

# INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2026

Charting  
**Forward**

National Development Bank PLC

CSE stock code: NDB.No000 | Bloomberg: NDB SL | Reuters: NDB.CM

Released to Colombo Stock Exchange on: April 30, 2026

 **NDB bank**  
The future is banking on us

# Table of Contents

Performance commentary	2
Financial statements published as per Rule 7.4 of the Listing Rules of the Colombo Stock Exchange	6
Important dates – Q 1 2026 financial results release	25
Corporate information	25

\*The financial statements presented herewith are the unaudited financial statements for the quarter ended 31 March 2026 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.

## **NDB reports a PAT of LKR 1.75 billion for 1Q26, after adjusting for the financial impact of the fraud**

- Financial impact of the fraud of LKR 13.20 billion fully recognised in FY 2024, FY 2025 and Q1 2026 financial periods
- LKR 2.67 billion financial impact arising from the fraud incurred in 1Q 2026 leading to a profit before all taxes of LKR 3.47 billion
- Gross income reaches LKR 26.50 billion during 1Q 2026, a year-on-year growth of 15.3%
- Net fee and commission income expands by 24.9%
- Net interest margin (NIM) stabilised at 3.9%
- Total assets, deposits and net loans expand to LKR 977.20 billion (restated), LKR 731.73 billion and LKR 623.11 billion, respectively.
- Loans extended to the SME sector amounts to LKR 131.74 billion, a LKR 7.09 billion growth over end 2025 position
- Loan book quality improves as reflected in Impaired Loans (Stage 3) to Total Loans Ratio of 3.2% (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 its first quarter ended March 31, 2026 (1Q 2026), as released to the Colombo Stock Exchange on April 30, 2026.

### **Financial impact of the fraud in the Bank, and reflection of the same in the financial statements**

This financial results announcement represents the first following the Bank's earlier corporate disclosures as released to the Colombo Stock Exchange on April 2, 2026, April 6, 2026 and April 23, 2026.

The financial impact of the fraud, as internally estimated, has been appropriately recognised in the Bank's financial statements. Accordingly, based on the internally assessed impact, the Bank has restated its financial statements, including the comparative information for the prior periods. The breakdown of the estimated financial impact of the fraud of LKR 13.20 billion as allocated between the current financial year and the prior periods is as follows; LKR 0.91 billion for the period prior to January 1, 2025, LKR 9.62 billion for the financial year ended December 31, 2025 and LKR 2.67 billion for the first quarter ended March 31, 2026. Accordingly, the results reported in the Statement of Profit or Loss for the comparative quarter ended 31 March 2025 and the Statement of Financial Position as at January 1, 2025 and December 31, 2025 have been restated.

These restatements have been effected 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 said fraud.

The gross financial impact of the fraud has been recognised under other expenses within operating expenses. After adjusting such financial impact of the fraud, the reported post-tax profit for the financial

year ended December 31, 2024 of LKR 9.03 billion has been restated to LKR 8.54 billion and the reported post-tax profit for the financial year ended December 31, 2025 of LKR 11.04 billion has been restated to LKR 5.90 billion.

For a detailed analysis of how the financial impact of the fraud has been recognised in the financial statements, please refer Note 3 and Note 10 to the financial statements.

## **Performance for the quarter**

### **Income and profitability**

Operating profit before taxes on financial services for 1Q 2026 of the Bank was LKR 3.47 billion. This is after adjusting the gross financial impact arising from the fraud applicable to 1Q 2026 of LKR 2.67 billion. This profit figure compares with a LKR 482.18 million operating profit before taxes on financial services for the comparative quarter of 1Q 2025, which has been restated with an applicable financial impact of the fraud of LKR 3.50 billion for that period.

Post-tax profit for 1Q 2026 was LKR 1.75 billion and compared with a post-tax profit of LKR 37.58 million for 1Q 2025 – with the financial impact of the fraud included for both periods. Post-tax profit for 1Q 2026, unadjusted for the financial impact of the fraud would have been LKR 3.20 billion versus a comparative post-tax profit of LKR 1.93 billion in 1Q 2025.

The Bank delivered healthy income performance for the quarter, recording total operating income of LKR 12.77 billion, representing a robust 20.8% year-on-year (YoY) growth compared with the first quarter of 2025. The performance was generated entirely from core banking activities, prior to any adjustment for financial impact arising from the fraud, underscoring the strength and sustainability of the Bank's underlying business.

This outcome was supported by a healthy expansion in topline income, which increased by 15.3% YoY to LKR 26.50 billion. Net interest income (NII) rose to LKR 9.05 billion, reflecting a marked YoY growth of 13.5%, driven by effective balance sheet management and disciplined pricing strategies. Interest income increased by an impressive 11.3% to LKR 22.66 billion, while the growth in interest expenses was contained at 9.9% to LKR 13.61 billion, demonstrating sound asset and liability management, together with timely repricing of both the loan and deposit portfolios amidst a relatively low interest rate environment.

As a result, the Bank sustained a stable net interest margin (NIM) of 3.9%, which compared with 4.1% recorded for the financial year ended December 31, 2025, demonstrating earnings resilience amid evolving market conditions.

Further strengthening the Bank's income profile, net fee and commission income recorded a growth of 24.9% YoY to LKR 2.19 billion, predominantly driven by trade, cards and credit related activities. Other non-fund-based income, comprising net gains from trading activities, net gains from financial assets at fair value through profit or loss, net gains on de-recognition of financial assets, and other operating income, amounted to LKR 1.52 billion for 1Q 2026.

Impairment charges on loans and other investments declined to LKR 1.75 billion in 1Q 2026, representing a notable reduction of 33.4% YoY. Within this, impairment charges on loans alone decreased by 27.9%, highlighting the tangible and consistent outcomes of the Bank's focused asset-quality initiatives. These improvements were driven by a multi-pronged approach, including strengthened credit underwriting standards, proactive and granular monitoring of asset quality migration across stages, and more effective and timely recovery actions.

Improvements were recorded in staging movements where stage 2 and stage 3 loan stock stood at 6.7% and 10.0% at the end of 1Q 2026 compared with 7.9% and 10.8% respectively at the end-2025. Impaired loans (Stage 3) to total loans ratio for 1Q 2026 was 3.2%, though marginal, an improvement from 3.8% in end-2025. Stage 3 provision coverage also saw further improvement to 62.1% from 59.1% as of end-2025.

Total operating expenses for the quarter under review amounted to LKR 7.54 billion. This includes LKR 2.67 billion recognised as an expense arising from the fraud, recorded under other expenses as previously mentioned. The comparative period of 1Q 2025 was restated by an adjustment of LKR 3.50 billion, resulting in restated total operating expenses of LKR 7.92 billion.

### **Financial position**

The Bank's total assets if unadjusted for the financial impact of the fraud, as at end 1Q 2026 would have been LKR 988.83 billion, versus a similar asset base as at end-2025 of LKR 935.81 billion. With the financial impact of the fraud adjusted, total assets reported for 1Q 2026 was LKR 977.20 billion and compared with a restated total asset base of 926.17 billion as at end-2025.

Within total assets, net loans expanded to LKR 623.11 billion, recording a 5.0% increase from LKR 593.60 billion in the previous year. Total deposits increased to LKR 731.73 billion, reflecting 3.5% growth from the end-2025 level of LKR 707.17 billion. The Bank's CASA ratio stood at 25.6% as at end-1Q 2026, against 27.0% at end-2025. Total equity of the Bank stood at LKR 78.46 billion as at the end of 1Q 2026, and compared with a restated total equity base for 31 December 2025 of LKR 80.38 billion. Total equity at the Group level was LKR 85.78 billion.

### **Liquidity and solvency**

Liquidity levels also remained sound with the Bank's liquidity coverage ratios, across both rupee and all currency, closing at 177.5% and 153.3%, respectively at the end of the quarter (2025: 257.3% and 208.5%) while the net stable funding ratio was 127.6% (2025 Restated: 131.2%) - all of which were well above the minimum regulatory requirements of 100.0%. The Bank's solvency levels as measured by CET1/ Tier I and Total CAR were 9.5% and 15.4%, respectively representing buffers of 102 bps over Tier I and 291 bps over total CAR regulatory minimums (2025 Restated: 11.3% and 14.9%).

## **Investor key performance indicators (KPIs)**

All KPIs stated for 1Q 2026 are as derived from results with the financial impact of the fraud included, whilst the comparative figures from the prior period are also restated for the financial impact of the fraud applicable to that period. Accordingly, return on average equity (ROE) for 1Q 2026 was 12.6% - and compared with a restated ROE of 7.5% for FY 2025. The Bank's pre-tax return on average assets (ROA) for 1Q 2026 was 2.1% which compared with a restated ROA of 1.4% for FY 2025. Annualised earnings per share (EPS) for 1Q 2026 was LKR 23.17 compared with a restated EPS of LKR 13.64 for FY 2025. Group level ROE and annualised EPS, for 1Q 2026 respectively, were 11.0% (FY 2025-restated: 8.0%) and LKR 21.75 (FY 2025-restated: LKR 15.55). Net asset value per share was LKR 183.78 (FY 2025-restated: LKR 188.30) and closing share price was LKR 130.00 (end 2025: LKR 141.25). Group net asset value per share was LKR 197.37 (FY 2025-restated: LKR 202.25).

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

“Amidst highly limiting circumstances, the Bank's performance for the quarter reflects sound performance of our core banking operations. We are encouraged by the continued improvement in the quality of our loan book, which is the result of disciplined underwriting and enhanced portfolio monitoring.

Following the detection of the act of fraud, the Bank acted promptly and decisively, with all relevant controls reviewed and further strengthened across all areas of the Bank to mitigate the risk of recurrence.

The Bank is working closely with all relevant regulatory and law enforcement authorities, including the Central Bank of Sri Lanka, and continues to extend its fullest assistance to facilitate ongoing investigations and statutory processes including the pursuance of recovering the sums. Additionally, the Board of Directors of the Bank has commissioned Deloitte Touche Tohmatsu India LLP (“Deloitte”) to conduct a Forensic Review of the facts and circumstances relating to the fraud. The commissioning of the Forensic Review has been carried out in consultation with, and in line with recommendations provided by the Director of Bank Supervision of the Central Bank of Sri Lanka. The Board expects that this Forensic Review will examine and evaluate the circumstances surrounding the fraudulent transactions, including any lapses in controls, oversight, accountability and governance. Its findings, including any interim updates and the final report, will be submitted directly by Deloitte to the Central Bank of Sri Lanka and the Bank.

While dedicated internal teams continue to support the investigation process, the rest of the organisation remains fully focused on business-as-usual operations, ensuring uninterrupted service delivery to our customers across all segments and products. The Bank remains committed to its strategic priorities, with growth targets recalibrated where appropriate, as we continue to focus on balance sheet resilience, sustainable growth, and the delivery of sound long-term returns to all stakeholders.”

STATEMENT OF PROFIT OR LOSS						
	Bank			Group		
	Quarter ended 31/03/2026	Quarter ended 31/03/2025 Restated	Change	Quarter ended 31/03/2026	Quarter ended 31/03/2025 Restated	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
<b>Gross income</b>	<b>26,496,613</b>	22,981,176	15	<b>26,940,539</b>	23,575,449	14
Interest income	22,659,831	20,359,139	11	22,731,633	20,423,546	11
Interest expenses	13,608,143	12,384,166	10	13,597,005	12,381,381	10
<b>Net interest income</b>	<b>9,051,688</b>	7,974,973	14	<b>9,134,628</b>	8,042,165	14
<b>Fee and commission income</b>	<b>2,312,512</b>	1,779,674	30	<b>2,881,869</b>	2,311,068	25
Less: Fee and commission expenses	118,923	23,762	400	118,923	23,762	400
<b>Net Fee and commission income</b>	<b>2,193,589</b>	1,755,912	25	<b>2,762,946</b>	2,287,306	21
Net gain/(loss) from trading	270,929	326,467	(17)	270,929	326,467	(17)
Net gain/(loss) from financial assets at fair value through profit or loss	1,321	(22,724)	106	(28,271)	(39,560)	29
<b>Net gains/(losses) from de-recognition of financial assets</b>						
- at fair value through profit or loss	4,454	45,186	(90)	34,278	57,152	(40)
- at fair value through OCI	444,615	186,986	138	444,615	187,064	138
Other operating income	802,951	306,448	162	605,486	309,712	95
<b>Total operating income</b>	<b>12,769,547</b>	10,573,248	21	<b>13,224,611</b>	11,170,306	18
Less: Impact of the debt restructuring	-	(457,483)	100	-	(457,483)	100
Less: Impairment charges/(reversals) on loans and other investments	1,753,640	2,632,345	(33)	1,753,640	2,632,345	(33)
<b>Net operating income</b>	<b>11,015,907</b>	8,398,386	31	<b>11,470,971</b>	8,995,444	28
<b>Operating expenses</b>						
Personnel expenses	2,383,781	2,310,683	3	2,596,441	2,512,471	3
Depreciation and amortization	320,613	271,923	18	341,682	289,606	18
Other expenses (Note 03)	4,838,336	5,333,598	(9)	5,020,668	5,470,645	(8)
<b>Total operating expenses</b>	<b>7,542,730</b>	7,916,204	(5)	<b>7,958,791</b>	8,272,722	(4)
<b>Operating profit before tax on financial services</b>	<b>3,473,177</b>	482,182	620	<b>3,512,180</b>	722,722	386
Less: Taxes on financial services	963,513	478,466	101	963,513	478,466	101
<b>Profit before taxation</b>	<b>2,509,664</b>	3,716	67,437	<b>2,548,667</b>	244,256	943
Less: Income tax expenses /(reversals)	754,783	(33,864)	2,329	931,842	76,160	1,124
<b>Profit for the quarter</b>	<b>1,754,881</b>	37,580	4,570	<b>1,616,825</b>	168,096	862
<b>Profit attributable to:</b>						
Equity holders of the parent	1,754,881	37,580	4,570	1,602,666	152,981	948
Non controlling interests	-	-	-	14,159	15,115	(6)
	<b>1,754,881</b>	37,580	4,570	<b>1,616,825</b>	168,096	862
<b>Basic earnings per share (in LKR)</b>	<b>4.06</b>	<b>0.09</b>		<b>3.71</b>	<b>0.35</b>	
<b>Diluted earnings per share (in LKR)</b>	<b>4.06</b>	<b>0.09</b>		<b>3.71</b>	<b>0.35</b>	

  

STATEMENT OF COMPREHENSIVE INCOME						
	Quarter ended 31/03/2026	Quarter ended 31/03/2025 Restated	Change	Quarter ended 31/03/2026	Quarter ended 31/03/2025 Restated	Change
	LKR '000	LKR '000	%	LKR '000	LKR '000	%
	<b>Profit for the quarter</b>	<b>1,754,881</b>	37,580	4,570	<b>1,616,825</b>	168,096
<b>Items that will be reclassified to statement of profit or loss</b>						
Exchange differences on translation of foreign operations	-	-	-	1,716	119	1,342
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other comprehensive income	(1,285,646)	(552,809)	(133)	(1,290,899)	(534,961)	(141)
Changes in Impairment allowance for expected credit losses	6,184	168,593	100	6,184	168,593	100
Cash flow hedge reserve-SWAP	95,941	(344,350)	128	95,941	(344,350)	128
Less: Tax expense relating to items that will be reclassified to income statements	355,057	269,148	32	355,058	270,702	31
<b>(A)</b>	<b>(828,464)</b>	(459,418)	(80)	<b>(832,000)</b>	(439,897)	(89)
<b>Items that will not be reclassified to statement of profit or loss</b>						
Net Gains/(losses) on investments in equity instruments measured at fair value through other comprehensive income	6,658	(143,810)	105	6,658	(143,810)	105
<b>(B)</b>	<b>6,658</b>	(143,810)	105	<b>6,658</b>	(143,810)	105
<b>Total other comprehensive Income after Tax (A + B)</b>	<b>(821,806)</b>	(603,228)	(36)	<b>(825,342)</b>	(583,707)	(41)
<b>Total comprehensive income for the period attributable to:</b>	<b>933,075</b>	(565,648)	265	<b>791,483</b>	(415,611)	290
Equity holders of the parent	933,075	(565,648)	265	777,227	(430,581)	281
Non controlling interests	-	-	-	14,256	14,970	(5)
	<b>933,075</b>	(565,648)	265	<b>791,483</b>	(415,611)	290

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	BANK				GROUP			
	As at	As at	As at	YoY	As at	As at	As at	YoY
	31/03/2026	31/12/2025 (Restated)	01/01/2025 (Restated)	Change *	31/03/2026	31/12/2025 (Restated)	01/01/2025 (Restated)	Change *
	LKR '000	LKR '000	LKR '000	%	LKR '000	LKR '000	LKR '000	%
<b>Assets</b>								
Cash and cash equivalents	16,463,963	17,566,305	18,037,627	(6)	16,915,220	18,020,298	18,682,376	(6)
Balances with the Central Bank of Sri Lanka	8,940,355	8,225,602	8,053,358	9	8,940,355	8,225,602	8,053,358	9
Placements with banks	19,124,069	24,692,505	22,098,832	(23)	19,124,069	24,692,505	22,098,832	(23)
Derivative financial instruments	1,682,859	1,475,777	1,146,236	14	1,682,859	1,475,777	1,146,236	14
Financial assets recognized through profit or loss measured at fair value	1,539,351	253,152	6,776,131	508	4,444,999	3,414,968	9,905,171	30
Financial assets at amortised cost -loans and receivables to other customers	623,107,683	593,603,756	460,707,258	5	623,225,108	593,705,105	460,780,610	5
Financial assets at amortised cost - debt and other instruments	193,013,331	181,340,088	166,190,761	6	193,635,972	181,822,394	166,355,792	6
Financial assets measured at fair value through other comprehensive income	90,437,992	78,648,323	94,245,415	15	90,953,565	79,110,967	94,659,106	15
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	1,554,052	1,628,982	1,766,615	(5)	1,604,229	1,682,400	1,814,985	(5)
Property, plant & equipment	4,649,411	4,213,378	3,147,459	10	5,615,266	5,162,749	4,070,740	9
Right of use assets	1,529,826	1,448,611	1,260,740	6	1,558,509	1,486,814	1,337,042	5
Current tax assets	-	-	-	-	32,506	32,391	33,727	0
Deferred tax Assets	5,998,888	5,421,860	4,158,040	11	6,032,556	5,489,018	4,216,721	10
Other assets	8,125,837	6,616,830	6,152,337	23	8,960,145	7,330,696	6,603,348	22
<b>Total assets</b>	<b>977,198,654</b>	<b>926,166,206</b>	<b>794,771,846</b>	<b>6</b>	<b>986,072,061</b>	<b>934,998,387</b>	<b>802,865,715</b>	<b>5</b>
<b>Liabilities</b>								
Due to banks	18,405,494	12,447,544	4,841,342	48	18,405,494	12,447,544	4,841,343	48
Derivative financial instruments	1,231,886	251,448	344,586	390	1,231,886	251,448	344,586	390
Financial liabilities at amortised cost -due to depositors	731,725,093	707,167,366	631,682,926	3	731,097,541	706,437,565	631,081,461	3
Financial liabilities at amortised cost								
- due to debt securities holders	70,847,787	69,834,390	8,002,850	1	70,847,787	69,834,390	8,002,850	1
- due to other borrowers	19,739,002	19,792,565	22,023,798	(0)	19,739,002	19,792,565	22,023,798	(0)
Debt securities issued	39,954,592	23,330,603	33,564,708	71	39,954,592	23,330,603	33,564,708	71
Retirement benefit obligations	1,613,965	1,585,637	1,413,871	2	1,775,152	1,741,645	1,556,937	2
Current tax liabilities	83,542	943,459	4,935,895	(91)	433,913	1,325,524	5,205,007	(67)
Deferred tax liabilities	-	-	-	-	976,919	1,021,505	976,244	(4)
Other liabilities	12,260,417	10,304,297	10,707,705	19	12,944,339	10,838,696	11,477,149	19
Dividends payable	2,881,723	124,099	81,988	2,222	2,881,723	124,099	81,988	2,222
<b>Total liabilities</b>	<b>898,743,501</b>	<b>845,781,408</b>	<b>717,599,669</b>	<b>6</b>	<b>900,288,348</b>	<b>847,145,584</b>	<b>719,156,071</b>	<b>6</b>
<b>Equity</b>								
Stated capital	23,042,558	23,042,558	21,756,865	-	23,042,558	23,042,558	21,756,865	-
Statutory reserve fund	4,073,979	4,073,979	3,521,479	-	4,073,979	4,073,979	3,521,479	-
Retained earnings	42,732,922	44,698,564	43,009,277	(4)	48,182,391	50,298,625	47,783,704	(4)
Other reserves	8,605,694	8,569,697	8,884,556	0	8,956,417	8,922,907	9,188,008	0
<b>Total shareholders' equity</b>	<b>78,455,153</b>	<b>80,384,798</b>	<b>77,172,177</b>	<b>(2)</b>	<b>84,255,345</b>	<b>86,338,069</b>	<b>82,250,056</b>	<b>(2)</b>
Non controlling interests	-	-	-	-	1,528,368	1,514,734	1,459,588	1
<b>Total equity</b>	<b>78,455,153</b>	<b>80,384,798</b>	<b>77,172,177</b>	<b>(2)</b>	<b>85,783,713</b>	<b>87,852,803</b>	<b>83,709,644</b>	<b>(2)</b>
<b>Total liabilities and equity</b>	<b>977,198,654</b>	<b>926,166,206</b>	<b>794,771,846</b>	<b>6</b>	<b>986,072,061</b>	<b>934,998,387</b>	<b>802,865,715</b>	<b>5</b>
<b>Net book value per share (LKR)</b>	<b>183.78</b>	<b>188.30</b>	<b>185.73</b>	<b>(2)</b>	<b>197.37</b>	<b>202.25</b>	<b>197.29</b>	<b>(2)</b>
<b>Contingent liabilities and commitments</b>	<b>477,258,635</b>	<b>402,998,561</b>	<b>288,292,666</b>	<b>18</b>	<b>477,935,463</b>	<b>403,667,032</b>	<b>288,367,118</b>	<b>18</b>

\* YoY change indicates the percentage change from 31.12.2025 to 31.03.2026.

**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**

April 29, 2026

**STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 March	Stated Capital	Statutory reserve fund	Other Reserves						Retained earnings	Total	Non controlling interests	Total equity
			Pending Share Allotment Reserve	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	
<b>Balance as at 01 January 2025</b>	<b>21,756,865</b>	<b>3,521,479</b>	-	<b>1,537,818</b>	<b>148,428</b>	<b>2,891,806</b>	<b>292,075</b>	<b>4,014,429</b>	<b>43,501,855</b>	<b>77,664,755</b>	-	<b>77,664,755</b>
Impact of restatement (net of tax)	-	-	-	-	-	-	-	-	(492,580)	(492,580)	-	(492,580)
<b>Restated Balance as at 01 January 2025</b>	<b>21,756,865</b>	<b>3,521,479</b>	-	<b>1,537,818</b>	<b>148,428</b>	<b>2,891,806</b>	<b>292,075</b>	<b>4,014,429</b>	<b>43,009,275</b>	<b>77,172,175</b>	-	<b>77,172,175</b>
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	37,580	37,580	-	37,580
Other comprehensive income before tax	-	-	-	-	-	(696,619)	(344,350)	-	168,593	(872,376)	-	(872,376)
Tax on other comprehensive income	-	-	-	-	-	165,843	103,305	-	-	269,148	-	269,148
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(530,776)</b>	<b>(241,045)</b>	<b>-</b>	<b>206,173</b>	<b>(565,648)</b>	<b>-</b>	<b>(565,648)</b>
<b>Transactions with equity holders</b>												
Issue of shares	114,396	-	-	-	(35,306)	-	-	-	-	79,090	-	79,090
Adjustment to share based payment reserve	-	-	-	-	(21,775)	-	-	-	-	(21,775)	-	(21,775)
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	-	-	-	-	-	-	-	-	13,637	13,637	-	13,637
<b>Balance as at 31 March 2025</b>	<b>22,932,803</b>	<b>3,521,479</b>	-	<b>1,537,818</b>	<b>91,347</b>	<b>2,361,030</b>	<b>51,030</b>	<b>4,014,429</b>	<b>39,898,757</b>	<b>74,408,693</b>	-	<b>74,408,693</b>
<b>Balance as at 01 January 2026</b>	<b>23,042,558</b>	<b>4,073,979</b>	-	<b>1,759,370</b>	-	<b>2,561,382</b>	<b>8,992</b>	<b>4,239,953</b>	<b>50,334,623</b>	<b>86,020,857</b>	-	<b>86,020,857</b>
Impact of restatement (net of tax)	-	-	-	-	-	-	-	-	(5,636,059)	(5,636,059)	-	(5,636,059)
<b>Restated Balance as at 01 January 2026</b>	<b>23,042,558</b>	<b>4,073,979</b>	-	<b>1,759,370</b>	-	<b>2,561,382</b>	<b>8,992</b>	<b>4,239,953</b>	<b>44,698,564</b>	<b>80,384,798</b>	-	<b>80,384,798</b>
<b>Total Comprehensive Income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	1,754,881	1,754,881	-	1,754,881
Other Comprehensive Income before Tax	-	-	-	-	-	(1,278,988)	95,941	-	6,184	(1,176,863)	-	(1,176,863)
Tax on Other Comprehensive Income	-	-	-	-	-	385,694	(28,782)	-	(1,855)	355,057	-	355,057
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(893,294)</b>	<b>67,159</b>	<b>-</b>	<b>1,759,210</b>	<b>933,075</b>	<b>-</b>	<b>933,075</b>
<b>Transactions with equity holders</b>												
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	-	96,292	(96,292)	-	-	-
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)
<b>Balance as at 31 March 2026</b>	<b>23,042,558</b>	<b>4,073,979</b>	<b>765,840</b>	<b>1,759,370</b>	-	<b>1,668,088</b>	<b>76,151</b>	<b>4,336,245</b>	<b>42,732,922</b>	<b>78,455,153</b>	-	<b>78,455,153</b>

**STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 March	Stated Capital	Statutory Reserve Fund	Other Reserves						Retained Earnings LKR '000	Total	Non Controlling Interests	Total Equity
			Pending Share Allotment Reserve	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	LKR '000	Rs '000	LKR '000	LKR '000	
<b>Balance as at 01 January 2025</b>	<b>21,756,865</b>	<b>3,521,479</b>	-	<b>1,815,166</b>	<b>148,428</b>	<b>2,917,910</b>	<b>292,075</b>	<b>4,014,429</b>	<b>48,276,283</b>	<b>82,742,635</b>	<b>1,459,588</b>	<b>84,202,223</b>
Impact of restatement (net of tax)	-	-	-	-	-	-	-	-	(492,580)	(492,580)	-	(492,580)
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	47,783,703	82,250,055	1,459,588	83,709,643
<b>Total Comprehensive Income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	152,981	152,981	15,115	168,096
Other Comprehensive Income before Tax	-	-	-	-	-	(678,771)	(344,350)	-	168,857	(854,264)	(145)	(854,409)
Tax on Other Comprehensive Income	-	-	-	-	-	167,397	103,305	-	-	270,702	-	270,702
Total Comprehensive Income for the period	-	-	-	-	-	(511,374)	(241,045)	-	321,838	(430,581)	14,970	(415,611)
<b>Transactions with equity holders</b>												
Issue of Shares	114,396	-	-	-	(35,306)	-	-	-	-	79,090	-	79,090
Adjustment to share based payment reserves	-	-	-	-	(21,775)	-	-	-	-	(21,775)	-	(21,775)
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	-	-	-	-	-	-	-	-	13,637	13,637	-	13,637
<b>Balance as at 31 March 2025</b>	<b>22,932,803</b>	<b>3,521,479</b>	-	<b>1,815,166</b>	<b>91,347</b>	<b>2,406,536</b>	<b>51,030</b>	<b>4,014,429</b>	<b>44,788,850</b>	<b>79,621,640</b>	<b>1,474,558</b>	<b>81,096,198</b>
<b>Balance as at 01 January 2026</b>	<b>23,042,558</b>	<b>4,073,979</b>	-	<b>2,070,682</b>	<b>10,283</b>	<b>2,592,997</b>	<b>8,992</b>	<b>4,239,953</b>	<b>55,934,684</b>	<b>91,974,128</b>	<b>1,514,734</b>	<b>93,488,862</b>
Impact of restatement	-	-	-	-	-	-	-	-	(5,636,059)	(5,636,059)	-	(5,636,059)
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	50,298,625	86,338,069	1,514,734	87,852,803
<b>Total Comprehensive Income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	1,602,666	1,602,666	14,159	1,616,825
Other Comprehensive Income before Tax	-	-	-	-	-	(1,284,241)	95,941	-	7,803	(1,180,497)	97	(1,180,400)
Tax on Other Comprehensive Income	-	-	-	-	-	385,695	(28,782)	-	(1,855)	355,058	-	355,058
Total Comprehensive Income for the period	-	-	-	-	-	(898,546)	67,159	-	1,608,614	777,227	14,256	791,483
<b>Transactions with equity holders</b>												
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	-	96,292	(96,292)	-	-	-
Adjustment to share based payment reserves	-	-	-	-	2,765	-	-	-	-	2,765	3	2,768
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)
<b>Balance as at 31 March 2026</b>	<b>23,042,558</b>	<b>4,073,979</b>	<b>765,840</b>	<b>2,070,682</b>	<b>13,048</b>	<b>1,694,451</b>	<b>76,151</b>	<b>4,336,245</b>	<b>48,182,391</b>	<b>84,255,345</b>	<b>1,528,368</b>	<b>85,783,713</b>

**STATEMENT OF CASH FLOW**

For the quarter ended 31 March	BANK		GROUP	
	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cash flows from operating activities</b>				
Interest received	24,685,685	21,382,853	24,721,263	21,426,547
Fee based income received	2,193,218	1,755,911	3,017,889	2,272,535
Dividend income received	267,221	72,000	6,138	75,480
Other Operating income received	1,164,378	790,515	1,193,505	810,836
Interest paid	(11,644,690)	(11,173,079)	(11,633,600)	(11,170,428)
Personnel costs paid	(2,148,647)	(2,230,519)	(2,350,978)	(2,375,130)
Other expenses paid	(1,679,861)	(2,234,993)	(2,354,330)	(2,554,559)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>12,837,304</b>	<b>8,362,688</b>	<b>12,599,887</b>	<b>8,485,281</b>
<b>(Increase)/decrease in operating assets</b>				
Deposits held for regulatory or monetary control purposes	(714,753)	1,296,644	(714,753)	1,296,644
Financial Assets at amortised cost -loans and receivables to other customers	(33,423,257)	(27,508,359)	(33,423,257)	(27,508,359)
Net (increase)/decrease in operating assets	(4,230,512)	(2,405,047)	(4,849,563)	(2,222,266)
<b>(Increase)/decrease in operating liabilities</b>				
Financial liabilities at amortised cost - due to depositors	23,412,706	10,818,650	23,514,265	11,143,592
Financial liabilities at amortised cost - due to debt securities holders	1,013,396	46,732,227	1,013,396	46,732,227
Financial liabilities at amortised cost - due to other borrowers	5,629,002	(1,275,177)	5,629,002	(1,275,177)
Repayment of principal portion of lease liabilities	(136,014)	(127,791)	(149,023)	(139,927)
Net increase/(decrease) in other liabilities	2,345,813	265,892	2,971,217	(176,390)
<b>Net cash generated/(used in) from operating activities before taxation</b>	<b>6,733,685</b>	<b>36,159,727</b>	<b>6,591,171</b>	<b>36,335,625</b>
Tax on Financial Services paid	(1,297,294)	(2,157,899)	(1,297,294)	(2,157,899)
Income taxes paid	(1,824,191)	(948,197)	(1,951,582)	(1,031,546)
<b>Net cash generated/(used in) from operating activities</b>	<b>3,612,200</b>	<b>33,053,631</b>	<b>3,342,295</b>	<b>33,146,180</b>
<b>Cash flows from investing activities</b>				
Net changes in financial investments	(25,561,952)	(17,150,089)	(25,258,887)	(17,178,755)
Purchase of Intangible assets	(10,048)	-	(10,048)	(8,416)
Purchase of property, plant & equipment	(606,952)	(168,295)	(642,554)	(200,154)
Proceeds from sale of property, plant & equipment	-	3,587	-	3,587
<b>Net cash generated /(used in) from investing activities</b>	<b>(26,178,952)</b>	<b>(17,314,797)</b>	<b>(25,911,489)</b>	<b>(17,383,738)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary of shares	-	114,396	-	114,396
Proceeds from debt securities issued	16,000,000	-	16,000,000	-
Interest paid on debts securities issued	(80,943)	(133,041)	(80,943)	(133,041)
Dividends paid to non-controlling interests	-	-	(294)	-
Dividends paid to shareholders of the Bank	-	(1,016,729)	-	(1,016,729)
<b>Net cash provided by /(used in) financing activities</b>	<b>15,919,057</b>	<b>(1,035,374)</b>	<b>15,918,763</b>	<b>(1,035,374)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(6,647,695)</b>	<b>14,703,460</b>	<b>(6,650,431)</b>	<b>14,727,068</b>
<b>Cash and cash equivalents at the beginning of the quarter</b>	<b>42,258,810</b>	<b>40,136,459</b>	<b>42,712,803</b>	<b>40,781,208</b>
<b>Cash and cash equivalents at the end of the quarter</b>	<b>35,611,115</b>	<b>54,839,919</b>	<b>36,062,372</b>	<b>55,508,276</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents	16,463,963	15,974,012	16,915,220	16,642,369
Placements with banks	19,124,069	38,830,842	19,124,069	38,830,842
<b>Cash and cash equivalents at the end of the quarter (Net)</b>	<b>35,588,032</b>	<b>54,804,854</b>	<b>36,039,289</b>	<b>55,473,211</b>
Add: Impairment allowance	23,083	35,065	23,083	35,065
<b>Cash and cash equivalents at the end of the quarter (Gross)</b>	<b>35,611,115</b>	<b>54,839,919</b>	<b>36,062,372</b>	<b>55,508,276</b>

SEGMENTAL ANALYSIS- GROUP										
For the quarter ended 31 March	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	LKR '000	Restated LKR '000	LKR '000	Restated LKR '000	LKR '000	Restated LKR '000	LKR '000	Restated LKR '000	LKR '000	Restated LKR '000
<b>Revenue</b>										
Interest Income	22,659,831	20,359,139	62,548	61,622	2,971	-	-	-	22,725,350	20,420,761
Fee and commission income	2,312,512	1,779,674	474,308	437,669	51,969	49,223	14,134	13,146	2,852,923	2,279,711
Net gain/(loss) from trading	270,929	326,467	-	-	-	-	-	-	270,929	326,467
Net gain/(loss) from financial assets at fair value through profit or loss	1,321	(22,724)	(29,592)	(16,836)	-	-	-	-	(28,271)	(39,560)
Net gains/(losses) from derecognition of financial assets - Fair Value through Profit or Loss	4,454	45,186	29,824	11,966	-	-	-	-	34,278	57,152
Net gains/(losses) from derecognition of financial assets - Fair Value Through Other Comprehensive Income	444,615	186,986	-	78	-	-	-	-	444,615	187,064
Other Operating Income	535,730	306,448	69,756	3,264	-	-	-	-	605,486	309,712
<b>Total revenue from external customers</b>	<b>26,229,392</b>	<b>22,981,176</b>	<b>606,843</b>	<b>497,763</b>	<b>54,940</b>	<b>49,222</b>	<b>14,134</b>	<b>13,146</b>	<b>26,905,310</b>	<b>23,541,308</b>
Inter-segment Revenue	-	-	11,227	16,738	24,002	17,404	-	-	35,229	34,141
<b>Total Revenue</b>	<b>26,229,392</b>	<b>22,981,176</b>	<b>618,071</b>	<b>514,501</b>	<b>78,942</b>	<b>66,626</b>	<b>14,134</b>	<b>13,146</b>	<b>26,940,539</b>	<b>23,575,449</b>
<b>Impairment (charge) /reversal for</b>										
Impact of debt restructuring	-	457,483	-	-	-	-	-	-	-	457,483
Loans & other losses	(1,753,640)	(2,632,345)	-	-	-	-	-	-	(1,753,640)	(2,632,345)
Segment expenses	(21,244,806)	(20,308,040)	(403,435)	(361,151)	(10,942)	(4,528)	(15,536)	(4,146)	(21,674,719)	(20,677,863)
<b>Total segment expenses</b>	<b>(22,998,446)</b>	<b>(22,482,902)</b>	<b>(403,435)</b>	<b>(361,151)</b>	<b>(10,942)</b>	<b>(4,528)</b>	<b>(15,536)</b>	<b>(4,146)</b>	<b>(23,428,359)</b>	<b>(22,852,727)</b>
Inter-segment expenses	-	-	-	-	-	-	-	-	-	-
<b>Segment results</b>	<b>3,230,946</b>	<b>498,274</b>	<b>214,636</b>	<b>153,352</b>	<b>68,000</b>	<b>62,098</b>	<b>(1,402)</b>	<b>8,999</b>	<b>3,512,180</b>	<b>722,722</b>
Income tax expenses	-	-	-	-	-	-	-	-	931,842	76,160
Taxes on financial services	-	-	-	-	-	-	-	-	963,513	478,466
<b>Profit After Taxation</b>									<b>1,616,825</b>	<b>168,096</b>
<b>Other information</b>										
Segment assets	977,162,187	847,986,297	4,685,823	4,197,229	4,158,337	4,064,582	65,714	60,789	986,072,061	856,308,898
<b>Consolidated total assets</b>									<b>986,072,061</b>	<b>856,308,898</b>
Segment liabilities	898,126,295	773,306,523	1,105,672	924,101	1,021,543	957,588	34,837	24,483	900,288,348	775,212,697
<b>Consolidated total liabilities</b>									<b>900,288,348</b>	<b>775,212,697</b>
<b>Segmental Cash flows</b>										
Cash flows from operating activities	3,612,200	33,053,631	(265,731)	95,989	13,767	10,056	(17,941)	(13,497)	3,342,295	33,146,180
Cash flows from investing activities	(26,178,952)	(17,314,797)	252,825	(8,210)	14,638	(60,731)	-	-	(25,911,489)	(17,383,738)
Cash flows from financing activities	15,919,057	(1,035,374)	(294)	-	-	-	-	-	15,918,763	(1,035,374)

## 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

With reference to the corporate disclosures released to the Colombo Stock Exchange on the 2nd April 2026, 6th April 2026 and 23rd April 2026, the Bank wishes to provide further details on actions taken following the detection of the fraud.

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

The Bank is working closely with all relevant regulatory and law enforcement authorities, including the Central Bank of Sri Lanka, and continues to extend its fullest assistance to facilitate ongoing investigations and statutory processes including the pursuit of recovering the sums. Additionally, the Board of Directors of the Bank has commissioned Deloitte Touche Tohmatsu India LLP ("Deloitte") to conduct a Forensic Review of the facts and circumstances relating to the fraud. The commissioning of the Forensic Review has been carried out in consultation with, and in line with recommendations provided by the Director of Bank Supervision of the Central Bank of Sri Lanka. The Board expects that this Forensic Review will examine and evaluate the circumstances surrounding the fraudulent transactions, including any lapses in controls, oversight, accountability and governance. Its findings, including any interim updates and the final report, will be submitted directly by Deloitte to the Central Bank of Sri Lanka and the Bank.

The financial impact of the fraud, as internally estimated, has been appropriately recognized in the Bank's financial statements. At the time of the Bank's disclosure of April 6, 2026 - the estimated impact was disclosed as being recognized in the quarter ended March 31, 2026 in full. However, in order to give a true and fair view of the impact of the fraud, including its impact on prior reporting periods, as required under applicable accounting standards, the treatment was revised to allocate the said adjustments across such prior periods. Based on such internally estimated impact, the Bank has restated its financial statements, including the comparative information for the prior periods. The breakdown of the estimated fraud of LKR 13.2 billion, as allocated between the current financial year and the prior periods, is as follows.

	LKR '000
Period prior to January 1, 2025	914,505
Financial year ended December 31, 2025	9,617,000
Quarter ended March 31, 2026	2,668,495
<b>Total</b>	<b><u>13,200,000</u></b>

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 quarter ended the 31st March 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	
	2026	2025	2026	2025
For the quarter ended 31 March	LKR 000	LKR 000	LKR 000	LKR 000
Profit Before Tax from core banking operations	6,141,672	3,984,182	6,180,675	4,224,722
Gross impact due to the fraud	(2,668,495)	(3,502,000)	(2,668,495)	(3,502,000)
<b>Profit Before Tax</b>	<b><u>3,473,177</u></b>	<b><u>482,182</u></b>	<b><u>3,512,180</u></b>	<b><u>722,722</u></b>
Profit After Tax from core banking operations	3,196,094	1,925,157	3,058,038	2,055,673
Net impact due to the fraud	(1,441,213)	(1,887,577)	(1,441,213)	(1,887,577)
<b>Profit After Tax</b>	<b><u>1,754,881</u></b>	<b><u>37,580</u></b>	<b><u>1,616,825</u></b>	<b><u>168,096</u></b>

	Bank		Group	
	2025	2024	2025	2024
For the year ended 31 December	LKR 000	LKR 000	LKR 000	LKR 000
Profit Before Tax from core banking operations	21,382,614	24,342,991	22,768,952	25,691,429
Gross impact due to the fraud	(9,617,000)	(914,505)	(9,617,000)	(914,505)
<b>Profit Before Tax</b>	<b><u>11,765,614</u></b>	<b><u>23,428,486</u></b>	<b><u>13,151,952</u></b>	<b><u>24,776,924</u></b>
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)	(492,579)	(5,143,480)	(492,579)
<b>Profit After Tax</b>	<b><u>5,896,360</u></b>	<b><u>8,537,642</u></b>	<b><u>6,807,513</u></b>	<b><u>9,399,756</u></b>

### 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.

The Bank has assessed the potential impact of the ongoing Middle East conflict on its loans portfolio. Based on the evaluation performed, impairment has been recognized through post model adjustment to ECL. The Bank continues to monitor developments and will reassess the impact on loans portfolio.

## Notes to the Financial Statements

- 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 31 March 2026 would have amounted to LKR 2.5 Bn and would have resulted in the recognition of fair value gain of LKR 27.3 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. This has been considered in computation of EPS.
- 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 21.5 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	Adjustments	Restated Balance	As previously reported	Adjustments	Restated Balance
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets not subject to adjustment	788,619,509	-	788,619,509	796,262,367	-	796,262,367
Other assets	7,066,842	(914,505)	6,152,337	7,517,853	(914,505)	6,603,348
<b>Total Asset</b>	<b>795,686,351</b>	<b>(914,505)</b>	<b>794,771,846</b>	<b>803,780,220</b>	<b>(914,505)</b>	<b>802,865,715</b>
Liabilities not subject to adjustments	701,956,070	-	701,956,069	702,473,914	-	702,473,915
Current tax liabilities	5,204,643	(268,748)	4,935,895	5,473,755	(268,748)	5,205,007
Other liabilities	10,860,883	(153,178)	10,707,705	11,630,328	(153,178)	11,477,149
<b>Total Liabilities</b>	<b>718,021,596</b>	<b>(421,926)</b>	<b>717,599,669</b>	<b>719,577,997</b>	<b>(421,926)</b>	<b>719,156,071</b>
<b>Equity</b>						
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	(492,579)	43,009,277	48,276,283	(492,579)	47,783,704
Other reserves	8,884,556	-	8,884,556	9,188,008	-	9,188,008
<b>Total shareholders' equity</b>	<b>77,664,756</b>	<b>(492,579)</b>	<b>77,172,177</b>	<b>82,742,635</b>	<b>(492,579)</b>	<b>82,250,056</b>
Non controlling interests	-	-	-	1,459,588	-	1,459,588
<b>Total equity</b>	<b>77,664,756</b>	<b>(492,579)</b>	<b>77,172,177</b>	<b>84,202,223</b>	<b>(492,579)</b>	<b>83,709,644</b>
<b>Total liabilities and equity</b>	<b>795,686,352</b>	<b>(914,505)</b>	<b>794,771,846</b>	<b>803,780,220</b>	<b>(914,505)</b>	<b>802,865,715</b>

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

	Bank			Group		
	As previously reported	Adjustments	Restated Balance	As previously reported	Adjustments	Restated Balance
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets not subject to adjustment	919,549,376	-	919,549,376	927,667,691	-	927,667,691
Other assets	16,259,404	(9,642,574)	6,616,830	16,973,270	(9,642,574)	7,330,696
<b>Total Asset</b>	<b>935,808,780</b>	<b>(9,642,574)</b>	<b>926,166,206</b>	<b>944,640,961</b>	<b>(9,642,574)</b>	<b>934,998,387</b>
Liabilities not subject to adjustments	834,533,652	-	834,533,652	834,981,364	-	834,981,364
Current tax liabilities	4,038,962	(3,095,503)	943,459	4,421,027	(3,095,503)	1,325,524
Other liabilities	11,215,309	(911,012)	10,304,297	11,749,708	(911,012)	10,838,696
<b>Total Liabilities</b>	<b>849,787,923</b>	<b>(4,006,515)</b>	<b>845,781,408</b>	<b>851,152,099</b>	<b>(4,006,515)</b>	<b>847,145,584</b>
<b>Equity</b>						
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	(5,636,059)	44,698,564	55,934,684	(5,636,059)	50,298,625
Other reserves	8,569,697	-	8,569,697	8,922,907	-	8,922,907
<b>Total shareholders' equity</b>	<b>86,020,857</b>	<b>(5,636,059)</b>	<b>80,384,798</b>	<b>91,974,128</b>	<b>(5,636,059)</b>	<b>86,338,069</b>
Non controlling interests	-	-	-	1,514,734	-	1,514,734
<b>Total equity</b>	<b>86,020,857</b>	<b>(5,636,059)</b>	<b>80,384,798</b>	<b>93,488,862</b>	<b>(5,636,059)</b>	<b>87,852,803</b>
<b>Total liabilities and equity</b>	<b>935,808,780</b>	<b>(9,642,574)</b>	<b>926,166,206</b>	<b>944,640,961</b>	<b>(9,642,574)</b>	<b>934,998,387</b>

**Notes to the Financial Statements**
**10.3 Statement of Profit or Loss - Cumulative impact of adjustments for the quarter ended 31 March 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
<b>Gross income</b>	22,981,176	-	22,981,176	23,575,449	-	23,575,449
Interest income	20,359,139	-	20,359,139	20,423,546	-	20,423,546
Interest expenses	12,384,166	-	12,384,166	12,381,381	-	12,381,381
<b>Net interest income</b>	7,974,973	-	7,974,973	8,042,165	-	8,042,165
<b>Fee and commission income</b>	1,779,674	-	1,779,674	2,311,068	-	2,311,068
Less: Fee and commission expenses	23,762	-	23,762	23,762	-	23,762
<b>Net Fee and commission income</b>	1,755,912	-	1,755,912	2,287,306	-	2,287,306
Net gain/(loss) from trading	326,467	-	326,467	326,467	-	326,467
Net gain/(loss) from financial assets at fair value through profit or loss	(22,724)	-	(22,724)	(39,560)	-	(39,560)
<b>Net gains/(losses) from de-recognition of financial assets</b>						
- at fair value through profit or loss	45,186	-	45,186	57,152	-	57,152
- at fair value through OCI	186,986	-	186,986	187,064	-	187,064
Other operating income	306,448	-	306,448	309,712	-	309,712
<b>Total operating income</b>	10,573,248	-	10,573,248	11,170,306	-	11,170,306
Less: Impact of the debt restructuring	(457,483)	-	(457,483)	(457,483)	-	(457,483)
Less :Impairment charges/(reversals) on loans and other investments	2,632,345	-	2,632,345	2,632,345	-	2,632,345
<b>Net operating income</b>	8,398,386	-	8,398,386	8,995,444	-	8,995,444
<b>Operating expenses</b>						
Personnel expenses	2,310,683	-	2,310,683	2,512,471	-	2,512,471
Depreciation and amortization	271,923	-	271,923	289,606	-	289,606
Other expenses	1,831,598	3,502,000	5,333,598	1,968,645	3,502,000	5,470,645
<b>Total operating expenses</b>	4,414,204	3,502,000	7,916,204	4,770,722	3,502,000	8,272,722
<b>Operating profit before tax on financial services</b>	3,984,182	(3,502,000)	482,182	4,224,722	(3,502,000)	722,722
Less: Taxes on financial services	1,063,699	(585,233)	478,466	1,063,699	(585,233)	478,466
<b>Operating profit after tax on financial services</b>	2,920,483	(2,916,767)	3,716	3,161,023	(2,916,767)	244,256
Share of associate companies' profits/(losses)	-	-	-	-	-	-
<b>Profit before taxation</b>	2,920,483	(2,916,767)	3,716	3,161,023	(2,916,767)	244,256
Less : Income tax expenses	995,325	(1,029,189)	(33,864)	1,105,349	(1,029,189)	76,160
<b>Profit for the quarter</b>	1,925,158	(1,887,578)	37,580	2,055,674	(1,887,578)	168,096
<b>Profit attributable to:</b>						
Equity holders of the parent	1,925,158	(1,887,578)	37,580	2,040,559	(1,887,578)	152,981
Non controlling interests	-	-	-	15,115	-	15,115
	1,925,158	(1,887,578)	37,580	2,055,674	(1,887,578)	168,096
Basic earnings per share (in LKR)	4.52	(4.43)	0.09	4.79	(4.44)	0.35
Diluted earnings per share (in LKR)	4.51	(4.42)	0.09	4.78	(4.43)	0.35

**Notes to the Financial Statements**
**11. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31 MARCH 2026**

	Bank		Group	
	As at 31/03/2026 LKR '000	As at 31/12/2025 LKR '000	As at 31/03/2026 LKR '000	As at 31/12/2025 LKR '000
<b>11.1 Product wise Gross Loans and Receivables</b>				
<b>By product-Domestic Currency</b>				
Term loans	105,439,585	102,912,945	105,439,586	102,912,946
Medium and short term loans	98,885,066	97,156,889	98,885,066	97,156,889
Overdrafts	69,570,242	67,358,673	69,570,242	67,358,673
Trade Finance	28,353,309	27,951,976	28,353,309	27,951,976
Consumer loans	64,659,886	60,640,325	64,659,886	60,640,325
Lease rentals receivable and Hire Purchase	25,611,279	25,745,281	25,611,279	25,745,281
Housing loans	16,994,871	17,023,664	16,994,871	17,023,664
Pawning	39,532,289	31,349,833	39,532,289	31,349,833
Islamic Banking facilities	17,416,228	17,021,232	17,416,228	17,021,232
Credit cards	9,815,982	9,650,602	9,815,982	9,650,602
AF Loans	18,114,752	13,533,763	18,114,752	13,533,763
Staff loans	3,854,556	3,745,038	3,971,981	3,846,387
<b>Sub total</b>	<b>498,248,045</b>	<b>474,090,221</b>	<b>498,365,470</b>	<b>474,191,570</b>
<b>By product-Foreign Currency</b>				
Term loans	105,978,972	84,480,506	105,978,972	84,480,506
Overdrafts	2,557,669	13,137,335	2,557,669	13,137,335
Medium and short term loans	22,431,774	20,955,711	22,431,774	20,955,711
Trade Finance	38,305,969	42,211,579	38,305,969	42,211,579
Islamic Banking facilities	7,231,682	8,972,912	7,231,682	8,972,912
Housing loans	7,700	11,831	7,700	11,831
<b>Sub total</b>	<b>176,513,766</b>	<b>169,769,874</b>	<b>176,513,766</b>	<b>169,769,874</b>
<b>Total</b>	<b>674,761,811</b>	<b>643,860,095</b>	<b>674,879,236</b>	<b>643,961,444</b>
<b>11.2 Product wise commitments and contingencies considered for Impairment</b>				
<b>By product- Domestic Currency</b>				
Guarantees	37,251,580	37,577,605	37,226,925	37,552,950
Performance Bonds	9,282,185	8,074,222	9,282,185	8,074,222
Documentary Credits	1,046,784	1,419,964	1,046,784	1,419,964
Acceptances	572,204	687,933	572,204	687,933
Undrawn commitments	213,692,227	214,084,971	213,684,808	214,082,339
<b>Sub Total</b>	<b>261,844,980</b>	<b>261,844,695</b>	<b>261,812,906</b>	<b>261,817,408</b>
<b>By product- Foreign Currency</b>				
Guarantees	5,152,981	3,107,521	5,152,981	3,107,521
Performance Bonds	1,332,808	1,191,361	1,332,808	1,191,361
Documentary Credits	20,301,352	15,569,299	20,301,352	15,569,299
Acceptances	10,003,343	13,858,888	10,003,343	13,858,888
Undrawn commitments	911,510	1,243,193	1,620,412	1,938,951
<b>Sub Total</b>	<b>37,701,994</b>	<b>34,970,262</b>	<b>38,410,896</b>	<b>35,666,020</b>
<b>Total</b>	<b>299,546,974</b>	<b>296,814,957</b>	<b>300,223,802</b>	<b>297,483,428</b>
<b>Gross loans and advances ,Commitments and Contingencies</b>				
	974,308,785	940,675,052	975,103,038	941,444,872
(Less): Accumulated impairment under stage 1	7,334,356	6,598,034	7,334,356	6,598,034
Accumulated impairment under stage 2	4,051,686	3,814,785	4,051,686	3,814,785
Accumulated impairment under stage 3	42,881,762	42,034,037	42,881,762	42,034,037
<b>Net value of loans and advances, commitments and contingencies</b>	<b>920,040,981</b>	<b>888,228,196</b>	<b>920,835,234</b>	<b>888,998,016</b>

	Bank		Group	
	As at 31/03/2026 LKR '000	As at 31/12/2025 LKR '000	As at 31/03/2026 LKR '000	As at 31/12/2025 LKR '000
<b>11.3 Movement of impairment during the period</b>				
<b>Under stage 1</b>				
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	736,322	502,510	736,322	502,510
Write-off during the period	-	-	-	-
<b>Closing balance</b>	<b>7,334,356</b>	<b>6,598,034</b>	<b>7,334,356</b>	<b>6,598,034</b>
<b>Under stage 2</b>				
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	236,901	(1,579,866)	236,901	(1,579,866)
Write-off during the period	-	-	-	-
<b>Closing balance</b>	<b>4,051,686</b>	<b>3,814,785</b>	<b>4,051,686</b>	<b>3,814,785</b>
<b>Under stage 3</b>				
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	782,242	6,778,969	782,242	6,778,969
Write-off during the period	65,483	(4,188,810)	65,483	(4,188,810)
Other movement	-	-	-	-
<b>Closing balance</b>	<b>42,881,762</b>	<b>42,034,037</b>	<b>42,881,762</b>	<b>42,034,037</b>

12. ANALYSIS OF DEPOSITS	Bank		Group	
	As at 31/03/2026 LKR '000	As at 31/12/2025 LKR '000	As at 31/03/2026 LKR '000	As at 31/12/2025 LKR '000
<b>Due to Other Customers - By product</b>				
<b>By product-Domestic Currency</b>				
Demand deposits	52,015,968	51,943,704	51,996,895	51,932,071
Savings deposits	100,757,633	92,794,415	100,596,362	92,387,324
Time deposits	375,379,524	363,191,609	375,119,543	362,933,965
Other deposits	2,010,984	1,800,831	2,010,984	1,800,831
<b>Sub total</b>	<b>530,164,109</b>	<b>509,730,559</b>	<b>529,723,784</b>	<b>509,054,191</b>
<b>By product- Foreign Currency</b>				
Demand deposits	10,994,911	22,251,460	10,994,911	22,251,438
Savings deposits	21,608,433	22,487,581	21,584,809	22,439,914
Time deposits	168,667,586	152,404,824	168,503,983	152,399,080
Other deposits	290,054	292,942	290,054	292,942
<b>Sub total</b>	<b>201,560,984</b>	<b>197,436,807</b>	<b>201,373,757</b>	<b>197,383,374</b>
<b>Total</b>	<b>731,725,093</b>	<b>707,167,366</b>	<b>731,097,541</b>	<b>706,437,565</b>

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 31/03/2026	As at 31/12/2025 Restated	As at 31/03/2026	As at 31/12/2025 Restated
<b>Regulatory Capital Adequacy (LKR '000)</b>				
Common Equity Tier 1 Capital	56,008,875	61,937,102	60,878,552	66,741,612
Tier 1 Capital	56,008,875	61,937,102	60,878,552	66,741,612
Total Capital	90,631,174	81,361,797	95,309,774	86,056,301
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	9.52	11.32	10.13	11.93
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	9.52	11.32	10.13	11.93
Total Capital Ratio (Minimum Requirement - 12.5%)	15.41	14.87	15.87	15.38
Basel III Leverage Ratio ( Minimum Requirement - 3%)	5.47	6.41	5.90	6.84
<b>Regulatory Liquidity</b>				
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%)	177.45	257.29	N/A	N/A
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%)	153.28	208.54	N/A	N/A
Net stable Funding Ratio (%) ( Minimum Requirement 100%)	127.60	131.19	N/A	N/A
<b>Asset Quality (Quality of the Loan Portfolio)</b>				
Impaired Loans (Stage 3) to Total Loans Ratio (%)	3.18	3.75	3.18	3.75
Impairment (stage 3) to Stage 3 loans Ratio (%)	62.10	59.10	62.10	59.10
<b>Income and Profitability</b>				
Earnings Per Share (LKR) - Annualized	23.17	13.64	21.75	15.55
Return on Equity (%)	12.61	7.48	11.02	7.97
Return on Average Assets (after Tax (%))	1.05	0.69	0.98	0.77
Return on Average Assets (before Tax (%))	2.14	1.37	2.13	1.52
Net Interest Margin (%)	3.86	4.06	3.86	4.05
Cost to Income Ratio (%)	59.07	61.70	60.18	61.38
<b>Income and Profitability - Excluding fraud impact</b>				
Earnings Per Share (LKR) - Annualized	26.51	25.90	25.08	27.83
Return on Equity (%)	13.36	13.49	11.83	13.58
Return on Average Assets (after Tax (%))	1.19	1.28	1.12	1.36
Return on Average Assets (before Tax (%))	2.39	2.47	2.13	2.60
Cost to Income Ratio (%)	38.17	41.04	40.0	42.06
<b>Debt Security - Related Ratios</b>				
Interest Cover (Times)	1.67	1.68	1.67	1.68
Debt to Equity (Times)	11.23	10.36	10.44	9.63
<b>Memorandum Information</b>				
Credit Rating	A- (lka) / Negative Outlook	A(lka) / Stable Outlook	N/A	N/A
Number of Employees	2,903	2,864	N/A	N/A
Number of Branches	113	113	N/A	N/A

**MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 2026 - BANK (LKR '000)**

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
<b>ASSETS</b>					
Cash and cash equivalents	-	16,463,963	-	-	16,463,963
Balances with the Central Bank of Sri Lanka	-	8,940,355	-	-	8,940,355
Placements with banks	-	19,124,069	-	-	19,124,069
Derivative Financial Instruments	1,682,859	-	-	-	1,682,859
Financial assets recognized through profit or loss measured at fair value	1,539,351	-	-	-	1,539,351
Financial assets at amortised cost -loans and receivables to other customers	-	623,107,683	-	-	623,107,683
Financial Assets at amortised cost - debt and other instruments	-	193,013,331	-	-	193,013,331
Financial assets measured at fair value through other comprehensive income	-	-	90,437,992	-	90,437,992
Other Financial Assets	-	1,697,724	-	-	1,697,724
<b>Total Financial Assets</b>	<b>3,222,210</b>	<b>862,347,125</b>	<b>90,437,992</b>	<b>-</b>	<b>956,007,327</b>

	At fair value through profit or loss	At Amortized cost	Total
<b>LIABILITIES</b>			
Due to Banks	-	18,405,494	18,405,494
Derivative Financial Instruments	1,231,886	-	1,231,886
Financial Liabilities at amortised cost -due to depositors	-	731,725,093	731,725,093
Financial Liabilities at amortised cost			
- due to debt securities holders	-	70,847,787	70,847,787
- due to other borrowers	-	19,739,002	19,739,002
Debt securities issued	-	39,954,592	39,954,592
Other Financial Liabilities	-	7,472,863	7,472,863
<b>Total Financial Liabilities</b>	<b>1,231,886</b>	<b>888,144,831</b>	<b>889,376,717</b>

**MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 31 MARCH 2026 - GROUP (LKR '000)**

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
<b>ASSETS</b>					
Cash and cash equivalents	-	16,915,220	-	-	16,915,220
Balances with the Central Bank of Sri Lanka	-	8,940,355	-	-	8,940,355
Placements with banks	-	19,124,069	-	-	19,124,069
Derivative Financial Instruments	1,682,859	-	-	-	1,682,859
Financial assets recognized through profit or loss measured at fair value	4,444,999	-	-	-	4,444,999
Financial assets at amortised cost -loans and receivables to other customers	-	623,225,108	-	-	623,225,108
Financial Assets at amortised cost - debt and other instruments	-	193,635,972	-	-	193,635,972
Financial Assets measured at fair value through Other comprehensive income	-	-	90,953,565	-	90,953,565
Other Financial Assets	-	1,925,590	-	-	1,925,590
<b>Total Financial Assets</b>	<b>6,127,858</b>	<b>863,766,314</b>	<b>90,953,565</b>	<b>-</b>	<b>960,847,737</b>

	At fair value through profit or loss	Amortized cost	Total
<b>LIABILITIES</b>			
Due to Banks	-	18,405,494	18,405,494
Derivative Financial Instruments	1,231,886	-	1,231,886
Financial Liabilities at amortised cost -due to depositors	-	731,097,541	731,097,541
Financial Liabilities at amortised cost			
- due to debt securities holders	-	70,847,787	70,847,787
- due to other borrowers	-	19,739,002	19,739,002
Debt securities issued	-	39,954,592	39,954,592
Other Financial Liabilities	-	7,621,331	7,621,331
<b>Total Financial Liabilities</b>	<b>1,231,886</b>	<b>887,665,747</b>	<b>888,897,633</b>

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

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
<b>ASSETS</b>					
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	-	1,301,454	-	-	1,301,454
<b>Total Financial Assets</b>	<b>1,728,929</b>	<b>826,729,710</b>	<b>78,648,323</b>	<b>-</b>	<b>907,106,962</b>

	At fair value through profit or loss	Amortized cost	Total
<b>LIABILITIES</b>			
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	-	3,571,263	3,571,263
<b>Total Financial Liabilities</b>	<b>251,448</b>	<b>836,143,731</b>	<b>836,395,179</b>

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

	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
<b>ASSETS</b>					
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	-	1,749,320	-	-	1,749,320
<b>Total Financial Assets</b>	<b>4,890,745</b>	<b>828,215,224</b>	<b>79,110,967</b>	<b>-</b>	<b>912,216,936</b>

	At fair value through profit or loss	Amortized cost	Total
<b>LIABILITIES</b>			
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	-	3,733,731	3,733,731
<b>Total Financial Liabilities</b>	<b>251,448</b>	<b>835,576,398</b>	<b>835,827,846</b>

## 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 change 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				2025			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1 31/03/2026 LKR '000	Level 2 31/03/2026 LKR '000	Level 3 31/03/2026 LKR '000	31/03/2026 LKR '000	Level 1 31/12/2025 LKR '000	Level 2 31/12/2025 LKR '000	Level 3 31/12/2025 LKR '000	31/12/2025 LKR '000
<b>Financial Assets</b>								
Derivative Financial Instruments	-	1,682,859	-	1,682,859	-	1,475,777	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	1,539,351	-	-	1,539,351	253,152	-	-	253,152
Financial assets measured at fair value through other comprehensive income	86,194,927.71	4,085,695	157,369	90,437,992	74,524,810	3,966,144	157,369	78,648,323
<b>Total Financial Assets</b>	<b>87,734,279</b>	<b>5,768,554</b>	<b>157,369</b>	<b>93,660,202</b>	<b>74,777,962</b>	<b>5,441,921</b>	<b>157,369</b>	<b>80,377,252</b>
<b>Financial Liabilities</b>								
Derivative Financial Instruments	-	1,231,886	-	1,231,886	-	251,448	-	251,448
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,231,886</b>	<b>-</b>	<b>1,231,886</b>	<b>-</b>	<b>251,448</b>	<b>-</b>	<b>251,448</b>
<b>Group</b>								
Group	2026				2025			
	Fair Value Measurement Using				Fair Value Measurement Using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1 31/03/2026 LKR '000	Level 2 31/03/2026 LKR '000	Level 3 31/03/2026 LKR '000	31/03/2026 LKR '000	Level 1 31/12/2025 LKR '000	Level 2 31/12/2025 LKR '000	Level 3 31/12/2025 LKR '000	31/12/2025 LKR '000
<b>Financial Assets</b>								
Derivative Financial Instruments	-	1,682,859	-	1,682,859	-	1,475,777	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	4,003,310	-	441,689	4,444,999	2,973,279	-	441,689	3,414,968
Financial assets measured at fair value through other comprehensive income	86,451,583	4,344,613	157,369	90,953,565	74,776,643	4,176,955	157,369	79,110,967
<b>Total Financial Assets</b>	<b>90,454,893</b>	<b>6,027,472</b>	<b>599,058</b>	<b>97,081,423</b>	<b>77,749,922</b>	<b>5,652,732</b>	<b>599,058</b>	<b>84,001,712</b>
<b>Financial Liabilities</b>								
Derivative Financial Instruments	-	1,231,886	-	1,231,886	-	251,448	-	251,448
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,231,886</b>	<b>-</b>	<b>1,231,886</b>	<b>-</b>	<b>251,448</b>	<b>-</b>	<b>251,448</b>

**SHARE INFORMATION**
**SHARE PRICE**

As at	31/03/2026	31/12/2025
Number of shares	426,889,457	426,889,457
Last traded price (LKR)	130.00	141.25
For the quarter ended	31/03/2026	31/12/2025
Highest price per share (LKR)	159.00	158.00
Lowest price per share (LKR)	124.75	134.00

**TOP 20 REGISTERED SHAREHOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 31.03.2026**

	Name	Number of Shares	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	42,448,674	9.94
2	EMPLOYEE'S PROVIDENT FUND	40,384,935	9.46
3	BANK OF CEYLON NO. 1 ACCOUNT	33,772,098	7.91
4	RICHARD PIERIS AND CO LTD A/C NO.01	26,362,399	6.18
5	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	25,823,505	6.05
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	21,469,210	5.03
7	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	21,278,517	4.98
8	MR. Y.S.H.I. SILVA	17,461,045	4.09
9	EMPLOYEES TRUST FUND BOARD	14,412,776	3.38
10	BNYM RE-TERRA GLOBAL OPPORTUNITY FUND, L.P	13,615,405	3.19
11	DR. S. YADDEHIGE	11,974,368	2.81
12	HATTON NATIONAL BANK PLC A/C NO 1	11,778,400	2.76
13	PERPETUAL TREASURIES LIMITED	10,395,291	2.44
14	SBI VEN HOLDINGS PTE LTD	10,314,556	2.42
15	AKBAR BROTHERS PVT LTD	5,752,412	1.35
16	HNB INVESTMENT BANK (PVT) LTD/ MR. ELAYATHAMBY THAVAGNANASOORIYAM & MR. ELAYATHAMBY THAVAGNANA SUNDRAM	5,340,694	1.25
17	NAMUNUKULA PLANTATIONS PLC	4,039,426	0.95
18	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	3,429,114	0.80
19	BNYM RE-WORLDWIDE OPPORTUNITY FUND (CAYMAN) LTD	3,403,850	0.80
20	PERPETUAL EQUITIES (PRIVATE) LIMITED	3,013,599	0.71

**PUBLIC HOLDING PERCENTAGE**

	As at 31/03/2026
Float adjusted Market Capitalization in LKR ('000)	45,373,227
Percentage of shares held by the public	81.76%
Number of public shareholders	16,061
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

**DIRECTORS' INTEREST IN SHARES OF NDB AS AT 31.03.2026**

Name	No. of shares
MR. SRIYAN COORAY	-
MR. BERNARD SINNIH	-
MR. SUJEEWA MUDALIGE	-
MR. KUSHAN D'ALWIS, PC	-
MS. KASTURI CHELLARAJA	-
MS. SHWETA PANDEY	-
MR. HASITHA PREMARATNE	-
MR. KELUM EDIRISINGHE	-
MR. SANJAYA MOHOTTALA	-
MR. SHANIL FERNANDO (Resigned w.e.f. 27.04.2026)	-

Rated unsecured subordinated redeemable debentures

INFORMATION ON DEBENTURES- BANK											
Type of Debenture / GSS+ Bond	CSE Listing	Interest payable frequency	Balance as at 31 March 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 %
<b>Fixed rate - GSS+Bond Issue March 2026</b>											
A- March 2026/March 2031	Listed	Annually	15,557	Not traded during the quarter			11.50	10.97	<b>9.63</b>	Not traded during the quarter	
B- March 2026/March 2031		Quarterly	5	Not traded during the quarter			11.04	10.98		Not traded during the quarter	
C- March 2026/March 2033		Annually	466	Not traded during the quarter			11.85	11.29		Not traded during the quarter	
<b>Fixed rate - Debenture December 2024 (Tranche 2)</b>											
A- Dec 2024/Dec 2029	Listed	Annually	4,709	Not traded during the quarter			13.00	12.30	<b>10.75</b>	Not traded during the quarter	
B- Dec 2024/Dec 2029		Quarterly	469	100.31	100.31	100.31	12.41	12.31		12.37	12.30
<b>Fixed rate - Debenture September 2024 (Tranche 1)</b>											
A- Sep 2024/Sep 2029	Listed	Annually	4,184	Not traded during the quarter			13.25	12.51	<b>12.98</b>	Not traded during the quarter	
B- Sep 2024/Sep 2029		Semi-annually	822	Not traded during the quarter			12.84	12.50		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	
<b>Fixed rate - Debenture December 2023</b>											
A- Dec 2023/Dec 2028	Listed	Annually	3,474	Not traded during the quarter			15.00	14.05	<b>14.52</b>	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	
<b>Fixed rate - Debenture November 2021</b>											
A- Nov 2021/Nov 2026	Listed	Semi-annually	8,205	Not traded during the quarter			11.90	11.66	<b>11.14</b>	Not traded during the quarter	
B- Nov 2021/Nov 2028		Semi-annually	121	Not traded during the quarter			12.00	11.73		<b>11.61</b>	Not traded during the quarter
<b>Total</b>			<b>39,955</b>								

**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 - 1Q 2026 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	30 April 2026
Updates to the investor relations web page within the Bank's corporate website <a href="http://www.ndbbank.com">www.ndbbank.com</a>	30 April 2026
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	13 May 2026
Investor Webinar	To be scheduled
Edited Transcript or video playback of the Investor webinar released/ uploaded to the Bank's website	Within 10 working days from the date of the webinar

## Corporate Information

<p><b>Name</b> National Development Bank PLC</p> <p><b>Legal Form</b> 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.</p>	<p><b>Head Office/Registered Office</b> No. 40, Nawam Mawatha, Colombo 2, Sri Lanka Tel: +94 11 2448448 Fax: +94 11 2305031 SWIFT Code: NDBSLKLX Web Page: <a href="http://www.ndbbank.com">www.ndbbank.com</a> E-mail: <a href="mailto:contact@ndbbank.com">contact@ndbbank.com</a> VAT Registration No.: 409000266-7000</p> <p><b>Credit Rating:</b> National long-term ratings: A-(lka)/ Negative Outlook Fitch Ratings Lanka Limited</p>
<p><b>Company Registration No.</b> PQ 27</p> <p><b>Accounting Year End</b> 31 December</p>	<p><b>Auditors</b> Messrs KPMG, Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03.</p> <p><b>Company Secretary:</b> Ms. Shehani Ranasinghe - Vice President</p> <p><b>Compliance Officer:</b> Ms. Vidisha Jayawardena - Vice President</p>
<p><b>Board of Directors</b> 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 Mr. Shanil Fernando - Director (Resigned w.e.f 27.04.2026)</p>	<p><b>Subsidiary Companies</b> 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)</p>
<b>Investor Relations - Contact Details</b>	
<p><b>Company Secretarial Unit</b> Ms. Shehani Ranasinghe Vice President - Company Secretary Email: <a href="mailto:shehani.ranasinghe@ndbbank.com">shehani.ranasinghe@ndbbank.com</a> Tel.: +94 11 2448448 Ext: 35013</p>	<p><b>Investor Relations Team</b> Mr. Azzam A Ahamat Vice President - Finance Email: <a href="mailto:azzam.ahamat@ndbbank.com">azzam.ahamat@ndbbank.com</a> <a href="mailto:investor.relations@ndbbank.com">investor.relations@ndbbank.com</a> Tel.: +94 11 2448448 Ext: 35301</p>



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