PRESS RELEASE

FINANCIAL PERFORMANCE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026



National Development Bank PLC

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NDB bank
The future is banking on us

NDB Records PAT of LKR 2.9 Billion for Q3 2026, Reinforcing the Continued Resilience of Its Franchise

- Gross income grows by 10.6% to LKR 80.6 billion for 9M 2026
- Net interest income reaches LKR 25.4 billion with a Net interest margin (NIM) of 3.6%
- Net fee and commission income expands by 14.1% to LKR 6.6 billion
- Applicable fraud loss of LKR 2.6 billion for 9M 2026 out of the total revised fraud loss of LKR 13.6 billion recognized under other operating expenses
- Resultant profit before all taxes (PBT) for the period of LKR 15.1 billion (PBT for 9M 2026 and 9M 2025 without the fraud impact - LKR 17.7 billion and LKR 14.5 billion, respectively)
- Total assets, deposits and net loans expand to LKR 975.4 billion (restated), LKR 717.5 billion and LKR 599.7 billion respectively
- Loans extended to the SME sector expands by 7.1% translating to LKR 8.9 billion increasing the portfolio to LKR 133.5 billion from end 2025
- Loan book quality improves as reflected in Impaired Loans (Stage 3) to Total Loans Ratio - (Net) of 3.0% (2025: 3.8%)
- CET1/ Tier I and Total CAR continue to remain above the regulatory minimums
- Regulatory liquidity ratios continue to remain sound

National Development Bank PLC (NDB/the Bank) announced its financial results for the nine months ended September 30, 2026 (9M 2026), as released to the Colombo Stock Exchange (CSE) on October 21, 2026. The Bank delivered a strong performance during the period, underpinned by the resilience of its core banking franchise, disciplined execution of its strategic priorities, and the strength of its business model, despite the challenges arising from the fraud incident identified in April 2026.

Final financial impact due to the fraud

As per the disclosure released to the CSE on September 29, 2026, the final forensic report of the fraud incident identified by the Bank, had confirmed that the final fraud is a sum of circa LKR 13.64 billion compared to the circa Rs.13.58 billion as announced via Corporate Disclosure on June 26, 2026 following the release of the interim forensic report. The incremental fraud amount has been recognized in accordance with applicable Accounting Standards. The gross impact of the fraud applicable for the 9M ended September 30, 2026 is LKR 2.6 billion whilst the applicable amount for the 9M ended September 30, 2025 is LKR 4.5 billion.

Resilient earnings performance continues to be supported by its sound core banking operations

The Bank reported an operating profit before taxes on financial services of LKR 15.1 billion for 9M 2026, after recognising the gross financial impact of the fraud attributable to the period amounting to LKR 2.6 billion, which related entirely to the quarter ended March 31, 2026. This compares with an operating profit before taxes on financial services of LKR 10.1 billion for 9M 2025, which has been restated to reflect the applicable fraud impact of LKR 4.5 billion recognised for that period.

Post-tax profit for 9M 2026 amounted to LKR 7.7 billion, compared with a restated post-tax profit of LKR 5.1 billion for 9M 2025, with the net financial impact of the fraud reflected in both periods. Excluding the impact of the fraud, post-tax profit for 9M 2026 would have been LKR 9.1 billion, compared with LKR 7.5 billion in the corresponding period of 2025. The Bank recorded a post-tax profit of LKR 2.9 billion in Q3 2026, compared with LKR 3.0 billion in Q2 2026 and LKR 1.8 billion in Q1 2026. Excluding the fraud loss, Q1 2026 post-tax profit would have been LKR 3.2 billion.

Net banking revenue improves by 14.8% underpinned by further improved asset quality

The Bank posted net banking revenue of LKR 32.6 billion, representing a 14.8% increase over the comparative period, driven by the strength of its core banking operations. This performance is reported before taking into account any financial impact arising from the fraud incident.

Supporting this performance, total revenue increased by 10.6% YoY to LKR 80.6 billion. Net interest income (NII) was LKR 25.4 billion, with a marginal decline of 2.2% attributable to the prevailing low interest rate environment and the faster pace of deposits repricing. However, the downside of these factors were mitigated through prudent balance sheet management, disciplined pricing strategies, and effective asset and liability management. The resultant net interest margin (NIM) was 3.6%, compared with 4.1% for FY 2025.

Net fee and commission income also expanded by 14.1% to LKR 6.6 billion supporting the diversification and resilience of the Bank’s revenue mix. Key drivers of net fee and commission income were credit and cards and related services. Other non-fund-based income, comprising gains from trading activities, financial assets measured at fair value through profit or loss, de-recognition of financial assets, and other operating income, amounted to LKR 3.7 billion during 9M 2026 (9M 2025: LKR 2.6 billion). Other operating income included foreign reserve revaluation gains of LKR 953.0 million, up from LKR 396.8 million in 9M 2025.

Impairment charges on loans and other investments declined by 48.4% year on year to LKR 3.0 billion, primarily reflecting the Bank's continued focus on asset quality management, enhanced credit underwriting standards, closer monitoring of asset quality and stage migration trends, and strengthened recovery efforts. The impaired loans (Stage 3) to Total Loans Ratio – Net, improved to 3.0% as at September 30, 2026 from 3.8% at end-2025, while Stage 3 provision coverage improved to 65.4% from 59.1%.

Total operating expenses for 9M 2026 amounted to LKR 17.5 billion, including LKR 2.6 billion recognised under other operating expenses in relation to the fraud. The comparative operating expense for 9M 2025, inclusive of the fraud-related expense applicable to that period, was LKR 18.3 billion.

Balance Sheet remains strong and resilient. Net loans and deposits expand during Q3 2026

The Bank's total assets grew by 5.3% to LKR 975.4 billion as at September 30, 2026, after recognising the financial impact of the fraud, compared with a restated asset base of LKR 926.1 billion as at December 31, 2025. On an unadjusted basis, total assets as at September 30, 2026 would have amounted to LKR 986.5 billion, compared with LKR 935.8 billion at end-2025.

Net loans increased to LKR 599.7 billion from LKR 593.6 billion as at December 31, 2025, in line with the Bank's loan growth aspirations for the year, while total deposits grew to LKR 717.5 billion from LKR 707.2 billion. The Bank's CASA ratio stood at 20.7% as at September 30, 2026, compared with 23.9% at end-2025, reflecting industry-wide pressure on low-cost deposits amid the evolving interest rate environment. Total equity attributable to shareholders amounted to LKR 82.8 billion, while Group equity stood at LKR 90.1 billion as at September 30, 2026.

Liquidity and solvency continue to remain above the regulatory requirements

The Bank's liquidity and capital position remain sound throughout the period under review. Liquidity Coverage Ratios (LCR) in rupee and all-currency terms stood at 199.0% and 161.8%, respectively, while the Net Stable Funding Ratio (NSFR) was 126.8%. All ratios remained comfortably above the regulatory minimum requirement of 100.0%.

The Bank also maintained healthy solvency levels, with Common Equity Tier 1 (CET 1)/Tier I Capital and Total Capital Adequacy Ratios (CAR) of 9.5% and 14.8%, respectively, as at September 30, 2026, remaining above applicable regulatory requirements. The corresponding restated ratios as at December 31, 2025 were 11.3% and 14.8%, respectively.

Investor Key Performance Indicators (KPIs)

All KPIs for 9M 2026 are presented after incorporating the financial impact of the fraud, with comparative figures similarly restated. Return on Average Equity (ROE) improved to 12.9% for 9M 2026, compared with a restated ROE of 7.5% for FY 2025. Pre-tax Return on Average Assets (ROA) was 2.2%, compared with a restated 1.4% for FY 2025.

Annualised Earnings per Share (EPS) increased to LKR 24.23 from a restated LKR 13.83 for FY 2025. At Group level, ROE and EPS stood at 11.8% and LKR 23.90, respectively, compared with restated FY 2025 figures of 8.4% and LKR 15.77. Net Asset Value (NAV) per share stood at LKR 191.48 as at September 30, 2026 compared with a restated LKR 187.36 as at December 31, 2025. Group NAV per share was LKR 204.98 compared with a restated LKR 201.31 at end-2025. Share price closed at LKR 109.50 (FY 2025: LKR 141.25).

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Commenting on the Bank's financial performance for the nine months period ended September 30, 2026, the Bank's Director/ Chief Executive Officer, Mr. Kelum Edirisinghe, stated:

"Despite the extraordinary circumstances faced, the Bank continues to demonstrate strength and resilience. Our Q3 2026 performance reflects the disciplined execution of our strategy to recalibrate the balance sheet and pursue measured and sustainable growth in line with our strategic priorities. Ultimately, these results reaffirm the underlying strength and resilience of our franchise. I extend my sincere appreciation to our customers, staff, regulators, shareholders and other stakeholders for their continued trust and confidence in the Bank.

With regard to the fraud identified in April 2026, the findings of the final forensic report are generally consistent with matters identified through the Bank's internal investigations. The Bank continues to pursue all available avenues for recovery, appropriate legal and internal action, and implement relevant controls, technology and governance enhancements, while keeping the CBSL updated on the measures being taken.

While the incident has undoubtedly tested the organisation, our collective response has reinforced the strength of our staff and our institution. The commitment, resilience and shared sense of purpose demonstrated across the Bank have sharpened our focus on controls, governance and operational excellence. It has reaffirmed that the true strength of the franchise lies not only in how we perform, but also in how we come together, respond and emerge stronger from adversity.

Looking ahead, we remain optimistic about the Bank's prospects. Our sound capital and liquidity positions, resilient franchise, talented workforce, technological capabilities and continuously strengthening governance and operational frameworks provide a solid platform from which to pursue the next phase of our growth.

We will remain disciplined in managing risk, capital, liquidity and costs to support measured, responsible and sustainable growth, while deepening customer relationships, and leveraging technology to further enhance customer experience and operating efficiency.

As opportunities emerge alongside Sri Lanka's economic progress, we believe the Bank is well positioned to support our customers, contribute to the country's economic advancement and translate the underlying strength of our franchise into sustainable growth".

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