

**OUR INVESTOR RELATIONS ARE  
DRIVEN ON ACCESSIBILITY TO  
MANAGEMENT, AND QUALITY,  
TRANSPARENT AND FAIR  
DISCLOSURES**

**INVESTOR  
RELATIONS**



SCAN TO VIEW

[http://ndbbank2015.annualreports.lk/investor\\_relations/index.html](http://ndbbank2015.annualreports.lk/investor_relations/index.html)

## Investor Relations at NDB

For many corporates, the scope of interaction with investors is confined to Annual General Meetings, Annual Reports and dividend declarations. An entity’s attention, wider engagements and interactions, intentionally or not, are more focused on stakeholder groups such as customers and suppliers. It is seldom that they make conscious efforts to engage their shareholders and investors throughout the year.

At NDB, our stance towards investors is different. For us, investors are as important as any other stakeholder

group. They have been the unwavering strength of the Bank as it has propelled and prospered forward to become one of the leading financial institutions in the country. The Bank has very well understood the importance of well-informed and well-engaged investors. As such, investor relations have become a well-organized function within the Bank alongside other day-to-day operations, with a dedicated team in conducting best in class investor relations, coming under the direct purview of the Chief Executive Officer and the Group Chief Financial Officer.

Our investor relations endeavours are a strong proponent of maintaining

accessibility to the management, quality, transparency and fairness in disclosures, elimination of selective disclosures and consistency in investor relations endeavours in all conditions.

Affirming the strides NDB has made in its investor relations endeavors, in 2015, the Bank was recognized with a Silver Award at the CFA Sri Lanka Capital Market Awards. NDB was the Bronze Award winner for the same award in 2014.



## Investor Relations Activities – 2015

Activity	Level of Engagement
Annual General Meeting	NDB hosted its 10th Annual General Meeting in March 2015, for the year 2014.
One-to-one investor meetings	The Bank hosted over 60 investor meetings over the year. All these meetings have been chaired by the CEO, Group CFO or Vice President Finance & Planning.
Investor Fora	The Bank hosted two large scale investor fora during the year for the full year financial performance for 2014 and the first nine months financial performance of 2015.
Investor webinars	The CEO hosted four online investor webinars during the year for the financial performance of 2014 and financial performance of Q1, 2 and 3 of 2015, for local and overseas shareholders and analysts.
NDB's representation at overseas investor fora	<p>The Bank proudly represented Sri Lanka at the following key overseas investor fora held in 2015, amongst others;</p> <ul style="list-style-type: none"> <li>• Credit Suisse Investor Conference held in London and New York in March 2015</li> <li>• Investor Meetings in UAE - Abu Dhabi &amp; Dubai held in UAE – 16t and 17 September 2015</li> <li>• Invest Sri Lanka – Investor forum held in London in October 2015</li> </ul>
Annual and quarterly statements lodged to the CSE	During 2015, the Bank timely lodged the Annual Financial Statements for the financial year 2014 and the Financial Statements from Q1 to Q3 of 2015. The Financial Statements were also complimented with a performance commentary for the benefit of the users of the Financial Statements.
Annual and quarterly press releases on the financial performance of the Bank and Group	The Bank published press releases during 2015, on the financial performance for the financial year 2014 and the quarters 1 to 3 in all three languages of Sinhala, English and Tamil.
Email alert on financial results release	As per established practice, the Bank released an email notification to investors, analysts, fund managers, etc.* just after the quarterly/annual the financial results were released to the CSE.
Reaching to investors through a revamped web page	The Bank maintains a dedicated web page for investors in its corporate website structured in a user-friendly and easy to navigate format and presents a wide array of investor information.
SMS alert and CEO's comments on the release of the Annual Report	<p>NDB initiated a novel feature, combining investor relations and Annual Report in 2014, where an SMS alert was released to investors and a host of other recipients on the release of the Bank's Annual Report to the CSE.</p> <p>The SMS alert also directed the recipients to a short video hosted by the CEO where he commented on the financial performance of 2014.</p>

*\*For the purpose of communications, the Bank maintains a comprehensive contact database of current shareholders and investors, fund managers, stock and investment analysts, professionals representing rating agencies and other relevant personnel who will benefit from the Bank's communications.*

Dates of investor-related events such as releasing Financial Statements to the CSE, investor fora, investor webinar, etc. held during 2015 as well as scheduled for 2016 are available in the Financial Calendar on page 267 of this Report.

## EVOLUTION OF NDB'S OWNERSHIP AND THE SHARE BASE

61% of the share capital of the National Development Bank of Sri Lanka (NDBSL) was transferred to private ownership through an IPO at LKR 50.00 per share.

A 1:2 bonus issue increased the number of shares in issue to 53,750,000.

Pursuant to the provisions of the National Development Bank of Sri Lanka (Consequential Provisions) Act No. 1 of 2005 a Company by the name of National Development Bank Ltd. (NDBL) was incorporated in terms of the Companies Act No. 17 of 1982 (and was accorded with the Registration No. N (PBS) 1252) for the purposes of taking over the business of NDBSL on 15 June 2005 and the National Development Bank of Sri Lanka Act No. 2 of 1979 was repealed except for certain provisions contained therein.

NDBL acquired the business and operations of NBL. In view of this, the shareholders of NBL were issued with shares of NDBL at the ratio of 1 NDBL share for every 5.6 shares of NBL held by them. This resulted in the increase of the issued capital of NDBL to 54,570,257 shares. In order to facilitate this transition, on the date of such acquisition, the Central Bank of Sri Lanka granted a commercial banking licence to NDBL whilst withdrawing the specialized banking licence that was held by it.

1993

2000

2005

1979

1997

2001

2006

Under and by virtue of the National Development Bank of Sri Lanka Act No. 2 of 1979 a bank was established with an authorized capital of LKR 2,000 million, comprising 20 million ordinary shares of LKR 100.00 each (which was subsequently subdivided into 200 million ordinary shares of LKR 10.00 each).

NDBSL was privatized further by the early conversion of its convertible debentures, reducing the Government's direct shareholding to 12.2%.

A further 2.56% of the issued shares were purchased by NDBSL for an Employees Share Ownership Plan.

As a part of its long-term plans, NDBSL incorporated a commercial bank under the Companies Act No. 17 of 1982 under the name 'NDB Bank Ltd.' (NBL) to take over the business and operations of ABN Amro NV Colombo Branch.

A bonus issue of 1 new share for every 2 shares held increased the issued ordinary share capital of NDBL by 27,285,128 shares.

NDBL was reregistered as National Development Bank PLC ('Bank') in terms of the new Companies Act No. 07 of 2007 and accorded with the Registration No. PQ 27

**2007**

Existing ordinary shares were subdivided in the proportion of one new ordinary share for every ordinary share in issue resulting in a total of 164,201,902 ordinary shares in issue.

**2011**

491,132 ordinary shares were issued on account of share grants of eligible employees in terms of the ELCP to the trustee of ELCP, bringing the total number of issued ordinary shares to 164,693,034.

**2013**

**2010**

245,566 ordinary shares were issued to eligible employees as per the Equity Linked Compensation Plan (ELCP) of the Bank, bringing the total number of issued shares to 82,100,951.

**2014**

400,888 shares were issued as share options to eligible employees as per the ELCP, bringing the total to 165,093,922 ordinary shares in issue.

**2015**

73,420 shares were issued as share options to eligible employees as per the ELCP, bringing the total to 165,167,342 ordinary shares in issue.

The stated capital of the Bank as at 31 December 2015 was LKR 1,243 million. The shares of the Bank continue to be quoted on the Colombo Stock Exchange.

## Securities in Issue NDB

- Quoted ordinary shares
- Debentures
  - Listed rated unsecured subordinated redeemable debentures issued in December 2013
  - Listed rated unsecured subordinated redeemable debentures issued in June 2015
  - Unlisted debentures issued in June/July 2011

## Ordinary Shares

### 1. Features of Ordinary Shares

Security Type	Quoted Ordinary Shares
Listed exchange	Colombo Stock Exchange (CSE) – Main Board
Featured stock indices	All Share Price Index (ASPI), S&P (SL) 20 Index Bank, Finance & Insurance Index (BFI)
CSE stock symbol	NDB.N0000
ISIN	LK0207N00007
Bloomberg newswire code	NDBB
Reuter's newswire code	NBLK

### 2. Stock Markets Performance and NDB Share Performance – 2015

#### 2.1 Performance of Global Equity Markets

2015 was a torrid year for global equity markets with losses being recorded in several key indices. Developed markets were hard hit, with the S&P 500 (USA), FTSE 100 (UK), S&P ASX 200 (AUS) and Hang Seng (HK) all recording losses. Supported by a weakening Yen (which investors expected would boost exports) and dovish monetary policy, the Nikkei 225 (JPN) was one of the few bright spots in equity markets,

recording a gain of approximately 9% during the year. On a surprising note, despite capturing global headlines due to high volatility for most parts of the year, the Shanghai Shenzhen CSI 300 index (CHN) also ended the year with a gain of over 5%.

#### 2.2 Performance of the Colombo Stock Exchange

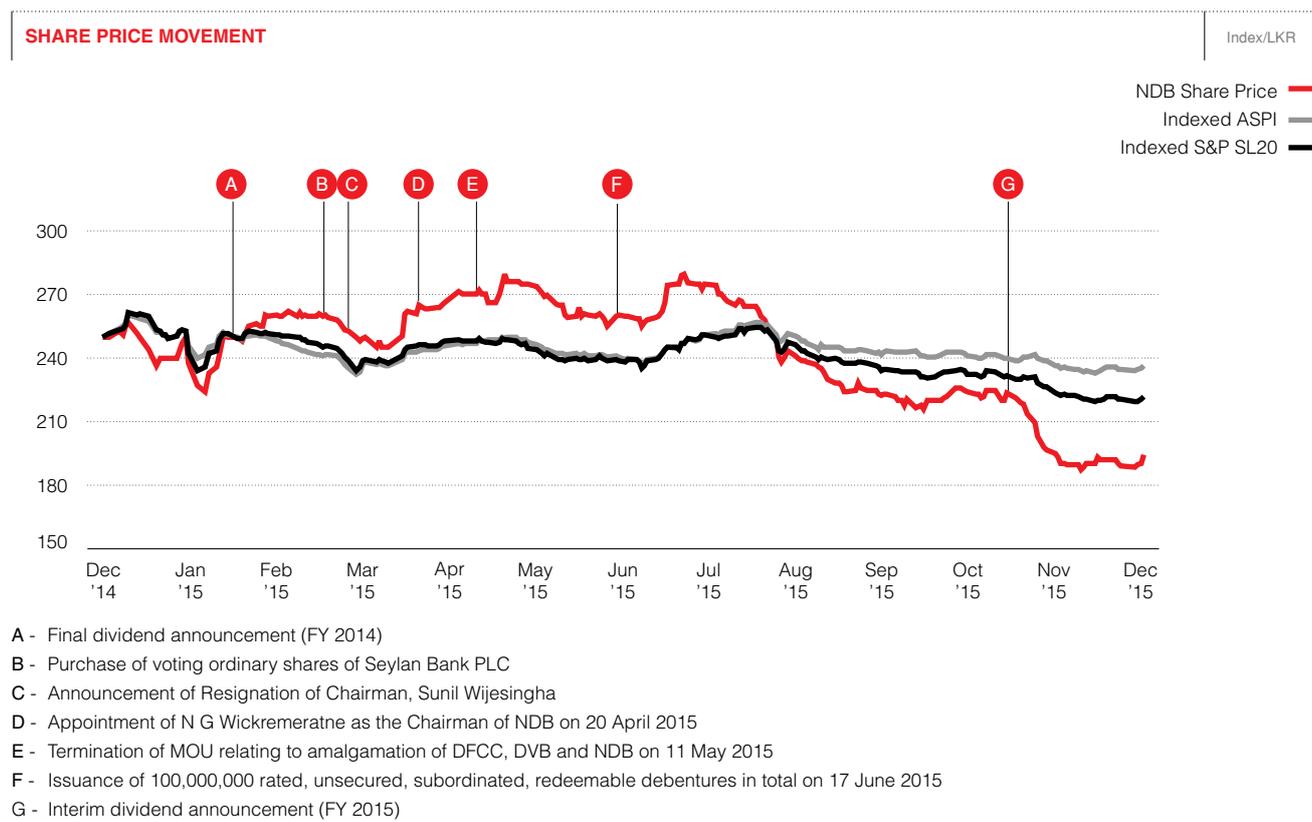
During 2015, the the All Share Price Index (ASPI) dropped 5.54% while the larger market cap index, S&P SL20 dropped by 11.33%. The equity market activity remained subdued in the first half of 2015 with the exception witnessed immediately after presidential elections and

pre-general elections as investor sentiment improved based on expected political stability. However, towards the end of the year the ASPI was seen tumbling down due to adverse global and local conditions on equity. During the year, CSE was able to record an LKR 1.06 billion, average daily turnover. Net foreign selling of LKR 5.37 billion was witnessed in 2015 compared to a net foreign buying of LKR 21.14 billion in 2014.

#### 2.3 Performance of the NDB Share

The NDB share price declined by 22.4% to close at LKR 194.10 by end of 2015. During the year, the share reached a high of LKR 280.00 (in May and July 2015) and a low of LKR 187.00 (in December 2015). The NDB share followed a similar trend to the ASPI with NDB declining further than the broader index towards the end of the year. This was due to the local and global conditions that adversely affected local equity and some tax proposals which were proposed in the fiscal budget for the year 2016, which impacted the banking sector.

On 13 November 2015, NDB announced an interim dividend of 2015 of LKR 7.00 per share and same was paid in November 2015. Further the, final dividend for 2015 of LKR 4.00 per share was announced on 12 February 2016 to be paid on 24 February 2016.



### 3. Analysis of Ordinary Shareholders as at 31 December 2015 as Per Rule 7.6 (x) of the Listing Rules of the CSE

#### 3.1 Distribution of shareholders

Shareholding Range	As at 31 December 2015				As at 31 December 2014			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
1 - 1,000	5,245	66.30	1,728,113	1.04	5,039	62.88	1,693,820	1.03
1,001 - 10,000	2,236	28.27	7,110,788	4.31	2,536	31.64	8,047,949	4.87
10,001 - 100,000	346	4.37	9,317,220	5.65	351	4.38	9,678,179	5.86
100,001 - 1,000,000	56	0.71	18,440,324	11.16	59	0.74	18,393,531	11.14
Over 1,000,000	28	0.35	128,570,897	77.84	29	0.36	127,280,443	77.10
<b>Total</b>	<b>7,911</b>	<b>100.00</b>	<b>165,167,342</b>	<b>100.00</b>	<b>8,014</b>	<b>100.00</b>	<b>165,093,922</b>	<b>100.00</b>

#### 3.2 Resident/Non-Resident Shareholding

Shareholding	As at 31 December 2015				As at 31 December 2014			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Resident	7,759	98.08	114,170,880	69.12	7,865	98.14	111,113,993	67.30
Non-resident	152	1.92	50,996,462	30.88	149	1.86	53,979,929	32.70
<b>Total</b>	<b>7,911</b>	<b>100.00</b>	<b>165,167,342</b>	<b>100.00</b>	<b>8,014</b>	<b>100.00</b>	<b>165,093,922</b>	<b>100.00</b>

**3.3 Individual/Institutional Shareholding**

Shareholding	As at 31 December 2015				As at 31 December 2014			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Individual	7,479	94.54	37,048,619	22.40	7,604	94.88	32,875,619	19.91
Institutional	432	5.46	128,118,723	77.60	410	5.12	132,218,303	80.09
<b>Total</b>	<b>7,911</b>	<b>100.00</b>	<b>165,167,342</b>	<b>100.00</b>	<b>8,014</b>	<b>100.00</b>	<b>165,093,922</b>	<b>100.00</b>

**4. Twenty Largest Registered Shareholders of the Bank as at 31 December 2015 as per Rule No. 7.6 (iii) of the Listing Rules of the Colombo Stock Exchange**

Name	2015		Name	2014	
	No. of Shares	%		No. of Shares	%
1. Bank of Ceylon No. 1 Account	16,371,076	9.91	Bank of Ceylon No. 1 Account	16,371,076	9.92
2. Employees' Provident Fund	16,010,248	9.69	Employees' Provident Fund	16,010,248	9.70
3. Sri Lanka Insurance Corporation Ltd. – General Fund	9,388,488	5.68	Sri Lanka Insurance Corporation Ltd. – General Fund	9,388,488	5.69
4. HSBC International Nominees Ltd. – SNFE – NTAsian Discovery Master Fund	8,973,856	5.43	HSBC International Nominees Ltd. – SNFE – NTAsian Discovery Master Fund	8,973,856	5.44
5. Dr. S Yaddehige	8,669,000	5.25	Dr. S Yaddehige	8,669,000	5.25
6. Sri Lanka Insurance Corporation Ltd. – Life Fund	7,805,426	4.73	Sri Lanka Insurance Corporation Ltd. – Life Fund	7,805,426	4.73
7. HSBC International Nominees Ltd. – BPSS LUX – Aberdeen Global Asia Pacific Equity Fund	5,715,450	3.46	HSBC International Nominees Ltd. – BPSS LUX – Aberdeen Global Asia Pacific Equity Fund	5,715,450	3.46
8. Employees' Trust Fund Board	5,592,897	3.39	Employees' Trust Fund Board	5,303,700	3.21
9. R S Captain	5,326,985	3.23	BNY-CF Ruffer Investment Funds: CF Ruffer Pacific Fund	4,850,000	2.94
10. Bny-CF Ruffer Investment Funds: CF Ruffer Pacific Fund	4,850,000	2.94	HSBC International Nominees Ltd. – MSNY-BAY Pond Partners L.P.	4,501,200	2.73
11. HSBC International Nominees Ltd. – BP2S London – Aberdeen Asia Pacific Equity Fund	4,294,800	2.60	HSBC International Nominees Ltd. – BP2S London – Aberdeen Asia Pacific Equity Fund	4,294,800	2.60
12. Hatton National Bank PLC – A/C No. 01	4,282,200	2.59	Hatton National Bank PLC – A/C No. 1	4,282,200	2.59
13. HSBC International Nominees Ltd. – MSNY-BAY Pond Partners L.P.	3,464,876	2.10	Asian Alliance Insurance PLC – A/C 03 (Life Shareholders Fund)	3,450,977	2.09
14. Asian Alliance Insurance PLC A/C 03 (Life Shareholders Fund)	3,450,977	2.09	A K Pathirage	2,970,000	1.80
15. A K Pathirage	2,970,000	1.80	Asian Alliance Insurance PLC – A/C 01 (General Fund)	2,540,977	1.54
16. HSBC International Nominees Ltd. – BBH-Matthews Emerging Asia Fund	2,515,196	1.52	Asiri Hospital Holdings PLC	2,411,583	1.46
17. Asiri Central Hospitals Ltd.	2,403,447	1.46	Asian Alliance Insurance PLC – A/C 02 (Life Fund)	2,159,746	1.31
18. Asian Alliance Insurance PLC – A/C 02 (Life Fund)	2,159,746	1.31	HSBC International Nominees Ltd. – MSNY-BAY Pond Investors (Bermuda) LP	2,045,200	1.24
19. DFCC Bank PLC – A/C 01	2,000,000	1.21	DFCC Bank PLC – A/C 01	2,000,000	1.21
20. HSBC International Nominees Ltd. – BP2S London – Aberdeen Asia Smaller Companies Investment Trust	1,683,000	1.02	HSBC International Nominees Ltd. – BP2S London – Aberdeen Asia Smaller Companies Investment Trust	1,683,000	1.02
<b>Total</b>	<b>117,927,668</b>	<b>71.40</b>	<b>Total</b>	<b>115,426,927</b>	<b>69.92</b>

## 5. Public Shareholding

	2015	2014
Percentage of the shares held by the public	90.30%	90.25%
Number of public shareholders	7,881	7,982

## 6. Directors' Interest in Shares of the Bank

Name	As at 31 December 2015	As at 31 December 2014
	No. of Shares	No. of Shares
N G Wickremeratne	Nil	N/A
A K Pathirage	3,993,000*	3,993,000*
R Theagarajah	126	126
T L F Jayasekera	Nil	Nil
Mrs. K Fernando	Nil	Nil
D S P Wikramanayake	Nil	Nil
Mrs. W A I Sugathadasa	Nil	Nil
Mrs. D M A Harasgama	Nil	N/A
D M R Phillips	Nil	N/A
K D W Ratnayaka	Nil	N/A

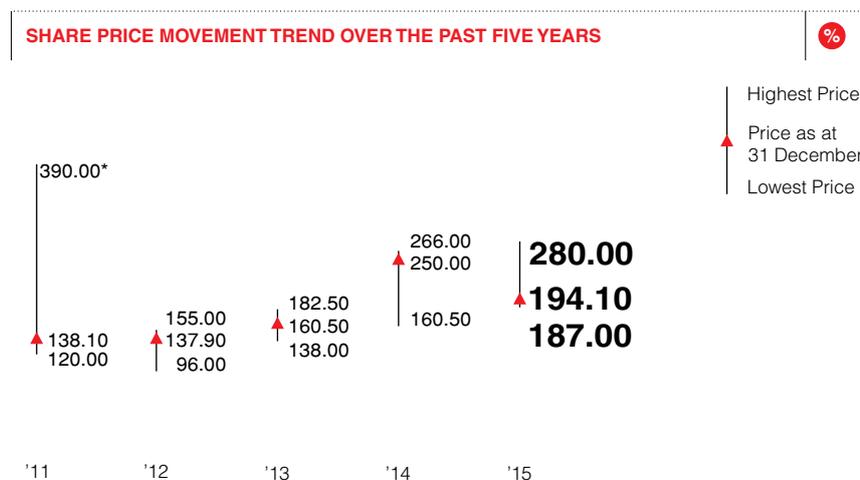
\*Includes shares held in the slash account

## 7. Information on Share Trading

### 7.1 Share Price Movement Trend Over the Past Five Years

Year	2015	2014	2013	2012	2011
Highest price (LKR)	280.00	266.00	182.50	155.00	390.00*
Date/s highest price was recorded	23.07.2015 22.05.2015	03.10.2014	10.05.2013	26.09.2012	14.02.2011
Lowest price (LKR)	187.00	160.50	138.00	96.00	120.00
Date/s lowest price was recorded	28.12.2015	02.01.2014	02.01.2013	05.06.2012	06.12.2011
Price as at 31 December (LKR)	194.10	250.00	160.50	137.90	138.10
Total number of shares in issue	165,167,342	165,093,922	164,693,034	164,201,902	164,201,902

\*Unadjusted price for subdivision of shares in 2011.



\*Unadjusted price for subdivision of shares in 2011.

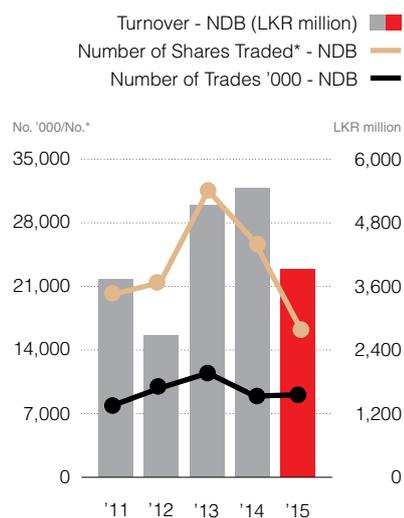
### 7.1.1 Share Price Movement Over the Year

Year 2015	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Highest price	260.00	261.00	263.00	267.00	280.00	274.80	280.00	274.90	241.10	245.00	225.00	196.00
Lowest price	235.00	220.00	245.00	245.00	262.00	255.00	255.00	238.00	220.00	215.00	193.50	187.00
Price as at month end	237.40	260.00	248.00	266.40	275.00	260.30	275.00	241.00	222.30	224.00	194.80	194.10

### 7.2 Share Trading Details

Year	2015	2014	2013	2012	2011
Number of trades '000 – NDB	9,040	8917	11406	9854	7906
Percentage of total market trades (%)	0.60	0.45	0.80	0.53	0.17
Number of shares traded – NDB	15,963,879	25,871,855	31,631,020	21,406,492	20,108,047
Percentage of total shares traded in the market (%)	0.17	0.15	0.35	0.22	0.08
Turnover – NDB (LKR million)	3,918	5,452	5,112	2,676	3,737
Percentage of total market turnover (%)	0.60	1.60	2.55	1.25	0.68

#### SHARE TRADING DETAILS

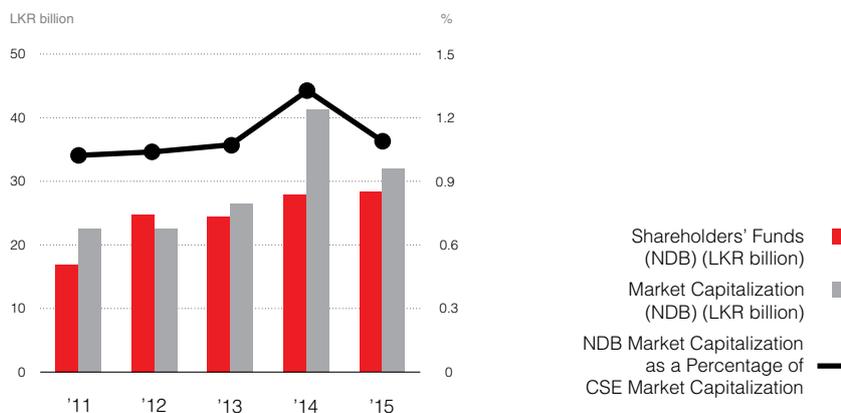


### 7.3 Shareholders' Funds and Market Capitalization

Year	2015	2014	2013	2012	2011
Shareholders' funds (NDB) in LKR million	28,382	27,876	24,514	24,883	16,925
Percentage increase/decrease in shareholder funds over the prior year (%)	2	14	-1	47	11
Market capitalization (NDB) in LKR million	32,059	41,273	26,433	22,643	22,676
Percentage increase/decrease in NDB market capitalization over the prior year (%)	-22	56	17	0	-21
Market capitalization (CSE) in LKR million	2,937,998	3,104,864	2,459,897	2,167,581	2,213,873
Percentage increase/decrease in CSE market capitalization over the prior year (%)	-5.37	26.22	13.49	-2.09	0.15

Year	2015	2014	2013	2012	2011
NDB's market capitalization as a percentage of CSE market capitalization (%)	1.09	1.33	1.07	1.04	1.02
Market capitalization rank of NDB in the CSE	21	16	20	22	23
Market capitalization (BFI sector within CSE) in LKR million	699,844	753,695	512,792	490,561	499,180
NDB's market capitalization as a percentage of BFI sector capitalization (%)	4.58	5.48	5.15	4.62	4.54
Beta value of NDB share against ASPI	1.37	1.11	0.82	1.17	0.86
Beta value of NDB share against S&P SL20	1.54	1.10	0.63	1.28	0.89

#### SHAREHOLDERS' FUNDS AND MARKET CAPITALIZATION



Shareholders' funds of the Group reached LKR 28 billion by end 2015, a 2% increase over the prior period. Within shareholder funds, capital increased by 2% whilst retained earnings increased by 3% during the year, strengthening the shareholder funds base.

On a five year compound annual growth basis, the shareholder funds have increase by 11% from 2011 to 2015.

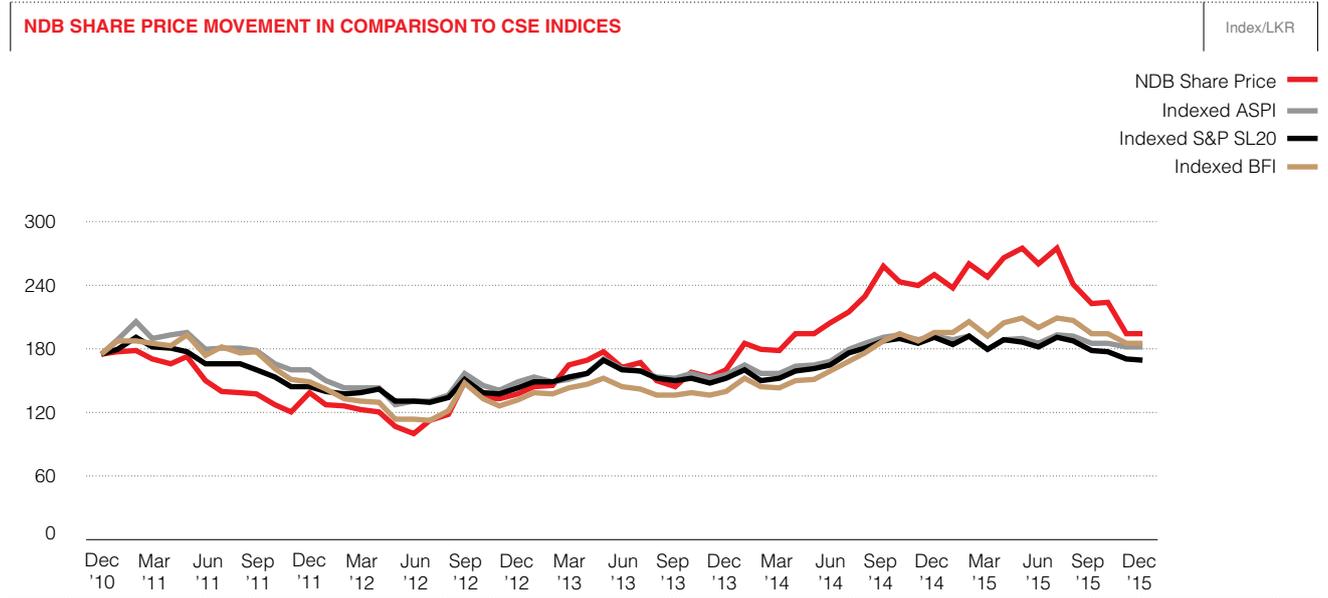
Market capitalization of NDB by the end of 2015 was LKR 32 billion, based on a share base of 165,167,342 which closed trading at LKR 194.10. This

was a 22% drop in comparison to the market capitalization in 2014 of LKR 41 billion, which was represented by a share base of 165,093,922 which closed trading at LKR 250.00.

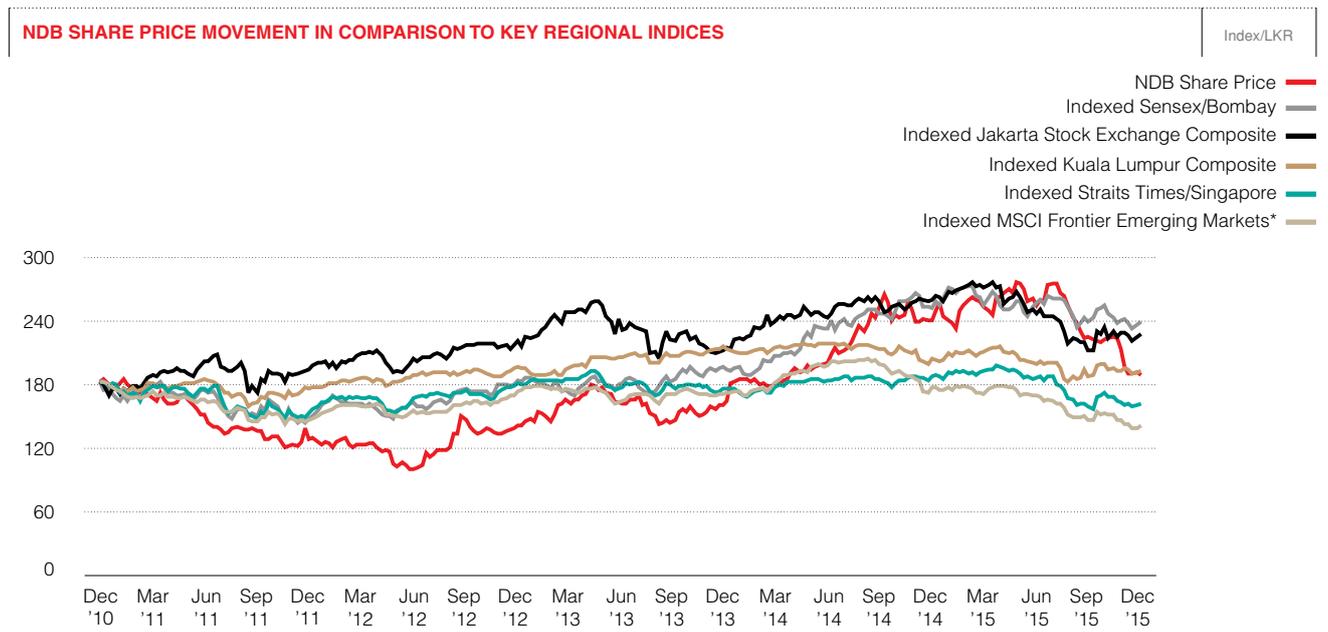
At a market level, the Colombo Stock Exchange also denoted a reduction in the total market capitalization,

NDB retained its position in the S&P SL 20 index , which covers the largest and most liquid stocks from the Sri Lankan equity market, at its latest annual reconstitution in December 2015.

### 7.4 NDB Share Performance in Comparison to Selected Local Indices



### 7.5 NDB Share Performance in Comparison to Key Regional Indices



\* Morgan Stanley Capital International Frontier Emerging Markets Index

## 8. Key Shareholder Return Indicators – NDB Group

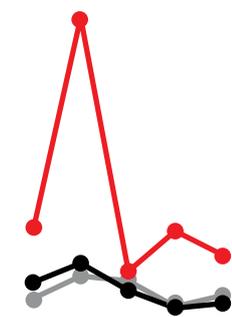
Year	2015	2014	2013	2012	2011
Return on equity (%)	12.59	15.78	10.70	42.35	15.69
Gross dividends paid during the year (LKR million)	1,815	1,978	3,222	657	800
Dividend per share (DPS) (LKR)	11.00	11.00	10.00	15.00	7.50
Dividend yield (%)	5.67	4.40	6.23	10.88	5.43
Dividend payout ratio (%)	51.00	43.90	62.37	79	48.71
Earnings per share (EPS) (LKR)	21.51	25.14	16.48	55.31	15.79
Total shareholder return ratio (TSR) (%)	-17.96	63.23	30.89	2.75	-18.68
Price earnings ratio (PE ratio) (Times)	9.02	9.94	9.74	2.49	8.75
Net asset value per share (LKR)	172.35	169.35	148.85	151.54	103.08
Price to book value (Times)	1.13	1.48	1.08	0.91	1.34

### Return on Equity

The Return on Equity (ROE) of the NDB Group for the period under review was 12.59% and compares with an ROE of 15.78% in 2014. The Group has generated sound returns to its shareholders over the years. The Group ROE has been above other comparative market return indicators as well.

#### NDB GROUP ROE VS MARKET INTEREST RATES

ROE - NDB Group  
Average Weighted Deposit Rate (AWDR)  
Average 12 Months T-Bill Rate



'11 '12 '13 '14 '15

### Dividend Policy of the Bank

NDB is one of the few corporates which yields consistently high financial rewarded to its shareholders by way of dividends. To serve this purpose the Bank has been gradually increasing its profitability, whilst maintaining prudential focus on a host of other indicators such as inflation, future cash needs for the sustainable operations of the Bank i.e. liquidity and capital adequacy.

Such focus ensures that the Bank strikes the right balance amongst these crucial indicators of liquidity, capital adequacy and meaningful returns to its shareholders.

The Bank's Board approved dividend policy focuses on maintaining the ratios given below:

Ratio	Policy Guidelines
Dividend payout ratio	>35%
Capital adequacy	>12%
Open loan position	<40%
Liquidity	>20%

The table below indicates how the Bank has abided by its internal policy for sustainable dividend payments over the past five years which has ensured high dividend to shareholders undisturbed business operations simultaneously.

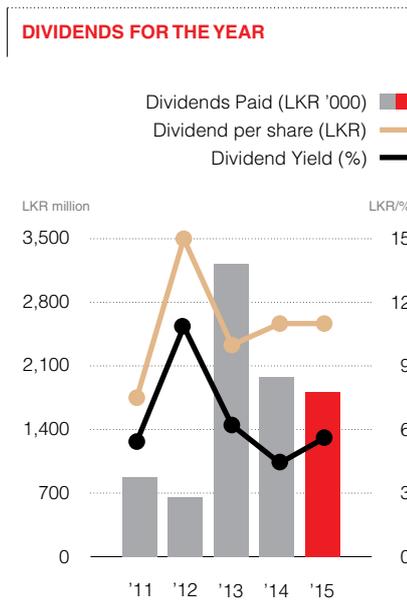
Year	2015	2014	2013	2012	2011
Open loan position ratio (%)	9.64	10.05	8.69	3.95	2.73
Capital adequacy ratio (%)	12.59	14.68	17.87	12.38	11.26
Liquidity ratio (%) – DBU	22.24	23.85	26.22	22.02	22.54
Liquidity ratio (%) – FCBU	24.91	25.18	26.06	24.92	28.49
Minimum payout ratio (%)	35.00	35.00	35.00	35.00	35.00
Dividend payout ratio (%)	51.29	43.90	62.37	79.38	48.71

### Dividends for the Year

Dividends per share for the year ended 31 December 2015 was LKR 11.00 (2014 - LKR 11.00). The Bank declared an interim dividend of LKR 7.00 (2014 - LKR 7.00) on 13 November 2015 and paid same on 24 November 2015. The final dividend of LKR 4.00 (2014 - LKR 4.00) was declared on 12 February 2016.

The dividend pay-out ratio for 2015 was 51%, and has been maintained well in line with the Bank's dividend policy as explained above.

The dividend yield of the Bank for 2015 was 5.67%.



### Earnings Per Share

Basic earnings per share (EPS) for the year ended 31 December 2015 was LKR 21.51 and compared with an EPS of LKR 25.14 in 2014.

As explained in item 12.1 below, the Bank has in effect, an equity linked compensation plan (ELCP) for a set of eligible employees. The diluted earnings per share calculated based on the effect of the said outstanding share option scheme is LKR 21.51.

### Total Shareholder Returns

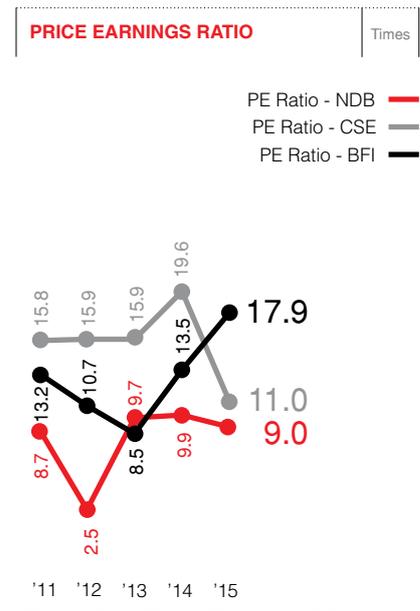
Total shareholder returns (TSR), as measured with change in share price and dividends received during the year was a negative 18% for 2015. The main reason for the negative movement in the TSR was the drop in NDB's share price from LKR 250.00 in end 2014 to LKR 194.10 by end 2015. In terms of dividend earned during 2015 shareholders received a total of LKR 11.00 (LKR 4.00 as final dividend for 2014 and LKR 7.00 as interim dividend for 2015). During 2014, shareholders received a total of LKR 12.00 as dividends (LKR 5.00 as final dividend for 2013 and LKR 7.00 as interim dividend for 2014).

The TSR for 2015 compares with a TSR of 63% in 2014. The main reason for the large positive TSR in 2014 was the NDB's share price appreciation by 56% (a rupee equivalent of LKR 89.50) from end 2013 to end 2014.

### Price Earnings Ratio

The price earnings ratio (PER) of NDB for the 12 months ended 2015 was 9.02 (times). In comparison to the PER of NDB of 9.94 (times) in 2014.

In comparison to the PER of the Colombo Stock Exchange, the Bank's PER has been lower than the CSE PER. The closing CSE PER for 2015 was 18.38 (times). When comparing the PER of NDB with the PER of the Banking, Finance and Insurance (BFI) sector of the CSE, the Bank's PER was still lower than 17.98% of the BFI sector.



## Price to Book Value

Price to book value (PBV) was greater than one, for the year ended 31 December 2015 at 1.13 (times) (2014: 1.48 times). The decrease in the share price (from LKR 250.00 to LKR 194.10) together with the increase in the net asset value per share (from LKR 169.35 to LKR 172.35) in end 2015 compared to end 2014 resulted in the lower PBV ratio.

## Net Asset Value Per Share

Net asset value per share of the Group improved to LKR 172.35 by the end of 2015 in comparison to LKR 169.35 of end 2014, a modest increase of 2%.

## 9. Employee Share Ownership Schemes

### 9.1 Equity Linked Compensation Plan (ELCP)

The Bank obtained approval of the shareholders at an Extraordinary General Meeting held in March 2010, to enable the management staff in the rank of Assistant Vice-President and above of the Bank to take part in the voting ordinary share capital of the Bank, subject to certain limits, terms and conditions, thereby forming an Equity Linked Compensation Plan (ELCP).

Accordingly, the ELCP created a maximum of 3% of the ordinary voting shares to be allocated in five tranches. Half of such shares were to be awarded as share options and the other half as share grants in equal proportions. Each of the five tranches would amount to a maximum of 0.6% of the voting shares.

The said ELCP was concluded in 2014.

However, as per the ELCP, the eligible members of the staff can exercise share options until 2017, and accordingly have exercised share options amounting to 73,420 shares during the year ended 31 December 2015.

The said share issue resulted in the increase of the stated capital of the Bank from LKR 1,225 million to LKR 1,243 million as at 31 December 2015. The number of shares in issue increased from 165,093,922 to 165,167,342 as at 31 December 2015.

More details on the share options scheme and share grants scheme are given on Note 43 on pages 360 and 361 to the Financial Statements.

### 9.2 Employee Share Option Schemes (ESOS)

NDB maintained an Employee Share Option Scheme (ESOP) until 2014. The Colombo Stock Exchange (CSE), by Listing Rule 5.6 amended the rules relating to Employee Share Option Schemes (ESOS) and Employee Share Purchase Schemes (ESPS) by mandating that such schemes should result in the shares being offered to eligible employees for 'purchase' or 'subscription' in the case of ESOS and 'acquisition' in the case of ESPS, specially prohibiting open ended schemes.

In compliance with this ruling and the Transitional Provisions thereto, the Board of Directors of National Development Bank PLC (NDB) approved the dissolution of the NDB ESOP Trust and the distribution of the ESOP shares amounting to 4,133,726 to the eligible employees of NDB in 2014.

## Debentures of NDB

### 10. NDB has Three Debentures in Issue as Follows:

- i. Listed rated unsecured subordinated redeemable debentures – June 2015
- ii. Listed rated unsecured subordinated redeemable debentures – December 2013
- iii. Unlisted privately placed debentures – June/July 2011

#### 10.1 Rated Unsecured Subordinated Redeemable Debentures – June 2015

##### 10.1 (A) Key Features of the Debentures

Types of Debentures	Debenture Code	ISIN	Issue Price	Per Value	Interest Rate per Annum	Interest Payment Frequency	Annual Effective Rate per Annum	Redemption (from the Date of Allotment)	Interest Payment Dates
			LKR	LKR	%				
Type A	NDB-BD-24/06/20-C2309-9.4	LK0207D23091	100	100	9.40%	Annually	9.40%	60 months (5 years)	31 December
Type B	NDB-BD-24/06/20-C2308-0	LK0207D23083	63.81	100	9.40%	Annual compounding on the Issue Price payable on the Date of Redemption	9.40%	60 months (5 years)	At the time of redemption

##### 10.1 (B) Trading Details for the Year Ended 31 December 2015

Type of Debenture	Debenture Capital Balance as at 31 December 2015 LKR million	Market Value			Interest Rate of Comparable Security %	Other Ratios as at Last Trade	
		Highest LKR	Lowest LKR	Year End LKR		Interest Yield %	Yield to Maturity %
<b>Fixed rate</b>							
Type A	7,000	101.64	99.00	99.00	8.30	9.70	9.70
Type B	1,914	Not traded during the year			8.30	Not traded during the year	
<b>Total Debentures</b>	<b>8,914</b>						

#### 10.2 Rated Unsecured Subordinated Redeemable Debentures – December 2013

##### 10.2 (A) Key Features of the Debentures

Types of Debentures	Debenture Code	ISIN	Issue Price	Per Value	Interest Rate per Annum	Interest Payment Frequency	Annual Effective Rate per Annum %	Redemption (from the Date of Allotment)	Interest Payment Dates
			LKR	LKR	%				
Type A	NDB/BC/19/12/18A13	LK0207D20998	100	100	13.00	Semi-Annually	13.42	60 months (5 years)	30 June and 31 December
Type B	NDB/BC/19/12/18B13.4	LK0207D21012	100	100	13.40	Annually	13.40	60 months (5 years)	31 December
Type C	NDB/BC/19/12/23C13.9	LK0207D21038	100	100	13.90	Annually	13.90	120 months (10 years)	31 December
Type D	NDB/BC/19/12/25D14	LK0207D21053	100	100	14.00	Annually	14.00	144 months (12 years)	31 December

### 10.2 (B) Trading Details for the Year Ended 31 December 2015

Type of Debenture	Debenture Capital Balance as at 31 December 2015 LKR million	Market Value			Interest Rate of Comparable Security %	Other Ratios as at Last Trade	
		Highest LKR	Lowest LKR	Year End LKR		Interest Yield %	Yield to Maturity %
<b>Fixed Rate</b>							
Type A	1,243	112.00	104.00	104.00	8.30	11.39	11.39
Type B	1,529	112.35	112.35	112.35	8.30	9.04	9.04
Type C	3,638	117.05	117.05	117.05	9.75	10.78	10.78
Type D	3,590	Not traded during the year			9.75	Not traded during the year	
<b>Total Debentures</b>	<b>10,000</b>						

### 10.3 Unlisted Privately Placed Debentures – June/July 2011

In 2011, the Bank privately placed rated subordinated unsecured unlisted debentures having an aggregate face value of LKR 400 million. The proceeds of these debentures were utilized for re-lending purposes.

#### 10.3 (A) Key Features of the Debentures

Date	Amount LKR	Number of Debentures	Value LKR	Redemption	Rate of Interest
30 June 2011	1,000/- each	110,000	110,000,000	30 June 2016	03 month gross TBR + 1.00% per annum
22 July 2011	1,000/- each	290,000	290,000,000	30 June 2016	03 month gross TBR + 1.00% per annum

#### 10.3 (B) Other Information

Type of Debenture	CSE Listing	Interest Payable Frequency	Balance as at 31 December 2015	Coupon Rate %	Effective Annual Yield %	Interest Rate on Comparable Securities %
<b>Floating Rate</b>						
2011- 2016 (3 month TB rate (gross)+1% p.a.)	Unlisted	Quarterly	400	7.82	7.82	6.87
<b>Total Debentures</b>	<b>400</b>					

## 11. Information on Debentures of the Bank (As per Rule No. 7.6 x (i) of the Listing Rules of the Colombo Stock Exchange)

	2015	2014
Debt equity ratio (%)	12.19	10.43
Interest cover (Times)	1.55	1.58
Liquidity assets ratio (%) – Domestic Banking Unit	22.24	23.85
Liquidity assets ratio (%) – Foreign Currency Banking Unit	24.91	25.18

## 12. Directors' Interest in Listed Debentures as at 31 December 2015

Name	Debenture June 2015		Debenture December 2013	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
	No. of Debentures	No. of Debentures	No. of Debentures	No. of Debentures
N G Wickremeratne	75,500	N/A	67,200	N/A***
A K Pathirage	–	N/A	–	–
R Theagarajah	–	N/A	–	–
T L F Jayasekera	–	N/A	–	–
Mrs. K Fernando	–	N/A	–	–
D S P Wikramanayake	–	N/A	–	–
Mrs. W A I Sugathadasa	–	N/A	–	–
Mrs. D M A Harasgama	–	N/A	–	N/A***
D M R Phillips	–	N/A	–	N/A***
K D W Ratnayaka	–	N/A	–	N/A***

\*\*\* Not Directors as at 2014

## Credit Ratings of NDB

### 13. Credit Ratings

NDB at present engages the services of Fitch Ratings Lanka Ltd. for local credit ratings and the services of Standards and Poor's Rating Services for international ratings.

Ratings assigned to the Bank are subject to annual reviews. In the 2015 annual ratings review, all ratings assigned to NDB by both the rating agencies were affirmed. This is an assured indicator of the soundness with which, the Bank conducts its operations.

### 14. Credit Ratings Summary

Rating Entity	Fitch Ratings Lanka Ltd.
Date of report	11 November 2015
<b>National</b>	
Long-term rating	AA-(lka)
Subordinated debentures	A+(lka)
<b>Sovereign risk</b>	
Long-term foreign currency issuer default rating (IDR)	BB-
Long-term local currency issuer default rating (IDR)	BB-
<b>Outlooks</b>	
National Long-Term Rating	Stable
Sovereign Long-Term Foreign Currency IDR	Stable
Sovereign Long-Term Local Currency IDR	Stable
Rating Entity	Standard & Poor's Ratings Services
Date of report	22 June 2015
Counterparty Credit Rating	B+/Stable/B
Counterparty Credit Ratings History (27 June 2014)	B+/Stable/B

### 15. Full Rating Reports

Please refer our Investor Relations web page within the NDB corporate website on <http://www.ndbbank.com/> to read the full rating reports of Fitch ratings and Standard & Poor's Rating Services.

## Other Information

### 16. Financial Statements in USD – Group and Bank

#### 16.1 Statement of Profit or Loss

	BANK			GROUP		
	Year ended 31.12.2015 US\$ '000	Year ended 31.12.2014 US\$ '000	Change %	Year ended 31.12.2015 US\$ '000	Year ended 31.12.2014 US\$ '000	Change %
Gross income	189,162	191,029	(1)	196,921	200,539	(2)
Interest income	154,868	160,515	(4)	156,800	161,872	(3)
Interest expenses	99,837	101,782	(2)	99,680	101,312	(2)
<b>Net interest income</b>	<b>55,032</b>	<b>58,732</b>	<b>(6)</b>	<b>57,121</b>	<b>60,560</b>	<b>(6)</b>
Net Fee and commission income	14,751	14,282	3	23,096	19,623	18
Net gains/(losses) from trading	7,963	6,964	14	7,963	6,964	14
Net gains/(losses) from financial investments	1,917	5,483	(65)	3,612	9,573	(62)
Other operating income	9,662	3,785	155	5,450	2,507	117
<b>Total operating income</b>	<b>89,325</b>	<b>89,247</b>	<b>0</b>	<b>97,242</b>	<b>99,227</b>	<b>(2)</b>
<b>Impairment charges for loans receivables and other losses</b>						
Individual Impairment	4,106	1,082	279	4,106	1,082	279
Collective Impairment	1,102	2,964	63	1,102	2,964	63
Other provision	–	285	(100)	251	–	100
<b>Net operating income</b>	<b>5,208</b>	<b>4,332</b>	<b>20</b>	<b>5,459</b>	<b>4,046</b>	<b>35</b>
<b>Net Operating expenses</b>	<b>84,116</b>	<b>84,915</b>	<b>(1)</b>	<b>91,782</b>	<b>95,181</b>	<b>(4)</b>
Operating Expenses						
Personnel expenses	23,443	21,985	7	26,584	24,278	10
Depreciation and amortization	2,710	2,476	9	3,083	2,969	4
Other expenses	18,107	16,169	12	20,301	17,986	13
<b>Total operating expenses</b>	<b>44,261</b>	<b>40,630</b>	<b>9</b>	<b>49,970</b>	<b>45,233</b>	<b>10</b>
<b>Operating profit before tax on financial services</b>	<b>39,856</b>	<b>44,285</b>	<b>(10)</b>	<b>41,812</b>	<b>49,948</b>	<b>(16)</b>
Tax on financial services	(6,661)	(7,877)	(15)	(6,661)	(7,877)	(15)
<b>Operating profit after tax on financial services</b>	<b>33,196</b>	<b>36,408</b>	<b>(9)</b>	<b>35,151</b>	<b>42,071</b>	<b>(16)</b>
Share of associate companies' profits/(losses)	–	–	–	569	744	(24)
<b>Profit before taxation</b>	<b>33,196</b>	<b>36,408</b>	<b>(9)</b>	<b>35,720</b>	<b>42,816</b>	<b>(17)</b>
Taxation	(7,506)	(10,251)	(27)	(8,871)	(10,322)	(14)
<b>Profit for the period</b>	<b>25,690</b>	<b>26,158</b>	<b>(2)</b>	<b>26,849</b>	<b>32,494</b>	<b>(17)</b>
Profit attributable to:						
<b>Equity holders of the parent</b>	<b>25,690</b>	<b>26,158</b>	<b>(2)</b>	<b>25,914</b>	<b>31,636</b>	<b>(18)</b>
<b>Non-controlling interests</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>937</b>	<b>857</b>	<b>9</b>
	<b>25,690</b>	<b>26,158</b>	<b>(2)</b>	<b>26,851</b>	<b>32,494</b>	<b>(17)</b>
Basic Earnings per share (in USD)	0.16	0.16	(2)	0.16	0.19	(18)
Diluted Earnings per share (in USD)	0.16	0.16	(2)	0.16	0.19	(18)

## 16.2 Statement of Comprehensive Income

	BANK			GROUP		
	Year ended 31.12.2015 US\$ '000	Year ended 31.12.2014 US\$ '000	Change %	Year ended 31.12.2015 US\$ '000	Year ended 31.12.2014 US\$ '000	Change %
Profit for the period	25,690	26,158	(2)	26,851	32,494	(17)
<b>Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods</b>						
Exchange differences on translation of foreign operations	–	–	–	119	4	(3,125)
Gains from available-for-sale investments	(2,863)	(269)	965	(2,785)	(168)	1,558
Deferred tax effect on fair value adjustment of available-for-sale investment	576	258	123	576	258	123
Net gains/(losses) on available-for sale investments	(2,287)	(11)	20,956	(2,209)	90	(2,558)
Gains and losses on cash flow hedges	(2,105)	3,045	(169)	(2,105)	3,045	(169)
<b>Other comprehensive income/(expenses) not to be reclassified to profit or loss in subsequent periods</b>						
Revaluation of freehold land & buildings	–	8,297	(100)	698	8,297	(92)
Deferred tax effect on revaluation surplus	–	(1,766)	(100)	–	(1,766)	(100)
Net change in revaluation surplus	–	6,531	(100)	698	6,531	(89)
Actuarial gains/(losses) on defined benefit plans	690	(1,069)	(165)	727	(1,069)	(168)
Deferred tax effect on actuarial gains/(losses) on defined benefit plans	(54)	129	(141)	(54)	129	(141)
Net actuarial gains/(losses) on defined benefit plans	637	(940)	(168)	674	(940)	(172)
<b>Total other comprehensive income/(expenses)</b>	<b>(3,755)</b>	<b>8,625</b>	<b>(144)</b>	<b>(2,824)</b>	<b>8,730</b>	<b>(132)</b>
<b>Total comprehensive income for the period</b>	<b>21,936</b>	<b>34,783</b>	<b>(37)</b>	<b>24,028</b>	<b>41,223</b>	<b>(42)</b>
<b>Attributable to:</b>						
Equity holders of the parent	21,936	34,783	(37)	23,050	40,365	(43)
Non-controlling interests	–	–	–	978	859	14
	<b>21,936</b>	<b>34,783</b>	<b>(37)</b>	<b>24,028</b>	<b>41,223</b>	<b>(42)</b>

### 16.3 Consolidated Statement of Financial Position

	BANK			GROUP		
	Current period As at 31.12.2015 US\$ '000	Previous period As at 31.12.2014 US\$ '000	Change %	Current period As at 31.12.2015 US\$ '000	Previous period As at 31.12.2014 US\$ '000	Change %
<b>Assets</b>						
Cash and cash equivalents	82,094	23,536	249	82,282	24,822	231
Balances with Central Bank	48,610	51,104	(5)	48,610	51,104	(5)
Placements with banks	8,011	20,636	(61)	8,011	20,636	(61)
Derivative financial instruments	13,219	14,434	(8)	13,219	14,434	(8)
Financial assets-held-for-trading	20,731	21,117	(2)	36,316	45,706	(21)
Loans and receivables to banks	713	2,359	(70)	713	2,359	(70)
Loans and receivables to other customers	1,455,570	1,328,091	10	1,456,011	1,328,551	10
Financial investments – loans and receivables	248,822	290,390	(14)	259,505	293,279	(12)
Financial investments – available-for-sale	197,927	129,343	53	201,145	136,906	47
Financial investments – held-to-maturity	30,812	68,013	(55)	39,312	77,084	(49)
Investments held for sale	129	140	(8)	231	252	(8)
Investments in subsidiary companies	14,612	15,165	(4)	–	–	–
Investment property	–	–	–	11,611	11,719	(1)
Intangible assets	1,668	1,919	(13)	1,908	2,252	(15)
Property, plant & equipment	14,097	14,613	(4)	17,048	17,078	(0)
Other assets	9,912	11,021	(10)	14,035	14,225	(1)
<b>Total assets</b>	<b>2,146,928</b>	<b>1,991,883</b>	<b>8</b>	<b>2,189,956</b>	<b>2,040,406</b>	<b>7</b>
<b>Liabilities</b>						
Due to banks	80,694	53,293	51	80,694	53,293	51
Derivative financial instruments	4,439	5,028	(12)	4,439	5,028	(12)
Due to other customers	1,284,259	1,151,052	12	1,278,835	1,148,485	11
Debt securities issued and other borrowed funds	420,332	469,715	(11)	420,124	469,491	(11)
Current tax liabilities	3,378	6,268	(46)	3,639	6,112	(40)
Deferred tax	4,878	4,696	4	4,950	4,624	7
Other liabilities	54,956	48,311	14	56,756	50,119	13
Dividends payable	417	390	7	417	390	7
Subordinated term debts	135,930	84,529	61	135,930	84,529	61
<b>Total liabilities</b>	<b>1,989,283</b>	<b>1,823,282</b>	<b>9</b>	<b>1,985,785</b>	<b>1,822,071</b>	<b>9</b>
<b>Equity</b>						
Stated capital	8,630	9,289	(7)	8,076	8,683	(7)
Statutory reserve fund	8,630	7,663	13	8,630	7,663	13
Retained earnings	135,030	141,209	(4)	173,444	183,820	(6)
Other reserves	5,354	10,438	(49)	6,948	11,174	(38)
<b>Total shareholders' equity</b>	<b>157,645</b>	<b>168,599</b>	<b>(6)</b>	<b>197,099</b>	<b>211,340</b>	<b>(7)</b>
Non-controlling interests	–	–	–	7,073	6,995	1
<b>Total equity</b>	<b>157,645</b>	<b>168,599</b>	<b>(6)</b>	<b>204,172</b>	<b>218,335</b>	<b>(6)</b>
<b>Total liabilities and total equity</b>	<b>2,146,928</b>	<b>1,991,881</b>	<b>8</b>	<b>2,189,957</b>	<b>2,040,406</b>	<b>7</b>
<b>Net Book Value Per Share (USD)</b>	<b>0.95</b>	<b>1.02</b>	<b>(7)</b>	<b>1.20</b>	<b>1.28</b>	<b>(7)</b>
<b>Contingent liabilities and commitments</b>	<b>1,651,031</b>	<b>1,752,416</b>	<b>(6)</b>	<b>1,656,872</b>	<b>1,752,455</b>	<b>(5)</b>
<b>Memorandum Information</b>						
Number of Employees	1,960	1,744				
Number of Branches	93	83				

## 17. Interim Financial Performance – Group and Bank

### 17.1 Statement of Profit or Loss

#### Bank

LKR '000	Quarter 4 31.12.2015	Quarter 3 30.09.2015	Quarter 2 30.06.2015	Quarter 1 31.03.2015	Quarter 4 31.12.2014	Quarter 3 30.09.2014	Quarter 2 30.06.2014	Quarter 1 31.03.2014
Net interest income	2,015,766	1,843,930	1,741,914	1,920,215	1,893,935	2,011,647	1,973,188	1,795,831
Other operating income	966,482	1,141,910	868,296	1,710,776	889,176	909,803	898,997	1,289,390
<b>Total operating income</b>	<b>2,982,248</b>	<b>2,985,840</b>	<b>2,610,210</b>	<b>3,630,990</b>	<b>2,783,111</b>	<b>2,921,450</b>	<b>2,872,185</b>	<b>3,085,221</b>
Impairment for loans & receivables and other losses	194,664	318,872	261,799	(63,502)	242,428	101,449	193,633	28,493
<b>Net operating income</b>	<b>2,787,584</b>	<b>2,666,968</b>	<b>2,348,411</b>	<b>3,694,493</b>	<b>2,540,683</b>	<b>2,820,001</b>	<b>2,678,552</b>	<b>3,056,728</b>
Total operating expenses	1,544,025	1,556,793	1,543,338	1,405,424	1,393,055	1,378,336	1,229,405	1,308,396
<b>Profit from operations</b>	<b>1,243,558</b>	<b>1,110,175</b>	<b>805,073</b>	<b>2,289,069</b>	<b>1,147,628</b>	<b>1,441,665</b>	<b>1,449,147</b>	<b>1,748,332</b>
Share of associate companies' profit	-	-	-	-	-	-	-	-
<b>Profit before taxation</b>	<b>1,243,558</b>	<b>1,110,175</b>	<b>805,073</b>	<b>2,289,069</b>	<b>1,147,628</b>	<b>1,441,665</b>	<b>1,449,147</b>	<b>1,748,332</b>
Taxation	(395,004)	(450,310)	(359,636)	(731,494)	(547,209)	(502,867)	(769,134)	(549,500)
<b>Profit for the period</b>	<b>848,555</b>	<b>659,865</b>	<b>445,437</b>	<b>1,557,574</b>	<b>600,419</b>	<b>938,798</b>	<b>680,013</b>	<b>1,198,832</b>
<b>Profit attributable to:</b>								
Equity holders of the parent	848,555	659,865	445,437	1,557,574	600,419	938,798	680,013	1,198,832
Non-controlling interests	-	-	-	-	-	-	-	-
	<b>848,555</b>	<b>659,865</b>	<b>445,437</b>	<b>1,557,574</b>	<b>600,419</b>	<b>938,798</b>	<b>680,013</b>	<b>1,198,832</b>
<b>Basic earnings per share (in LKR)</b>	<b>5.14</b>	<b>4.00</b>	<b>2.70</b>	<b>9.43</b>	<b>3.64</b>	<b>5.69</b>	<b>4.13</b>	<b>7.28</b>
<b>Diluted earnings per share (in LKR)</b>	<b>5.14</b>	<b>3.99</b>	<b>2.69</b>	<b>9.42</b>	<b>3.63</b>	<b>5.68</b>	<b>4.12</b>	<b>7.27</b>

## Group

LKR '000	Quarter 4 31.12.2015	Quarter 3 30.09.2015	Quarter 2 30.06.2015	Quarter 1 31.03.2015	Quarter 4 31.12.2014	Quarter 3 30.09.2014	Quarter 2 30.06.2014	Quarter 1 31.03.2014
Net interest income	2,102,097	1,902,158	1,819,330	1,983,792	1,952,090	2,064,925	2,033,432	1,862,959
Other operating income	1,576,221	1,574,655	1,175,198	1,157,857	1,341,065	1,309,395	1,035,734	1,366,455
<b>Total operating income</b>	<b>3,678,318</b>	<b>3,476,813</b>	<b>2,994,528</b>	<b>3,141,650</b>	<b>3,293,155</b>	<b>3,374,320</b>	<b>3,069,166</b>	<b>3,229,414</b>
Impairment for loans & receivables and other losses	201,187	327,339	281,121	(63,502)	222,964	85,776	94,384	125,584
<b>Net operating income</b>	<b>3,477,131</b>	<b>3,149,473</b>	<b>2,713,407</b>	<b>3,205,152</b>	<b>3,070,191</b>	<b>3,288,544</b>	<b>2,974,781</b>	<b>3,103,830</b>
Total operating expenses	1,803,152	1,746,450	1,718,962	1,561,316	1,605,584	1,522,422	1,349,455	1,433,155
<b>Profit from operations</b>	<b>1,673,979</b>	<b>1,403,023</b>	<b>994,446</b>	<b>1,643,836</b>	<b>1,464,607</b>	<b>1,766,122</b>	<b>1,625,326</b>	<b>1,670,675</b>
Share of associate companies' profit	-	14,898	15,957	46,963	-	-	-	97,274
<b>Profit before taxation</b>	<b>1,673,979</b>	<b>1,417,921</b>	<b>1,010,403</b>	<b>1,690,799</b>	<b>1,464,607</b>	<b>1,766,122</b>	<b>1,625,326</b>	<b>1,767,949</b>
Taxation	(332,582)	(562,332)	(426,887)	(801,204)	(527,635)	(514,723)	(772,596)	(563,080)
<b>Profit for the period</b>	<b>1,341,398</b>	<b>855,589</b>	<b>583,516</b>	<b>889,595</b>	<b>936,972</b>	<b>1,251,400</b>	<b>852,730</b>	<b>1,204,869</b>
<b>Profit attributable to:</b>								
Equity holders of the parent	1,254,439	843,797	574,531	869,275	857,660	1,242,340	843,045	1,190,885
Non-controlling interests	86,958	11,792	8,985	20,319	79,312	9,060	9,685	13,983
	<b>1,341,398</b>	<b>855,589</b>	<b>583,516</b>	<b>889,595</b>	<b>936,972</b>	<b>1,251,400</b>	<b>852,730</b>	<b>1,204,869</b>
<b>Basic earnings per share (in LKR)</b>	<b>7.62</b>	<b>5.13</b>	<b>3.49</b>	<b>5.28</b>	<b>5.68</b>	<b>7.75</b>	<b>5.24</b>	<b>7.41</b>
<b>Diluted earnings per share (in LKR)</b>	<b>7.62</b>	<b>5.12</b>	<b>3.48</b>	<b>5.27</b>	<b>5.34</b>	<b>7.62</b>	<b>5.24</b>	<b>7.41</b>

## 17.2 Statement of Financial Position

### Bank

LKR '000	As at 31.12.2015	As at 30.09.2015	As at 30.06.2015	As at 31.03.2015	As at 31.12.2014	As at 30.09.2014	As at 30.06.2014	As at 31.03.2014
Cash and cash equivalents	19,975,020	17,543,429	22,411,605	23,582,507	12,566,872	19,509,158	9,162,267	8,361,127
Net loans and receivables	209,704,701	192,527,763	181,435,628	175,633,823	175,486,347	164,951,727	153,743,532	145,414,432
Investments	73,876,706	62,113,872	61,414,034	58,134,409	69,137,786	64,784,042	66,953,926	50,778,802
Other assets	5,601,178	6,384,483	5,667,489	6,822,165	5,538,141	5,603,313	3,522,678	2,884,388
<b>Total</b>	<b>309,157,605</b>	<b>278,569,547</b>	<b>270,928,756</b>	<b>264,172,904</b>	<b>262,729,146</b>	<b>254,848,240</b>	<b>233,382,404</b>	<b>207,438,749</b>
Customer deposits	184,933,230	169,341,944	170,094,950	162,760,544	151,823,715	150,515,133	139,500,487	135,282,343
Borrowings	91,721,730	75,767,555	69,648,348	70,632,546	80,134,243	74,010,835	66,633,874	47,287,695
Other liabilities	9,801,787	9,616,638	7,575,200	7,604,820	8,532,996	7,408,478	6,660,594	4,964,605
Shareholders Funds	22,700,858	23,843,410	23,610,258	23,174,994	22,238,192	22,913,794	20,587,448	19,904,106
<b>Total</b>	<b>309,157,605</b>	<b>278,569,547</b>	<b>270,928,756</b>	<b>264,172,904</b>	<b>262,729,146</b>	<b>254,848,240</b>	<b>233,382,404</b>	<b>207,438,749</b>
<b>Net asset value per share</b>	<b>137.44</b>	<b>144.36</b>	<b>142.95</b>	<b>140.37</b>	<b>134.70</b>	<b>138.84</b>	<b>124.77</b>	<b>120.84</b>

## Group

LKR '000	As at 31.12.2015	As at 30.09.2015	As at 30.06.2015	As at 31.03.2015	As at 31.12.2014	As at 30.09.2014	As at 30.06.2014	As at 31.03.2014
Cash and cash equivalents	20,002,092	17,719,697	22,603,704	23,791,534	12,736,517	19,593,374	9,356,993	8,464,024
Net loans and receivables	209,768,193	192,528,547	181,469,407	175,659,497	175,547,050	164,945,855	153,767,778	145,472,939
Investments	77,257,188	66,234,659	64,452,825	61,380,473	72,970,513	68,607,489	70,575,810	54,259,369
Other assets	8,326,260	8,227,970	8,315,231	9,164,418	7,875,525	7,690,060	5,474,132	4,856,066
<b>Total</b>	<b>315,353,733</b>	<b>284,710,873</b>	<b>276,841,167</b>	<b>269,995,922</b>	<b>269,129,605</b>	<b>260,836,778</b>	<b>239,174,713</b>	<b>213,052,398</b>
Customer deposits	184,152,280	169,039,614	169,721,436	162,427,534	151,485,201	150,211,397	139,226,384	134,984,443
Borrowings	91,691,730	75,737,556	69,618,348	70,602,547	80,104,583	74,026,906	66,605,559	47,257,695
Other liabilities	10,109,006	9,877,556	7,889,172	7,912,640	8,741,402	7,536,486	6,926,197	5,219,171
Shareholders Funds	28,382,204	29,113,108	28,684,521	28,098,021	27,875,773	28,218,815	25,582,366	24,730,358
Non-Controlling Interests	1,018,513	943,039	927,690	955,180	922,646	843,174	834,207	860,731
<b>Total</b>	<b>315,353,733</b>	<b>284,710,873</b>	<b>276,841,167</b>	<b>269,995,922</b>	<b>269,129,605</b>	<b>260,836,778</b>	<b>239,174,713</b>	<b>213,052,398</b>
<b>Net asset value</b>	<b>172.35</b>	<b>176.79</b>	<b>174.19</b>	<b>170.70</b>	<b>169.35</b>	<b>175.92</b>	<b>159.51</b>	<b>154.00</b>

## 18. Ten Years at a Glance (Group Performance)

## 18.1 Statement of Profit or Loss

LKR million	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Income</b>										
Net interest income	2,853	3,522	3,787	4,233	4,163	4,910	5,896	7,012	7,913	7,807
Other operating income	2,133	1,474	1,662	2,560	2,785	3,012	9,042	4,537	5,053	5,484
<b>Total operating income</b>	<b>4,986</b>	<b>4,997</b>	<b>5,449</b>	<b>6,793</b>	<b>6,948</b>	<b>7,922</b>	<b>14,938</b>	<b>11,549</b>	<b>12,966</b>	<b>13,291</b>
Impairment for loans and receivables and other losses	13	65	116	373	(172)	(88)	51	1,261	529	746
<b>Net operating income</b>	<b>4,972</b>	<b>4,932</b>	<b>5,333</b>	<b>6,420</b>	<b>7,119</b>	<b>8,010</b>	<b>14,887</b>	<b>10,288</b>	<b>12,437</b>	<b>12,545</b>
<b>Less Operating Expenses</b>										
Personnel costs	830	949	1,151	1,300	1,567	2,118	2,333	2,660	3,172	3,634
Other operating costs	929	1,104	1,237	1,370	1,496	1,863	2,163	2,904	2,738	3,196
<b>Total operating expenses</b>	<b>1,760</b>	<b>2,053</b>	<b>2,388</b>	<b>2,670</b>	<b>3,063</b>	<b>3,981</b>	<b>4,496</b>	<b>5,564</b>	<b>5,910</b>	<b>6,830</b>
<b>Operating Profit before Share of Associate Companies, profit before tax</b>	<b>3,213</b>	<b>2,879</b>	<b>2,945</b>	<b>3,750</b>	<b>4,056</b>	<b>4,030</b>	<b>10,391</b>	<b>4,724</b>	<b>6,527</b>	<b>5,715</b>
Share of associate companies' profit	214	179	172	526	295	331	439	49	97	78
<b>Profit before taxation</b>	<b>3,427</b>	<b>3,058</b>	<b>3,118</b>	<b>4,276</b>	<b>4,351</b>	<b>4,361</b>	<b>10,830</b>	<b>4,773</b>	<b>6,624</b>	<b>5,793</b>
Taxation	(1,220)	(1,421)	(1,409)	(2,154)	(2,175)	(1,597)	(1,898)	(2,061)	(2,378)	(2,123)
<b>Profit after taxation</b>	<b>2,207</b>	<b>1,637</b>	<b>1,708</b>	<b>2,121</b>	<b>2,176</b>	<b>2,764</b>	<b>8,932</b>	<b>2,712</b>	<b>4,246</b>	<b>3,670</b>
Non-controlling interests	(176)	(115)	(103)	(37)	(73)	(235)	(78)	(70)	(112)	(128)
<b>Profit attributable to equity holders of the parent</b>	<b>2,030</b>	<b>1,521</b>	<b>1,605</b>	<b>2,085</b>	<b>2,103</b>	<b>2,528</b>	<b>8,854</b>	<b>2,642</b>	<b>4,134</b>	<b>3,542</b>

## 18.2 Statement of Financial Position

LKR million	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Assets</b>										
Liquid assets	6,042	7,748	5,883	8,243	5,586	7,651	13,269	8,139	12,737	20,002
Investments	12,170	14,701	18,509	32,128	29,199	29,992	39,587	55,614	72,971	77,257
Loans and receivables	42,418	49,818	54,589	54,107	69,274	99,456	117,222	137,523	175,547	209,768
Investments in associate companies	1,179	1,210	1,393	1,724	1,763	1,797	33	77	-	-
Property, plant & equipment	691	804	781	806	918	1,504	1,541	1,473	2,550	2,730
Investment property	1,200	1,200	1,200	1,200	1,200	1,296	1,296	1,384	1,546	1,672
Other assets	1,276	661	925	1,075	691	962	1,154	2,608	3,780	3,925
Goodwill	-	-	-	4	4	-	-	-	-	-
<b>Total Assets</b>	<b>64,977</b>	<b>76,143</b>	<b>83,280</b>	<b>99,286</b>	<b>108,635</b>	<b>142,588</b>	<b>174,103</b>	<b>206,818</b>	<b>269,130</b>	<b>315,354</b>
<b>Liabilities</b>										
Borrowings	29,204	34,147	34,993	29,561	28,631	38,973	36,630	47,344	80,104	91,692
Deposits with customers	21,161	25,624	31,091	49,948	60,533	82,094	107,394	129,423	151,485	184,152
Taxation	640	522	352	560	633	397	713	625	1,416	1,237
Other liabilities	2,091	2,750	3,614	4,334	2,826	3,286	3,657	4,062	7,326	8,872
<b>Total Liabilities</b>	<b>53,096</b>	<b>63,043</b>	<b>70,050</b>	<b>84,403</b>	<b>92,623</b>	<b>124,750</b>	<b>148,394</b>	<b>181,454</b>	<b>240,331</b>	<b>285,953</b>
<b>Shareholders' Funds</b>										
Stated capital	1,033	1,033	1,033	1,033	864	864	864	944	1,145	1,163
Statutory reserves	819	819	819	819	879	879	879	959	1,011	1,243
Other reserves	-	-	-	-	-	387	924	1,880	1,474	1,000
Retained earnings	8,715	9,833	10,811	12,345	13,552	14,796	22,216	20,733	24,246	24,976
Total shareholders' funds	10,567	11,685	12,662	14,197	15,295	16,926	24,883	24,516	27,876	28,382
Non-controlling interests	1,314	1,415	568	687	717	913	826	848	923	1,019
Total funds employed	11,881	13,100	13,230	14,883	16,012	17,838	25,709	25,364	28,799	29,401
<b>Total liabilities and funds employed</b>	<b>64,977</b>	<b>76,143</b>	<b>83,280</b>	<b>99,286</b>	<b>108,635</b>	<b>142,588</b>	<b>174,103</b>	<b>206,818</b>	<b>269,130</b>	<b>315,354</b>

## 18.3 Share Information

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Market price per share (LKR)	201.00	170.00	86.00	206.00	174.50	138.10	138.10	161.50	250.00	194.10
Basic earnings per share (LKR)	12.40	9.30	9.80	12.75	12.81	15.79	55.31	16.48	25.14	21.51
Interim dividends per share (LKR)	-	-	-	-	4.00	3.50	5.00	5.00	7.00	7.00
Final dividends per share (LKR)	4.00	6.00	6.75	8.00	4.50	4.00	10.00	5.00	4.00	4.00
Total dividends per share	4.00	6.00	6.75	8.00	8.50	7.50	15.00	10.00	11.00	11.00
Dividend cover (Times)	6.20	3.72	3.27	3.77	2.19	2.05	3.69	1.65	2.29	1.96
Price earnings ratio (Times)	8.10	9.14	4.39	8.08	13.63	8.97	2.56	9.74	9.94	9.02
Net Asset value per share (LKR)	64.54	71.38	77.35	86.72	93.15	103.08	151.54	148.85	169.35	172.35

## 19. Compliance Report in terms of Section 7.6 – Contents of the Annual Report in Terms of the Listing Rules of the Colombo Stock Exchange

Tabulated below is how the contents of the Annual Report is complied as specified in Section 7.6 of the Listing Rules issued by the Colombo Stock Exchange. The table provides the disclosure requirements of Section 7.6, the compliance level of the Bank and where you will find the respective disclosures within this Annual Report.

Rule No.	Disclosure Requirement	Cross Reference/within the Report (Page/s)
7.6 (i)	Names of persons, who during the financial year, were Directors of the entity	108 to 115
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	307
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held	274
7.6 (iv)	The public holding percentage	275
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of the financial year	275
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity	200
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity	201
7.6 (viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Note 32 to 34 on pages 342 to 348
7.6 (ix)	Number of shares representing the entity's stated capital	196
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the following categories – No. of holders, holdings, total holdings percentage.	273 and 274
7.6 (xi)	Ratios and market price Information <ul style="list-style-type: none"> <li>• Equity: Dividend per share, dividend payout, net asset value per share, market value per share (highest and lowest values recorded during the financial year and value as at the end of financial year);</li> <li>• Debt: Interest rate of comparable Government Securities, debt/equity ratio, Interest cover, quick assets ratio, market prices and yield during the year – (ex-interest) – highest price – lowest price, last traded price.</li> <li>• Any changes in the credit rating (for the entity or any other instruments issued by the entity), if applicable.</li> </ul>	272 to 284 282 to 284 284
7.6 (xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land, the value differs substantially from the book value	Note 32 to 34 on pages 342 to 348
7.6 (xiii)	Details of the funds raised either through a public issue, rights Issue or private placement; <ul style="list-style-type: none"> <li>• A statement as to the manner in which the proceeds of such issue has been utilized.</li> <li>• If any shares or debentures have been issued, the number, class and consideration received and the reason for these;</li> <li>• Any material change in the use of funds raised through an issue of Securities.</li> </ul>	196 196 196

Rule No.	Disclosure Requirement	Cross Reference/within the Report (Page/s)
7.6 (xiv)	Employee Share Option Scheme details Employee Share Purchase Schemes details	Note 43 on page 360
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules.	The Bank is exempted from Section 7.10 of the CSE Listing Rules. Thus N/A
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per Audited Financial Statements, whichever is lower	N/A

Detail of investments in a related party and/or amounts due from a related party. Including details:

- the date of the transaction,
- name of the related party,
- the relationship between the equity and the related party,
- the amount of transaction and terms of the transaction,
- the rationale for entering into the transaction.

## 20. Shareholder Enquires and Communications

### Investor Relations Team

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**Assistant Vice-President – Finance & Planning**

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### Company Secretarial Division

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**Company Secretary**

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