

National Development Bank PLC

Financial Results for 1H 2025

Presentation to Analysts

19 August 2025

3:30 p.m. (UTC+05:30)

Colombo



UNLOCKING PROSPERITY
EMPOWERING A FUTURE OF SMART GROWTH





PRESENTED BY

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Q&A PANELISTS

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Nadika Ranasinghe - Vice President - Strategy & Business Intelligence

Agenda

- 1 Key macro-economic trends
- 2 Performance snapshot
- 3 Income and profitability highlights
- 4 Balance sheet performance highlights
- 5 Solvency and key investor ratios
- 6 Q&A

Agenda

1 Key macro-economic trends

2 Performance snapshot

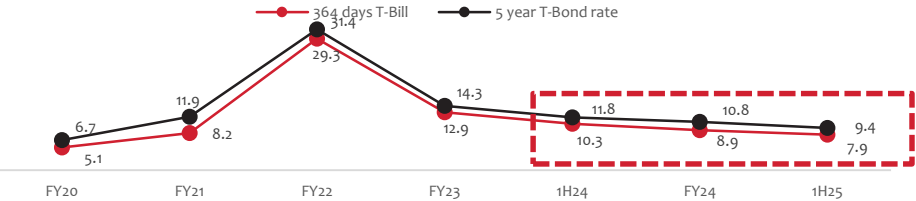
3 Income and profitability highlights

4 Balance sheet performance highlights

5 Solvency and key investor ratios

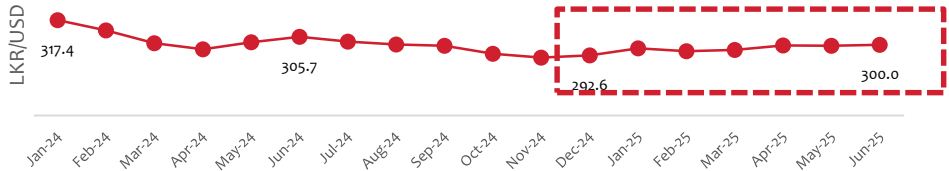
6 Q&A

Interest rates trend (%)



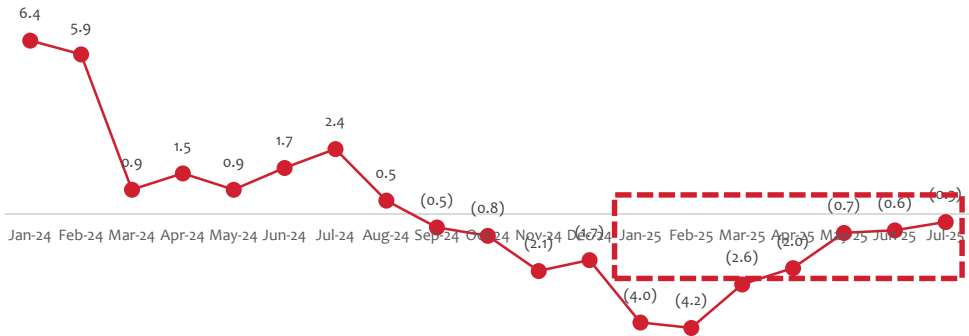
Interest rates have come down by close to 240 bps since mid 2024

Exchange rate movement



Exchange rates have broadly stabilized within the Rs. 295 - 300 range throughout 2025 to date

Inflation (%) - CCPI - Headline



Overall inflation rate slightly moving upwards

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6 Q&A

Performance snapshot

The P&L perspective

Rs 4.2 Bn PAT/ 31.7% growth

Almost entirely from core banking operations

Institutional highest for a semi-annual period to date

Impairment charges down by 46.7% reflecting greater focus on improving credit quality

Rs 19.65 EPS

10.6% ROE

The balance sheet perspective

Strongest loan book expansion reported in 1H

Rs 97.7 Bn
YTD quantum growth/ 19.2%

All business lines post robust growth

Rs 100.0 Bn
Milestone surpassed by Business Banking

5.1%
Stage 3 (net) ratio
Compares well with industry

Liquidity and solvency perspective

Sound solvency and strong levels of liquidity

+379 bps
Buffer in Tier I CAR of 12.3%

+406 bps
Buffer in Total CAR of 16.6%

330.9%
Rupee LCR

253.8%
All currency LCR

Other qualitative indicators

Best Digital Bank for SMEs
as adjudged by Euromoney

Certified as a **Great Place To Work**
for the third time

Staff - 2,882
Branch network - 113
Status quo broadly maintained

Performance snapshot

Impact of special arrangement(s) on loans and deposits

As at the reporting date, the Bank's portfolio of loans & advances, and deposits includes a total amount of Rs.50.3 Bn (2024 year-end: Rs.19.6 Bn), which has been received from customer(s) under a special arrangement. This amount represents funds held on behalf of customer(s) with a netting arrangement, wherein both lending and deposit positions are maintained concurrently in the same currency (USD).

These arrangements are subject to specific contractual terms that may allow for netting of obligations between the Bank and the customer(s) in the event of certain trigger events.

Where pertinent, financial performance of 1H 2025 is shown excluding the impact of this special arrangement (s).

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Income and profitability

Rs. Bn – 6 months ended 30 June	2024	2025	Δ Rs.	Δ %
NII	16.5	16.9	0.4	2.7
Net fee and commission income	3.4	3.6	0.2	8.4
Total operating income	22.9	22.3	(0.6)	(2.8)
Impairment charges on loans and other inv.	8.4	4.5	(3.9)	(46.7)
Net operating income	14.5	17.8	3.3	22.5
Operating expenses	8.0	9.2	1.2	14.8
PBT	6.5	8.6	2.1	32.0
PAT	3.2	4.2	1.0	31.7
Group PAS	3.4	4.5	1.1	30.2

**Institutional all-time high PAT of Rs. 4.2 Bn for 1H-25
driven primarily by core banking operations**

Casting differences throughout the presentation are due to rounding

YoY PAT movement in Rs. Bn



NII & NIM

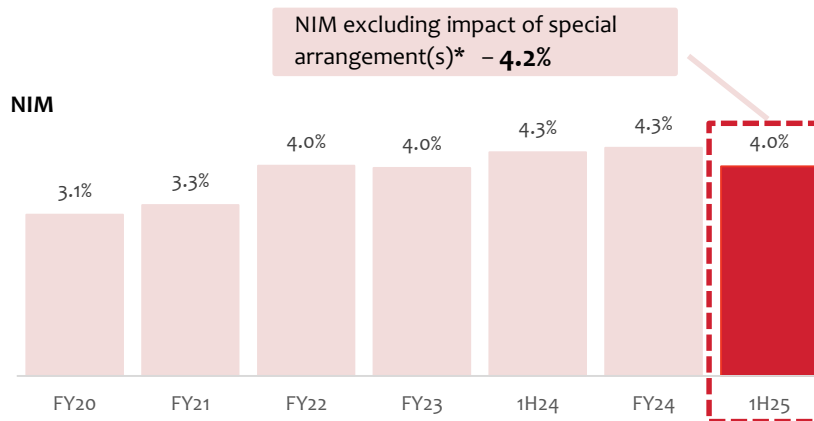
Rs. Bn – 6 months ended 30 June	2024	2025	Δ Rs.	Δ %
Interest income	46.0	42.3	(3.7)	(8.0)
Interest expenses	29.5	25.4	(4.1)	(14.0)
NII	16.5	16.9	0.4	2.7

QoQ performance – Rs. Bn	1Q25	2Q25	2Q24
Interest income	20.4	21.5	21.9
Interest expenses	12.4	13.0	13.5
NII	8.0	8.5	8.4

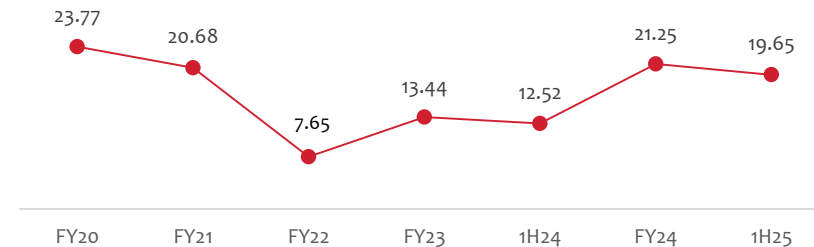
**NIMs maintained broadly
at 4.0% levels**

*Impact of special arrangement(s) on loans and deposits – refer slide 8 for explanation.

NIM



Annualised EPS (Rs.)



Non-fund based income (NFBI)

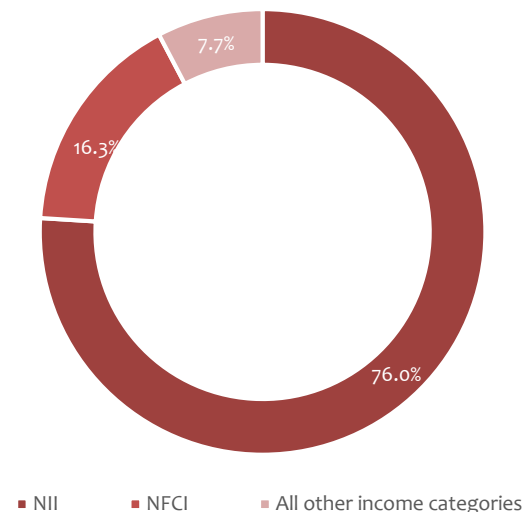
Rs. Bn – 6 months ended 30 June	2024	2025	Δ Rs.	Δ %
Net fee and commission income (NFCI)	3.4	3.6	0.2	8.4
Net gain from trading (NGT)	0.6	0.6	0.01	1.4
Other	2.5	1.1	(1.4)	(54.8)
Total non-fund based income	6.4	5.4	(1.0)	(16.9)

Net fee and commission income

QoQ performance – Rs. Bn	1Q	2Q	1H
2025	1.8	1.9	3.6
2024	1.8	1.6	3.4
Growth (%)	(2.3)	20.8	8.4

Growth in net fees stemming from almost all aspects of core business operations

Total operating income composition



Costs and taxes

Impairment charges on loans and other investments

Rs. Bn – 6 months ended 30 June	2024	2025	Δ Rs.	Δ %
Impairment on the loan book	7.1	4.2	(2.9)	(40.6)
Impairment on investments and others	1.3	0.3	(1.0)	(80.0)
Total Impairment charges	8.4	4.5	(3.9)	(46.7)

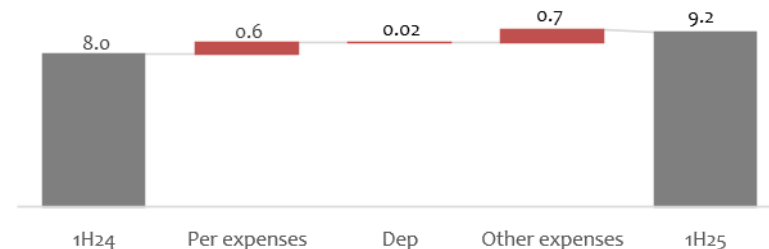
Operating expenses

Rs. Bn – 6 months ended 30 June	2024	2025	Δ Rs.	Δ %
Personnel expenses	4.3	4.9	0.6	12.3
Depreciation and amortisation	0.5	0.5	0.02	4.2
Other expenses	3.1	3.8	0.7	19.9
Total operating expenses	8.0	9.2	1.2	14.8
Cost to income ratio (%)	34.9	41.2		

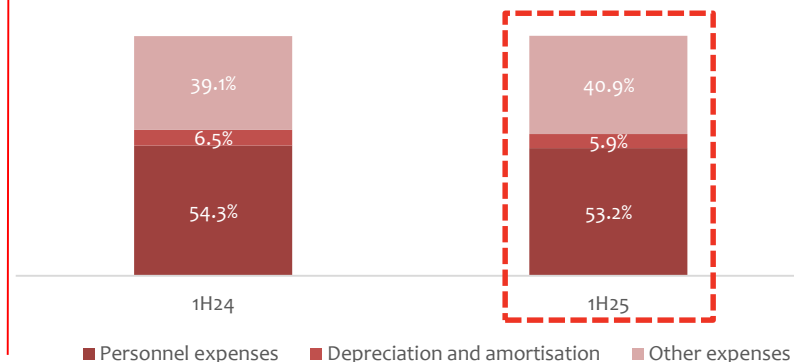
Taxes

Rs. Bn – 6 months ended 30 June	2024	2025	Δ Rs.	Δ %
Tax on financial services	1.8	2.2	0.4	23.9
Income tax	1.5	2.2	0.7	42.3
Total taxes	3.3	4.4	1.1	32.4

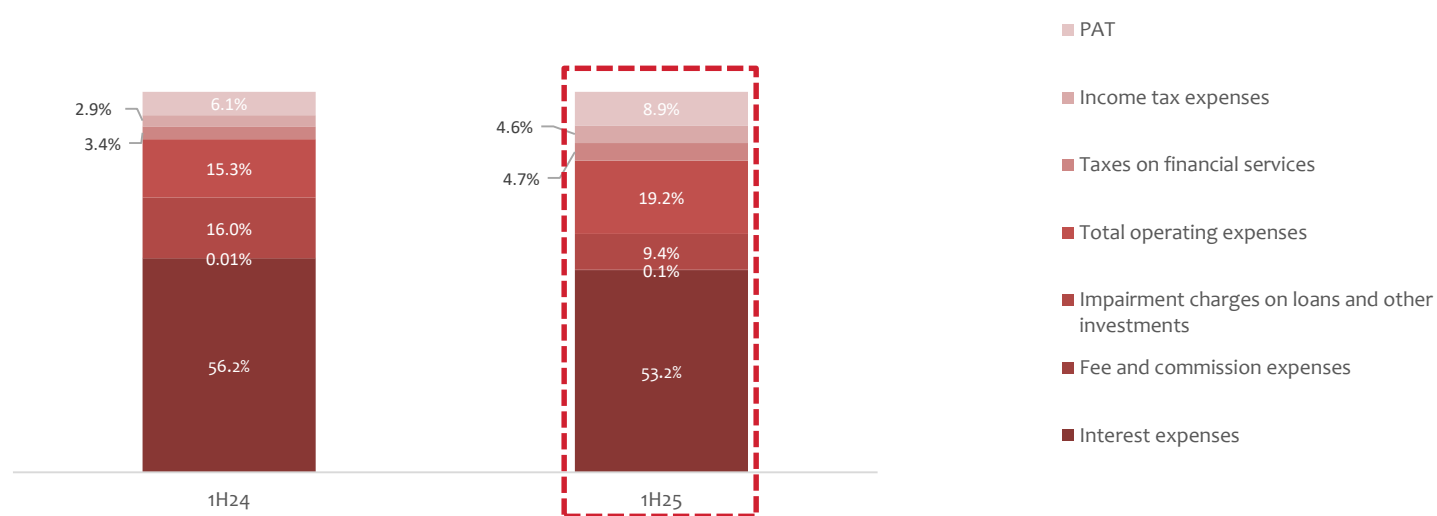
Operating expenses - YoY movement in Rs. Bn



Operating cost composition



Gross income dispersion



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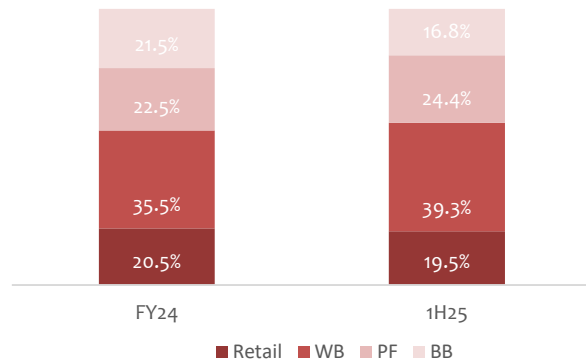
Balance sheet performance - Loans

Rs. Bn – As at end	FY24	1H25	Δ Rs.	Δ %
Total assets	795.7	916.7	121.0	15.2
Net loans	460.7	557.0	96.3	20.9
Investments	267.2	299.6	32.4	12.1

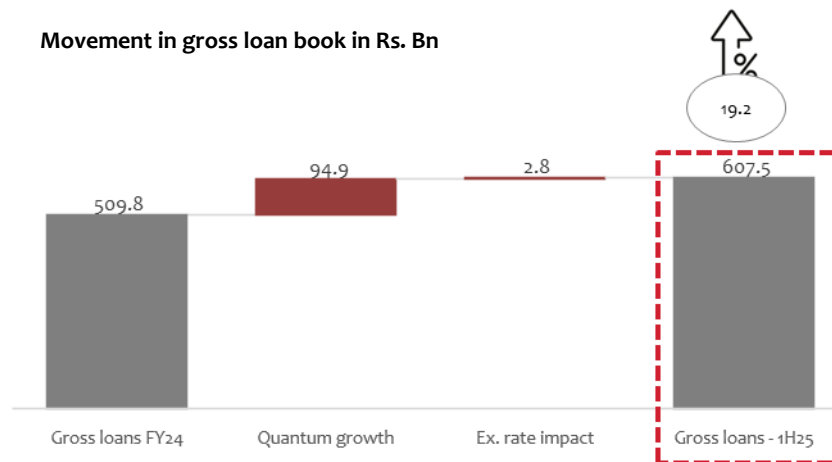
Net loans growth (YTD) excluding the impact of special arrangement(s) on loans and deposits* - 14.9%/ Rs. 65.6 Bn

Strong loan growth momentum attuned to national economic revival

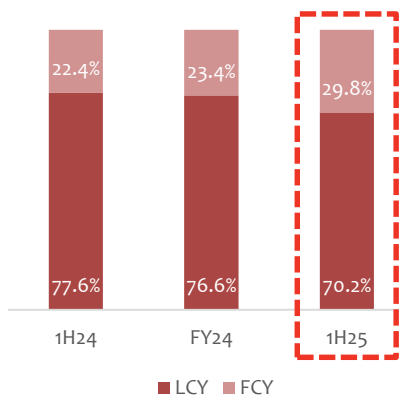
Business line-wise loan book composition



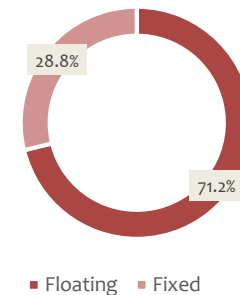
Movement in gross loan book in Rs. Bn



Currency composition of the loan book



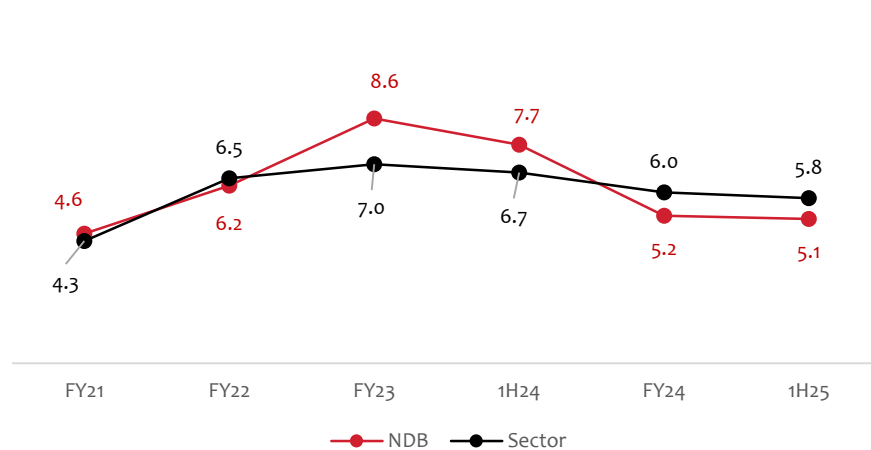
Composition of the loan book – on the basis of pricing



*Impact of special arrangement(s) on loans and deposits – refer slide 8 for explanation.

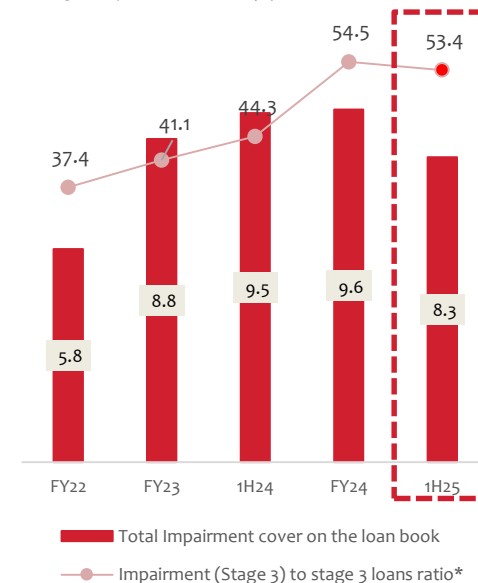
Credit quality

Impaired Loans (Stage 3) Ratio (%)



Concerted efforts deployed in enhancing loan book quality

Credit quality movement (%)



*Secondary axis data

Customer deposits

Rs. Bn – As at end	FY24	1H25	YTD growth %
LCY deposits	471.3	493.5	4.7
FCY deposits	160.4	202.6	26.3
Total deposits	631.7	696.1	10.2

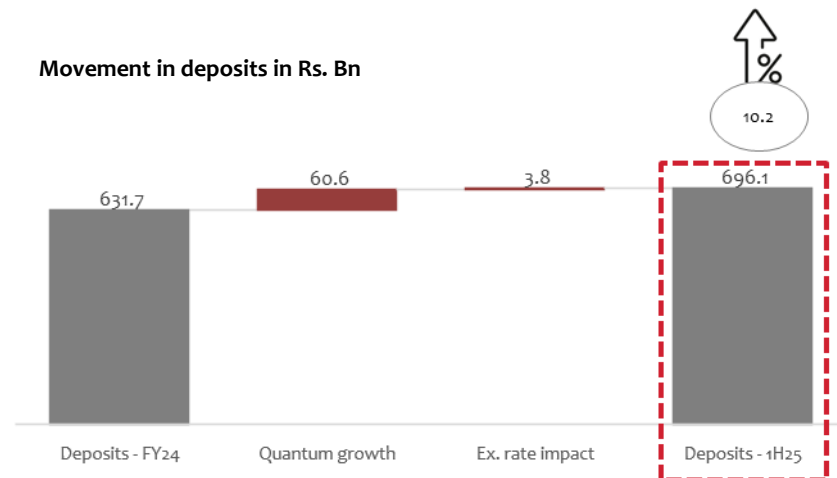
Deposits composition - Impact of special arrangement(s) adjusted*

Rs. Bn – As at end	FY24	1H25	YTD growth %
LCY deposits	454.7	474.0	4.2
FCY deposits	157.4	171.7	9.1
Total deposits	612.1	645.7	5.5

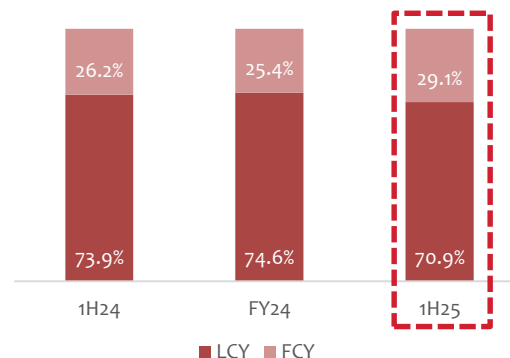
Deposits growth (YTD) excluding the impact of special arrangement(s) on loans and deposits* - 5.5%

*Impact of special arrangement(s) on loans and deposits – refer slide 8 for explanation.

Movement in deposits in Rs. Bn



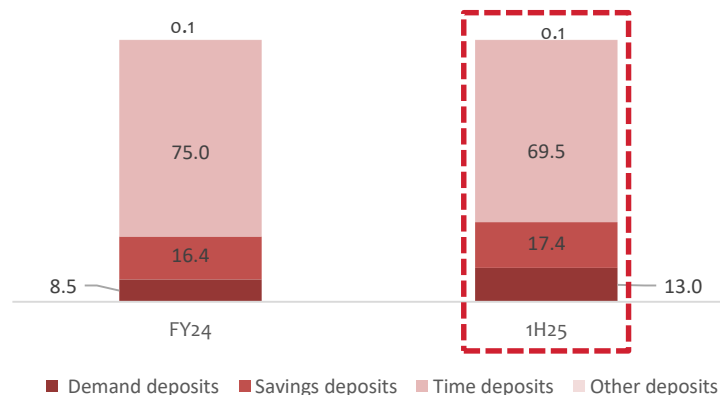
Currency composition of the deposits book



Deposits analysis

Rs. Bn – As at end	FY24'	1H25	YTD growth %
Demand deposits	53.9	90.3	67.7
Savings deposits	103.5	121.4	17.3
CASA total	157.4	211.7	34.5
Time deposits	473.6	483.8	2.1
Other deposits	0.7	0.6	(18.5)
Total	631.7	696.1	10.2

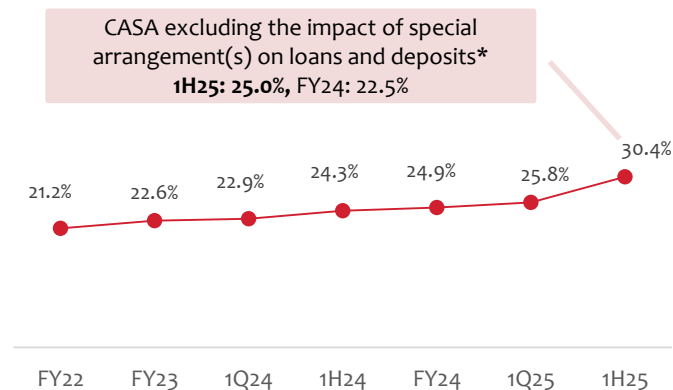
Deposits composition (%)



Deposits composition – Impact of special arrangement(s) on loans and deposits* adjusted

Rs. Bn – As at end	FY24	1H25	Composition %	YTD growth %
Demand deposits	34.3	39.9	6.2	16.6
Savings deposits	103.5	121.4	18.8	17.3
CASA total	137.7	161.3	25.0	17.1
Time deposits	473.6	483.8	74.9	2.1
Other deposits	0.7	0.6	0.1	(18.5)
Total	612.1	645.7		5.5

CASA trend



*Impact of special arrangement(s) on loans and deposits – refer slide 8 for explanation.

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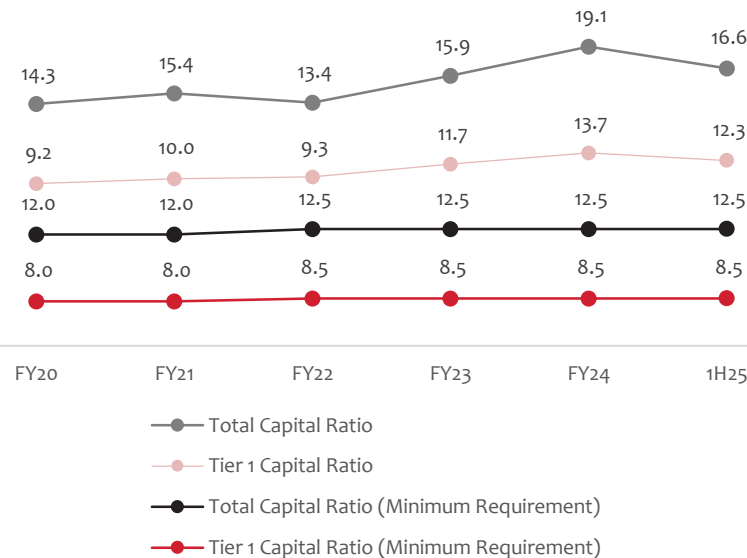
Capital

Rs. Bn – As at end	FY24	1H25	Δ Rs.	Δ %
Common Equity Tier 1 (CET1) capital	62.1	63.0	0.9	1.5
Tier 1 capital	62.1	63.0	0.9	1.5
Total capital	86.7	84.9	(1.8)	(2.0)
RWA	453.9	512.6	58.7	12.9

Stable capital base with capital adequacy ratios (CAR) well above regulatory minimum requirements

- CET 1 CAR + 529 bps vs. 7.0%
- Total CAR + 406 bps vs. 12.5%

Capital adequacy ratios in %

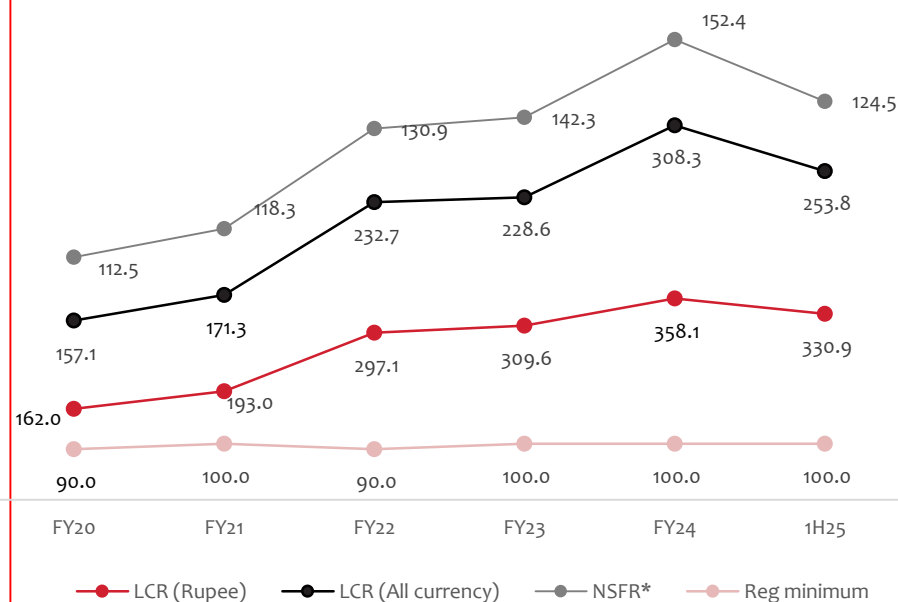


Liquidity

Regulatory ratios % - As at end	FY24	1H25	Δ pts
Liquidity Coverage Ratio – Rupee (Minimum Requirement – 100%)	358.1	330.9	(27.2)
Liquidity Coverage Ratio – All Currency (Minimum Requirement - 100%)	308.3	253.8	(54.5)
Net stable funding ratio (Minimum Requirement 100%)	152.4	124.5	(27.9)

Consistently strong liquidity levels maintained over regulatory minimum requirements

Liquidity - Ratios in %

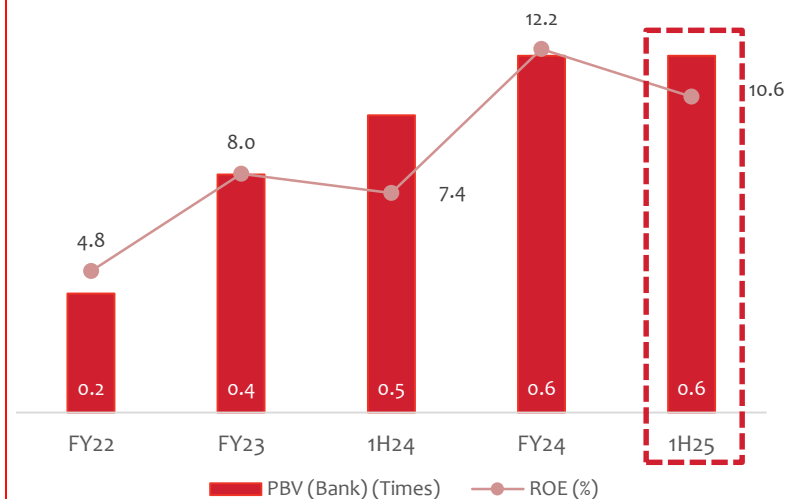


*Secondary axis

Key investor ratios

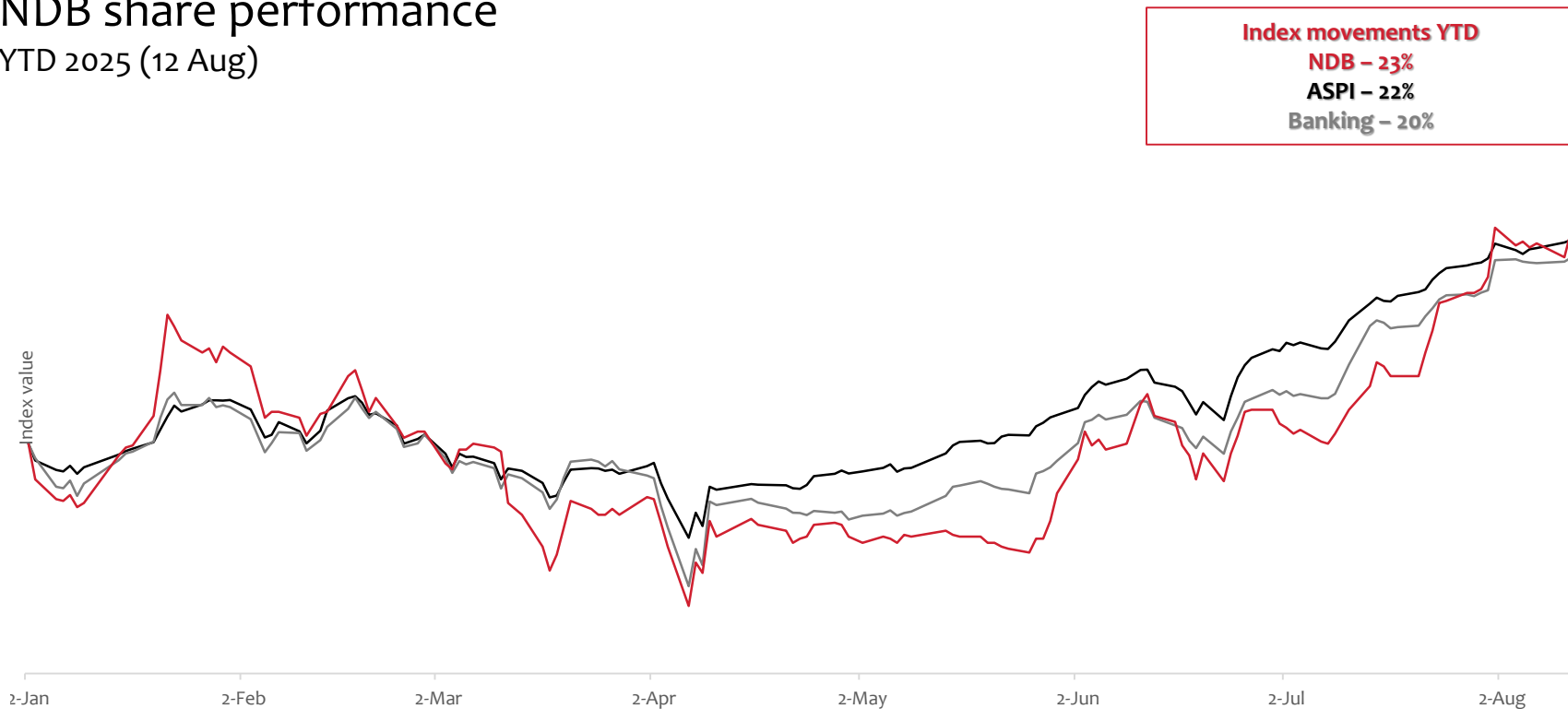
Investor ratios	FY24	1H25	Δ
Closing Price per Share - Rs.	113.25	120.25	7.00
EPS - Rs. (Annualised)	21.25	19.65	(1.60)
ROE (%)	12.2	10.6	(1.6) ppt
ROA (%)Pre-tax	3.1	2.0	(1.1) ppt
Book Value per Share - Rs.	186.91	186.81	(0.10)
P/E (times)	5.2	6.1	-
Price to Book Value (PBV) (times)	0.6	0.6	-

ROE and PBV movement



NDB share performance

YTD 2025 (12 Aug)





Q&A



Annexures

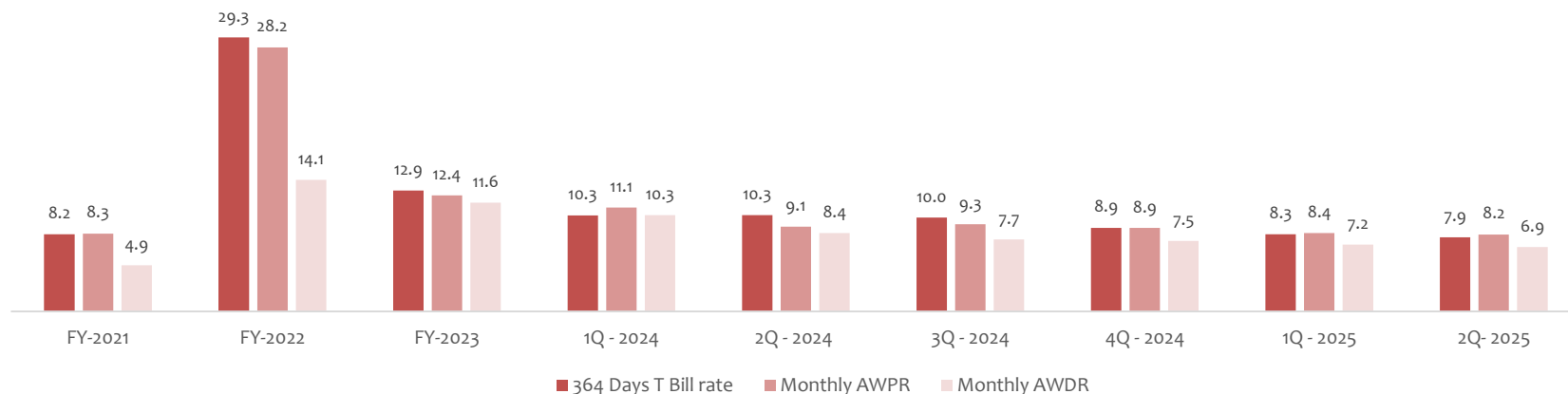
Financial performance summary

Income and profitability - Rs. Bn - for the quarter of	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
Gross income	26.4	21.8	25.2	23.0	24.3	(7.9)
NII	8.4	7.9	9.8	8.0	8.5	1.1
NFBI	4.4	1.7	3.2	2.6	2.8	(37.9)
Total operating income	12.9	9.6	13.0	10.6	11.3	(12.4)
Impairment charge/ (reversal)	4.0	2.7	(21.2)	2.6	1.8	(54.3)
Impact of the debt restructuring	-	-	14.3	(0.5)	-	
Operating expenses	4.1	4.1	4.7	4.4	4.8	16.1
PBT	4.7	2.9	14.9	4.0	4.7	(1.2)
Taxes	2.2	1.5	10.5	2.1	2.4	5.9
PAT	2.5	1.3	4.5	1.9	2.3	(7.6)
Group PAS	2.6	1.5	4.9	2.0	2.4	(6.2)
Financial position - Rs. Bn - As at end	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
Total assets	764.5	763.2	795.7	852.4	916.7	19.9
Customer loans	504.9	501.1	509.8	535.2	607.5	20.3
Customer deposits	619.2	611.5	631.7	642.3	696.1	12.4
Total equity	70.9	71.7	77.7	76.8	79.7	12.5
RWA	459.1	452.9	453.9	483.3	512.6	11.7
Shareholder ratios	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
EPS - Basic (Rs.)	5.99	3.20	10.81	4.52	5.41	(9.7)
NAVPS (Rs.)	170.55	172.6	186.9	180.3	186.81	9.5
ROE (%)	7.4	8.0	12.2	10.0	10.6	3.2ppt
Share price (At end of period) (Rs.)	80.20	78.3	113.3	107.0	120.25	49.9
PE ratio (Times) (Based on annualized EPS)	6.4	5.7	5.2	5.9	6.1	-
PBV ratio (Times)	0.5	0.5	0.6	0.6	0.6	-

Banking NII

NII & NIM	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
NII - Rs. Bn (for the quarter)	8.4	7.9	9.8	8.0	8.5	1.1
NIM - % (as at end of the quarters)	4.3	4.2	4.3	3.9	4.0	(26) bps
Average interest earning assets - Rs. Bn (as at end of the quarter)	782.6	776.0	797.7	836.8	868.6	11.0

Key market interest rates



Impairment

Impairment and related ratios – For the quarter of	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
Impairment on loans / (reversal) (Rs. Bn)	4.0	2.6	3.6	2.4	1.8	(54.3)
Impairment on investments / (reversal) (Rs. Bn)	0.02	0.1	(25.1)	0.2	(0.02)	(200.0)
Impaired Loans (Stage 3) Ratio (%)	7.7	6.5	5.2	5.5	5.1	(2.6)
Impairment (stage 3) to Stage 3 loans Ratio (%)	44.3	49.4	54.5	53.3	53.3	9.0
Impairment staging (including commitments and contingencies) - Rs. Bn As at end	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
Stage 1 - Closing balance	6.0	6.2	6.1	6.5	7.1	18.3
Stage 2 - Closing balance	6.7	5.4	5.4	4.8	4.3	(35.8)
Stage 3 - Closing balance	34.8	37.5	39.4	40.3	41.3	18.7
Total	47.6	49.1	50.9	51.6	52.7	10.7

Expenses

Expenses - Rs. Bn - for the quarter of	2Q24	3Q24	4Q24	1Q25	2Q25	Δ% vs 2Q24
Personnel Expenses	2.3	2.3	2.5	2.3	2.6	14.1
Depreciation and amortization	0.3	0.3	0.3	0.3	0.3	3.1
Other Expenses	1.6	1.5	2.0	1.8	1.9	21.1
Total operating expenses	4.1	4.1	4.7	4.4	4.8	16.1
Cost to income ratio (%) (as at end of the quarter)	34.9	37.1	36.9	41.8	41.2	6.3 ppt

Balance Sheet

Rs. Bn - As at end	2Q24	4Q24	2Q25	Δ% YoY
Total assets	764.5	795.7	916.7	19.9
Gross loans	504.9	509.8	607.5	20.3
Net loans	459.0	460.7	557.0	21.3
Customer deposits	619.2	631.7	696.1	12.4
Return on assets (before taxes) (%)	1.4	3.1	2.0	60.6 bps
Loans to deposits ratio (%)	81.5	80.7	87.3	573.3 bps

Capital

Rs. Bn - As at end	2Q24	4Q24	2Q25	Δ% YoY
Common Equity Tier 1 (CET1) Capital	50.9	62.1	63.0	23.8
Tier 1 Capital	50.9	62.1	63.0	23.8
Total Capital	68.1	86.7	84.9	24.7

Liquidity

% - As at end	2Q24	4Q24	2Q25	Δ ppt (YoY)
Liquidity Coverage Ratio (%) - Rupee	284.3	358.1	330.9	46.6
Liquidity Coverage Ratio (%) – All Currency	262.1	308.3	253.8	(8.3)
Net stable funding ratio	143.3	152.4	124.5	(18.8)

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
NP	Notional pooling
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

Forward looking statements

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