

National Development Bank PLC

Financial Results for the financial year ended
31 December 2024

Presentation to Investors and Analysts

12 March 2025 11:00 (+05:30 UTC)
Colombo, Sri Lanka



UNLOCKING PROSPERITY
EMPOWERING A FUTURE OF SMART GROWTH





PRESENTED BY

Kelum Edirisinghe, Director/ Chief Executive Officer

Q&A

Panelists

Kelum Edirisinghe, Director/ Chief Executive Officer

K V Vinoj - Deputy Chief Executive Officer

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

Alex Perera – Vice President – Risk/ Chief Risk Officer

Damitha Samaranayake - Vice President - Treasury

Himali Nandika – Chief Manager – Finance

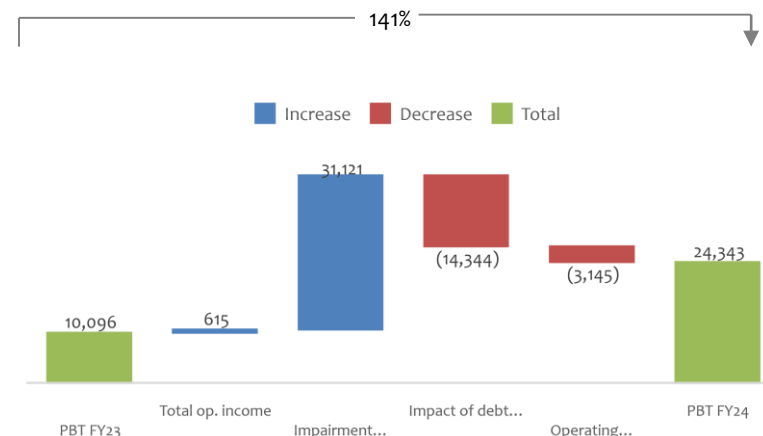
Summary

- 1 Rs. 24.3 Bn in PBT an impressive growth of 141%
- 2 Rs. 12.8 in PBT excluding one-off gains (profits from underlying business), growth of 28%
- 3 4.34% NIM 38 bps increase over 3.96% in FY23
- 4 Rs. 7.8 Bn net fee and commission income, growth of 9%
- 5 Improvement in asset quality as reflected in all key ratios – Stage 3 loans ratio 14.01% (2023:16.64%)
- 6 12.22% ROE versus 8.03% in FY23

Financial performance

Rs. Mn	2024	2023	Δ Rs.	Δ %
Gross income	99,383	132,326	(32,943)	(25)
Total operating income	45,508	44,893	615	1
Impairment charges/ (reversal)	(9,977)	21,144	(31,121)	(147)
Impact of the debt restructuring	14,344	-	14,344	100
Net operating income	41,142	23,749	17,392	73
Operating expenses	16,799	13,654	3,145	23
PBT	24,343	10,096	14,247	141
Taxes	15,313	4,725	10,587	2
PAT	9,030	5,370	3,660	68
Group PAS	9,794	5,759	4,035	70
Rs. Bn	2024	2023	Δ Rs.	Δ %
Total assets	796	780	16	2
Customer loans	510	496	14	3
Customer deposits	632	616	16	3
Total equity	78	70	8	11
Key ratios	2024	2023	Δ	
EPS (Rs.) (Annualised)	21.73	12.92	Rs.8.81	
Tier I CAR (%)	13.68	11.67	201bps	
Total CAR (%)	19.09	15.90	319bps	

YoY PBT movement in Rs. Mn

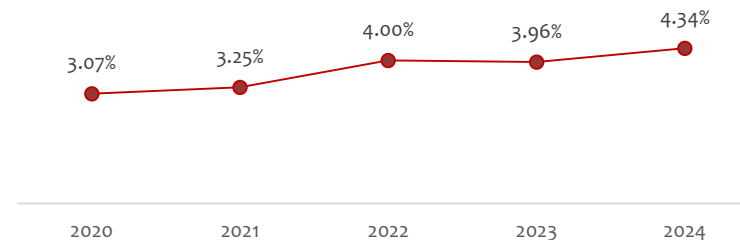


NII & NIM

Rs. Mn	2024	2023	Δ Rs.	Δ %
Interest income	88,060	119,373	(31,313)	(26)
Interest expenses	53,849	87,425	(33,577)	(38)
NII	34,211	31,947	2,264	7

- Commendable NII performance in a low interest rate environment and where loan book growth was moderate
- Prudent assets and liability management and timely pricing of the book resulted in healthy NIM

NIM

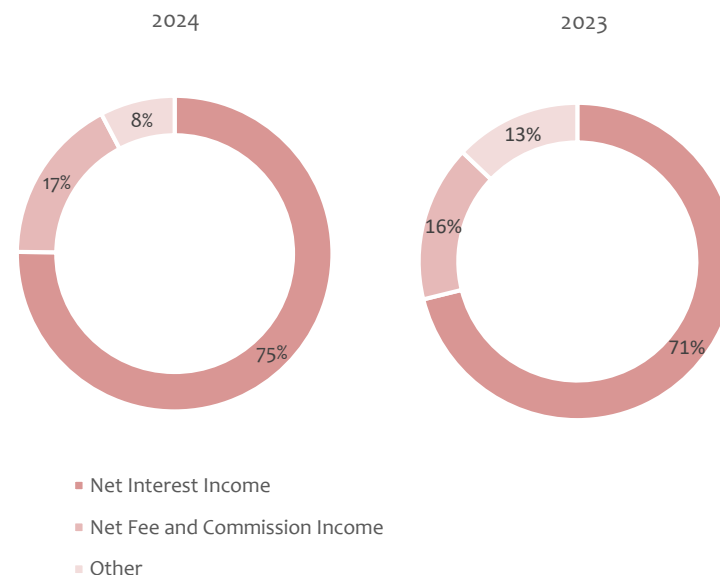


Non-fund based income (NFBI)

Rs. Mn	2024	2023	Δ Rs.	Δ %
Net fee and commission income (NFCI)	7,797	7,158	640	9
Net gain from trading (NGT)	1,041	2,906	(1,864)	(64)
Net gain from financial assets at fair value through profit or loss (NGFAFVP&L)	(141)	182	(324)	(178)
Net gains from derecognition of financial assets (NGDRFA)	3,932	5,621	(1,689)	(30)
Other operating income (OOI)	(1,332)	(2,921)	1,588	54
Total non-fund based income	11,297	12,946	(1,649)	(13)

- Net fee income – 9% increase inclusive of the ISB Consent Fee
- Other operating income inclusive of foreign exchange revaluation losses of Rs. 1.6 Bn

Total operating income composition



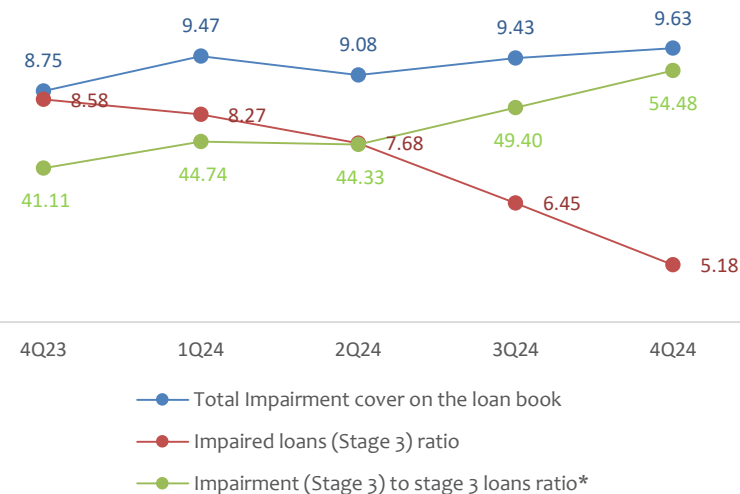
Credit quality and impairment

Rs. Mn	2024	2023	Δ Rs.	Δ %
Total impairment on the loan book – Rs. Mn	13,285	15,959	2,674	17

Credit portfolio quality – As at	2024	2023	Δ
Stage o3 loan ratio	14.01	16.64	(263) bps
Total impairment cover on the loan book %	9.63	8.75	88 bps
Impaired loans (Stage 3) ratio %	5.18	8.58	(340) Bps
Impairment (Stage 3) to Stage 3 loans ratio %	54.48	41.11	13.37 ppt

- Considerable improvement in the loan book quality
- Targeted initiatives, particularly through the dedicated remedial management unit showing results
- Direct positive impact on profitability
- Further upside potential in driving asset quality

Credit quality movement



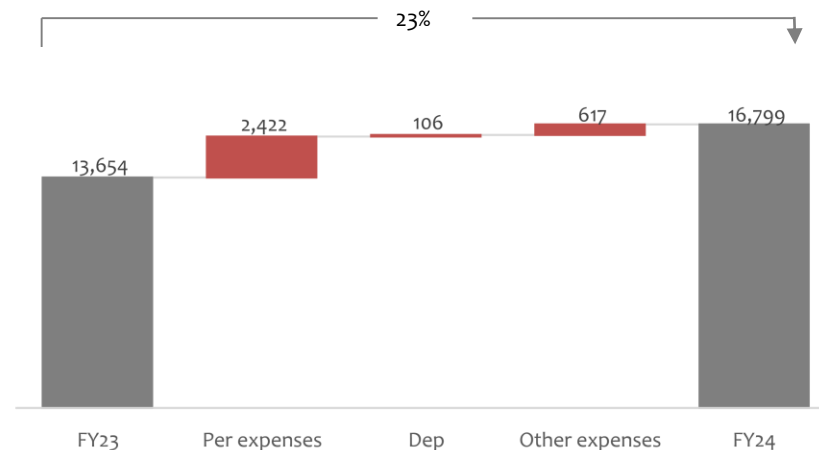
*Secondary axis data

Operating expenses

Rs. Mn	2024	2023	Δ Rs.	Δ %
Personnel expenses	9,055	6,633	2,422	37
Depreciation and amortisation	1,091	985	106	11
Other expenses	6,653	6,036	617	10
Total operating expenses	16,799	13,654	3,145	23
Cost to income ratio (%)	36.91	30.41		

- Increase in personnel expenses due to annual increments effected during the year
- Discretionary costs increase being curtailed at 10% YoY

YoY movement in Rs. Mn

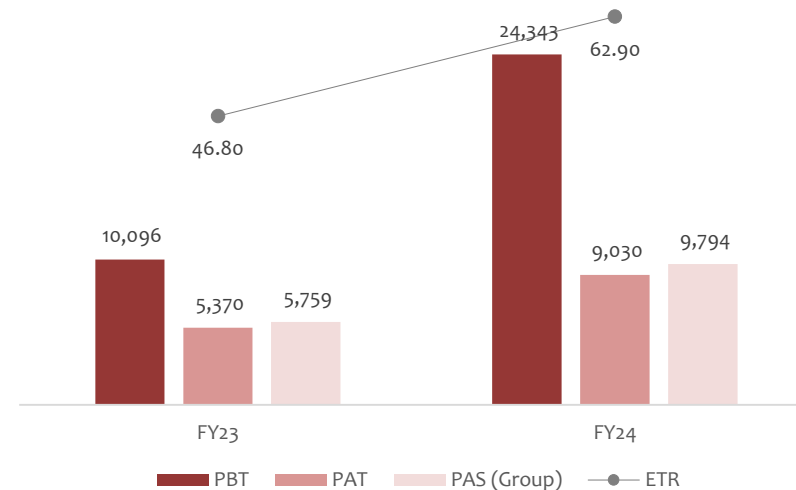


Taxes and profitability

Rs. Mn	2024	2023	Δ Rs.	Δ %
PBT	24,343	10,096	14,247	141
Tax on financial services	5,524	2,750	2,774	101
Income tax	9,789	1,976	7,813	395
PAT	9,030	5,370	3,660	68
PAS (Group)	9,794	5,759	4,035	70

- Considerable increase in effective tax rate

Profitability and Effective tax Rate (ETR)



Impact of the ISB re-structuring

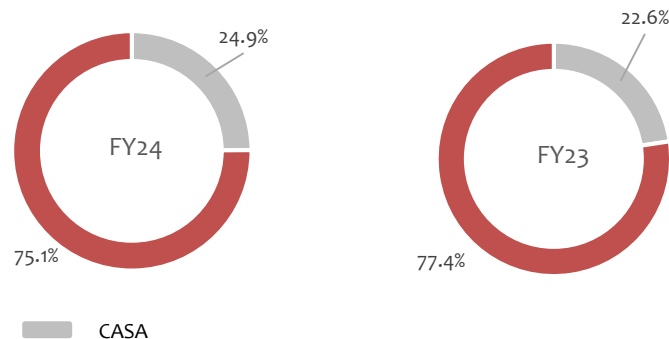
Rs. Mn	
Impact of the debt restructuring including	14,344
Day one loss on new instruments	10,749
Loss on haircut from previously held ISBs	3,595
Reversal of impairment on investments	23,707
Pre-tax profit if this one-off gain was excluded	12,839
Year-on-year growth of our profits from underlying operations (%)	28%

Please refer Note No. 12 Loss on restructuring of Sri Lanka International Sovereign bonds (SLISBs) on pages 288 – 290 in the 2024 NDB Annual Report for a comprehensive disclosure in this regard.

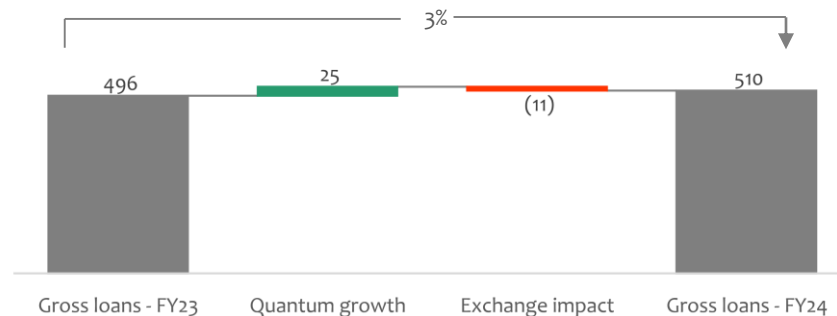
Customer loans and deposits

Rs. Bn – As at end	2024	2023	Δ Rs.	Δ %
Gross loans	510	496	14	3
Customer deposits	632	616	16	3
Other balance sheet items				
Investments	268	234	35	15
Borrowings	68	77	-9	-12
Equity	78	70	8	11

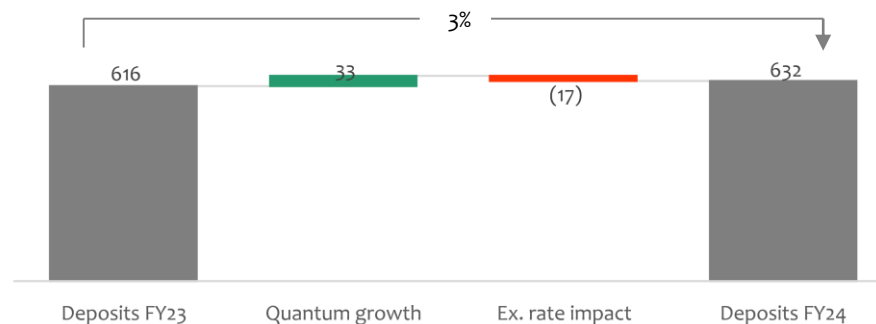
- Dynamism and strength of the balance sheet continued
- Increase in CASA
 - CASA ratio improved to 24.9% from 22.6% in 2023
 - CASA quantum growth of Rs. 18.2 Bn/ 13%



Movement in gross loan book in Rs. Bn



Movement in deposits in Rs. Bn

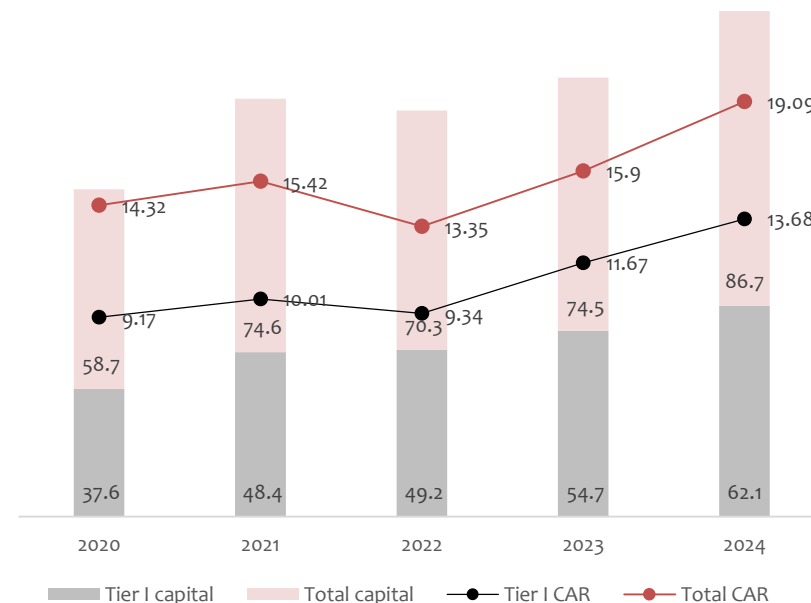


Capital

Rs. Bn	2024	2023	Δ Rs.	Δ %
Common Equity Tier 1 (CET1) capital	62.1	54.7	7.40	14
Tier 1 capital	62.1	54.7	7.40	14
Total capital	86.7	74.5	12.20	16
RWA	453.9	468.6	(14.7)	(3)

- Stable capital base with capital adequacy ratios (CAR) well above regulatory minimum requirements
 - Tier 1 CAR + 518 bps vs. 8.50%
 - Total CAR + 659 bps vs. 12.50%
- Rs. 10.0 Bn raised via Basel III compliant Tier II listed rated unsecured subordinated debentures
 - Tranche I – LKR 5.0 Bn – Allotted in September 2024 – AER 13.25%
 - Tranche II – LKR 5.0 Bn – Allotted in December 2024 – AER 13.00%

Capital progression – Capital in Rs. Bn, ratios in %



Dividends

Dividends declared

Per share	Rs.
Total dividend	8.00
Cash dividend	5.00
Scrip dividend*	3.00
Paid out of	
Out of dividend received	0.30
Out of current year's profit	7.70

*Scrip dividend

One scrip issue for every 43.6666703400862

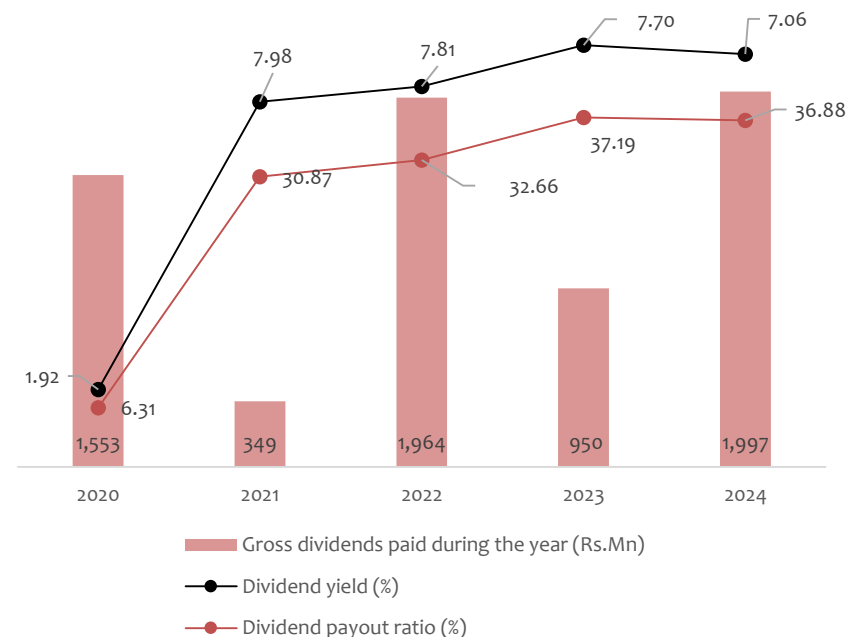
The number of shares to be issued: 9,527,907

The consideration for which the shares are to be issued: Rs. 111.35

Key dividend ratios

Rs. Bn	2024	2023
Dividend per share (Rs.)	8.00	5.00
Dividend yield (%)	7.06	7.70
Dividend payout (%)	36.88	37.19
Dividend cover (times)	2.72	2.58

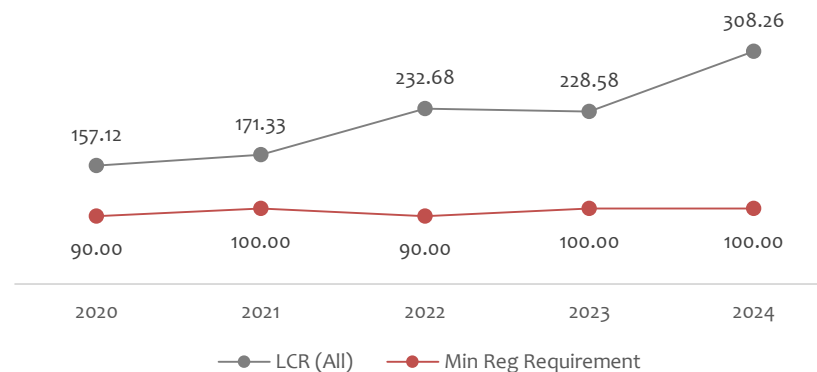
Dividends – Total dividends paid and related ratios



Key ratios

Investor ratios	2024	2023	Δ
Closing Price per Share - Rs.	113.25	64.90	48.35
EPS - Rs. (Annualised)	21.73	12.92	8.81
ROE (%)	12.22	8.03	4.18ppt
ROA (%)Pre-tax	3.09	1.25	1.84ppt
Book Value per Share - Rs.	186.91	175.60	11.31
P/E (times)	5.21	5.02	-
Price to Book Value (PBV) (times)	0.61	0.37	-
Regulatory ratios - %	2024	2023	Δ
Liquidity Coverage Ratio – Rupee (Minimum Requirement – 100%)	358.12	309.61	48.51ppt
Liquidity Coverage Ratio – All Currency (Minimum Requirement - 100%)	308.26	228.58	79.68ppt
Net stable funding ratio	152.43	142.26	10.17ppt

Liquidity trend



Awards

Euromoney Awards for Excellence 2024

- Sri Lanka's Best Bank for Corporates
- Sri Lanka's Best Bank for Diversity and Inclusion

Asian Banking and Finance Magazine (Singapore) Awards 2024

Corporate & Investment Banking Awards

- Syndicated Loan of the Year - Sri Lanka

Retail Banking Awards 2024

- Domestic Retail Bank of the Year - Sri Lanka
- Banking for Women Initiative of the Year - Sri Lanka

Wholesale Banking Awards 2024

- Sri Lanka Domestic Project Finance Bank of the Year

Over 30 awards won by the Bank

Independent external endorsements affirming NDB's prowess in respective performance scopes



Way forward

Building on Unlocking Prosperity

- 1 Geared for growth
- 2 Enhancing shareholder value
- 3 Continued efforts in improving loan book quality and reducing credit cost

UNLOCKING PROSPERITY
EMPOWERING A FUTURE OF SMART GROWTH





Q&A



APPENDIX

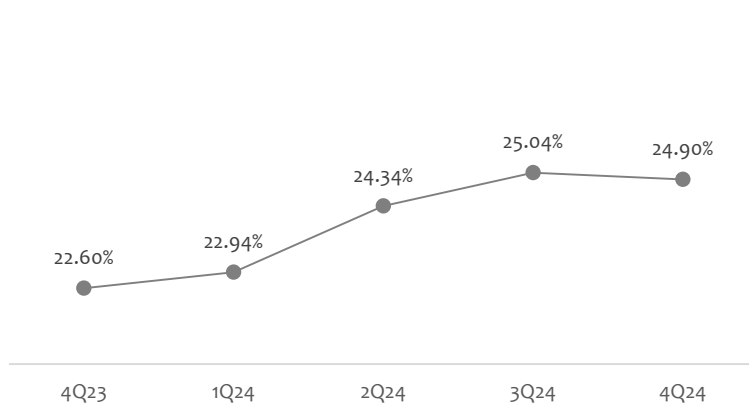
Financial performance summary

Income and profitability - Rs. Mn - for the quarter of	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Gross income	29,451	26,074	26,356	21,750	25,204	(14)
NII	7,543	8,076	8,420	7,892	9,823	30
NFBI	3,734	2,005	4,438	1,695	3,159	(15)
Total operating income	11,277	10,081	12,858	9,587	12,981	15
Impairment charge/ (reversal)	2,398	4,356	4,041	2,652	(21,206)	(984)
Impact of the debt restructuring	-	-	-	-	14,344	100
Operating expenses	3,510	3,896	4,100	4,082	4,721	35
PBT	549	1,829	4,717	2,853	14,944	2,622
Taxes	391	1,110	2,228	1,524	10,451	2,573
PAT	158	719	2,489	1,329	4,493	2,744
Group PAS	339	838	2,608	1,472	4,876	1,338
Financial position - Rs. Bn - As at end	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Total assets	780	757	764	763	796	2
Customer loans	496	486	505	501	510	3
Customer deposits	616	614	619	612	632	3
Total equity	70	70	71	72	78	11
RWA	469	442	459	453	454	(3)
Shareholder ratios	4Q23	1Q24	2Q24	3Q24	3Q24	Δ vs 4Q23
EPS (Rs.)	0.38	1.80	5.99	3.20	10.81	10.43
NAVPS (Rs.)	175.60	175.69	170.55	172.64	186.91	11.31
ROE (%)	8.03	4.51	7.38	8.02	12.22	4.19 ppt
Share price (At end of period) (Rs.)	64.90	68.00	80.20	78.30	113.25	48.35
PE ratio (Times) (Based on annualized EPS)	5.02	8.58	6.41	5.72	5.21	-
PBV ratio (Times)	0.37	0.39	0.47	0.45	0.61	-

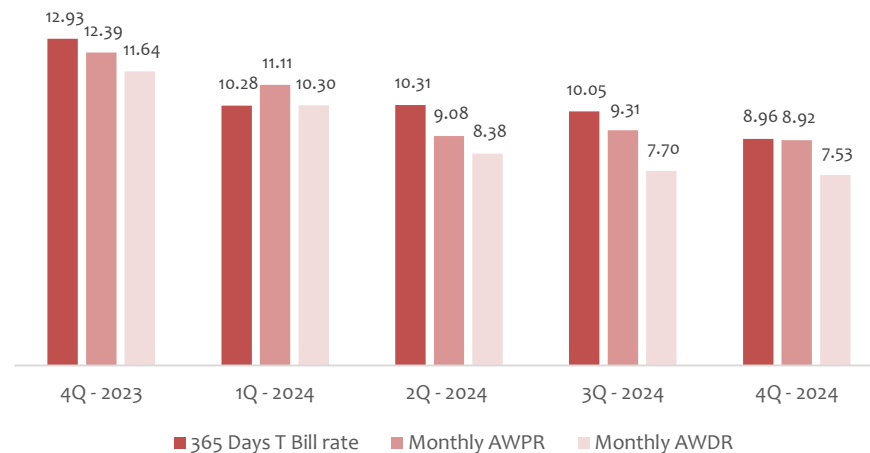
Banking NII

NII & NIM	4Q23	1Q 24	2Q24	3Q24	4Q24	Δ% vs 4Q23
NII - Rs. Mn (for the quarter)	7,543	8,076	8,420	7,892	9,823	30
NIM - % (as at end of the quarters)	3.96	4.23	4.26	4.21	4.34	38bps
Average interest earning assets - Rs. Bn (as at end of the quarter)	795	786	783	776	798	0.4

NDB CASA trend



Key market interest rates



Impairment

Impairment and related ratios – For the quarter of	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Impairment on loans / (reversal) (Rs. Mn)	2,398	3,107	4,009	2,572	3,598	50
Impairment on investments / (reversal) (Rs. Mn)	4,820	1,250	32	80	(25,055)	(620)
Impaired Loans (Stage 3) Ratio (%)	8.58	8.27	7.68	6.45	5.18	(3.40)ppt
Impairment (stage 3) to Stage 3 loans Ratio (%)	41.11	44.74	44.33	49.40	54.48	13.37ppt
Impairment staging (including commitments and contingencies) - Rs. Bn As at end	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Stage 1 - Closing balance	4.8	5.0	6.0	6.2	6.1	27.1
Stage 2 - Closing balance	6.3	5.6	6.7	5.4	5.4	(14.3)
Stage 3 - Closing balance	34.0	36.8	34.8	37.5	39.4	15.9
Total	45.1	47.4	47.6	49.1	50.9	12.9

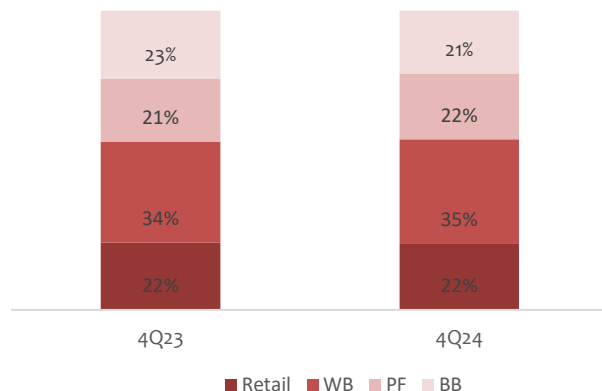
Expenses

Expenses - Rs. Mn - for the quarter of	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Personnel Expenses	1,548	2,078	2,251	2,251	2,461	59
Depreciation and amortization	248	258	265	284	283	14
Other Expenses	1,715	1,560	1,584	1,547	1,977	15
Total operating expenses	3,510	3,896	4,100	4,082	4,721	35
Cost to income ratio (%)	30.41	38.64	34.86	37.13	36.91	650bps

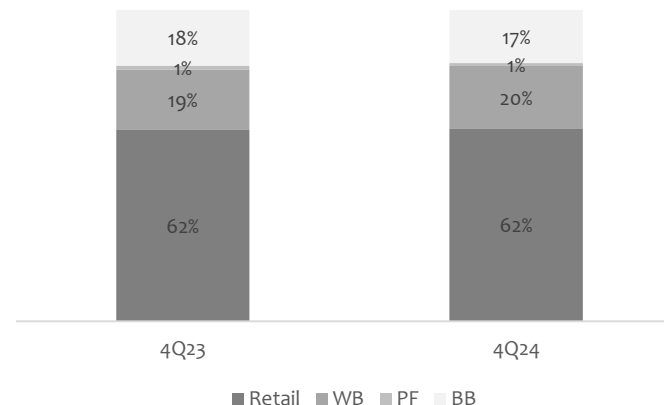
Balance Sheet

Rs. Bn - As at end	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Total assets	779.9	757.4	764.5	763.2	795.7	2.0
Gross loans	496.1	485.6	504.9	501.1	509.8	2.8
Net loans	452.7	439.6	459.0	453.9	460.7	1.8
Customer deposits	615.6	614.4	619.2	611.5	631.7	2.6
Return on assets (before taxes) (%)	1.25	1.03	1.39	1.53	3.09	184bps
Loans to deposits ratio (%)	80.58	79.04	81.54	81.95	80.70	12bps

Business line-wise loan book composition - %



Business line-wise deposit book composition - %



Capital

Rs. Bn - As at end	4Q23	1Q24	2Q24	3Q24	4Q24	Δ% vs 4Q23
Common Equity Tier 1 (CET1) Capital	54.7	52.8	50.9	50.1	62.1	13.5
Tier 1 Capital	54.7	52.8	50.9	50.1	62.1	13.5
Total Capital	74.5	70.9	68.1	71.1	86.7	16.4

Liquidity

% - As at end	4Q23	1Q24	2Q24	3Q24	4Q24	ΔQ23 ppt
Liquidity Coverage Ratio (%) - All Currency	228.58	282.80	262.09	280.39	308.26	79.68
Liquidity Coverage Ratio (%) - Rupee	309.61	336.22	284.31	326.87	358.12	48.51
Net stable funding ratio	142.26	152.15	143.28	143.77	152.43	10.17

ESG performance

Environmental	Social	Governance
GHG emissions 2024 tCO ₂ e - 5,067 (2023: 5,510)	33% female representation at Board level	Comprehensive ESMS system embedding social and environmental consciousness to lending decisions
8.04% YoY reduction in GHG emissions in 2024 vs 2023	28% female representation at Senior Management level	100% loans screened on ESMS criteria
Rs. 6.3 Mn investment in corporate sustainability initiatives, including environmental preservation	44% female representation across the team	534.5 hours/ 985 employees trained on ESMS
	>1,000 hours of employee volunteerism in corporate sustainability initiatives	SASB Indices Commercial Banks and Investment Banking & Brokerage – Please refer NDB Annual Report 2023 https://www.ndbbank.com/investor-relations/reports
	4.5/5.0 customer satisfaction rating	

Glossary

AWDR	Average weighted deposits rate
AWPR	Average weighted prime lending rate
bps	Basis points
CAR	Capital adequacy ratio
CASA	Current accounts and savings accounts
ECL	Expected credit losses
EPS	Earnings per share
ESMS	Environmental and social management systems
FX	Foreign exchange
FY	Financial year
GHG	Green house gases
GOSL	Government of Sri Lanka
IMF	International Monetary Fund
LCR	Liquidity Coverage Ratio
NAVPS	Net assets value per share
NFBI	Non-fund based income
NFCI	Net fee and commission income
NGDRFA	Net gains/(losses) from derecognition of financial assets

NGFAFVP&L	Net gain/(loss) from financial assets at fair value through profit or loss
NGT	Net gains from trading
NII	Net interest income
NIM	Net interest margin
NSFR	Net stable funding ratio
OOI	Other operating income
P/E	Price/ Earnings
PAS	Profit attributable to shareholders
PAT	Profit after tax
PBT	Profit before all taxes (including FSVAT)
PBV	Price to book value
ROA	Return on average assets
ROE	Return on equity
RWA	Risk weighted assets
SASB	Sustainability Accounting Standards Board
SLAR	Statutory liquid assets ratio
T Bill	Treasury bills
tCO2e	Carbon dioxide equivalents in tones

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Forward looking statements

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