

# size matters

**National Development Bank PLC**

Interim Financial Report

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SEPTEMBER 2014

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## **OUR VISION**

To be a World-Class Sri Lankan Bank

## **OUR MISSION**

To be dominant in the financial services sector, creating superior long-term shareholder value and contributing to economic development in Sri Lanka by exploiting regional opportunities and delivering innovative solutions, with 'best-in industry' service excellence, through an inspired team.

## **OUR VALUES**

Integrity, Care, Passion, Teamwork & Service  
guide us in our vision to be a world-class  
Sri Lankan Bank.

# **INTERIM FINANCIAL REPORT**

FOR THE NINE MONTHS ENDED  
30<sup>th</sup> SEPTEMBER 2014

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# CHAIRMAN'S MESSAGE

Dear Stakeholders

National Development Bank (the Bank) and its group companies (the Group) posted a strong growth of 49% in Profit attributable to shareholders, recording LKR 3,276 Mn for the nine months ended 30 September 2014, continuing the strong growth momentum it demonstrated during the first half of the year. This impressive performance was due to growth in business volumes, effective management of portfolio quality and concerted cost management efforts carried out across the Group, keeping in line with the Bank's focused business strategy.

## Profitability

The Group Profit After Tax for the nine months ended was LKR 3,309 Mn which was a 50% growth over the comparative period, while Profit Before Income Tax was LKR 4,422 Mn, which was a 34% growth.

The Group Total Operating Income increased by 16% to LKR 9,673 Mn, strengthened by enhanced performance in core banking operations. The Bank's strategic business focus in managing its lending, investment and borrowing portfolios resulted in a 15% increase in Net Interest Income of LKR 5,781 Mn, over the prior period, despite narrowing interest spreads within the industry. Net Fee and Commission Income also grew by 11% to LKR 1,332 Mn. Net Gains from Trading and Financial Investments also contributed positively, towards the increase in overall operating income.

Impairment Charges for Loans and Other Losses was LKR 324 Mn for the nine months ended 30 September 2014 as compared to a provision charge of LKR 226 Mn for 2013. The impairment provisions represent the Bank's sound judgment in assessing the fair value of the impaired loans, based on objective evidence of future recoveries and are in accordance with the Bank's stringent risk management policies.

The Group Operating Expenses for the nine months was LKR 4,305 Mn and recorded only a 7% increase over the comparative period, amidst aggressive business expansions across the Bank and its Group companies. Accordingly, the Bank's Cost to Income Ratio continued to improve and was 44% as at 30 September 2014, which was well below that of the banking industry.

## Balance Sheet growth and asset quality

The Group's growth momentum continued with a healthy Balance Sheet growth of 26% up to LKR 261 Bn as at 30 September 2014. Major contributors to the asset growth were Loans and Receivables and Investments. The Loans and Receivables grew by 34% to LKR 165 Bn over the prior period, and by 20% over the year-end, which compares well with the industry growth levels.

The Bank's Non-Performing Loan (NPL) ratio of 2.44%, which is one of the lowest in the industry, is testimony to the strong governance and risk management framework in which the Bank's business model operates.

The Bank's Customer Deposits reached LKR 151 Bn which is a growth of 27% over the prior period and grew by 16% as compared with 31 December 2013. The CASA ratio of the Bank increased to 26% as at 30 September 2014 and is a considerable improvement, given that the commercial banking part of the Bank is less than a decade old. The improvement in the CASA ratio demonstrates the strong blueprint that the Bank has set in the retail banking arena.

Further strengthening its ties with international development funding agencies, NDB entered into an agreement of USD 75 Mn with Proparco and FMO on 29 September 2014. USD 60 Mn of these funds are to be infused by Proparco, the subsidiary of Agence Française de Développement of France and USD 15 Mn by its Dutch counterpart FMO, under a joint facility to support the financing of projects in the renewable energies, agro-industry and water supply sectors. NDB enjoys expertise perfected over decades in financing long-term projects. These funds to be received will strengthen NDB's contribution to the respective sectors which are directly linked to the development of the bustling national economy.

## Sound capital adequacy

NDB Group's capital adequacy ratios reflect a strong capital position. Tier I capital of the Group as at 30 September 2014 was LKR 26,516 Mn with a Capital Adequacy Ratio (CAR) of 13.30%. Tier I & II capital was LKR 36,330 Mn with a CAR of 18.22%. The NDB Group has been able to maintain one of the best capital adequacy ratios in the industry and has benefited from a capital base that has grown constantly and robustly.

## Returns to Shareholders

The Group Earnings Per Share (EPS) for the nine months ended 30 September 2014 was LKR 27.26 with a 65% increase over 2013. Return on Shareholder Funds (ROE) was 16.57% and has increased by 54% from 2013.

The share price of the Bank closed at LKR 257.50 on 30 September 2014 with a market capitalization of LKR 42.5 Bn. The resultant Price Earning (PE) Ratio was 9.5 (times).

## Accolades

The Bank has recorded enhanced performance across all aspects of business in addition to commendable financial performance. The accolades won by NDB as the "Most trusted bank – Sri Lanka" and the "Bank of the year – Sri Lanka" from the Acquisition International Magazine of United Kingdom for 2014 bear testimony to such enhanced performance.

The Bank has in place a more coherent, logical and strong model through focused strategic execution, which is a solid platform for ambitious growth. The NDB Group is well poised for the remainder of the year, to deliver best in class results for all its stakeholders.

Sunil G. Wijesinha  
Chairman

14th November 2014

# INCOME STATEMENT

	BANK					GROUP				
	Nine months ended 30/09/2014 LKR '000	Nine months ended 30/09/2013 LKR '000	Change %	Quarter ended 30/09/2014 LKR '000	Quarter ended 30/09/2013 LKR '000	Nine months ended 30/09/2014 LKR '000	Nine months ended 30/09/2013 LKR '000	Change %	Quarter ended 30/09/2014 LKR '000	Quarter ended 30/09/2013 LKR '000
Gross Income	18,785,606	23,627,024	(20)	6,316,018	6,064,548	19,540,451	18,693,064	5	6,761,997	6,408,034
Interest Income	15,687,416	15,446,176	2	5,406,214	5,237,028	15,828,868	15,534,147	2	5,452,602	5,271,380
Interest Expenses	9,906,749	10,405,581	(5)	3,394,568	3,473,663	9,867,552	10,370,258	(5)	3,387,677	3,461,533
<b>Net Interest Income</b>	<b>5,780,666</b>	<b>5,040,596</b>	<b>15</b>	<b>2,011,647</b>	<b>1,763,365</b>	<b>5,961,316</b>	<b>5,163,889</b>	<b>15</b>	<b>2,064,925</b>	<b>1,809,847</b>
Net Fee and Commission Income	1,332,122	1,205,098	11	494,208	456,146	1,837,238	1,732,240	6	663,378	716,545
Net gain/(loss) from trading	699,449	682,280	3	177,912	247,435	699,449	682,280	3	177,912	227,435
Net gain/(loss) from financial investments	629,298	115,724	444	236,502	84,368	1,150,752	612,976	88	463,929	189,823
Other operating income	437,321	6,177,746	(93)	1,181	39,570	24,144	131,421	(82)	4,175	2,850
<b>Total Operating Income</b>	<b>8,878,856</b>	<b>13,221,444</b>	<b>(33)</b>	<b>2,921,450</b>	<b>2,590,885</b>	<b>9,672,899</b>	<b>8,322,806</b>	<b>16</b>	<b>3,374,320</b>	<b>2,946,501</b>
<b>Impairment charges for loans and other losses</b>										
Individual Impairment	319,099	83,458	282	93,237	176,998	319,099	83,458	282	95,394	176,998
Collective Impairment	(13,355)	121,957	(111)	(9,618)	(93,797)	(13,355)	121,957	(111)	(9,618)	(93,797)
Investment in Subsidiary/Associates	17,830	20,692	(14)	17,830	(6,000)	-	-	-	-	-
	323,574	226,107	43	101,449	77,201	305,744	205,415	49	85,776	83,201
<b>Net operating income</b>	<b>8,555,282</b>	<b>12,995,337</b>	<b>(34)</b>	<b>2,820,002</b>	<b>2,513,684</b>	<b>9,367,155</b>	<b>8,117,391</b>	<b>15</b>	<b>3,288,544</b>	<b>2,863,299</b>
<b>Operating Expenses</b>										
Personnel Expenses	2,230,529	1,887,346	18	792,144	668,660	2,425,493	2,072,518	17	860,705	732,521
Depreciation and amortization	234,086	224,032	4	80,166	77,247	277,228	252,045	10	101,900	86,493
Other Expenses	1,451,523	1,502,219	(3)	506,026	535,660	1,602,311	1,715,776	(7)	559,817	609,900
<b>Total operating expenses</b>	<b>3,916,138</b>	<b>3,613,597</b>	<b>8</b>	<b>1,378,336</b>	<b>1,281,567</b>	<b>4,305,031</b>	<b>4,040,339</b>	<b>7</b>	<b>1,522,422</b>	<b>1,428,915</b>
<b>Operating Profit Before Tax on Financial Services</b>	<b>4,639,144</b>	<b>9,381,740</b>	<b>(51)</b>	<b>1,441,665</b>	<b>1,232,117</b>	<b>5,062,124</b>	<b>4,077,052</b>	<b>24</b>	<b>1,766,122</b>	<b>1,434,384</b>
Tax on Financial Services	(736,947)	(827,435)	(11)	(218,320)	(205,140)	(736,947)	(827,435)	(11)	(218,320)	(205,140)
<b>Operating Profit After Tax on Financial Services</b>	<b>3,902,197</b>	<b>8,554,305</b>	<b>(54)</b>	<b>1,223,346</b>	<b>1,026,977</b>	<b>4,325,177</b>	<b>3,249,617</b>	<b>33</b>	<b>1,547,803</b>	<b>1,229,244</b>
Share of associate companies' profit	-	-	-	-	-	97,274	39,658	145	-	28,980
<b>Profit Before Taxation</b>	<b>3,902,197</b>	<b>8,554,305</b>	<b>(54)</b>	<b>1,223,346</b>	<b>1,026,977</b>	<b>4,422,451</b>	<b>3,289,275</b>	<b>34</b>	<b>1,547,803</b>	<b>1,258,225</b>
Taxation	(1,084,554)	(1,000,065)	8	(284,547)	(333,663)	(1,113,452)	(1,077,177)	3	(296,403)	(353,119)
<b>Profit for the Period</b>	<b>2,817,643</b>	<b>7,554,240</b>	<b>(63)</b>	<b>938,799</b>	<b>693,315</b>	<b>3,308,998</b>	<b>2,212,098</b>	<b>50</b>	<b>1,251,400</b>	<b>905,105</b>
<b>Profit Attributable to:</b>										
Equity Holders of the parent	2,817,643	7,554,240	(63)	938,799	693,315	3,276,270	2,196,603	49	1,242,340	891,962
Non-Controlling Interests	-	-	-	-	-	32,728	15,495	111	9,060	13,143
	<b>2,817,643</b>	<b>7,554,240</b>	<b>(63)</b>	<b>938,799</b>	<b>693,315</b>	<b>3,308,998</b>	<b>2,212,098</b>	<b>50</b>	<b>1,251,400</b>	<b>905,105</b>
Basic Earnings per share (in LKR)	17.09	45.96	(63)	5.69	4.21	20.45	13.71	49	7.75	5.42
Diluted Earnings per share (in LKR)	17.08	45.94	(63)	5.68	4.20	20.32	13.70	48	7.62	5.41

# STATEMENT OF COMPREHENSIVE INCOME

	BANK					GROUP				
	Nine months ended	Nine months ended	Change %	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Change %	Quarter ended	Quarter ended
	30/09/2014 LKR '000	30/09/2013 LKR '000		30/09/2014 LKR '000	30/09/2013 LKR '000	30/09/2014 LKR '000	30/09/2013 LKR '000		30/09/2014 LKR '000	30/09/2013 LKR '000
<b>Profit for the period</b>	<b>2,817,643</b>	<b>7,554,240</b>	<b>(63)</b>	<b>938,799</b>	<b>693,315</b>	<b>3,308,998</b>	<b>2,212,098</b>	<b>50</b>	<b>1,251,400</b>	<b>905,105</b>
Exchange differences on translation of foreign operations	-	-	-	-	-	(241)	(1,228)	(80)	80	818
Revaluation of Land & Buildings	1,090,518	-	100	1,090,518	-	1,090,518	-	100	1,090,518	-
Net gains from Available for Sale Investments	80,778	-	100	165,983	-	87,278	-	100	172,483	-
Gains and losses on cash flow hedges	108,374	-	100	173,482	-	108,374	-	100	173,482	-
<b>Total Other Comprehensive Income/(expenses)</b>	<b>1,279,670</b>	<b>-</b>	<b>100</b>	<b>1,429,983</b>	<b>-</b>	<b>1,285,929</b>	<b>(1,228)</b>	<b>100</b>	<b>1,436,563</b>	<b>818</b>
Less : Income Tax on Other Comprehensive Income	(22,618)	-	(100)	(46,470)	-	(22,618)	-	(100)	(46,470)	-
<b>Total Other Comprehensive Income after Tax</b>	<b>1,257,052</b>	<b>-</b>	<b>100</b>	<b>1,383,513</b>	<b>-</b>	<b>1,263,311</b>	<b>(1,228)</b>	<b>100</b>	<b>1,390,093</b>	<b>818</b>
<b>Total Comprehensive Income for the period</b>	<b>4,074,695</b>	<b>7,554,240</b>	<b>(46)</b>	<b>2,322,312</b>	<b>693,315</b>	<b>4,572,309</b>	<b>2,210,870</b>	<b>107</b>	<b>2,641,493</b>	<b>905,923</b>
<b>Attributable to:</b>										
Equity holders of the parent	4,074,695	7,554,240	(46)	2,322,312	693,315	4,539,592	2,195,664	107	2,632,415	892,597
Non-Controlling Interests	-	-	-	-	-	32,717	15,206	(115)	9,077	13,326
	4,074,695	7,554,240	(46)	2,322,312	693,315	4,572,309	2,210,870	107	2,641,493	905,923

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	Current Period	Previous Period	Change %	Current Period	Previous Period	Change %
	As at 30/09/2014	As at 31/12/2013 (Audited)		As at 30/09/2014	As At 31/12/2013 (Audited)	
LKR '000	LKR '000		LKR '000	LKR '000		
<b>Assets</b>						
Cash and cash equivalents	3,525,890	2,611,075	35	3,610,106	2,668,262	35
Balances with Central Bank	6,081,850	5,339,000	14	6,081,850	5,339,000	14
Placements with banks	9,901,418	130,751	7,473	9,901,418	130,751	7,473
Derivative Financial Instruments	1,974,877	1,149,541	72	1,974,877	1,149,541	72
Other Financial Assets Held for trading	2,330,467	10,720,689	(78)	6,516,338	14,194,141	(54)
Loans and Receivables to banks	351,407	641,628	(45)	351,407	641,628	(45)
Loans and Receivables to other customer	164,600,320	136,821,530	20	164,594,448	136,881,713	20
Financial Investments - Loans and receivables	39,414,028	15,837,455	149	39,700,611	16,791,701	136
Financial Investments - Available for sale	12,217,020	5,982,450	104	12,478,520	6,167,450	102
Financial Investments - Held to maturity	8,784,247	17,602,249	(50)	9,878,719	18,460,591	(46)
Investments in subsidiary companies	2,019,755	2,037,585	(1)	-	-	-
Investments in associate companies	18,526	61,968	(70)	33,302	76,744	(57)
Investment Property	-	-	-	1,383,693	1,383,693	-
Intangible assets	243,420	260,425	(7)	291,631	296,679	(2)
Property, plant & equipment	1,938,075	872,890	122	2,279,402	1,176,491	94
Other assets	1,446,941	1,189,391	22	1,760,457	1,458,735	21
<b>Total assets</b>	<b>254,848,240</b>	<b>201,258,628</b>	<b>27</b>	<b>260,836,778</b>	<b>206,817,120</b>	<b>26</b>
<b>Liabilities</b>						
Due to Banks	423,959	10,453,085	(96)	423,959	10,453,085	(96)
Derivative Financial Instruments	1,046,880	817,310	28	1,046,880	817,310	28
Due to other Customers	150,515,133	129,830,029	16	150,211,397	129,421,813	16
Debt Securities issued and other borrowed funds	61,198,203	24,420,818	151	61,214,275	24,390,819	151
Current Tax Liabilities	692,302	266,127	160	687,125	300,196	129
Deferred Tax	467,878	312,433	50	470,686	324,451	45
Other liabilities	5,162,550	3,815,020	35	5,292,928	4,024,463	32
Dividends payable	38,867	40,656	(4)	38,867	40,656	(4)
Subordinated Term debts	12,388,672	11,682,675	6	12,388,672	11,682,675	6
<b>Total liabilities</b>	<b>231,934,445</b>	<b>181,638,152</b>	<b>28</b>	<b>231,774,789</b>	<b>181,455,468</b>	<b>28</b>
<b>Equity</b>						
Stated Capital (Bank - 165,035,180 shares & Group - 160,410,322 shares)	1,215,595	1,172,904	4	906,629	943,746	(4)
Statutory Reserve Fund	958,527	958,527	-	958,527	958,527	-
Retained Earnings	17,523,971	15,653,260	12	23,060,912	20,731,801	11
Other Reserves	3,215,702	1,835,786	75	3,292,747	1,879,733	75
<b>Total shareholders' equity</b>	<b>22,913,794</b>	<b>19,620,477</b>	<b>17</b>	<b>28,218,815</b>	<b>24,513,807</b>	<b>15</b>
Non-Controlling Interests	-	-	-	843,174	847,846	(1)
<b>Total Equity</b>	<b>22,913,794</b>	<b>19,620,477</b>	<b>17</b>	<b>29,061,989</b>	<b>25,361,653</b>	<b>15</b>
<b>Total liabilities and equity</b>	<b>254,848,240</b>	<b>201,258,628</b>	<b>27</b>	<b>260,836,778</b>	<b>206,817,120</b>	<b>26</b>
<b>Net Book Value Per Share (LKR)</b>	<b>138.84</b>	<b>119.13</b>	<b>17</b>	<b>175.92</b>	<b>148.85</b>	<b>18</b>
Contingent liabilities and commitments	235,925,676	177,200,240	33	235,925,676	177,200,240	33
<b>Memorandum Information</b>						
Number of Employees	1,738	1,583				
Number of Branches	82	78				



# STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30th September	Stated Capital	Reserves									Non-Controlling Interests	Total Equity
		Statutory Reserve Fund	General Reserve	Revaluation Reserve	Investment Fund Account	Share based Payment Reserve	Available for Sale Reserves	Cash flow Hedge Reserve	Retained earnings	Total		
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000		
<b>BANK</b>												
Balance as at 01 January 2013	1,093,095	878,718	5,805,707	-	924,332	-	-	-	6,240,549	14,942,401	-	14,942,401
<b>Total Comprehensive Income for the period</b>												
Profit for the Period	-	-	-	-	-	-	-	-	7,554,240	7,554,240	-	7,554,240
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the period</b>									7,554,240	7,554,240	-	7,554,240
<b>Transactions with equity holders</b>												
Issue of Shares	79,809	-	-	-	-	-	-	-	-	79,809	-	79,809
Transfer to Investment Fund Account	-	-	-	-	654,691	-	-	-	(654,691)	-	-	-
Transfer to statutory Reserve Fund	-	79,809	-	-	-	-	-	-	(79,809)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(2,401,065)	(2,401,065)	-	(2,401,065)
<b>Balance as at 30 September 2013</b>	<b>1,172,904</b>	<b>958,527</b>	<b>5,805,707</b>	<b>-</b>	<b>1,579,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,659,224</b>	<b>20,175,385</b>	<b>-</b>	<b>20,175,385</b>
<b>BANK</b>												
Balance as at 01 January 2014	1,172,904	958,527	5,805,707	-	1,706,751	22,367	106,669	-	9,847,551	19,620,476	-	19,620,476
<b>Total Comprehensive Income for the period</b>												
Profit for the Period	-	-	-	-	-	-	-	-	2,817,643	2,817,643	-	2,817,643
Other Comprehensive Income net of Tax	-	-	-	1,090,518	-	-	58,160	108,374	-	1,257,052	-	1,257,052
<b>Total Comprehensive Income for the period</b>				1,090,518			58,160	108,374	2,817,643	4,074,695	-	4,074,695
<b>Transactions with equity holders</b>												
Issue of Shares	42,692	-	-	-	-	-	-	-	-	42,692	-	42,692
Transfer to Investment Fund Account	-	-	-	-	124,983	-	-	-	(124,983)	-	-	-
Adjustment to share based payment reserves	-	-	-	-	-	(2,124)	-	-	-	(2,124)	-	(2,124)
Transfer to statutory reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(821,946)	(821,946)	-	(821,946)
<b>Balance as at 30 September 2014</b>	<b>1,215,596</b>	<b>958,527</b>	<b>5,805,707</b>	<b>1,090,518</b>	<b>1,831,734</b>	<b>20,243</b>	<b>164,829</b>	<b>108,374</b>	<b>11,718,265</b>	<b>22,913,794</b>	<b>-</b>	<b>22,913,794</b>
<b>GROUP</b>												
Balance as at 01 January 2013	863,937	878,718	5,805,707	-	924,332	-	-	-	16,410,347	24,883,041	826,411	25,709,452
<b>Total Comprehensive Income for the period</b>												
Profit for the Period	-	-	-	-	-	-	-	-	2,196,603	2,196,603	15,495	2,212,098
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-	-	(939)	(939)	(290)	(1,229)
<b>Total Comprehensive Income for the period</b>									2,195,664	2,195,664	15,205	2,210,869
<b>Transactions with equity holders</b>												
Issue of Shares	79,809	-	-	-	-	-	-	-	-	79,809	-	79,809
Transfer to Investment Fund Account	-	-	-	-	654,691	-	-	-	(654,691)	-	-	-
Transfer to statutory reserve fund	-	79,809	-	-	-	-	-	-	(79,809)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(2,401,065)	(2,401,065)	(34,604)	(2,435,669)
Effect of change in holding in a group company	-	-	-	-	-	-	-	-	-	-	(13,017)	(13,017)
<b>Balance as at 30 September 2013</b>	<b>943,746</b>	<b>958,527</b>	<b>5,805,707</b>	<b>-</b>	<b>1,579,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,470,446</b>	<b>24,757,449</b>	<b>793,995</b>	<b>25,551,443</b>
<b>GROUP</b>												
Balance as at 01 January 2014	943,746	958,527	5,805,707	-	1,706,751	22,367	150,614	-	14,926,095	24,513,807	847,846	25,361,653
<b>Total Comprehensive Income for the period</b>												
Profit for the Period	-	-	-	-	-	-	-	-	3,276,270	3,276,270	32,728	3,308,998
Other Comprehensive Income net of Tax	-	-	-	1,090,518	-	-	64,660	108,374	(230)	1,263,322	(11)	1,263,311
<b>Total Comprehensive Income for the period</b>				1,090,518			64,660	108,374	3,276,040	4,539,592	32,717	4,572,309
<b>Transactions with equity holders</b>												
Issue of shares	42,692	-	-	-	-	-	-	-	-	42,692	-	42,692
Transfer to Investment Fund Account	-	-	-	-	124,983	-	-	-	(124,983)	-	-	-
Adjustment to share based payment reserves	(79,809)	-	-	-	-	24,479	-	-	-	(55,330)	-	(55,330)
Transfer to Statutory Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(821,946)	(821,946)	(37,388)	(859,334)
<b>Balance as at 30 September 2014</b>	<b>906,629</b>	<b>958,527</b>	<b>5,805,707</b>	<b>1,090,518</b>	<b>1,831,734</b>	<b>46,846</b>	<b>215,274</b>	<b>108,374</b>	<b>17,255,206</b>	<b>28,218,815</b>	<b>843,174</b>	<b>29,061,989</b>

# STATEMENT OF CASH FLOW

For the nine months ended 30 September	BANK		GROUP	
	2014 LKR '000	2013 LKR '000	2014 LKR '000	2013 LKR '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	15,780,069	16,025,587	15,945,613	16,188,885
Fee based income received	1,324,685	1,124,647	1,652,609	2,179,265
Dividend income received	335,705	710,802	42,448	25,081
Other income received	1,326,172	829,646	1,326,303	283,102
Interest paid	(9,331,587)	(9,765,135)	(9,332,400)	(9,765,369)
Personnel costs paid	(2,160,329)	(1,824,346)	(2,160,329)	(1,954,475)
General expenses paid	(1,536,328)	(1,413,692)	(1,603,960)	(1,621,084)
<b>Operating Profit before changes in operating assets and liabilities</b>	<b>5,738,387</b>	<b>5,687,509</b>	<b>5,870,284</b>	<b>5,335,405</b>
Net increase in loans and advances	(27,886,966)	(7,009,611)	(27,886,966)	(7,009,611)
Net Increase in Deposits from customers	21,270,854	10,902,877	21,270,854	10,902,877
Net (increase)/decrease in other receivables	(1,080,482)	1,223,254	(857,711)	1,238,418
Net increase/(decrease) in other liabilities	1,601,756	(2,022,773)	1,357,674	(2,008,944)
<b>Net cash inflow/(outflow) from operating activities before taxation</b>	<b>(356,451)</b>	<b>8,781,256</b>	<b>(245,864)</b>	<b>8,458,145</b>
Financial Services VAT paid	(615,317)	(749,458)	(615,317)	(749,458)
Income taxes paid	(525,550)	(870,567)	(570,432)	(903,781)
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,497,318)</b>	<b>7,161,231</b>	<b>(1,431,613)</b>	<b>6,804,906</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net changes in financial Investments	(12,546,882)	(14,932,569)	(12,488,236)	(8,652,139)
Disposal of subsidiaries/associates	139,568	5,954,774	139,568	(13,016)
Expenditure on property, plant & equipment	(192,936)	(247,534)	(248,461)	(165,947)
Proceeds from sale of property, plant & equipment	14,315	2,416	14,315	(75,830)
<b>Net cash used in investing activities</b>	<b>(12,585,935)</b>	<b>(9,222,913)</b>	<b>(12,582,814)</b>	<b>(8,906,932)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issue of shares	42,692	-	42,692	-
(Decrease)/Increase in other borrowings	26,292,628	307,950	26,292,628	307,951
Dividends paid to non controlling interests	-	-	(41,796)	(96,867)
Dividends paid to shareholders of the parent Company	(823,735)	(2,614,106)	(823,735)	(2,614,106)
<b>Net cash provided by/(used in) financing activities</b>	<b>25,511,585</b>	<b>(2,306,156)</b>	<b>25,469,789</b>	<b>(2,403,022)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,428,332</b>	<b>(4,367,838)</b>	<b>11,455,361</b>	<b>(4,505,048)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,080,826	13,114,541	8,138,013	13,269,129
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>19,509,158</b>	<b>8,746,703</b>	<b>19,593,374</b>	<b>8,764,081</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents	3,525,890	2,750,407	3,610,106	2,797,786
Balances with Central Bank	6,081,850	4,907,669	6,081,850	4,907,669
Placements with banks	9,901,418	1,088,626	9,901,418	1,088,626
<b>19,509,158</b>	<b>8,746,703</b>	<b>19,593,374</b>	<b>8,794,081</b>	

# SEGMENTAL ANALYSIS - GROUP

For the nine Months ended 30th September

	Banking				Capital Markets				Property Investment				Others				Consolidated				
	2014		2013		2014		2013		2014		2013		2014		2013		2014		2013		
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	
<b>REVENUE</b>																					
External income	18,975,054	17,812,778	447,212	780,770	48,264	41,117	-	-	19,470,530	18,634,665											
Inter-segment income	-	-	32,425	16,233	37,496	42,166	-	-	69,921	58,399											
Total income	18,975,054	17,812,778	479,637	797,003	85,760	83,283	-	-	19,540,451	18,693,064											
Segment expenses	(14,089,434)	(14,222,566)	(362,196)	(368,331)	(26,697)	(25,116)	-	-	(14,478,327)	(14,616,013)											
Segment results	4,885,620	3,590,212	117,441	428,671	59,063	58,167	-	-	5,062,124	4,077,051											
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	-	97,274	39,658											
Taxation	-	-	-	-	-	-	-	-	(1,113,452)	(1,077,177)											
VAT on financial services	-	-	-	-	-	-	-	-	(736,947)	(827,435)											
<b>Profit after taxation</b>																					
<b>Other information</b>																					
Segment assets	254,734,883	183,122,416	4,482,978	3,701,254	1,445,092	1,410,595	-	-	260,662,950	188,234,265											
Investment in associates	-	-	-	-	-	-	-	-	173,827	72,959											
<b>Consolidated total assets</b>																					
Segment liabilities	231,518,940	162,614,690	221,055	106,557	34,796	34,533	-	-	231,774,789	162,755,780											
<b>Consolidated total liabilities</b>																					
<b>Segmental Cash flows</b>																					
Cash flows from operating activities	(1,497,318)	7,116,231	60,594	(95,356)	23,240	(712)	(18,129)	(260,257)	(1,431,613)	6,804,906											
Cash flows from investing activities	(12,585,935)	(9,222,913)	(14,230)	196,967	18,139	37,493	(788)	291,311	(12,582,814)	(8,906,932)											
Cash flows from financing activities	25,511,585	(2,306,156)	(1,073)	(60,087)	(41,379)	(36,779)	656	-	25,469,789	(2,403,022)											

# MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2014 - BANK

LKR '000	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Total
<b>ASSETS</b>						
Cash and cash equivalents	-	-	3,525,890	-	-	3,525,890
Balances with Central Bank	-	-	6,081,850	-	-	6,081,850
Placements with banks	-	-	9,901,418	-	-	9,901,418
Derivative Financial Instruments	1,974,877	-	-	-	-	1,974,877
Other Financial Assets Held for trading	2,330,467	-	-	-	-	2,330,467
Loans and Receivables to banks	-	-	351,407	-	-	351,407
Loans and Receivables to other customer	-	-	164,600,320	-	-	164,600,320
Financial Investments - Loans and receivables	-	-	39,414,028	-	-	39,414,028
Financial Investments - Available for sale	-	-	-	12,217,020	-	12,217,020
Financial Investments - Held to maturity	-	8,784,247	-	-	-	8,784,247
<b>Total Financial Assets</b>	<b>4,305,343</b>	<b>8,784,247</b>	<b>223,874,913</b>	<b>12,217,020</b>	<b>-</b>	<b>249,181,524</b>
Investments in subsidiary companies	-	-	-	-	2,019,755	2,019,755
Investments in associate companies	-	-	-	-	18,526	18,526
Investment Property	-	-	-	-	-	-
Intangible assets	-	-	-	-	243,420	243,420
Property, plant & equipment	-	-	-	-	1,938,075	1,938,075
Other assets	-	-	-	-	1,446,941	1,446,941
<b>Total Assets</b>	<b>4,305,343</b>	<b>8,784,247</b>	<b>223,874,913</b>	<b>12,217,020</b>	<b>5,666,716</b>	<b>254,848,240</b>
<b>LIABILITIES</b>						
			Held for Trading	Amortised Cost	Others	Total
Due to Banks	-	-	-	423,959	-	423,959
Derivative Financial Instruments	-	-	1,046,880	-	-	1,046,880
Due to other Customers	-	-	-	150,515,133	-	150,515,133
Debt Securities issued and other borrowed funds	-	-	-	61,198,203	-	61,198,203
Subordinated Term debts	-	-	-	12,388,672	-	12,388,672
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,046,880</b>	<b>224,525,967</b>	<b>-</b>	<b>225,572,847</b>
Current Tax Liabilities	-	-	-	-	692,303	692,303
Deferred Tax	-	-	-	-	467,878	467,878
Other liabilities	-	-	-	-	5,162,550	5,162,550
Dividends payable	-	-	-	-	38,867	38,867
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,046,880</b>	<b>224,525,967</b>	<b>6,361,598</b>	<b>231,934,445</b>

# 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
<b>ASSETS</b>						
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
Other 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 customer	-	-	136,821,530	-	-	136,821,530
Financial Investments - Loans and receivable	-	-	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
<b>Total Financial Assets</b>	<b>11,870,230</b>	<b>17,602,249</b>	<b>161,381,440</b>	<b>5,982,450</b>	<b>-</b>	<b>196,836,369</b>
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
<b>Total Assets</b>	<b>11,870,230</b>	<b>17,602,249</b>	<b>161,381,440</b>	<b>5,982,450</b>	<b>4,422,259</b>	<b>201,258,628</b>
<b>LIABILITIES</b>						
			Held for Trading	Amortised Cost	Others	Total
Due to Banks	-	-	-	10,453,085	-	10,453,085
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
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>817,310</b>	<b>176,386,607</b>	<b>-</b>	<b>177,203,917</b>
Current Tax Liabilities	-	-	-	-	266,127	266,127
Deferred Tax	-	-	-	-	312,433	312,433
Other liabilities	-	-	-	-	3,815,020	3,815,020
Dividends payable	-	-	-	-	40,656	40,656
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>817,310</b>	<b>176,386,607</b>	<b>4,434,235</b>	<b>181,638,152</b>

# MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2014 - GROUP

LKR '000	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Total
<b>ASSETS</b>						
Cash and cash equivalents	-	-	3,610,106	-	-	3,610,106
Balances with Central Bank	-	-	6,081,850	-	-	6,081,850
Placements with banks	-	-	9,901,418	-	-	9,901,418
Derivative Financial Instruments	1,974,877	-	-	-	-	1,974,877
Other Financial Assets Held for trading	6,516,338	-	-	-	-	6,516,338
Loans and Receivables to banks	-	-	351,407	-	-	351,407
Loans and Receivables to other customer	-	-	164,594,448	-	-	164,594,448
Financial Investments - Loans and receivables	-	-	39,700,611	-	-	39,700,611
Financial Investments - Available for sale	-	-	-	12,478,520	-	12,478,520
Financial Investments - Held to maturity	-	9,878,719	-	-	-	9,878,719
<b>Total Financial Assets</b>	<b>8,491,214</b>	<b>9,878,719</b>	<b>224,239,840</b>	<b>12,478,520</b>	<b>-</b>	<b>255,088,294</b>
Investments in subsidiary companies	-	-	-	-	-	-
Investments in associate companies	-	-	-	-	33,302	33,302
Investment Property	-	-	-	-	1,383,693	1,383,693
Intangible assets	-	-	-	-	291,631	291,631
Property, plant & equipment	-	-	-	-	2,279,402	2,279,402
Other assets	-	-	-	-	1,760,457	1,760,457
<b>Total Assets</b>	<b>8,491,214</b>	<b>9,878,719</b>	<b>224,239,840</b>	<b>12,478,520</b>	<b>5,748,484</b>	<b>260,836,778</b>
<b>LIABILITIES</b>						
			Held for Trading	Amortised Cost	Others	Total
Due to Banks	-	-	-	423,959	-	423,959
Derivative Financial Instruments	-	-	1,046,880	-	-	1,046,880
Due to other Customers	-	-	-	150,211,397	-	150,211,397
Debt Securities issued and other borrowed funds	-	-	-	61,214,275	-	61,214,275
Subordinated Term debts	-	-	-	12,388,672	-	12,388,672
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,046,880</b>	<b>224,238,303</b>	<b>-</b>	<b>225,285,183</b>
Current Tax Liabilities	-	-	-	-	687,125	687,125
Deferred Tax	-	-	-	-	470,686	470,686
Other Liabilities	-	-	-	-	5,292,928	5,292,928
Dividends payable	-	-	-	-	38,867	38,867
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,046,880</b>	<b>224,238,303</b>	<b>6,489,606</b>	<b>231,774,789</b>

# 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
<b>ASSETS</b>						
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
Other 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 customer	-	-	136,881,713	-	-	136,881,713
Financial Investments - Loans and receivable	-	-	16,791,701	-	-	16,791,701
Financial Investments - Available for sale	-	-	-	6,167,450	-	6,167,450
Financial Investments - Held to maturity	-	18,460,591	-	-	-	18,460,591
<b>Total Financial Assets</b>	<b>15,343,682</b>	<b>18,460,591</b>	<b>162,453,055</b>	<b>6,167,450</b>	<b>-</b>	<b>202,424,777</b>
Investments in subsidiary companies	-	-	-	-	-	-
Investments in associate companies	-	-	-	-	76,744	76,744
Investment Property	-	-	-	-	1,383,693	1,383,693
Intangible assets	-	-	-	-	296,679	296,679
Property, plant & equipment	-	-	-	-	1,176,491	1,176,491
Other assets	-	-	-	-	1,458,736	1,458,736
<b>Total Assets</b>	<b>15,343,682</b>	<b>18,460,591</b>	<b>162,453,055</b>	<b>6,167,450</b>	<b>4,392,343</b>	<b>206,817,121</b>
<b>LIABILITIES</b>						
			Held for Trading	Amortised Cost	Others	Total
Due to Banks	-	-	-	10,453,085	-	10,453,085
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	-	24,390,819
Subordinated Term debts	-	-	-	11,682,675	-	11,682,675
<b>Total Financial Liabilities</b>			<b>817,310</b>	<b>175,948,392</b>	<b>-</b>	<b>176,765,702</b>
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
<b>Total Liabilities</b>			<b>817,310</b>	<b>175,948,392</b>	<b>4,689,766</b>	<b>181,455,468</b>

# NOTES TO THE FINANCIAL STATEMENTS

1. The figures are extracted from unaudited financial statements.
2. The accounting policies and methods of computation are consistent with those followed during the previous financial year, except for the change in accounting policy on valuation of the Land and Building of the Bank, as explained in Note 3.
3. The Bank revised its accounting policy on valuation of Land and Building 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 30 September includes Land and Building revalued at LKR 1,379 Mn (cost - LKR 587.7 Mn).
4. 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, 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.
5. 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.
6. As per the Equity Linked Compensation Plan (ELCP) of the Bank, the eligible members of the staff have exercised share options amounting to 342,142 shares during the nine months ended 30 September 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 1,215.6 Mn and the number of shares in issue from 164,693,034 to 165,035,180 as at 30 September 2014.
7. The Board of Directors of NDB, at its meeting held on 20th March 2014, approved the divestiture of its investment in 224,875 shares amounting to 35% of the shares in of Maldives Finance Leasing Company (Private) Limited to Tree Top Investments (Private) Limited, a company incorporated in the Republic of Maldives. Accordingly, the divestment took place during April 2014, and the Bank was able to release LKR 140 Mn out of the total original investment cost of LKR 165 Mn, for which full provision was made in 2011. The net realised gain by the Bank amounted to LKR 97 Mn for the nine months ended 30 September 2014.
8. In pursuance of the policies announced by the Government encouraging the consolidation of certain banking businesses, the Boards of Directors of National development Bank PLC (NDB) and DFCC Bank (DFCC), have commenced preliminary discussions, with a view to achieving such consolidation. The consolidation of the two entities will be dependent on relevant approvals and possibly, the passage of facilitative legislation.
9. 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.
10. 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

	BANK		GROUP	
	Current Period As at 30/09/2014 LKR '000	Previous Period As at 31/12/2013 LKR '000	Current Period As at 30/09/2014 LKR '000	Previous Period As at 31/12/2013 LKR '000
<b>a) Loans and Receivables to Other Customers</b>				
Gross loans and receivables	169,286,807	141,009,004	169,280,936	141,069,186
(Less): Individual impairment	2,340,433	1,828,064	2,340,433	1,828,064
Collective impairment	2,346,054	2,359,410	2,346,054	2,359,410
<b>Net loans and receivables</b>	<b>164,600,320</b>	<b>136,821,530</b>	<b>164,594,448</b>	<b>136,881,713</b>
<b>b) Gross Loans and Receivables to Other Customers - By product</b>				
<b>By product-Domestic Currency</b>				
Term loans	37,082,486	25,231,706	37,020,794	25,231,706
Medium and short term loans	25,768,865	23,685,064	25,768,865	23,685,064
Overdrafts	21,967,324	17,502,248	21,961,452	17,562,430
Trade Finance	9,507,086	10,460,581	9,507,086	10,460,581
Consumer loans	17,670,136	14,620,469	17,670,136	14,620,469
Lease rentals receivable	7,885,240	6,794,841	7,885,240	6,794,841
Hire Purchase	2,506,180	1,633,568	2,506,180	1,633,568
Housing loans	5,904,181	4,764,297	5,904,181	4,764,297
Pawning	552,203	2,232,748	552,203	2,232,748
Staff loans	1,008,411	928,451	1,070,103	928,451
Islamic Banking Facility	2,601	-	2,601	-
<b>Sub total</b>	<b>129,854,714</b>	<b>107,853,975</b>	<b>129,848,842</b>	<b>107,914,157</b>
<b>By product - Foreign Currency</b>				
Overdrafts	1,017,417	957,613	1,017,417	957,613
Medium and short term loans	14,913,512	9,881,566	14,913,512	9,881,566
Trade Finance	23,501,164	22,315,850	23,501,164	22,315,850
<b>Sub Total</b>	<b>39,432,094</b>	<b>33,155,030</b>	<b>39,432,094</b>	<b>33,155,030</b>
<b>Total</b>	<b>169,286,807</b>	<b>141,009,004</b>	<b>169,280,936</b>	<b>141,069,186</b>
<b>c) Movements in individual and collective impairment during the period for loans and Receivables to Other Customers</b>				
<b>Individual impairment</b>				
Opening balance at 01 st January	1,828,065	979,186	1,828,065	979,186
Charge/(Write back) to Income Statement	319,099	845,293	319,099	845,293
Write-off during the period	-	(331,056)	-	(331,056)
Other movements	193,269	334,641	193,269	334,641
Closing balance	2,340,433	1,828,064	2,340,433	1,828,064
<b>Collective impairment</b>				
Opening balance at 01st January	2,359,409	1,943,938	2,359,409	1,943,938
Charge/(Write back) to Income Statement	(13,355)	415,472	(13,355)	415,472
Write-off during the Period	-	-	-	-
Closing balance	2,346,054	2,359,410	2,346,054	2,359,410
<b>Total Impairment</b>	<b>4,686,487</b>	<b>4,187,474</b>	<b>4,686,487</b>	<b>4,187,474</b>
<b>d) Due to Other Customers - By product</b>				
<b>By product - Domestic Currency</b>				
Demand deposits	13,304,466	9,081,419	13,274,428	9,081,418
Savings deposits	18,568,757	14,419,607	18,568,757	14,419,607
Fixed deposits	85,933,067	76,149,197	85,659,369	75,740,981
Other deposits	297,541	479,220	297,541	479,220
<b>Sub total</b>	<b>118,103,831</b>	<b>100,129,443</b>	<b>117,800,095</b>	<b>99,721,226</b>
<b>By product - Foreign Currency</b>				
Demand deposits	2,365,417	2,018,186	2,365,417	2,018,186
Savings deposits	6,665,389	6,317,688	6,665,389	6,317,688
Fixed deposits	23,270,483	21,308,274	23,270,483	21,308,274
Other deposits	110,012	56,438	110,013	56,439
<b>Sub Total</b>	<b>32,411,301</b>	<b>29,700,586</b>	<b>32,411,302</b>	<b>29,700,587</b>
<b>Total</b>	<b>150,515,133</b>	<b>129,830,029</b>	<b>150,211,397</b>	<b>129,421,813</b>

# SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30/09/2014	As at 31/12/2013	As at 30/09/2014	As at 31/12/2013
<b>Regulated Capital Adequacy</b>				
Core Capital (Tier 1 Capital) (LKR mn)	20,435	18,350	26,516	24,736
Total Capital Base (LKR mn)	29,688	27,220	36,330	34,343
Core Capital adequacy Ratio - Core Capital as a % of Risk - weighted Assets (Minimum Requirement, 5%)	10.95	12.05	13.30	15.15
Total Capital Adequacy Ratio - Total Capital as a % of (Tier 1 & 2 (%))	15.90	17.87	18.22	21.04
Risk - weighted Assets (Minimum Requirement,10% )				
<b>Asset Quality</b>				
Gross Non-performing Advances Ratio (%)	2.44	2.48	2.44	2.48
Net Non-performing Advances Ratio (%)	1.19	1.21	1.19	1.21
<b>Profitability</b>				
Earnings Per Share (LKR) (annualised)	22.05	46.96	27.26	16.48
Return on Average Shareholders' Funds (%)	17.09	39.36	16.57	10.78
Return on Average Assets (%)	1.59	3.84	1.87	1.28
Net interest margin (%)	3.38	3.38	3.40	3.68
<b>Debt Security - Related Ratios</b>				
Interest Cover (Times)	1.58	1.49	1.60	1.51
Debt to Equity (Times)	9.80	9.00	7.95	7.18
<b>Regulatory Liquidity</b>				
Statutory liquid assets - LKR mn	54,193	42,407	54,193	42,407
Statutory liquid assets ratio (%)				
Domestic Banking Unit	24.19	26.22	24.19	26.22
Foreign Currency Banking Unit	26.96	26.06	26.96	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

14<sup>th</sup> November 2014

(Sgd.)

**R. Theagarajah**

Chief Executive Officer

# SHARE INFORMATION

SHARE PRICE	AS AT	AS AT
	30/09/2014	31/12/2013
Number of shares	165,035,180	164,693,034
Last traded price (LKR)	257.50	160.50
<b>For the quarter ended</b>	<b>30/09/2014</b>	<b>31/12/2013</b>
Highest price per share (LKR)	259.00	162.00
Lowest price per share (LKR)	206.00	143.60

## TOP 20 LARGEST REGISTERED SHAREHOLDERS

As at 30th September, 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 DR. S YADDEHIGE	8,669,000	5.25
5 HSBC INTL NOM LTD. - SNFE-NTASIAN DISCOVERY MASTER FUND	8,432,154	5.11
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. - BP25 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 NATIONAL DEVELOPMENT BANK - ESOP A/C NO.5	4,133,726	2.50
14 ASIAN ALLIANCE INSURANCE PLC ACCOUNT NUMBER 03/ LIFE SHAREHOLDERS FUND	3,450,977	2.09
15 MR. A K PATHIRAGE	2,970,000	1.80
16 ASIAN ALLIANCE INSURANCE PLC - GENERAL FUND ACCOUNT NUMBER 01	2,540,977	1.54
17 ASIRI HOSPITAL HOLDINGS PLC	2,411,583	1.46
18 ASIAN ALLIANCE INSURANCE PLC - A/C 02 (LIFE FUND)	2,159,746	1.31
19 HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.24
20 DFCC BANK A/C 1	2,000,000	1.21

PUBLIC HOLDING	AS AT
	30.09.2014
Public Holding Percentage	87.80%
Number of Public Shareholders	7,243

## DIRECTOR'S INTEREST IN SHARES OF NDB

As at 30th September, 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 30 Sept. 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 %
<b>Fixed rate</b>											
A - Dec 2013/Dec 2018	Listed	Semi-annually	1,243	110.12	110.12	110.12	13.00	13.42	9.78	10%	10%
B - Dec 2013/Dec 2018	Listed	Annually	1,529	111.28	111.28	111.28	13.40	13.40	9.78	10%	10%
C - Dec 2013/Dec 2023	Listed	Annually	3,658	Not traded during the period			13.90	13.90	11.00	Not traded during the period	
D - Dec 2013/Dec 2025	Listed	Annually	3,590	Not traded during the period			14.00	14.00	11.39	Not traded during the period	
<b>Floating Rate</b>											
2011-2016 (3 month TB rate (gross)+1% p.a.)	Unlisted	Quarterly	400	-	-	-	11.43	11.93	7.78	-	-
<b>Total Debentures</b>			<b>10,400</b>								

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

# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

Mr. Sunil G. Wijesinha (Chairman)

Mr. Ashok Pathirage (Deputy Chairman)

Mr. Rajendra Theagarajah (Director/Chief Executive Officer)

Mr. Trevine Jayasekara (Director)

Mr. Sarath Wikramanayake (Director)

Mrs. Kimarli Fernando (Director)

Mr. Anura Siriwardena (Director)

Ms. Chandra Ekanayake (Director)

Mr. Sujeewa Rajapakse (Director)

Mrs. Indrani Sugathadasa (Director)

## **COMPLIANCE OFFICER**

Manique Kiriella Bandara

## **SUBSIDIARY COMPANIES**

NDB Capital Holdings PLC

Development Holdings (Pvt) Ltd.

NDB Securities (Pvt) Ltd.

NDB Investment Bank Ltd.

NDB Capital Ltd. (Bangladesh)

NDB Industrial Estates (Pvt) Ltd. (Under Liquidation)

## **INVESTOR RELATIONS – CONTACT DETAILS**

[Investor.relations@ndbbank.com](mailto:Investor.relations@ndbbank.com)

# CORPORATE INFORMATION

## **NAME OF THE COMPANY**

National Development Bank PLC (The Bank was registered under The Companies Act No. 17 of 1982 and subsequently re-registered under the Companies Act No. 07 of 2007 on 04 July 2007).

## **LEGAL FORM**

Incorporated in Sri Lanka under the Companies Act No. 7 of 2007 and also regulated under the Banking Act No. 30 of 1988 as amended from time to time.

## **HEAD OFFICE/REGISTERED OFFICE**

40, Navam Mawatha, Colombo 02  
Tel: +94-11-2448448  
Fax: +94-11241044, +94-11-2440262  
SWIFT Code: NDB S LK LX  
Web Page: [www.ndbbank.com](http://www.ndbbank.com)  
E-Mail: [contact@ndbbank.com](mailto:contact@ndbbank.com)  
VAT Registration No.: 40932000266 - 7000  
Credit Rating: AA-(lka) Fitch Rating

## **COMPANY REGISTRATION NUMBER**

PQ 27

## **AUDITORS**

Messrs Ernst & Young  
201, De Saram Place, Colombo 10

## **LAWYERS**

Legal Department – National Development Bank PLC

## **COMPANY SECRETARY**

Ms. Shehani Ranasinghe  
Attorney-at-Law



Hotline: +94 11 2 448 888  
[www.ndbbank.com](http://www.ndbbank.com)