



NDB Records Strong Core Banking Performance



Sriyan Cooray, Chairman, NDB.



Dimantha Seneviratne, Director/CEO, NDB.

National Development Bank posted enhanced income and profitability during the nine months until September 30, 2023. The Bank continued to adopt prudent measures in balance sheet management in line with the external developments, which affirmed sound returns, optimum liquidity, and capital adequacy.

Dimantha Seneviratne, Director/CEO of NDB, stated that the Sri Lankan economy is emerging well from the crisis, and the Bank is recording similar performance. With critical economic factors such as interest rate, exchange rate, and inflation stabilized, there is greater certainty and confidence in doing business. The timely finalization of the Domestic Debt Optimization is noteworthy, and we expect expedited finalization of the international debt structuring, too, which will further enhance the internal conditions and the external profile of Sri Lanka. We have recalibrated our strategy in the current context and remain well on track in achieving our targets delivering continued value to our stakeholders.

Rebounding from consecutive quarters of less than potential profitability attributable to external challenges, the NDB Group, comprising the NDB Bank as the

parent and its subsidiary companies, posted an impressive ten billion rupees profit before all taxes for the nine months ended September 30, 2023, which compared with 1.2 billion rupees of the same period in 2022. Profit after tax at the Group level was 5.4 billion rupees, while the same at the Bank level was 5.2 billion rupees, compared with 691 million rupees and 561 million rupees, respectively, for the nine months of 2022 (YoY). Healthy performance on revenue, reduction in impairment provisions compared to the comparative period, and effective cost management across all operations enabled enhanced profitability. At the Bank level, Gross income for the period was 102.9 billion rupees, up 38 percent YoY. Net interest income (NII) was 24.4 billion rupees, an increase of 10 percent. Interest income of 93.7 billion rupees, which increased by 44 percent, and interest expense of 69.3 billion rupees, which increased by 61 percent, drove NII. Total operating costs for the period were 10.1 billion rupees, up by 20 percent. A general increase in price levels, particularly energy and foreign currency-denominated expenses, drove costs up. The resultant cost-to-income ratio was 30.2 percent and compared well within the industry.

NDB posted a total assets figure of 789 billion rupees as of the end of September 2023. The exact figure at the Group level was 796 billion rupees. This was a five percent reduction over the total assets position in 2022, predominantly attributable to the appreciation of the Sri Lankan Rupee over 2023 compared to the severe depreciation seen in 2022 and the loan book contraction. At the end of the period, gross loans closed in at 514 billion rupees – down by 11 percent over 2022.

Return on average equity and Earnings per share for Q3 2023 of the Bank were 9.75 percent and 16.52 rupees, respectively, compared with 4.75 percent and 7.65 rupees in 2022, thereby posting considerable improvement in returns to shareholders. The same indicators at the Group level were 9.58 percent and 17.22 rupees versus 4.62 percent and 7.92 percent in 2022. Bank Pre-tax return on average assets was 1.49 percent, and Net asset value per share was 179.95 rupees.