

NATIONAL DEVELOPMENT BANK PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT OF PROFIT OR LOSS										
	Bank					Group				
	For the year ended 31/12/2014 LKR '000	For the year ended 31/12/2013 LKR '000	Change %	Quarter ended 31/12/2014 LKR '000	Quarter ended 31/12/2013 LKR '000	For the year ended 31/12/2014 LKR '000	For the year ended 31/12/2013 LKR '000	Change %	Quarter ended 31/12/2014 LKR '000	Quarter ended 31/12/2013 LKR '000
Gross Income	24,961,945	29,656,420	(16)	6,176,339	6,029,396	26,204,626	25,303,305	4	6,664,174	6,610,241
Interest Income	20,974,578	20,603,610	2	5,287,162	5,157,434	21,151,976	20,765,842	2	5,323,108	5,231,695
Interest Expenses	13,299,977	13,791,503	(4)	3,393,229	3,385,922	13,238,571	13,754,264	(4)	3,371,020	3,384,006
Net Interest Income	7,674,601	6,812,107	13	1,893,935	1,771,511	7,913,405	7,011,578	13	1,952,089	1,847,689
Net Fee and Commission Income	1,866,241	1,614,106	16	534,120	409,008	2,564,095	2,411,273	6	726,856	679,033
Net gain/(loss) from trading	910,027	953,325	(5)	210,578	271,045	910,027	953,325	(5)	210,578	271,045
Net gain/(loss) from financial investments	716,507	318,303	125	87,209	202,579	1,330,407	914,968	45	179,655	301,992
Other operating income	494,591	6,167,076	(92)	57,270	(10,670)	248,121	257,897	(4)	223,977	126,476
Total Operating Income	11,661,968	15,864,917	(26)	2,783,112	2,643,473	12,966,055	11,549,041	12	3,293,155	3,226,235
Impairment charges for loans and other losses										
Individual Impairment	141,433	845,293	(83)	(177,667)	761,836	141,433	845,293	(83)	(177,667)	761,835
Collective Impairment	387,276	415,472	(7)	400,631	293,514	387,276	415,472	(7)	400,631	293,514
Investment in Subsidiary /Associates	37,294	(22,563)	(265)	19,464	(43,255)	-	-	-	-	-
	566,003	1,238,202	(54)	242,428	1,012,095	528,708	1,260,765	(58)	222,964	1,055,350
Net operating income	11,095,965	14,626,715	(24)	2,540,683	1,631,378	12,437,347	10,288,276	21	3,070,191	2,170,885
Operating Expenses										
Personnel Expenses	2,872,738	2,389,144	20	642,209	501,798	3,172,387	2,660,281	19	746,894	587,763
Depreciation and amortization	323,590	302,104	7	89,504	78,072	387,975	384,639	1	110,747	132,594
Other Expenses	2,112,864	2,252,955	(6)	661,340	750,736	2,350,253	2,518,955	(7)	747,942	803,179
Total operating expenses	5,309,192	4,944,203	7	1,393,054	1,330,606	5,910,615	5,563,875	6	1,605,583	1,523,536
Operating Profit Before Tax on Financial Services	5,786,773	9,682,512	(40)	1,147,629	300,772	6,526,732	4,724,401	38	1,464,608	647,349
Tax on Financial Services	(1,029,250)	(910,500)	13	(292,304)	(83,065)	(1,029,250)	(910,500)	13	(292,304)	(83,065)
Operating Profit After Tax on Financial Services	4,757,523	8,772,012	(46)	855,326	217,707	5,497,482	3,813,901	44	1,172,306	564,284
Share of associate companies' profit	-	-	-	-	-	97,274	49,220	98	-	9,562
Profit Before Taxation	4,757,523	8,772,012	(46)	855,326	217,707	5,594,756	3,863,121	45	1,172,306	573,846
Taxation	(1,339,459)	(1,048,776)	28	(254,905)	(48,711)	(1,348,784)	(1,150,893)	17	(235,332)	(73,716)
Profit for the Period	3,418,064	7,723,236	(56)	600,421	168,996	4,245,972	2,712,228	57	936,974	500,130
Profit Attributable to:										
Equity Holders of the parent	3,418,064	7,723,236	(56)	600,421	168,996	4,133,932	2,641,925	56	857,662	445,322
Non Controlling Interests	-	-	-	-	-	112,040	70,303	59	79,312	54,808
	3,418,064	7,723,236	(56)	600,421	168,996	4,245,972	2,712,228	57	936,974	500,130
Basic Earnings per share (in LKR)	20.72	46.96	(56)	3.64	1.03	25.14	16.48	53	5.35	2.78
Diluted Earnings per share (in LKR)	20.70	46.95	(56)	3.63	1.02	25.11	16.47	52	5.34	2.77

STATEMENT OF COMPREHENSIVE INCOME										
	For the year ended 31/12/2014 LKR '000	For the year ended 31/12/2013 LKR '000	Change %	Quarter ended 31/12/2014 LKR '000	Quarter ended 31/12/2013 LKR '000	For the year ended 31/12/2014 LKR '000	For the year ended 31/12/2013 LKR '000	Change %	Quarter ended 30/09/2014 LKR '000	Quarter ended 30/09/2013 LKR '000
Profit for the period	3,418,064	7,723,236	(56)	600,421	168,996	4,245,972	2,712,228	57	936,974	500,130
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period										
Exchange differences on translation of foreign operations	-	-	-	-	-	481	(11,158)	(104)	722	(9,930)
Net gains from Available for Sale Investments	(35,110)	148,151	(124)	(115,888)	148,151	(21,950)	209,186	(110)	(109,228)	209,186
Gains and losses on cash flow hedges	397,852	-	100	289,478	-	397,852	-	100	289,478	-
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period										
Revaluation of Freehold Land & Buildings	1,084,185	-	100	(6,333)	-	1,084,185	-	100	(6,333)	-
Actuarial losses on defined benefit plans	(139,735)	(35,443)	294	(139,735)	(35,443)	(139,735)	(35,443)	294	-	-
Total Other Comprehensive Income /(expenses)	1,307,192	112,708	1,060	27,522	112,708	1,320,833	162,585	712	34,904	163,813
Less :Income Tax on Other Comprehensive Income	(180,141)	(38,110)	373	(157,523)	(38,110)	(180,141)	(55,200)	226	(157,523)	(55,200)
Total Other Comprehensive Income after Tax	1,127,051	74,598	1,411	(130,001)	74,598	1,140,692	107,385	962	(122,619)	108,613
Total Comprehensive Income for the period	4,545,115	7,797,834	(42)	470,419	243,594	5,386,664	2,819,613	91	814,355	608,743
Attributable to:										
Equity holders of the parent	4,545,115	7,797,834	(42)	470,419	243,594	5,274,475	2,750,522	92	734,883	554,858
Non Controlling Interests	-	-	-	-	-	112,189	69,091	(62)	79,472	53,885
	4,545,115	7,797,834	(42)	470,419	243,594	5,386,664	2,819,613	91	814,355	608,743

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	As at	As at		As at	As at	
	31/12/2014	31/12/2013 (Audited)	%	31/12/2014	31/12/2013 (Audited)	%
LKR '000	LKR '000		LKR '000	LKR '000		
Assets						
Cash and cash equivalents	3,104,391	2,611,075	19	3,274,036	2,668,262	23
Balances with Central Bank	6,740,590	5,339,000	26	6,740,590	5,339,000	26
Placements with banks	2,721,891	130,751	1,982	2,721,891	130,751	1,982
Derivative Financial Instruments	1,903,781	1,149,541	66	1,903,781	1,149,541	66
Financial Assets - Held for trading	2,785,277	10,720,689	(74)	6,028,558	14,194,141	(58)
Loans and Receivables to banks	311,144	641,628	(52)	311,144	641,628	(52)
Loans and Receivables to other customers	175,175,203	136,821,532	28	175,235,906	136,881,713	28
Financial Investments - Loans and receivables	38,302,428	15,837,455	142	38,683,476	16,791,701	130
Financial Investments - Available for sale	17,060,302	5,982,450	185	18,057,852	6,167,450	193
Financial Investments - Held to maturity	8,970,963	17,602,249	(49)	10,167,325	18,460,591	(45)
Investment -Held for sale	18,525	-	100	33,301	-	100
Investments in subsidiary companies	2,000,290	2,037,585	(2)	-	-	-
Investments in associate companies	-	61,967	(100)	-	76,744	(100)
Investment Property	-	-	-	1,545,693	1,383,693	12
Intangible assets	253,132	260,425	(3)	297,070	296,678	0
Property, plant & equipment	1,927,496	872,890	121	2,252,649	1,176,491	91
Other assets	1,453,733	1,189,391	22	1,876,335	1,458,737	29
Total assets	262,729,146	201,258,628	31	269,129,605	206,817,121	30
Liabilities						
Due to Banks	7,029,342	10,453,086	(33)	7,029,342	10,453,086	(33)
Derivative Financial Instruments	663,186	817,310	(19)	663,186	817,310	(19)
Due to other Customers	151,823,715	129,830,029	17	151,485,201	129,421,813	17
Debt Securities issued and other borrowed funds	61,955,460	24,420,818	154	61,925,801	24,390,818	154
Current Tax Liabilities	826,687	266,128	211	806,220	300,196	169
Deferred Tax	619,467	312,432	98	609,935	324,451	88
Other liabilities	6,372,229	3,815,017	67	6,610,634	4,024,463	64
Dividends payable	51,429	40,656	26	51,429	40,656	26
Subordinated Term debts	11,149,439	11,682,675	(5)	11,149,439	11,682,674	(5)
Total liabilities	240,490,954	181,638,150	32	240,331,186	181,455,467	32
Equity						
Stated Capital (Bank - 165,093,922 shares & Group - 164,600,914 shares)	1,225,162	1,172,904	4	1,145,353	943,746	21
Statutory Reserve Fund	1,010,785	958,527	5	1,010,785	958,527	5
Retained Earnings	18,625,444	15,653,260	19	24,245,824	20,731,801	17
Other Reserves	1,376,801	1,835,787	(25)	1,473,811	1,879,732	(22)
Total shareholders' equity	22,238,192	19,620,478	13	27,875,773	24,513,806	14
Non Controlling Interests	-	-	-	922,646	847,848	9
Total Equity	22,238,192	19,620,478	13	28,798,419	25,361,654	14
Total liabilities and equity	262,729,146	201,258,628	31	269,129,605	206,817,121	30
Net Book Value Per Share (LKR)	134.70	119.13	13	169.35	148.85	14
Contingent liabilities and commitments	231,143,633	177,200,240	30	231,148,862	177,200,240	30
Memorandum Information						
Number of Employees	1,744	1,583				
Number of Branches	83	78				

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	Investment Fund Account	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	LKR '000			
BANK												
Balance as at 1 January 2013	1,093,095	878,718	5,805,707	-	924,332	-	-	-	6,240,549	14,942,401	-	14,942,401
Total Comprehensive Income for the period												
Profit for the year	-	-	-	-	-	-	-	-	7,723,236	7,723,236	-	7,723,236
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-	106,669	(32,071)	74,598	-	74,598
Total Comprehensive Income for the period	-	-	-	-	-	-	-	106,669	7,691,165	7,797,834	-	7,797,834
Transactions with equity holders												
Issue of Shares	79,809	-	-	-	-	-	-	-	-	79,809	-	79,809
Transfer to Investment Fund Account	-	-	-	-	782,419	-	-	-	(782,419)	-	-	-
Fair value of share options	-	-	-	-	-	22,367	-	-	-	22,367	-	22,367
Transfer to statutory Reserve Fund	-	79,809	-	-	-	-	-	-	(79,809)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	-	(3,221,933)	(3,221,933)	-	(3,221,933)
Balance as at 31 December 2013	1,172,904	958,527	5,805,707	-	1,706,751	22,367	106,669	-	9,847,553	19,620,478	-	19,620,478
BANK												
Balance as at 1 January 2014	1,172,904	958,527	5,805,707	-	1,706,751	22,367	106,669	-	9,847,553	19,620,478	-	19,620,478
Total Comprehensive Income for the period												
Profit for the year	-	-	-	-	-	-	-	-	3,418,064	3,418,064	-	3,418,064
Other Comprehensive Income before Tax	-	-	-	1,084,185	-	-	(35,110)	397,852	(139,735)	1,307,192	-	1,307,192
Tax on Other Comprehensive Income	-	-	-	(230,729)	-	-	33,691	-	16,897	(180,141)	-	(180,141)
Total Comprehensive Income for the period	-	-	-	853,456	-	-	(1,419)	397,852	3,295,226	4,545,115	-	4,545,115
Transactions with equity holders												
Issue of Shares	52,258	-	-	-	-	-	-	-	-	52,258	-	52,258
Transfer from Investment Fund Account	-	-	-	-	(1,706,751)	-	-	-	1,706,751	-	-	-
Adjustment to share based payment reserves	-	-	-	-	-	(2,124)	-	-	-	(2,124)	-	(2,124)
Transfer to statutory reserve fund	-	52,258	-	-	-	-	-	-	(52,258)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(1,977,535)	(1,977,535)	-	(1,977,535)
Balance as at 31 December 2014	1,225,162	1,010,785	5,805,707	853,456	-	20,243	105,250	397,852	12,819,737	22,238,193	-	22,238,193
GROUP												
Balance as at 1 January 2013	863,937	878,718	5,805,707	-	924,332	-	-	-	16,410,347	24,883,041	826,411	25,709,452
Total Comprehensive Income for the period												
Profit for the year	-	-	-	-	-	-	-	-	2,641,925	2,641,925	70,303	2,712,228
Other Comprehensive Income net of Tax	-	-	-	-	-	-	150,614	-	(42,017)	108,597	(1,212)	107,385
Total Comprehensive Income for the period	-	-	-	-	-	-	150,614	-	2,599,908	2,750,522	69,091	2,819,613
Transactions with equity holders												
Issue of Shares	79,809	-	-	-	-	-	-	-	-	79,809	-	79,809
Transfer to Investment Fund Account	-	-	-	-	782,419	-	-	-	(782,419)	-	-	-
Fair value of share options	-	-	-	-	-	22,367	-	-	-	22,367	-	22,367
Transfer to statutory reserve fund	-	79,809	-	-	-	-	-	-	(79,809)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(3,221,933)	(3,221,933)	(34,645)	(3,256,578)
Effect of change in holding in a group company	-	-	-	-	-	-	-	-	-	-	(13,009)	(13,009)
Balance as at 31 December 2013	943,746	958,527	5,805,707	-	1,706,751	22,367	150,614	-	14,926,094	24,513,806	847,848	25,361,654
GROUP												
Balance as at 1 January 2014	943,746	958,527	5,805,707	-	1,706,751	22,367	150,614	-	14,926,094	24,513,806	847,848	25,361,654
Total Comprehensive Income for the period												
Profit for the year	-	-	-	-	-	-	-	-	4,133,932	4,133,932	112,040	4,245,972
Other Comprehensive Income before Tax	-	-	-	1,084,185	-	-	(21,950)	397,852	(139,403)	1,320,684	149	1,320,833
Tax on Other Comprehensive Income	-	-	-	(230,729)	-	-	33,691	-	16,897	(180,141)	-	(180,141)
Total Comprehensive Income for the period	-	-	-	853,456	-	-	11,741	397,852	4,011,426	5,274,475	112,189	5,386,664
Transactions with equity holders												
Issue of shares	52,258	-	-	-	-	-	-	-	-	52,258	-	52,258
Transfer from Investment Fund Account	-	-	-	-	(1,706,751)	-	-	-	1,706,751	-	-	-
Adjustment to ESOP consolidation	229,158	-	-	-	-	-	-	-	(161,059)	68,099	-	68,099
Adjustment to share based payment reserves	(79,809)	-	-	-	-	37,780	-	-	(13,301)	(55,330)	-	(55,330)
Transfer to Statutory Reserve Fund	-	52,258	-	-	-	-	-	-	(52,258)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(1,977,535)	(1,977,535)	(37,391)	(2,014,926)
Balance as at 31 December 2014	1,145,353	1,010,785	5,805,707	853,456	-	60,147	162,355	397,852	18,440,118	27,875,773	922,645	28,798,419

STATEMENT OF CASH FLOW

For the year ended 31 December	BANK		GROUP	
	2014	2013	2014	2013
	LKR '000	LKR '000	LKR '000	LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	20,919,252	20,603,610	21,111,971	20,841,634
Fee based income received	1,856,202	1,623,266	2,319,114	1,982,017
Dividend income received	339,962	718,461	(13,856)	45,116
Other income received	1,671,597	1,449,324	1,671,965	1,672,511
Interest paid	(13,195,780)	(13,791,503)	(13,197,274)	(13,791,743)
Personnel costs paid	(2,857,404)	(2,469,540)	(2,857,404)	(2,714,920)
General expenses paid	(2,267,278)	(2,040,889)	(2,351,710)	(2,057,471)
Operating Profit before changes in operating assets and liabilities	6,466,551	6,092,728	6,682,806	5,977,145
Net increase in loans and advances	(38,496,570)	(21,548,181)	(38,496,570)	(21,548,181)
Net Increase in deposits from customers	22,505,047	22,229,446	22,505,047	22,229,446
Net (increase)/decrease in other receivables	(572,780)	406,098	(378,014)	409,520
Net increase/(decrease) in other liabilities	2,266,543	(616,510)	2,042,166	(585,420)
Net cash inflow/(outflow) from operating activities before taxation	(7,831,209)	6,563,582	(7,644,565)	6,482,510
Financial Services VAT paid	(840,240)	(806,647)	(840,240)	(806,647)
Income taxes paid	(652,006)	(1,244,412)	(699,929)	(1,293,080)
Net cash provided by/(used in) operating activities	(9,323,455)	4,512,523	(9,184,734)	4,382,783
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(17,006,936)	(23,389,900)	(17,008,264)	(17,292,330)
Disposal of subsidiaries/associates	147,068	5,954,774	147,068	(13,016)
Expenditure on property, plant & equipment	(392,997)	(308,681)	(443,312)	(309,257)
Proceeds from sale of property, plant & equipment	14,765	3,981	14,765	3,981
Net cash used in investing activities	(17,238,100)	(17,739,827)	(17,289,743)	(17,610,622)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	52,258	-	52,258	-
Net proceeds from issue of subordinated debts	-	9,488,350	-	9,488,350
Interest paid on subordinated debts	(1,573,625)	(282,446)	(1,573,625)	(282,446)
(Decrease)/ Increase in other borrowings	34,403,497	2,547,719	34,403,501	2,547,719
Dividends paid to non controlling interests	-	-	(37,388)	(96,867)
Dividends paid to shareholders of the parent Company	(1,966,761)	(3,430,480)	(1,903,996)	(3,430,480)
Net cash provided by /(used in) financing activities	30,915,369	8,323,143	30,940,750	8,226,276
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,353,814	(4,904,161)	4,466,273	(5,001,563)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,077,935	12,982,096	8,135,121	13,136,684
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12,431,749	8,077,935	12,601,394	8,135,121
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	3,104,391	2,611,075	3,274,036	2,668,262
Balances with Central Bank	6,740,590	5,339,000	6,740,590	5,339,000
Placements with banks	2,721,891	130,751	2,721,891	130,751
	12,566,872	8,080,827	12,736,516	8,138,013
Amount due to foreign Banks	(135,123)	(2,892)	(135,123)	(2,892)
	12,431,749	8,077,935	12,601,394	8,135,121

SEGMENTAL ANALYSIS- GROUP

For the year ended 31 December

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2014 LKR '000	2013 LKR '000	2014 LKR '000	2013 LKR '000	2014 LKR '000	2013 LKR '000	2014 LKR '000	2013 LKR '000	2014 LKR '000	2013 LKR '000
Revenue										
External income	25,176,348	24,559,508	678,250	469,772	252,080	145,468	-	-	26,106,677	25,174,748
Inter-segment income	-	-	56,130	23,319	41,818	55,949	-	-	97,948	79,268
Total income	25,176,348	24,559,508	734,380	493,091	293,898	201,417	-	-	26,204,625	25,254,016
Segment expenses	(19,076,472)	(19,959,230)	(560,674)	(496,230)	(40,748)	(74,154)	-	-	(19,677,894)	(20,529,614)
Segment results	6,099,876	4,600,278	173,706	(3,140)	253,150	127,263	-	-	6,526,731	4,724,402
Share of associate companies' profit before taxation	-	-	-	-	-	-	97,274	49,220	97,274	49,220
Taxation									(1,348,784)	(1,150,893)
VAT on financial services									(1,029,250)	(910,500)
Profit after taxation									4,245,970	2,712,229
Other information										
Segment assets	262,689,245	201,189,884	4,796,767	4,091,993	1,610,299	1,458,500	-	-	269,096,307	206,740,377
Investment in associates	-	-	-	-	-	-	33,301	76,744	33,301	76,744
Consolidated total assets									269,129,608	206,817,121
Segment liabilities	240,111,011	181,192,251	155,925	207,262	64,257	55,956	-	-	240,331,191	181,455,469
Consolidated total liabilities									240,331,191	181,455,469
Segmental Cash flows										
Cash flows from operating activities	(9,323,455)	4,512,522	15,193	(226,616)	123,528	96,878	-	-	(9,184,734)	4,382,784
Cash flows from investing activities	(17,238,100)	(17,739,826)	(43,813)	189,301	(7,830)	(60,097)	-	-	(17,289,743)	(17,610,622)
Cash flows from financing activities	30,915,369	8,193,589	112,959	(60,087)	(87,578)	(36,779)	-	-	30,940,750	8,226,276

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2014 - 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	-	-	3,104,391	-	-	-	3,104,391
Balances with Central Bank	-	-	6,740,590	-	-	-	6,740,590
Placements with banks	-	-	2,721,891	-	-	-	2,721,891
Derivative Financial Instruments	1,903,781	-	-	-	-	-	1,903,781
Financial Assets - Held for trading	2,785,277	-	-	-	-	-	2,785,277
Loans and Receivables to banks	-	-	311,144	-	-	-	311,144
Loans and Receivables to other customers	-	-	175,175,203	-	-	-	175,175,203
Financial Investments - Loans and receivables	-	-	38,302,428	-	-	-	38,302,428
Financial Investments - Available for sale	-	-	-	17,060,302	-	-	17,060,302
Financial Investments - Held to maturity	-	8,970,963	-	-	-	-	8,970,963
Total Financial Assets	4,689,058	8,970,963	226,355,646	17,060,302	-	-	257,075,969
Investment -Held for sale	-	-	-	-	-	18,525	18,525
Investments in subsidiary companies	-	-	-	-	2,000,290	-	2,000,290
Investments in associate companies	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	253,132	-	253,132
Property, plant & equipment	-	-	-	-	1,927,496	-	1,927,496
Other assets	-	-	-	-	1,453,733	-	1,453,733
Total assets	4,689,058	8,970,963	226,355,646	17,060,302	5,634,650	18,525	262,729,145

	Held for Trading	Amortized cost	Others	Total
LIABILITIES				
Due to Banks	-	7,029,342	-	7,029,342
Derivative Financial Instruments	663,186	-	-	663,186
Due to other Customers	-	151,823,715	-	151,823,715
Debt Securities issued and other borrowed funds	-	61,955,460	-	61,955,460
Subordinated Term debts	-	11,149,439	-	11,149,439
Total Financial Liabilities	663,186	231,957,956	-	232,621,143
Current Tax Liabilities	-	-	826,687	826,687
Deferred Tax	-	-	619,467	619,467
Other liabilities	-	-	6,372,229	6,372,229
Dividends payable	-	-	51,429	51,429
Total liabilities	663,186	231,957,956	7,869,811	240,490,954

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2014 - 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	-	-	3,274,036	-	-	-	3,274,036
Balances with Central Bank	-	-	6,740,590	-	-	-	6,740,590
Placements with banks	-	-	2,721,891	-	-	-	2,721,891
Derivative Financial Instruments	1,903,781	-	-	-	-	-	1,903,781
Financial Assets - Held for trading	6,028,558	-	-	-	-	-	6,028,558
Loans and Receivables to banks	-	-	311,144	-	-	-	311,144
Loans and Receivables to other customers	-	-	175,235,906	-	-	-	175,235,906
Financial Investments - Loans and receivables	-	-	38,683,476	-	-	-	38,683,476
Financial Investments - Available for sale	-	-	-	18,057,852	-	-	18,057,852
Financial Investments - Held to maturity	-	10,167,325	-	-	-	-	10,167,325
Total Financial Assets	7,932,339	10,167,325	226,967,042	18,057,852	-	-	263,124,559
Investment -Held for sale	-	-	-	-	-	33,301	33,301
Investments in subsidiary companies	-	-	-	-	-	-	-
Investments in associate companies	-	-	-	-	-	-	-
Investment Property	-	-	-	-	1,545,693	-	1,545,693
Intangible assets	-	-	-	-	297,070	-	297,070
Property, plant & equipment	-	-	-	-	2,252,649	-	2,252,649
Other assets	-	-	-	-	1,876,335	-	1,876,335
Total assets	7,932,339	10,167,325	226,967,042	18,057,852	5,971,747	33,301	269,129,607

	Held for Trading	Amortized cost	Others	Total
LIABILITIES				
Due to Banks	-	7,029,342	-	7,029,342
Derivative Financial Instruments	663,186	-	-	663,186
Due to other Customers	-	151,485,201	-	151,485,201
Debt Securities issued and other borrowed funds	-	61,925,801	-	61,925,801
Subordinated Term debts	-	11,149,439	-	11,149,439
Total Financial Liabilities	663,186	231,589,784	-	232,252,970
Current Tax Liabilities	-	-	806,220	806,220
Deferred Tax	-	-	609,935	609,935
Other liabilities	-	-	6,610,634	6,610,634
Dividends payable	-	-	51,429	51,429
Total liabilities	663,186	231,589,784	8,078,218	240,331,188

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2013 - BANK (LKR '000)

	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Total
ASSETS						
Cash and cash equivalents	-	-	2,611,075	-	-	2,611,075
Balances with Central Bank	-	-	5,339,000	-	-	5,339,000
Placements with banks	-	-	130,751	-	-	130,751
Derivative Financial Instruments	1,149,541	-	-	-	-	1,149,541
Financial Assets - Held for trading	10,720,689	-	-	-	-	10,720,689
Loans and Receivables to banks	-	-	641,628	-	-	641,628
Loans and Receivables to other customers	-	-	136,821,530	-	-	136,821,530
Financial Investments - Loans and receivables	-	-	15,837,455	-	-	15,837,455
Financial Investments - Available for sale	-	-	-	5,982,450	-	5,982,450
Financial Investments - Held to maturity	-	17,602,249	-	-	-	17,602,249
Total Financial Assets	11,870,230	17,602,249	161,381,440	5,982,450	-	196,836,369
Investments in subsidiary companies	-	-	-	-	2,037,585	2,037,585
Investments in associate companies	-	-	-	-	61,968	61,968
Investment Property	-	-	-	-	-	-
Intangible assets	-	-	-	-	260,425	260,425
Property, plant & equipment	-	-	-	-	872,890	872,890
Other assets	-	-	-	-	1,189,391	1,189,391
Total assets	11,870,230	17,602,249	161,381,440	5,982,450	4,422,259	201,258,628

	Held for Trading	Amortized cost	Others	Total
LIABILITIES				
Due to Banks	-	10,453,086	-	10,453,086
Derivative Financial Instruments	817,310	-	-	817,310
Due to other Customers	-	129,830,029	-	129,830,029
Debt Securities issued and other borrowed funds	-	24,420,818	-	24,420,818
Subordinated Term debts	-	11,682,675	-	11,682,675
Total Financial Liabilities	817,310	176,386,608	-	177,203,918
Current Tax Liabilities	-	-	266,128	266,128
Deferred Tax	-	-	312,432	312,432
Other liabilities	-	-	3,815,017	3,815,017
Dividends payable	-	-	40,656	40,656
Total liabilities	817,310	176,386,608	4,434,233	181,638,150

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2013 - GROUP (LKR '000)

	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Total
ASSETS						
Cash and cash equivalents	-	-	2,668,262	-	-	2,668,262
Balances with Central Bank	-	-	5,339,000	-	-	5,339,000
Placements with banks	-	-	130,751	-	-	130,751
Derivative Financial Instruments	1,149,541	-	-	-	-	1,149,541
Financial Assets - Held for trading	14,194,141	-	-	-	-	14,194,141
Loans and Receivables to banks	-	-	641,628	-	-	641,628
Loans and Receivables to other customers	-	-	136,881,713	-	-	136,881,713
Financial Investments - Loans and receivables	-	-	16,791,701	-	-	16,791,701
Financial Investments - Available for sale	-	-	-	6,167,450	-	6,167,450
Financial Investments - Held to maturity	-	18,460,590.67	-	-	-	18,460,591
Total Financial Assets	15,343,682	18,460,591	162,453,055	6,167,450	-	202,424,777
Investments in subsidiary companies	-	-	-	-	-	-
Investments in associate companies	-	-	-	-	76,744	76,744
Investment Property	-	-	-	-	1,383,693	1,383,693
Intangible assets	-	-	-	-	296,679	296,678
Property, plant & equipment	-	-	-	-	1,176,491	1,176,491
Other assets	-	-	-	-	1,458,735	1,458,737
Total assets	15,343,682	18,460,591	162,453,055	6,167,450	4,392,342	206,817,121

	Held for Trading	Amortized cost	Others	Total
LIABILITIES				
Due to Banks	-	10,453,085	-	10,453,086
Derivative Financial Instruments	817,310	-	-	817,310
Due to other Customers	-	129,421,813	-	129,421,813
Debt Securities issued and other borrowed funds	-	24,390,819	-	24,390,818
Subordinated Term debts	-	11,682,675	-	11,682,674
Total Financial Liabilities	817,310	175,948,392	-	176,765,701
Current Tax Liabilities	-	-	300,196	300,196
Deferred Tax	-	-	324,451	324,451
Other liabilities	-	-	4,024,463	4,024,463
Dividends payable	-	-	40,656	40,656
Total liabilities	817,310	175,948,392	4,689,766	181,455,467

Notes to the Financial Statements

- The figures are extracted from the unaudited financial statements.
- The accounting policies and methods of computation are consistent with those followed during the previous financial year, except for the change in accounting policy on the valuation of the free hold properties of the Bank, as explained in Note 3.
- The Bank revised its accounting policy on valuation of free hold properties from a "Cost Model" to a "Revaluation Model" in accordance with LKAS 16, Property, Plant and Equipment. Accordingly the Bank's Property Plant and Equipment as at 31 December 2014 includes free hold properties recorded at a revalued amount, with a Net Book Value of LKR 1,444 mn as at 31 December 2014. The Net Book Value on a cost basis amounted LKR 362 mn as at 31 December 2014.
- These interim 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 2013 and the new accounting policies which became effective from 1 January 2014, except for Note 3 above, 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 current year's presentation.
- On 27 September 2012, the Bank (NDB) and NDB Capital Holdings PLC (NCAP) entered into a Share Sale and Purchase Agreement with American International Assurance Company Limited (AIA) of Hong Kong to divest the 41.56% shareholding in AVIVA NDB Holdings and 5% of AVIVA NDB Insurance PLC. Accordingly on 5 December 2012 the divestment of these shares resulted in capital gain of LKR 5.9 billion to the NDB Group during the fourth quarter of 2012. Pursuant to this divestment, the shareholders of NCAP approved a share repurchase plan in March 2013, which resulted in NCAP buying back 25% of its share capital, posting a capital gain of LKR 5.3 bn to the Bank during the first quarter of 2013.
- As per the Equity Linked Compensation Plan (ELCP) of the Bank, the eligible members of the staff have exercised share options amounting to 400,888 shares during the year ended 31 December 2014. Accordingly, the said share issue resulted in the increase of the stated capital of the Bank from LKR 1,172.9 mn to LKR 1,225.16 mn and the number of shares in issue from 164,693,034 to 165,093,922 as at 31 December 2014.
- The Colombo Stock Exchange (CSE), by listing Rule 5.6 has amended the rules relating to Employee Share Option schemes (ESOS) and Employee Share Purchase Schemes (ESPS), by mandating that such schemes should result in the shares being offered to eligible employees for "purchase" or "subscription" in the case of ESOS and "acquisition" in the case of ESPS, specifically prohibiting open ended schemes. In compliance with this ruling and the Transitional Provisions thereto, the Board of Directors of National Development Bank PLC (NDB) approved the dissolution of the NDB ESOP Trust and the distribution of the ESOP shares amounting to 4,133,726 to the eligible employees of NDB.
- The Boards of Directors of DFCC Bank (DFCC), DFCC Vardhana Bank PLC and National Development Bank (NDB), in pursuance of the policies announced by the Government encouraging the consolidation of certain banking businesses, have commenced preliminary discussion with a view to achieving such consolidation. The consolidation of these three entities will however be dependent on receipt of relevant regulatory and stakeholder approvals, and possibly, passage of facilitative legislation.
- NDB Capital Holdings PLC entered into a shareholders agreement with NDB Zephyr Partners Ltd on 15 December 2014 to invest LKR 49.61 mn in 60% ordinary shares and 60% redeemable preference shares in NDB Zephyr Partners Ltd, the Management Company based in Mauritius, which manages Sri Lanka's largest country dedicated private equity fund. Accordingly, the equity investment took place on 2 January 2015.
- As per the Interim budget 2015, which was passed in the parliament of Sri Lanka on 7 February 2015, an additional one-off tax of 25% has been imposed on the profits of the groups which have earned in excess of LKR 2,000 Mn for the year of assessment 2013/2014. The estimated tax liability, based on the current understanding for the NDB Group on its Group taxable income would amount to LKR 846 mn.
- There have been 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.
- ADDITIONAL QUARTERLY DISCLOSURES PRESCRIBED BY CBSL AS PER CIRCULAR (02/17/900/0001/004) DATED 11 OCTOBER 2013**

a) Loans and Receivables to Other Customers

	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	As at 31/12/2014 LKR '000	As at 31/12/2013 LKR '000	As at 31/12/2014 LKR '000	As at 31/12/2013 LKR '000
Gross loans and receivables	180,189,406	141,009,004	180,250,108	141,069,186
(Less): Individual impairment	2,289,587	1,828,064	2,289,587	1,828,064
Collective impairment	2,724,616	2,359,410	2,724,615	2,359,410
Net loans and receivables	175,175,203	136,821,530	175,235,906	136,881,713

b) Gross Loans and Receivables to Other Customers - By product

	Bank		Group	
	As at 31/12/2014 LKR '000	As at 31/12/2013 LKR '000	As at 31/12/2014 LKR '000	As at 31/12/2013 LKR '000
By product-Domestic Currency				
Term loans	39,723,174	25,231,706	39,722,184	25,231,706
Medium and short term loans	23,919,879	23,685,064	23,919,879	23,685,064
Overdrafts	23,564,342	17,502,248	23,564,342	17,562,430
Trade Finance	9,834,127	10,460,581	9,834,127	10,460,581
Consumer loans	18,934,195	14,620,469	18,934,195	14,620,469
Lease rentals receivable	8,879,288	6,794,841	8,879,288	6,794,841
Hire Purchase	2,733,250	1,633,568	2,733,250	1,633,568
Housing loans	6,403,174	4,764,297	6,403,174	4,764,297
Pawning	416,594	2,232,748	416,594	2,232,748
Staff loans	1,052,993	928,451	1,114,685	928,451
Islamic Banking facilities	173,782	-	173,782	-
Sub total	135,634,800	107,853,975	135,695,502	107,914,157
By product-Foreign Currency				
Overdrafts	711,569	957,613	711,569	957,613
Medium and short term loans	19,342,008	9,881,566	19,342,008	9,881,566
Trade Finance	24,343,796	22,315,850	24,343,796	22,315,850
Islamic Banking facilities	157,233	-	157,233	-
Sub total	44,554,606	33,155,030	44,554,606	33,155,030
Total	180,189,406	141,009,004	180,250,108	141,069,186

c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers

	Bank		Group	
	As at 31/12/2014 LKR '000	As at 31/12/2013 LKR '000	As at 31/12/2014 LKR '000	As at 31/12/2013 LKR '000
	Individual impairment			
Opening balance at 01st January	1,828,065	979,186	1,828,065	979,186
Charge/(Write back) to Income Statement	141,432	845,293	141,432	845,293
Write-off during the period	-	(331,056)	-	(331,056)
Other movements	320,092	334,641	320,092	334,641
Closing balance	2,289,589	1,828,064	2,289,589	1,828,064
Collective impairment				
Opening balance at 01st January	2,359,409	1,943,938	2,359,409	1,943,938
Charge/(Write back) to Income Statement	387,276	415,472	387,276	415,472
Write-off during the Period	(22,070)	-	(22,070)	-
Closing balance	2,724,615	2,359,410	2,724,615	2,359,410
Total impairment	5,014,204	4,187,474	5,014,204	4,187,474

d) Due to Other Customers - By product	Bank		Group	
	As at	As at	As at	As at
	31/12/2014 LKR '000	31/12/2013 LKR '000	31/12/2014 LKR '000	31/12/2013 LKR '000
By product-Domestic Currency				
Demand deposits	10,029,470	9,081,419	9,964,654	9,081,418
Savings deposits	18,291,267	14,419,607	18,291,267	14,419,607
Fixed deposits	86,689,109	76,149,197	86,415,411	75,740,981
Other deposits	253,698	479,220	253,698	479,220
Sub total	115,263,544	100,129,443	114,925,029	99,721,226
By product- Foreign Currency				
Demand deposits	2,218,739	2,018,186	2,218,739	2,018,186
Savings deposits	5,766,202	6,317,688	5,766,202	6,317,688
Fixed deposits	28,477,143	21,308,274	28,477,143	21,308,274
Other deposits	98,087	56,438	98,088	56,439
Sub total	36,560,171	29,700,586	36,560,172	29,700,587
Total	151,823,715	129,830,029	151,485,201	129,421,813

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at	As at	As at	As at
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Regulated Capital Adequacy				
Core Capital (Tier 1 Capital) (LKR mn)	19,888	18,350	26,952	24,736
Total Capital Base (LKR mn)	28,932	27,220	36,611	34,343
Core Capital adequacy Ratio -Core Capital as a % of Risk -weighted Assets (Minimum Requirement, 5%)	10.09	12.05	12.92	15.15
Total Capital Adequacy Ratio -Total Capital as a % of (Tier 1 & 2 (%))				
Risk -weighted Assets (Minimum Requirement,10%)	14.68	17.87	17.55	21.04
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.51	2.48	2.51	2.48
Net Non-performing Advances Ratio (%)	1.25	1.21	1.25	1.21
Profitability				
Earnings Per Share (LKR)- (annualised)	20.72	46.96	25.14	16.48
Return on Average Shareholders' Funds (%)	16.33	44.69	15.78	10.70
Return on Average Assets (%)	1.47	4.24	1.74	1.39
Net interest margin (%)	3.31	3.74	3.33	3.68
Debt Security - Related Ratios				
Interest Cover (Times)	1.58	1.49	1.60	1.51
Debt to Equity (Times)	10.43	8.99	8.31	7.18
Regulatory Liquidity				
Statutory liquid assets- LKR mn	56,650	42,407	56,650	42,407
Statutory liquid assets ratio (%)				
Domestic Banking Unit	23.85	26.22	23.85	26.22
Foreign Currency Banking Unit	25.18	26.06	25.18	26.06

Certification:

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

(Sgd)

Dhanan Senathirajah
Vice President- Finance & Planning

(Sgd)

Faizan Ozman
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, unless indicated as audited.

(Sgd)

Sunil G Wijesinha
Chairman

(Sgd)

R.Theagarajah
Chief Executive Officer

13 February 2015

SHARE INFORMATION

SHARE PRICE

As at	31/12/2014	31/12/2013
Number of shares	165,093,922	164,693,034
Last traded price (LKR)	250.00	160.50
For the quarter ended	31/12/2014	31/12/2013
Highest price per share (LKR)	266.00	162.00
Lowest price per share (LKR)	233.00	143.60

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.12.2014

	NAME	NO OF SHARES	%
1	BANK OF CEYLON NO. 1 ACCOUNT	16,371,076	9.92
2	EMPLOYEES PROVIDENT FUND	16,010,248	9.70
3	SRI LANKA INSURANCE CORPORATION LIMITED - GENERAL FUND	9,388,488	5.69
4	HSBC INTL NOM LTD - SNFE-NTASIAN DISCOVERY MASTER FUND	8,973,856	5.44
5	DR. S YADDEHIGE	8,669,000	5.25
6	SRI LANKA INSURANCE CORPORATION LIMITED - LIFE FUND	7,805,426	4.73
7	HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.46
8	EMPLOYEES' TRUST FUND BOARD	5,303,700	3.21
9	BNY-CF RUFFER INVESTMENT FUNDS: CF RUFFER PACIFIC FUND	4,850,000	2.94
10	HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND PARTNERS L.P.	4,501,200	2.73
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	MR. A K PATHIRAGE	2,970,000	1.80
15	ASIAN ALLIANCE INSURANCE PLC - GENERAL FUND ACCOUNT NUMBER 01	2,540,977	1.54
16	ASIRI HOSPITAL HOLDINGS PLC	2,411,583	1.46
17	ASIAN ALLIANCE INSURANCE PLC – A/C 02 (LIFE FUND)	2,159,746	1.31
18	HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.24
19	DFCC BANK 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 31/12/2014
Public holding percentage	90.25%
Number Of Public Shareholders	7,982

DIRECTORS INTEREST IN SHARES OF NDB AS AT 31.12.2014

NAME	NO OF SHARES
S WIJESINHA	880
A K PATHIRAGE	2,970,000
R THEAGARAJAH (CEO)	126
T L F JAYASEKARA	-
K FERNANDO	-
H A SIRIWARDENA	-
D S P WIKRAMANAYAKE	-
G D C EKANAYAKE	-
S RAJAPAKSE	-
I SUGATHADASA	-

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 31 December 2014 LKR mn	Market Value			Interest Rate		Interest rate of comparable 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											
A - Dec 2013/Dec 2018	Listed	Semi annually	1,243	119.53	100.00	119.53	13.00	13.42	9.78	7.25	7.25
B - Dec 2013/Dec 2018	Listed	Annually	1,529	112.26	111.28	112.26	13.40	13.40	9.78	9.58	9.58
C - Dec 2013/Dec 2023	Listed	Annually	3,638	118.1	112.5	117.38	13.90	13.90	11.00	10.78	10.78
D - Dec 2013/Dec 2025	Listed	Annually	3,590	119.95	119.23	119.95	14.00	14.00	11.39	10.90	10.90
Floating Rate											
2011- 2016 (3 month TB rate (gross)+1% p.a.)	Unlisted	Quarterly	400	-	-	-	11.43	11.93	7.78	-	-
Total Debentures			10,400								

* Three months Treasury Bill rate before deducting 10% Withholding tax as published by the Central Bank of Sri Lanka has been used.