YOURS

INTERIM FINANCIAL STATEMENTS

THIRD QUARTER ENDED 30TH SEPTEMBER 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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***The financial statements presented herewith are the unaudited financial statements for the first nine months of 2016 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.**

Performance Commentary - Quarterly financial results – Q3 2016

NDB records a PAS of LKR 2 billion – growth momentum in Q3

National Development Bank PLC and its Group companies together referred to as the NDB Group, recorded a PAS of LKR 1,965 million for the first nine months of 2016. Although a 14% reduction compared to the first nine months of 2015, the quarter recorded an accelerated growth in PAS, which was LKR 882 million for the quarter as compared with LKR 535 million for Q2 and LKR 548 million for Q1 2016.

Total operating income of the Bank for the period under review was LKR 9,339 million, an increase of 1% over the comparative period. Total operating income of the comparative period included a higher Group dividend earned by the Bank compared to the current period. If such Group dividend is eliminated from the comparative period, the Bank's core banking operations have recorded a commendable growth with a 13% increase in the net interest income and 12% increase in net fee and commission income. The operating income for the Bank excluding Group dividends was a 7% increase over the comparative period.

The Group total operating income was LKR 9,980 million, which was a 4% growth over the comparative period, an equivalent of LKR 367 million. Within Group total operating income, net interest income (NII) was LKR 6,532 million which recorded a commendable growth of 14%. NDB Group's net fee and commission income recorded a marginal growth of 1%, despite the Bank recording a 12% increase, which was negated by the reduced fee and commission income of the NDB Group's capital markets cluster. The Group recorded a negative growth in net trading and other operating income, mainly attributable to the increase in the interest rates and the movement in exchange rates. Net gains from financial investments however grew by 11%.

The Group recorded an impairment charge of LKR 1,050 million for the first nine months of 2016 as compared to LKR 545 million in the comparative period. The higher charge during the current period was due to the one off specific provisions made for few customers, based on sound judgement and objective evidence as per the Bank's impairment policy.

Net operating income after impairment charges was LKR 8,930 million, a marginal negative growth of 2% compared to the comparative period. Total operating expenses of the Group grew by 6% to LKR 5,328 million. The Group has been able to contain its cost growth at stable levels over the year.

The Group's balance sheet grew by 6% to close the first nine months at a total assets figure of LKR 334 billion. This was an incremental asset growth of LKR 19 billion over end December 2015 and LKR 13 billion over the end of the first half of 2016.

Within total assets, loans and receivables to customers grew by 6%, and increment of LKR 12.6 billion over end December 2015. This growth in loans and receivables is satisfactory given the competitive interest rates and constrained liquidity conditions experienced in the industry. The YoY loan growth was 15%. Furthermore, the Bank has sustained its asset quality despite the volume increase, with only a marginal increase recorded in non-performing loans (NPL) ratio of 2.44% from 2.43% in December 2015.

Customer deposits grew by 5% to reach LKR 193 billion over end December 2015. On a YoY basis, deposits grew by 14%. The CASA ratio of the Bank by the end of Q3 was 23.2% and improvement of same remains a key strategic focus for NDB.

Group Tier I capital adequacy ratio by end Q3 2016 was 11.27% whilst total capital adequacy ratio was 15.35%, which are well above the regulatory minimum levels of 5% and 10% as specified by the Central Bank of Sri Lanka respectively.

Return on Average Shareholders' Funds (ROE) for the Group was 8.98% for the first nine months of 2016. The ROE for the Bank was 10.77%. However if the Group dividend earned by the Bank was eliminated, the ROE which reflects core banking operations would be 11.28%. The annualized earnings per share (EPS) for the Group was LKR 15.89. The NDB share closed trading at 166.10 at the end of the quarter.

The Bank opened its 103rd branch in Nattandiya during Q3, as a part of its strategic network expansion plan. The Bank also increased its total ATM count to 113, which included 10 off-site ATMs spread across the country. The Bank re-located several branches during the period under consideration with a bid to provide enhanced services to its customers.

The Chief Executive Officer of NDB mentioned that the Bank is reaching out to its customers via its multi-channel strategy, thereby enabling the customers convenient banking with NDB. He also mentioned that the Bank's mobile banking app which was launched this year will be further upgraded with more convenient features.

The Chairman of NDB emphasized that the Bank is encouraged, and highly attuned to the emerging opportunities in the Sri Lankan economy. He also mentioned that the Bank is privileged to be a part of this overall national growth thrust by providing meaningful banking services to the various sectors of the economy.

Sgd.
Ananda W Atukorala
Chairman
11 November 2016
Colombo

Sgd.
Rajendra Theagarajah
Director/ Chief Executive Officer
11 November 2016
Colombo

NDB bank

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/09/2016 LKR '000	Period ended 30/09/2015 LKR '000	**Change %**	**Quarter ended 30/09/2016 LKR '000**	**Quarter ended 30/09/2015 LKR '000**	**Period ended 30/09/2016 LKR '000**	Period ended 30/09/2015 LKR '000	**Change %**	**Quarter ended 30/09/2016 LKR '000**	**Quarter ended 30/09/2015 LKR '000**
Gross Income	**23,612,530**	**19,180,424**	**23**	**8,361,647**	**6,421,746**	**24,231,144**	**19,551,117**	**24**	**8,725,520**	**6,908,196**
Interest Income	20,517,316	15,459,441	33	7,479,965	5,279,836	20,783,088	15,643,407	33	7,566,400	5,333,541
Interest Expenses	14,273,421	9,953,384	43	5,275,527	3,435,906	14,250,996	9,938,127	43	5,268,613	3,431,383
Net Interest Income	**6,243,895**	**5,506,058**	**13**	**2,204,438**	**1,843,931**	**6,532,092**	**5,705,281**	**14**	**2,297,787**	**1,902,159**
Net Fee and Commission Income	**1,643,959**	**1,461,667**	**12**	**570,658**	**528,946**	**2,242,776**	**2,213,679**	**1**	**739,610**	**751,225**
Net gain/(loss) from trading	682,708	830,595	(18)	226,660	362,903	682,708	830,595	(18)	226,660	362,903
Net gain/(loss) from financial investments	198,846	185,799	7	70,708	16,140	379,446	342,957	11	172,140	60,392
Other operating income	569,701	1,242,921	(54)	13,656	233,922	143,126	520,479	(73)	20,710	400,135
Total Operating Income	**9,339,109**	**9,227,040**	**1**	**3,086,120**	**2,985,840**	**9,980,148**	**9,612,990**	**4**	**3,456,907**	**3,476,814**
Impairment charges for loans and other losses										
Individual Impairment	704,340	379,637	86	266,408	204,381	704,340	379,637	86	266,408	204,381
Collective Impairment	310,442	137,532	126	(112,952)	114,491	310,442	137,532	126	(112,952)	114,491
Other provision	(32,057)	-	(100)	-	-	35,092	27,789	26	17,552	8,467
	982,725	517,169	90	153,456	318,872	1,049,874	544,958	93	171,008	327,339
Net operating income	**8,356,384**	**8,709,870**	**(4)**	**2,932,663**	**2,666,966**	**8,930,274**	**9,068,032**	**(2)**	**3,285,899**	**3,149,474**
Operating Expenses										
Personnel Expenses	2,631,829	2,456,712	7	896,458	803,821	2,887,717	2,709,360	7	994,358	896,306
Depreciation and amortization	325,297	272,089	20	112,637	92,049	367,094	309,636	19	126,828	105,094
Other Expenses	1,866,997	1,776,753	5	631,455	660,924	2,072,849	2,007,731	3	705,101	745,050
Total operating expenses	**4,824,123**	**4,505,555**	**7**	**1,640,550**	**1,556,795**	**5,327,660**	**5,026,727**	**6**	**1,826,287**	**1,746,451**
Operating Profit Before Tax on Financial Services	**3,532,261**	**4,204,315**	**(16)**	**1,292,113**	**1,110,173**	**3,602,614**	**4,041,304**	**(11)**	1,459,612	1,403,025
Less: Tax on Financial Services	668,450	695,069	(4)	241,653	197,539	668,450	695,069	(4)	241,653	197,539
Operating Profit After Tax on Financial Services	2,863,811	3,509,246	(18)	1,050,460	912,634	2,934,164	3,346,236	(12)	1,217,959	1,205,488
Share of associate companies' profits/(losses)	-	-	-	-	-	-	77,818	(100)	-	14,898
Profit Before Taxation	**2,863,811**	**3,509,247**	**(18)**	**1,050,460**	**912,635**	**2,934,164**	**3,424,055**	**(14)**	**1,217,959**	**1,220,386**
Less :Taxation	849,840	846,371	0	311,526	252,771	910,837	1,095,355	(17)	320,346	364,793
Profit for the Period	**2,013,971**	**2,662,876**	**(24)**	**738,934**	**659,864**	**2,023,327**	**2,328,700**	**(13)**	**897,613**	**855,592**
Profit Attributable to:										
Equity Holders of the parent	2,013,971	2,662,876	(24)	738,934	659,864	1,964,942	2,287,603	(14)	881,977	843,800
Non Controlling Interests	-	-	-	-	-	58,385	41,096	42	15,636	11,792
	2,013,971	**2,662,876**	**(24)**	**738,934**	**659,864**	**2,023,327**	**2,328,700**	**(13)**	**897,613**	**855,592**
Basic Earnings per share (in LKR)	**12.19**	**16.13**	**(24)**	**4.47**	**4.00**	**11.90**	**13.90**	**(14)**	**5.34**	**5.13**
Diluted Earnings per share (in LKR)	**12.19**	**16.12**	**(24)**	**4.47**	**3.99**	**11.90**	**13.89**	**(14)**	**5.34**	**5.12**

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2016 LKR '000	**Period ended 30/09/2015 LKR '000**	**Change %**	**Quarter ended 30/09/2016 LKR '000**	**Quarter ended 30/09/2015 LKR '000**	**Period ended 30/09/2016 LKR '000**	**Period ended 30/09/2015 LKR '000**	**Change %**	**Quarter ended 30/09/2016 LKR '000**	**Quarter ended 30/09/2015 LKR '000**
Profit for the period	**2,013,971**	**2,662,876**	**(24)**	**738,934**	**659,864**	**2,023,327**	**2,328,700**	**(13)**	**897,613**	**855,592**
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period										
Exchange differences on translation of foreign operations	-	-	-	-	-	2,534	21,450	(88)	(1,085)	6,370
Gains/(losses) from Available for Sale Investments	12,978	(160,441)	108	484,298	(74,627)	(16,682)	(153,293)	89	482,161	(72,587)
Gains /(losses) on cash flow hedges	483,197	(290,943)	266	171,418	(371,412)	483,197	(290,943)	266	171,418	(371,412)
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period										
Actuarial losses on defined benefit plans	(10,354)	-	(100)	-	-	(12,697)	-	(100)	-	-
Total Other Comprehensive Income /(expenses)	**485,821**	(451,384)	208	**655,716**	(446,039)	**456,352**	(422,786)	208	**652,494**	(437,629)
Less : Tax expenses relating to components of other comprehensive Income	(80,159)	41,048	(295)	(113,999)	19,326	(80,159)	41,048	(295)	(113,999)	19,326
Total Other Comprehensive Income after Tax	**405,662**	(410,336)	199	**541,717**	(426,713)	**376,193**	(381,738)	199	**538,495**	(418,303)
Total Comprehensive Income for the period	**2,419,633**	2,252,540	7	**1,280,653**	233,151	**2,399,520**	1,946,962	23	**1,436,108**	437,288
Attributable to:									-	
Equity holders of the parent	2,419,633	2,252,540	7	1,280,653	233,151	2,340,463	1,899,404	23	1,420,698	422,974
Non Controlling Interests	-	-	-	-	-	59,057	47,558	24	15,410	14,314
	2,419,633	2,252,540	7	**1,280,653**	233,151	**2,399,520**	1,946,962	23	**1,436,108**	437,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/09/2016	As at 31/12/2015 (Audited)	Change	As at 30/09/2016	As at 31/12/2015 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	14,104,128	11,821,503	19	14,232,426	11,848,575	20
Balances with the Central Bank of Sri Lanka	10,906,004	6,999,898	56	10,906,004	6,999,898	56
Placements with banks	1,712,949	1,153,619	48	1,712,949	1,153,619	48
Derivative Financial Instruments	1,511,629	1,903,573	(21)	1,511,629	1,903,573	(21)
Financial Assets - Held for trading	826,608	2,985,262	(72)	3,829,042	5,229,493	(27)
Loans and Receivables to banks	43,331	102,632	(58)	43,331	102,632	(58)
Loans and Receivables to other customers	222,198,306	209,602,069	6	222,225,151	209,665,561	6
Financial Investments - Loans and receivables	36,168,182	35,830,311	1	37,719,773	37,368,705	1
Financial Investments - Available for sale	29,352,502	28,501,517	3	29,832,127	28,964,820	3
Financial Investments - Held to maturity	4,130,958	4,436,973	(7)	4,945,214	5,660,868	(13)
Investments -Held for sale	18,526	18,526	-	33,302	33,302	-
Investments in subsidiary companies	2,136,174	2,104,117	2	-	-	-
Investment Property	-	-	-	1,672,000	1,672,000	-
Intangible assets	361,888	240,234	51	389,253	274,746	42
Property, plant & equipment	2,074,614	2,030,003	2	2,504,074	2,454,883	2
Other assets	1,772,077	1,427,368	24	2,638,389	2,021,058	31
Total assets	**327,317,876**	**309,157,605**	**6**	**334,194,664**	**315,353,733**	**6**
Liabilities						
Due to Banks	14,533,838	11,620,003	25	14,533,838	11,620,003	25
Derivative Financial Instruments	223,610	639,272	(65)	223,610	639,272	(65)
Due to other Customers	193,642,483	184,933,230	5	193,348,373	184,152,280	5
Debt Securities issued and other borrowed funds	66,275,532	60,527,844	9	66,275,532	60,497,844	10
Current Tax Liabilities	817,642	486,503	68	829,873	524,020	58
Deferred Tax	810,537	702,378	15	793,963	712,823	11
Other liabilities	5,500,749	7,913,620	(30)	6,032,487	8,172,877	(26)
Dividends payable	51,863	60,014	(14)	51,863	60,014	(14)
Subordinated Term Debts	20,993,912	19,573,883	7	20,993,912	19,573,883	7
Total liabilities	**302,850,166**	**286,456,747**	**6**	**303,083,451**	**285,953,017**	**6**
Equity						
Stated Capital (Bank & Group - 165,185,506 shares)	1,245,730	1,242,772	-	1,245,730	1,162,963	7
Statutory Reserve Fund	1,242,772	1,242,772	-	1,242,772	1,242,772	-
General Reserve	5,805,707	5,805,707	-	5,805,707	5,805,707	-
Retained Earnings	14,986,557	13,638,678	10	20,468,659	19,170,268	7
Other Reserves	1,186,944	770,929	54	1,320,339	1,000,494	32
Total shareholders' equity	**24,467,710**	**22,700,858**	**8**	**30,083,207**	**28,382,204**	**6**
Non Controlling Interests	-	-	-	1,028,006	1,018,513	1
Total Equity	**24,467,710**	**22,700,858**	**8**	**31,111,213**	**29,400,717**	6
Total liabilities and equity	**327,317,876**	**309,157,605**	**6**	**334,194,664**	**315,353,733**	**6**
Net Book Value Per Share (LKR)	**148.12**	**137.44**	8	**182.12**	**172.45**	6
Contingent liabilities and commitments	**225,454,099**	**237,748,413**	**(5)**	**226,504,065**	**238,589,573**	**(5)**
Memorandum Information						
Number of Employees	2,071	1,960				
Number of Branches	103	93				

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2016	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 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 period											
Profit for the period	-	-	-	-	-	-	-	2,662,876	2,662,876	-	2,662,876
Other Comprehensive Income before Tax	-	-	-	-	-	(160,441)	(290,943)	-	(451,384)	-	(451,384)
Tax on Other Comprehensive Income	-	-	-	-	-	41,048	-	-	41,048	-	41,048
Total Comprehensive Income for the period	-	-	-	-	-	(119,393)	(290,943)	2,662,876	2,252,540	-	2,252,540
Transactions with equity holders											
Issue of Shares	11,957	-	-	-	-	-	-	-	11,957	-	11,957
Transfer from share based payment reserves	6,318	-	-	-	(6,318)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(659,278)	(659,278)	-	(659,278)
Balance as at 30 September 2015	**1,243,437**	**1,010,785**	**5,805,707**	**853,456**	**13,925**	**(14,143)**	**106,909**	**14,091,253**	**23,111,329**	**-**	**23,111,329**
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 period											
Profit for the period	-	-	-	-	-	-	-	2,013,971	2,013,971	-	2,013,971
Other Comprehensive Income before Tax	-	-	-	-	-	12,978	483,197	(10,353)	485,822	-	485,822
Tax on Other Comprehensive Income	-	-	-	-	-	(80,160)	-	-	(80,160)	-	(80,160)
Total Comprehensive Income for the period	-	-	-	-	-	(67,182)	483,197	2,003,618	2,419,633	-	2,419,633
Transactions with equity holders											
Issue of Shares	2,958	-	-	-	-	-	-	-	2,958	-	2,958
Dividend to equity holders	-	-	-	-	-	-	-	(655,739)	(655,739)	-	(655,739)
Balance as at 30 September 2016	**1,245,729**	**1,242,772**	**5,805,707**	**853,456**	**14,590**	**(274,459)**	**593,357**	**14,986,557**	**24,467,709**	**-**	**24,467,710**

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2016	Stated Capital	Reserves: Statutory Reserve Fund	Reserves: General Reserve	Reserves: Revaluation Reserve	Reserves: Share Based Payment Reserves	Reserves: Available For Sale Reserves	Reserves: Cash Flow Hedge Reserve	Reserves: Retained Earnings	Total	Non Controlling Interests	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 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 period											
Profit for the period	-	-	-	-	-	-	-	2,287,603	2,287,603	41,096	2,328,700
Other Comprehensive Income before Tax	-	-	-	-	-	(153,293)	(290,943)	15,374	(428,862)	6,076	(422,786)
Tax on Other Comprehensive Income	-	-	-	-	-	41,048	-	-	41,048	-	41,048
Total Comprehensive Income for the period	-	-	-	-	-	(112,245)	(290,943)	2,302,977	1,899,789	47,172	1,946,962
Transactions with equity holders											
Issue of Shares	11,957	-	-	-	-	-	-	-	11,957	-	11,957
Adjustment due to changes in group companies	-	-	-	-	-	-	-	(35,085)	(35,085)	14,503	(20,582)
Adjustment to share based payment reserves	-	-	-	-	19,952	-	-	-	19,952	-	19,952
Transfer from share based payment reserves	6,318	-	-	-	(6,318)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(659,278)	(659,278)	(41,283)	(700,561)
Balance as at 30 September 2015	**1,163,628**	**1,010,785**	**5,805,707**	**853,456**	**73,782**	**50,110**	**106,909**	**19,215,183**	**28,279,560**	**921,915**	**29,201,476**
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 period											
Profit for the period	-	-	-	-	-	-	-	1,964,942	1,964,942	58,385	2,023,327
Other Comprehensive Income before Tax	-	-	-	-	-	(16,682)	483,197	(10,814)	455,701	652	456,353
Tax on Other Comprehensive Income	-	-	-	-	-	(80,160)	-	-	(80,160)	-	(80,160)
Total Comprehensive Income for the period				-		(96,842)	483,197	1,954,128	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	79,809.95	-	-	-	(66,507)	-	-	-	13,303	-	13,303
Dividend to equity holders	-	-	-	-	-	-	-	(655,739)	(655,739)	(49,545)	(705,284)
Balance as at 30 September 2016	**1,245,731**	**1,242,772**	**5,805,707**	**948,795**	**14,591**	**(236,401)**	**593,357**	**20,468,657**	**30,083,208**	**1,028,005**	**31,111,213**

STATEMENT OF CASH FLOW

For the Period ended 30 September	BANK 2016 LKR '000	BANK 2015 LKR '000	GROUP 2016 LKR '000	GROUP 2015 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	20,633,825	15,500,393	20,865,075	15,682,332
Fee based income received	1,643,959	1,435,160	2,268,656	2,137,016
Dividend income received	481,457	407,832	72,560	42,910
Other Operating income received	961,428	1,196,402	961,428	1,196,402
Interest paid	(13,114,759)	(10,057,579)	(13,117,996)	(10,057,968)
Personnel costs paid	(2,507,679)	(2,351,712)	(2,591,432)	(2,596,522)
Other expenses paid	(1,919,316)	(1,936,833)	(2,143,450)	(2,307,252)
Operating Profit before changes in operating assets and liabilities	**6,178,915**	**4,193,664**	**6,314,841**	**4,096,917**
Net increase in loans and receivables to other customers	(13,677,097)	(17,613,912)	(13,675,382)	(17,613,912)
Net Increase in deposits from customers	8,522,284	17,006,868	8,522,284	17,006,868
Net (increase)/decrease in other assets	530,433	(499,635)	300,608	(582,376)
Net increase/(decrease) in other liabilities	(2,942,854)	1,176,263	(2,781,130)	1,041,492
Net cash inflow/(outflow) from operating activities before taxation	**(1,388,319)**	**4,263,248**	**(1,318,779)**	**3,948,989**
Tax on Financial Services paid	(636,316)	(710,018)	(636,316)	(710,018)
Income taxes paid	(490,700)	(824,358)	(571,766)	(852,622)
Net cash provided by/(used in) operating activities	**(2,515,335)**	**2,728,871**	**(2,526,861)**	**2,386,349**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	1,297,657	6,933,849	1,519,211	7,034,034
Disposal of subsidiaries/associates	-	(53,947)	-	121,090
Expenditure on property, plant & equipment	(493,183)	(351,701)	(531,404)	(383,208)
Proceeds from sale of property, plant & equipment	9,992	97,017	15,233	115,305
Net cash used in investing activities	**814,466**	**6,625,219**	**1,003,040**	**6,887,221**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	2,958	11,957	2,958	100,145
(Decrease)/ Increase in other borrowings	9,104,910	(3,666,971)	9,104,910	(3,666,971)
Dividends paid to non-controlling interests	-	-	(75,822)	(1,046)
Dividends paid to shareholders of the Bank	(663,885)	(664,866)	(663,885)	(664,866)
Net cash provided by /(used in) financing activities	**8,443,983**	**(4,319,880)**	**8,368,161**	**(4,232,738)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,743,114	5,034,210	6,844,340	5,040,833
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	19,975,020	12,431,750	20,002,093	12,601,395
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**26,718,134**	**17,465,960**	**26,846,433**	**17,642,228**
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	14,104,128	4,885,316	14,232,426	5,061,584
Balances with the Central Bank of Sri Lanka	10,906,004	6,769,549	10,906,004	6,769,549
Placements with banks	1,712,949	5,888,565	1,712,949	5,888,565
	26,723,081	**17,543,430**	**26,851,380**	**17,719,698**
Amount due to foreign Banks	4,947	77,470	4,947	77,470
	26,718,134	**17,465,960**	**26,846,433**	**17,642,228**

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 September

	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	LKR '000	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**	**LKR '000**
Revenue										
Interest Income	20,517,316	15,459,441	243,347	170,286	-	13,679	-	-	20,760,663	15,643,407
Net Fee and Commission Income	1,643,959	1,461,667	372,786	571,100	99,610	58,812	93,158	85,878	2,209,513	2,177,457
Foreign exchange profit	682,708	830,595	-	-	-	-	-	-	682,708	830,595
Net gain/(loss) from financial investments	198,846	185,799	180,600	148,925	-	-	-	-	379,446	334,724
Other Income	136,304	347,996	6,822	172,483	-	-	-	-	143,126	520,479
Total revenue from external customers	23,179,133	18,285,499	803,556	1,062,794	99,610	72,491	93,158	85,878	24,175,457	19,506,662
Inter-segment Revenue	-	-	11,986	8,232	43,701	36,222	-	-	55,687	44,454
Total Revenue	23,179,133	18,285,499	815,542	1,071,026	143,311	108,713	93,158	85,878	24,231,144	19,551,116
Impairment (charge)/reversal for loans & other losses	(1,014,782)	(517,169)	(35,092)	(27,789)	-	-	-	-	(1,049,874)	(544,958)
Segment expenses	(19,075,116)	(14,427,667)	(427,759)	(474,297)	(8,407)	(19,087)	(67,372)	(43,804)	(19,578,654)	(14,964,855)
Total segment expenses	(20,089,898)	(14,944,836)	(462,851)	(502,086)	(8,407)	(19,087)	(67,372)	(43,804)	(20,628,528)	(15,509,813)
Segment results	3,089,235	3,340,663	352,691	568,940	134,904	89,626	25,786	42,074	3,602,616	4,041,303
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	77,818	-	77,818
Taxation									910,837	1,095,355
VAT on financial services									668,453	695,069
Profit after taxation									2,023,326	2,328,697
Other information										
Segment assets	327,311,162	277,976,696	4,907,723	5,036,680	1,868,359	1,596,484	74,118	67,709	334,161,363	284,677,569
Investment in associate	-	-	-	-	-	-	-	-	-	-
Investments -Held for sale	-	-	-	-	-	-	33,301	33,301	33,301	33,301
Consolidated total assets									334,194,664	284,710,870
Segment liabilities	302,549,316	254,287,589	451,338	320,076	75,696	35,194	7,101	11,867	303,083,451	254,654,726
Consolidated total liabilities									303,083,451	254,654,726
Segmental Cash flows										
Cash flows from operating activities	(2,515,335)	2,728,871	(98,861)	(409,212)	59,421	115,872	27,914	(49,187)	(2,526,861)	2,386,344
Cash flows from investing activities	814,466	6,625,219	179,609	245,808	(13,445)	(18,562)	22,410	34,757	1,003,040	6,887,222
Cash flows from financing activities	8,443,983	(4,319,880)	(21,085)	96,264	(45,977)	(97,310)	(8,760)	88,188	8,368,161	(4,232,738)

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 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	-	-	14,104,128	-	-	-	14,104,128
Balances with the Central Bank of Sri Lanka	-	-	10,906,004	-	-	-	10,906,004
Placements with banks	-	-	1,712,949	-	-	-	1,712,949
Derivative Financial Instruments	1,511,629	-	-	-	-	-	1,511,629
Financial Assets - Held for trading	826,608	-	-	-	-	-	826,608
Loans and Receivables to banks	-	-	43,331	-	-	-	43,331
Loans and Receivables to other customers	-	-	222,198,306	-	-	-	222,198,306
Financial Investments - Loans and receivables	-	-	36,168,182	-	-	-	36,168,182
Financial Investments - Available for sale	-	-	-	29,352,502	-	-	29,352,502
Financial Investments - Held to maturity	-	4,130,958	-	-	-	-	4,130,958
Total Financial Assets	**2,338,237**	**4,130,958**	**285,132,901**	**29,352,502**	**-**	**-**	**320,954,597**
Investments -Held for sale	**-**	**-**	**-**	**-**	**-**	18,526	18,526
Investments in subsidiary companies	-	-	-	-	2,136,174	-	2,136,174
Intangible assets	-	-	-	-	361,888	-	361,888
Property, plant & equipment	-	-	-	-	2,074,614	-	2,074,614
Other assets	-	-	-	-	1,772,077	-	1,772,077
Total assets	**2,338,237**	**4,130,958**	**285,132,901**	**29,352,502**	**6,344,753**	**18,526**	**327,317,876**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	14,533,838	-	14,533,838
Derivative Financial Instruments	223,610	-	-	223,610
Due to other Customers	-	193,642,483	-	193,642,483
Debt Securities issued and other borrowed funds	-	66,275,532	-	66,275,532
Subordinated Term debts	-	20,993,912	-	20,993,912
Other Financial Liabilities	-	859,327	-	859,327
Total Financial Liabilities	**223,610**	**296,305,091**	**-**	**296,528,701**
Current Tax Liabilities	-	-	817,642	817,642
Deferred Tax	-	-	810,537	810,537
Other liabilities	-	-	4,641,422	4,641,422
Dividends payable	-	-	51,863	51,863
Total liabilities	**223,610**	**296,305,091**	**6,321,464**	**302,850,166**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 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	-	-	14,232,426	-	-	-	14,232,426
Balances with the Central Bank of Sri Lanka	-	-	10,906,004	-	-	-	10,906,004
Placements with banks	-	-	1,712,949	-	-	-	1,712,949
Derivative Financial Instruments	1,511,629	-	-	-	-	-	1,511,629
Financial Assets - Held for trading	3,829,042	-	-	-	-	-	3,829,042
Loans and Receivables to banks	-	-	43,331	-	-	-	43,331
Loans and Receivables to other customers	-	-	222,225,151	-	-	-	222,225,151
Financial Investments - Loans and receivables	-	-	37,719,773	-	-	-	37,719,773
Financial Investments - Available for sale	-	-	-	29,832,127	-	-	29,832,127
Financial Investments - Held to maturity	-	4,945,214	-	-	-	-	4,945,214
Total Financial Assets	**5,340,671**	**4,945,214**	**286,839,634**	**29,832,127**	**-**	**-**	**326,957,646**
Investments -Held for sale	**-**	**-**	**-**	**-**	**-**	33,302	33,302
Investment Property	-	-	-	-	1,672,000	-	1,672,000
Intangible assets	-	-	-	-	389,253	-	389,253
Property, plant & equipment	-	-	-	-	2,504,072	-	2,504,072
Other assets	-	-	-	-	2,638,391	-	2,638,391
Total assets	**5,340,671**	**4,945,214**	**286,839,634**	**29,832,127**	**7,203,716**	**33,302**	**334,194,664**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	14,533,838	-	14,533,838
Derivative Financial Instruments	223,610	-	-	223,610
Due to other Customers	-	193,348,373	-	193,348,373
Debt Securities issued and other borrowed funds	-	66,275,532	-	66,275,532
Subordinated Term debts	-	20,993,912	-	20,993,912
Other Financial Liabilities	-	859,327	-	859,327
Total Financial Liabilities	**223,610**	**296,010,982**	**-**	**296,234,591**
Current Tax Liabilities	-	-	829,873	829,873
Deferred Tax	-	-	793,963	793,963
Other liabilities	-	-	5,173,163	5,173,163
Dividends payable	-	-	51,863	51,863
Total liabilities	**223,610**	**296,010,982**	**6,848,862**	**303,083,451**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2015 - 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	-	-	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	-	-	-	28,501,517	-	-	28,501,517
Financial Investments - Held to maturity	-	4,436,973	-	-	-	-	4,436,973
Total Financial Assets	**4,888,834**	**4,436,973**	**265,510,033**	**28,501,517**	**-**	**-**	**303,337,355**
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	-	-	-	-	2,030,003	-	2,030,003
Other assets	-	-	-	-	1,427,370	-	1,427,370
Total assets	**4,888,834**	**4,436,973**	**265,510,033**	**28,501,517**	**5,801,724**	**18,525**	**309,157,605**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
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	-	2,889,782	-	2,889,782
Total Financial Liabilities	**639,272**	**279,544,742**	**-**	**280,184,014**
Current Tax Liabilities	-	-	486,503	486,503
Deferred Tax	-	-	702,378	702,378
Other liabilities	-	-	5,023,838	5,023,838
Dividends payable	-	-	60,014	60,014
Total liabilities	**639,272**	**279,544,742**	**6,272,733**	**286,456,747**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2015 - 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	-	-	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
Total Financial Assets	**7,133,066**	**5,660,868**	**267,138,992**	**28,964,820**	**-**	**-**	**308,897,745**
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	-	-	-	-	2,021,058	-	2,021,058
Total assets	**7,133,066**	**5,660,868**	**267,138,992**	**28,964,820**	**6,422,687**	**33,301**	**315,353,733**

LIABILITIES	Held for Trading	Amortized cost	Others	Total
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	-	2,893,671	-	2,893,671
Total Financial Liabilities	**639,272**	**278,737,682**	**-**	**279,376,953**
Current Tax Liabilities	-	-	524,020	524,020
Deferred Tax	-	-	712,823	712,823
Other liabilities	-	-	5,279,209	5,279,209
Dividends payable	-	-	60,014	60,014
Total liabilities	**639,272**	**278,737,682**	**6,576,066**	**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 .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 30/09/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/09/2016 LKR '000	As at 31/12/2015 LKR '000
Gross loans and receivables	227,836,785	215,012,449	227,863,630	215,075,941
(Less): Individual impairment	2,593,319	2,621,344	2,593,319	2,621,344
Collective impairment	3,045,160	2,789,036	3,045,160	2,789,037
Net loans and receivables	**222,198,306**	**209,602,069**	**222,225,151**	**209,665,561**

b) Gross Loans and Receivables to Other Customers - By product	Bank		Group	
	As at 30/09/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/09/2016 LKR '000	As at 31/12/2015 LKR '000
By product-Domestic Currency				
Term loans	57,655,801	47,867,327	57,653,455	47,866,287
Medium and short term loans	24,480,006	23,975,349	24,480,006	23,975,349
Overdrafts	32,655,791	25,237,884	32,607,712	25,236,535
Trade Finance	10,347,220	10,120,916	10,347,220	10,120,916
Consumer loans	22,655,560	22,702,280	22,655,560	22,702,280
Lease rentals receivable	15,623,479	16,024,542	15,623,479	16,024,542
Housing loans	9,338,362	8,308,954	9,338,362	8,308,954
Islamic Banking facilities	1,588,803	1,132,912	1,588,803	1,132,912
Credit cards	1,117,204	863,579	1,117,204	863,579
Staff loans	1,396,807	1,235,347	1,474,077	1,301,229
Hire Purchase	995,546	1,667,648	995,546	1,667,648
Pawning	118,592	208,024	118,592	208,024
Sub total	**177,973,171**	**159,344,761**	**178,000,016**	**159,408,254**
By product-Foreign Currency				
Overdrafts	2,218,433	630,862	2,218,433	630,862
Medium and short term loans	25,828,475	32,944,735	25,828,475	32,944,735
Trade Finance	20,136,480	20,920,471	20,136,480	20,920,471
Islamic Banking facilities	1,680,226	1,171,620	1,680,226	1,171,620
Sub total	**49,863,614**	**55,667,688**	**49,863,614**	**55,667,688**
Total	**227,836,786**	**215,012,449**	**227,863,630**	**215,075,941**

c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers	Bank		Group	
	As at 30/09/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/09/2016 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	704,341	1,119,862	704,341	1,119,862
Write-off during the period	(732,366)	(788,106)	(732,366)	(788,106)
Closing balance	**2,593,319**	**2,621,344**	**2,593,319**	**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	310,442	150,670	310,442	150,670
Write-off during the Period	(54,317)	(86,249)	(54,317)	(86,249)
Closing balance	**3,045,161**	**2,789,037**	**3,045,161**	**2,789,037**
Total impairment	**5,638,480**	**5,410,381**	**5,638,480**	**5,410,381**

d) Due to Other Customers - By product	Bank		Group	
	As at 30/09/2016 LKR '000	As at 31/12/2015 LKR '000	As at 30/09/2016 LKR '000	As at 31/12/2015 LKR '000
By product-Domestic Currency				
Demand deposits	12,965,536	11,770,327	12,964,875	10,989,378
Savings deposits	21,155,812	24,032,428	21,150,177	24,032,428
Time deposits	113,853,727	97,558,574	113,565,913	97,558,574
Other deposits	219,102	461,196	219,102	461,196
Sub total	**148,194,177**	**133,822,524**	**147,900,067**	**133,041,575**
By product- Foreign Currency				
Demand deposits	3,716,495	4,614,516	3,716,495	4,614,516
Savings deposits	6,992,625	6,950,576	6,992,625	6,950,576
Time deposits	34,635,697	39,459,817	34,635,697	39,459,817
Other deposits	103,489	85,797	103,489	85,797
Sub total	**45,448,306**	**51,110,705**	**45,448,306**	**51,110,705**
Total	**193,642,483**	**184,933,230**	**193,348,373**	**184,152,280**

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2016	As at 31/12/2015	As at 30/09/2016	As at 31/12/2015
Regulated Capital Adequacy				
Core Capital (Tier 1 Capital) (LKR mn)	21,241	20,018	27,857	27,154
Total Capital Base (LKR mn)	30,688	29,614	37,943	37,417
Core Capital adequacy Ratio -Core Capital as a % of Risk -weighted Assets (Minimum Requirement, 5%)	9.07	8.51	11.27	11.07
Total Capital Adequacy Ratio -Total Capital as a % of (Tier 1 & 2 (%)) Risk -weighted Assets (Minimum Requirment,10%)	13.10	12.59	15.35	15.25
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.44	2.43	2.44	2.43
Net Non-performing Advances Ratio (%)	0.99	1.01	0.99	1.01
Profitability				
Earnings Per Share (LKR)- (annualised)	15.38	21.26	15.89	21.51
Return on Average Shareholders' Funds (%)	10.77	15.63	8.98	12.59
Return on Average Assets (%)	0.80	1.23	0.81	1.21
Net interest margin (%)	2.62	2.63	2.69	2.67
Debt Security - Related Ratios				
Interest Cover (Times)	1.44	1.55	1.46	1.57
Debt to Equity (Times)	12.07	12.19	9.81	9.72
Regulatory Liquidity				
Statutory liquid assets- LKR mn	64,525	58,367	64,525	58,367
Statutory liquid assets ratio (%)				
Domestic Banking Unit	21.90	22.24	21.90	22.24
Foreign Currency Banking Unit	24.20	24.91	24.20	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.)
R.Theagarajah
Director/Chief Executive Officer

11 November 2016

SHARE INFORMATION

SHARE PRICE

As at	30/09/2016	31/12/2015
Number of shares	165,185,506	165,167,342
Last traded price (LKR)	166.10	194.10
For the quarter ended	**30/09/2016**	**31/12/2015**
Highest price per share (LKR)	171.00	245.00
Lowest price per share (LKR)	163.50	187.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2016

	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	6,153,686	3.73%
8	EMPLOYEES TRUST FUND BOARD	5,714,594	3.46%
9	SBI VEN HOLDINGS PTE LTD	5,000,000	3.03%
10	ASIAN ALLIANCE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	4,950,977	3.00%
11	BNYM SA/NV-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	4,850,000	2.94%
12	UNION BANK OF COLOMBO PLC/PERPETUAL EQUITIES (PRIVATE) LIMITED	4,506,613	2.73%
13	HATTON NATIONAL BANK PLC A/C NO 1	4,282,200	2.59%
14	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	3,374,293	2.04%
15	MR. A K PATHIRAGE	2,970,000	1.80%
16	CIC HOLDINGS PLC	2,462,894	1.49%
17	ASIRI CENTRAL HOSPITALS LIMITED	2,403,447	1.45%
18	ASIAN ALLIANCE 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 TRUST	1,683,000	1.02%

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2016
Public holding percentage	89.64%
Number of Public Shareholders	8,033

DIRECTORS INTEREST IN SHARES OF NDB AS AT 30.09.2016

NAME	NO OF SHARES
A W ATUKORALA (CHAIRMAN)	500
A K PATHIRAGE	3,993,000*
R THEAGARAJAH (CEO)	126
T L F JAYASEKARA	-
K FERNANDO	-
D S P WIKRAMANAYAKE	-
I SUGATHADASA	-
D M A HARASGAMA	-
D M R PHILLIPS	-
K D W RATNAYAKA	-

* Includes shares held in slash account

INFORMATION ON DEBENTURES- BANK

Type of Debenture	CSE Listing	Interest payable frequency	Balance as at 30 September 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	Not traded during the quarter			13.00	12.79	8.30	Not traded during the quarter	
B - Dec 2013/Dec 2018	Listed	Annually	1,529	98.5	98.5	98.5	13.40	12.77	8.30	14.5	14.5
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**								

STATEMENT OF PROFIT OR LOSS IN USD

	Bank					Group				
	Period ended 30/09/2016 USD'000	Period ended 30/09/2015 USD'000	**Change %**	**Quarter ended 30/09/2016 USD'000**	**Quarter ended 30/09/2015 USD'000**	**Period ended 30/09/2016 USD'000**	Period ended 30/09/2015 USD'000	**Change %**	**Quarter ended 30/09/2016 USD'000**	**Quarter ended 30/09/2015 USD'000**
Gross Income	**161,594**	**142,382**	**13**	**57,224**	**47,670**	**165,828**	**145,134**	**14**	**59,714**	**51,282**
Interest Income	140,412	114,760	22	51,190	39,194	142,231	116,126	22	51,781	39,592
Interest Expenses	97,681	73,887	32	36,104	25,506	97,528	73,774	32	36,056	25,472
Net Interest Income	**42,732**	**40,873**	**5**	**15,087**	**13,688**	**44,704**	**42,352**	**6**	**15,726**	**14,120**
Net Fee and Commission Income	**11,251**	**10,850**	**4**	**3,905**	**3,927**	**15,349**	**16,433**	**(7)**	**5,062**	**5,577**
Net gain/(loss) from trading	4,672	6,166	(24)	1,551	2,694	4,672	6,166	(24)	1,551	2,694
Net gain/(loss) from financial investments	1,361	1,379	(1)	484	120	2,597	2,546	2	1,178	448
Other operating income	3,899	9,227	(58)	93	1,736	979	3,864	(75)	142	2,970
Total Operating Income	**63,913**	**68,495**	**(7)**	**21,120**	**22,165**	**68,300**	**71,360**	**(4)**	**23,658**	**25,809**
Impairment charges for loans and other losses										
Individual Impairment	4,820	2,818	**71**	1,823	1,517	4,820	2,818	**71**	1,823	1,517
Collective Impairment	2,125	1,021	**(108)**	(773)	850	2,125	1,021	**(108)**	(773)	850
Other provision	(219)	-	**(100)**	-	-	240	206	**100**	120	63
	6,725	3,839	**75**	1,050	2,367	7,185	4,045	**78**	1,170	2,430
Net operating income	**57,187**	**64,656**	**(12)**	**20,069**	**19,798**	**61,114**	**67,315**	**(9)**	**22,486**	**23,379**
Operating Expenses										
Personnel Expenses	18,011	18,237	(1)	6,135	5,967	19,762	20,112	(2)	6,805	6,654
Depreciation and amortization	2,226	2,020	10	771	683	2,512	2,299	9	868	780
Other Expenses	12,777	13,189	(3)	4,321	4,906	14,186	14,904	(5)	4,825	5,531
Total operating expenses	**33,015**	**33,446**	**(1)**	**11,228**	**11,557**	**36,461**	**37,315**	**(2)**	**12,498**	**12,964**
Operating Profit Before Tax on Financial Services	**24,171**	**31,210**	**(23)**	**8,841**	**8,241**	**24,653**	**30,000**	**(18)**	9,989	10,415
Tax on Financial Services	4,575	5,160	(11)	1,654	1,466	4,575	5,160	(11)	1,654	1,466
Operating Profit After Tax on Financial Services	19,597	26,050	(25)	7,187	6,775	20,079	24,841	(19)	8,335	8,949
Share of associate companies' profits/(losses)	-	-	-	-	-	-	578	(100)	-	111
Profit Before Taxation	**19,597**	**26,050**	**(25)**	**7,187**	**6,775**	**20,079**	**25,419**	**(21)**	**8,335**	**9,059**
Taxation	5,816	6,283	(7)	2,132	1,876	6,233	8,131	(23)	2,192	2,708
Profit for the Period	**13,781**	**19,767**	**(30)**	**5,055**	**4,898**	**13,846**	**17,288**	**(20)**	**6,143**	**6,351**
Profit Attributable to:										
Equity Holders of the parent	13,781	19,767	(30)	5,055	4,898	13,447	16,982	(21)	6,036	6,264
Non Controlling Interests	-	-	-	-	-	400	305	31	107	88
	13,781	**19,767**	**(30)**	**5,055**	**4,898**	**13,846**	**17,288**	**(20)**	**6,143**	**6,351**
Basic Earnings per share (in USD)	**0.08**	**0.12**	**(30)**	**0.03**	**0.03**	**0.08**	**0.10**	**(21)**	**0.04**	**0.04**
Diluted Earnings per share (in USD)	**0.08**	**0.12**	**(30)**	**0.03**	**0.03**	**0.08**	**0.10**	**(21)**	**0.04**	**0.04**

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2016 LKR '000	**Period ended 30/09/2015 LKR '000**	**Change %**	**Quarter ended 30/09/2016 LKR '000**	**Quarter ended 30/09/2015 LKR '000**	**Period ended 30/09/2016 LKR '000**	**Period ended 30/09/2015 LKR '000**	**Change %**	**Quarter ended 30/09/2016 LKR '000**	**Quarter ended 30/09/2015 LKR '000**
Profit for the period	**13,781**	**19,767**	**(30)**	**5,055**	**4,898**	**13,846**	**17,288**	**(20)**	**6,143**	**6,351**
				-	-					
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period										
Exchange differences on translation of foreign operations	-	-	-	-	-	17	159	89	(7)	47
Gains/(losses) from Available for Sale Investments	89	(1,191)	(107)	3,314.33	(554)	(114)	(1,138)	(90)	3,300	(539)
Gains /(losses) on cash flow hedges	3,307	(2,160)	(253)	1,173	(2,757)	3,307	(2,160)	(253)	1,173	(2,757)
Other comprehensive income /(expenses) not to be reclassified to profit or loss in subsequent period										
Revaluation of Land & Buildings										
Actuarial losses on defined benefit plans	(71)	-	(100)	-	-	(87)	-	(100)	-	-
Total Other Comprehensive Income /(expenses)	**3,325**	(3,351)	(199)	**4,487**	(3,311)	**3,123**	**(3,138)**	**(200)**	**4,465**	**(3,249)**
Less : Tax expenses relating to components of other comprehensive Income	(549)	305	280	(780)	143	(549)	305	280	(780)	143
Total Other Comprehensive Income after Tax	**2,776**	**(3,046)**	**(191)**	**3,707**	**(3,168)**	**2,575**	**(2,834)**	**(191)**	**3,685**	**(3,105)**
Total Comprehensive Income for the period	**16,557**	**16,721**	**(1)**	**8,762**	**1,731**	**16,420**	**14,454**	**14**	**9,828**	**3,246**
Attributable to:				-	-				-	-
Equity holders of the parent	16,559	16,721	**(1)**	8,762	1,731	16,017	14,100	14	9,723	3,140
Non Controlling Interests	-	-	**-**	-	-	299	248	20	130	96
	16,557	**16,721**	**(1)**	**8,762**	**1,731**	**16,420**	**14,454**	**14**	**9,828**	**3,246**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at 30/09/2016	As at 31/12/2015 (Audited)	Change	As at 30/09/2016	As at 31/12/2015 (Audited)	Change
	USD'000	USD'000	%	USD'000	USD'000	%
Assets						
Cash and cash equivalents	96,208	82,094	17	97,083	82,282	18
Balances with the Central Bank of Sri Lanka	74,393	48,610	53	74,393	48,610	53
Placements with banks	11,685	8,011	46	11,685	8,011	46
Derivative Financial Instruments	10,311	13,219	(22)	10,311	13,219	(22)
Financial Assets - Held for trading	5,639	20,731	(73)	26,119	36,316	(28)
Loans and Receivables to banks	296	713	(59)	296	713	(59)
Loans and Receivables to other customers	1,515,677	1,455,570	4	1,515,861	1,456,011	4
Financial Investments - Loans and receivables	246,713	248,822	(1)	257,297	259,505	(1)
Financial Investments - Available for sale	200,222	197,927	1	203,493	201,145	1
Financial Investments - Held to maturity	28,178	30,812	(9)	33,733	39,312	(14)
Investments -Held for sale	126	129	(2)	227	231	(2)
Investments in subsidiary companies	14,571	14,612	(0)	-	-	-
Investments in associate companies	0	-	-	-	-	-
Investment Property	0	-	-	11,405	11,611	(2)
Intangible assets	2,469	1,668	48	2,655	1,908	39
Property, plant & equipment	14,152	14,097	0	17,081	17,048	0
Other assets	12,088	9,912	22	17,997	14,035	28
Total assets	**2,232,728**	**2,146,930**	**4**	**2,279,636**	**2,189,958**	**4**
Liabilities						
Due to Banks	99,139	80,694	23	99,139	80,694	23
Derivative Financial Instruments	1,525	4,439	(66)	1,525	4,439	(66)
Due to other Customers	1,320,890	1,284,259	3	1,318,884	1,278,835	3
Debt Securities issued and other borrowed funds	452,084	420,332	8	452,084	420,124	8
Current Tax Liabilities	5,577	3,378	65	5,661	3,639	56
Deferred Tax	5,529	4,878	13	5,416	4,950	9
Other liabilities	37,522	54,956	(32)	41,149	56,756	(27)
Dividends payable	354	417	(15)	354	417	(15)
Subordinated Term Debts	143,205	135,930	5	143,205	135,930	5
Total liabilities	**2,065,827**	**1,989,283**	**4**	**2,067,418**	**1,985,785**	**4**
Equity						
Stated Capital (Bank & Group - 165,167,342 shares)	8,497	8,630	(2)	8,497	8,076	5
Statutory Reserve Fund	8,477	8,630	(2)	8,477	8,630	(2)
General Reserve	39,602	40,317	(2)	39,602	40,317	(2)
Retained Earnings	102,228	94,713	8	139,623	133,127	5
Other Reserves	8,096	5,354	51	9,006	6,948	30
Total shareholders' equity	166,901	**157,645**	**6**	205,206	**197,099**	**4**
Non Controlling Interests	-	-	-	7,012	7,073	(1)
Total Equity	**166,901**	**157,645**	**6**	**212,218**	**204,172**	4
Total liabilities and equity	**2,232,728**	**2,146,928**	**4**	**2,279,636**	**2,189,956**	**4**
Net Book Value Per Share (LKR)	**1.01**	**0.95**	6	**1.24**	**1.20**	4
Contingent liabilities and commitments	**1,537,886**	**1,651,031**	**(7)**	**1,545,048**	**1,656,872**	**(7)**
Memorandum Information						
Number of Employees	2,071	1,960				
Number of Branches	103	93				

Important Dates – Q3 2016 Quarterly Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	11 November 2016
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	11 November 2016
Investor Webinar	15 November 2016
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	15 November 2016
Edited transcript and playback video of the Investor webinar released/ uploaded to the Bank's website	16 November 2016
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
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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
R Theagarajah – 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

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Our Commitment. **Your Success.**

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