

**YOURS**

**Investor Update**  
**1Q 2016**

# Forward Looking Statements



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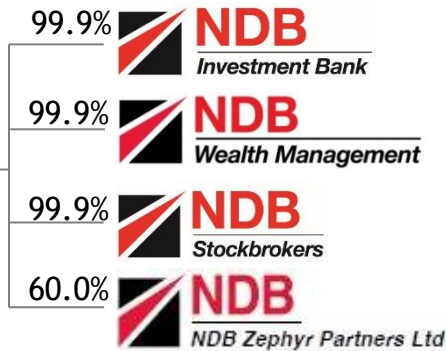
- Overview of NDB Group
- Macro Economic Overview
- Awards & Accolades
- Financial Performance



Our Commitment. **Your Success.**



99.9%



58.7%



77.8%



## Vision

“The driving force for a financially empowered Sri Lanka”

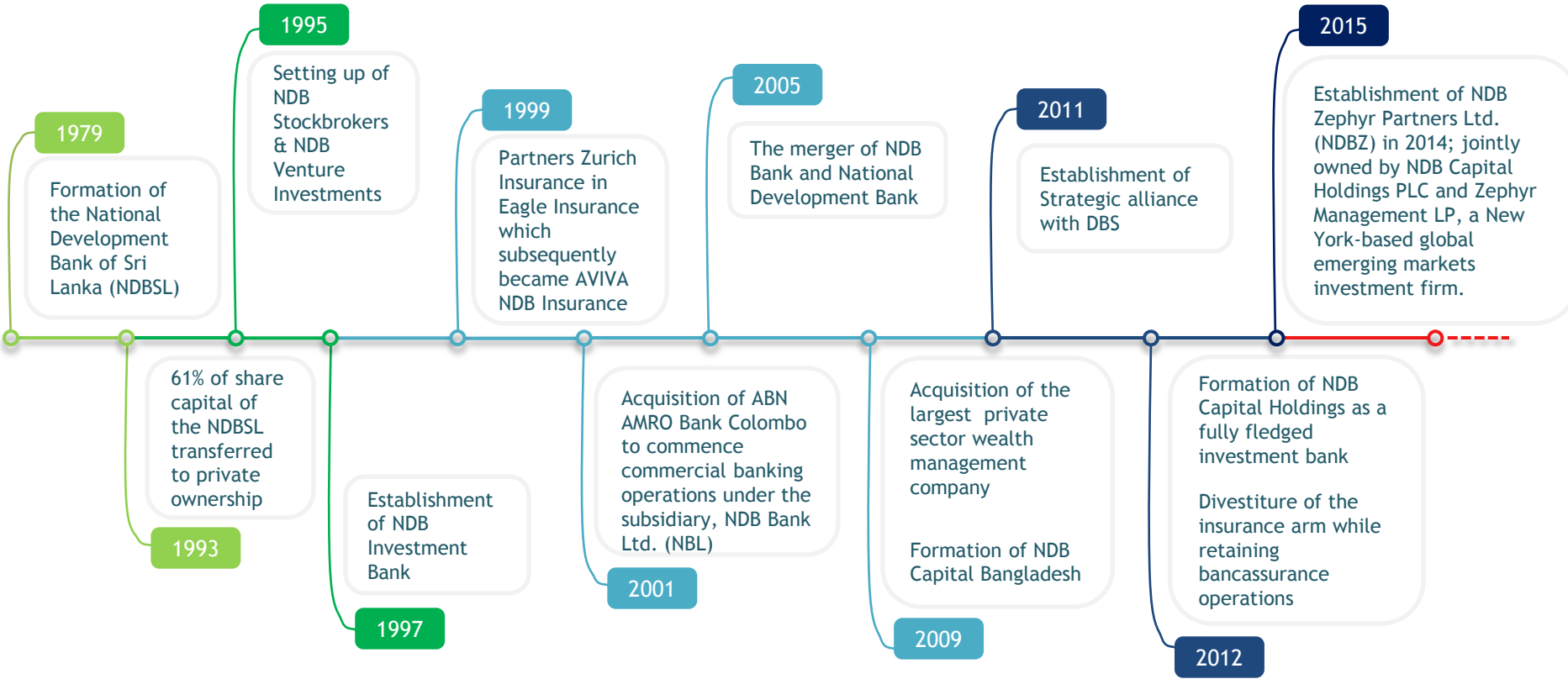
## Mission

To be the catalyst in the financial services industry by creating superior shareholder value and contributing to the national development through the empowerment of individuals with innovative financial solutions delivered by an inspired & dedicated team committed to excellence

## Values

- Integrity
- Accountability
- Creativity
- Sincerity
- Excellence

# Brief History - Milestones

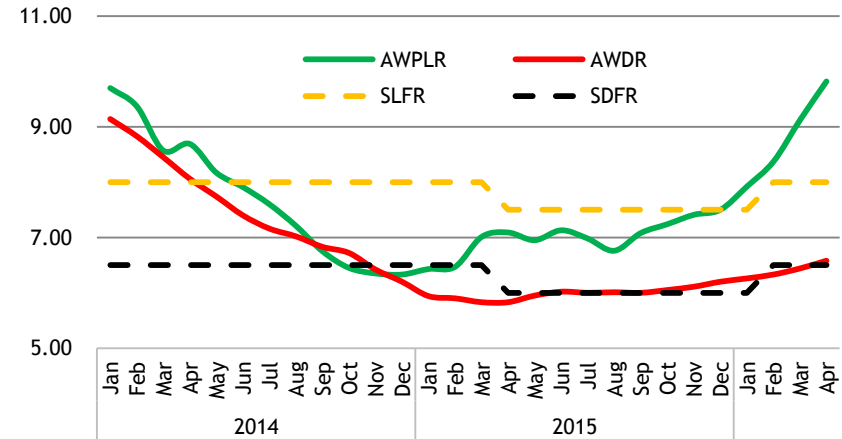


Phase I	Phase II	Phase III	Phase IV
Development Banking Phase	Project Finance dominance Diversification with NDB Act	New positioning with four integrated businesses; Corporate, Retail Capital markets, Insurance	Building scale in chosen businesses locally and regionally

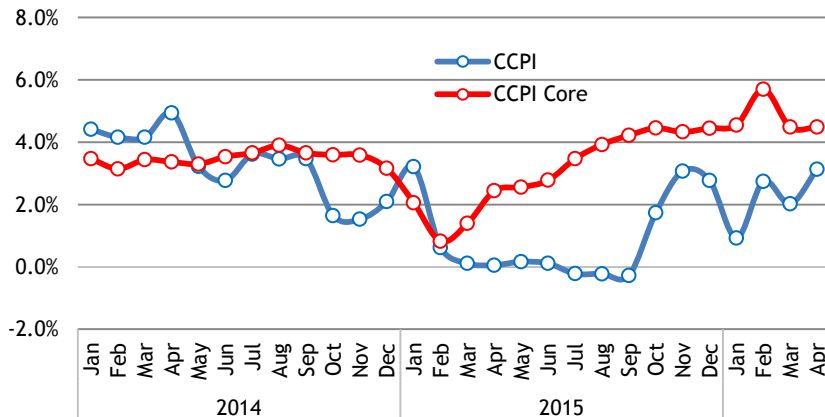
## Highlights

- Since end 2015, CBSL tighten the monetary policy to negate excessive demand pressures on inflation, credit and money expansion
- Overall BOP position remains vulnerable given the poor performance at the export front and net out flows in terms of foreign investments
- Fitch Ratings downgraded Sri Lanka to B+ from BB- with negative outlook given the rising refinancing risk and weaker public finances

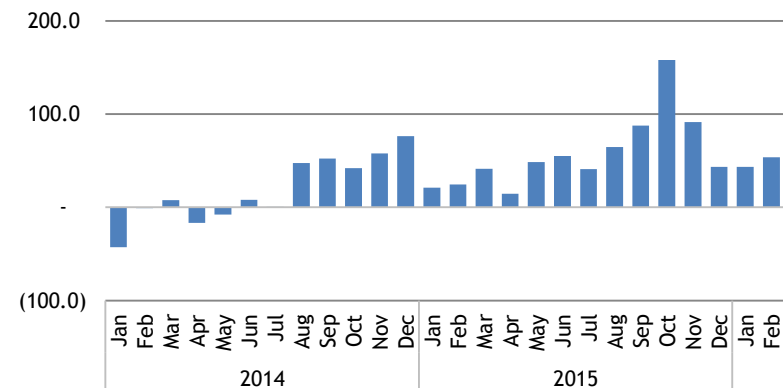
## Interest Rates

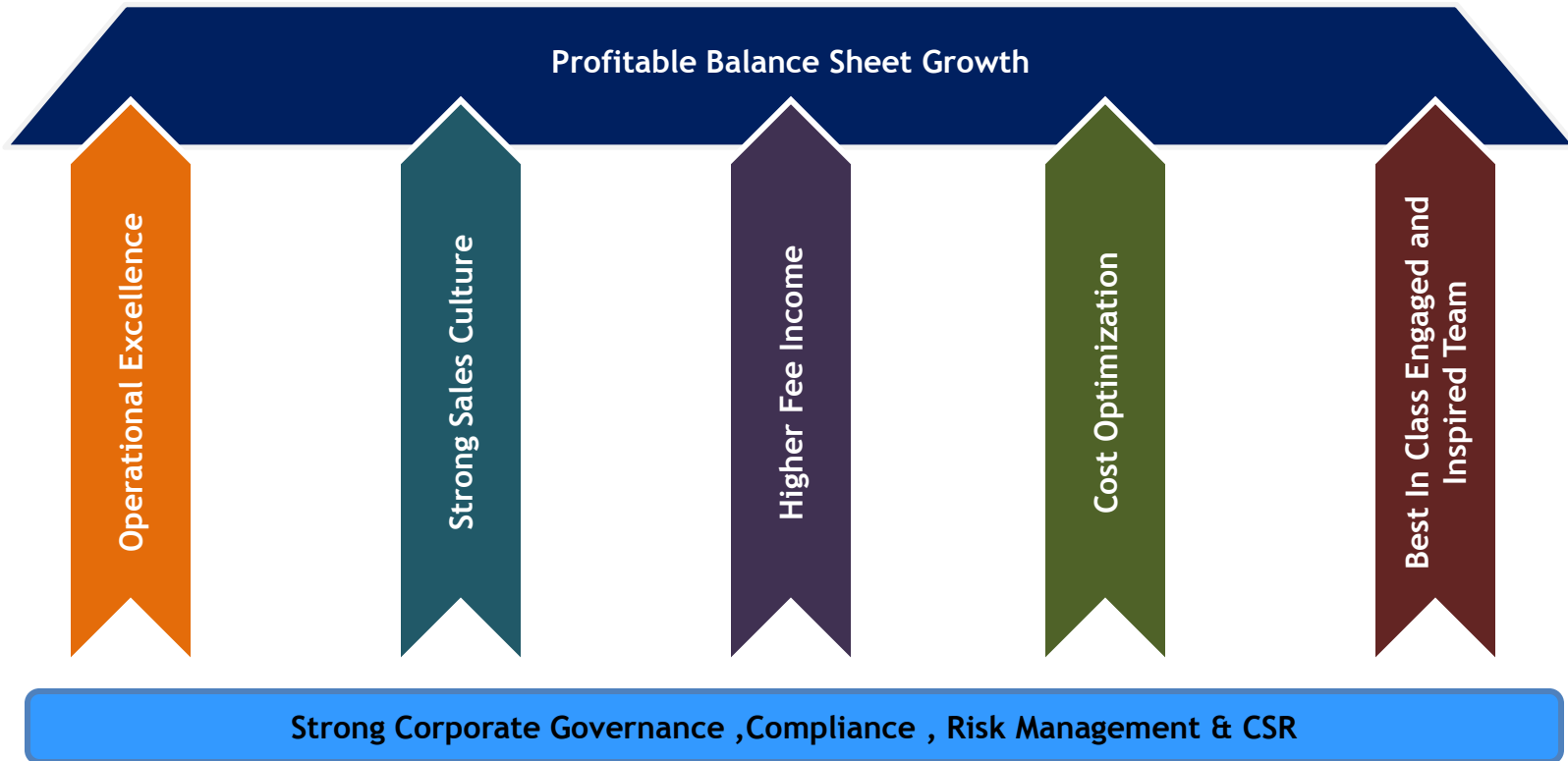


## Inflation



## Credit to Private Sector

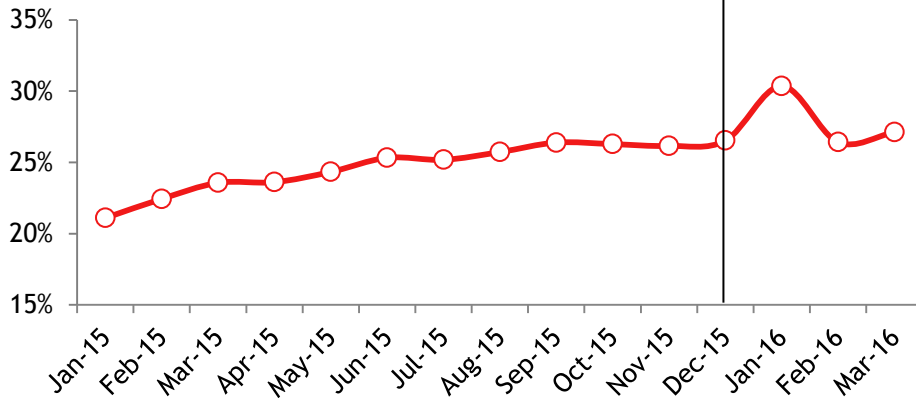




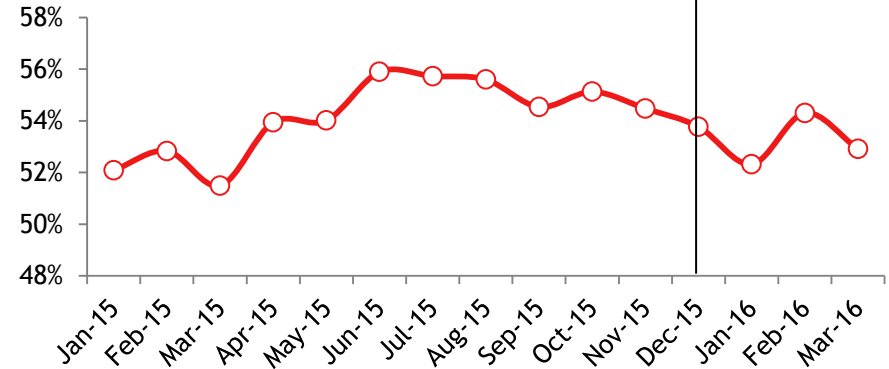
# Key Focus Areas - 1Q Update



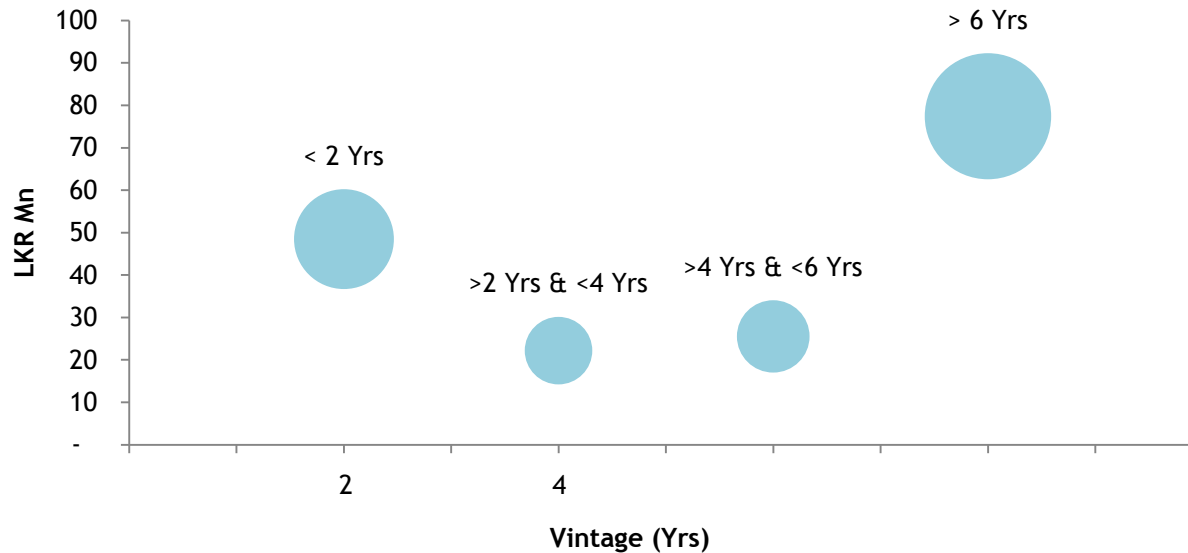
Fee : NII



Cost : Income



Average CASA Growth of a Branch in 2015





# External Recognitions



## Global Finance - World's Best Banks Awards 2015

- *BEST EMERGING MARKETS BANKS IN ASIA PACIFIC - Winner - Sri Lanka*



## CFA Sri Lanka Capital Market Awards 2015

- *Best Investor relations - Silver Award*



## EUROMONEY Awards for Excellence 2015

- *NDBIB - Best Investment Bank in Sri Lanka - 4<sup>th</sup> consecutive year*



## Retail/Wholesale Banking Awards 2015

- *Domestic Retail Bank of the Year - Sri Lanka*
- *Cash Management Bank of the year - Sri Lanka*
- *Project Finance Bank of the year - Sri Lanka*
- *Best SME Bank - Sri Lanka*



## Best Corporate Citizen Sustainability Awards 2015

- *2nd Runner Up - Best Corporate Citizen*
- *Winner - Top Ten Corporate Citizens of the Year*
- *Winner - Category Award for Governance*
- *Winner - Triple Bottom Line Award for Economic Sustainability*



## CMO Asia Awards for Excellence in Branding & Marketing 2015

- *Brand Excellence in Banking & Finance Sector*
- *Best use of Social Networks*
- *Best Use of Facebook*



## 7<sup>th</sup> Global ALM Competition 2015 : FMO, KFW & Proparco

- *Winner*



# Financial Performance

# 1Q 2016 Performance - Summary



		1Q 2015	1Q 2016	YoY Change
Profitability (LKR Mn)	Operating Income	3,142	3,346	7%
	Operating Expenses	1,561	1,723	10%
	Profit for Shareholders	869	548	-37%
Efficiency & Return	Cost to Income Ratio	49.7%	51.5%	
	Net Interest Margin	2.7%	2.6%	
	Return on Average Equity	12.6%	7.8%	
Financial Position Trend (LKR Bn)	Total Assets	315	319	1%
	Total Loans (Gross)	215	221	3%
	Total Deposits	184	197	7%
Business Capacity Ratios	Loan to Deposits Ratio	116.8%	112.6%	
	Capital Adequacy Ratio	15.3%	14.9%	
	Liquidity Ratio	22.2%	21.8%	

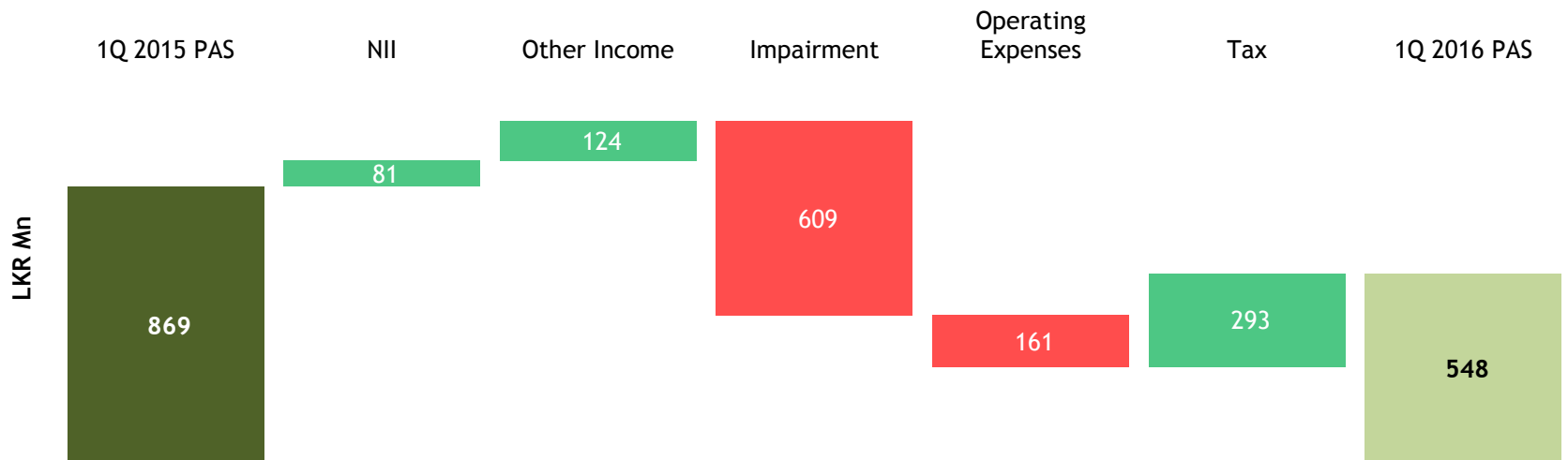
# Income Statement



LKR Mn

	Year - to - date		Variance over	
	2015	2016	2015	%
Net Interest Income	1,984	2,064	81	4
Operating Income	3,142	3,346	205	7
Impairment	(64)	546	609	960
Operating Expenses	1,561	1,723	161	10
Operating Profit	1,644	1,078	(566)	(34)
Tax	801	508	(293)	(37)
PAS	869	548	(322)	(37)

Y-o-Y movement in PAS



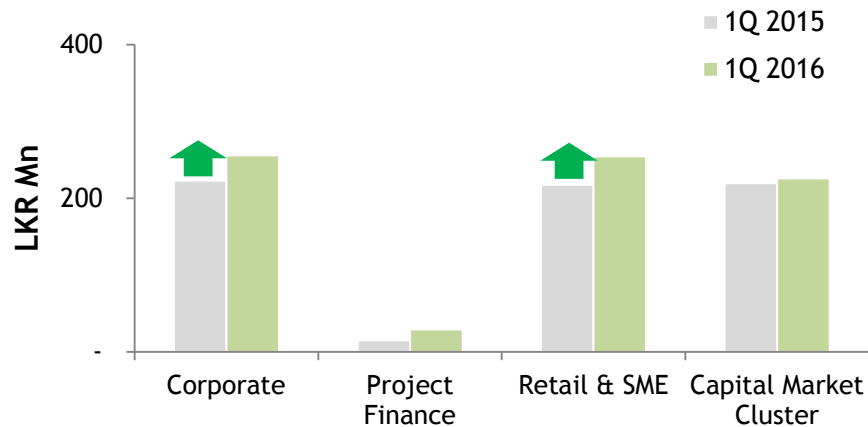
# Revenue Analysis



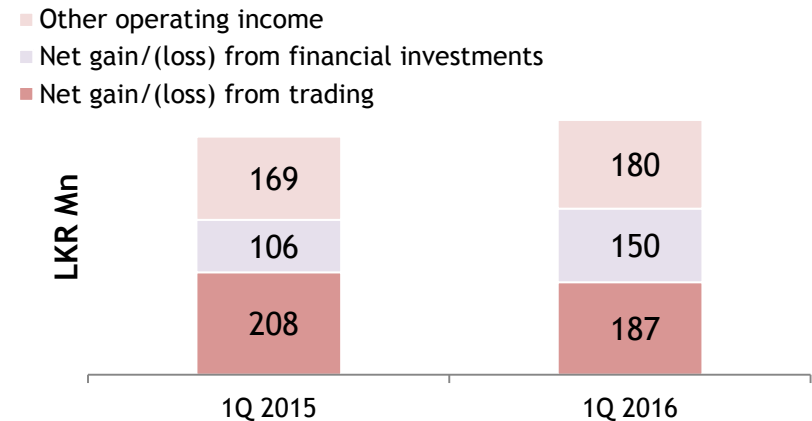
LKR Mn	1Q 2015	1Q 2016	%
Gross Income	6,320	7,555	20
Interest Income	5,162	6,273	22
Net Fee & Commission	675	765	13
Other Income	483	517	7

- Timely price changes and the upward trend in market rates helped realizing a 22% YoY growth in Interest Income
- Fee & Commission income growth in Corporate and Retail & SME segments was commendable given the slowdown in trade volumes
- Forex trading opportunities were limited during 1Q 2016, thus a drop in trading income

## Fee & Commission - Segment-wise



## Other income



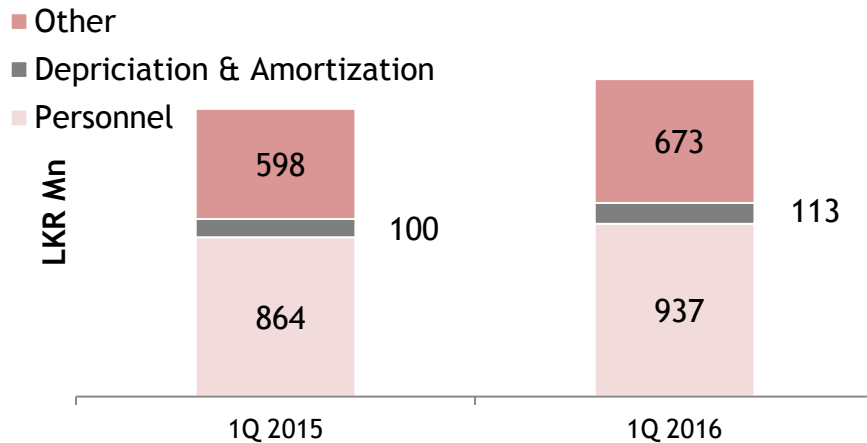
# Expenses Analysis



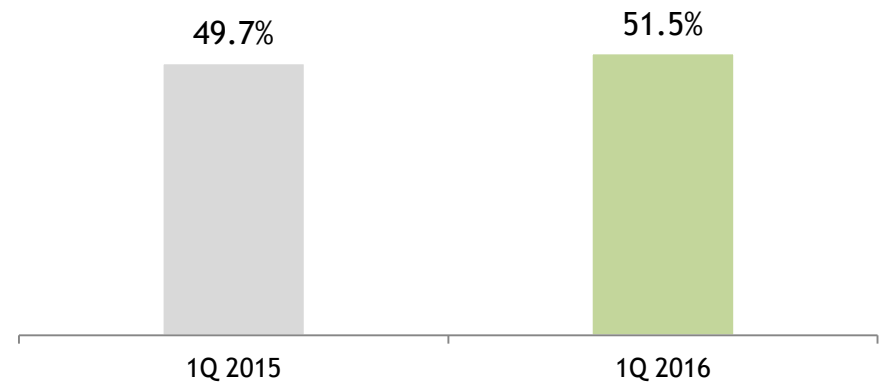
LKR Mn	1Q 2015	1Q 2016	%
Interest Expenses	3,178	4,208	32
Impairment	(64)	546	960
Operating Expenses	1,561	1,723	10

- Interest expenses grew at a higher pace as a result of the revised monetary policy stance during the quarter
- Impairment charges increased due to prudential measures taken by the bank, acknowledging objective evidences on several accounts
- Addition of 7 New Branches and related expenses were the main driver of Operating Expenses

## Operating Expenses



## Cost to Income Ratio



# Balance Sheet



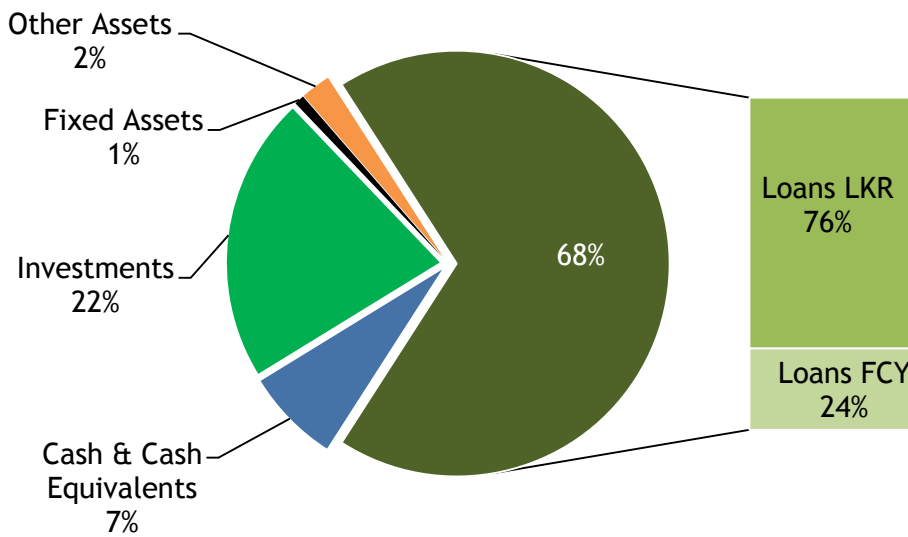
LKR Mn

	Dec-15	Mar-16	%
Cash & Cash Equivalents	20,002	23,201	16
Investments	77,327	70,187	(9)
<b>Net Loans &amp; Investments</b>	<b>209,666</b>	<b>215,679</b>	<b>3</b>
Fixed Assets	2,455	2,479	1
Other Assets	5,905	7,405	25
<b>Total Assets</b>	<b>315,354</b>	<b>318,952</b>	<b>1</b>

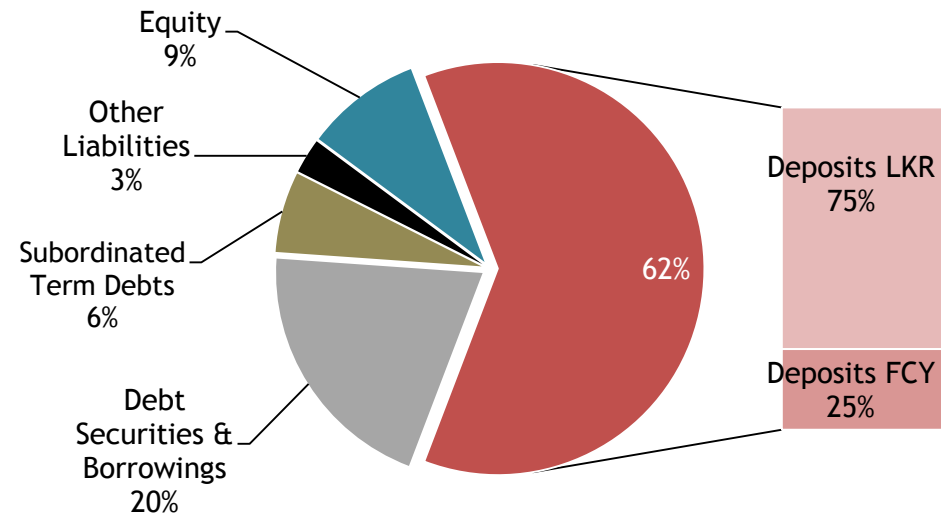
LKR Mn

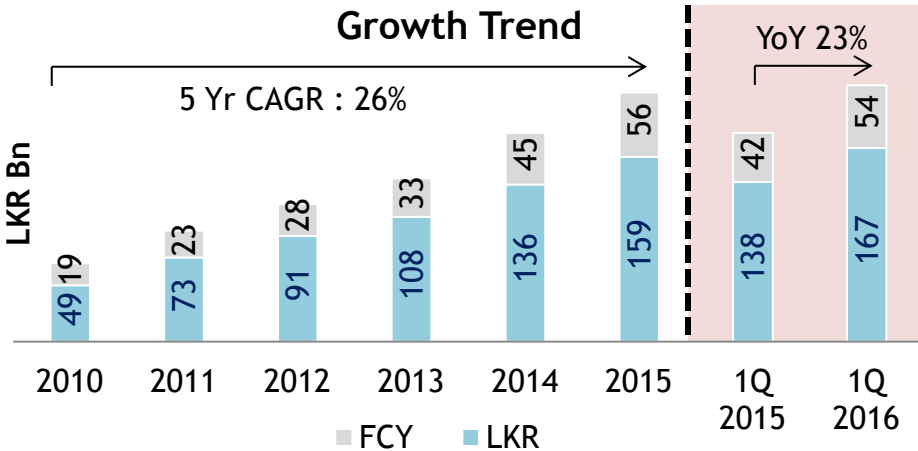
	Dec-15	Mar-16	%
<b>Deposits</b>	<b>184,152</b>	<b>196,510</b>	<b>7</b>
Debt Securities & Borrowings	72,118	64,778	(10)
Subordinated Term Debts	19,574	20,125	3
Other Liabilities	10,109	8,699	(14)
Equity	29,401	28,839	(2)
<b>Total Liabilities</b>	<b>315,354</b>	<b>318,952</b>	<b>1</b>

Asset Mix (Mar 2016)



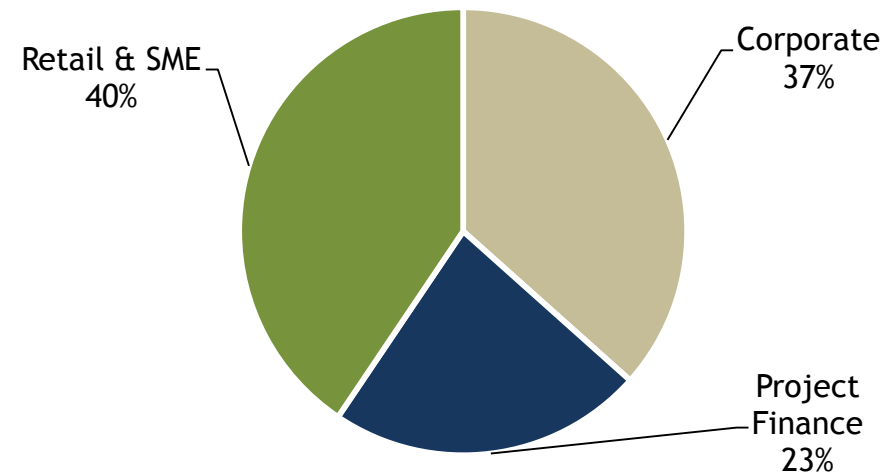
Liability Mix (Mar 2016)



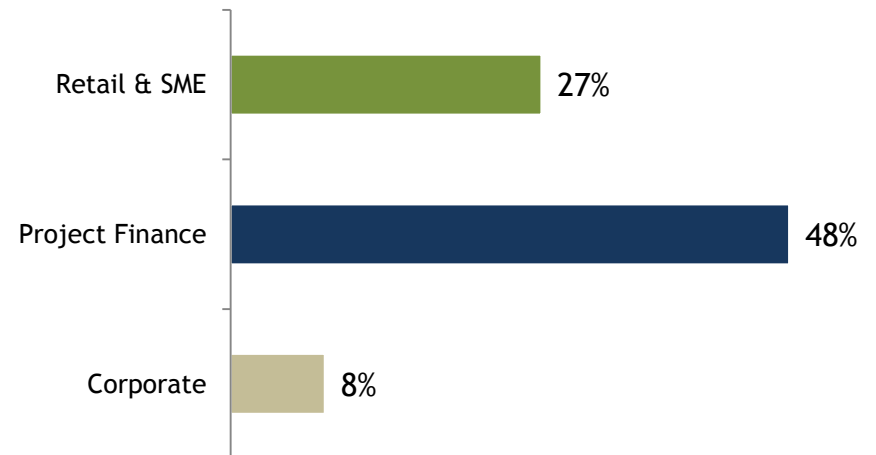


- Gross Loan Book stood at LKR 221 Bn
  - Grew by 3% from Dec-2015
- Corporate Segment represent 37% of Loan book compared to 42% in Mar-2015

## Loans & Advances Breakdown by Segments

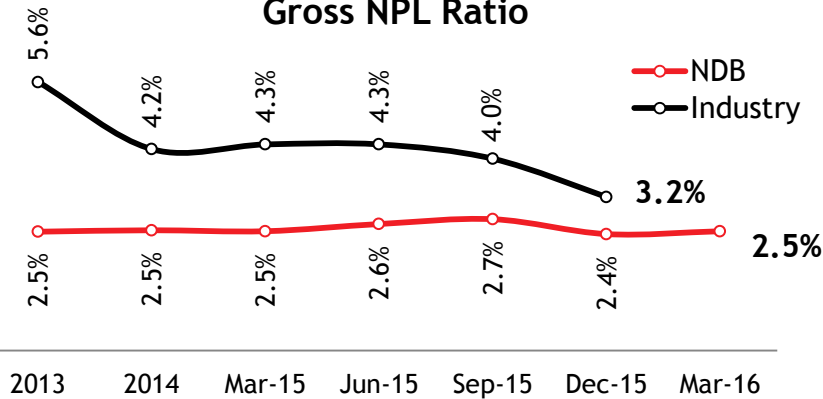


## Segmental Growth (YoY)

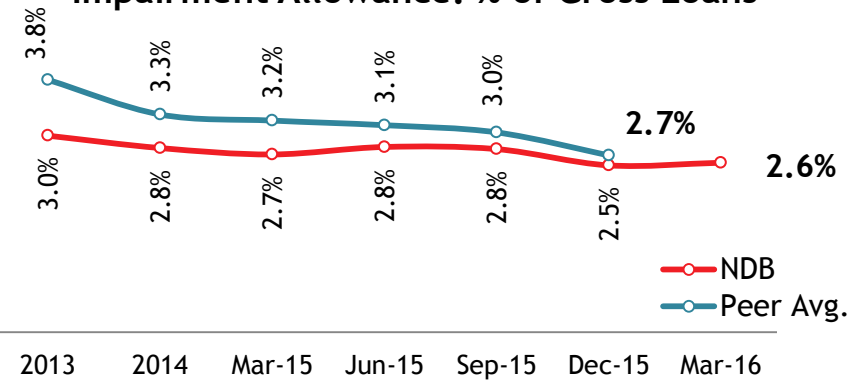




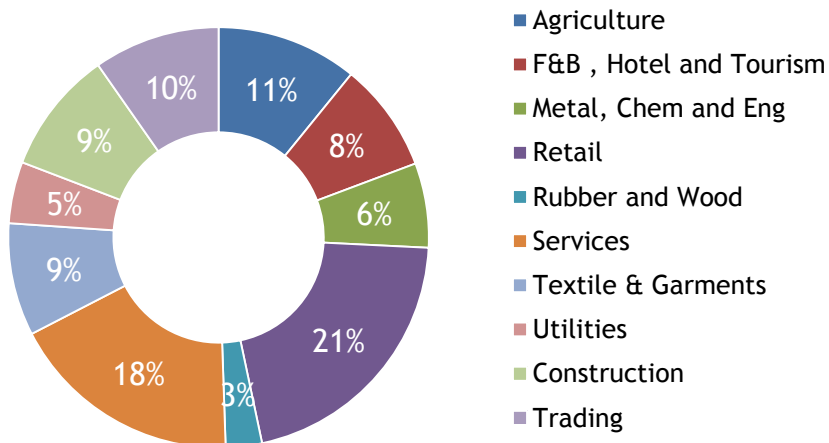
### Gross NPL Ratio



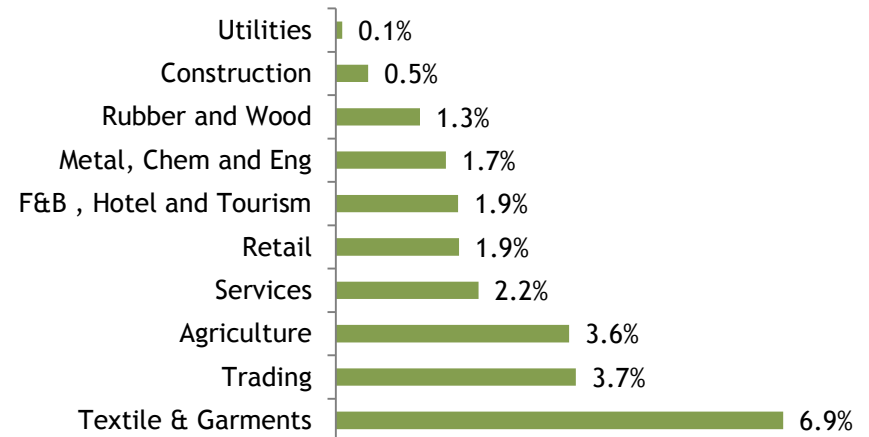
### Impairment Allowance: % of Gross Loans



### A Well Diversified Portfolio



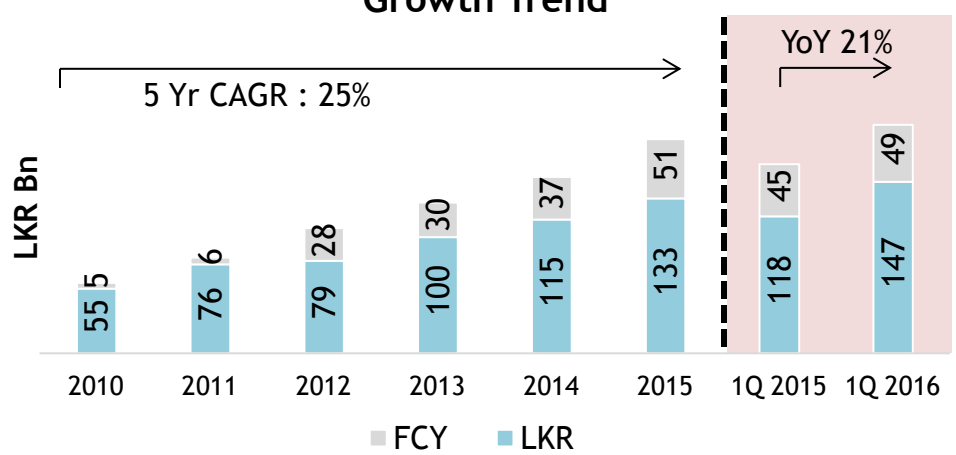
### NPL Ratio - sector wise



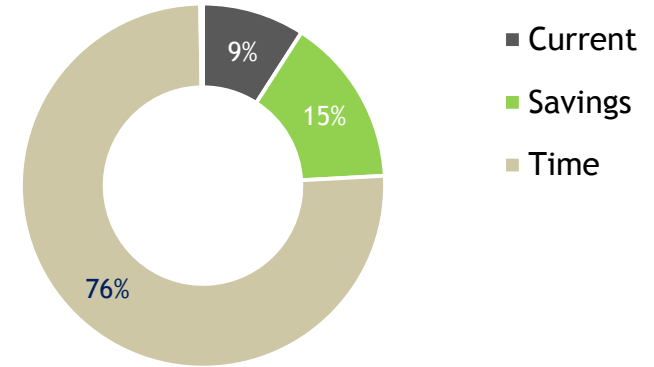
# Customer Deposits



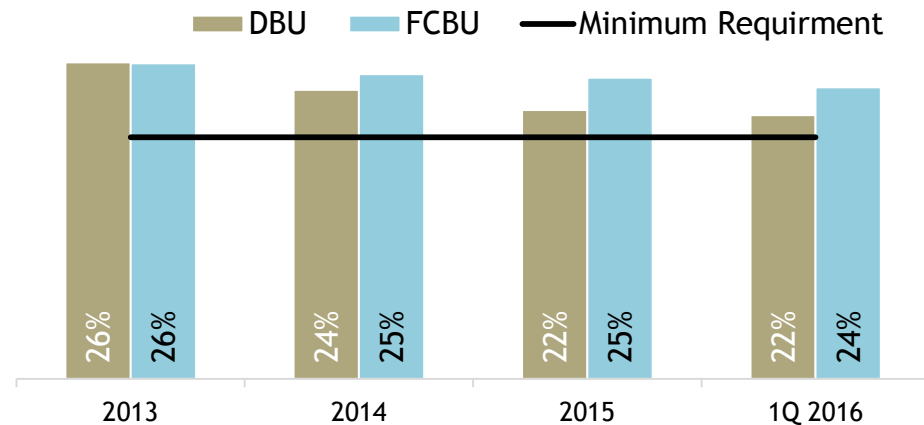
## Growth Trend



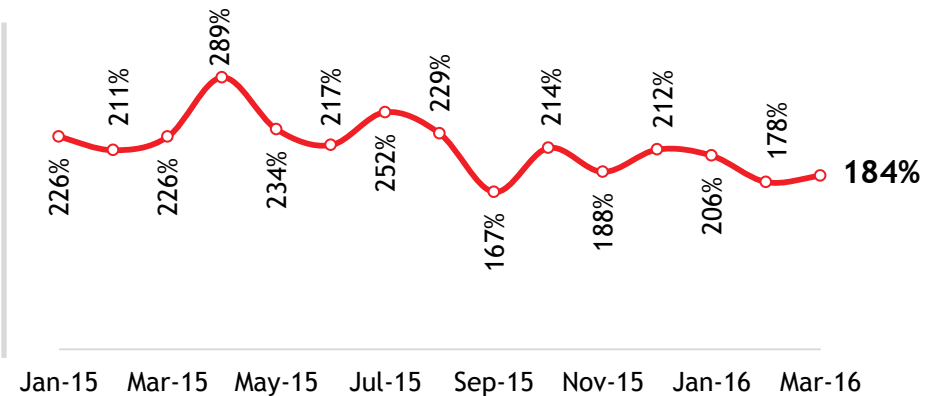
## Deposit Mix (Mar 2016)



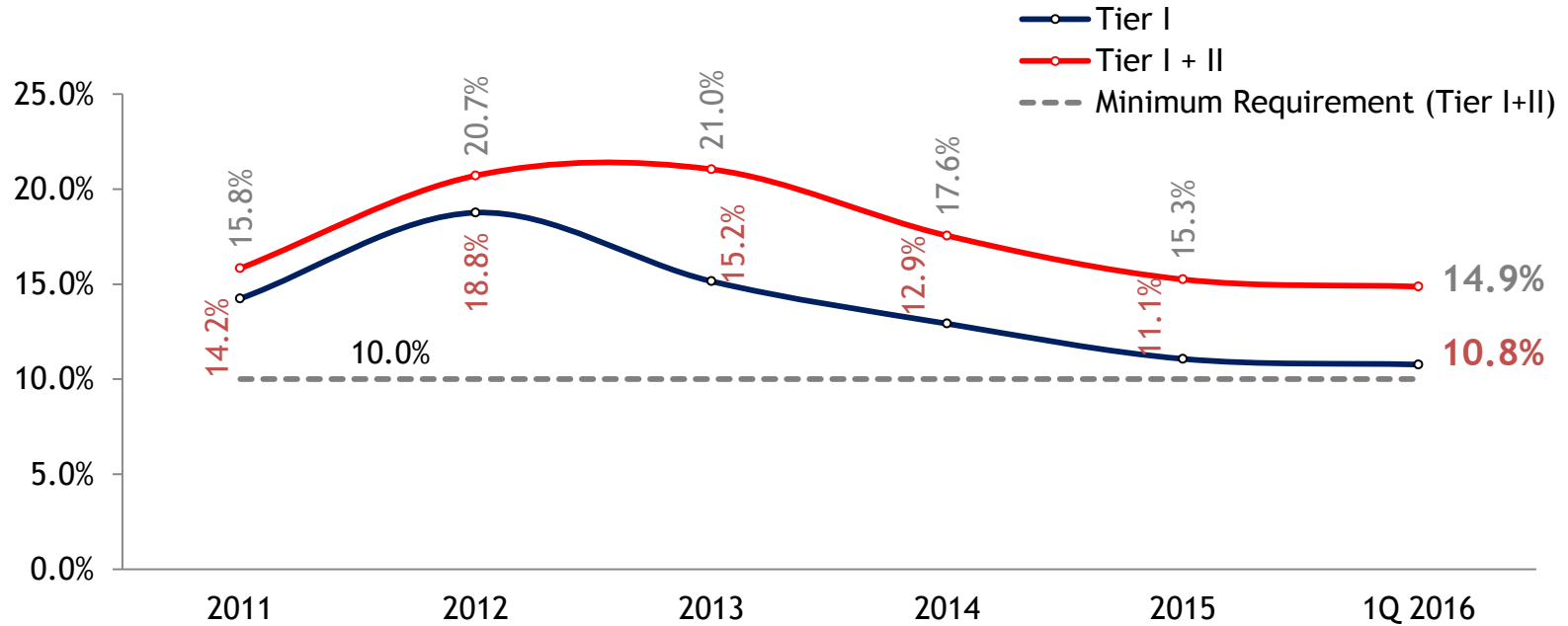
## Healthy Liquidity



## Liquidity Coverage Ratio



### Capital Adequacy Trend



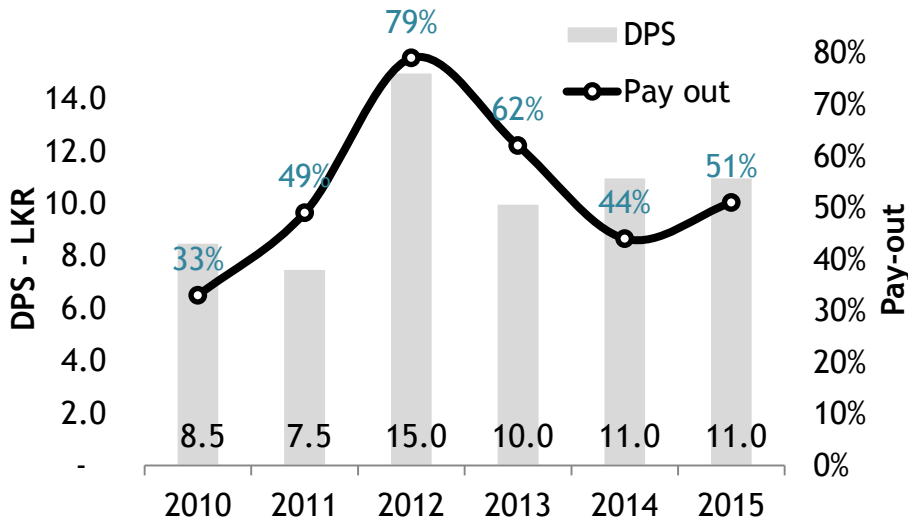
RWA (LKR Bn)	116.1	135.1	163.2	208.6	245.3	249.8
Leverage	8.42x	7.00x	8.44x	9.65x	11.11x	11.47x

# Investor Ratios

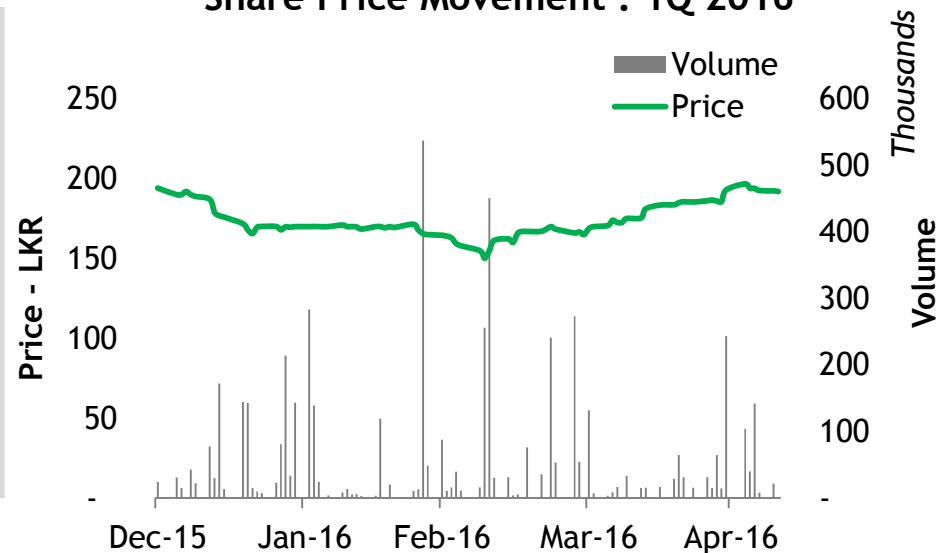


%	2014	1Q-2015	1H-2015	3Q-2015	2015	1Q-2016
EPS (LKR)	25.14	21.12	17.54	18.25	21.51	13.37
Book value per Share (LKR)	169.35	170.70	174.19	176.79	172.35	168.80
P/E (times)	9.95	11.74	14.84	12.18	9.02	14.51
Price to Book value (times)	1.48	1.45	1.49	1.26	1.13	1.00

### Dividends Trend



### Share Price Movement : 1Q 2016



# Q & A



Our Commitment. **Your Success.**

## Investor Relations

Telephone : +94 112 448 448 (ext. 3838)  
Email : [investor.relations@ndbbank.com](mailto:investor.relations@ndbbank.com)  
Web : [www.ndbbank.com](http://www.ndbbank.com)