Investor Update 1H 2015
Content

Business Model
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Business Model
Corporate Milestones

1979
Formation of the National Development Bank of Sri Lanka (NDBSL)

1993
61% of share capital of the NDBSL transferred to private ownership

1995
Setting up of NDB Stockbrokers & NDB Venture Investments

1997
Establishment of NDB Investment Bank

1999
Partners Zurich Insurance in Eagle Insurance which subsequently became AVIVA NDB Insurance

2001
Acquisition of ABN AMRO Bank Colombo to commence commercial banking operations under the subsidiary, NDB Bank Ltd. (NBL)

2005
The merger of NDB Bank and National Development Bank

2009
Acquisition of the largest private sector wealth management company

2011
Establishment of NDB Capital Bangladesh

2012
Formation of NDB Capital Holdings as a fully fledged investment bank

2014
Establishment of NDB Zephyr Partners Ltd. (NDBZ); jointly owned by NDB Capital Holdings PLC (60%) and Zephyr Management LP (40%), a New York-based global emerging markets investment firm.

Phase I
Development Banking Phase

Phase II
Project Finance dominance Diversification with NDB Act

Phase III
New positioning with four integrated businesses; Corporate, Retail Capital markets, Insurance

Phase IV
Building scale in chosen businesses locally and regionally
Performance Summary
1H 2015 Snapshot

Assets
277 Bn ↑ 16%

Loans
186 Bn  ↑ 18%

Deposits
170 Bn  ↑ 22%

Profit for Shareholders
1.44 Bn  ↓ 29%

Net Interest Income
3.80 Bn  ↓ 2.4%

Other Income
2.33 Bn  ↓ 2.9%

Overheads
3.28 Bn  ↑ 17.9%

Impairment
0.22 Bn  ↓ 1.1%

Operating Profit
2.64 Bn  ↓ 20.0%

Note: Growth % on YoY basis
# Income Statement

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>1H 2015</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>12,643</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>10,310</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>6,507</td>
<td>0.4</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>3,803</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Non Interest Income</td>
<td>2,333</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>6,136</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Impairment</td>
<td>218</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>5,919</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>3,280</td>
<td>17.9</td>
</tr>
<tr>
<td>PBT</td>
<td>2,638</td>
<td>(20.0)</td>
</tr>
<tr>
<td>Tax</td>
<td>1,228</td>
<td>(8.1)</td>
</tr>
<tr>
<td>PAS</td>
<td>1,444</td>
<td>(29.0)</td>
</tr>
</tbody>
</table>

## Net Interest Income Vs. NIM

<table>
<thead>
<tr>
<th>NII LKR Mn</th>
<th>1H 2012</th>
<th>1H 2013</th>
<th>1H 2014</th>
<th>1H 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM %</td>
<td>3.6%</td>
<td>4.0%</td>
<td>3.5%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

## Operating Income

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>1H 2012</th>
<th>1H 2013</th>
<th>1H 2014</th>
<th>1H 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,616</td>
<td>5,376</td>
<td>6,299</td>
<td>6,136</td>
<td></td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th>LKR Mn</th>
<th>1H 2015</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>22,604</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>64,615</td>
<td></td>
</tr>
<tr>
<td>Net Loans &amp; Advances</td>
<td>181,274</td>
<td>18.2</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>2,208</td>
<td></td>
</tr>
<tr>
<td>Other Assets</td>
<td>6,140</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>276,841</td>
<td>15.7</td>
</tr>
<tr>
<td>Deposits</td>
<td>169,721</td>
<td>21.9</td>
</tr>
<tr>
<td>Debt Securities &amp; Borrowings</td>
<td>49,370</td>
<td></td>
</tr>
<tr>
<td>Subordinated Term Debts</td>
<td>20,249</td>
<td></td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>7,889</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>29,612</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>276,841</td>
<td>15.7</td>
</tr>
</tbody>
</table>

### Graphs

**Total Assets Vs. ROA**
- 2012: 174, 2.0%
- 2013: 207, 1.4%
- 2014: 269, 1.7%
- 1H 2015: 277, 1.1%

**Deposits Vs. ADR**
- 2012: 111%, 107 Bn
- 2013: 109%, 129 Bn
- 2014: 119%, 151 Bn
- 1H 2015: 110%, 170 Bn
### Key Performance Indicators

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>1H 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on Equity</strong></td>
<td>10.70%</td>
<td>15.78%</td>
<td>10.21%</td>
</tr>
<tr>
<td><strong>Return on Assets</strong></td>
<td>1.39%</td>
<td>1.74%</td>
<td>1.06%</td>
</tr>
<tr>
<td><strong>Net Interest Margin</strong></td>
<td>3.68%</td>
<td>3.33%</td>
<td>2.79%</td>
</tr>
<tr>
<td><strong>NPL Ratio</strong></td>
<td>2.48%</td>
<td>2.51%</td>
<td>2.64%</td>
</tr>
<tr>
<td><strong>Total Capital Adequacy</strong></td>
<td>21.04%</td>
<td>17.55%</td>
<td>17.43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>1H 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EPS (LKR)</strong></td>
<td>16.48</td>
<td>25.14</td>
<td>17.54</td>
</tr>
<tr>
<td><strong>BVPS (LKR)</strong></td>
<td>148.85</td>
<td>169.35</td>
<td>174.19</td>
</tr>
<tr>
<td><strong>P/E (x)</strong></td>
<td>9.74</td>
<td>9.95</td>
<td>14.84</td>
</tr>
<tr>
<td><strong>P/BV (x)</strong></td>
<td>1.08</td>
<td>1.48</td>
<td>1.49</td>
</tr>
</tbody>
</table>

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**EPS Vs. ROE**

- 2013: 10.7%
- 2014: 15.8%
- 1H 2014: 16.24%
- 1H 2015: 10.21%

**P/BV Trend**

- 2012: 138.1, 0.91
- 2013: 151.5, 1.08
- 2014: 161.5, 1.48
- 1H 2015: 169.4, 1.49
Revenue Sources

Gross Revenue

1H 2014 | Int. Income | Other | Trading | Fee | 1H 2015

LKR Mn

12,778 | 66 | 332 | 54 | 317 | 12,643

Non Interest Income - Composition

LKR Mn

1H 2014 | 1H 2015

735 | 522

-45% | -10%

403 | 468

Non Interest Income - Segmental Contribution

Corporate
Project Finance
Retail & SME
Treasury & ALM
Capital Market Cluster

1H 2014

28% 26% 22% 28% 24%

1H 2015

23% 4% 21% 32% 15%

Int. Income Other Trading Fee

LKR Mn

12,643

1,462

2,400

1,400

900

400

(100)
Operating Efficiency

- 2012: 50.3%
- 2013: 48.2%
- 2014: 45.6%
- 1H 2014: 44.2%
- 1H 2015: 53.5%

- Administrative expenses represents only 45% of the total cost in 1H 2015 leaving 55% of the expenditure for Human capital.
Loans & Advances

Growth Trend

- FCY
- LKR

**CAGR 28%**

<table>
<thead>
<tr>
<th>Year</th>
<th>FCY Bn</th>
<th>LKR Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>19</td>
<td>49</td>
</tr>
<tr>
<td>2011</td>
<td>23</td>
<td>73</td>
</tr>
<tr>
<td>2012</td>
<td>28</td>
<td>91</td>
</tr>
<tr>
<td>2013</td>
<td>33</td>
<td>108</td>
</tr>
<tr>
<td>2014</td>
<td>45</td>
<td>136</td>
</tr>
<tr>
<td>1H 2014</td>
<td>38</td>
<td>120</td>
</tr>
<tr>
<td>1H 2015</td>
<td>46</td>
<td></td>
</tr>
</tbody>
</table>

8% Growth Trend

YoY Growth (%) - Segments

- Retail & SME: 27%
- Project Finance: 26%
- Corporate: 8%

Retail & SME Asset Growth - Key Products

- Auto Finance: 56%
- Housing: 29%
- Personal: 29%
- SME: 33%

Capital Adequacy Trend

- Tier I
- Tier I + II
- Minimum Requirement

<table>
<thead>
<tr>
<th>Year</th>
<th>Tier I</th>
<th>Tier I + II</th>
<th>Minimum Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14.2%</td>
<td>18.8%</td>
<td>15.8%</td>
</tr>
<tr>
<td>2012</td>
<td>15.2%</td>
<td>20.7%</td>
<td>20.7%</td>
</tr>
<tr>
<td>2013</td>
<td>21.0%</td>
<td>21.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>2014</td>
<td>17.6%</td>
<td>17.6%</td>
<td>17.6%</td>
</tr>
<tr>
<td>1H 2015</td>
<td>17.4%</td>
<td>17.4%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>
Customer Deposits

Growth Trend

- LKR Bn
- CAGR 26%

CASA Trend

- 2010: 28.7%
- 2011: 22.4%
- 2012: 24.0%
- 2013: 24.6%
- 2014: 24.0%
- 1H 2015: 23.0%

Liquidity Remains Healthy

- DBU
- FCBU
- Minimum Requirement

Highest YTD growth in Deposits

- NDB: 12.0%
- HNB: 10.2%
- COMB: 7.5%
- SEYB: 2.4%
- NTB: 2.2%
Asset Quality
Asset Quality

NPL Trend Vs. Industry

1.9% 1.4% 1.3% 2.5% 2.5% 2.6%
5.4% 3.8% 3.7% 5.6% 4.2%

2010 2011 2012 2013 2014 1H 2015

NDB Industry

Provision Cover Trend

Total NPL (NDB) Provision Cover (NDB)
75% 75% 62% 51% 50% 53%
45% 46% 41% 33% 35%

2010 2011 2012 2013 2014 1H 2015

Provision Cover (Industry)

A well Diversified Portfolio

NPL Ratio – Sector wise

- Agriculture
- Food and Bev
- Hotel & Tourism
- Metal, Chem and Eng
- Retail
- Rubber and Leather
- Services
- Textile & Garments
- Wood & paper Prod.
- Utilities
- Construction
- Trading

<table>
<thead>
<tr>
<th>Sector</th>
<th>NPL Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>0.3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.8%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.5%</td>
</tr>
<tr>
<td>Food, Bev. Tobacco</td>
<td>1.6%</td>
</tr>
<tr>
<td>Retail</td>
<td>2.1%</td>
</tr>
<tr>
<td>Textiles &amp; Garments</td>
<td>2.4%</td>
</tr>
<tr>
<td>Trading</td>
<td>2.9%</td>
</tr>
<tr>
<td>Metals, Chem &amp; Eng</td>
<td>3.0%</td>
</tr>
<tr>
<td>Services</td>
<td>3.9%</td>
</tr>
<tr>
<td>Wood &amp; Paper Products</td>
<td></td>
</tr>
<tr>
<td>Rubber &amp; Leather Prod</td>
<td>7.6%</td>
</tr>
<tr>
<td>Hotels &amp; Tourism</td>
<td>8.2%</td>
</tr>
<tr>
<td></td>
<td>10.6%</td>
</tr>
</tbody>
</table>
External Recognition
Global Recognition

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

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

Most Trusted Bank in Sri Lanka – 2014
- Best Asset-Backed Securitisation Sri Lanka

Bank of the Year – 2014
- Best Investment Bank in Sri Lanka
- Best Investment Bank in Bangladesh
- Most Innovative Investment Bank Sri Lanka

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

Winner – 7th International ALM Competition 2015

Banker Financial Inclusion Award 2014
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