**NDB Capital Holdings PLC records its best ever year**

NDB Capital Holdings PLC and its subsidiaries (NCAP Group) closed 2012 achieving by far the best year in its nearly thirty years of existence. Owing to the capital gain of approximately Rs. 5.8 billion realized in December via the divestiture of its direct and indirect holdings in Aviva NDB Insurance PLC, the NCAP Group recorded a profit of almost Rs. 6.6 billion at group level. At the company level, the net profitability was almost Rs. 7.2 billion. The Company now plans to handsomely reward its shareholders in light of this colossal gain subject to requisite regulatory and legal clearances.

The Company was relaunched during the year as a full service investment bank with NDB Stockbrokers, NDB Investment Bank and NDB Wealth Management becoming fully owned subsidiaries of NCAP. This resulted in lower investible funds during the year though NCAP managed to perform exceptionally well in comparison to 2011. The revenue of NCAP adjusted for the abovementioned capital gain more than doubled to Rs 556 million in 2012 compared to Rs 271 million in 2011. This was translated to increased adjusted profitability in 2012 amounting to Rs 488 million, approximately 2.5 fold increase over the previous year. The revenue adjusted for the capital gain at Group level too increased by 2.6 times to Rs 792 million in 2012 compared to the prior year. The adjusted group profitability followed suit by almost doubling in value to Rs 770 million compared to Rs 397 million in the previous year.

The growth in profitability through efficient asset allocation was reflected in the Company and Group ROE (adjusted for the abovementioned capital gain) which increased from 4.4% and 7.0% respectively in the prior year to 10.3% and 13.5% respectively in 2012.

The superior performance in terms of financials came despite adverse stock market conditions and credit ceiling imposed on the banking sector. The Group’s fee-based investment banking arm, NDBIB which was recognized as the Best Investment Bank in Sri Lanka by the Euromoney magazine in its Awards of Excellence 2012, carried out the two largest IPOs during 2012 out of the very few carried out during the year and also managed to raise over Rs. 16 billion in the form of IPOs, private placements, securitizations, debentures, loans and commercial papers to leading corporates and multi-nationals in the country.

With the expectation of the stock market bouncing back in 2013, NDBS held its first ever overseas investor forum in Malaysia titled “Invest Sri Lanka“ and was well received by Malaysian institutional investors. Also during the year, NDBS opened two dedicated service centres in Gampaha and Galle further strengthening its distribution network.

2012 was a historical year for the wealth management industry with NWM being the only private sector fund manager to cross Rs 50 billion in assets under management. This was partly supported by the firm’s launching of two new funds, the “Eagle Money Fund” and the “Eagle Money Plus Fund”, striving to meet short term savings and liquidity management needs of the Corporate and Retail clients.Further,NWM managed to obtain a AAA rating from ICRA Lanka Limited for its “Eagle Gilt Edged Fund”, another first in the country’s unit trust industry.

The Chairman, Mr. Ashok Pathirage commenting on the performance said that “NCAP’s performance was truly admirable even if you disregard the mammoth capital gain which it realized during the year”. He further stated that, “NCAP, is steadily executing its business plan which is already being reflected in its financials and the shareholders stand to realize a large gain in the near future”.

Furthermore, fulfilling a long felt need in the country’s debt markets, NCAP launched a family of bond indices for government securities in partnership with CRISIL Limited, India. This initiative was well received by industry participants as it marked an historical occasion in the development of government securities market.

Mr. VajiraKulatilaka, CEO said: “Our leadership position in the market has been reiterated by the achievements made throughout the year by the Group companies. All our companies have performed extraordinary well despite both the money market and the capital market being not very conducive for investment banking. Our unwavering commitment towards developing the Sri Lankan capital markets is clearly visible in our accomplishments”.

NCAP is a 99.66% owned subsidiary of NDB Bank.

*(Photographs of the Chairman and CEO will appear in the press release)*