

Norfund to Invest up to 9.99% in National Development Bank PLC

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NDB and the Norwegian Development Finance Institution, Norfund, have reached an agreement for Norfund to invest up to 9.99% in National Development Bank PLC (NDB). Under this agreement, Norfund will participate in the Rights Issue for LKR8Bn that NDB has already announced by way of subscribing to unsubscribed rights and also by way of a private placement if required. This investment is subject to other conditions, including regulator and shareholders approvals.

The investment comes at a time when international rating agencies have downgraded Sri Lanka's credit rating. This shows that Norfund endorses NDB's resilience in a challenging environment and alignment to international standards.

NDB Chairman Eshana De Silva commented: "Norfund's decision to invest in NDB shows the confidence they have in NDB and the Sri Lankan Economy"

Group CEO of NDB Bank Dimantha Seneviratne commented: "We are extremely happy to have the opportunity of partnering with a DFI such as Norfund as it seeks to support the SME sector in reviving our economy. The values Norfund will bring in terms of technical assistance, long term funding, know how etc will help the bank and the country overcome the current challenges. As NDB strives to improve financial inclusion by promoting digital technologies, Norfund can make available its experience and technical assistance to help NDB improve in this area. Further on the back of the numerous global awards the bank has received in the recent past, this was a further endorsement of NDB's strong sustainable growth model and our close alignment to global standards."

The equity investment by Norfund is the first foreign equity placement agreement for NDB bank. This will increase its foreign shareholding percentage to around 21%. The Private Placement is priced at a 10% premium to the Rights Issue at LKR 82.5 per share.

This equity infusion together with the proposed Rights Issue will help buttress the Tier I capital of NDB bank enabling it to continue its growth momentum and support the economic revival in a post COVID environment.

NDB Bank recently announced its results for year ended 2020, which showed a robust 21% growth in deposits and 8% growth in Loans and Advances resulting in 8% growth in PAT. With one of the best Cost to Income Ratios in the industry, NDB continues to leverage on its technologic investments to deliver sustainable returns for the Bank, customers and other stakeholders.

Norwegian Ambassador to Sri Lanka H.E. Trine Jøranli Eskedal commented: "Sri Lanka was added to Norfund's list of mandated countries in 2019. NDB is Norfund's first equity investment in Sri Lanka and

the second investment in the country. I believe that this is a good indication of the faith and trust Norfund has placed on the Sri Lankan private sector, and I hope it conveys a positive message to other potential investors in Sri Lanka, in particular in this challenging time.”

Norfund Regional Director for Asia, Fay Chetnakarnkul commented: “Financial inclusion is critical to support economic growth, job creation and reduce poverty in Sri Lanka. Norfund is pleased to support NDB’s growth strategy that targets small and medium-sized businesses. This is aligned with Norfund’s mandate. We recognize and appreciate that NDB has a strong management team and a competent board who share our value in upholding high environmental, social and governance standards.”

About Norfund

Norfund is the Norwegian Investment Fund for developing countries. It is owned and funded by the Norwegian Government and is the Government’s most important tool for strengthening the private sector in developing countries, and thereby for reducing poverty. The mission is to create jobs and to improve lives by investing in businesses that drive sustainable development.

Norfund prioritises investments in four investment areas aligned with the UN’s Sustainable Development Goals; Clean Energy, Financial Institutions, Green infrastructure, and Scalable enterprises. By year end 2019, Norfund had committed investments totaling 24,923 Million NOK (2,883.5 Million USD) in 163 projects in number of countries and has defined 29 core strategy countries in Asia, Africa, and Latin America

About NDB

NDB Bank awarded the best bank in Sri Lanka 2020 by the Banker Magazine UK, is the first and to date the only corporate in Sri Lanka to officially be certified with EDGE Certification (Economic Dividend for Gender Equality). It is a premier Bank with 113 branches and over 150ATM’s and CRM’s across the island, serving millions of Sri Lankans through a host of financial services. Its award winning mobile banking app, NDB NEOS brings added convenience and functionality for the Banks clients as well as other bank clients. From its inception, the NDB Group which includes NDB Bank, NDB Capital, NDB Investment Banking, NDB Wealth, and NDB Securities has been a catalyst in the development of the nation, strengthening and empowering entrepreneurs, corporates and individuals from all strata of the economy. In recent times, in the wake of the COVID 19 pandemic, it was in the forefront of efforts to ensure the resilience of the MSME sector and supporting the economic revival of the country.