

PRESS RELEASE

FINANCIAL PERFORMANCE FOR THE THREE MONTHS ENDED 31 MARCH 2025

UNLOCKING PROSPERITY EMPOWERING A FUTURE OF SMART GROWTH



National Development Bank PLC

CSE stock code: NDB.N0000 | Bloomberg: NDB SL | Reuter's: NDB.CM

Released to Colombo Stock Exchange on: 14 May 2025



NDB pre-tax profits surge by 118% to Rs. 4.0 Bn. Marks strong start for the year.

- Post-tax profitability of Rs. 1.9 Bn up by 168%
- ROE of 10.03%
- Total assets growth of 7% to Rs. 852.4 Bn
- Healthy growth in loan book of 5% to Rs. 535.2 Bn stemming from all business sectors
- CASA ratio improvement by 91 bps to 25.82%

National Development Bank PLC (NDB/the Bank) recently released its financial results for the three months ended 31 March 2025 (1Q 2025) to the Colombo Stock Exchange, reflecting solid growth in line with the revival of economic activity and rising private sector credit demand.

Commenting on the 1Q 2025 performance, Director/Chief Executive Officer Mr. Kelum Edirisinghe stated, “We made a strong start to the year, following the highest-ever profit recorded in the Bank’s history in 2024. Guided by our priorities, we have devised bold, actionable plans to unlock greater potential and accelerate our strategic growth agenda for 2025 and beyond. Our aim is to make an impactful contribution to the country’s economic growth, provide superior service to our clients, deliver sustainable returns, and enhance shareholder value.

We are seeing renewed demand for credit as our customers regain financial momentum in an improving economic environment. NDB is well-positioned to serve our clientele with simpler, smarter, and more agile banking solutions, blending expert product advisory, digital convenience, and exceptional customer care to deliver a truly rewarding banking experience”, he further noted.

Income and Profitability Analysis

Total operating income of the Bank, for the three months ended 31 March 2025 (period under review) grew by 5% over the same period in 2024 (year-on-year/ YoY) to Rs. 10.6 Bn. Net interest income (NII), the majority contributor to total operating income was Rs. 8.0 Bn, which declined marginally by 1% YoY. The decline was predominantly attributable to the lower interest rates that prevailed during the period under review versus one year ago, which approximated 270 bps less on a monthly AWPR basis. Timely repricing of the deposit book, strategic focus on optimizing the asset mix to improve yields and enhancing funding efficiency enabled NII preservation, thereby reducing pressure on Net interest margin (NIM). The resultant NIM for 1Q 2025 was 3.92%. Net fee and commission income for the period was Rs. 1.8 Bn, again a marginal decline of 2% YoY. Whilst fee income from credit and debit cards slowed, income from alternative channels including electronic transactions and operational services showed positive YoY growth. All other income categories netted Rs. 842.4 Mn, a considerable growth over the comparative quarter which bolstered total operating income.

In terms of impairment, the Bank recorded a total impairment charge of Rs. 2.6 Bn, a significant reduction of 40% over the corresponding period of the last year. Additionally, the Bank recorded a reversal of Rs. 457.5 Mn related to the unwinding of the Day One Loss of debt restructuring in 1Q 2025. The impairment charge on loans and advances for 1Q 2025 saw a 22% reduction YoY. It is also encouraging to note that the staging of credit facilities has improved compared to the comparative quarter of the prior year, demonstrating the results of focused asset quality enhancement initiatives deployed by the Bank. Impaired loans (Stage 3) to Total loans ratio closed in at 5.53% (2024: 5.18%) whilst Impairment (Stage 3) to Stage 3 loans ratio was 53.26% (2024: 54.48%).

The Bank incurred total operating expenses netting Rs. 4.4 Bn for 1Q 2025 reflecting a 13% YoY increase. This increase was 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.

The resultant Profit before tax was Rs. 4.0 Bn, an increase of 118% YoY. Taxes on financial services and income tax netted Rs. 2.1 Bn, resulting in a Profit after tax of Rs. 1.9 Bn, a YoY growth of 168%.

Balance Sheet Performance, Capital Adequacy and Liquidity

Balance sheet posted robust growth during 1Q 2025, growing by 7% from the end 2024 position (year-to-date/YTD) to Rs. 852.4 Bn. This is the highest balance sheet growth the Bank posted since consecutive quarters of growth curtailed at 2% or below, signaling robust growth for the period ahead. Gross loans grew by 5% or Rs. 25.4 Bn YTD, to Rs. 535.2 Bn reflecting broad-based momentum across all business segments. The local currency loan book grew by Rs. 16.9 Bn within this growth.

Total deposits grew by 2% or Rs. 10.6 Bn YTD to Rs. 642.3 Bn, mainly driven by volume growth of the local currency deposit book by Rs. 9.1 Bn during the three months under review. The Bank's CASA ratio also improved by 91 bps to 25.82% at the end of first quarter of 2025 from 24.91% at the end 2024. The CASA base increased by Rs. 8.5 Bn, a 5% growth during 1Q 2025. The improving trend in the CASA ratio is a result of dedicated strategic initiatives deployed in this regard. The total equity base of the Bank was Rs. 76.8 Bn.

Denoting sound capital adequacy, Tier I and Total capital adequacy of the Bank stood at 12.16% and 16.95%, 366 bps and 445 bps above the minimum requirement respectively. Regulatory Liquidity coverage ratio (Rupee), Liquidity coverage ratio (All Currency) and Net stable funding ratio stood well above the regulatory minimum requirement of 100% at 392.64%, 341.38% and 133.22% respectively.

Investor KPIs

Return on average equity was 10.03% (2024:12.22%) whilst Earnings per share was Rs. 18.18 (2024: Rs. 21.73). Respective ratios at the Group level were 10.19% (2024: 12.46%) and Rs. 19.70 (2024: Rs.23.57). Bank pre-tax return on average assets was 1.92% (2024: 3.09%). Net asset value per share was Rs. 180.29 (2024: Rs. 186.91) and compared with a closing share price of Rs. 107.00. Group net asset value per share was Rs. 192.53 (2024: Rs. 199.13).

Outlook

As the Sri Lankan economy charts a path toward recovery, NDB remains deeply aligned with the nation's growth ambitions, committed to unlocking prosperity for all Sri Lankans. With a legacy in development financing and a track record of standing by our citizens through every economic cycle, we are well-positioned to drive a future of smart growth. Through our robust product portfolio and strong integration of ESG principles, we aim to create sustainable value, fostering a thriving, resilient economy while delivering lasting benefits to our customers, shareholders, and communities.