

National Development Bank PLC

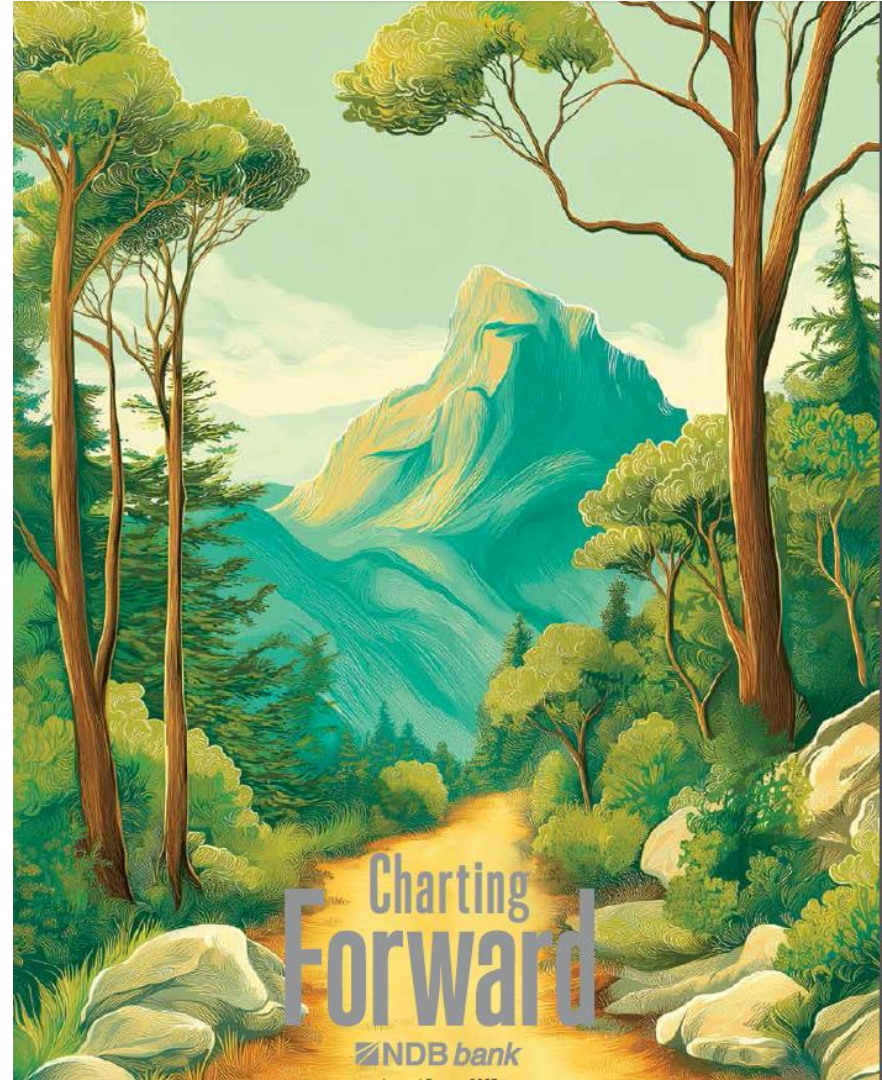
Financial Results for 1Q 2026

Presentation to Analysts

May 21, 2026

3:30 p.m. (UTC+05:30)

Colombo





PRESENTED BY

Kelum Edirisinghe, Director/ Chief Executive Officer

Q&A PANELISTS

Kelum Edirisinghe, Director/ Chief Executive Officer

K V Vinoj - Deputy Chief Executive Officer

Damitha Samaranyake - Vice President - Treasury

Alex Perera - Vice President - Risk/ Chief Risk Officer

Nadika Ranasinghe - Vice President - Strategy and Business Intelligence

Azzam A Ahamat - Vice President – Finance (Moderator)

Agenda

- 1 Update on the fraud incident**

- 2 Overview of the quarter**

- 3 Income and profitability analysis**

- 4 Balance sheet performance highlights**

- 5 Solvency and key investor ratios**

- 6 Q&A**

Agenda

1 Update on the fraud incident

2 Overview of the quarter

3 Income and profitability analysis

4 Balance sheet performance highlights

5 Solvency and key investor ratios

6 Q&A

Clear progress on investigation alongside accelerated remediation across impacted areas

Investigation Advancing with Active Collaboration

Full criminal investigation underway and the Bank is cooperating completely with law enforcement. Four arrests so far, including two staff – one the main perpetrator

Internal investigation is nearing completion with implicated staff being dealt in line with the Bank's Consequence Management framework

Asset tracing in progress with assistance from the CID to support recovery efforts. Too early to comment on the recovery prospects

Concrete Actions Taken to Strengthen Controls

Immediate controls implemented including strengthened governance, enhanced reconciliation frameworks, tightened system access, reinforced authorisation structures

External forensic review by Deloitte Tohmatsu India LLP commenced with specific focus on the fraud; findings to be reported to CBSL

Ongoing engagement with regulators through regular progress updates on investigation and remediation

Review of key internal controls at an enterprise-level by a third-party to commence, to identify control gaps/ lapses and strengthen controls/ processes based on recommendations

Agenda

1 Update on the fraud incident

2 Overview of the quarter

3 Income and profitability analysis

4 Balance sheet performance highlights

5 Solvency and key investor ratios

6 Q&A

Overview of the quarter's financial performance and key highlight

Fraud incident impact recognized

- Rs. 13.20 Bn fully recognized across FY 2024, FY 2025, and Q1 2026;
- Rs. 2.67 Bn impact in Q1 2026, resulting in Profit Before All Tax of Rs. 3.47 Bn

Income growth and margins

- Gross income at Rs. 26.50 Bn (15.3% YoY growth), with net fee and commission income up 24.9% to an all-time high
- NIM stable at 3.9%

Balance sheet expansion

- Total assets, deposits, and net loans at Rs. 977.20 Bn (restated), Rs. 731.73 Bn, and Rs. 623.11 Bn, respectively
- YTD growth rates of 5.5%, 3.5% and 5.0% respectively

Portfolio growth and asset quality

- SME loans increased to Rs. 131.74 Bn (+Rs. 7.09 Bn vs. end-2025)
- Stage 3 ratio improved to 3.2% (2025: 3.8%)

Capital and liquidity strength

- CET1, Tier I, and Total CAR remain above regulatory minimums
- Liquidity ratios remain sound

Financial Impact from the Identified Incident and Reporting Treatment

Impact on the Bank's Financial Reporting

- The total financial impact of Rs. 13.20 Bn impact fully recognized, with prior periods restated including comparatives
- The impact has been appropriately accounted for in line with prudential requirements and applicable accounting standards
- The distribution of the total assessed loss of Rs. 13.20 Bn is as follows:

	Rs '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

Restatement of Financial Statements Following the Identified Incident

Statement of Profit or Loss

- Comparative results for the quarter ended March 31, 2025, along with FY 2024 and FY 2025 financial statements, have been restated
- The impact has been recognized under other expenses within operating expenses, in line with accounting treatment
- Post-tax profits after incorporating the restatement are as follows

FY 2024	FY 2025
Rs. 9.03 Bn (Reported)	Rs. 11.04 Bn (Reported)
Rs.8.54 Bn (Restated)	Rs. 5.90 Bn (Restated)

Balance Sheet

- Financial position as at January 1, 2025 and December 31, 2025 has been restated, including comparative disclosures

Agenda

1 Update on the fraud incident

2 Overview of the quarter

3 Income and profitability analysis

4 Balance sheet performance highlights

5 Solvency and key investor ratios

6 Q&A

Income and profitability

Rs. Bn – 3 months ended 31 March	2025	2026	Δ Rs.	Δ %
Gross income	22.98	26.50	3.52	15.3
NII	7.97	9.05	1.08	13.5
Net fee and commission income	1.76	2.19	0.43	24.9
Non-fund based income (NGT+OOI)	0.84	1.52	0.68	81.0
Total operating income	10.57	12.77	2.20	20.8
Impact of the debt restructuring	(0.46)	-	0.46	100.0
Impairment charges/ (reversals) on loans and other investments	2.63	1.75	(0.88)	(33.4)
Net operating income	8.40	11.02	2.62	31.2
Operating expenses (Note 1)	7.92	7.54	(0.38)	(4.7)
Operating profit before tax on financial services	0.48	3.47	2.99	N.M.
Taxes on financial services	0.48	0.96	0.48	101.4
PBT	0.004	2.51	2.50	N.M.
Income tax expenses /(reversals)	(0.03)	0.75	0.78	N.M.
PAT	0.04	1.75	1.71	N.M.
Group profit attributable to shareholders (PAS)	0.15	1.60	1.45	N.M.

Note 1

Operating Expenses (Rs. Bn)	1Q FY25 (Restated)	1Q FY26	Movement (%)
Personnel expenses	2.31	2.38	3.2
Depreciation and amortization	0.27	0.32	17.9
Other expenses	1.83	2.17	(9.3)
Other expenses – (From detected fraud)	3.50	2.67	
Total	7.92	7.54	(4.7)

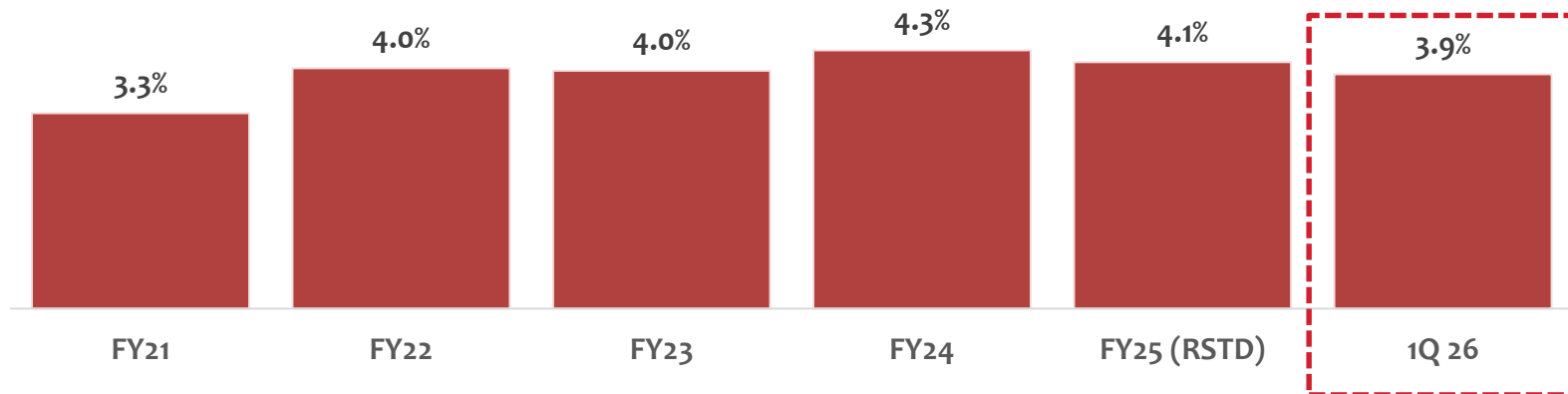
Casting differences throughout the presentation are due to rounding
N.M. - Not meaningful

NII & NIM

Rs. Bn – 3 months ended	2025	2026	Δ Rs.	Δ %
Interest income	20.36	22.66	2.30	11.3
Interest expenses	12.38	13.61	1.23	9.9
NII	7.97	9.05	1.08	13.5
Percentage of interest bearing assets within total assets (%)	94.5	94.6		

Casting differences throughout the presentation are due to rounding

NIM trajectory: broadly stabilized around 3.9%



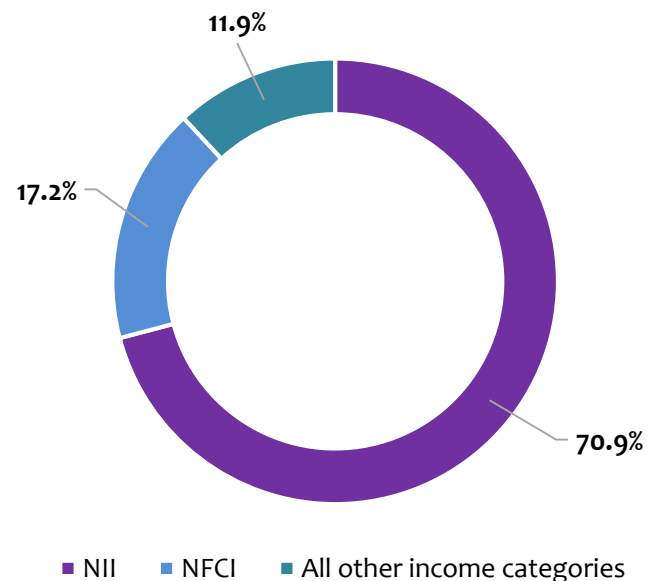
Non-fund based income (NFBI)

Rs. Bn – 3 months ended	2025	2026	Δ Rs.	Δ %
Net fee and commission income (NFCI)	1.76	2.19	0.43	24.9
Net gain from trading (NGT)	0.54	0.72	0.18	34.6
Other	0.31	0.80	0.49	162.0
Total non-fund based income	2.60	3.72	1.12	43.1

Growth in net fee and commission income predominantly driven by trade, cards and credit related activities

Casting differences throughout the presentation are due to rounding

Total operating income composition



Costs

Operating costs

Rs. Bn – 3 months ended	2025	2026	Δ Rs.	Δ %
Personnel expenses	2.31	2.38	0.07	3.2
Depreciation and amortisation	0.27	0.32	0.05	17.9
Other expenses*	5.33	4.84	(0.49)	(9.3)
Total operating expenses	7.92	7.54	(0.38)	(4.7)
Cost to income ratio (%)	61.7	59.1		(2.6) ppt

Impairment charges/ (reversal) on loans and other investments

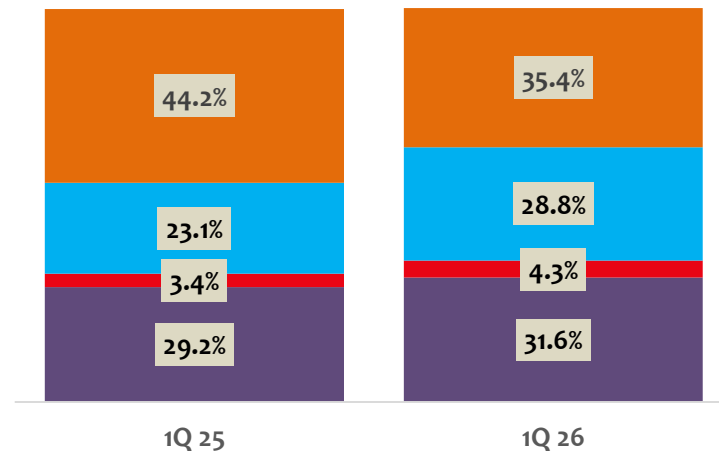
Rs. Bn - 3 months ended	2025	2026	Δ Rs.	Δ %
Impairment on the loan book	2.43	1.76	(0.67)	(27.9)
Impairment on investments and others	0.20	(0.002)	(0.20)	(100.9)
Total Impairment charges	2.63	1.75	(0.88)	(33.4)

*A detailed explanation is available in Slide 11 (Note 1)

Casting differences throughout the presentation are due to rounding

Operating cost composition

- Other expenses (detected fraud)
- Other expenses (normal course of business)
- Depreciation and amortisation
- Personnel expenses



Agenda

1 Update on the fraud incident

2 Overview of the quarter

3 Income and profitability analysis

4 Balance sheet performance highlights

5 Solvency and key investor ratios

6 Q&A

Balance sheet performance

Rs. Bn – As at end	FY25	1Q26	Δ Rs.	Δ %
Total assets	926.17*	977.20	51.03	5.5
Net loans	593.60	623.11	29.51	5.0
Investments	260.24	284.99	24.75	9.5

*Financial impact from the fraud adjusted

**Loan extended to the SME sector amounts to
LKR 131.74 Bn**

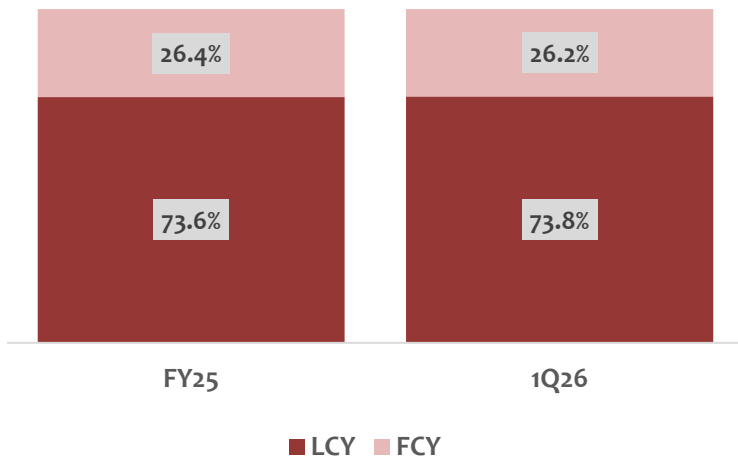
Total assets – BAU

Rs. Bn – As at end	FY25	1Q26	Δ Rs.	Δ %
Total assets	935.81	988.83	53.02	5.7

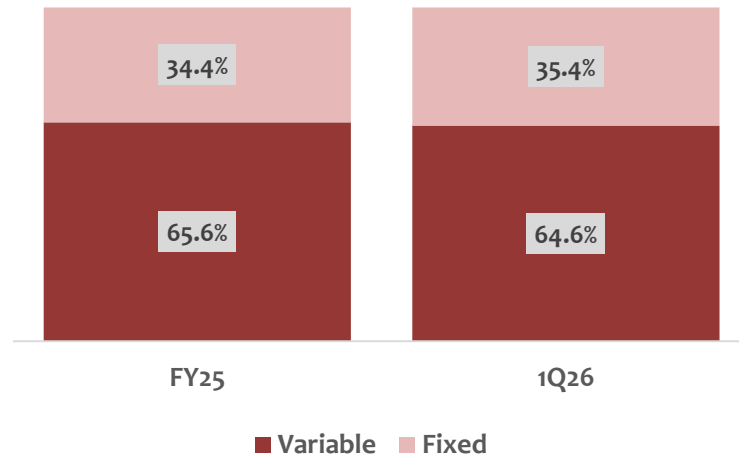
Casting differences throughout the presentation are due to rounding

Balance sheet performance – Loans

Currency composition of the gross loan book

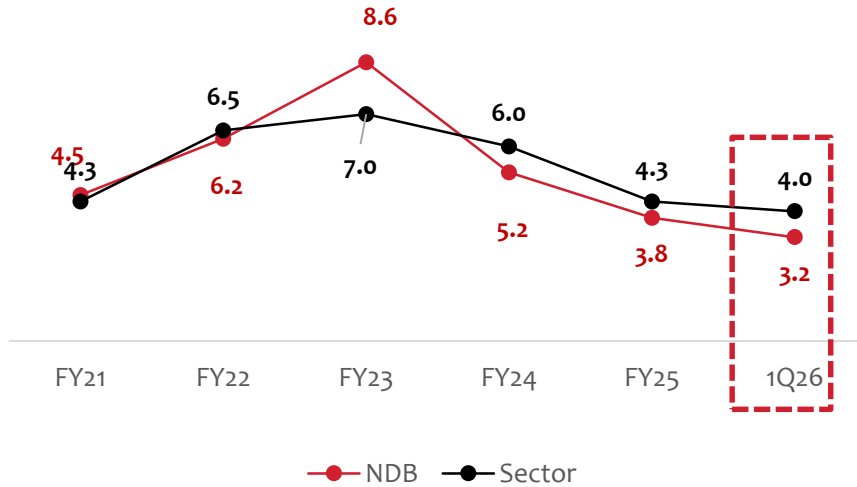


Composition of the loan book – on the basis of pricing



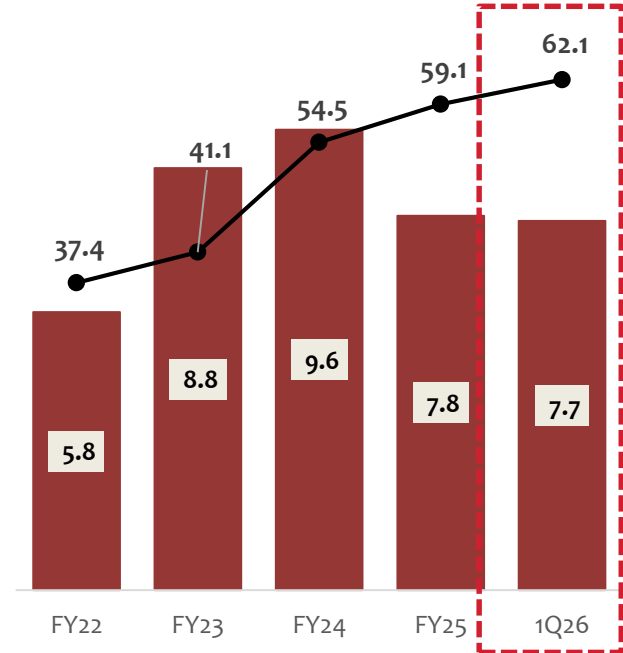
Credit quality

Impaired loans (Stage 3) to total loans ratio (%)



Reflects concerted efforts deployed in enhancing the quality of loan book

Credit quality movement (%)



■ Total Impairment cover on the loan book

● Impairment (Stage 3) to Stage 3 loans ratio*

*Secondary axis data

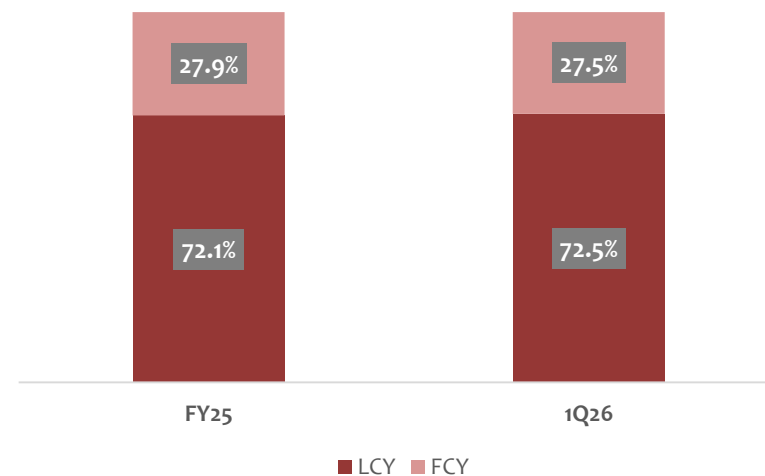
Balance sheet performance - Deposits

Currency wise deposits analysis

Reported results

Rs. Bn – As at end	FY25	1Q26	YTD growth %
LCY deposits	509.72	530.16	4.0
FCY deposits	197.44	201.56	2.1
Total deposits	707.17	731.73	3.5

Currency composition of the deposit book



Casting differences throughout the presentation are due to rounding

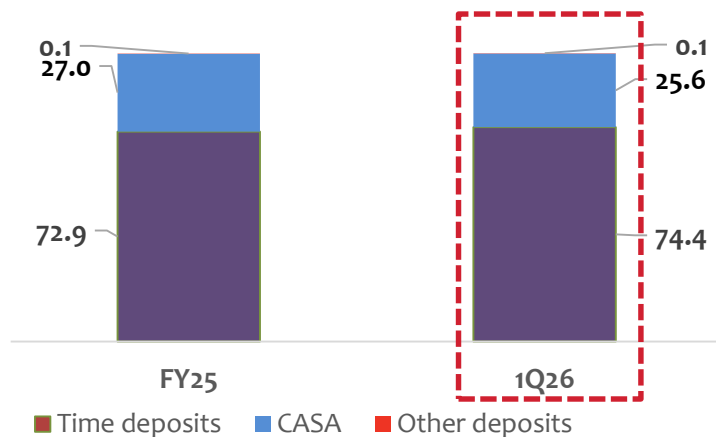
Balance sheet performance – Deposits (Cont.)

Product wise deposits analysis

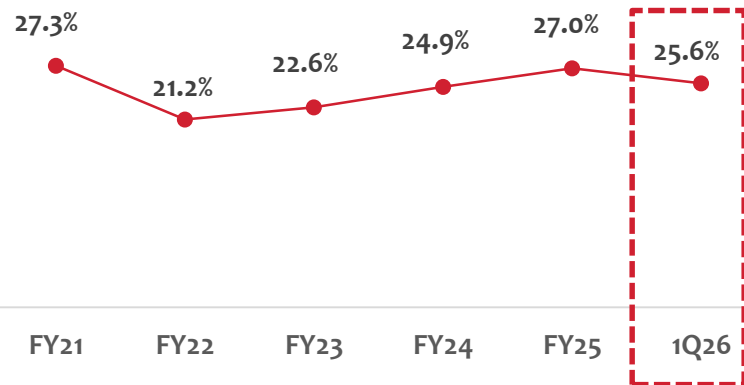
Rs. Bn – As at end	FY25	1Q26	YTD growth %
CASA total	191.14	187.22	(2.1)
Time deposits	515.60	544.05	5.5
Other deposits	0.44	0.46	6.1
Total	707.17	731.73	3.5

Casting differences throughout the presentation are due to rounding

Deposits composition – Reported results (%)



CASA trend



Agenda

1 Update on the fraud incident

2 Overview of the quarter

3 Income and profitability analysis

4 Balance sheet performance highlights

5 Solvency and key investor ratios

6 Q&A

Capital

Rs. Bn – As at end	FY25 (Reported)	FY25(Restated)	1Q26	Δ Rs.	Δ %
Common Equity Tier 1 (CET1) capital	67.69	61.94	56.01	(5.93)	(9.6)
Tier 1 capital	67.69	61.94	56.01	(5.93)	(9.6)
Total capital	87.13	81.36	90.63	9.27	11.4
Risk Weighted Assets (RWA)	548.20	547.00	588.30	41.30	7.6

Stable capital base with capital adequacy ratios (CAR) well above regulatory minimum requirements

(%) As at end	FY25 (Reported)	FY25(Restated)	1Q26	Minimum regulatory requirement	1Q26 buffer over minimum requirement
CET 1 CAR	12.4	11.3	9.5	7.0	252 bps
Tier 1 CAR	12.4	11.3	9.5	8.5	102 bps
Total CAR	15.9	14.9	15.4	12.5	291 bps

Liquidity

Regulatory ratios % - As at end	FY25 (Reported)	FY25(Restated)	1Q26	Minimum regulatory requirement	1Q26 buffer over minimum requirement - ppt
Liquidity Coverage Ratio – Rupee	257.3	NA	177.5	100	77.5
Liquidity Coverage Ratio – All Currency	208.5	NA	153.3	100	53.3
Net stable funding ratio	129.7	131.2	127.6	100	27.6

Consistently strong liquidity levels maintained over regulatory minimum requirements

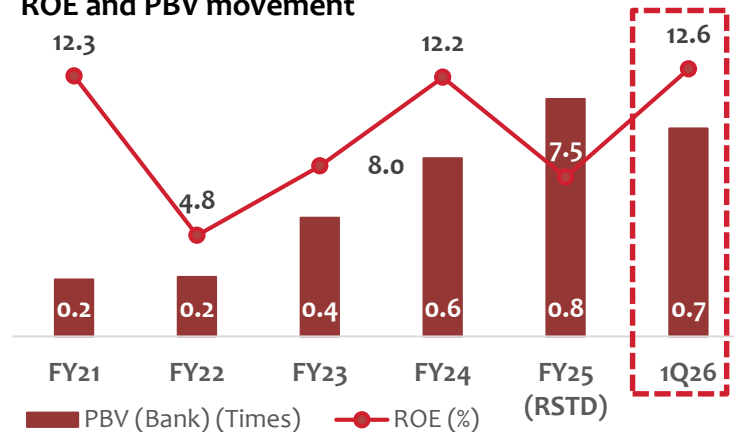
Key investor ratios

Investor ratios	FY25 (Reported)	FY25 (Restated)	1Q26 (Excluding fraud impact)	1Q26 (Reported)	Difference 1Q2026 Reported Vs. FY25 Restated
EPS - Rs. (Annualised)	25.90	13.64	26.51	23.17	9.53
ROE (%)	13.5	7.5	13.4	12.6	5.1 ppt
ROA (%) Pre-tax	2.5	1.4	2.4	2.1	76 bps
P/E (times)	5.5	10.4	4.9	5.6	-

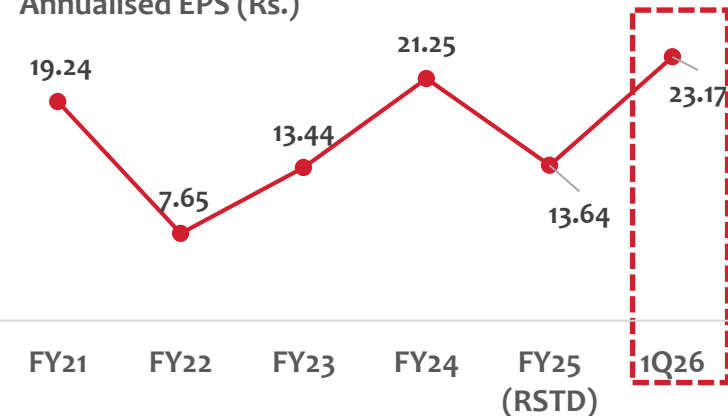
	FY25 (Reported)	FY25 (Restated)	1Q26 (Reported)	Difference 1Q2026 Reported Vs. FY25 Restated
Net Book Value per Share - Rs.	201.51	188.30	183.78	(4.52)
Price to Book Value (PBV) (times)	0.7	0.8	0.7	-

*Closing Price per share for the end 1Q26 is Rs.130.00 (End FY25 : Rs.141.25)

ROE and PBV movement



Annualised EPS (Rs.)



NDB Remains Committed to its Long- Term Strategy

- NDB's immediate priority is to mitigate overall risks while maintaining liquidity and solvency well above regulatory requirements.
 - The Bank remains firmly committed to its 2030 targets, focused on strengthening its operating model, underwriting standards, technology infrastructure, and customer relationships.
- The Bank will continue its transformation strategy to become more customer-centric, agile, and digitally advanced.
 - Above all, NDB is dedicated not only to resolving current challenges but to emerging as a stronger, more disciplined institution.



Q&A