INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED 30TH SEPTEMBER 2017

NATIONAL DEVELOPMENT BANK PLC

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

NDB bank
Our Commitment. Your Success.

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***The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2017 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

NDB continues strong growth momentum for the nine months ended 30 September 2017

- **Impressive YoY growth of 64% in Profit after Tax to LKR 3.3 billion**
- **Accelerated growth in core banking operations**
- **11% increase in Total Assets to LKR 371 billion in nine months**
- **Deposits growth of 25% to LKR 255 billion and loans growth of 13% to LKR 264 billion for the nine months**
- **NPLS further improves to 1.96%**

Profitability

National Development Bank PLC (NDB) reported a 64% commendable growth in its Profit After Tax over the comparative period to record LKR 3,310 million for the nine months ended 30 September 2017. The Bank's Profit Before Tax (PBT) of LKR 5,679 million was an increase of 61% over the comparative period. Continuous and consistent improvement in core banking operations of the Bank over the reported three quarters and dividend income from group companies contributed towards this remarkable performance. The PBT and PAT of the Bank, excluding the Group dividends grew impressively by 51% and 50% respectively, which is a clear reflection of the strong performance of the core banking operations.

Net interest income (NII) recorded a 23% growth over the corresponding period to LKR 7,656 million. Accelerated NII growth over the quarters was due to steady growth in loans and advances coupled with improved Net Interest Margins of 2.90% for the nine months of 2017 as compared to 2.62% for the comparative period.

Net Fee and Commission Income of LKR 1,812 mn for the period was a growth of 10% over the comparative period and was in line with the increase in business volumes. Net fee and Commission Income have progressively improved over the three quarters affirming that fee income remains a strategic priority in improving the profitability of the Bank.

Net gains from trading had a 16% growth to LKR 793 mn which was also in line with business volumes generated during the period.

Total Operating Income which is a combination of NII and non-interest income had a 29% growth to LKR 12.02 billion.

The total impairment charges for loans and other losses for the nine months was LKR 872 million, a reduction of 11% over the corresponding period last year. Sound credit review, effective monitoring and recovery processes adopted by the Bank have resulted in reduced impairment charges for the period.

Total operating expenses was LKR 5,472 million, an increase of 13% over the comparative period. If not for the one-off cost involved in the pre-payment of a foreign currency loan, the increase was only 8% over the comparative period and reflects the efficient and effective cost management initiatives adopted by the Bank, despite branch expansion and launch of new products during the period. The cost to income ratio (CIR) of 45.8% was well within the Bank's targets of maintaining its CIR below 50%.

The profit attributable to shareholders was LKR 2,520 million and was 28% over the comparative period. The moderate performance in the capital markets activities experienced during the nine months period, continue to pose a challenge to the investment banking and stock broking businesses within the NDB group, resulting in lower contribution from the group.

Balance sheet growth and asset quality

The Bank's Balance sheet closed at LKR 371 billion, a growth of 11%, over the year 2016. The asset growth was supported by loans and advances growth of 14% (absolute growth of LKR 31 billion). The growth in loans and advances was from all business and product segments of the Bank, corporate banking, project and infrastructure financing, retail banking and SME financing, which consolidates the position of the Bank's effort to reach all market segments throughout the country.

The Bank's Non-performing ratio of 1.96% was well below the industry average and was a notable improvement from 2.63% recorded as at 31 December 2016. The Bank continues with its efforts through proactive risk management practices in preserving the quality of the portfolio amidst the rapid expansions that the Bank is undergoing.

Customer deposits was LKR 255 billion and recorded an impressive growth of 25% over the year 2016, (by LKR 52 billion). The Bank continues to increase its presence in the retail space of the market thereby reducing the reliance on costly funding sources. Improving the demand and savings (CASA) deposit composition within the total deposit remains a challenge given the relatively high interest differential that is experienced in time based deposits and demand and savings deposits. The Bank launched three new products recently, namely, "NDB Araliya" women's savings account, "NDB Savings Planner" and "NDB Achara" for senior citizens. Furthermore, NDB re-launched its Children's Savings Account, taking a refreshing and novel turn in its offerings and benefits to minor account holders. The Bank also introduced "NDB Business Class", a unique relationship banking proposition for business customers. The launch of these products are anticipated to largely improve the CASA base of the Bank.

The Bank's loans to deposits ratio (LDR) stood at 104% as at 30 September 2017, a considerable improvement from the LDR of 115% reported at end 2016.

The Bank's Tier I capital ratio and Total capital ratio were 8.77% and 12.50% as at 30 September 2017 and was well above the minimum regulatory requirements as per Basel III regulations of 7.25% and 11.25% respectively. The Bank's Liquidity position remains well above the minimum thresholds for Liquid Assets Ratio of 20% and was 24.08% for Domestic Banking Unit and 23.5% for Foreign Currency Banking Unit as at 30 September 2017. The Bank was also well within the Liquidity Coverage Ratio mandated by the Basel III regulations and was 359.52% for local currency (minimum ratio of 80%) and 225.27% for all currencies (minimum ratio of 80%) as at 30 September 2017.

In terms of key investor ratios, the Bank's Return on Shareholder Funds (ROE) was 15.66% for the nine months ended 30 September 2017 an improvement from 13.36% of 2016. Annualized Earning per Share (EPS) for the nine months also improved to LKR 24.30 over LKR 19.19 of 2016.

Commenting on the performance for the nine months ended 30 September 2017, the Director/CEO of NDB, Mr. Dimantha Seneviratne, mentioned that consistent growth was experienced over the three reported quarters with greater focus on customer service, whilst understanding the needs of the various customer segments of the country. As a result, growth was reported from all business segments, which affirms that the Bank, strives to impact the society and the development of the country in a sustainable and productive manner. Further commenting on the performance Mr. Seneviratne mentioned that the Bank's new strategy which was developed in professional consultation with the International Finance Corporation (IFC) has made much progress and is now on track with a strong foundation for the next 3 – 4 years of growth, which will enhance stakeholder returns whilst positioning the Bank as a systemically important bank in the country.

Customer Reach

During the quarter, the Bank's network reached 107 branches with the opening of NDB's iconic Private Wealth Centre Branch at Baudhdhaloka Mawatha, Colombo 07. With the opening of this branch, NDB Private Wealth Centre is now complete with NDB's unique full spectrum of banking and capital market solutions offered at one single location to its customers. The on and off site ATM network also expanded to 119 ATMs.

NDB's digital channels continue to enable customers with seamless and hassle free banking from any corner of the world. NDB's popular mobile banking app achieved yet another milestone during the year by crossing LKR 3 billion in terms of worth of transactions in early October 2017.

Accolades

During the three month ended 30 September 2017, NDB was recognized with a number of awards. The Bank emerged as the Gold awardee for best investor relations for the second consecutive time at the CFA Sri Lanka capital Market Awards 2017. The Bank was also recognized by the AsiaMoney New Silk Road Finance Awards 2017 as the Best Local Bank in South Asia for BRI (Belt & Road Initiative)

Furthermore, NDB Investment Bank Ltd (NDBIB) was awarded the best investment bank in Sri Lanka for the sixth consecutive year, at the EuroMoney Awards 2017, affirming the strong market leadership position in expert investment banking enjoyed by NDBIB.

NDB bank

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/09/2017 LKR '000	Period ended 30/09/2016 LKR '000	**Change %**	**Quarter ended 30/09/2017 LKR '000**	**Quarter ended 30/09/2016 LKR '000**	**Period ended 30/09/2017 LKR '000**	Period ended 30/09/2016 LKR '000	**Change %**	**Quarter ended 30/09/2017 LKR '000**	**Quarter ended 30/09/2016 LKR '000**
Gross Income	**31,649,595**	**23,612,530**	**34**	**10,953,842**	**8,361,647**	**31,605,740**	**24,231,144**	**30**	**11,231,996**	**8,725,520**
Interest Income	27,282,584	20,517,316	33	9,579,396	7,479,965	27,510,836	20,783,088	32	9,659,801	7,566,400
Interest Expenses	19,626,984	14,273,421	38	6,669,413	5,275,527	19,601,404	14,250,996	38	6,661,605	5,268,613
Net Interest Income	**7,655,600**	**6,243,895**	**23**	**2,909,983**	**2,204,438**	**7,909,432**	**6,532,092**	**21**	**2,998,196**	**2,297,787**
Net Fee and Commission Income	**1,812,783**	**1,643,959**	**10**	**671,410**	**570,658**	2,387,021	**2,242,776**	**6**	**868,949**	**739,610**
Net gain/(loss) from trading	793,135	682,708	16	260,313	226,660	793,135	682,708	16	260,313	226,660
Net gain/(loss) from financial investments	545,132	198,846	174	423,472	70,708	679,030	379,446	79	403,305	172,140
Other operating income	1,215,961	569,701	113	19,251	13,656	235,718	143,126	65	39,628	20,710
Total Operating Income	**12,022,611**	**9,339,109**	29	**4,284,429**	**3,086,120**	**12,004,336**	**9,980,148**	**20**	**4,570,391**	**3,456,907**
Impairment charges for loans and other losses										
Individual Impairment	364,601	704,340	(48)	26,365	266,408	364,601	704,340	(48)	26,365	266,408
Collective Impairment	439,238	310,442	41	243,593	(112,952)	439,238	310,442	41	243,593	(112,952)
Other provision - charge/(release)	68,095	(32,057)	312	20,726	-	27,442	35,092	(22)	9,188	17,552
	871,934	982,725	(11)	290,683	153,456	831,281	1,049,874	(21)	279,146	171,008
Net operating income	**11,150,677**	**8,356,384**	**33**	**3,993,745**	**2,932,663**	**11,173,055**	**8,930,274**	**25**	**4,291,245**	**3,285,899**
Operating Expenses										
Personnel Expenses	2,645,440	2,631,829	1	942,034	896,458	2,940,550	2,887,717	2	1,046,512	994,358
Depreciation and amortization	312,330	325,297	(4)	106,029	112,637	349,056	367,094	(5)	120,896	126,828
Other Expenses	2,513,972	1,866,997	35	1,080,644	631,455	2,802,433	2,072,849	35	1,190,888	705,101
Total operating expenses	**5,471,742**	**4,824,123**	13	**2,128,707**	**1,640,551**	**6,092,039**	**5,327,660**	**14**	**2,358,296**	**1,826,287**
Operating Profit Before Tax on Financial Services	**5,678,935**	**3,532,261**	**61**	**1,865,038**	**1,292,114**	**5,081,016**	**3,602,614**	**41**	1,932,949	1,459,613
Less: Tax on Financial Services	1,155,950	668,450	73	388,235	241,653	1,155,950	668,450	73	388,235	241,654
Operating Profit After Tax on Financial Services	4,522,985	2,863,811	58	1,476,803	1,050,461	3,925,066	2,934,164	34	1,544,714	1,217,960
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	**4,522,985**	2,863,811	58	**1,476,803**	1,050,461	**3,925,066**	2,934,164	34	**1,544,714**	1,217,960
Less :Taxation	1,213,450	849,840	43	481,152	311,526	1,368,211	910,837	50	498,811	320,347
Profit for the period	**3,309,535**	2,013,971	64	**995,651**	738,935	**2,556,855**	2,023,327	26	**1,045,903**	897,614
Profit Attributable to:					-					1
Equity Holders of the parent	3,309,535	2,013,971	64	995,651	738,935	2,519,946	1,964,942	28	1,034,319	881,978
Non Controlling Interests	-	-		-	-	36,911	58,385	(37)	11,585	15,637
	3,309,535	2,013,971	64	**995,651**	738,935	**2,556,857**	2,023,327	26	**1,045,904**	897,614
Basic Earnings per share (in LKR)	**19.63**	12.19	61	**5.91**	**4.48**	**14.95**	11.90	26	**6.13**	**5.36**
Diluted Earnings per share (in LKR)	**19.63**	12.19	61	**5.91**	**4.48**	**14.95**	11.90	26	**6.13**	**5.36**

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2017 LKR '000	**Period ended 30/09/2016 LKR '000**	**Change %**	**Quarter ended 30/09/2017 LKR '000**	**Quarter ended 30/09/2016 LKR '000**	**Period ended 30/09/2017 LKR '000**	**Period ended 30/09/2016 LKR '000**	**Change %**	**Quarter ended 30/09/2017 LKR '000**	**Quarter ended 30/09/2016 LKR '000**
Profit for the period	**3,309,535**	**2,013,971**	**64**	**995,651**	**738,935**	**2,556,855**	**2,023,327**	**26**	**1,045,903**	**897,614**
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent periods										
Exchange differences on translation of foreign operations	-	-	-	-	-	2,955	2,534	17	(826)	(1,085)
Gains/(losses) from Available for Sale Investments	603,692	12,978	4,552	150,424	484,298	585,185	(16,682)	3,608	147,999	482,161
Gains /(losses) on cash flow hedges	(423,631)	483,197	(188)	(829,230)	171,418	(423,631)	483,197	(188)	(829,230)	171,418
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent periods										
Actuarial Gains/(losses) on defined benefit plans	-	(10,354)	100	-	-	-	(12,697)	100	-	-
Total Other Comprehensive Income /(expenses)	**180,061**	485,821	(63)	**(678,805)**	655,716	**164,509**	456,352	(64)	**(682,057)**	652,494
Less : Tax expenses relating to components of other comprehensive Income	(281,055)	(80,159)	(251)	(92,528)	(113,999)	(281,055)	(80,159)	(251)	(92,528)	(113,999)
Total Other Comprehensive Income after Tax	**(100,994)**	405,662	(125)	**(771,333)**	541,717	**(116,546)**	376,193	(131)	**(774,585)**	538,495
Total Comprehensive Income for the period	**3,208,541**	2,419,633	33	**224,319**	1,280,652	**2,440,309**	2,399,520	2	**271,318**	1,436,108
Attributable to:									-	
Equity holders of the parent	3,208,541	2,419,633	33	224,319	1,280,652	2,402,499	2,340,463	3	260,089	1,420,698
Non Controlling Interests	-	-	-	-	-	37,810	59,057	(36)	11,229	15,410
	3,208,541	2,419,633	33	**224,319**	1,280,652	**2,440,309**	2,399,520	2	**271,318**	1,436,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/09/2017	As at 31/12/2016 (Audited)	Change	As at 30/09/2017	As at 31/12/2016 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	4,739,557	5,018,438	(6)	4,811,090	5,139,389	(6)
Balances with the Central Bank of Sri Lanka	14,753,213	11,815,277	25	14,753,213	11,815,277	25
Placements with banks	1,271,192	3,297,262	(61)	1,271,192	3,297,262	(61)
Derivative Financial Instruments	2,270,635	1,544,621	47	2,270,635	1,544,621	47
Financial Assets - Held for trading	5,376,835	832,694	546	7,485,829	3,661,530	104
Loans and Receivables to banks	19,471	37,032	(47)	19,471	37,032	(47)
Loans and Receivables to other customers	259,471,140	227,639,844	14	259,325,891	227,679,939	14
Financial Investments - Loans and receivables	24,040,252	41,992,533	(43)	25,915,173	43,896,593	(41)
Financial Investments - Available for sale	48,075,662	31,500,020	53	48,456,602	31,899,259	52
Financial Investments - Held to maturity	3,738,028	4,137,601	(10)	4,364,949	4,946,120	(12)
Investments -Held for sale	18,524	18,526	(0)	33,302	33,302	-
Investments in subsidiary companies	2,047,755	2,115,850	(3)	-	-	-
Investment Property	-	-	-	1,776,000	1,776,000	-
Intangible assets	378,790	368,083	3	393,580	384,742	2
Property, plant & equipment	2,019,818	2,078,570	(3)	2,538,691	2,528,258	-
Other assets	2,547,835	2,148,384	19	2,770,620	2,092,444	32
Total assets	**370,768,707**	**334,544,735**	**11**	**376,186,238**	**340,731,768**	**10**
Liabilities						
Due to Banks	12,181,703	17,124,944	(29)	12,181,703	17,124,944	(29)
Derivative Financial Instruments	1,107,846	474,770	133	1,107,846	474,770	133
Due to other Customers	255,413,820	203,866,547	25	255,086,285	203,515,828	25
Debt Securities issued and other borrowed funds	43,658,800	59,233,264	(26)	43,658,800	59,233,264	(26)
Current Tax Liabilities	1,415,490	845,660	67	1,428,020	852,454	68
Deferred Tax	1,114,196	791,791	41	1,098,897	744,880	48
Other liabilities	7,373,109	7,966,275	(7)	7,662,345	8,275,898	(7)
Dividends payable	51,736	49,933	4	51,736	49,933	4
Subordinated Term Debts	20,869,836	19,446,501	7	20,869,836	19,446,501	7
Total liabilities	**343,186,536**	**309,799,685**	**11**	**343,145,468**	**309,718,472**	**11**
Equity						
Stated Capital (Bank & Group - 171,485,705 shares)	2,208,520	1,246,479	77	2,208,520	1,246,479	77
Statutory Reserve Fund	1,246,479	1,246,479	-	1,246,479	1,246,479	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	18,078,597	16,088,681	12	22,343,113	21,140,725	6
Other Reserves	242,869	357,704	(32)	363,855	497,197	(27)
Total shareholders' equity	**27,582,172**	**24,745,050**	**11**	**31,967,674**	**29,936,587**	**7**
Non Controlling Interests	-	-	-	1,073,096	1,076,709	(0)
Total Equity	**27,582,172**	**24,745,050**	**11**	**33,040,770**	**31,013,296**	**7**
Total liabilities and equity	**370,768,707**	**334,544,735**	**11**	**376,186,238**	**340,731,768**	**10**
Net Book Value Per Share (LKR)	**160.84**	**149.80**	7	**186.42**	**181.23**	3
Contingent liabilities and commitments	**263,666,320**	**234,221,049**	**13**	**264,623,538**	**235,130,473**	**13**

Memorandum Information		
Number of Employees	2,122	2,108
Number of Branches	107	104

Certification:

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

(Sgd.)
Suvendrini Muthukumarana
Assistant Vice President- Finance & Planning

We the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank.

(Sgd.)	*(Sgd.)*
Ananda.W. Atukorala	Dimantha Seneviratne
Director/Chairman	Director/Chief Executive Officer

31 October 2017

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September	Stated Capital	Reserves									Total
		Statutory Reserve Fund	General Reserve	Revaluation Reserve	Share Based Payment Reserves	Available For Sale Reserves	Cash Flow Hedge Reserve	Retained Earnings	Total	Non Controlling Interests	Equity
	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 2016	1,242,772	1,242,772	5,805,707	853,456	14,590	(207,277)	110,160	13,638,678	22,700,858	-	22,700,858
Profit for the period	-	-	-	-	-	-	-	2,013,971	2,013,971	-	2,013,971
Other Comprehensive Income before Tax	-	-	-	-	-	12,978	483,197	(10,354)	485,821	-	485,821
Tax on Other Comprehensive Income	-	-	-	-	-	(80,159)	-	-	(80,159)	-	(80,159)
Total Comprehensive Income for the period	-	-	-	-	-	(67,181)	483,197	2,003,617	2,419,633	-	2,419,633
Transactions with equity holders											
Issue of Shares	2,958	-	-	-	-	-	-	-	2,958	-	2,958
Dividend to equity holders	-	-	-	-	-	-	-	(655,740)	(655,740)	-	(655,740)
Balance as at 30 September 2016	**1,245,730**	**1,242,772**	**5,805,707**	**853,456**	**14,590**	**(274,458)**	**593,357**	**14,986,555**	**24,467,711**	**-**	**24,467,710**
Balance as at 1 January 2017	1,246,479	1,246,479	5,805,707	853,456	13,841	(565,741)	56,148	16,088,681	24,745,050	-	24,745,050
Profit for the period	-	-	-	-	-	-	-	3,309,535	3,309,535	-	3,309,535
Other Comprehensive Income before Tax	-	-	-	-	-	603,692	(423,631)	-	180,061	-	180,061
Tax on Other Comprehensive Income	-	-	-	-	-	(281,055)	-	-	(281,055)	-	(281,055)
Total Comprehensive Income for the period	-	-	-	-	-	322,637	(423,631)	3,309,535	3,208,541	-	3,208,541
Transactions with equity holders											
Issue of Shares	962,041					-	-	-	962,041	-	962,041
Expiry of the ELCP option exercise period	-	-	-	-	(13,841)	-	-	-	(13,841)		(13,841)
Dividend to equity holders	-	-	-	-	-	-	-	(1,319,620)	(1,319,620)	-	(1,319,620)
Balance as at 30 September 2017	**2,208,520**	**1,246,479**	**5,805,707**	**853,456**	**-**	**(243,104)**	**(367,483)**	**18,078,596**	**27,582,172**	**-**	**27,582,172**

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September	Stated Capital	Reserves									Non Controlling Interests	Total
		Statutory Reserve Fund	General Reserve	Revaluation Reserve	Share Based Payment Reserves	Available For Sale Reserves	Cash Flow Hedge Reserve	Retained Earnings	Total			Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000		LKR '000	LKR '000
GROUP												
Balance as at 1 January 2016	1,162,963	1,242,772	5,805,707	948,795	81,098	(139,559)	110,160	19,170,268	28,382,204		1,018,513	29,400,717
Profit for the period	-	-	-	-	-	-	-	1,964,942	1,964,942		58,385	2,023,327
Other Comprehensive Income before Tax	-	-	-	-	-	(16,682)	483,197	(10,815)	455,700		652	456,352
Tax on Other Comprehensive Income	-	-	-	-	-	(80,159)	-	-	(80,159)		-	(80,159)
Total Comprehensive Income for the period	-	-	-	-	-	(96,841)	483,197	1,954,127	2,340,483		59,037	2,399,520
Transactions with equity holders												
Issue of Shares	2,958	-	-	-	-	-	-	-	2,958		-	2,958
Adjustment to share based payment reserves	79,809	-	-	-	(66,508)	-	-	-	13,301		-	13,301
Dividend to equity holders	-	-	-	-	-	-	-	(655,736)	(655,736)		(49,545)	(705,281)
Balance as at 30 September 2016	**1,245,730**	**1,242,772**	**5,805,707**	**948,795**	**14,590**	**(236,400)**	**593,357**	**20,468,659**	**30,083,209**		**1,028,005**	**31,111,213**
Balance as at 1 January 2017	1,246,480	1,246,479	5,805,707	969,795	13,841	(542,587)	56,148	21,140,725	29,936,587		1,076,709	31,013,296
Profit for the period	-	-	-	-	-	-	-	2,519,946	2,519,946		36,911	2,556,857
Other Comprehensive Income before Tax	-	-	-	-	-	585,185	(423,631)	2,058	163,612		896	164,508
Tax on Other Comprehensive Income	-	-	-	-	-	(281,055)	-	-	(281,055)		-	(281,055)
Total Comprehensive Income for the period				-		304,130	(423,631)	2,522,004	2,402,503		37,807	2,440,309
Transactions with equity holders												
Issue of shares	962,041	-	-	-	-	-	-	-	962,041		-	962,041
Expiry of the ELCP option exercise period	-	-	-	-	(13,841)	-	-	-	(13,841)			(13,841)
Dividend to equity holders	-	-	-	-	-	-	-	(1,319,616)	(1,319,616)		(41,420)	(1,361,036)
Balance as at 30 September 2017	**2,208,521**	**1,246,479**	**5,805,707**	**969,795**	**-**	**(238,457)**	**(367,483)**	**22,343,113**	**31,967,674**		**1,073,096**	**33,040,770**

STATEMENT OF CASH FLOW

For the period ended 30 September	BANK 2017 LKR '000	BANK 2016 LKR '000	GROUP 2017 LKR '000	GROUP 2016 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	28,564,176	20,633,825	28,768,736	20,865,075
Fee based income received	1,812,783	1,643,959	2,214,473	2,268,656
Dividend income received	1,096,020	481,457	69,625	72,560
Other Operating income received	1,298,786	961,428	1,352,386	961,428
Interest paid	(16,846,619)	(13,114,759)	(16,851,064)	(13,117,996)
Personnel costs paid	(2,566,740)	(2,507,679)	(2,668,728)	(2,591,432)
Other expenses paid	(2,549,053)	(1,919,316)	(2,909,500)	(2,143,450)
Operating Profit before changes in operating assets and liabilities	**10,809,352**	**6,178,915**	**9,975,928**	**6,314,841**
Net increase in loans and receivables to other customers	(33,426,627)	(13,677,097)	(33,434,164)	(13,675,382)
Net Increase in deposits from customers	49,767,914	8,522,284	49,767,914	8,522,284
Net (increase)/decrease in other assets	(1,599,208)	530,433	(1,840,778)	300,608
Net increase/(decrease) in other liabilities	59,330	(2,942,854)	255,527	(2,781,130)
Net cash inflow/(outflow) from operating activities before taxation	**25,610,761**	**(1,388,319)**	**24,724,426**	**(1,318,779)**
Tax on Financial Services paid	(1,209,357)	(636,316)	(1,209,357)	(636,316)
Income taxes paid	(602,270)	(490,700)	(757,859)	(571,766)
Net cash provided by/(used in) operating activities	**23,799,134**	**(2,515,335)**	**22,757,210**	**(2,526,861)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(2,454,286)	1,297,657	(1,321,667)	1,519,211
Expenditure on property, plant & equipment	(264,076)	(493,183)	(361,918)	(531,404)
Proceeds from sale of property, plant & equipment	3,364	9,992	4,263	15,233
Net cash used in investing activities	**(2,714,998)**	**814,466**	**(1,679,322)**	**1,003,040**
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/ Increase in other borrowings	(20,234,478)	9,104,910	(20,234,476)	9,104,910
Dividends paid to non-controlling interests	-	-	(43,178)	(75,822)
Dividends paid to shareholders of the Bank	(355,774)	(663,885)	(355,774)	(663,885)
Net cash provided by /(used in) financing activities	**(20,590,252)**	**8,443,983**	**(20,633,428)**	**8,368,161**
NET INCREASE IN CASH AND CASH EQUIVALENTS	493,884	6,743,114	444,460	6,844,340
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20,130,977	19,975,020	20,251,933	20,002,093
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**20,624,861**	**26,718,134**	**20,696,393**	**26,846,433**
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	4,739,557	14,104,128	4,811,090	14,232,426
Balances with the Central Bank of Sri Lanka	14,753,213	10,906,004	14,753,213	10,906,004
Placements with banks	1,271,192	1,712,949	1,271,192	1,712,949
	20,763,962	**26,723,081**	**20,835,495**	**26,851,380**
Amount due to foreign Banks	139,102	4,947	139,102	4,947
	20,624,860	**26,718,134**	**20,696,393**	**26,846,433**

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 September	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revenue										
Interest Income	27,282,584	20,517,316	202,672	243,347	-	-	-	-	27,485,256	20,760,663
Net Fee and Commission Income	1,812,783	1,643,959	341,126	372,786	105,344	99,610	97,190	93,158	2,356,444	2,209,513
Foreign exchange profit	793,135	682,708	-	-	-	-	-	-	793,135	682,708
Net gain/(loss) from financial investments	545,132	198,846	133,898	180,600	-	-	-	-	679,030	379,446
Other Income	212,117	136,304	23,601	6,822	-	-	-	-	235,718	143,126
Total revenue from external customers	30,645,751	23,179,133	701,296	803,556	105,344	99,610	97,190	93,158	31,549,583	24,175,457
Inter-segment Revenue	-	-	9,281	11,986	46,876	43,701	-	-	56,157	55,687
Total Revenue	30,645,751	23,179,133	710,578	815,542	152,220	143,311	97,190	93,158	31,605,740	24,231,144
Impairment (charge)/reversal for loans & other losses	(803,839)	(1,014,782)	(27,442)	(35,092)	-	-	-	-	(831,281)	(1,049,874)
Segment expenses	(25,073,143)	(19,075,116)	(541,868)	(427,759)	(13,694)	(8,407)	(64,737)	(67,372)	(25,693,443)	(19,578,654)
Total segment expenses	(25,876,982)	(20,089,898)	(569,310)	(462,851)	(13,694)	(8,407)	(64,737)	(67,372)	(26,524,724)	(20,628,528)
Segment results	4,768,769	3,089,235	141,268	352,691	138,526	134,904	32,453	25,786	5,081,016	3,602,616
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	-	-	-
Taxation									1,368,209	910,837
VAT on financial services									1,155,950	668,450
Profit after taxation									2,556,857	2,023,329
Other information										
Segment assets	370,251,161	327,311,162	3,828,839	4,907,723	1,975,244	1,868,359	97,691	74,118	376,152,938	334,161,363
Investments -Held for sale	-	-	-	-	-	-	33,300	33,301	33,300	33,301
Consolidated total assets									376,186,238	334,194,664
Segment liabilities	342,856,498	302,549,316	243,105	451,338	42,566	75,696	3,297	7,101	343,145,468	303,083,451
Consolidated total liabilities									343,145,468	303,083,451
Segmental Cash flows										
Cash flows from operating activities	23,799,133	(2,515,335)	(1,099,414)	(98,861)	60,715	59,421	(3,224)	27,914	22,757,210	(2,526,861)
Cash flows from investing activities	(2,714,998)	814,466	1,035,751	179,609	(75)	(13,445)	-	22,410	(1,679,322)	1,003,040
Cash flows from financing activities	(20,590,252)	8,443,983	54,133	(21,085)	(97,309)	(45,977)	-	(8,760)	(20,633,428)	8,368,161

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2017 - BANK (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	4,739,557	-	-	-	4,739,557
Balances with the Central Bank of Sri Lanka	-	-	14,753,213	-	-	-	14,753,213
Placements with banks	-	-	1,271,192	-	-	-	1,271,192
Derivative Financial Instruments	2,270,635	-	-	-	-	-	2,270,635
Financial Assets - Held for trading	5,376,835	-	-	-	-	-	5,376,835
Loans and Receivables to banks	-	-	19,471	-	-	-	19,471
Loans and Receivables to other customers	-	-	259,471,140	-	-	-	259,471,140
Financial Investments - Loans and receivables	-	-	24,040,252	-	-	-	24,040,252
Financial Investments - Available for sale	-	-	-	48,075,662	-	-	48,075,662
Financial Investments - Held to maturity	-	3,738,028	-	-	-	-	3,738,028
Other Financial Assets	-	-	7,327	-	-	-	7,327
Total Financial Assets	**7,647,470**	**3,738,028**	**304,302,153**	**48,075,662**	**-**	**-**	**363,763,311**
Investments -Held for sale	-	-	-	-	-	18,526	18,526
Investments in subsidiary companies	-	-	-	-	2,047,755	-	2,047,755
Intangible assets	-	-	-	-	378,790	-	378,790
Property, plant & equipment	-	-	-	-	2,019,818	-	2,019,818
Other assets	-	-	-	-	2,540,506	-	2,540,506
Total assets	**7,647,470**	**3,738,028**	**304,302,153**	**48,075,662**	**6,986,869**	**18,526**	**370,768,707**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	12,181,703	-	12,181,703
Derivative Financial Instruments	1,107,846	-	-	1,107,846
Due to other Customers	-	255,413,820	-	255,413,820
Debt Securities issued and other borrowed funds	-	43,658,800	-	43,658,800
Subordinated Term debts	-	20,869,836	-	20,869,836
Other Financial Liabilities	-	1,105,902	-	1,105,902
Total Financial Liabilities	**1,107,846**	**333,230,061**	**-**	**334,337,907**
Current Tax Liabilities	-	-	1,415,490	1,415,490
Deferred Tax	-	-	1,114,196	1,114,196
Other liabilities	-	-	6,267,207	6,267,207
Dividends payable	-	-	51,736	51,736
Total liabilities	**1,107,846**	**333,230,061**	**8,848,629**	**343,186,536**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2017 - GROUP (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	4,811,090	-	-	-	4,811,090
Balances with the Central Bank of Sri Lanka	-	-	14,753,213	-	-	-	14,753,213
Placements with banks	-	-	1,271,192	-	-	-	1,271,192
Derivative Financial Instruments	2,270,635	-	-	-	-	-	2,270,635
Financial Assets - Held for trading	7,485,829	-	-	-	-	-	7,485,829
Loans and Receivables to banks	-	-	19,471	-	-	-	19,471
Loans and Receivables to other customers	-	-	259,325,891	-	-	-	259,325,891
Financial Investments - Loans and receivables	-	-	25,915,173	-	-	-	25,915,173
Financial Investments - Available for sale	-	-	-	48,456,602	-	-	48,456,602
Financial Investments - Held to maturity	-	4,364,949	-	-	-	-	4,364,949
Other Financial Assets	-	-	7,327	-	-	-	7,327
Total Financial Assets	**9,756,464**	**4,364,949**	**306,103,357**	**48,456,602**	**-**	**-**	**368,681,372**
Investments -Held for sale	-	-	-	-	-	33,302	33,302
Investment Property	-	-	-	-	1,776,000	-	1,776,000
Intangible assets	-	-	-	-	393,580	-	393,580
Property, plant & equipment	-	-	-	-	2,538,689	-	2,538,689
Other assets	-	-	-	-	2,763,295	-	2,763,295
Total assets	**9,756,464**	**4,364,949**	**306,103,357**	**48,456,602**	**7,471,564**	**33,302**	**376,186,238**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	12,181,703	-	12,181,703
Derivative Financial Instruments	1,107,846	-	-	1,107,846
Due to other Customers	-	255,086,285	-	255,086,285
Debt Securities issued and other borrowed funds	-	43,658,800	-	43,658,800
Subordinated Term debts	-	20,869,836	-	20,869,836
Other Financial Liabilities	-	1,105,902	-	1,105,902
Total Financial Liabilities	**1,107,846**	**332,902,526**	**-**	**334,010,371**
Current Tax Liabilities	-	-	1,428,020	1,428,020
Deferred Tax	-	-	1,098,897	1,098,897
Other liabilities	-	-	6,556,446	6,556,446
Dividends payable	-	-	51,736	51,736
Total liabilities	**1,107,846**	**332,902,526**	**9,135,099**	**343,145,468**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2016 - BANK (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	5,018,438	-	-	-	5,018,438
Balances with the Central Bank of Sri Lanka	-	-	11,815,277	-	-	-	11,815,277
Placements with banks	-	-	3,297,262	-	-	-	3,297,262
Derivative Financial Instruments	1,544,621	-	-	-	-	-	1,544,621
Financial Assets - Held for trading	832,694	-	-	-	-	-	832,694
Loans and Receivables to banks	-	-	37,032	-	-	-	37,032
Loans and Receivables to other customers	-	-	227,639,844	-	-	-	227,639,844
Financial Investments - Loans and receivables	-	-	41,992,533	-	-	-	41,992,533
Financial Investments - Available for sale	-	-	-	31,500,020	-	-	31,500,020
Financial Investments - Held to maturity	-	4,137,601	-	-	-	-	4,137,601
Other Financial Assets	-	-	3,091	-	-	-	3,091
Total Financial Assets	**2,377,315**	**4,137,601**	**289,803,477**	**31,500,020**	**-**	**-**	**327,818,413**
Investments -Held for sale	-	-	-	-	-	18,525	18,526
Investments in subsidiary companies	-	-	-	-	2,115,850	-	2,115,850
Intangible assets	-	-	-	-	368,083	-	368,083
Property, plant & equipment	-	-	-	-	2,078,570	-	2,078,570
Other assets	-	-	-	-	2,145,295	-	2,145,295
Total assets	**2,377,315**	**4,137,601**	**289,803,477**	**31,500,020**	**6,707,798**	**18,525**	**334,544,735**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	17,124,944	-	17,124,944
Derivative Financial Instruments	474,770	-	-	474,770
Due to other Customers	-	203,866,547	-	203,866,547
Debt Securities issued and other borrowed funds	-	59,233,264	-	59,233,264
Subordinated Term debts	-	19,446,501	-	19,446,501
Other Financial Liabilities	-	2,960,063	-	2,960,063
Total Financial Liabilities	**474,770**	**302,631,319**	**-**	**303,106,089**
Current Tax Liabilities	-	-	845,660	845,660
Deferred Tax	-	-	791,791	791,791
Other liabilities	-	-	5,006,212	5,006,212
Dividends payable	-	-	49,933	49,933
Total liabilities	**474,770**	**302,631,319**	**6,693,596**	**309,799,685**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2016 - GROUP (LKR '000)

ASSETS	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
Cash and cash equivalents	-	-	5,139,389	-	-	-	5,139,389
Balances with the Central Bank of Sri Lanka	-	-	11,815,277	-	-	-	11,815,277
Placements with banks	-	-	3,297,262	-	-	-	3,297,262
Derivative Financial Instruments	1,544,621	-	-	-	-	-	1,544,621
Financial Assets - Held for trading	3,661,530	-	-	-	-	-	3,661,530
Loans and Receivables to banks	-	-	37,032	-	-	-	37,032
Loans and Receivables to other customers	-	-	227,679,939	-	-	-	227,679,939
Financial Investments - Loans and receivables	-	-	43,896,593	-	-	-	43,896,593
Financial Investments - Available for sale	-	-	-	31,899,259	-	-	31,899,259
Financial Investments - Held to maturity	-	4,946,120	-	-	-	-	4,946,120
Other Financial Assets	-	-	3,091	-	-	-	3,091
Total Financial Assets	**5,206,151**	**4,946,120**	**291,865,493**	**31,899,259**	**-**	**-**	**333,920,113**
Investments -Held for sale	-	-	-	-	-	33,301	33,302
Investment Property	-	-	-	-	1,776,000	-	1,776,000
Intangible assets	-	-	-	-	384,742	-	384,742
Property, plant & equipment	-	-	-	-	2,528,258	-	2,528,258
Other assets	-	-	-	-	2,089,353	-	2,089,353
Total assets	**5,206,151**	**4,946,120**	**291,865,493**	**31,899,259**	**6,778,353**	**33,301**	**340,731,768**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	17,124,944	-	17,124,944
Derivative Financial Instruments	474,770	-	-	474,770
Due to other Customers	-	203,515,828	-	203,515,828
Debt Securities issued and other borrowed funds	-	59,233,264	-	59,233,264
Subordinated Term debts	-	19,446,501	-	19,446,501
Other Financial Liabilities	-	2,963,953	-	2,963,953
Total Financial Liabilities	**474,770**	**302,284,490**	**-**	**302,759,259**
Current Tax Liabilities	-	-	852,454	852,454
Deferred Tax	-	-	744,880	744,880
Other liabilities	-	-	5,311,948	5,311,948
Dividends payable	-	-	49,933	49,933
Total liabilities	**474,770**	**302,284,490**	**6,959,215**	**309,718,472**

Notes to the Financial Statements

1. The figures are extracted from the unaudited financial statements.

2. The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods applied for the year ended 31 December 2015 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

3.On 21 February 2017,the Bank declared a final dividend of LKR 8.00 per share comprising of a cash dividend of LKR 2.00 per share and a scrip dividend of LKR 6.00 per share for the financial year ended 31 December 2016 .Accordingly ,the Stated Capital of the Bank increased to LKR 2,209 million as at 30 September 2017 (LKR 1,246 million as at 31 December 2016) ,as a result of scrip dividends declared for the year ended 31 December 2016.

4 .There are no other events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank and the Group .

Notes to the Financial Statements

5. ADDITIONAL QUARTERLY DISCLOSURES PRESCRIBED BY CBSL AS PER CIRCULAR (02/17/900/0001/004) DATED 11 OCTOBER 2013

a) Loans and Receivables to Other Customers	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000
Gross loans and receivables	264,450,091	233,679,116	264,304,842	233,719,211
(Less): Individual impairment	1,641,482	3,028,934	1,641,482	3,028,934
Collective impairment	3,337,469	3,010,338	3,337,468	3,010,338
Net loans and receivables	**259,471,140**	**227,639,844**	**259,325,891**	**227,679,939**

b) Gross Loans and Receivables to Other Customers - By product	Bank		Group	
	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000
By product-Domestic Currency				
Term loans	65,952,694	61,889,699	65,952,694	61,889,701
Medium and short term loans	23,817,031	20,473,581	23,817,031	20,473,581
Overdrafts	40,285,585	33,922,462	40,049,278	33,876,980
Trade Finance	11,894,367	11,680,422	11,894,367	11,680,422
Consumer loans	22,923,508	22,459,289	22,923,508	22,459,289
Lease rentals receivable	14,893,743	15,008,636	14,893,743	15,008,636
Housing loans	10,133,853	9,460,117	10,133,853	9,460,114
Islamic Banking facilities	3,575,127	1,515,319	3,575,127	1,515,319
Credit cards	1,509,718	1,189,488	1,509,718	1,189,488
Staff loans	1,528,502	1,453,984	1,619,560	1,539,563
Hire Purchase	423,894	825,668	423,894	825,668
Pawning	154,128	122,755	154,128	122,755
Sub total	**197,092,151**	**180,001,419**	**196,946,901**	**180,041,514**
By product-Foreign Currency				
Overdrafts	2,733,387	1,949,378	2,733,387	1,949,378
Medium and short term loans	38,708,774	29,426,091	38,708,774	29,426,091
Trade Finance	24,297,883	20,998,205	24,297,883	20,998,205
Islamic Banking facilities	1,617,897	1,304,023	1,617,897	1,304,023
Sub total	**67,357,941**	**53,677,697**	**67,357,941**	**53,677,697**
Total	**264,450,091**	**233,679,116**	**264,304,842**	**233,719,211**

c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers	Bank		Group	
	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000
Individual impairment				
Opening balance at 01st January	3,028,933	2,621,344	3,028,933	2,621,344
Charge/(Write back) to Statement of Profit or Loss	364,601	1,101,589	364,601	1,101,589
Write-off during the period	(1,752,052)	(694,000)	(1,752,052)	(694,000)
Closing balance	**1,641,482**	**3,028,933**	**1,641,482**	**3,028,933**
Collective impairment				
Opening balance at 01st January	3,010,338	2,789,036	3,010,338	2,789,036
Charge/(Write back) to Statement of Profit or Loss	439,238	277,098	439,238	277,098
Write-off during the Period	(112,106)	(55,796)	(112,106)	(55,796)
Closing balance	**3,337,469**	**3,010,338**	**3,337,469**	**3,010,338**
Total impairment	**4,978,952**	**6,039,271**	**4,978,952**	**6,039,271**

d) Due to Other Customers - By product	Bank		Group	
	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000	As at 30/09/2017 LKR '000	As at 31/12/2016 LKR '000
By product-Domestic Currency				
Demand deposits	14,418,232	12,170,167	14,409,160	12,160,072
Savings deposits	24,918,694	21,810,521	24,901,662	21,807,856
Time deposits	163,619,289	124,893,885	163,317,860	124,555,927
Other deposits	510,808	295,906	510,808	295,906
Sub total	**203,467,024**	**159,170,479**	**203,139,489**	**158,819,760**
By product- Foreign Currency				
Demand deposits	2,631,797	3,668,781	2,631,797	3,668,781
Savings deposits	10,271,890	8,666,616	10,271,890	8,666,616
Time deposits	38,852,187	32,231,107	38,852,187	32,231,107
Other deposits	190,921	129,563	190,921	129,563
Sub total	**51,946,796**	**44,696,068**	**51,946,796**	**44,696,068**
Total	**255,413,820**	**203,866,547**	**255,086,285**	**203,515,828**

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2017	As at 31/12/2016	As at 30/09/2017	As at 31/12/2016
Regulatory Capital (LKR '000)	**Basel III**	**Basel II**	**Basel III**	**Basel II**
Common Equity Tier 1	22,992,688	NA	28,338,007	NA
Tier 1 Capital	22,992,688	22,403,746	28,338,007	29,107,947
Total Capital	32,770,061	31,153,003	37,778,001	38,483,861
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio *(Minimum Requirement -5.75%)*	8.77	NA	10.44	NA
Tier 1 Capital Ratio *(Minimum Requirement - 7.25%)*	8.77	9.31	10.44	11.55
Total Capital Ratio *(Minimum Requirement - 11.25%)*	12.50	12.95	13.92	15.27
	As at 30/09/2017	**As at 31/12/2016**	**As at 30/09/2017**	**As at 31/12/2016**
Regulatory Liquidity				
Statutory Liquid Assets (LKR'000)	78,995,589	67,105,194	78,995,589	67,105,194
Statutory Liquid Assets Ratio *(Minimum Requirement -20%)*				
Domestic Banking Unit (%)	24.08	21.50	24.08	21.50
Off-Shore Banking Unit (%)	23.50	22.93	23.50	22.93
Liquidity Coverage Ratio (%) – Rupee *(Minimum Requirement - 80%)*	359.52	142.53	359.52	142.53
Liquidity Coverage Ratio (%) – All Currency *(Minimum Requirement - 80%)*	225.27	125.63	225.27	125.63
Asset Quality				
Gross Non-performing Advances Ratio (%)	1.96	2.63	1.96	2.43
Net Non-performing Advances Ratio (%)	1.03	1.01	1.03	1.01
Profitability				
Earnings Per Share (LKR)- (annualised)	24.30	19.19	19.98	16.29
Return on Average Shareholders' Funds (%)	15.66	13.36	10.89	9.23
Return on Average Assets (%)	1.16	0.99	0.94	0.82
Net interest margin (%)	2.90	2.64	2.95	2.70
Debt Security - Related Ratios				
Interest Cover (Times)	1.39	1.55	1.40	1.57
Debt to Equity (Times)	12.04	12.19	10.38	9.72

SHARE INFORMATION

SHARE PRICE

As at	30/09/2017	31/12/2016
Number of shares	171,485,705	165,185,506
Last traded price (LKR)	127.50	156.00
For the year ended	**30/09/2017**	**31/12/2016**
Highest price per share (LKR)	150.00	168.90
Lowest price per share (LKR)	127.00	150.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2017

	NAME	NO OF SHARES	%
1	BANK OF CEYLON NO. 1 ACCOUNT	16,995,471	9.91%
2	EMPLOYEES PROVIDENT FUND	16,620,881	9.69%
3	MR. R.S. CAPTAIN	13,975,641	8.15%
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,746,566	5.68%
5	DR. S. YADDEHIGE	8,876,393	5.18%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	8,103,126	4.73%
7	PERPETUAL TREASURIES LIMITED	7,632,593	4.45%
8	EMPLOYEES TRUST FUND BOARD	5,932,549	3.46%
9	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	5,215,877	3.04%
10	SBI VEN HOLDINGS PTE LTD	5,190,700	3.03%
11	BNYMSANV RE-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	5,034,979	2.94%
12	HATTON NATIONAL BANK PLC A/C NO 1	4,445,523	2.59%
13	PERPETUAL EQUITIES (PRIVATE) LIMITED	3,482,872	2.03%
14	MR. A. K. PATHIRAGE	3,083,276	1.80%
15	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	2,990,000	1.74%
16	CIC HOLDINGS PLC	2,556,829	1.49%
17	ASIRI SURGICAL HOSPITAL PLC	2,415,219	1.41%
18	SOFTLOGIC LIFE INSURANCE PLC-A/C 02 (LIFE FUND)	2,242,119	1.31%
19	DFCC BANK PLC A/C 1	2,076,280	1.21%
20	AKBAR BROTHERS (PRIVATE) LIMITED A/C NO. 1	1,832,220	1.07%

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2017
Public holding percentage	89.64%
Number of Public Shareholders	8,126

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2017

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

* Includes shares held in the slash account

NDB bank

INFORMATION ON DEBENTURES- BANK												
Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 June 2017 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Quarter end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture June 2015											
A - Jun 2015/Jun 2020	Listed	Annually	7,000	Not traded during the quarter			9.40	9.19	8.30	Not traded during the quarter	
B - Jun 2015/Jun 2020	Listed	Payable on date of redemption	1,914	Not traded during the quarter			9.4 annual compounding on the Issue Price of Rs. 63.8136	9.18	8.30	Not traded during the quarter	
Fixed rate - Debenture December 2013											
A - Dec 2013/Dec 2018	Listed	Semi annually	1,243	98.03	96.00	98.03	13.00	12.79	8.30	14.77	14.77
B - Dec 2013/Dec 2018	Listed	Annually	1,529	96.00	96.00	96.00	13.40	12.77	8.30	16.56	16.56
C - Dec 2013/Dec 2023	Listed	Annually	3,638	Not traded during the quarter			13.90	13.17	9.75	Not traded during the quarter	
D - Dec 2013/Dec 2025	Listed	Annually	3,590	Not traded during the quarter			14.00	13.26	9.75	Not traded during the quarter	
Total Debentures			**18,914**								

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

Debenture Issue - June 2015

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Strengthen the Tier II Capital Base of the Bank and maintain the Capital Adequacy requirements to facilitate future growth of the lending portfolio of the Bank	10,000,000,000	NA	10,000,000,000	100%	432,779,000	4%	The Bank has utilized LKR 432,779,000/- for strengthening the Tier II capital base of the Bank, subject to the condition of "the total subordinated debentures so considered should not exceed 50% of the total Tier I capital of the Bank" as per Basel guidelines. All funds raised via the debenture were lent to customers.
2	To mobilize/ raise medium term funds to match medium term lending of the Bank	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-
3	To minimize the interest rate risk rate risk and manage the gap exposures of the Bank's assets and liabilities	10,000,000,000	NA	10,000,000,000	100%	10,000,000,000	100%	-

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

Debenture Issue - December 2013

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

STATEMENT OF PROFIT OR LOSS IN USD

	Bank					Group				
	Period ended 30/09/2017 USD'000	Period ended 30/09/2016 USD'000	Change %	Quarter ended 30/09/2017 USD'000	Quarter ended 30/09/2016 USD'000	Period ended 30/09/2017 USD'000	Period ended 30/09/2016 USD'000	Change %	Quarter ended 30/09/2017 USD'000	Quarter ended 30/09/2016 USD'000
Gross Income	**207,599**	**161,594**	**28**	**71,531**	**57,258**	**207,311**	**165,828**	**25**	**73,348**	**59,750**
Interest Income	178,954	140,412	27	62,556	51,221	180,452	142,231	27	63,081	51,813
Interest Expenses	128,739	97,681	32	43,553	36,125	128,571	97,528	32	43,502	36,078
Net Interest Income	**50,216**	**42,731**	**18**	**19,004**	**15,095**	**51,881**	**44,703**	**16**	**19,580**	**15,735**
Net Fee and Commission Income	**11,891**	**11,251**	**6**	**4,384**	**3,908**	**15,657**	**15,349**	**2**	**5,674**	**5,065**
Net gain/(loss) from trading	5,202	4,672	11	1,700	1,552	5,202	4,672	11	1,700	1,552
Net gain/(loss) from financial investments	3,576	1,361	163	2,765	484	4,454	2,597	72	2,634	1,179
Other operating income	7,976	3,899	105	126	94	1,546	979	58	259	142
Total Operating Income	**78,860**	**63,913**	**23**	**27,978**	**21,133**	**78,740**	**68,300**	**15**	**29,846**	**23,672**
Impairment charges for loans and other losses										
Individual Impairment	2,392	4,820	**(50)**	172	1,824	2,392	4,820	**(50)**	172	1,824
Collective Impairment	2,881	2,125	**(36)**	1,591	(773)	2,881	2,125	**(36)**	1,591	(773)
Other provision	447	(219)	**(100)**	135	-	180	240	**100**	60	120
	5,719	6,725	**(15)**	1,898	1,051	5,453	7,185	**(24)**	1,823	1,171
Net operating income	**73,140**	**57,188**	**28**	**26,079**	**20,082**	**73,286**	**61,115**	**20**	**28,022**	**22,501**
Operating Expenses										
Personnel Expenses	17,352	18,011	(4)	6,152	6,139	19,288	19,762	(2)	6,834	6,809
Depreciation and amortization	2,049	2,226	(8)	692	771	2,290	2,512	(9)	789	868
Other Expenses	16,490	12,777	29	7,057	4,324	18,382	14,186	30	7,777	4,828
Total operating expenses	**35,892**	**33,014**	**9**	**13,902**	**11,234**	**39,960**	**36,460**	**10**	**15,400**	**12,506**
Operating Profit Before Tax on Financial Services	**37,248**	**24,173**	**54**	**12,177**	**8,848**	**33,326**	**24,655**	**35**	12,623	9,995
Tax on Financial Services	7,582	4,575	66	2,535	1,655	7,582	4,575	66	2,535	1,655
Operating Profit After Tax on Financial Services	29,666	19,599	51	9,642	7,193	25,744	20,080	28	10,087	8,340
Share of associate companies' profits/(losses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	**29,666**	**19,599**	**51**	**9,642**	**7,193**	**25,744**	**20,080**	**28**	**10,087**	**8,340**
Taxation	7,959	5,816	37	3,142	2,133	8,974	6,233	44	3,257	2,194
Profit for the Period	**21,706**	**13,783**	**57**	**6,500**	**5,060**	**16,769**	**13,847**	**21**	**6,830**	**6,147**
Profit Attributable to:										
Equity Holders of the parent	21,708	13,783	58	6,502	5,060	16,529	13,447	23	6,754	6,040
Non Controlling Interests	-	-	-	-	-	242	400	(39)	76	107
	21,708	**13,783**	**58**	**6,502**	**5,060**	**16,771**	**13,847**	**21**	**6,830**	**6,147**
Basic Earnings per share (in USD)	**0.13**	**0.08**	**54**	**0.04**	**0.03**	**0.10**	**0.08**	**20**	**0.04**	**0.04**
Diluted Earnings per share (in USD)	**0.13**	**0.08**	**54**	**0.04**	**0.03**	**0.10**	**0.08**	**20**	**0.04**	**0.04**

STATEMENT OF COMPREHENSIVE INCOME IN USD

	Period ended 30/09/2017 USD'000	Period ended 30/09/2016 USD'000	Change %	Quarter ended 30/09/2017 LKR '000	Quarter ended 30/09/2016 LKR '000	Period ended 30/09/2017 USD'000	Period ended 30/09/2016 USD'000	Change %	Quarter ended 30/09/2017 LKR '000	Quarter ended 30/09/2016 LKR '000
Profit for the period	**21,708**	**13,783**	**58**	**6,502**	**5,060**	**16,771**	**13,847**	**21**	**6,830**	**6,147**
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent periods										
Exchange differences on translation of foreign operations	-	-	-	-	-	19	17	12	(5)	(7)
Gains/(losses) from Available for Sale Investments	3,960	89	4,358	982	3,316	3,838	(114)	3,462	966	3,302
Gains /(losses) on cash flow hedges	(2,779)	3,307	(184)	(5,415)	1,174	(2,779)	3,307	(184)	(5,415)	1,174
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent periods										
Actuarial Gains/(losses) on defined benefit plans	-	(71)	(100)	-	-	-	(87)	(100)	-	-
									-	-
Total Other Comprehensive Income /(expenses)	**1,181**	3,325	118	**(4,433)**	4,490	**1,079**	3,123	113	**(4,454)**	4,468
Less : Tax expenses relating to components of other comprehensive Income	(1,844)	(549)	236	(604)	(781)	(1,844)	(549)	236	(604)	(781)
Total Other Comprehensive Income after Tax	**(662)**	2,776	115	**(5,037)**	3,710	**(764)**	2,575	108	**(5,058)**	**3,687**
Total Comprehensive Income for the period	**21,046**	16,559	260	**1,465**	8,770	**16,007**	16,421	711	**1,772**	9,834
Attributable to:										
Equity holders of the parent	21,046	16,559	27	1,465	8,770	15,759	16,017	(2)	1,698	9,729
Non Controlling Interests	-	-	-	-	-	248	404	(39)	73	106
	21,046	16,559	260	**1,465**	8,770	**16,007**	16,421	711	**1,772**	9,834

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/09/2017	As at 31/12/2016 (Audited)	Change	As at 30/09/2017	As at 31/12/2016 (Audited)	Change
	USD'000	USD'000	%	USD'000	USD'000	%
Assets						
Cash and cash equivalents	30,977	33,501	(8)	31,445	34,308	(8)
Balances with the Central Bank of Sri Lanka	96,426	78,874	22	96,426	78,874	22
Placements with banks	8,308	22,011	(62)	8,308	22,011	(62)
Derivative Financial Instruments	14,841	10,311	44	14,841	10,311	44
Financial Assets - Held for trading	35,143	5,559	532	48,927	24,443	100
Loans and Receivables to banks	127	247	(49)	127	247	(49)
Loans and Receivables to other customers	1,695,890	1,519,625	12	1,694,940	1,519,893	12
Financial Investments - Loans and receivables	157,126	280,324	(44)	169,380	293,035	(42)
Financial Investments - Available for sale	314,220	210,281	49	316,710	212,946	49
Financial Investments - Held to maturity	24,432	27,621	(12)	28,529	33,018	(14)
Investments -Held for sale	121	124	(2)	218	222	(2)
Investments in subsidiary companies	13,384	14,124	(5)	-	-	-
Investment Property	0	-	-	11,608	11,856	(2)
Intangible assets	2,476	2,457	1	2,572	2,568	0
Property, plant & equipment	13,201	13,876	(5)	16,593	16,878	(2)
Other assets	16,653	14,342	16	18,109	13,968	30
Total assets	**2,423,325**	**2,233,276**	**9**	**2,458,734**	**2,274,578**	**8**
Liabilities						
Due to Banks	79,619	114,319	(30)	79,619	114,319	(30)
Derivative Financial Instruments	7,241	3,169	128	7,241	3,169	128
Due to other Customers	1,669,371	1,360,925	23	1,667,231	1,358,584	23
Debt Securities issued and other borrowed funds	285,352	395,416	(28)	285,352	395,416	(28)
Current Tax Liabilities	9,252	5,645	64	9,333	5,691	64
Deferred Tax	7,282	5,286	38	7,182	4,972	44
Other liabilities	48,190	53,179	(9)	50,081	55,246	(9)
Dividends payable	338	333	1	338	333	1
Subordinated Term Debts	136,404	129,816	5	136,404	129,816	5
Total liabilities	**2,243,049**	**2,068,089**	**8**	**2,242,781**	**2,067,547**	**8**
Equity						
Stated Capital (Bank & Group - 171,485,705 shares)	14,435	8,321	73	14,435	8,321	73
Statutory Reserve Fund	8,147	8,321	(2)	8,147	8,321	(2)
General Reserve	37,946	38,756	(2)	37,946	38,756	(2)
Retained Earnings	118,161	107,401	10	146,033	141,120	3
Other Reserves	1,587	2,388	(34)	2,378	3,326	(28)
Total shareholders' equity	**180,276**	**165,187**	**9**	**208,939**	**199,844**	**5**
Non Controlling Interests	-	-	-	7,014	7,188	(2)
Total Equity	**180,276**	**165,187**	**9**	**215,953**	**207,031**	4
Total liabilities and equity	**2,423,325**	**2,233,276**	**9**	**2,458,734**	**2,274,578**	**8**
Net Book Value Per Share (USD)	**1.05**	**1.00**	5	**1.22**	**1.21**	1
Contingent liabilities and commitments	**1,723,309**	**1,563,558**	**10**	**1,729,566**	**1,569,629**	**10**
Memorandum Information						
Number of Employees	2,122	2,108				
Number of Branches	107	104				

Important Dates - Q3 2017 - Quarterly Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	31 October 2017
Investor Webinar	01 November 2017
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	Within five working days from the release to the CSE
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	16 November 2017
Edited transcript and playback video of the Investor webinar released/ uploaded to the Bank's website	Within five working days from the date of the Webinar
Investor Forum	Not held for Q3 2017.

Corporate Information

Name
National Development Bank PLC

Legal Form
Established under the National Development Bank of Sri Lanka Act No. 02 of 1979 and incorporated as a Company under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 07 of 2007 and also licensed as a Licensed Commercial Bank in terms of the Banking Act No. 30 of 1988 as amended from time to time.

Head Office/Registered Office
No. 40, Navam Mawatha, Colombo 02
Tel: +94 11 2448448
Fax: +94 11 2341044
SWIFT Code: NDBS LK LX
Web Page: www.ndbbank.com
E-mail: contact@ndbbank.com
VAT Registration No.: 409000266-7000

Credit Rating: Long-term National Rating: A+(lka)/ Stable Outlook - Fitch Ratings Lanka Limited

Registration No.
PQ 27
Accounting Year End
31 December
VAT Registration No.
409000266-7000

Auditors
M/s Ernst & Young, 201, De Saram Place, Colombo 10
Company Secretary:
Mrs. Shehani Ranasinghe
Compliance Officer
Mrs. Manique Kiriella Bandara

Board of Directors
A W Atukorala - Chairman
A K Pathirage - Director/ Deputy Chairman
P L D N Seneviratne - Director/ Chief Executive Officer
T L F Jayasekera (Director)
D S P Wikramanayake (Director)
Mrs. K Fernando - (Director)
Mrs. W A I Sugathadasa - (Director)
D M R Phillips, PC - (Director)
K D W Ratnayaka - (Director)
R Semasinghe - (Director) (appointed w.e.f 26th September 2017)

Resignations in 2017
Mrs. D M A Harasgama (resigned w.e.f 30th June 2017)
N S Welikala (resigned w.e.f 30th April 2017)

Subsidiary Companies
NDB Capital Holdings Ltd.
NDB Capital Ltd. (Bangladesh)
Development Holding (Pvt) Ltd.
NDB Investment Bank Ltd.
NDB Wealth Management Ltd.
NDB Securities (Pvt) Ltd.
NDB Zephyr Partners Ltd.
NDB Zephyr Partners Lanka (Pvt) Ltd.
NDB Venture Investments (Pvt) Ltd. (Under liquidation)
Ayojana Fund (Pvt) Ltd. (Under liquidation)

Investor Relations - Contact Details

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