

National Development Bank PLC

Financial Results for 1Q 2025

Presentation to Investors and Analysts



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

Nadika Ranasinghe – Vice President - Strategy

Himali Nandika - Assistant Vice President - Finance

Summary

- 1 Pre-tax profitability up by 118% to Rs. 4.0 Bn
- 2 Post-tax profitability up by 168% to Rs. 1.9 Bn
- 3 Total assets growth of 7% to Rs. 852.4 Bn
- 4 Loan book growth of 5% to Rs. 535.2 Bn stemming from all business sectors
- 5 Net interest margin of 3.92%
- 6 CASA ratio improvement by 91 bps to 25.82 %
- 7 ROE of 10.03%

Financial performance

Rs. Mn – 3 months ended 31 March	2025	2024	Δ Rs.	Δ %
Gross income	22,981	26,074	(3,093)	(12)
NII	7,975	8,076	(101)	(1)
Total operating income	10,573	10,081	492	5
Impairment charges/ (reversal)	2,632	4,356	(1,724)	(40)
Impact of the debt restructuring	(457)	-	(457)	(100)
Net operating income	8,398	5,725	2,673	47
Operating expenses	4,414	3,896	518	13
PBT	3,984	1,829	2,155	118
Taxes	2,059	1,110	949	85
PAT	1,925	720	1,205	168
Group PAS	2,041	838	1,203	144
Rs. Bn – As at end	1Q25	FY24	Δ Rs.	Δ %
Total assets	852	796	56	7
Customer loans	535	510	25	5
Customer deposits	642	632	10	2
Total equity	77	78	(1)	(1)
Key ratios – As at end	1Q25	FY24	Δ	
EPS (Rs.) (Annualised)	18.18	21.73	(3.55)	
Tier I CAR (%)	12.16	13.68	bps(152)	
Total CAR (%)	16.95	19.09	bps(214)	

YoY PBT movement in Rs. Mn

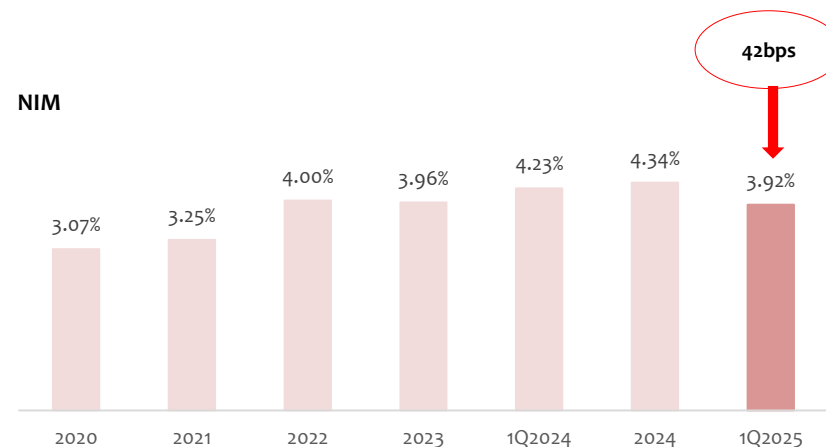


NII & NIM

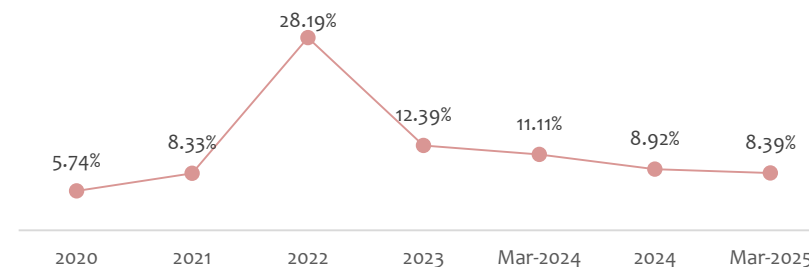
Rs. Mn – 3 months ended 31 March	2025	2024	Δ Rs.	Δ %
Interest income	20,359	24,066	(3,707)	(15)
Interest expenses	12,384	15,990	(3,606)	(23)
NII	7,975	8,076	(101)	(1)

- Net interest income (NII) - marginal decline by 1% YoY - predominantly attributable to the lower interest rates versus one year ago
- NIMs
 - Compares with a one-off included NIM of 4.34%, and one-off excluded NIM of 4.17% in 2024
 - Majority of loan growth skewed towards the latter part of the quarter with impact not reflected in NIM

NIM



Monthly AWPR

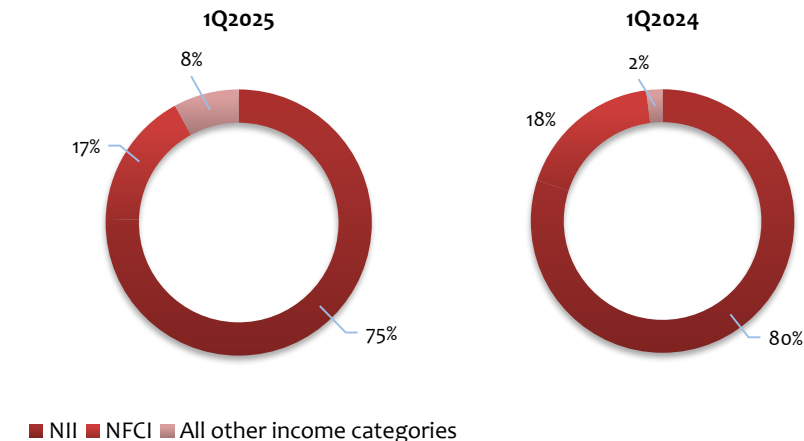


Non-fund based income (NFBI)

Rs. Mn – 3 months ended 31 March	2025	2024	Δ Rs.	Δ %
Net fee and commission income (NFCI)	1,756	1,797	(41)	(2)
Net gain from trading (NGT)	326	317	9	3
Net gain from financial assets at fair value through profit or loss (NGFAFVP&L)	(23)	(39)	16	42
Net gains from derecognition of financial assets (NGDRFA)	232	1,130	(898)	(79)
Other operating income (OOI)	306	(1,199)	1,505	126
Total non-fund based income	2,597	2,006	591	29

- NFCI - Rs. 1.8 Bn marginal 2% YoY decline due to slowdown in fee income from credit and debit cards. Fees from - alternative channels positive YoY growth
- All other income categories - Rs.841 Mn, a considerable growth over the comparative quarter

Total operating income composition



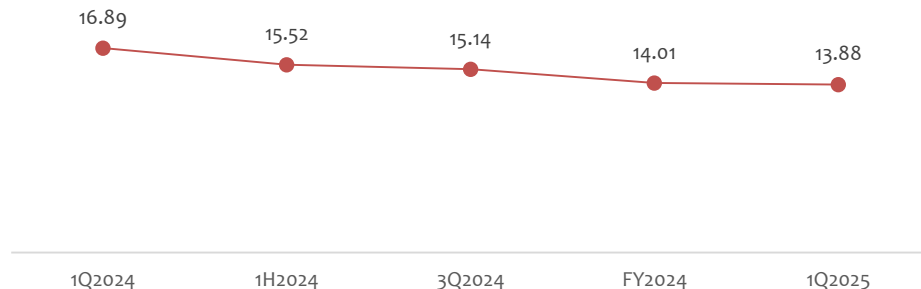
Credit quality and impairment

Rs. Mn – 3 months ended 31 March	2025	2024	Δ Rs.	Δ %
Total impairment on the loan book – Rs. Mn	51,634	47,394	4,240	9

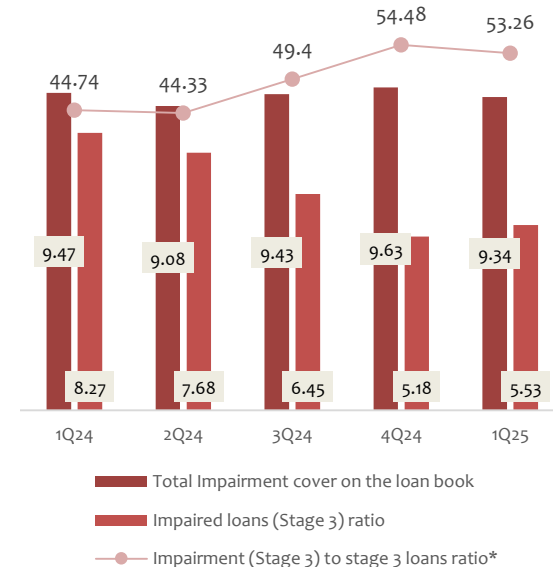
Credit portfolio quality – As at	1Q25	FY24	Δ
Stage 03 loan ratio %	13.88	14.01	(13) bps
Total impairment cover on the loan book %	9.34	9.63	(29) bps
Impaired loans (Stage 3) ratio %	5.53	5.18	35 bps
Impairment (Stage 3) to Stage 3 loans ratio %	53.26	54.48	(1.22) ppt

- The staging of credit facilities has improved compared to the same quarter last year, showing the success of the Bank's asset quality enhancement initiatives
- Direct positive impact on profitability

Stage 03 loan ratio (%)



Credit quality movement (%)



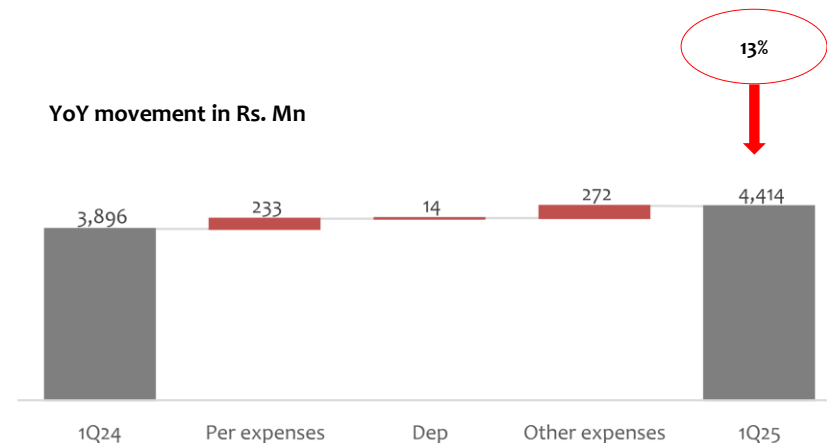
*Secondary axis data

Operating expenses

Rs. Mn – 3 months ended 31 March	2025	2024	Δ Rs.	Δ %
Personnel expenses	2,311	2,078	233	11
Depreciation and amortisation	272	258	14	5
Other expenses	1,832	1,560	272	17
Total operating expenses	4,414	3,896	518	13
Cost to income ratio (%)	41.75	38.64	-	3.1 ppt
Cost to total assets ratio (%)	0.52%	0.51%	-	1 bps

- Total operating expenses reflecting a 13% YoY increase which primarily attributed to increase in premises and establishment expenses and other operating expenses.
- Strong cost discipline and effective cost management have kept costs within expected levels.

YoY movement in Rs. Mn



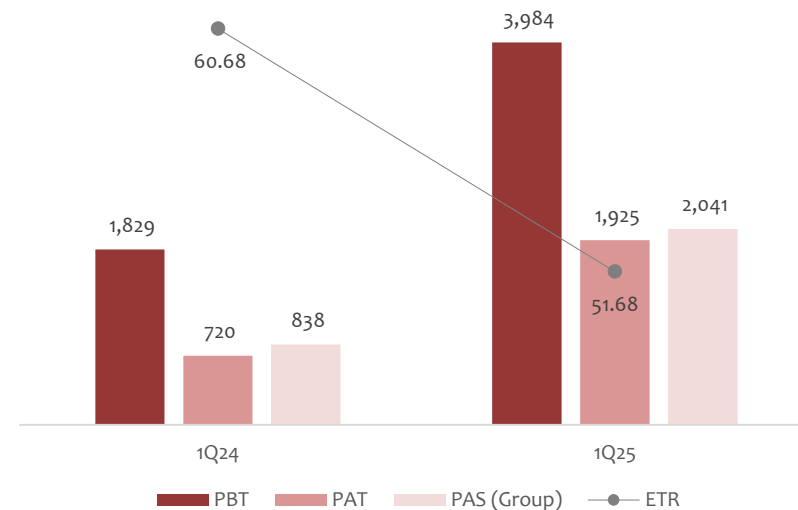
Cost composition



Taxes and profitability

Rs. Mn – 3 months ended 31 March	2025	2024	Δ Rs.	Δ %
PBT	3,984	1,829	2,155	118
Tax on financial services	1,064	646	418	65
Income tax	995	464	531	115
PAT	1,925	720	1,206	168
PAS (Group)	2,041	838	1,203	144

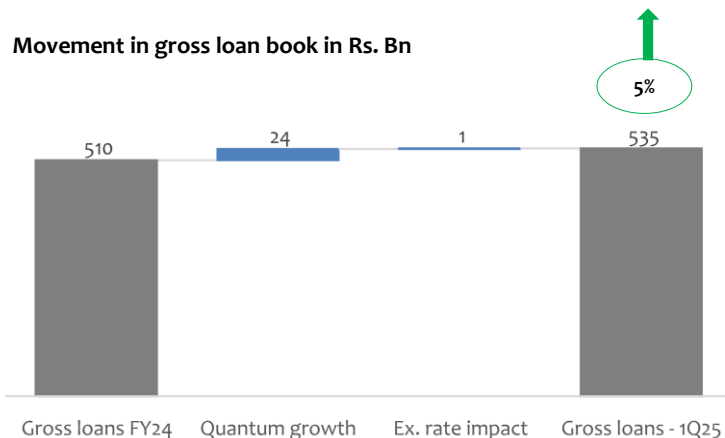
Profitability and Effective tax Rate (ETR)



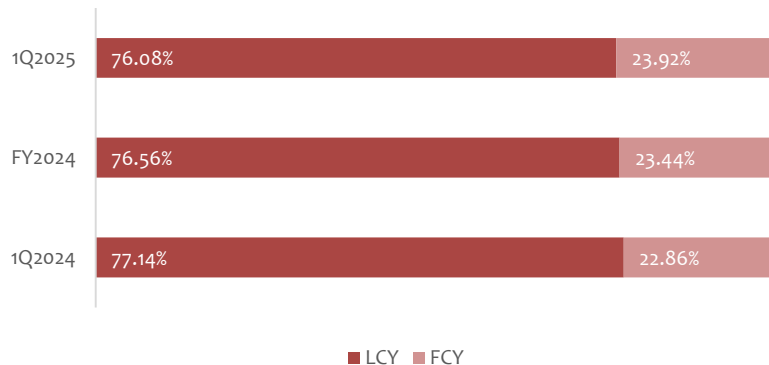
Balance sheet performance

Rs. Bn – As at end	1Q25	FY24	Δ Rs.	Δ %
Total assets	852	796	57	7
Gross loans	535	510	25	5
Investments	284	267	17	6
Balance sheet funding				
Customer deposits	642	632	10	2
Borrowings	115	68	47	69
Equity	77	78	-1	(1)

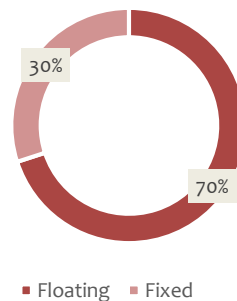
Movement in gross loan book in Rs. Bn



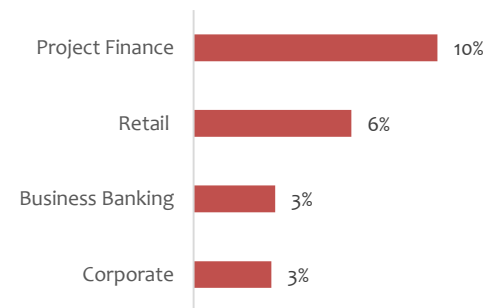
Currency composition of the loan book



Composition of the loan book – on the basis of pricing



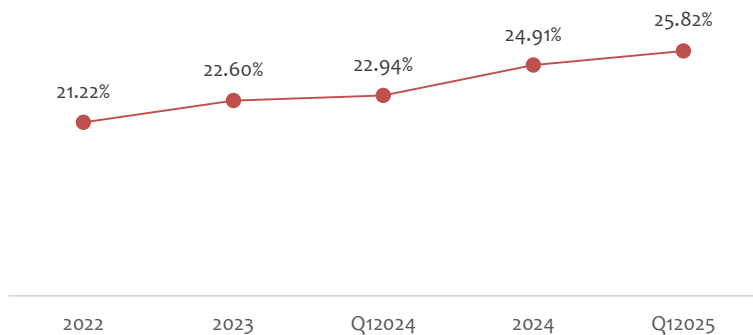
YTD business-line wise loan growth



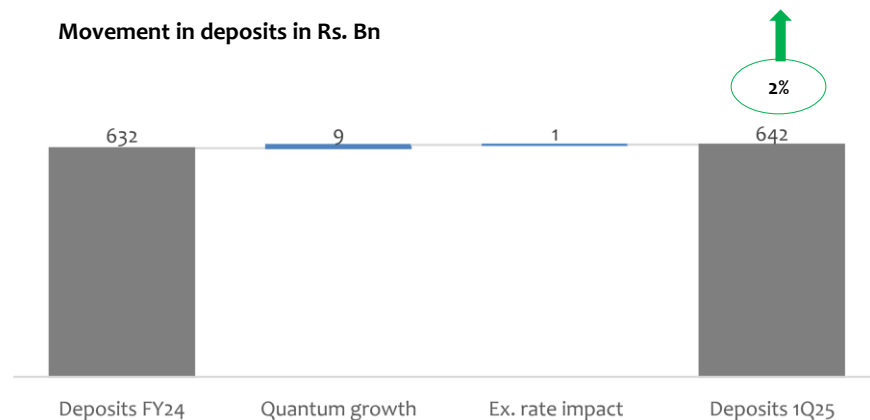
Customer deposits

Rs. Bn	1Q25	Composition %	FY24	Composition %
Demand deposits	54	8.4	54	8.5
Savings deposits	112	17.4	103	16.3
CASA total	166	25.82	157	24.91
Time deposits	476	74.1	474	75.0
Other deposits	1	0.2	1	0.2
Total	642		632	

CASA trend



Movement in deposits in Rs. Bn



Currency composition of the deposits book

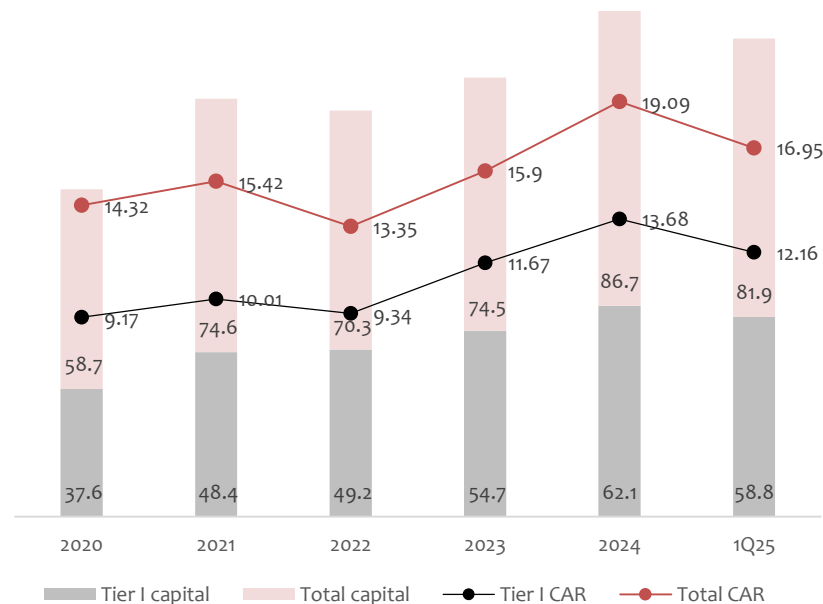


Capital

Rs. Bn – as at end	1Q25	FY24	Δ Rs.	Δ %
Common Equity Tier 1 (CET1) capital	58.8	62.1	(3.3)	(5)
Tier 1 capital	58.8	62.1	(3.3)	(5)
Total capital	81.9	86.7	(4.8)	(5)
RWA	483.3	453.9	29.4	6

- Stable capital base with capital adequacy ratios (CAR) well above regulatory minimum requirements
 - Tier 1 CAR + 366 bps vs. 8.50%
 - Total CAR + 445 bps vs. 12.50%

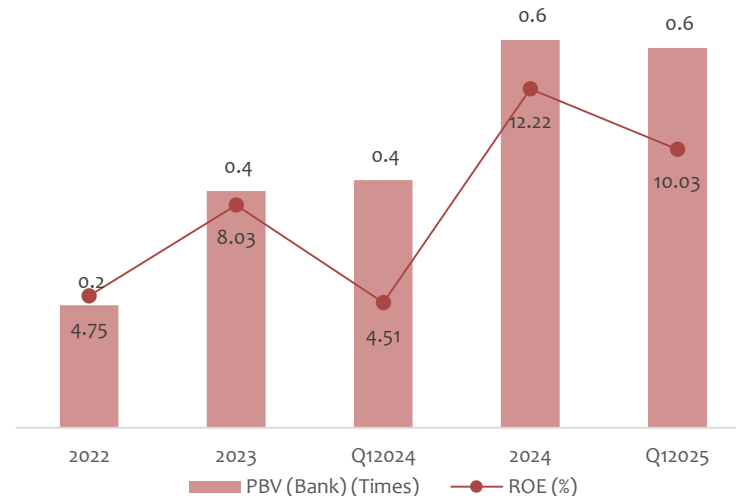
Capital progression – Capital in Rs. Bn, ratios in %



Key ratios

Investor ratios	1Q25	FY24	Δ
Closing Price per Share - Rs.	107.00	113.25	(6.25)
EPS - Rs. (Annualised)	18.18	21.73	(3.55)
ROE (%)	10.03	12.22	(2.19) ppt
ROA (%)Pre-tax	1.92	3.09	(1.17) ppt
Book Value per Share - Rs.	180.29	186.91	(6.62)
P/E (times)	5.89	5.21	-
Price to Book Value (PBV) (times)	0.59	0.61	-
Regulatory ratios - %	1Q25	FY24	Δ
Liquidity Coverage Ratio – Rupee (Minimum Requirement – 100%)	392.64	358.12	34.52 ppt
Liquidity Coverage Ratio – All Currency (Minimum Requirement - 100%)	341.38	308.26	33.12 ppt
Net stable funding ratio	133.22	152.43	(19.21) ppt

ROE and PBV movement





Q&A



APPENDIX

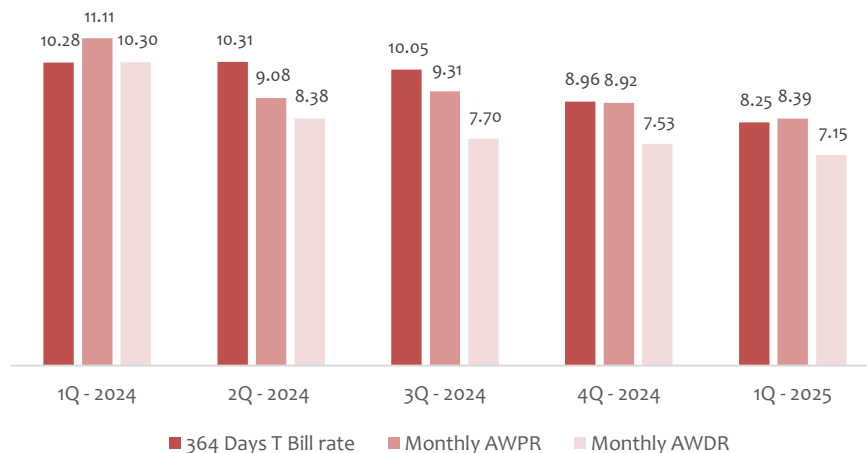
Financial performance summary

Income and profitability - Rs. Mn - for the quarter of	1Q24	2Q24	3Q24	4Q24	1Q25	Δ% vs 1Q24
Gross income	26,074	26,356	21,750	25,204	22,981	(12)
NII	8,076	8,420	7,892	9,823	7,975	(1)
NFBI	2,005	4,438	1,695	3,159	2,597	30
Total operating income	10,081	12,858	9,587	12,981	10,573	5
Impairment charge/ (reversal)	4,356	4,041	2,652	(21,206)	2,632	(40)
Impact of the debt restructuring	-	-	-	14,344	(457)	(100)
Operating expenses	3,896	4,100	4,082	4,721	4,414	13
PBT	1,829	4,717	2,853	14,944	3,984	118
Taxes	1,110	2,228	1,524	10,451	2,059	85
PAT	719	2,489	1,329	4,493	1,925	168
Group PAS	838	2,608	1,472	4,876	2,041	144
Financial position - Rs. Bn - As at end	1Q24	2Q24	3Q24	4Q24	1Q25	Δ% vs 1Q24
Total assets	757	764	763	796	852	13
Customer loans	486	505	501	510	535	10
Customer deposits	614	619	612	632	642	5
Total equity	70	71	72	78	77	10
RWA	442	459	453	454	483	9
Shareholder ratios	1Q24	2Q24	3Q24	4Q24	1Q25	Δ vs 1Q24
EPS (Rs.)	1.80	5.99	3.20	10.81	18.18	16.38
NAVPS (Rs.)	175.69	170.55	172.64	186.91	180.29	4.60
ROE (%)	4.51	7.38	8.02	12.22	10.03	5.52 ppt
Share price (At end of period) (Rs.)	68.00	80.20	78.30	113.25	107.00	39
PE ratio (Times) (Based on annualized EPS)	8.58	6.41	5.72	5.21	5.89	-
PBV ratio (Times)	0.39	0.47	0.45	0.61	0.59	-

Banking NII

NII & NIM	1Q 24	2Q24	3Q24	4Q24	1Q25	Δ% vs 1Q24
NII - Rs. Mn (for the quarter)	8,076	8,420	7,892	9,823	7,975	(1)
NIM - % (as at end of the quarters)	4.23	4.26	4.21	4.34	3.92	(31) bps
Average interest earning assets - Rs. Bn (as at end of the quarter)	783	777	764	807	866	11

Key market interest rates



Impairment

Impairment and related ratios – For the quarter of	1Q24	2Q24	3Q24	4Q24	1Q25	Δ% vs 1Q24
Impairment on loans / (reversal) (Rs. Mn)	3,107	4,009	2,572	3,598	2,435	(22)
Impairment on investments / (reversal) (Rs. Mn)	1,250	32	80	(25,055)	197	(84)
Impaired Loans (Stage 3) Ratio (%)	8.27	7.68	6.45	5.18	5.53	(2.74) ppt
Impairment (stage 3) to Stage 3 loans Ratio (%)	44.74	44.33	49.40	54.48	53.26	8.52 ppt
Impairment staging (including commitments and contingencies) - Rs. Bn As at end	1Q24	2Q24	3Q24	4Q24	1Q25	Δ% vs 1Q24
Stage 1 - Closing balance	5.0	6.0	6.2	6.1	6.5	30
Stage 2 - Closing balance	5.6	6.7	5.4	5.4	4.8	(14)
Stage 3 - Closing balance	36.8	34.8	37.5	39.4	40.3	10
Total	47.4	47.6	49.1	50.9	51.6	9

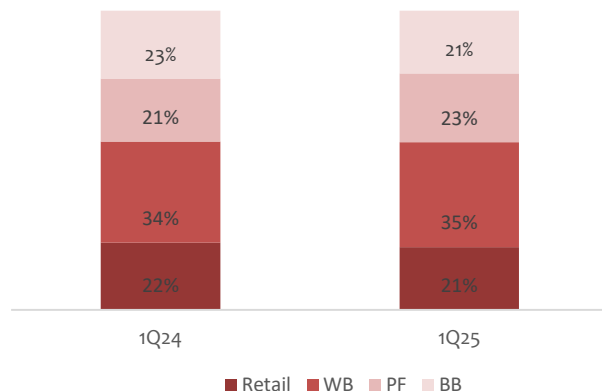
Expenses

Expenses - Rs. Mn - for the quarter of	1Q24	2Q24	3Q24	4Q24	1Q25	Δ% vs 1Q24
Personnel Expenses	2,078	2,251	2,251	2,461	2,311	11
Depreciation and amortization	258	265	284	283	272	5
Other Expenses	1,560	1,584	1,547	1,977	1,832	17
Total operating expenses	3,896	4,100	4,082	4,721	4,414	13
Cost to income ratio (%)	38.64	34.86	37.13	36.91	41.75	3.11 ppt

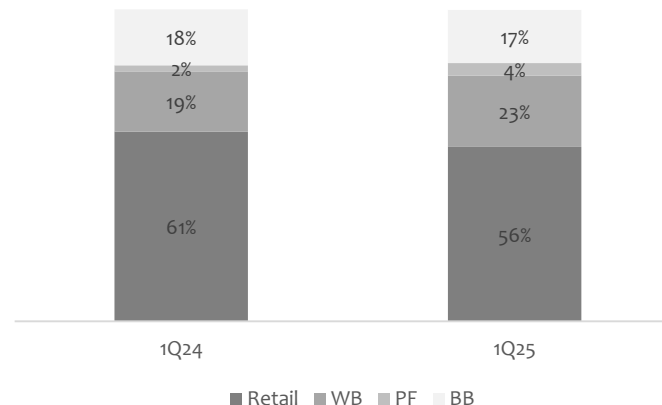
Balance Sheet

Rs. Bn - As at end	1Q24	4Q24	1Q25	Δ% YoY
Total assets	757.4	795.7	852.4	12.54
Gross loans	485.6	509.8	535.2	10.21
Net loans	439.6	460.7	485.2	10.37
Customer deposits	614.4	631.7	642.3	4.54
Return on assets (before taxes) (%)	1.03	3.09	1.92	89 bps
Loans to deposits ratio (%)	79.04	80.70	83.33	429 bps

Business line-wise loan book composition - %



Business line-wise deposit book composition - %



Capital

Rs. Bn - As at end	1Q24	4Q24	1Q25	Δ% YoY
Common Equity Tier 1 (CET1) Capital	52.8	62.1	58.8	11.36
Tier 1 Capital	52.8	62.1	58.8	11.36
Total Capital	70.9	86.7	81.9	15.51

Liquidity

% - As at end	1Q24	4Q24	1Q25	Δ ppt (YoY)
Liquidity Coverage Ratio (%) - All Currency	282.80	308.26	341.38	58.58 ppt
Liquidity Coverage Ratio (%) - Rupee	336.22	358.12	392.64	56.42 ppt
Net stable funding ratio	152.15	152.43	133.22	(18.93) ppt

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

Analyst support

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Forward looking statements

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