





National Development Bank PLC

Results Review - 2014 (1st Quarter)

NDB bank
A World-Class Sri Lankan

Content

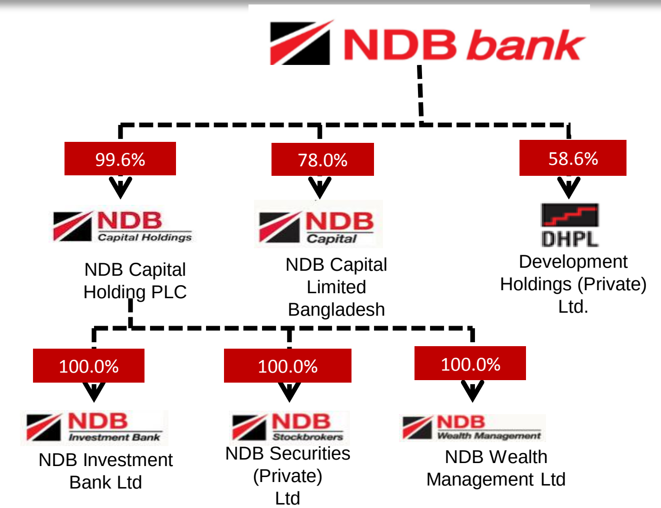
NDB Overview

NDB Overview

Business Highlights

- Established by an Act of Parliament in 1979 and started commercial Banking operations after acquisition of ABN AMRO Bank Colombo in 2001
- NDB Group since then has transformed to provide diversified full-fledged banking services including commercial banking, development financing, investment banking, leasing, housing finance, stockbroking, wealth management and property investment
- Awarded as best commercial bank in Sri Lanka 2013 by International Finance Magazine UK and best investment bank in Sri Lanka 2013 by Euromoney
- Branch network of 79 branches with plans to diversify further to enhance the customer base
- Enjoys strong profitability while maintaining sound capital levels and best in industry NPL levels
- One of the highest credit ratings among private banks in Sri Lanka AA- (lka), Stable Outlook by Fitch ratings

Corporate Structure

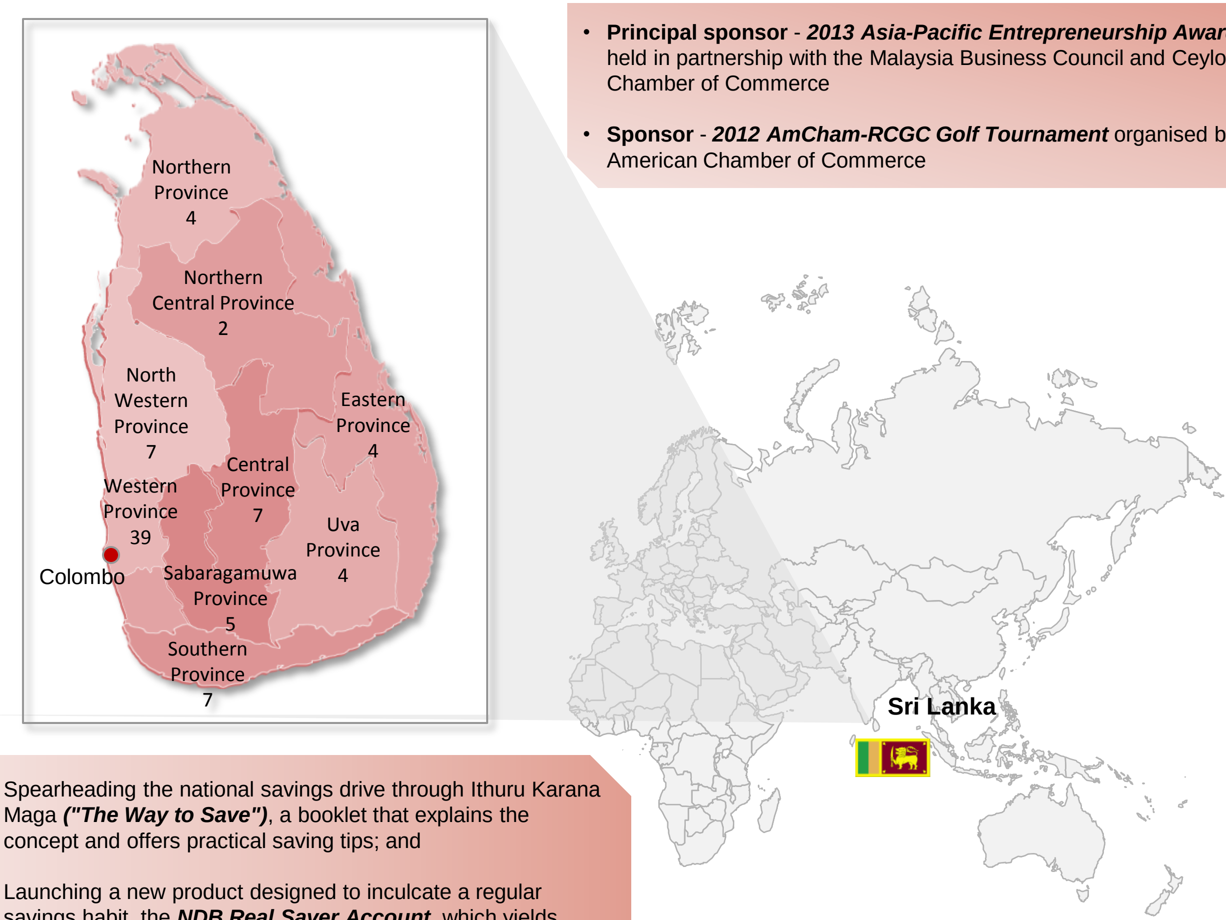


Key Financials–2013	LKR Mn	USD Mn
Net Interest Income	7011.6	54.3
Profit After Tax	2,712.20	21.0
Total Assets	206,817	1,580.60
Total Loans and Advances	141,650	1,082.56
Gross NPL (%)	2.48%	2.48%
Total Customer Deposits	129,421	989.1
Capital Adequacy Ratio		
• Tier 1	15.15%	15.15%
• Total (Tier 1 & Tier II)	21.04%	21.04%
Annualized ROAE	10.7%	10.7%

Key Statistics – 31st December 2013	
Number of Branches	78
Number of Window Offices	155
Number of ATMs	74
Number of Staff	1,583
Customer Base	482,168

Strong National Brand

The NDB figures among the top 20 national brands according to Brand Finance Lanka (2013). NDB has a strong presence in Sri Lanka by making its products and services available to customers through its nationwide branch network



- **Principal sponsor** - ***2013 Asia-Pacific Entrepreneurship Awards*** held in partnership with the Malaysia Business Council and Ceylon Chamber of Commerce
- **Sponsor** - ***2012 AmCham-RCGC Golf Tournament*** organised by the American Chamber of Commerce

Province	Branches
Northern	4
North Western	7
North Central	2
Eastern	4
Central	7
Western	39
Uva	4
Sabaragamuwa	5
Southern	7
Total	**79**

- Spearheading the national savings drive through Ithuru Karana Maga ***("The Way to Save")***, a booklet that explains the concept and offers practical saving tips; and
- Launching a new product designed to inculcate a regular savings habit, the ***NDB Real Saver Account***, which yields double the applicable interest on the account balance if a predetermined minimum monthly deposit is made regularly

	Bank	Partners
Branch Network	79	Singer – 376; RDB – 250
ATM Network	75	VISA
Internet Banking	Corporate & Retail	-
Feet on Street	155	-
School Savings Centres	2	-

2014 Q1 Performance

Performance Snapshot

NDB reported a higher growth in profits and Business volumes over 2013 Q1

LKR Mn

Operating Income	3,229	31% ↑
Profit for Shareholders	1,205	141% ↑
Earnings Per Share (LKR)	29.66	134% ↑
Loans and Advances	149,864	25% ↑
Customer deposits	134,984	23% ↑
Tier I+ II Capital Ratio (%)	20.31%	1% ↑
NPL	2.69%	1.13% ↑

Banking revenue increased significantly

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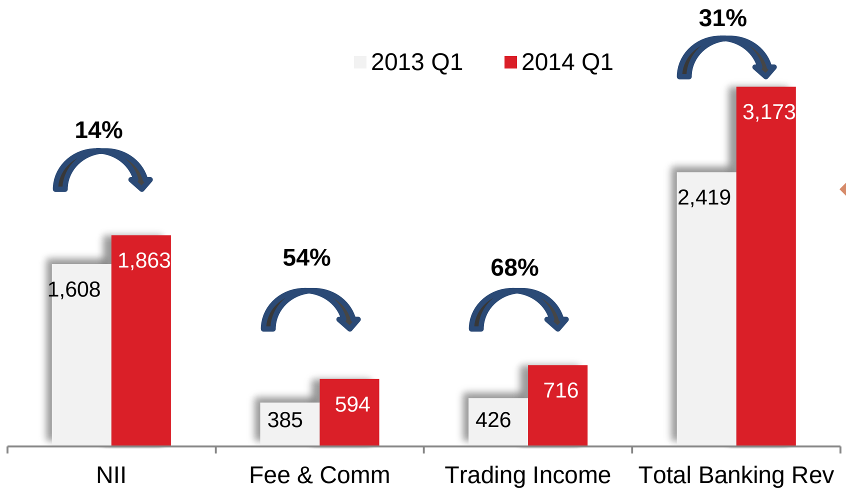
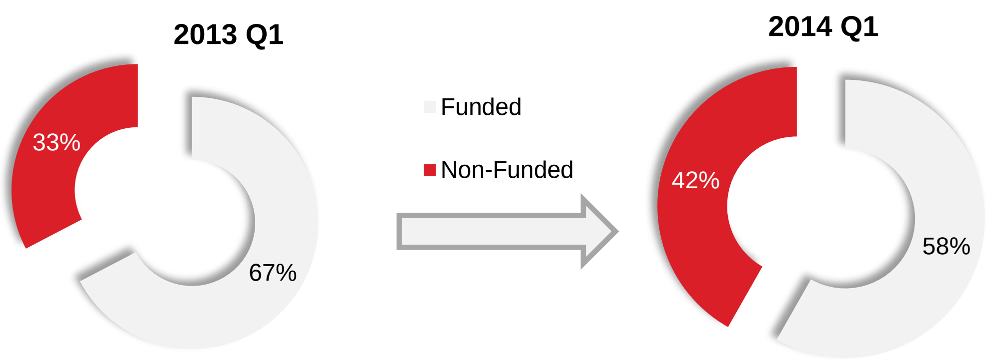
Banking revenue growth supported by the Non Funded Income



- Bank's NII grew by 14% YoY amidst the pressure on Margins
- Non –funded income Growth was mainly supported by the fee and commission income and trading income

Contribution of Non funded income increased from 33% to 42%YoY



- Focusing on non funded income is a strategic motive to minimize the threat of reducing interest margins

Margins maintained , Returns and efficiency Improved

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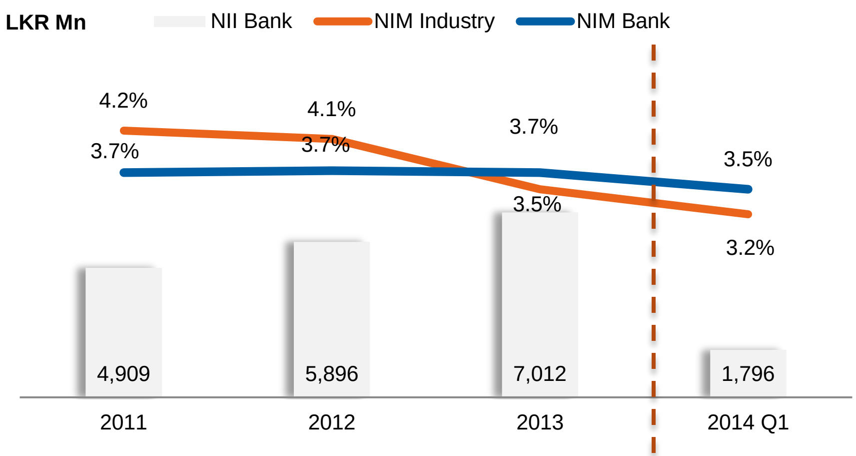
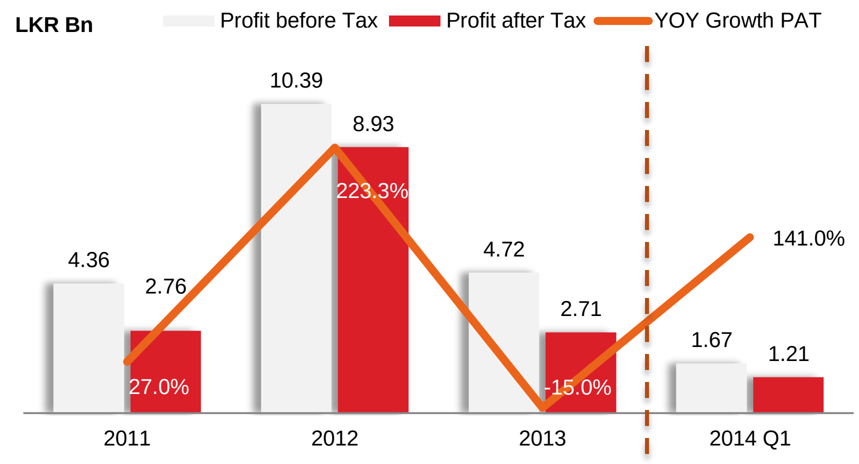
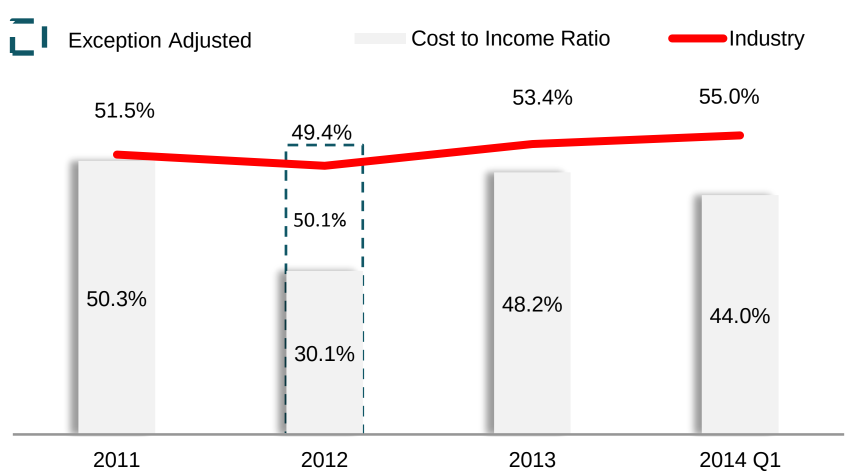
Margins Maintained while industry margins declined



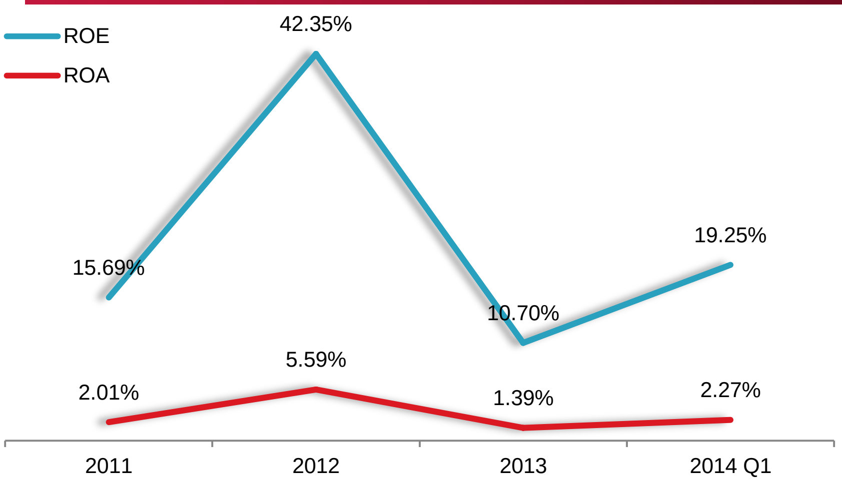
Impressive Profit After Tax growth for 2014 Q1



Efficiency improved Consistently

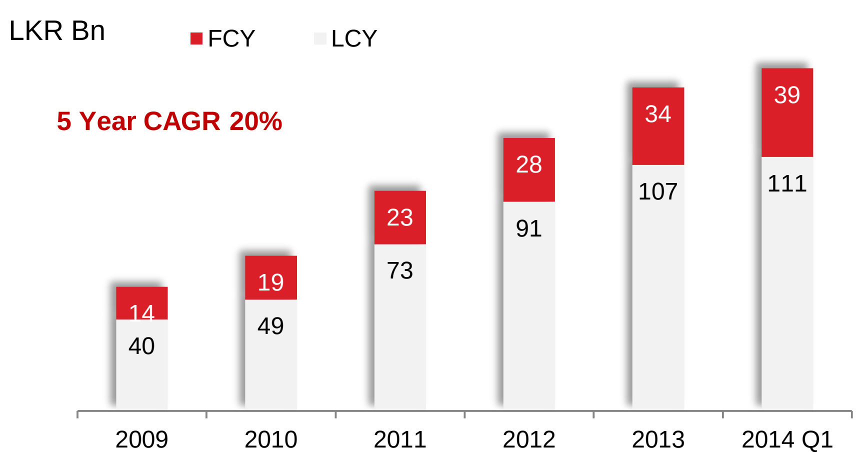


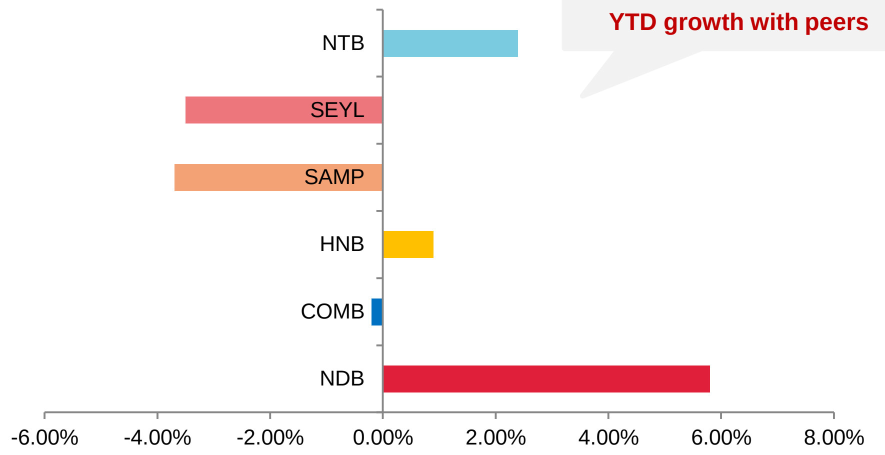
ROE and ROA improved along with profits



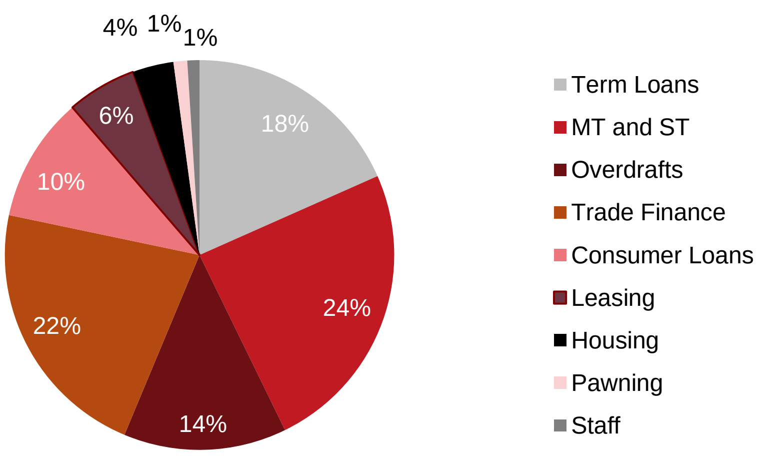
Loans and Advances growth out performed the industry

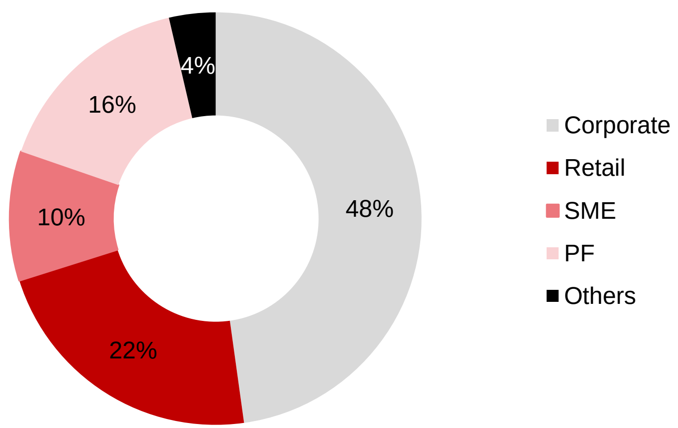
Loans grew by 6% during the first quarter while industry growth was negative





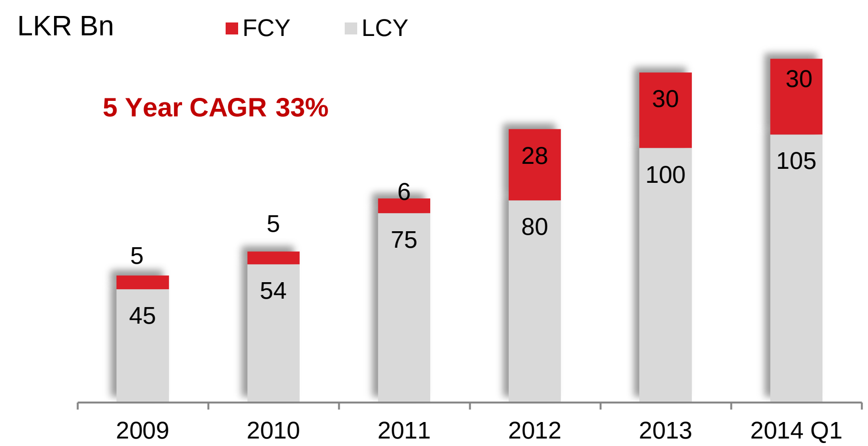
Diversified Portfolio and Segments

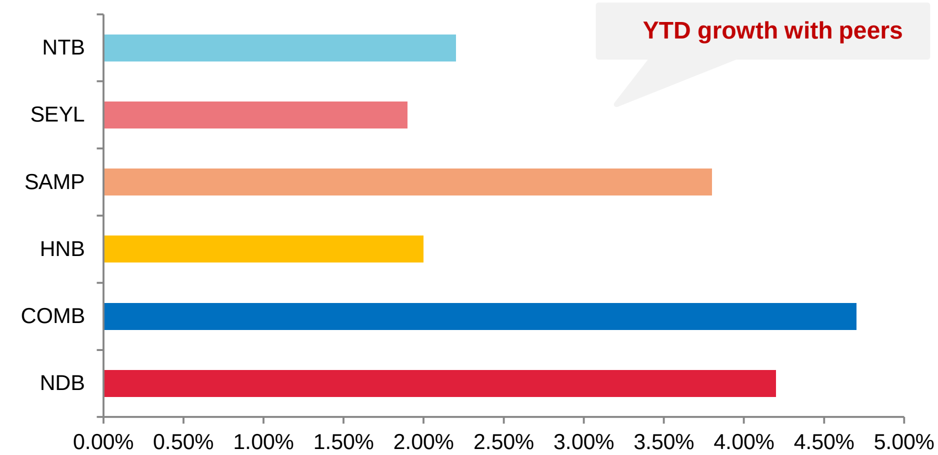




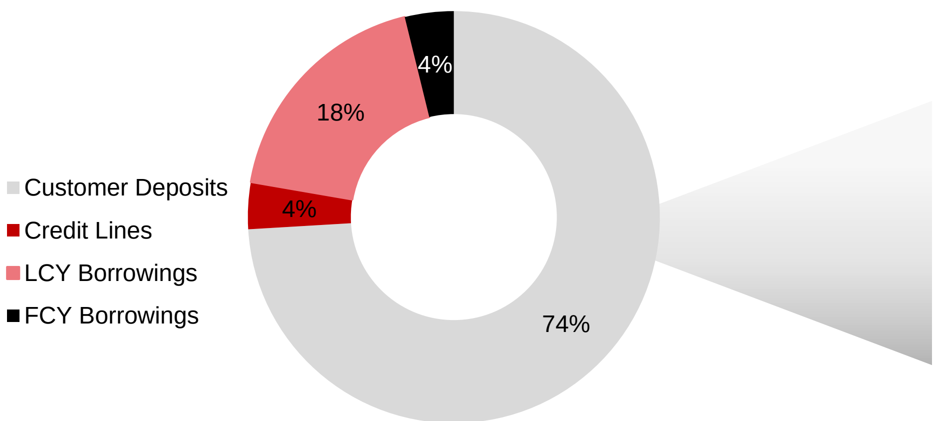
Steady and consistent growth in Customer Deposits

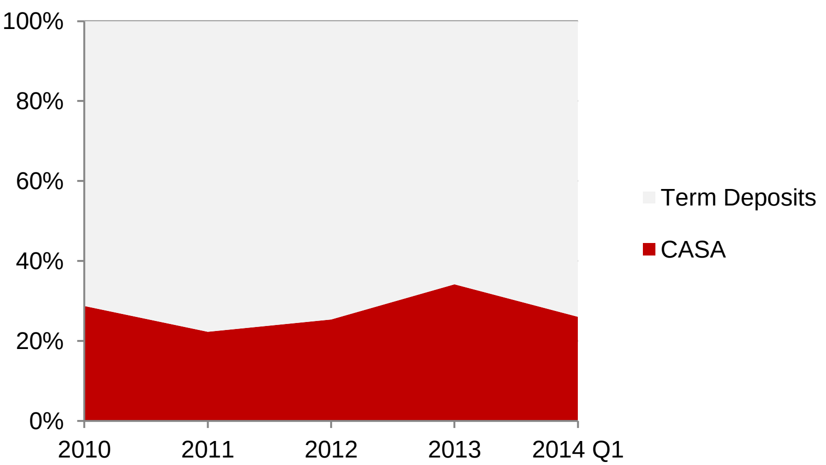
YTD Deposit growth of 4% is impressive in comparison to peers with wider reach





Total Funding composition

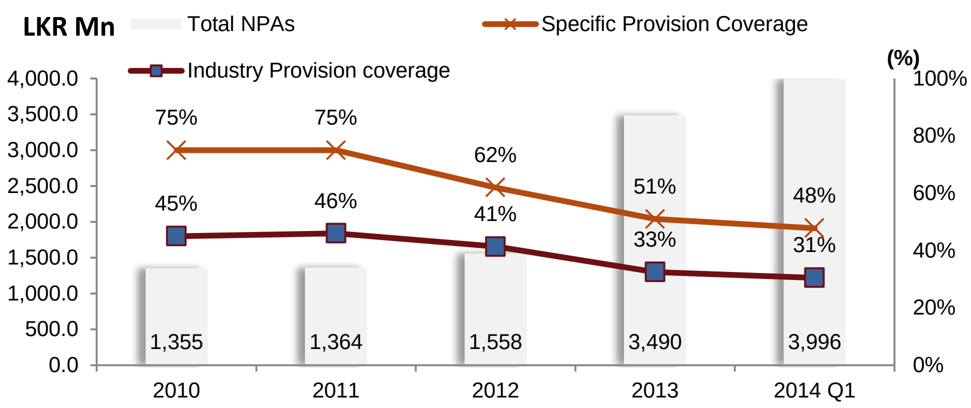


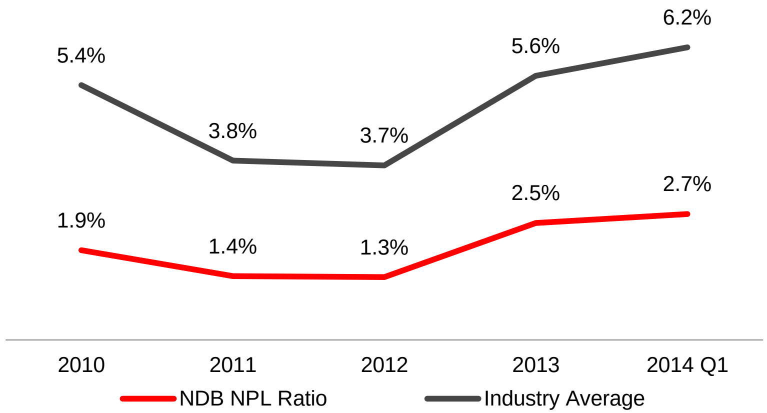


Asset Quality and Risk Profile

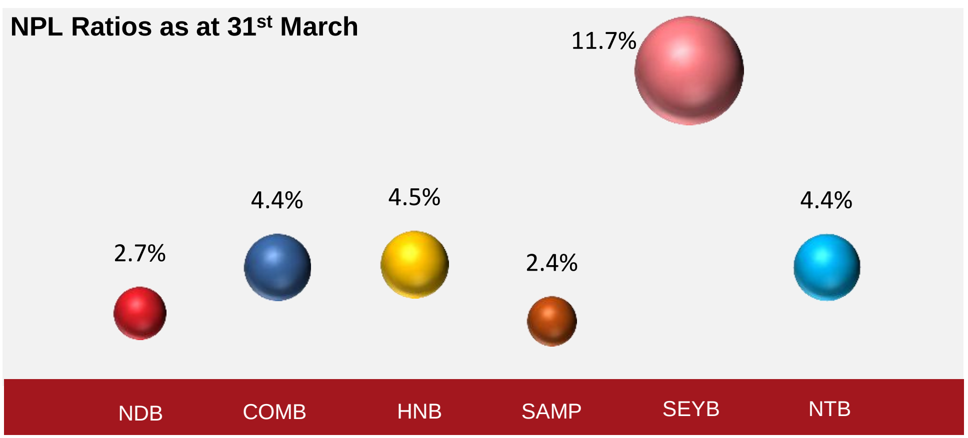
Non performing Loans remained low among peers

Despite the climbing NPLs across the industry, NDB's NPLs grew at slower pace

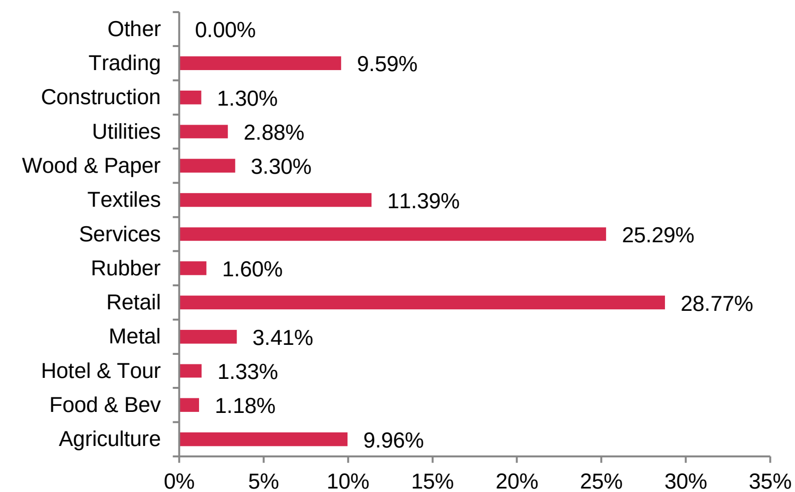




NPL remained low compared to the peers



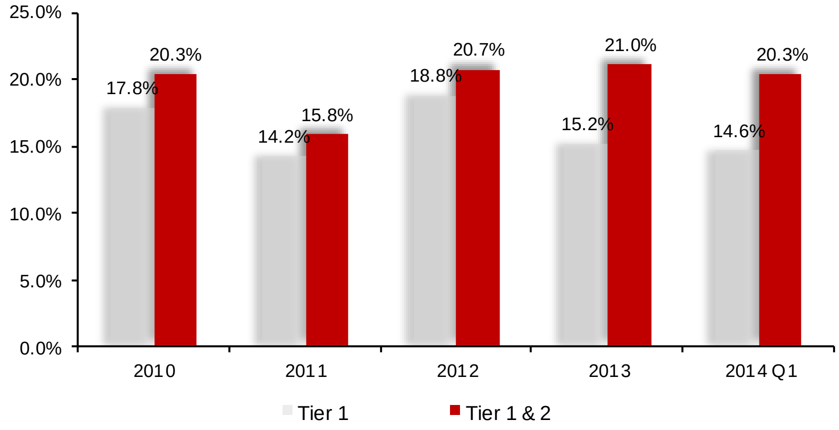
NPLs sector wise.



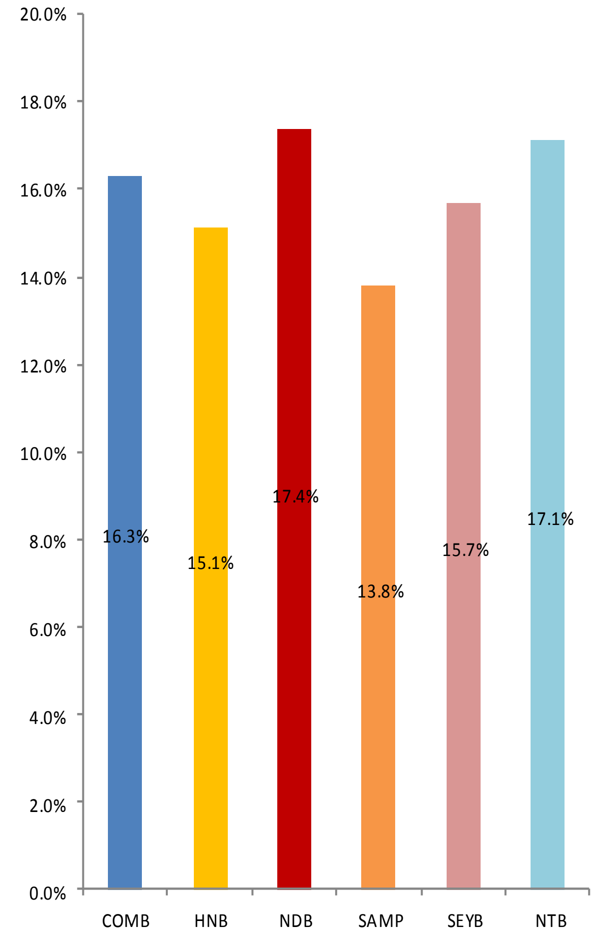
Finance and Planning Division

Strong Capital Adequacy

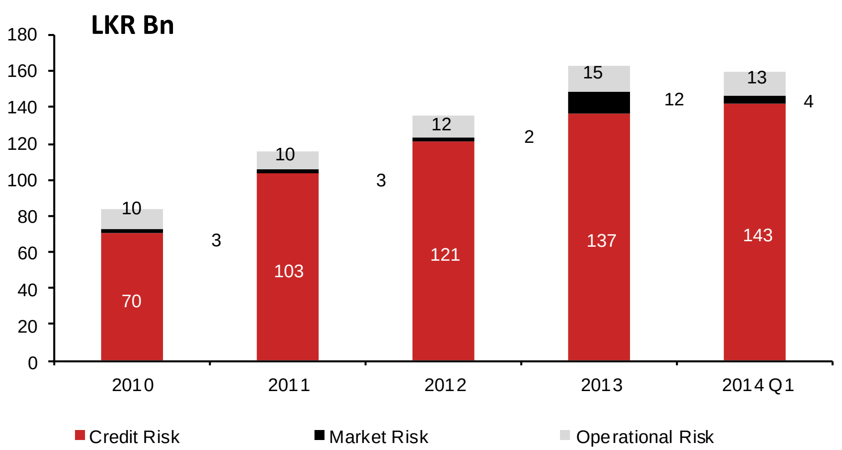
Consistency in healthy Capital Adequacy



NDB's CAR compared to Peers



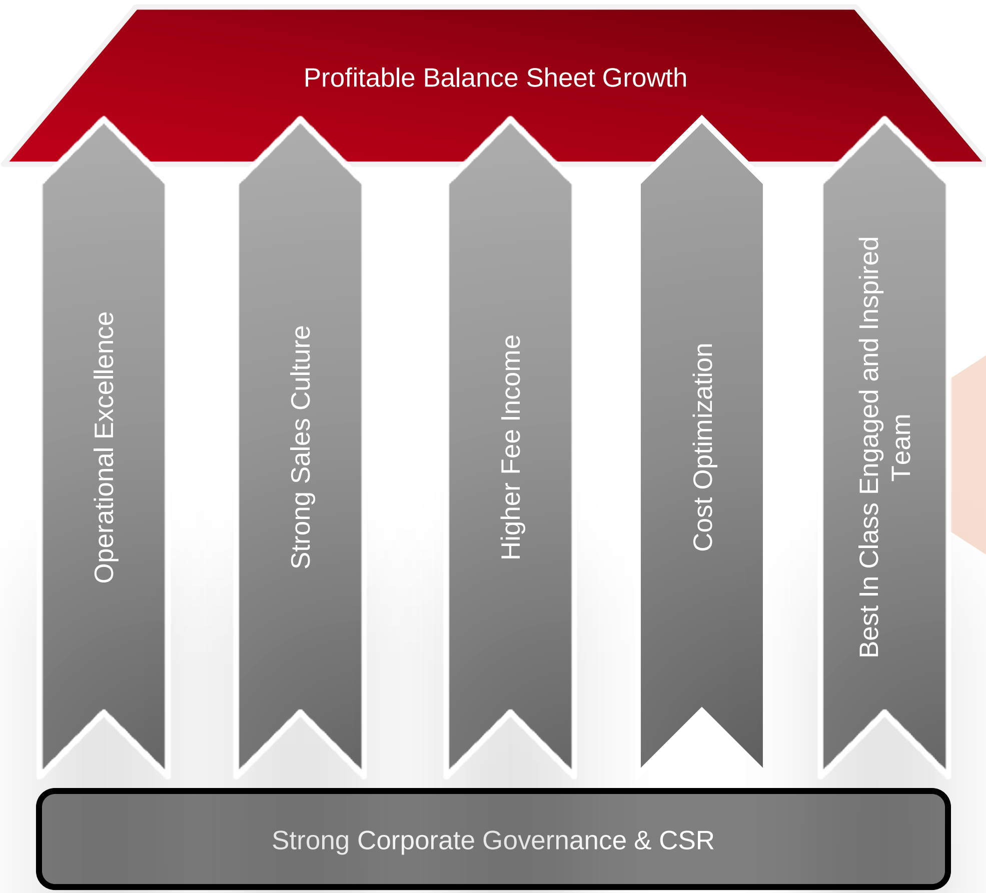
NDB Group's Risk Weighted Assets



The way Forward

Strategic Focus

The 7 Strategic Pillars



- Disciplined Execution of Strategy
- Focused on the basics of Banking
- Supporting clients needs
- Strong governance, compliance and Risk Management

Top 3 Strategic initiatives to be rolled out

1. Completing and upgrading new client interface

2. Joining common ATM switch

3. Rolling out Islamic Banking

Strategic Initiatives

Network Expansion	Strong commitment to increase the number of branches to 140 by 2018 from the current 79
Increasing Profitability	To enhance profitability through optimization of balance sheet, reduction of costs, cross selling, using group synergies and organic & inorganic growth
Expansion in Project and Infrastructure Financing	To expand the Project and Infrastructure Financing business significantly on the back of the Government Budget Proposals for 2014 which allow NDB to source overseas funds for project financing
Continued Support of the SME Sector	To continue to be committed towards SME financing, particularly in the newly identified economic areas, through its SME desks in each of its 79 branches
Islamic Financing Services	To formalize Islamic Financing operations by 2014 and offer products / services including Mudharbha (deposits), Murabaha (trade finance), Musharaba (term loans), and Ijarah (leasing)
Supporting the Microfinance Sector	To be focused on the development of the rural masses and pave the way for diversification of the Group's customer base and expanding its market scope

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