
10	BNYM SA/NV-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	4,850,000	2.94%
11	HSBC INTL NOM LTD-BP2S LONDON-ABERDEEN ASIA PACIFIC EQUITY FUND	4,294,800	2.60%
12	HATTON NATIONAL BANK PLC A/C NO 1	4,282,200	2.59%
13	ASIAN ALLIANCE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	3,450,977	2.09%
14	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	3,085,185	1.87%
15	MR. A K PATHIRAGE	2,970,000	1.80%
16	CIC HOLDINGS PLC	2,462,894	1.49%
17	ASIRI CENTRAL HOSPITALS LIMITED	2,403,447	1.46%
18	ASIAN ALLIANCE INSURANCE PLC-A/C 02 (LIFE FUND)	2,159,746	1.31%
19	DFCC BANK PLC A/C 1	2,000,000	1.21%
20	HSBC INTL NOMINEES LTD-BP2S LONDON-ABERDEEN ASIA SMALLER COMPANIES INVESTME	1,683,000	1.02%

PUBLIC HOLDING PERCENTAGE

	As at 30/06/2016
Public holding percentage	90.25%
Number Of Public Shareholders	7,821

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.06.2016

NAME	NO OF SHARES
N G WICKREMERATNE (CHAIRMAN)	-
A K PATHIRAGE	3,993,000*
R THEAGARAJAH (CEO)	126
T L F JAYASEKARA	-
K FERNANDO	-
D S P WIKRAMANAYAKE	-
I SUGATHADASA	-
D M A HARASGAMA	-
D M R PHILLIPS	-
K D W RATNAYAKA	-

* Includes shares held in slash account

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 June 2016 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	Not traded during the quarter			9.40	9.19	8.30	Not traded during the quarter	
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	Not traded during the quarter			13.40	12.77	8.30	Not traded during the quarter	
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	Not traded during the quarter			14.00	13.26	9.75	Not traded during the quarter	
Total Debentures			18,914								

STATEMENT OF PROFIT OR LOSS IN USD										
	Bank					Group				
	Period ended 30/06/2016 USD'000	Period ended 30/06/2015 USD'000	Change %	Quarter ended 30/06/2016 USD'000	Quarter ended 30/06/2015 USD'000	Period ended 30/06/2016 USD'000	Period ended 30/06/2015 USD'000	Change %	Quarter ended 30/06/2016 USD'000	Quarter ended 30/06/2015 USD'000
Gross Income	104,356	95,361	9	52,354	44,358	106,099	94,496	12	54,405	47,262
Interest Income	89,210	76,085	17	46,813	37,869	90,437	77,058	17	47,515	38,479
Interest Expenses	61,569	48,713	26	32,714	24,849	61,463	48,633	26	32,667	24,881
Net Interest Income	27,641	27,372	1	14,100	13,019	28,975	28,425	2	14,848	13,598
Net Fee and Commission Income	7,344	6,971	5	3,653	3,569	10,286	10,931	(6)	5,051	5,888
Net gain/(loss) from trading	3,121	3,496	(11)	1,838	1,942	3,121	3,496	(11)	1,838	1,942
Net gain/(loss) from financial investments	877	1,268	(31)	(7)	344	1,419	2,112	(33)	394	1,060
Other operating income	3,805	7,541	(50)	56	634	838	899	(7)	(393)	(107)
Total Operating Income	42,787	46,648	(8)	19,640	19,509	44,636	45,863	(3)	21,737	22,382
Impairment charges for loans and other losses										
Individual Impairment	2,997	1,310	129	601	416	2,997	1,310	129	601	416
Collective Impairment	2,897	172	(1,582)	1,617	1,541	2,897	172	(1,582)	1,617	1,541
Other provision	(219)	-	(100)	(219)	-	120	144	100	60	144
	5,674	1,482	283	1,999	1,957	6,014	1,627	270	2,278	2,101
Net operating income	37,111	45,166	(18)	17,640	17,553	38,621	44,237	(13)	19,458	20,281
Operating Expenses										
Personnel Expenses	11,874	12,354	(4)	6,029	6,461	12,956	13,551	(4)	6,544	7,093
Depreciation and amortization	1,455	1,346	8	776	684	1,644	1,529	8	871	784
Other Expenses	8,454	8,340	1	4,253	4,391	9,359	9,438	(1)	4,756	4,971
Total operating expenses	21,785	22,040	(1)	11,059	11,535	23,960	24,518	(2)	12,171	12,848
Operating Profit Before Tax on Financial Services	15,326	23,126	(34)	6,582	6,017	14,662	19,719	(26)	7,288	7,433
Tax on Financial Services	2,920	3,719	(21)	1,311	1,267	2,920	3,719	(21)	1,311	1,267
Operating Profit After Tax on Financial Services	12,406	19,408	(36)	5,271	4,750	11,742	16,001	(27)	5,977	6,166
Share of associate companies' profits/(losses)	-	-	-	-	-	-	470	(100)	-	119
Profit Before Taxation	12,406	19,408	(36)	5,271	4,750	11,742	16,472	(29)	5,977	6,285
Taxation	3,683	4,437	(17)	2,004	1,421	4,041	5,460	(26)	2,176	1,924
Profit for the Period	8,723	14,971	(42)	3,267	3,329	7,702	11,011	(30)	3,801	4,361
Profit Attributable to:										
Equity Holders of the parent	8,723	14,971	(42)	3,267	3,329	7,410	10,791	(31)	3,664	4,294
Non Controlling Interests	-	-	-	-	-	293	219	34	138	67
	8,723	14,971	(42)	3,267	3,329	7,702	11,011	(30)	3,801	4,361
Basic Earnings per share (in USD)	0.05	0.09	(42)	0.02	0.02	0.04	0.07	(32)	0.02	0.03
Diluted Earnings per share (in USD)	0.05	0.09	(42)	0.02	0.02	0.04	0.07	(31)	0.02	0.03

STATEMENT OF COMPREHENSIVE INCOME IN USD										
	Period ended 30/06/2016 USD'000	Period ended 30/06/2015 USD'000	Change %	Quarter ended 30/06/2016 USD'000	Quarter ended 30/06/2015 USD'000	Period ended 30/06/2016 USD'000	Period ended 30/06/2015 USD'000	Change %	Quarter ended 30/06/2016 USD'000	Quarter ended 30/06/2015 USD'000
Profit for the period	8,723	14,971	(42)	3,267	3,329	7,702	11,011	(30)	3,801	4,361
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period										
Exchange differences on translation of foreign operations	-	-	-	-	-	25	113	78	(25)	109
Gains/(losses) from Available for Sale Investments	(3,225)	(641)	403	3,237.18	1,705	(3,413)	(603)	466	3,257	1,740
Gains/(losses) on cash flow hedges	2,133	601	255	(220)	(1,381)	2,133	601	255	(220)	(1,381)
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period										
Revaluation of Land & Buildings	-	-	-	-	-	-	-	-	-	-
Actuarial losses on defined benefit plans	(71)	-	(100)	-	-	(87)	-	(100)	-	-
Total Other Comprehensive Income /(expenses)	(1,163)	(40)	2,810	3,017	324	(1,342)	111	(1,310)	3,011	468
Less : Tax expenses relating to components of other comprehensive Income	232	162	(43)	(825)	(498)	232	162	(43)	(825)	(498)
Total Other Comprehensive Income after Tax	(931)	122	(861)	2,193	(174)	(1,111)	273	(506)	2,187	(29)
Total Comprehensive Income for the period	7,792	15,093	(48)	5,460	3,156	6,591	11,285	(42)	5,988	4,332
Attributable to:										
Equity holders of the parent	7,794	15,093	(48)	5,460	3,156	6,294	11,035	(43)	5,858	4,236
Non Controlling Interests	-	-	-	-	-	299	248	20	130	96
	7,792	15,093	(48)	5,460	3,156	6,591	11,285	(42)	5,988	4,332

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/06/2016	As at 31/12/2015 (Audited)	Change	As at 30/06/2016	As at 31/12/2015 (Audited)	Change
	USD'000	USD'000	%	USD'000	USD'000	%
Assets						
Cash and cash equivalents	32,915	82,094	(60)	32,943	82,282	(60)
Balances with the Central Bank of Sri Lanka	68,470	48,610	41	68,470	48,610	41
Placements with banks	33,184	8,011	314	33,184	8,011	314
Derivative Financial Instruments	11,963	13,219	(10)	11,963	13,219	(10)
Financial Assets - Held for trading	15,173	20,731	(27)	34,752	36,316	(4)
Loans and Receivables to banks	354	713	(50)	354	713	(50)
Loans and Receivables to other customers	1,509,674	1,455,570	4	1,509,856	1,456,011	4
Financial Investments - Loans and receivables	213,197	248,822	(14)	222,308	259,505	(14)
Financial Investments - Available for sale	189,022	197,927	(4)	192,011	201,145	(5)
Financial Investments - Held to maturity	33,210	30,812	8	43,690	39,312	11
Investments -Held for sale	127	129	(1)	228	231	(1)
Investments in subsidiary companies	14,631	14,612	0	-	-	-
Investments in associate companies	0	-	-	-	-	-
Investment Property	0	-	-	11,452	11,611	(1)
Intangible assets	2,396	1,668	44	2,584	1,908	35
Property, plant & equipment	13,997	14,097	(1)	17,033	17,048	(0)
Other assets	14,644	9,912	48	16,951	14,035	21
Total assets	2,152,957	2,146,930	0	2,197,780	2,189,958	0
Liabilities						
Due to Banks	126,530	80,694	57	126,530	80,694	57
Derivative Financial Instruments	3,661	4,439	(18)	3,661	4,439	(18)
Due to other Customers	1,307,109	1,284,259	2	1,304,438	1,278,835	2
Debt Securities issued and other borrowed funds	371,454	420,332	(12)	371,454	420,124	(12)
Current Tax Liabilities	3,968	3,378	17	4,270	3,639	17
Deferred Tax	5,085	4,878	4	5,029	4,950	2
Other liabilities	36,192	54,956	(34)	38,942	56,756	(31)
Dividends payable	359	417	(14)	359	417	(14)
Subordinated Term Debts	139,803	135,930	3	139,803	135,930	3
Total liabilities	1,994,162	1,989,285	0	1,994,486	1,985,787	0
Equity						
Stated Capital (Bank & Group - 165,167,342 shares)	8,512	8,630	(1)	8,512	8,076	5
Statutory Reserve Fund	8,512	8,630	(1)	8,512	8,630	(1)
General Reserve	39,765	40,317	(1)	39,765	40,317	(1)
Retained Earnings	97,586	94,713	3	134,161	133,127	1
Other Reserves	4,419	5,354	(17)	5,348	6,948	(23)
Total shareholders' equity	158,795	157,645	1	196,298	197,099	(0)
Non Controlling Interests	-	-	-	6,996	7,073	(1)
Total Equity	158,795	157,645	1	203,294	204,172	(0)
Total liabilities and equity	2,152,957	2,146,930	0	2,197,780	2,189,958	0
Net Book Value Per Share (USD)	0.96	0.95	1	1.19	1.20	(1)
Contingent liabilities and commitments	1,600,558	1,651,031	(3)	1,612,117	1,656,872	(3)

Important Dates – H1 2016 Quarterly Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	11 August 2016
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	11 August 2016
Investor Webinar	12 August 2016
Edited transcript of the Investor webinar released/ uploaded to the Bank's website	15 August 2016
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	15 August 2016(E) 17 August 2016 (S&T)
Investor Forum	18 August 2016

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 N G Wickremaratne – Chairman A K Pathirage – Deputy Chairman R Theagarajah – Director/ Chief Executive Officer T L F Jayasekera (Director) D S P Wikramanayake (Director) Mrs. K Fernando – (Director) Mrs. W A I Sugathadasa – (Director) Mrs. D M A Harasgama – (Director) D M R Phillips, PC – (Director) K D W Ratnayaka – (Director)</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>
<p>Investor Relations – Contact Details</p> <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: 3817</p>



No 40, NAVAM MAWATHA, COLOMBO 02, SRI LANKA

T: +94 112 448 448 **F:** +94 112 34 10 44 **W:** www.ndbbank.com **E:** contact@ndbbank.com

INVESTOR RELATIONS TEAM

T: +94 112 448 448 (Ext 3838) **E:** investor.relations@ndbbank.com

