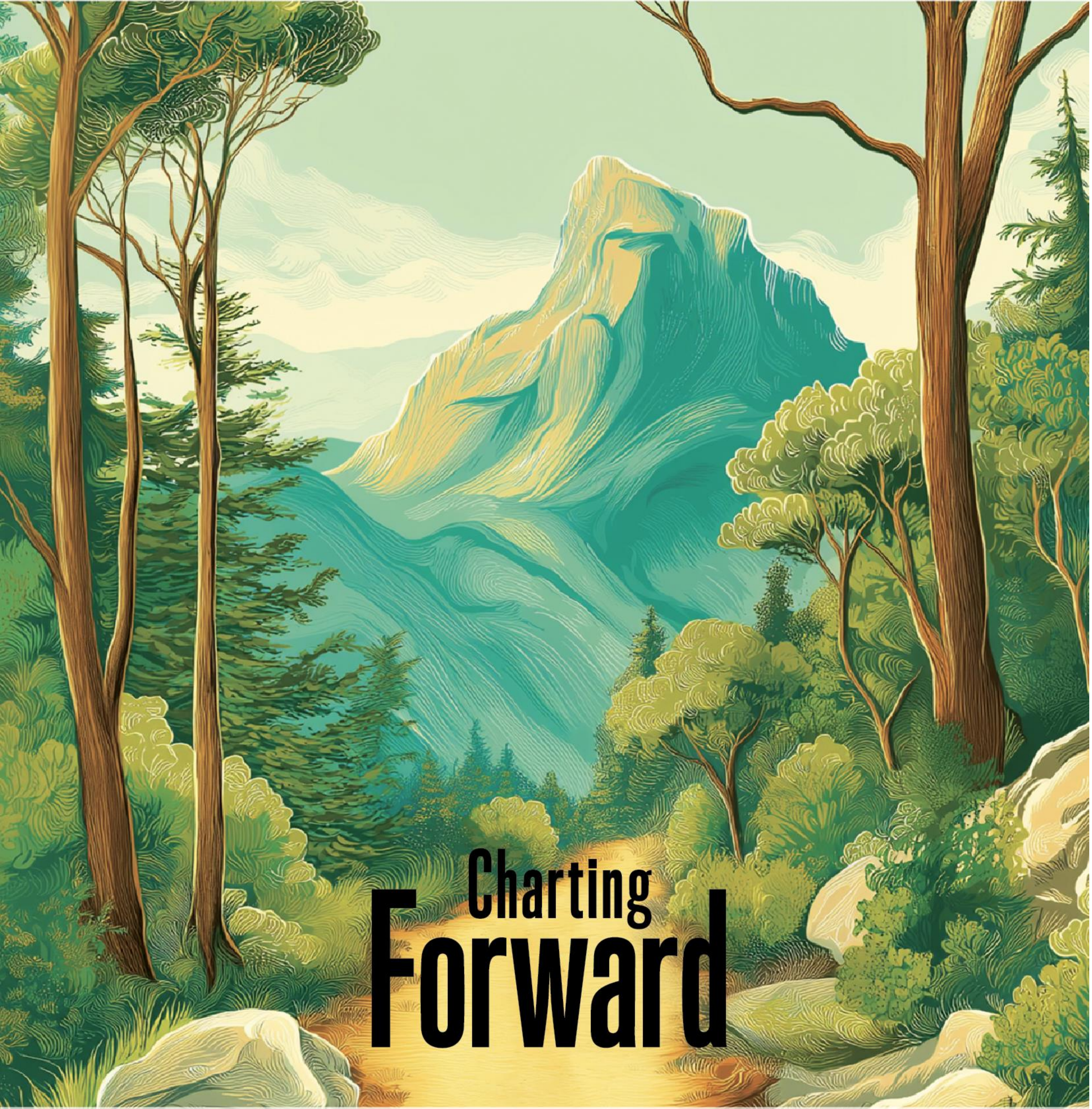
INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2026



National Development Bank PLC

CSE stock code: NDB.Noooo | Bloomberg: NDB SL | Reuters: NDB.CM

Released to Colombo Stock Exchange on: July 22, 2026

NDB bank
The future is banking on us

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*The financial statements presented herewith are the unaudited financial statements for the six months ended 30 June 2026 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.

NDB posts a PAT of LKR 3.0 billion in Q2-2026 driven by core banking operations

- Gross income of LKR 53.82 billion posted for 1H 2026, with a 12.8% YoY growth
- Net interest income of LKR 17.42 billion with Net interest margin (NIM) stabilised at 3.8%
- Net fee and commission income of LKR 4.45 billion expanded by 22.4%
- Applicable fraud loss of LKR 2.55 billion for 1H 2026 out of the total revised fraud loss of LKR 13.58 billion recognized under other operating expenses
- Resultant profit before all taxes of LKR 9.50 billion
- Total assets, deposits and net loans expand to LKR 949.02 billion (restated), LKR 712.50 billion and LKR 595.28 billion respectively
- Loans extended to the SME sector amounts to LKR 133.47 billion, a LKR 8.81 billion growth over end 2025 position
- Loan book quality improves as reflected in Impaired Loans (Stage 3) to Total Loans Ratio - (Net) of 3.3% (2025: 3.8%)
- CET1/ Tier I and Total CAR continue to remain above the regulatory minimums
- Regulatory liquidity ratios continue to remain sound

National Development Bank PLC (NDB/ the Bank) announced its financial results for the six-months ended June 30, 2026 (1H 2026/ period under review), as released to the Colombo Stock Exchange on July 22, 2026. Despite the challenges arising from the fraud uncovered in April 2026, the Bank delivered healthy results, driven by strong core banking operations, reflecting the resilience of its business model and the clarity of its strategic direction.

Performance for the Period Under Review

Profit Growth Remains Strong Despite Fraud-Related Impact

The Bank reported an operating profit before taxes on financial services of LKR 9.50 billion for 1H 2026, after recognising the gross financial impact of the fraud attributable to the period amounting to LKR 2.55 billion, which related entirely to the quarter ended March 31, 2026. This compares with an operating profit before taxes on financial services of LKR 4.38 billion for 1H 2025, which has been restated to reflect the applicable fraud impact of LKR 4.26 billion recognised for that period.

Post-tax profit for 1H 2026 amounted to LKR 4.83 billion, compared with a restated post-tax profit of LKR 1.93 billion for 1H 2025, with the net financial impact of the fraud reflected in both periods. Excluding the impact of the fraud, post-tax profit for 1H 2026 would have been LKR 6.21 billion, compared with LKR 4.22 billion in the corresponding period of 2025. Notably, the Bank recorded a standalone post-tax profit of LKR 3.01 billion during the second quarter of 2026 (April 1 to June 30, 2026), the first full quarter since the reporting of the fraud. These results underscore the strength of the Bank's underlying franchise, earnings resilience, and the continued momentum of its core banking operations.

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Banking Revenue Expands 12.8% Driven by Core Banking Activities

The Bank continued to deliver a strong income performance during the period under review, generating total operating income of LKR 25.13 billion, representing a year-on-year (YoY) growth of 12.7% over 1H 2025. This growth was driven entirely by the Bank's core banking operations and is presented before taking into account any financial impact arising from the fraud incident.

Supporting this performance, total revenue increased by 12.8% YoY to LKR 53.82 billion. Net interest income (NII) grew by 2.8% YoY to LKR 17.42 billion, supported by prudent balance sheet management, disciplined pricing strategies, and effective asset and liability management. Interest income increased by 8.4% to LKR 45.86 billion, while interest expense rose by 12.1% to LKR 28.44 billion. Against the backdrop of the prevailing interest rate environment, the Bank's timely re-pricing of both loan and deposit portfolios helped sustain margin performance, resulting in a net interest margin (NIM) of 3.8%, compared with 4.1% for FY 2025.

Net fee and commission income continued to be a key contributor to revenue diversification, increasing by 22.4% YoY to LKR 4.45 billion, driven primarily by credit, cards, operations and trade-related activities. Other non-fund-based income, comprising gains from trading activities, financial assets measured at fair value through profit or loss, derecognition of financial assets, and other operating income, amounted to LKR 3.26 billion during 1H 2026. Within other operating income, foreign reserve revaluation gains netted LKR 1.21 billion, and compared with a LKR 362.37 million in 1H 2025.

Improving Asset Quality Drives Lower Impairment Charges

Impairment charges on loans and other investments declined to LKR 3.46 billion, representing a significant 22.9% YoY reduction. Loan impairment charges decreased by 18.7%, reflecting the benefits of the Bank's continued focus on asset quality management, enhanced credit underwriting standards, closer monitoring of asset quality and stage migration trends, and strengthened recovery efforts. The impaired loans (Stage 3) - Net ratio improved to 3.3% as at June 30, 2026 from 3.8% at end-2025, while Stage 3 provision coverage improved further to 62.9% from 59.1%.

Fraud Impact Fully Recognised and Transparently Reported

Total operating expenses amounted to LKR 12.18 billion for the period under review, including LKR 2.55 billion recognised under other operating expenses in relation to the fraud. The comparative operating expense for 1H 2025, adjusted for the fraud-related expense applicable to that period, was LKR 13.44 billion.

Following the discovery of the fraud within the Bank, several announcements were made to the Colombo Stock Exchange on April 2, 6 and 23, 2026 to keep stakeholders informed of developments. As per the latest update, issued on June 26, 2026, the Bank received the Interim Report from Deloitte Touche Tohmatsu India LLP (Deloitte), which had been commissioned by the Board of Directors to conduct an independent forensic review of the facts and circumstances surrounding the fraud. Based on Deloitte's examination conducted thus far, the value of the

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suspicious transactions identified amounts to LKR 13.58 billion, versus the initial estimate of LKR 13.20 billion.

The Bank has restated its financial statements, including comparative information for prior periods, to reflect the impact of this revised amount of LKR 13.58 billion as follows: LKR 1.42 billion to periods prior to January 1, 2025, LKR 9.62 billion to the financial year ended December 31, 2025, and LKR 2.55 billion to the quarter ended March 31, 2026. Accordingly, the Statement of Profit or Loss for the comparative period ended June 30, 2025 and the Statements of Financial Position as at January 1, 2025 and December 31, 2025 have been restated.

These restatements have been made in accordance with applicable accounting standards to ensure that the financial statements present a true and fair view of the financial impact arising from the fraud. Following these adjustments, the previously reported post-tax profit of LKR 9.03 billion for FY 2024 has been restated to LKR 8.18 billion, while the previously reported post-tax profit of LKR 11.04 billion for FY 2025 has been restated to LKR 5.90 billion.

Further details on the accounting treatment and recognition of the fraud-related impact are provided in Notes 3 and 10 to the financial statements.

Balance Sheet Reflects the Franchise's Resilience

The Bank reported total assets of LKR 949.02 billion as at June 30, 2026, after recognising the financial impact of the fraud, compared with a restated asset base of LKR 926.14 billion as at December 31, 2025. On an unadjusted basis, total assets as at June 30, 2026 would have amounted to LKR 960.71 billion, compared with LKR 935.81 billion at end-2025.

Net loans increased to LKR 595.28 billion from LKR 593.60 billion as at December 31, 2025, while total deposits grew to LKR 712.50 billion from LKR 707.17 billion. The Bank's CASA ratio stood at 23.6% as at end-1H 2026, compared with 27.0% at end-2025. Total equity attributable to shareholders amounted to LKR 80.05 billion, while Group equity stood at LKR 87.55 billion as at June 30, 2026.

Liquidity and Solvency remain well above the minimum regulatory requirements

The Bank maintained a sound liquidity and capital position throughout the period under review. Liquidity Coverage Ratios (LCR) in both rupee and all-currency terms stood at 163.5% and 163.2%, respectively, while the Net Stable Funding Ratio (NSFR) was 129.5%. All ratios remained comfortably above the regulatory minimum requirement of 100.0%.

The Bank's solvency position also remained robust, with Common Equity Tier 1 (CET 1)/Tier I Capital and Total Capital Adequacy Ratios (CAR) of 9.7% and 15.3%, respectively, as at June 30, 2026, remaining above applicable regulatory minimum requirements. The corresponding restated ratios as at December 31, 2025 were 11.3% and 14.8%, respectively.

Investor Key Performance Indicators (KPIs)

All KPIs for 1H 2026 are presented after incorporating the financial impact of the fraud, with comparative figures similarly restated. Return on Average Equity (ROE) improved to 12.7% for

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1H 2026, compared with a restated ROE of 7.5% for FY 2025. Pre-tax Return on Average Assets (ROA) was 2.2%, compared with a restated 1.4% for FY 2025.

Annualised Earnings per Share (EPS) increased to LKR 23.49 from a restated LKR 13.83 for FY 2025. At Group level, ROE and EPS stood at 11.8% and LKR 23.54, respectively, compared with restated FY 2025 figures of 8.4% and LKR 15.77. Net Asset Value (NAV) per share stood at LKR 185.21 as at June 30, 2026 compared with a restated LKR 187.67 as at December 31, 2025, while the closing share price was LKR 112.50 (FY 2025: LKR 141.25). Group NAV per share was LKR 199.00 compared with a restated LKR 201.61 at end-2025.

Commenting on the Bank's financial performance for the first half of 2026, the Bank's Director/ Chief Executive Officer, Mr. Kelum Edirisinghe, stated:

"The Bank continues to demonstrate resilience and stability, remaining firmly aligned with its strategic priorities despite the challenges encountered during the year. While dedicated teams remain fully engaged in addressing matters relating to the fraud incident, the broader organisation continues to execute its business strategy with focus, ensuring continuity in operations and service delivery to our customers.

Following the discovery of the fraud, the Bank acted swiftly and decisively to strengthen its governance and risk management framework. A comprehensive forensic review by Deloitte is ongoing, while a series of enhanced control measures have already been implemented across the organisation. Investigations by the relevant law enforcement authorities are also progressing independently.

Importantly, the Bank remains well-capitalised and liquid, with capital and liquidity buffers comfortably supporting our business operations and future growth ambitions. Our balance sheet strength, coupled with our prudent risk management practices, positions us well to navigate the evolving operating environment.

We remain focused on supporting Sri Lanka's economic recovery and growth, particularly through continued engagement with the SME and retail sectors, which are critical drivers of economic activity. The confidence and trust placed in us by our customers, depositors, investors and other stakeholders have been deeply encouraging, and we remain committed to honouring that trust through consistent execution and responsible stewardship".

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NDB bank

STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/06/2026 LKR '000	Period ended 30/06/2025 Restated LKR '000	Change %	Quarter ended 30/06/2026 Restated LKR '000	Quarter ended 30/06/2025 Restated LKR '000	Period ended 30/06/2026 LKR '000	Period ended 30/06/2025 Restated LKR '000	Change %	Quarter ended 30/06/2026 Restated LKR '000	Quarter ended 30/06/2025 Restated LKR '000
Gross income	**53,820,063**	47,716,088	13	**27,323,450**	24,277,429	**54,879,315**	49,009,676	12	**27,938,776**	24,976,744
Interest income	**45,860,769**	42,308,232	8	**23,200,938**	21,491,610	**46,014,208**	42,434,376	8	**23,282,575**	21,553,347
Interest expenses	**28,441,319**	25,362,532	12	**14,833,176**	12,978,366	**28,425,187**	25,356,637	12	**14,828,182**	12,975,256
Net interest income	**17,419,450**	16,945,700	3	**8,367,762**	8,513,244	**17,589,021**	17,077,739	3	**8,454,393**	8,578,091
Fee and commission income	**4,699,203**	3,691,689	27	**2,386,691**	1,912,015	**5,729,403**	4,751,604	21	**2,847,534**	2,440,536
Less: Fee and commission expenses	**246,661**	54,590	352	**127,738**	30,828	**246,661**	54,590	352	**127,738**	30,828
Net Fee and commission income	**4,452,542**	3,637,099	22	**2,258,953**	1,881,187	**5,482,742**	4,697,014	17	**2,719,796**	2,409,708
Net gain/(loss) from trading	**559,923**	578,755	(3)	**288,994**	252,288	**559,923**	578,755	(3)	**288,994**	252,288
Net gain/(loss) from financial assets at fair value through profit or loss	**(12,586)**	(8,781)	(43)	**(13,907)**	13,943	**41,905**	70,473	(41)	**70,176**	110,033
Net gains/(losses) from de-recognition of financial assets										
- at fair value through profit or loss	**29,785**	86,214	(65)	**25,331**	41,028	**78,439**	118,556	(34)	**44,161**	61,404
- at fair value through OCI	**658,060**	468,416	40	**213,445**	281,430	**658,060**	468,494	40	**213,445**	281,430
Other operating income	**2,024,909**	591,563	242	**1,221,958**	285,115	**1,797,377**	587,418	206	**1,191,891**	277,706
Total operating income	**25,132,083**	22,298,966	13	**12,362,536**	11,268,235	**26,207,467**	23,598,449	11	**12,982,856**	11,970,660
Less: Impairment charges/(reversals) on loans and other investments	**3,455,420**	4,479,866	(23)	**1,701,780**	1,847,521	**3,455,420**	4,479,866	(23)	**1,701,780**	1,847,521
Net operating income	**21,676,663**	17,819,100	22	**10,660,756**	9,420,714	**22,752,047**	19,118,583	19	**11,281,076**	10,123,139
Operating expenses										
Personnel expenses	**4,958,128**	4,879,796	2	**2,574,347**	2,569,113	**5,398,894**	5,286,501	2	**2,802,453**	2,774,030
Depreciation and amortization	**656,704**	545,459	20	**336,091**	273,536	**705,130**	577,948	22	**363,448**	288,342
Other expenses (Note 03)	**6,560,315**	8,012,582	(18)	**1,845,473**	2,678,984	**6,889,132**	8,358,318	(18)	**1,991,958**	2,887,673
Total operating expenses	**12,175,147**	13,437,837	(9)	**4,755,911**	5,521,633	**12,993,156**	14,222,767	(9)	**5,157,859**	5,950,045
Operating profit before tax on financial services	**9,501,516**	4,381,263	117	**5,904,845**	3,899,081	**9,758,891**	4,895,816	99	**6,123,217**	4,173,094
Less: Taxes on financial services	**2,350,776**	1,518,089	55	**1,366,764**	1,039,623	**2,350,776**	1,518,089	55	**1,366,764**	1,039,623
Profit before taxation	**7,150,740**	2,863,174	150	**4,538,081**	2,859,458	**7,408,115**	3,377,727	119	**4,756,453**	3,133,471
Less : Income tax expenses /(reversals)	**2,316,468**	936,419	147	1,525,387	970,283	**2,532,945**	1,165,808	117	**1,564,805**	1,089,648
Profit for the period	**4,834,272**	1,926,755	151	**3,012,694**	1,889,175	**4,875,170**	2,211,919	120	**3,191,648**	2,043,823
Profit attributable to:										
Equity holders of the parent	**4,834,272**	1,926,755	151	3,012,694	1,889,175	**4,844,606**	2,189,991	121	**3,175,243**	2,037,010
Non controlling interests	**-**	-	-	**-**	-	**30,564**	21,928	39	**16,405**	6,813
	4,834,272	1,926,755	151	**3,012,694**	1,889,175	**4,875,170**	2,211,919	120	**3,191,648**	2,043,823
Basic earnings per share (in LKR)	**11.19**	4.46		**6.97**	4.37	**11.21**	5.07		**7.35**	4.71
Diluted earnings per share (in LKR)	**11.19**	4.46		**6.97**	4.37	**11.21**	5.07		**7.35**	4.71

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/06/2026 LKR '000	Period ended 30/06/2025 Restated LKR '000	Change %	Quarter ended 30/06/2026 Restated LKR '000	Quarter ended 30/06/2025 Restated LKR '000	Period ended 30/06/2026 LKR '000	Period ended 30/06/2025 Restated LKR '000	Change %	Quarter ended 30/06/2026 Restated LKR '000	Quarter ended 30/06/2025 Restated LKR '000
Profit for the period	**4,834,272**	1,926,755	151	**3,012,694**	1,889,175	**4,875,170**	2,211,919	120	**3,191,648**	2,043,823
Items that will be reclassified to statement of profit or loss										
Exchange differences on translation of foreign operations	**-**	-	-	**-**	-	**10,598**	1,430	641	**8,882**	1,311
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other comprehensive income	**(2,955,478)**	132,252	(2,335)	**(1,669,832)**	685,061	**(2,977,020)**	148,478	(2,105)	**(1,686,121)**	683,439
Changes in Impairment allowance for expected credit losses	**15,693**	130,765	(88)	**9,508**	(37,828)	**15,693**	130,765	100	**9,508**	(37,828)
Cash flow hedge reserve-SWAP	**185,410**	(456,371)	141	**89,469**	(112,021)	**185,410**	(456,371)	141	**89,469**	(112,021)
Less :Tax expense relating to items that will be reclassified to income statements	**826,313**	97,235	750	**471,256**	(171,913)	**826,314**	98,789	736	**471,256**	(171,913)
(A)	**(1,928,062)**	(96,119)	(1,906)	**(1,099,599)**	363,299	**(1,939,005)**	(76,909)	(2,421)	**(1,107,006)**	362,988
Items that will not be reclassified to statement of profit or loss										
Net Gains/(losses) on investments in equity instruments measured at fair value through other comprehensive income	**(42,144)**	15,979	(364)	**(48,802)**	159,789	**(42,144)**	15,979	(364)	**(48,802)**	159,789
				-	-		-		**-**	-
(B)	**(42,144)**	15,979	(364)	**(48,802)**	159,789	**(42,144)**	15,979	(364)	**(48,802)**	159,789
									-	-
Total other comprehensive Income after Tax (A + B)	**(1,970,206)**	(80,140)	(2,358)	**(1,148,401)**	523,088	**(1,981,149)**	(60,930)	(3,152)	**(1,155,808)**	522,777
Total comprehensive income for the period	**2,864,066**	1,846,615	55	**1,864,294**	2,412,263	**2,894,021**	2,150,989	35	**2,035,841**	2,566,601
attributable to:										
Equity holders of the parent	**2,864,066**	1,846,615	55	**1,864,294**	2,412,263	**2,862,844**	2,129,069	34	**2,018,920**	2,559,651
Non controlling interests	**-**	-	-	**-**	-	**31,177**	21,920	42	**16,921**	6,950
	2,864,066	1,846,615	55	**1,864,294**	2,412,263	**2,894,021**	2,150,989	35	**2,035,841**	2,566,601

NDB bank

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK				GROUP			
	As at 30/06/2026 LKR '000	As at 31/12/2025 (Restated) LKR '000	As at 01/01/2025 (Restated) LKR '000	YoY Change * %	As at 30/06/2026 LKR '000	As at 31/12/2025 (Restated) LKR '000	As at 01/01/2025 (Restated) LKR '000	YoY Change * %
Assets								
Cash and cash equivalents	**14,843,217**	17,566,305	18,037,627	(16)	**15,186,502**	18,020,298	18,682,376	(16)
Balances with the Central Bank of Sri Lanka	**7,250,002**	8,225,602	8,053,358	(12)	**7,250,002**	8,225,602	8,053,358	(12)
Placements with banks	**33,510,485**	24,692,505	22,098,832	36	**33,510,485**	24,692,505	22,098,832	36
Derivative financial instruments	**3,328,055**	1,475,777	1,146,236	126	**3,328,055**	1,475,777	1,146,236	126
Financial assets recognized through profit or loss measured at fair value	**5,955,324**	253,152	6,776,131	2,252	**8,701,400**	3,414,968	9,905,171	155
Financial assets at amortised cost -loans and receivables to other customers	**595,279,437**	593,603,756	460,707,258	0	**595,428,553**	593,705,105	460,780,610	0
Financial assets at amortised cost - debt and other instruments	**195,292,454**	181,340,088	166,190,761	8	**195,855,828**	181,822,394	166,355,792	8
Financial assets measured at fair value through other comprehensive income	**69,171,749**	78,648,323	94,245,415	(12)	**69,866,008**	79,110,967	94,659,106	(12)
Investments in subsidiary companies	**1,031,037**	1,031,037	1,031,037	-	**-**	-	-	-
Investment property	**-**	-	-	-	**3,346,703**	3,346,703	3,107,671	-
Intangible assets	**1,903,760**	1,628,982	1,766,615	17	**1,951,107**	1,682,400	1,814,985	16
Property, plant & equipment	**5,959,782**	4,213,378	3,147,459	41	**6,915,597**	5,162,749	4,070,740	34
Right of use assets	**1,535,480**	1,448,611	1,260,740	6	**1,557,328**	1,486,814	1,337,042	5
Current tax assets	**471,976**	-	-	100	**506,541**	32,391	33,727	1,464
Deferred tax Assets	**6,292,326**	5,421,860	4,158,040	16	**6,327,260**	5,489,018	4,216,721	15
Other assets	**7,194,549**	6,587,975	5,649,178	9	**8,001,296**	7,301,841	6,100,189	10
Total assets	**949,019,633**	926,137,351	794,268,687	2	**957,732,665**	934,969,532	802,362,556	2
Liabilities								
Due to banks	**10,492,143**	12,447,544	4,841,342	(16)	**10,492,143**	12,447,544	4,841,342	(16)
Derivative financial instruments	**3,639,714**	251,448	344,586	1,348	**3,639,714**	251,448	344,586	1,348
Financial liabilities at amortised cost -due to depositors	**712,497,131**	707,167,366	631,682,926	1	**711,892,181**	706,437,565	631,081,461	1
Financial liabilities at amortised cost								
- due to debt securities holders	**70,994,652**	69,834,390	8,002,850	2	**70,994,652**	69,834,390	8,002,850	2
- due to other borrowers	**17,227,803**	19,792,565	22,023,798	(13)	**17,227,803**	19,792,565	22,023,798	(13)
Debt securities issued	**40,592,295**	23,330,603	33,564,708	74	**40,592,295**	23,330,603	33,564,708	74
Retirement benefit obligations	**1,676,457**	1,585,637	1,413,872	6	**1,840,851**	1,741,645	1,556,937	6
Current tax liabilities	**-**	850,661	4,843,097	(100)	**338,570**	1,232,726	5,112,209	(73)
Deferred tax liabilities	**-**	-	-	-	**976,834**	1,021,505	976,244	(4)
Other liabilities	**8,989,117**	10,725,709	10,654,812	(16)	**9,324,426**	11,260,108	11,424,257	(17)
Dividends payable	**2,861,390**	124,099	81,988	2,206	**2,861,389**	124,099	81,988	2,206
Total liabilities	**868,970,702**	846,110,022	717,453,979	3	**870,180,858**	847,474,198	719,010,380	3
Equity								
Stated capital	**23,808,398**	23,042,558	21,756,865	3	**23,808,398**	23,042,558	21,756,865	3
Statutory reserve fund	**4,073,979**	4,073,979	3,521,479	-	**4,073,979**	4,073,979	3,521,479	-
Retained earnings	**45,214,506**	44,341,095	42,651,808	2	**50,834,889**	49,941,156	47,426,236	2
Other reserves	**6,952,048**	8,569,697	8,884,556	(19)	**7,289,249**	8,922,907	9,188,008	(18)
Total shareholders' equity	**80,048,931**	80,027,329	76,814,708	0	**86,006,515**	85,980,600	81,892,588	0
Non controlling interests	**-**	-	-	-	**1,545,292**	1,514,734	1,459,588	2
Total equity	**80,048,931**	80,027,329	76,814,708	0	**87,551,807**	87,495,334	83,352,176	0
Total liabilities and equity	**949,019,633**	926,137,351	794,268,687	2	**957,732,665**	934,969,532	802,362,556	2
Net book value per share (LKR)	**185.21**	187.67	185.08	(1)	**199.00**	201.61	197.30	(1)
Contingent liabilities and commitments	**463,986,388**	402,998,561	288,292,666	15	**464,719,301**	403,667,032	288,367,118	15

** YoY change indicates the percentage change from 31.12.2025 to 30.06.2026.*

Certification:

We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd.
Azzam A. Ahamat
Vice President, Finance

We, the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:

(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group.

Sgd.
Sriyan Cooray
Chairman

Sgd.
Kelum Edirisinghe
Director/ Chief Executive Officer

July 22, 2026

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June (Restated)	Stated Capital	Statutory reserve fund	Other Reserves					Retained earnings	Total	Non controlling interests	Total equity
			Revaluation reserve	Share based payment reserves	Fair value reserve	Cash flow hedge reserve	Special reserve ISB				
BANK	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2025	**21,756,865**	**3,521,479**	**1,537,818**	**148,428**	**2,891,806**	**292,075**	**4,014,429**	**43,501,855**	**77,664,755**	**-**	**77,664,755**
Impact of restatement (net of tax)	-	-	-	-	-	-	-	(850,048)	(850,048)		(850,048)
Restated Balance as at 01 January 2025	**21,756,865**	**3,521,479**	**1,537,818**	**148,428**	**2,891,806**	**292,075**	**4,014,429**	**42,651,808**	**76,814,708**	**-**	**76,814,708**
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	1,926,755	1,926,755	-	1,926,755
Other comprehensive income before tax	-	-	-	-	148,231	(456,371)	-	130,765	(177,375)	-	(177,375)
Tax on other comprehensive income	-	-	-	-	(39,676)	136,911	-	-	97,235	-	97,235
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**108,555**	**(319,460)**	**-**	**2,057,520**	**1,846,615**	**-**	**1,846,615**
Transactions with equity holders											
Issue of shares	205,029	-	-	(61,123)	-	-	-	-	143,906	-	143,906
Transfer to the special reserve on SLISBs step up bonds	-	-	-		-	-		-	-	-	-
Adjustment to share based payment reserve	-	-	-	19,969	-	-	-	-	19,969	-	19,969
Final dividends for period 2024 - Cash	-	-	-	-	-	-	-	(2,081,455)	(2,081,455)	-	(2,081,455)
Final dividends for period 2024 - Scrip	1,061,542	-	-	-	-	-	-	(1,248,873)	(187,331)	-	(187,331)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	13,628	13,628	-	13,628
Balance as at 30 June 2025	**23,023,436**	**3,521,479**	**1,537,818**	**107,274**	**3,000,361**	**(27,385)**	**4,014,429**	**41,392,627**	**76,570,039**	**-**	**76,570,040**
Balance as at 01 January 2026	**23,042,558**	**4,073,979**	**1,759,370**	**-**	**2,561,382**	**8,992**	**4,239,953**	**50,334,623**	**86,020,857**	**-**	**86,020,857**
Impact of restatement (net of tax)	-	-	-	-	-	-	-	(5,993,527)	(5,993,527)	-	(5,993,527)
Restated Balance as at 01 January 2026	23,042,558	4,073,979	1,759,370	-	2,561,382	8,992	4,239,953	44,341,096	80,027,330	-	80,027,330
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	4,834,272	4,834,272	-	4,834,272
Other Comprehensive Income before Tax	-	-	-	-	(2,997,622)	185,410	-	15,693	(2,796,519)	-	(2,796,519)
Tax on Other Comprehensive Income	-	-	-	-	886,644	(55,623)	-	(4,708)	826,313	-	826,313
Total comprehensive income for the period	-	-	-	-	(2,110,978)	129,787	-	4,845,257	2,864,066	-	2,864,066
Transactions with equity holders											
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	363,542	(363,542)	-	-	-
Final Dividends for period 2025 - Cash	-	-	-	-	-	-	-	(2,757,706)	(2,757,706)	-	(2,757,706)
Final Dividends for period 2025 - Scrip	765,840	-	-	-	-	-	-	(870,854)	(105,014)	-	(105,014)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	20,253	20,253	-	20,253
Balance as at 30 June 2026	**23,808,398**	**4,073,979**	**1,759,370**	**-**	**450,404**	**138,779**	**4,603,495**	**45,214,504**	**80,048,929**	**-**	**80,048,931**

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June (Restated)	Stated Capital	Statutory Reserve Fund	Other Reserves					Retained Earnings LKR '000	Total	Non Controlling Interests	Total Equity
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Special reserve ISB				
GROUP	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000		Rs '000	LKR '000	LKR '000
Balance as at 01 January 2025	**21,756,865**	**3,521,479**	**1,815,166**	**148,428**	**2,917,910**	**292,075**	**4,014,429**	**48,276,284**	**82,742,636**	**1,459,588**	**84,202,224**
Impact of restatement (net of tax)	-	-	-		-	-	-	(850,048)	(850,048)	-	(850,048)
Restated Balance as at 01 January 2025	21,756,865	3,521,479	1,815,166	148,428	2,917,910	292,075	4,014,429	47,426,236	81,892,588	1,459,588	83,352,176
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	2,189,991	2,189,991	21,928	2,211,919
Other Comprehensive Income before Tax	-	-	-	-	164,457	(456,371)	-	132,203	(159,711)	1,549	(158,162)
Tax on Other Comprehensive Income	-	-	-	-	(38,122)	136,911	-	-	98,789	-	98,789
Total Comprehensive Income for the period	-	-	-	-	126,335	(319,460)	-	2,322,194	2,129,069	23,477	2,152,546
Transactions with equity holders											
Issue of Shares	205,029	-	-	(61,123)	-	-	-	-	143,906	-	143,906
Adjustment to share based payment reserves	-	-	-	19,969	-	-	-	-	19,969	-	19,969
Final Dividends for period 2024 : Cash	-	-	-	-	-	-	-	(2,081,455)	(2,081,455)	-	(2,081,455)
Final Dividends for period 2024 : Scrip	1,061,542	-	-	-	-	-	-	(1,248,873)	(187,331)	-	(187,331)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(32,218)	(32,218)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	13,628	13,628	-	13,628
Balance as at 30 June 2025	23,023,436	3,521,479	1,815,166	107,274	3,044,245	(27,385)	4,014,429	46,431,730	81,930,374	1,450,847	83,381,221
Balance as at 01 January 2026	**23,042,558**	**4,073,979**	**2,070,682**	**10,283**	**2,592,997**	**8,992**	**4,239,953**	**55,934,684**	**91,974,128**	**1,514,734**	**93,488,862**
Impact of restatement	-	-	-	-	-	-	-	(5,993,527)	(5,993,527)	-	(5,993,528)
Restated Balance as at 01 January 2026	**23,042,558**	**4,073,979**	**2,070,682**	**10,283**	**2,592,997**	**8,992**	**4,239,953**	**49,941,157**	**85,980,601**	**1,514,734**	**87,495,334**
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	4,844,606	4,844,606	30,564	4,875,170
Other Comprehensive Income before Tax	-	-	-	-	(3,019,164)	185,410	-	25,678	(2,808,076)	613	(2,807,463)
Tax on Other Comprehensive Income	-	-	-	-	886,645	(55,623)	-	(4,708)	826,314	-	826,314
Total Comprehensive Income for the period	**-**	**-**	-	-	(2,132,519)	129,787	-	4,865,576	2,862,844	31,177	2,894,021
Transactions with equity holders											
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	363,542	(363,542)	-	-	-
Adjustment to share based payment reserves	-	-	-	5,532	-	-	-	-	5,532	6	5,538
Final Dividends for period 2025 - Cash	-	-	-	-	-	-	-	(2,757,706)	(2,757,706)	-	(2,757,706)
Final Dividends for period 2025 - Scrip	765,840	-	-	-	-	-	-	(870,854)	(105,014)	-	(105,014)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(625)	(625)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	20,253	20,253	-	20,253
Balance as at 30 June 2026	**23,808,398**	**4,073,979**	**2,070,682**	**15,815**	**460,478**	**138,779**	**4,603,495**	**50,834,889**	**86,006,515**	**1,545,292**	**87,551,807**

STATEMENT OF CASH FLOW

For the period ended 30 June	BANK		GROUP	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Cash flows from operating activities				
Interest received	**47,555,659**	43,331,945	**47,618,163**	43,473,724
Fee based income received	**4,452,542**	3,747,243	**5,778,306**	4,797,057
Dividend income received	**358,571**	118,014	**91,351**	147,688
Other Operating income received	**2,901,520**	1,494,216	**2,979,482**	1,531,340
Interest paid	**(27,528,316)**	(24,151,445)	**(27,512,184)**	(24,145,694)
Personnel costs paid	**(4,789,783)**	(4,719,468)	**(5,230,134)**	(5,090,790)
Other expenses paid	**(4,194,465)**	(3,403,572)	**(4,720,625)**	(3,892,543)
Operating profit before changes in operating assets and liabilities	**18,755,728**	16,416,933	**19,004,359**	16,820,782
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	**975,600**	3,338,877	**975,600**	3,338,877
Financial Assets at amortised cost -loans and receivables to other customers	**(6,534,961)**	(101,084,147)	**(6,539,542)**	(101,084,147)
Net (increase)/decrease in operating assets	**(5,023,795)**	(3,916,034)	**(5,858,174)**	(4,002,380)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	**5,510,367**	64,610,596	**5,634,528**	64,950,070
Financial liabilities at amortised cost - due to debt securities holders	**1,160,262**	46,866,069	**1,160,262**	46,866,069
Financial liabilities at amortised cost - due to other borrowers	**(3,664,007)**	5,307,553	**(3,664,007)**	5,307,553
Repayment of principal portion of lease liabilities	**(295,360)**	(282,333)	**(319,996)**	(294,473)
Net increase/(decrease) in other liabilities	**1,598,152**	(92,203)	**2,031,209**	(248,045)
Net cash generated/(used in) from operating activities before taxation	**12,481,986**	31,165,311	**12,424,239**	31,654,306
Tax on Financial Services paid	**(2,361,025)**	(1,858,958)	**(2,361,025)**	(1,858,958)
Income taxes paid	**(3,683,258)**	(1,795,290)	**(3,856,281)**	(1,955,015)
Net cash generated/(used in) from operating activities	**6,437,703**	27,511,063	**6,206,933**	27,840,333
Cash flows from investing activities				
Net changes in financial investments	**(13,114,897)**	(33,682,736)	**(12,956,129)**	(33,645,007)
Purchase of Intangible assets	**(425,582)**	-	**(429,870)**	(10,331)
Purchase of property, plant & equipment	**(2,064,382)**	(539,882)	**(2,098,506)**	(598,399)
Proceeds from sale of property, plant & equipment	**846**	3,780	**846**	3,806
Net cash generated /(used in) from investing activities	**(15,604,015)**	(34,218,838)	**(15,483,659)**	(34,249,931)
Cash flows from financing activities				
Proceeds from issue of ordinary of shares	**-**	143,906	**-**	143,906
Proceeds from debt securities issued	**16,000,000**	-	**16,000,000**	-
Interest paid on debts securities issued	**(688,230)**	(687,658)	**(688,230)**	(687,658)
Dividends paid to non-controlling interests	**-**	-	**(294)**	-
Dividends paid to shareholders of the Bank	**-**	(1,744,673)	**-**	(1,744,673)
Net cash provided by /(used in) financing activities	**15,311,770**	(2,288,425)	**15,311,476**	(2,288,425)
Net increase in cash and cash equivalents	**6,145,458**	(8,996,200)	**6,034,750**	(8,698,023)
Cash and cash equivalents at the beginning of the period	**42,258,810**	40,136,459	**42,712,803**	40,781,208
Cash and cash equivalents at the end of the period	**48,404,268**	31,140,259	**48,747,553**	32,083,185
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	**14,843,217**	16,869,185	**15,186,502**	17,812,111
Placements with banks	**33,510,485**	14,240,156	**33,510,485**	14,240,156
Cash and cash equivalents at the end of the period (Net)	**48,353,702**	31,109,341	**48,696,987**	32,052,267
Add: Impairment allowance	**50,566**	30,918	**50,566**	30,918
Cash and cash equivalents at the end of the period (Gross)	**48,404,268**	31,140,259	**48,747,553**	32,083,185

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 June	Banking 2026 LKR '000	Banking 2025 Restated LKR '000	Capital Markets 2026 LKR '000	Capital Markets 2025 Restated LKR '000	Property Investment 2026 LKR '000	Property Investment 2025 Restated LKR '000	Others 2026 LKR '000	Others 2025 Restated LKR '000	Consolidated 2026 LKR '000	Consolidated 2025 Restated LKR '000
Revenue										
Interest Income	45,860,769	42,308,232	134,759	120,249	4,922	-	-	-	46,000,450	42,428,481
Fee and commission income	4,699,203	3,691,689	836,539	885,278	103,757	98,327	30,883	27,155	5,670,382	4,702,450
Net gain/(loss) from trading	559,923	578,755	-	-	-	-	-	-	559,923	578,755
Net gain/(loss) from financial assets at fair value through profit or loss	(12,586)	(8,781)	54,491	79,254	-	-	-	-	41,905	70,473
Net gains/(losses) from derecognition of financial assets - Fair Value through Profit or Loss	29,785	86,214	48,654	32,342	-	-	-	-	78,439	118,556
Net gains/(losses) from derecognition of financial assets - Fair Value Through Other Comprehensive Income	658,060	468,416	0	78	-	-	-	-	658,060	468,494
Other Operating Income	1,757,688	591,563	39,689	(4,145)	-	-	-	-	1,797,377	587,418
Total revenue from external customers	53,552,842	47,716,088	1,114,131	1,113,056	108,679	98,327	30,883	27,155	54,806,535	48,954,626
Inter-segment Revenue	-	-	23,955	20,067	48,825	34,983	-	-	72,780	55,050
Total Revenue	53,552,842	47,716,088	1,138,086	1,133,123	157,504	133,310	30,883	27,155	54,879,315	49,009,676
Impairment (charge) /reversal for Loans & other losses	(3,455,420)	(4,479,866)	-	-	-	-	-	-	(3,455,420)	(4,479,866)
Segment expenses	(40,846,995)	(38,835,757)	(781,069)	(758,056)	(10,968)	(21,452)	(25,971)	(18,727)	(41,665,004)	(39,633,992)
Total segment expenses	(44,302,415)	(43,315,623)	(781,069)	(758,056)	(10,968)	(21,452)	(25,971)	(18,727)	(45,120,424)	(44,113,858)
Inter-segment expenses			-	-					-	-
Segment results	9,250,427	4,400,465	357,017	375,067	146,536	111,858	4,912	8,428	9,758,891	4,895,816
Income tax expenses	-	-	-	-	-	-	-	-	2,532,945	1,165,808
Taxes on financial services	-	-	-	-	-	-	-	-	2,350,776	1,518,089
Profit After Taxation									4,875,170	2,211,919
Other information										
Segment assets	948,979,080	911,543,302	4,556,004	4,450,941	4,122,747	4,063,979	74,835	60,496	957,732,665	920,118,718
Consolidated total assets									957,732,665	920,118,718
Segment liabilities	868,357,253	834,713,076	765,655	959,835	1,016,638	1,039,199	41,313	25,389	870,180,858	836,737,499
Consolidated total liabilities									870,180,858	836,737,499
Segmental Cash flows										
Cash flows from operating activities	6,437,703	27,511,063	(269,109)	334,011	66,329	2,627	(27,989)	(7,369)	6,206,933	27,840,333
Cash flows from investing activities	(15,604,015)	(34,218,838)	105,408	(16,419)	14,948	(14,674)	-	-	(15,483,659)	(34,249,931)
Cash flows from financing activities	15,311,770	(2,288,425)	(294)	-	-	-	-	-	15,311,476	(2,288,425)

Notes to the Financial Statements

1 The figures are extracted from the unaudited financial statements of the Bank and the Group.

The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods which is in line with the requirements of Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Institute of Chartered Accountants of Sri Lanka.

There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report.

2 These Financial Statements also comply with Sri Lanka Accounting Standard (LKAS) 34 - "Interim Financial Reporting" and provided the information as required in terms of Rule 7.4 of the Colombo Stock Exchange and Circular No 05 of 2024 of Central Bank of Sri Lanka.

3 **Restatement of Financial Statements Due to the Fraud**

Further to the corporate disclosures released to the Colombo Stock Exchange on the 2nd April 2026, 6th April 2026, 23rd April 2026 and 26th June 2026 the Bank wishes to provide additional details on actions taken by the Bank following the detection of the fraud.

Immediately after the detection of the fraud the Bank acted promptly and decisively to review all relevant controls and to strengthened them to mitigate the risk of recurrence.

The Bank continues to work closely with all relevant regulatory and law enforcement authorities, including the Central Bank of Sri Lanka, and is extending its fullest cooperation to facilitate ongoing investigations, statutory processes, and efforts to recover the affected sums. The Board of Directors also commissioned Deloitte Touche Tohmatsu India LLP (“Deloitte”) to conduct an independent forensic review into the facts and circumstances relating to the fraud, including any deficiencies in controls, oversight, accountability and governance. As disclosed to the Colombo Stock Exchange on 26th June 2026, the Bank received an interim report from Deloitte, the observations of which were preliminary and indicative in nature. In accordance with the terms of engagement, the interim report remains confidential. The final report is expected to be issued in due course and will be submitted directly by Deloitte to the Central Bank of Sri Lanka, with a copy provided to the Bank.

The financial impact of the fraud, based on Management’s initial assessment, was recognised in the Bank’s interim financial statements for the quarter ended 31st March 2026, as published on 30th April 2026. Subsequently, following receipt of Deloitte’s interim report, which identified suspicious transactions amounting to approximately (LKR'000) 13,579,665 Management reassessed the estimated financial impact of the fraud. Accordingly, the Bank’s financial statements for the period ended 30th June 2026 reflect this revised estimate, including for its first quarter ended 31 March 2026 - with the comparative information relating to prior reporting periods revised and restated, where applicable, to reflect the updated assessment. Accordingly, the revised estimated financial impact of (LKR'000) 13,579,665 has been allocated between the current financial year and prior reporting periods as follows:

	As per the Bank’s initial internal estimate as announced via Corporate Disclosure of 6 April 2026 and as recognized in the Bank’s Q1-2026 interim financial statements LKR '000	As per Deloitte’s Interim report as announced via Corporate Disclosure of 26 June 2026 as recognized in the Bank’s H1-2026 interim financial statements LKR '000
Period prior to January 1, 2025	914,505	1,417,665
Financial year ended December 31, 2025	9,617,000	9,617,000
Quarter ended March 31, 2026	2,668,495	2,545,000
Total	13,200,000	13,579,665

In this context, it should be noted that the estimated financial impact recognised for the quarter ended 31st March 2026 was based on Management’s initial assessment of the fraud. Following receipt of Deloitte’s interim report and Management’s subsequent reassessment, the allocation of the estimated loss attributable to the quarter ended 31st March 2026 was accordingly revised.

The fraud has been fully accounted for in the financial statements for prudence and compliance with accounting standards. The Bank is pursuing all appropriate legal measures against those responsible for the fraud, including those persons who had aided and abetted in the commission of the offence. Any funds recovered through legal proceedings will be recognized in future financial statements as per the accounting standards.

Accordingly, the results reported in the Statement of Profit or Loss for the comparative six months ended 30th June 2025 and the Statement of Financial Position as at the 1st January 2025 and the 31st December 2025 have been restated. Further details are given in Note 10 hereto.

The gross impact of the fraud has been recognized under other expenses within operating expenses. For better comparability and to illustrate the underlying business performance, the table below sets out the profit of the Bank including and excluding the impact of the fraud:

	Bank		Group	
For the period ended 30 June	**2026**	**2025**	**2026**	**2025**
	LKR 000	**LKR 000**	**LKR 000**	**LKR 000**
Profit Before Tax from core banking operations	12,046,516	8,643,263	12,303,891	9,157,816
Gross impact due to the fraud	(2,545,000)	(4,262,000)	(2,545,000)	(4,262,000)
Profit Before Tax	**9,501,516**	**4,381,263**	**9,758,891**	**4,895,816**
Profit After Tax from core banking operations	6,208,788	4,224,884	6,249,686	4,510,048
Net impact due to the fraud	(1,374,516)	(2,298,129)	(1,374,516)	(2,298,129)
Profit After Tax	**4,834,272**	**1,926,755**	**4,875,170**	**2,211,919**

	Bank		Group	
For the year ended 31 December	**2025**	**2024**	**2025**	**2024**
	LKR 000	**LKR 000**	**LKR 000**	**LKR 000**
Profit Before Tax from core banking operations	21,382,614	24,342,990	22,768,952	25,691,428
Gross impact due to the fraud	(9,565,000)	(1,417,665)	(9,565,000)	(1,417,665)
Profit Before Tax	**11,817,614**	**22,925,325**	**13,203,952**	**24,273,763**
Profit After Tax from core banking operations	11,039,840	9,030,221	11,950,993	9,892,335
Net impact due to the fraud	(5,143,480)	(850,049)	(5,143,480)	(850,049)
Profit After Tax	**5,896,360**	**8,180,172**	**6,807,513**	**9,042,286**

Notes to the Financial Statements

4 **Expected Credit Losses**

The Bank assessed the Expected Credit Losses (ECL) of credit facilities based on two approaches of individual and collective basis. The customers who have been identified as individually significant were assessed under individual basis and they were staged based on the identified indicators of increase in credit risks.
The Expected Credit Losses assessed on collective impairment approach were based on Probability of Default (PD), Loss Given Default (LGD) and the Economic Factor Adjustment (EFA) by applying the recent forecasts and projections. Further, the Bank has accounted for management overlays to mitigate any expected losses by downgrading the staging of facilities included in the identified risk elevated industries where necessary to capture significant increases in credit risk due to stressed economic conditions.

5 From total debt investment portfolio ,the Bank has reclassified the Debt portfolio amounting to LKR 37.7 Bn, consisting of Sri Lanka Government Treasury Bonds of LKR 32.6 Bn and Sri Lanka USD Sovereign Bonds of USD 14 Mn held as "Fair Value through Other Comprehensive Income" to "Amortised cost" with effect from 01 April 2022. This reclassification is a one-time event in accordance with the Statement of Alternative Treatment (SoAT) on reclassification of debt portfolio issued by the Institute of Chartered Accountants of Sri Lanka and in line with the requirements of the SLFR 9-Financial Instruments paragraph 5.6.5. Sri Lanka USD Sovereign Bonds has been restructured in December 2024.
If these investments continued to be carried at fair value through other comprehensive income, the fair value of the remaining portfolio as at 30 June 2026 would have amounted to LKR 2.4 Bn and would have resulted in the recognition of fair value loss of LKR 101 Mn in other comprehensive income during the period.

6 **Dividends**

On 18 March 2026, the Board of Directors of National Development Bank PLC approved a final dividend of LKR 8.50 per ordinary share for the financial year ended 31 December 2025, comprising a cash dividend of LKR 6.46 per share and a scrip dividend of LKR 2.04 per share. Subsequent to the approval of the dividend and prior to the settlement of the cash component, the Central Bank of Sri Lanka (CBSL), through a regulatory directive issued in relation to a reported fraud incident in the Bank, instructed to suspend the payment of cash dividends to shareholders. Accordingly, the cash dividend has not been paid and has been recognised as a dividend payable , whilst the scrip dividend has been duly effected through the issuance of new ordinary shares. Accordingly, 5.3 Mn Ordinary Voting Shares were issued and listed on 10 April 2026 on the Colombo Stock Exchange.

7 **Basel III compliant Tier 2 GSS+ Bonds**

Subsequent to all due approvals from the regulators, the Bank completed the issuance of 160 Mn Basel III Compliant – Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable GSS+ Bonds with a Non-Viability Conversion feature, at a par value of Rs. 100 each, and raised LKR 16 Bn by way of an Initial Public Offering which was open in the Colombo Stock Exchange on March 10, 2026. The issuance was oversubscribed on the same day. These GSS+ Bonds were allotted on March 16, 2026.

8 **Special Customer Arrangements within Loans, Advances, and Deposits (Notional Pooling Arrangements)**

As at the reporting date, the Bank's portfolio of loans & advances, and deposits includes a total amount of LKR 13.6 Bn (2025 year-end: LKR 29.2 Bn), which has been received from customer(s) under a special arrangement. This amount represents funds held on behalf of customer(s) in respect of a potential netting arrangement, wherein both lending and deposit positions are maintained concurrently. 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.

9 There were no other events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank and the Group.

Notes to the Financial Statements

10 Cumulative Impact of Adjustments due to restatements

10.1 Statement of Financial Position - Cumulative impact of adjustments as at 01 January 2025

	Bank			Group		
	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000
Assets not subject to adjustment	788,619,509	-	788,619,509	796,262,367	-	796,262,367
Other assets	7,066,842	(1,417,664)	5,649,178	7,517,853	(1,417,664)	6,100,189
Total Asset	**795,686,351**	(1,417,664)	**794,268,687**	**803,780,220**	(1,417,664)	**802,362,556**
Liabilities not subject to adjustments	701,956,070	-	701,956,070	702,473,914	-	702,473,914
Current tax liabilities	5,204,643	(361,546)	4,843,097	5,473,755	(361,546)	5,112,209
Other liabilities	10,860,883	(206,070)	10,654,812	11,630,328	(206,070)	11,424,257
Total Liabilities	718,021,596	(567,616)	717,453,979	719,577,997	(567,616)	719,010,380
Equity						
Stated capital	21,756,865	-	21,756,865	21,756,865	-	21,756,865
Statutory reserve fund	3,521,479	-	3,521,479	3,521,479	-	3,521,479
Retained earnings	43,501,856	(850,048)	42,651,808	48,276,283	(850,048)	47,426,236
Other reserves	8,884,556	-	8,884,556	9,188,008	-	9,188,008
Total shareholders' equity	77,664,756	(850,048)	76,814,708	82,742,635	(850,048)	81,892,588
Non controlling interests	-			1,459,588	-	1,459,588
Total equity	77,664,756	(850,048)	76,814,708	84,202,223	(850,048)	83,352,176
Total liabilities and equity	**795,686,352**	(1,417,664)	**794,268,687**	**803,780,220**	(1,417,664)	**802,362,556**

10.2 Statement of Financial Position - Cumulative impact of adjustments as at 31 December 2025

	Bank			Group		
	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000
Assets not subject to adjustment	919,549,376	-	919,549,376	927,667,691	-	927,667,691
Other assets	16,259,404	(9,671,429)	6,587,975	16,973,270	(9,671,429)	7,301,841
Total Asset	935,808,780	(9,671,429)	926,137,351	944,640,961	(9,671,429)	934,969,532
Liabilities not subject to adjustments	834,533,652	-	834,533,652	834,981,364	-	834,981,364
Current tax liabilities	4,038,962	(3,188,301)	850,661	4,421,027	(3,188,301)	1,232,726
Other liabilities	11,215,309	(489,600)	10,725,709	11,749,708	(489,600)	11,260,108
Total Liabilities	849,787,923	(3,677,901)	846,110,022	851,152,099	(3,677,901)	847,474,198
Equity						
Stated capital	23,042,558	-	23,042,558	23,042,558	-	23,042,558
Statutory reserve fund	4,073,979	-	4,073,979	4,073,979	-	4,073,979
Retained earnings	50,334,623	(5,993,528)	44,341,095	55,934,684	(5,993,528)	49,941,156
Other reserves	8,569,697	-	8,569,697	8,922,907	-	8,922,907
Total shareholders' equity	86,020,857	(5,993,528)	80,027,329	91,974,128	(5,993,528)	85,980,600
Non controlling interests	-			1,514,734	-	1,514,734
Total equity	86,020,857	(5,993,528)	80,027,329	93,488,862	(5,993,528)	87,495,334
Total liabilities and equity	935,808,780	(9,671,429)	926,137,351	944,640,961	(9,671,429)	934,969,532

NDB bank

Notes to the Financial Statements

10.3 Statement of Profit or Loss - Cumulative impact of adjustments for the period ended 30 June 2025

	Bank			Group		
	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000
Gross income	47,716,088	-	47,716,088	49,009,676	-	49,009,676
		-	-		-	-
Interest income	42,308,232	-	42,308,232	42,434,376	-	42,434,376
Interest expenses	25,362,532	-	25,362,532	25,356,637	-	25,356,637
Net interest income	16,945,700	-	16,945,700	17,077,739	-	17,077,739
		-				
Fee and commission income	3,691,689	-	3,691,689	4,751,604	-	4,751,604
Less: Fee and commission expenses	54,590	-	54,590	54,590	-	54,590
Net Fee and commission income	3,637,099	-	3,637,099	4,697,014	-	4,697,014
Net gain/(loss) from trading	578,755	-	578,755	578,755	-	578,755
Net gain/(loss) from financial assets at fair value through profit or loss	(8,781)	-	(8,781)	70,473	-	70,473
Net gains/(losses) from de-recognition of financial assets						
- at fair value through profit or loss	86,214	-	86,214	118,556	-	118,556
- at fair value through OCI	468,416	-	468,416	468,494	-	468,494
Other operating income	591,563	-	591,563	587,418	-	587,418
Total operating income	22,298,966	-	22,298,966	23,598,449	-	23,598,449
Less: Impact of the debt restructuring	-	-	-	-	-	-
Less :Impairment charges/(reversals) on loans and other investments	4,479,866	-	4,479,866	4,479,866	-	4,479,866
Net operating income	17,819,100	-	17,819,100	19,118,583	-	19,118,583
Operating expenses						
Personnel expenses	4,879,796	-	4,879,796	5,286,501	-	5,286,501
Depreciation and amortization	545,459	-	545,459	577,948	-	577,948
Other expenses	3,750,582	4,262,000	8,012,582	4,096,318	4,262,000	8,358,318
Total operating expenses	9,175,837	4,262,000	13,437,837	9,960,767	4,262,000	14,222,767
Operating profit before tax on financial services	8,643,263	(4,262,000)	4,381,263	9,157,816	(4,262,000)	4,895,816
Less: Taxes on financial services	2,229,383	(711,294)	1,518,089	2,229,383	(711,294)	1,518,089
Operating profit after tax on financial services	6,413,880	(3,550,706)	2,863,174	6,928,433	(3,550,706)	3,377,727
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit before taxation	6,413,880	(3,550,706)	2,863,174	6,928,433	(3,550,706)	3,377,727
Less : Income tax expenses	2,188,996	(1,252,577)	936,419	2,418,385	(1,252,577)	1,165,808
Profit for the quarter	4,224,884	(2,298,129)	1,926,755	4,510,048	(2,298,129)	2,211,919
Profit attributable to:						
Equity holders of the parent	4,224,884	(2,298,129)	1,926,755	4,488,120	(2,298,129)	2,189,991
Non controlling interests	-	-	-	21,928	-	21,928
	4,224,884	(2,298,129)	1,926,755	4,510,048	(2,298,129)	2,211,919
Basic earnings per share (in LKR)	9.93		4.46	10.55		5.07
Diluted earnings per share (in LKR)	9.93		4.46	10.55		5.07

Notes to the Financial Statements

11. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30 JUNE 2026

11.1 Product wise Gross Loans and Receivables	Bank As at 30/06/2026 LKR '000	Bank As at 31/12/2025 LKR '000	Group As at 30/06/2026 LKR '000	Group As at 31/12/2025 LKR '000
By product-Domestic Currency				
Term loans	104,904,119	102,912,945	104,904,120	102,912,946
Medium and short term loans	79,618,792	97,156,889	79,618,792	97,156,889
Overdrafts	60,514,597	67,358,673	60,514,597	67,358,673
Trade Finance	29,817,781	27,951,976	29,817,781	27,951,976
Consumer loans	67,957,717	60,640,325	67,957,717	60,640,325
Lease rentals receivable and Hire Purchase	24,886,559	25,745,281	24,886,559	25,745,281
Housing loans	17,070,621	17,023,664	17,070,621	17,023,664
Pawning	41,597,890	31,349,833	41,597,890	31,349,833
Islamic Banking facilities	16,675,294	17,021,232	16,675,294	17,021,232
Credit cards	10,093,067	9,650,602	10,093,067	9,650,602
AF Loans	19,195,181	13,533,763	19,195,181	13,533,763
Staff loans	4,020,360	3,745,038	4,169,476	3,846,387
Sub total	**476,351,978**	**474,090,221**	**476,501,095**	**474,191,570**
By product-Foreign Currency				
Term loans	105,838,764	84,480,506	105,838,764	84,480,506
Overdrafts	2,810,031	13,137,335	2,810,031	13,137,335
Medium and short term loans	16,634,302	20,955,711	16,634,302	20,955,711
Trade Finance	37,996,715	42,211,579	37,996,715	42,211,579
Islamic Banking facilities	9,360,371	8,972,912	9,360,371	8,972,912
Housing loans	3,483	11,831	3,483	11,831
Sub total	**172,643,666**	**169,769,874**	**172,643,666**	**169,769,874**
Total	**648,995,644**	**643,860,095**	**649,144,761**	**643,961,444**

11.2 Product wise commitments and contingencies considered for Impairment	Bank As at 30/06/2026 LKR '000	Bank As at 31/12/2025 LKR '000	Group As at 30/06/2026 LKR '000	Group As at 31/12/2025 LKR '000
By product- Domestic Currency				
Guarantees	38,951,958	37,577,605	38,951,958	37,552,950
Performance Bonds	9,370,791	8,074,222	9,370,791	8,074,222
Documentary Credits	1,308,025	1,419,964	1,308,025	1,419,964
Acceptances	456,491	687,933	456,491	687,933
Undrawn commitments	200,537,318	214,084,971	200,514,818	214,082,339
Sub Total	**250,624,583**	**261,844,695**	**250,602,083**	**261,817,408**
By product- Foreign Currency				
Guarantees	10,764,485	3,107,521	10,764,485	3,107,521
Performance Bonds	889,721	1,191,361	889,721	1,191,361
Documentary Credits	23,156,923	15,569,299	23,156,923	15,569,299
Acceptances	10,753,985	13,858,888	10,753,985	13,858,888
Undrawn commitments	424,536	1,243,193	1,179,949	1,938,951
Sub Total	**45,989,650**	**34,970,262**	**46,745,063**	**35,666,020**
Total	**296,614,233**	**296,814,957**	**297,347,146**	**297,483,428**

	As at 30/06/2026 LKR '000	As at 31/12/2025 LKR '000	As at 30/06/2026 LKR '000	As at 31/12/2025 LKR '000
Gross loans and advances ,Commitments and Contingencies	945,609,877	940,675,052	946,491,907	941,444,872
(Less): Accumulated impairment under stage 1	8,192,534	6,598,034	8,192,534	6,598,034
Accumulated impairment under stage 2	4,177,324	3,814,785	4,177,324	3,814,785
Accumulated impairment under stage 3	43,959,461	42,034,037	43,959,461	42,034,037
Net value of loans and advances, commitments and contingencies	**889,280,558**	**888,228,196**	**890,162,588**	**888,998,016**

11.3 Movement of impairment during the period	Bank As at 30/06/2026 LKR '000	Bank As at 31/12/2025 LKR '000	Group As at 30/06/2026 LKR '000	Group As at 31/12/2025 LKR '000
Under stage 1				
Balance at 1 January	6,598,034	6,095,524	6,598,034	6,095,524
Charge/(Write back) to Statement of Profit or Loss	1,594,500	502,510	1,594,500	502,510
Write-off during the period	-	-	-	-
Closing balance	**8,192,534**	**6,598,034**	**8,192,534**	**6,598,034**
Under stage 2				
Balance at 1 January	3,814,785	5,394,651	3,814,785	5,394,651
Charge/(Write back) to Statement of Profit or Loss	362,539	(1,579,866)	362,539	(1,579,866)
Write-off during the period	-	-	-	-
Closing balance	**4,177,324**	**3,814,785**	**4,177,324**	**3,814,785**
Under stage 3				
Balance at 1 January	42,034,037	39,443,878	42,034,037	39,443,878
Charge/(Write back) to Statement of Profit or Loss	1,478,524	6,778,969	1,478,524	6,778,969
Write-off during the period	(450,181)	(4,188,810)	(450,181)	(4,188,810)
Other movement	897,081	-	897,081	-
Closing balance	**43,959,461**	**42,034,037**	**43,959,461**	**42,034,037**

12. ANALYSIS OF DEPOSITS

Due to Other Customers - By product

	Bank As at 30/06/2026 LKR '000	Bank As at 31/12/2025 LKR '000	Group As at 30/06/2026 LKR '000	Group As at 31/12/2025 LKR '000
By product-Domestic Currency				
Demand deposits	44,219,406	51,943,704	44,202,042	51,932,071
Savings deposits	85,412,984	92,794,415	85,339,269	92,387,324
Time deposits	367,571,879	363,191,609	367,261,160	362,933,965
Other deposits	1,362,308	1,800,831	1,362,308	1,800,831
Sub total	**498,566,577**	**509,730,559**	**498,164,779**	**509,054,191**
By product- Foreign Currency				
Demand deposits	13,871,894	22,251,460	13,871,894	22,251,438
Savings deposits	23,386,539	22,487,581	23,340,914	22,439,914
Time deposits	176,346,460	152,404,824	176,188,933	152,399,080
Other deposits	325,661	292,942	325,661	292,942
Sub total	**213,930,554**	**197,436,807**	**213,727,402**	**197,383,374**
Total	**712,497,131**	**707,167,366**	**711,892,181**	**706,437,565**

NDB bank

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/06/2026	As at 31/12/2025 Restated	As at 30/06/2026	As at 31/12/2025 Restated
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	55,835,896	61,572,361	61,136,708	66,380,720
Tier 1 Capital	55,835,895	61,572,361	61,136,708	66,380,720
Total Capital	88,470,250	80,995,560	93,681,986	85,679,760
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	9.67	11.26	10.35	11.86
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	9.67	11.26	10.35	11.86
Total Capital Ratio (Minimum Requirement - 12.5%)	15.32	14.81	15.86	15.31
Basel III Leverage Ratio (Minimum Requirement - 3%)	5.58	6.37	6.05	6.81
Regulatory Liquidity				
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%)	163.45	257.29	N/A	N/A
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%)	163.23	208.54	N/A	N/A
Net stable Funding Ratio (%) (Minimum Requirement 100%)	129.49	131.12	N/A	N/A
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) to Total Loans Ratio (%) - Gross	8.89	9.18	8.89	9.18
Impaired Loans (Stage 3) to Total Loans Ratio (%) - Net	3.30	3.75	3.30	3.75
Impairment (stage 3) to Stage 3 loans Ratio (%)	62.91	59.10	62.91	59.10
Income and Profitability				
Earnings Per Share (LKR) - Annualized	23.49	13.83	23.54	15.77
Return on Equity (%)	12.69	7.52	11.83	8.38
Return on Average Assets (after Tax (%)	1.08	0.69	1.08	0.78
Return on Average Assets (before Tax (%))	2.15	1.37	2.18	1.53
Net Interest Margin (%)	3.75	4.06	3.75	4.09
Cost to Income Ratio (%)	48.44	61.70	49.58	61.38
Income and Profitability - Excluding fraud impact				
Earnings Per Share (LKR) - Annualized	26.67	25.90	27.86	27.83
Return on Equity (%)	13.32	13.49	13.04	13.58
Return on Average Assets (after Tax (%)	1.22	1.28	1.26	1.36
Return on Average Assets (before Tax (%))	2.39	2.47	2.18	2.60
Cost to Income Ratio (%)	38.32	41.04	39.40	42.06
Debt Security - Related Ratios				
Interest Cover (Times)	1.61	1.68	1.62	1.68
Debt to Equity (Times)	10.64	10.36	9.90	9.63
Memorandum Information				
Credit Rating	A- (lka) / Negative Outlook	A(lka) / Stable Outlook	N/A	N/A
Number of Employees	2,897	2,864	N/A	N/A
Number of Branches	113	113	N/A	N/A

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 JUNE 2026 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	14,843,217	-	-	14,843,217
Balances with the Central Bank of Sri Lanka	-	7,250,002	-	-	7,250,002
Placements with banks	-	33,510,485	-	-	33,510,485
Derivative Financial Instruments	3,328,055	-	-	-	3,328,055
Financial assets recognized through profit or loss measured at fair value	5,955,324	-	-	-	5,955,324
Financial assets at amortised cost -loans and receivables to other customers	-	595,279,437	-	-	595,279,437
Financial Assets at amortised cost - debt and other instruments	-	195,292,454	-	-	195,292,454
Financial assets measured at fair value through other comprehensive income	-	-	69,171,749	-	69,171,749
Other Financial Assets	-	1,249,543	-	-	1,249,543
Total Financial Assets	**9,283,379**	**847,425,138**	**69,171,749**	**-**	**925,880,266**

LIABILITIES	At fair value through profit or loss	At Amortized cost	Total
Due to Banks	-	10,492,143	10,492,143
Derivative Financial Instruments	3,639,714	-	3,639,714
Financial Liabilities at amortised cost -due to depositors	-	712,497,131	712,497,131
Financial Liabilities at amortised cost			
- due to debt securities holders	-	70,994,652	70,994,652
- due to other borrowers	-	17,227,803	17,227,803
Debt securities issued	-	40,592,295	40,592,295
Other Financial Liabilities	-	5,297,632	5,297,632
Total Financial Liabilities	**3,639,714**	**857,101,656**	**860,741,370**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 JUNE 2026 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	15,186,502	-	-	15,186,502
Balances with the Central Bank of Sri Lanka	-	7,250,002	-	-	7,250,002
Placements with banks	-	33,510,485	-	-	33,510,485
Derivative Financial Instruments	3,328,055	-	-	-	3,328,055
Financial assets recognized through profit or loss measured at fair value	8,701,400	-	-	-	8,701,400
Financial assets at amortised cost -loans and receivables to other customers	-	595,428,553	-	-	595,428,553
Financial Assets at amortised cost - debt and other instruments	-	195,855,828	-	-	195,855,828
Financial Assets measured at fair value through Other comprehensive income	-	-	69,866,008	-	69,866,008
Other Financial Assets	-	1,477,409	-	-	1,477,409
Total Financial Assets	**12,029,455**	**848,708,779**	**69,866,008**	**-**	**930,604,242**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	10,492,143	10,492,143
Derivative Financial Instruments	3,639,714	-	3,639,714
Financial Liabilities at amortised cost -due to depositors	-	711,892,181	711,892,181
Financial Liabilities at amortised cost			
- due to debt securities holders	-	70,994,652	70,994,652
- due to other borrowers	-	17,227,803	17,227,803
Debt securities issued	-	40,592,295	40,592,295
Other Financial Liabilities	-	5,446,100	5,446,100
Total Financial Liabilities	**3,639,714**	**856,645,174**	**860,284,888**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2025 - BANK (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	17,566,305	-	-	17,566,305
Balances with the Central Bank of Sri Lanka	-	8,225,602	-	-	8,225,602
Placements with banks	-	24,692,505	-	-	24,692,505
Derivative Financial Instruments	1,475,777	-	-	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	253,152	-	-	-	253,152
Financial assets at amortised cost -loans and receivables to other customers	-	593,603,756	-	-	593,603,756
Financial Assets at amortised cost - debt and other instruments	-	181,340,088	-	-	181,340,088
Financial assets measured at fair value through other comprehensive income	-	-	78,648,323	-	78,648,323
Other Financial Assets	-	1,066,526	-	-	1,066,526
Total Financial Assets	**1,728,929**	**826,494,782**	**78,648,323**	**-**	**906,872,034**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	12,447,544	12,447,544
Derivative Financial Instruments	251,448	-	251,448
Financial Liabilities at amortised cost -due to depositors	-	707,167,366	707,167,366
Financial Liabilities at amortised cost			
- due to debt securities holders	-	69,834,390	69,834,390
- due to other borrowers	-	19,792,565	19,792,565
Debt securities issued	-	23,330,603	23,330,603
Other Financial Liabilities	-	3,839,488	3,839,488
Total Financial Liabilities	**251,448**	**836,411,956**	**836,663,404**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2025 - GROUP (LKR '000)

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	18,020,298	-	-	18,020,298
Balances with the Central Bank of Sri Lanka	-	8,225,602	-	-	8,225,602
Placements with banks	-	24,692,505	-	-	24,692,505
Derivative Financial Instruments	1,475,777	-	-	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	3,414,968	-	-	-	3,414,968
Financial assets at amortised cost -loans and receivables to other customers	-	593,705,105	-	-	593,705,105
Financial Assets at amortised cost - debt and other instruments	-	181,822,394	-	-	181,822,394
Financial Assets measured at fair value through Other comprehensive income	-	-	79,110,967	-	79,110,967
Other Financial Assets	-	1,514,392	-	-	1,514,392
Total Financial Assets	**4,890,745**	**827,980,296**	**79,110,967**	**-**	**911,982,008**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	12,447,544	12,447,544
Derivative Financial Instruments	251,448	-	251,448
Financial Liabilities at amortised cost -due to depositors	-	706,437,565	706,437,565
Financial Liabilities at amortised cost			
- due to debt securities holders	-	69,834,390	69,834,390
- due to other borrowers	-	19,792,565	19,792,565
Debt securities issued	-	23,330,603	23,330,603
Other Financial Liabilities	-	4,001,956	4,001,956
Total Financial Liabilities	**251,448**	**835,844,623**	**836,096,071**

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments are determined according to the following hierarchy as described below:

Level 1 - quoted market price (unadjusted): financial instruments with quoted prices in active markets
Level 2 - valuation techniques using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.
Level 3 - valuation techniques with significant unobservable inputs: This category includes all instruments valued using valuation techniques where one or more significant inputs are unobservable.

There were no material transfers between levels of fair value hierarchy during the current period of 2026. The Bank did not changed the valuation models and assumptions used to measure the fair values of Level 03 financial instruments during the year ended 31 December 2025.

FINANCIAL ASSETS & LIABILITIES MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

Bank	**2026 Fair Value Measurement Using**				**2025 Fair Value Measurement Using**			
	Quoted prices in active markets Level 1 30/06/2026 LKR '000	**Significant observable inputs Level 2 30/06/2026 LKR '000**	**Significant unobservable inputs Level 3 30/06/2026 LKR '000**	**Total 30/06/2026 LKR '000**	**Quoted prices in active markets Level 1 31/12/2025 LKR '000**	**Significant observable inputs Level 2 31/12/2025 LKR '000**	**Significant unobservable inputs Level 3 31/12/2025 LKR '000**	**Total 31/12/2025 LKR '000**
Financial Assets								
Derivative Financial Instruments	-	3,328,055	-	3,328,055	-	1,475,777	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	5,955,324	-	-	5,955,324	253,152	-	-	253,152
Financial assets measured at fair value through other comprehensive income	65,909,142.24	3,105,238	157,369	69,171,749	74,524,810	3,966,144	157,369	78,648,323
Total Financial Assets	71,864,466	6,433,293	157,369	78,455,128	74,777,962	5,441,921	157,369	80,377,252
Financial Liabilities								
Derivative Financial Instruments	-	3,639,714	-	3,639,714	-	251,448	-	251,448
Total Financial Liabilities	-	3,639,714	-	3,639,714	-	251,448	-	251,448

Group	**2026 Fair Value Measurement Using**				**2025 Fair Value Measurement Using**			
	Quoted prices in active markets Level 1 30/06/2026 LKR '000	**Significant observable inputs Level 2 30/06/2026 LKR '000**	**Significant unobservable inputs Level 3 30/06/2026 LKR '000**	**Total 30/06/2026 LKR '000**	**Quoted prices in active markets Level 1 31/12/2025 LKR '000**	**Significant observable inputs Level 2 31/12/2025 LKR '000**	**Significant unobservable inputs Level 3 31/12/2025 LKR '000**	**Total 31/12/2025 LKR '000**
Financial Assets								
Derivative Financial Instruments	-	3,328,055	-	3,328,055	-	1,475,777	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	8,259,711	-	441,689	8,701,400	2,973,279	-	441,689	3,414,968
Financial assets measured at fair value through other comprehensive income	66,344,483	3,364,156	157,369	69,866,008	74,776,643	4,176,955	157,369	79,110,967
Total Financial Assets	74,604,194	6,692,211	599,058	81,895,463	77,749,922	5,652,732	599,058	84,001,712
Financial Liabilities								
Derivative Financial Instruments	-	3,639,714	-	3,639,714	-	251,448	-	251,448
Total Financial Liabilities	-	3,639,714	-	3,639,714	-	251,448	-	251,448

SHARE INFORMATION

SHARE PRICE

As at	30/06/2026	31/12/2025
Number of shares	432,197,834	426,889,457
Last traded price (LKR)	112.50	141.25
For the quarter ended	**30/06/2026**	**31/12/2025**
Highest price per share (LKR)	132.75	158.00
Lowest price per share (LKR)	104.50	134.00

TOP 20 REGISTERED SHAREHOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.06.2026

	Name	Number of Shares	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	42,976,523	9.94
2	EMPLOYEE'S PROVIDENT FUND	40,887,122	9.46
3	BANK OF CEYLON NO. 1 ACCOUNT	34,192,054	7.91
4	RICHARD PIERIS AND CO LTD A/C NO.01	26,690,214	6.18
5	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	26,144,620	6.05
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	21,736,179	5.03
7	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	21,543,115	4.98
8	MR. Y.S.H.I. SILVA	18,591,168	4.30
9	EMPLOYEES TRUST FUND BOARD	14,591,999	3.38
10	DR. S. YADDEHIGE	12,123,269	2.81
11	HATTON NATIONAL BANK PLC A/C NO 1	11,924,864	2.76
12	PERPETUAL TREASURIES LIMITED	10,524,556	2.44
13	SBI VEN HOLDINGS PTE LTD	10,442,817	2.42
14	BNYM RE-TERRA GLOBAL OPPORTUNITY FUND, L.P	7,464,312	1.73
15	AKBAR BROTHERS PVT LTD	5,823,943	1.35
16	HNB INVESTMENT BANK (PVT) LTD/ MR. ELAYATHAMBY THAVAGNANASOORIYAM & MR. ELAYATHAMBY THAVAGNANA SUNDRAM	5,407,105	1.25
17	HATTON NATIONAL BANK PLC/PHANTOM INVESTMENTS (PRIVATE) LIMITED	4,954,260	1.15
18	NAMUNUKULA PLANTATIONS PLC	4,089,656	0.95
19	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	3,471,755	0.80
20	PERPETUAL EQUITIES (PRIVATE) LIMITED	3,051,073	0.71

PUBLIC HOLDING PERCENTAGE

	As at 30/06/2026
Float adjusted Market Capitalization in LKR ('000)	39,753,557
Percentage of shares held by the public	81.76%
Number of public shareholders	18,523
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS' INTEREST IN SHARES OF NDB AS AT 30.06.2026

Name	No. of shares
MR. SRIYAN COORAY	-
MR. BERNARD SINNIAH	-
MR. SUJEEWA MUDALIGE	-
MR. KUSHAN D'ALWIS, PC	-
MS. KASTURI CHELLARAJA	-
MS. SHWETA PANDEY	-
MR. HASITHA PREMARATNE	-
MR. KELUM EDIRISINGHE	-
MR. SANJAYA MOHOTTALA	-

INFORMATION ON DEBENTURES / GSS+ BOND - BANK

Type of Debenture / GSS+ Bond	CSE Listing	Interest payable frequency	Balance as at 30 June 2026 LKR Mn	Market Value			Interest Rate		Interest rate of comparable Govt. Security %	Other ratios as at last trade	
				Highest LKR	Lowest LKR	Period end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - GSS+Bond Issue March 2026											
A- March 2026/March 2031		Annually	15,985	Not traded during the quarter			11.50	10.97		Not traded during the quarter	
B- March 2026/March 2031	Listed	Quarterly	5	Not traded during the quarter			11.04	10.98	**9.63**	Not traded during the quarter	
C- March 2026/March 2033		Annually	479	Not traded during the quarter			11.85	11.29		Not traded during the quarter	
Fixed rate - Debenture December 2024 (Tranche 2)											
A- Dec 2024/Dec 2029	Listed	Annually	4,855	104.79	104.67	104.67	13.00	12.30		12.42	11.25
B- Dec 2024/Dec 2029		Quarterly	468	Not traded during the quarter			12.41	12.31	**10.75**	Not traded during the quarter	
Fixed rate - Debenture September 2024 (Tranche 1)											
A- Sep 2024/Sep 2029	Listed	Annually	4,318	105.22	105.21	105.21	13.25	12.51		12.59	11.25
B- Sep 2024/Sep 2029		Semi-annually	848	Not traded during the quarter			12.84	12.50	**12.98**	Not traded during the quarter	
C- Sep 2024/Sep 2029		Quarterly	268	Not traded during the quarter			12.64	12.52		Not traded during the quarter	
Fixed rate - Debenture December 2023											
A- Dec 2023/Dec 2028	Listed	Annually	3,597	Not traded during the quarter			15.00	14.05	**14.52**	Not traded during the quarter	
B- Dec 2023/Dec 2028		Quarterly	1,676	Not traded during the quarter			14.22	14.05		Not traded during the quarter	
Fixed rate - Debenture November 2021											
A- Nov 2021/Nov 2026	Listed	Semi-annually	7,976	101.03	101.01	101.01	11.90	11.66	**11.14**	11.78	10.00
B- Nov 2021/Nov 2028		Semi-annually	117	Not traded during the quarter			12.00	11.73	**11.61**	Not traded during the quarter	
Total			**40,592**								

Classification: Public

Listed rated unsecured subordinated redeemable GSS+ Bond Issue

Disclosures regarding the utilization of funds as per the objectives stated in the GSS+ Bond Prospectus

GSS+ Bond Issue - March 2026

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR Mn	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR Mn (A)	% of total proceeds	Amount utilized in LKR Mn (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines.	16,000	Upon the allotment of the Basel III–compliant GSS+ Bonds, which took place on 16 March 2026	16,000	100%	16,000	100%	-
2	Support the Bank’s balance sheet growth through financing GSS+ Projects	16,000	Within 24 months from the date of allotment (i.e. by 16 March 2028)	16,000	100%	0.00	0%	Invested in the Bank's treasury liquidity portfolio.

Important Dates - 1H 2026 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	July 22, 2026
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	July 22, 2026
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	August 06, 2026
Investor Webinar	July 30, 2026
Edited Transcript / Video Playback of the Investor webinar released/ uploaded to the Bank's website	Within 05 working days from the date of the webinar

Corporate Information

Name National Development Bank PLC **Legal Form** Established under the National Development Bank of Sri Lanka Act No. 2 of 1979 and incorporated as a company under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 and also licensed as a Licensed Commercial Bank in terms of the Banking Act No. 30 of 1988 as amended from time to time.	**Head Office/Registered Office** No. 40, Nawam Mawatha, Colombo 2, Sri Lanka Tel: +94 11 2448448 SWIFT Code: NDBSLKLX Web Page: www.ndbbank.com E-mail: contact@ndbbank.com VAT Registration No.: 409000266-7000 **Credit Rating:** National long-term ratings: A-(lka)/ Negative Outlook Fitch Ratings Lanka Limited
Company Registration No. PQ 27 **Accounting Year End** 31 December	**Auditors** Messrs KPMG, Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03 **Company Secretary:** Ms. Shehani Ranasinghe - Vice President **Compliance Officer:** Ms. Vidisha Jayawardena - Vice President
Board of Directors Mr. Sriyan Cooray - Chair, Board of Directors Mr. Kelum Edirisinghe - Director/Chief Executive Officer Mr. Bernard Sinniah - Director Mr. Sujeewa Mudalige - Director Mr. Kushan D'Alwis, PC - Director Ms. Kasturi Chellaraja - Director Mr. Hasitha Premaratne- Director Ms. Shweta Pandey - Director Mr. Sanjaya Mohottala -Director	**Subsidiary Companies** NDB Capital Holdings Limited NDB Capital Limited (Bangladesh) Development Holdings (Pvt) Limited NDB Investment Bank Limited NDB Wealth Management Limited NDB Securities (Pvt) Limited NDB Zephyr Partners Limited (Mauritius) NDB Zephyr Partners Lanka (Pvt) Limited Ayojana Fund (Pvt) Limited (Under liquidation)
Investor Relations - Contact Details	
Company Secretarial Unit Ms. Shehani Ranasinghe Vice President - Company Secretary Email: shehani.ranasinghe@ndbbank.com Tel.: +94 11 2448448 Ext: 35013	**Investor Relations Team** Mr. Azzam A Ahamat Vice President - Finance Email: azzam.ahamat@ndbbank.com investor.relations@ndbbank.com Tel.: +94 11 2448448 Ext: 35301

NDB bank

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