THE POWER TO SIMPLIFY

Investor Update - Q1 2024

National Development Bank PLC

NDB.N0000

National Long-term Rating:

A-(lka)/Stable Outlook, Fitch Ratings Lanka Limited

21 May 2024

2.00 pm (GMT+0:530)

Hosted From Colombo, Sri Lanka

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FORWARD LOOKING STATEMENTS

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Forward-looking statements speak only as of the date they are made. The Group makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

PRESENTED BY

Kelum Edirisinghe, Director/ Chief Executive Officer

Panelists

K V Vinoj - Deputy Chief Executive Officer

Sanjaya Perera - Senior Vice President - Personal Banking & Customer Experience

Hasitha Athapattu - Vice President – Finance

Niran Mahawatte - Vice President – Treasury

Bimal Perera - Vice President - Strategy & Business Intelligence

Alex Perera - Vice President - Risk/ Chief Risk Officer

AGENDA

PART I	OPERATING ENVIRONMENT
PART II	FINANCIAL PERFORMANCE - Q1 2024
PART III	WAY FORWARD
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	ANALYST SUPPORT

PART I - OPERATING ENVIRONMENT

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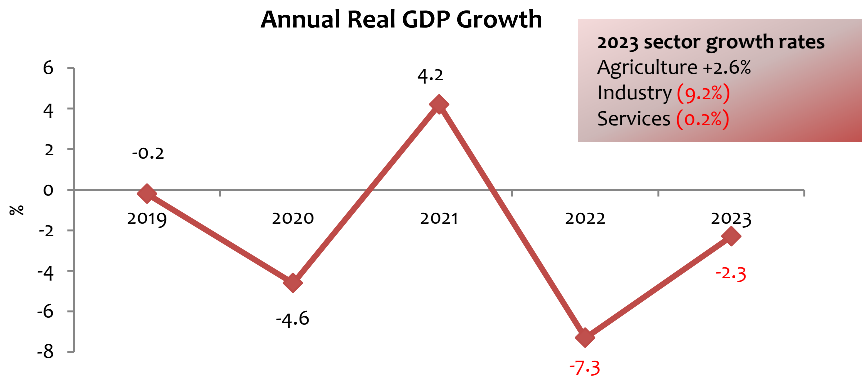
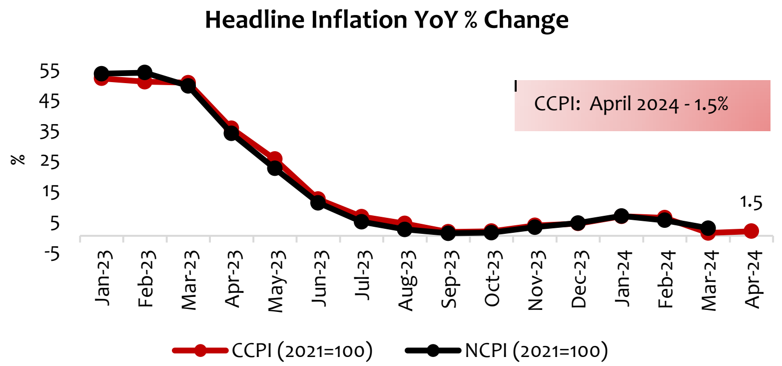
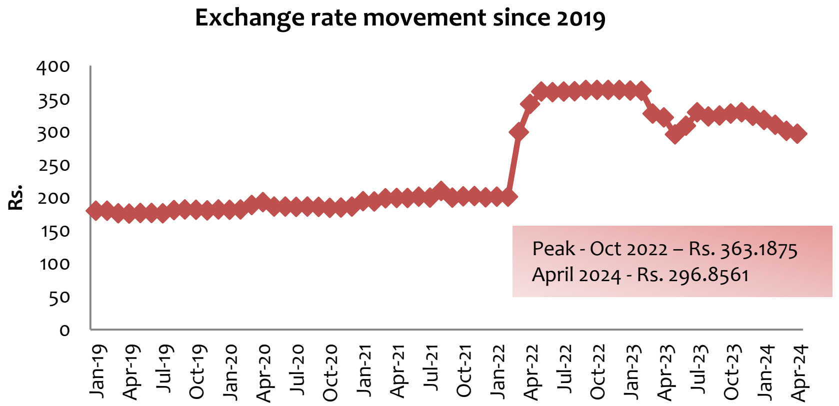
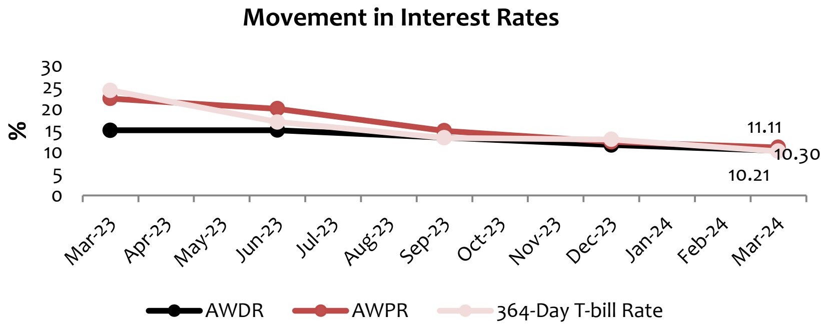
Continued improvement in key economic indicators









Source: CBSL/ Other

PART I - OPERATING ENVIRONMENT *contd.*

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Banking sector developments – Q1 2024

- Additional 50 bps rate cut by CBSL in Q1 2024
  - SDFR – 8.50%
  - SLFR – 9.50%
  - SRR – 2.00% (static since August 2023)
- 0.6% YTD sector assets de-growth
- Marginal YTD growth in sector loans
- 0.3% marginal YTD decline in deposits
- Healthy liquidity maintained across the sector

FINANCIAL PERFORMANCE OVERVIEW

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Profitability

Gross income
LKR 26.07 Bn
(22%)

PBT
LKR 1.8 Bn
31%

Group PAS
LKR 838 Mn
(2%)

Financial position

Total assets
LKR 757 Bn
(3%)

Gross loans
LKR 486 Bn
(2%)

Total equity
LKR 70 Bn
0%

Key ratios

EPS - LKR 7.92
ROE – 4.51%

Tier I – 11.93%
Total CAR – 16.02%

SLAR – 41.67%
NSFR – 152.15%

FINANCIAL PERFORMANCE - INCOME

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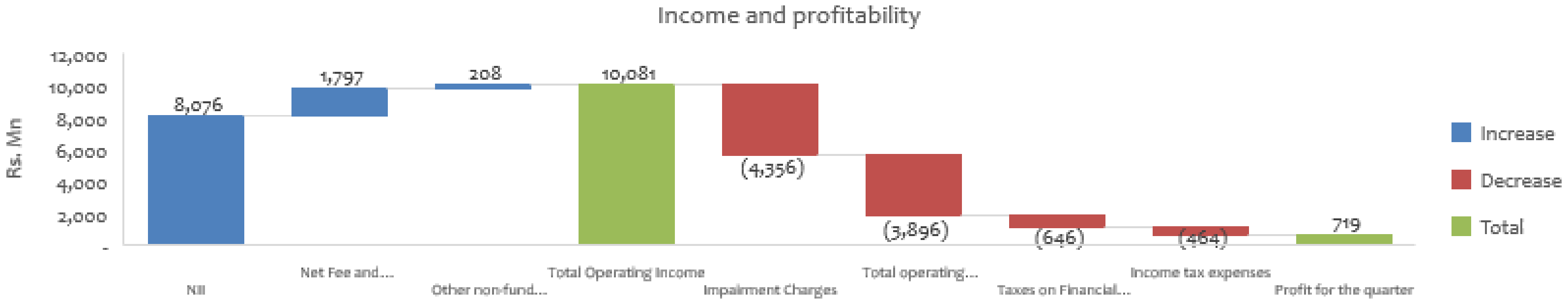
LKR Mn	Q1 2024	Q1 2023	Variance	%
Fund based income				
Gross Income	26,074	33,534	(7,460)	(22)
Interest Income	24,066	32,774	(8,708)	(27)
Interest Expenses	15,990	24,229	(8,239)	(34)
Net Interest Income	8,076	8,545	(469)	(5)
Non-fund based income				
Net Fee & Commission Income	1,797	1,937	(140)	(7)
Other Non-fund Based Income	208	(1,176)	1,384	(118)
Total Non-fund Based Income	2,005	760	1,245	163
Total Operating Income	**10,081**	**9,305**	**776**	**8**

- Net interest income reduction due to reduced loan book and lower interest rates
- Net fee and commission income reduction also attributable to lower loan volumes
- Other non-fund based income inclusive of Rs. 1.3 Bn revaluation losses on the foreign currency reserves of the FCBU book due to appreciating interest rate
- Total operating income up by 8%



FINANCIAL PERFORMANCE – IMPAIRMENT CHARGES

LKR Mn	Q1 2024	Q1 2023	Variance	%
Impairment Charges	4,356	4,811	(455)	(9)

KPIs Denoting Asset Quality of the loan book

Ratio - %	Q1 2024	FY 2023
Total Impairment Cover on the Loan Book	9.47	8.75
Impaired Loans (Stage 3) Ratio	8.27	8.58
Impairment (Stage 3) to Stage 3 Loans Ratio	44.74	41.11

- Impairment (Stage 3) to Stage 3 loans Ratio – Improvement reflecting further build-up of impairment to absorb potential losses in Stage 03 category, as a part of our prudent credit risk management effort
- Continued provisions on investments in foreign currency bonds, for the expected International Sovereign Bond (ISB) restructuring to be announced by the Government of Sri Lanka during the year

FINANCIAL PERFORMANCE – OPERATING EXPENSES

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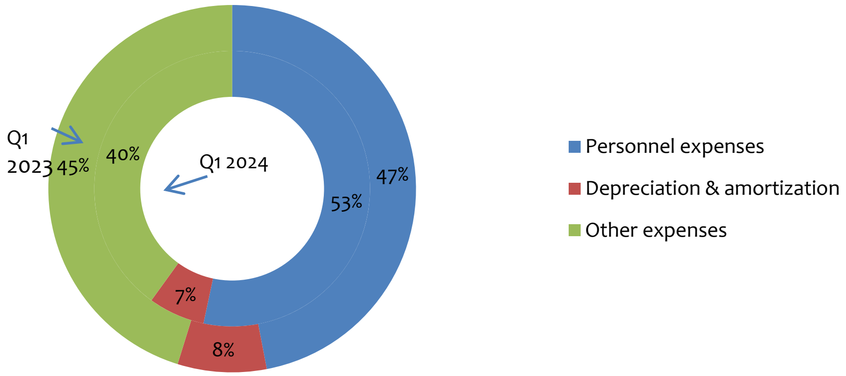
LKR Mn	Q1 2024	Q1 2023	%
Personnel expenses	2,078	1,454	43
Depreciation & amortization	258	242	7
Other expenses	1,560	1,399	11
Total operating expenses	**3,896**	**3,095**	26

Composition of Operating Expenses



- Other expenses category susceptible to general price level increases contained at 11% - a direct outcome of strong cost discipline maintained across the Bank
- Capital and discretionary expenses of certain expenses classes above a set threshold governed by a Board subcommittee

FINANCIAL PERFORMANCE – PROFITABILITY AND TAXES

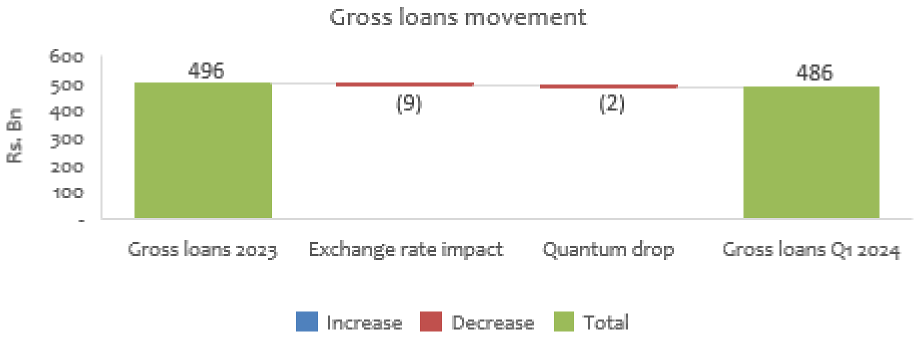
LKR Mn - Bank	Q1 2024	Q1 2023	%
Operating Profit Before Tax on Financial Services	1,829	1,400	31
Taxes on Financial services	646	478	35
Profit Before Taxation	1,184	921	29
Income tax expenses	464	116	300
Profit for the quarter	**720**	**805**	(11)
Total tax charge	**1,110**	**594**	87
LKR Mn - Group	**Q1 2024**	**Q1 2023**	**%**
Profit before all taxes	2,049	1,501	37
Profit for the quarter	**843**	**845**	0

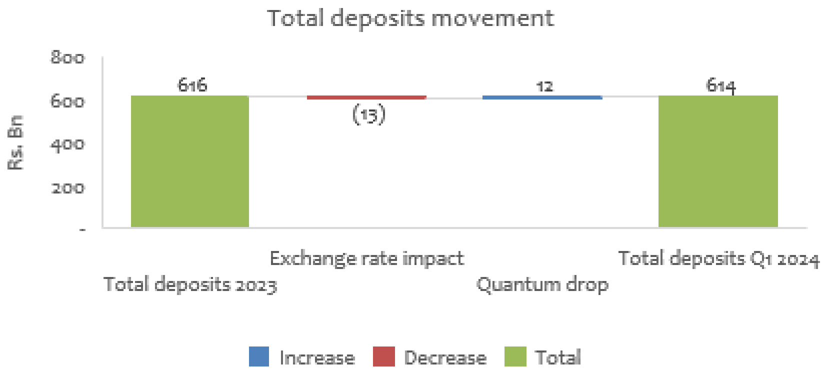
Regulatory tax rates

Tax	Q1 2024
FSVAT	18%
Income tax	30%
SSCL	2.5%

FINANCIAL PERFORMANCE – BALANCE SHEET

LKR Bn	Q1 2024	FY 2023	Variance LKR	Variance %
Total assets	757	780	(23)	(3)
Investments	248	233	15	6
Gross loans	486	496	(10)	(2)
Total deposits	614	616	(2)	-
Borrowings	56	77	(21)	(27)
Total equity	70	70	-	-





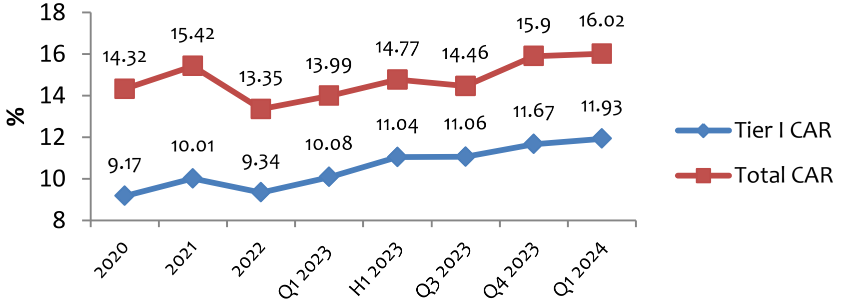
FINANCIAL PERFORMANCE – INVESTOR RATIOS

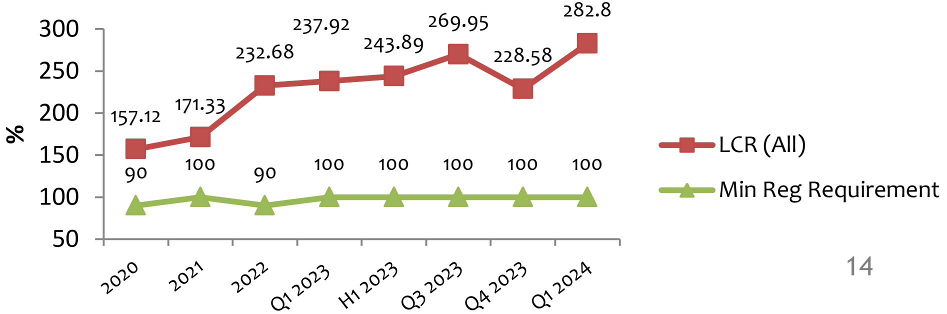
	Bank		Group	
	Q1 2024	FY 2023	Q1 2024	FY 2023
Closing Price per Share [LKR]*	68.00	64.90	N/A	N/A
EPS [LKR] [Annualised]	7.92	13.44	9.11	14.42
ROE [%]	4.51	8.03	4.88	8.11
ROA [%] [Pre-tax]	1.03	1.25	1.13	1.34
Book Value per Share [LKR]	175.69	175.60	186.86	186.43
P/E [times]	8.6	4.8	N/A	N/A
Price to Book Value [PBV] [times]	0.4	0.4	N/A	N/A

*Share price as of trading close 20 May 2024 - LKR 78.00

FINANCIAL PERFORMANCE – CAPITAL & LIQUIDITY POSITION

Ratio	Bank		Group	
	Q1 2024	FY 2023	Q1 2024	FY 2023
Common Equity Tier 1 Capital Ratio % [Minimum Requirement -7%]	11.93	11.67	12.49	12.22
Tier 1 Capital Ratio % [Minimum Requirement – 8.5%]	11.93	11.67	12.49	12.22
Total Capital Ratio % [Minimum Requirement – 12.5%]	16.02	15.90	16.48	16.35
Statutory Liquid Assets Ratio - Bank (Minimum Requirement - 20%)	41.67	39.02	41.67	39.02
Liquidity Coverage Ratio [%] – Rupee [Minimum Requirement – 2024-100%, 2023-100%]	336.22	309.61	336.22	309.61
Liquidity Coverage Ratio [%] – All Currency [Minimum Requirement - 2024-100%, 2023-100%]	282.80	228.58	282.80	228.58
Net Stable Funding Ratio [Minimum Requirement - 2024-100%, 2023-100%]	152.15	142.26	152.15	142.26





WAY FORWARD

Our strategic priorities in 2024

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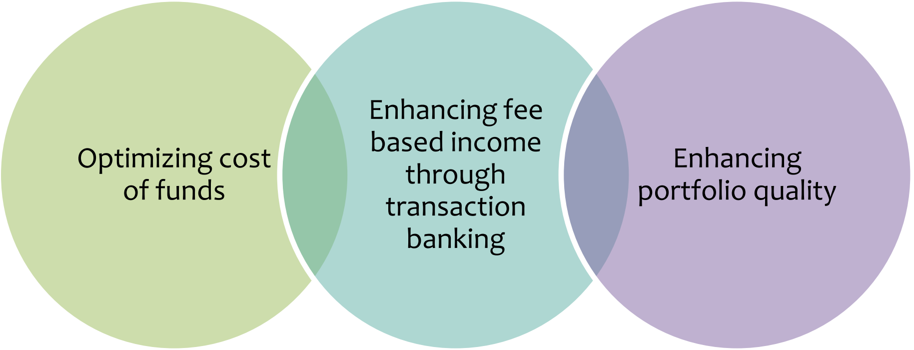
Three key focus areas



Q & A

Please use the Chat Option to pose your questions to the CEO and Panel

Kelum Edirisinghe, Director/ Chief Executive Officer

Panelists

K V Vinoj - Deputy Chief Executive Officer

Sanjaya Perera - Senior Vice President - Personal Banking & Customer Experience

Hasitha Athapattu - Vice President – Finance

Niran Mahawatte - Vice President – Treasury

Bimal Perera - Vice President - Strategy & Business Intelligence

Alex Perera - Vice President - Risk/ Chief Risk Officer

ANNEX

CORPORATE PROFILE

Inception in 1979 as a DFI, conversion to a fully-fledged commercial banking entity in 2005
Vision - The driving force for a financially empowered Sri Lanka
Values - Integrity, Creativity, Excellence, Sincerity, Accountability, Dependability
Credit profile - Credit rating of A- (lka)/ Stable Outlook
Staff strength - Over 2,700
Accessibility - 113 branches, 170 CRM cum ATMs , Global access through NDB NEOS
Dynamism - NDB Group engaged in universal banking and full-spectrum capital market services

ESG PERFORMANCE

Environmental	Social	Governance
GHG emissions 2023 - 5,510 tCO_2e	40% female representation at Board level	4.9/5.0 customer satisfaction rating
27.85% YoY reduction in Scope 1 emissions in 2023	24% female representation at Senior Management level	453 employee trained on ESG related matters
LKR 1.68 Mn investment in ecosystem preservation	255 hours of employee volunteerism	

ANALYSTS SUPPORT

- Webinar transcripts hosted to the NDB Corporate website/ IR page in playback video and written transcript forms
- Dedicated communication channels made available for any queries and clarifications

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