

Total Other Comprehensive Income/(expenses)

Less Income Tax on Other Comprehensive Income
Total Other Comprehensive Income after Tax

Total Comprehensive Income for the period

Equity holders of the parent

74,598

2,923,957

2.923.957

2,923,957

7,797,833

7,797,833

7,797,833

Financial Statements

For the year ended 31 December, 2013



			BA	NK		GROUP				
	Year ended 31/12/2013 LKR '000	Year ended 31/12/2012 LKR '000	Change %	Quarter ended 31/12/2013 LKR '000	Quarter ended 31/12/2012 LKR '000	Year ended 31/12/2013 LKR '000	Year ended 31/12/2012 LKR '000	Change %	Quarter ended 31/12/2013 LKR '000	Quarto ende 31/12/201 LKR '00
Interest Income Interest Expenses	20,603,610 13,791,503	16,983,637 11,386,672	21 21	5,092,429 3,385,922	4,826,805 3,261,957	20,765,842 13,754,264	17,149,866 11,254,042	21 22	5,166,690 3,384,006	4,860,93 3,176,35
Net Interest Income	6,812,107	5,596,965	22	1,706,507	1,564,848	7,011,578	5,895,824	19	1,782,684	1,684,5
Net Fee and Commission Income	1,614,106	1,210,500	33	415,507	349,283	2,391,953	1,643,583	46	690,540	470,7
Net gain/(loss) from trading Other operating income	1,271,628 6,167,075	1,010,276 997,474	26 518	538,630 (17,169)	120,582 (3,347	1,868,293 277,216	1,272,496 6,126,547	47 (95)	638,042 114,969	509,8 5,423,0
Total Operating Income	15,864,917	8,815,216	80	2,643,474	2,031,365	11,549,041	14,938,450	(23)	3,226,236	8,088,1
Impairment charges for loans and other losses Individual Impairment Collective Impairment Others	845,293 415,472 (22,563) 1,238,202	(8,942) 66,554 48,500 106,112	(9,553) 524 (147) 1,067	720,451 293,515 (1,871) 1,012,095	(81,085) 44,407 48,500 11,822	845,293 415,472 (2) 1,260,763	(8,942) 66,554 (6,233) 51,379	(9,553) 524 (100) 2,354	741,143 293,515 20,690 1,055,348	(81,0 44,2 (6,2 (42,9
Net operating income	14,626,714	8,709,104	68	1,631,379	2,019,543	10,288,277	14,887,071	(31)	2,170,888	8,131,0
Operating Expenses Personnel Expenses Depreciation and amortisation	2,389,144 302,301	2,172,740 264,620	10 14	501,798 78,269	546,788 50,598	2,660,281 385,268	2,333,325 300,947	14 28	587,763 133,223	567,(83,:
Other Expenses Total operating expenses	2,252,759 4,944,203	1,664,833 4,102,193	35 21	750,540 1,330,606	450,905 1,048,292	2,519,571 5,565,120	1,861,926 4,496,198	35 24	803,795 1,524,781	482,3 1,132,5
Operating Profit Before Value Added Tax (VAT)	9,682,511	4,606,911	110	300,772	971,252	4,723,158	10,390,873	(55)	646,107	6,998,5
Value Added Tax (VAT) of Financial Services	(910,500)	(622,286)	46	(83,065)	(96,071	(910,500)	(622,287)	46	(83,065)	(96,0
Operating Profit After Value Added Tax (VAT) Share of associate companies' profit	8,772,011	3,984,625	120	217,707	875,181	3,812,658 49,220	9,768,586 438,720	(61) (89)	563,042 9,562	6,902,4 266,2
Profit Before Taxation Taxation	8,772,011 (1,048,776)	3,984,625 (1,060,667)	120 (1)	217,707 (48,711)	875,181 (250,230	3,861,878 (1,149,648)	10,207,306 (1,275,367)	(62) (10)	572,604 (72,471)	7,168,6 (275,7
Profit for the period	7,723,235	2,923,957	164	168,997	624,951	2,712,230	8,931,939	(70)	500,134	6,892,8
Profit Attributable to: Equity Holders of the parent	7,723,235	2,923,957	164	168,997	624,951	2,641,927	8,853,821	(70)	445,325	6,855,8
Non-controlling Interests	7,723,235	2,923,957	164	168,997	624,951	70,303 2,712,230	78,118 8,931,939	(10) (70)	54,808 500,133	36,9 6,892,8
Basic Earnings per share (LKR) Diluted Earnings per share (LKR)	46.96 46.95	17.81	164 -	1.03	3.81	16.48 16.48	55.31 -	(70) -	2.70	41.
STATEMENT OF COMPRE	EHENSIVI	E INCOM	Ε							
	Year ended 31/12/2013 LKR '000	Year ended 31/12/2012 LKR '000	Change %	Quarter ended 31/12/2013 LKR '000	Quarter ended 31/12/2012 LKR '000	Year ended 31/12/2013 LKR '000	Year ended 31/12/2012 LKR '000	Change %	Quarter ended 31/12/2013 LKR '000	Quai en 31/12/20 LKR '0
Profit for the period	7,723,235	2,923,957	164	168,997	624,951	2,712,230	8,931,939	(70)	500,133	6,892,8
Exchange gain from valuation of foreign associates and subsidiaries Gains/losses from Available for Sale Investments	- 148,151	-	- 100	- 148,151	-	(11,158) 209,186	21,784	(151) 100	(9,930) 209,186	(1,5
Provisions made for terminal benefits	(35,443)	-	(100)	(35,443)	-	(35,443)		(100)	(35,443)	
Total Other Comprehensive Income/(expenses)	112,708	-	100	112,708	-	162,585	21,784	646	163.813	(1.5

74,598

243,595

243,595

243,595

SELECTED PERFORMANCE INDICATORS (As per regulatory Reporting)

624,951

167

167

107,385

2,819,615

2.750.524

2,819,615

21,784

8,953,723

8.872.645

81,078 8,953,723 393

167

(69)

108,613

608,747

554.861

(1,560)

(1,560)

6,891,307

6.854.972

534,861 0,834,372 53,885 36,335 608,747 6,891,307

		Current Period Previous Period			GROUP	
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	As at 31/12/2013 LKR '000	As at 31/12/2012 (Audited)	Change %	As at 31/12/2013 LKR '000	As at 31/12/2012 (Audited)	%
Assets		LKR '000			LKR '000	
Cash and cash equivalents	2,611,075	3,480,395	(25)	2,668,262	3,634,983	(27)
Balances with Central Bank	5,339,000	6,074,792	(12)	5,339,000	6,074,792	(12)
Placements with banks	130,751	3,559,354	(96)	130,751	3,559,354	(96)
Derrivative Financial Instruments	1,149,541	1,706,372	(33)	1,149,541	1,706,372	(33
Other Financial Assets Held for trading	10,720,689	982,967	991	14,194,141	11,394,625	25
Loans and Receivables to banks	641,628	1,183,343	(46)	641,628	1,183,343	(46)
Loans and Receivables to other customer	136,821,530	115,992,360	18	136,881,713	116,039,035	18
Financial Investments - Loans and receivable	15,837,455	6,446,031	146	16,791,701	7,088,893	137
Financial Investments - Available for sale	5,982,450	66,714	8,867	6,167,450	173,541	3,454
Financial Investments - Held to maturity	17,602,249	19,257,271	(9)	18,460,591	19,223,228	3,434
Investments in subsidiary companies	2,037,585	2,641,178	(23)	10,400,331	13,223,220	(4
Investments in associate companies	61,968	18,525	(23)	76,744	33,301	130
•	01,906	10,525	-			7
Investment Property	260 / 25	272.21/	(()	1,383,693	1,295,693	
Intangible assets	260,425	272,314	(4)	296,679	318,723	(7)
Property, plant & equipment	872,890	856,195	2	1,182,991	1,222,500	-
Other assets	1,189,391	936,485	27	1,447,380	1,154,687	25
Total assets	201,258,628	163,474,296	23	206,812,264	174,103,071	19
Liabilities						
Due to Banks	10,453,085	2,319,984	351	10,453,085	2,319,984	351
Derrivative Financial Instruments	817,310	1,736,838	(53)	817,310	1,736,838	(53)
Due to other Customers	129,830,029	107,600,583	21	129,421,813	107,393,866	21
Debt Securities issued and other borrowed funds	24,420,818	30,357,824	(20)	24,390,819	30,317,899	(20)
Current Tax Liabilities	266,127	656,211	(59)	296,585	633,838	(53)
Deferred Tax	312,433	79,874	291	323,206	79,120	309
Other liabilities	3,815,020	3,276,861	16	4.024.462	3,408,354	18
Dividends payable	40,656	249,021	(84)	40,656	249,021	(84)
Subordinated Term debts	11,682,675	2,254,699	418	11,682,675	2,254,699	418
Total liabilities	181,638,152	148,531,895	22	181,450,610	148,393,619	22
Equity						
Stated Capital (164,693,034 shares)	1,172,903	1,093,095	7	943,745	863,937	9
Statutory reserve fund			9	· ·	878,718	9
Investment Fund	958,527	878,718	85	958,527		85
	1,706,752	924,333		1,706,752	924,333	
Share based payment reserve	22,367	12.0/6.255	100	22,367	22.216.052	100
Revenue reserves	15,759,928	12,046,255	31	20,882,418	22,216,053	(6)
Total shareholders' equity	19,620,476	14,942,401	31	24,513,808	24,883,041	(1)
Non-controlling Interests Total Equity	19,620,476	14,942,401	31	847,846 25,361,654	826,411 25,709,452	3 (1)
Total liabilities and equity	201 259 629	162 474 206	23	206,812,264	174 102 071	19
, ,	201,258,628	163,474,296	23	200,812,204	174,103,071	19
Net Book Value Per Share (LKR)	119.13	91.00	31	148.85	151.54	(2)
Contingent liabilities and commitments	177,200,240	158,740,820	12	177,200,240	158,740,820	12
Memorandum Information						
Number of Employees	1,583	1,389				
Number of Branches	78	69				

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		BANK	GROUP	
	As at	As at	As at	As a
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Regulated Capital Adequacy				
Core Capital (Tier 1 Capital) (LKR m)	18,350	13,454	24,736	25,302
Total Capital Base (LKR m)	27,220	14,955	34,343	27,929
Core Capital adequacy Ratio -Core Capital as a % of Risk-weighted Assets				
(Minimum Requirment, 5%)	12.05	11.16	15.15	18.76
Total Capital Adequacy Ratio -Total Capital as a % of (Tier 1 & 2 (%))				
Risk-weighted Assets (Minimum Requirment, 10%)	17.87	12.41	21.04	20.71
Asset Quality				
Gross Non-performing Advances Ratio (%)	2.48	1.31	2.48	1.31
Net Non-performing Advances Ratio (%)	1.21	0.50	1.21	0.50
Profitability				
Earnings Per Share (LKR)-annualised	46.96	17.81	16.48	55.31
Return on Average Shareholders' Funds (%)	44.69	21.17	10.70	42.17
Return on Average Assets (%)	4.24	1.94	1.39	5.62
Net interest margin (%)	3.74	3.74	3.68	3.72
Debt Security - Related Ratios				
Interest Cover (Times)	1.49	1.50	1.51	1.52
Debt to Equity (Times)	9.00	9.54	7.18	5.87
Regulatory Liquidity				
Statutory liquid assets-LKR m	42,407	31,971	42,407	31,971
Statutory liquid assets ratio (%)				
Domestic Banking Unit	26.22	22.02	26.22	22.0

DANIK				Reserves					
BANK	Stated	Statutory	Statutory General Investment Share based Retained				Total	Non-Controll	ing Total
	Capital LKR '000	Reserve Fund LKR '000	Reserve LKR '000	Fund I LKR '000	Payment Res LKR '000	erve Profit LKR '000	LKR '000	Interests LKR '000	Equity LKR '000
					LIKK OOO			LKK 000	
Balance as at 01 January 2012	1,093,095	878,718	5,805,707	386,825	-	4,510,794	12,675,139	-	12,675,13
Total Comprehensive Income for the Year									
Profit for the Year	-	-	-	-	-	2,923,957	2,923,957	-	2,923,95
Other Comprehensive Income net of Tax	-	-	-	-	-	-	-	-	
Total Comprehensive Income for the Year					-	2,923,957	2,923,957	-	2,923,95
Fransactions with equity holdres									
Fransfer to Investment Fund	-	_	_	537,507	_	(537,507)	_	_	
Dividend paid	_	_		337,307		(656,696)	(656,696		(656,69
Balance as at 31 December 2012	1,093,095	878,718	5,805,707	924,332	-	6,240,548	14,942,400	,	14,942,40
Balance as at 01 January 2013	1,093,095	878,718	5,805,707	924,332	_	6,240,549	14,942,401	_	14,942,40
Total Comprehensive Income for the Year	1,055,055	3, 3,, 10	3,003,.01	JE 1,33E		0,2 10,5 15	_ 1,5 12, 101		1 1/3 12/70
Profit for the Year						7,723,235	7,723,235	_	7,723,23
Other Comprehensive Income net of Tax	-	-	-	-	-	74,598	74,598		74,59
Total Comprehensive Income for the Year						7,797,833	7,797,833		7,797,83
Transactions with equity holders									
Issue of Shares	79,809	-	-	-	-	-	79,809	-	79,8
Fransfer to Investment Fund	-	-	-	782,419	-	(782,419)	-	-	
Fair value of share options	-	-	-	-	22,367	-	22,367	-	22,2
Transfer to statutory reserve fund	-	79,809	-	-	-	(79,809)	-	-	
Dividend paid	-	-	-	-	-	(3,221,934)	(3,221,934) -	(3,221,93
Balance as at 31 December 2013	1,172,904	958,527	5,805,707	1,706,751	22,367	9,954,220	19,620,476	-	19,620,47
GROUP									
Balance as at 01 January 2012	863,937	878,718	5,805,707	386,825	-	8,989,942	16,925,129	912,752	17,837,88
Total Comprehensive Income for the Year									
Profit for the Year	-	_	_	_	_	8,853,821	8,853,821	78,118	8,931,93
Other Comprehensive Income net of Tax	-	_	_	-	_	18,824	18,824	2,960	21,78
Total Comprehensive Income for the Year						8,872,645	8,872,645		8,953,72
Fransactions with equity holders									
Transfer to Investment Fund				537,507		(537,507)			
Dividend paid	-	-	-	537,507	-	,	(656.606)	- (27.222)	(60/ 0
•	-	-	-	-	-	(656,696)	(656,696)		(694,02
Change in group company holding						(258,037)	(258,037)	, , ,	(388,12
Balance as at 31 December 2012	863,937	878,718	5,805,707	924,332	-	16,410,347	24,883,041	826,411	25,709,45
Balance as at 01 January 2013	863,937	878,718	5,805,707	924,332	-	16,410,347	24,883,041	826,411	25,709,45
Total Comprehensive Income for the Year									
Profit for the Year	-	-	-	-	-	2,641,927	2,641,927	70,303	2,712,23
Other Comprehensive Income net of Tax	-	_	-	_	-	108,597	108,597	(1,212)	107,38
Total Comprehensive Income for the Year						2,750,524	2,750,524	69,091	2,819,6
Transactions with equity holders									
Issue of new shares	79,809						79,809		79,80
	79,009	-	-	702 /10	-	(702 (10)	19,009	-	79,81
Fransfer to Investment Fund	-	-	-	782,419		(782,419)		-	00.0
air value of share options	-	-	-	-	22,367	-	22,367	-	22,36
Fransfer to Statutory Reserve Fund	-	79,809	-	-	-	(79,809)	(0.0		(0
Dividend paid	-	-	-	-	-	(3,221,934)	(3,221,934)		(3,256,58
Change in group company holding	-			-		-		(13,010)	(13,01
Balance as at 31 December 2013	943,746	958,527	5,805,707	1,706,751	22,367	15,076,709	24,513,807	847,846	25,361,65

DIRECTORS INTEREST	IN SHARES OF NDB AS AT 31.12.2013
NAME	NO. OF SHARES
S WIJESINHA	880
A K PATHIRAGE	2,970,000
R THEAGARAJAH (CEO)	126
T L F JAYASEKARA	-
K FERNANDO	-
H A SIRIWARDENA	-
D S P WIKRAMANAYAKE	•
G D C EKANAYAKE	
S RAJAPAKSE	-
I SUGATHADASA	-

CERTIFICATION

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

 (Sgd.)
 (Sgd.)

 Dhanan Senathirajah
 Faizan Ozman

 Vice President - Finance & Planning
 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, unless indicated as audited.

(Sgd.)
S. Wijesinha
R. Theagarajah
Chairman
Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

- The figures are extracted from unaudited financial statements.
- $2. \ \ The accounting policies and methods of computation are consistent with those followed during the previous financial year.$
- 3. These interim financial statements of the Bank and the Group have been prepared based on the same accounting policies and methods applied for the year ended 31 December 2012 and comply with Sri Lanka Accounting Standard 34- "Interim Financial Reporting". Previous year's figures and phrases have been re-arranged where ever necessary to conform to current year's presentation.
- 4. On 27 September 2012, the Bank (NDB) and NDB Capital Holdings PLC (NCAP) entered into a Share Sale and Purchase Agreement with American International Assuarance Company Limited (AIA) of Hongkong to divest the 41.56% shareholding in Aviva NDB Holdings and 5% of Aviva NDB Insurance PLC. Accordingly on 05 December 2012 the divestment of these shares resulted in capital gain of LKR 5.9 billion to the NDB group during the fourth quarter of 2012. Pursuant to this divestment, the shareholders of NCAP approved a share repurchase plan in March 2013, which resulted in NCAP buying back 25% of its share capital, posting a capital gain of LKR 5.3 bn to the Bank during the first quarter of 2013.
- 5. As per the Equity Linked Compensation Plan (ELCP) of the Bank, the eligible members of the staff were allocated 491,132 ordinary shares at a price of LKR. 162.50/- per share in July 2013, as a grant (which will have a vesting period of three years). Accordingly the said shares were issued to the trustees of the ELCPshare grant scheme. This share issue resulted in the increase of the stated capital of the Bank from LKR 1,093.1 mn to LKR 1,172.9 mn, and the number of shares in issue from 164,201,902 to 164,693,034.
- 6. In pursuance of the policies announced by the Government encouraging the consolidation of certain banking businesses, the Boards of Directors of DFCC Bank (DFCC) and of the Bank, have commenced preliminary discussion with a view to achieving such consolidation. The consolidation of the two entities will be dependent on relevant approvals and possibly, the passage of facilitative legislation.
- 7. There have been 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.

Share Information	31.12.2013	31.12.2012
Market value per share (LKR)	160.50	137.90
Highest price per share for the period (LKR)	162.00	151.00
Lowest price per share for the period (LKR)	143.60	129.00



Financial Statements

For the year ended 31 December, 2013



8. ADDITIONAL QUARTERLY DISCLOSURES PRESCRIBED AS CIRCULAR DATED 11TH OCTOBER 2013

a) Loans and Receivables to Other Customers	
Gross loans and receivables (Less): Individual impairment Collective impairment Net loans and receivables	

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

By product-Domestic Currency
Term loans
Medium and short term loans
Overdrafts
Trade Finance
Consumer loans
Lease rentals receivable
Housing loans
Pawning
Staff loans
Sub total
By product-Foreign Currency
Overdrafts
Medium and short term loans
Trade Finance
Sub total

Bar	ık	Group		
Current Period As at 31/12/2013 LKR '000	Previous Period	Current Period	Previous Period	
	As at	As at	As at	
	31/12/2012	31/12/2013	31/12/2012	
	LKR '000	LKR '000	LKR'000	
141,009,004	118,915,483	141,069,186	118,962,158	
1,828,064	979,186	1,828,064	979,186	
2,359,410	1,943,937	2,359,410	1,943,937	
136,821,530	115,992,360	136,881,713	116.039,035	

Ban	k	Group		
urrent Period As at 31/12/2013 LKR '000	Previous Period As at 31/12/2012 LKR '000	Current Period As at 31/12/2013 LKR '000	Previous Period As at 31/12/2012 LKR′000	
25,231,706	21,235,305	25,231,706	21,235,305	
23,685,064	14,255,371	23,685,064	14,255,371	
17,502,248	17,596,248	17,562,430	17,596,248	
10,460,581	10,546,855	10,460,581	10,546,855	
14,620,469	11,341,512	14,620,469	11,341,512	
8,428,409	6,439,571	8,428,409	6,439,571	
4,764,297	4,972,040	4,764,297	4,972,040	
2,232,748	4,011,458	2,232,748	4,011,458	
928,451	783,735	928,451	830,410	
107,853,975	91,182,095	107,914,157	91,228,770	
957,613	1,038,504	957,613	1,038,504	
9,881,566	6,070,239	9,881,566	6,070,239	
22,315,850	20,624,645	22,315,850	20,624,645	
33,155,030	27,733,388	33,155,030	27,733,388	
141,009,004	118,915,483	141,069,186	118,962,158	

c) Movements in individual and collective impairment during the period for loans and Receivables to Other Customers

Individual impairment
Opening balance at 01st January
Charge/(Write back) to Income Statement
Write-off during the year
Other movements
Closing balance at 31st December

Collective impairment
Opening balance at 01st January
Charge/(Write back) to Income Statement
Write-off during the year
Closing balance at 31st December
Total impairment

d) Due to Other Customers - By product

By product-Domestic Currency
Demand deposits
Savings deposits
Fixed deposits
Other deposits
Sub total
By product-Foreign Currency
Demand deposits
Savings deposits
Fixed deposits
Other deposits
Other deposits
Sub total
Total

Ва	nk	Gı	oup
Current Period	Previous Period	Current Period As at 31/12/2013 LKR '000	Previous Period
As at	As at		As at
31/12/2013	31/12/2012		31/12/2012
LKR '000	LKR '000		LKR′000
979,186	987,053	979,186	987,053
845,293	(8,941)	845,293	(8,941)
(331,056)	(66,770)	(331,056)	(66,770)
334,641	67,844	334,641	67,844
1,828,064	979,186	1,828,064	979,186
1,943,938 415,472 - - 2,359,410 4.187,474	1,877,384 66,554 - 1,943,938 2,923,124	1,943,938 415,472 - 2,359,410 4.187,474	1,877,384 66,554 - 1,943,938 2,923,124

Bank		Group		
Current Period As at 31/12/2013 LKR '000	Previous Period As at 31/12/2012 LKR '000	Current Period As at 31/12/2013 LKR '000	Previous Period As at 31/12/2012 LKR'000	
9,081,419	6,210,907	9,081,419	6,210,907	
14,419,607	10,726,146	14,419,607	10,726,146	
76,149,197	62,295,759	75,740,981	62,089,042	
479,220	119,430	479,220	119,430	
100,129,443	79,352,241	99,721,227	79,145,524	
2,018,186	1,531,239	2,018,186	1,531,239	
6,317,688	7,297,015	6,317,688	7,297,015	
21,308,274	19,352,270	21,308,274	19,352,270	
56,438	67,818	56,439	67,818	
29,700,586	28,248,342	29,700,587	28,248,342	
129,830,029	107,600,583	129,421,814	107,393,866	

CASH FLOW STATEMENT				
or the year ended 31 December	2013	ANK 2012	2013	ROUP 20:
or the year chaca 52 becomes	LKR '000	LKR '000	LKR '000	LKR '00
CASH FLOWS FROM OPERATING ACTIVITIES				
interest received	20,603,610	16,317,018	20,841,634	16,568,88
ee based income received	1,623,266	2,387,630	1,982,017	2,538,08
Dividend income received	718,461	126,648	45,116	162,85
Other income received	1,449,324	312,746	1,672,511	651,6
interest paid	(13,791,503)	(9,918,252)	(13,791,743)	(9,917,4
Personnel costs paid	(2,469,540)	(876,337)	(2,714,920)	(1,031,2
General expenses paid	(2,040,890)	(2,721,155)	(2,057,470)	(2,910,1
Operating Profit before changes in operating assets and liabilities	6,092,727	5,628,298	5,977,146	6,062,64
Net increase in loans and advances	(21,548,181)	(17,298,517)	(21,548,181)	(17,298,5
Net Increase in Deposits from customers	22,229,446	24,739,780	22,229,446	24,739,7
Net (increase)/decrease in other receivables	406,098	341,993	409,519	339,3
Net increase/(decrease) in other liabilities	(616,510)	63,941	(585,422)	(41,9
Net cash inflow/(outflow) from operating activities before taxation	6,563,581	13,475,495	6,482,508	13,801,2
inancial Services VAT paid	(806,647)	(569,106)	(806,647)	(569,1
ncome taxes paid	(1,244,412)	(671,119)	(1,293,080)	(832,8
Net cash provided by/(used in) operating activities	4,512,522	12,235,270	4,382,781	12,399,2
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(23,389,900)	(1,871,575)	(17,292,330)	(8,684,8
Disposal of subsidiaries/associates	5,954,774	884,951	(13,016)	7,654,2
Expenditure on property & equipment	(308,681)	(295,273)	(309,257)	(325,0
Proceeds from sale of property & equipment	3,982	22,111	3,982	23,2
Net cash used in investing activities	(17,739,826)	(1,259,786)	(17,610,621)	(1,332,4
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from issue of subordinated debts	9,488,350	(184,950)	9,488,350	(184,9
Interest paid on subordinated debts	(282,446)	(262,728)	(282,446)	(262,7
Decrease)/Increase in other borrowings	2,418,165	(3,777,544)	2,418,165	(3,777,5
Dividends paid to non controlling interests	-	(3,777,344)	(96,867)	(60,5
Dividends paid to shareholders of the parent Company	(3,430,480)	(1,162,876)	(3,430,480)	(1,162,8
Net cash provided by/(used in) financing activities	8,193,589	(5,388,098)	8,096,722	(5,448,6
NET INCREASE IN CASH AND CASH EQUIVALENTS	(5,033,715)	5,587,386	(5,131,118)	5,618,2
CACH AND CACH FOUTUAL ENTS AT THE DECENDING OF THE VEAD	1244/5/4	7.507.455	12.000.424	7.050.0
ASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,114,541	7,527,155	13,269,131	7,650,8
ASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8,080,826	13,114,541	8,138,013	13,269,1
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
ash in hand	2,611,075	3,480,395	2,668,262	3,634,9
asn in nanu Balances with Central Bank	5,339,000	6,074,792	5,339,000	5,034,9 6,074,7
Dues from banks and other financial institutions	130,751	3,559,354	130,751	3,559,3

	Name	No. of Shares	%
l.	BANK OF CEYLON NO. 1 ACCOUNT	16,371,076	9.94
2.	EMPLOYEES PROVIDENT FUND	16,010,248	9.72
3.	SRI LANKA INSURANCE CORPORATION LIMITED - GENERAL FUND	9,388,488	5.70
í.	DR. S YADDEHIGE	8,669,000	5.26
5.	HSBC INTL NOM LTD - SNFE-NTASIAN DISCOVERY MASTER FUND	8,432,154	5.12
	SRI LANKA INSURANCE CORPORATION LIMITED - LIFE FUND	7,805,426	4.74
	HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.47
	EMPLOYEES' TRUST FUND BOARD	5,303,700	3.22
	HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND PARTNERS L.P.	4,501,200	2.7
0.	HSBC INTL NOM LTD - BPSS LDN-ABERDEEN ASIA PACIFIC FUND	4,294,800	2.6
1.	HATTON NATIONAL BANK PLC A/C NO. 1	4,282,200	2.6
2.	NDB-ESOP	4,133,726	2.5
3.	ASIAN ALLIANCE INSURANCE PLC – ACCOUNT NUMBER 03/ LIFE SHAREHOLDERS FUND	3,450,977	2.10
4.	BNY-CF RUFFER INVESTMENT FUNDS: CF RUFFER PACIFIC FUND	3,000,000	1.8
5.	MR. A K PATHIRAGE	2,970,000	1.80
6.	ASIAN ALLIANCE INSURANCE PLC - GENERAL FUND ACCOUNT NUMBER 01	2,540,977	1.5
7.	ASIRI HOSPITAL HOLDINGS PLC	2,411,583	1.4
8.	ASIAN ALLIANCE INSURANCE PLC - LIFE FUND	2,159,746	1.3
9.	HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.2
0.	UNITED MOTORS LANKA PLC	2,000,000	1.2

	Held for	Designated	Held to	Loans and	Available	Others	Tota
	Trading	at FVTPL	Maturity	Receivables	for Sale		
ASSETS							
Cash and cash equivalents	-	-	-	2,611,075	-	-	2,611,07
Balances with Central Bank	-	-	-	5,339,000	-	-	5,339,00
Placements with banks	-	-	-	130,751	-	-	130,75
Derivative Financial Instruments	1,149,541	-	-	-	-	-	1,149,54
Other Financial Assets Held for trading	10,720,689	-	-	-	-	-	10,720,68
Loans and Receivables to banks	-	-	-	641,628	-	-	641,62
Loans and Receivables to other customer	-	-	-	136,821,530	-	-	136,821,53
Financial Investments - Loans and receivable	-	-	-	15,837,455	-	-	15,837,45
Financial Investments - Available for sale	-	-	-	-	5,982,450	-	5,982,45
Financial Investments - Held to maturity	-	-	17,602,249	-	-	-	17,602,24
Total Financial Assets	11,870,230	-	17,602,249	161,381,439	5,982,450	-	196,836,36
Investments in subsidiary companies	-	-	-	-	-	2,037,585	2,037,58
Investments in associate companies	-	-	-	-	-	61,968	61,96
Investment Property	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	260,425	260,42
Property, plant & equipment	-	-	-	-	-	872,890	872,89
Other assets	-	-	-	-	-	1,189,391	1,189,39
Total Assets	11,870,230	-	17,602,249	161,381,439	5,982,450	4,422,259	201,258,62
LIABILITIES				Held for	Amortised	Others	Tota
LIABILITIES				Trading	Cost	Others	IULa
Due to Banks				Trading	10.453.085		10,453,08
Derrivative Financial Instruments				817,310	10,455,005		817,31
Due to other Customers				017,510	129.830.029	_	129,830,02
Debt Securities issued and other borrowed funds					24,420,818		24,420,81
Subordinated Term debts					11,682,675		11,682,67
Total Financial Liabiilties				817,310	176,386,607		177,203,91
Current Tax Liabilities				017,510	170,300,007	266,127	266,12
Deferred Tax				_	_	312,433	312,43
Other liabilities				_	_	3,815,020	3,815,02
Dividends payable				_	_	40,656	40,65
Total Liabilities				817,310	176,386,607	4,434,235	181,638,15

	Held for Trading	Designated at FVTPL	Held to Maturity	Loans and Receivables	Available for Sale	Others	Tota
ASSETS							
				2 (00 205			2 (00 20
Cash and cash equivalents Balances with Central Bank	-	-	-	3,480,395	-	-	3,480,395
Balances with Central Bank Placements with hanks	-	-	-	6,074,792	-	-	6,074,79
	4 706 270	-	-	3,559,354	-	-	3,559,35
Derivative Financial Instruments	1,706,372	-	-	-	-	-	1,706,37
Other Financial Assets held for trading	982,967	-	-		-	-	982,96
Loans and Receivables to banks	-	-	-	1,183,343	-		1,183,34
Loans and Receivables to other customer	-	-	-	115,992,360	-	-	115,992,36
Financial Investments - loans and receivables	-	-	-	6,446,031	-	-	6,446,03
Financial Investments - Available for sale	-	-	-	-	66,714	-	66,71
Financial Investments - Held to maturity	-	-	19,257,271	-	-	-	19,257,27
Total Financial Assets	2,689,339	-	19,257,271	136,736,275	66,714	-	158,749,59
Investments in subsidiary companies	-	-	-	-	-	2,641,178	2,641,17
Investments in associate companies	-	-	-	-	-	18,525	18,52
Investment Property	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	272,314	272,31
Property, plant & equipment	-	-	-	-	-	856,195	856,19
Other assets	-	-	-	-	-	936,485	936,48
Total Assets	2,689,339	-	19,257,271	136,736,275	66,714	4,724,697	163,474,290
LIABILITIES				Held for	Amortised	Others	Tota
				Trading	Cost		
Due to Banks	-	-	-	-	2,319,984	-	2,319,98
Derivative Financial Instruments	-	-	-	1,736,838		-	1,736,83
Due to other Customers	-	-	-	-	107,600,583	-	107,600,58
Debt Securities issued and other borrowed funds	-	-	-	-	30,357,824	-	30,357,82
Subordinated Term debts	-	-	-	_	2,254,699	-	2,254,69
Total Financial Liabiilties	_	_	_	1.736.838	142,533,090	_	144,269,92
Current Tax Liabilities	-	-	-	-	-	656,211	656,21
Deferred Tax	-	_	_	_	_	79,874	79.87
Other liabilities	-	_	_	_	_	3,276,861	3,276,86
Dividends payable	-	_	_	_	_	249,021	249,02
Total Liabilities				1.736.838	142,533,090	4,261,967	148,531,89

	SEGMENTAL ANALYSIS - GROUP										
For the year ended 31 December	2013 LKR'000	Banking 2012 LKR '000	2013 LKR'000	pital Markets 2012 LKR'000	2013 LKR'000	Property Investment 2012 LKR '000	2013 LKR '000	Others 2012 LKR'000	2013 LKR '000	Consolidated 2012 LKR'000	
Revenue Externalincome	24,559,508	19,468,265	469,772	5,897,725	194,756	123,646	-	610,059	25,224,037	26,099,695	
Inter-segmentincome	-	-	23,319	51,794	55,949	41,001	-	-	79,268	92,795	
Totalincome	24,559,508	19,468,265	493,091	5,949,519	250,705	164,647	-	610,059	25,303,305	26,192,490	
Segmentexpenses	(19,959,230)	(15,413,846)	(497,475)	(332,705)	(123,442)	(61,300)	-	6,233	(20,580,147)	(15,801,618)	
Segmentresults	4,600,278	4,054,419	(4,384)	5,616,814	127,264	103,347	-	616,292	4,723,158	10,390,872	
Share of associate companies profit before taxation	-	-	-	-	-	-	49,220	438,719	49,220	438,719	
Taxation									(1,149,648)	(1,275,367)	
VAT on financial services									(910,500)	(622,287)	
Profit after taxation									2,712,230	8,931,937	
Other information											
Segmentassets	201,189,884	163,474,297	4,087,137	8,921,190	1,458,500	1,674,283	-	-	206,735,520	174,069,770	
Investment in associates	-	-	-	-	-	-	76,744	33,301	76,744	33,301	
Consolidated total assets									206,812,264	174,103,071	
Segmentliabilities	181,192,251	148,283,244	202,405	73,581	55,955	36,795	-	-	181,450,611	148,393,620	
Consolidated total liabilities									181,450,611	148,393,620	
Segmental Cash flows											
Cash flows from operating activities	4,512,522	12,235,016	(309,949)	(95,356)	96,878	(712)	83,330	260,095	4,382,781	12,399,043	
Cash flows from investing activities	(17,739,826)	(154,163)	271,196	196,967	(60,097)	37,493	(81,895)	(1,412,701)	(17,610,621)	(1,332,404)	
Cash flows from financing activities	8,193,589	(6,493,464)	(60,087)	(111,907)	(36,779)	(36,781)	-	1,193,545	8,096,723	(5,448,607)	

Financial Statements





MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2013 GROUP (LKR '000)

	Held for	Designated	Held to	Loans and	Available	Others	Total
	Trading	at FVTPL	Maturity	Receivables	for Sale		
ASSETS							
Cash and cash equivalents	-	-	-	2,668,262	-	-	2,668,262
Balances with Central Bank	-	-	-	5,339,000	-	-	5,339,000
Placements with banks	-	-	-	130,751	-	-	130,751
Derivative Financial Instruments	1,149,541	-	-	-	-	-	1,149,541
Other Financial Assets Held for trading	14,194,141	-	-	-	-	-	14,194,141
Loans and Receivables to banks	-	-	-	641,628	-	-	641,628
Loans and Receivables to other customer	-	-	-	136,881,713	-	-	136,881,713
Financial Investments - Loans and receivable	-	-	-	16,791,701	-	-	16,791,701
Financial Investments - Available for sale	-	-	-	-	6,167,450	-	6,167,450
Financial Investments - Held to maturity	-	-	18,460,591	-	-	-	18,460,591
Total Financial Assets	15,343,682	-	18,460,591	162,453,055	6,167,450	-	202,424,777
Investments in subsidiary companies	-	-	-	-	-	-	
Investments in associate companies	-	-	-	-	-	76,744	76,744
Investment Property	-	-	-	-	-	1,383,693	1,383,693
Intangible assets	-	-	-	-	-	296,679	296,679
Property, plant & equipment	-	-	-	-	-	1,182,991	1,182,991
Other assets	-	-	-	-	-	1,447,380	1,447,380
Total Assets	15,343,682	-	18,460,591	162,453,055	6,167,450	4,387,487	206,812,264

ative Financial Instruments o other Customers Securities issued and other borrowed funds rdinated Term debts	Held for	Amortised	Others	Total
	Trading	Cost		
Due to Banks	-	10,453,085	-	10,453,085
Derivative Financial Instruments	817,310	-	-	817,310
Due to other Customers	-	129,421,813	-	129,421,813
Debt Securities issued and other borrowed funds	-	24,390,819	-	24,390,819
Subordinated Term debts	-	11,682,675	-	11,682,675
Total Financial Liabiilties	817,310	175,948,392	-	176,765,702
Current Tax Liabilities	-	-	296,585	296,585
Deferred Tax	-	-	323,206	323,206
Other liabilities	-	-	4,024,462	4,024,462
Dividends payable	-	-	40,656	40,656
Total Liabilities	817,310	175,948,392	4,684,909	181,450,610

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2012 GROUP (LKR '000)

	Held for	Designated	Held to	Loans and	Available	Others	Total
	Trading	at FVTPL	Maturity	Receivables	for Sale		
ASSETS							
Cash and cash equivalents	-	-	-	3,634,983	-	-	3,634,983
Balances with Central Bank	-	-	-	6,074,792	-	-	6,074,792
Placements with banks	-	-	-	3,559,354	-	-	3,559,354
Derivative Financial Instruments	1,706,372	-	-	-	-	-	1,706,372
Other Financial Assets Held for trading	11,394,625	-	-	-	-	-	11,394,625
Loans and Receivables to banks	-	-	-	1,183,343	-	-	1,183,343
Loans and Receivables to other customer	-	-	-	116,039,035	-	-	116,039,035
Financial Investments - Loans and receivable	-	-	-	7,088,893	-	-	7,088,893
Financial Investments - Available for sale	-	-	-	-	173,541	-	173,541
Financial Investments - Held to maturity	-	-	19,223,228	-	-	-	19,223,228
Total Financial Assets	13,100,997	-	19,223,228	137,580,401	173,541	-	170,078,167
Investments in subsidiary companies	-	-	-	-	-	-	-
Investments in associate companies	-	-	-	-	-	33,301	33,301
Investment Property	-	-	-	-	-	1,295,693	1,295,693
Intangible assets	-	-	-	-	-	318,723	318,723
Property, plant & equipment	-	-	-	-	-	1,222,500	1,222,500
Other assets	-	-	-	-	-	1,154,687	1,154,687
Total Assets	13,100,997	-	19,223,228	137,580,401	173,541	4,024,904	174,103,072

LIABILITIES	Held for	Amortised	Others	Total
	Trading	Cost		
Due to Banks	-	2,319,984	-	2,319,984
Derivative Financial Instruments	1,736,838	-	-	1,736,838
Due to other Customers	-	107,393,866	-	107,393,866
Debt Securities issued and other borrowed funds	-	30,317,899	-	30,317,899
Subordinated Term debts	-	2,254,699	-	2,254,699
Total Financial Liabiilties	1,736,838	142,286,448	-	144,023,286
Current Tax Liabilities	-	-	633,838	633,838
Deferred Tax	-	-	79,120	79,120
Other liabilities	-	-	3,408,354	3,408,354
Dividends payable	-	-	249,021	249,021
Total Liabilities	1,736,838	142,286,448	4,370,333	148,393,619

INFORMATION ON DEBENTURES - BANK

Type of Debenture	CSE	Interest payable	Balance as at		Market Value			Interest Rate Interest rate		Other ratios as at last trade	
	Listing	frequency	31 December 2013	Highest	Lowest	Year end	Coupon Rate	Effective Annual	of comparable	Int Yield	YTM
			LKR mn	LKR	LKR	LKR	%	Yield %	Security %	%	%
Fixed rate											
A - Dec 2013/Dec 2018	Listed	Semi-annually	1,242.70	Not	traded during the pe	iod	13.00	13.42	9.78	Not trade	d during the period
B - Dec 2013/Dec 2018	Listed	Annually	1,528.89	Not	traded during the pe	iod	13.40	13.40	9.78	Not trade	d during the period
C - Dec 2013/Dec 2023	Listed	Annually	3,637.98	Not	traded during the pe	iod	13.90	13.90	11.00	Not trade	d during the period
D - Dec 2013/Dec 2025	Listed	Annually	3,590.43	Not	traded during the pe	iod	14.00	14.00	11.39	Not trade	d during the period
Floating Rate											
2011- 2016 (3 month TB rate (gross)+1% p.a.)	Unlisted	Quarterly	400.00	-	-	-	11.43	11.93	7.78		
Total Debentures			10,400.00	1							

^{*} Three months Treasury bill rate before deduction 10% with holding tax as published by the Central Bank of Sri Lanka has been used.