

# We are a 'Financial Powerhouse'.

## The strength of our Group in its multiple segments is matched by none.

### THE BANK

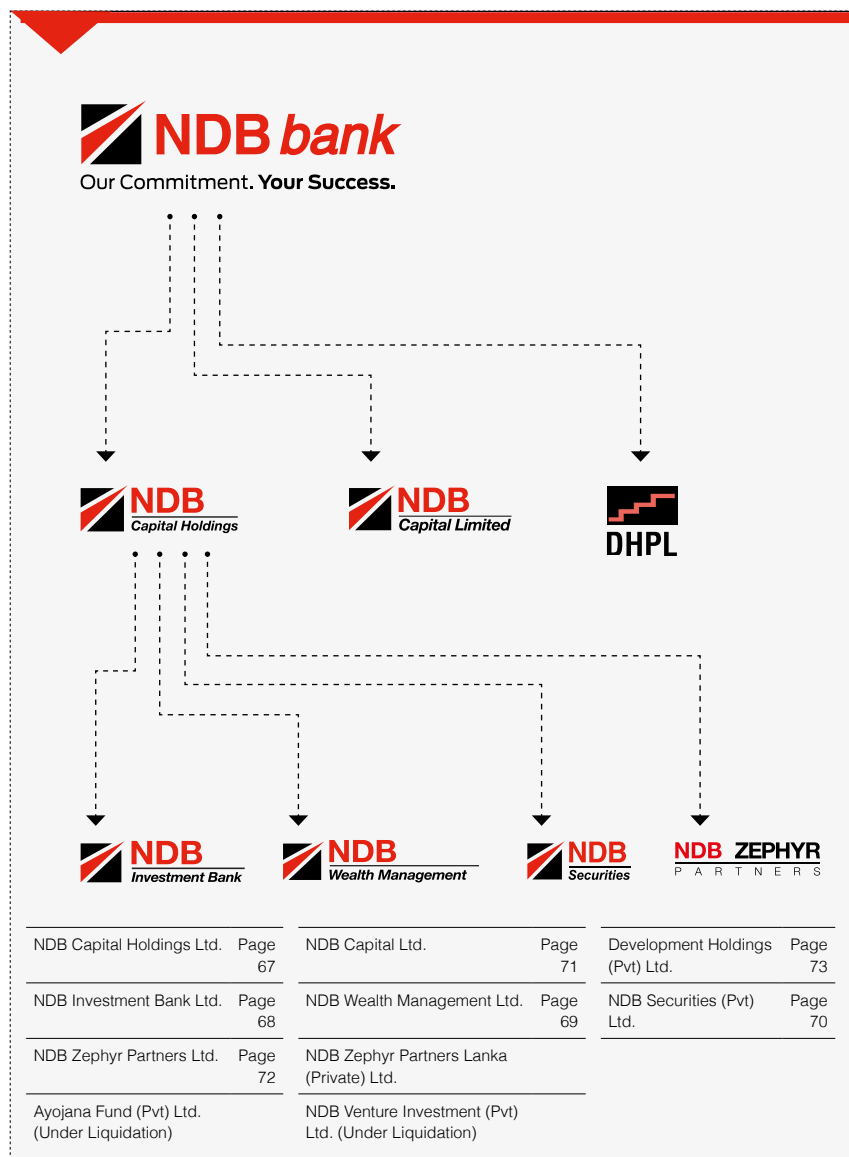
Commencing business in 1979 as a state-owned development bank, National Development Bank PLC ('Bank') today operates under the Companies Act No. 07 of 2007, and as a Licensed Commercial Bank, it is regulated under the Banking Act No. 30 of 1988, as amended from time to time. The Bank is listed on the Colombo Stock Exchange (stock code: NDB.N0000). The Bank holds a Credit Rating of A+(LKA)/Stable Outlook from Fitch Ratings Lanka Ltd.

While building on its original strengths the Bank has ventured into new products and services. Today, the Bank provides a full spectrum of financial solutions such as retail banking, small and medium enterprise (SME) banking, corporate banking, project and infrastructure financing, leasing, housing finance, cash management, correspondent banking, remittance services, margin trading, pawning, treasury and investment services, Bancassurance and card operations.

### THE GROUP

The Bank together with its group companies are referred to as the 'Group'. The main activities of the group companies are depicted in the table given below.

### GROUP STRUCTURE



## MARKETS SERVED

The Group's significant operations are located within Sri Lanka, with services delivered through locally domiciled entities. The Group is also engaged in fee-based businesses in Bangladesh through NDB Capital Ltd., and private equity in Mauritius through NDB Zephyr Partners Ltd. which was set up in 2014 in partnership with the US-based Zephyr Management LP. The Bank operates a network of 104 branches (2015: 93) that are categorized into eight Regions. Our network covers 22 of the 25 administrative districts in the nine provinces of the country, and serves a broad spectrum of clientele ranging from individuals, micro enterprises, SMEs, emerging and large corporates to state-owned enterprises and multinational companies. In addition, the Bank continually increases its customer reach through automated distribution systems such as ATMs, internet banking, a virtual presence in a host of leading social interaction sites, telemarketing, a call centre and a unique sales force. More details are given under Social and Relationship Capital on pages 101 to 109.

## SCALE OF OPERATIONS

The total operating income of the Group increased by 3% during FY 2016 to LKR 13,677 million. Profit attributable to shareholders for the FY 2016 was LKR 2,691 million. Total assets of the Group grew by 8% to LKR 341 billion during the year, largely driven by enhanced volume growth across all business segments. The Bank's market capitalization stood at LKR 25,769 million as at 31 December 2016, and ranked 25 (2015: 21) amongst the 295 listed companies on the Colombo bourse.

By end – 2016 the Sri Lankan banking industry comprised 25 licensed commercial banks and 7 licensed specialized banks, with 32 players in total (2015: 32 banks). In terms of market share within the industry, the Bank accounted for:

- 3.7% share of total assets (2015: 3.8%)
- 4.2% of loans and receivables (2015: 4.5%)
- 3.2% share of customer deposits (2015: 3.4%)

The Bank's staff strength increased by 7.6% to 2,109 persons by end 2016, driven by business growth, with 79% employed in the permanent cadre.

Company name	Domicile	Shareholding	Nature of business
NDB Capital Holdings Ltd.	Sri Lanka	99.9% Bank's holding, Direct	Full service investment banking
NDB Capital Ltd.	Bangladesh	77.8% Bank's holding, Direct	Investment banking
Development Holdings (Pvt) Ltd.	Sri Lanka	58.7% Bank's holding, Direct	Property management
NDB Investment Bank Ltd.	Sri Lanka	99.9% Bank's holding, Indirect	Investment banking
NDB Wealth Management Ltd.	Sri Lanka	99.9% Bank's holding, Indirect	Wealth management
NDB Securities (Pvt) Ltd.	Sri Lanka	99.9% Bank's holding, Indirect	Investment advisory and securities trading
NDB Zephyr Partners Ltd.	Mauritius	60.0% Bank's holding, Indirect	Management of private equity funds
NDB Zephyr Partners Lanka (Private) Ltd.	Sri Lanka	60.0% Bank's holding, Indirect	Management of private equity funds
NDB Venture Investment (Pvt) Ltd. (An associate Company under Liquidation)	Sri Lanka	50.0% Bank's holding, Direct	Venture capital
Ayojana Fund (Pvt) Ltd. (An associate Company under Liquidation)	Sri Lanka	50.0% Bank's holding, Direct	Venture capital