

National Development Bank PLC

Debenture Issue 2015

Prospectus



The Best Bank in Sri Lanka* is
expanding!

*Adjudged 'Best Bank in Sri Lanka 2015' by Global Finance USA.



NATIONAL DEVELOPMENT BANK PLC



PROSPECTUS

**AN INITIAL ISSUE OF SEVENTY FIVE MILLION (75,000,000) RATED
UNSECURED SUBORDINATED REDEEMABLE DEBENTURES AT THE PAR
VALUE OF LKR 100/- EACH TO RAISE SRI LANKA RUPEES SEVEN BILLION
FIVE HUNDRED MILLION (LKR 7,500,000,000/-)**

**WITH AN OPTION TO ISSUE UP TO A FURTHER
TWENTY FIVE MILLION (25,000,000) OF SAID DEBENTURES
TO RAISE UP TO SRI LANKA RUPEES
TWO BILLION FIVE HUNDRED MILLION (LKR 2,500,000,000/-),
AT THE DISCRETION OF THE BANK IN THE EVENT OF AN
OVERSUBSCRIPTION OF THE INITIAL ISSUE**

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

Rated "A+ (lka)" by Fitch Ratings Lanka Limited

ISSUE OPENS ON

17th June 2015

Financial Advisors and Managers to the Issue



This Prospectus is dated 08th June 2015

The delivery of this Prospectus will not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Bank since the date of this Prospectus.

If you are in doubt regarding the contents of this document, you should consult your stockbroker, bank manager, lawyer or any other professional advisor.

Responsibility for the Content of the Prospectus

This Prospectus has been prepared from information provided by National Development Bank PLC (hereinafter referred to as the “Bank”, “NDB” or the “Issuer”) and from publicly available sources.

The Directors of the Bank have seen and approved this Prospectus and collectively and individually, accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of NDB have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to NDB and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

NDB accepts responsibility for the information contained in this Prospectus. While the Bank has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Bank including the risks involved prior to making any investment decision.

FOR ENQUIRIES, PLEASE CONTACT THE FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

Registration of the Prospectus

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of Section 40 of the Companies Act No. 7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to Section 40 (1) of the Companies Act.

- a) The written consent of the Auditors and Reporting Accountants to the Issue and to the Bank for the inclusion of their name in the Prospectus as Auditors and Reporting Accountants to the Issue and to the Bank.
- b) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.
- c) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.

- d) The written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.
- e) The written consent of the Company Secretary for the inclusion of her name in the Prospectus as Company Secretary to the Bank.
- f) The written consent of the Financial Advisors and Managers to the Issue for the inclusion of their name in the Prospectus as Financial Advisors and the Managers to the Issue.
- g) The written consent of the Registrars to the Issue for the inclusion of their name in the Prospectus as Registrars to the Issue.
- h) The declaration made and subscribed to, by each of the Directors of the Bank herein named as a Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE Listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said Auditors and Reporting Accountants to the Issue and to the Bank, Lawyers to the Issue, Trustee to the Issue, Bankers to the Issue, Company Secretary, Financial Advisors and Managers to the Issue and Registrars to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-Resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

Representation

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person or any other person has been authorised to give any information or to make any representations in connection with the Issue other than the information and representations contained in this Prospectus, and if given or made, such information or representations must not be relied upon as having been authorised by the Bank.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Bank operates and its ability to respond to them, the Bank's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Bank.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future.

Given the risks and uncertainties that may cause the Bank's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. The interest rate, Redemption and other terms and conditions of the Debentures issued herein have been decided by the Bank.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." are to the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

All Applicants should indicate in the Application for Debentures, their Central Depository Systems (Private) Limited (CDS) account number.

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form.

As per the directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated 22nd November 2010 and Circular No. 13/2010 issued by the CDS dated 30th November 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all Applicants are required to indicate their CDS accounts number.

In line with this directive, THE DEBENTURES ALLOTTED TO AN APPLICANT WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH APPLICANT, the details of which is indicated in his/her Application Form.

PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED.

Debentures will not be allotted to Applicants who have not indicated their CDS account details in the Application Form. Applications which do not specify a CDS account number will be rejected.

Applicants who wish to open a CDS account, may do so through a Member/Trading Member of the CSE as set out in Annexure II or through any Custodian Bank as set out in Annexure III of this Prospectus.

If the CDS account number indicated in the Application Form is found to be inaccurate/incorrect or there is no CDS number indicated, the Application will be rejected and no allotments will be made.

ISSUE AT A GLANCE

Issuer	National Development Bank PLC														
Instrument	Rated Unsecured Subordinated Redeemable Debentures														
Listing	The Debentures will be listed on the Colombo Stock Exchange														
Number of Debentures to be Issued	An initial Issue of Seventy Five Million (75,000,000) Rated Unsecured Subordinated Redeemable Debentures with an option to issue up to a further Twenty Five Million (25,000,000) of said Debentures, at the discretion of the Bank, in the event of an oversubscription of the initial Issue														
Amount to be Raised	Sri Lanka Rupees Seven Billion Five Hundred Million (LKR 7,500,000,000/-) with an option to raise up to a further Sri Lanka Rupees Two Billion Five Hundred Million (LKR 2,500,000,000/-), at the discretion of the Bank, in the event of an oversubscription of the initial Issue														
Rating of the Bank	“AA- (lka)” by Fitch Ratings Lanka Limited														
Issue Rating	“A+ (lka)” by Fitch Ratings Lanka Limited														
Issue Price	<u>Debentures of Type A</u> LKR 100/- per each Debenture <u>Debentures of Type B</u> LKR 63.8136 per each Debenture														
Par Value	LKR 100/- per each Debenture														
Redemption Price	LKR 100/- per each Debenture In the event the Date of Redemption on Type B Debentures being earlier than Five (05) years from the Date of Allotment or if the date on which the period of Five (05) years from the Date of Allotment expires is not a Market Day, the Redemption Price will be a price which is to be based on the Annual Effective Rate (AER) of 9.40% per annum being applied on the Issue Price from the Date of Allotment until such Date of Redemption.														
Details of Debentures (Fixed Rate Debentures)	<table> <tr> <th><i>Type of Debentures</i></th><th><i>Interest Rate (per annum)</i></th><th><i>Annual Effective Rate (AER) (per annum)</i></th><th><i>Redemption (from the Date of Allotment)</i></th></tr> <tr> <td>Type A</td><td>9.40% payable annually</td><td>9.40%</td><td>5 Years</td></tr> <tr> <td>Type B</td><td>9.40% annual compounding on the Issue Price payable on the Date of Redemption</td><td>9.40%</td><td>5 Years</td></tr> </table>			<i>Type of Debentures</i>	<i>Interest Rate (per annum)</i>	<i>Annual Effective Rate (AER) (per annum)</i>	<i>Redemption (from the Date of Allotment)</i>	Type A	9.40% payable annually	9.40%	5 Years	Type B	9.40% annual compounding on the Issue Price payable on the Date of Redemption	9.40%	5 Years
<i>Type of Debentures</i>	<i>Interest Rate (per annum)</i>	<i>Annual Effective Rate (AER) (per annum)</i>	<i>Redemption (from the Date of Allotment)</i>												
Type A	9.40% payable annually	9.40%	5 Years												
Type B	9.40% annual compounding on the Issue Price payable on the Date of Redemption	9.40%	5 Years												

ISSUE AT A GLANCE

Number of Debentures to be Subscribed	Applicants are allowed to invest in either; ▪ Debentures of Type A; and/or ▪ Debentures of Type B Subject to the minimum subscription under each Type of Debentures as given below; A minimum of One Hundred (100) Debentures and in multiples of One Hundred (100) Debentures thereafter
Interest Payment Date(s)	<u>Debentures of Type A</u> 31st December of each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption <u>Debentures of Type B</u> Date of Redemption Interest would be paid not later than Three (03) Working Days from each Interest Payment Date
Mode of Payment of Redemption Price and Interest	By cheque marked "Account Payee Only" or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus)
Issue Opening Date	17 th June 2015
Closure Date of the Subscription List	07th July 2015 or such earlier date on which; ▪ The maximum of 100,000,000 Debentures are fully subscribed; or ▪ The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 75,000,000 Debentures becoming fully subscribed or such other higher amount less than the maximum amount of 100,000,000 Debentures becoming fully subscribed with the notification to the CSE on the occurrence of the above

ISSUE AT A GLANCE

Date of Allotment	The date on which the Debentures will be allotted by the Bank to Applicants subscribing thereto
Basis of Allotment	In the event of an oversubscription, the Board of Directors of NDB will endeavour to decide the basis of allotment of the Debentures in a fair manner as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE The Board however shall reserve the right to allocate up to 75% of the Number of Debentures to be Issued under this Prospectus on a preferential basis, to identified institutional investor/s of strategic and operational importance with whom the Bank might have mutually beneficial relationships in the future The number of Debentures to be issued under Debentures of Type A and Debentures of Type B will be in accordance with the basis of allotment which will be decided at the discretion of the Board of Directors of NDB in a fair manner in the event of an oversubscription

TABLE OF CONTENTS

1.0 CORPORATE INFORMATION.....	1
2.0 RELEVANT PARTIES TO THE ISSUE.....	2
3.0 LIST OF ABBREVIATIONS.....	3
4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE.....	4
5.0 PRINCIPAL FEATURES OF THE RATED UNSECURED SUBORDINATED REDEEMABLE DEBENTURES	7
5.1 INVITATION TO SUBSCRIBE	7
5.2 SUBSCRIPTION LIST	7
5.3 OBJECTIVES OF THE ISSUE.....	8
5.4 TYPES OF DEBENTURES.....	8
5.5 INTEREST	8
5.6 REDEMPTION.....	9
5.7 PAYMENT OF REDEMPTION PRICE AND INTEREST	10
5.8 TRUSTEE TO DEBENTURE HOLDERS	10
5.9 RATING OF THE DEBENTURES	11
5.10 RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS	11
5.11 BENEFITS OF INVESTING IN DEBENTURES OFFERED BY THE BANK.....	12
5.12 RISKS INVOLVED IN INVESTING IN THE DEBENTURES	12
5.13 TRANSFER OF DEBENTURES	14
5.14 LISTING.....	14
5.15 COST OF THE ISSUE.....	15
5.16 BROKERAGE FEE.....	15
5.17 UNDERWRITING.....	15
6.0 PROCEDURE FOR APPLICATION	16
6.1 INSPECTION OF DOCUMENTS.....	16
6.2 ELIGIBLE APPLICANTS	16
6.3 HOW TO APPLY	17
6.4 NUMBER OF DEBENTURES TO BE SUBSCRIBED	21
6.5 MODE OF PAYMENT OF THE INVESTMENT BY THE APPLICANTS	21
6.6 REJECTION OF APPLICATIONS.....	23
6.7 BANKING OF PAYMENTS.....	24
6.8 BASIS OF ALLOTMENT OF DEBENTURES	24
6.9 REFUNDS.....	25
6.10 CDS ACCOUNTS AND SECONDARY MARKET TRADING	26

7.0 THE BANK	27
7.1 BACKGROUND AND NATURE OF BUSINESS.....	27
7.2 STATED CAPITAL	33
7.3 MAJOR SHAREHOLDERS	34
7.4 SUBSIDIARY COMPANIES AND THEIR PRINCIPAL ACTIVITIES	34
7.5 FINANCIAL INFORMATION	35
7.6 PARTICULARS OF LONG TERM LOANS AND OTHER BORROWINGS	35
7.7 DETAILS OF OTHER DEBENTURES IN ISSUE	36
7.8 DETAILS OF CONVERTIBLE DEBT SECURITIES	37
7.9 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATION	37
7.10 DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES ..	37
7.11 DETAILS OF MATERIAL CONTRACTS	37
7.12 DETAILS OF COMMISSIONS PAID.....	37
7.13 TRANSACTIONS RELATING TO THE PROPERTY	38
7.14 DETAILS OF BENEFITS PAID TO PROMOTERS.....	38
7.15 DIVIDEND POLICY	38
8.0 BOARD OF DIRECTORS	39
9.0 CORPORATE MANAGEMENT	45
10.0 STATUTORY DECLARATIONS	46
10.1 STATUTORY DECLARATION BY THE DIRECTORS	46
10.2 STATUTORY DECLARATION BY FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE.....	47
11.0 FINANCIAL INFORMATION	48
11.1 ACCOUNTANT'S REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS	48
ANNEXURE I - COPY OF THE RATING CERTIFICATE	64
ANNEXURE II - COLLECTION POINTS.....	66
ANNEXURE III - CUSTODIAN BANKS.....	73
ANNEXURE IV - FATCA DECLARATION	75

1.0 CORPORATE INFORMATION

The Bank/Issuer/NDB	National Development Bank PLC
Legal Status	Established under an Act of Parliament in January 1979 and converted to a Public Limited Liability Company under the Companies Act in 2005 and re-registered 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
Company Number	PQ 27
Place of Incorporation	Colombo, Sri Lanka
Registered Address	National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel : +94 11 2 448 448 Fax : +94 11 2 341 044, +94 11 2 440 262
Company Secretary	Mrs. Shehani Ranasinghe (Attorney-at-Law) National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel : +94 11 2 448 448 ext 3080 Fax : +94 11 2 341 050
Rating Agency	Fitch Ratings Lanka Limited No. 15-04, East Tower World Trade Centre Colombo 01 Tel: +94 11 2 541 900 Fax: +94 11 2 501 903
Auditors and Reporting Accountants	Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10 Tel : +94 11 2 463 500 Fax: +94 11 2 697 369
Board of Directors	Mr. Nirmala Wickremeratne (Chairman) Mr. Ashok Pathirage (Deputy Chairman) Mr. Rajendra Theagarajah (Chief Executive Officer) Mr. Trevine Jayasekera Mr. Sarath Wikramanayake Mrs. Kimarli Fernando Mrs. Indrani Sugathadasa Mr. Dinal Phillips Mrs. Anula Harasgama Mr. Kavan Ratnayaka

2.0 RELEVANT PARTIES TO THE ISSUE

Financial Advisors and Managers to the Issue	NDB Investment Bank Limited No. 40, Navam Mawatha Colombo 02 Tel: +94 11 2 300 385 Fax: +94 11 2 300 393
Lawyers to the Issue	Nithya Partners No. 97A, Galle Road Colombo 03 Tel: +94 11 4 712 625 Fax: +94 11 2 328 817
Registrars to the Issue	S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03 Tel : +94 11 2 573 894 Fax: +94 11 2 573 609
Trustee to the Issue	Bank of Ceylon Investment Banking Division 23 rd Floor, Head Office “BOC Square” No. 1, Bank of Ceylon Mawatha Colombo 01 Tel: +94 11 2 448 348 Fax: +94 11 2 346 842
Rating Agency to the Issue	Fitch Ratings Lanka Limited No. 15-04, East Tower World Trade Centre Colombo 01 Tel : +94 11 2 541 900 Fax: +94 11 2 501 903
Bankers to the Issue	National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel : +94 11 2 448 448 Fax : +94 11 2 341 044, +94 11 2 440 262
Auditors and Reporting Accountants	Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10 Tel : +94 11 2 463 500 Fax: +94 11 2 697 369

3.0 LIST OF ABBREVIATIONS

AER	Annual Effective Rate
ATS	Automated Trading System of the Colombo Stock Exchange
AWPLR	Average Weighted Prime Lending Rate
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Private) Limited
CSE	Colombo Stock Exchange
GTB	Gross Treasury Bill Rate
NIC	National Identity Card
POA	Power of Attorney
RTGS	Real Time Gross Settlements
SEC	Securities and Exchange Commission of Sri Lanka
SIA	Securities Investment Account
SLIPS	Sri Lanka Inter Bank Payment System
SME	Small and Medium Enterprises

4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant	Any person who submits an Application Form under this Prospectus
Application Form/ Application	The application form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures in Issue
Bank/NDB/ Issuer	National Development Bank PLC
Closure Date	07th July 2015 or such earlier date on which; ▪ The maximum of 100,000,000 Debentures are fully subscribed; or ▪ The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 75,000,000 Debentures becoming fully subscribed or such other higher amount less than the maximum amount of 100,000,000 Debentures becoming fully subscribed with the notification to the CSE on the occurrence of the above
Date of Allotment	The date on which the Debentures will be allotted by the Bank to Applicants subscribing thereto
Date of Redemption	The date on which Redemption of the Debentures will take place as referred to in Section 5.6 of this Prospectus
Debentures	Rated Unsecured Subordinated Redeemable Debentures to be issued pursuant to this Prospectus
Debenture Holder(s)	Any person who is for the time being the holder of the Debentures and includes his/her respective successors in title
Entitlement Date	The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Bank in order to qualify for the payment of any interest or any Redemption proceeds
Interest Payment Date(s)	<u>Debentures of Type A</u> 31st December of each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption <u>Debentures of Type B</u> Date of Redemption Interest would be paid not later than Three (03) Working Days from each Interest Payment Date

GLOSSARY OF TERMS RELATED TO THE ISSUE

Interest Period	<u>Debentures of Type A</u> The one year period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and will include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date) <u>Debentures of Type B</u> The period commencing from the Date of Allotment and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date)
Issue	The offer of Debentures pursuant to this Prospectus
Issue Price	Debentures of Type A LKR 100/- per each Debenture Debentures of Type B LKR 63.8136 per each Debenture
Market Day	Any day on which trading takes place at the CSE
Non-Resident(s)	Foreign institutional investors including country funds, regional funds or mutual funds, corporate bodies incorporated outside Sri Lanka, citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka and Sri Lankans resident outside Sri Lanka
Par Value	LKR 100/- per each Debenture
Prospectus	This prospectus dated 08 th June 2015 issued by NDB
Redemption	Repayment of the Redemption Price and unpaid and accrued interest (if any) with regard to a Debenture to a Debenture Holder by the Bank

GLOSSARY OF TERMS RELATED TO THE ISSUE

Redemption Price	LKR 100/- per each Debenture In the event the Date of Redemption on Type B Debentures being earlier than Five (05) years from the Date of Allotment or if the date on which the period of Five (05) years from the Date of Allotment expires is not a Market Day, the Redemption Price will be a price which is to be based on the Annual Effective Rate (AER) of 9.40% per annum being applied on the Issue Price from the Date of Allotment until such Date of Redemption.
Subordinated	The claims of the Debenture Holders shall in the event of a winding up of the Bank, rank after all the claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank in priority to and over the claims and rights of any preference and ordinary shareholder/s of the Bank
Trust Deed	Trust deed executed between NDB and Bank of Ceylon on 28th May 2015
Trustee	Bank of Ceylon
Unsecured	Repayment of the Redemption Price and payment of interest on the Debentures are not secured by a charge on any assets of NDB
Working Day	A day (other than a Saturday or Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka

5.0 PRINCIPAL FEATURES OF THE RATED UNSECURED SUBORDINATED REDEEMABLE DEBENTURES

5.1 INVITATION TO SUBSCRIBE

The Board of Directors of National Development Bank PLC (hereinafter referred to as the “Board”) by resolution dated 14th May 2015 resolved to raise a sum of up to Sri Lanka Rupees Seven Billion Five Hundred Million (LKR 7,500,000,000/-) by an initial Issue of up to Seventy Five Million (75,000,000) Debentures each with a Par Value of LKR 100/-, and issue a further sum of up to Sri Lanka Rupees Two Billion Five Hundred Million (LKR 2,500,000,000/-) by an issue of up to a further Twenty Five Million (25,000,000) of said Debentures, in the event of an oversubscription of the initial Issue.

As such, a maximum amount of Sri Lanka Rupees Ten Billion (LKR 10,000,000,000/-) would be raised by the issue of a maximum of One Hundred Million (100,000,000) Debentures each with a Par Value of LKR 100/-.

NDB invites Applications for Debentures of Type A and/or Debentures of Type B, which will rank equal and *pari passu* with each other in all respects except for the Issue Price, interest rates and the frequency at which the interest is paid, as more fully described in Section 5.4 and Section 5.5 of this Prospectus.

The rights of the Debenture Holders with respect to payment of the Issue Price and accrued interest due thereon (if any) upon a winding-up of the Bank will rank after all the claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank in priority to and over the claims and rights of any preference and ordinary shareholder/s of the Bank.

It is the intention of the Bank to list the Debentures on the CSE. The CSE has given its in-principle approval for the listing of the Debentures on the CSE.

5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the Debentures will open at 9.30 a.m. on 17th June 2015 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 p.m. on 07th July 2015.

However, the subscription list will be closed on an earlier date at 4.30 p.m. with the notification to the CSE on the occurrence of the following;

- The maximum of 100,000,000 Debentures are fully subscribed; or
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of 75,000,000 Debentures becoming fully subscribed or such other higher amount less than the maximum amount of 100,000,000 Debentures becoming fully subscribed.

Applications can be made forthwith in the manner set out in Section 6.0 of this Prospectus and duly completed Application Forms will be accepted at any one of the collection points set out in Annexure II of this Prospectus.

5.3 OBJECTIVES OF THE ISSUE

The Bank proposes to utilise the entirety of the funds raised through this Issue for the purpose of achieving the following objectives;

- Strengthen the Tier II Capital Base of the Bank and maintain the Capital Adequacy requirements to facilitate future growth of the lending portfolio of the Bank.
- To mobilize/raise medium term funds to match medium term lending of the Bank.
- To minimize the interest rate risk and manage the gap exposures of the Bank's assets and liabilities.

5.4 TYPES OF DEBENTURES

The Issue consists of two (02) Types of Debentures, namely Debentures of Type A and Debentures of Type B, each with a Par Value of Rupees One Hundred (LKR 100/-).

Debentures of Type A will be issued at an Issue Price of LKR 100/- per Debenture and will bear interest annually on the Issue Price outstanding from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption. Debentures of Type A will be redeemed at the Redemption Price on the Date of Redemption.

Debentures of Type B will be issued at an Issue Price of LKR 63.8136 per Debenture as a zero coupon instrument. Debentures of Type B will be redeemed at the Redemption Price on the Date of Redemption.

The Applicants have the discretion of applying for Debentures issued under Debentures of Type A and/or Debentures of Type B.

5.5 INTEREST

The Debentures comprise of Debentures of Type A and Debentures of Type B and will carry fixed rates of interest as described in the table below.

Type A	Nine decimal Four Zero <i>per centum</i> (9.40%) per annum, payable annually on the Interest Payment Dates <i>Annual Effective Rate of 9.40% per annum</i>
Type B	Annual Effective Rate (AER) of Nine decimal Four Zero per centum (9.40%) per annum calculated on the basis of annual compounding on the Issue Price payable on the Date of Redemption <i>Annual Effective Rate of 9.40% per annum</i>

With regard to Debentures of Type A, interest on the Debentures accruing on a daily basis will be paid on 31st December of each year from the Date of Allotment until the date immediately preceding the Date of Redemption on the outstanding Issue Price.

With regard to Debentures of Type B, interest on the Debentures accruing on a daily basis will be paid on the Date of Redemption on the outstanding Issue Price.

The interest due on the Debentures for a particular Interest Period will be calculated based on the actual number of days in such Interest Period and will be paid not later than Three (03) Working Days from each Interest Payment Date.

In order to accommodate the debenture interest cycles in the ATS of the CSE, the payment of interest for a particular Interest Payment Date will include Debenture Holders holding Debentures in the CDS as of the Entitlement Date.

Payment of the interest on the Debentures will be made after deducting any taxes and charges thereon (if any) in Sri Lanka Rupees as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

As per Section 9(o) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the interest income from any investment made on or after 01st January 2013 in corporate debt securities (i.e. debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13(xxxxxxx) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 5 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the profits and income earned from any such investment has also been exempted from income tax.

5.6 REDEMPTION

- (a) Redemption of the Debentures will take place on the respective Date of Redemption in respect of each Type of Debentures as described in the table below and subject to Section 5.6 (b), in accordance with the provisions of the Trust Deed. The Redemption Price and unpaid and accrued interest (if any) payable on the Redemption of Debentures will be paid not later than Three (03) Working Days from the Date of Redemption.

Redemption Schedule

Type of Debentures	Date of Redemption
Type A	The date on which a period of Five (05) years from the Date of Allotment expires or if such date on which a period of Five (05) years from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date
Type B	The date on which a period of Five (05) years from the Date of Allotment expires or if such date on which a period of Five (05) years from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date

- (b) Any voluntary Redemption of a particular Type of Debentures prior to the Date of Redemption in any circumstances will be done subject to the prior written consent of the Central Bank of Sri Lanka and the prior approval of the Debenture Holders of Three Fourth (3/4) of the Par Value of such Type of Debentures outstanding at that time.

Each Type of Debentures can be voluntarily redeemed prior to the Date of Redemption only in its entirety and no part Redemption will be permitted.

The voluntary Redemption prior to the Date of Redemption of any Type of Debentures as set out above will not have any effect howsoever on any other Type of Debentures.

5.7 PAYMENT OF REDEMPTION PRICE AND INTEREST

The Bank will redeem the Debentures on the Date of Redemption as specified in Section 5.6 and the interest payments will be made as specified in Section 5.5.

The payment of the Redemption Price and interest will be made either by cheque/s marked "Account Payee Only" dispatched to the address provided by the Debenture Holders to the CDS at the risk of the Debenture Holders or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS to a bank account provided to the CDS by the Debenture Holders. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus).

However, in the event such payment is over the maximum amount that can be accommodated through electronic fund transfer mechanism recognised by the banking system of Sri Lanka or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of the Redemption Price and interest, such payment to the Debenture Holder will be made by way of a cheque and sent by post at the risk of the Debenture Holder.

The payment of the Redemption Price and interest will be made in Sri Lanka Rupees in favour of the Debenture Holders as of the Entitlement Date. In the case of joint Debenture Holders, the payment of the Redemption Price and interest will be made to the one whose name stands first in the register of Debenture Holders.

In accordance with Government Gazette (Extraordinary) No. 1864/39 dated 28th May 2014, the Redemption Price and interest on the Debentures due to a Non-Resident investor should be made to the same SIA through which the payment for the investment in the Debentures was affected. Therefore, it is the responsibility of the Non-Resident investor to ensure that the details of the SIA are recorded accurately in the CDS to facilitate the payment of the Redemption Price and interest on the Debentures.

5.8 TRUSTEE TO DEBENTURE HOLDERS

Bank of Ceylon has agreed to act as the Trustee to the Debenture Holders. The Bank has entered into an agreement with the Trustee (hereinafter called the "Trust Deed"). Debenture Holders in their Application Forms for subscription will be required to authorise the Trustee to act as their agent in entering into such deeds, writings, and instruments with the Bank and to act as the agent and Trustee for the Debenture Holders.

The rights and obligations of the Trustee are set out in the Trust Deed and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed.

The fee payable to the Trustee will be LKR 135,000/- per semi-annual period plus statutory levies. There is no conflict of interest with NDB, except that the Trustee is one of the banks rendering banking related services to NDB.

5.9 RATING OF THE DEBENTURES

Fitch Ratings Lanka Limited has assigned a credit rating of “A+ (lka)” to the Debentures.

‘A’ ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories.

Source: http://www.fitchratings.com/creditdesk/public/ratings_definitions/index.cfm?rd_file=ltr#LTR

A copy of the rating certificate is given in Annexure I of this Prospectus.

5.10 RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS

(a) Debenture Holders are entitled to the following rights.

- Receiving interest at the rate of interest set out in Section 5.5 of this Prospectus and the Redemption Price on the Date of Redemption as set out in Section 5.6 of this Prospectus
- Ranking after all the claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but over the claims and rights of any preference and ordinary shareholder/s of the Bank, upon a winding-up of the Bank
- Receiving annual reports of the Bank in terms of Rule 7.5 (a) of the CSE Listing Rules. The annual reports will be sent to Debenture Holders in CD form, unless a specific request for a hard copy is received by the Bank
- Calling and attending meetings of Debenture Holders as set out in the Trust Deed

(b) Debenture Holders do not have the following rights.

- Attending and voting at meetings of holders of shares and other debentures
- Sharing in the profits of the Bank
- Participating in any surplus in the event of liquidation

- (c) Each Debenture Holder must ensure that the information in respect of the securities account maintained with the CDS is up to date and accurate. Each Debenture Holder shall absolve the Bank from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS.

Provided further that the Debenture Holders shall absolve the CSE and the CDS from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture Holders.

5.11 BENEFITS OF INVESTING IN DEBENTURES OFFERED BY THE BANK

- (a) Provides an opportunity to diversify the investment portfolio of the investor
- (b) Provides the investor with a regular cash inflow of interest payments in relation to investments in Debentures of Type A
- (c) Minimize the reinvestment risk of interest payments in relation to investments in Debentures of Type B which is issued as a zero coupon instrument
- (d) Provides the investor with an opportunity to invest in Debentures issued by a leading bank in Sri Lanka
- (e) Being listed on the CSE, the Debentures will have a secondary market, thus providing the investor with an opportunity to exit at the market price prevailing at the time of divestiture
- (f) The Debentures may be used as collateral to obtain credit facilities from other banks and financial institutions
- (g) As per Section 9(o) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the interest income from any investment made on or after 01st January 2013 in corporate debt securities (i.e. debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13(xxxxxxx) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 5 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the profits and income earned from any such investment has also been exempted from income tax

5.12 RISKS INVOLVED IN INVESTING IN THE DEBENTURES

Subscribers to the Debentures could be exposed to the following risks

(a) Interest Rate Risk

Provided all other factors are equal, the market price of the Debentures will generally fluctuate in the opposite direction to the fluctuation in market interest rates. Thus, the interest rate risk could be identified as the reduction in the market price of Debentures resulting from a rise in interest rates.

(b) Reinvestment Risk

Interest on the Debentures are payable annually in the case of Debentures of Type A. An investor may decide to reinvest these interest payments and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the risk of returns generated by Debenture Holders by reinvesting such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

Debentures of Type B will not carry this risk as it is issued as a zero coupon instrument and does not carry any periodic interest payments.

(c) Call Risk

The uncertainty to the debenture investor is when an issuer has the option of redeeming the debentures before maturity, thus being called upon to terminate the investment early is known as "Call Risk". However, these Debentures do not carry this risk as call options are not available with these Debentures. These Debentures can be redeemed by the Bank prior to the Date of Redemption only with the consent of the Debenture Holders as mentioned hereinafter.

If any particular Type of Debentures are redeemed prior to the Date of Redemption, it will be done subject to the prior written consent of the Central Bank of Sri Lanka and the prior approval of the Debenture Holders of Three Fourth (3/4) of the Par Value of such Type of Debentures outstanding at that time.

(d) Credit Risk

Credit Risk is also referred to as default risk. This is the risk that the issuer of a debenture may default, i.e. the issuer will not be able to pay interest and principal payments on a timely basis. This risk is gauged in terms of rating assigned by different rating agencies. Fitch Ratings Lanka Limited has assigned a Long-term Rating of "A+ (lka)" to these Debentures and will be periodically reviewing the same.

(e) Liquidity Risk

Liquidity risk is associated with the ease in which an investment can be sold after the initial placement. In order to reduce the liquidity risk of the Debentures, the Bank has applied for a listing of these Debentures on the CSE and has received in-principle approval for such listing whereby Debenture Holders will be able to sell the Debentures through the CSE in order to convert the Debentures to cash and exit from the investment.

(f) Duration Risk

Duration is a measure of the price sensitivity of fixed income investments to a change in interest rates, based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration carries a lower risk.

5.13 TRANSFER OF DEBENTURES

The Debentures will be transferable and transmittable in the manner set out in the Trust Deed, which is reproduced below.

- (a) These Debentures shall be freely transferable and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- (b) The Debentures shall be transferable and transmittable through the CDS as long as the Debentures are listed on the CSE. Subject to the provisions contained herein, the Bank may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.
- (c) In the case of death of a Debenture Holder;
 - The survivor where the deceased was a joint holder; and
 - The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory, the heirs of the deceased where such Debenture Holder was the sole or only surviving holder;

shall be the only persons recognized by the Bank as having any title to his/her Debentures.

- (d) Any person becoming entitled to any Debentures in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she/it sustains the character in respect of which he/she/it proposes to act or his/her title as the Board of Directors of the Bank thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures subject to the applicable laws, rules and regulations of the Bank, CDS, CSE and SEC.
- (e) No change of ownership in contravention to these conditions will be recognized by the Bank.

5.14 LISTING

An application has been made to the CSE for permission to obtain a listing for the Debentures and the CSE has granted its approval in-principle for the same. It is the intention of the Bank to list the Debentures on the Colombo Stock Exchange upon the allotment thereof.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official list is not to be taken as an indication of the merits of the Bank or of its Debentures.

5.15 COST OF THE ISSUE

The Board estimates that the total cost of the Issue including fees to professionals, printing, advertising and other costs connected with the Issue will be approximately LKR 57.6 Million. Such costs will be financed by the internally generated funds of the Bank.

5.16 BROKERAGE FEE

Brokerage fee of 15 cents (LKR 0.15) per Issue Price of Debentures shall be paid in respect of the number of Debentures allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Financial Advisors and Managers to the Issue or any other party identified by the Bank and/or Financial Advisors and Managers to the Issue as involved in the Issue.

5.17 UNDERWRITING

This Issue is not underwritten.

The offering is not conditional upon any minimum subscription amount being raised through this Issue. In the event of an undersubscription, the Bank is confident that any short fall in the funds required to meet the objectives of the Issue can be financed through internally generated funds and other credit facilities.

6.0 PROCEDURE FOR APPLICATION

6.1 INSPECTION OF DOCUMENTS

Articles of Association, the Trust Deed, Auditors' Reports and Audited Financial Statements for the five (05) financial years ended 31st December 2014 (i.e. the five (05) financial years immediately preceding the date of this Prospectus) and all other documents referred to in Rule 3.3.11 (a) of the CSE Listing Rules, including material contracts and management agreements entered into by the Bank (if any) are available for inspection by the public during normal working hours, from seven (07) Market Days prior to the date of opening of the subscription list, at the registered office of the Bank at No. 40, Navam Mawatha, Colombo 02 until the Date of Redemption of the Debentures.

The Prospectus, Trust Deed and Articles of Association of the Bank are available on the website of CSE, *www.cse.lk* and the website of the Bank, *www.ndbbank.com* from seven (07) Market Days prior to the date of opening of the subscription list until the Date of Redemption of the Debentures as stipulated in Rule 3.3.11 (b) of the CSE Listing Rules.

Furthermore, copies of the Prospectus and Application Forms are available free of charge from the collection points as set out in Annexure II of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list.

6.2 ELIGIBLE APPLICANTS

Applications are invited for the subscription of Debentures from the following categories of applicants.

- (a) Citizens of Sri Lanka, resident in Sri Lanka and above 18 years of age.
- (b) Corporate bodies and societies registered/incorporated/established in Sri Lanka and authorized to invest in Debentures.
- (c) Approved unit trusts licensed by SEC.
- (d) Approved provident funds and contributory pension schemes registered/incorporated/established in Sri Lanka and authorized to invest in Debentures. In the case of approved provident funds and approved contributory pension schemes, the Application should be in the name of the trustee/board of management.
- (e) Regional and country funds approved by SEC and authorized to invest in Debentures.
- (f) Non-Residents: foreign institutional investors including country funds, regional funds or mutual funds, corporate bodies incorporated outside Sri Lanka, citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka and Sri Lankans resident outside Sri Lanka.

Applications will not be accepted from Applicants who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts.

“Individuals resident outside Sri Lanka” will have the same meaning as in the notice published under the Exchange Control Act in Gazette No. 15007 dated 21st April 1972.

When permitting Non-Residents to invest in the Debentures, the Bank will comply with the relevant Exchange Control Regulations including the conditions stipulated in the notice under the Exchange Control Act with regard to the issue and transfer of debentures of companies incorporated in Sri Lanka to foreign investors as published in the Government Gazette (Extraordinary) No. 1864/39 on 28th May 2014.

6.3 HOW TO APPLY

The terms and conditions applicable to the Applicants are as follows.

- (a) Applications should be made on the Application Forms, which accompany and constitute a part of this Prospectus (exact size photocopies of Application Forms will also be accepted). Care must be taken to follow the instructions given herein and in the Application Form. Applicants using photocopies are requested to inspect the Prospectus which is available for inspection with the Registrar to the Issue and also issued free of charge by the parties listed in Annexure II of this Prospectus.

The Application Form can also be downloaded from the website of CSE, www.cse.lk, the website of NDB, www.ndbbank.com and the website of the Financial Advisors and Managers to the Issue, www.ndbib.com until the Closure Date.

The Prospectus will be made available and can be downloaded from the website of CSE, www.cse.lk and the website of NDB, www.ndbbank.com until the Date of Redemption of the Debentures and from the website of the Financial Advisors and Managers to the Issue, www.ndbib.com until the Closure Date.

Applications which do not strictly conform to instructions and other conditions set out herein or which are incomplete or illegible may be rejected.

- (b) **Applicants should apply only for one Type of Debentures (i.e. either Type A Debentures or Type B Debentures) under one Application Form.**
- (c) In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures.
- (d) More than one Application submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Forms is submitted for one Type of Debentures from a single Applicant, those would be construed as multiple Applications and the Bank reserves the right to reject such multiple Applications or suspected multiple Applications.

- (e) If the ownership of the Debentures is desired in the name of one Applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the Application Form. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.
- (f) An Applicant of a joint Application for one Type of Debentures will not be eligible to apply through a separate Application Form either individually or jointly for the same Type of Debentures. Such Applicants are also deemed to have made multiple Applications and will be rejected.

In the case of joint Applications, the refunds (if any), interest payments and the Redemption will be remitted in favour of the first Applicant as identified in the Application Form.

The Bank shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).

Joint Applicants should note that all parties should either be residents of Sri Lanka or Non-Residents.

- (g) Applications by companies, corporate bodies, societies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their articles of association or such other constitutional documents of such Applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the trustee/board of management.
- (h) According to the Foreign Account Tax Compliance Act (FATCA) of United States of America (U.S.), "U.S. Persons" investing in these Debentures must provide the duly completed declaration as per the specimen given in Annexure IV together with the Application Form. Joint holders must provide separate declarations as applicable. Under the provisions of FATCA, "U.S. Persons" include;
- U. S. Citizens (including an individual born in U.S. but resident in another country who has not renounced U.S. citizenship)
 - A lawful citizen of the U.S. (including Green card holders)
 - A person residing in the U.S.
 - A person who spends certain number of days in the U.S. each year
 - U.S. Corporations, Partnerships, estates and trusts/trustees
 - Any entity that has a linkage or ownership to U.S. or the U.S. territories
 - Non U.S. entities that have at least one U.S. Person as a "substantial beneficial owner"

- (i) All Applicants should indicate in the Application for Debentures, their CDS account number.

All resident individual Applicants should ensure that;

- If the Applicant's CDS account carries the NIC number, the NIC number of the Applicant is stated in the relevant cage of the Application Form; or
- If the Applicant's CDS account carries the passport number, the passport number of the Applicant is stated in the relevant cage of the Application Form.

All Non-Resident individual Applicants and corporate Applicants should ensure that the passport number/company number and CDS Identification Number (CDS ID) are stated in the relevant cages of the Application Form.

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form.

In the case of joint Applicants, a joint CDS account in the name of the joint Applicants should be indicated.

Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

- (j) Applicants who wish to apply through their margin trading accounts should submit the Application Forms in the name of the "Margin Provider/Applicant's name" signed by the margin provider, requesting a direct deposit of the Debentures to the Applicant's margin trading account in the CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application.

Margin providers can apply under their own name and such Applications will not be construed as multiple Applications.

- (k) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. **Original of the POA should not be attached.**

- (l) Funds for the investment in Debentures and the payment for Debentures by Non-Residents should be made only out of the monies **available to the credit of a “Securities Investment Account” (SIA)** of the Non-Resident Applicants opened and maintained in a licensed commercial bank in Sri Lanka in accordance with the directions given by the Controller of Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS/internal fund transfer within National Development Bank PLC has been made out of the funds available in the SIA.

- (m) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence. If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked **“NATIONAL DEVELOPMENT BANK PLC – DEBENTURE ISSUE 2015”** on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to the Registrars to the Issue or collection points mentioned in Annexure II of this Prospectus.

Applications sent by post or courier or delivered to any collection point set out in Annexure II of this Prospectus should reach the office of the Registrars to the Issue, S S P Corporate Services (Private) Limited, No. 101, Inner Flower Road, Colombo 03, at least by 4.30 p.m. on the following Market Day immediately upon the Closure Date. Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closure Date or carry a postmark dated prior to the Closure Date.

Applications delivered by hand to the Registrars to the Issue after the Closure Date of the Issue will also be rejected.

Please note that Applicant information such as full name, address, NIC number/passport number/company number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information will take precedence over information provided in the Application Form.

Care must be taken to follow the instructions on the reverse of the Application Form.

Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

PLEASE NOTE THAT ALLOTMENT OF DEBENTURES WILL ONLY BE MADE IF THE APPLICANT HAS A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF THE APPLICATION.

Please note that upon the allotment of Debentures under this Issue, the allotted Debentures would be credited to the Applicant's CDS account so indicated.

Hence, **DEBENTURE CERTIFICATES WILL NOT BE ISSUED.**

6.4 NUMBER OF DEBENTURES TO BE SUBSCRIBED

Applicants are allowed to invest in either;

- Debentures of Type A; and/or
- Debentures of Type B

subject to the minimum subscription under each Type of Debentures as given below.

A minimum of One Hundred (100) Debentures and in multiples of One Hundred (100) Debentures thereafter for each Type of Debentures.

An Applicant should apply only for one Type of Debentures under one Application Form.

6.5 MODE OF PAYMENT OF THE INVESTMENT BY THE APPLICANTS

(a) Payment in full for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka or internal fund transfer through National Development Bank PLC, as the case may be, subject to (b) below.

(b) Payments for Application values should be supported by either;

- Bank draft(s)/cheque(s) drawn upon any licensed commercial bank operating in Sri Lanka; or
- A bank guarantee issued by a licensed commercial bank; or
- An RTGS transfer with value on the Issue opening date; or
- An internal fund transfer within National Development Bank PLC with value on the Issue opening date.

Multiple cheques will not be accepted for Application values below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).

In the case of Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka each of which should be for a value less than LKR 100,000,000/- will be accepted.

- (c) Cheques or bank drafts should be made payable to **“NATIONAL DEVELOPMENT BANK PLC – DEBENTURE ISSUE 2015”** and crossed **“Account Payee Only”**, and must be honoured on the first presentation.
- (d) In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of **“NATIONAL DEVELOPMENT BANK PLC – DEBENTURE ISSUE 2015”** in a manner acceptable to the Bank, and be valid for a minimum of one (01) month from the Issue opening date (i.e. 17th June 2015).

Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

- (e) In case of RTGS transfers/internal fund transfers within National Development Bank PLC, such transfers should be made to the credit of **“NATIONAL DEVELOPMENT BANK PLC – DEBENTURE ISSUE 2015”** bearing the account number **101000404366** at **National Development Bank PLC** with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).

The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for to the credit of **“NATIONAL DEVELOPMENT BANK PLC – DEBENTURE ISSUE 2015”** bearing the account number **101000404366** at **National Development Bank PLC** with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date) and should be attached with the Application Form.

For RTGS transfers and internal fund transfers within National Development Bank PLC above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to and paid an interest at an interest rate of **Three decimal Zero per centum (3.00%) per annum from the date of such transfers up to the date of refunds**. However, no interest will be paid if the RTGS transfers/ internal fund transfers within National Development Bank PLC are not realised before the end of the Closure Date. Furthermore, even if such RTGS transfers/internal fund transfers within National Development Bank PLC are effected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

- (f) Cash will not be accepted.

- (g) Payment for the Debentures by Non-Residents should be made only out of the monies available to the credit of a “Securities Investment Account” (SIA) maintained with any licensed commercial bank in Sri Lanka in accordance with the directions given by the Controller of Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS/internal fund transfers within National Development Bank PLC has been made out of the funds available in the SIA.

- (h) The amount payable should be calculated by multiplying the number of Debentures applied for by the Issue Price of a Debentures (i.e. LKR 100/- for Debentures if Type A and LKR 63.8136 for Debentures of Type B). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee or transferred via RTGS or internal fund transfers within National Development Bank PLC, the Application will be rejected.
- (i) In the event that cheques are not realised prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.
- (j) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Working Day immediately following the Closure Date.

6.6 REJECTION OF APPLICATIONS

Application Forms and the accompanying cheques/bank drafts/bank guarantee or RTGS transfers/internal fund transfers within National Development Bank PLC, which are illegible or incomplete in any way and/or not in accordance with the terms, conditions and instructions, set out in this Prospectus and in the Application Form will be rejected at the sole discretion of NDB.

Applications received from Applicants who are under the age of 18 years or in the names of sole proprietorships, partnerships and unincorporated trusts will also be rejected.

Any Application Form, which does not state a valid CDS account number, will be rejected.

More than one Application Form submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of Debentures from a single Applicant, either individually or jointly, those would be considered as multiple Applications and the Bank reserves the right to reject such multiple Applications or suspected multiple Applications.

Any Application Form with more than three (03) natural persons as joint Applicants will be rejected.

Applications delivered by hand to the Registrars to the Issue after the subscription list is closed will be rejected. Applications received by post or courier after 4.30 p.m. on the Market Day immediately following the Closure Date, will also be rejected even if they carry a post mark dated prior to the Closure Date.

Applications delivered to any place mentioned in Annexure II should also reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Market Day immediately following the Closure Date. Applications received after the said duration will be rejected even though they have been delivered to any of the said collection points prior to the Closure Date.

In the event that cheques are not realised prior to the date of deciding the basis of allotment and realised after such date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event cheques are dishonoured/returned on first presentation, such Applications will be rejected.

6.7 BANKING OF PAYMENTS

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Working Day immediately after the Closure Date as set out in Section 5.2 of this Prospectus, in terms of the CSE Listing Rules.

6.8 BASIS OF ALLOTMENT OF DEBENTURES

In the event of an oversubscription, the Board of NDB will endeavour to decide the basis of allotment in a fair manner as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE.

The Board however shall reserve the right to allocate up to 75% of the number of Debentures to be issued under this Prospectus on a preferential basis, to identified institutional investor/s of strategic and operational importance with whom the Bank might have mutually beneficial relationships in the future.

The number of Debentures to be issued under Debentures of Type A and Debentures of Type B will be in accordance with the basis of allotment which will be decided at the discretion of the Board of Directors of NDB in a fair manner in the event of an oversubscription.

The Bank reserves the right to reject any Application or to accept any Application in part only, without assigning any reason thereto.

A written confirmation informing successful Applicants on their allotment of Debentures will be dispatched within ten (10) Market Days from the Closure Date as required by the CSE.

6.9 REFUNDS

Monies will be refunded where;

- an Application is rejected for reasons given in Section 6.6 of this Prospectus; or
- the Application is accepted only in part

Applicants may indicate the preferred mode of refund payments in the Application Form (i.e. direct transfer via SLIPS or cheque).

Refunds due to a Non-Resident Applicant will be made only via direct transfers to the same SIA through which the payment for the investment in the Debentures was affected. It is the responsibility of the Non-Resident Applicant to ensure that the details of the SIA are accurately stated in the Application Form to facilitate the refund payment.

If the Applicant has provided accurate and complete details of his/her bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event the refunds are over Rupees Five Million (LKR 5,000,000/-) or if the Applicant has not provided accurate and correct details of his/her bank account in the Application Form or if the Applicant has not provided details of the bank account in the Application Form, the Bank will make such refund payments to the Applicant by way of a cheque and sent by post at the risk of the Applicant.

In the case of joint Applications, the cheques will be drawn in favour of the Applicant's name appearing first in the Application Form.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIP transfers at the following website;

http://www.lankaclear.com/product_service/pdf/slips_bank_branch_list_sep_2013.xls

Refunds on Applications rejected or partly allotted Debentures would be made within ten (10) Market Days excluding the Closure Date. Applicants would be entitled to receive interest at the rate of the last quoted Average Weighted Prime Lending Rate (AWPLR) published in the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event that the Central Bank of Sri Lanka ceases to publish the AWPLR) plus Five decimal Zero *per centum* (5.00%) for the delayed period on any refunds not made within this period.

6.10 CDS ACCOUNTS AND SECONDARY MARKET TRADING

Debentures allotted will be directly deposited to the respective CDS accounts given in the Application Forms before the expiry of eighteen (18) Market Days, from the Closure Date. A written confirmation of the credit will be sent to the Applicants within two (02) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

The Bank will submit to the CSE a 'Declaration' on direct upload to CDS on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the Debentures.

Trading of Debentures on the secondary market will commence on or before the third (03rd) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

7.0 THE BANK

7.1 BACKGROUND AND NATURE OF BUSINESS

The National Development Bank of Sri Lanka, was established as a wholly state-owned institution under the National Development Bank of Sri Lanka Act No. 2 of 1979. In 2001, NDB entered the commercial banking market by incorporating a new company under the name NDB Bank Limited, which was issued with a commercial banking license by the CBSL for the sole purpose of acquiring the Sri Lankan operations of ABN Amro NV ("ABN Amro"). ABN Amro had been operating in Sri Lanka since the early 1980s, principally providing commercial banking services to multi-nationals and some Sri Lankan corporate entities. After a period of increasing privatisation, in 2005, through the provisions of another Act of Parliament, a company by the name of National Development Bank Ltd was incorporated under the Companies Act No. 17 of 1982 for the purpose of taking over the business of National Development Bank of Sri Lanka. The businesses of National Development Bank Limited and NDB Bank Limited merged in 2005 with National Development Bank Limited being the surviving entity. The shares of National Development Bank of Sri Lanka have been listed on the CSE since 1993 and the shares of NDB Bank Limited were also listed from its inception. On 4th July 2007, under the new Companies Act No. 7 of 2007, National Development Bank Ltd was re-registered as National Development Bank PLC, bearing registration No. PQ 27.

Today NDB, together with its subsidiaries and associate companies (hereinafter referred to as the "NDB Group") has emerged as a unique financial conglomerate harnessing the collective strengths of the diversified service and product offerings. NDB Group's capital base supplemented by a prudential credit culture and entrenched business ethics has propelled NDB Group as a forerunner in the national economic resurgence.

NDB Group consists of the following companies;

- National Development Bank PLC;
- NDB Capital Holdings Limited;
- NDB Investment Bank Limited;
- NDB Securities (Pvt) Limited;
- Development Holdings (Pvt) Limited;
- NDB Capital Limited (Bangladesh);
- NDB Wealth Management Limited;
- NDB Zephyr Partners Limited (Mauritius); and
- NDB Zephyr Partners Lanka (Pvt) Limited;

NDB's product portfolio is channeled through four main areas of enterprise: SME banking, retail banking, corporate banking and project financing.

NDB Group provides diversified banking services including commercial banking, development financing, merchant banking, investment banking, leasing, housing finance, venture capital, stock-broking, wealth management, managing private equity and property investment. Within these diverse banking services, NDB Group's principal activities consist of infrastructure finance, project finance, commercial banking, SME banking, retail banking, treasury, bancassurance, investment banking, stock-broking, wealth management and private equity.

The product offering of NDB Group has been innovative and client-centric to cater to all segments of the Sri Lankan society. NDB Group's financial solutions vary from simple minor savings accounts to capture national infrastructure projects. The clientele of NDB Group which spreads beyond the shores of Sri Lanka indicate NDB Group's growing significance in the region.

A description of each of NDB Group's principal activities is outlined below.

Commercial Banking

The commercial banking Unit is equipped with a range of traditional as well as innovative products to suit the varying needs of the market in a changing environment. Products include import and export related products, guarantees, overdrafts, short term loans and treasury products. Coupled with seamless processes and a professional relationship management team, the business division during the year catered to the growth of the existing as well as new customers.

In line with the national growth strategies, commercial banking lending covers several projects in sectors such as construction, agriculture (including tea, paddy and related crops), chemicals and pharmaceuticals and tourism. Going beyond the traditional large and medium sectors, the Bank also introduced distributor financing and supplier financing to the Bank's product range during the year. This initiative extends the Bank's commercial banking reach indirectly to the rural sector through the branch network by facilitating financial solutions down the entire value chain.

Geared by ISO 9001:2008 certified corporate banking and trade finance departments, implementation of 5S methodology, a state of the art electronic banking system and an expanded correspondent banking network, the Bank's commercial banking business looks forward to 2015 with optimism.

Infrastructure and Project Finance

Project financing has been part of NDB's product offering since its inception in 1979, and NDB continues to provide project financing as an integral part of its development banking role covering almost all sectors of the Sri Lankan economy.

The product and service portfolio of Project and Infrastructure Financing Unit (PIF) is structured to facilitate the long term funding requirements of clients across the diverse business requirements of the different industries. The main products are medium term and long term loans, project loans and securitization of future receivables. In addition, PIF selectively invests in debentures and preference shares to support the growth needs of customers.

Although PIF does not offer advisory services as a separate product/service, the division's clients are benefited by the technical expertise and advisory services provided by the vastly experienced personnel of PIF.

Retail Banking

The Bank ventured into retail banking with the acquisition of the business of ABN Amro Bank Colombo in 2005. From this modest beginning the Bank has made vast strides in providing retail banking services to all segments of customers in the country, while seamlessly complementing other products and services offered by the Bank and the Group. Given its appeal to a broader customer base, the retail banking unit often serves as the 'face' of the Bank, taking forward the NDB brand name to all parts of Sri Lanka.

Retail banking market penetration and innovation will take precedence over mere geographic expansion in the year to come. This would also mean smarter application of digital technology that opens up numerous channels with better customer appeal, while not confining oneself to traditional expansion through brick and mortar branches.

NDB's branch network currently includes 87 branches and 86 Automated Teller Machines (ATMs) spread across all provinces of the country to reach a total customer base of approximately 500,000. NDB will continue to increase the branch network in the coming years as part of its expansion plans.

Bancassurance

NDB entered into a bancassurance agreement with Aviva NDB Insurance PLC in 2006, which has proven to be a successful bancassurance operational model for NDB and the insurer. Subsequent to a strategic divestment during the last quarter of 2012, Aviva NDB Insurance PLC was reconstituted as AIA Insurance Lanka PLC ("AIA"). Despite the change of ownership and name, NDB was successful in securing a twenty year agreement with AIA for the distribution of bancassurance services in Sri Lanka reaffirming its long-term commitment towards the insurance sector.

Privilege Banking

NDB Privilege Banking and NDB Privilege Select provide a personalised wealth-management proposition to an affluent personal-banking clientele. Given the importance of high net worth individuals to the economy, NDB has devised a range of wealth management and wealth creation tools to help them grow their wealth and maximise on the emerging opportunities in the financial and capital markets. Privilege banking provides comprehensive, universal financial packages which include investments in derivatives and structured products as well as equity investments and private placements, enabled by the combined synergies of the NDB Group companies.

SME Banking

SME banking is one of NDB's priority sectors. In keeping with the development initiatives of the government, the Bank was more focused on fulfilling the long term financing needs of the SME clientele scattered throughout the country which was aptly utilized in financing infrastructure projects with emphasis on a diverse industries and service sectors such as tourism, agriculture, transportation and health care industries.

The year 2014 saw the resurgence of the SME sector in line with the significant emphasis placed by the government towards the revival of the backward economies. Sustaining the post war growth, the Bank too prioritized its emphasis on the sector which resulted in a commendable growth of the SME portfolio up to December 2014 in the backdrop of a severely competitive environment and moderate credit growth. During the year 2014 the Bank has exclusively extended financial assistance to projects in the key growth sub sectors covering tourism, construction and manufacturing thereby assisting the positive contributions of these key sectors to the national Gross Domestic Product (GDP), with a balanced penetration across the country.

With the intention of enhancing the standards of local SMEs workshops are conducted across the country with academic staff and industry expertise. Up to date over 3,400 SME entrepreneurs participated and benefitted from SME workshops. These programs were conducted across the country and knowledge transfer, expose to best practices of the industry and skills development of entrepreneurs are the key objectives of these programs.

Treasury

As a significant market maker amongst the local commercial banks, the Bank's treasury unit is a specialized service provider catering to corporate, institutional and individual investors. Treasury operations comprise of two aspects, one which covers foreign exchange, money market and ALM operations to generate profit, whilst the other taking on the responsibility for interest rate risk, foreign exchange risk and liquidity risk of the Bank.

The stable exchange rate regime adopted by the Central Bank of Sri Lanka provides the backdrop for the provision of FX products and advisory services. Spot and forward contracts, swaps, options and dual currency deposits were the main product streams through which the FX desk provided its expertise.

Capital Markets

NDB Capital Holdings Limited (NCAP) formerly known as Capital Development and Investment Company PLC (CDIC), was formed in 1983 as a venture capital company. CDIC was subsequently listed on the Main Board of the Colombo Stock Exchange in 1996. Following a restructuring within the NDB Group in mid-2012, CDIC was transformed into a full service investment bank and rebranded as NDB Capital Holdings PLC. NCAP was de-listed with effect from 26th January 2015 and the name of the company was changed to NDB Capital Holdings Limited with effect from 02nd March 2015.

NCAP and its subsidiaries (collectively referred to as the Investment Banking Cluster) are uniquely positioned to facilitate the economic development and growth of the capital market of Sri Lanka.

NCAP's fee based operations are carried out through its subsidiaries, NDB Investment Bank Limited (NDBIB), NDB Wealth Management Limited (NWM), NDB Securities (Pvt) Limited (NDBS) and NDB Zephyr Partners Limited (NDBZ). The fund based activities of NCAP are carried out directly by the company itself, which includes investments in private equity, listed equities, fixed income securities and proprietary trading.

NDBIB has been recognized by several international business magazines as the “Best Investment Bank in Sri Lanka” and is a dominant player in both debt and equity capital markets and corporate advisory services. NCAP provides wealth management services to clients through NWM, the largest private sector wealth management company in Sri Lanka. NCAP’s stock broking operations are through NDBS, a full-member firm of the CSE which offers high-end research and brokerage services to both Sri Lankan and foreign investors in the Colombo bourse. NCAP completed its missing link in the product portfolio when it floated NDBZ in December 2014, a 60% owned subsidiary based in Mauritius that provides private equity management services. Accordingly NDB Group launched “Emerald Sri Lanka Fund, which is the first ever country dedicated private equity fund, in December 2014.

NDB Capital Limited, Bangladesh, NDB Group’s investment banking arm in Bangladesh provides a full range of fee based services to Bangladesh clients. The Investment Banking Cluster works seamlessly with other business units of the Bank to provide integrated financial solutions for clients.

As a testimony to banking excellence, NDB Group has received the following awards and accolades for the years 2014 and 2015 up to date.

2015 up to date

Award	Description of Award/Accolade
Best Bank in Sri Lanka 2015 - Global Finance Magazine USA	NDB was selected as the Best Bank in Sri Lanka, at the World’s Best Banks 2015 Awards - Best Emerging Markets Banks in Asia-Pacific category, by the prestigious Global Finance Magazine of USA. The award recognizes NDB for its performance in the key areas of growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products

2014

Award	Description of Award/Accolade
Banker Financial Inclusion Award 2014	Conferred by the Banker Magazine of UK to just one global winner each year, the award recognized the Bank’s efforts towards promoting financial inclusion, particularly our innovative and comprehensive efforts in promoting livelihood development at grass root level through aggressive geographic expansion and extending meaningful micro-financing solutions
Most Trusted Bank in Sri Lanka – 2014	The Acquisition International Magazine of UK acknowledged the Bank’s contribution towards financial empowerment of individuals as well as national economic development at large through two titles at the International Finance Awards
Bank of the Year – 2014	

Award	Description of Award/Accolade
Gold Award for Business Excellence in the Banking sector	Winning double awards at the 2014 National Business Excellence Awards – an annual competition conducted by the National Chamber of Commerce in Sri Lanka – the Bank demonstrated excellence in business whilst contributing to the economic progress of the country
Excellence in Performance Management	
Best Investment Bank in Sri Lanka	The triple recognition of NDB Investment Bank for the second successive year by Global Banking and Finance Review of UK served to acknowledge our continued leadership in the Sri Lankan capital market, which was further reinforced through the ‘Best Investment Banking Services Sri Lanka 2014’ Award for our range of debt and equity products and corporate advisory services within the country
Most Innovative Investment Bank Sri Lanka	
Best Asset-Backed Securitisation Sri Lanka	
Best Investment Bank in Sri Lanka	Euromoney Magazine of UK picked NDB Investment Bank, Sri Lanka and NDB Capital Limited, Bangladesh as top winners in their respective countries, making the NDB Group as the only local investment banking group in Asia to be named as the best simultaneously in two countries
Best Investment Bank in Bangladesh	
Domestic Retail Bank of the Year – Sri Lanka	Collecting twin recognition for the second consecutive year at the Asian Banking and Finance Retail Banking Awards held in Singapore, the Bank also won a third award for ‘Core Banking System Initiative of the Year – Sri Lanka’
SME Bank of the Year – Sri Lanka	
Excellence in Core Banking Technology	The Bank’s strategic move to converge multiple core-banking applications into a single system was acknowledged in the Service Providers’ category at the 5 th Annual Retail Banker International Asia Trailblazer Awards ceremony
Recognised Leader in Banking – Sri Lanka – 2014	The Bank won recognition at the Finance Awards, UK for its excellence, best practice and innovation in all aspects of the finance industry
Best use of Facebook	The 5 th CMO Asia Awards for Excellence in Branding and Marketing held in Singapore acknowledged the great strides made by the Bank in the social and digital media marketing space within a short period
Best use of Social Networks	
Brands Annual 2014	The NDB brand was ranked at the 18 th position and secured an ‘A’ rating in Brand Finance’s latest valuation of Sri Lanka’s leading brands for 2014
Bronze award for Best Investor Relations	The Chartered Financial Analysts Society of Sri Lanka recognized the Bank for its innovative efforts in Investor Relations at the CFA Sri Lanka Capital Market Awards ceremony
Top 25 Corporates in Sri Lanka	The Bank was ranked 18 th in the Business Today ‘Top 25’ ranking of Sri Lanka’s best performing public listed corporate entities in 2013-14

Award	Description of Award/Accolade
Best use of CSR Practices	NDB was recognised with two awards at the Asia Pacific Human Resources Congress 2014. The award for the 'Best use of CSR Practices' recognised the Bank for the employee-volunteered CSR activities initiated by the Bank, while the second award for 'Best use of media and other recruitment methods' acknowledged the strategies used by the Bank in attracting and retaining superior skills
Winner of Corporate Debate for better workplaces at the National Symposium 2014	The debating team that represented the Bank emerged the winner of the corporate debate held at the 'National Symposium 2014' organized by the Employers' Federation of Ceylon

7.2 STATED CAPITAL

The stated capital of NDB represents ordinary voting shares as given in the table below.

Stated Capital	as at 31 st December 2012	as at 31 st December 2013	as at 31 st March 2015
Balance (Rs.'000)	1,093,095	1,172,904	1,227,789
Number of Shares	164,201,902	164,693,034	165,093,922

The Bank does not have non-voting, preference or any other classes of shares in issue. NDB also does not have any outstanding convertible debt securities.

Details of all classes of shares issued during the last two (02) years are given in the table below.

Type of Shares Issued	Consideration/Issue Price (Rs.)	Year of Allotment	Number of Shares Issued
Ordinary	Rs. 79,808,950/- Rs. 162.50 per share	2013	491,132
Ordinary	Rs. 41,876,905/- Rs. 124.21 per share	2014	337,146
Ordinary	Rs. 10,381,022/- Rs. 162.86 per share	2014	63,742

7.3 MAJOR SHAREHOLDERS

The ten (10) largest shareholders of NDB as at 31st March 2015 are given in the table below.

	Name of the Shareholder	Number of Shares	% Holding
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. Yaddhegige	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
	Others	77,505,478	46.93
		165,093,922	100.00

7.4 SUBSIDIARY COMPANIES AND THEIR PRINCIPAL ACTIVITIES

The subsidiaries and associate companies of NDB together with NDB's shareholding in each subsidiary/associate as at 31st March 2015 are given in the table below.

Name of Subsidiary/Associate Company	NDB's Holding % Direct	Indirect	Principal Activity
NDB Capital Holdings Limited	99.9	-	Full service investment banking
NDB Investment Bank Limited	-	99.9	Investment banking
NDB Wealth Management Limited	-	99.9	Wealth management
NDB Securities (Private) Limited	-	99.9	Investment advisory and securities trading
NDB Zephyr Partners Limited (Mauritius)	-	59.8	Management of private equity funds
NDB Zephyr Partners Lanka (Pvt) Limited	-	59.8	Management of private equity funds
NDB Capital Limited (Bangladesh)	77.8	-	Investment banking
Development Holdings (Private) Limited	58.7	-	Property management

Name of Subsidiary/Associate Company	NDB's Holding %		Principal Activity
	Direct	Indirect	
Ayojana Fund (Pvt) Ltd (under liquidation)	50.0	-	Venture capital
NDB Venture Investments (Pvt) Ltd (under liquidation)	50.0	-	Venture capital
Resus Energy PLC		32.4	Power generation

7.5 FINANCIAL INFORMATION

The following financial information of NDB is available on the website of CSE, www.cse.lk and the website of the Bank, www.ndbbank.com

- Annual Report of the Bank for the financial year ended 31st December 2014
- Interim financial statements of the Bank for the three months ended 31st March 2015
- Accountant's Report and Five Year Summary of Financial Statements (Please refer Section 11.1 of this Prospectus for the same)

7.6 PARTICULARS OF LONG TERM LOANS AND OTHER BORROWINGS

As at 31st March 2015, the outstanding balance of NDB's interest bearing borrowings are given in the table below.

Long Term Borrowings	Rs.'000
Balance as at 01 st January 2014	46,556,578
New Borrowings/ (Settlements)	24,075,968
Balance as at 31st March 2015	70,632,546

Long term loans of NDB as at 31st March 2015 comprise of the following categories of borrowings.

Category	Rs.'000
Concessionary Credit Lines	2,152,427
Refinance Borrowings	3,251,937
Foreign Borrowings	17,012,343
Securities Sold Under Repurchase Agreements	23,023,186
Non Quoted Debentures	400,085
Subordinate Term Debts	11,307,455
Due To Banks	13,485,113
Total	70,632,546

Public deposits of NDB as at 31st March 2015 are given in the table below.

Category	Rs.'000
Demand Deposits	12,370,560
Savings Deposits	23,797,878
Time Deposits	126,366,785
Other Deposits	225,321
Total	162,760,544

7.7 DETAILS OF OTHER DEBENTURES IN ISSUE

The details of debentures issued by NDB and outstanding as at 31st March 2015 are given in the tables below. The holders of these debentures are not entitled to any particular entitlement in the profits of NDB nor to share in any surplus in the event of a liquidation of NDB.

Floating Rate Debentures	Interest Payable Frequency	Issue Date	Maturity Date	Balance Rs '000
Rated Unlisted Unsecured Redeemable Debentures 2011-2016				
3 month GTB+1.00% p.a.	Quarterly	30.06.2011	30.06.2016	110,000
Rated Unlisted Unsecured Redeemable Debentures 2011-2016				
3 month GTB+1.00% p.a.	Quarterly	18.07.2011	30.06.2016	50,000
Rated Unlisted Unsecured Redeemable Debentures 2011-2016				
3 month GTB+1.00% p.a.	Quarterly	19.07.2011	30.06.2016	40,000
Rated Unlisted Unsecured Redeemable Debentures 2011-2016				
3 month GTB+1.00% p.a.	Quarterly	21.07.2011	30.06.2016	200,000
Total				400,000

Fixed Rate Debentures	Interest Payable Frequency	Issue Date	Maturity Date	Balance Rs '000
Listed Rated Unsecured Subordinated Redeemable Debentures 2013-2018				
13.00% p.a.	Semi-Annual	19.12.2013	19.12.2018	1,242,700
Listed Rated Unsecured Subordinated Redeemable Debentures 2013-2018				
13.40% p.a.	Annual	19.12.2013	19.12.2018	1,528,890
Listed Rated Unsecured Subordinated Redeemable Debentures 2013-2023				
13.90% p.a.	Annual	19.12.2013	19.12.2023	3,637,980
Listed Rated Unsecured Subordinated Redeemable Debentures 2013-2025				
14.00% p.a.	Annual	19.12.2013	19.12.2025	3,590,430
Total				10,000,000

7.8 DETAILS OF CONVERTIBLE DEBT SECURITIES

The Bank does not have convertible debt securities in issue as at 31st March 2015.

7.9 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATION

The details of contingent liabilities, commitments and litigations of NDB as at 31st March 2015 are given below.

Contingent Liabilities and Commitments

Business Commitments

Category	Rs.'000
Undisbursed Financing Commitments	104,543,362
Guarantees	16,482,145
Performance and Bid Bonds	6,040,809
Letters of Credit	7,056,016
Forward Exchange Contracts	93,870,705
Acceptances	7,103,057
Total	235,096,094

Litigation

There are no legal, arbitration or mediation proceedings, which will have a material impact on the Bank's financial position or future operations.

7.10 DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES

There were no material penalties imposed by Regulatory and State Authorities on the Bank as at the date of this Prospectus.

7.11 DETAILS OF MATERIAL CONTRACTS

NDB has not entered into any material contracts as at the date of this Prospectus other than contracts entered into in the ordinary course of business.

7.12 DETAILS OF COMMISSIONS PAID

NDB paid LKR 13,747,875/- as commissions (brokerage) for the listed debenture issues concluded during the two (02) years preceding the Issue.

Except for the above, no commission has been paid in the two (02) years preceding the Issue or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions, for any shares in or debentures of the Bank.

7.13 TRANSACTIONS RELATING TO THE PROPERTY

There is no transaction relating to the property completed within the two (02) preceding years in which any vendor of the property to the Bank or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Bank who had any interest, direct or indirect.

7.14 DETAILS OF BENEFITS PAID TO PROMOTERS

No benefit has been paid or given by the Bank within the two (02) years preceding the Issue and there are no benefits intended to be paid or given to any promoter.

7.15 DIVIDEND POLICY

The Board has adopted a policy of paying out dividends to the shareholders based on factors including but not limited to the Bank's earnings, capital requirements and the overall macro financial conditions.

Details of dividends paid during the five (05) financial years preceding the date of this Prospectus is given under Section 11.1 of this Prospectus.

8.0 BOARD OF DIRECTORS

The Board comprise of Ten (10) Directors as at the date of this Prospectus, Nine (09) of whom, including the Chairman, are Non-Executive Directors. Out of the Nine (09) Non-Executive Directors, Six (06) are independent as defined under the Banking Act Direction No. 11 of 2007. The CEO of NDB, functions as the only ex-officio Director.

The details of the Board of Directors of NDB as at the date of this Prospectus are given below.

Name	Position	Independent/ Non-Independent
Mr. Nirmala Wickremeratne	Chairman, Non-Executive Director	Independent
Mr. Ashok Pathirage	Deputy Chairman, Non-Executive Director	Non-Independent
Mr. Rajendra Theagarajah	Chief Executive Officer, Executive Director	Non-Independent
Mr. Trevine Jayasekera	Non-Executive Director	Independent
Mr. Sarath Wikramanayake	Non-Executive Director	Non-Independent
Mrs. Kimarli Fernando	Non-Executive Director	Independent
Mrs. Indrani Sugathadasa	Non-Executive Director	Independent
Mr. Dinal Phillips	Non-Executive Director	Independent
Mrs. Anula Harasgama	Non-Executive Director	Non-Independent
Mr. Kavan Ratnayaka	Non-Executive Director	Independent

A brief biography of each of the Directors is provided overleaf.

Mr. Nirmala Wickremeratne*Director/Chairman*

Mr. Wickremeratne had a long and distinguished career at the Hayleys group, where he served as Managing Director/CEO of Dipped Products group, and later as Chairman and Chief Executive of the Hayleys group. He is especially credited with the establishment of Dipped Products PLC and its evolution into a world leader in its field. He retired from the Hayleys group in June 2009 concluding a career spanning 38 years with the group.

Mr. Wickremeratne was also the founder Chairman of the Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP) and served on the Committee of the Ceylon Chamber of Commerce and was its representative on the National Labour Advisory Council and went on to serve on the Advisory Council of the Chamber.

Mr. Wickremeratne, a former President of the Sri Lanka-France Business Council and non-executive director of Hatton National Bank PLC, currently functions as the Chairman of Holcim Lanka Limited and as a non-executive director of Finlays Colombo PLC.

Mr. Wickremeratne obtained his B.Sc degree in Math and Chemistry from the University of Ceylon in the year 1970.

Mr. Wickremeratne is a Trustee and Vice President of the National Trust-Sri Lanka.

Mr. Wickremeratne was appointed as a Director of the Bank in April 2015.

Mr. Ashok Pathirage*Director/Deputy Chairman*

Mr. Pathirage is one of the co-founders of the Softlogic group and was appointed as Chairman of the Softlogic group in 2000. He was appointed as Deputy Chairman of National Development Bank PLC in 2011. He is also Chairman/Managing Director of Asiri Hospital chain, Softlogic Capital PLC, Softlogic Finance PLC, Asian Alliance Insurance PLC, and Odel PLC which are listed in addition to the private companies of the group operating in leisure and restaurants, retail, automobile and ICT industries. Due to his business acumen and corporate leadership he is one of the top business leaders in the country.

Mr. Pathirage has served the Bank for over four years as a Director.

Mr. Rajendra Theagarajah*Director/Chief Executive Officer*

Mr. Theagarajah joined the Group from one of the largest private sector banks in Sri Lanka where he was the CEO for several years. Prior to being appointed as the Chief Executive Officer at the said bank, Mr. Theagarajah had been a member of the corporate management team of that bank for nearly eight years.

Mr. Theagarajah counts over 30 years of experience in banking, including overseas experience. He had been with Chase Manhattan Bank (now known as JP Morgan Chase) in London and had served in the European, Middle Eastern and African Area office.

Mr. Theagarajah is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants (CIMA), United Kingdom. He also holds a MBA from the Cranfield School of Management, United Kingdom.

Mr. Theagarajah's contribution and expertise has also been extended through many professional bodies. He was a past Chairman of Sri Lanka Banks' Association (Guarantee) Ltd., Chairman of Asian Banks Association and a former director of the Colombo Stock Exchange. He was the first Sri Lankan to assume Chairmanship of the Asian Banks' Association from 01st November 2010 for a two-year tenure.

Mr. Theagarajah is also a former member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Deputy Vice Chairman of Ceylon Chamber of Commerce and immediate Past Chairman of the Chartered Institute of Management Accountants (U.K.) Sri Lanka Governing Board. He is also Sri Lanka's representative in the CIMA UK's Global Council. He is also an independent non-executive director of Carson Cumberbatch PLC and several companies in the NDB Group.

Mr. Theagarajah has served the Bank for over a year as a Director/Chief Executive Officer.

Mr. Trevine Jayasekera

Director

Mr. Jayasekera is the group finance director of Brandix Lanka Ltd. and is responsible for the overall finance function of the group, as well as its related support functions. Mr. Jayasekera brings with him a wealth of experience in international banking and finance, having worked at Arab Bank Ltd. in Bahrain, Deutsche Bank AG, Colombo and Aitken Spence & Co. He is a fellow Member of The Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Chartered Institute of Management Accountants, UK. He is a non-executive director of John Keells Hotels PLC.

Mr. Jayasekera has served the Bank for over five years as a Director.

Mr. Sarath Wikramanayake

Director

Mr. Wikramanayake is a Chartered Accountant. He has worked previously with the Bank of Butterfield, a Bermuda-based international bank for 19 years, where he reached the position of Executive Vice-President. Since returning to Sri Lanka, he has been the Chief Executive Officer of Union Assurance Ltd. and the President of the Insurance Association of Sri Lanka in 2002. He is currently engaged in providing consultancy services to the Financial Services and ICT Industries. In addition to his role as a Director of National Development Bank PLC, Mr. Wikramanayake is also a director to several other companies including, NDB Capital Holdings Limited, Orient Finance PLC, Bartleets Finance PLC, NDB Investment Bank Ltd. and NDB Wealth Management Ltd.

Mr. Wikramanayake has served the Bank for over four years as a Director.

Mrs. Kimarli Fernando*Director*

Mrs. Fernando is an Attorney-at-Law, and also a Barrister-at-Law, Lincoln's Inn, UK. She holds LL.B. (Hons.), from London School of Economics and Political Science, London, UK and successfully completed the Postgraduate Certificate Course in Human Resources Management at the Postgraduate Institute of Management (PIM), Sri Lanka.

Counting over 25 years of experience in the Banking Industry in Sri Lanka and Germany, Mrs. Fernando was seconded to Deutsche Bank, Frankfurt and thereafter worked at Standard Chartered Bank. She joined Pan Asia Bank as a director in March 2008 and functioned as the Chief Executive Officer of the bank until 2009 when she was also director of Lanka Clear (Pvt) Ltd., director and management committee member of Waters Edge and member, Sri Lanka Bankers' Association. Currently, whilst serving as a Director of National Development Bank PLC, she also serves as a director of L B Finance PLC, Valibel One PLC and Delmege Limited.

Mrs. Fernando has served the Bank for over four years as a Director.

Mrs. Indrani Sugathadasa*Director*

Mrs. Sugathadasa was appointed as a Director of the Bank in the year 2013.

Mrs. Sugathadasa had an illustrious career in the public service, having joined the Sri Lanka Administrative Service in the year in 1977 and reaching the helm in the service as a Permanent Secretary.

Among other senior positions she held, she served as the Permanent Secretary to the Ministry of Child Development and Women's Affairs and Ministry of Plantation Industries. After retiring from mainstream public service, she was appointed as Chairperson of the Securities and Exchange Commission of Sri Lanka (SEC) and the Insurance Board of Sri Lanka (IBSL). At present, she holds the position of Chairperson of the Insurance Board of Sri Lanka.

Mrs. Sugathadasa, a past pupil of Musaeus College, Colombo has a Bachelor of Social Sciences degree from the University of Colombo and Masters Degree (MPA/MBA) from Monash University, Australia.

Mrs. Sugathadasa was awarded the prestigious Hubert H. Humphrey Fellowship (Fulbright) by the United States Government in 1990 and was attached to the City University of New York during her Fellowship period of one year.

Mrs. Sugathadasa has received many accolades, including the Australian Alumni Excellence Award in 2013.

Mrs. Sugathadasa has participated in numerous conferences and consultancies both locally and internationally and is a sought-after speaker in the domains of Women's Affairs, Plantations and Insurance.

Mrs. Sugathadasa is a Trustee of Musaeus College and the current President of the Sri Lanka Association of Australia Awards Alumni (SLAAAA).

Mrs. Sugathadasa has served the Bank for over a year as a Director.

Mr. Dinal Phillips

Director

Mr. Phillips an Attorney At Law and a Solicitor (England and Wales (1986)) was appointed as a Presidents Counsel in 2005. He has also obtained his Diploma in Intellectual Property from the University of London in the year 1989/90.

A Founder Member of SARRC Law Sri Lanka Chapter Mr. Phillips is also a Member of International Pacific Bar Association and a life member of the Bar Association of Sri Lanka.

Mr. Phillips has also functioned as director of Gestetner of Ceylon Limited for over 20 years.

Mr. Phillips has functioned as one time Chairman of the Intellectual Property Advisory Commission and continues to be on the advisory committee as an ordinary member. He has been involved in drafting regulations for the Intellectual Property Act. Mr. Phillips has also advised and appeared for organizations in disputes involving minority rights, winding up, money recovery, share purchasing, rights issues, incorporations and registrations of companies and have further represented clients in International Commercial Disputes in Singapore, Malaysia, Dubai and Bangladesh.

Mr. Phillips' experience in the field of law is wide and varied and runs over 30 years in Commercial law.

Mr. Phillips was appointed as a Director of the Bank in April 2015.

Mrs. Anula Harasgama

Director

Mrs. Harasgama currently functions as the Director General-Department of State Accounts, at the General Treasury, Ministry of Finance and has been a Member of the Sri Lanka Accountants Service since the year 1987.

During her career, Mrs. Harasgama has held several senior positions at the General Treasury as Director General-Department of Information and Technology Management, Director General-Department of Public Enterprises, Director and subsequently Additional Director General-Department of the Department of Public Finance. She has also worked as the finance analyst at the Asia Pacific Regional Centre of the United Nations Development Programme and Director of Public Enterprises Reform Commission of Sri Lanka.

Mrs. Harasgama holds a Bachelor of Arts Degree from the University of Sri Jayewardenepura Sri Lanka, a Postgraduate Diploma in Management from the Postgraduate Institute of Management (PIM) and a Master of Commerce from the University of New South Wales (UNSW), Australia.

Mrs. Harasgama is also a Member of the Australian Institute of Banking and Finance and a Member of the Institute of Public Finance & Development Accountancy in Sri Lanka and has received extensive international and local training in the fields of management and finance.

Mrs. Harasgama was appointed as a Director of the Bank in April 2015.

Mr. Kavan Ratnayaka

Director

Mr. Ratnayaka is the Chairman & Managing Director of The Associated Newspapers of Ceylon Ltd (ANCL).

Mr. Ratnayaka has previously functioned as the group chief corporate officer of Cargills Ceylon PLC from August 2013 to July 2014 and the group chief corporate officer of Dialog Axiata PLC (Dialog) from October 2007 to December 2012 at which position he played a key role in the Dialog leadership team that acquired Suntel Limited in early 2012. Mr. Ratnayaka also functioned as the Chief Executive Officer, Dialog Broadband Networks (DBN) where he led the build out of a nascent broadband telecommunications business.

Prior to joining Dialog he led IBM Sri Lanka (IBM) as its Country General Manager where he was a trusted advisor to many banking, insurance, government and telecommunications clients assisting them to design, procure, implement and maintain cost effective and innovative IT solutions.

Mr. Ratnayaka has extensive knowledge of the Information and Communication Technology (ICT) Products, services, and distribution and has received extensive training from IBM in industry segments such as banking, telecommunications, ports, airlines, travel and government. he has also trained in products, sales techniques, client relationship management, project management, partner management, general management and leadership, board representation, media relations and government relations. He has worked closely with institutions such the ADB, JICA and the WB in initiating and implementing large information technology projects.

Mr. Ratnayaka currently serves on the boards of Independent Television Network (ITN), the Sri Lanka Institute of Directors (SLID), the Sri Lanka Business Development Center (SLBDC) and KBSL Pvt Ltd.

Mr. Ratnayaka holds a Bachelor of Science (Physics) from the University of California.

Mr Ratnayaka was appointed as a Director of the Bank in May 2015.

9.0 CORPORATE MANAGEMENT

The key management team of the Bank is given below.

Name	Designation
Mr. Rajendra Theagarajah	Director/Chief Executive Officer
Mr. Faizan Ozman	Group Chief Financial Officer
Mr. Mancius Paiva	Vice President - Administration & Services
Ms. Ishani Senaweera	Vice President - Human Resources
Mr. Dhanan Senathirajah	Vice President - Finance and Planning
Ms. Nirmala Rayen	Vice President - Group Risk Management
Mr. Niran Mahawatte	Vice President - Treasury
Mr. Buwanekabahu Perera	Vice President - Corporate Banking
Mr. Raj Aboobucker	Vice President - Transactional & Institutional Banking
Mr. Sujeewa Dissanayake	Vice President - Information Technology
Ms. Ruwani De Silva	Vice President - Internal Audit
Ms. Melody Wickramanayake	Vice President - Legal
Ms. Delrene Seneviratne	Assistant Vice President - Network Management
Mr. Darshana Ratnayake	Vice President - Products and New Product Development
Ms. Shehani Ranasinghe	Assistant Vice President - Board Secretary
Ms. Manique Kiriella Bandara	Compliance Officer
Mr. Reshanka Abayasekera	Head of Operations

10.0 STATUTORY DECLARATIONS

10.1 STATUTORY DECLARATION BY THE DIRECTORS

We, the undersigned who are named herein as Directors of National Development Bank PLC hereby declare and confirm that we have read the provisions of CSE Listing Rules and of the Companies Act No. 7 of 2007 and any amendments thereto relating to the issue of the Prospectus and further confirm that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Bank have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in our best judgment.

An application has been made to the CSE for permission to deal in and for a listing for Debentures issued by the Bank and those Debentures which are the subject of this Issue.

Such permission will be granted when Debentures are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Bank or of the Debentures issued.

The Common Seal of National Development Bank PLC affixed.

Name of Directors	Designation	Date	Place	Signature
Mr. Nirmala Wickremeratne	Director	03/06/2015	Colombo	Sgd.
Mr. Ashok Pathirage	Director	03/06/2015	Colombo	Sgd.
Mr. Rajendra Theagarajah	Chief Executive Officer	03/06/2015	Colombo	Sgd.
Mr. Trevine Jayasekera	Director	03/06/2015	Colombo	Sgd.
Mr. Sarath Wikramanayake	Director	03/06/2015	Colombo	Sgd.
Mrs. Kimarli Fernando	Director	03/06/2015	Colombo	Sgd.
Mrs. Indrani Sugathadasa	Director	03/06/2015	Colombo	Sgd.
Mr. Dinal Phillips	Director	03/06/2015	United Kingdom	Sgd.
Mrs. Anula Harasgama	Director	03/06/2015	Colombo	Sgd.
Mr. Kavan Ratnayaka	Director	03/06/2015	Colombo	Sgd.

10.2 STATUTORY DECLARATION BY FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

We, NDB Investment Bank Limited, of No. 40, Navam Mawatha, Colombo 02 being the Financial Advisors and Managers to the Issue of National Development Bank PLC, hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the Bank, the Prospectus constitutes full and true disclosure of all material facts about the Issue and National Development Bank PLC.

The Common Seal of NDB Investment Bank Limited affixed on the 05th day of June 2015 at Colombo in the presence of two Directors.

Sgd.
Director

.

Sgd.
Director

11.0 FINANCIAL INFORMATION

11.1 ACCOUNTANT'S REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

HMAJ/WDPL/SSG/KAS

Board of Directors
National Development Bank PLC
No. 40, Nawam Mawatha
Colombo 02.

21 May 2015

Accountants' Report for Inclusion in the Prospectus of National Development Bank PLC

Dear Sirs/Madam

Introduction

This report has been prepared for the inclusion in the Prospectus issued in connection with the issuance of up to One Hundred Million (100,000,000) Rated, Unsecured, Subordinated Redeemable Debentures with a value of Rupees Ten Billion (LKR 10,000,000,000/-) of National Development Bank PLC, at a Par value of LKR 100/-.

We have examined the financial statements of National Development Bank PLC (the "Bank") and the consolidated financial statements of the Bank and its subsidiaries ("Group") for the years ended 31 December 2010 to 31 December 2014, included in the prospectus and report as follows.

1. Incorporation

Bank

The Bank was incorporated in Sri Lanka on 15 June 2005 as a public limited liability company under the National Development Bank of Sri Lanka Act no 1 of 2005. The Bank was re-registered pursuant to the provisions of companies act no 7 of 2007. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The Registered Office of the Bank is located at No.40, Nawam Mawatha, Colombo 02. The principal activities of the Bank involve providing financial services encompassing personal, commercial, investment and private banking, trade services, leasing, factoring, pawning, treasury and capital market services.

2. Financial Statements

2.1 Five-Year Summary of Audited Financial Statements

A summary of Statements of Profit or Loss, Statements of Financial Position/ Balance Sheets, Statements of Changes in Equity and Cash Flow Statements of National Development Bank PLC and its subsidiaries for the financial years ended 31 December 2010 to 31 December 2014, based on the audited financial statements are set out in Section 11.1 of the Prospectus

Partners: A.D.S.Talalle FCA FCMA M.P.O.Cooray CA FCMA R.H.de Saram ACA FCMA Ms. N.A.De Silva FCA Ms. Y.A.De Silva FCA W.R.M.Berendso FCA FCMA
W.R.G.S.P.Fernando FCA FCMA Ms. L.N.H.L.Forteco FCA G.P.A.Gurusivewa FCA FCMA A.Hirani FCA D.K.Hulangamuwa FCA FCMA L.R.(Linda) H.M.A.Jayasinghe FCA FCMA
M. A.A.Lakshmy FCA FCMA Ms. G.G.S.Montsinga FCA N.M.Selvaraj ACA ACMA B.C.Wickramya FCA ACMA

A member firm of Ernst & Young Global Limited

2.2 Audited Financial Statements for the year ended 31 December 2014

Our audit report on the Financial Statements for the year ended 31 December 2014 together with such financial statements comprising Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement along with the accounting policies and notes thereon, is available on the websites of the Bank and the Colombo Stock Exchange where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditor's report on the website is identical to the final signed hard copy version.

2.3 Audit Reports

We have audited the financial statements of the Bank and the consolidated financial statements of the Bank and its subsidiaries for the years ended 31 December 2010 to 31 December 2014. Unqualified audit opinions have been issued for the said financial years by our reports dated 18 February 2011, 24 February 2012, 13 February 2013, 13 February 2014 and 13 February 2015 respectively, and we have not issued any audit reports after 13 February 2015 up to now.

2.4 Accounting Policies

The financial statements of the Bank for the years ended 31 December 2010 to 31 December 2014 comply with Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited financial statements of the Bank for the year ended 31 December 2014. There were no material changes in the accounting policies of the Bank for the years ended 31 December 2010 to 31 December 2014, except for Followings.

First-time adoption of Sri Lanka Accounting Standards ("SLFRS/LKAS")

For all periods up to and including the year ended 31 December 2011, the Bank has prepared its financial statements in accordance with previous Sri Lanka Accounting Standards (SLASs). The Financial statements, for the year ended 31 December 2012 are the first Bank has prepared in accordance with revised Sri Lanka Accounting Standards comprising SLFRS and LKAS effective for the period beginning on or after 1 January 2012. There were no other material changes in accounting policies of the Bank.

Revaluation of land and buildings (property, plant and equipment)

The Bank and the Group re-assessed its accounting for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. The Bank and the Group has previously measured all property, plant and equipment using the cost model as set out in LKAS 16.30, whereby after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.



However current year (2014) the Bank and the Group elected to change the method of accounting for land and buildings classified in property, plant and equipment, since the Bank and the Group believes that revaluation model more effectively demonstrates the financial position of land and buildings.

2.5 Dividends

The Company has declared dividends in respect of Ordinary Voting Shares for the years ended 31 March 2010 to 31 March 2014 in the following manner.

	Dividend Paid Rs.('000)	Dividend per Share Rs.
2010	697,858	8.50
2011	1,231,514	7.50
2012	2,463,029	15.00
2013	1,647,710	10.00
2014	1,155,587	7.00

2.6 Events Occurring After the Reporting Date

- 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 however, will be dependent on regulatory and stakeholder approvals and possibly, passage of facilitative legislation.
- On 13 February 2015, the Bank declared a final dividend of LKR 4.00 per share for the financial year 2014.(2013- final dividend of LKR 5.00 per share) This will be paid out of the operational profits of the Bank and it will be liable to a dividend tax at 10%.
- 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 million 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 million.



2.7 Restriction on Use

This report is made solely for the purpose of the Board of Directors of NDB Bank PLC in its application to Securities & Exchange Commission of Sri Lanka for the purpose of offering up to up to Hundred Million (100,000,000) Rated, Unsecured, Senior Redeemable Debentures with a value of Rupees Ten Billion (LKR 10,000,000,000/-) of National Development Bank PLC, at a Par value of LKR 100/-. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for this report we have formed. This report should not to be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully



National Development Bank PLC Statement of Profit or Loss				
For the year ended 31 December	BANK		GROUP	
	2014 LKR '000	2013 LKR '000	2014 LKR '000	2013 LKR '000
Gross Income	24,961,946	29,656,420	26,204,625	25,303,306
Interest income	20,974,578	20,603,610	21,151,976	20,765,842
Interest expenses	13,299,977	13,791,503	13,238,571	13,754,264
NET INTEREST INCOME	7,674,600	6,812,107	7,913,404	7,011,578
Fee and commission income	1,866,242	1,614,106	2,564,095	2,411,273
Net gains / (losses) from trading	910,027	953,325	910,027	953,325
Net gain/(loss) from financial investments	716,507	318,303	1,330,407	914,968
Other operating income	494,591	6,167,076	248,121	257,897
Total operating income	11,661,967	15,864,917	12,966,053	11,549,042
Impairment for loans & receivables and other losses	566,003	1,238,202	528,708	1,260,765
Net operating income	11,095,965	14,626,715	12,437,345	10,288,277
Less: OPERATING EXPENSES				
Personnel expenses	2,872,738	2,389,144	3,172,387	2,660,281
Other expenses	2,436,454	2,555,059	2,738,228	2,903,594
Total operating expenses	5,309,192	4,944,203	5,910,615	5,563,875
OPERATING PROFIT BEFORE TAX ON FINANCIAL SERVICES	5,786,773	9,682,512	6,526,730	4,724,402
Tax on Financial Services	(1,029,250)	(910,500)	(1,029,250)	(910,500)
OPERATING PROFIT AFTER TAX ON FINANCIAL SERVICES	4,757,522	8,772,012	5,497,480	3,813,901
Share of associate companies' profits / (losses)	-	-	97,274	49,220
PROFIT BEFORE TAXATION	4,757,522	8,772,012	5,594,754	3,863,121
Taxation	(1,339,459)	(1,048,776)	(1,348,784)	(1,150,893)
PROFIT FOR THE YEAR	3,418,063	7,723,236	4,245,970	2,712,228
Profit Attributable to				
Equity holders of the Parent	3,418,063	7,723,236	4,133,931	2,641,925
Non-controlling interests	-	-	112,040	70,303
	3,418,063	7,723,236	4,245,970	2,712,228

The Management is responsible for the financial information extracted from the audited Financial Statements, given above.

Signed for and on behalf of the Management of the Bank.



Faizan Ozman
Group Chief Financial Officer

National Development Bank PLC

Income Statement

for the year ended 31 December	BANK		GROUP	
	2012 LKR' 000	2011 LKR' 000	2012 LKR' 000	2011 LKR' 000
Interest Income	16,983,637	11,387,683	17,149,866	11,654,594
Interest Expenses	11,309,774	6,826,023	11,254,042	6,745,376
NET INTEREST INCOME	5,673,863	4,561,660	5,895,824	4,909,218
Net Fee and commission income	1,133,603	1,150,401	1,643,583	1,916,230
Net trading income/(Expenses)	1,010,276	568,196	1,272,496	448,396
Other operating income	997,474	427,488	6,126,547	647,784
Total operating income	8,815,215	6,707,746	14,938,450	7,921,629
Impairment charges/(Reversal) for loans and other losses	106,111	67,789	51,378	[88,492]
Net operating income	8,709,104	6,639,957	14,887,072	8,010,121
LESS: OPERATING EXPENSES				
Personnal Expenses	2,172,740	1,838,184	2,333,325	2,117,613
Depreciation of Property Plant & Equipments	181,837	178,287	205,161	198,556
Amortization of Intangible Assets	82,783	48,328	95,786	51,411
Other operating costs	1,664,833	1,465,019	1,861,926	1,612,976
Total operating expenses	4,102,193	3,529,818	4,496,198	3,980,556
OPERATING PROFIT BEFORE VALUE ADDED TAX (VAT)	4,606,911	3,110,138	10,390,874	4,029,564
Value Added Tax(VAT) on Financial Services	(622,286)	(504,960)	(622,287)	(504,960)
OPERATING PROFIT AFTER VALUE ADDED TAX (VAT)	3,984,625	2,605,178	9,768,587	3,524,604
Share of associate companies' profit	-	-	438,720	330,793
PROFIT BEFORE TAXATION	3,984,625	2,605,178	10,207,307	3,855,397
Taxation	(1,060,667)	(774,361)	(1,275,367)	(1,092,517)
PROFIT FOR THE YEAR	2,923,958	1,830,818	8,931,940	2,762,880
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	2,923,958	1,830,818	8,853,822	2,527,473
Non Controlling Interests	-	-	78,118	235,408
	2,923,958	1,830,818	8,931,940	2,762,880

The Management is responsible for the financial information extracted from the audited Financial Statements ,given above

Signed for and on behalf of the Management of the Bank .



[Signature]

Faizan Ozman
Group Chief Financial Officer

National Development Bank PLC

Income Statement

	BANK	GROUP
	2010 LKR '000	2010 LKR '000
for the year ended 31 December		
GROSS INCOME	11,720,054	12,633,542
Interest Income	9,653,943	9,848,466
Interest Expenses	5,862,462	5,685,903
NET INTEREST INCOME	3,791,481	4,162,563
Other income	2,066,111	2,785,075
NET INCOME	5,857,592	6,947,638
OPERATING EXPENSES		
Personnel costs	1,293,673	1,530,081
Staff retirement benefits	32,000	36,689
Other administrative and general expenses	1,349,992	1,496,120
Total operating expenses	2,675,665	3,062,890
OPERATING PROFIT BEFORE PROVISIONS		
Provision for bad and doubtful debts and fall in value of securities	3,181,927 (171,541)	3,884,748 (171,541)
OPERATING PROFIT AFTER PROVISIONS	3,353,468	4,056,288
Share of associate companies' profit	-	294,784
PROFIT BEFORE TAXATION	3,353,468	4,351,072
Taxation	(1,824,092)	(2,175,044)
PROFIT FOR THE YEAR	1,529,377	2,176,028
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,529,377	2,102,608
MINORITY INTERESTS	-	73,420
	1,529,377	2,176,028

The Management is responsible for the financial information extracted from the audited Financial Statements ,given above .

Signed for and on behalf of the Management of the Bank .



Faizan Ozman
Group Chief Financial Officer



National Development Bank PLC				
Statement of Financial Position				
As at 31 December	BANK		GROUP	
	2014	2013	2014	2013
	LKR '000	LKR '000	LKR '000	LKR '000
ASSETS				
Cash and cash equivalents	3,104,391	2,611,075	3,274,035	2,668,262
Balances with Central Bank	8,740,590	5,339,000	8,740,590	5,339,000
Placements with banks	2,721,891	130,751	2,721,891	130,751
Derivative Financial Instruments	1,903,781	1,149,541	1,903,781	1,149,541
Financial Assets - held for trading	2,795,277	10,720,689	6,028,558	14,194,141
Loans and receivables to banks	311,144	641,628	311,144	641,628
Loans and receivables to other customers	175,175,203	136,821,532	175,235,906	156,881,713
Financial Investments - loans and receivables	38,302,428	15,897,455	38,683,476	16,791,701
Financial Investments - available-for-sale	17,050,302	5,982,450	18,357,852	6,167,450
Financial Investments - held-to-maturity	8,970,963	17,602,249	10,167,325	18,460,591
Investments - Held for sale	18,525	-	33,301	-
Investments in subsidiary companies	2,000,290	2,097,585	-	-
Investments in associate companies	-	61,967	-	76,744
Investment Property	-	-	1,545,693	1,383,693
Intangible assets	253,132	250,425	297,370	296,678
Property, plant & equipment	1,927,495	872,890	2,252,547	1,176,491
Other assets	1,453,733	1,139,391	1,876,335	1,458,757
Total assets	262,729,146	201,258,628	269,129,606	206,817,121
LIABILITIES				
Due to banks	7,029,342	10,453,086	7,029,342	10,453,086
Derivative financial instruments	663,186	817,310	663,186	817,310
Due to other customers	151,823,715	129,830,029	151,485,201	129,421,613
Debt securities issued and other borrowed funds	61,955,450	24,420,818	61,925,802	24,390,618
Tax liabilities	826,687	266,128	806,220	300,196
Deferred tax liabilities	619,457	312,432	609,935	324,451
Employee benefit liabilities	247,011	170,038	301,219	214,630
Other liabilities	6,176,647	3,585,655	6,360,849	3,850,289
Subordinated term debts	11,149,439	11,682,674	11,149,439	11,682,674
Total liabilities	240,490,955	181,638,150	240,331,188	181,455,467
Equity				
Capital	1,225,162	1,172,904	1,145,353	943,746
Statutory reserve fund	1,010,785	958,527	1,010,785	958,527
Retained earnings	18,625,444	15,553,260	24,245,874	20,731,802
Other reserves	1,376,801	1,835,787	1,473,811	1,879,732
Total equity to equity owners of the Bank	22,238,192	19,520,478	27,875,772	24,513,806
Non-controlling interests	-	-	922,646	847,848
Total equity	22,238,192	19,520,478	28,798,418	25,361,654
Total liabilities and total equity	262,729,146	201,258,628	269,129,606	206,817,121
Commitments and contingencies	231,143,633	177,200,240	231,148,862	177,200,240

The Management is responsible for the financial information extracted from the audited Financial Statements, given above.

Signed for and on behalf of the Management of the Bank,



Faizan Ozman
Group Chief Financial Officer

National Development Bank PLC

Statement of Financial Position

as at 31 December	BANK			GROUP		
	2012 Rs '000	2011 Rs '000	2010 Rs '000	2012 Rs '000	2011 Rs '000	2010 Rs '000
ASSETS						
Cash and Cash equivalents	3,480,395	2,395,152	2,224,459	3,634,983	2,518,840	2,508,470
Balances with Central Bank	6,074,792	4,614,170	3,077,406	6,074,792	4,614,170	3,077,406
Placements with banks	3,559,354	517,833	-	3,559,354	517,833	-
securities purchased under resale agreements	3,324,868	911,709	2,154,637	3,324,868	911,709	2,154,637
Financial Assets held for trading	982,967	7,106,148	7,961,585	982,967	7,106,148	8,186,934
Derivative Financial Instruments	1,706,372	1,402,305	140,565	1,706,372	1,402,305	140,565
other Financial Assets held for trading	-	233,771	368,650	10,411,658	2,086,525	1,851,984
Loans and advances to banks	1,183,343	1,640,462	1,816,744	1,183,343	1,640,462	1,816,744
Loans and advances to customers	109,602,523	93,094,783	65,011,952	109,649,198	93,166,027	65,044,918
Lease rentals receivables	6,389,837	4,649,610	2,412,200	6,389,836	4,649,610	2,412,200
Other Financial Assets classified as loans and receivable	3,121,163	1,255,099	7,926,285	3,764,025	2,563,186	9,178,507
Financial Assets - Held to Maturity	19,257,271	15,566,201	7,273,278	19,223,228	15,666,201	7,679,622
Financial Assets - Available for sale	66,714	88,648	4,790	173,541	186,475	6,774
Investments in subsidiary companies	2,641,178	2,770,540	2,770,540	-	-	-
Investments in associate companies	18,525	286,898	452,460	33,301	1,795,695	1,762,589
Other assets	936,486	782,001	492,296	1,154,688	962,764	690,991
Intangible assets	272,314	278,633	206,720	318,723	318,347	210,300
property, plant & equipment	856,195	828,754	650,433	1,222,500	1,185,259	707,727
Investment Property	-	-	-	1,295,693	1,295,693	1,200,000
Goodwill	-	-	-	-	-	4,330
Total assets	163,474,296	138,422,718	104,945,000	174,103,071	142,588,249	108,634,696
LIABILITIES						
Due to Banks	2,319,984	5,923,527	570,385	2,319,984	5,923,527	570,385
Securities sold under repurchase agreements	12,515,861	11,360,101	12,351,199	12,515,861	10,132,841	11,474,836
Derivative Financial Instruments	1,736,838	1,022,462	-	1,736,838	1,022,462	-
Due to Customers	107,600,583	82,094,320	60,532,985	107,393,866	82,094,320	60,532,985
Debt Securities issued and other borrowed funds	17,841,963	19,466,302	13,960,910	17,802,038	19,466,303	13,960,910
Tax liabilities	656,211	304,662	452,497	633,838	355,976	573,416
Other liabilities	3,525,882	3,106,320	2,668,372	3,657,374	3,285,808	2,824,764
Subordinated Term debts	2,254,699	2,428,012	2,625,243	2,254,699	2,428,012	2,625,243
Deferred Tax	79,874	41,875	59,256	79,119	41,122	59,753
Total liabilities	148,531,895	125,747,579	93,220,847	148,393,617	124,750,370	92,622,292
Equity attributable to equity holders of parent						
Stated Capital	1,093,095	1,093,095	1,093,095	863,937	863,937	863,937
Statutory reserve fund	878,718	878,718	878,718	878,718	878,718	878,718
Investment Fund	924,333	386,825	-	924,333	386,825	-
Retained Earnings	12,046,255	10,316,500	9,752,340	22,216,054	14,795,649	13,552,656
	14,942,402	12,675,139	11,724,154	24,883,044	16,925,129	15,295,321
Non Controlling Interest	-	-	-	826,410	912,751	717,083
Total Equity	14,942,402	12,675,139	11,724,154	25,709,454	17,837,879	16,012,404
Total liabilities and Equity	163,474,296	138,422,718	104,945,000	174,103,071	142,588,249	108,634,696
Commitments and contingencies	158,740,820	145,667,380	95,704,093	158,740,820	145,667,380	95,704,093

The Management is responsible for the financial information extracted from the audited Financial Statements, given above.

Signed for and on behalf of the Management of the Bank.



Faizan Ozman
Group Chief Financial Officer



National Development Bank PLC				
		BANK		GROUP
For the year ended 31 December	Note	2014 LKR '000	2013 LKR '000	2014 LKR '000 2013 LKR '000
Cash flows from operating activities				
Interest received		20,919,252	20,603,510	21,111,971
Fee and commission income received		1,856,202	1,623,266	2,319,114
Dividend income received		339,962	718,461	(13,855)
Other income received		1,671,597	1,449,324	1,671,965
Interest paid		(13,195,780)	(13,791,503)	(13,197,274)
Personnel costs paid		(2,857,404)	(2,469,340)	(2,857,404)
General expenses paid		(2,267,278)	(2,040,890)	(2,351,710)
Operating Profit before changes in operating assets and liabilities	a	6,466,552	6,092,727	6,682,806
Net increase in loans and advances		(38,496,570)	(21,548,181)	(38,496,570)
Net increase in deposits from customers		22,505,047	22,229,446	22,505,047
Net (increase)/decrease in other receivables		(572,780)	406,098	(378,014)
Net increase/(decrease) in other liabilities		2,266,544	(486,956)	2,042,168
Net cash inflow/(outflow) from operating activities before taxation		(7,831,207)	6,693,135	(7,644,563)
VAT on Financial Services paid		(840,240)	(806,647)	(840,240)
Income taxes paid		(652,006)	(1,244,412)	(699,929)
Net cash provided by/(used in) operating activities	a	(9,323,453)	4,642,076	(9,184,732)
Cash flows from investing activities				
Net changes in financial investments		(17,006,936)	(23,389,900)	(17,008,264)
Disposal of subsidiaries/associates		147,068	5,954,774	147,068
Expenditure on property & equipment		(392,997)	(308,681)	(443,312)
Proceeds from sale of property & equipment		14,765	3,981	14,765
Net cash used in investing activities		(17,238,099)	(17,739,827)	(17,289,743)
Cash flows from financing activities				
Issue of shares		52,258	-	52,258
Net proceeds from issue of subordinated debts		-	9,488,350	-
Interest paid on subordinated debts		(1,573,625)	(282,446)	(1,573,625)
(Decrease)/ Increase in other borrowings		34,403,497	2,418,165	34,403,501
Dividends paid to non controlling interests		-	-	(37,388)
Dividends paid to shareholders of the parent Company		(1,966,761)	(3,430,480)	(1,903,996)
Net cash provided by/(used in) financing activities		30,915,369	8,193,589	30,940,750
Net increase in cash and cash equivalents		4,353,817	(4,904,162)	4,466,275
Cash and cash equivalents at the beginning of the year		8,077,934	12,982,096	8,135,121
Cash and cash equivalents at the end of the year		12,431,751	8,077,934	12,601,396
Reconciliation of cash and cash equivalents				
Cash and cash equivalents		3,104,391	2,611,675	3,274,036
Balances with Central Bank		6,740,590	5,339,000	6,740,590
Placement with banks		2,721,891	130,751	2,721,891
Amount due to foreign Banks		135,121	2,892	135,121
		12,431,751	8,077,934	12,601,396

The Management is responsible for the financial information extracted from the audited Financial Statements given above.

Signed for and on behalf of the Management of the Bank .



Faizan Ozman
Group Chief Financial Officer



Cash Flow Statement

for the year ended 31 December	Bank		Group	
	2012 LKR '000	2011 LKR '000	2012 LKR '000	2011 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	16,317,018	11,391,173	16,568,884	11,572,159
Fee based income received	2,387,630	1,156,265	2,538,084	1,680,745
Dividend income received	126,648	311,124	162,855	132,595
Other income received	312,746	980,565	651,633	1,446,844
Interest paid	(9,918,252)	(6,215,430)	(9,917,401)	(6,215,430)
Personnel costs paid	(876,337)	(1,704,905)	(1,031,225)	(1,958,117)
General expenses paid	(2,721,155)	(1,506,478)	(2,910,189)	(1,827,087)
Operating Profit before changes in operating assets and liabilities	5,628,298	4,412,314	6,062,641	4,831,709
Net increase in loans and advances	(17,298,517)	(30,164,965)	(17,298,517)	(30,164,965)
Net Increase in Deposits from customers	24,739,780	20,946,521	24,739,780	20,946,521
Net (increase)/decrease in other receivables	341,737	(784,843)	339,100	(680,499)
Net increase/(decrease) in other liabilities	63,941	207,653	(41,960)	174,920
Net cash inflow/(outflow) from operating activities before taxation	13,475,239	(5,383,320)	13,801,044	(4,892,314)
Financial Services VAT paid	(569,106)	(578,869)	(569,106)	(578,869)
Income taxes paid	(671,119)	(939,576)	(832,895)	(1,075,328)
Net cash provided by/(used in) operating activities	12,235,014	(6,901,765)	12,399,043	(6,546,511)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net increase in investments	-	-	-	-
Acquisition of total minority interest in a subsidiary company	-	-	-	-
Government treasury bills and bonds	(2,064,075)	453,245	(2,064,075)	452,718
Disposal of subsidiaries/associates	884,951	0	7,654,287	-
Change in other investments	192,500	45,558	(6,620,816)	(408,461)
Securities sold under repurchase agreements	1,105,367	(931,621)	1,105,367	(833,656)
Net due to /(from) related companies	256	(17,872)	256	(17,872)
Expenditure on property & equipment	(295,273)	(476,801)	(325,078)	(525,150)
Proceeds from sale of property & equipment	22,111	17,959	23,278	18,594
Net cash used in investing activities	(154,163)	(909,532)	(226,780)	(1,313,827)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/ Increase in borrowings	(5,330,589)	10,601,672	(5,330,589)	10,619,505
Dividend paid	(1,162,876)	(575,245)	(1,223,385)	(661,174)
Net cash provided by /(used in) financing activities	(6,493,465)	10,026,427	(6,553,974)	9,958,331
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,587,386	2,215,129	5,618,289	2,097,993
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,527,155	5,312,026	7,650,843	5,552,850
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13,114,541	7,527,155	13,269,132	7,650,843

The Management is responsible for the financial information extracted from the audited Financial Statements, given above.

Signed for and on behalf of the Management of the Bank, Financial Officer



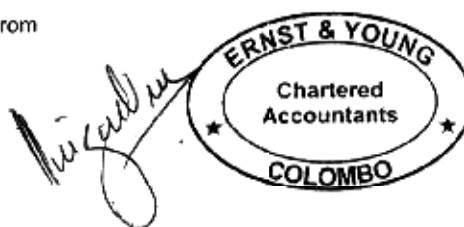

Cash Flow Statement

	BANK	GROUP
for the year ended 31 December	2010 LKR '000	2010 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	10,352,927	10,685,516
Fee based income received	157,736	253,040
Dividend income received	197,284	213,917
Other income received	2,277,768	2,852,743
Interest paid	(6,252,562)	(6,251,883)
Personnel costs paid	(1,293,673)	(1,547,754)
General expenses paid	(1,211,287)	(1,377,592)
Financial Services VAT paid	(792,174)	(792,174)
Income taxes paid	(1,078,899)	(1,216,623)
Net increase in loans and advances	(15,733,608)	(15,733,608)
Deposits from customers	9,416,071	9,416,071
Net (increase)/decrease in other receivables	18,387	(226,096)
Net increase/(decrease) in other liabilities	291,175	406,770
Net cash provided by operating activities	(3,650,854)	(3,317,673)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in investments		
Acquisition of total minority interest in a subsidiary company	(21,883)	(21,883)
Return of capital by associate companies	-	-
Government treasury bills and bonds	4,866,426	4,676,815
Change in other investments	(904,164)	(955,332)
Securities sold under repurchase agreements	1,373,043	1,373,043
Net due to /(from) related companies	17,889	17,889
Expenditure on property & equipment	(257,265)	(292,212)
Proceeds from sale of property & equipment	27,177	27,248
Net cash provided by investing activities	5,101,223	4,825,568
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	-	-
(Decrease)/ Increase in borrowings	(3,299,056)	(3,299,056)
Dividend paid	(876,613)	(899,147)
Net cash used in financing activities	(4,175,669)	(4,198,203)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,725,300)	(2,690,308)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,994,137	8,243,157
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,268,837	5,552,849

The Management is responsible for the financial information extracted from the audited Financial Statements given above.

Signed for and on behalf of the Management of the Bank.

Faizan Ozman
Group Chief Financial Officer



National Development Bank PLC											
Statement of Changes in Equity											
Attributable to equity holders of the parent											
	Capital Reserve Fund	Statutory Reserve Fund	Available-for-Sale Reserve	Revaluation Reserve	General Reserve	Investment Fund Account	Share Based Payment Reserve	Cash Flow Hedge Reserve	Retained Earnings	Total	Non-Controlling Interests
	LKR '000	LKR '000	LKR '000	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	-
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	1,723,236	1,723,236	-
Other comprehensive income net of tax	-	-	106,669	-	-	-	-	-	(32,071)	74,598	-
Total comprehensive income for the year	-	-	106,669	-	-	-	-	-	1,691,165	7,797,834	-
Transactions with equity holders, recognized directly in equity											
Issue of shares	79,809	-	-	-	-	-	-	-	(782,419)	79,809	-
Transfer to Investment Fund Account	-	-	-	-	-	782,419	-	-	-	-	-
Fair Value of Share Options	-	-	-	-	-	-	22,367	-	-	22,367	-
Transfer to Statutory Reserve Fund	-	79,809	-	-	-	-	-	-	(79,809)	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(3,221,933)	(3,221,933)	-
Balance as at 31 December 2013	1,172,904	958,527	106,669	-	5,805,707	1,706,751	22,367	-	9,847,553	19,620,478	-
Balance as at 1 January 2014											
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	-	9,847,555	19,620,480	-
Other Comprehensive Income before tax	-	-	(35,110)	1,084,185	-	-	-	-	3,418,063	3,418,063	-
Tax on Other Comprehensive Income	-	-	33,691	(230,729)	-	-	-	397,852	(139,735)	1,307,192	-
Total Comprehensive Income for the year	-	-	(1,419)	853,456	-	-	-	397,852	16,897	(180,141)	-
Transactions with equity holders, recognized directly in equity											
Issue of shares (Note 43)	52,258	-	-	-	-	-	-	-	-	52,258	-
Transfer from Investment Fund Account	-	-	-	-	-	(1,706,751)	-	-	1,706,751	-	-
Fair Value of Share Options	-	-	-	-	-	-	(2,124)	-	-	(2,124)	-
Transfer to Statutory Reserve Fund	-	52,258	-	-	-	-	-	-	(52,258)	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(1,977,534)	(1,977,534)	-
Balance as at 31 December 2014	1,225,162	1,010,785	105,250	853,456	5,805,707	-	20,243	397,852	12,819,738	22,238,194	-



Faizan Ozman
Group Chief Financial Officer



National Development Bank PLC Statement of Changes in Equity	Attributable to equity holders of the parent											
		Share Based									Non-Controlling Interests LKR '000	Total Equity LKR '000
		Capital Reserve Fund LKR '000	Statutory Reserve Fund LKR '000	Available-for-Sale Reserve LKR '000	Revaluation Reserve LKR '000	General Reserve LKR '000	Investment Fund Account LKR '000	Payment Reserve LKR '000	Cash Flow Hedge Reserve LKR '000	Retained Earnings LKR '000		
GROUP												
Balance as at 1 January 2013	863,937	878,718	-	-	5,805,707	924,332	-	-	16,410,347	826,411	25,709,452	
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	2,641,925	70,303	2,712,228	
Other comprehensive income net of tax	-	-	150,614	-	-	-	-	-	(42,017)	(1,212)	107,385	
Total Comprehensive Income for the year	-	-	150,614	-	-	-	-	-	2,599,908	69,091	2,819,613	
Transactions with equity holders, recognized directly in equity												
Issue of shares	79,809	-	-	-	-	-	-	-	-	-	79,809	
Transfer to Investment Fund Account	-	-	-	-	-	782,419	-	-	(782,419)	-	-	
Fair Value of Share Options	-	-	-	-	-	-	22,367	-	-	-	22,367	
Transfer to Statutory Reserve Fund	-	79,809	-	-	-	-	-	-	(79,809)	-	-	
Dividends to equity holders	-	-	-	-	-	-	-	-	(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	150,614	-	5,805,707	1,706,751	22,367	-	14,926,094	847,848	25,361,654	
Balance as at 1 January 2014	943,746	958,527	150,614	-	5,805,707	1,706,751	22,367	-	14,926,095	847,848	25,361,655	
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	4,133,931	112,040	4,245,970	
Other Comprehensive Income before tax	-	-	(21,950)	1,084,185	-	-	-	-	(139,403)	149	1,320,833	
Tax on Other Comprehensive Income	-	-	33,691	(230,779)	-	-	-	-	16,897	-	(180,141)	
Total Comprehensive Income for the year	-	-	11,741	853,456	-	-	-	-	397,852	112,189	5,396,663	
Transactions with equity holders, recognized directly in equity												
Issue of shares (Note 43)	52,258	-	-	-	-	-	-	-	-	-	52,258	
Transfer from Investment Fund Account	-	-	-	-	-	(1,706,751)	-	-	1,706,751	-	-	
Adjustment for reversal of ESOP consolidation	229,158	-	-	-	-	-	-	-	(161,060)	-	68,098	
Adjustment to share based payment reserves	(79,809)	-	-	-	-	-	37,780	-	(18,301)	-	(55,330)	
Fair Value of share options	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Statutory Reserve Fund	-	52,258	-	-	-	-	-	-	(52,258)	-	-	
Dividends to equity holders	-	-	-	-	-	-	-	-	(1,977,534)	(37,387)	(2,014,921)	
Balance as at 31 December 2014	1,145,353	1,010,785	162,355	853,456	5,805,707	-	60,147	397,852	18,440,118	922,649	28,798,423	

The Management is responsible for the financial information extracted from the audited Financial Statements, given above

signed for and on behalf of the Management of the Bank.



[Signature]

Faizan Ozman
Group Chief Financial Officer

BANK	Attributable to equity holders of the parent					
	Stated Capital	Statutory Reserve Fund	General Reserve	Investment Fund	Retained Profit	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2011	1,093,095	878,718	5,805,707	-	3,946,833	11,724,153
Profit for the year	-	-	-	-	1,830,817	1,830,817
Transfer to Investment Fund	-	-	-	-	(386,825)	-
Dividend paid (Refer Note 35)	-	-	-	386,825	(879,832)	-
Balance as at 31 December 2011	1,093,095	878,718	5,805,707	386,825	4,510,793	12,675,138
Balance as at 1 January 2012	1,093,095	878,718	5,805,707	386,825	4,510,793	12,675,138
Profit for the year	-	-	-	-	2,923,958	2,923,958
Transfer to Investment Fund	-	-	-	537,507	(537,507)	-
Dividend paid (Refer Note 40)	-	-	-	-	(656,696)	-
Balance as at 31 December 2012	1,093,095	878,718	5,805,707	924,332	6,240,548	14,942,400
GROUP	Stated Capital	Statutory Reserve Fund	General Reserve	Investment Fund	Retained Profit	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2011	1,093,095	878,718	5,805,707	-	7,620,922	16,115,525
Adjustment for Employee Share Ownership Plan (FSOP)	(225,158)	-	-	-	126,037	(103,121)
Balance as at 1 January 2011 restated	863,937	878,718	5,805,707	-	7,746,959	16,012,404
Exchange gain from valuation of foreign associate	-	-	-	-	(17,832)	(17,832)
Transfer to Investment Fund	-	-	-	386,825	(386,825)	-
Profit for the year	-	-	-	-	2,527,473	2,527,473
Dividends paid	-	-	-	-	(879,833)	(879,833)
Balance as at 31 December 2011	863,937	878,718	5,805,707	386,825	8,989,942	17,837,881
Balance as at 1 January 2012	863,937	878,718	5,805,707	386,825	8,989,942	17,837,881
Exchange gain from valuation of foreign associate	-	-	-	-	18,824	18,824
Transfer to Investment Fund	-	-	-	537,507	(537,507)	-
Effect of change in the holding in group companies	-	-	-	-	(258,037)	(258,037)
Profit for the year	-	-	-	-	8,853,822	8,853,822
Dividend paid	-	-	-	-	(656,696)	(656,696)
Balance as at 31 December 2012	863,937	878,718	5,805,707	924,332	16,410,347	25,709,452

The Management certifies that the financial information extracted from the audited Financial Statements, given above

Signed for and on behalf of the Management of the Bank.



Faizan Özman
Group Chief Financial Officer

National Development Bank PLC
Statement of Changes in Equity

<u>BANK</u>	Attributable to equity holders of the parent					
	Stated Capital	Statutory Reserve Fund	General Reserve	Retained Profit	Minority Interests	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2010	1,032,931	818,554	5,805,707	3,437,432	-	11,094,624
Restatement of interest income	-	-	-	(38,609)	-	(38,609)
Balance as 1 January 2010 restated	1,032,931	818,554	5,805,707	3,398,823	-	11,056,015
Issue of new shares	60,164	-	-	-	-	60,164
Transfer to Statutory Fund	-	60,164	-	(60,164)	-	-
Exchange difference on conversion of FCBU reserves	-	-	-	(55,319)	-	(55,319)
Profit for the year	-	-	-	1,529,376	-	1,529,376
Dividends paid	-	-	-	(983,246)	-	(983,246)
Balance as at 31 December 2010	1,093,095	878,718	5,805,707	3,829,470	-	11,606,990
<u>GROUP</u>	Stated Capital	Statutory Reserve Fund	General Reserve	Retained Profit	Minority Interests	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2010	1,032,931	818,554	5,805,707	6,539,509	686,623	14,883,324
Restatement of interest income	-	-	-	(38,609)	-	(38,609)
Balance as 1 January 2010 restated	1,032,931	818,554	5,805,707	6,500,900	686,623	14,844,715
Issue of new shares	60,164	-	-	-	-	60,164
Transfer to Statutory Fund	-	60,164	-	(60,164)	-	-
Exchange difference on conversion of FCBU reserves	-	-	-	(55,320)	-	(55,320)
Exchange gain from valuation of foreign associate	-	-	-	(6,353)	-	(6,353)
Acquisition of total minority interest in a subsidiary company	-	-	-	5,332	(24,049)	(18,717)
Net profit for the period	-	-	-	2,102,609	73,420	2,176,029
Dividends paid	-	-	-	(983,246)	(18,911)	(1,002,157)
Balance as at 31 December 2010	1,093,095	878,718	5,805,707	7,503,758	717,083	15,998,361

Faizan Ozman
Group Chief Financial Officer



The Management is responsible for the financial information extracted from the audited Financial Statements given above

Signed for and on behalf of the Management of the Bank.





Fitch Rates NDB's Subordinated Debentures Final 'A+(lka)'

Fitch Ratings-Colombo-01 June 2015: Fitch Ratings Lanka has assigned National Development Bank PLC's (NDB; AA-(lka)/Stable) proposed subordinated debentures of up to LKR10bn a final National Long-Term Rating of 'A+(lka)'.

The final ratings are the same as the expected ratings assigned on 21 May 2015, following the receipt of documents conforming to information already received.

The proposed subordinated debentures, which will have a tenor of five years and carry fixed and zero coupons, will be listed on the Colombo Stock Exchange. NDB expects to use the proceeds to strengthen its Tier 2 capital base and reduce asset and liability maturity mismatches.

KEY RATING DRIVERS

The proposed subordinated debentures are rated one notch below NDB's National Long-Term Rating to reflect the subordination to senior unsecured creditors.

The issuer rating is driven by the bank's intrinsic financial strength. NDB's rating captures its long and stable operating history and developing franchise as a commercial bank.

RATING SENSITIVITIES

The rating on the proposed debentures will move in tandem with NDB's National Long-Term Ratings.

Fitch believes that NDB's capitalisation and rating would come under pressure if the bank sustains its growth momentum, in the absence of other mitigating factors.

The consolidation of NDB's franchise alongside its ability to sustain strong credit metrics could result in an upgrade of NDB's ratings.

A full list of NDB's ratings follows:

Long-Term Foreign-Currency Issuer Default Rating (IDR): 'B+'; Outlook Stable

Short-Term Foreign-Currency IDR: 'B'

Long-Term Local-Currency IDR: 'B+'; Outlook Stable

Viability Rating: 'b+'

Support Rating : '4'

Support Rating Floor: 'B'

National Long-Term Rating: 'AA-(lka)'; Outlook Stable

Outstanding subordinated debentures: 'A+(lka)'

Proposed subordinated debentures: 'A+(lka)'

For more details on NDB's ratings and credit profile, see the full rating report dated 22 August 2014, available at www.fitchratings.com.

Contacts:

Primary Analyst

Rukshana Thalgodapitiya

Vice President

+94 1 1254 1900

Fitch Ratings Lanka Limited

Level 15-04, East Tower, World Trade Center

Colombo 01, Sri Lanka

Secondary Analyst
Jeewanthi Malagala
Analyst
+94 1 1254 1900

Committee Chairperson
Sabine Bauer
Senior Director
+852 2263 9966

Media Relations: Wai-Lun Wan, Hong Kong, Tel: +852 2263 9935, Email: wailun.wan@fitchratings.com.

Date of Relevant Rating Committee: 16 July 2014

NDB has a 1.79% equity stake in Fitch Ratings Lanka Ltd. No shareholder other than Fitch, Inc. is involved in the day-to-day rating operations of, or credit reviews undertaken by, Fitch Ratings Lanka Ltd.

Note to editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(lka)' for National ratings in Sri Lanka. Specific letter grades are not therefore internationally comparable.

Additional information is available on www.fitchratings.com.

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ANNEXURE II - COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Financial Advisors and Managers to the Issue	Registrars to the Issue	Bankers to the Issue
NDB Investment Bank Limited No. 40, Navam Mawatha Colombo 02 Tel: +94 11 2 300 385 Fax: +94 11 2 300 393	S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03 Tel: +94 11 2 573 894 Fax: +94 11 2 573 609	National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel : +94 11 2 448 448 Fax : +94 11 2 341 044

Members of the CSE

Acuity Stockbrokers (Private) Limited Level 6, Acuity House No. 53, Dharmapala Mawatha Colombo 03 Tel: +94 11 2 206 206 Fax: +94 11 2 206 298-9 E-mail: sales@acuitystockbrokers.com	Asha Phillip Securities Limited 2 nd Floor, Lakshmans Building No. 321, Galle Road Colombo 03 Tel: +94 11 2 429 100 Fax: +94 11 2 429 199 E-mail: apsl@ashaphillip.net
Asia Securities (Private) Limited 2 nd Floor, No. 176/1-2/1, Thimbirigasyaya Road Colombo 05 Tel: +94 11 7 722000 Fax: +94 11 2 336 018 E-mail: enquiry@asiacapital.lk	Assetline Securities (Private) Limited 120, 120A, Pannipitiya Road Battaramulla Tel: +94 11 4 700 111 Fax: +94 11 4 700 112, +94 11 2 307 365 E-mail: colombo.dpglobal@dpmcfs.com
Bartleet Religare Securities (Private) Limited Level "G", "Bartleet House" 65, Braybrooke Place Colombo 02 Tel: +94 11 5 220 200 Fax: +94 11 2 434 985 E-mail: info@bartleetstock.com	Capital TRUST Securities (Private) Limited 42, Sir Mohamed Macan Markar Mawatha Colombo 03 Tel: +94 11 2 174 174 Fax: +94 11 2 174 173 E-mail: inquiries@capitaltrust.lk

CT CLSA Securities (Pvt) Limited 4-14, Majestic City 10, Station Road Colombo 04 Tel: +94 11 2 552 290-4 Fax: +94 11 2 552 289 E-mail: info@ctclsa.lk	First Capital Equities (Pvt) Limited No. 01, Level 02 Lake Crescent Colombo 02 Tel: +94 11 2 145 000 Fax: +94 11 5 736 264 E-mail: inquiries@firstcapital.lk
J B Securities (Private) Limited No. 150, St. Joseph Street Colombo 14 Tel: +94 11 2 490 900, +94 77 2 490 900-1 Fax: +94 11 2 430 070 E-mail: jbs@jb.lk	John Keells Stockbrokers (Private) Limited No. 186, Vauxhall Street Colombo 02 Tel: +94 11 2 306 250, +94 11 2 342 066-7 Fax: +94 11 2 342 068 E-mail: jstock@keells.com
Lanka Securities (Private) Limited 228/1, Galle Road Colombo 04 Tel: +94 11 4 706 757, +94 11 2 554 942 Fax: +94 11 4 706 767 E-mail: lankasec@sltnet.lk	Nation Lanka Equities (Private) Limited 44, Guildford Crescent Colombo 07 Tel: +94 11 4 889 061-3, +94 11 2 684 483, Fax: +94 11 2 688 899 E-mail: info@nlequities.com
NDB Securities (Private) Limited 5 th Floor, NDB Building 40, Navam Mawatha Colombo 02 Tel: +94 11 2 314 170-8 Fax: +94 11 2 314 181 E-mail: mail@ndbs.lk	S C Securities (Private) Limited 2 nd Floor, 55, D. R. Wijewardena Mawatha Colombo 10 Tel: +94 11 4 711 000-1 Fax: +94 11 2 394 405 E-mail: ceo@sampathsecurities.lk
Somerville Stockbrokers (Private) Limited 137, Vauxhall Street Colombo 02 Tel: +94 11 2 329 201-5, +94 11 2 332 827, +94 11 2 338 292-3 Fax: +94 11 2 338 291 E-mail: ssb-web@sltnet.lk	

Trading Members

Softlogic Stockbrokers (Private) Limited No. 06, 37 th Lane Queens Road Colombo 03 Tel: +94 11 7 277 000 Fax: +94 11 7 277 099 Email: info@equity.softlogic.lk	Capital Alliance Securities (Private) Limited Level 5, "Millennium House" 46/58, Navam Mawatha Colombo 02 Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 Email: general@capitalalliance.lk
LOLC Securities (Private) Limited Level 18, West Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 7 880 880 Fax: +94 11 2 434 771	First Guardian Equities (Private) Limited 32 nd Floor, East Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 5 884 400 Fax: +94 11 5 884 401 E-mail: info@firstguardianequities.com
Candor Equities Ltd Level 8, South Wing Millennium House 46/58, Navam Mawatha Colombo 02 Tel: +94 11 2 359 100 Fax: +94 11 2 305 522 E-mail: info.cel@candorh.com	Enterprise Ceylon Capital (Private) Limited 27 th Floor, East Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 2 333 000 Fax: +94 11 2 333 383 E-mail: info@ecc.lk
Claridge Stockbrokers (Private) Limited 10, Gnanartha Pradeepa Mawatha Colombo 08 Tel: +94 11 2 697 974 Fax: +94 11 2 689 250 E-mail: csb@mackwoods.com	Navara Securities (Pvt) Ltd No. 25-2/1, Milepost Avenue Colombo 03 Tel: +94 11 2 358 700/20 Fax: +94 11 5 005 551 E-mail: viraj@nws.lk
SMB Securities (Private) Limited No. 102/1, Dr. N.M. Perera Mawatha Colombo 08 Tel: +94 11 4 388 138 Fax: +94 11 2670294 E-mail: admin@smbsecurities.lk	Entrust Capital Markets (Private) Limited Level 15, East Tower World Trade Centre Colombo 01 Tel: +94 11 5 500 600, +94 11 5 500 698 Fax: +94 11 5 500 699 E-mail: info@serendibsb.com

Taprobane Securities (Private) Limited 2 nd Floor 10, Gothami Road Colombo 08 Tel: +94 11 5 328 200 Fax: +94 11 5 328 277 E-mail: info@taprobane.lk	TKS Securities (Private) Limited 4 th Floor, No. 245 Dharmapala Mawatha Colombo 7 Tel: +94 11 7 857 799 Fax: +94 11 7 857 857 E-mail: info@tks.lk
Richard Pieris Securities (Pvt) Ltd 55/20, Vauxhall Lane, Colombo 02 Tel: +94 11 7 448 900, +94 11 5 900 800 Fax: +94 11 2 330 711 E-mail: jayantha@rpsecurities.com	First Capital Markets Limited No. 2, Deal Place Colombo 3 Tel: +94 11 2 639 898, +94 11 2 681 888 Fax: +94 11 2 639 899, +94 11 2 681 460 E-Mail: info@firstcapital.lk

Trading Members - Debt

First Capital Markets Limited No. 2, Deal Place Colombo 3 Tel: +94 11 2 639 898, +94 11 2 681 888 Fax: +94 11 2 639 899, +94 11 2 681 460 E-Mail: info@firstcapital.lk	Capital Alliance Limited Level 5, "Millenium House" 46/58, Nawam Mawatha Colombo 2 Tel: +94 11 2 317 777 Fax: +94 11 2 317 788
Wealthtrust Securities Limited No. 32, Castle Street Colombo 08 Tel: +94 11 2 689 823 Fax: +94 11 2 689 605	Perpetual Treasuries Limited Level 3, Prince Alfred Tower No 10, Alfred House Gardens Colombo 3 Tel: +94 11 2 206 123, +94 11 2 206 107 Fax: +94 11 2 206 110
NSB Fund Management Company Limited No. 255, 1 st Floor NSB Head Office Galle Road Colombo 3 Tel: +94 11 2 565 956, +94 11 2 565 957 Fax: +94 11 2 574 387	Acuity Securities Limited 4 th Floor No. 53, Dharmapala Mawatha Colombo 03 Tel: +94 11 2 206 280 Fax: +94 11 2 206 290

Branches of National Development Bank PLC

BRANCH	ADDRESS	CONTACT NUMBER
Akuressa	No. 21, Main Street, Akuressa	+94 41 2 284 541/2
Aluthgama	No. 267, Galle Road, Aluthgama	+94 34 2 275 625/6
Ambalangoda	No. 333, Galle Road, Ambalangoda	+94 91 2 256 562/63
Ambalantota	No. 127, Main Street, Ambalantota	+94 47 2 225 552/3
Ampara	No. 103f, D. S. Street, Ampara	+94 63 2 223 209
Anuradhapura	No. 522/C, Maithreepala Senanayake Mw	+94 25 4 581 142/3
Athurugirya	No. 70/20 C, Main Street, Athurugirya	+94 11 2 563 325
Avissawella	No. 93, Ratnapura Road, Avissawella	+94 36 2 233 610/1
Badulla	No. 242, Lower Street, Badulla	+94 55 2 231 419/20
Balangoda	No 24 A, Barns Ratwatte Mawatha, Balangoda	+94 45 2 289 487/88
Bandarawela	No. 317, Main Street, Bandarawela	+94 57 2 233 690/691
Batticaloa	No. 42/1, Trinco Road, Batticaloa	+94 65 2 227 944/45
Boralasgamuwa	No. 49, Colombo Road, Boralasgamuwa	+94 11 2 509 701
Borella	No. 31/5, Dr. N. M. Perera Mawatha, Colombo 8	+94 11 2 694 484/5
Chilaw	No. 50-52, Skyline Building, Colombo Rd, Chilaw	+94 32 2 220 107/8
Chunnakam	No. 30, K. K. S. Road, Chunnakam	+94 21 2 242093/94
Colombo 7	No. 103a, Dharmapala Mw, Colombo 7	+94 11 2 448 448
Dambulla	No. 42, Kurunegala Road, Dambulla	+94 66 2 285 502/3
Eheliyagoda	No. 153, Main Street, Eheliyagoda	+94 36 2 257 321/22
Elpitiya	No. 23, Ambalangoda Road, Elpitiya	+94 91 2 290 481/2
Embilipitiya	No. 67, Pallegama, Embilipitiya	+94 47 2 261 752/3
Galle	No. 1/A, Abeysekara Building, Wakwella Road, Galle	+94 91 2 224 136/38/39
Gampaha	No. 153, Colombo Road, Gampaha	+94 33 2 225 051/3
Gampola	No. 75, Nuwaraeliya Road, Gampola	+94 81 2 354 400
Giriulla	No. 86, Negombo Road , Giriulla	+94 33 2 288 583
Hambantota	No. 34, Wilmot Street, Hambantota	+94 47 2 222 178/9
Havelock Town	No. 117, Havelock Rd, Colombo 05	+94 11 2 591 140/1
Hendala	No. 46A Hendala Road, Hendala	+ 94 11 2 945 981/2
Homagama	No. 64, Highlevel Road, Homagama	+94 11 2 894 880/1
Horana	No. 135, Panadura Road, Horana	+94 34 2 265 171
Jaela	No, 121, Colombo Road, Jaela	+94 11 2 248 982/3
Jaffna	No. 62/6, Stanley Road, Jaffna	+94 21 2 221 180/1
Kadawatha	No. 147, Kandy Road, Kadawatha	+94 11 2 926 453/4
Kaduruwela	No. 300/2, Sawmill Junction, Kaduruwela, Polonnaruwa	+94 27 2 225 193 +94 27 2 225 103
Kaduwela	No. 501/2, Avissawella Road, Kaduwela	+94 11 2 548 571/2
Kahawatte	No. 149, Main Street, Kahawatte	+94 45 2 271 538 48
Kalmunai	No. 165, Batticaloa Road, Kalmunai	+94 67 2 225 781/2
Kalutara	No. 290, Galle Road, Kalutara South	+94 34 2 229 680/2
Kandana	No. 54, Negombo Road, Kandana	+94 11 2 228 601/2
Kandy	No. 133, Kotugodella Veediya, Kandy	+94 81 2 202 776/7
Kandy City Center	L 1-3, Level 1, Kandy City Center , No. 05, Dalada Weediya, Kandy	+94 81 2 202893/4
Katunayake	No. 745, Baseline Road, Aweriwatta, Katunayaka	+94 11 2 254 960/70
Kegalle	No. 261/1, Kandy Road, Kegalle	+94 35 2 232 536/7

BRANCH	ADDRESS	CONTACT NUMBER
Kekirawa	No. 61, Opposite Government Hospital, Main Street, Kekirawa	+94 2 52 263 061/2
Kiribathgoda	No. 139/1, Kandy Road, Kiribathgoda	+94 11 2 907 511/2
Kohuwala	No. 118, S. De S. Jayasinghe Mawatha, Kohuwela	+94 11 2 814 224/5
Kollupitiya	No. 712, Galle Road, Colombo 3	+94 11 2 504 961/2
Kotahena	No. 295, George R. De Silva Mw, Colombo 13	+94 11 2 436 169/70
Kuliyapitiya	No. 133, Main Street, Kuliyapitiya	+94 37 2 281 255/6
Kurunegala	No. 6, Rajapihilla Mw, Kurunegala	+94 37 2 231 952/3
Maharagama	No. 108 A, Highlevel Road, Maharagama	+94 11 2 745 091/2
Mahiyangana	No. 2, New Town, Mahiyanganaya	+94 55 2 051 671/2
Malabe	No. 760, Kaduwela Road, Malabe	+94 11 2 762 345/6
Matale	No. 144, Main Street, Matale	+94 66 2 224 405/6
Matara	No. 60, Uyanwatte Rd, Matara	+94 41 2 231 542/3
Matugama	No. 98, Agalawatta Road, Matugama	+94 34 2 249 509/10
Minuwangoda	No. 49, Negombo Road, Minuwangoda	+94 11 2 280 970/1
Monaragala	No. 29, Potuvil Road, Monaragala	+94 55 2 277 327/8
Moratuwa	No. 255, Galle Road, Idama, Moratuwa	+94 11 2642 021/2
Mt Lavinia	No. 270, Galle Road, Mt Lavinia	+94 11 2 739 176 +94 11 2 737 144
Narahenpita	No. 42, Kirimandala Mawatha Colombo 5	+94 11 2 369 580/1
Nawalapitiya	No. 70b, Gampola Road, Nawalapitiya	+94 54 2 223 933 +94 54 2 223 949
Nawam Mawatha	No. 42, Dhpl Bldg, Nawam Mw, Colombo 2	+94 11 2 314 640/1
Negombo	No. 456, Main Street, Negombo	+94 31 2 220 246/7
Nelliady	No. 109, Jaffna Road, Neeliady	+94 21 2 263 402/3
Nikaweratiya	No. 65, Puttlam Road, Nikaweratiya	+94 37 2 260 192/3
Nittambuwa	No. 496, Kandy Road, Nittambuwa	+94 33 2 294 931/2
Nugegoda	No. 152, Nawala Rd, Nugegoda	+94 11 2 820 885/7
Nuweraeliya	No. 50/2, Siva Complex, Lawson Street, Nuweraeliya	+94 52 5 535 212/3
Old Moor Street	No. 311, Old Moor Street, Colombo 12	+94 11 2 339 902/3
Panadura	No. 319, Galle Road, Panadura	+94 38 2 241 893/4
Pelawatta	No. 730a, Pannipitya Road, Pelawatte, Battaramulla	+94 11 2 786 708/9
Pettah	No. 202, Main Street, Colombo 11	+94 11 2 331 204/5
Pilimathalawala	No. 239, Colombo Road, Pilimathalawala	+94 81 2 579 665/6
Piliyandala	No. 21, Second Cross Street, Piliyandala	+94 11 2 604 600
Pitakotte	No. 322B, Kotte Road, Pitakotte	+94 11 2 856 503/34
Puttalam	No. 104, Kurunegala Road, Puttalam	+94 32 2 265 529
Rajagiriya	No. 505, Sri Jayawardenapura Etul Kotte, Kotte	+94 11 2 885 790/2
Ratmalana	No. 143 C, "Mount City", Galle Road, Ratmalana	+94 11 2 719 361
Ratnapura	No. 32 A, Zavia Road, Ratnapura	+94 45 2 230 910/11
Trincomalee	No. 91 & 93, North Coast Road, Trincomalli	+94 26 2 226 771/2

BRANCH	ADDRESS	CONTACT NUMBER
Uragasmanhandiya	No. 131 , Main Street , Uragasmanhandiya	+94 91 2 264 195/6
Vavuniya	No. 2, 1 st Cross Street, Vavuniya	+94 24 2 225 780/1
Wariyapola	Navinna Building, Puttlam Road, Wariyapola	+94 37 2 267 838/9
Wattala	No. 378a, Negombo Road, Wattala	+94 11 2 981 519/20
Wellawatta	No. 302, Galle Road, Colombo 6	+94 11 2 361 903/4
Wennappuwa	No. 56/C, Main Street, Wennappuwa.	+94 31 2 245 431/2
Yakkala	No. 65 / 5 B, Kandy Road , Yakkala	+94 33 2 239 395/6

ANNEXURE III - CUSTODIAN BANKS

Bank of Ceylon Head Office 11 th Floor 04, Bank of Ceylon Mawatha, Colombo 01 Tel: +94 11 2 317 777, +94 11 2 448 348, +94 11 2 338 742/55, +94 11 2 544 333	Citi Bank, N A 65 C, Dharmapala Mawatha P.O. Box 888, Colombo 07 Tel: +94 11 2 447 316/8, +94 11 2 447 318, +94 11 2 449 061, +94 11 2 328 526, +94 11 4 794 700
Commercial Bank of Ceylon PLC Commercial House No 21, Sir Razik Fareed Mawatha Colombo 01 Tel: +94 11 2 445010-15, 011 238193-5, 011 430420, 011 2336700	Deutsche Bank AG P.O. Box 314 86, Galle Road, Colombo 03 Tel: +94 11 2 447 062, +94 11 2 438 057
Hatton National Bank PLC HNB Towers 479, T. B. Jayah Mawatha, Colombo 10 Tel: +94 11 2 664 664	The Hong Kong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: +94 11 2 325 435, +94 11 2 446 591, +94 11 2 446 303, +94 11 2 346 422
People's Bank Head Office, 5th Floor Sir Chittampalam A Gardiner Mawatha, Colombo 02 Tel: +94 11 2 781 481, +94 11 2 37 841-9, +94 11 2 446 315/6, +94 11 2 430 561	Standard Chartered Bank 37, York Street P. O. Box 112, Colombo 01 Tel: +94 11 4 794 400, +94 11 2 480 000
Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02 Tel: +94 11 5 331 441	State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: +94 11 2 326 133-5, +94 11 2 439 405-6, +94 11 2 447 166, +94 11 2 472 097

Seylan Bank PLC Level 8, Ceylinco Seylan Towers 90, Galle Road, Colombo 03 Tel: +94 11 2 456 789, +94 11 4 701 812, +94 11 4 701 819, +94 11 4 701 829	Union Bank of Colombo PLC 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100
Banque Indosuez c/o Hatton National Bank PLC Cinnamon Gardens Branch 251, Dharmapala mawatha, Colombo 07 Tel: +94 11 2 681 720	Pan Asia Banking Corporation PLC Head Office 450, Galle Road, Colombo 03 Tel: +94 11 2 565 565
Public Bank Berhad 340, R A De Mel Mawatha, Colombo 03 Tel: +94 11 2 576 289, +94 11 7 290 200-07	Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15 Tel: +94 11 4 313 131

ANNEXURE IV – FATCA DECLARATION

To:
Manager
National Development Bank PLC
No. 40, Navam Mawatha
Colombo 02

Declaration on Foreign Account Tax Compliance Act (FATCA) of United States of America (U.S.)

I hereby confirm that I understand the Foreign Account Tax Compliance Act (FATCA) is extra-territorial by design and requires “U.S. Persons” to report their financial assets held overseas (other than in U.S.) and that I fall under the definition of a “U.S. Person” under the provisions of the FATCA.

I hereby authorise National Development Bank PLC (NDB) which is recognized as a Foreign Financial Institution (FFI) in terms of the FATCA to report all information pertaining to the accounts and investments made by me in NDB to the Internal Revenue Service (IRS) of U.S. I further authorize NDB to remit any taxes or levies payable to the IRS as maybe required in terms of the FATCA and/or corresponding legislation and regulation.

I further confirm that this concurrence is granted by me with full knowledge and understanding of FATCA.

Name of the Applicant:

Address (as given in the Application Form):

NIC/Passport Number:

Permanent Resident/Green Card holder of U.S.: Yes / No

Tax Identification/Social Security Number:

.....

Signature of Applicant

Date: