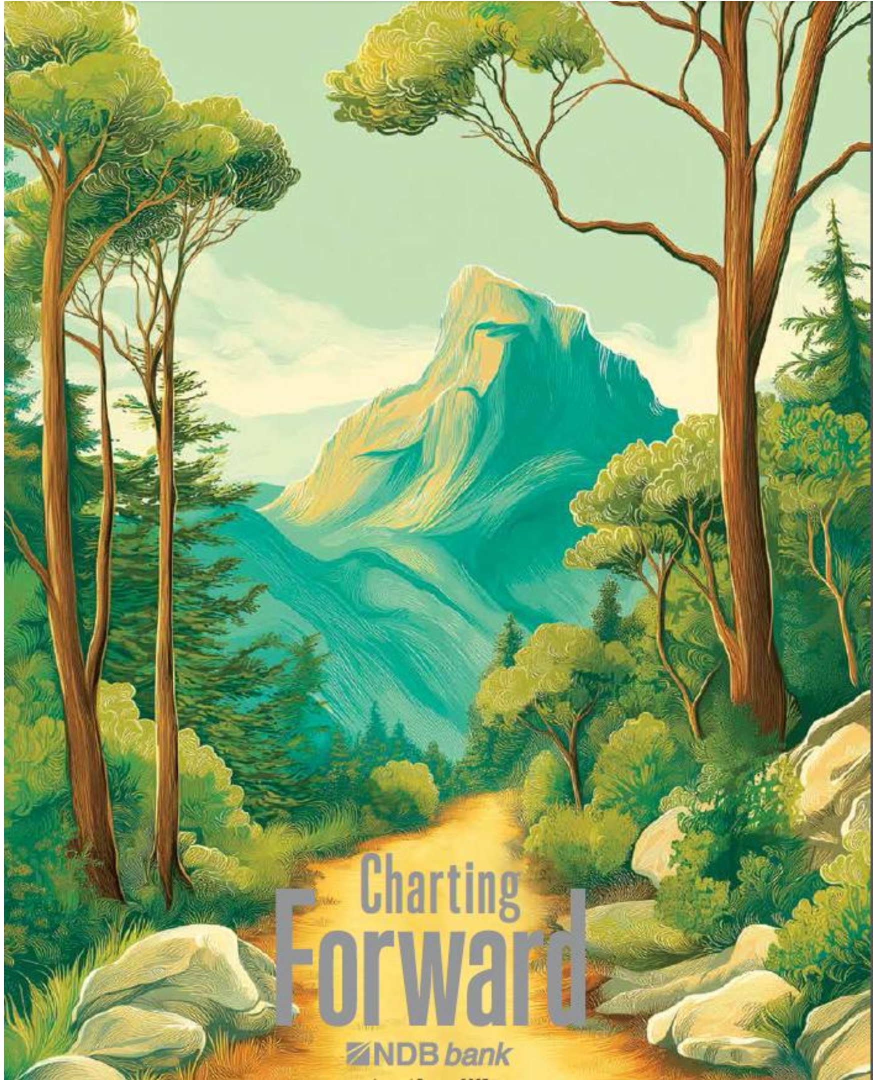
National Development Bank PLC
Financial Results for 1H 2026

Presentation to Analysts

July 30, 2026
3:30 p.m. (UTC+05:30)
Colombo

NDB bank
The future is banking on us



Corporate Participants

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 Samaranayake - 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)

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Performance Highlights – 1H 2026

Fraud loss impact recognized

- PAT for 2Q 2026 – Rs. 3.01 Bn – The first full quarter of performance since the fraud uncovered
- Rs. 13.58 Bn fully recognized across FY 2024, FY 2025, and 1Q 2026;
- Rs. 2.55 Bn impact in 1H 2026 (restricted to the period Jan – March 2026), resulting in Profit Before All Taxes of Rs. 9.50 Bn

Income growth and margins

- Gross income at Rs. 53.82 Bn (12.8% YoY growth), with net fee and commission income up by 22.4%
- NIM stable at 3.8%

Balance sheet expansion

- Total assets, deposits, and net loans amount to Rs. 949.02 Bn, Rs. 712.50 Bn, and Rs. 595.28 Bn, respectively (Growth rates moderated at 2.5%, 0.8% and 0.3% respectively)

Portfolio growth and asset quality

- SME loans increased to Rs. 133.47 Bn (+Rs. 8.81 Bn vs. end-2025)
- Stage 3 ratio reported to 3.3% (2025: 3.8%)

Capital and liquidity strength

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

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Financial Impact from the Identified Fraud and Reporting Treatment

Impact on the Bank's Financial Reporting

- The revised financial impact of the fraud as per the Interim Report from Deloitte Touche Tohmatsu India LLP (Deloitte), which had been commissioned by the Board of Directors to conduct an independent forensic review of the facts and circumstances surrounding the fraud - Rs. 13.58 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. 13.58 Bn is as follows (together with comparative distributions of Rs. 13.20 Bn):

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

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Income and profitability

Rs. Bn – 6 months ended 30 June	Reported - With fraud loss adjusted 2025	2026	Δ Rs.	Δ %	Excluding the impact of the fraud/ BAU 2025	2026	Δ Rs.	Δ %
Gross income	**47.72**	**53.82**	**6.10**	**12.8**	Not impacted by the fraud loss			
NII	16.95	17.42	0.47	2.8	Not impacted by the fraud loss			
Net fee and commission income	3.64	4.45	0.81	22.4	Not impacted by the fraud loss			
Non-fund based income	1.72	3.26	1.54	90.0	Not impacted by the fraud loss			
Total operating income	**22.30**	**25.13**	**2.83**	**12.7**	Not impacted by the fraud loss			
Impairment charges on loans and other investments	**4.48**	**3.46**	**(1.02)**	**(22.9)**	Not impacted by the fraud loss			
Net operating income	**17.82**	**21.68**	**3.86**	**21.6**	Not impacted by the fraud loss			
Operating expenses	13.44	12.18	(1.26)	(9.4)	9.18	9.63	0.45	5.0
Operating profit before tax on financial services	**4.38**	**9.50**	**5.12**	**N.M.**	**8.64**	**12.05**	**3.40**	**39.4**
Taxes on financial services	1.52	2.35	0.83	54.9	2.23	2.77	0.54	24.4
PBT	**2.86**	**7.15**	**4.29**	**N.M.**	**6.41**	**9.27**	**2.86**	**44.6**
Income tax expenses	0.94	2.32	1.38	N.M.	2.19	3.06	0.88	40.0
PAT	**1.93**	**4.83**	**2.90**	**N.M.**	**4.22**	**6.21**	**1.98**	**47.0**

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

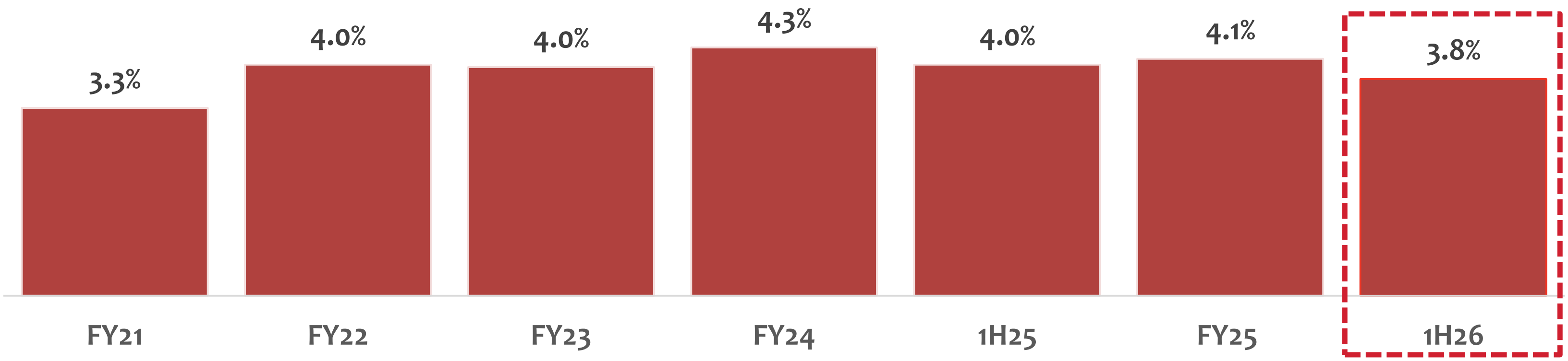
NII & NIM

Rs. Bn – 6 months ended 30 June	2025	2026	Δ Rs.	Δ %
Interest income	42.31	45.86	3.55	8.4
Interest expenses	25.36	28.44	3.08	12.1
NII	**16.95**	**17.42**	0.47	2.8
Percentage of interest bearing assets within total assets (%)	**95.8**	**95.6**		

QoQ performance – Rs. Bn	1Q26	2Q26	2Q25
Interest income	22.66	23.20	21.49
Interest expenses	13.61	14.83	12.98
NII	**9.05**	**8.37**	**8.51**

Casting differences throughout the presentation are due to rounding

NIM trajectory: broadly stabilized around 3.8%



Non-fund based income (NFBI)

Rs. Bn – 6 months ended 30 June	2025	2026	Δ Rs.	Δ %
Net fee and commission income (NFCI)	3.64	4.45	0.81	22.4
Net gain from trading (NGT)	0.58	0.56	(0.02)	(3.3)
Other	1.14	2.70	1.56	137.4
Total non-fund based income	**5.35**	**7.71**	**2.36**	**44.1**

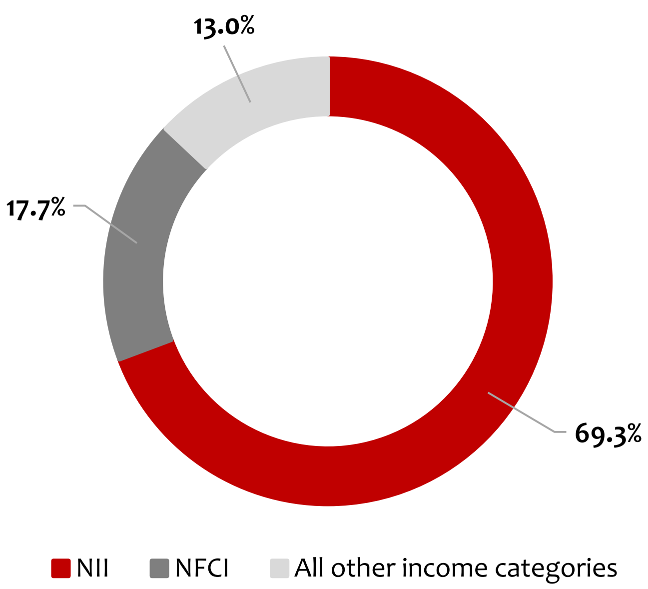
Net fee and commission income (NFCI)

QoQ performance – Rs. Bn	1Q	2Q	1H
2026	2.19	2.26	4.45
2025	1.76	1.88	3.64
Growth (%)	**24.9**	**20.1**	**22.4**

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

Casting differences throughout the presentation are due to rounding

Total operating income composition



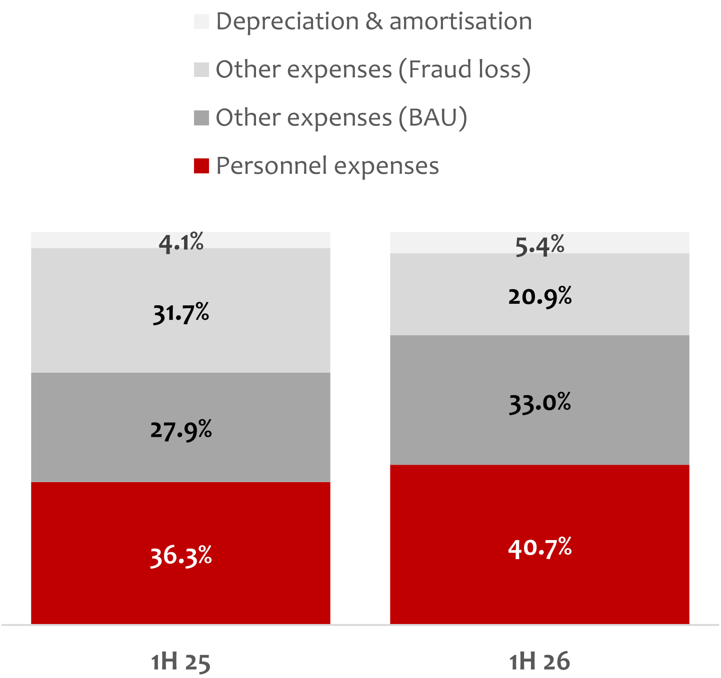
Operating Expenses

Rs. Bn – 6 months ended 30 June	2025	2026	Δ Rs.	Δ %
Personnel expenses	4.88	4.96	0.08	1.6
Depreciation and amortisation	0.55	0.66	0.11	20.4
Other expenses	8.01	6.56	(1.45)	(18.1)
Total operating expenses	13.44	12.18	(1.26)	(9.4)
Total operating expenses *Excluding the fraud loss*	**9.18**	**9.63**	**0.45**	**5.0**
Cost to income ratio (%)	61.7	48.4		(13.3 ppts)
Cost to income ratio (%) *Excluding the fraud loss*	**41.0**	**38.3**		**(2.7 ppts)**

Cost efficiency

- On a BAU basis increase in total operating expenses managed at 5.0% YoY
- Expense arising from the fraud loss included in Other expenses
    - 1H 2025 - Rs. 4.26 Bn
    - 1H 2026 – Rs. 2.55 Bn

Operating cost composition



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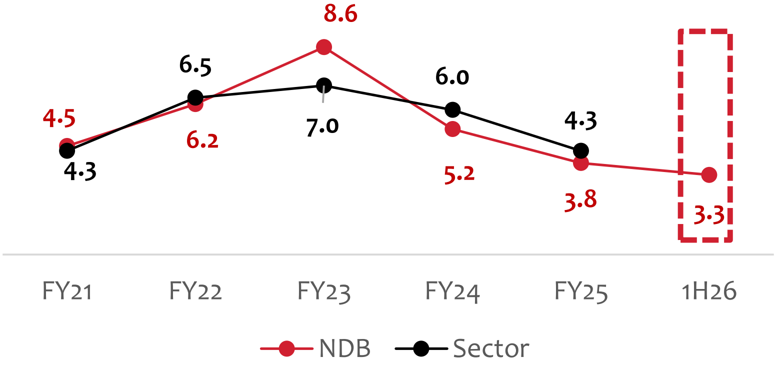
Impairment and credit quality

Impairment charges on loans and other investments

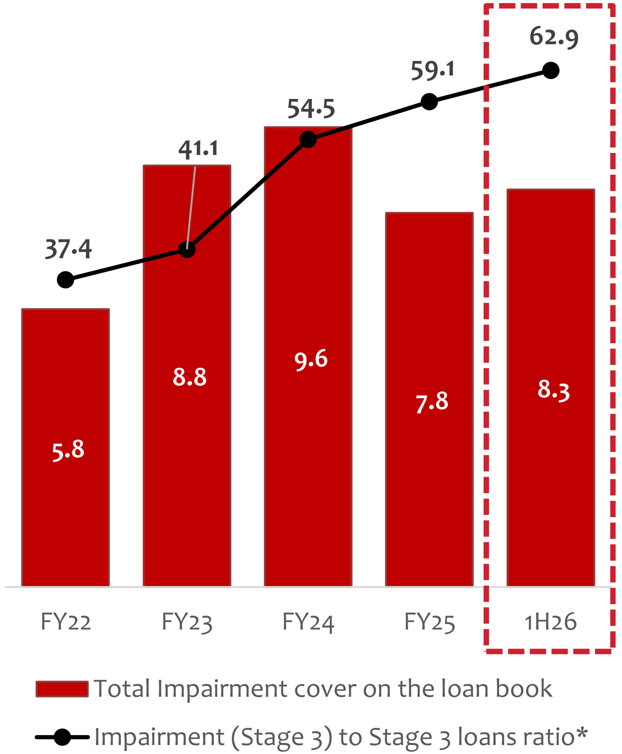
Rs. Bn - 6 months ended 30 June	2025	2026	Δ Rs.	Δ %
Impairment on the loan book	4.22	3.44	(0.78)	(18.7)
Impairment on investments and others	0.26	0.02	(0.24)	(92.2)
Total Impairment charges	4.48	3.46	(1.02)	(22.9)

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



Reflects continued concerted efforts deployed in enhancing the quality of loan book

Credit quality movement (%)



*Secondary axis data

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Balance sheet performance

Rs. Bn – As at end	FY25	1H26	Δ Rs.	Δ %
Total assets *	926.14	949.02	22.88	2.5
Net loans	593.60	595.28	1.68	0.3
Investments	260.24	270.42	10.18	3.9

*Financial impact from the fraud adjusted

Loans extended to the SME sector amounts to LKR 133.47 Bn

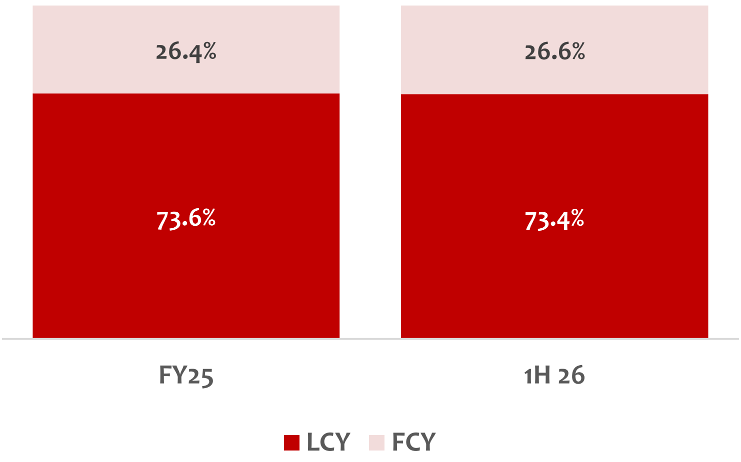
Total assets – Excluding the fraud impact/ BAU

Rs. Bn – As at end	FY25	1H26	Δ Rs.	Δ %
Total assets	935.81	960.71	24.90	2.7

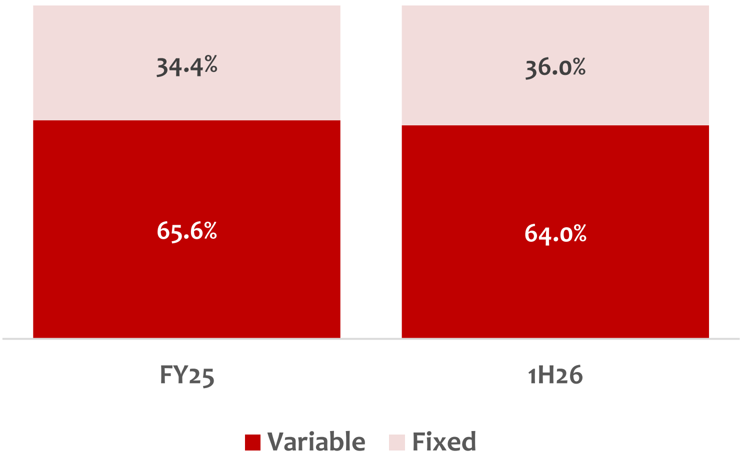
Casting differences throughout the presentation are due to rounding

Balance sheet performance – Loans

Currency composition of the gross loan book



Composition of the loan book – on the basis of pricing



Balance sheet performance - Deposits

Currency wise deposits analysis

Reported results

Rs. Bn – As at end	FY25	1H26	YTD growth %
LCY deposits	509.73	498.57	(2.2)
FCY deposits	197.44	213.93	8.4
Total deposits	**707.17**	**712.50**	**0.8**

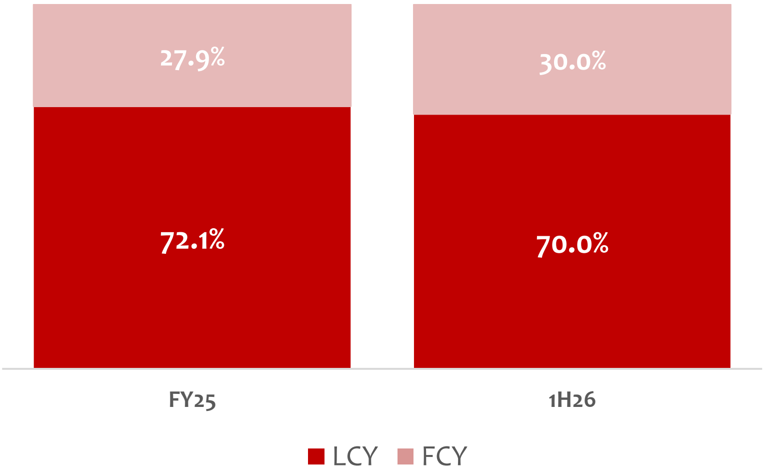
Excluding Notional Pooling Arrangements NP* of LKR 13.6 Bn

Rs. Bn – As at end	FY25	1H26	YTD growth %
LCY deposits	490.64	484.92	(1.2)
FCY deposits	187.26	213.93	14.2
Total deposits	**677.90**	**698.85**	**3.1**

*NP – Notional Pooling Arrangement

Casting differences throughout the presentation are due to rounding

Currency composition of the deposit book



Balance sheet performance – Deposits (Cont.)

Product wise deposits analysis

Rs. Bn – As at end	FY25	1H26	YTD growth %
CASA total	191.13	168.06	(12.1)
Time deposits	515.60	543.92	5.5
Other deposits	0.44	0.52	19.0
Total	**707.17**	**712.50**	**0.8**

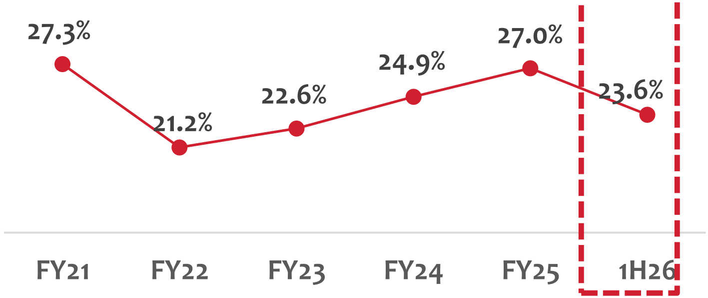
Product wise deposits analysis – Excluding NP* LKR 13.6 Bn

Rs. Bn – As at end	FY25	1H26	YTD growth %
CASA total	161.86	154.41	(4.6)
Time deposits	515.60	543.92	5.5
Other deposits	0.44	0.52	19.0
Total	**677.90**	**698.85**	**3.1**

*NP – Notional Pooling Arrangement

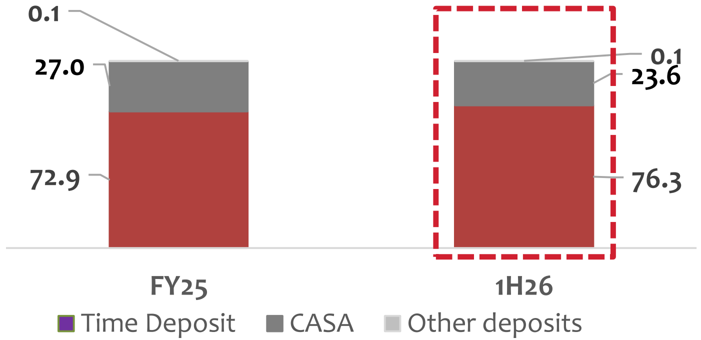
Casting differences throughout the presentation are due to rounding

CASA trend



%	FY24	FY25	1H26
CASA Ratio excluding NP*	22.5	23.9	22.1

Deposits composition – Reported results (%)



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Capital

Rs. Bn – As at end	Reported - With fraud loss adjusted		Movement - %
	FY25	1H26	
Common Equity Tier 1 (CET1) capital	61.57	55.84	(9.3)
Tier 1 capital	61.57	55.84	(9.3)
Total capital	81.00	88.47	9.2
Risk Weighted Assets (RWA)	546.96	577.48	5.6

(%) As at end	Reported - With fraud loss adjusted	
	FY25	1H26
CET 1 CAR	11.3	9.7
Tier 1 CAR	11.3	9.7
Total CAR	14.8	15.3

Liquidity

Regulatory ratios % - As at end	Reported FY25	Reported 1H26	Minimum regulatory requirement	1H26 buffer over minimum requirement
Liquidity Coverage Ratio – Rupee	257.3	163.5	100.0	63.5ppt
Liquidity Coverage Ratio – All Currency	208.5	163.2	100.0	63.2ppt
Net stable funding ratio (NSFR)	131.1*	129.5	100.0	29.5ppt

*Adjusted for fraud loss.
If unadjusted for fraud loss – NSFR FY25 – 129.7%

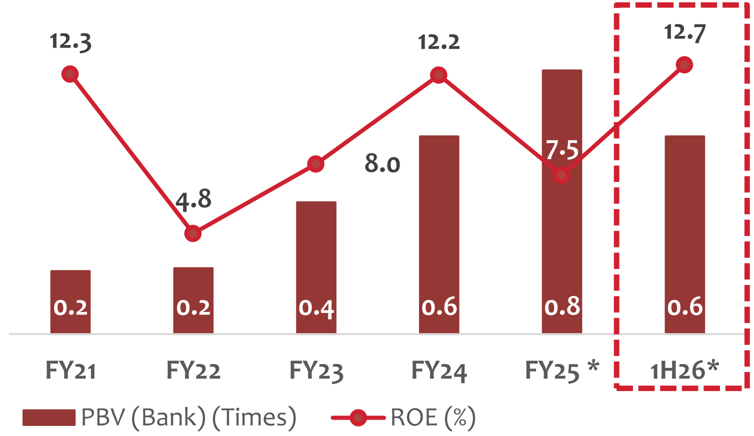
Consistently strong liquidity levels maintained over regulatory minimum requirements

Key investor ratios

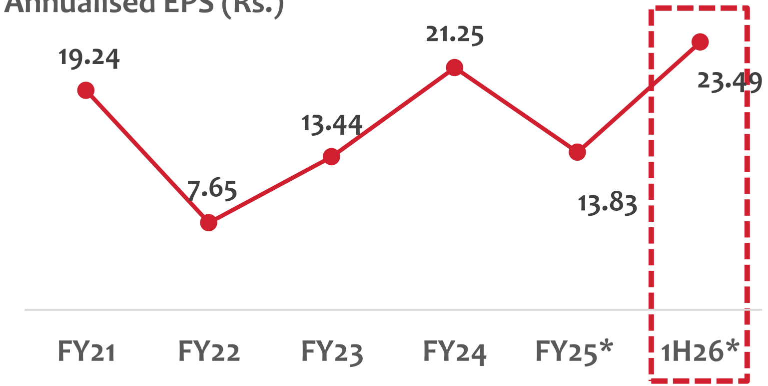
Investor ratios	Reported With fraud loss adjusted*		Excluding the fraud loss (BAU)	
	FY 2025	1H 2026	FY 2025	1H 2026
EPS - Rs. (Annualised)	13.83	23.49	25.90	26.67
ROE (%)	7.5	12.7	13.5	13.3
ROA (%) Pre-tax	1.4	2.2	2.5	2.4
P/E (times)	10.2	4.8	5.5	4.2
Net Book Value per Share - Rs.	187.67	185.21	201.51	202.26
Price to Book Value (PBV) (times)	0.8	0.6	0.7	0.6

Closing price per share for end - 1H26 is Rs. 112.50 (End FY25 : Rs. 141.25)

ROE and PBV movement



Annualised EPS (Rs.)



Reported with fraud loss adjusted*

Progress on Recovery and Control Transformation

Remedial action taken by the Bank

- Improved financial reconciliation through clearer responsibilities, stronger oversight, and increased automation.
- Strengthened controls around high-risk transactions.
- Enhanced fraud prevention and detection capabilities across the organization.
- Strengthened user authentication and access management for critical systems.
- Continued investments in employee training and compliance awareness.
- Enterprise-wide reviews and audits of key systems and controls.

These developments are closely monitored by the Central Bank of Sri Lanka

Update on the investigation

- Criminal investigations are ongoing, with the Bank fully cooperating with law enforcement authorities.
- Six arrests have been made to date, including two Bank employees; two individuals have been released on bail.
- Internal investigations have been completed, and implicated employees are being dealt with under the Bank's Consequence Management Framework.
- Asset tracing efforts are underway, led by the Criminal Investigation Department (CID) and Proceeds of Crime Investigation Division (PCID), to support recovery; it remains too early to assess recovery prospects.
- A shareholder-filed derivative action against the Bank's Directors and auditors is being heard before the Commercial High Court, with the Court currently considering whether leave to proceed should be granted.

Transforming for Long-Term Value Creation

In the short-term

- NDB will continue to prioritize maintaining and improving the Bank's liquidity and solvency position, to further stabilize its status.
- The Bank will also continue to further invest in its controls, processes and people to ensure similar incidents will not occur in the future.

In the long-term

- Steadfast in delivering its 2030 ambitions by enhancing operations, underwriting, technology, and customer relationships.
- Increase the portfolio mix toward higher-yield assets to enhance net interest margins.
- Drive business growth through digitization and process efficiency while containing Opex and minimizing headcount growth.
- Enhance returns through disciplined underwriting and stronger collections and recovery practices.

Q&A