

# PRESS RELEASE

FINANCIAL PERFORMANCE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

## UNLOCKING PROSPERITY EMPOWERING A FUTURE OF SMART GROWTH



National Development Bank PLC

CSE stock code: NDB.N0000 | Bloomberg: NDB SL | Reuters: NDB.CM

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# NDB delivers exceptional 65% growth in post-tax profit during nine months

## Highlights

- Profit after taxes reach an institutional high of LKR 7.5 billion in a normalized standalone basis
- Net loans, deposits and total assets expand by 22.1%, 7.2% and 10.6% respectively on a normalized basis
- Nine months ROE was 12.4% while 3<sup>rd</sup> quarter ROE was 16.0%

## FINANCIAL PERFORMANCE

National Development Bank PLC, released its financial results for the nine months ended September 30, 2025, to the Colombo Stock Exchange recently. The results showcase impressive profitability growth backed by sound core banking operational growth as evidenced by net operating income and pre-tax profit expands by 32.3% and 62.1% to reach LKR 28.4 billion and LKR 11.0 billion, respectively (9M-24: LKR 21.5 billion and LKR 6.8 billion).

### Fund based income

Net interest income improved by 6.4% to LKR 25.9 billion over 2024. This is noteworthy considering the tapering interest rate environment which prevailed during the period under review. Reflecting the Bank's efforts to diligently maintain its margins, Net Interest Margins broadly stabilized at 4.1% (2024: 4.3%) which, excluding items of a one-off nature, was 4.3% on a like for like basis (2024: 4.5%). At end September 2025, the Bank had close to LKR 46.8 billion in Loans and Deposits under a special arrangement with its customer(s) with a netting-off feature (end 2024: LKR 19.6 billion).

### Non-fund based income

Net fee and commission income grew by 13.8% to reach LKR 5.8 billion YoY, whilst for the third quarter alone it reported an impressive 24.2% over the third quarter of 2024. This evidenced targeted efforts made to strengthen non-fund sources of income, thereby enhancing the resilience of the Bank's overall income composition. This growth was enabled by improved performance across almost all aspects of the Bank's core business operations.

### Credit and operating costs

Impairment charges continued to decline, driven by concerted efforts to enhance the quality of the loan book, resulting in a charge of LKR 5.9 billion for the period under review, representing a 46.7% reduction YoY. The resultant total impairment coverage ratio, excluding such one-off items of a special nature stood at 8.8% (end 2024:10.1%); which compared well with industry averages at the said period end. Operating expenses netted LKR 13.9 billion, marking a 14.8% YoY increase - predominantly driven by staff related routine increments and realignments to the industry, and higher investments in IT infrastructure and those of a direct business development nature.

## **Investor key performance indicators**

Return on average equity was 12.4% during the nine months period whilst for the third quarter alone it was 16.0%. Annualized Earnings per share was LKR 23.41 for the said period which was LKR 21.25 for 2024. Respective ratios at a Group level were 12.6% (2024: 12.5%) and LKR 25.28 (2024: LKR 23.05), respectively. The Bank's pre-tax return on average assets was 2.3% whilst, for the third quarter alone, it was 2.6% (2024: 3.1%, 1.5%, respectively). Net asset value per share was LKR 194.01 (2024: LKR 186.91) and compared with a closing share price of LKR 142.00, which posted a 25.4% appreciation since end 2024. Group Net asset value per share was LKR 207.34 (2024: LKR 199.13).

## **FINANCIAL POSITION**

The Bank's total deposits amounted to LKR 702.9 billion at September 30, 2025 (end 2024: LKR 631.7 billion, 11.3% growth) whilst net loans expanded to LKR 585.4 billion (end 2024: LKR 460.7 billion, 27.1% growth). Excluding transactions of a one off and special nature, this represented a normalized absolute net growth of 7.2% and 22.1% over end 2024, respectively. The Bank's CASA ratio on a normalized basis was 23.8% having improved from 22.5% at end 2024. This continued to reflect the Bank's efforts to consistently improve its low cost funding from current levels.

The Bank's Impaired loans (Stage 3) to total loans ratio was 4.5% (end 2024: 5.2%) which compared well with the industry average. Its Stage 3 provision coverage was 55.6% (end 2024: 54.5%) which also was close to the industry norm.

## **LIQUIDITY AND SOLVENCY**

Liquidity levels also remained strong with the Bank's Liquidity coverage ratios, across both Rupee and All currency, being 343.3% and 226.6%, respectively at September 30, 2025 (end 2024: 358.1% and 308.3%) and its Net stable funding ratio was 136.1% (end 2024: 152.4%) - all of which were well above the minimum regulatory requirements of 100.0%. The Bank's solvency levels as measured by CET1/ Tier I and Total CAR were 11.5% and 15.4%, respectively representing adequate buffers over its regulatory minimums (end 2024: 13.7% and 19.1%).

**Commenting on the financial results for the nine months' period under review, the Bank's Director/Chief Executive Officer, Mr. Kelum Edirisinghe, stated:**

"Our performance over the nine months' period ended provides ample testimony to the consistent positive progress made across almost all aspects of our business operations. It reflects the strategic clarity, agility, and commitment of our staff at all levels in navigating this fast-paced market landscape whilst creating excellence in every aspect of our operations. These results also speak for our internal resilience and operational excellence, and also to the encouraging progress of the Sri Lankan economy, which we are proud to be a part of.

Amongst others, one of our key performance highlights is growth of Small and Medium Scale Enterprise (SME) loan book which expanded by over 24.0% on a year-to-date basis underscoring the Bank's commitment to support the sector.

Looking ahead, we remain focused on further sharpening our strategic focus with significant groundwork underway. A broad strategic realignment is taking shape across the Bank, positioning us for sustainable growth and value creation for the benefit of our shareholders and other stakeholders in the years ahead.

As we look to the future, our commitment to Environmental, Social, and Governance (ESG) principles remains steadfast. From very early on, we have embedded sustainability into our business model, ensuring that our growth is inclusive, responsible, and aligned with the long-term well-being of our communities and stakeholders. We appreciate that this is an imperative.

I take the opportunity to extend my sincere appreciation and gratitude to all our customers for their trust and loyalty, our shareholders for their continued confidence and the staff at all levels for their relentless pursuit of excellence, and to all our other stakeholders and service providers who support us in multiple ways. Together, we remain focused on creating a future of enduring impact and shared prosperity for the benefit of all our shareholders.”