

# NDB posts record earnings, doubles normalised PAT



Sriyan Cooray, Chairman, NDB.



Kelum Edirisinghe, Director/CEO, NDB.

National Development Bank (NDB) has announced robust financial results for the year ended December 31, 2025, reporting strong growth across core banking segments and reaffirming the sustainability of its earnings momentum.

The results, released to the Colombo Stock Exchange, reflect disciplined execution, improved credit quality, and continued balance sheet expansion.

Net Banking Revenue rose by 45.2 percent on a comparable basis during the year, underscoring broad-based operational strength. The Bank noted that its 2024 financial performance had been positively impacted by one-off gains arising from the successful conclusion of the ISB debt restructuring, which contributed 1.4 billion rupees to interest income, 0.7 billion rupees to fee income, and 9.4 billion rupees to

net impairment reversals. In contrast, 2025 earnings were largely driven by core banking activities.

Net interest income (NII), accounting for nearly 75 percent of total operating income, grew 6.5 percent on a normalised basis despite pressure from a lower interest rate environment. Prudent margin management enabled NDB to stabilise its Net Interest Margin (NIM) at four percent for the year. On a comparable basis, excluding exceptional items, NIM stood at 4.2 percent, down from 4.3 percent in 2024.

Loans and deposits under special netting-off arrangements increased to 29.3 billion rupees by year-end from 19.6 billion rupees a year earlier. Non-interest income also recorded healthy growth. Net fee and commission income rose 14.3 percent to 8.1 billion rupees, driven by trade finance, credit and lending operations, digital banking services, and card-related business. Credit quality indicators improved significantly during the year. Credit costs declined by 57.1 percent to 5.7 billion rupees from 13.2 billion rupees in 2024, reflecting strengthened underwriting standards and focused recovery efforts. Stage 2 and Stage 3 loan ratios improved to 7.9 percent and 10.8 percent respectively, compared to 16.6 percent and 14.0 percent at end-2024. Stage 3 provision coverage strengthened further to 59.1 percent from 54.5 percent, highlighting prudent risk management.

Operating expenses increased 13.1 percent year-on-year to 19 billion rupees, mainly due to routine salary increments, market adjustments, and continued investment in IT infrastructure and business development initiatives. Profitability metrics showed notable gains.

Return on average equity (ROE) improved to 13.5 percent, up from 12.2 percent in 2024 and significantly higher than 7.7 percent when excluding one-off ISB gains. Second-half ROE reached 16.4 percent, signalling a strong acceleration in performance. Pre-tax return on average assets stood at 2.5 percent for the full year and 2.8 percent for the second half. Earnings per share increased to 25.90 rupees from 21.25 rupees in 2024, while net asset value per share rose to 201.51 rupees. The Bank's share price appreciated 24.7 percent during the year to close at 141.25 rupees. At the Group level, ROE stood at 13.6 percent with earnings per share of 27.83 rupees.

Balance sheet growth remained solid. Total deposits increased 11.9 percent to 707.2 billion rupees, while net loans expanded 28.8 percent to 593.6 billion rupees.

On a normalised basis, loan and deposit growth were 26.7 percent and 10.4 percent, respectively.

The CASA ratio improved to 23.9 percent. Liquidity and capital levels remained well above regulatory requirements, with Rupee and All Currency Liquidity Coverage Ratios at 257.3 percent and 208.5 percent, respectively, and Total Capital Adequacy Ratio at 15.9 percent.

Kelum Edirisinghe, Director/Chief Executive Officer, NDB attributed the performance to disciplined execution, strong customer trust, and staff commitment. He highlighted over 25 percent growth in the SME loan book and reaffirmed confidence in NDB's 2030 strategy focused on digital transformation, cost optimization, and sustainable long-term value creation.