Forward Looking Statements

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1. Business Overview

2. Recognition

3. Macro Economic & Industry Analysis

4. Financial Performance

5. Q&A
Business Overview
A unique banking and capital markets group structure

*Banking services* - Retail banking, Commercial banking, Project & infrastructure, SME & micro financing, Card operations, Remittances, Correspondent banking, Cash management, Islamic banking, Bancassurance.

Relocation of NDB Capital Holdings Ltd and the subsidiary companies to new premises in Level 1, No. 135, Baudhaloka Mawatha, Colombo 4 at the “state-of-the-art; one stop capital market solutions hub - NDB Capital Building”.

NDB bank
Our Commitment. Your Success.
Licensed commercial banking*

NDB Capital Holdings
Full service investment banking

NDB
Investment Bank
100%
Investment banking

NDB
Wealth Management
100%
Wealth management

NDB
Stockbrokers
100%
Investment advisory & securities trading

NDB Zephyr
60.0%
Management of private equity funds

DHPL
Property management

NDB Capital
Investment banking
(Bangladeshi arm)

*Banking services - Retail banking, Commercial banking, Project & infrastructure, SME & micro financing, Card operations, Remittances, Correspondent banking, Cash management, Islamic banking, Bancassurance.

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Relocation of NDB Capital Holdings Ltd and the subsidiary companies to new premises in Level 1, No. 135, Baudhaloka Mawatha, Colombo 4 at the “state-of-the-art; one stop capital market solutions hub - NDB Capital Building”.
Physical channels

106 branches - 118 ATMs
106th branch opened in May 2017

Digital channels

On-line banking
Mobile banking
Visa Debit & Credit cards
Social media presence

LKR 1 Billion mark crossed in April 2017 for value of transactions routed via the **NDB Mobile Banking App** (For the financial year 2017).

**NDB Mobile Banking App** recognized with multiple awards both globally and locally.
Recognition

Awards that the Bank & the Group Companies have won (April - June 2017)

Global Awards

Asian Banking & Finance Magazine of Singapore - Retail Banking Awards 2017
• Domestic Retail Bank Sri Lanka 2017 (for the fifth consecutive time)
• SME Bank of the Year Sri Lanka 2017 (for the fifth consecutive time)
• Mobile Banking Initiative of the Year Sri Lanka 2017

Asian Banking & Finance Magazine of Singapore - Wholesale Banking Awards 2017
• Domestic Project Finance Bank of the Year Sri Lanka 2017 (for the third consecutive year)
• Domestic Cash Management Bank of the Year Sri Lanka 2017 (for the second year).

Local Awards

SLT ZeroOne Awards 2017
• 'Best use of Mobile' under Financial Sector category

LankaPay Technnovation Awards 2017
• Runner Up for the 'Best Mobile Payment Application of the Year'

• Best CSR Program Run by a Private Sector for Women Empowerment
Recognition
Awards that the Bank & the Group Companies have won (Jan - Mar 2017)

Global Banking & Finance Review of UK
- Best Mobile Banking Application - Sri Lanka 2017
- Best SME Bank - Sri Lanka 2017
- Best Investor Relations Bank - Sri Lanka 2017

CMO Golden Globe Brand Excellence Awards held in Kuala Lumpur, Malaysia
- Award for Brand Excellence within the Banking & Finance sector
- Award for Excellence in Social Media Marketing

Global Brands Magazine
Most Trusted Investment Banking Brand, Sri Lanka for the year 2017

Asiamoney Banking Awards
Best Corporate and Investment Bank, Sri Lanka
Global economy

- The pickup in global growth anticipated remains on track, with global output projected to grow by 3.5 percent in 2017 and 3.6 percent in 2018
- Monetary policy normalization in some advanced economies, notably the United States, could trigger a faster-than-anticipated tightening in global financial conditions.

Sri Lankan economy

- Economic growth rate of 3.8% during Q1 2017 (industry and services activities grew whilst agriculture activities contacted)
- Economic growth of Q2 2017 expected to be low due to experienced adverse weather conditions, but expected to pick up in second half of 2017
- Headline inflation and Core inflation as measured by CCPI 6.1% & 5.1% respectively.
- Inflation is projected to moderate to mid-single digits by the end of 2017, and stabilize thereafter.
- Gradual depreciation of the exchange rate was witnessed up to end June 2017 against key currencies
- Market interest rates remained high whilst yields on government securities indicated a decline

Sri Lankan banking sector

- SDFR and SLFR remained at 7.25% and 8.75% respectively, subsequent to changes effected in March 2017
- YoY total assets growth of 14.9% and deposits growth of 20.1%(as of May 2017)
- Cap on interest rates at 24% and cap on penal interest at 2% on loans charges by Banks removed by the CBSL w.e.f. 01 July 2017

Source: IMF, CBSL & DCS and Publications
UNLOCKING OUR POTENTIAL TO UNLEASH YOURS
## H1 2017 Performance Summary

### Profitability (LKR Mn)

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1-17</th>
<th>H1-16</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Income</td>
<td>7,157</td>
<td>5,424</td>
<td>32%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>3,343</td>
<td>3,184</td>
<td>5%</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>2,313</td>
<td>1,275</td>
<td>81%</td>
</tr>
</tbody>
</table>

### Financial Position (LKR Bn)

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1-17</th>
<th>FY2016</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>365</td>
<td>335</td>
<td>9%</td>
</tr>
<tr>
<td>Total Loans</td>
<td>252</td>
<td>228</td>
<td>11%</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>239</td>
<td>204</td>
<td>17%</td>
</tr>
</tbody>
</table>

### Efficiency & Return (%)

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1-17</th>
<th>FY2016</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to Income Ratio</td>
<td>43.20%</td>
<td>49.04%</td>
<td>↓</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>2.74%</td>
<td>2.64%</td>
<td>↑</td>
</tr>
<tr>
<td>Return on Average Equity</td>
<td>14.63%</td>
<td>13.36%</td>
<td>↑</td>
</tr>
<tr>
<td>NPL Ratio</td>
<td>2.22%</td>
<td>2.63%</td>
<td>↓</td>
</tr>
</tbody>
</table>

### Business Capacity (%)

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1-17</th>
<th>FY2016</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan to Deposits Ratio</td>
<td>108%</td>
<td>115%</td>
<td>↓</td>
</tr>
<tr>
<td>Capital Adequacy Ratio</td>
<td>12.76%</td>
<td>12.95%</td>
<td>↓</td>
</tr>
<tr>
<td>Liquidity Ratio (DBU)</td>
<td>22.31%</td>
<td>21.50%</td>
<td>↑</td>
</tr>
</tbody>
</table>
### Income Statement

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>H1-2017</th>
<th>H1-2016</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>4,746</td>
<td>4,039</td>
<td>706</td>
<td>17</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,851</td>
<td>1,140</td>
<td>711</td>
<td>62</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td><strong>7,738</strong></td>
<td><strong>6,253</strong></td>
<td><strong>1,485</strong></td>
<td><strong>24</strong></td>
</tr>
<tr>
<td>Impairment</td>
<td>581</td>
<td>829</td>
<td>(248)</td>
<td>(30)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>3,343</td>
<td>3,184</td>
<td>159</td>
<td>5</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td><strong>3,814</strong></td>
<td><strong>2,240</strong></td>
<td><strong>1,574</strong></td>
<td><strong>70</strong></td>
</tr>
<tr>
<td>Tax</td>
<td>1,500</td>
<td>965</td>
<td>535</td>
<td>55</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td><strong>2,314</strong></td>
<td><strong>1,275</strong></td>
<td><strong>1,039</strong></td>
<td><strong>81</strong></td>
</tr>
<tr>
<td><strong>PAS (Group)</strong></td>
<td><strong>1,486</strong></td>
<td><strong>1,083</strong></td>
<td><strong>403</strong></td>
<td><strong>37</strong></td>
</tr>
</tbody>
</table>

- 17% growth in NII
- Reduced impairment charges due to sound credit review and monitoring processes
- Impressive growth in operating profits of 70% and PAT of 81% supported by commendable growth in banking operations and dividend contributions from Group companies
- PBT & PAT growths of 56% and 63% excluding Group dividends - Well reflects the strong growth in core banking operations
Revenue Analysis - Net Interest Income

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>17,703</td>
<td>13,037</td>
<td>36</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>12,958</td>
<td>8,998</td>
<td>44</td>
</tr>
<tr>
<td>Net Interest Income (NII)</td>
<td>4,746</td>
<td>4,039</td>
<td>17</td>
</tr>
</tbody>
</table>

- Interest income growth of 36% supported by high market interest rates - *Majority of the Bank’s Loan Book is variable priced and linked to key market rates*

- 44% increase in interest expenses due to challenging CASA composition of the Bank’s deposits portfolio - *Interest rate differential between fixed and savings deposits in the market continue to pose a challenge in improving CASA*

- Better NIM (2.74%) compared to NIM of 2016 (2.64%) coupled with volume growth in loans of LKR 25 billion, strengthening NII

**Composition of NII within Total operating Income**

- H1 2017: 70% NII, 30% Non NII
- H1 2016: 69% NII, 31% Non NII

*Excludes dividend income earned from Group companies*
## Revenue Analysis - Non Interest Income

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Fee and Commission Income</td>
<td>1,141</td>
<td>1,073</td>
<td>6</td>
</tr>
<tr>
<td>Net gain/(loss) from trading</td>
<td>533</td>
<td>456</td>
<td>17</td>
</tr>
<tr>
<td>Net gain/(loss) from financial</td>
<td>122</td>
<td>128</td>
<td>(5)</td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td>1,197</td>
<td>556</td>
<td>115</td>
</tr>
<tr>
<td><strong>Total non interest income</strong></td>
<td><strong>2,993</strong></td>
<td><strong>2,213</strong></td>
<td><strong>35%</strong></td>
</tr>
</tbody>
</table>

- Non interest income growth excluding group dividends of 12%
- Net fee and commission growth of 6% in H1 2017. Target NII to Net fee & Commission Income ratio is 70:30
- The Bank is relentlessly deploying all cross selling opportunities to promote fee income generating businesses
### Operating Expenses

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>1,703</td>
<td>1,735</td>
<td>(2)</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>206</td>
<td>213</td>
<td>(3)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,433</td>
<td>1,236</td>
<td>16</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>3,343</td>
<td>3,184</td>
<td>5</td>
</tr>
</tbody>
</table>

- Focus on structured cost management initiatives contributed towards 5% growth in operating expenses
- Target CIR of <50% met in H1 2017
- 4 new branches added on to the network over the period H12016 - H12017

### CIR movement (%)

- H12017: 43.2%
- Q12017: 45.64%
- FY2016: 49.04%
- H12016: 50.91%
- Target CIR: 50%
### Balance Sheet

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>H1 2017</th>
<th>FY 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>19,754</td>
<td>20,130</td>
<td>-2%</td>
</tr>
<tr>
<td>Investments</td>
<td>85,529</td>
<td>80,599</td>
<td>6%</td>
</tr>
<tr>
<td>Net Loans &amp; Investments</td>
<td>252,500</td>
<td>227,677</td>
<td>11%</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>2,434</td>
<td>2,447</td>
<td>-1%</td>
</tr>
<tr>
<td>Other Assets</td>
<td>4,595</td>
<td>3,692</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>364,812</td>
<td>334,545</td>
<td>9%</td>
</tr>
</tbody>
</table>

### YTD Balance Sheet growth

<table>
<thead>
<tr>
<th></th>
<th>LKR millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>30,267</td>
</tr>
<tr>
<td>Loans to customers</td>
<td>24,834</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>35,479</td>
</tr>
</tbody>
</table>

### YoY Balance Sheet growth

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>16%</td>
</tr>
<tr>
<td>Loans to customers</td>
<td>15%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>25%</td>
</tr>
</tbody>
</table>
- LKR:FCY mix of loans at 76:24 with the target to achieve a mix of 85:15
- Retail & SME composition of 39%. Greater focus to be placed on increasing the composition of Retail & SME within the overall portfolio
Asset Quality

Portfolio composition well diversified

- Agriculture & Fishing: 11%
- Manufacturing: 22%
- Tourism: 18%
- Transport: 11%
- Construction: 12%
- Traders: 6%
- New Economy: 10%
- Financial and Business Services: 7%
- Infrastructure: 2%
- Other: 1%

Sector-wise NPL ratio

- Manufacturing: 5.0%
- Agriculture & Fishing: 4.7%
- Traders: 3.7%
- Transport: 3.4%
- Tourism: 2.9%
- Other: 1.9%
- Construction: 1.6%
- New Economy: 0.8%
- Infrastructure: 0.3%
- Financial and Business Services: 0.1%

- Gross NPL ratio of 2.22% improved from 2.63% in end December 2016
- Manufacturing and agriculture sectors contributing to the highest NPL ratios
- No any major sectors stressed or causing alarm. NPLs are arising from only individual facilities
Customer Deposits

- YTD growth of deposits ahead of industry deposits rate (as at May 2017)
- Improved composition of LCY and FCY deposits. Target composition 85:15
- Two new products introduced recently, to promote CASA deposits - NDB Savings Planner and NDB Araliya (Women’s savings product)

Source: Internal Analysis
The Bank is well capitalized as per the current Basel regulations which were in effect as of 30 June 2017 (Tier I - 5%, Tier I&II - 10%).

The Bank is also complaint with the new Basel III regulations which came to effect from 01 July 2017 as indicated below.

Pillar I -
Total Tier I Ratio - 7.25%
Total capital Ratio - 11.25%

Capital planning is currently under way as per an integral part of the Bank’s new strategy.
## Investor Ratios

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price per share (LKR)</td>
<td>144.0</td>
<td>156.0</td>
</tr>
<tr>
<td>EPS (LKR)</td>
<td>22.82</td>
<td>19.19</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>14.63</td>
<td>13.36</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>1.09</td>
<td>0.99</td>
</tr>
<tr>
<td>Book value per Share (LKR)</td>
<td>159.53</td>
<td>149.8</td>
</tr>
<tr>
<td>P/E (times)</td>
<td>6.3</td>
<td>8.1</td>
</tr>
<tr>
<td>Price to Book value (times)</td>
<td>0.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>

### Share Price Movement

Latest share price (26/07) - LKR 144.20

![Share Price Movement Graph](image-url)
Questions & Answers Session

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✓ Bank’s official YouTube page

within five working days.