

YOURS

INTERIM FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2016

NATIONAL DEVELOPMENT BANK PLC

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

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

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NDB Bank records a PAT of LKR 3.2 billion for 2016

National Development Bank PLC recorded a post-tax profit (PAT) of LKR 3,170 million for its financial year ended 31 December 2016, a 10% reduction over the PAT of 2015 (2015: LKR 3,511 million). Whilst the core banking operations improved during the year, leading to a growth of 8% in total operating income up to LKR 13,151 million (2015: LKR 12,209 million), at a profitability level, this improved performance was affected by one-off specific provisions made for few customers and the higher effective tax rate in 2016 compared to 2015, which was partly due to the increase in the financial services VAT rate from 11% to 15%. NDB Group Profit Attributable to Shareholders (PAS) of LKR 2,691 million was impacted by lesser than anticipated capital market activities during the year, which resulted in a 24% reduction over the prior year (2015 : LKR 3,542 million).

The Bank's net interest income (NII) grew by 13% up to LKR 8,487 million (2015: LKR 7,522 million), resulting in a sustained net interest margin (NIM) of 2.64%, which is satisfying, given the tapering interest margins that were experienced across the industry over the year. Strategic and focused expansion of the assets and liabilities growth compared to that of lending growth, whilst being conscious of product pricing led to these sustained NII.

Net fee and commission income from core banking operations grew by 12% up to LKR 2,253 million (2015: LKR 2,016 million), a commendable growth resulting from the Bank's strategic focus in this area. However, at a Group level, net fee and commission income of LKR 3,046 million recorded a negative growth of 4% (2015: LKR 3,157 million), due to the lower than anticipated fee and commission income from the NDB Group's capital markets cluster, which is primarily attributable to the lower capital market activities of the country witnessed during the year.

Impairment charges for loans and other losses of the Bank for the year was LKR 1,367 million (2015: LKR 712 million). The higher specific impairment charge for 2016 compared to 2015 was due to the one-off specific provisions made for few customers, based on sound judgement and objective evidence as per the Bank's conservative impairment policy. The higher collective impairment charge was primarily due to the increase in the Bank's loan portfolio by LKR 18.7 billion.

The network expanded by 11 branches and 15 ATMs during the year, thereby bringing the total branch and ATM count to 104 and 116 respectively, whilst the total number of staff increased by 148 to reach 2,108. The year also saw the Bank re-locating several branches, in order to provide enhanced services to its customers. As a result, NDB's total operating expenses of LKR 6,449 million grew by 7% over the prior year (2015 : LKR 6,050 million). The same at the Group level recorded a 5% growth.

The cost to income ratio (CIR) of the Bank improved to 49.0% as compared to 49.6% in 2015. The CIR of the Bank excluding equity income was 52.0% and indicates the CIR of the Bank's core operations. The ratio remains at this level as the Bank is still in an investment phase with branch expansions.

NDB's ability to manage its costs at optimum levels amidst expansions is commendable. The substantial investments made in the retail branch network during the recent past are yielding increased revenue to the Bank and the benefits are expected via an improved cost to income ratio going forward.

In terms of the Balance Sheet performance, the Bank's total assets base increased by 8% to LKR 335 billion (2015: LKR 309 billion). Total assets at a Group level increased by the same rate and stood at LKR 341 billion (2015: LKR 315 billion). The Bank has sustained its market share in terms of total assets amidst the recorded growth rate.

Within total assets, loans and receivables to customers of LKR 228 billion grew by 9% (2015: LKR 210 billion). The Bank was able to reprice its loan book in tandem with the interest rate increases in the industry. Such repricing combined with the volume growth positively contributed towards defending NIMs. All the business units within the Bank contributed towards the increase in the loan book, especially the project and infrastructure financing unit which lends to infrastructure development and related projects. This affirms the Bank's commitment and congruence with the country's overall development plans.

Asset quality remains high as reflected by a gross non-performing loan ratio (NPL) of 2.63% (2015:2.43%) well within the Bank's consistently low NPL range and also well below the industry average. Net NPL ratio stood at 1.16% as at 31st December 2016.

Customer deposits grew by 10%, crossing the LKR 200 billion mark for the first time in the Bank's history and reached LKR 204 billion (2015: LKR 185 billion). This landmark in customer deposits was achieved by the Bank in a gratifyingly short period of just over 10 years, since the Bank attained commercial banking status in 2005. Increasing the Bank's CASA ratio from its current range of 22% is a key strategic priority which is a challenge to the industry at large in an increasing interest rate environment, as depositors' preference largely skews towards time deposits. This skewness is further augmented by the considerable interest rate gap that prevails between the savings and time deposits in the Sri Lankan banking and non-banking sphere, which will also pressurize the industry NIMs.

Bank Tier I capital adequacy ratio for 2016 was 9.31% whilst its total capital adequacy ratio was 12.95%. The same ratios for the Group were 11.55% and 15.27% respectively. These ratios are well above the regulatory minimum levels of 5% for Tier I capital adequacy and 10% for total capital adequacy. The Bank is preparing for the migration to the BASEL III compliance requirement in July 2017. In this preparation process, infusion of fresh capital to support the Bank's growing franchise would be a key strategic priority, which will be pursued during 2017.

The Bank's return on average shareholders' funds (ROE) for the year ended 31 December 2016 was 13.36% with earnings per share (EPS) of LKR 19.19. The same measures for the NDB Group were 9.23% and LKR 16.29 respectively.

The Bank also underwent key executive and non-executive management changes during the year. Mr. Ananda W Atukorala assumed duties as the Chairman with effect from 01 September 2016. Mr. Rajendra Theagarajah stepped down as the Chief Executive Officer of NDB on 30 November 2016, having served the Bank for over three years. Mr. Dimantha Seneviratne joined the NDB Team as the new Chief Executive Officer (CEO) on 02 January 2017. With new leadership at the helm, the Bank is set for exciting years ahead.

2016 was a reflection of the Bank's ability to steer itself through challenges and secure stable results to its shareholders and other stakeholders. The Group is well poised for the year ahead, whilst capitalizing on the unique proposition the Bank and the Group offers, as a one-stop solution for full spectrum banking and capital market needs.

NDB possesses key attributes such as the unique business proposition of “development oriented commercial banking” which is gradually shifting towards the retail and SME space, the market leadership position in capital & investment banking cluster that can be integrated well to capitalize on cross selling opportunities. The quality asset base, highly trained skilled staff and the lessons learnt in the past all of which can be turned on to harness the opportunities in taking the Bank to the next level.

(Sgd.)

Chairman

Ananda W Atukorala

21 February 2017

(Sgd.)

Director/ Chief Executive Officer

Dimantha Seneviratne

21 February 2017

STATEMENT OF PROFIT OR LOSS										
	Bank			Group			Change %	Quarter ended 31/12/2016 LKR '000	Quarter ended 31/12/2015 LKR '000	Quarter ended 31/12/2015 LKR '000
	Year ended 31/12/2016 LKR '000	Year ended 31/12/2015 LKR '000	Change %	Year ended 31/12/2016 LKR '000	Year ended 31/12/2015 LKR '000	Year ended 31/12/2016 LKR '000				
Gross Income	33,281,736	25,855,311	29	9,669,206	6,674,888	33,776,905	26,915,863	25	9,545,761	7,364,746
Interest Income	28,618,247	21,167,848	35	8,100,931	5,708,406	28,960,606	21,431,932	35	8,177,518	5,788,526
Interest Expenses	20,130,935	13,646,025	48	5,857,514	3,692,640	20,099,837	13,624,555	48	5,848,841	3,686,428
Net Interest Income	8,487,312	7,521,823	13	2,243,417	2,015,765	8,860,769	7,807,377	13	2,328,677	2,102,096
Net Fee and Commission Income	2,253,226	2,016,260	12	609,267	554,593	3,046,132	3,156,841	(4)	803,356	943,162
Net gain/(loss) from trading	982,123	1,088,464	(10)	299,415	257,869	982,123	1,088,464	(10)	299,415	257,869
Net gain/(loss) from financial investments	211,370	262,048	(19)	12,524	76,249	440,748	493,739	(11)	61,302	150,782
Other operating income	1,216,770	1,320,691	(8)	647,069	77,770	347,296	744,887	(53)	204,170	224,408
Total Operating Income	13,150,801	12,209,286	8	3,811,692	2,982,247	13,677,068	13,291,308	3	3,696,920	3,678,318
Impairment charges for loans and other losses										
Individual Impairment	1,101,589	561,163	96	397,249	181,526	1,101,589	561,163	96	397,249	181,526
Collective Impairment	277,097	150,670	84	(33,345)	13,138	277,097	150,670	84	(33,345)	13,138
Other provision - charge/(release)	(11,733)	-	100	20,324	-	45,887	34,312	34	10,795	6,523
	1,366,953	711,833	92	384,228	194,664	1,424,573	746,145	91	374,699	201,187
Net operating income	11,783,848	11,497,453	2	3,427,463	2,787,583	12,252,495	12,545,163	(2)	3,322,221	3,477,131
Operating Expenses										
Personnel Expenses	3,434,550	3,204,228	7	802,721	747,516	3,792,589	3,633,627	4	904,872	924,267
Depreciation and amortization	434,792	370,417	17	109,495	98,328	490,987	421,396	17	123,893	111,760
Other Expenses	2,579,502	2,474,933	4	712,505	698,180	2,875,373	2,774,857	4	802,524	767,126
Total operating expenses	6,448,844	6,049,578	7	1,624,721	1,544,024	7,158,949	6,829,880	5	1,831,289	1,803,152
Operating Profit Before Tax on Financial Services	5,335,004	5,447,875	(2)	1,802,742	1,243,561	5,093,546	5,715,283	(11)	1,490,932	1,673,980
Less: Tax on Financial Services	1,048,000	910,442	15	379,550	215,373	1,048,000	910,442	15	379,550	215,373
Operating Profit After Tax on Financial Services	4,287,004	4,537,433	(6)	1,423,192	1,028,187	4,045,546	4,804,841	(16)	1,111,382	1,458,606
Share of associate companies' profits/(losses)	-	-	-	-	-	-	77,818	(100)	-	-
Profit Before Taxation	4,287,004	4,537,433	(6)	1,423,192	1,028,186	4,045,546	4,882,659	(17)	1,111,382	1,458,606
Less :Taxation	1,116,733	1,026,002	9	266,893	179,631	1,230,587	1,212,564	1	319,750	117,209
Profit for the year	3,170,271	3,511,431	(10)	1,156,299	848,555	2,814,959	3,670,095	(23)	791,632	1,341,397
Profit Attributable to:										
Equity Holders of the parent	3,170,271	3,511,431	(10)	1,156,299	848,555	2,691,014	3,542,040	(24)	726,072	1,254,437
Non Controlling Interests	-	-	-	-	-	123,945	128,055	(3)	65,560	86,958
	3,170,271	3,511,431	(10)	1,156,299	848,555	2,814,959	3,670,095	(23)	791,632	1,341,397
Basic Earnings per share (in LKR)	19.19	21.26	(10)	7.00	5.14	16.29	21.51	(24)	4.40	7.62
Diluted Earnings per share (in LKR)	19.19	21.26	(10)	7.00	5.14	16.29	21.51	(24)	4.40	7.62

STATEMENT OF COMPREHENSIVE INCOME										
	Bank			Group			Change %	Quarter ended 31/12/2016 LKR '000	Quarter ended 31/12/2015 LKR '000	Quarter ended 31/12/2015 LKR '000
	Year ended 31/12/2016 LKR '000	Year ended 31/12/2015 LKR '000	Change %	Year ended 31/12/2016 LKR '000	Year ended 31/12/2015 LKR '000	Year ended 31/12/2016 LKR '000				
Profit for the year	3,170,271	3,511,431	(10)	1,156,299	848,555	2,814,959	3,670,095	(23)	791,632	1,341,397
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period										
Exchange differences on translation of foreign operations	-	-	-	-	-	7,537	16,225	(54)	5,003	(5,225)
Gains/(losses) from Available for Sale Investments	(372,240)	(391,286)	5	(385,218)	(230,845)	(436,305)	(380,673)	(15)	(419,623)	(227,380)
Gains /(losses) on cash flow hedges	(54,012)	(287,692)	81	(537,209)	3,251	(54,012)	(287,692)	81	(537,209)	3,251
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period										
Revaluation of Land & Buildings	-	-	-	-	-	21,000	95,339	(78)	21,000	95,339
Actuarial Gains/(losses) on defined benefit plans	(73,151)	94,353	(178)	(62,797)	94,353	(79,530)	99,431	(180)	(66,833)	99,431
Total Other Comprehensive Income /(expenses)	(499,403)	(584,625)	15	(985,224)	(133,241)	(541,310)	(457,370)	(18)	(997,662)	(34,584)
Less : Tax expenses relating to components of other comprehensive Income	24,320	71,434	(66)	104,479	30,386	44,806	71,434	(37)	124,965	30,386
Total Other Comprehensive Income after Tax	(475,083)	(513,191)	7	(880,745)	(102,855)	(496,504)	(385,936)	(29)	(872,697)	(4,198)
Total Comprehensive Income for the year	2,695,188	2,998,240	(10)	275,556	745,700	2,318,455	3,284,159	(29)	(81,065)	1,337,197
Attributable to:										
Equity holders of the parent	2,695,188	2,998,240	(10)	275,556	745,700	2,192,078	3,150,530	(30)	(148,385)	1,251,127
Non Controlling Interests	-	-	-	-	-	126,377	133,629	(5)	67,320	86,071
	2,695,188	2,998,240	(10)	275,556	745,700	2,318,455	3,284,159	(29)	(81,065)	1,337,197

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at	As at		As at	As at	
	31/12/2016	31/12/2015 (Audited)	Change	31/12/2016	31/12/2015 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	5,018,438	11,821,503	(58)	5,139,389	11,848,575	(57)
Balances with the Central Bank of Sri Lanka	11,815,277	6,999,898	69	11,815,277	6,999,898	69
Placements with banks	3,297,262	1,153,619	186	3,297,262	1,153,619	186
Derivative Financial Instruments	1,544,621	1,903,573	(19)	1,544,621	1,903,573	(19)
Financial Assets - Held for trading	832,694	2,985,262	(72)	3,661,530	5,229,493	(30)
Loans and Receivables to banks	37,032	102,632	(64)	37,032	102,632	(64)
Loans and Receivables to other customers	227,639,844	209,602,069	9	227,679,939	209,665,561	9
Financial Investments - Loans and receivables	41,992,533	35,830,311	17	43,896,593	37,368,705	17
Financial Investments - Available for sale	31,500,020	28,501,518	11	31,899,259	28,964,820	10
Financial Investments - Held to maturity	4,137,601	4,436,973	(7)	4,946,120	5,660,868	(13)
Investments -Held for sale	18,526	18,526	0	33,303	33,302	0
Investments in subsidiary companies	2,115,850	2,104,117	1	-	-	-
Investment Property	-	-	-	1,776,000	1,672,000	6
Intangible assets	368,083	240,234	53	384,742	274,746	40
Property, plant & equipment	2,078,570	2,030,005	2	2,528,258	2,454,883	3
Other assets	2,148,384	1,427,365	51	2,092,444	2,021,058	4
Total assets	334,544,735	309,157,605	8	340,731,768	315,353,733	8
Liabilities						
Due to Banks	17,124,944	11,620,003	47	17,124,944	11,620,003	47
Derivative Financial Instruments	474,770	639,272	(26)	474,770	639,272	(26)
Due to other Customers	203,866,547	184,933,230	10	203,515,828	184,152,280	11
Debt Securities issued and other borrowed funds	59,233,264	60,527,844	(2)	59,233,265	60,497,844	(2)
Current Tax Liabilities	845,660	486,503	74	852,454	524,020	63
Deferred Tax	791,791	702,378	13	744,880	712,823	4
Other liabilities	7,966,275	7,913,620	1	8,275,897	8,172,877	1
Dividends payable	49,933	60,014	(17)	49,933	60,014	(17)
Subordinated Term Debts	19,446,501	19,573,883	(1)	19,446,501	19,573,883	(1)
Total liabilities	309,799,685	286,456,747	8	309,718,472	285,953,017	8
Equity						
Stated Capital (Bank & Group - 165,185,506 shares)	1,246,479	1,242,772	-	1,246,479	1,162,963	7
Statutory Reserve Fund	1,246,479	1,242,772	-	1,246,479	1,242,772	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	16,088,680	13,638,678	18	21,140,724	19,170,268	10
Other Reserves	357,705	770,929	(54)	497,198	1,000,494	(50)
Total shareholders' equity	24,745,050	22,700,858	9	29,936,587	28,382,204	5
Non Controlling Interests	-	-	-	1,076,709	1,018,513	6
Total Equity	24,745,050	22,700,858	9	31,013,296	29,400,717	5
Total liabilities and equity	334,544,735	309,157,605	8	340,731,768	315,353,733	8
Net Book Value Per Share (LKR)	149.80	137.44	9	181.23	172.35	5
Contingent liabilities and commitments	234,221,049	237,748,413	(1)	235,130,473	238,589,573	(1)
Memorandum Information						
Number of Employees	2,108	1,960				
Number of Branches	104	93				

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY											
for the period ended 31 December 2016	Stated Capital	Reserves							Total	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			
	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 2015	1,225,162	1,010,785	5,805,707	853,456	20,243	105,250	397,852	12,819,737	22,238,192	-	22,238,192
Super gain tax	-	-	-	-	-	-	-	(732,081)	(732,081)	-	(732,081)
Adjusted Opening Balance as at 1 January 2015	1,225,162	1,010,785	5,805,707	853,456	20,243	105,250	397,852	12,087,656	21,506,111		21,506,111
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	3,511,431	3,511,431	-	3,511,431
Other Comprehensive Income before Tax	-	-	-	-	-	(391,286)	(287,692)	94,353	(584,625)	-	(584,625)
Tax on Other Comprehensive Income	-	-	-	-	-	78,759	-	(7,325)	71,434	-	71,434
Total Comprehensive Income for the year	-	-	-	-	-	(312,527)	(287,692)	3,598,459	2,998,240	-	2,998,240
Transactions with equity holders											
Issue of Shares	11,957	-	-	-	-	-	-	-	11,957	-	11,957
Transfer from share based payment reserves	5,653	-	-	-	(5,653)	-	-	-	-	-	-
Transfer to statutory reserve fund	-	231,987	-	-	-	-	-	(231,987)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(1,815,450)	(1,815,450)	-	(1,815,450)
Balance as at 31 December 2015	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
Balance as at 1 January 2016											
Balance as at 1 January 2016	1,242,772	1,242,772	5,805,707	853,456	14,590	(207,277)	110,160	13,638,678	22,700,858	-	22,700,858
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	3,170,271	3,170,271	-	3,170,271
Other Comprehensive Income before Tax	-	-	-	-	-	(372,240)	(54,012)	(73,151)	(499,403)	-	(499,403)
Tax on Other Comprehensive Income	-	-	-	-	-	13,775	-	10,544	24,320	-	24,320
Total Comprehensive Income for the year	-	-	-	-	-	(358,465)	(54,012)	3,107,664	2,695,188	-	2,695,188
Transactions with equity holders											
Issue of Shares	2,958	-	-	-	-	-	-	-	2,958	-	2,958
Transfer to statutory reserve fund	-	3,707	-	-	-	-	-	(3,707)	-	-	-
Transfer from share based payment reserves	749	-	-	-	(749)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(653,954)	(653,954)	-	(653,954)
Balance as at 31 December 2016	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

STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2016	Stated Capital LKR '000	Reserves							Total LKR '000	Non Controlling Interests LKR '000	Total Equity LKR '000
		Statutory Reserve Fund	General Reserve	Revaluation Reserve	Share Based Payment Reserves	Available For Sale Reserves	Cash Flow Hedge Reserve	Retained Earnings			
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000			
GROUP											
Balance as at 1 January 2015	1,145,353	1,010,785	5,805,707	853,456	60,148	162,355	397,852	18,440,117	27,875,773	922,646	28,798,419
Super gain tax	-	-	-	-	-	-	-	(833,548)	(833,548)	(21,123)	(854,671)
Adjusted Opening Balance as at 1 January 2015	1,145,353	1,010,785	5,805,707	853,456	60,148	162,355	397,852	17,606,569	27,042,225	901,523	27,943,748
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	3,542,040	3,542,040	128,055	3,670,095
Other Comprehensive Income before Tax	-	-	-	95,339	-	(380,673)	(287,692)	110,083	(462,943)	5,573	(457,370)
Tax on Other Comprehensive Income	-	-	-	-	-	78,759	-	(7,325)	71,434	-	71,434
Total Comprehensive Income for the year	-	-	-	95,339	-	(301,914)	(287,692)	3,644,797	3,150,531	133,628	3,284,159
Transactions with equity holders											
Issue of Shares	11,957	-	-	-	-	-	-	-	11,957	-	11,957
Adjustment due to changes in group companies	-	-	-	-	-	-	-	(33,662)	(33,662)	24,645	(9,017)
Adjustment to share based payment reserves	-	-	-	-	26,603	-	-	-	26,603	-	26,603
Transfer to statutory reserve fund	-	231,987	-	-	-	-	-	(231,987)	-	-	-
Transfer from share based payment reserves	5,653	-	-	-	(5,653)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(1,815,450)	(1,815,450)	(41,283)	(1,856,733)
Balance as at 31 December 2015	1,162,963	1,242,772	5,805,707	948,795	81,098	(139,559)	110,160	19,170,267	28,382,204	1,018,513	29,400,717
Balance as at 1 January 2016	1,162,963	1,242,772	5,805,707	948,795	81,098	(139,559)	110,160	19,170,268	28,382,204	1,018,513	29,400,717
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	2,691,014	2,691,014	123,945	2,814,959
Other Comprehensive Income before Tax	-	-	-	21,000	-	(436,305)	(54,012)	(74,425)	(543,742)	2,432	(541,310)
Tax on Other Comprehensive Income	-	-	-	-	-	33,277	-	11,529	44,806	-	44,806
Total Comprehensive Income for the year				21,000		(403,028)	(54,012)	2,628,118	2,192,078	126,377	2,318,455
Transactions with equity holders											
Issue of shares	2,958	-	-	-	-	-	-	-	2,958	-	2,958
Adjustment due to changes in group companies	-	-	-	-	-	-	-	-	-	(17,976)	(17,976)
Transfer from share based payment reserves	749	-	-	-	(749)	-	-	-	-	-	-
Transfer to statutory reserve fund	-	3,707	-	-	-	-	-	(3,707)	-	-	-
Adjustment to share based payment reserves	79,809	-	-	-	(66,508)	-	-	-	13,301	-	13,301
Dividend to equity holders	-	-	-	-	-	-	-	(653,954)	(653,954)	(50,205)	(704,159)
Balance as at 31 December 2016	1,246,479	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

STATEMENT OF CASH FLOW				
For the year ended 31 December	BANK		GROUP	
	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	26,492,391	20,765,613	26,770,059	21,038,450
Fee based income received	2,253,226	2,016,259	3,273,243	2,765,456
Dividend income received	481,457	942,293	81,208	(636)
Other Operating income received	1,370,942	1,700,796	1,377,172	1,870,590
Interest paid	(19,700,090)	(13,134,957)	(19,705,603)	(13,134,957)
Personnel costs paid	(3,387,278)	(3,162,861)	(3,488,904)	(3,280,182)
Other expenses paid	(2,574,442)	(2,415,887)	(3,121,736)	(2,519,663)
Operating Profit before changes in operating assets and liabilities	4,936,207	6,711,256	5,185,439	6,739,058
Net increase in loans and receivables to other customers	(17,564,396)	(34,473,636)	(17,568,625)	(34,473,636)
Net Increase in deposits from customers	18,271,867	32,941,814	18,271,867	32,941,814
Net (increase)/decrease in other assets	130,036	(95,262)	174,537	(179,272)
Net increase/(decrease) in other liabilities	(297,687)	1,587,663	(319,036)	1,640,174
Net cash inflow/(outflow) from operating activities before taxation	5,476,026	6,671,835	5,744,182	6,668,138
Tax on Financial Services paid	(985,188)	(1,005,492)	(985,188)	(1,005,492)
Income taxes paid	(643,843)	(1,211,842)	(732,167)	(1,254,368)
Super Gain Tax Paid by the Bank /Group	-	(732,081)	-	(833,548)
Super Gain Tax Paid by non controlling interests	-	-	-	(21,123)
Net cash provided by/(used in) operating activities	3,846,995	3,722,420	4,026,827	3,553,607
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(6,741,637)	(5,078,640)	(6,740,813)	(5,078,362)
Disposal of subsidiaries/associates	-	(103,826)	-	(53,947)
Expenditure on property, plant & equipment	(612,468)	(594,790)	(654,471)	(637,259)
Proceeds from sale of property, plant & equipment	10,557	15,818	11,759	42,580
Net cash used in investing activities	(7,343,548)	(5,761,438)	(7,383,525)	(5,726,988)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	2,958	11,957	2,958	45,031
Net Proceeds from issue of subordinated debts	-	8,914,408	-	8,914,408
Interest paid on subordinated debts	(2,032,761)	(1,719,085)	(2,032,761)	(1,719,085)
(Decrease)/ Increase in other borrowings	6,363,234	4,164,980	6,363,234	4,164,980
Dividends paid to non-controlling interests	-	-	(45,977)	(41,283)
Dividends paid to shareholders of the Bank	(664,029)	(1,806,863)	(664,029)	(1,806,863)
Net cash provided by /(used in) financing activities	3,669,402	9,565,397	3,623,425	9,557,188
NET INCREASE IN CASH AND CASH EQUIVALENTS	172,848	7,526,379	266,727	7,383,806
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	19,958,129	12,431,750	19,985,201	12,601,395
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20,130,977	19,958,129	20,251,928	19,985,201
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	5,018,438	11,821,503	5,139,389	11,848,575
Balances with the Central Bank of Sri Lanka	11,815,277	6,999,898	11,815,277	6,999,898
Placements with banks	3,297,262	1,153,619	3,297,262	1,153,619
	20,130,977	19,975,020	20,251,928	20,002,092
Amount due to foreign Banks	-	(16,891)	-	(16,891)
	20,130,977	19,958,129	20,251,928	19,985,201

SEGMENTAL ANALYSIS- GROUP										
For the year ended 31 December										
	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000
Revenue										
Interest Income	28,618,247	21,167,848	311,261	242,616	-	-	-	-	28,929,508	21,410,464
Net Fee and Commission Income	2,253,226	2,016,260	388,337	858,034	131,377	124,355	124,797	116,178	2,897,737	3,114,827
Foreign exchange profit	982,123	1,088,464	-	-	-	-	-	-	982,123	1,088,464
Net gain/(loss) from financial investments	211,370	262,048	229,378	231,691	-	-	-	-	440,748	493,739
Other Income	234,877	425,767	112,419	192,813	104,000	126,307	-	-	451,296	744,887
Total revenue from external customers	32,299,843	24,960,387	1,041,394	1,525,154	235,377	250,662	124,797	116,178	33,701,411	26,852,381
Inter-segment Revenue	-	-	15,176	14,405	60,318	49,077	-	-	75,494	63,482
Total Revenue	32,299,843	24,960,387	1,056,570	1,539,559	295,695	299,739	124,797	116,178	33,776,905	26,915,863
Impairment (charge)/reversal for loans & other losses	(1,378,686)	(711,833)	(45,887)	(34,312)	-	-	-	-	(1,424,573)	(746,145)
Segment expenses	(26,548,678)	(19,576,114)	(608,339)	(767,152)	(11,834)	(13,147)	(89,933)	(98,020)	(27,258,784)	(20,454,435)
Total segment expenses	(27,927,364)	(20,287,947)	(654,226)	(801,464)	(11,834)	(13,147)	(89,933)	(98,020)	(28,683,358)	(21,200,580)
Segment results	4,372,479	4,672,440	402,344	738,095	283,861	286,591	34,864	18,158	5,093,546	5,715,283
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	77,818	-	77,818
Taxation									1,230,587	1,212,564
VAT on financial services									1,048,000	910,442
Profit after taxation									2,814,959	3,670,095
Other information										
Segment assets	333,992,994	308,629,425	4,688,675	4,800,410	1,953,451	1,821,766	63,346	68,830	340,698,467	315,320,431
Investment in associate	-	-	-	-	-	-	-	-	-	-
Investments -Held for sale	-	-	-	-	-	-	33,302	33,302	33,302	33,302
Consolidated total assets									340,731,769	315,353,733
Segment liabilities	309,441,100	285,603,172	205,823	280,624	69,243	62,745	2,304	6,476	309,718,472	285,953,016
Consolidated total liabilities									309,718,472	285,953,016
Segmental Cash flows										
Cash flows from operating activities	3,569,590	3,273,773	295,225	276,036	66,436	42,198	95,576	(38,401)	4,026,827	3,553,606
Cash flows from investing activities	(7,343,548)	(5,761,438)	(48,942)	22,087	(13,445)	17,760	22,410	(5,396)	(7,383,525)	(5,726,988)
Cash flows from financing activities	3,669,402	9,565,397	8,760	56,027	(45,977)	(97,310)	(8,760)	33,075	3,623,425	9,557,188

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2016 - BANK (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	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	-	-	570,115	-	-	-	570,115
Total Financial Assets	2,377,315	4,137,601	290,370,502	31,500,020	-	-	328,385,437
Investments -Held for sale	-	-	-	-	-	18,526	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	-	-	-	-	1,578,269	-	1,578,269
Total assets	2,377,315	4,137,601	290,370,502	31,500,020	6,140,772	18,526	334,544,735
	Held for Trading	Amortized cost	Others	Total			
LIABILITIES							
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	-	2,777,518	-	2,777,518			
Total Financial Liabilities	474,770	302,448,773	-	302,923,544			
Current Tax Liabilities	-	-	845,660	845,660			
Deferred Tax	-	-	791,791	791,791			
Other liabilities	-	-	5,188,757	5,188,757			
Dividends payable	-	-	49,933	49,933			
Total liabilities	474,770	302,448,773	6,876,141	309,799,685			
MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2016 - GROUP (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	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	-	-	418,455	-	-	-	418,455
Total Financial Assets	5,206,151	4,946,120	292,283,947	31,899,259	-	-	334,335,477
Investments -Held for sale	-	-	-	-	-	33,303	33,303
Investment Property	-	-	-	-	1,776,000	-	1,776,000
Intangible assets	-	-	-	-	384,742	-	384,742
Property, plant & equipment	-	-	-	-	2,528,256	-	2,528,256
Other assets	-	-	-	-	1,673,991	-	1,673,991
Total assets	5,206,151	4,946,120	292,283,947	31,899,259	6,362,989	33,303	340,731,769
	Held for Trading	Amortized cost	Others	Total			
LIABILITIES							
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	-	59,233,265	-	59,233,265			
Subordinated Term debts	-	19,446,501	-	19,446,501			
Other Financial Liabilities	-	3,516,073	-	3,516,073			
Total Financial Liabilities	474,770	302,836,611	-	303,311,380			
Current Tax Liabilities	-	-	852,454	852,454			
Deferred Tax	-	-	744,880	744,880			
Other liabilities	-	-	4,759,827	4,759,827			
Dividends payable	-	-	49,933	49,933			
Total liabilities	474,770	302,836,611	6,407,094	309,718,472			

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2015 - BANK (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	11,821,503	-	-	-	11,821,503
Balances with the Central Bank of Sri Lanka	-	-	6,999,898	-	-	-	6,999,898
Placements with banks	-	-	1,153,619	-	-	-	1,153,619
Derivative Financial Instruments	1,903,573	-	-	-	-	-	1,903,573
Financial Assets - Held for trading	2,985,262	-	-	-	-	-	2,985,262
Loans and Receivables to banks	-	-	102,632	-	-	-	102,632
Loans and Receivables to other customers	-	-	209,602,069	-	-	-	209,602,069
Financial Investments - Loans and receivables	-	-	35,830,311	-	-	-	35,830,311
Financial Investments - Available for sale	-	-	-	28,501,518	-	-	28,501,518
Financial Investments - Held to maturity	-	4,436,973	-	-	-	-	4,436,973
Other Financial Assets	-	-	3,091	-	-	-	3,091
Total Financial Assets	4,888,834	4,436,973	265,513,123	28,501,518	-	-	303,340,448
Investments -Held for sale	-	-	-	-	-	18,525	18,526
Investments in subsidiary companies	-	-	-	-	2,104,117	-	2,104,117
Intangible assets	-	-	-	-	240,234	-	240,234
Property, plant & equipment	-	-	-	-	2,030,005	-	2,030,005
Other assets	-	-	-	-	1,424,276	-	1,424,276
Total assets	4,888,834	4,436,973	265,513,123	28,501,518	5,798,632	18,525	309,157,605
LIABILITIES							
Due to Banks	-	-	-	-	11,620,003	-	11,620,003
Derivative Financial Instruments	639,272	-	-	-	-	-	639,272
Due to other Customers	-	-	-	-	184,933,230	-	184,933,230
Debt Securities issued and other borrowed funds	-	-	-	-	60,527,844	-	60,527,844
Subordinated Term debts	-	-	-	-	19,573,883	-	19,573,883
Other Financial Liabilities	-	-	-	-	2,960,063	-	2,960,063
Total Financial Liabilities	639,272	-	-	-	279,615,023	-	280,254,295
Current Tax Liabilities	-	-	-	-	486,503	-	486,503
Deferred Tax	-	-	-	-	702,378	-	702,378
Other liabilities	-	-	-	-	4,953,557	-	4,953,557
Dividends payable	-	-	-	-	60,014	-	60,014
Total liabilities	639,272	-	-	-	6,202,452	-	286,456,747
MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2015 - GROUP (LKR '000)							
	Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	Others	Held for sale	Total
ASSETS							
Cash and cash equivalents	-	-	11,848,575	-	-	-	11,848,575
Balances with the Central Bank of Sri Lanka	-	-	6,999,898	-	-	-	6,999,898
Placements with banks	-	-	1,153,619	-	-	-	1,153,619
Derivative Financial Instruments	1,903,573	-	-	-	-	-	1,903,573
Financial Assets - Held for trading	5,229,493	-	-	-	-	-	5,229,493
Loans and Receivables to banks	-	-	102,632	-	-	-	102,632
Loans and Receivables to other customers	-	-	209,665,561	-	-	-	209,665,561
Financial Investments - Loans and receivables	-	-	37,368,705	-	-	-	37,368,705
Financial Investments - Available for sale	-	-	-	28,964,820	-	-	28,964,820
Financial Investments - Held to maturity	-	5,660,868	-	-	-	-	5,660,868
Other Financial Assets	-	-	580,723	-	-	-	580,723
Total Financial Assets	7,133,066	5,660,868	267,719,715	28,964,820	-	-	309,478,468
Investments -Held for sale	-	-	-	-	-	33,301	33,302
Investment Property	-	-	-	-	1,672,000	-	1,672,000
Intangible assets	-	-	-	-	274,746	-	274,746
Property, plant & equipment	-	-	-	-	2,454,883	-	2,454,883
Other assets	-	-	-	-	1,440,335	-	1,440,335
Total assets	7,133,066	5,660,868	267,719,715	28,964,820	5,841,964	33,301	315,353,733
LIABILITIES							
Due to Banks	-	-	-	-	11,620,003	-	11,620,003
Derivative Financial Instruments	639,272	-	-	-	-	-	639,272
Due to other Customers	-	-	-	-	184,152,280	-	184,152,280
Debt Securities issued and other borrowed funds	-	-	-	-	60,497,844	-	60,497,844
Subordinated Term debts	-	-	-	-	19,573,883	-	19,573,883
Other Financial Liabilities	-	-	-	-	3,194,279	-	3,194,279
Total Financial Liabilities	639,272	-	-	-	279,038,290	-	279,677,561
Current Tax Liabilities	-	-	-	-	524,020	-	524,020
Deferred Tax	-	-	-	-	712,823	-	712,823
Other liabilities	-	-	-	-	4,978,601	-	4,978,601
Dividends payable	-	-	-	-	60,014	-	60,014
Total liabilities	639,272	-	-	-	6,275,458	-	285,953,017

Notes to the Financial Statements

1. The figures are extracted from the unaudited financial statements.
2. The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods applied for the year ended 31 December 2015 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.
3. The Bank's 99.89% owned subsidiary, NDB Capital Holdings Limited divested part of its 32% owned investment in Resus Energy PLC on 17 September 2015. Accordingly the investment which was accounted as an Investment in Associates, was reclassified as "Available for Sale" Investments on 30 September 2015. The transaction resulted in a capital gain of LKR 164 mn to the NDB Group .
4. As per the amendments to the Value Added Tax implemented by the Department of Inland Revenue during the year, the Bank has applied the VAT rate of 15% to compute the Financial Services VAT charge for the periods from 02 May 2016 to 11 July 2016 and from 01 November 2016 to 31 December 2016. The VAT rate of 11% has been applied for the balance period.
5. 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

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

a) Loans and Receivables to Other Customers

	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000
Gross loans and receivables	233,679,116	215,012,449	233,719,211	215,075,941
(Less): Individual impairment	3,028,934	2,621,344	3,028,934	2,621,344
Collective impairment	3,010,338	2,789,036	3,010,338	2,789,037
Net loans and receivables	227,639,844	209,602,069	227,679,939	209,665,561

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

	Bank		Group	
	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000
By product-Domestic Currency				
Term loans	61,889,699	47,867,328	61,889,701	47,866,287
Medium and short term loans	20,473,581	24,251,292	20,473,581	24,251,292
Overdrafts	33,922,462	25,237,884	33,876,980	25,236,535
Trade Finance	11,680,422	10,120,916	11,680,422	10,120,916
Consumer loans	22,459,289	22,702,280	22,459,289	22,702,280
Lease rentals receivable	15,008,636	16,024,542	15,008,636	16,024,542
Housing loans	9,460,115	8,308,954	9,460,115	8,308,954
Islamic Banking facilities	1,515,319	1,132,912	1,515,319	1,132,912
Credit cards	1,189,488	863,579	1,189,488	863,579
Staff loans	1,453,984	1,235,347	1,539,563	1,301,229
Hire Purchase	825,668	1,667,648	825,668	1,667,648
Pawning	122,755	208,024	122,755	208,024
Sub total	180,001,417	159,620,705	180,041,515	159,684,197
By product-Foreign Currency				
Overdrafts	1,949,378	630,862	1,949,378	630,862
Medium and short term loans	29,426,091	32,668,792	29,426,091	32,668,792
Trade Finance	20,998,205	20,920,470	20,998,205	20,920,471
Islamic Banking facilities	1,304,023	1,171,620	1,304,023	1,171,620
Sub total	53,677,697	55,391,744	53,677,697	55,391,745
Total	233,679,114	215,012,449	233,719,212	215,075,941

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

	Bank		Group	
	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000
Individual impairment				
Opening balance at 01st January	2,621,344	2,289,588	2,621,344	2,289,588
Charge/(Write back) to Statement of Profit or Loss	1,101,589	1,119,862	1,101,589	1,119,862
Write-off during the period	(694,000)	(788,106)	(694,000)	(788,106)
Closing balance	3,028,933	2,621,344	3,028,933	2,621,344
Collective impairment				
Opening balance at 01st January	2,789,036	2,724,616	2,789,036	2,724,616
Charge/(Write back) to Statement of Profit or Loss	277,098	150,670	277,098	150,670
Write-off during the Period	(55,796)	(86,249)	(55,796)	(86,249)
Closing balance	3,010,338	2,789,037	3,010,338	2,789,037
Total impairment	6,039,271	5,410,381	6,039,271	5,410,381

d) Due to Other Customers - By product

	Bank		Group	
	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/12/2016 LKR '000	As at 31/12/2015 LKR '000
By product-Domestic Currency				
Demand deposits	12,170,167	11,770,327	12,169,459	11,745,357
Savings deposits	21,810,521	24,032,428	21,798,469	24,032,428
Time deposits	124,893,885	97,558,696	124,555,927	96,802,716
Other deposits	295,906	461,195	295,906	461,195
Sub total	159,170,479	133,822,646	158,819,760	133,041,696
By product- Foreign Currency				
Demand deposits	3,668,781	4,614,516	3,668,781	4,614,516
Savings deposits	8,666,616	6,950,576	8,666,616	6,950,576
Time deposits	32,231,107	39,459,695	32,231,107	39,459,696
Other deposits	129,563	85,798	129,563	85,797
Sub total	44,696,068	51,110,584	44,696,068	51,110,584
Total	203,866,547	184,933,230	203,515,828	184,152,280

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 31/12/2016	As at 31/12/2015	As at 31/12/2016	As at 31/12/2015
Regulated Capital Adequacy				
Core Capital (Tier 1 Capital) (LKR mn)	22,404	20,018	29,108	27,154
Total Capital Base (LKR mn)	31,153	29,614	38,484	37,417
Core Capital adequacy Ratio -Core Capital as a % of Risk -weighted Assets (Minimum Requirement, 5%)	9.31	8.51	11.55	11.07
Total Capital Adequacy Ratio -Total Capital as a % of (Tier 1 & 2 (%))				
Risk -weighted Assets (Minimum Requirement,10%)	12.95	12.59	15.27	15.25
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.63	2.43	2.63	2.43
Net Non-performing Advances Ratio (%)	1.16	1.01	1.16	1.01
Profitability				
Earnings Per Share (LKR)- (annualised)	19.19	21.26	16.29	21.51
Return on Average Shareholders' Funds (%)	13.36	15.63	9.23	12.59
Return on Average Assets (%)	0.99	1.23	0.82	1.21
Net interest margin (%)	2.64	2.63	2.70	2.67
Debt Security - Related Ratios				
Interest Cover (Times)	1.42	1.55	1.44	1.57
Debt to Equity (Times)	12.11	12.19	10.00	9.72
Regulatory Liquidity				
Statutory liquid assets- LKR mn	67,105	58,367	67,105	58,367
Statutory liquid assets ratio (%)				
Domestic Banking Unit	21.50	22.24	21.50	22.24
Foreign Currency Banking Unit	22.93	24.91	22.93	24.91
Certification:				
We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.				
(Sgd.) Suvendrini Muthukumarana Assistant Vice President- Finance & Planning		(Sgd.) Faizan Ozman Group Chief Financial Officer		
We the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:				
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.				
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank.				
(Sgd.) Ananda W Atukorala Director/Chairman		(Sgd.) Dimantha Seneviratne Director/Chief Executive Officer		
21 February 2017				

SHARE INFORMATION
SHARE PRICE

As at	31/12/2016	31/12/2015
Number of shares	165,185,506	165,167,342
Last traded price (LKR)	156.00	194.10
For the year ended	31/12/2016	31/12/2015
Highest price per share (LKR)	168.90	245.00
Lowest price per share (LKR)	150.00	187.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.12.2016

	NAME	NO OF SHARES	%
1	BANK OF CEYLON NO. 1 ACCOUNT	16,371,076	9.91%
2	EMPLOYEES PROVIDENT FUND	16,010,248	9.69%
3	MR. R. S. CAPTAIN	13,476,049	8.16%
4	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,388,488	5.68%
5	DR. S YADDEHIGE	8,550,285	5.18%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,805,426	4.73%
7	PERPETUAL TREASURIES LIMITED	7,352,180	4.45%
8	EMPLOYEES TRUST FUND BOARD	5,714,594	3.46%
9	SOFTLOGIC LIFE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	5,024,252	3.04%
10	SBI VEN HOLDINGS PTE LTD	5,000,000	3.03%
11	BNYMSANV RE-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	4,850,000	2.94%
12	HATTON NATIONAL BANK PLC A/C NO 1	4,282,200	2.59%
13	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	3,374,293	2.04%
14	MR. A. K. PATHIRAGE	2,970,000	1.80%
15	PERPETUAL EQUITIES (PRIVATE) LIMITED	2,839,526	1.72%
16	CIC HOLDINGS PLC	2,462,894	1.49%
17	ASIRI CENTRAL HOSPITALS LIMITED	2,403,447	1.45%
18	SOFTLOGIC LIFE INSURANCE PLC-A/C 02 (LIFE FUND)	2,159,746	1.31%
19	DFCC BANK PLC A/C 1	2,000,000	1.21%
20	HSBC INTL NOMINEES LTD-BP2S LONDON-ABERDEEN ASIA SMALLER COMPANIES INVESTMENT FUND	1,683,000	1.02%

PUBLIC HOLDING PERCENTAGE

	As at 31/12/2016
Public holding percentage	89.89%
Number of Public Shareholders	8,014

DIRECTORS INTEREST IN SHARES OF NDB AS AT 31.12.2016

NAME	NO OF SHARES
A W ATUKORALA (CHAIRMAN)	500
A K PATHIRAGE	3,993,000*
T L F JAYASEKERA	-
MRS.K FERNANDO	-
D S P WIKRAMANAYAKE	-
MRS.W A I SUGATHADASA	-
MRS.D M A HARASGAMA	-
D M R PHILLIPS	-
K D W RATNAYAKA	-
N S WELIKALA	-

* Includes shares held in the slash account

INFORMATION ON DEBENTURES- BANK											
Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 31 December 2016 LKR mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Quarter end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - Debenture June 2015											
A - Jun 2015/Jun 2020	Listed	Annually	7,000	Not traded during the quarter			9.40	9.19	8.30	Not traded during the quarter	
B - Jun 2015/Jun 2020	Listed	Payable on date of redemption	1,914	Not traded during the quarter			9.4 annual compounding on the Issue Price of Rs. 63.8136	9.18	8.30	Not traded during the quarter	
Fixed rate - Debenture December 2013											
A - Dec 2013/Dec 2018	Listed	Semi annually	1,243	100.10	99.00	99.00	13.00	12.79	8.30	13.60	13.60
B - Dec 2013/Dec 2018	Listed	Annually	1,529	98.5	98.5	98.5	13.40	12.77	8.30	14.15	14.15
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	100.36	100.36	100.36	14.00	13.26	9.75	13.93	13.93
Total Debentures			18,914								

STATEMENT OF PROFIT OR LOSS IN USD						
	Bank			Group		
	Year ended 31/12/2016 USD'000	Year ended 31/12/2015 USD'000	Change %	Year ended 31/12/2016 USD'000	Year ended 31/12/2015 USD'000	Change %
Gross Income	226,689	189,162	20	230,062	196,921	17
Interest Income	194,925	154,868	26	197,257	156,800	26
Interest Expenses	137,116	99,837	37	136,904	99,680	37
Net Interest Income	57,810	55,031	5	60,354	57,120	6
Net Fee and Commission Income	15,347	14,751	4	20,748	23,096	(10)
Net gain/(loss) from trading	6,689	7,963	(16)	6,689	7,963	(16)
Net gain/(loss) from financial investments	1,440	1,917	(25)	3,002	3,612	(17)
Other operating income	8,288	9,662	(14)	2,366	5,450	(57)
Total Operating Income	89,573	89,325	0	93,157	97,242	(4)
Impairment charges for loans and other losses						
Individual Impairment	7,503	4,106	83	7,503	4,106	83
Collective Impairment	1,887	1,102	(71)	1,887	1,102	(71)
Other provision	(80)	-	(100)	313	251	100
	9,311	5,208	79	9,703	5,459	78
Net operating income	80,261	84,117	(5)	83,453	91,783	(9)
Operating Expenses						
Personnel Expenses	23,614	23,443	1	26,053	26,584	(2)
Depreciation and amortization	2,960	2,710	9	3,341	3,083	8
Other Expenses	17,350	18,107	(4)	19,368	20,301	(5)
Total operating expenses	43,925	44,260	(1)	48,762	49,969	(2)
Operating Profit Before Tax on Financial Services	36,336	39,858	(9)	34,691	41,814	(17)
Tax on Financial Services	7,138	6,661	7	7,138	6,661	7
Operating Profit After Tax on Financial Services	29,198	33,197	(12)	27,554	35,154	(22)
Share of associate companies' profits/(losses)	-	-	-	-	569	(100)
Profit Before Taxation	29,198	33,197	(12)	27,554	35,723	(23)
Taxation	7,606	7,506	1	8,382	8,871	(6)
Profit for the Period	21,591	25,690	(16)	19,172	26,852	(29)
Profit Attributable to:						
Equity Holders of the parent	21,591	25,690	(16)	18,329	25,914	(29)
Non Controlling Interests	-	-	-	844	937	(10)
	21,591	25,690	(16)	19,172	26,852	(29)
Basic Earnings per share (in USD)	0.13	0.16	(16)	0.11	0.16	(29)
Diluted Earnings per share (in USD)	0.13	0.16	(16)	0.11	0.16	(29)

STATEMENT OF COMPREHENSIVE INCOME						
	Year ended 31/12/2016 LKR '000	Year ended 31/12/2015 LKR '000	Change %	Year ended 31/12/2016 LKR '000	Year ended 31/12/2015 LKR '000	Change %
Profit for the period	21,591	25,690	(16)	19,172	26,852	(29)
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period						
Exchange differences on translation of foreign operations	-	-	-	51	119	57
Gains/(losses) from Available for Sale Investments	(2,535)	(2,863)	(11)	(2,972)	(2,785)	7
Deferred tax effect on fair value adjustment of available for sale investment	94	576	(84)	227	576	(61)
Net gains/(losses) on available-for-sale investments	(2,442)	(2,287)	7	(2,745)	(2,209)	24
Gains /(losses) on cash flow hedges	(368)	(2,105)	(83)	(368)	(2,105)	(83)
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period						
Revaluation of Land & Buildings	-	-	(100)	143	698	(100)
Actuarial losses on defined benefit plans	(498)	690	(100)	(542)	727	(100)
Deferred tax effect on actuarial gain/(losses)	72	(54)	(234)	79	(54)	(247)
Net actuarial gains/(losses) on defined benefit plans	(426)	637	(167)	(463)	674	(169)
Total Other Comprehensive Income /(expenses)	(3,236)	(3,755)	(14)	(3,382)	(2,824)	20
Total Comprehensive Income for the period	18,357	21,936	(10)	15,791	24,028	(29)
Attributable to:						
Equity holders of the parent	18,357	21,936	(16)	14,931	23,050	(35)
Non Controlling Interests	-	-	-	861	978	(12)
	18,357	21,936	(16)	15,791	24,028	(34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD						
	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 31/12/2016 USD'000	As at 31/12/2015 (Audited) USD'000	Change %	As at 31/12/2016 USD'000	As at 31/12/2015 (Audited) USD'000	Change %
Assets						
Cash and cash equivalents	33,501	82,094	(59)	34,308	82,282	(58)
Balances with the Central Bank of Sri Lanka	78,874	48,610	62	78,874	48,610	62
Placements with banks	22,011	8,011	175	22,011	8,011	175
Derivative Financial Instruments	10,311	13,219	(22)	10,311	13,219	(22)
Financial Assets - Held for trading	5,559	20,731	(73)	24,443	36,316	(33)
Loans and Receivables to banks	247	713	(65)	247	713	(65)
Loans and Receivables to other customers	1,519,625	1,455,570	4	1,519,893	1,456,011	4
Financial Investments - Loans and receivables	280,324	248,822	13	293,035	259,505	13
Financial Investments - Available for sale	210,281	197,927	6	212,946	201,145	6
Financial Investments - Held to maturity	27,621	30,812	(10)	33,018	39,312	(16)
Investments -Held for sale	124	129	(4)	222	231	(4)
Investments in subsidiary companies	14,124	14,612	(3)	-	-	-
Investments in associate companies	-	-	-	-	-	-
Investment Property	-	-	-	11,856	11,611	2
Intangible assets	2,457	1,668	47	2,568	1,908	35
Property, plant & equipment	13,876	14,097	(2)	16,878	17,048	(1)
Other assets	14,342	9,912	45	13,968	14,035	(0)
Total assets	2,233,276	2,146,928	4	2,274,578	2,189,956	4
Liabilities						
Due to Banks	114,319	80,694	42	114,319	80,694	42
Derivative Financial Instruments	3,169	4,439	(29)	3,169	4,439	(29)
Due to other Customers	1,360,925	1,284,259	6	1,358,584	1,278,835	6
Debt Securities issued and other borrowed funds	395,416	420,332	(6)	395,416	420,124	(6)
Current Tax Liabilities	5,645	3,378	67	5,691	3,639	56
Deferred Tax	5,286	4,878	8	4,972	4,950	0
Other liabilities	53,179	54,956	(3)	55,246	56,756	(3)
Dividends payable	333	417	(20)	333	417	(20)
Subordinated Term Debts	129,816	135,930	(4)	129,816	135,930	(4)
Total liabilities	2,068,089	1,989,283	4	2,067,547	1,985,785	4
Equity						
Stated Capital	8,321	8,630	(4)	8,321	8,076	3
Statutory Reserve Fund	8,321	8,630	(4)	8,321	8,630	(4)
General Reserve	38,756	40,317	(4)	38,756	40,317	(4)
Retained Earnings	107,401	94,713	13	141,120	133,127	6
Other Reserves	2,388	5,354	(55)	3,326	6,948	(52)
Total shareholders' equity	165,187	157,645	5	199,844	197,099	1
Non Controlling Interests	-	-	-	7,188	7,073	2
Total Equity	165,187	157,645	5	207,031	204,172	1
Total liabilities and equity	2,233,276	2,146,928	4	2,274,578	2,189,956	4
Net Book Value Per Share (LKR)	1.00	0.95	5	1.21	1.20	1
Contingent liabilities and commitments	1,563,558	1,651,031	(5)	1,569,629	1,656,872	(5)
Memorandum Information						
Number of Employees	2,108	1,960				
Number of Branches	104	93				

Important Dates – FY 2016 Quarterly Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	21 February 2017
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	21 February 2017
Investor Webinar	22 February 2017
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	10 March 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	Date to be notified.

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+(Ika)/ 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) Mrs. D M A Harasgama – (Director) D M R Phillips, PC – (Director) K D W Ratnayaka – (Director) N S Welikala (Director)	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	
Company Secretarial Unit Mrs. Shehani Ranasinghe Company Secretary/Assistant Vice-President Email: shehani.ranasinghe@ndbbank.com Tel.: +94 (0)11 2448448 Extn: 33000	Investor Relations Team Mrs. Suvendrini Muthukumarana Assistant Vice-President – Finance & Planning Email: suvendrini.muthukumarana@ndbbank.com investor.relations@ndbbank.com Tel.: +94(0)112448448 Extn: 3817



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