

## SUMMARISED INCOME STATEMENT (in Rs. '000)

	BANK					GROUP				
	Three months ended	Three months ended	Change (%)	Quarter ended	Quarter ended	Three months ended	Three months ended	Change (%)	Quarter ended	Quarter ended
	30.09.2011	30.09.2010		30.09.2011	30.09.2010	30.09.2011	30.09.2010		30.09.2011	30.09.2010
<b>INCOME</b>	<b>9,697,175</b>	<b>9,121,674</b>	<b>6</b>	<b>3,515,323</b>	<b>3,113,056</b>	<b>10,228,021</b>	<b>9,814,651</b>	<b>4</b>	<b>3,734,735</b>	<b>3,540,852</b>
<b>Interest income</b>	<b>6,315,598</b>	<b>5,144,380</b>	<b>23</b>	<b>2,359,002</b>	<b>1,776,553</b>	<b>6,316,833</b>	<b>5,145,566</b>	<b>23</b>	<b>2,359,146</b>	<b>1,776,936</b>
Interest income on loans and advances	6,315,598	5,144,380	23	2,359,002	1,776,553	6,316,833	5,145,566	23	2,359,146	1,776,936
Interest income from other interest earning assets	1,722,554	2,271,250	(24)	596,733	680,616	1,886,659	2,367,505	(20)	656,135	731,582
	8,038,152	7,415,630	8	2,955,736	2,457,168	8,203,492	7,513,071	9	3,015,281	2,508,517
<b>Interest expenses</b>	<b>2,944,646</b>	<b>2,516,177</b>	<b>17</b>	<b>1,088,891</b>	<b>788,078</b>	<b>2,944,646</b>	<b>2,516,177</b>	<b>17</b>	<b>1,088,891</b>	<b>788,078</b>
Interest expenses on deposits	2,944,646	2,516,177	17	1,088,891	788,078	2,944,646	2,516,177	17	1,088,891	788,078
Interest expenses on other interest bearing liabilities	1,894,935	1,929,540	(2)	693,369	629,665	1,846,144	1,755,144	5	678,864	591,368
	4,839,582	4,445,717	9	1,782,261	1,417,744	4,790,791	4,271,321	12	1,767,756	1,379,447
<b>NET INTEREST INCOME</b>	<b>3,198,570</b>	<b>2,969,913</b>	<b>8</b>	<b>1,173,475</b>	<b>1,039,425</b>	<b>3,412,701</b>	<b>3,241,750</b>	<b>5</b>	<b>1,247,526</b>	<b>1,129,071</b>
<b>Non interest income</b>	<b>17,082</b>	<b>336,036</b>	<b>(105)</b>	<b>(7,869)</b>	<b>230,453</b>	<b>(3,566)</b>	<b>566,742</b>	<b>(101)</b>	<b>7,391</b>	<b>447,887</b>
Equity income	17,082	336,036	(105)	(7,869)	230,453	(3,566)	566,742	(101)	7,391	447,887
Quoted and Non-quoted securities	257,911	118,869	100	28,980	0	500	-	100	-	-
Group companies	872,608	865,329	1	307,544	366,006	1,482,009	1,349,029	10	481,130	525,019
Other income	545,586	385,810	41	230,932	59,429	545,586	385,810	41	230,932	59,429
Foreign exchange income	1,659,023	1,706,044	(3)	559,587	655,888	2,024,529	2,301,580	(12)	719,453	1,032,335
Net other income	4,857,593	4,675,958	4	1,733,062	1,695,312	5,437,230	5,543,330	(2)	1,966,979	2,161,406
<b>NET INCOME</b>	<b>4,857,593</b>	<b>4,675,958</b>	<b>4</b>	<b>1,733,062</b>	<b>1,695,312</b>	<b>5,437,230</b>	<b>5,543,330</b>	<b>(2)</b>	<b>1,966,979</b>	<b>2,161,406</b>
<b>Less, NON INTEREST EXPENSES</b>	<b>1,179,551</b>	<b>974,207</b>	<b>21</b>	<b>418,458</b>	<b>331,194</b>	<b>1,357,239</b>	<b>1,124,096</b>	<b>21</b>	<b>477,184</b>	<b>399,600</b>
Personnel costs	17,996	15,511	16	6,221	5,301	22,046	18,031	22	7,531	6,141
Staff retirement benefits	563,838	547,234	3	170,129	174,294	754,292	680,361	11	233,596	225,000
Premises, equipment and establishment expenses	633,966	467,231	36	214,087	124,455	604,047	437,527	38	204,066	115,839
Other operating expenses	2,395,351	2,004,183	20	808,894	635,244	2,737,624	2,260,015	21	922,376	746,580
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	<b>2,462,242</b>	<b>2,671,775</b>	<b>(8)</b>	<b>924,168</b>	<b>1,060,069</b>	<b>2,699,607</b>	<b>3,283,316</b>	<b>(18)</b>	<b>1,044,603</b>	<b>1,414,826</b>
Less, Provision for bad and doubtful debts and loans written off	(62,503)	79,502	(179)	(47,298)	1,732	(62,503)	79,502	(179)	(47,298)	1,732
Provisions- General	91,043	183,004	(50)	70,925	68,213	91,043	183,004	(50)	70,925	68,213
Provisions- specific	(292,853)	(221,555)	32	(62,882)	(85,343)	(292,853)	(221,555)	32	(62,882)	(85,343)
Recoveries/Releases (-)	(264,313)	40,951	(745)	(39,255)	(15,398)	(264,313)	40,951	(745)	(39,255)	(15,398)
<b>OPERATING PROFIT BEFORE PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	<b>2,726,555</b>	<b>2,630,824</b>	<b>4</b>	<b>963,423</b>	<b>1,075,466</b>	<b>2,963,919</b>	<b>3,242,365</b>	<b>(9)</b>	<b>1,083,858</b>	<b>1,430,224</b>
Provision / (release) for fall in value of investment securities	102,090	-	100	18,090	-	-	-	100	-	-
<b>OPERATING PROFIT AFTER PROVISION FOR FALL IN VALUE OF DEALING &amp; INVESTMENT SECURITIES</b>	<b>2,624,465</b>	<b>2,630,824</b>	<b>-</b>	<b>945,333</b>	<b>1,075,466</b>	<b>2,963,919</b>	<b>3,242,365</b>	<b>(9)</b>	<b>1,083,858</b>	<b>1,430,224</b>
Share of associate companies' profit before taxation	-	-	-	-	-	102,687	(34,750)	395	36,690	(21,336)
<b>PROFIT BEFORE TAXES</b>	<b>2,624,465</b>	<b>2,630,824</b>	<b>-</b>	<b>945,333</b>	<b>1,075,466</b>	<b>3,066,606</b>	<b>3,207,615</b>	<b>(4)</b>	<b>1,120,547</b>	<b>1,408,888</b>
VAT on financial services	388,744	620,775	(37)	138,322	249,376	388,744	620,775	(37)	138,322	249,376
<b>PROFIT BEFORE CORPORATE TAXES</b>	<b>2,235,721</b>	<b>2,010,049</b>	<b>11</b>	<b>807,011</b>	<b>826,090</b>	<b>2,677,862</b>	<b>2,586,839</b>	<b>4</b>	<b>982,225</b>	<b>1,159,511</b>
Taxation	627,209	741,401	(15)	287,972	347,656	864,131	934,584	(8)	354,502	360,370
Deferred taxation	33,040	69,455	(52)	(40,661)	(21,875)	32,273	69,455	(54)	(40,661)	(21,875)
	660,249	810,856	(19)	247,311	325,781	896,404	1,004,039	(11)	313,841	338,495
<b>PROFIT AFTER TAXATION</b>	<b>1,575,472</b>	<b>1,199,193</b>	<b>31</b>	<b>559,700</b>	<b>500,309</b>	<b>1,781,458</b>	<b>1,582,801</b>	<b>13</b>	<b>668,384</b>	<b>821,016</b>
Minority interests	-	-	-	-	-	(43,135)	(40,548)	(6)	(16,082)	(12,795)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>1,575,472</b>	<b>1,199,193</b>	<b>31</b>	<b>559,700</b>	<b>500,309</b>	<b>1,738,323</b>	<b>1,542,252</b>	<b>13</b>	<b>652,303</b>	<b>808,222</b>
<b>Earnings per Share (Rs)</b>	<b>9.59</b>	<b>7.30</b>	<b>31</b>			<b>10.59</b>	<b>9.39</b>	<b>13</b>		

## CASH FLOW STATEMENT

for the Nine months ended 30 September 2011

	BANK		GROUP	
	2011	2010	2011	2010
	Rs '000	Rs '000	Rs '000	Rs '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>8,092,293</b>	<b>8,010,343</b>	<b>8,204,509</b>	<b>8,133,650</b>
Interest received	839,386	683,325	1,005,470	818,185
Fee based income received	294,631	161,273	74,282	272,947
Dividend income received	637,764	1,041,396	940,817	1,420,882
Other income received	(4,561,655)	(3,933,135)	(4,561,655)	(3,933,135)
Interest paid	(1,179,551)	(974,207)	(1,325,494)	(1,075,322)
Personnel cost paid	(1,088,808)	(885,695)	(1,248,640)	(1,109,382)
General expenses paid	(696,788)	(851,802)	(384,808)	(979,491)
Income taxes paid	(384,808)	(559,655)	(818,757)	(560,972)
VAT paid	(22,256,379)	(9,541,297)	(22,256,379)	(9,542,643)
Net (increase) / decrease in loans and advances	13,452,489	2,171,938	13,452,489	2,171,003
Net Increase in Deposits from customers	(722,663)	(9,955)	(664,331)	(437,964)
Net (increase) / decrease in other receivables	244,699	(389,003)	209,056	(48,469)
Net increase / (decrease) in other liabilities	(7,329,391)	(5,076,474)	(7,373,439)	(4,870,711)
<b>Net cash provided by operating activities</b>	<b>(7,329,391)</b>	<b>(5,076,474)</b>	<b>(7,373,439)</b>	<b>(4,870,711)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>55,718</b>	<b>(611,381)</b>	<b>247,892</b>	<b>(700,910)</b>
Change in other investments	1,685,376	4,503,354	1,580,862	4,397,254
Government treasury bills and bonds	(21,883)	(21,883)	-	(21,883)
Change in group company investments	(21,802)	38,210	(21,802)	38,210
Net due to/(from) related companies	(427,002)	(820,486)	(330,285)	(820,486)
Securities sold under repurchase agreements	33	(8,122)	665	(7,470)
Proceeds from disposal of fixed assets	(209,325)	(160,520)	(249,447)	(178,477)
Expenditure on fixed assets	1,082,997	2,919,172	1,227,884	2,706,238
<b>Net cash provided by/ (used in) investing activities</b>	<b>1,082,997</b>	<b>2,919,172</b>	<b>1,227,884</b>	<b>2,706,238</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>9,044,885</b>	<b>856,438</b>	<b>9,044,885</b>	<b>856,439</b>
Net increase/(decrease) in borrowings	(343,439)	(569,540)	(390,987)	(612,609)
Dividend paid	8,701,446	286,898	8,653,898	243,830
<b>Net cash provided by/ (used in) financing activities</b>	<b>8,701,446</b>	<b>286,898</b>	<b>8,653,898</b>	<b>243,830</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>2,455,052</b>	<b>(1,870,404)</b>	<b>2,508,343</b>	<b>(1,920,643)</b>
Cash and cash equivalents at the beginning of the period	5,268,838	7,994,137	5,552,850	8,243,156
Cash and cash equivalents at the end of the period	7,723,890	6,123,733	8,061,193	6,322,513
Cash in hand	834,852	642,258	836,017	642,311
Balances with Central Bank	4,403,261	2,577,361	4,403,261	2,577,361
Dues from banks and other financial institutions	2,485,777	2,904,114	2,821,914	3,102,841
	7,723,890	6,123,733	8,061,193	6,322,513

## SUMMARISED BALANCE SHEET (in Rs. '000)

	BANK			GROUP		
	30-Sep 2011	31-Dec 2010	Change %	30-Sep 2011	31-Dec 2010	Change %
	AUDITED	AUDITED		AUDITED	AUDITED	
<b>ASSETS</b>						
Cash in hand	834,852	241,385	246	836,017	241,448	246
Balances with Central bank	4,403,261	3,077,406	43	4,403,261	3,077,406	43
Dues from Banks and Other Financial Institutions	2,485,777	1,950,046	27	2,821,914	2,233,995	26
	7,723,890	5,268,838	47	8,061,193	5,552,849	45
<b>Investments - Trading Account</b>	<b>10,805,440</b>	<b>9,323,496</b>	<b>16</b>	<b>10,929,565</b>	<b>9,548,845</b>	<b>14</b>
Government Securities	392,675	368,651	7	907,918	832,428	9
Other Securities	10,412,765	8,954,845	16	10,021,647	8,716,417	14
<b>Investments - Held to maturity</b>	<b>11,973,322</b>	<b>15,140,642</b>	<b>(21)</b>	<b>11,849,198</b>	<b>14,557,149</b>	<b>(19)</b>
Government Securities	332,289	524,790	(37)	1,770,753	2,727,230	(35)
Other Securities	11,641,033	14,615,852	(21)	10,078,445	11,830,019	(19)
<b>Investments in Associates &amp; Subsidiaries</b>	<b>3,120,911</b>	<b>3,223,001</b>	<b>(3)</b>	<b>1,731,986</b>	<b>1,762,589</b>	<b>(2)</b>
<b>Total performing loans &amp; advances</b>	<b>3,796,919</b>	<b>3,266,461</b>	<b>16</b>	<b>3,796,919</b>	<b>3,266,461</b>	<b>16</b>
Bills of exchange	11,948,188	8,570,742	39	11,948,188	8,570,742	39
Overdrafts	3,656,491	2,322,422	57	3,656,491	2,322,422	57
Lease rentals receivables	72,827,918	55,849,911	30	74,022,034	56,873,775	30
Other loans and advances	92,229,516	70,009,535	32	93,423,632	71,033,400	32
<b>Total non-performing loans &amp; advances</b>	<b>96,443</b>	<b>96,117</b>	<b>0</b>	<b>96,443</b>	<b>96,117</b>	<b>0</b>
Bills of exchange	86,886	87,046	(0)	86,886	87,046	(0)
Overdrafts	1,139,069	1,172,009	(3)	1,139,069	1,172,009	(3)
Lease rentals receivables	1,322,398	1,355,173	(2)	1,322,398	1,355,173	(2)
Other loans and advances	93,551,914	71,364,708	31	94,746,030	72,388,573	31

## SEGMENTAL ANALYSIS- GROUP

For the nine months ended 30 September

	Banking Income		Investment Banking Cluster		Property Investment		Insurance		Others		Consolidated	
	2011 Rs '000	2010 Rs '000	2011 Rs '000	2010 Rs '000	2011 Rs '000	2010 Rs '000	2011 Rs '000	2010 Rs '000	2011 Rs '000	2010 Rs '000	2011 Rs '000	2010 Rs '000
<b>Revenue</b>												
External income	9,456,346	8,286,309	534,036	404,765	87,094	115,192	-	-	96,361	1,008,385	10,173,837	9,814,651
Inter-segment income	-	-	7,833	6,437	17,213	22,249	-	-	29,138	177,591	54,184	206,277
Total income	9,456,346	8,286,309	541,869	411,202	104,307	137,441	-	-	125,499	1,185,976	10,228,021	10,020,928
Segment expenses	(6,970,620)	(6,316,454)	(279,538)	(213,766)	(38,246)	(59,114)	-	-	24,302	(189,229)	(7,264,102)	(6,778,563)
Segment results	2,485,726	1,969,855	262,332	197,436	66,061	78,327	-	-	149,801	996,747	2,963,919	3,242,365
Share of associate companies profit												
before taxation	(70,294)	(57,666)	(2,519)	-	-	-	175,500	22,009	-	907	102,687	(34,750)
Taxation											(896,404)	(1,004,039)
VAT on financial services											(388,744)	(620,775)
Profit after taxation											1,781,458	1,582,801
<b>Other information</b>												
Segment assets	124,798,167	94,839,036	706,199	523,638	1,248,492	1,251,192	-	-	3,940,395	4,866,929	130,693,253	101,480,795
Investment in associates	-	165,093	-	-	-	-	1,645,457	1,348,305	26,605	44,287	1,672,062	1,557,685
<b>Consolidated total assets</b>											132,365,315	103,038,480
Segment liabilities	114,755,005	87,046,947	141,256	126,919	81,007	64,755	-	-	19,791	9,814	114,997,058	87,248,435
<b>Consolidated total liabilities</b>											115,009,000	87,248,435
<b>Segmental Cash flows</b>												
Cash flows from operating activities	(7,329,391)	(5,237,747)	49,066	161,273	17,882	102,645	-	-	(110,996)	103,118	(7,373,439)	(4,870,711)
Cash flows from investing activities	1,082,997	3,485,082	(97,156)	(565,910)	18,899	(21,350)	-	-	223,144	(191,584)	1,227,884	2,706,238
Cash flows from financing activities	8,701,446	286,898	(8,546)	-	(36,781)	(13,793)	-	-	(2,221)	(29,275)	8,653,898	243,830

## NOTES TO THE FINANCIAL STATEMENTS

- The figures are extracted from unaudited financial statements.
- The accounting policies and methods of computation are consistent with those followed during the previous financial year.
- These financial statements are presented in accordance with SLAS- 35, Interim Financial Reporting.
- Comparative figures have been re-stated wherever necessary to conform to the current period's presentation.
- As per the Equity Linked Compensation Plan (ELCP) of the Bank, the eligible members of the staff were allocated 245,566 ordinary shares at a price of Rs 245/- per share on 6 July 2010, as a grant (which will have a vesting period of three years). Accordingly the said shares were issued to the trustees of the ELCP share grant scheme. This share issue resulted in the increase of the stated capital of the Bank from Rs 1,032.9 mn to Rs 1,093.1 mn, and the number of shares in issue from 81,855,385 to 82,100,951.
- Rs 102 Mn was provided in during the nine months ended 30 September 2011 in respect of the impairment of the Bank's investment in Maldives Finance Leasing Company Ltd, which is disclosed in the Income Statement under Provision/(Release) for fall in value of investment securities.
- At the Annual General Meeting held on 30 March 2011, the shareholders of the Bank approved to increase the number of existing ordinary shares amounting to 82,100,951 by sub dividing the said existing ordinary shares in the proportion of one share for every ordinary share in issue so that the number of ordinary shares representing the Stated Capital of NDB Bank be increased to 164,201,902. Accordingly the number of shares as at 30 September 2011 was 164,201,902.
- There were no significant changes to the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31 December 2010.
- There have been no events subsequent to the end of the reporting period that require disclosure.

## SHARE INFORMATION

	30.09.2011	31.12.2010	30.09.2009
Market value per share (Rs.)	137.70	349.50	190.00
Highest price per share for the period (Rs.)	158.40	410.00	200.00
Lowest price per share for the period (Rs.)	132.00	202.00	88.00

## TOP 20 LARGEST REGISTERED SHARE HOLDERS

AS AT 30.09.2011

Name	No of Shares	%
1 BANK OF CEYLON NO. 1 ACCOUNT	16,371,076	9.97
2 EMPLOYEES PROVIDENT FUND	14,408,400	8.77
3 SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	9,388,488	5.72
4 DR. S. YADDEHIGE	8,469,000	5.16
5 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,805,426	4.75
6 PERSHING LLC S/A AVERBACH GRAUSON & CO.	5,811,800	3.54
7 HSBC INTL NOM LTD-BPSS LUX-ABERDEEN GLOBAL ASIA PACIFIC EQUITY FUND	5,715,450	3.48
8 EMPLOYEES TRUST FUND BOARD	5,229,800	3.18
9 HSBC INTERNATIONAL NOMINEES LIMITED-MSNY-BAY POND PARTNERS L.P.	4,501,200	2.74
10 HSBC INTL NOM LTD-BPSS LDN- ABERDEEN ASIA PACIFIC FUND	4,294,800	2.62
11 HATTON NATIONAL BANK PLC A/C NO 1	4,282,200	2.61
12 HSBC INTL NOM LTD-SNFE -NTASIAN DISCOVERY MASTER FUND	4,152,000	2.53
13 NDB-ESOP	4,133,726	2.52
14 BNY-CF RUFFER INVESTMENT FUNDS: CF RUFFER PACIFIC FUND	3,000,000	1.83
15 HSBC INTL NOM LTD-MSNY BAY POND INVESTORS (BERMUDA) LP	2,045,200	1.25
16 DFCC BANK A/C 1	2,000,000	1.22
17 NATIONAL SAVINGS BANK	1,662,000	1.01
18 MR Y S H I K SILVA	1,538,950	0.94
19 MR A K PATHIRAGE	1,470,000	0.90
20 MELLON BANK N A-FLORIDA RETIREMENT SYSTEM	1,420,000	0.86
TOTAL	107,699,516	65.6

Percentage of Shares held by the Public

- 99.09%

## KEY FINANCIAL INDICATORS

## Key financial indicators- Bank

	30.09.2011	31.12.2010	30.09.2009
Basic Earnings per share - annualised (Rs.)	12.38	9.60	20.14
Book value per share (Rs.)	78.55	71.21	132.12
Return on Average Shareholders' Funds (%)	16.53	13.83	15.87
Return on Average Assets (%)	1.74	1.56	1.94
Core Capital (Rs m)	9,621	9,930	8,040
Capital Base (Rs m)	11,009	11,505	9,659
Capital adequacy - Tier 1 (%)	9.62	12.79	13.63
- Tier 1 & 2 (%)	11.01	14.82	16.37
Asset growth (%)	22.62	8.33	5.96
Debt/Equity Ratio (Times)	8.57	7.57	6.65
Interest cover (Times)	1.66	1.66	1.49
Gross Non-performing Advances Ratio (%)	1.41	1.90	3.01
Net Non-performing Advances Ratio (%)	0.32	0.47	0.88
Statutory liquid assets- Rs m	24,684	20,324	28,754
Statutory liquid assets ratio (%)			
DBU	23.01	26.18	40.51
FCBU	27.13	26.31	31.19
Net interest margin (%)	3.65	3.86	4.46

## Key financial indicators- Group

	30.09.2011	31.12.2010	30.09.2009
Basic Earnings per share - annualised (Rs.)	14.12	13.09	23.96
Book value per share (Rs.)	101.76	93.58	167.58
Return on Average Shareholders' Funds (%)	14.45	14.54	14.87
Return on Average Assets (%)	1.92	2.07	2.26
Core Capital (Rs m)	14,412	14,804	11,967
Capital Base (Rs m)	16,246	16,871	14,266
Capital adequacy - Tier 1 (%)	13.68	17.84	19.26
- Tier 1 & 2 (%)	15.42	20.33	22.96
Asset growth (%)	21.82	9.49	8.03
Debt/Equity Ratio (Times)	6.56	5.70	5.17
Interest cover (Times)	1.71	1.75	1.57
Gross Non-performing Advances Ratio (%)	1.40	1.90	3.02
Net Non-performing Advances Ratio (%)	0.32	0.46	0.88

## DIRECTOR'S HOLDING &amp; CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF NATIONAL DEVELOPMENT BANK PLC

Name	No of Shares as at 30.09.2011
H D S AMARASURIYA (CHAIRMAN)	18,150
A K PATHIRAGE (DEPUTY CHAIRMAN)	1,470,000
N I R DE MEL	7,116
(Chief Executive Officer/Executive Director)	
T L F JAYASEKERA	-
MS K FERNANDO	-
H A SIRIWARDENA	-
D S P WIKRAMANAYAKE	-
MS G D C EKANAYAKE	-
S RAJAPAKSE	-