

YOURS

INTERIM FINANCIAL STATEMENTS

FIRST QUARTER ENDED 31ST MARCH 2016

NATIONAL DEVELOPMENT BANK PLC

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

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

CHAIRMAN'S MESSAGE

Dear Stakeholders

National Development Bank PLC and its Group companies (together referred to as the Group) commenced 2016 on a positive note, posting a 20% year-on-year (YoY) growth in gross income. Accordingly, the Group ended the first quarter with a gross income of LKR 7,555 million, a LKR 1,235 million increase over the comparative period of first three months of 2015.

The net interest income (NII) of the NDB Group was LKR 2,064 million as compared to LKR 1,984 million, a 4% increase over the comparative period. Group net fee and commission income recorded a 13% growth to reach LKR 765 million for the period, which affirms the Bank's greater focus on fee based income in a challenging interest rate environment. Net gains from financial investments also grew by 41% YoY. Accordingly, NDB Group's total operating income grew by 7% to reach LKR 3,346 million, as compared to LKR 3,142 million for the comparative period.

Impairment charges for loans and other losses for the period was a charge of LKR 546 million as compared to a release of LKR 64 million in Q1 2015. Individual impairment charges of LKR 350 million represent specific provisions made for few customers, based on sound judgement and objective evidence. However, a stringent recovery process is being pursued to minimize any significant losses that may arise from such facilities.

Total operating expenses increased by 10% YoY across the Group to LKR 1,723 million. The Bank opened 6 new branches during the first three months of 2016, which increased the premises and establishment costs. Given this expansion in the Bank's network, the Bank has managed its costs well during the said quarter. The Cost to Income Ratio (CIR) was 46.34% and compares with a CIR of 49.55% as at end 2015.

Group profit attributable to shareholders (PAS) declined by 37% YoY, and ended at LKR 548 million. The commendable growth in core banking income and the increase in the profit share from Group companies were however, negated by the comparatively larger increase in impairment charges.

In terms of Balance Sheet performance, total assets recorded a growth of LKR 3.6 billion from end 2015, to reach LKR 319 billion as at 31 March 2016. Loans and receivables grew by 3% to reach LKR 216 billion, which was an increase of LKR 6 billion. Customer deposits grew by 6% at the Bank level to reach LKR 197 billion. It should be noted that in terms of YoY growth, the Bank's total assets significantly grew by 18%, supported by a 23% growth in loans and receivables and 21% increase in customer deposits.

Asset quality as reflected in the non-performing loans (NPL) ratio was 2.49% by the end of the period under review, and compares with a ratio of 2.43% as at the end of 2015. The maintenance of the Bank's NPL ratio at consistently stable levels well below the industry average amidst quantum increases in the loan book is an assured indicator of the Bank's sound risk management endeavours.

Annualized Group earnings per share (EPS) was LKR 13.37 for the three months ended 31 March 2016 whilst Return on average shareholders' funds (ROE) was 7.84%. In February 2016, the Bank paid a final dividend of LKR 4/- to shareholders for the financial year 2015, which resulted in a total dividend of LKR 11/- for the same year. The closing share price at the end of the quarter was LKR 168.80.

As mentioned earlier, NDB opened six new branches within the first three months of the year, bringing its total branch count to 99. Five of these branches opened were outside the Western Province. The Bank has robust plans to expand its branch network further, during the remainder of the year, with special focus on localities in need of assistance for their economic revival.

Furthermore NDB crossed a milestone in the first quarter of 2016 with the launch of its mobile banking facility. NDB's mobile banking App is one the most advanced mobile banking offerings in Sri Lanka as well as in the region. The Bank also further streamlined its e-statements offerings by integrating all banking products including credit cards and Group company products into a single statement.

Following the strong balance sheet growth which the Bank achieved during the latter half of 2015, NDB is set on a firm trajectory for enhanced growth in 2016. The Bank is committed to superior shareholder returns through profitable growth. The Bank will also focus on offering banking services combining further technological advancements to its clientele, for meaningful banking with NDB.

(Sgd.)

N G Wickremeratne
Chairman

11 May 2016

STATEMENT OF PROFIT OR LOSS						
	Bank			Group		
	Period ended 31/03/2016 LKR '000	Period ended 31/03/2015 LKR '000	Change %	Period ended 31/03/2016 LKR '000	Period ended 31/03/2015 LKR '000	Change %
Gross Income	7,599,761	6,823,837	11	7,554,774	6,319,541	20
Interest Income	6,195,930	5,113,061	21	6,272,735	5,161,684	22
Interest Expenses	4,217,011	3,192,848	32	4,208,283	3,177,893	32
Net Interest Income	1,978,919	1,920,213	3	2,064,452	1,983,791	4
Net Fee and Commission Income	539,406	455,211	18	765,046	674,711	13
Net gain/(loss) from trading	187,395	207,802	(10)	187,395	207,802	(10)
Net gain/(loss) from financial investments	129,188	89,052	45	149,733	106,134	41
Other operating income	547,842	958,711	(43)	179,865	169,210	6
Total Operating Income	3,382,750	3,630,989	(7)	3,346,491	3,141,648	7
Impairment charges for loans and other losses						
Individual Impairment	350,082	119,590	193	350,082	119,590	193
Collective Impairment	187,111	(183,092)	202	187,111	(183,092)	202
Other provision	-	-	-	8,730	-	-
	537,193	(63,502)	946	545,923	(63,502)	960
Net operating income	2,845,557	3,694,491	(23)	2,800,568	3,205,151	(13)
Operating Expenses						
Personnel Expenses	854,299	788,521	8	936,988	864,090	8
Depreciation and amortization	99,252	88,525	12	112,917	99,620	13
Other Expenses	613,996	528,377	16	672,755	597,606	13
Total operating expenses	1,567,547	1,405,424	12	1,722,660	1,561,316	10
Operating Profit Before Tax on Financial Services	1,278,010	2,289,067	(44)	1,077,908	1,643,836	(34)
Less: Tax on Financial Services	235,199	328,000	(28)	235,199	328,000	(28)
Operating Profit After Tax on Financial Services	1,042,811	1,961,067	(47)	842,709	1,315,836	(36)
Share of associate companies' profits/(losses)	-	-	-	-	46,963	(100)
Profit Before Taxation	1,042,811	1,961,067	(47)	842,709	1,362,799	(38)
Less :Taxation	245,500	403,494	(39)	272,550	473,204	(42)
Profit for the Period	797,311	1,557,573	(49)	570,159	889,595	(36)
Profit Attributable to:						
Equity Holders of the parent	797,311	1,557,573	(49)	547,531	869,276	(37)
Non Controlling Interests	-	-	-	22,627	20,319	11
	797,311	1,557,573	(49)	570,158	889,595	(36)
Basic Earnings per share (in LKR)	4.83	9.43	(49)	3.33	5.28	(37)
Diluted Earnings per share (in LKR)	4.83	9.42	(49)	3.33	5.27	(37)

STATEMENT OF COMPREHENSIVE INCOME						
	Period ended 31/03/2016 LKR '000	Period ended 31/03/2015 LKR '000	Change %	Period ended 31/03/2016 LKR '000	Period ended 31/03/2015 LKR '000	Change %
Profit for the period	797,311	1,557,573	(49)	570,159	889,595	(36)
Other comprehensive income /(expenses) to be reclassified to profit or loss in subsequent period						
Exchange differences on translation of foreign operations	-	-	-	7,345	456	1,511
Gains/(losses) from Available for Sale Investments	(944,411)	(313,955)	(201)	(974,773)	(313,506)	(211)
Gains /(losses) on cash flow hedges	343,935	265,264	30	343,935	265,264	30
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)	(610,830)	(48,691)	(1,155)	(636,190)	(47,786)	(1,231)
Less : Tax expenses relating to components of other comprehensive Income	154,338	88,297	75	154,338	88,297	75
Total Other Comprehensive Income after Tax	(456,492)	39,606	(1,253)	(481,852)	40,511	(1,289)
Total Comprehensive Income for the period	340,819	1,597,179	(79)	88,307	930,106	(91)
Attributable to:						
Equity holders of the parent	340,819	1,597,179	(79)	63,588	909,685	(93)
Non Controlling Interests	-	-	-	24,719	20,421	21
	340,819	1,597,179	(79)	88,307	930,106	(91)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Period		Current Period	Previous Period	
	As at	As at		As at	As at	
	31/03/2016	31/12/2015 (Audited)	Change	31/03/2016	31/12/2015 (Audited)	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
Assets						
Cash and cash equivalents	9,440,245	11,821,503	(20)	9,632,629	11,848,575	(19)
Balances with the Central Bank of Sri Lanka	10,082,126	6,999,898	44	10,082,126	6,999,898	44
Placements with banks	3,485,951	1,153,619	202	3,485,951	1,153,619	202
Derivative Financial Instruments	2,943,722	1,903,573	55	2,943,722	1,903,573	55
Financial Assets - Held for trading	3,258,256	2,985,262	9	5,970,695	5,229,493	14
Loans and Receivables to banks	58,433	102,632	(43)	58,433	102,632	(43)
Loans and Receivables to other customers	215,678,241	209,602,069	3	215,679,350	209,665,561	3
Financial Investments - Loans and receivables	29,628,689	35,830,311	(17)	31,258,068	37,368,705	(16)
Financial Investments - Available for sale	26,571,067	28,501,517	(7)	27,004,230	28,964,820	(7)
Financial Investments - Held to maturity	4,643,776	4,436,973	5	5,895,974	5,660,868	4
Investments -Held for sale	18,526	18,526	0	33,302	33,302	0
Investments in subsidiary companies	2,104,117	2,104,117	0	-	-	-
Investment Property	-	-	-	1,672,000	1,672,000	-
Intangible assets	267,916	240,234	12	298,086	274,746	8
Property, plant & equipment	2,041,476	2,030,003	1	2,479,357	2,454,883	1
Other assets	2,064,924	1,427,368	45	2,457,725	2,021,058	22
Total assets	312,287,465	309,157,605	1	318,951,648	315,353,733	1
Liabilities						
Due to Banks	13,549,820	11,620,003	17	13,549,820	11,620,003	17
Derivative Financial Instruments	1,327,222	639,272	108	1,327,222	639,272	108
Due to other Customers	196,903,356	184,933,230	6	196,510,149	184,152,280	7
Debt Securities issued and other borrowed funds	51,187,662	60,527,844	(15)	51,228,532	60,497,844	(15)
Current Tax Liabilities	593,184	486,503	22	633,369	524,020	21
Deferred Tax	618,040	702,378	(12)	618,114	712,823	(13)
Other liabilities	5,541,502	7,913,620	(30)	6,064,209	8,172,877	(26)
Dividends payable	56,060	60,014	(7)	56,060	60,014	(7)
Subordinated Term Debts	20,124,682	19,573,883	3	20,124,682	19,573,883	3
Total liabilities	289,901,528	286,456,747	1	290,112,157	285,953,017	1
Equity						
Stated Capital (Bank - 165,167,342 shares & Group - 164,674,334 shares)	1,242,772	1,242,772	-	1,162,963	1,162,963	-
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	13,769,895	13,638,678	1	19,054,615	19,170,268	(1)
Other Reserves	324,791	770,929	(58)	530,645	1,000,494	(47)
Total shareholders' equity	22,385,937	22,700,858	(1)	27,796,702	28,382,204	(2)
Non Controlling Interests	-	-	-	1,042,789	1,018,513	2
Total Equity	22,385,937	22,700,858	(1)	28,839,491	29,400,717	(2)
Total liabilities and equity	312,287,465	309,157,605	1	318,951,648	315,353,733	1
Net Book Value Per Share (LKR)	135.54	137.44	(1)	168.80	172.45	(2)
Contingent liabilities and commitments	251,562,399	237,748,413	6	253,276,239	238,589,573	6
Memorandum Information						
Number of Employees	2,096	1,960				
Number of Branches	99	93				

STATEMENT OF CHANGES IN EQUITY											
for the period ended 31 March 2016	Stated Capital	Reserves							Total	Non Controlling Interests	Total Equity
		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 period											
Profit for the period	-	-	-	-	-	-	-	1,557,573	1,557,573	-	1,557,573
Other Comprehensive Income before Tax	-	-	-	-	-	(313,955)	265,264	-	(48,691)	-	(48,691)
Tax on Other Comprehensive Income	-	-	-	-	-	88,297	-	-	88,297	-	88,297
Total Comprehensive Income for the period	-	-	-	-	-	(225,658)	265,264	1,557,573	1,597,179	-	1,597,179
Transactions with equity holders											
Transfer from share based payment reserves	2,627	-	-	-	(2,627)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(660,376)	(660,376)	-	(660,376)
Balance as at 31 March 2015	1,227,789	1,010,785	5,805,707	853,456	17,616	(120,408)	663,116	12,984,853	22,442,914	-	22,442,914
BANK											
Balance as at 1 January 2016	1,242,772	1,242,772	5,805,707	853,456	14,590	(207,277)	110,160	13,638,678	22,700,858	-	22,700,858
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	797,311	797,311	-	797,311
Other Comprehensive Income before Tax	-	-	-	-	-	(944,411)	343,935	(10,354)	(610,830)	-	(610,830)
Tax on Other Comprehensive Income	-	-	-	-	-	154,338	-	-	154,338	-	154,338
Total Comprehensive Income for the period	-	-	-	-	-	(790,073)	343,935	786,957	340,819	-	340,819
Transactions with equity holders											
Dividend to equity holders	-	-	-	-	-	-	-	(655,740)	(655,740)	-	(655,740)
Balance as at 31 March 2016	1,242,771	1,242,772	5,805,707	853,456	14,590	(997,350)	454,095	13,769,895	22,385,936	-	22,385,937

STATEMENT OF CHANGES IN EQUITY											
for the period ended 31 March 2016	Stated Capital	Reserves							Total	Non Controlling Interests	Total Equity
		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
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	-	-	-	-	-	-	-	869,276	869,276	20,319	889,595
Other Comprehensive Income before Tax	-	-	-	-	-	(313,506)	265,264	355	(47,887)	101	(47,786)
Tax on Other Comprehensive Income	-	-	-	-	-	88,297	-	-	88,297	-	88,297
Total Comprehensive Income for the period	-	-	-	-	-	(225,209)	265,264	869,631	909,686	20,420	930,106
Transactions with equity holders											
Adjustment due to changes in group companies	-	-	-	-	-	-	-	(33,711)	(33,711)	16,817	(16,894)
Adjustment to share based payment reserves	-	-	-	-	6,651	-	-	-	6,651	-	6,651
Transfer from share based payment reserves	2,627	-	-	-	(2,627)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(660,376)	(660,376)	(4,704)	(665,080)
Balance as at 31 March 2015	1,147,980	1,010,785	5,805,707	853,456	64,172	(62,854)	663,116	17,782,113	27,264,475	934,056	28,198,531
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	-	-	-	-	-	-	-	547,531	547,531	22,627	570,158
Other Comprehensive Income before Tax	-	-	-	-	-	(974,773)	343,935	(7,444)	(638,282)	2,092	(636,190)
Tax on Other Comprehensive Income	-	-	-	-	-	154,338	-	-	154,338	-	154,338
Total Comprehensive Income for the period	-	-	-	-	-	(820,435)	343,935	540,087	63,587	24,719	88,306
Transactions with equity holders											
Adjustment to share based payment reserves	-	-	-	-	6,651	-	-	-	6,651	-	6,651
Dividend to equity holders	-	-	-	-	-	-	-	(655,740)	(655,740)	(443)	(656,183)
Balance as at 31 March 2016	1,162,963	1,242,772	5,805,707	948,795	87,749	(959,994)	454,095	19,054,615	27,796,702	1,042,789	28,839,491

STATEMENT OF CASH FLOW				
For the Period ended 31 March	BANK		GROUP	
	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	5,991,971	5,529,012	6,076,042	5,597,686
Fee based income received	496,846	402,910	705,359	603,741
Dividend income received	38,000	34,546	41,666	51,784
Other Operating income received	441,533	405,096	474,973	489,352
Interest paid	(4,622,985)	(3,241,992)	(4,622,985)	(3,243,485)
Personnel costs paid	(823,249)	(121,647)	(872,645)	(166,740)
Other expenses paid	(545,953)	(1,095,385)	(630,908)	(1,124,544)
Operating Profit before changes in operating assets and liabilities	976,163	1,912,541	1,171,502	2,207,793
Net increase in loans and receivables to other customers	(6,374,943)	(151,047)	(6,376,370)	(151,047)
Net Increase in deposits from customers	12,172,962	11,006,808	12,172,962	11,006,808
Net (increase)/decrease in other assets	(913,694)	(154,389)	(938,711)	(307,845)
Net increase/(decrease) in other liabilities	(1,827,805)	(1,167,339)	(1,740,736)	(1,055,665)
Net cash inflow/(outflow) from operating activities before taxation	4,032,683	11,446,574	4,288,647	11,700,044
Tax on Financial Services paid	(203,065)	(347,051)	(203,065)	(347,051)
Income taxes paid	(68,819)	(186,062)	(85,980)	(195,790)
Net cash provided by/(used in) operating activities	3,760,799	10,913,460	3,999,602	11,157,203
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	6,719,651	10,419,784	6,666,001	10,184,081
Disposal of subsidiaries/associates	-	(53,947)	-	(30,189)
Expenditure on property, plant & equipment	(138,650)	(82,784)	(159,216)	(79,251)
Proceeds from sale of property, plant & equipment	7,616	-	8,341	4,050
Net cash used in investing activities	6,588,617	10,283,054	6,515,126	10,078,691
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/ Increase in other borrowings	(6,656,426)	(9,431,140)	(6,656,426)	(9,431,140)
Dividends paid to shareholders of the Bank	(659,688)	(658,347)	(659,688)	(658,347)
Net cash provided by /(used in) financing activities	(7,316,114)	(10,089,487)	(7,316,114)	(10,089,487)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,033,302	11,107,027	3,198,614	11,146,408
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	23,008,322	23,538,777	23,200,707	23,747,803
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	9,440,245	5,602,693	9,632,629	5,811,720
Balances with the Central Bank of Sri Lanka	10,082,126	6,615,366	10,082,126	6,615,366
Placements with banks	3,485,951	11,364,448	3,485,951	11,364,448
	23,008,322	23,582,507	23,200,707	23,791,534
Amount due to foreign Banks	-	43,731	-	43,731
	23,008,322	23,538,776	23,200,707	23,747,803

SEGMENTAL ANALYSIS- GROUP

For the period ended 31 March

	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	6,195,930	5,113,061	69,041	48,623	-	-	-	-	6,264,971	5,161,684
Net Fee and Commission Income	539,406	455,211	150,698	186,927	33,120	22,349	30,926	33,591	754,150	698,078
Foreign exchange profit	187,395	207,802	-	-	-	-	-	-	187,395	207,802
Net gain/(loss) from financial investments	129,188	89,052	20,545	17,082	-	-	-	-	149,733	106,134
Other Income	165,764	115,120	14,101	7,809	-	-	-	-	179,865	122,929
Total revenue from external customers	7,217,683	5,980,246	254,385	260,441	33,120	22,349	30,926	33,591	7,536,115	6,296,627
Inter-segment Revenue	-	-	5,027	12,690	13,632	10,224	-	-	18,659	22,914
Total Revenue	7,217,683	5,980,246	259,412	273,131	46,752	32,573	30,926	33,591	7,554,774	6,319,541
Impairment (charge)/reversal for loans & other losses	(537,193)	63,502	(8,730)	-	-	-	-	-	(545,923)	63,502
Segment expenses	(5,775,827)	(4,583,316)	(147,325)	(149,757)	(7,791)	(6,134)	-	-	(5,930,943)	(4,739,207)
Total segment expenses	(6,313,020)	(4,519,814)	(156,055)	(149,757)	(7,791)	(6,134)	-	-	(6,476,866)	(4,675,705)
Segment results	904,663	1,460,432	103,357	123,374	38,962	26,439	30,926	33,591	1,077,908	1,643,836
Share of associate companies' profit before taxation	-	-	-	-	-	-	-	46,963	-	46,963
Taxation									272,550	473,204
VAT on financial services									235,200	328,000
Profit after taxation									570,158	889,595
Other information										
Segment assets	311,864,637	264,139,647	5,119,042	3,333,582	1,834,753	1,606,869	99,915	106,171	318,918,347	269,186,269
Investment in associate	-	-	-	-	-	-	-	776,353	-	776,353
Investments -Held for sale	-	-	-	-	-	-	33,301	33,301	33,301	33,301
Consolidated total assets									318,951,648	269,995,923
Segment liabilities	289,515,561	239,753,578	516,151	1,084,711	55,841	51,414	24,607	53,017	290,112,160	240,942,720
Consolidated total liabilities									290,112,160	240,942,720
Segmental Cash flows										
Cash flows from operating activities	3,760,799	10,913,461	231,390	209,775	17,453	24,097	(10,040)	9,873	3,999,602	11,157,206
Cash flows from investing activities	6,588,617	10,283,053	(72,861)	(283,020)	(630)	(19,618)	-	84,230	6,515,126	10,064,645
Cash flows from financing activities	(7,316,114)	(10,089,487)	-	14,046	-	-	-	(14,046)	(7,316,114)	(10,089,487)

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 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	-	-	9,440,245	-	-	-	9,440,245
Balances with the Central Bank of Sri Lanka	-	-	10,082,126	-	-	-	10,082,126
Placements with banks	-	-	3,485,951	-	-	-	3,485,951
Derivative Financial Instruments	2,943,722	-	-	-	-	-	2,943,722
Financial Assets - Held for trading	3,258,256	-	-	-	-	-	3,258,256
Loans and Receivables to banks	-	-	58,433	-	-	-	58,433
Loans and Receivables to other customers	-	-	215,678,241	-	-	-	215,678,241
Financial Investments - Loans and receivables	-	-	29,628,689	-	-	-	29,628,689
Financial Investments - Available for sale	-	-	-	26,571,067	-	-	26,571,067
Financial Investments - Held to maturity	-	4,643,776	-	-	-	-	4,643,776
Total Financial Assets	6,201,978	4,643,776	268,373,686	26,571,067	-	-	305,790,506
Investments -Held for sale	-	-	-	-	-	18,526	18,526
Investments in subsidiary companies	-	-	-	-	2,104,117	-	2,104,117
Intangible assets	-	-	-	-	267,916	-	267,916
Property, plant & equipment	-	-	-	-	2,041,476	-	2,041,476
Other assets	-	-	-	-	2,064,924	-	2,064,924
Total assets	6,201,978	4,643,776	268,373,686	26,571,067	6,478,433	18,526	312,287,465

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	13,549,820	-	13,549,820
Derivative Financial Instruments	1,327,222	-	-	1,327,222
Due to other Customers	-	196,903,356	-	196,903,356
Debt Securities issued and other borrowed funds	-	51,187,662	-	51,187,662
Subordinated Term debts	-	20,124,682	-	20,124,682
Other Financial Liabilities	-	841,588	-	841,588
Total Financial Liabilities	1,327,222	282,607,108	-	283,934,330
Current Tax Liabilities	-	-	593,184	593,184
Deferred Tax	-	-	618,040	618,040
Other liabilities	-	-	4,699,914	4,699,914
Dividends payable	-	-	56,060	56,060
Total liabilities	1,327,222	282,607,108	5,967,198	289,901,528

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 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	-	-	9,632,629	-	-	-	9,632,629
Balances with the Central Bank of Sri Lanka	-	-	10,082,126	-	-	-	10,082,126
Placements with banks	-	-	3,485,951	-	-	-	3,485,951
Derivative Financial Instruments	2,943,722	-	-	-	-	-	2,943,722
Financial Assets - Held for trading	5,970,695	-	-	-	-	-	5,970,695
Loans and Receivables to banks	-	-	58,433	-	-	-	58,433
Loans and Receivables to other customers	-	-	215,679,350	-	-	-	215,679,350
Financial Investments - Loans and receivables	-	-	31,258,068	-	-	-	31,258,068
Financial Investments - Available for sale	-	-	-	27,004,230	-	-	27,004,230
Financial Investments - Held to maturity	-	5,895,974	-	-	-	-	5,895,974
Total Financial Assets	8,914,417	5,895,974	270,196,557	27,004,230	-	-	312,011,178
Investments -Held for sale	-	-	-	-	-	33,302	33,302
Investment Property	-	-	-	-	1,672,000	-	1,672,000
Intangible assets	-	-	-	-	298,086	-	298,086
Property, plant & equipment	-	-	-	-	2,479,355	-	2,479,355
Other assets	-	-	-	-	2,457,727	-	2,457,727
Total assets	8,914,417	5,895,974	270,196,557	27,004,230	6,907,168	33,302	318,951,648

LIABILITIES	Held for Trading	Amortized cost	Others	Total
Due to Banks	-	13,549,820	-	13,549,820
Derivative Financial Instruments	1,327,222	-	-	1,327,222
Due to other Customers	-	196,510,149	-	196,510,149
Debt Securities issued and other borrowed funds	-	51,228,532	-	51,228,532
Subordinated Term debts	-	20,124,682	-	20,124,682
Other Financial Liabilities	-	841,588	-	841,588
Total Financial Liabilities	1,327,222	282,254,771	-	283,581,992
Current Tax Liabilities	-	-	633,369	633,369
Deferred Tax	-	-	618,114	618,114
Other liabilities	-	-	5,222,624	5,222,624
Dividends payable	-	-	56,060	56,060
Total liabilities	1,327,222	282,254,771	6,530,167	290,112,157

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	-	-	-	28,501,517	-	-	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

	Held for Trading	Amortized cost	Others	Total
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	-	2,889,782	-	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)							
	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
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

	Held for Trading	Amortized cost	Others	Total
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	-	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 revised its Revenue recognition criteria for Loans and receivables in line with the Sri Lanka Accounting Standard No.18 (LKAS 18) Revenue. Accordingly the Bank discontinued the recognition of interest income of loan facilities if the arrears position is equal or more than three instalments. The basis was decided upon after a comprehensive review of the risk profile and the assets quality of the Bank's Loans and receivables portfolio. The change in the basis was effective from 01 July 2015 and did not result in retrospective adjustments as the amount involved were not material.

4. 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.

5. As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30 October 2015, the NDB Group was liable for Super Gain tax of Rs. 854.67 Mn. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment 2013/2014. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super Gain Tax was accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015. Accordingly, the NDB Group accounted for the Super Gain Tax expense as an adjustment to the opening retained earnings as at 01 January 2015 in the Statement of Changes in Equity.

6. 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

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

	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000
a) Loans and Receivables to Other Customers				
Gross loans and receivables	221,340,910	215,012,449	221,342,019	215,075,941
(Less): Individual impairment	2,686,523	2,621,344	2,686,523	2,621,344
Collective impairment	2,976,146	2,789,036	2,976,147	2,789,037
Net loans and receivables	215,678,241	209,602,069	215,679,350	209,665,561
	Bank		Group	
	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000
b) Gross Loans and Receivables to Other Customers - By product				
By product-Domestic Currency				
Term loans	53,302,092	47,867,327	53,302,092	47,866,287
Medium and short term loans	22,706,115	23,975,349	22,706,115	23,975,349
Overdrafts	27,485,494	25,237,884	27,414,808	25,236,535
Trade Finance	9,673,288	10,120,916	9,673,288	10,120,916
Consumer loans	23,143,920	22,702,280	23,143,920	22,702,280
Lease rentals receivable	16,573,018	16,024,542	16,573,018	16,024,542
Hire Purchase	1,409,131	1,667,648	1,409,131	1,667,648
Housing loans	9,071,205	8,308,954	9,071,205	8,308,954
Pawning	183,948	208,024	183,948	208,024
Credit cards	959,112	863,579	959,112	863,579
Staff loans	1,275,361	1,235,347	1,347,156	1,301,229
Islamic Banking facilities	1,397,847	1,132,912	1,397,847	1,132,912
Sub total	167,180,533	159,344,761	167,181,642	159,408,254
By product-Foreign Currency				
Overdrafts	2,232,626	630,862	2,232,626	630,862
Medium and short term loans	29,655,761	32,944,735	29,655,761	32,944,735
Trade Finance	21,059,276	20,920,471	21,059,276	20,920,471
Islamic Banking facilities	1,212,715	1,171,620	1,212,715	1,171,620
Sub total	54,160,377	55,667,688	54,160,377	55,667,688
Total	221,340,910	215,012,449	221,342,019	215,075,941
c) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers				
	Bank		Group	
	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/03/2016 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	350,083	561,163	350,083	561,163
Write-off during the period	(284,904)	(822,335)	(284,904)	(822,335)
Other movements	-	592,928	-	592,928
Closing balance	2,686,523	2,621,344	2,686,523	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	187,111	150,670	187,111	150,670
Write-off during the Period	-	(86,249)	-	(86,249)
Closing balance	2,976,147	2,789,037	2,976,147	2,789,037
Total impairment	5,662,669	5,410,381	5,662,669	5,410,381
	Bank		Group	
	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000	As at 31/03/2016 LKR '000	As at 31/12/2015 LKR '000
d) Due to Other Customers - By product				
By product-Domestic Currency				
Demand deposits	13,811,342	11,770,327	13,727,965	10,989,378
Savings deposits	22,007,138	24,032,428	22,007,138	24,032,428
Time deposits	111,534,523	97,558,574	111,224,693	97,558,574
Other deposits	403,816	461,196	403,816	461,196
Sub total	147,756,820	133,822,524	147,363,613	133,041,575
By product- Foreign Currency				
Demand deposits	4,151,896	4,614,516	4,151,896	4,614,516
Savings deposits	7,544,321	6,950,576	7,544,321	6,950,576
Time deposits	37,364,879	39,459,817	37,364,879	39,459,817
Other deposits	85,440	85,797	85,440	85,797
Sub total	49,146,536	51,110,705	49,146,536	51,110,705
Total	196,903,356	184,933,230	196,510,149	184,152,280

Selected Performance Indicators (As per regulatory Reporting)				
	BANK		GROUP	
	As at 31/03/2016	As at 31/12/2015	As at 31/03/2016	As at 31/12/2015
Regulated Capital Adequacy				
Core Capital (Tier 1 Capital) (LKR mn)	20,122	20,018	26,915	27,154
Total Capital Base (LKR mn)	29,717	29,614	37,149	37,417
Core Capital adequacy Ratio -Core Capital as a % of Risk -weighted Assets (Minimum Requirement, 5%)	8.48	8.51	10.77	11.07
Total Capital Adequacy Ratio -Total Capital as a % of (Tier 1 & 2 (%))				
Risk -weighted Assets (Minimum Requirement,10%)	12.52	12.59	14.87	15.25
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.49	2.43	2.49	2.43
Net Non-performing Advances Ratio (%)	0.99	1.01	0.99	1.01
Profitability				
Earnings Per Share (LKR)- (annualised)	12.87	21.26	13.37	21.51
Return on Average Shareholders' Funds (%)	9.43	15.63	7.84	12.59
Return on Average Assets (%)	0.68	1.23	0.69	1.21
Net interest margin (%)	2.56	2.63	2.62	2.67
Debt Security - Related Ratios				
Interest Cover (Times)	1.47	1.55	1.49	1.57
Debt to Equity (Times)	12.59	12.19	10.12	9.72
Regulatory Liquidity				
Statutory liquid assets- LKR mn	62,465	58,367	62,465	58,367
Statutory liquid assets ratio (%)				
Domestic Banking Unit	21.83	22.24	21.83	22.24
Foreign Currency Banking Unit	24.13	24.91	24.13	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.) Dhanan Senathirajah Vice President- Finance & Planning		(Sgd.) Faizan Ozman Group Chief Financial Officer		
We the undersigned, being the Deputy 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.) A K Pathirage Director /Deputy Chairman		(Sgd.) R.Theagarajah Director/Chief Executive Officer		
11 May 2016				

SHARE INFORMATION

SHARE PRICE

As at	31/03/2016	31/12/2015
Number of shares	165,167,342	165,167,342
Last traded price (LKR)	168.80	194.10
For the quarter ended	31/03/2016	31/12/2015
Highest price per share (LKR)	195.00	245.00
Lowest price per share (LKR)	150.00	187.00

TOP 20 LARGEST SHARE HOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.03.2016

	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	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,388,488	5.68%
4	DR.S YADDEHIGE	8,686,026	5.26%
5	HSBC INTL NOM LTD-SNFE-NTASIAN DISCOVERY MASTER FUND	7,889,751	4.78%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,805,426	4.73%
7	MR. R S CAPTAIN	6,407,246	3.88%
8	HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.46%
9	EMPLOYEES TRUST FUND BOARD	5,714,594	3.46%
10	BNYM SA/NV-CF RUFFER INVESTMENT FUNDS : CF RUFFER PACIFIC FUND	4,850,000	2.94%
11	HSBC INTL NOM LTD-BP2S LONDON-ABERDEEN ASIA PACIFIC EQUITY FUND	4,294,800	2.60%
12	HATTON NATIONAL BANK PLC A/C NO 1	4,282,200	2.59%
13	HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND PARTNERS L.P	3,464,876	2.10%
14	ASIAN ALLIANCE INSURANCE PLC ACCOUNT NUMBER 03/LIFE SHAREHOLDERS FUND	3,450,977	2.09%
15	MR. A K PATHIRAGE	2,970,000	1.80%
16	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	2,515,196	1.52%
17	ASIRI CENTRAL HOSPITALS LIMITED	2,403,447	1.46%
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 INVESTM	1,683,000	1.02%

PUBLIC HOLDING PERCENTAGE

	As at 31/03/2016
Public holding percentage	90.25%
Number Of Public Shareholders	7,960

DIRECTORS INTEREST IN SHARES OF NDB AS AT 31.03.2016

NAME	NO OF SHARES
N G WICKREMERATNE (CHAIRMAN)	-
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 31 March 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	Not traded during the quarter			13.40	12.77	8.30	Not traded during the quarter	
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
Floating Rate											
2011- 2016 (3 month TB rate (gross)+1% p.a.)	Unlisted	Quarterly	400	-	-	-	8.20	7.82	6.87	-	-
Total Debentures			19,314								

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



No, 40 NAVAM MAWATHA, COLOMBO 02 , SRI LANKA

T: +94 112 448 448 **F:** +94 112 34 10 44 **W:** www.ndbbank.com **E:** contact@ndbbank.com

INVESTOR RELATIONS TEAM

T: +94 112 448 448 (Ext 3838) **E:** investor.relations@ndbbank.com

