

Investor Update 2015



Our Commitment. **Your Success.**

Forward Looking Statements



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Overview of NDB Group

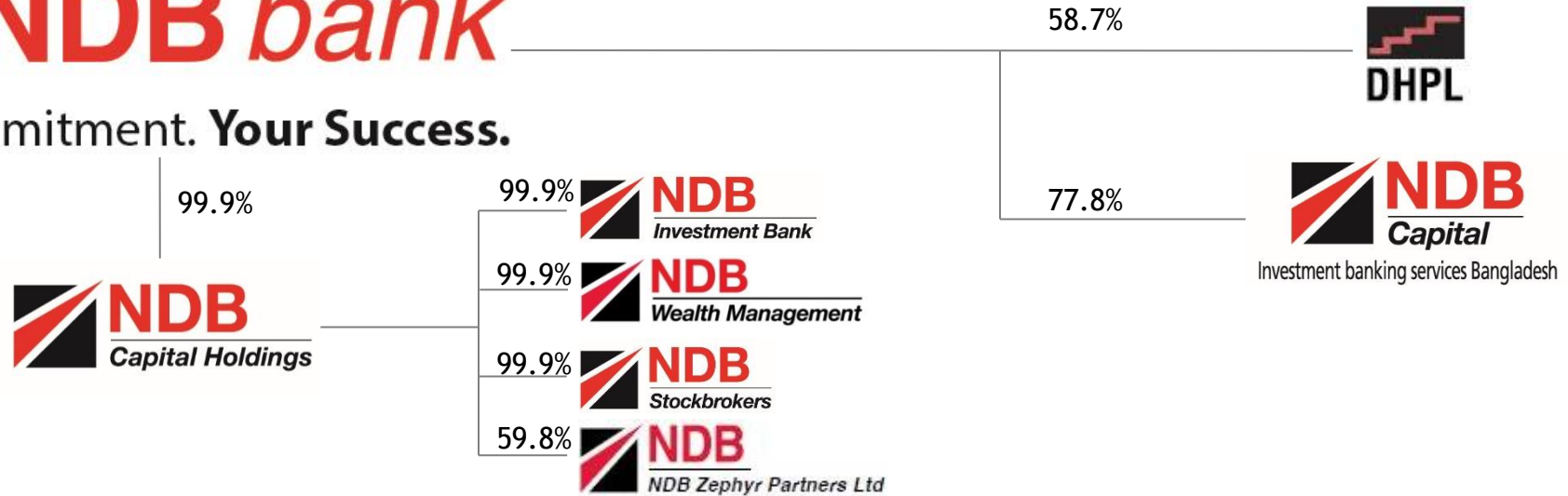
Macro Economic Overview

Awards & Accolades

Financial Performance



Our Commitment. **Your Success.**



Vision

“The driving force for a financially empowered Sri Lanka”

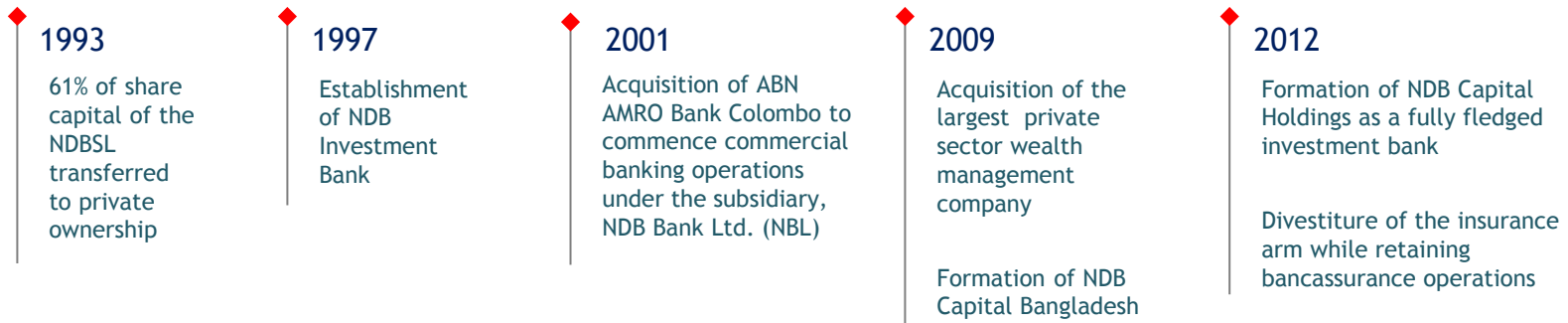
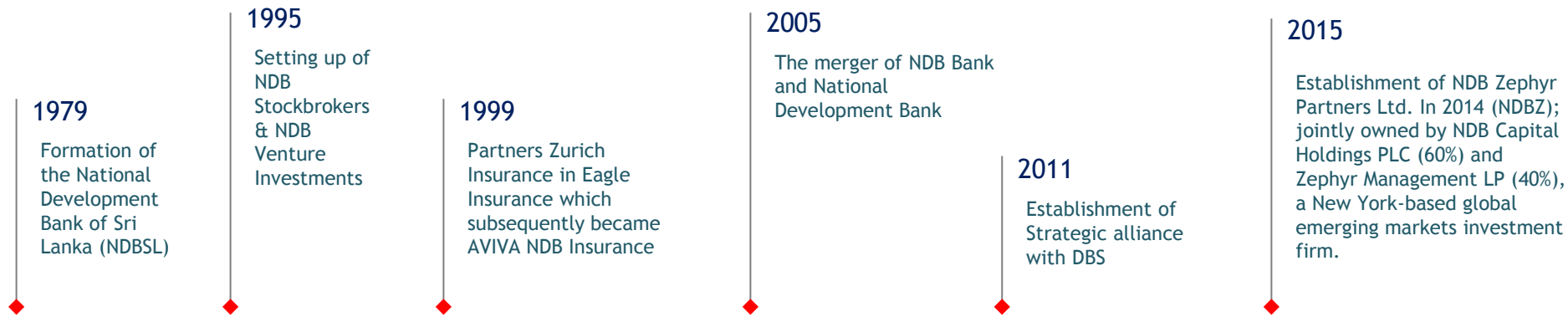
Mission

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

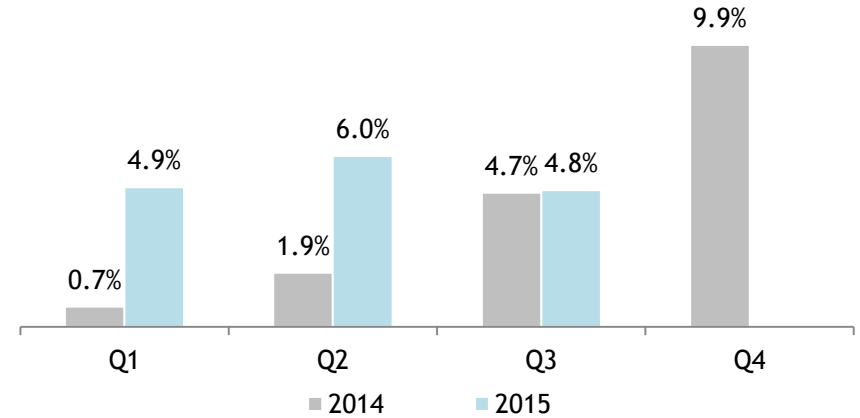


Phase I	Phase II	Phase III	Phase IV
Development Banking Phase	Project Finance dominance Diversification with NDB Act	New positioning with four integrated businesses; Corporate, Retail Capital markets, Insurance	Building scale in chosen businesses locally and regionally

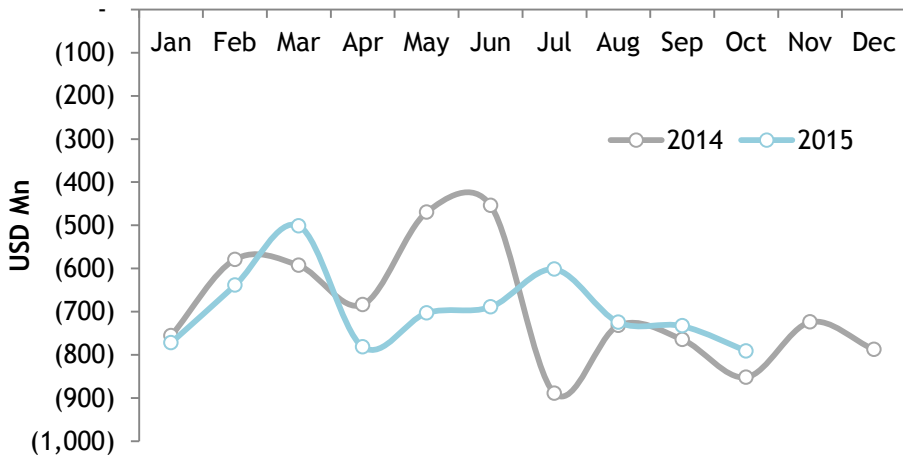
Highlights

- Sri Lanka's economy grew by 4.8% in Q3.
- Construction which had driven the economy for the previous years, declined noticeably in 2015
- Relatively low inflation throughout the period under review
- Pressure on BOP due to stagnant exports and low levels of FDIs

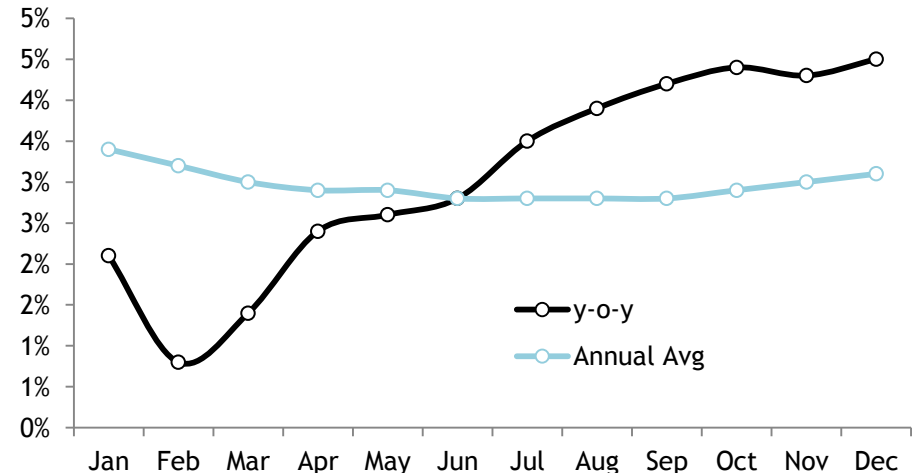
Real GDP Growth



External Trade Gap



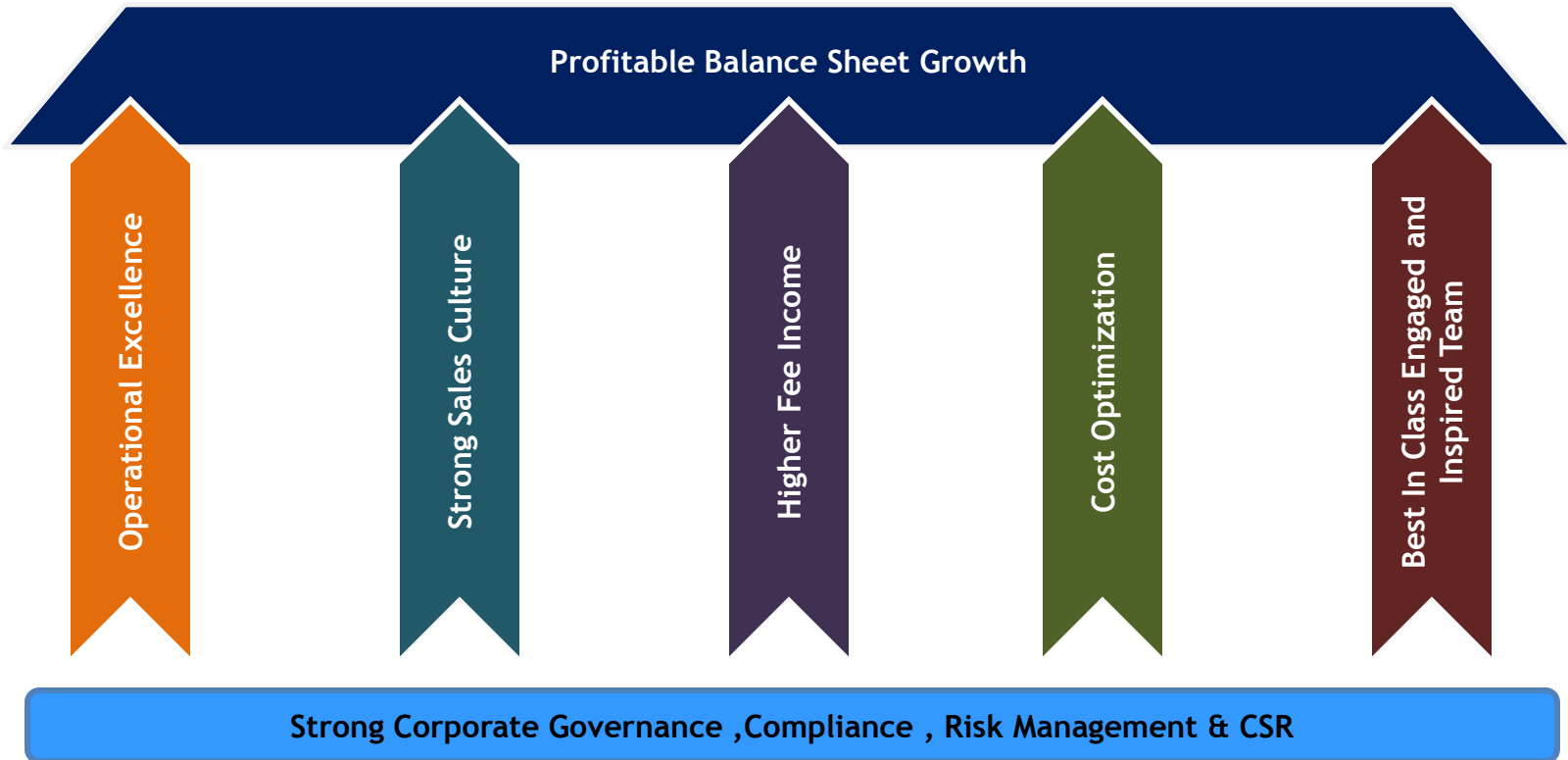
Core Inflation



Key Business Strengths



- Universal Banking model
- Expanding Retail & SME Business
- New product innovations through enhanced use of IT
- Aggressively pursuing strategy to enhance shareholder value
- Robust GCR framework



External Recognition



Global Finance -
World's Best Banks
Awards BEST
EMERGING MARKETS
BANKS IN ASIA PACIFIC
2015- Winner - Sri
Lanka



Retail/Wholesale Banking Awards 2015

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



CMO Asia Awards for
Excellence in Branding &
Marketing

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



CFA Sri Lanka Capital Market
Awards 2015 - Best Investor
relations - Silver Award



Best Corporate Citizen
Sustainability Awards 2015

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



NDBIB - Best Investment
Bank in Sri Lanka - 4th
consecutive year



Winner - 7th Global ALM
Competition 2015 :
Organized by FMO, KFW &
Proparco

Financial Performance

2015 Performance - Summary



		2014	2015	% Change
Profitability (LKR Mn)	Operating Income	12,966	13,291	2.5%
	Operating Expenses	5,911	6,830	15.6%
	Profit for Shareholders	4,134	3,542	-14.3%
Efficiency & Return	Cost to Income Ratio	45.6%	51.4%	
	Return on Average Equity	15.8%	12.6%	
	Return on Average Assets	1.7%	1.2%	
Financial Position Trend (LKR Bn)	Total Assets	269	315	17.2%
	Total Loans	180	215	19.3%
	Total Deposits	151	184	21.6%
Business Capacity Ratios	Loan to Deposits Ratio	119.0%	116.8%	
	Capital Adequacy Ratio	17.6%	15.3%	
	Liquidity Ratio	23.9%	22.2%	

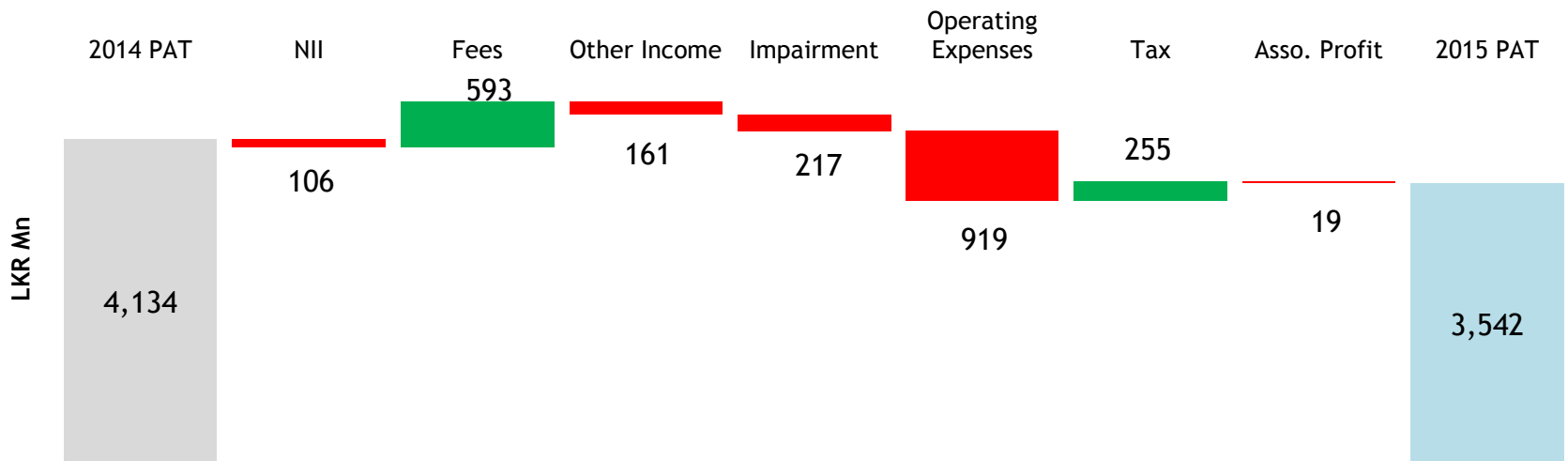
Income Statement



LKR Mn

	Year - to - date		Variance over	
	2014	2015	2014	%
Operating Income	12,966	13,291	325	3
Impairment	529	746	217	41
Operating Expenses	5,911	6,830	919	16
Operating Profit	6,527	5,715	(811)	(12)
Tax	2,378	2,123	(255)	(11)
PAS	4,134	3,542	(592)	(14)

Y-o-Y movement in Profit after Tax



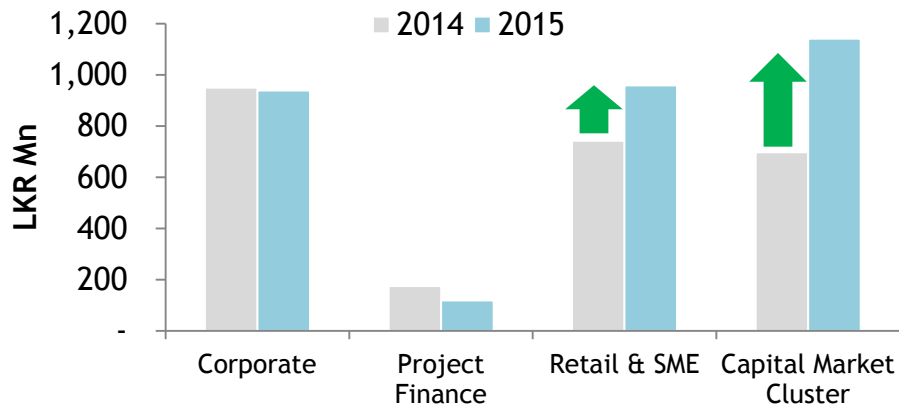
Revenue Analysis



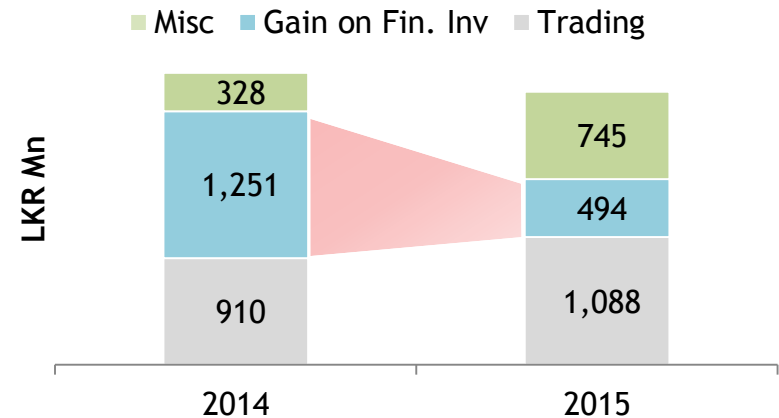
LKR Mn	2014	2015	%
Gross Income	26,205	26,916	3
Interest Income	21,152	21,432	1
Net Fee & Commission	2,564	3,157	23
Other Income	2,489	2,327	(6)

- Downward trend in market rates was a challenging factor throughout 2015
- Impressive growth in Fee & Commission, driven through Retail & SME segments
- Market opportunities were scarce during 2015 to capitalize on ALM operations

Fee & Commission - Segment-wise



Other income



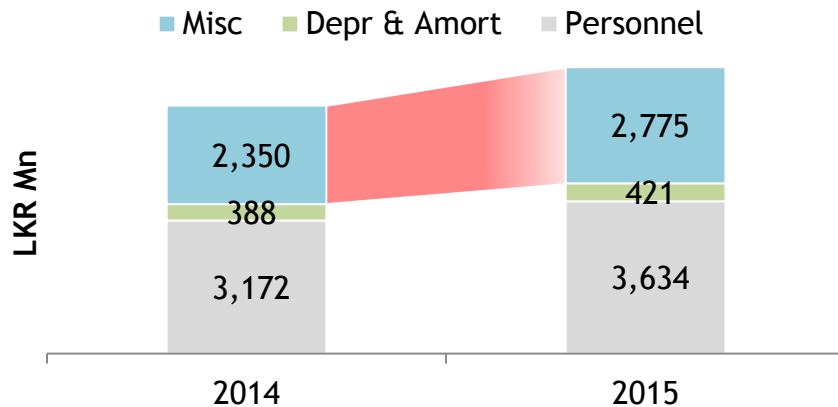
Expenses Analysis



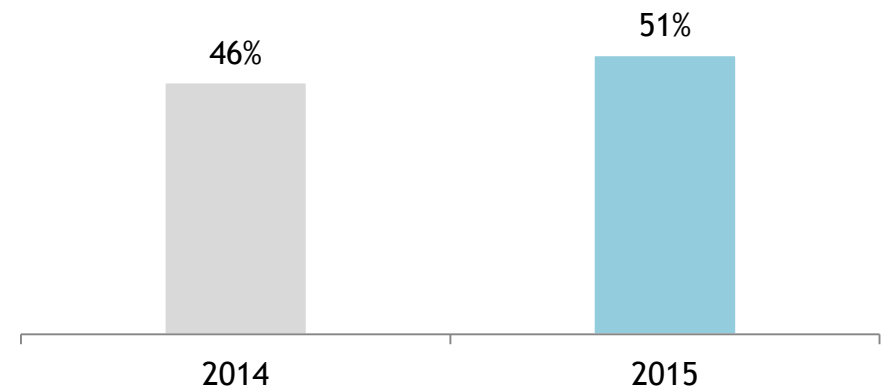
LKR Mn	2014	2015	%
Interest Expenses	13,239	13,625	3
Impairment	529	746	41
Operating Expenses	5,911	6,830	16

- Interest expenses slightly increased given the move towards more stable funding
- Impairment increased due to prudential measures taken by the Bank to impair several accounts individually
- Opening of 10 new branches partially contributed to the growth in O/Hs

Operating Expenses



Cost to Income Ratio



Balance Sheet

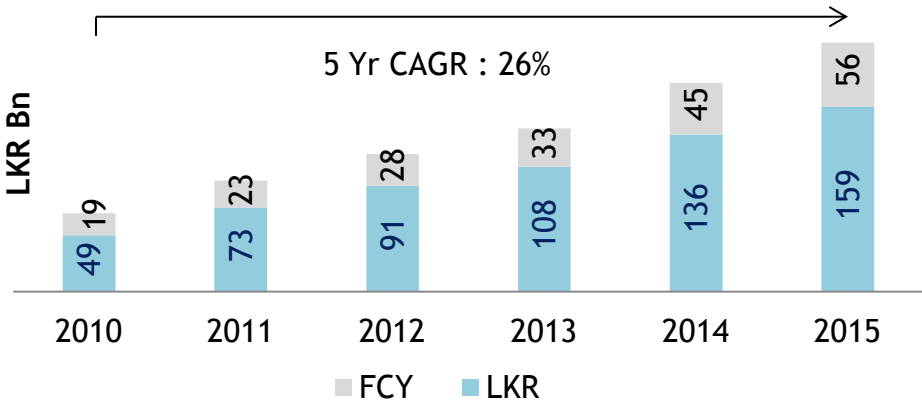


LKR Mn	Dec-14	Dec-15	%
Cash & Cash Equivalents	12,737	20,002	57
Investments	73,248	77,327	6
Net Loans & Investments	175,236	209,666	20
Fixed Assets	2,253	2,455	9
Other Assets	5,656	5,905	4
Total Assets	269,130	315,354	17

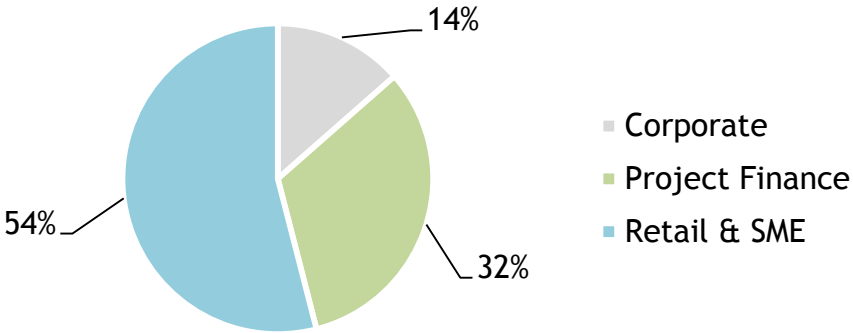
LKR Mn	Dec-14	Dec-15	%
Deposits	151,485	184,152	22
Debt Securities & Borrowings	68,955	72,118	5
Subordinated Term Debts	11,149	19,574	76
Other Liabilities	8,741	10,109	16
Equity	28,798	29,401	2
Total Liabilities	269,130	315,354	17

- ✓ Total assets mainly comprises of Loans to Customers and Investments in government securities which accounts for 66% and 25% respectively.
- ✓ Customer Deposits Accounts for 58% of the total Funding in the Balance Sheet
- ✓ Borrowings Including the Debenture issue represents for 29% of the Total Liabilities
- ✓ Balance sheet leverage is 11.1x

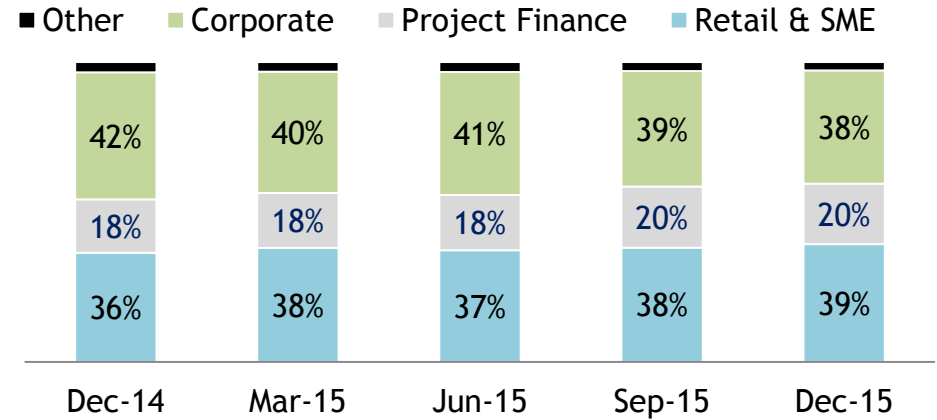
Growth Trend



YoY Growth - Segmental Contribution



Growing Retail & SME Book

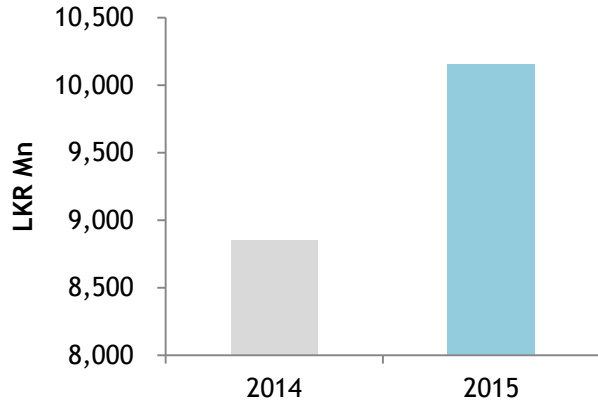


- Gross Loan Book stood at LKR 215 Bn
 - Grew by 19.3% from Dec-2014
- Corporate Segment represent 58% of Loan book compared to 60% in Dec-2014

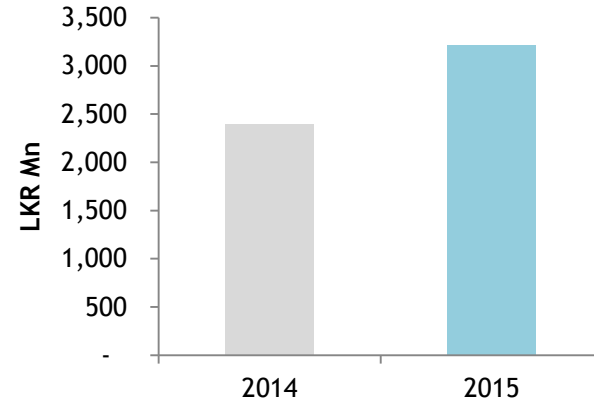
Volume Growth



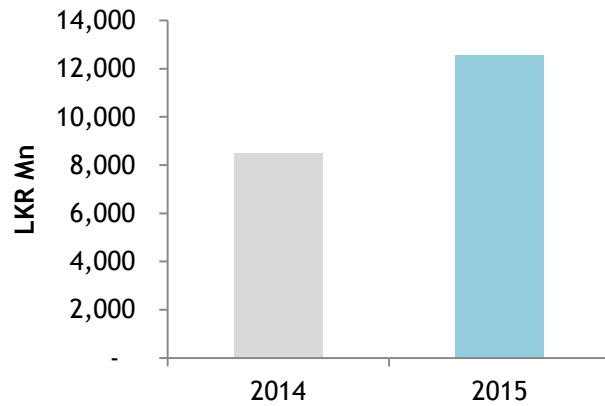
DML



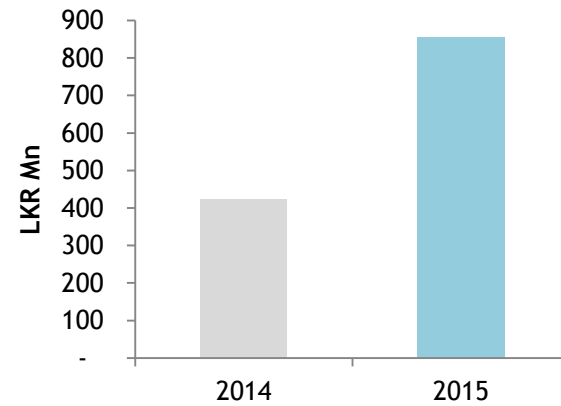
Housing



Auto Finance

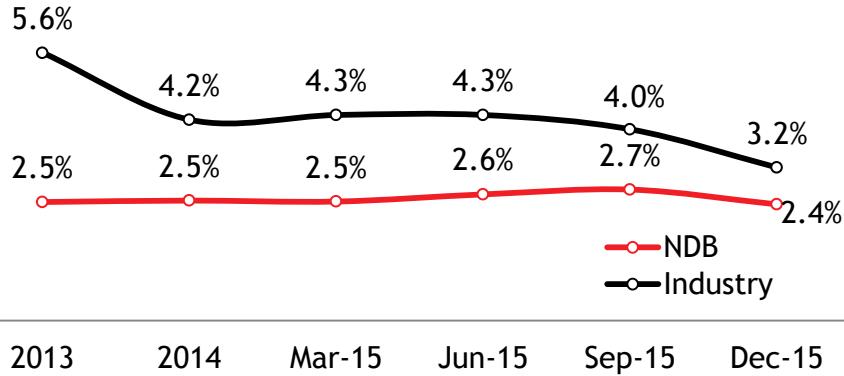


Credit Cards*

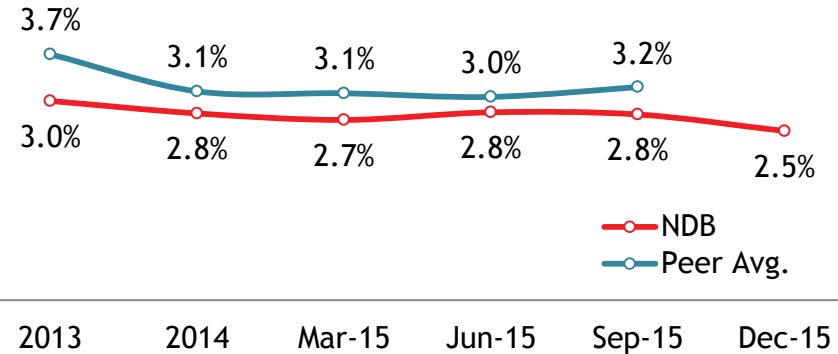


* Outstanding Balance

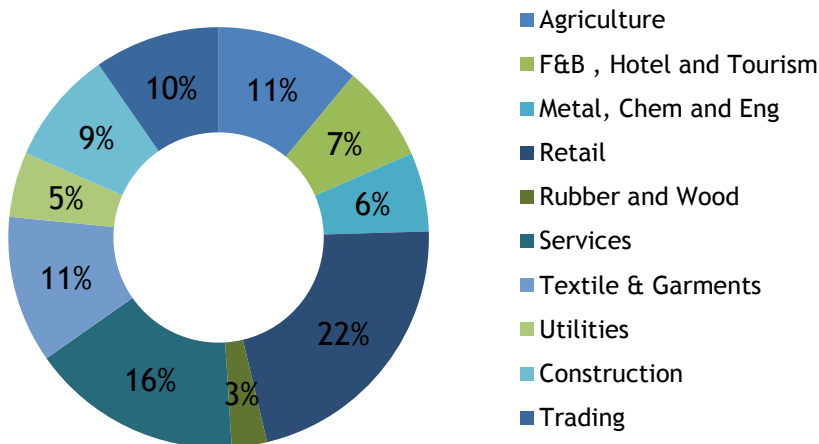
Gross NPL Ratio



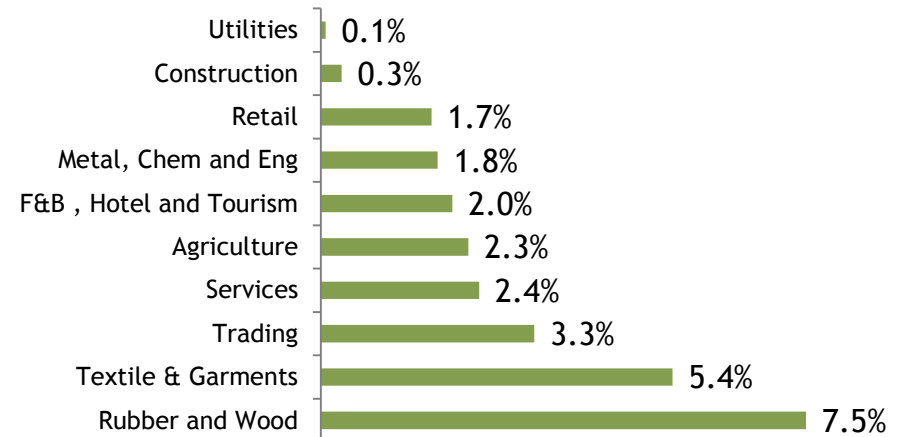
Impairment Allowance: % of Gross Loans



A Well Diversified Portfolio



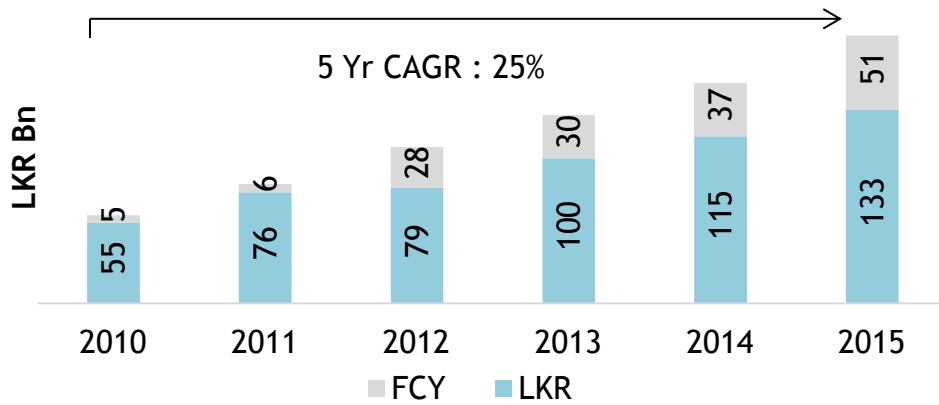
NPL Ratio - sector wise



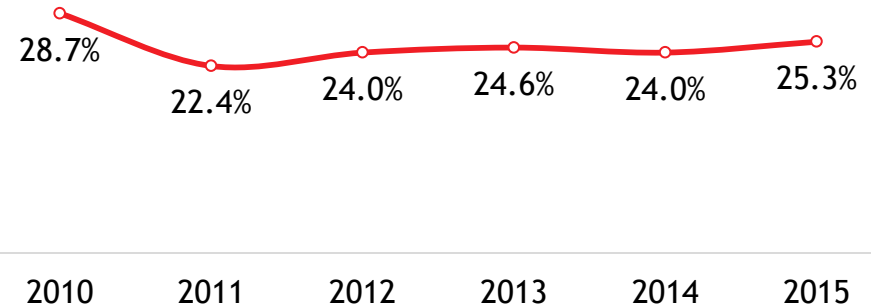
Customer Deposits



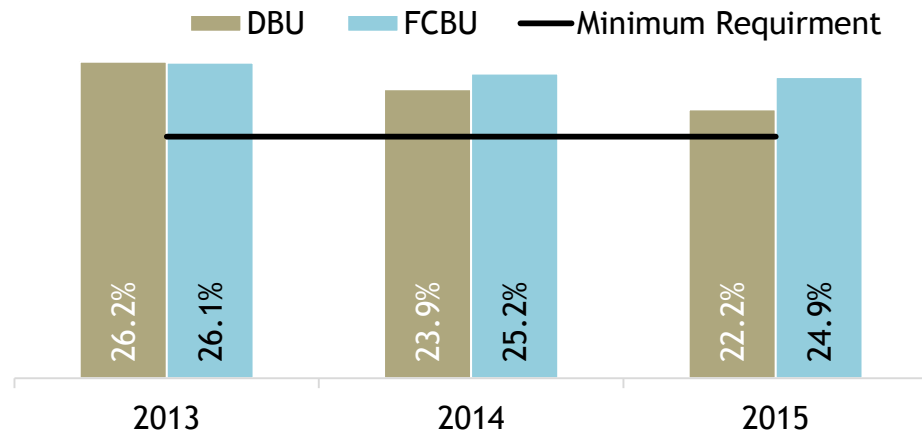
Growth Trend



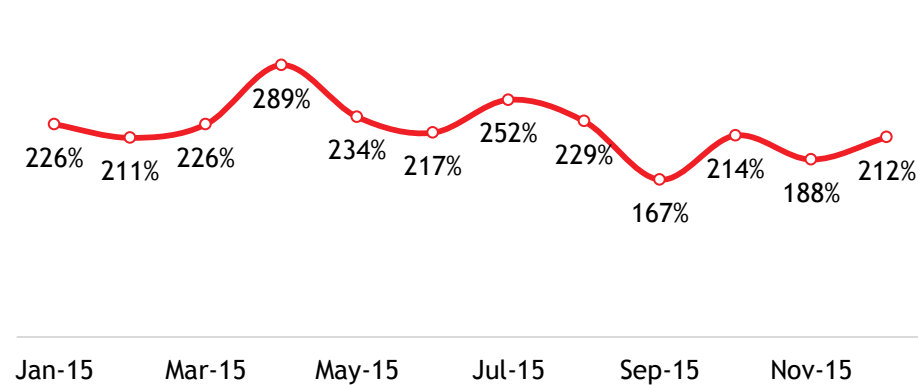
CASA Trend



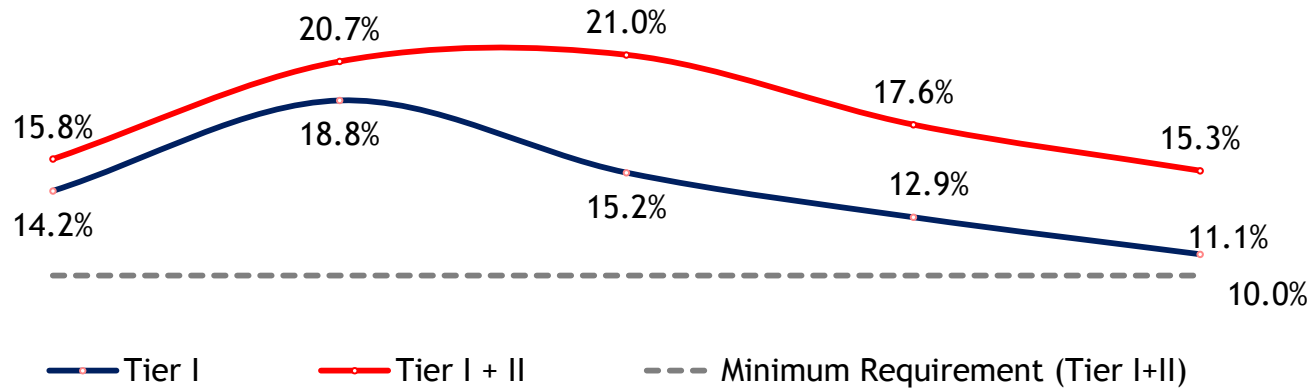
Healthy Liquidity



Liquidity Coverage Ratio



Capital Adequacy Trend



	2011	2012	2013	2014	2015
RWA (LKR Bn)	116.1	135.1	163.2	208.6	245.3
Leverage	8.42x	7.00x	8.44x	9.65x	11.11x

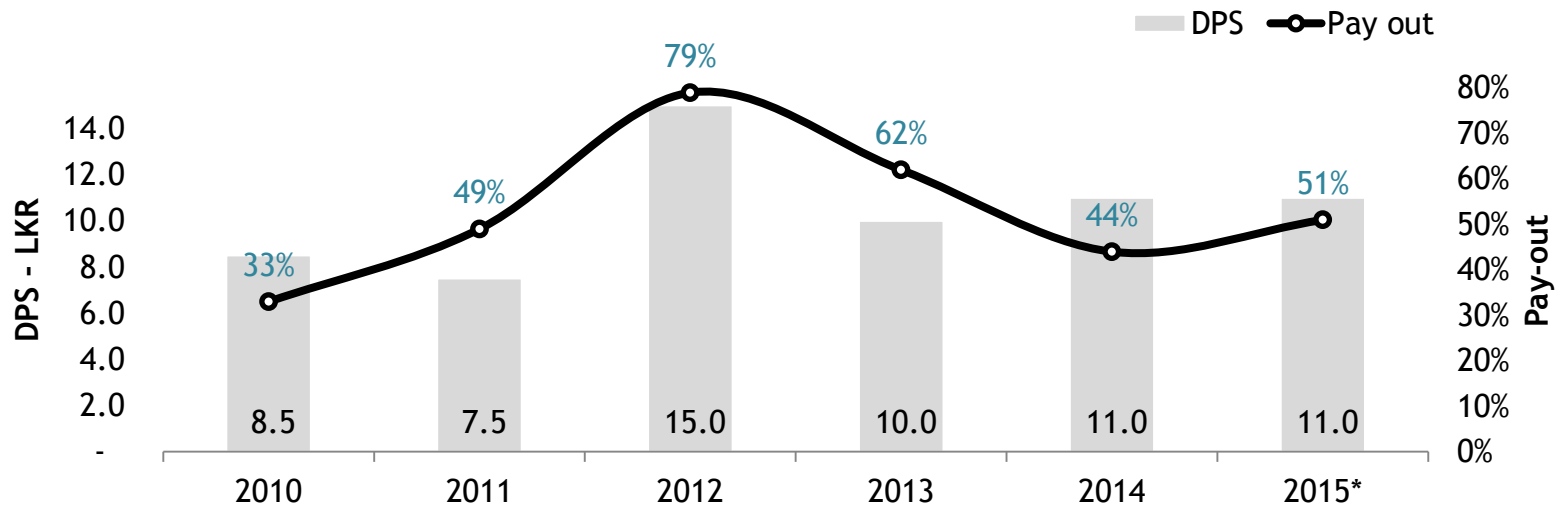
Investor Ratios



%

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

Dividends Trend



* Interim

Profitability

PAS of LKR 3.5 Bn for 2015 declined 14% y-o-y due to margin squeeze and one-off exception items. Core Banking Profits & volumes on the Growth

Risk Quality

Strong Credit Quality reflected by improved NPL Ratio to 2.43%

Capital & Liquidity

*Well capitalized with strong liquidity.
Overall Capital Adequacy Ratio of 15.3%*

Reach

*10 new branches (2015), 5 new branches (2016 YTD)
Investments in Digital Technology*

Outlook & Strategy

Poised towards growth, investments and deliver to our stake holders through a well executed strategy

Q & A



Our Commitment. **Your Success.**

Investor Relations

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