EDITED TRANSCRIPT

WEBINAR WITH ANALYSTS

1H 2025

NATIONAL DEVELOPMENT BANK PLC

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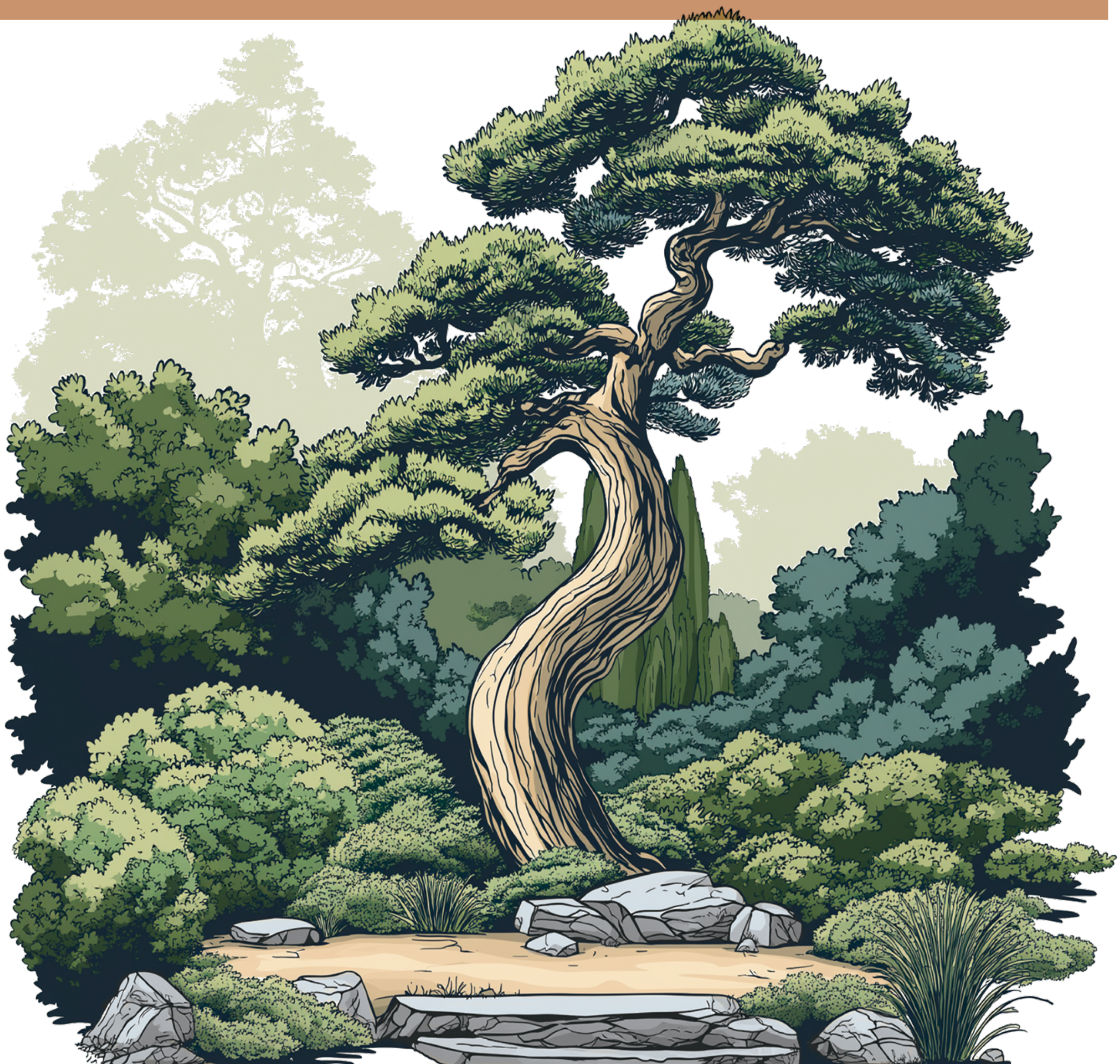

NDB bank
The future is banking on us

Forward Looking Statements

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Corporate Participants

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
Damitha Samaranayake - Vice President - Treasury
Azzam A Ahamat - Vice President – Finance (Moderator)
Alex Perera - Vice President – Risk/Chief Risk Officer
Nadika Ranasinghe - Vice President - Strategy & Business Intelligence

Format of the webinar remains relatively unchanged.

Investor Presentation

Opening Remarks – VP Finance – Azzam Ahamat

Good afternoon ladies and gentlemen. Welcome to National Development Bank PLC's Analyst Webinar, to discuss the financial results for the period ended June 30, 2025.

To begin with, allow me to introduce our panel:

Mr. Kelum Edirisinghe – Director/Chief Executive Officer
Mr. K.V. Vinoj – Deputy Chief Executive Officer
Mr. Sanjaya Perera – Senior Vice President, Personal Banking & Customer Experience
Mr. Damitha Samaranayake – Vice President, Treasury
Mr. Alex Perera – Vice President, Risk/Chief Risk Officer
Ms. Nadika Ranasinghe – Vice President, Strategy & Business Intelligence
And myself, Mr. Azzam Ahamat – Vice President, Finance

Next, I'd like to provide a brief overview of what our CEO will be covering. He will begin by discussing key macroeconomic trends that have emerged over the past six months and how these have influenced our performance for the period ended June 30, 2025. In that context, he will present a snapshot of the Bank's financial performance and position as of that date. Following this, he will delve into highlights from the Income Statement and Balance Sheet, and address key performance indicators including, but not limited to, solvency and liquidity metrics.

Thereafter, he will open the forum for Q&A, at which point you may raise your questions using the chat option. I would also like to kindly request that during these proceedings, you ensure your video remains switched off at all times and your microphone is muted. Please note that these proceedings will be recorded and uploaded to our website under the Investor Relations section for your reference.

Thank you all in advance for joining us. Let me now hand over to our CEO.

Opening Remarks - Director/ CEO - Kelum Edirisinghe

Thank you, Azzam, and good afternoon to everyone joining our first, half investor webinar. The structure remains largely the same as in our previous webinars. I will take you through the key financial highlights that shaped our first, half performance.

Slide 05 – Key macro - economic trends

To begin, just a couple of macro level highlights on interest rates, exchange rates, and inflation. In summary: interest rates are stable, the currency is steady, and inflation is normalizing. All metrics are looking positive and are expected to support strong growth in the months and years ahead.

Slide 07 - Performance snapshot

Moving on to our performance, let me take you through the highlights, starting with our Profit After Tax (PAT) for the first half. It's fair to say that the figure we reported up by 32% year-over-year is the highest the Bank has ever recorded. That's a very strong and positive start.

Another important point to note is that this profit has come from our core banking operations, which adds consistency and predictability to our performance in the months and years ahead.

A key achievement worth highlighting is the reduction in our impairment charges, which are down by approximately 47%. This reflects our continued focus on credit quality and the positive outcomes of that effort. In fact, this particular metric suggests that the trajectory remains positive for the next six months as well.

Let me now walk you through the balance sheet metrics. As shown here, our growth was reported at nearly Rs. 100.0 billion, reflecting a 19% increase year-over-year. There's a small clarification note on the next page, which I'll explain shortly. Overall, it was a fantastic performance particularly in the second quarter, where we saw notable growth, and we expect this momentum to continue.

On the Business Banking side, I'm proud to report that our balance sheet has expanded by approximately Rs. 100.0 billion. This demonstrates the commitment and effort we've put into growing this segment of the business.

Our Stage 3 ratio has improved to 5.1%, which is better than the industry average of 5.8%. I'll walk you through a dedicated slide on this, but it's worth noting as a strong data point.

Regarding liquidity and solvency ratios, while I won't go through every metric in detail, I'd like to highlight that we are well, capitalized and highly liquid both of which position us strongly for future growth.

In terms of accolades, I'm pleased to share that we were awarded 'Best Digital Bank for SMEs' by Euromoney, and we've been certified as a 'Great Place to Work' for the third consecutive year. These recognitions reflect our commitment to excellence and our standing as a top employer.

Our staff numbers and branch network remain largely unchanged from last year.

Slide 8 - Performance snapshot (Impact of special arrangement(s) on loans and deposits)

I'd also like to draw your attention to a note in our results publication regarding a special arrangement on loans and deposits. This arrangement, commonly referred to as notional pooling, allows customers to borrow against their deposits.

Importantly, in this case, both deposits and borrowings are in the same currency, eliminating currency risk or mismatch. Customers benefit from interest savings, and the numbers have been reported on a gross basis. We've included notes in both the slide deck and the results publication to explain the adjustments.

The total pool covering both deposits and loans is Rs. 50.3 billion. Of this, our legacy book accounts for Rs. 19.6 billion to be precise. The growth in loans this year, much of which came in the second quarter, was approximately Rs. 30 billion.

Slide 10 - Income and profitability

Diving deeper into our income and profitability, as the numbers show, we were able to report growth in our Net Interest Income (NII) of 2.7%. While this is a modest increase, it comes against a low interest rate environment. When comparing with figures published by some of our peer banks, the narrative appears consistent across the industry.

On net fee and commissions, there's a positive story to share, we've seen growth of around 8.4%. We'll walk you through some of these figures in more detail in the next few slides. Overall, we had a relatively strong first half in 2025.

A particularly positive highlight is the reduction in impairment charges, which are down by nearly 47%, from Rs. 8.4 billion to Rs. 4.5 billion. This reflects the focused attention we've given to credit quality over the last few quarters in 2024, as discussed in our previous results announcements. We're now seeing the positive outcomes of that hard work.

Net Operating Income is up by approximately 22.5% year-over-year, reaching Rs. 17.8 billion, again demonstrating the strength of our underlying business. Finally, Profit After Tax stands at Rs. 4.2 billion, up 31.7%, as mentioned earlier, while Profit Before Tax reached Rs. 8.6 billion, marking a 32% increase year-over-year.

I just want to briefly highlight a point regarding costs. Our cost performance is in line with the plan and broadly reflects the increases we granted to staff, as well as establishment related expenses. We'll take a deeper dive into these details in the upcoming slides.

Slide 11 - NII & NIM

Coming to the P&L, drivers specifically NII and NIMs, as shown in the numbers, the 8.0% decline in interest income reflects the prevailing market interest rates, which is a trend seen across the industry. However, a more positive note is on interest expenses: we've been very diligent in repricing our deposit book, and compared to the decline in income, we achieved a greater reduction in expenses, thereby generating a net positive income. That's the first key point.

The second point I'd like to highlight is the quarter-on-quarter performance of interest income. Compared to 1Q, we saw an uptick in 2Q. Although modest, our Net Interest Income for the quarter increased by approximately Rs. 500.0 million, setting a positive trajectory for the upcoming quarters. This is also well supported by the asset growth we achieved, particularly in 2Q.

Regarding NIMs, we're currently showing a figure of 4%, which includes the impact of the notional pooling arrangement mentioned earlier. If we exclude that effect, our NIMs would improve to around 4.2%. This improvement is driven by two key factors: the repricing of both assets and deposits, and the new assets booked in 2Q.

Looking ahead, we remain confident in maintaining strong NIM levels. Our target is north of 4.15% on a normalized basis, and we believe this is very achievable given our business model and the robust pipeline we have in place.

Slide 12 – Non-fund based income (NFBI)

On fund income, there are a couple of key points to highlight. Compared to 2024, we've seen an increase in our fee income of approximately 8.4% on a year-on-year basis. However, I'd like to draw more attention to the chart at the bottom.

Two things stand out: first, when we look at our first half performance in 2024 and the quarter-on-quarter trends across both metrics, we're seeing an uptick. This is primarily driven by incremental business volumes observed in both 1Q and 2Q, and it positions us well for continued momentum in the second half.

And this is actually aligning quite well for the second half as well. There are certain elements in terms of net gains from trading, and I believe those are remaining relatively flat. We will assess the types of positions and risks we want to take based on market movements, and this is something we manage on a BAU basis.

Slide 13 - Costs and Taxes

On costs and taxes, just a couple of key points to highlight. On the impairment side, thanks to our focused efforts to improve the quality of the loan book and the impairment build-ups we made in the past, we've seen a tapering off in the impairments we need to book. In the context of 2024, impairments on loans and advances are down by approximately 41%.

As you're aware, with no overhang from ISBs, there is no longer a requirement for ISB related impairments, so that will not be a relevant factor going forward. However, we have booked a modest impairment related to our investments in some foreign currency denominated paper. Overall, this results in a positive outcome on the impairment side, down 46.7% to be precise. Looking ahead, we're quite comfortable with this position, and I'll walk you through some internal metrics compared to market benchmarks to provide more context.

On the expense side, we made certain market based adjustments for staff, and the YoY improvement of of 12.3% reflects that. The other major driver is our establishment and general administrative expenses, which remain well within budge, no one offs or outliers to report.

Importantly, when looking at the cost-to-income ratio, 2024 may not be the best comparison due to some structural changes we implemented. However, for the first half of 2025, our cost-to-income ratio stands at 41.2%, which is broadly in line with figures reported by our peer group.

Looking ahead to the second half, given the stronger growth prospects and some planned expense savings, I'm confident that the cost-to-income ratio will improve further.

In terms of tax payments, the banking sector continues to be a significant contributor to government revenue, and this trend is expected to continue into the second half as well.

Slide 14 - Gross income dispersion

So this chart gives a bit of colour in terms of our income dispersion, the percentages of our income in terms of distribution across various expense bands and how we end up at a profit after tax level. I'm not necessarily going to discuss about each and every category, but if you look at broadly, based on our income, the contribution to profit after tax is about 9% at the moment. But in terms of our future trajectory, what we are trying to look at is improving credit quality and having some savings arising from that. So our net saving or net contribution to the bottom line would increase as a consequence of some of those activities.

Slide 16 - Balance sheet performance, Loans

In terms of balance sheet performance, I believe there's a very positive story here. Thanks to the focused efforts we've made to build our asset book, we've seen this translate into high quality assets. At a gross level, the figure stands at around Rs. 97–98 billion. After discounting for notional pooling or the special arrangements we discussed earlier, the adjusted figure is Rs. 65.6 billion, reflecting growth of approximately 14.9%. This percentage is well above market levels, and we expect this trend to continue into the second half, supported by a strong loan pipeline, positioning us for a robust close to the year.

Looking at other metrics, we now have a well, balanced portfolio. Business Banking accounts for around 17%, Personal Finance (PF) for about 24%, Wholesale Banking for approximately 39%, and Retail Banking for around 20%. This balanced growth across all four segments is exactly what we aim to achieve, ensuring both the balance sheet and P&L remain strong in the coming months.

In terms of our deposit mix, our foreign currency loan book stands at around 30%, while local currency (LCY) accounts for about 70%. This mirrors the composition of our deposit base and highlights the strength of our deposit franchise, particularly in the retail high net worth segment, where we maintain strong foreign currency deposits. This provides a solid platform for building a robust foreign currency loan book, which we've successfully done in both the first and second halves of this year.

Slide 17 - Credit quality

On the credit quality side, one notable improvement visible in the graph is how the red line now falls below the industry benchmark. The sector average stands at 5.8%, while NDB's figure is at 5.1%. This clearly reflects the efforts we've made to enhance credit quality and the positive outcomes of those initiatives.

In terms of impairment coverage as a percentage of Stage 3 loans, the graph is quite self-explanatory. At the beginning of 2024, coverage was around 44%, and we've successfully increased it to approximately 53%. This is a strong position to be in, and we're very comfortable with the downside risk, thanks to the impairment buffers we've built over the years.

Slide 18 – Customer deposits

On the customer deposit side, continuing from my earlier point about our ability to lend in foreign currency, the numbers shown here indicate that our LCY to FCY deposit mix is roughly 70:30. This provides the bank with a natural hedge for foreign currency lending, an advantage we will continue to leverage.

This is also reflected in the currency composition shown in the bottom right hand corner of the slide. Another point to highlight is the strong growth we've seen across deposits. Please note that this includes a one, off item, which I will briefly explain in the following slide.

Slide 19 - Deposits analysis

On the deposit franchise, I'd like to draw your attention to the chart on the right, hand side, which excludes the special arrangement I mentioned earlier. Looking at the numbers, our year-to-date deposit growth stands at approximately 17%, with a significant portion coming from low cost savings. This is an area we've invested considerable effort in developing, and we expect this trend to continue over the coming months and quarters.

On a normalized and adjusted basis, our CASA ratio for the first half stands at 25%. The graph shows 30.4%, which includes the deposit mentioned earlier that is counted under CASA. Adjusting for that, the CASA ratio is 25%. This should be compared to our starting position in Q1 2024, which was 23%. So, we've successfully added approximately 200 to 250 basis points in CASA balances during the first half.

Slide 21 – Capital

On capital ratios, I'll summarize with one key statement: we are well capitalized and geared for growth. All our capital ratios are comfortably above the regulatory minimum, with sufficient buffers in place. This provides us with more than adequate headroom for future growth, as well as protection against any potential downside risks.

Slide 22 - Liquidity

The narrative is similar when it comes to our liquidity position. We remain well above both our internal thresholds and the regulatory requirements. Taken together, our capital and liquidity positions, this places us on a strong and stable position, providing a solid foundation to support our growth prospects for the second half of the year and into 2026.

Slide 23 – Key Investor Ratios

Regarding key investor ratios, the data shown here is slightly dated, but I'll supplement it with more recent figures. As of the end of the first half, our share price was approximately Rs. 120. As of close of business today, it stands at around Rs. 145/-, which is about 75% of our book value.

We're also seeing an improvement in ROE. It's important to note that the 12.2% ROE reported for 2024 includes a one off item related to ISBs, which slightly overstates the figure. In contrast, the 10.6% ROE reported for the first half of this year is entirely driven by core banking profits and operations. This is an area we will continue to focus on and improve. As mentioned previously, our target range is in the mid-teens, and I'm confident we are well on track to achieve that, based on our current financial performance.

Slide 24 -NDB Share Performance

This comparison has been put together to showcase the performance of our share price. The numbers and the graph are self, explanatory, but I'd like to highlight two or three key points. Looking at the period from the beginning of January to 12th August and acknowledging the time lag between the reporting date, and today NDB's share price has grown by 23%, compared to the ASPI's 22% and the banking sector's 20%.

In simple terms, this means our share price has outperformed both the ASPI and the broader banking sector. It's fair to say that the corrective actions we've taken in the past, along with our focus on sustainable business growth, are now gaining market confidence and traction. There is clearly growing confidence in the NDB franchise.

Before I hand over to Azzam for the Q&A moderation, I'd like to leave the audience with three key takeaways:

Looking at our first, half performance and balance sheet metrics, particularly capital and liquidity, we are well positioned and geared for growth.

We are committed to driving consistency across all aspects of the business, with a clear focus on creating long term value for our shareholders.

We will continue to prioritize credit quality, which helps reduce credit costs and contributes positively to our bottom line.

Reflecting on our first, half performance, I can confidently say that I'm proud to lead this franchise, supported by an exceptional leadership team and dedicated staff. I want to extend my sincere thanks to them for their hard work and focus on delivering the goals we've discussed in previous webinars.

I'm truly looking forward to a strong second half and an even more rewarding 2026. With that, I'll now hand over to Azzam to moderate the Q&A session. Thank you.

Q & A

Azzam Ahamat : Thank you, Kelum.

To all our participants, you may now pose your questions. If you have any, please use the chat option to do so. Let me kindly remind you once again to ensure your video is switched off at all times and your device is on mute.

Question 01: With year-to-date (YTD) loan growth exceeding 20%, how do you expect this trend to evolve over the next six months? Additionally, what impact do you anticipate this strong loan growth will have on Stage 3 ratios and impairments?

Azzam Ahamat: Let me take that question. The CEO touched on it briefly, but I'll elaborate further. In terms of liquidity and solvency levels, we are strongly positioned to support growth. Given the current state of the economy and interest rates, there is ample demand for credit.

Regarding the impact on our Stage III levels and impairments, we've seen consistent improvement over the past 30 months. Stage III levels have steadily declined, and we've built adequate impairment buffers to cushion against any emerging risks. As a responsible institution, we have always made provisions as needed, and will continue to do so.

Looking ahead, as the CEO mentioned earlier, our focus remains on quality lending. This has been evident over the past 18 months and will continue to be a priority going forward.

Question 02: After incorporating the audited profits for the first half of 2025, what will be the impact on the Tier 1 capital buffer?

Azzam Ahamat: The numbers reported in our financial statements, published last Friday, include the impact on our CET1, Tier 1, and Total CAR approximately 0.8% added to our solvency levels. Even after accounting for this, our CET1 ratio maintains a buffer of over 5%, and our Total CAR has a buffer of over 4%. These figures include the impact of our interim profit, which has been certified by external auditors.

Question 03: Can you give a commentary on your expected interest rate trajectory?

Damitha Samaranayake: Thank you for that question. When you look at the prevailing market conditions, particularly taxes, liquidity, and the government's strong fiscal position combined with ongoing reserve building targets and increased capital inflows, I don't foresee any upward pressure on interest rates in the near future. We can reasonably expect interest rates to remain stable, likely through the first half of next year.

Question 04: What is NDB's expected loan growth over the next one to two years, and which segments are anticipated to drive this growth?

K.V Vinoj: Thank you for that question. Regarding expected loan growth, we plan to stay on the same course as we did in the first half of the current year. Rather than focusing solely on segments, we're looking at the overall level of growth, with particular emphasis on Retail and Business Banking especially the SME segment.

We expect momentum in these areas to pick up over the next six months, and anticipate that Retail and SME lending will grow faster than Wholesale Banking and Project Financing.

Question 05: Any plan for debenture issuance in 2H 2025?

Azzam Ahamat: Issuing debentures to augment our capital for Tier 2 purposes is part of our broader capital augmentation strategy and future plans. This is something we are actively considering in the near term. Ultimately, the final decision will depend on prevailing interest rates and market appetite for such instruments.

It's certainly an option we are closely evaluating, and we reasonably expect to proceed with it in the near future.

In the event that the bank intends to formally proceed in line with regulatory norms, we will make a market announcement. You will be kept informed as and when the bank decides to move forward.

Question 06: At the group level, the Net Asset Value (NAV) has remained relatively flat at Rs. 199.4, compared to Rs. 199.1 in 4Q24, despite strong growth in earnings per share (EPS). What is the reason for the minimal improvement in NAV?

This can be explained under two reasons. One - the outflow of LKR 2.1 billion as final dividend for the FY 2024, as disclosed in the Statement of Changes in Equity under Transactions with equity holders (which affected the numerator).

Two - the increase in our share base due to exercising ESOS, the share base thereby, increasing from 415,513,426 in Dec 2024 to 415,513,426 by end June 2025 (which affected the denominator).

Question 07: NIMs remained around 4% despite a 270 basis point year-over-year drop in AWPR. What proportion of this resilience can be attributed to temporary repricing versus structural changes such as CASA traction and liability mix?

Azzam Ahamat: That's a great question thank you very much. Let me take that. If you look at NDB's NIMs over the years: in 2022, it was 4%; in 2023, it remained at 4%; in 2024, it rose to 4.3%; and in the first half of this year, it stands at 4%, up from 3.9% in Q1.

As you rightly pointed out, there's a strong internal emphasis on pricing discussions, and maintaining NIMs at around 4% is something we dedicate significant time and effort to.

When you look at the consistency of our NIMs compared to some of our peers, very few have been able to maintain these levels over such a period. This is something we're proud of, and this resilience stems from active internal discussions around asset, liability pricing.

In terms of CASA improvement, yes it has had a positive impact on NIMs and has certainly helped. But more importantly, it's the timely repricing of both assets and liabilities that has played a key role.

Question 08: What strategies does NDB use to drive sustainable ROE growth over the next one to two years?

CEO, Kelum Edirisinghe: Let me take that. As I briefly touched on earlier, when we look at the dispersion of income over expenses, three or four key points come to mind. Credit and operating cost take a considerable portion – leaving the remainder for profit which contributes to capital generation and shareholder distribution.

Looking at these three metrics, what have we achieved in the first half of 2025, and what we are targeting for the second half and beyond - First, we aim to reduce our credit costs. At the current run rate, credit cost stands at about 20% of total banking income. Our goal is to bring this down to around 15%, effectively halving it from 2024 to 2025, and further reducing it to single digits by 2026. This alone will result in a significant uplift.

We are also focused on building a sustainable business for the long term. The assets we are currently adding come with healthy margins, and we've seen strong success in certain segments particularly on the PF side. There's also good momentum in retail banking. These assets will contribute additional revenue in the second half and in the years ahead.

From a future trajectory or target perspective, our aspiration is to achieve mid-teens returns. Like many things, this is a journey. The numbers we're seeing now excluding any one-offs show an ROE of 10.6%. We expect this to improve with our performance in the second half, and that's how we envision the bank's progress over the next one to two years.

Question 09: Next question is for you as well. What is the dividend payout policy of NDB?

CEO, Kelum Edirisinghe: Historically, the dividend payout ratio has been around 30%. We don't anticipate major changes to that, and I believe this will continue to be the case in 2026 as well. The only caveat is that, as with anything, it depends. What I mean by that is the dividend payout ratio depends on the bank's capital position, the investments we need to make for the future, and whether those can be funded from the Bank's profit generation. So, our dividend payout will need to be balanced with our growth plans and the need to deliver a reasonable return to shareholders.

Question 10: Regarding fee and commission income what were the main drivers during the quarter, and what are the expectations going forward?

Azzam Ahamat: Let me take that, if I may. As you pointed out, there's 8% growth in the first half, and quarter-on-quarter, close to 21% growth. The drivers came from a combination of all aspects of operations, starting from trade, to our credit card operations, to our overall deposit and lending operations, i.e., our core operations. So, it was an all-round contribution from all areas of our business operations that ultimately drove the growth in fee and commission income in the second quarter.

Looking ahead, there is much more we can do in terms of improving our non-funded income sources, and that's something we're dedicating significant time to. Reasonably speaking, you can expect the contribution from fee income to continue improving in the months and years to come.

Question 11: On credit cards, did you see an increase volume, values or both?

Azzam Ahamat: You see increased volumes and values a combination of both driven by higher usage as well as new card issuances. So, it's a mix of both factors.

Question 12: Just to clarify, are the financials audited or unaudited?

Azzam Ahamat: It has been certified by the external auditor for the six-month period ended. As a result, we were able to recognize the interim profit for solvency purposes. So yes, it has been certified by the external auditor.

Question 13: In terms of demand for leasing products, do you anticipate a tapering in demand during the final quarter of the year?

Sanjaya Perera: We expect demand to remain steady, and we've seen significant growth in this product with imports continuing. In terms of brand expansion, we will stick with our current set-up and focus on increasing digital penetration, which has provided greater convenience for our customers. So, we'll maintain this approach and continue to roll out more digital initiatives.

Question 14: How did you grow term loans in foreign currency so much in six months? It's almost doubled from December 31st, 2024.

K.V Vinoj: I wouldn't say it was all achieved in the last six months. I believe the pipeline was being built even before 2025 starting well into the last quarter of 2024. So, it wasn't a sudden surge in foreign currency. The pipeline was quite strong, and we took time to evaluate, get approvals, and ensure we were fully confident about the risks involved in these loans. That process took time. Overall, I'd say the pipeline was developed over a period of more than six to nine months.

As for how we did it, I think Kelum also explained we have a strong franchise in private banking, and we're very comfortable with dollar liquidity. That was the key enabler for us to build this loan quantum.

Question 15: Could you provide some insight into how the vehicle leasing operations have progressed during the first half of 2025?

Sanjaya Perera: Yes, as I mentioned earlier, the growth has been significant, and you'll see that reflected in the detailed results. It's continuously improving. There's a lot of positive sentiment regarding the demand for both new vehicles and the exchange of existing ones. So, we're seeing positive growth in that segment.

Question 16: what are your NIM expectations?

Azzam Ahamat: We touched on this very briefly earlier. The expectation, on a best-effort basis, is to maintain NIMs at 4% or close to 4% going forward.

Question 17: How is the Bank's ISB portfolio performing?

Damitha Samaranayake: Most of the ISBs are included in the HTM portfolio. In addition, we also hold some PDI bonds, which qualify as ISBs. The majority of these are in the HTM portfolio, with the remainder in the AFS portfolio.

Question 18: In terms of foreign loans, what were the main source markets of foreign loans?

K.V Vinoj: The main market for sourcing was India, but we have expanded beyond that as well. We've completed a few loans in some East Asian countries maybe just a couple but overall, the Indian market remains the primary source.

Question 19: Has the Maldivian crisis impacted our portfolio?

Alex Perera: The Maldivian crisis is primarily affecting the state sector. If you look at the composition of our portfolio, it is predominantly focused on the tourism sector. Within the Maldivian tourism sector, we observe a high degree of autonomy. For one, it has strong backing from the state sector, and the supply chains and cash flows are not directly impacted by the broader economic challenges the country is facing.

In that context, while we do see a grey market forming around the Maldivian currency and certain risk factors emerging especially following the downgrade in August 2024, we are also tracking improvements. Reserve levels have increased, and we've seen support coming from neighboring countries.

Overall, we are satisfied with the performance of the portfolio. Regarding the recent rate increases, we haven't observed any deterioration or signs of these impacts affecting client, level credit quality.

Question 20: Do you still see demand for renewable energy projects?

K.V Vinoj: I think we've seen reduced demand over the past three to four months. However, in the last few days, there have been quite a few inquiries. That said, overall demand has tapered off likely due to ongoing discussions between the private sector and the authorities. We may see some pickup in demand in the next three to four months, but as of now, it's not at the same level as it used to be.

Question 21: Why is NDB a better bank than its mid-sized competitors? How is your offering different?

CEO, Kelum Edirisinghe: Because our service is superior. We take excellent care of our customers, and that's backed by their testimonials. We're also a good employer, and to deliver long term value to shareholders or to ensure sustainable profitability you need to bring together all of these elements. That's how I would put it.

As for our offerings, it goes without saying that the banking market is quite crowded. What sets one bank apart from the others is its ability to truly understand customer needs and provide personalized solutions. That's where we excel.

Question 22: Since you mentioned that the banking sector is overcrowded, what are the chances of consolidation in the industry?

CEO, Kelum Edirisinghe: Thank you for the question it's a very relevant one. This was considered some time ago, but understandably, there were more pressing priorities at the time, so it was placed on the back burner. I do believe there is room for consolidation, but it's something each bank will need to evaluate based on its own merits and take forward accordingly. I believe there is room for it. As for timing, that's something I'm not in a position to comment on. However, hopefully, these are the kinds of considerations the industry will take into account, looking at strategic fit, service offerings, growth aspirations, and other relevant factors.

Question 23: What is the NDB One Account? Please explain.

Sanjaya Perera: Yes, it's actually designed to cater to our customers.

One of our subsidiaries, NDB Wealth, offers a feature for customers who maintain dual accounts, one with NDB Wealth and one with the bank. Very concisely, when cheques are deposited and funds are needed, money is automatically transferred from the wealth account to the current account, allowing the cheques to be paid seamlessly.

This setup enables customers to enjoy the benefits of the special interest rates offered by the wealth fund, while also managing their day-to-day banking transactions efficiently.

Question 24: What is the expected dividend payout ratio for the period?

CEO, Kelum Edirisinghe: So, that’s why I don’t want to provide forward guidance. As I explained earlier, our dividend payout ratio has historically remained at about one third of our bottom line. We will, of course, review this depending on the investments we need to make and our goal of delivering a good return to shareholders. That’s the context I’d like to provide.

I also want to add a bit more clarity to the question raised earlier about the market being overcrowded. That wasn’t the intention behind my comments. The market, in fact, consists of around 30 banks in the country, and that’s the context I was trying to highlight. As a result, it becomes challenging to differentiate service or product offerings. Differentiation, therefore, must be driven, among other things, through the quality of service. That’s the key message I wanted to convey.

I thought it was important to clarify this, because otherwise, some of these words could be taken out of context. The intention was certainly not to suggest that the market is overcrowded.

Closing remarks

Azzam Ahamat

To all our participants, thank you very much for taking the time to join us and for engaging in a productive and fruitful discussion.

We would like to kindly remind you that these proceedings have been recorded and will be uploaded to our investor portal on our website shortly.

If you have any remaining questions, please feel free to reach out to us to arrange a one on one session with our CEO and senior leadership team. We're happy to address any additional queries you may have beyond those raised during the session.

Thank you once again, and we wish you a pleasant evening.

End of Q & A.

End of edited transcript.